



Calfrac announces reductions to its 2020 capital program and reduced operating footprint

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CALGARY, March 27, 2020 /CNW/ - **Calfrac Well Services Ltd. ("Calfrac" or the "Company") (TSX-CFW)** is announcing reductions to its 2020 capital program and North American operating footprint as a result of the rapid and unforeseen deterioration in business conditions resulting from the COVID-19 global pandemic and the oil price war among OPEC+ members. These global events have caused a significant decline in oil prices globally, resulting in reductions in the planned spending of many of Calfrac's clients.

In response to the reduced demand for Calfrac's services, the board of directors of Calfrac has approved a reduction of the Company's previously announced 2020 capital program of approximately \$100.5 million down to approximately \$55.0 million. Calfrac has also reduced the number of crews being deployed in its North American operations from 19 fleets to nine, which will result in an aggregate reduction of approximately 40% of the Company's North American workforce.

In addition, Calfrac's board of directors and senior management have taken the following actions to reduce the Company's fixed costs:

- Reduced Calfrac's board compensation by 25%;
- Reduced Executive officer salaries by 10%
- Eliminated retirement savings matching contributions, which previously represented up to 6% of base salary;
- Reduced staff employee salaries by 5 – 10%;
- Modified work schedules to provide increased flexibility to respond to fluctuating demand for the Company's services, while reducing personnel costs;
- Reduced or eliminated several compensation programs and bonuses; and
- Restricted discretionary spending and suspended all non-emergency travel.

It is difficult to predict how the COVID-19 pandemic and OPEC+ oil price war will continue to affect the demand for Calfrac's services. However, Calfrac's management and board of directors will continue to monitor and assess the evolving circumstances to determine if further measures will need to be taken to mitigate the impacts to the Company of these unprecedented challenges.

The safety of Calfrac's employees, vendors, clients and their families, as well as the communities where the Company works, is of foundational importance. Against this backdrop, and in accordance with the Company's Pandemic Crisis Management Plan, Calfrac has reduced staffing levels to essential personnel only at all locations, and has implemented remote work procedures for the majority of office staff as part of its business continuity plan. Calfrac is committed to working with all of its stakeholders to meet the challenges presented by these unprecedented market and societal upheavals.

Calfrac's common shares are publicly traded on the Toronto Stock Exchange under the trading symbol "CFW". Calfrac provides specialized oilfield services to exploration and production companies designed to increase the production of hydrocarbons from wells drilled throughout western Canada, the United States, Argentina and Russia.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward-looking statements and information relating to future capital expenditures and mitigation measures that may be required in response to the COVID-19 global pandemic and OPEC+ oil price war.

These forward-looking statements and information are based on certain key expectations and assumptions made by Calfrac in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances, including, but not limited to, the following: the economic and political environment in which Calfrac operates; Calfrac's expectations for its customers' capital budgets and geographical areas of focus; the effect unconventional oil and gas projects have had on supply and demand fundamentals for oil and natural gas; Calfrac's existing contracts and the status of current negotiations with key customers and suppliers; the effectiveness of cost reduction measures instituted by Calfrac; and the likelihood that the current tax and regulatory regime will remain substantially unchanged.

Although Calfrac believes that the expectations and assumptions on which such forward looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information as Calfrac cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with: global economic conditions; the level of exploration, development and production for oil and natural gas in Canada, the United States, Argentina and Russia; the demand for fracturing and other stimulation services during drilling and completion of oil and natural gas wells; volatility in market prices for oil and natural gas and the effect of this volatility on the demand for oilfield services generally; pandemics, natural disasters or other unanticipated events, such as cyberattacks, fires, terrorist attacks or railway blockades; excess oilfield equipment levels; regional competition; the availability of capital on satisfactory terms; restrictions resulting from compliance with debt covenants and risk of acceleration of indebtedness; direct and indirect exposure to volatile credit markets, including credit rating risk; sourcing, pricing and availability of raw materials, component parts, equipment, suppliers, facilities and skilled personnel; currency exchange rate risk; risks associated with foreign operations; operating restrictions and compliance costs associated with legislative and regulatory initiatives relating to hydraulic fracturing and the protection of workers and the environment; changes in legislation and the regulatory environment; dependence on, and concentration of, major customers; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; uncertainties in weather and temperature affecting the duration of the service periods and the activities that can be completed; liabilities and risks associated with prior operations; liabilities relating to legal and/or administrative proceedings; failure to maintain Calfrac's safety standards and record; failure to realize anticipated benefits of acquisitions and dispositions; the ability to integrate technological advances and match advances from competitors; intellectual property risks; third party credit risk; and the effect of accounting pronouncements issued periodically. The forward-looking statements and information contained in this press release are made as of the date hereof and Calfrac does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

SOURCE Calfrac Well Services Ltd.

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