



NEWS RELEASE

Patterson-UTI Energy Reports Financial Results for Three and Six Months Ended June 30, 2015

7/23/2015

HOUSTON, July 23, 2015 /PRNewswire/ -- **PATTERSON-UTI ENERGY, INC.** (NASDAQ: PTEN) today reported financial results for the three and six months ended June 30, 2015. The Company reported a net loss of \$19.0 million, or \$0.13 per share, for the second quarter of 2015, compared to net income of \$54.3 million, or \$0.37 per share, for the quarter ended June 30, 2014. Revenues for the second quarter of 2015 were \$473 million, compared to \$757 million for the second quarter of 2014.

For the six months ended June 30, 2015 the Company reported a net loss of \$9.9 million, or \$0.07 per share, compared to net income of \$89.1 million, or \$0.61 per share, for the six months ended June 30, 2014. Revenues for the six months ended June 30, 2015, were \$1.1 billion, compared to \$1.4 billion for the same period in 2014.

Andy Hendricks, Patterson-UTI's Chief Executive Officer, stated, "Market conditions were difficult during the second quarter as the rapid decline in the industry rig count created many challenges. We managed through these challenges with a focus on scaling our business and reducing our cost structure. I am pleased with our ongoing cost cutting efforts in contract drilling, and especially within our pressure pumping segment where cost reductions resulted in better than expected margins."

Mr. Hendricks added, "During the second quarter, our rig count averaged 122 rigs in the United States and two rigs in Canada, compared to the first quarter average of 165 rigs in the United States and eight in Canada. The rig count appears to be stabilizing in the United States, and as such we expect our average rig count in July will be consistent with our second quarter exit rate of 110 rigs in the United States. In Canada, we expect our average rig count in July will increase to three rigs, which represents a limited seasonal recovery."

"We recognized \$15.6 million of revenues related to early contract terminations in contract drilling during the second quarter. These early termination revenues positively impacted our total average rig revenue per day of \$25,720 by \$1,390. Excluding early termination revenue, total average rig revenue per day during the second quarter would have been \$24,330, compared to \$24,850 per day in the first quarter.

"Total average rig operating costs per day during the second quarter were essentially flat at \$13,720 compared to the first quarter. Excluding the positive impact from early termination revenues in both the first and second quarters, total average rig margin per day was \$10,600 during the second quarter, compared to \$11,140 during the first quarter.

"We completed seven new APEX® rigs during the second quarter, bringing our APEX® rig fleet to 158 rigs at the end of the quarter. We plan to complete three additional APEX® rigs in the second half of 2015, all of which are under contract.

"As of June 30, 2015, we had term contracts for drilling rigs providing for approximately \$1.0 billion of future dayrate drilling revenue. Based on contracts currently in place, we expect an average of 85 rigs operating under term contracts during the third quarter, and an average of 77 rigs operating under term contracts during the second half of 2015.

"In pressure pumping, during the second quarter we realized the benefit of our efforts to reduce input costs. Pressure pumping EBITDA was \$29.5 million compared to \$31.9 million in the first quarter, but was better than expected as lower input costs largely offset reduced pricing and utilization. As a percentage of revenues, pressure pumping EBITDA margins increased to 16.7% from 12.8% in the first quarter," he concluded.

Mark S. Siegel, Chairman of Patterson-UTI, stated, "I am pleased with the promptness by which we responded to the downturn in our industry, the effort put forth to reduce our cost structure, and the degree by which we were able to scale our business for the lower level of activity in both drilling and pressure pumping.

"Although we have no visibility into a recovery at this time, we believe that our rig count appears to be stabilizing. We will remain vigilant in ensuring that our cost structure and business are appropriately scaled. Financially, we believe our strong balance sheet and expected cash flow position us to take advantage of future opportunities," he concluded.

The financial results for the quarter ended June 30, 2015 include a pretax non-cash impairment charge of \$4.1 million related to the impairment of certain oil and natural gas properties. For the six months ended June 30, 2015, financial results include the aforementioned charge plus a \$3.4 million pretax non-cash charge in the first quarter related to the impairment of certain oil and natural gas properties, and a \$12.3 million charge in the first quarter,

which is included in selling, general and administrative expenses and is related to a previously disclosed legal settlement.

The Company declared a quarterly dividend on its common stock of \$0.10 per share, to be paid on September 24, 2015 to holders of record as of September 10, 2015.

All references to "net income per share" in this press release are diluted earnings per common share as defined within Accounting Standards Codification Topic 260.

The Company's quarterly conference call to discuss the operating results for the quarter ended June 30, 2015 is scheduled for today, July 23, 2015 at 9:00 a.m. Central Time. The dial-in information for participants is 866-372-0638 (Domestic) and 678-509-7533 (International). The Conference ID for both numbers is 44091420. The call is also being webcast and can be accessed through the Investor Relations section at www.patenergy.com. A replay of the conference call will be on the Company's website for two weeks. A telephonic replay will be available through July 27, 2015 at 855-859-2056 (Domestic) and 404-537-3406 (International) with the Conference ID 44091420.

About Patterson-UTI

Patterson-UTI Energy, Inc. subsidiaries provide onshore contract drilling and pressure pumping services to exploration and production companies in North America. Patterson-UTI Drilling Company LLC and its subsidiaries operate land-based drilling rigs in oil and natural gas producing regions of the continental United States and western Canada. Universal Pressure Pumping, Inc. and Universal Well Services, Inc. provide pressure pumping services primarily in Texas and the Appalachian region.

Location information about the Company's drilling rigs and their individual inventories is available through the Company's website at www.patenergy.com.

Statements made in this press release which state the Company's or management's intentions, beliefs, expectations or predictions for the future are forward-looking statements. It is important to note that actual results could differ materially from those discussed in such forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to, volatility in customer spending and in oil and natural gas prices, which could adversely affect demand for our services and their associated effect on rates, utilization, margins and planned capital expenditures; global economic conditions; excess availability of land drilling rigs and pressure pumping equipment, including as a result of reactivation or construction; equipment specialization and new technologies; adverse industry conditions; adverse credit and equity market conditions; difficulty in building and deploying new equipment; difficulty in integrating acquisitions; shortages, delays in delivery and interruptions of supply of equipment, supplies and materials; weather; loss of, or reduction in business

with, key customers; liabilities from operations; ability to effectively identify and enter new markets; governmental regulation; ability to realize backlog; and ability to retain management and field personnel. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's SEC filings, which may be obtained by contacting the Company or the SEC. These filings are also available through the Company's web site at <http://www.patenergy.com> or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at <http://www.sec.gov>. We undertake no obligation to publicly update or revise any forward-looking statement.

PATTERSON-UTI ENERGY, INC.
Consolidated Condensed Statements of Operations
(unaudited, in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
REVENUES	\$ 472,761	\$ 757,276	\$ 1,130,460	\$ 1,435,444
COSTS AND EXPENSES				
Direct operating costs				
Depreciation, depletion, amortization and impairment	299,383	500,167	727,716	954,308
Selling, general and administrative	181,924	153,426	357,306	300,748
Net gain on asset disposals	19,216	19,548	52,013	39,221
Total costs and expenses	<u>(2,998)</u>	<u>(3,091)</u>	<u>(5,914)</u>	<u>(4,835)</u>
OPERATING INCOME	<u>497,525</u>	<u>670,050</u>	<u>1,131,121</u>	<u>1,289,442</u>
OTHER INCOME (EXPENSE)	<u>(24,764)</u>	<u>87,226</u>	<u>(661)</u>	<u>146,002</u>
Interest income				
Interest expense	318	208	601	384
Other	(9,249)	(7,249)	(17,790)	(14,437)
Total other expense	<u>=</u>	<u>3</u>	<u>=</u>	<u>3</u>
INCOME BEFORE INCOME TAXES	<u>(8,931)</u>	<u>(7,038)</u>	<u>(17,189)</u>	<u>(14,050)</u>
INCOME TAX EXPENSE (BENEFIT)	(33,695)	80,188	(17,850)	131,952

	(14,720)	25,905	(8,000)	42,847
NET INCOME (LOSS)				
	\$ (18,975)	\$ 54,283	\$ (9,850)	\$ 89,105
NET INCOME (LOSS) PER COMMON SHARE				
Basic				
Diluted	\$ (0.13)	\$ 0.37	\$ (0.07)	\$ 0.62
	\$ (0.13)	\$ 0.37	\$ (0.07)	\$ 0.61
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic				
Diluted	145,300	143,622	145,142	143,259
	145,984	146,029	145,712	145,586
CASH DIVIDENDS PER COMMON SHARE				
	\$ 0.10	\$ 0.10	\$ 0.20	\$ 0.20

PATTERSON-UTI ENERGY, INC.
Additional Financial and Operating Data
(unaudited, dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Contract Drilling:				
Revenues				
Direct operating costs	\$ 288,321	\$ 438,583	\$ 689,799	\$ 864,486
Margin (1)	\$ 153,848	\$ 255,318	\$ 366,658	\$ 506,377
Selling, general and administrative	\$ 134,473	\$ 183,265	\$ 323,141	\$ 358,109
Depreciation, amortization and impairment	\$ 1,420	\$ 1,591	\$ 15,118	\$ 3,239
Operating income	\$ 123,627	\$ 112,057	\$ 242,459	\$ 218,176
	\$ 9,426	\$ 69,617	\$ 65,564	\$ 136,694
Operating days – United States				
Operating days – Canada	11,064	18,296	25,891	35,621
Operating days – Total	147	267	840	1,156
	11,211	18,563	26,731	36,777

Average revenue per operating day – United States				
Average direct operating costs per operating day – United States	\$ 25.78	\$ 23.49	\$ 25.84	\$ 23.25
Average margin per operating day – United States (1)	\$ 13.48	\$ 13.59	\$ 13.50	\$ 13.53
Average rigs operating – United States	\$ 12.30	\$ 9.90	\$ 12.34	\$ 9.72
	122	201	143	197
Average revenue per operating day – Canada				
Average direct operating costs per operating day – Canada	\$ 20.72	\$ 32.87	\$ 24.88	\$ 31.31
Average margin per operating day – Canada (1)	\$ 31.69	\$ 25.05	\$ 20.54	\$ 21.15
Average rigs operating – Canada	\$ (10.97)	\$ 7.82	\$ 4.33	\$ 10.16
	2	3	5	6
Average revenue per operating day – Total				
Average direct operating costs per operating day – Total	\$ 25.72	\$ 23.63	\$ 25.81	\$ 23.51
Average margin per operating day – Total (1)	\$ 13.72	\$ 13.75	\$ 13.72	\$ 13.77
Average rigs operating – Total	\$ 11.99	\$ 9.87	\$ 12.09	\$ 9.74
	123	204	148	203
Capital expenditures				
	\$ 153,940	\$ 211,917	\$ 311,362	\$ 336,840
Pressure Pumping:				
Revenues				
Direct operating costs	\$ 176,624	\$ 306,577	\$ 426,345	\$ 546,838
Margin (2)	\$ 142,756	\$ 241,977	\$ 355,481	\$ 441,785
Selling, general and administrative	\$ 33,868	\$ 64,600	\$ 70,864	\$ 105,053
Depreciation, amortization and impairment	\$ 4,351	\$ 5,067	\$ 9,444	\$ 9,935
Operating income (loss)	\$ 48,261	\$ 34,623	\$ 95,180	\$ 68,665
	\$ (18,744)	\$ 24,910	\$ (33,760)	\$ 26,453
Fracturing jobs				
Other jobs	148	271	364	514
Total jobs	535	1,058	1,153	1,938
	683	1,329	1,517	2,452
Average revenue per fracturing job				
Average revenue per other job	\$ 1,148.39	\$ 1,063.28	\$ 1,118.41	\$ 993.05
Total average revenue per job	\$ 12.45	\$ 17.42	\$ 16.69	\$ 18.79
Total average costs per job	\$ 258.60	\$ 230.68	\$ 281.04	\$ 223.02

Total average margin per job (2)	\$ 209.01	\$ 182.07	\$ 234.33	\$ 180.17
Margin as a percentage of revenues (2)	\$ 49.59	\$ 48.61	\$ 46.71	\$ 42.84
	19.2%	21.1%	16.6%	19.2%
Capital expenditures and acquisitions				
	\$ 64,009	\$ 96,186	\$ 139,819	\$ 132,483
Oil and Natural Gas Production and Exploration:				
Revenues – Oil				
	\$ 7,091	\$ 10,747	\$ 12,955	\$ 21,078
Revenues – Natural gas and liquids				
	\$ 725	\$ 1,369	\$ 1,361	\$ 3,042
Revenues – Total				
	\$ 7,816	\$ 12,116	\$ 14,316	\$ 24,120
Direct operating costs				
	\$ 2,779	\$ 2,872	\$ 5,577	\$ 6,146
Margin (3)				
	\$ 5,037	\$ 9,244	\$ 8,739	\$ 17,974
Depletion				
	\$ 4,607	\$ 4,814	\$ 9,507	\$ 9,808
Impairment of oil and natural gas properties				
	\$ 4,061	\$ 798	\$ 7,425	\$ 1,831
Operating income (loss)				
	\$ (3,631)	\$ 3,632	\$ (8,193)	\$ 6,335
Capital expenditures				
	\$ 3,612	\$ 8,742	\$ 11,204	\$ 17,426
Corporate and Other:				
Selling, general and administrative				
	\$ 13,445	\$ 12,890	\$ 27,451	\$ 26,047
Depreciation				
	\$ 1,368	\$ 1,134	\$ 2,735	\$ 2,268
Net gain on asset disposals				
	\$ (2,998)	\$ (3,091)	\$ (5,914)	\$ (4,835)
Capital expenditures				
	\$ 606	\$ 821	\$ 1,248	\$ 1,289
Total capital expenditures and acquisitions				
	\$ 222,167	\$ 317,666	\$ 463,633	\$ 488,038

(1) For Contract Drilling, margin is defined as revenues less direct operating costs and excludes depreciation, amortization and impairment and selling, general and administrative expenses. Average margin per operating day is defined as margin divided by operating days.

(2) For Pressure Pumping, margin is defined as revenues less direct operating costs and excludes depreciation, amortization and impairment and selling, general and administrative expenses. Total average margin per job is defined as margin divided by total jobs. Margin as a percentage of revenues is defined as margin divided by revenues.

(3) For Oil and Natural Gas Production and Exploration, margin is defined as revenues less direct operating costs and excludes depletion and impairment.

Selected Balance Sheet Data (unaudited, dollars in thousands):	June 30,	December 31,
	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 76,506	\$ 43,012
Current assets	\$ 515,794	\$ 909,092
Current liabilities	\$ 448,107	\$ 568,404
Working capital	\$ 67,687	\$ 340,688
Current portion of long-term debt	\$ 42,500	\$ 12,500
Borrowings under revolving credit facility	\$ —	\$ 303,000
Other long-term debt	\$ 830,000	\$ 670,000

PATTERSON-UTI ENERGY, INC.
Non-U.S. GAAP Financial Measures
(unaudited, dollars in thousands)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)(1):				
Net income (loss)				
Income tax expense (benefit)	\$ (18,975)	\$ 54,283	\$ (9,850)	\$ 89,105
Net interest expense	(14,720)	25,905	(8,000)	42,847
Depreciation, depletion, amortization and impairment	8,931	7,041	17,189	14,053
Adjusted EBITDA	<u>181,924</u>	<u>153,426</u>	<u>357,306</u>	<u>300,748</u>
	<u>\$ 157,160</u>	<u>\$ 240,655</u>	<u>\$ 356,645</u>	<u>\$ 446,753</u>
Total revenue	\$ 472,761	\$ 757,276	\$ 1,130,460	\$ 1,435,444
Adjusted EBITDA margin				

	33.2%	31.8%	31.5%	31.1%
Adjusted EBITDA by operating segment:				
Contract drilling				
Pressure pumping	\$ 133,053	\$ 181,674	\$ 308,023	\$ 354,870
Oil and natural gas	29,517	59,533	61,420	95,118
Corporate and other	5,037	9,244	8,739	17,974
Consolidated Adjusted EBITDA	(10,447)	(9,796)	(21,537)	(21,209)
	<u>\$ 157,160</u>	<u>\$ 240,655</u>	<u>\$ 356,645</u>	<u>\$ 446,753</u>

(1) Adjusted EBITDA is not defined by accounting principles generally accepted in the United States of America ("U.S. GAAP"). We present Adjusted EBITDA (a non-U.S. GAAP measure) because we believe it provides additional information with respect to both the performance of our fundamental business activities and our ability to meet our capital expenditures and working capital requirements. Adjusted EBITDA should not be construed as an alternative to the U.S. GAAP measures of net income (loss) or operating cash flow.

PATTERSON-UTI ENERGY, INC.
Impact of Early Termination Revenues
(unaudited, dollars in thousands)

	2015	
	Second Quarter	First Quarter
Contract drilling revenues		
Operating days – Total	\$ 288,321	\$ 401,478
Average revenue per operating day – Total	11,211	15,520
Early termination revenues – Total	\$ 25.72	\$ 25.87
Early termination revenues per operating day - Total	\$ 15,591	\$ 15,794
Average revenue per operating day excluding early termination revenues – Total	\$ 1.39	\$ 1.02
Direct operating costs- Total	\$ 24.33	\$ 24.85
Average direct operating costs per operating day – Total	\$ 153,848	\$ 212,810
Average margin per operating day excluding early termination revenues - Total	\$ 13.72	\$ 13.71
	\$ 10.60	\$ 11.14

PATTERSON-UTI ENERGY, INC.
 Pressure Pumping Adjusted EBITDA and Adjusted EBITDA Margin
 (unaudited, dollars in thousands)

	2015 Second Quarter	First Quarter
Pressure Pumping:		
Revenues		
Direct operating costs	\$ 176,624	\$ 249,721
Selling, general and administrative	142,756	212,725
Adjusted EBITDA	<u>4,351</u>	<u>5,093</u>
Adjusted EBITDA as a percentage of revenues	<u>\$ 29,517</u>	<u>\$ 31,903</u>
	16.7%	12.8%

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/patterson-uti-energy-reports-financial-results-for-three-and-six-months-ended-june-30-2015-300117464.html>

SOURCE PATTERSON-UTI ENERGY, INC.

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