



## Superior Energy Services Announces Third Quarter 2015 Results

October 28, 2015

HOUSTON, Oct. 28, 2015 /PRNewswire/ -- Superior Energy Services, Inc. (the "Company") today announced an adjusted net loss from continuing operations for the third quarter of 2015 of \$68.8 million, or \$0.46 per share, excluding special items, on revenue of \$601.4 million. This compares to an adjusted net loss from continuing operations of \$47.4 million, or \$0.31 per share, excluding special items, for the second quarter of 2015, on revenue of \$710.8 million. Reported loss from continuing operations for the third quarter of 2015 was \$816.6 million, or \$5.42 per share.

The prolonged decline in market activity resulted in the Company reporting a pre-tax charge of \$755.6 million for the reduction in value of assets, primarily related to an impairment of goodwill in its Onshore Completion and Workover Services segment. The Company also reported a pre-tax charge of \$10.5 million for restructuring costs. Restructuring costs were primarily related to an extensive product line integration and reorganization which occurred during the third quarter.

"We continue to operate in an extremely challenging market environment as our customers reduce spending in response to this prolonged period of low commodity prices," said David Dunlap, President and CEO.

"North American customer activity trended lower and continued pricing pressure was evident across all product lines throughout the quarter. We expect these trends to continue in the fourth quarter of 2015 and in to the next year as our customers face increased financial pressure resulting from low crude oil and natural gas prices as well as significantly lower levels of liquidity than they have enjoyed in recent years.

"We have taken a measured approach to managing this downturn, progressively taking steps to lower costs across all categories. Throughout the year we have re-aligned our headcount, wages and benefits to better reflect the environment we are in. Where appropriate, we have stacked and isolated idled equipment. Most recently, we have reorganized several of our businesses with operational and commercial similarities, significantly reducing their overhead costs. This reorganization also allows us to better package these services, offering our customers an opportunity to improve efficiencies, accomplish more with less and remain competitive in this challenging environment.

"We know that cyclical downturns eventually end and when they do, the most prepared organizations benefit greatly. We are intently focused on emerging from this downturn as a stronger organization that is better positioned to provide the service reliability and operational execution our customers have come to expect from us."

### Third Quarter 2015 Geographic Breakdown

U.S. land revenue was \$338.3 million in the third quarter of 2015, as compared with \$378.8 million in the second quarter of 2015 and \$814.1 million in the third quarter of 2014. Gulf of Mexico revenue was \$131.9 million, as compared with \$162.5 million in the second quarter of 2015 and \$210.8 million in the third quarter of 2014. International revenue was \$131.2 million, as compared with \$169.5 million in the second quarter of 2015 and \$184.1 million in the third quarter of 2014.

### Drilling Products and Services Segment

The Drilling Products and Services segment revenue in the third quarter of 2015 was \$130.5 million, a 12% decrease from second quarter 2015 revenue of \$148.7 million and a 46% decrease from third quarter 2014 revenue of \$239.2 million.

U.S. land revenue decreased 13% sequentially to \$33.4 million, Gulf of Mexico revenue decreased 10% sequentially to \$57.4 million and international revenue decreased 16% sequentially to \$39.7 million. Continued pricing pressure and lower levels of utilization affected the major product lines in this segment.

### Onshore Completion and Workover Services Segment

The Onshore Completion and Workover Services segment revenue in the third quarter of 2015 was \$202.9 million, a 10% decrease from second quarter 2015 revenue of \$226.4 million and a 57% decrease from third quarter 2014 revenue of \$470.8 million. An uptick in activity in horizontal well fracturing was offset by continued pricing pressure in all product lines and lower levels of utilization in the fluid management, well service rig and contract drilling product lines.

### Production Services Segment

The Production Services segment revenue in the third quarter of 2015 was \$163.9 million, a 21% decrease from second quarter 2015 revenue of \$208.7 million and a 53% decrease from third quarter 2014 revenue of \$348.8 million.

U.S. land revenue decreased 14% sequentially to \$86.3 million, Gulf of Mexico revenue decreased 45% sequentially to \$12.3 million, and international revenue decreased 24% sequentially to \$65.3 million. All product lines in this segment experienced a combination of lower utilization and pricing pressure.

### Technical Solutions Segment

The Technical Solutions segment revenue in the third quarter of 2015 was \$104.1 million, an 18% decrease from second quarter 2015 revenue of \$127.0 million and a 31% decrease from third quarter 2014 revenue of \$150.2 million.

U.S. land revenue increased 13% sequentially to \$15.7 million primarily due to higher completion tools revenue. Gulf of Mexico revenue decreased 19% sequentially to \$62.2 million due primarily to reduced project activity levels. International revenue decreased 28% sequentially to \$26.2 million due primarily to lower completion tools revenue.

## Conference Call Information

The Company will host a conference call at 11:00 a.m. Eastern Daylight Time on Thursday, October 29, 2015. The call can be accessed from the Company's website at [www.superiorenergy.com](http://www.superiorenergy.com), or by telephone at 412-902-0030. For those who cannot listen to the live call, a telephonic replay will be available through November 12, 2015 and may be accessed by calling 201-612-7415 and using the pass code 13621627#. An archive of the webcast will be available after the call for a period of 60 days at [www.superiorenergy.com](http://www.superiorenergy.com).

## About Superior Energy Services

Superior Energy Services, Inc. (NYSE:SPN) serves the drilling, completion and production-related needs of oil and gas companies worldwide through its brand name drilling products and its integrated completion and well intervention services and tools, supported by an engineering staff who plan and design solutions for customers. For more information, visit: [www.superiorenergy.com](http://www.superiorenergy.com).

The press release contains certain forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Generally, the words "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks" and "estimates," variations of such words and similar expressions identify forward-looking statements, although not all forward-looking statements contain these identifying words. All statements other than statements of historical fact regarding the Company's financial position, financial performance, liquidity, strategic alternatives, market outlook, future capital needs, capital allocation plans, business strategies and other plans and objectives of the Company's management for future operations and activities are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company's management in light of its experience and prevailing circumstances on the date such statements are made. Such forward-looking statements, and the assumptions on which they are based, are inherently speculative and are subject to a number of risks and uncertainties that could cause the Company's actual results to differ materially from such statements. Such uncertainties include, but are not limited to: the cyclical nature and volatility of the oil and gas industry, including changes in prevailing levels of exploration, production and development activity; changes in prevailing oil and gas prices or expectations about future prices; operating hazards, including the significant possibility of accidents resulting in personal injury or death, property damage or environmental damage for which the Company may have limited or no insurance coverage or indemnification rights; the effect of regulatory programs and environmental matters on the Company's operations or prospects, including the risk that future changes in the regulation of hydraulic fracturing could reduce or eliminate demand for the Company's pressure pumping services; risks associated with the uncertainty of macroeconomic and business conditions worldwide; changes in competitive and technological factors affecting the Company's operations; the potential shortage of skilled workers; risks inherent in acquiring businesses; risks associated with business growth outpacing the capabilities of the Company's infrastructure and workforce; political, economic and other risks and uncertainties associated with the Company's international operations; the Company's continued access to credit markets on favorable terms; the impact that unfavorable or unusual weather conditions could have on the Company's operations; the risks inherent in long-term fixed-price contracts; and other risks disclosed in our periodic reports filed with the Securities and Exchange Commission. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, the Company can give no assurance that such expectations will prove to be correct. Investors are cautioned that many of the assumptions on which the Company's forward-looking statements are based are likely to change after such statements are made, including for example the market prices of oil and gas and regulations affecting oil and gas operations, which the Company cannot control or anticipate. Further, the Company may make changes to its business strategies and plans (including its capital spending and capital allocation plans) at any time and without notice, based on any changes in the above-listed factors, the Company's assumptions or otherwise, any of which could or will affect its results. For all these reasons, actual events and results may differ materially from those anticipated, estimated, projected or implied by the Company in the forward-looking statements. The Company undertakes no obligation to update any of its forward-looking statements for any reason and, notwithstanding any changes in the assumptions, changes in the Company's business plans, our actual experience, or other changes. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
**Three and Nine Months Ended September 30, 2015 and 2014**  
(in thousands, except earnings per share amounts)  
(unaudited)

|  | Three Months Ended<br>September 30, |              | Nine Months Ended<br>September 30, |              |
|--|-------------------------------------|--------------|------------------------------------|--------------|
|  | 2015                                | 2014         | 2015                               | 2014         |
| Revenues   | \$ 601,396                          | \$ 1,209,026 | \$ 2,229,415                       | \$ 3,377,996 |
| Cost of services and rentals (exclusive of items shown separately below) | 420,485                             | 721,692      | 1,468,264                          | 2,023,590    |
| Depreciation, depletion, amortization and accretion                      | 146,757                             | 170,154      | 467,329                            | 493,437      |
| General and administrative expenses                                      | 123,189                             | 154,859      | 403,812                            | 457,631      |
| Reduction in value of assets   | 755,632                             | -            | 1,563,269                          | -            |
| Income (loss) from operations  | (844,667)                           | 162,321      | (1,673,259)                        | 403,338      |
| Other expense:   |                                     |              |                                    |              |
| Interest expense, net  | (22,622)                            | (24,169)     | (71,213)                           | (72,610)     |
| Other expense  | (3,123)                             | (2,051)      | (10,620)                           | (1,480)      |
| Income (loss) from continuing operations before income taxes             | (870,412)                           | 136,101      | (1,755,092)                        | 329,248      |
| Income taxes   | (53,825)                            | 50,358       | (161,876)                          | 121,822      |
| Net income (loss) from continuing operations                             | (816,587)                           | 85,743       | (1,593,216)                        | 207,426      |

|  |                     |                  |                       |                   |
|--|---------------------|------------------|-----------------------|-------------------|
| Loss from discontinued operations, net of income tax                 | (4,610)             | (5,886)          | (24,107)              | (15,735)          |
| Net income (loss)  | <u>\$ (821,197)</u> | <u>\$ 79,857</u> | <u>\$ (1,617,323)</u> | <u>\$ 191,691</u> |
| Basic earnings (losses) per share:                                   |                     |                  |                       |                   |
| Net income (loss) from continuing operations                         | \$ (5.42)           | \$ 0.55          | \$ (10.60)            | \$ 1.33           |
| Loss from discontinued operations                                    | (0.03)              | (0.03)           | (0.16)                | (0.10)            |
| Net income (loss)  | <u>\$ (5.45)</u>    | <u>\$ 0.52</u>   | <u>\$ (10.76)</u>     | <u>\$ 1.23</u>    |
| Diluted earnings (losses) per share:                                 |                     |                  |                       |                   |
| Net income (loss) from continuing operations                         | \$ (5.42)           | \$ 0.55          | \$ (10.60)            | \$ 1.31           |
| Loss from discontinued operations                                    | (0.03)              | (0.04)           | (0.16)                | (0.10)            |
| Net income (loss)  | <u>\$ (5.45)</u>    | <u>\$ 0.51</u>   | <u>\$ (10.76)</u>     | <u>\$ 1.21</u>    |
| Weighted average common shares used in computing earnings per share: |                     |                  |                       |                   |
| Basic  | <u>150,742</u>      | <u>154,530</u>   | <u>150,372</u>        | <u>156,424</u>    |
| Diluted  | <u>150,742</u>      | <u>156,336</u>   | <u>150,372</u>        | <u>158,068</u>    |

**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**September 30, 2015 and December 31, 2014**  
(in thousands)  
(unaudited)

|  | <u>9/30/2015</u>    | <u>12/31/2014</u>   |
|--|---------------------|---------------------|
| <b>ASSETS</b>                                  |                     |                     |
| Current assets:                                |                     |                     |
| Cash and cash equivalents                      | \$ 533,674          | \$ 393,046          |
| Accounts receivable, net                       | 488,848             | 926,768             |
| Deferred income taxes                          | 25,288              | 32,138              |
| Prepaid expenses                               | 47,714              | 74,750              |
| Inventory and other current assets             | 187,283             | 185,429             |
| Assets held for sale                           | <u>120,520</u>      | <u>116,680</u>      |
| Total current assets                           | <u>1,403,327</u>    | <u>1,728,811</u>    |
| Property, plant and equipment, net             | 2,372,735           | 2,733,839           |
| Goodwill                                       | 1,151,346           | 2,468,409           |
| Notes receivable                               | 27,241              | 25,970              |
| Intangible and other long-term assets, net     | <u>329,739</u>      | <u>420,360</u>      |
| Total assets                                   | <u>\$ 5,284,388</u> | <u>\$ 7,377,389</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>    |                     |                     |
| Current liabilities:                           |                     |                     |
| Accounts payable                               | \$ 99,141           | \$ 225,306          |
| Accrued expenses                               | 301,903             | 363,747             |
| Income taxes payable                           | 10,068              | 40,213              |
| Current portion of decommissioning liabilities | 10,400              | -                   |
| Current maturities of long-term debt           | 29,485              | 20,941              |
| Liabilities held for sale                      | <u>8,400</u>        | <u>61,840</u>       |
| Total current liabilities                      | <u>459,397</u>      | <u>712,047</u>      |
| Deferred income taxes                          | 502,658             | 702,996             |
| Decommissioning liabilities                    | 82,901              | 88,000              |
| Long-term debt, net                            | 1,613,171           | 1,627,842           |
| Other long-term liabilities                    | 173,843             | 166,766             |
| Total stockholders' equity                     | <u>2,452,418</u>    | <u>4,079,738</u>    |
| Total liabilities and stockholders' equity     | <u>\$ 5,284,388</u> | <u>\$ 7,377,389</u> |

**SUPERIOR ENERGY SERVICES, INC. AND SUBSIDIARIES**  
**SEGMENT HIGHLIGHTS**  
**THREE MONTHS ENDED SEPTEMBER 30, 2015, JUNE 30, 2015 AND SEPTEMBER 30, 2014**  
(in thousands)  
(unaudited)

| <b>Revenue</b>                           | Three months ended, |                   |                     |
|--|---------------------|-------------------|---------------------|
|  | September 30, 2015  | June 30, 2015     | September 30, 2014  |
| Drilling Products and Services           | \$ 130,476          | \$ 148,670        | \$ 239,204          |
| Onshore Completion and Workover Services | 202,845             | 226,363           | 470,849             |
| Production Services                      | 164,001             | 208,744           | 348,793             |
| Technical Solutions                      | 104,074             | 127,007           | 150,180             |
| <b>Total Revenues</b>                    | <b>\$ 601,396</b>   | <b>\$ 710,784</b> | <b>\$ 1,209,026</b> |

| <b>Income (Loss) from Operations</b>       | Three months ended, |                     |                    |
|--|---------------------|---------------------|--------------------|
|  | September 30, 2015  | June 30, 2015       | September 30, 2014 |
| Drilling Products and Services             | \$ 6,594            | \$ 3,231            | \$ 78,110          |
| Onshore Completion and Workover Services   | (795,692)           | (84,553)            | 54,782             |
| Production Services                        | (47,161)            | (772,554)           | 13,374             |
| Technical Solutions                        | (8,408)             | 3,477               | 16,055             |
| <b>Total Income (Loss) from Operations</b> | <b>\$ (844,667)</b> | <b>\$ (850,399)</b> | <b>\$ 162,321</b>  |

| <b>Adjusted Income (Loss) from Operations (1)</b>   | Three months ended, |                    |                    |
|---|---------------------|--------------------|--------------------|
|   | September 30, 2015  | June 30, 2015      | September 30, 2014 |
| Drilling Products and Services                      | \$ 7,552            | \$ 19,028          | \$ 78,110          |
| Onshore Completion and Workover Services            | (53,501)            | (44,290)           | 54,782             |
| Production Services                                 | (24,914)            | (20,977)           | 13,374             |
| Technical Solutions                                 | (7,671)             | 3,477              | 16,055             |
| <b>Total Adjusted Income (Loss) from Operations</b> | <b>\$ (78,534)</b>  | <b>\$ (42,762)</b> | <b>\$ 162,321</b>  |

(1) Adjusted income (loss) from operations excludes the impact of reduction in value of assets and restructuring costs for the three months ended September 30 and June 30, 2015.

**Non-GAAP Financial Measures**

The following tables reconcile consolidated net loss from continuing operations and income (loss) from operations by segment, which are the directly comparable financial results determined in accordance with Generally Accepted Accounting Principles (GAAP), to consolidated adjusted loss from continuing operations and adjusted income (loss) from operations by segment (non-GAAP financial measures). Consolidated adjusted loss from continuing operations and income (loss) from operations by segment exclude the impact of reduction in value of assets and restructuring costs. These financial measures are provided to enhance investors' overall understanding of the Company's current financial performance.

**Reconciliation of As Reported Net Loss from Continuing Operations to Adjusted Net Loss From Continuing Operations**  
**For the three months ended September 30 and June 30, 2015**  
(in thousands)  
(unaudited)

|  | Three months ended, |                  |                    |                  |
|--|---------------------|------------------|--------------------|------------------|
|  | September 30, 2015  |                  | June 30, 2015      |                  |
|  | Consolidated        | Per Share        | Consolidated       | Per Share        |
| Reported net loss from continuing operations             | \$ (816,587)        | \$ (5.42)        | \$ (775,132)       | \$ (5.15)        |
| Reduction in value of assets and other items, net of tax | 747,763             | 4.96             | 727,755            | 4.84             |
| <b>Adjusted net loss from continuing operations</b>      | <b>\$ (68,824)</b>  | <b>\$ (0.46)</b> | <b>\$ (47,377)</b> | <b>\$ (0.31)</b> |

**Reconciliation of As Reported Income (Loss) from Operations to Adjusted Income (Loss) From Operations**  
**For the three months ended September 30 and June 30, 2015**  
(in thousands)  
(unaudited)

Three months ended, September 30, 2015

|  | Drilling Products and<br>Services | Onshore<br>Completion<br>and Workover<br>Services | Production<br>Services | Technical<br>Solutions | Consolidated       |
|--|-----------------------------------|---|------------------------|------------------------|--------------------|
| Reported income (loss) from operations | \$ 6,594                          | \$ (795,692)                                      | \$ (47,161)            | \$ (8,408)             | \$ (844,667)       |
| Reduction in value of assets           | -                                 | 740,000   | 15,632                 | -                      | 755,632            |
| Restructuring costs                    | 958                               | 2,191   | 6,615                  | 737                    | 10,501             |
| Adjusted income (loss) from operations | <u>\$ 7,552</u>                   | <u>\$ (53,501)</u>                                | <u>\$ (24,914)</u>     | <u>\$ (7,671)</u>      | <u>\$ (78,534)</u> |

Three months ended, June 30, 2015

|  | Drilling Products and<br>Services | Onshore<br>Completion<br>and Workover<br>Services | Production<br>Services | Technical<br>Solutions | Consolidated       |
|--|-----------------------------------|---|------------------------|------------------------|--------------------|
| Reported income (loss) from operations | \$ 3,231                          | \$ (84,553)                                       | \$ (772,554)           | \$ 3,477               | \$ (850,399)       |
| Reduction in value of assets           | 15,797                            | 40,263  | 751,577                | -                      | 807,637            |
| Adjusted income (loss) from operations | <u>\$ 19,028</u>                  | <u>\$ (44,290)</u>                                | <u>\$ (20,977)</u>     | <u>\$ 3,477</u>        | <u>\$ (42,762)</u> |

FOR FURTHER INFORMATION CONTACT:  
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