

April 23, 2018



CreditRiskMonitor's assessment of Parker Drilling Company's ("Parker Drilling") "high risk" status has been determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score has Parker Drilling Company (NYSE: PKD) at a **1**, the highest probability of bankruptcy in the next 12 months.

Business Name	2017	2017	2017	2017	2017	2017	2017	2017	2017	2018	2018	2018	2018
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR
Parker Drilling Company	3	3	3	3	2	2	2	2	2	1	1	1	1

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

Probability of bankruptcy within 12 months			
FRISK®	From	To	
Best	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
Worst	1	9.99%	50.00%

While the percentage risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s and Fitch

Crowdsourced CreditRiskMonitor Usage Data

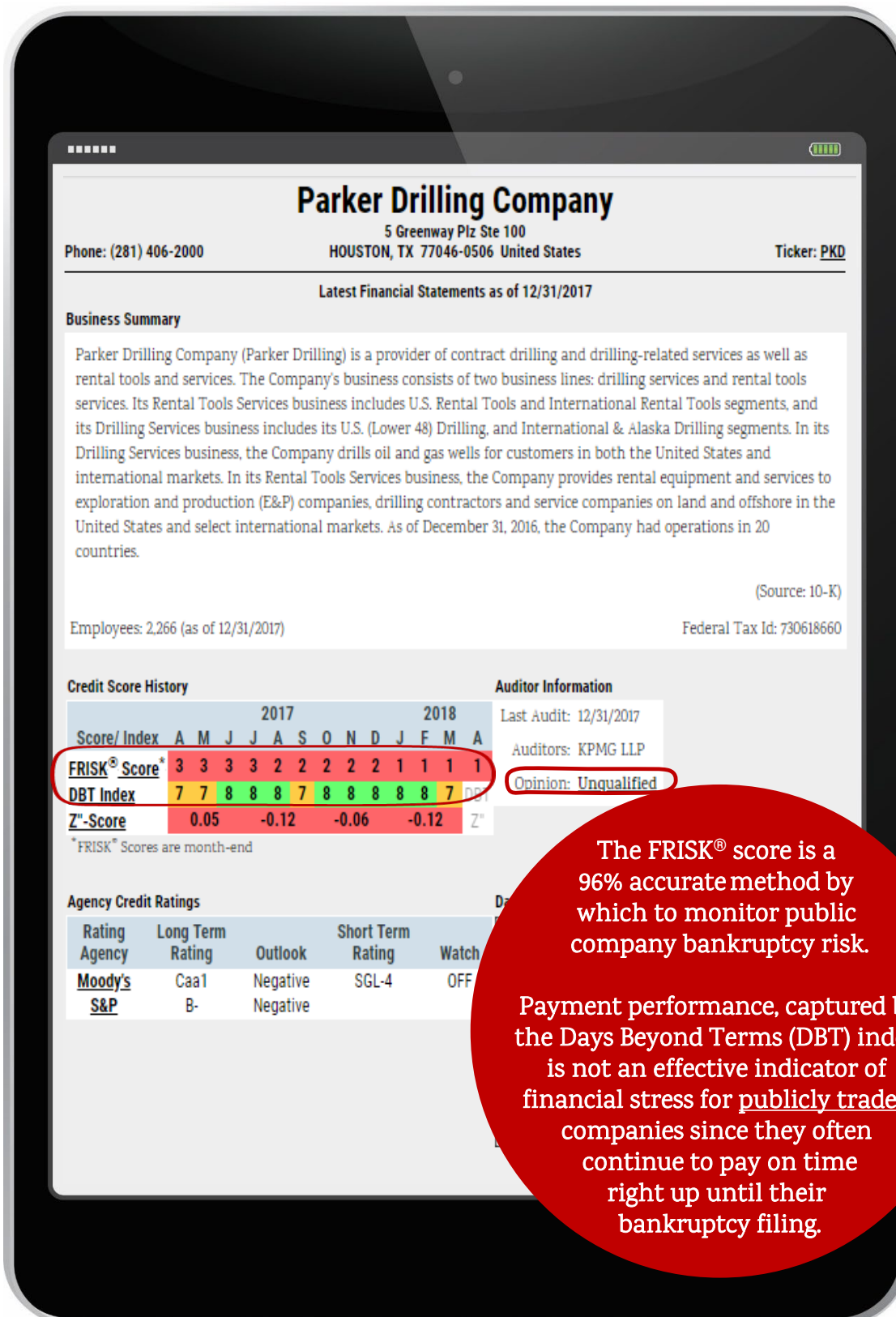
Crowdsourcing has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

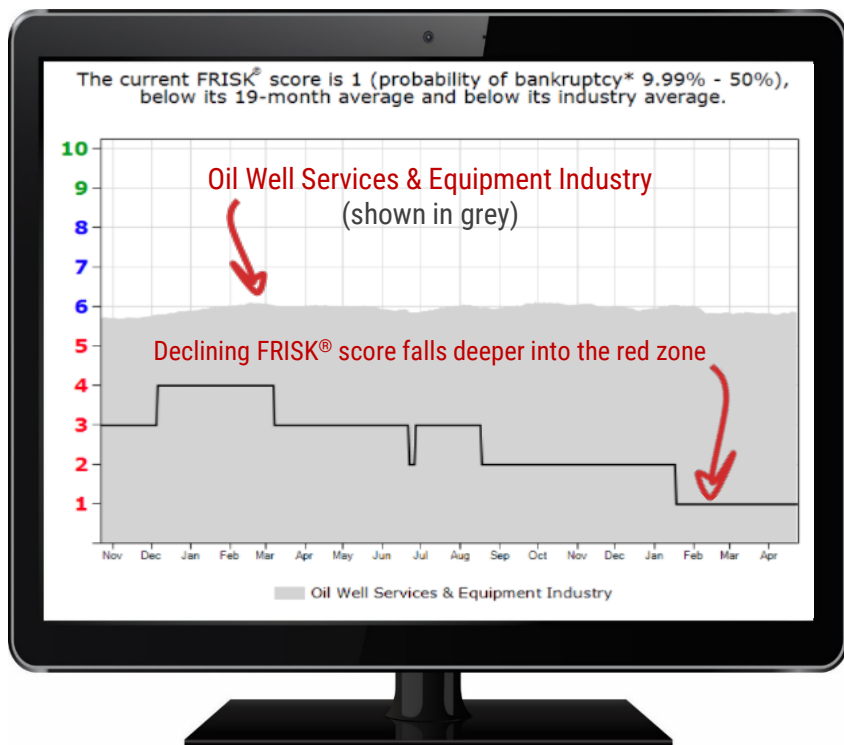
COMPANY REPORT DETAIL



The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing.

FRISK® DEEP DIVE



The FRISK® score relative to the broader Oil Well Service & Equipment industry raises an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

Business Name	Country	FRISK Score
1 Boart Longyear Ltd.	United States	1
2 Parker Drilling Company	United States	1
3 Pioneer Energy Services Corp.	United States	1
4 Titan Energy LLC	United States	1
5 Vantage Drilling International	Cayman Islands	1
6 Weatherford International plc	United Kingdom	1
7 ... Group Berhad	Malaysia	1

FRISK® Stress Index - SIC classification: Drilling oil and gas wells located in All Countries

Primary industry codes only Primary and secondary industry codes

Businesses From: All Businesses CLEAR

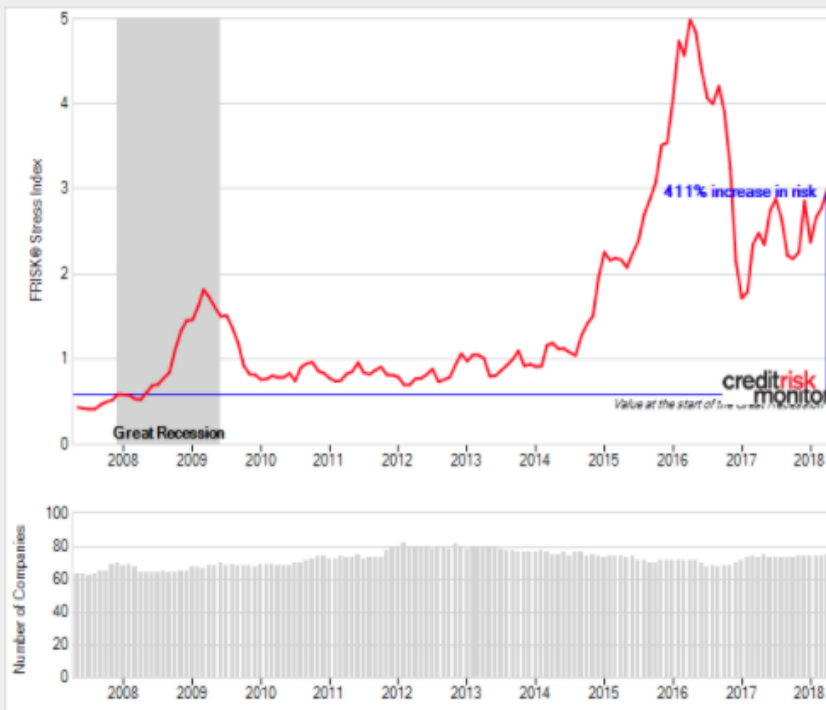
In Industry: SIC 1381: Drilling oil and gas wells

Country: All Countries

UPDATE RESULTS

Scale: Auto

Total Companies in all months 134



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 1381 (Drilling oil and gas wells) reflects an industry subsector whose risk has increased 411% since 2007. Parker Drilling is among the weakest names in the industry as evidenced by its FRISK® score of 1.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

Parker Drilling demonstrates bottom quartile ranking in key financial ratios (shown in red) vs. its Oil Well Service & Equipment industry peers.

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers.

Peer Analysis

Company: Energy, Industry: Oil Well Services & Equipment

REFRESH

Company: Energy [Industry: Oil Well Services & Equipment] [Calendar Year/Quarter: 2017.4]

Businesses in Peer Group: 1277	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
ZScore	195	262	-0.12	-4,990.75	2	Company Name
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	77	127	116,334	0	2	1 Enbridge Shipping ASA
Gross Margin % Of Sales	233	260	-4.04	-2,257.95	3	2 Enbridge Income Fund Holdings Inc
Gross Margin % Of Sales -- TTM	252	265	-7.99	-161.85	4	3 Saga Tankers ASA
SG&A % Of Sales	35	270	4.38	0.35	5	4 GMC for Ind Comrt and Fincl Inv
SG&A % Of Sales -- TTM	51	279	5.80	0.18	6	5 Nuvera Environmental Solutions Inc
Operating Margin % Of Sales	201	291	-12.22	-22,705.11	7	6 Holly Energy Partners, L.P.
Operating Margin % Of Sales TTM	213	292	-11.87	-12,400.26	8	7 YPFB Transporte SA
EBITDA Margin Of Sales	106	217	12.53	-21,843.75	9	8 PBF Logistics LP
EBITDA Margin Of Sales -- TTM	110	235	12.81	-3,272.86	10	9 Janaf Ltd
Net Profit Margin % Of Sales	210	290	-24.66	-10,300.00	11	10 Canadian Midstream Partners, L.P.
Net Profit Margin % Of Sales - TTM	225	293	-26.82	-16,093.27	12	11 Enbridge Energy Services Inc
Pre-tax Income % Of Sales	209	292	-22.05	-10,787.50	13	12 Enbridge Energy Services Inc
Effective Tax Rate	39	291	-11.83	-2,073.06	14	13 Enbridge Energy Services Inc
Depreciation % Of Prop/Plant/Equipment	188	268	17.92	0.00	15	14 Enbridge Energy Services Inc
Capital Expense % Of Prop/Plant/Equipment	92	233	6.09	0.00	16	15 Enbridge Energy Services Inc
Interest Coverage	135	212	1.30	-907.51	17	16 Enbridge Energy Services Inc
Interest Coverage -- TTM	157	234	1.28	-385.81	18	17 Enbridge Energy Services Inc
Liquidity ratios:						
Cash Ratio	59	292	1.37	0.00	19	18 Enbridge Energy Services Inc
Quick Ratio	51	280	2.55	0.01	20	19 Enbridge Energy Services Inc
Current Ratio	68	292	3.07	0.01	21	20 Enbridge Energy Services Inc
Efficiency ratios:						
Accounts Receivable Turnover	187	292	3.71	-132.96	22	21 Enbridge Energy Services Inc
Days Sales Outstanding	193	292	98.34	-2.75	23	22 Enbridge Energy Services Inc
% of Inventory Financed by Vendors	98	185	132.18	0.00	24	23 Enbridge Energy Services Inc
% of Inventory Financed by Vendors -- TTM	106	198	126.35	0.00	25	24 Enbridge Energy Services Inc
Inventory Turnover	91	249	14.73	-4.00	26	25 Enbridge Energy Services Inc
Inventory Turnover TTM	89	251	14.19	0.00	27	26 Enbridge Energy Services Inc
Days Sales in Inventory	92	230	24.78	-89.00	28	27 Enbridge Energy Services Inc
Inventory to Working Capital	68	238	0.15	-10.00	29	28 Enbridge Energy Services Inc
Accounts Payable Turnover	47	239	11.66	-5.90	30	29 Enbridge Energy Services Inc
Accounts Payable Turnover -- TTM	49	242	11.35	0.00	31	30 Enbridge Energy Services Inc
Leverage & debt coverage:						
Total Debt to Equity Ratio	207	249	1.95	0.00	32	31 Enbridge Energy Services Inc
Debt to Tangible Equity Ratio	189	234	2.05	0.00	33	32 Enbridge Energy Services Inc
Total Debt to Assets Ratio	222	269	0.58	0.00	34	33 Enbridge Energy Services Inc
Short-Term Debt % of Total Debt	N/A	225	N/A	0.00	35	34 Enbridge Energy Services Inc
Short-Term Debt % of Working Capital	N/A	232	N/A	-4,165.51	36	35 Enbridge Energy Services Inc
Liabilities to Net Worth Ratio	197	259	2.46	0.00	37	36 Enbridge Energy Services Inc
Total Liabilities to Equity Ratio	218	274	2.34	0.00	38	37 Enbridge Energy Services Inc
TTM EBITDA Over Total Debt	140	219	0.10	-55.38	39	38 Enbridge Energy Services Inc

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

QUARTERLY PERFORMANCE RATIOS

Operating and net losses in each of the last five fiscal quarters

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 12/31/2017	3 mos 9/30/2017	3 mos 6/30/2017	3 mos 3/31/2017	3 mos 12/31/2016
Net Sales \$	\$116,334	\$118,308	\$109,607	\$98,271	\$94,025
% change	-1.67%	7.94%	11.54%	4.52%	-3.26%
Gross Margin \$	(\$4,700)	\$121	(\$11,016)	(\$19,745)	(\$19,694)
% change	-3,984.30%	101.10%	44.21%	-0.26%	10.34%
% of sales	-4.04%	0.10%	-10.05%	-20.09%	-20.95%
change as % of incremental sales	n/m	128.00%	77.00%	-1.20%	n/m
SG&A \$	\$5,100	\$7,033	\$6,503	\$7,040	\$9,132
% change	-27.48%	8.15%	-7.63%	-22.91%	23.01%
% of sales	4.38%	5.94%	5.93%	7.16%	9.71%
change as % of incremental sales	n/m	6.09%	-4.74%	-49.27%	n/m
Operating margin \$	(\$14,221)	(\$6,815)	(\$17,632)	(\$27,137)	(\$30,190)
% change	-108.67%	61.35%	35.03%	10.11%	-2.08%
% of sales	-12.22%	-5.76%	-16.09%	-27.61%	-32.11%
change as % of incremental sales	n/m	124.32%	83.85%	71.90%	n/m
EBITDA \$	\$14,575	\$22,614	\$13,910	\$5,595	\$1,591
% change	-35.55%	62.57%	148.61%	251.67%	-65.01%
% of sales	12.53%	19.11%	12.69%	5.69%	1.69%
change as % of incremental sales	n/m	100.03%	73.35%	94.30%	n/m
EBIT \$	(\$14,547)	(\$7,453)	(\$17,072)	(\$26,607)	(\$31,599)
% change	-95.18%	56.34%	35.84%	15.80%	-5.59%
% of sales	-12.50%	-6.30%	-15.58%	-27.08%	-33.61%
change as % of incremental sales	n/m	110.55%	84.11%	117.57%	n/m
Pre-tax income \$	(\$25,657)	(\$18,392)	(\$28,145)	(\$37,467)	(\$42,637)
% change	-39.50%	34.65%	24.88%	12.13%	-4.16%
% of sales	-22.05%	-15.55%	-25.68%	-38.13%	-45.35%
change as % of incremental sales	n/m	112.09%	82.23%	121.76%	n/m
Net income (loss) \$	(\$28,693)	(\$20,311)	(\$29,888)	(\$39,809)	(\$48,929)
% change	-41.27%	32.04%	24.92%	18.64%	-5.84%
% of sales	-24.66%	-17.17%	-27.27%	-40.51%	-51.31%
change as % of incremental sales	n/m	110.07%	87.52%	21.11%	10.78%
Tax expense \$	\$3,036	\$1,919	\$1,743		
Effective tax rate	-11.83%	-10.43%	-6.19%		
Depreciation expense \$	\$28,522	\$29,367	\$30,182		
% of sales	24.52%	24.82%	27.54%		
% of capital expenses	294.13%	160.68%	249.27%		
% of PP&E, net (annualized)	17.92%	17.88%	17.97%		
Capital expenditures \$	\$9,697	\$18,277	\$12,108		
% change	-46.94%	50.95%	-16.21%		
% of PP&E, net (annualized)	6.09%	11.13%	7.21%		
% of working capital (annualized)	17.93%	33.66%	21.62%		
Interest coverage ratio	1.30	2.04	1.25	0.51	0.14
% change	-36.28%	62.99%	143.58%	257.43%	-65.12%
Free cash flow \$	\$21,442	(\$25,115)	(\$2,091)	(\$42,036)	\$16,063
% change	185.38%	-1,101.10%	95.03%	-361.69%	362.42%
Source:	10-K 2/21/2018	10-Q 11/2/2017	10-Q 8/3/2017	10-Q 5/4/2017	10-K 2/21/2017

Poor interest coverage ratio; negative free cash flow in three of the last five fiscal quarters

QUARTERLY LEVERAGE RATIOS

Total debt in relation to tangible net worth signals heightened risk

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016
Total debt \$	\$577,971	\$577,550	\$577,133	\$576,728	\$576,326
% change	0.07%	0.07%	0.07%	0.07%	0.07%
Stockholders' equity \$	\$296,121	\$324,556	\$343,795	\$373,441	\$339,135
% change	-8.76%	-5.60%	-7.94%	10.12%	-12.05%
Total debt to equity ratio	1.95	1.78	1.68	1.54	1.70
% change	9.68%	6.00%	8.70%	-9.12%	13.78%
Tangible net worth \$	\$282,285	\$310,109	\$328,617	\$357,533	\$322,499
% change	-8.97%	-5.63%	-8.09%	10.86%	-12.42%
Total debt to tangible net worth	2.05	1.86	1.76	1.61	1.79
% change	9.94%	6.05%	8.87%	-9.74%	14.26%
Total assets \$	\$990,279	\$1,086,430	\$1,122,106	\$1,129,555	\$1,103,551
% change	-8.85%	-3.18%	-0.66%	2.36%	-4.03%
Total debt to assets ratio	0.58	0.53	0.51	0.51	0.52
% change	9.78%	3.36%	0.72%	-2.22%	4.25%
Tangible assets \$	\$976,443	\$1,071,983	\$1,106,928	\$1,113,647	\$1,086,915
% change	-8.91%	-3.16%	-0.60%	2.46%	-4.03%
Total liabilities \$	\$694,158	\$761,874	\$778,311	\$756,114	\$764,416
% change	-8.89%	-2.11%	2.94%	-1.09%	0.02%
Total liabilities to equity ratio	2.34	2.35	2.26	2.02	2.25
% change	-0.14%	3.69%	11.81%	-10.17%	13.72%
Total liabilities to tangible net worth ratio	2.46	2.46	2.37	2.11	2.37
% change	0.09%	3.73%	11.99%	-10.78%	14.20%
Total debt to EBITDA ratio (annualized)	9.91	6.38	10.37	25.77	90.56
% change	55.27%	-38.44%	-59.75%	-71.54%	185.99%
Source:	10-K 2/21/2018	10-Q 11/2/2017	10-Q 8/1/2017	10-Q 4/27/2017	10-K 2/21/2017

Elevated total debt to EBITDA ratio (annualized) indicates heightened risk

QUARTERLY RATES OF RETURN

Rate of Return - Sequential Quarters					
(Thousands of U.S. Dollars)					
Period Ended	3 mos 12/31/2017	3 mos 9/30/2017	3 mos 6/30/2017	3 mos 3/31/2017	3 mos 12/31/2016
Return on equity	-8.84%	-5.91%	-8.00%	-11.74%	-12.69%
<i>% change</i>	-49.64%	26.18%	31.82%	7.49%	-18.26%
Return on net tangible equity	-9.25%	-6.18%	-8.36%	-12.34%	-13.29%
<i>% change</i>	-49.70%	26.06%	32.28%	7.10%	-18.63%
Return on total assets	-2.76%	-1.84%	-2.65%	-3.57%	-4.34%
<i>% change</i>	-50.24%	30.72%	25.54%	17.90%	-10.97%
Return on tangible assets	-2.80%	-1.86%	-2.69%	-3.62%	-4.41%
<i>% change</i>	-50.27%	30.74%	25.60%	17.94%	-10.98%
Source:	10-K 2/21/2018	10-Q 11/2/2017	10-Q 8/3/2017	10-Q 5/4/2017	10-K 2/21/2017

Unable to
generate
any positive
returns

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR



CreditRiskMonitor is a financial risk analysis and news service that helps credit, supply chain and financial professionals stay ahead of and manage risk quickly, accurately and cost effectively. More than 35% of the Fortune 1000, plus over a thousand other large corporations worldwide, rely on our financial risk coverage of over 58,000 global public companies.

CreditRiskMonitor's High Risk Reports feature companies that are exhibiting a significantly high level of financial distress, as indicated by our proprietary FRISK® score. The ultimate goal of the High Risk Report series is two-part: provide an early warning for those doing business with an increasingly distressed company and inform of the many signals that should be examined when assessing financial risks.

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