



CreditRiskMonitor’s warning of Parker Drilling Company’s (“Parker Drilling”) bankruptcy risk was determined by a combination of factors:

|  |        |
|--|--------|
| Monthly Average FRISK® Score.....                        | Page 2 |
| The FRISK® Score Components .....                        | 3      |
| Company Report Detail.....                               | 4      |
| FRISK® Deep Dive and Adjusted Market Cap Volatility..... | 5      |
| FRISK® Stress Index.....                                 | 6      |
| Peer Analysis on Alternate Suppliers and Customers.....  | 7      |
| Quarterly Performance Ratios .....                       | 8      |
| Quarterly Leverage Ratios .....                          | 9      |
| Quarterly Rates of Return .....                          | 10     |
| Year-over-Year Statement of Cash Flows.....              | 11     |
| News Alerts: A Timeline of Concerning Headlines.....     | 12     |
| _____  |        |
| About This Report/Contact CreditRiskMonitor.....         | 13     |

## MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Parker Drilling Company (OTC: PKDSQ) for more than a year.

We issued a special High Risk Report, dated April 23, 2018, as conditions continued to deteriorate and become more troubling.

The company ultimately filed for bankruptcy on December 12, 2018.

| Business Name           | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|------|
|                         | JAN  | FEB  | MAR  | APR  | MAY  | JUN  | JUL  | AUG  | SEP  | OCT  | NOV  | DEC  |
| Parker Drilling Company | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |

**BANKRUPT!**

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%  |
| Worst                                      | 5      | 0.87% | 1.40%  |
|  | 4      | 1.40% | 2.10%  |
|  | 3      | 2.10% | 4.00%  |
|  | 2      | 4.00% | 9.99%  |
|  | 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, Fitch, DBRS, & Morningstar

## 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

## Parker Drilling Company

5 Greenway Plz Ste 100  
HOUSTON, TX 77046-0506 United States

Phone: (281) 406-2000 Ticker: PKDSQ

**Filed for Bankruptcy on 12/12/2018**  
Case #18-36958, filed in the U.S. Bankruptcy Court for the Southern District of Texas (Houston)

**Latest Financial Statements as of 9/30/2018**

**Business Summary**

Parker Drilling Company (Parker Drilling) is a provider of contract drilling and drilling-related services as well as rental tools and services. The Company's business consists of two business lines: drilling services and rental tools services. Its Rental Tools Services business includes U.S. Rental Tools and International Rental Tools segments, and its Drilling Services business includes its U.S. (Lower 48) Drilling, and International & Alaska Drilling segments. In its Drilling Services business, the Company drills oil and gas wells for customers in both the United States and international markets. In its Rental Tools Services business, the Company provides rental equipment and services to exploration and production (E&P) companies, drilling contractors and service companies on land and offshore in the United States and select international markets. As of December 31, 2017, the Company had operations in 19 countries.

(Source: 10-K)

Employees: 2,266 (as of 12/31/2017)
Incorporated: 8/4/1970
Federal Tax Id: 730618660

**Credit Score History**

| Score/ Index         | 2018  |       |   |   |       |   |   |       |   |   |   |   |      |
|----------------------|-------|-------|---|---|-------|---|---|-------|---|---|---|---|------|
|                      | D     | J     | F | M | A     | M | J | J     | A | S | O | N | D    |
| <b>FRISK® Score*</b> | 2     | 1     | 1 | 1 | 1     | 1 | 1 | 1     | 1 | 1 | 1 | 1 | 1    |
| <b>DBT Index</b>     | 8     | 8     | 8 | 8 | 9     | 8 | 8 | 8     | 8 | 8 | 8 | 8 | 8    |
| <b>Z"-Score</b>      | -0.06 | -0.12 |   |   | -0.29 |   |   | -0.49 |   |   |   |   | -1.4 |

\* FRISK® Scores are month-end

**Auditor Information**

Last Audit: 12/31/2017

Auditors: KPMG LLP

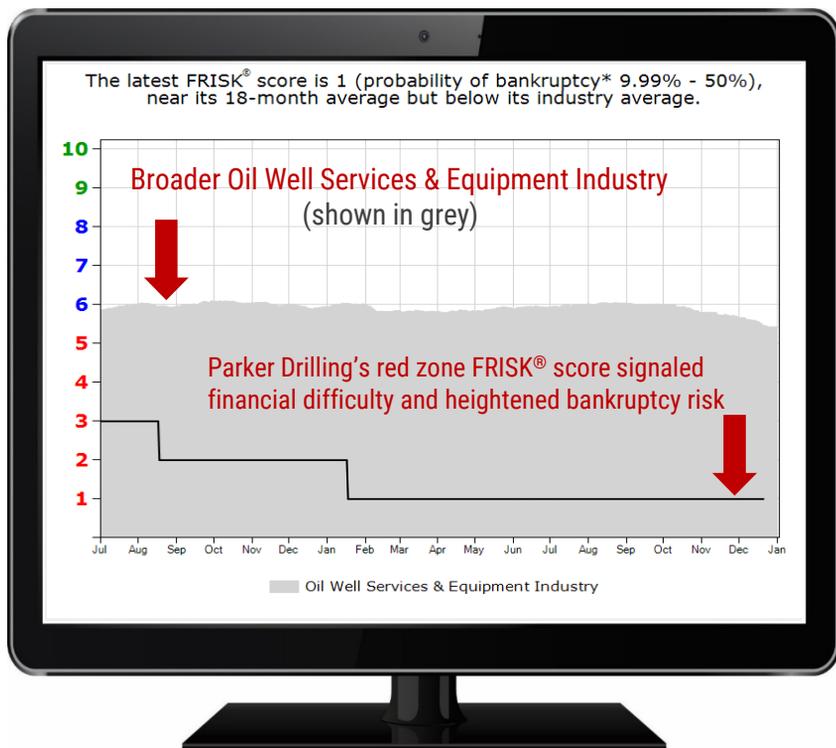
Opinion: **Unqualified**

**Agency Credit Ratings**

| Rating Agency  | Long Term Rating | Outlook   | Short Term Rating | Watch |
|----------------|------------------|-----------|-------------------|-------|
| <b>Moody's</b> | WR               | Withdrawn | WR                | OFF   |

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. This is what we call the "Cloaking Effect."

## FRISK® DEEP DIVE



The FRISK® score relative to the broader Oil Well Services & Equipment industry raised 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

| Rank | Business Name                  | Country        | FRISK score |
|------|--------------------------------|----------------|-------------|
| 1    | Alban Offshore Ltd             | India          | 1           |
| 2    | Bart Longyear Ltd.             | United States  | 1           |
| 3    | Dolphin Drilling ASA           | Norway         | 1           |
| 4    | Key Energy Services Inc        | United States  | 1           |
| 5    | Parker Drilling Company        | United States  | 1           |
| 6    | Pioneer Energy Services Corp   | United States  | 1           |
| 7    | Scomi Group Berhad             | Malaysia       | 1           |
| 8    | Seadrill Partners LLC          | United Kingdom | 1           |
| 9    | Titan Energy LLC               | United States  | 1           |
| 10   | Age Drilling International     | Cayman Islands | 1           |
| 11   | Age Drilling International plc | Switzerland    | 1           |
| 12   | Age Drilling International plc | Switzerland    | 1           |

## FRISK® Stress Index - SIC classification: Drilling oil and gas wells

Primary industry codes only  Primary and secondary industry codes

Businesses From:  CLEAR

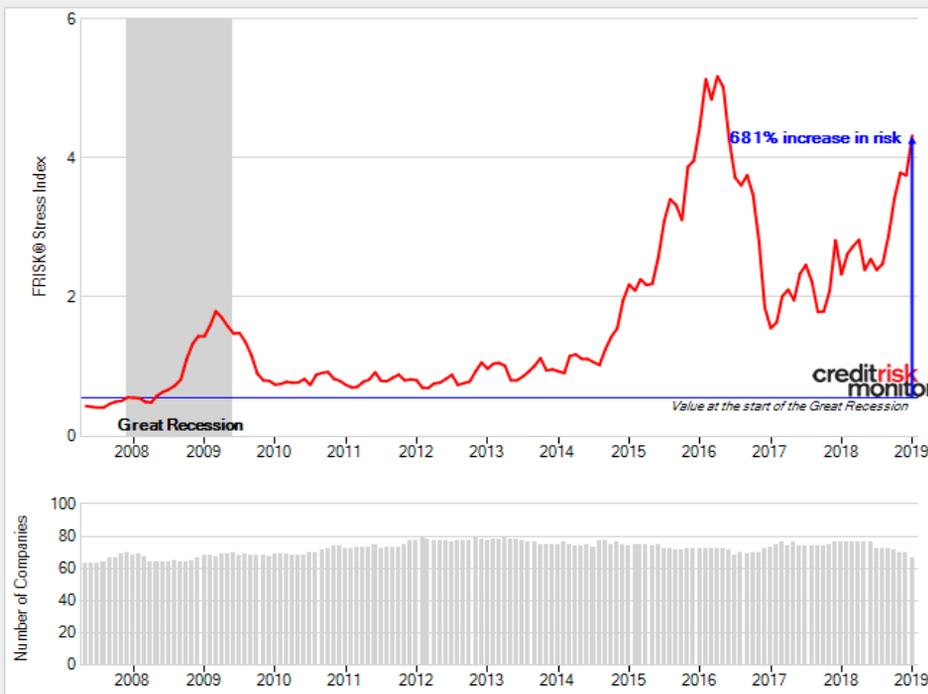
In Industry:

Country:

UPDATE RESULTS

Scale:

Total Companies in all months: 135



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) has increased 681% since 2007.** Parker Drilling was among the weakest names in the industry as evidenced by its FRISK® score of 1.

# PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

Parker Drilling demonstrated bottom quartile ranking in key financial ratios (shown in red) vs. its 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

18.3 ▼

SIC 1381: Drilling oil and gas wells

**REFRESH**

[SIC: 1381] [Calendar Year/Quarter: 2018.3]

| Businesses in Peer Group: 711             | Ranking Within Peer Group | Number Of Peers Ranked | Company Value | Peer Group Range |         |           |
|---|---------------------------|------------------------|---------------|------------------|---------|-----------|
|   |                           |                        |               | Low              | Median  | High      |
| <b>ZScore</b>                             | 101                       | 125                    | -1.40         | -9,686.07        | 2.02    | 1,695.26  |
| <b>Performance ratios:</b>                |                           |                        |               |                  |         |           |
| Net Sales (Thousands of U.S. Dollars)     | 34                        | 62                     | 123,395       | -135             | 147,456 | 8,504,000 |
| Gross Margin % Of Sales                   | 105                       | 111                    | 1.57          | -426.37          | 28.99   | 102.15    |
| Gross Margin % Of Sales -- TTM            | 108                       | 114                    | -2.85         | -1,800.00        | 29.89   | 102.34    |
| SG&A % Of Sales                           | 57                        | 114                    | 11.75         | 0.09             | 11.75   | 2,557.82  |
| SG&A % Of Sales -- TTM                    | 28                        | 122                    | 7.28          | 0.11             | 13.30   | 26,200.00 |
| Operating Margin % Of Sales               | 108                       | 126                    | -45.88        | -4,303.38        |         |           |
| Operating Margin % Of Sales TTM           | 94                        | 129                    | -20.50        | -28,500.00       |         |           |
| EBITDA Margin Of Sales                    | 82                        | 94                     | -24.10        | -4,354.07        |         |           |
| EBITDA Margin Of Sales -- TTM             | 77                        | 99                     | 3.08          | -27,600.00       |         |           |
| Net Profit Margin % Of Sales              | 108                       | 126                    | -57.50        | -4,154.00        |         |           |
| Net Profit Margin % Of Sales - TTM        | 99                        | 129                    | -32.33        | -46,600.00       |         |           |
| Pre-tax Income % Of Sales                 | 109                       | 126                    | -55.58        | -4,177.80        |         |           |
| Effective Tax Rate                        | 22                        | 122                    | -3.46         | -430.77          |         |           |
| Depreciation % Of Prop/Plant/Equipment    | 86                        | 116                    | 18.76         | 0.21             |         |           |
| Capital Expense % Of Prop/Plant/Equipment | 51                        | 103                    | 13.52         | 0.38             |         |           |
| Interest Coverage                         | 77                        | 87                     | -2.62         | -1,653.25        |         |           |
| Interest Coverage -- TTM                  | 73                        | 95                     | 0.32          | -160.57          |         |           |
| <b>Liquidity ratios:</b>                  |                           |                        |               |                  |         |           |
| Cash Ratio                                | 44                        | 130                    | 0.76          | 0.00             | 0.34    | 1,036.81  |
| Quick Ratio                               | 32                        | 123                    | 2.04          | 0.01             | 1.33    | 1,039.73  |
| Current Ratio                             | 40                        | 130                    | 2.62          | 0.05             | 1.60    | 1,039.73  |
| <b>Efficiency ratios:</b>                 |                           |                        |               |                  |         |           |
| Accounts Receivable Turnover              | 88                        | 125                    | 3.79          | -9.31            |         |           |
| Days Sales Outstanding                    | 93                        | 126                    | 96.35         | -39.20           |         |           |
| % of Inventory Financed by Vendors        | N/A                       | 72                     | N/A           | 1.40             |         |           |
| % of Inventory Financed by Vendors -- TTM | N/A                       | 75                     | N/A           | 1.46             |         |           |
| Inventory Turnover                        | 27                        | 98                     | 14.63         | 0.00             |         |           |
| Inventory Turnover TTM                    | 28                        | 100                    | 14.68         | 0.00             |         |           |
| Days Sales in Inventory                   | 27                        | 90                     | 24.95         | 0.43             |         |           |
| Inventory to Working Capital              | 33                        | 94                     | 0.20          | -1.25            |         |           |
| Accounts Payable Turnover                 | N/A                       | 101                    | N/A           | 0.00             |         |           |
| Accounts Payable Turnover -- TTM          | 18                        | 103                    | 11.59         | 0.00             |         |           |
| <b>Leverage &amp; debt coverage</b>       |                           |                        |               |                  |         |           |
| Total Debt to Equity Ratio                | 108                       | 110                    | 3.40          | 0.00             | 0.55    | 3.78      |
| Debt to Tangible Equity Ratio             | 103                       | 108                    | 3.66          | 0.00             | 0.63    | 34.52     |
| Total Debt to Assets Ratio                | 111                       | 119                    | 0.67          | 0.00             | 0.29    | 22.76     |
| Short-Term Debt % of Total Debt           | N/A                       | 90                     | N/A           | 0.00             | 16.05   | 100.00    |
| Short-Term Debt % of Working Capital      | N/A                       | 93                     | N/A           | -316.77          | 8.61    | 33,099.14 |
| Liabilities to Net Worth Ratio            | 110                       | 119                    | 4.42          | 0.00             | 0.96    | 44.72     |
| Total Liabilities to Equity Ratio         | 115                       | 121                    | 4.11          | 0.00             | 0.92    | 6.07      |
| TTM EBITDA Over Total Debt                | 69                        | 88                     | 0.02          | -2.27            | 0.22    | 9.82      |
| Net Debt Over TTM EBITDA                  | 72                        | 72                     | 34.49         | -1.88            | 1.85    | 34.49     |

| Company Name                                | Ranking |
|---|---------|
| 1 Denbury Resources Inc.                    | 1       |
| 2 Martello Technologies Group Inc           | 2       |
| 3 Dolphin Drilling ASA                      | 3       |
| 4 Ajan Offshore Ltd (Parent)                | 4       |
| 5 Ajan Offshore Ltd                         | 5       |
| 6 Jacops Peak Energy Inc                    | 6       |
| 7 Empresa Petrolera YPFER Chaco SA          | 7       |
| 8 Newfield Exploration Co.                  | 8       |
| 9 Oil and Gas Exploration and Production AD | 9       |
| 10 NSR Stavroff OAO                         | 10      |
| 11 Atlantic Petroleum Ltd                   | 11      |
| 12 Atlantic Petroleum Ltd                   | 12      |

| Company Name                                | Ranking |
|---|---------|
| 1 Avico Drilling PLC                        | 1       |
| 2 Jasper Investments Limited                | 2       |
| 3 Mammoth Energy Services Inc               | 3       |
| 4 SandRidge Energy Inc.                     | 4       |
| 5 Sierrenoff Mejonnettegazepedologia OAO    | 5       |
| 6 Gazinta PAT                               | 6       |
| 7 Ithi Andina SA                            | 7       |
| 8 Oil and Gas Exploration and Production AD | 8       |
| 9 High Arctic Energy Services, Inc.         | 9       |
| 10 Major Drilling Group Intl Inc.           | 10      |
| 11 Energy Services Corp                     | 11      |
| 12 Energy Services Ltd                      | 12      |

TTM = trailing 12 months  
N/A = Not Available

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

# 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<br>9/30/2018 | 3 mos<br>6/30/2018 | 3 mos<br>3/31/2018 | 3 mos<br>12/31/2017 | 3 mos<br>9/30/2017 |
|-----------------------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| <b>Net Sales \$</b>               | <b>\$123,395</b>   | <b>\$118,603</b>   | <b>\$109,675</b>   | <b>\$116,334</b>    | <b>\$118,308</b>   |
| % change                          | 4.04%              | 8.14%              | -5.72%             | -1.67%              | 7.94%              |
| <b>Gross Margin \$</b>            | <b>\$1,932</b>     | <b>(\$167)</b>     | <b>(\$10,408)</b>  | <b>(\$4,700)</b>    | <b>\$121</b>       |
| % change                          | 1,256.89%          | 98.40%             | -121.45%           | -3,984.30%          | 101.10%            |
| % of sales                        | 1.57%              | -0.14%             | -9.49%             | -4.04%              | 0.10%              |
| change as % of incremental sales  | 43.80%             | 114.71%            | n/m                | n/m                 | 128.00%            |
| <b>SG&amp;A \$</b>                | <b>\$14,495</b>    | <b>\$8,288</b>     | <b>\$6,201</b>     | <b>\$5,100</b>      | <b>\$7,033</b>     |
| % change                          | 74.89%             | 33.66%             | 21.59%             | -27.48%             | 8.15%              |
| % of sales                        | 11.75%             | 6.99%              | 5.65%              | 4.38%               | 5.94%              |
| change as % of incremental sales  | 129.53%            | 23.38%             | n/m                | n/m                 | 6.09%              |
| <b>Operating margin \$</b>        | <b>(\$56,544)</b>  | <b>(\$8,933)</b>   | <b>(\$16,266)</b>  | <b>(\$14,221)</b>   | <b>(\$6,815)</b>   |
| % change                          | -532.98%           | 45.08%             | -14.38%            | -108.67%            | 61.35%             |
| % of sales                        | -45.82%            | -7.53%             | -14.83%            | -12.22%             | -5.76%             |
| change as % of incremental sales  | -993.55%           | 82.13%             | n/m                | n/m                 | 124.32%            |
| <b>EBITDA \$</b>                  | <b>(\$29,733)</b>  | <b>\$17,012</b>    | <b>\$12,574</b>    | <b>\$14,575</b>     | <b>\$22,614</b>    |
| % change                          | -274.78%           | 35.30%             | -13.73%            | -35.55%             | 62.57%             |
| % of sales                        | -24.10%            | 14.34%             | 11.46%             | 12.53%              | 19.11%             |
| change as % of incremental sales  | -975.48%           | 49.71%             | n/m                | n/m                 | 100.03%            |
| <b>EBIT \$</b>                    | <b>(\$57,253)</b>  | <b>(\$10,124)</b>  | <b>(\$15,975)</b>  | <b>(\$14,547)</b>   | <b>(\$7,453)</b>   |
| % change                          | -465.52%           | 36.63%             | -9.82%             | -95.18%             | 56.34%             |
| % of sales                        | -46.40%            | -8.54%             | -14.57%            | -12.50%             | -6.30%             |
| change as % of incremental sales  | -983.49%           | 65.54%             | n/m                | n/m                 | 110.55%            |
| <b>Pre-tax income \$</b>          | <b>(\$68,580)</b>  | <b>(\$21,291)</b>  | <b>(\$27,192)</b>  | <b>(\$25,657)</b>   | <b>(\$18,392)</b>  |
| % change                          | -222.11%           | 21.70%             | -5.98%             | -39.50%             | 34.65%             |
| % of sales                        | -55.58%            | -17.95%            | -24.79%            | -22.05%             | -15.55%            |
| change as % of incremental sales  | -986.83%           | 66.10%             | n/m                | n/m                 | 112.09%            |
| <b>Net income (loss) \$</b>       | <b>(\$70,951)</b>  | <b>(\$22,877)</b>  | <b>(\$28,796)</b>  | <b>(\$28,693)</b>   | <b>(\$20,311)</b>  |
| % change                          | -210.14%           | 20.55%             | -0.36%             | -41.27%             | 32.04%             |
| % of sales                        | -57.50%            | -19.29%            | -26.26%            | -24.66%             | -17.17%            |
| change as % of incremental sales  | -1,003.21%         | 66.30%             | n/m                | n/m                 | 110.07%            |
| <b>Tax expense \$</b>             | <b>\$2,371</b>     | <b>\$1,586</b>     | <b>\$1,604</b>     | <b>\$3,036</b>      | <b>\$1,919</b>     |
| Effective tax rate                | -3.46%             | -7.45%             | -5.90%             |                     | 4.43%              |
| <b>Depreciation expense \$</b>    | <b>\$27,020</b>    | <b>\$26,536</b>    | <b>\$27,949</b>    |                     |                    |
| % of sales                        | 21.90%             | 22.37%             | 25.48%             |                     |                    |
| % of capital expenses             | 138.77%            | 112.32%            | 313.19%            |                     |                    |
| % of PP&E, net (annualized)       | 18.76%             | 17.50%             | 18.08%             |                     |                    |
| <b>Capital expenditures \$</b>    | <b>\$19,471</b>    | <b>\$23,625</b>    | <b>\$8,924</b>     |                     |                    |
| % change                          | -17.58%            | 164.74%            | -7.97%             |                     |                    |
| % of PP&E, net (annualized)       | 13.52%             | 15.58%             | 5.77%              |                     |                    |
| % of working capital (annualized) | 43.17%             | 48.57%             | 17.13%             |                     |                    |
| <b>Interest coverage ratio</b>    | <b>(2.62)</b>      | <b>1.52</b>        | <b>1.12</b>        |                     | <b>1.04</b>        |
| % change                          | -272.42%           | 35.81%             | -14.08%            | -36.26%             | 62.99%             |
| <b>Free cash flow \$</b>          | <b>(\$31,018)</b>  | <b>(\$3,390)</b>   | <b>(\$21,128)</b>  | <b>\$21,442</b>     | <b>(\$25,115)</b>  |
| % change                          | -814.99%           | 83.95%             | -198.54%           | 185.38%             | -1,101.10%         |
| Source:                           | 10-Q<br>11/6/2018  | 10-Q<br>8/2/2018   | 10-Q<br>5/2/2018   | 10-K<br>2/21/2018   | 10-Q<br>11/2/2017  |

Negative free cash flow in four of the last five fiscal quarters

# QUARTERLY LEVERAGE RATIOS

Total debt in relation to tangible net worth signaled heightened risk

## Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended   | 9/30/2018   | 6/30/2018   | 3/31/2018        | 12/31/2017        | 9/30/2017         |
|--|-------------|-------------|------------------|-------------------|-------------------|
| <b>Total debt \$</b>                                 | \$579,289   | \$578,840   | \$578,404        | \$577,971         | \$577,550         |
| % change   | 0.08%       | 0.08%       | 0.07%            | 0.07%             | 0.07%             |
| <b>Stockholders' equity \$</b>                       | \$170,171   | \$241,730   | \$266,975        | \$296,121         | \$324,556         |
| % change   | -29.60%     | -9.46%      | -9.84%           | -8.76%            | -5.60%            |
| <b>Total debt to equity ratio</b>                    | <b>3.40</b> | <b>2.39</b> | <b>2.17</b>      | <b>1.95</b>       | <b>1.78</b>       |
| % change   | 42.16%      | 10.53%      | 11.00%           | 9.68%             | 6.00%             |
| <b>Tangible net worth \$</b>                         | \$158,065   | \$229,048   | \$253,716        | \$282,285         | \$310,109         |
| % change   | -30.99%     | -9.72%      | -10.12%          | -8.97%            | -5.63%            |
| <b>Total debt to tangible net worth</b>              | <b>3.66</b> | <b>2.53</b> | <b>2.28</b>      | <b>2.05</b>       | <b>1.86</b>       |
| % change   | 45.02%      | 10.86%      | 11.34%           | 9.94%             | 6.05%             |
| <b>Total assets \$</b>                               | \$869,181   | \$937,219   | \$951,130        | \$990,279         | \$1,086,430       |
| % change   | -7.26%      | -1.46%      | -3.95%           | -8.85%            | -3.18%            |
| <b>Total debt to assets ratio</b>                    | <b>0.67</b> | <b>0.62</b> | <b>0.61</b>      | <b>0.58</b>       | <b>0.53</b>       |
| % change   | 7.92%       | 1.56%       | 4.20%            | 9.78%             | 3.36%             |
| <b>Tangible assets \$</b>                            | \$857,075   | \$924,537   | \$937,871        | \$976,443         | \$1,071,983       |
| % change   | -7.30%      | -1.42%      | -3.95%           | -8.91%            | -3.16%            |
| <b>Total liabilities \$</b>                          | \$699,010   | \$695,489   | \$684,155        | \$694,158         | \$761,874         |
| % change   | 0.51%       | 1.66%       | -1.44%           | -8.89%            | -2.11%            |
| <b>Total liabilities to equity ratio</b>             | <b>4.11</b> | <b>2.88</b> | <b>2.56</b>      | <b>2.34</b>       | <b>2.35</b>       |
| % change   | 42.77%      | 12.27%      | 9.32%            | -0.14%            | 3.69%             |
| <b>Total liabilities to tangible net worth ratio</b> | <b>4.42</b> | <b>3.04</b> | <b>2.70</b>      | <b>2.46</b>       | <b>2.46</b>       |
| % change   | 45.64%      | 12.61%      | 9.65%            | 0.09%             | 3.73%             |
| <b>Total debt to EBITDA ratio (annualized)</b>       |             | <b>8.51</b> | <b>11.50</b>     | <b>9.91</b>       | <b>6.38</b>       |
| % change   |             | 38.8%       | 16.00%           | 55.27%            | -38.44%           |
| Source:  |             |             | 10-Q<br>5/2/2018 | 10-K<br>2/21/2018 | 10-Q<br>11/2/2017 |

Total liabilities to equity and total liabilities to tangible net worth ratios worsened

# QUARTERLY RATES OF RETURN

Unable to generate any positive returns

## Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended                         | 3 mos<br>9/30/2018 | 3 mos<br>6/30/2018 | 3 mos<br>3/31/2018 | 3 mos<br>12/31/2017 | 3 mos<br>9/30/2017 |
|--------------------------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| <b>Return on equity</b>              | <b>-29.35%</b>     | <b>-8.57%</b>      | <b>-9.72%</b>      | <b>-8.84%</b>       | <b>-5.91%</b>      |
| % change                             | -242.53%           | 11.88%             | -10.00%            | -49.64%             | 26.18%             |
| <b>Return on net tangible equity</b> | <b>-30.98%</b>     | <b>-9.02%</b>      | <b>-10.20%</b>     | <b>-9.25%</b>       | <b>-6.18%</b>      |
| % change                             | -243.54%           | 11.61%             | -10.25%            | -49.70%             | 26.06%             |
| <b>Return on total assets</b>        | <b>-7.86%</b>      | <b>-2.42%</b>      | <b>-2.97%</b>      | <b>-2.76%</b>       | <b>-1.84%</b>      |
| % change                             | -224.21%           | 18.32%             | -7.35%             | -50.24%             | 30.72%             |
| <b>Return on tangible assets</b>     | <b>-7.96%</b>      | <b>-2.46%</b>      | <b>-3.01%</b>      | <b>-2.80%</b>       | <b>-1.86%</b>      |
| % change                             | -224.21%           | 18.34%             | -7.39%             | -50.27%             | 30.74%             |
| Source:                              | 10-Q<br>11/6/2018  | 10-Q<br>8/2/2018   | 10-Q<br>5/2/2018   | 10-K<br>2/21/2018   | 10-Q<br>11/2/2017  |

# YEAR-OVER-YEAR STATEMENT OF CASH FLOWS

Negative cash from operating activities

## Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of U.S. Dollars)

| Period Ended                                 | 9 mos<br>9/30/2018 | 9 mos<br>9/30/2017 | 9 mos<br>9/30/2016                | 9 mos<br>9/30/2015 | 9 mos<br>9/30/2014 |
|--|--------------------|--------------------|-----------------------------------|--------------------|--------------------|
|  |                    |                    | <b>Reclassified<br/>9/30/2017</b> |                    |                    |
| <b>Cash Flows from Operating Activities:</b> |                    |                    |                                   |                    |                    |
| Net income                                   | (\$122,624)        | (\$90,008)         | (\$181,885)                       | (\$58,638)         | \$16,322           |
| Depreciation/depletion                       | 83,205             | 93,251             | 106,605                           | 118,474            | 106,666            |
| Deferred taxes                               | (546)              | (594)              | 61,199                            | 10,259             | 73                 |
| Non-cash Items                               | 48,607             | 6,267              | (3,000)                           | 9,112              | 39,860             |
| Changes in working capital                   | (12,158)           | (33,322)           | 15,499                            | 29,645             | (18,570)           |
| <b>Total cash from operating activities</b>  | <b>(3,516)</b>     | <b>(24,406)</b>    | <b>(1,582)</b>                    | <b>108,852</b>     | <b>144,351</b>     |
| <b>Cash Flows from Investing Activities:</b> |                    |                    |                                   |                    |                    |
| Capital expenditures                         | (52,020)           | (44,836)           | (20,994)                          | (72,469)           | (151,109)          |
| Other investing cash flow items, total       | 1,031              | 322                | 2,296                             | (7,200)            | 2,294              |
| <b>Total cash from investing activities</b>  | <b>(50,989)</b>    | <b>(44,514)</b>    | <b>(18,698)</b>                   | <b>(79,669)</b>    | <b>(148,815)</b>   |
| <b>Cash Flows from Financing Activities:</b> |                    |                    |                                   |                    |                    |
| Financing cash flow items                    | (1,691)            | (3,693)            | (10,401)                          | (2,988)            | (33,414)           |
| Total cash dividends paid                    | (3,625)            | (1,239)            | 0                                 | n/a                | n/a                |
| Issuance/retirement of stock, net            | 0                  | 75,200             | 0                                 | n/a                | n/a                |
| Issuance/retirement of debt, net             | n/a                | n/a                | n/a                               | (30,000)           | (32,500)           |
| <b>Total cash from financing activities</b>  | <b>(5,316)</b>     | <b>70,268</b>      | <b>(10,401)</b>                   | <b>(32,988)</b>    | <b>(65,914)</b>    |
| <b>Net change in cash</b>                    | <b>(59,821)</b>    | <b>1,348</b>       | <b>(30,681)</b>                   | <b>(3,805)</b>     | <b>(70,378)</b>    |
| <b>Net cash-beginning balance</b>            | <b>141,549</b>     | <b>119,691</b>     | <b>134,294</b>                    | <b>108,456</b>     | <b>148,689</b>     |
| <b>Net cash-ending balance</b>               | <b>\$81,728</b>    | <b>\$121,039</b>   | <b>\$103,613</b>                  | <b>\$104,651</b>   | <b>\$78,311</b>    |
| <b>Supplemental Disclosures:</b>             |                    |                    |                                   |                    |                    |
| Cash interest paid                           | \$41,175           | \$41,175           | \$41,175                          | \$41,393           | \$41,558           |
| Cash taxes paid, supplemental                | \$7,000            | \$7,223            | \$12,142                          | \$21,627           | \$15,787           |
| Source:                                      | 10-Q<br>11/6/2018  | 10-Q<br>11/2/2017  | 10-Q<br>11/2/2017                 | 10-Q<br>11/4/2015  | 10-Q<br>11/6/2014  |

## NEWS ALERTS: A TIMELINE OF CONCERNING HEADLINES

**The rating downgrade to Caa1 reflected Parker Drilling's high debt levels relative to its expected cash flow.**

|           |                           |  |
|-----------|---------------------------|--|
| 1/17/2018 | Moody's Investor Services | Moody's downgrades Parker Drilling's CFR to Caa1; negative outlook |
|-----------|---------------------------|--|

**The Company reported low eight-figure operating and net losses for the Q4 2017 period end.**

|           |                   |   |
|-----------|-------------------|---|
| 2/16/2018 | CRMZ News Service | Parker Drilling Company -- updated financials available |
|-----------|-------------------|---|

**Q1 2018 10-Q filing – Operating net loss of \$16 million; net loss of \$29 million.**

|          |                   |   |
|----------|-------------------|---|
| 5/3/2018 | CRMZ News Service | Parker Drilling Company -- updated financials available |
|----------|-------------------|---|

**Parker Drilling looked for ways to reduce its \$578 million debt burden and extend its maturity.**

|           |                   |  |
|-----------|-------------------|--|
| 6/27/2018 | CRMZ News Service | Parker Drilling Commences Talks With Bondholders |
|-----------|-------------------|--|

**To stay listed on the NYSE, Parker Drilling underwent a reverse stock split in order to increase its common stock market price per share.**

|           |             |  |
|-----------|-------------|--|
| 7/12/2018 | PR Newswire | Parker Drilling Implements Reverse Stock Split and Adopts Short-Term Shareholder Rights Plan |
|-----------|-------------|--|

**The Company's 10-Q filing for Q2 2018 reported operating and net losses of high seven-figures and low eight-figures, respectively.**

|          |                   |   |
|----------|-------------------|---|
| 8/3/2018 | CRMZ News Service | Parker Drilling Company -- updated financials available |
|----------|-------------------|---|

**Net loss for the Q3 2018 period end increased 249% to \$71 million compared with net loss of \$20 million for the same period last year.**

|           |                   |   |
|-----------|-------------------|---|
| 11/7/2018 | CRMZ News Service | Parker Drilling Company -- updated financials available |
|-----------|-------------------|---|

**Parker Drilling Company filed for bankruptcy after striking an agreement with senior bondholders on a deal to raise money and reduce its debt.**

|            |                   |  |
|------------|-------------------|--|
| 12/12/2018 | CRMZ News Service | Parker Drilling Company: Chapter 11 Petition filed on 12/12/2018 |
|------------|-------------------|--|

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