



CreditRiskMonitor's assessment of Jones Energy, Inc.'s ("Jones") "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 Jones Energy, Inc. (NYSE: JONE) at a **1**, the highest probability of bankruptcy in the next 12 months.

Business Name	2017	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Jones Energy, Inc.	2	1	1	1	1	1	1	1	1	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

Jones Energy, Inc.

807 Las Cimas Pkwy Ste 350

Phone: (512) 328-2953

AUSTIN, TX 78746-6193 United States

Ticker: JONE

Latest Financial Statements as of 6/30/2018

Business Summary

Jones Energy, Inc. is an independent oil and gas company engaged in the exploration, development, production and acquisition of oil and natural gas properties. The Company's assets are located within the Anadarko and Arkoma basins of Texas and Oklahoma. It owns leasehold interests in oil and natural gas producing properties, as well as in undeveloped acreage, located in the Anadarko and Arkoma basins in Texas and Oklahoma. The Company's oil is generally sold under short-term, extendable and cancellable agreements with unaffiliated purchasers. The Company's natural gas is sold at delivery points at or near producing wells to natural gas gathering and marketing companies. Its total estimated proved reserves are approximately 101.7 million barrels of oil equivalent (MMBoe). Approximately 25% of its total estimated proved reserves consist of oil, over 32% consist of natural gas liquids (NGLs) and over 43% consist of natural gas. Its properties include over 1,020 gross producing wells.

(Source: 10-K)

Employees: 94 (as of 12/31/2017)

Incorporated: 3/25/2013

Federal Tax Id: 800907968

Credit Score History

Score/ Index	2017					2018							
	S	O	N	D	J	F	M	A	M	J	J	A	S
FRISK® Score*	3	2	1	1	1	1	1	1	1	1	1	1	1
DBT Index	9	9	9	9	9	9	9	9	9	9	9	9	9
Z'-Score	-0.7	-1.09			-0.61			0.05				0.19	

*FRISK® Scores are month-end

Auditor Information

Last Audit: 12/31/2017

Auditors: PricewaterhouseCoopers LLP

Opinion: Unqualified

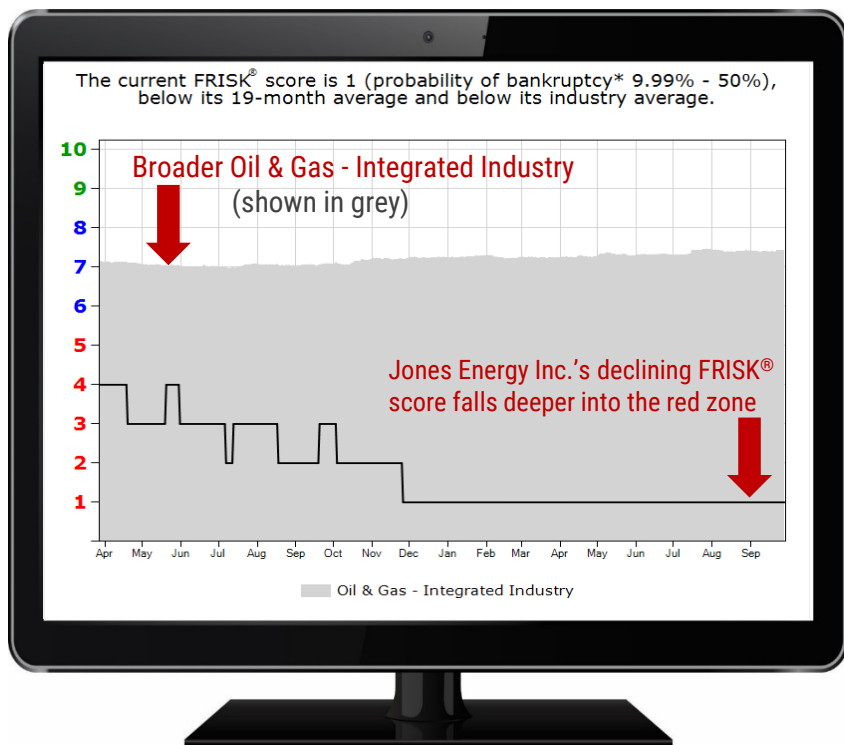
Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating
Fitch	CCC-		NR

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.

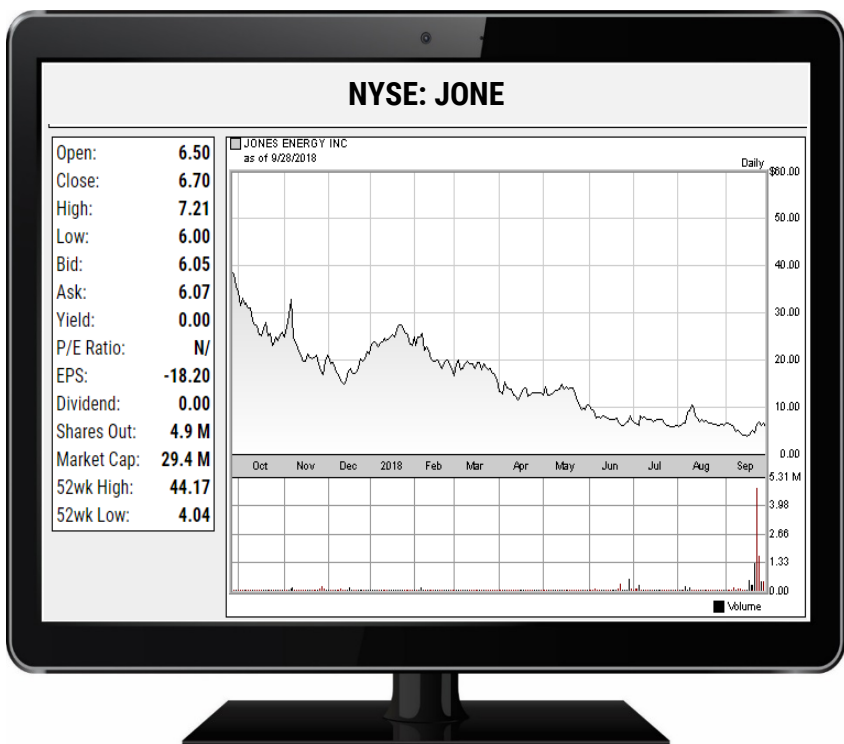
FRISK® DEEP DIVE



The FRISK® score relative to the broader Oil & Gas – Integrated 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 Bellatrix Exploration Ltd	Canada	1
2 California Resources Corp	United States	1
3 EP Energy LLC	United States	1
4 Gasar Exploration Inc	United States	1
5 Jones Energy, Inc.	United States	1
6 Kuwait Energy PLC	Bahrain	1
7 ME Holdings Corp	China	1
8 Perpetual Energy Inc.	Canada	1
9 Sanchez Energy Corp	United States	1
10 Sinopec Oil & Gas Ltd	Canada	1

FRISK® Stress Index - SIC classification: Crude petroleum and natural gas

Primary industry codes only Primary and secondary industry codes

Businesses From: CLEAR

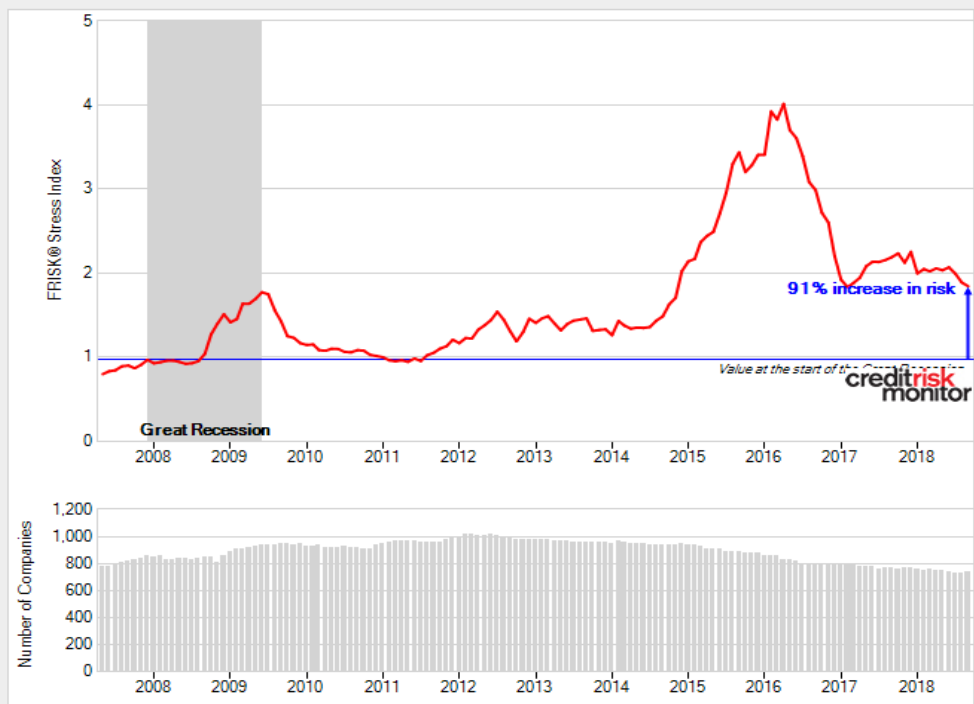
In Industry:

Country:

UPDATE RESULTS

Scale:

Total Companies in all months 1,599



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 1311 (Crude petroleum and natural gas) has increased 91% since 2007. Jones Energy, Inc. is among the weakest names in the industry as evidenced by its FRISK® score of 1.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

Jones demonstrates 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

Quarter: 2018.2
 Group: SIC 1311: Crude petroleum and natural gas
 [SIC: 1311] [Calendar Year/Quarter: 2018.2]

Businesses in Peer Group: 3402	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range Low	Peer Group Range Median	Peer Group Range High
Credit Ratings						
ZScore	471	799	0.19	-22,008.24	1.20	
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	170	342	65,255	0	62	
Gross Margin % Of Sales	136	671	75.85	-17,800.00	4	
Gross Margin % Of Sales -- TTM	134	689	76.14	-22,341.00	4	
SG&A % Of Sales	290	720	12.10	0.10		
SG&A % Of Sales -- TTM	290	738	12.95	0.11		
Operating Margin % Of Sales	510	753	-7.54	-98,095.96		
Operating Margin % Of Sales TTM	524	768	-20.86	-93,265.45		
EBITDA Margin Of Sales	45	532	69.85	-30,750.00	26.2	
EBITDA Margin Of Sales -- TTM	33	567	76.93	-55,820.00	22.32	
Net Profit Margin % Of Sales	587	752	-63.62	-85,095.96	2.33	68,363.22
Net Profit Margin % Of Sales - TTM	549	766	-38.28	-94,720.99	2.13	61,766.17
Pre-tax Income % Of Sales	603	753	-80.22	-85,095.96	4.07	87,466.79
Effective Tax Rate	325	697	10.35	-991.71	15.55	1,031.48
Depreciation % Of Prop/Plant/Equipment	470	729	11.04	0.00	8.70	48,400.00
Capital Expense % Of Prop/Plant/Equipment	291	627	11.02	0.02	11.67	88,800.00
Interest Coverage	346	528	0.86	-18,847.23	2.26	437.33
Interest Coverage -- TTM	355	589	0.99	-35,544.92	1.97	647.50
Liquidity ratios:						
Cash Ratio	286	831	0.82	0.00	0.39	394.91
Quick Ratio	257	760	1.24	0.00	0.83	395.83
Current Ratio	392	831	1.29	0.00	1.22	395.83
Efficiency ratios:						
Accounts Receivable Turnover	588	792	3.45	0.00	6.59	
Days Sales Outstanding	636	758	105.69	0.00	46.7	
% of Inventory Financed by Vendors	N/A	331	N/A	0.00	180	
% of Inventory Financed by Vendors -- TTM	N/A	363	N/A	0.00	160	
Inventory Turnover	N/A	465	N/A	-2.97		
Inventory Turnover TTM	N/A	479	N/A	0.00		
Days Sales in Inventory	N/A	436	N/A	-122.75		
Inventory to Working Capital	N/A	439	N/A	-92.02		
Accounts Payable Turnover	381	570	1.11	-1.08	2	
Accounts Payable Turnover -- TTM	436	590	0.85	-0.01	3.0	
Leverage & debt coverage:						
Total Debt to Equity Ratio	523	588	1.98	0.00	0.48	680.90
Debt to Tangible Equity Ratio	494	567	1.98	0.00	0.52	606.62
Total Debt to Assets Ratio	561	671	0.53	0.00	0.25	819.51
Short-Term Debt % of Total Debt	N/A	511	N/A	0.00	24.35	100.00
Short-Term Debt % of Working Capital	N/A	524	N/A	-14,461.89	0.00	5,234.93
Liabilities to Net Worth Ratio	613	725	2.75	-0.12	0.91	736.68
Total Liabilities to Equity Ratio	643	749	2.75	-0.11	0.87	688.45
TTM EBITDA Over Total Debt	319	528	0.17	-252.33	0.27	309.17
Net Debt Over TTM EBITDA	303	369	4.88	-19.57	1.80	64.78

- 1 Kayne Anderson MLP Midstream Investm Co
- 2 Magnolia Colombia Ltd
- 3 San Leon Energy Plc
- 4 Hengsheng Integre Tbk PT
- 5 European Finance Investment Hldy Grp Ltd
- 6 European Energy Company ASA
- 7 Crown Energy AB
- 8 Sociedad Comercial del Plata SA
- 9 Energean Oil & Gas PLC
- 10 Baru Energy Limited
- 11 Asset Holdings Limited

- 1 Altura Energy Inc
- 2 Antares Energy Limited
- 3 Black Ridge Oil & Gas Inc
- 4 Cadon Petroleum Plc
- 5 Conacher Oil and Gas Ltd
- 6 Dommo Energia SA
- 7 James Bay Resources Ltd
- 8 Kaspiv Neft AO
- 9 Liquefied Natural Gas Ltd
- 10 Pacifica, Inc.
- 11 Energy Corporation PLC

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

Recurring operating & net losses

Poor interest coverage ratio & negative free cash flow

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 6/30/2018	3 mos 3/31/2018	3 mos 12/31/2017	3 mos 9/30/2017	3 mos 6/30/2017
Net Sales \$	\$65,255	\$57,489	\$54,512	\$44,202	\$48,626
% change	13.51%	5.46%	23.32%	-9.10%	17.93%
Gross Margin \$	\$49,494	\$43,803	\$43,332	\$31,987	\$36,411
% change	12.99%	1.09%	35.47%	-12.15%	9.23%
% of sales	75.85%	76.19%	79.49%	72.37%	74.88%
change as % of incremental sales	73.28%	15.82%	110.04%	n/m	41.63%
SG&A \$	\$7,896	\$7,570	\$5,399	\$7,819	\$8,633
% change	4.31%	40.21%	-30.95%	-9.43%	7.36%
% of sales	12.10%	13.17%	9.90%	17.69%	17.75%
change as % of incremental sales	4.20%	72.93%	-23.47%	n/m	8.01%
Operating margin \$	(\$4,923)	(\$8,758)	(\$6,327)	(\$24,407)	(\$172,565)
% change	43.79%	-38.42%	74.08%	85.86%	-1,177.60%
% of sales	-7.54%	-15.23%	-11.61%	-55.22%	-354.88%
change as % of incremental sales	49.38%	-81.66%	175.36%	n/m	-2,151.47%
EBITDA \$	\$45,580	\$40,413	\$76,117	\$8,254	(\$99,728)
% change	12.79%	-46.91%	822.18%	108.28%	-538.81%
% of sales	69.85%	70.30%	139.63%	18.67%	-205.09%
change as % of incremental sales	66.53%	-1,199.33%	658.23%	n/m	-1,656.36%
EBIT \$	\$851	(\$1,028)	\$36,236	(\$38,099)	(\$145,064)
% change	182.78%	-102.84%	195.11%	73.74%	-1,022.18%
% of sales	1.30%	-1.79%	66.47%	-86.19%	-298.33%
change as % of incremental sales	24.20%	-1,251.73%	721.00%	n/m	-1,787.33%
Pre-tax income \$	(\$52,349)	(\$31,912)	(\$6,327)	(\$83,455)	(\$136,214)
% change	-64.04%	-404.38%	92.42%	38.73%	-3,798.51%
% of sales	-80.22%	-55.51%	-11.61%	-188.80%	-280.13%
change as % of incremental sales	-263.16%	-859.42%	748.09%	n/m	-1,795.21%
Net income (loss) \$	(\$41,515)	(\$25,361)	\$46,917	(\$64,806)	(\$82,216)
% change	-63.70%	-154.06%	172.40%	21.18%	-5,827.61%
% of sales	-63.62%	-44.11%	86.07%	-146.61%	-169.08%
change as % of incremental sales	-208.01%	-2,427.88%	1,083.64%	n/m	-1,093.32%
Tax expense \$	(\$5,418)	(\$2,992)	(\$65,160)	(\$492)	(\$2,236)
Effective tax rate	10.35%	9.38%	1,029.87%	0.59%	1.64%
Depreciation expense \$	\$44,729	\$41,441	\$39,881	\$46,353	\$45,336
% of sales	68.54%	72.09%	73.16%	104.87%	93.23%
% of capital expenses	100.13%	59.01%	60.25%	64.32%	75.08%
% of PP&E, net (annualized)	11.04%	10.30%	10.03%	11.85%	10.94%
Capital expenditures \$	\$44,670	\$70,233	\$66,195	\$72,069	\$60,384
% change	-36.40%	6.10%	-8.15%	19.35%	27.66%
% of PP&E, net (annualized)	11.02%	17.45%	16.65%	18.42%	14.57%
% of working capital (annualized)	196.92%	822.81%	-440.42%	-786.79%	-912.20%
Interest coverage ratio	0.86	1.31	1.79	0.18	(7.87)
% change	-34.52%	-26.83%	882.58%	102.31%	-546.06%
Free cash flow \$	(\$37,442)	(\$30,649)	(\$48,612)	(\$52,122)	(\$52,489)
% change	-22.16%	36.95%	6.73%	0.70%	-55.67%
Source:	10-Q 8/8/2018	10-Q 5/4/2018	10-K 2/28/2018	10-Q 11/8/2017	10-Q 8/8/2018

QUARTERLY LEVERAGE RATIOS

Total debt in relation to tangible net worth has increased, indicating heightened risk

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Total debt \$	\$978,727	\$1,002,074	\$759,316	\$698,740	\$728,163
% change	-2.33%	31.97%	8.67%	-4.04%	3.79%
Stockholders' equity \$	\$495,440	\$535,229	\$559,326	\$442,426	\$444,940
% change	-7.43%	-4.31%	26.42%	-0.57%	-15.85%
Total debt to equity ratio	1.98	1.87	1.36	1.58	1.64
% change	5.52%	37.91%	-14.04%	-3.50%	23.33%
Tangible net worth \$	\$495,440	\$535,229	\$559,326	\$442,426	\$444,940
% change	-7.43%	-4.31%	26.42%	-0.57%	-15.85%
Total debt to tangible net worth	1.98	1.87	1.36	1.58	1.64
% change	5.52%	37.91%	-14.04%	-3.50%	23.33%
Total assets \$	\$1,856,499	\$1,941,183	\$1,710,063	\$1,661,578	\$1,726,019
% change	-4.36%	13.52%	2.92%	-3.73%	-7.90%
Total debt to assets ratio	0.53	0.52	0.44	0.42	0.42
% change	2.13%	16.26%	5.59%	-0.33%	12.69%
Tangible assets \$	\$1,856,499	\$1,941,183	\$1,710,063	\$1,661,578	\$1,726,019
% change	-4.36%	13.52%	2.92%	-3.73%	-7.90%
Total liabilities \$	\$1,361,059	\$1,405,954	\$1,150,737	\$1,219,152	\$1,281,079
% change	-3.19%	22.18%	-5.61%	-4.83%	-4.77%
Total liabilities to equity ratio	2.75	2.63	2.06	2.76	2.88
% change	4.58%	27.68%	-25.34%	-4.29%	13.16%
Total liabilities to tangible net worth ratio	2.75	2.63	2.06	2.76	2.88
% change	4.58%	27.68%	-25.34%	-4.29%	13.16%
Total debt to EBITDA ratio (annualized)	5.37	6.20	2.49	21.16	n/a
% change	-13.40%	148.57%	n/a	n/a	n/a
Source:	10-Q 8/8/2018	10-Q 5/4/2018	10-Q 2/1/2018	10-Q 10/1/2017	10-Q 8/7/2017

Total liabilities to tangible net worth ratio signals heightened risk in the last 5 quarters

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Secured notes issued to reduce liquidity risk; potentially reducing the company's borrowing base

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Current assets \$	\$231,809	\$317,894	\$104,701	\$73,998	\$101,707
% change	-27.08%	203.62%	41.49%	-27.24%	23.09%
Current liabilities \$	\$180,403	\$187,822	\$166,487	\$132,452	\$116,532
% change	-3.95%	12.81%	25.70%	13.66%	-3.50%
Working capital \$	\$51,406	\$130,072	(\$61,786)	(\$58,454)	(\$14,825)
% change	-60.48%	310.52%	-5.70%	-294.29%	61.12%
% of sales (annualized)	19.69%	56.56%	-28.34%	-33.06%	-7.62%
Cash \$	\$148,070	\$231,086	\$19,472	\$5,478	\$6,254
% change	-35.92%	1,086.76%	255.46%	-12.41%	-28.18%
Cash ratio	0.82	1.23	0.12	0.04	0.05
% change	-33.28%	951.54%	182.61%	-22.91%	-25.52%
Quick assets \$	\$222,849	\$307,463	\$85,615	\$52,147	\$39,843
% change	-27.52%	259.12%	64.18%	30.88%	-2.89%
Quick ratio	1.24	1.64	0.51	0.39	0.34
% change	-24.54%	218.36%	30.61%	15.15%	0.62%
Current ratio	1.29	1.69	0.63	0.56	0.87
% change	-24.08%	169.12%	12.56%	-35.99%	27.57%
Source:	10-Q 8/8/2018	10-Q 5/4/2018	10-K 2/28/2018	10-Q 11/8/2017	10-Q 8/7/2017

Negative returns in 4 of the last 5 quarters

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 6/30/2018	3 mos 3/31/2018	3 mos 12/31/2017	3 mos 9/30/2017	3 mos 6/30/2017
Return on equity	-7.76%	-4.53%	10.60%	-14.57%	-15.55%
% change	-71.07%	-142.76%	172.81%	6.33%	-5,810.19%
Return on net tangible equity	-7.76%	-4.53%	10.60%	-14.57%	-15.55%
% change	-71.07%	-142.76%	172.81%	6.33%	-5,810.19%
Return on total assets	-2.19%	-1.39%	2.78%	-3.83%	-4.57%
% change	-57.38%	-149.92%	172.74%	16.23%	-6,089.02%
Return on tangible assets	-2.19%	-1.39%	2.78%	-3.83%	-4.57%
% change	-57.38%	-149.92%	172.74%	16.23%	-6,089.02%
Source:	10-Q 8/8/2018	10-Q 5/4/2018	10-K 2/28/2018	10-Q 11/8/2017	10-Q 8/8/2018

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.

[Request a Personalized Demo and Risk Assessment](#)

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