



CreditRiskMonitor’s warning of PetroQuest Energy Inc.’s (“PetroQuest”) bankruptcy risk was determined by a combination of factors:

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# MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at PetroQuest Energy, Inc.(OTC: PQUEQ) for more than a year.

The company ultimately filed for bankruptcy on 11/06/2018

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

**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%
	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, 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

## PetroQuest Energy, Inc.

400 E Kaliste Saloom Rd Ste 6000

Phone: (337) 232-7028

LAFAYETTE, LA 70508-8523 United States

Ticker: PQUEQ

**Filed for Bankruptcy on 11/6/2018**  
**Case #18-36322, filed in the U.S. Bankruptcy Court for the Southern District of Texas (Houston)**

Latest Financial Statements as of 9/30/2018

### Business Summary

PetroQuest Energy, Inc. is an oil and gas company. The Company is engaged in exploratory, development and acquisition activities. The Company has approximately 30 gross exploratory wells and over 30 gross development wells. The Company has reserves in various areas, including East Texas, Gulf Coast Basin and Oklahoma Woodford. Its annual production from East Texas area is approximately 114.1 billions of cubic feet equivalent (Bcfe); Gulf Coast Basin is over 43.9 Bcfe, and Oklahoma Woodford is approximately 20.0 Bcfe. The net production from its East Texas assets averages over 30.4 millions of cubic feet equivalent (MMcfe) per day. Production from Gulf Coast Basin area totals approximately 37.8 MMcfe per day. The average daily production from its Oklahoma-Woodford properties totals over 25 MMcfe per day. The Company sells its oil and natural gas production under fixed or floating market contracts.

(Source: 10-K)

Employees: 65 (as of 12/31/2017)

Incorporated:

Federal Tax Id: 721440714

### Credit Score History

Score/ Index	2017		2018											
	N	D	J	F	M	A	M	J	J	A	S	O	N	
<b>FRISK® Score*</b>	1	1	1	1	1	1	1	1	1	1	2	2	2	
<b>DBT Index</b>	6	5	7	8	8	6	5	5	5	9	4	7	DBT	
<b>Z"-Score</b>	<-10	<-10	Z"	Z"	Z"	<-10	<-10	<-10	<-10	<-10	<-10	<-10	<-10	

\* FRISK® Scores are month-end

### Auditor Information

Last Audit: 12/31/2017

Auditors: F

Opin

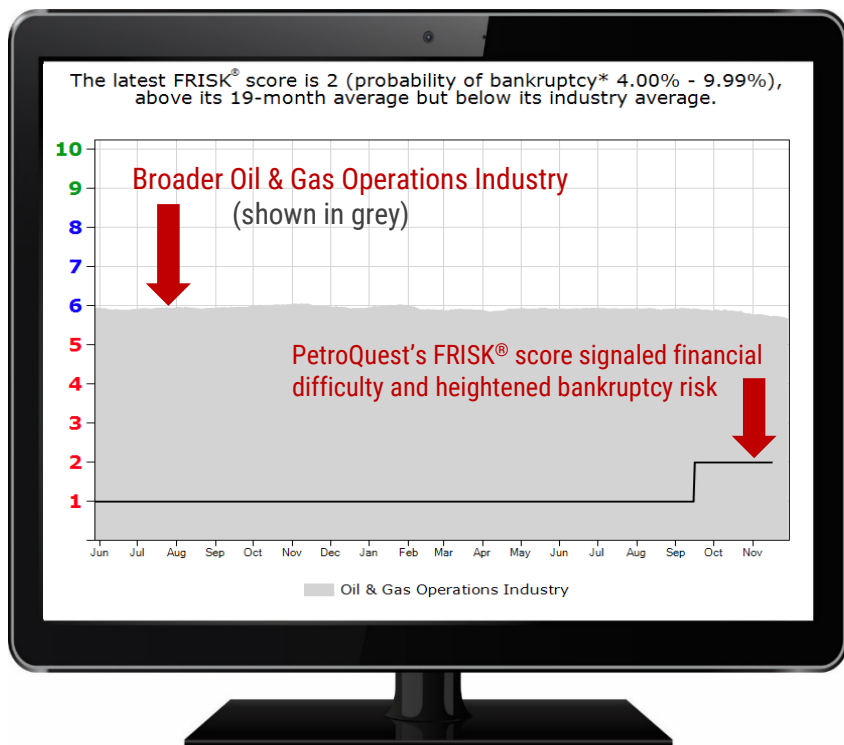
The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

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.

### Agency Credit Ratings

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

## FRISK® DEEP DIVE



The FRISK® score relative to the broader Oil & Gas Operations industry raised an additional red flag signaling heightened risk relative to peers, as well...

**MAKING IMMEDIATE ATTENTION REQUIRED.**

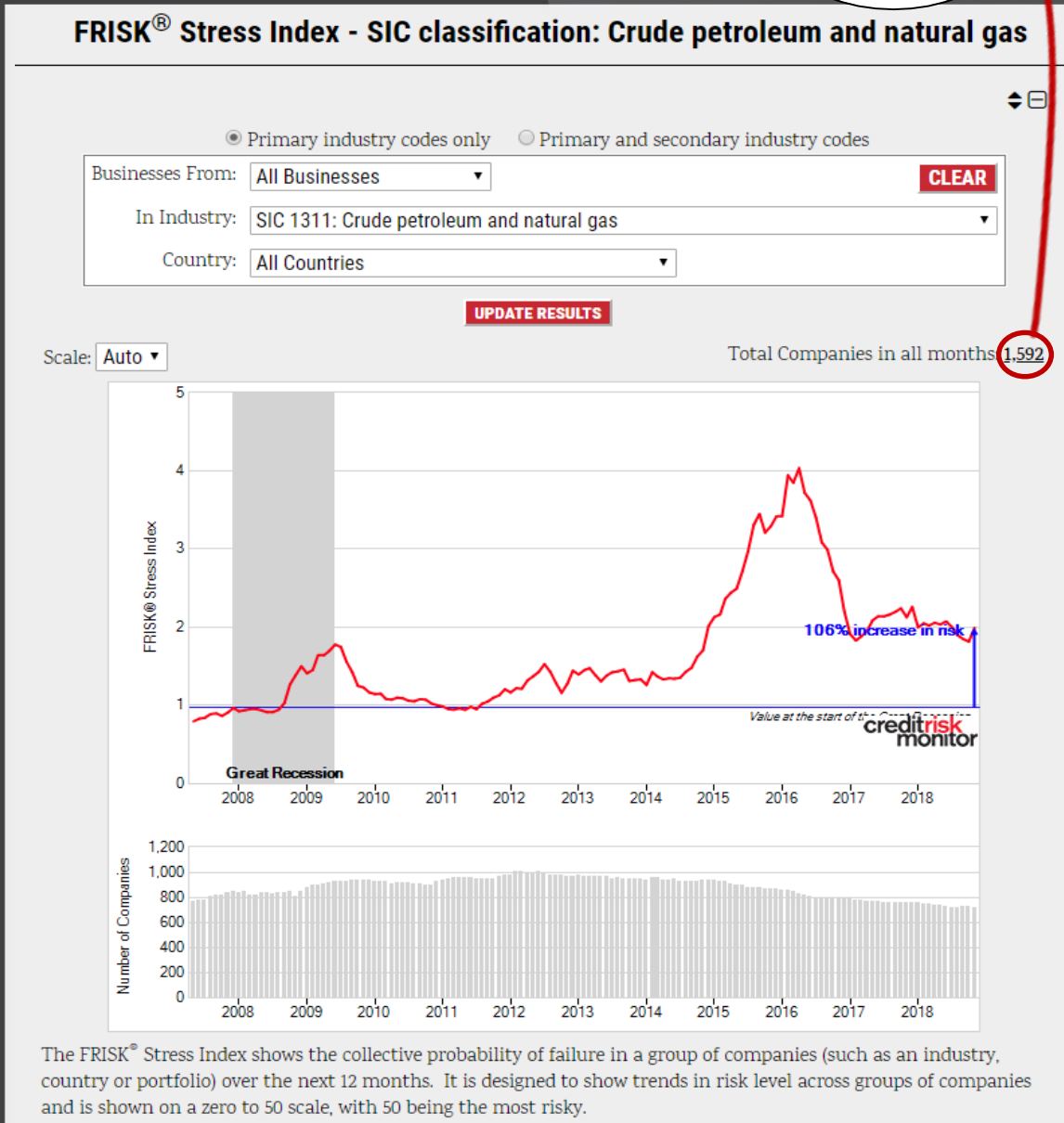
## ADJUSTED MARKET CAP VOLATILITY



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	Bellatrix Exploration Ltd	Canada	1
2	California Resources Corp	United States	1
3	DXL Energy Inc	Canada	1
4	DXL Energy Inc	Canada	1
5	EP Energy LLC	United States	1
6	Gastar Exploration Inc	United States	1
7	Jones Energy Inc	United States	1
8	Legacy Reserves Inc	United States	1
9	MIE Holdings Corp	China	1
10	Paragana Oil Refinery Ltd	India	1
11	Energy Inc.	Canada	1



**The average probability of failure for SIC code 1311 (Crude petroleum and natural gas) has increased 106% since 2007.** PetroQuest was among the weakest names in the industry as evidenced by its FRISK® score of 2.



# PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

PetroQuest 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

Calendar Year/Quarter: 2018.3  
Peer Group: Sector: Energy, Industry: Oil & Gas Operations

**REFRESH**

Sector: Energy [Industry: Oil & Gas Operations] [Calendar Year/Quarter: 2018.3]

Businesses in Peer Group: 5017

	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
<b>Credit Ratings</b>						
ZScore	461	501	-12.96	-9,686.07	1.54	5,117.32
<b>Performance ratios:</b>						
Net Sales (Thousands of U.S. Dollars)	156	249	20,886	0	82,100	
Gross Margin % Of Sales	116	480	74.83	-666.67	40	
Gross Margin % Of Sales -- TTM	124	489	70.45	-2,884.62	3	
SG&A % Of Sales	392	512	22.89	0.06		
SG&A % Of Sales -- TTM	335	523	16.74	0.07		
Operating Margin % Of Sales	456	521	-17.51	-40,514.44		
Operating Margin % Of Sales TTM	413	529	-5.45	-80,133.33		
EBITDA Margin Of Sales	122	411	53.62	-38,549.30		
EBITDA Margin Of Sales -- TTM	106	424	53.01	-8,866.67	1	
Net Profit Margin % Of Sales	433	521	-17.69	-75,506.46	2	
Net Profit Margin % Of Sales - TTM	379	529	-9.93	-48,601.27	2.35	
Pre-tax Income % Of Sales	431	521	-17.51	-75,506.46	3.74	6,275.56
Effective Tax Rate	48	467	-1.04	-18,989.99	19.09	357.49
Depreciation % Of Prop/Plant/Equipment	451	491	28.13	0.00	9.51	735.04
Capital Expense % Of Prop/Plant/Equipment	318	427	24.13	0.00	13.91	73,791.67
Interest Coverage	289	376	1.20	-4,685.96	3.88	1,418.00
Interest Coverage -- TTM	265	411	1.72	-10,290.81	3.07	1,295.78
<b>Liquidity ratios:</b>						
Cash Ratio	154	543	0.67	0.00	0.25	4,866.80
Quick Ratio	193	517	0.92	0.00	0.71	4,877.82
Current Ratio	194	543	1.37	0.00	1.12	4,879.87
<b>Efficiency ratios:</b>						
Accounts Receivable Turnover	278	522	8.58	0.00	8.91	
Days Sales Outstanding	296	522	42.53	0.00	39	
% of Inventory Financed by Vendors	N/A	267	N/A	1.58	15	
% of Inventory Financed by Vendors -- TTM	N/A	273	N/A	2.12	17	
Inventory Turnover	N/A	338	N/A	0.00		
Inventory Turnover TTM	N/A	353	N/A	0.00		
Days Sales in Inventory	N/A	321	N/A	0.22		
Inventory to Working Capital	N/A	336	N/A	-201.69		
Accounts Payable Turnover	224	388	4.41	0.00		
Accounts Payable Turnover -- TTM	309	399	1.52	-0.06	6	
<b>Leverage &amp; debt coverage:</b>						
Total Debt to Equity Ratio	N/A	434	N/A	0.00	0.60	1,643
Debt to Tangible Equity Ratio	N/A	417	N/A	0.00	0.63	70.43
Total Debt to Assets Ratio	471	475	2.56	0.00	0.28	1,445.95
Short-Term Debt % of Total Debt	N/A	340	N/A	0.00	29.12	100.00
Short-Term Debt % of Working Capital	N/A	351	N/A	-38,714.11	0.54	22,168.16
Liabilities to Net Worth Ratio	N/A	484	N/A	0.00	1.18	94.36
Total Liabilities to Equity Ratio	N/A	502	N/A	0.00	1.17	94.36
TTM EBITDA Over Total Debt	255	375	0.16	-96.02	0.30	568.00
Net Debt Over TTM EBITDA	261	305	5.68	-7.45	1.86	213.37

Company Name

- Altura Energy Inc
- Siam Pan Group Public Company Limited
- Tenasco, Inc.
- Hess Midstream Partners LP
- Allegria Exploration Inc
- Marmoth Energy Services Inc
- TTI PLC
- PrairieSky Royalty Ltd
- Michang Oil Ind Co Ltd
- Evolution Petroleum Corp
- Ensis Midstream Partners LP
- Evolution Petroleum JSC

Company Name

- Altura Resources Ltd.
- Altura Energy Inc
- Bonanza Creek Energy Inc
- BP Midstream Partners LP
- Clayton Lubricants Lanka PLC
- Enima Aviation Oil (Singapore) Corp Ltd
- Evolution Petroleum Corp
- Kozhán AO
- Marmoth Energy Services Inc
- Niko Resources Ltd.
- NTSC Offshore Services JSC
- Energy 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

Recurring operating and net losses

Insufficient interest coverage ratio and free cash flow

## Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2018	6 mos 6/30/2018	3 mos 3/31/2018	3 mos 12/31/2017	3 mos 9/30/2017
<b>Net Sales \$</b>	<b>\$20,886</b>	<b>\$46,424</b>	n/a	<b>\$35,080</b>	<b>\$28,184</b>
% change	n/a	n/a	n/a	24.47%	16.22%
<b>Gross Margin \$</b>	<b>\$15,628</b>	<b>\$32,851</b>	n/a	<b>\$23,658</b>	<b>\$18,209</b>
% change	n/a	n/a	n/a	29.92%	9.90%
% of sales	74.83%	70.76%	n/a	67.44%	64.61%
change as % of incremental sales	n/a	n/a	n/a	79.02%	41.72%
<b>SG&amp;A \$</b>	<b>\$4,780</b>	<b>\$7,304</b>	n/a	<b>\$5,052</b>	<b>\$3,341</b>
% change	n/a	n/a	n/a	51.21%	-22.55%
% of sales	22.89%	15.73%	n/a	14.40%	11.85%
change as % of incremental sales	n/a	n/a	n/a	24.81%	-24.74%
<b>Operating margin \$</b>	<b>(\$3,657)</b>	<b>(\$2,147)</b>	n/a	<b>\$221</b>	<b>(\$1,885)</b>
% change	n/a	n/a	n/a	111.72%	17.65%
% of sales	-17.51%	-4.62%	n/a	0.63%	-6.69%
change as % of incremental sales	n/a	n/a	n/a	30.54%	10.27%
<b>EBITDA \$</b>	<b>\$11,200</b>	<b>\$25,498</b>	n/a	<b>\$17,581</b>	<b>\$14,281</b>
% change	n/a	n/a	n/a	23.11%	22.07%
% of sales	53.62%	54.92%	n/a	50.12%	50.67%
change as % of incremental sales	n/a	n/a	n/a	47.85%	65.65%
<b>EBIT \$</b>	<b>\$5,714</b>	<b>\$12,970</b>	n/a	<b>\$7,281</b>	<b>\$5,486</b>
% change	n/a	n/a	n/a	32.72%	12.93%
% of sales	27.36%	27.94%	n/a	20.76%	19.46%
change as % of incremental sales	n/a	n/a	n/a	26.03%	15.97%
<b>Pre-tax income \$</b>	<b>(\$3,657)</b>	<b>(\$2,147)</b>	n/a	<b>\$221</b>	<b>(\$1,885)</b>
% change	n/a	n/a	n/a	111.72%	17.65%
% of sales	-17.51%	-4.62%	n/a	0.63%	-6.69%
change as % of incremental sales	n/a	n/a	n/a	30.54%	10.27%
<b>Net income (loss) \$</b>	<b>(\$3,695)</b>	<b>(\$2,253)</b>	n/a	<b>\$896</b>	<b>(\$1,801)</b>
% change	n/a	n/a	n/a	149.75%	14.24%
% of sales	-17.69%	-4.85%	n/a	2.55%	-6.39%
change as % of incremental sales	n/a	n/a	n/a	39.11%	7.60%
<b>Tax expense \$</b>	<b>\$38</b>	<b>\$106</b>	n/a	<b>(\$65,590)</b>	<b>(\$84)</b>
Effective tax rate	-1.04%	-4.94%	n/a	-29,678.73%	4.46%
<b>Depreciation expense \$</b>	<b>\$5,486</b>	<b>\$12,528</b>	n/a	<b>\$10,300</b>	<b>\$8,795</b>
% of sales	26.27%	26.99%	n/a	29.36%	31.21%
% of capital expenses	116.57%	101.45%	n/a	52.35%	37.75%
% of PP&E, net (annualized)	28.13%	30.92%	n/a	37.30%	32.53%
<b>Capital expenditures \$</b>	<b>\$4,706</b>	<b>\$12,349</b>	<b>\$8,313</b>	<b>\$19,674</b>	<b>\$23,295</b>
% change	n/a	n/a	-57.75%	-15.54%	116.01%
% of PP&E, net (annualized)	24.13%	30.48%	35.10%	71.24%	86.15%
% of working capital (annualized)	372.83%	-395.96%	-459.69%	-497.26%	-417.75%
<b>Interest coverage ratio</b>	<b>1.20</b>	<b>1.69</b>	n/a	<b>2.49</b>	<b>1.94</b>
% change	n/a	n/a	n/a	28.53%	18.36%
<b>Free cash flow \$</b>	<b>\$78</b>	<b>(\$15,268)</b>	<b>(\$3,233)</b>	<b>(\$10,849)</b>	<b>(\$1,661)</b>
% change	n/a	n/a	70.20%	-553.16%	84.19%
Source:	10-Q 11/13/2018	10-Q 11/13/2018	10-Q 11/13/2018	10-K 3/8/2018	10-Q 11/2/2017



# QUARTERLY LEVERAGE RATIOS

Total debt to tangible net worth and debt to assets ratios 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>	<b>\$334,044</b>	<b>\$315,143</b>	<b>\$312,482</b>	<b>\$309,361</b>	<b>\$308,351</b>
% change	6.00%	0.85%	1.01%	0.33%	1.96%
<b>Stockholders' equity \$</b>	<b>(\$258,565)</b>	<b>(\$254,247)</b>	<b>(\$251,809)</b>	<b>(\$248,935)</b>	<b>(\$256,204)</b>
% change	-1.70%	-0.97%	-1.15%	2.84%	-1.09%
<b>Tangible net worth \$</b>	<b>(\$258,565)</b>	<b>(\$254,247)</b>	<b>(\$251,809)</b>	<b>(\$248,935)</b>	<b>(\$256,204)</b>
% change	-1.70%	-0.97%	-1.15%	2.84%	-1.09%
<b>Total assets \$</b>	<b>\$130,438</b>	<b>\$114,852</b>	<b>\$127,784</b>	<b>\$164,298</b>	<b>\$159,526</b>
% change	13.57%	-10.12%	-22.22%	2.99%	7.37%
<b>Total debt to assets ratio</b>	<b>2.56</b>	<b>2.74</b>	<b>2.45</b>	<b>1.88</b>	<b>1.93</b>
% change	-6.67%	12.21%	29.87%	-2.59%	-5.05%
<b>Tangible assets \$</b>	<b>\$130,438</b>	<b>\$114,852</b>	<b>\$127,784</b>	<b>\$164,298</b>	<b>\$159,526</b>
% change	13.57%	-10.12%	-22.22%	2.99%	7.37%
<b>Total liabilities \$</b>	<b>\$389,003</b>	<b>\$369,099</b>	<b>\$379,593</b>	<b>\$413,233</b>	<b>\$415,730</b>
% change	5.39%	-2.76%	-8.14%	-0.60%	3.41%
<b>Total debt to EBITDA ratio (annualized)</b>	<b>7.46</b>	<b>6.18</b>	<b>n/a</b>	<b>4.40</b>	<b>5.40</b>
% change	20.66%	n/a	n/a	-18.50%	-16.48%
Source:	10-Q	10-Q	10-Q	10-K	10-Q
	11/13/2018	8/7/2018	5/8/2018	3/8/2018	11/2/2017

# QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Insufficient working capital

## Liquidity 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>Current assets \$</b>	<b>\$51,968</b>	<b>\$34,864</b>	<b>\$44,109</b>	<b>\$56,941</b>	<b>\$37,763</b>
% change	49.06%	-20.96%	-22.54%	50.79%	-3.72%
<b>Current liabilities \$</b>	<b>\$37,963</b>	<b>\$38,771</b>	<b>\$52,677</b>	<b>\$62,840</b>	<b>\$63,516</b>
% change	-2.08%	-26.40%	-16.17%	-1.06%	9.36%
<b>Working capital \$</b>	<b>\$14,005</b>	<b>(\$3,907)</b>	<b>(\$8,568)</b>	<b>(\$5,899)</b>	<b>(\$25,753)</b>
% change	458.46%	54.40%	-45.25%	77.09%	-36.57%
% of sales (annualized)	16.76%	-4.21%	n/a	-4.20%	-22.84%
<b>Cash \$</b>	<b>\$25,500</b>	<b>\$5,792</b>	<b>\$14,178</b>	<b>\$15,655</b>	<b>\$18,064</b>
% change	340.26%	-59.15%	-9.43%	-13.34%	-8.64%
<b>Cash ratio</b>	<b>0.67</b>	<b>0.15</b>	<b>0.27</b>	<b>0.25</b>	<b>0.28</b>
% change	349.60%	-44.48%	8.03%	-12.41%	-16.45%
<b>Quick assets \$</b>	<b>\$34,834</b>	<b>\$15,929</b>	<b>\$25,049</b>	<b>\$37,592</b>	<b>\$33,529</b>
% change	118.68%	-36.41%	-33.37%	12.12%	-3.22%
<b>Quick ratio</b>	<b>0.92</b>	<b>0.41</b>	<b>0.48</b>	<b>0.60</b>	<b>0.53</b>
% change	123.37%	-13.61%	-20.51%	13.32%	-11.50%
<b>Current ratio</b>	<b>1.37</b>	<b>0.90</b>	<b>0.84</b>	<b>0.91</b>	<b>0.59</b>
% change	52.24%	7.39%	-7.59%	52.41%	-11.97%
Source:	10-Q 11/13/2018	10-Q 8/7/2018	10-Q 5/8/2018	10-K 3/8/2018	10-Q 11/2/2017

Inadequate rate of return

## Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2018	6 mos 6/30/2018	3 mos 3/31/2018	3 mos 12/31/2017	3 mos 9/30/2017
<b>Return on total assets</b>	<b>-3.01%</b>	<b>-1.86%</b>	<b>0.00%</b>	<b>0.55%</b>	<b>-1.17%</b>
% change	n/a	n/a	-100.00%	147.34%	16.82%
<b>Return on tangible assets</b>	<b>-3.01%</b>	<b>-1.86%</b>	<b>0.00%</b>	<b>0.55%</b>	<b>-1.17%</b>
% change	n/a	n/a	-100.00%	147.34%	16.82%
Source:	10-Q 11/13/2018	10-Q 11/13/2018	10-Q 11/13/2018	10-K 3/8/2018	10-Q 11/2/2017

## NEWS ALERTS: A TIMELINE OF CONCERNING HEADLINES

<b>Working capital at Q1 2018 of (\$8.6) million decreased 45% from the prior year end's balance of (\$5.9) million.</b>		
5/10/2018	CRMZ News Service	Petroquest Energy Inc -- updated financials available
<b>Over the 30 day-trading period ending on April 9, 2018, the average closing price of PetroQuest's common stock was less than \$1.00.</b>		
5/22/2018	CRMZ News Service	PETROQUEST ENERGY INC: a Form 25-NSE has been Filed with the SEC
<b>The Company entered into a waiver and consent agreement with lenders pertaining to a Multidraw Term Loan Agreement.</b>		
6/22/2018	CRMZ News Service	PETROQUEST ENERGY INC FILES (8-K) Disclosing Other Events
<b>Restructuring advisors were consulted to possibly reorganize PetroQuest's capital structure.</b>		
7/31/2018	Globe Newswire	PetroQuest Energy, Inc. Announces Review of Alternatives Related to its Capital Structure, Engagement of Advisors and Second Quarter 2018 Earnings Release Date
<b>Sales for Q2 2018 decreased 11% to \$21.6 million versus last year's comparable period amount of \$24.3 million.</b>		
8/8/2018	CRMZ News Service	Petroquest Energy Inc -- updated financials available
<b>PetroQuest entered into forbearance agreements on its senior secured notes. Their expiration dates would be extended several times.</b>		
9/17/2018	CRMZ News Service	Petroquest Energy Buys More Time As Potential Bankruptcy Looms
<b>For Q3 2018, the Company reported that net loss for the period increased 105% to \$3.7 million compared with net loss of \$1.8 million for the same period last year.</b>		
11/7/2018	CRMZ News Service	Petroquest Energy Inc -- updated financials available
<b>PetroQuest Energy filed for bankruptcy</b>		
11/7/2018	CRMZ News Service	PetroQuest Energy Inc.: Chapter 11 Petition filed on 11/6/2018

# MANAGEMENT DISCUSSION AND ANALYSIS

One of the CreditRiskMonitor service's features is the ability to quickly access a Company's Management Discussion and Analysis (MD&A) history.

The MD&A represents the thoughts and opinions of management, and provides a forecast of future operations, and therefore these statements can't typically be falsified. According to the Financial Accounting Standards Board (FASB), "MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed."

Sarbanes-Oxley subjects CEOs and CFOs to jail and monetary penalties for certifying misleading or fraudulent reports

Report	PetroQuest Energy, Inc.
Overview	400 E Kaliste Saloom Rd Ste 6000
Company News	Phone: (337) 232-7028 LAFAYETTE, LA 70508-8523 United States
Risk Ratings	Filed for Bankruptcy on 11/6/2018
Important Information	Case #18-36322, filed in the U.S. Bankruptcy Court for the Southern District of Texas (Houston)
Annual Financials	<b>Management Discussion and Analysis</b>
Year/Year Interim	For the period ended 6/30/2018
Sequential Quarters	
<b>Liquidity (MD&amp;A)</b>	Despite the foregoing actions, <u>our overall liquidity position and our cash available for capital expenditures continue to be negatively impacted by continued weak natural gas prices, declining production and increasing cash interest expense on outstanding indebtedness.</u> Due to the sale of our Gulf of Mexico properties in January 2018 and normal production declines, our production declined by 35% in the second quarter of 2018 when compared to the fourth quarter of 2017 and <u>our cash flow from operations for the six months ended June 30, 2018 was a negative \$2.9 million.</u> The sale of our Gulf of Mexico properties when combined with reduced capital spending in 2018 is expected to result in declining production, proved reserves and cash flow from operations <u>during 2018 when compared to 2017. At June 30, 2018, we had approximately \$5.8 million of cash and approximately \$317.0 million aggregate principal amount of outstanding indebtedness,</u> and we had deferred nine dividend payments with respect to our Series B Preferred Stock and accrued a \$12.8 million payable related to the nine deferred payments and the quarterly dividend that was payable on July 15, 2018. In addition, beginning with the August 15, 2018 interest payment on our 2021 PIK Notes (as defined below), we will be required to pay interest on our 2021 PIK Notes at 10% in cash (instead of 1% in cash and 9% in payment in kind). The cash interest payment due on August 15, 2018 under our 2021 PIK Notes and 2021 Notes (as defined below) will total approximately \$14.2 million. In addition, our available borrowings under the Multidraw Term Loan Agreement are subject to reductions on a calendar quarter basis based on the Coverage Ratio and <u>our ability to utilize such available borrowings is subject to our ability to comply with certain covenants included in the agreement.</u>
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