

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (date of earliest event reported): **August 1, 2019**

DAWSON GEOPHYSICAL COMPANY

(Exact name of Registrant as specified in its charter)

TEXAS
(State of incorporation
or organization)

001-32472
(Commission file number)

74-2095844
(I.R.S. employer identification number)

**508 West Wall, Suite 800
Midland, Texas 79701**
(Address of principal executive offices) (Zip Code)

(432) 684-3000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Title of each class

Common Stock, \$0.01 par value

Trading Symbol(s)

DWSN

Name of each exchange on which registered

The NASDAQ Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On August 1, 2019, Dawson Geophysical Company (the “Company”) issued a press release reporting its preliminary and unaudited financial results for the quarter ended June 30, 2019, the Company’s second quarter of 2019.

The Company hereby incorporates by reference into this Item 2.02 the information set forth in such press release, a copy of which is furnished as Exhibit 99.1 to this Current Report. Pursuant to the rules and regulations of the Securities and Exchange Commission, such exhibit and the information set forth therein and herein are deemed to be furnished and shall not be deemed to be “filed” under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

In accordance with General Instruction B.2 of Form 8-K, the information set forth in the attached Exhibit 99.1 is deemed to be “furnished” and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act.

| <u>EXHIBIT NUMBER</u> | <u>DESCRIPTION</u> |
|---------------------------|--|
| 99.1 | — Press release, dated August 1, 2019. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DAWSON GEOPHYSICAL COMPANY

Date: August 1, 2019

By: /s/ James K. Brata

James K. Brata

Executive Vice President, Chief Financial Officer,
Secretary and Treasurer

NEWS RELEASE

Dawson Geophysical Company
508 W. Wall, Suite 800
Midland, TX 79701

Company contact:

Stephen C. Jumper, CEO and President
James K. Brata, Chief Financial Officer
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**DAWSON GEOPHYSICAL REPORTS
SECOND QUARTER 2019 RESULTS**

MIDLAND, Texas, August 1, 2019/PR Newswire/Dawson Geophysical Company (NASDAQ: DWSN) (the "Company") today reported unaudited financial results for its second quarter ended June 30, 2019.

For the quarter ended June 30, 2019, the Company reported revenues of \$24,076,000, a decrease of approximately thirty three percent compared to \$36,158,000 for the quarter ended June 30, 2018. For the second quarter of 2019, the Company reported a net loss of \$11,246,000 or \$0.49 loss per common share compared to a net loss of \$5,711,000 or \$0.25 loss per common share for the second quarter of 2018. The Company reported negative EBITDA of \$6,071,000 for the quarter ended June 30, 2019 compared to positive EBITDA of \$1,564,000 for the quarter ended June 30, 2018.

For the six months ended June 30, 2019, the Company reported revenues of \$75,240,000, a decrease of approximately thirteen percent compared to \$86,038,000 for the six months ended June 30, 2018. For the six months ended June 30, 2019, the Company reported a net loss of \$11,383,000 or \$0.49 loss per common share compared to a net loss of \$7,420,000 or \$0.32 loss per common share for the six months ended June 30, 2018. The Company reported negative EBITDA of \$111,000 for the six months ended June 30, 2019 compared to positive EBITDA of \$8,553,000 for the six months ended June 30, 2018.

During the second quarter of 2019, the Company operated a peak of five crews in the United States ("U.S."), including microseismic operations, and a single small channel count crew in Canada for a short period of time compared to four large channel count crews in the U.S. and four large channel count crews in Canada in the first quarter. Based on currently available information, the Company anticipates operating four to six crews in the U.S. during the third quarter and into early fourth quarter of 2019 and two to four crews in the U.S. later in the fourth quarter of 2019, with limited activity in Canada in the fourth quarter. The Company is currently operating three crews in the U.S. with two additional crews to be deployed in the next few weeks. As in recent quarters, the majority of the Company's projects are on behalf of multi-client companies in the U.S. with some activity directly for exploration and production companies. The Company continues to implement cost reduction measures and maintain a strong balance sheet.

Capital expenditures for the second quarter were \$1,152,000 and total \$2,198,000 for the first six months of 2019, primarily for maintenance capital items. The Company's balance sheet remains strong with \$44,861,000 of cash and short term investments and \$44,906,000 of working capital as of June 30, 2019. The Company has notes payable and finance leases totaling \$9,436,000 as of June 30, 2019.

Stephen C. Jumper, President and Chief Executive Officer, said, "As anticipated in our first quarter press release and conference call, overall crew utilization was lower during the second quarter. We began the quarter with three crews operating and two microseismic projects and ended the quarter with two crews active and three microseismic projects. Channel utilization was markedly lower in the second quarter compared to the first quarter of 2019, as several large channel count projects transitioned into smaller channel count projects during much of the second quarter. Utilization during the second quarter was further impacted by the timing of crew moves and severe wet conditions, primarily in Oklahoma, which limited activity on a large channel count crew for the back half of the quarter. Weather conditions became more favorable in the beginning of the third quarter. Reflected in the second quarter is an accrual of \$1,450,000 for severance and retirement package costs related to recent headcount reductions and executive retirements."

Jumper continued, "We anticipate that both crew and channel count utilization will be improved in the third quarter and into the fourth quarter of 2019 in the U.S. as compared to second quarter levels, with four to six crews operating. In June, we began a large multicomponent project in West Texas utilizing 44,000 three-component units, or 132,000 total channels. Our current inventory of multicomponent channels is sufficient to meet these needs. This project is anticipated to be completed mid-fourth quarter, at which time the multicomponent equipment will redeploy to Canada for the winter season."

Primary areas of operations are in the Permian and Delaware Basins, SCOOP/STACK region of Oklahoma and Austin Chalk area of Southeast Texas. In addition, we have two larger channel count projects in Louisiana and Wyoming, each of which is projected to begin in the late third or early fourth quarter of this year. Bid activity remains intermittent and visibility remains challenging as exploration and production companies continue to evaluate capital spending.”

Jumper concluded, “On June 30, 2019, Wayne Whitener, Executive Vice Chairman of the Company, and Robert Wood, President of our Canadian subsidiary, Eagle Canada, both entered into retirement. Wayne and Rob joined Dawson in February of 2015 when the legacy Dawson Geophysical merged with TGC Industries, where Wayne was Chief Executive Officer and Rob was President of TGC’s Canadian operation, Eagle Canada. Terry Jackson, with forty years of experience in the Canadian seismic industry and ten years with Eagle Canada, will assume the role as president of our operations in Canada. In addition, Wayne has retired from his position as a member of the Board of Directors and the Company has reduced the number of active directors to seven. Wayne and Rob had very distinguished careers and were recognized as highly regarded leaders in the seismic industry. Their tremendous contributions to TGC Industries, Eagle Canada and Dawson Geophysical will be sorely missed. On behalf of the board, shareholders and employees, we wish them well in the next chapter of their lives.”

Conference Call Information

Dawson Geophysical Company will host a conference call to review its second quarter 2019 financial results on August 1, 2019 at 9 a.m. CT. Participants can access the call at 1-866-548-4713 (U.S.) and 1-323-794-2093 (Toll/International). To access the live audio webcast or the subsequent archived recording, visit the Dawson website at www.dawson3d.com. Callers can access the telephone replay through September 1, 2019 by dialing 1-844-512-2921 (Toll-Free) and 1-412-317-6671 (Toll/International). The passcode is 4489359. The webcast will be recorded and available for replay on Dawson’s website until September 1, 2019.

About Dawson

Dawson Geophysical Company is a leading provider of North American onshore seismic data acquisition services with operations throughout the continental United States and Canada. Dawson acquires and processes 2-D, 3-D and multicomponent seismic data solely for its clients, ranging from major oil and gas companies to independent oil and gas operators, as well as providers of multi-client data libraries.

Non-GAAP Financial Measures

In an effort to provide investors with additional information regarding the Company’s preliminary and unaudited results as determined by generally accepted accounting principles (“GAAP”), the Company has included in this press release information about the Company’s EBITDA, a non-GAAP financial measure as defined by Regulation G promulgated by the U.S. Securities and Exchange Commission. The Company defines EBITDA as net income (loss) plus interest expense, interest income, income taxes, and depreciation and amortization expense. The Company uses EBITDA as a supplemental financial measure to assess:

- the financial performance of its assets without regard to financing methods, capital structures, taxes or historical cost basis;
- its liquidity and operating performance over time in relation to other companies that own similar assets and that the Company believes calculate EBITDA in a similar manner; and
- the ability of the Company’s assets to generate cash sufficient for the Company to pay potential interest costs.

The Company also understands that such data are used by investors to assess the Company’s performance. However, the term EBITDA is not defined under GAAP, and EBITDA is not a measure of operating income, operating performance or liquidity presented in accordance with GAAP. When assessing the Company’s operating performance or liquidity, investors and others should not consider this data in isolation or as a substitute for net income (loss), cash flow from operating activities or other cash flow data calculated in accordance with GAAP. In addition, the Company’s EBITDA may not be comparable to EBITDA or similar titled measures utilized by other companies since such other companies may not calculate EBITDA in the same manner as the Company. Further, the results presented by EBITDA cannot be achieved without incurring the costs that the measure excludes: interest, taxes, and depreciation and amortization. A reconciliation of the Company’s EBITDA to its net loss is presented in the table following the text of this press release.

Forward-Looking Statements

In accordance with the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions that statements in this press release which are forward-looking and which provide other than historical information involve risks and uncertainties that may materially affect the Company's actual results of operations. Such forward-looking statements are based on the beliefs of management as well as assumptions made by and information currently available to management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors. These risks include, but are not limited to, dependence upon energy industry spending; the volatility of oil and natural gas prices; changes in economic conditions; the potential for contract delays; reductions or cancellations of service contracts; limited number of customers; credit risk related to our customers; reduced utilization; high fixed costs of operations and high capital requirements; operational disruptions; industry competition; external factors affecting the Company's crews such as weather interruptions and inability to obtain land access rights of way; whether the Company enters into turnkey or day rate contracts; crew productivity; the availability of capital resources; and disruptions in the global economy. A discussion of these and other factors, including risks and uncertainties, is set forth in the Company's Annual Report on Form 10-K that was filed with the U.S. Securities and Exchange Commission on March 6, 2019. The Company disclaims any intention or obligation to revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DAWSON GEOPHYSICAL COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited and amounts in thousands, except share and per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-------------------|---------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Operating revenues | \$ 24,076 | \$ 36,158 | \$ 75,240 | \$ 86,038 |
| Operating costs: | | | | |
| Operating expenses | 25,324 | 31,215 | 66,180 | 69,974 |
| General and administrative | 5,049 | 3,842 | 9,593 | 7,925 |
| Depreciation and amortization | 5,325 | 7,392 | 11,406 | 16,070 |
| | <u>35,698</u> | <u>42,449</u> | <u>87,179</u> | <u>93,969</u> |
| Loss from operations | (11,622) | (6,291) | (11,939) | (7,931) |
| Other income (expense): | | | | |
| Interest income | 151 | 73 | 293 | 110 |
| Interest expense | (122) | (82) | (280) | (170) |
| Other income | 226 | 463 | 422 | 414 |
| Loss before income tax | (11,367) | (5,837) | (11,504) | (7,577) |
| Income tax benefit | 121 | 126 | 121 | 157 |
| Net loss | (11,246) | (5,711) | (11,383) | (7,420) |
| Other comprehensive income (loss): | | | | |
| Net unrealized income (loss) on foreign exchange rate translation, net | 174 | (220) | 383 | (549) |
| Comprehensive loss | <u>\$ (11,072)</u> | <u>\$ (5,931)</u> | <u>\$ (11,000)</u> | <u>\$ (7,969)</u> |
| Basic loss per share of common stock | <u>\$ (0.49)</u> | <u>\$ (0.25)</u> | <u>\$ (0.49)</u> | <u>\$ (0.32)</u> |
| Diluted loss per share of common stock | <u>\$ (0.49)</u> | <u>\$ (0.25)</u> | <u>\$ (0.49)</u> | <u>\$ (0.32)</u> |
| Weighted average equivalent common shares outstanding | <u>23,176,934</u> | <u>22,897,686</u> | <u>23,117,571</u> | <u>22,888,746</u> |
| Weighted average equivalent common shares outstanding - assuming dilution | <u>23,176,934</u> | <u>22,897,686</u> | <u>23,117,571</u> | <u>22,888,746</u> |

DAWSON GEOPHYSICAL COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share data)

| | June 30, 2019 (unaudited) | December 31, 2018 |
|---|---------------------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 34,278 | \$ 28,729 |
| Short-term investments | 10,583 | 10,583 |
| Accounts receivable, net | 16,590 | 25,338 |
| Current maturities of notes receivable | 65 | 64 |
| Prepaid expenses and other current assets | 8,863 | 12,311 |
| Total current assets | <u>70,379</u> | <u>77,025</u> |
| Property and equipment, net | 62,582 | 71,541 |
| Right-of-use assets | 7,165 | — |
| Notes receivable, net of current maturities | 1,421 | 1,447 |
| Intangibles, net | 382 | 379 |
| Long-term deferred tax assets, net | 287 | 293 |
| Total assets | <u>\$ 142,216</u> | <u>\$ 150,685</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,922 | \$ 5,427 |
| Accrued liabilities: | | |
| Payroll costs and other taxes | 2,254 | 1,034 |
| Other | 3,698 | 3,643 |
| Deferred revenue | 8,538 | 10,501 |
| Current maturities of notes payable and finance leases | 5,855 | 6,683 |
| Current maturities of operating lease liabilities | 1,206 | — |
| Total current liabilities | <u>25,473</u> | <u>27,288</u> |
| Long-term liabilities: | | |
| Notes payable and finance leases, net of current maturities | 3,581 | 6,097 |
| Operating lease liabilities, net of current maturities | 6,494 | — |
| Deferred tax liabilities, net | 73 | 134 |
| Other accrued liabilities | 150 | 150 |
| Total long-term liabilities | <u>10,298</u> | <u>6,381</u> |
| Operating commitments and contingencies | — | — |
| Stockholders' equity: | | |
| Preferred stock-par value \$1.00 per share; 4,000,000 shares authorized, none outstanding | — | — |
| Common stock-par value \$0.01 per share; 35,000,000 shares authorized, 23,270,100 and 23,018,441 shares issued, and 23,221,655 and 22,969,996 shares outstanding at June 30, 2019 and December 31, 2018, respectively | 233 | 230 |
| Additional paid-in capital | 153,694 | 153,268 |
| Retained deficit | (45,901) | (34,518) |
| Treasury stock, at cost; 48,445 shares | — | — |
| Accumulated other comprehensive loss, net | (1,581) | (1,964) |
| Total stockholders' equity | <u>106,445</u> | <u>117,016</u> |
| Total liabilities and stockholders' equity | <u>\$ 142,216</u> | <u>\$ 150,685</u> |

Reconciliation of EBITDA to Net Loss
(amounts in thousands)

| | <u>Three Months Ended June 30,</u> | | <u>Six Months Ended June 30,</u> | |
|--------------------------------|------------------------------------|-----------------|----------------------------------|-----------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Net loss | \$ (11,246) | \$ (5,711) | \$ (11,383) | \$ (7,420) |
| Depreciation and amortization | 5,325 | 7,392 | 11,406 | 16,070 |
| Interest (income) expense, net | (29) | 9 | (13) | 60 |
| Income tax benefit | (121) | (126) | (121) | (157) |
| EBITDA | <u>\$ (6,071)</u> | <u>\$ 1,564</u> | <u>\$ (111)</u> | <u>\$ 8,553</u> |

Reconciliation of EBITDA to Net Cash Provided by Operating Activities
(amounts in thousands)

| | <u>Three Months Ended June 30,</u> | | <u>Six Months Ended June 30,</u> | |
|--|------------------------------------|-----------------|----------------------------------|-----------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Net cash provided by operating activities | \$ 13,636 | \$ 12,084 | \$ 12,069 | \$ 12,838 |
| Changes in working capital and other items | (19,143) | (10,190) | (10,906) | (3,720) |
| Noncash adjustments to net loss | (564) | (330) | (1,274) | (565) |
| EBITDA | <u>\$ (6,071)</u> | <u>\$ 1,564</u> | <u>\$ (111)</u> | <u>\$ 8,553</u> |
