



Frank's International Q3 2016 Earnings Conference Call

November 3, 2016



Unlocking Complexities.

Q3 2016 Earnings Conference Call

Introduction – Blake Holcomb, Director of Investor Relations

Operations Overview – Gary Luquette, President and CEO

Financial Performance – Jeff Bird, EVP and CFO

Q & A

Corporate Information

Gary Luquette

President and Chief Executive Officer

Jeff Bird

Executive Vice President, Chief Financial Officer

Burney J. Latiolais, Jr.

Executive Vice President, Global Operations

U.S. Headquarters

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Gary Luquette – President and CEO

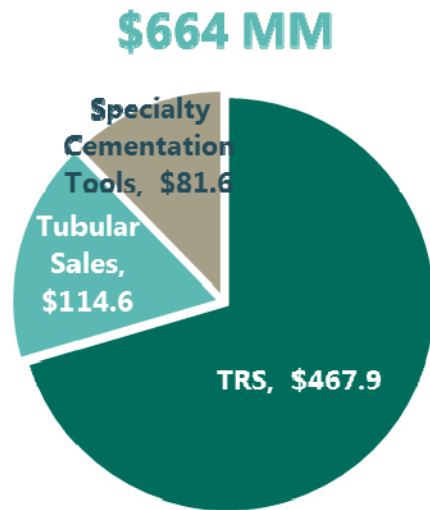
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Q3 2016 Highlights

- Sequential Adjusted EBITDA improvement of ~\$1 million (ex. Q2 items) despite 15% lower revenues
-
- Initiated implementation of additional cost actions bringing annualized savings to more than \$140 million
-
- Revenue increases in underrepresented markets and narrowing losses in U.S. onshore business are early signs of sales and cost strategy success
-
- Closed Blackhawk Specialty Tools acquisition adding specialty cementing and well intervention products and services to FI offering
-

Executing on Our Strategy – Acquisition of Blackhawk

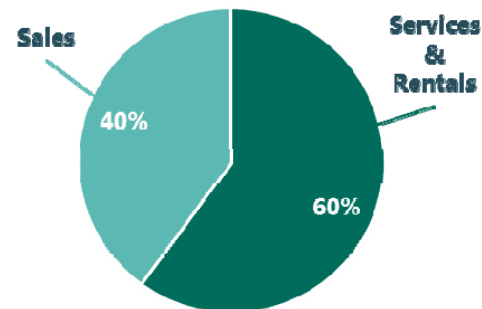
LTM Revenue Contribution (Q3)



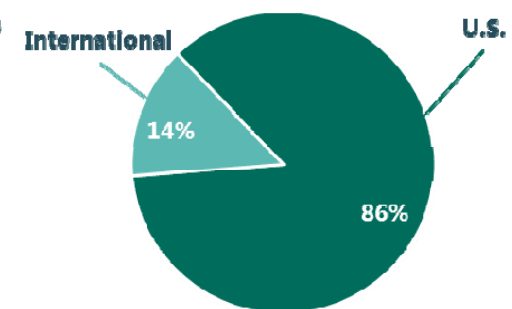
Blackhawk LTM Adjusted EBITDA of \$20.7MM or 25% of revenue

- Full year 2016E Adj. EBITDA margins in high teens to low twenties
- Cash flow positive and accretive on a cash flow per share basis in 2017 & 2018, earnings accretive in 2018
- Mid-cycle Adj. EBITDA margins, consistent with Frank's historical levels 30-40%

LTM Product Mix



LTM Geographic Mix

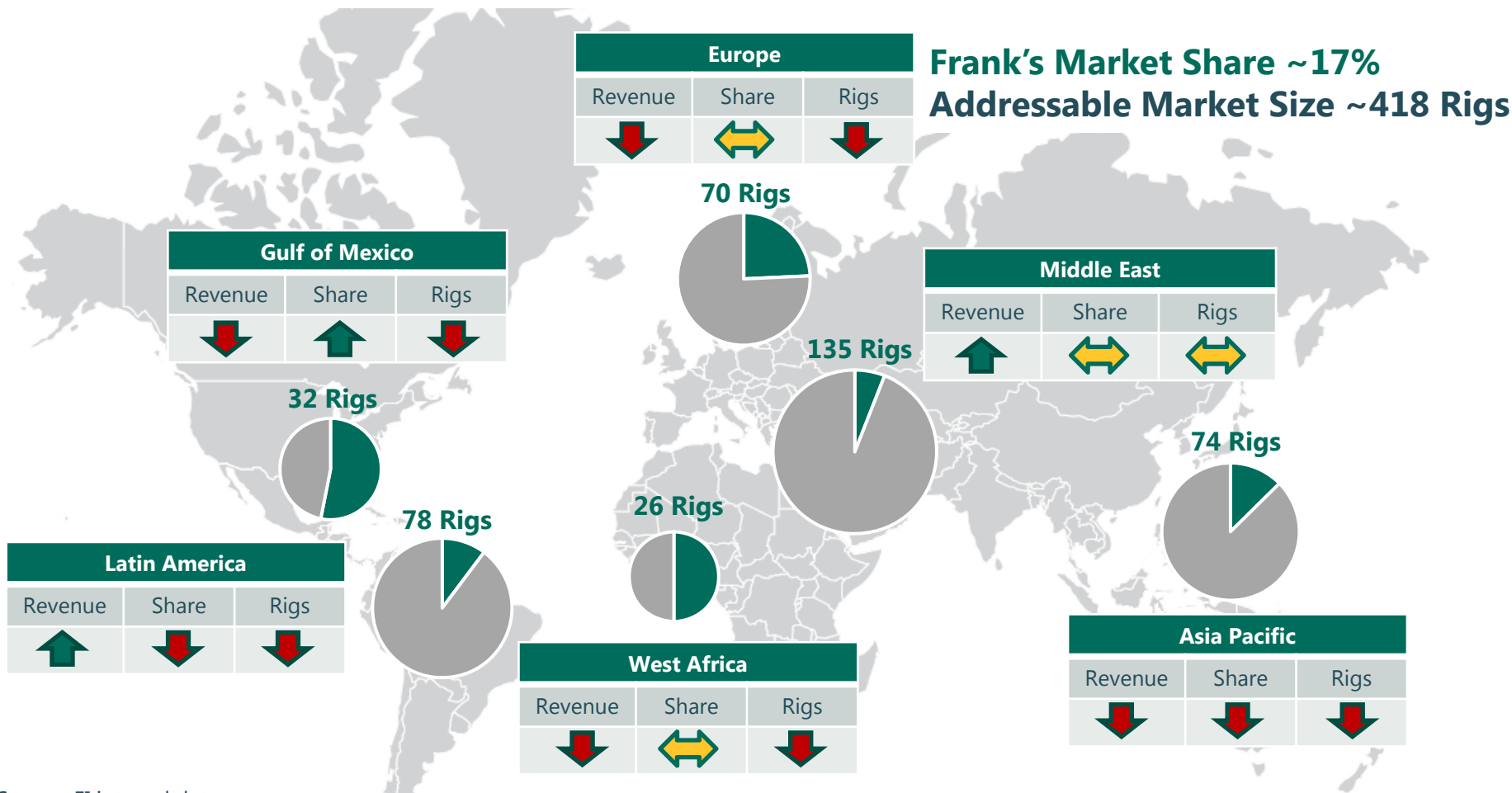


An expansion of Blackhawk products and services to current FI global market share would expect to generate \$200MM to \$250MM in revenue and 30 to 40 percent EBITDA margins at mid-cycle market levels

Jeff Bird – Executive Vice President and CFO

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FI Offshore Global Market Share Q2 2016 to Q3 2016



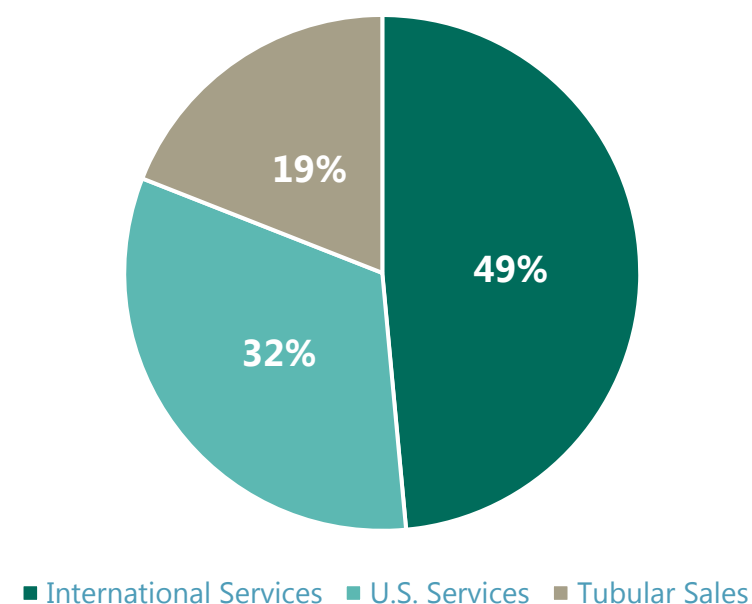
Source: FI internal data
Average quarterly share and rig count, excludes platforms
Chart size approximate of market size

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Q3 2016 Financial Highlights

	Q3 Results	Q/Q Δ
International Services	\$51.0 MM	(11%)
U.S. Services	\$34.1 MM	(8%)
Tubular Sales	\$20.0 MM	(24%)
Total Company Revenue	\$105.1 MM	(13%)
Adj. EBITDA⁽¹⁾	(\$3.1) MM	77%
Adj. EBITDA margin⁽¹⁾	(3%)	73%
Diluted EPS	(\$0.21)	(4%)
Operating Cash Flow	\$(30.1) MM	(354%)
Cash & Equivalents	\$529.8 MM	(9%)
Capital Expenditures	\$11.4 MM	13%
Quarterly Dividend	\$0.075	-

Q3 2016 Revenue Breakdown



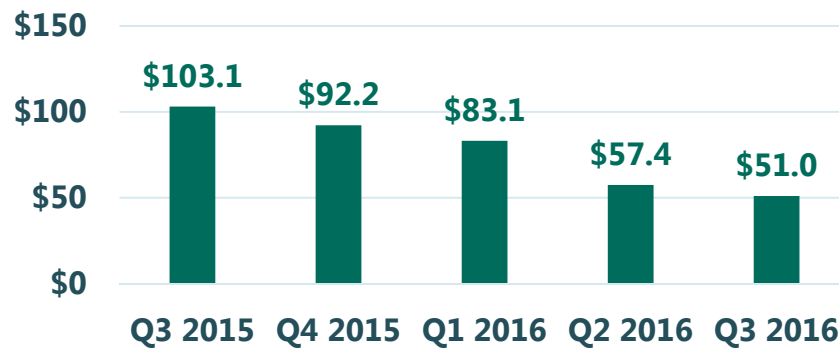
Lower global offshore revenues due to projects being deferred, finishing or reducing scope, offset by higher onshore revenues and decreased costs

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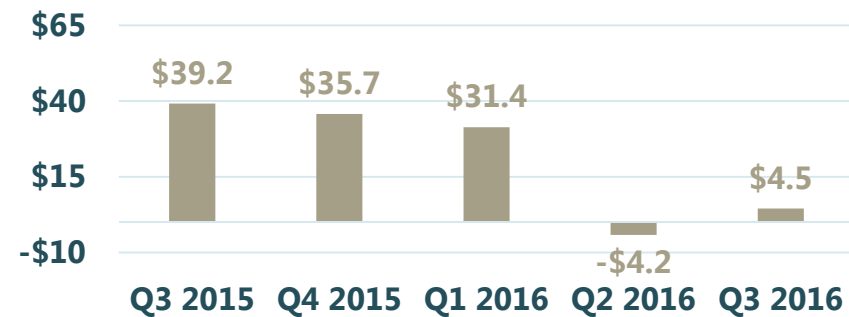
(1) Adjusted EBITDA and Adjusted EBITDA margin are a non-GAAP financial measures. See reconciliation of income from continuing operations to adjusted EBITDA

International Services – Q3 2016 Highlights

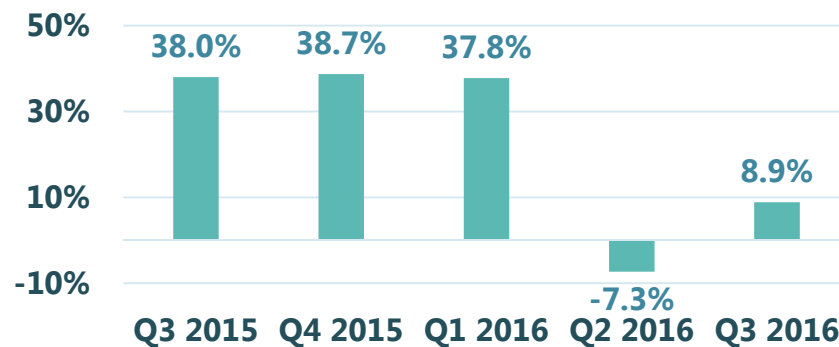
Revenue (\$M)



Adj. EBITDA (\$M)



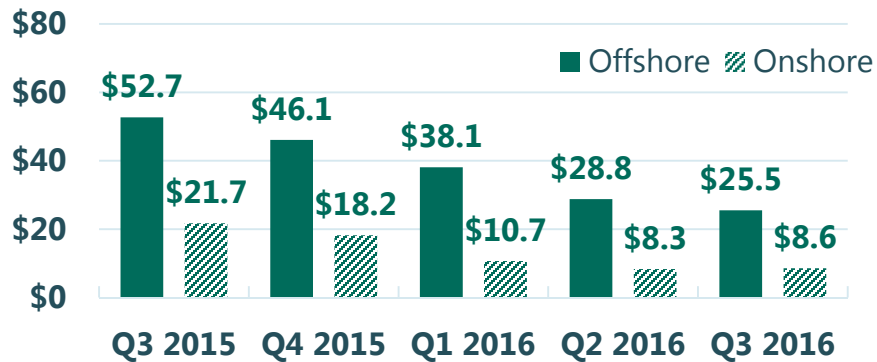
Adj. EBITDA Margin (%)



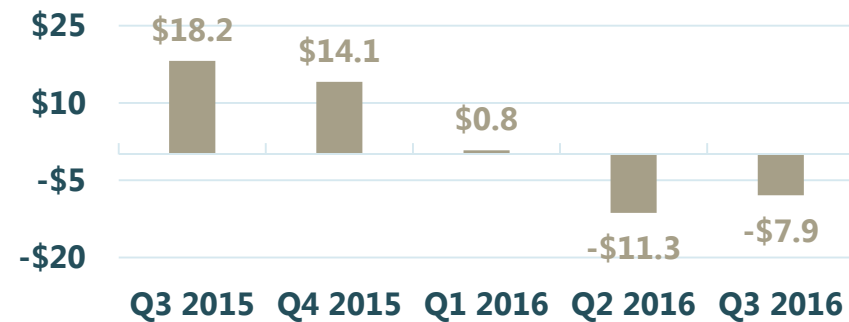
- Europe and Asia lower on projects ending early and less complex work
- Middle East revenues increased, but mobilization weigh on profitability
- West Africa beginning to stabilize as pace of deferrals is decreasing
- Latin America/Canada seeing some increase in activity

U.S. Services – Q3 2016 Highlights

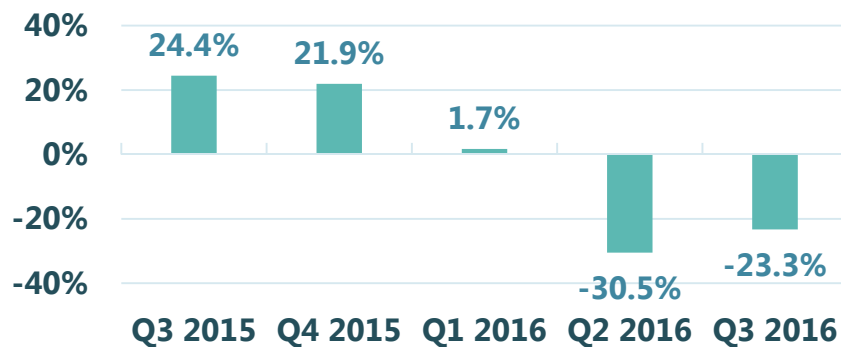
Revenue (\$M)



Adj. EBITDA (\$M)



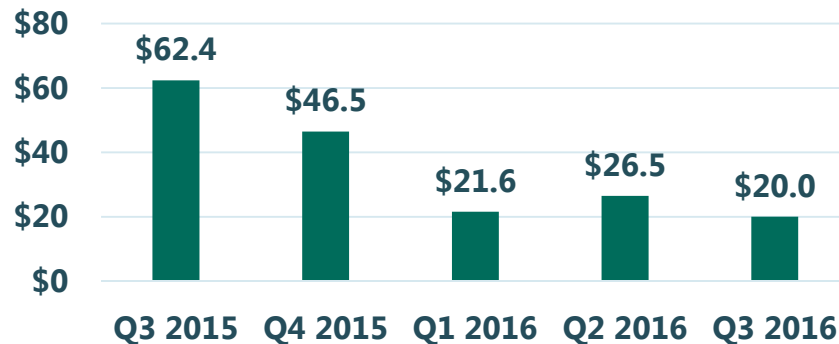
Adj. EBITDA Margin (%)



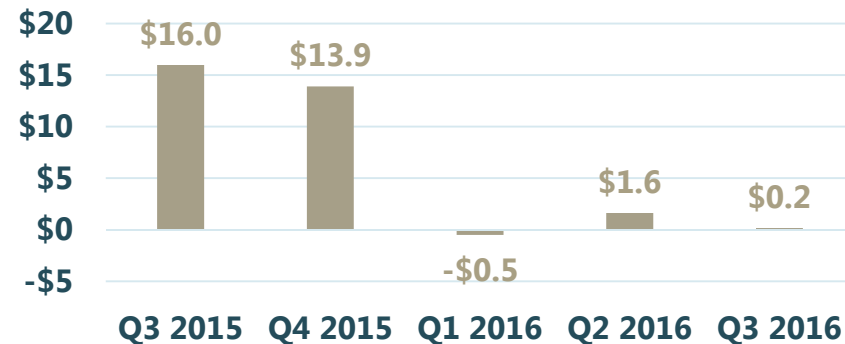
- Lower volumes in offshore Gulf of Mexico, but share holding above 50%
- U.S. Onshore addressable market share at 30%, cost reductions and increased activity led to \$1MM Adjusted EBITDA improvement quarter-over-quarter
- Lower corporate expenses and adjustments led to improved Adjusted EBITDA

Tubular Sales – Q3 2016 Highlights

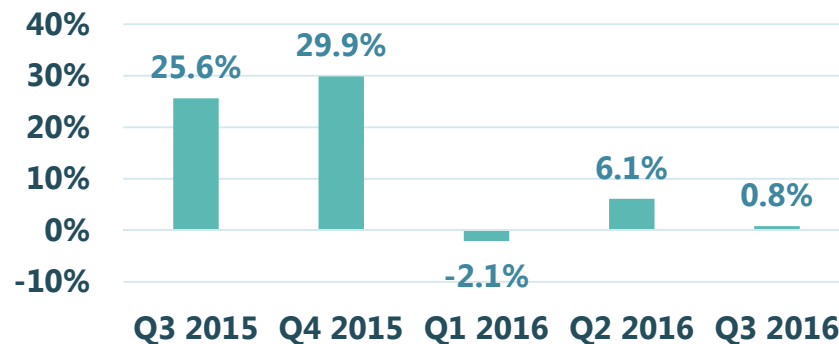
Revenue (\$M)



Adj. EBITDA (\$M)



Adj. EBITDA Margin (%)



- Continue to see softness in core Gulf of Mexico market
- International quoting activity is gaining some momentum
- Lower order deliveries and some higher manufacturing costs were partially offset by favorable product mix

Summary

- **Reasons for optimism in 2017**
 - **Blackhawk product line provides revenue per rig upside and growth potential**
 - **Pace global offshore declines appear to be slowing, customer wallet share in underrepresented markets is beginning to grow**
 - **U.S. Onshore activity is increasing and some early indication of modest price improvements in select regions**
 - **Operational improvements are ongoing both in terms of lowering costs and increasing efficiency**

2017 results are expected to hinge on quality execution of Blackhawk integration and underrepresented market expansion while keeping costs down through trough of the cycle

Questions?