

Frank's International Q4 and Full Year 2015 Earnings Conference Call

February 29, 2016

Unlocking Complexities.

FRANK'S
INTERNATIONAL

Q4 and Full Year 2015 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

John Walker

Executive Vice President, Operations

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This presentation includes the non-GAAP financial measures of free cash flow, adjusted earnings per share, Adjusted EBITDA and Adjusted EBITDA margin, which may be used periodically by management when discussing the Company's financial results with investors and analysts. Free cash flow, Adjusted EBITDA and Adjusted EBITDA margin are presented because management believes these metrics provide additional information relative to the performance of the Company's business. These metrics are commonly employed by financial analysts and investors to evaluate the operating and financial performance of the Company from period to period and to compare it with the performance of other publicly traded companies within the industry. You should not consider free cash flow, adjusted earnings per share, Adjusted EBITDA and Adjusted EBITDA margin in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Because free cash flow, adjusted earnings per share, Adjusted EBITDA and Adjusted EBITDA margin may be defined differently by other companies in the Company's industry, the Company's presentation of free cash flow, adjusted earnings per share, Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. For a reconciliation of each to the nearest comparable measure in accordance with GAAP, please see the Supplement Financials.

Gary Luquette – President and CEO

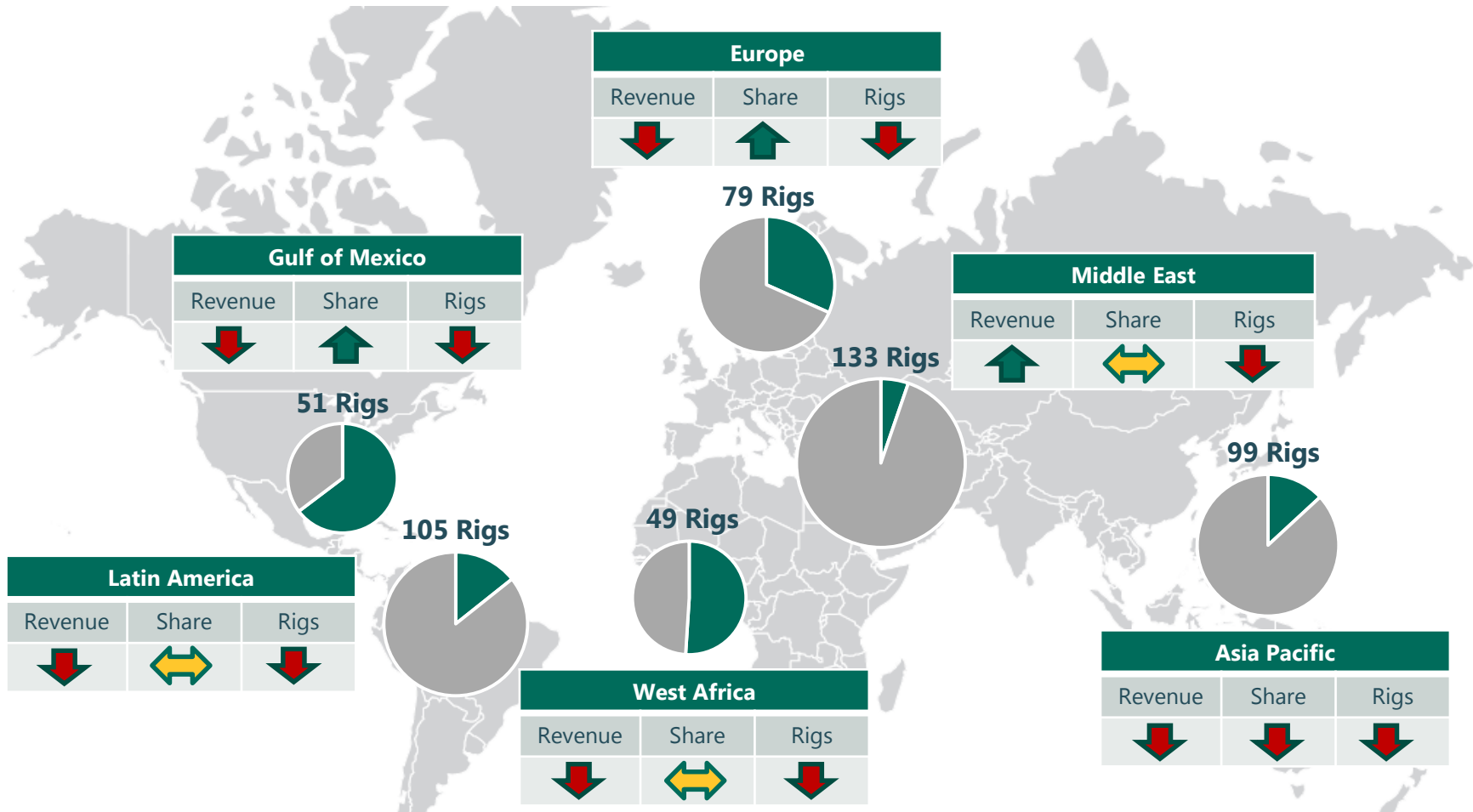
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Q4 and Full Year 2015 Summary

- Revenue and adjusted EBITDA were lower, but maintained adjusted EBITDA margins above 30% and outpaced global spending reductions of 23% and rig count decline of 44%
 - Controlled what we could by lowering costs, managing working capital, generating positive cash flow and operating safely
 - Maintained or gained market share positions in strategic and underrepresented markets
 - Record years in Tubular Sales as more international opportunities realized and operational costs improved
-

FI Offshore Global Market Share

Frank's Market Share ~23%
Addressable Market Size ~400 Rigs



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

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Developing New Markets



Jack-up Rig and Shelf Opportunities

- Jack-up rigs represent more than 50% of the offshore market and a vast opportunity previously not aggressively targeted by FI
- Competitive adjusted EBITDA margins
- Leverages existing customer relationships and keeps experienced crews and equipment active



Onshore Business Model Enhancement and Expansion

- Hub and spoke model concept offer less overhead and faster response time to opportunities in new areas
- Adaptable for implementation in international markets
- Exploring bundling of services and strategic partnerships to lower total cost of ownership to customers

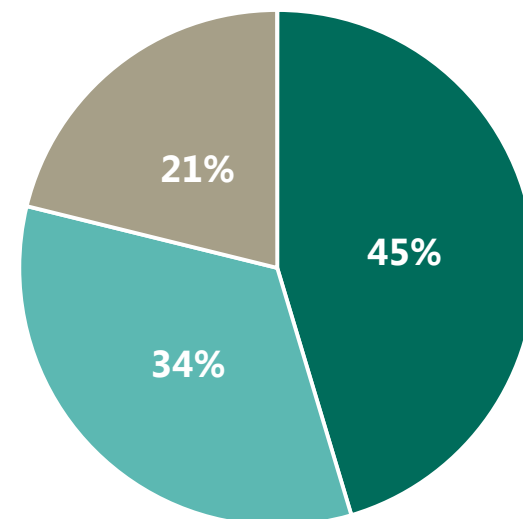
Jeff Bird – Executive Vice President and CFO

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2015 Financial Highlights

	2015 Results	Y/Y Δ
International Services	\$442.1 MM	(18%)
U.S. Services	\$326.4 MM	(26%)
Tubular Sales	\$206.1 MM	17%
Total Company Revenue	\$974.6 MM	(15%)
Adj. EBITDA⁽¹⁾	\$317.4 MM	(30%)
Adj. EBITDA margin	32.6%	(650) bps
Diluted EPS, excluding severance and other charges net of tax	\$0.60	(42%)
Operating Cash Flow	\$427.8 MM	16%
Cash & Equivalents	\$602.4 MM	23%
Annual Dividend	\$0.60	33%

2015 Revenue Breakdown



■ International Services ■ U.S. Services ■ Tubular Sales

A gradual decline in revenues from decreased activity and sustained price concessions were partially offset by an increase in Tubular Sales segment, specifically internationally

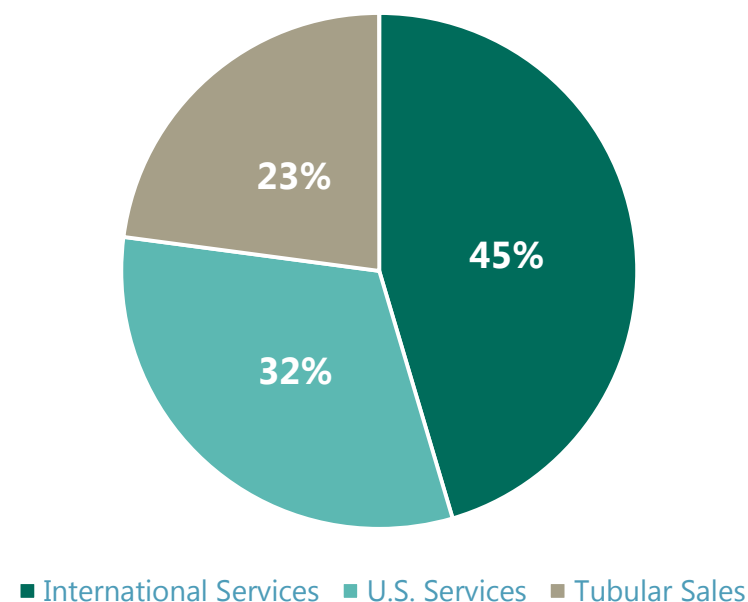
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(1) Adjusted EBITDA is a non-GAAP financial measure. See reconciliation of income from continuing operations to adjusted EBITDA

Q4 2015 Financial Highlights

	Q4 Results	Q/Q Δ
International Services	\$92.2 MM	(11%)
U.S. Services	\$64.3 MM	(14%)
Tubular Sales	\$46.5 MM	(25%)
Total Company Revenue	\$203.0 MM	(15%)
Adj. EBITDA⁽¹⁾	\$63.7 MM	(13%)
Adj. EBITDA margin	31.4%	80 bps
Diluted EPS, excluding severance and other charges net of tax	\$0.10	(9%)
Operating Cash Flow	\$132.0 MM	66%
Cash & Equivalents	\$602.4 MM	23%
Quarterly Dividend	\$0.15	-

Q4 2015 Revenue Breakdown



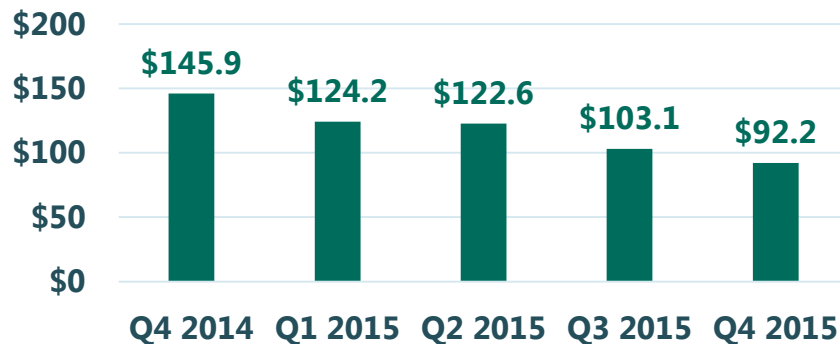
Tubular Sales outpaced expectations again in Q4 softening the further deterioration of activity and pricing in the Services segments

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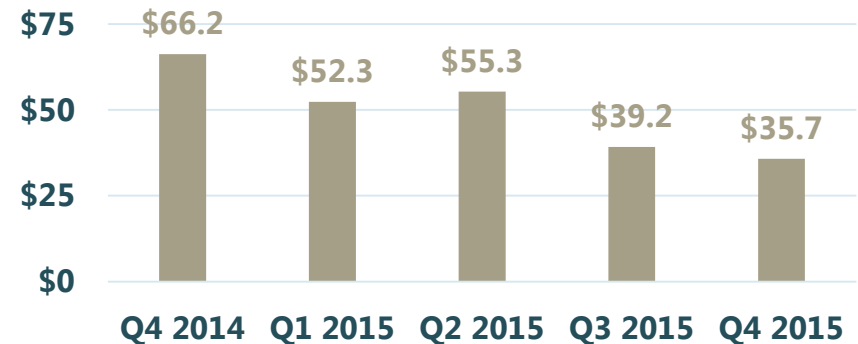
(1) Adjusted EBITDA is a non-GAAP financial measure. See reconciliation of income from continuing operations to adjusted EBITDA

International Services – Q4 & 2015 Highlights

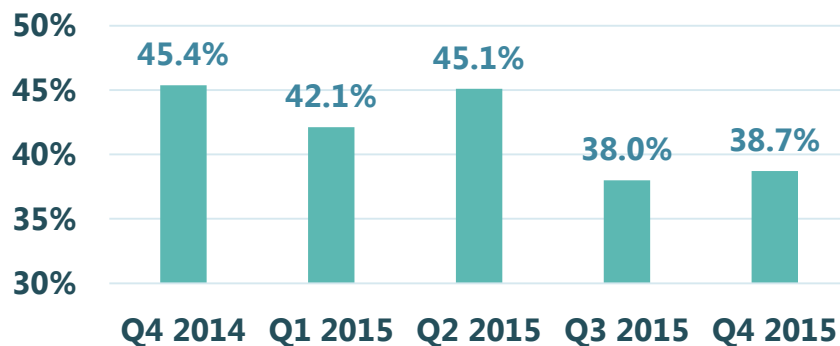
Revenue



Adj. EBITDA

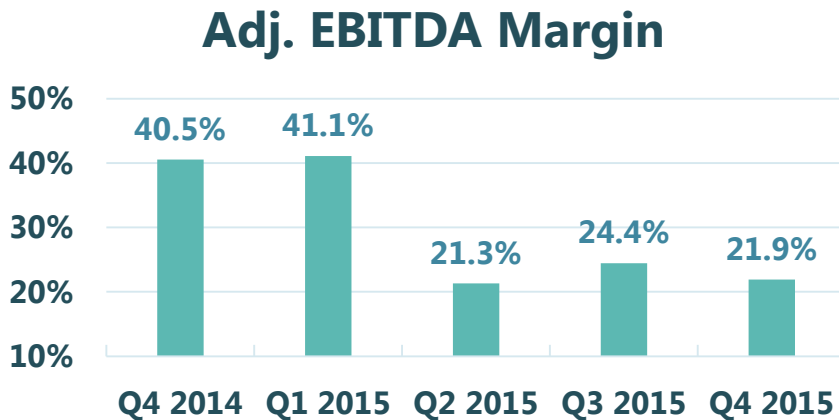
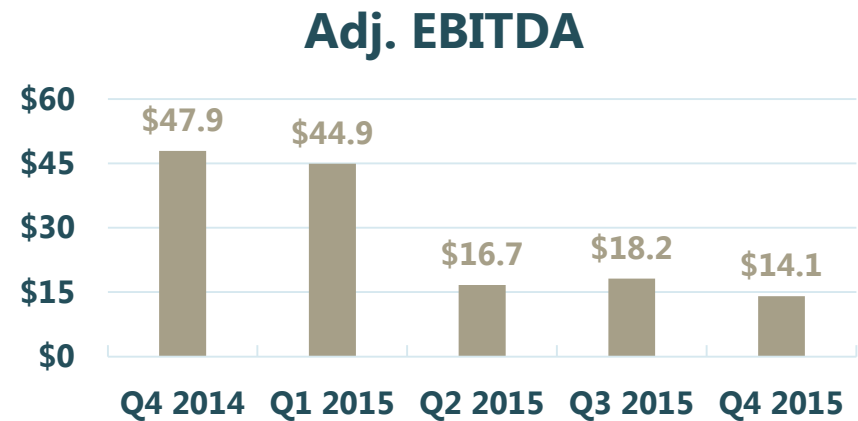
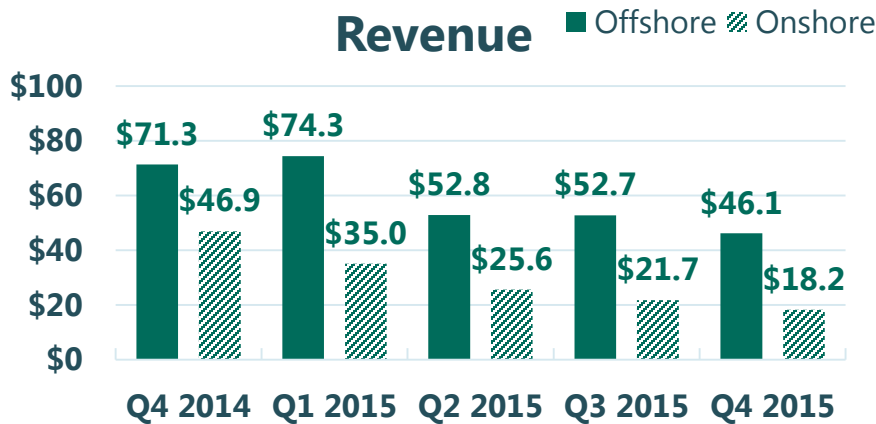


Adj. EBITDA Margin



- West Africa showing signs of stability, but was the overwhelming driver of the decline in the international segment
- Europe and Latin America Revenue and EBITDA up in 2015, Middle East a 2016 growth opportunity
- Downside risk to pricing discounts trend closer to lower U.S. levels

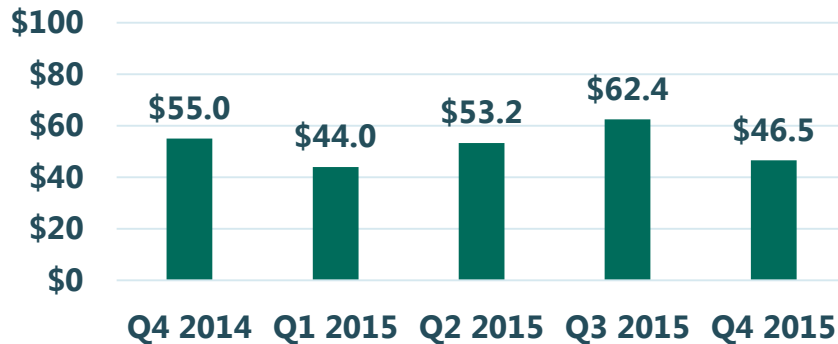
U.S. Services – Q4 & 2015 Highlights



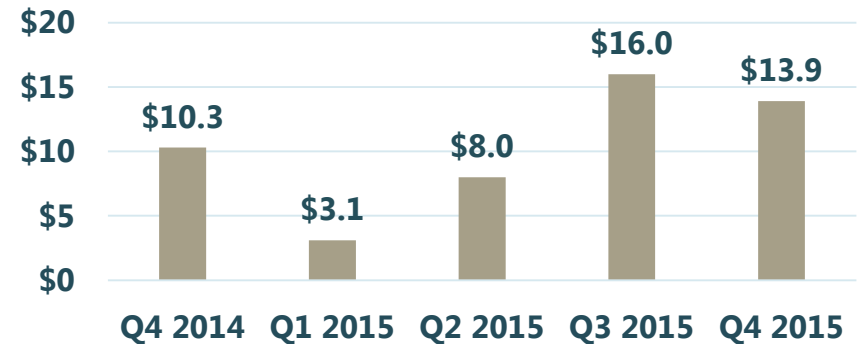
- U.S. Offshore market share and adjusted EBITDA margins remain strong and areas of focus in 2016
- U.S. Offshore pricing held in Q4, but increasingly competitive
- U.S. Onshore declining with rig count reductions but over 30% market share
- U.S. Onshore pricing for services appear to have reached a bottom and stabilized

Tubular Sales – Q4 & 2015 Highlights

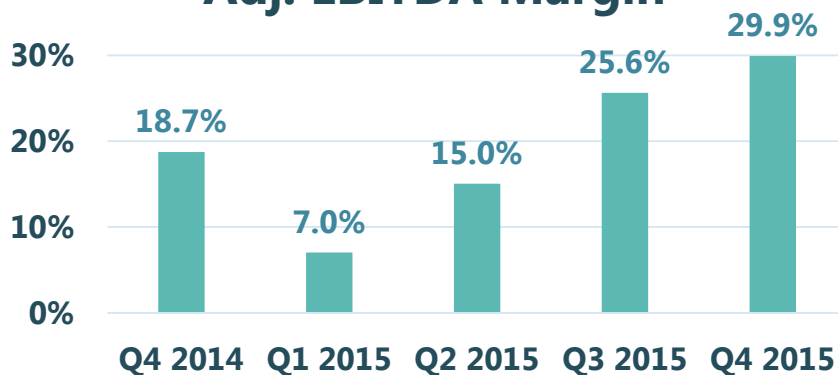
Revenue



Adj. EBITDA



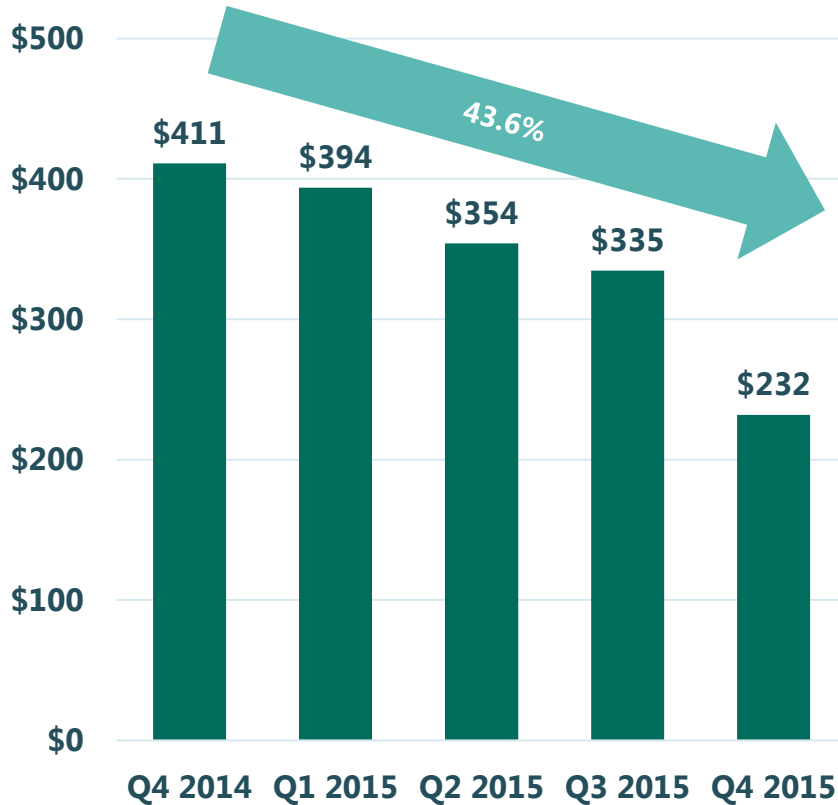
Adj. EBITDA Margin



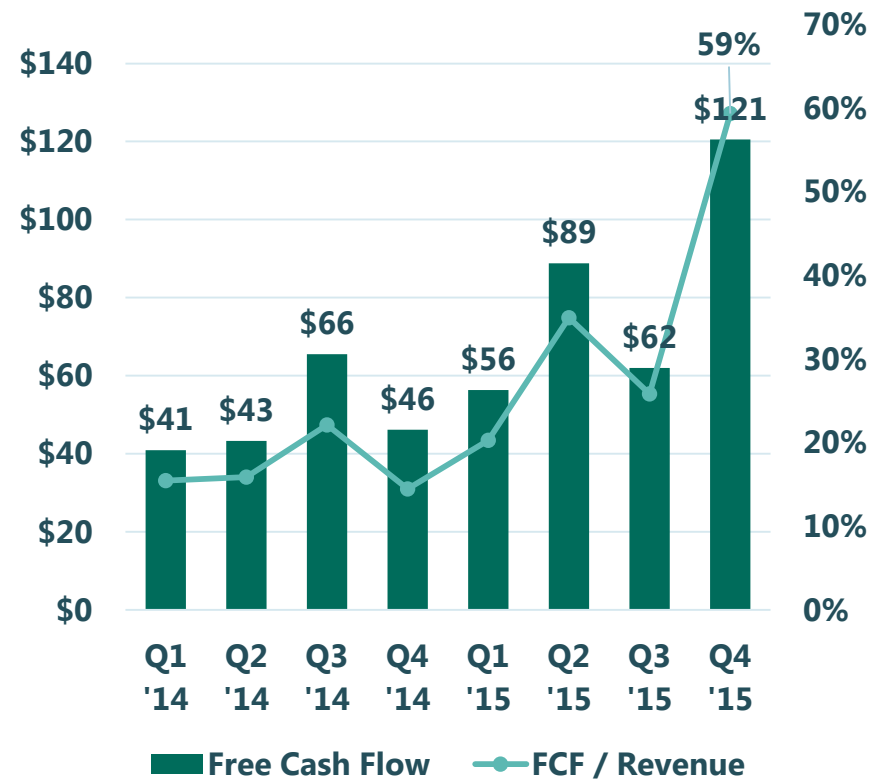
- Tubular Sales margins boosted by favorable mix, order cancellation fees and lower costs
- Order and delivery visibility significantly impaired from a year ago
- Poised for market share growth internationally and from competitors over the long-term

Frank's Business System (Lean) Delivering Results

Managing Working Capital¹



Free Cash Flow Generation



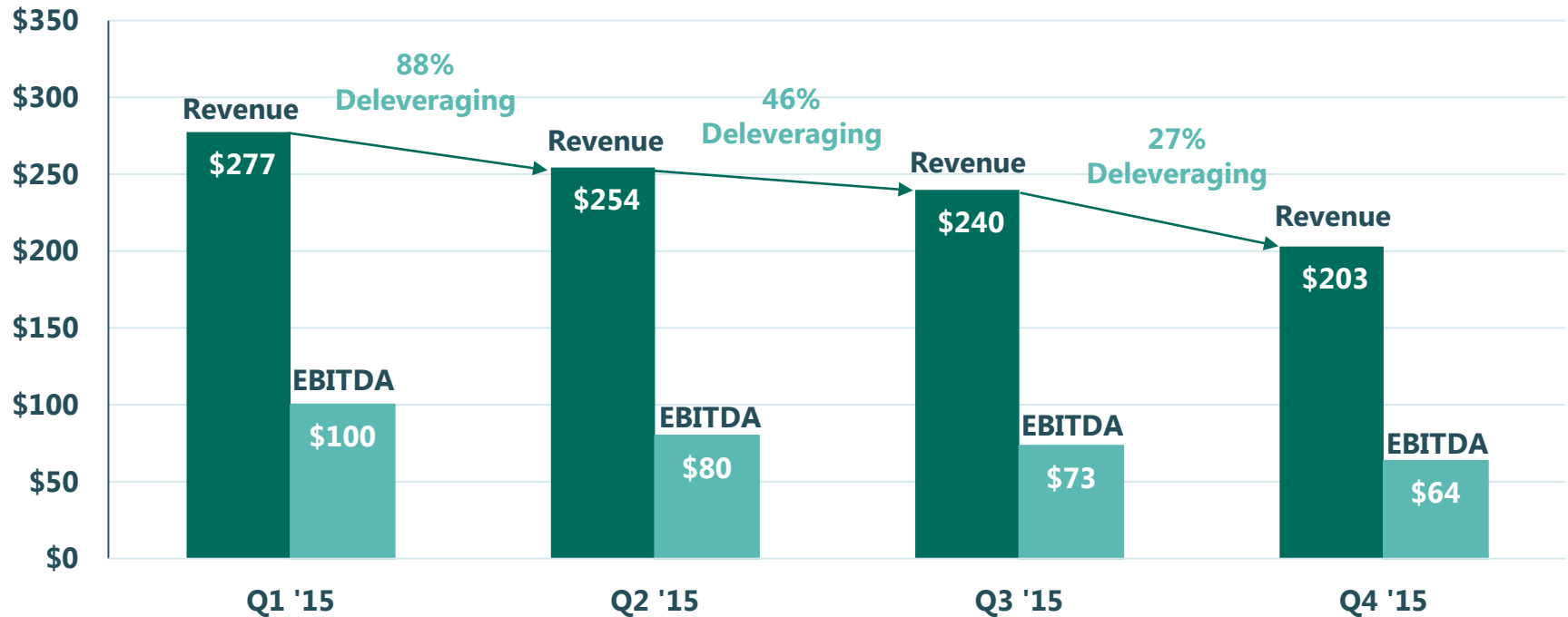
Lower capital spending and working capital improvements delivering substantial free cash flow

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- (1) Working Capital excludes cash and cash equivalents balances
- (2) Free Cash Flow = Cash flow from operations less capital expenditures
- (3) FCF / Revenue = Free cash flow dividend by revenue representing conversion of revenue to free cash flow

Year-to-date Cost Deleveraging

Revenue from Q3 2015 to Q4 2015 decreased \$37 MM while EBITDA decreased less than \$10 MM during the same period



Cost deleveraging was 49% in from Q1 to Q4 2015

Areas of Focus for 2016

- **Protect and grow market share in a shrinking addressable market and in the face of pricing headwinds to be in position for recovery**
- **Build on the early success of introspective cost saving and efficiency initiatives begun in 2015**
- **Generate free cash flow and continue to return money to shareholders through company dividend**
- **Visibility beyond Q1 is remains extremely limited, but expect beginning of 2016 to show declines similar to those in Q4 with lower Tubular Sales contribution than recently seen**

Questions?

Non-GAAP Reconciliations

	Three Months Ended			Twelve Months Ended	
	December 31,	September 30,	December 31,	December 31,	
	2015	2015	2014	2015	2014
Revenues	\$ 202,976	\$ 239,883	\$ 319,020	\$ 974,600	\$ 1,152,632
Income from continuing operations	\$ 6,768	\$ 24,088	\$ 51,461	\$ 106,110	\$ 229,312
Interest (income) expense, net	(191)	(173)	(64)	(341)	(87)
Income tax expense	4,657	10,771	23,814	37,319	75,412
Depreciation and amortization	28,219	29,032	23,699	108,962	90,041
(Gain) loss on sale of assets	(517)	(1,392)	96	(1,038)	289
Foreign currency (gain) loss	(205)	5,329	16,515	6,358	17,041
Stock-based compensation expense	3,796	6,035	8,918	26,119	38,368
Severance and other charges	21,276	1,186	-	35,484	-
Change in value of contingent consideration	-	(1,532)	-	(1,532)	-
Adjusted EBITDA	\$ 63,803	\$ 73,344	\$ 124,439	\$ 317,441	\$ 450,376
Adjusted EBITDA margin	31.4%	30.6%	39.0%	32.6%	39.1%

	Three Months Ended			Twelve Months Ended	
	December 31,	September 30,	December 31,	December 31,	
	2015	2015	2014	2015	2014
Net cash provided by operating activities	\$ 131,956	\$ 79,475	\$ 94,933	\$ 427,343	\$ 368,860
Less: Capital expenditures	11,427	17,453	48,765	99,723	172,952
Free cash flow	\$ 120,529	\$ 62,022	\$ 46,168	\$ 327,620	\$ 195,908

Non-GAAP Reconciliations (continued)

	Three Months Ended			Twelve Months Ended	
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Segment Adjusted EBITDA:					
International Services	\$ 35,723	\$ 39,157	\$ 66,209	\$ 182,475	\$ 231,469
U.S. Services	14,104	18,190	47,932	93,871	180,575
Tubular Sales	13,917	15,985	10,338	40,999	38,366
Total	63,744	73,332	124,479	317,345	450,410
Corporate and other	59	12	(40)	96	(34)
Adjusted EBITDA Total	63,803	73,334	124,439	317,441	450,376
Interest income (expense), net	191	173	64	341	87
Income tax expense	(4,657)	(10,771)	(23,814)	(37,319)	(75,412)
Depreciation and amortization	(28,219)	(29,032)	(23,699)	(108,962)	(90,041)
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Change in value of contingent consideration	-	1,532	-	1,532	-
Income from continuing operations	\$ 6,768	\$ 24,088	\$ 51,461	\$ 106,110	\$ 229,312

	Three Months Ended			Twelve Months Ended	
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Earnings per diluted share	\$ 0.04	\$ 0.11	\$ 0.22	\$ 0.50	\$ 1.03
Severance and other charges (net of tax)	0.06	-	-	0.10	-
Earnings per diluted share excluding specific items	\$ 0.10	\$ 0.11	\$ 0.22	\$ 0.60	\$ 1.03