UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2019

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ______ to ______

Commission file number: 001-36053

FRANK'S INTERNATIONAL N.V.

(Exact name of registrant as specified in its charter)

The Netherlands	**98-1107145**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification number)
Mastenmakersweg 1 **1786 PB Den Helder** **The Netherlands**	**Not Applicable**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: +31 (0)22 367 0000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, €0.01 par value	FI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 31, 2019, there were 225,503,348 shares of common stock, €0.01 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

FRANK'S INTERNATIONAL N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	September 30, 2019	December 31, 2018
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 190,522	$ 186,212
Restricted cash	1,252	—
Short-term investments	—	26,603
Accounts receivables, net	179,169	189,414
Inventories, net	86,817	69,382
Assets held for sale	13,776	7,828
Other current assets	8,490	12,651
Total current assets	480,026	492,090
Property, plant and equipment, net	366,452	416,490
Goodwill	211,040	211,040
Intangible assets, net	22,527	31,069
Deferred tax assets, net	14,085	14,621
Operating lease right-of-use assets	32,423	—
Other assets	31,013	28,619
Total assets	$ 1,157,566	$ 1,193,929
Liabilities and Equity		
Current liabilities:		
Short-term debt	$ 517	$ 5,627
Accounts payable and accrued liabilities	116,455	123,981
Current portion of operating lease liabilities	7,848	—
Deferred revenue	226	116
Total current liabilities	125,046	129,724
Deferred tax liabilities	3,570	221
Non-current operating lease liabilities	24,576	—
Other non-current liabilities	28,340	29,212
Total liabilities	181,532	159,157
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, €0.01 par value, 798,096,000 shares authorized, 226,990,788 and 225,478,506 shares issued and 225,503,348 and 224,289,902 shares outstanding	2,846	2,829
Additional paid-in capital	1,072,768	1,062,794
Retained earnings (deficit)	(52,712)	16,860
Accumulated other comprehensive loss	(29,623)	(32,338)
Treasury stock (at cost), 1,487,440 and 1,188,604 shares	(17,245)	(15,373)
Total stockholders' equity	976,034	1,034,772
Total liabilities and equity	$ 1,157,566	$ 1,193,929

The accompanying notes are an integral part of these condensed consolidated financial statements.

FRANK'S INTERNATIONAL N.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Revenue:				
Services	$ 119,572	$ 103,911	$ 362,069	$ 301,005
Products	20,845	25,075	78,410	75,635
Total revenue	140,417	128,986	440,479	376,640
Operating expenses:				
Cost of revenue, exclusive of depreciation and amortization				
Services	86,745	74,769	255,769	219,819
Products	14,247	17,988	57,850	54,415
General and administrative expenses	26,921	29,916	96,358	94,799
Depreciation and amortization	21,482	26,998	70,637	84,160
Severance and other charges (credits), net	5,222	(4,852)	6,492	(2,483)
(Gain) loss on disposal of assets	603	(2,242)	984	(1,790)
Operating loss	(14,803)	(13,591)	(47,611)	(72,280)
Other income (expense):				
Tax receivable agreement ("TRA") related adjustments	—	(1,170)	220	(5,282)
Other income, net	1,620	314	2,818	1,907
Interest income, net	563	866	1,757	2,419
Mergers and acquisition expense	—	—	—	(58)
Foreign currency loss	(3,872)	(879)	(4,050)	(3,442)
Total other income (expense)	(1,689)	(869)	745	(4,456)
Loss before income taxes	(16,492)	(14,460)	(46,866)	(76,736)
Income tax expense (benefit)	7,297	(7,461)	20,370	(1,901)
Net loss	$ (23,789)	$ (6,999)	$ (67,236)	$ (74,835)
Loss per common share:				
Basic and diluted	$ (0.11)	$ (0.03)	$ (0.30)	$ (0.33)
Weighted average common shares outstanding:				
Basic and diluted	225,415	224,182	225,043	223,912

The accompanying notes are an integral part of these condensed consolidated financial statements.

FRANK’S INTERNATIONAL N.V.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net loss	$ (23,789)	$ (6,999)	$ (67,236)	$ (74,835)
Other comprehensive income (loss):				
Foreign currency translation adjustments	371	95	1,079	(653)
Unrealized gain on marketable securities	—	28	—	110
Total other comprehensive income (loss)	371	123	1,079	(543)
Comprehensive loss	$ (23,418)	$ (6,876)	$ (66,157)	$ (75,378)

The accompanying notes are an integral part of these condensed consolidated financial statements.

FRANK'S INTERNATIONAL N.V.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Nine Months Ended September 30, 2018						
	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury	Total Stockholders'
	Shares	Value	Capital	Earnings	Income (Loss)	Stock	Equity
Balances at December 31, 2017	223,289	$ 2,814	$ 1,050,873	$ 106,923	$ (30,972)	$ (13,737)	$ 1,115,901
Cumulative effect of accounting change	—	—	—	670	—	—	670
Net loss	—	—	—	(42,073)	—	—	(42,073)
Foreign currency translation adjustments	—	—	—	—	87	—	87
Change in marketable securities	—	—	—	—	(85)	—	(85)
Equity-based compensation expense	—	—	2,280	—	—	—	2,280
Common shares issued upon vesting of share-based awards	601	8	(8)	—	—	—	—
Common shares issued for employee stock purchase plan	99	1	560	—	—	—	561
Treasury shares withheld	(167)	—	—	—	—	(1,035)	(1,035)
Balances at March 31, 2018	223,822	$ 2,823	$ 1,053,705	$ 65,520	$ (30,970)	$ (14,772)	$ 1,076,306
Net loss	—	—	—	(25,763)	—	—	(25,763)
Foreign currency translation adjustments	—	—	—	—	(835)	—	(835)
Change in marketable securities	—	—	—	—	167	—	167
Equity-based compensation expense	—	—	2,888	—	—	—	2,888
Common shares issued upon vesting of share-based awards	247	2	(2)	—	—	—	—
Common shares issued for employee stock purchase plan	—	—	1	—	—	—	1
Treasury shares withheld	(31)	—	—	—	—	(182)	(182)
Balances at June 30, 2018	224,038	$ 2,825	$ 1,056,592	$ 39,757	$ (31,638)	$ (14,954)	$ 1,052,582
Net loss	—	—	—	(6,999)	—	—	(6,999)
Foreign currency translation adjustments	—	—	—	—	95	—	95
Change in marketable securities	—	—	—	—	28	—	28
Equity-based compensation expense	—	—	3,008	—	—	—	3,008
Common shares issued upon vesting of share-based awards	90	1	(1)	—	—	—	—
Common shares issued for employee stock purchase plan	133	2	751	—	—	—	753
Treasury shares withheld	(33)	—	—	—	—	(284)	(284)
Balances at September 30, 2018	224,228	$ 2,828	$ 1,060,350	$ 32,758	$ (31,515)	$ (15,238)	$ 1,049,183

The accompanying notes are an integral part of these condensed consolidated financial statements.

FRANK'S INTERNATIONAL N.V.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Nine Months Ended September 30, 2019						
	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	Shares	Value					
Balances at December 31, 2018	224,290	$ 2,829	$ 1,062,794	$ 16,860	$ (32,338)	$ (15,373)	$ 1,034,772
Cumulative effect of accounting change	—	—	—	(700)	—	—	(700)
Net loss	—	—	—	(28,287)	—	—	(28,287)
Foreign currency translation adjustments	—	—	—	—	250	—	250
Equity-based compensation expense	—	—	2,574	—	—	—	2,574
Common shares issued upon vesting of share-based awards	720	8	(8)	—	—	—	—
Common shares issued for employee stock purchase plan	154	2	690	—	—	—	692
Treasury shares withheld	(220)	—	—	—	—	(1,452)	(1,452)
Balances at March 31, 2019	224,944	$ 2,839	$ 1,066,050	$ (12,127)	$ (32,088)	$ (16,825)	$ 1,007,849
Net loss	—	—	—	(15,160)	—	—	(15,160)
Foreign currency translation adjustments	—	—	—	—	458	—	458
Reclassification of marketable securities	—	—	—	(1,636)	1,636	—	—
Equity-based compensation expense	—	—	3,017	—	—	—	3,017
Common shares issued upon vesting of share-based awards	186	2	(2)	—	—	—	—
Treasury shares withheld	(15)	—	—	—	—	(88)	(88)
Balances at June 30, 2019	225,115	$ 2,841	$ 1,069,065	$ (28,923)	$ (29,994)	$ (16,913)	$ 996,076
Net loss	—	—	—	(23,789)	—	—	(23,789)
Foreign currency translation adjustments	—	—	—	—	371	—	371
Equity-based compensation expense	—	—	2,647	—	—	—	2,647
Common shares issued upon vesting of share-based awards	217	2	(2)	—	—	—	—
Common shares issued for employee stock purchase plan	236	3	1,058	—	—	—	1,061
Treasury shares withheld	(65)	—	—	—	—	(332)	(332)
Balances at September 30, 2019	225,503	$ 2,846	$ 1,072,768	$ (52,712)	$ (29,623)	$ (17,245)	$ 976,034

The accompanying notes are an integral part of these condensed consolidated financial statements.

FRANK’S INTERNATIONAL N.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows from operating activities		
Net loss	$ (67,236)	$ (74,835)
Adjustments to reconcile net loss to cash from operating activities		
Depreciation and amortization	70,637	84,160
Equity-based compensation expense	8,238	8,176
Amortization of deferred financing costs	274	—
Deferred tax provision	3,887	—
Provision for (recovery of) bad debts	(27)	68
(Gain) loss on disposal of assets	984	(1,790)
Changes in fair value of investments	(1,935)	(1,295)
Unrealized gain on derivative instruments	(349)	(442)
Loss on asset impairments	4,268	—
Other	(566)	—
Changes in operating assets and liabilities		
Accounts receivable	9,872	(37,252)
Inventories	(14,191)	(3,470)
Other current assets	2,537	2,237
Other assets	179	204
Accounts payable and accrued liabilities	(7,844)	(10,249)
Deferred revenue	110	(346)
Other non-current liabilities	(353)	(560)
Net cash provided by (used in) operating activities	8,485	(35,394)
Cash flows from investing activities		
Purchases of property, plant and equipment and intangibles	(26,979)	(14,557)
Proceeds from sale of assets	353	4,419
Proceeds from sale of investments	46,739	67,934
Purchase of investments	(20,304)	(67,011)
Net cash used in investing activities	(191)	(9,215)
Cash flows from financing activities		
Repayments of borrowings	(5,110)	(4,289)
Treasury shares withheld for taxes	(1,874)	(1,501)
Proceeds from the issuance of ESPP shares	1,752	1,315
Deferred financing costs	(184)	(161)
Net cash used in financing activities	(5,416)	(4,636)
Effect of exchange rate changes on cash	2,684	2,357
Net increase (decrease) in cash, cash equivalents and restricted cash	5,562	(46,888)
Cash, cash equivalents and restricted cash at beginning of period	186,212	213,015
Cash, cash equivalents and restricted cash at end of period	$ 191,774	$ 166,127

The accompanying notes are an integral part of these condensed consolidated financial statements.

Note 1—Basis of Presentation

Nature of Business

Frank’s International N.V. (“FINV”), a limited liability company organized under the laws of the Netherlands, is a global provider of highly engineered tubular services, tubular fabrication and specialty well construction and well intervention solutions to the oil and gas industry. FINV provides services and products to leading exploration and production companies in both offshore and onshore environments with a focus on complex and technically demanding wells.

Basis of Presentation

The condensed consolidated financial statements of FINV for thethree and nine months ended September 30, 2019 and 2018 include the activities of Frank’s International C.V. (“FICV”), Blackhawk Group Holdings, LLC (“Blackhawk”) and their wholly owned subsidiaries (collectively, the “Company,” “we,” “us” or “our”). All intercompany accounts and transactions have been eliminated for purposes of preparing these condensed consolidated financial statements.

Our accompanying condensed consolidated financial statements have not been audited by our independent registered public accounting firm. The consolidated balance sheet at December 31, 2018 is derived from audited financial statements. However, certain information and footnote disclosures required by generally accepted accounting principles in the United States of America (“GAAP”) for complete annual financial statements have been omitted and, therefore, these interim financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2018, which are included in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 25, 2019 (“Annual Report”). In the opinion of management, these condensed consolidated financial statements, which have been prepared pursuant to the rules of the SEC and GAAP for interim financial reporting, reflect all adjustments, which consisted only of normal recurring adjustments that were necessary for a fair statement of the interim periods presented. The results of operations for interim periods are not necessarily indicative of those for a full year.

The condensed consolidated financial statements have been prepared on a historical cost basis using the United States dollar as the reporting currency. Our functional currency is primarily the United States dollar.

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current period’s presentation. These reclassifications had no impact on our operating income (loss), net income (loss), working capital, cash flows or total equity previously reported.

During the first quarter of 2019, the Company changed its reportable segment structure. Please see Note 16—Segment Information for additional information. As part of the change in reportable segments, the Company also changed the classification of certain costs within the condensed consolidated statements of operations to reflect a change in presentation of the information used by the Company’s chief operating decision maker (“CODM”). Historically, and through December 31, 2018, certain direct and indirect costs related to operations were classified and reported as general and administrative expenses (“G&A”) and certain costs associated with our Tubular Running Services manufacturing operations were classified as cost of revenue, products (“COR – Products”). The historical classification was consistent with the information used by the CODM to assess the performance of the Company’s segments and make resource allocation decisions. As part of the change in reportable segments, and to provide the CODM with additional oversight over costs that directly support operations versus costs that are more general and administrative in nature, certain costs previously classified as G&A have been reclassified as cost of revenue – services (“COR – Services”). In addition, certain manufacturing costs previously classified as COR – Products have been reclassified to COR – Services as a result of the change in segment reporting.

The following is a summary of reclassifications to previously reported amounts (in thousands):

	Three Months Ended September 30, 2018		
	As previously reported	Reclassifications	As currently reported
Condensed Consolidated Statements of Operations			
Cost of revenue, exclusive of depreciation and amortization			
Services	$ 65,726	$ 9,043	$ 74,769
Products	19,421	(1,433)	17,988
General and administrative expenses	37,526	(7,610)	29,916

	Nine Months Ended September 30, 2018		
	As previously reported	Reclassifications	As currently reported
Condensed Consolidated Statements of Operations			
Cost of revenue, exclusive of depreciation and amortization			
Services	$ 193,951	$ 25,868	$ 219,819
Products	58,474	(4,059)	54,415
General and administrative expenses	116,608	(21,809)	94,799

Recent Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") generally in the form of accounting standards updates ("ASUs") to the FASB's Accounting Standards Codification.

We consider the applicability and impact of all accounting pronouncements. ASUs not listed below were assessed and were either determined to be not applicable or are expected to have immaterial impact on our consolidated financial position, results of operations and cash flows.

In June 2018, the FASB issued new guidance which is intended to simplify aspects of share-based compensation issued to non-employees by making the guidance consistent with the accounting for employee share-based compensation. We adopted the guidance on January 1, 2019, and the adoption did not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued new accounting guidance for credit losses on financial instruments. The guidance includes the replacement of the "incurred loss" approach for recognizing credit losses on financial assets, including trade receivables, with a methodology that reflects expected credit losses, which considers historical and current information as well as reasonable and supportable forecasts. For public entities, the guidance is effective for financial statements issued for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management is evaluating the provisions of this new accounting guidance, including which period to adopt, and has not determined what impact the adoption will have on our consolidated financial statements.

In February 2016, the FASB issued new accounting guidance for leases. We adopted the new lease standard effective January 1, 2019, using the modified retrospective approach. The modified retrospective approach provides a method for recording existing leases at adoption, including not restating comparative periods. In our financial statements, the comparative period continues to be reported under the accounting standards which were in effect for that period.

Adoption of the new standard resulted in recording lease assets of$34.9 million, lease liabilities of$34.4 million and an adjustment to retained earnings of $0.7 million as of January 1, 2019. The standard had no impact on our net income (loss) and cash flows.

We elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed us to carry forward the historical lease classification. In addition, we elected not to separate lease and non-lease components for all classes of leased assets. Also, leases with an initial term of 12 months or less are not recorded on the balance sheet.

Note 2—Leases

We have operating leases for real estate, vehicles and certain equipment. Our leases have remaining lease terms of less thanone year to 14 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases withinone year. At the present time, all of our leases are classified as operating leases. Our short-term lease expense was $1.0 million and $2.7 million for the three and nine months ended September 30, 2019, respectively.

The accounting for some of our leases may require significant judgment, which includes determining the incremental borrowing rates to utilize in our net present value calculation of lease payments for lease agreements, which do not provide an implicit rate, and assessing the likelihood of renewal or termination options.

Long-term Lease Cost (in thousands)	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
Operating lease cost (a)	$	2,824	$	8,803
Sublease income	$	(136)	$	(400)

(a) Includes variable lease costs, which are immaterial.

Other Information (in thousands)	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
Cash paid for amounts included in measurement of lease liabilities:				
Operating cash flows from operating leases	$	2,202	$	7,770
Right-of-use assets obtained in an exchange for lease obligations				
Operating leases	$	738	$	4,239

Lease Term and Discount Rate	September 30, 2019
Weighted average remaining lease term (years)	
Operating leases	6.26
Weighted average discount rate	
Operating leases	10.45%

Maturity of Operating Lease Liabilities (in thousands)		September 30, 2019
2019	$	3,103
2020		9,857
2021		8,172
2022		6,244
2023		4,406
Thereafter		13,289
Total undiscounted lease payments		45,071
Less: interest		12,647
Present value of lease liabilities	$	32,424

Future minimum lease commitments under noncancelable operating leases with initial or remaining terms of one year or more atDecember 31, 2018, were as follows (in thousands):

Year Ending December 31,		Amount
2019	$	10,544
2020		9,120
2021		7,370
2022		6,006
2023		4,251
Thereafter		13,103
Total future lease commitments	$	50,394

Note 3—Cash, Cash Equivalents and Restricted Cash

Amounts reported in the condensed consolidated balance sheets and condensed consolidated statements of cash flows as cash, cash equivalents and restricted cash at September 30, 2019 and December 31, 2018 were as follows (in thousands):

		September 30, 2019		December 31, 2018
Cash and cash equivalents	$	190,522	$	186,212
Restricted cash		1,252		—
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	$	191,774	$	186,212

Restricted cash consists of cash deposits that collateralize our credit card program.

Note 4—Accounts Receivable, net

Accounts receivable at September 30, 2019 and December 31, 2018 were as follows (in thousands):

	September 30, 2019	December 31, 2018
Trade accounts receivable, net of allowance of $3,816 and $3,925, respectively	$ 122,684	$ 114,630
Unbilled receivables	34,066	54,591
Taxes receivable	18,649	15,762
Affiliated [(1)]	549	549
Other receivables	3,221	3,882
Total accounts receivable, net	$ 179,169	$ 189,414

(1) Amounts represent expenditures on behalf of non-consolidated affiliates.

Note 5—Inventories, net

Inventories at September 30, 2019 and December 31, 2018 were as follows (in thousands):

	September 30, 2019	December 31, 2018
Pipe and connectors, net of allowance of $18,758 and $21,270, respectively	$ 26,049	$ 18,026
Finished goods, net of allowance of $868 and $1,354, respectively	29,420	22,608
Work in progress	4,529	8,285
Raw materials, components and supplies	26,819	20,463
Total inventories, net	$ 86,817	$ 69,382

Note 6—Property, Plant and Equipment

The following is a summary of property, plant and equipment at September 30, 2019 and December 31, 2018 (in thousands):

	Estimated Useful Lives in Years	September 30, 2019	December 31, 2018
Land	—	$ 31,438	$ 32,945
Land improvements	8-15	7,128	8,316
Buildings and improvements	13-39	115,141	125,088
Rental machinery and equipment	7	896,483	887,064
Machinery and equipment - other	7	60,571	61,796
Furniture, fixtures and computers	5	20,091	24,745
Automobiles and other vehicles	5	29,243	29,696
Leasehold improvements	7-15, or lease term if shorter	14,740	15,392
Construction in progress - machinery and equipment and land improvements	—	68,743	65,152
		1,243,578	1,250,194
Less: Accumulated depreciation		(877,126)	(833,704)
Total property, plant and equipment, net		$ 366,452	$ 416,490

During the first quarter of 2018, we sold a building classified as held for sale for $0.8 million and recorded an immaterial loss. During the second quarter of 2018, additional assets with a net book value of $4.5 million met the criteria to be classified as held for sale and were reclassified from property, plant and equipment to assets held for sale on our condensed consolidated balance sheet. During the third quarter of 2018, we sold a building classified as held for sale with a net book value of $0.3 million for $2.6 million. In addition, a building with a net book value of $5.0 million met the criteria to be classified as held for sale and was reclassified from property, plant and equipment to assets held for sale on our condensed consolidated balance sheet.

During the first quarter of 2019, buildings with a net book value of $1.1 million met the criteria to be classified as held for sale and were reclassified from property, plant and equipment to assets held for sale on our condensed consolidated balance sheet. During the second quarter of 2019, we sold a building classified as held for sale for $0.2 million and recorded an immaterial loss. During the third quarter of 2019, an additional building met the criteria to be classified as held for sale and a $4.0 million impairment loss was recorded, which is included in severance and other charges (credits), net on our condensed consolidated statements of operations. The building's remaining net book value of $5.3 million was reclassified from property, plant and equipment to assets held for sale on our condensed consolidated balance sheets.

The following table presents the depreciation and amortization expense associated with each line item for thethree and nine months ended September 30, 2019 and 2018 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Services	$ 18,224	$ 22,584	$ 60,636	$ 70,465
Products	376	1,051	1,235	3,319
General and administrative expenses	2,882	3,363	8,766	10,376
Total	$ 21,482	$ 26,998	$ 70,637	$ 84,160

Note 7—Other Assets

Other assets at September 30, 2019 and December 31, 2018 consisted of the following (in thousands):

	September 30, 2019	December 31, 2018
Cash surrender value of life insurance policies(1)	$ 26,467	$ 23,784
Deposits	2,118	2,269
Other	2,428	2,566
Total other assets	$ 31,013	$ 28,619

(1) See Note 10—Fair Value Measurements for additional information.

Note 8—Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities atSeptember 30, 2019 and December 31, 2018 consisted of the following (in thousands):

	September 30, 2019	December 31, 2018
Accounts payable	$ 17,445	$ 28,045
Accrued compensation	24,761	30,822
Accrued property and other taxes	20,082	16,301
Accrued severance and other charges	499	2,328
Income taxes	17,619	12,075
Affiliated (1)	679	3,915
Accrued purchase orders and other	35,370	30,495
Total accounts payable and accrued liabilities	$ 116,455	$ 123,981

(1) Represents amounts owed to non-consolidated affiliates.

Note 9—Debt

Credit Facility

Asset Based Revolving Credit Facility

On November 5, 2018, FICV, Frank’s International, LLC and Blackhawk, as borrowers, and FINV, certain of FINV’s subsidiaries, including FICV, Frank’s International, LLC, Blackhawk, Frank’s International GP, LLC, Frank’s International, LP, Frank’s International LP B.V., Frank’s International Partners B.V., Frank’s International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., as guarantors, entered into a 5-year senior secured revolving credit facility (the “ABL Credit Facility”) with JPMorgan Chase Bank, N.A., as administrative agent (the “ABL Agent”), and other financial institutions as lenders with total commitments of $100.0 million including up to $15.0 million available for letters of credit. Subject to the terms of the ABL Credit Facility, we have the ability to increase the commitments to $200.0 million. The maximum amount that the Company may borrow under the ABL Credit Facility is subject to a borrowing base, which is based on a percentage of certain eligible accounts receivable and eligible inventory, subject to customary reserves and other adjustments.

All obligations under the ABL Credit Facility are fully and unconditionally guaranteed jointly and severally by FINV’s subsidiaries, including FICV, Frank’s International, LLC, Blackhawk, Frank’s International GP, LLC, Frank’s International, LP, Frank’s International LP B.V., Frank’s International Partners B.V., Frank’s International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., subject to customary exceptions and exclusions. In addition, the obligations under the ABL Credit Facility are secured by first priority liens on substantially all of the assets and property of the borrowers and guarantors, including pledges of equity interests in certain of FINV’s subsidiaries, subject to certain exceptions. Borrowings under the ABL Credit Facility bear interest at FINV’s option at either (a) the Alternate Base Rate (“ABR”) (as defined therein), calculated as the greatest of (i) the rate of interest publicly quoted by the Wall Street Journal, as the “prime rate,” subject to each increase or decrease in such prime rate effective as of the date such change occurs, (ii) the federal funds effective rate that is subject to a 0.00% interest rate floor plus 0.50%, and (iii) the one-month Adjusted LIBO Rate (as defined therein) plus 1.00%, or (b) the Adjusted LIBO Rate, plus, in each case, an applicable margin. The applicable interest rate margin ranges from 1.00% to 1.50% per annum for ABR loans and 2.00% to 2.50% per annum for Eurodollar loans and, in each case, is based on FINV’s leverage ratio. The unused portion of the ABL Credit Facility is subject to a commitment fee that varies from 0.250% to 0.375% per annum, according to average daily unused commitments under the ABL Credit Facility. Interest on Eurodollar loans is payable at the end of the selected interest period, but no less frequently than quarterly. Interest on ABR loans is payable monthly in arrears.

The ABL Credit Facility contains various covenants and restrictive provisions which limit, subject to certain customary exceptions and thresholds, FINV’s ability to, among other things, (1) enter into asset sales; (2) incur additional indebtedness; (3) make investments, acquisitions, or loans and create or incur liens; (4) pay certain dividends or make other distributions and (5) engage in transactions with affiliates. The ABL Credit Facility also requires FINV to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 based on the ratio of (a) consolidated EBITDA (as defined therein) minus unfinanced capital expenditures to (b) Fixed Charges (as defined therein), when either (i) an event of default occurs under the ABL Credit Facility or (ii) availability under the ABL Credit Facility falls for at least two consecutive calendar days below the greater of (A) $12.5 million and (B) 15% of the lesser of the borrowing base and aggregate commitments (a “FCCR Trigger Event”). Accounts receivable received by FINV’s U.S. subsidiaries that are parties to the ABL Credit Facility will be deposited into deposit accounts subject to deposit control agreements in favor of the ABL Agent. After a FCCR Trigger Event, these deposit accounts would be subject to “springing” cash dominion. After a FCCR Trigger Event, the Company will be subject to compliance with the fixed charge coverage ratio and “springing” cash dominion until no default exists under the ABL Credit Facility and availability under the facility for the preceding thirty consecutive days has been equal to at least the greater of (x) $12.5 million and (y) 15% of the lesser of the borrowing base and the aggregate commitments. If FINV fails to perform its obligations under the agreement that results in an event of default, the commitments under the ABL Credit Facility could be terminated and any outstanding borrowings under the ABL Credit Facility may be declared immediately due and payable. The ABL Credit Facility also contains cross default provisions that apply to FINV’s other indebtedness.

As of September 30, 2019, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $6.5 million and availability of $55.0 million.

Insurance Notes Payable

In 2018, we entered into a note to finance our annual insurance premiums totaling $6.8 million. The note bears interest at an annual rate of 3.9% with a final maturity date in October 2019. At September 30, 2019 and December 31, 2018, the outstanding balance was $0.5 million and $5.6 million, respectively.

Note 10—Fair Value Measurements

We follow fair value measurement authoritative accounting guidance for measuring fair values of assets and liabilities in financial statements. We have consistently used the same valuation techniques for all periods presented. Please see Note 10—Fair Value Measurements in our Annual Report for further discussion.

A summary of financial assets and liabilities that are measured at fair value on a recurring basis, as of September 30, 2019 and December 31, 2018, were as follows (in thousands):

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
September 30, 2019				
Assets:				
Derivative financial instruments	$ —	$ 248	$ —	$ 248
Investments:				
Cash surrender value of life insurance policies - deferred compensation plan	—	26,467	—	26,467
Marketable securities - other	15	—	—	15
Liabilities:				
Deferred compensation plan	—	23,522	—	23,522
December 31, 2018				
Assets:				
Investments:				
Cash surrender value of life insurance policies - deferred compensation plan	$ —	$ 23,784	$ —	$ 23,784
Marketable securities - other	37	—	—	37
Liabilities:				
Derivative financial instruments	—	101	—	101
Deferred compensation plan	—	23,663	—	23,663

Our derivative financial instruments consist of short-duration foreign currency forward contracts. The fair value of our derivative financial instruments is based on quoted market values including foreign exchange forward rates and interest rates. The fair value is computed by discounting the projected future cash flow amounts to present value. Derivative financial instruments are included in our condensed consolidated balance sheets in accounts receivables, net at September 30, 2019 and accounts payable and accrued liabilities at December 31, 2018.

Our investments associated with our deferred compensation plan consist primarily of the cash surrender value of life insurance policies and are included in other assets on the condensed consolidated balance sheets. Our investments change as a result of contributions, payments, and fluctuations in the market. Our liabilities associated with our deferred compensation plan are included in other non-current liabilities on the condensed consolidated balance sheets. Assets and liabilities, measured using significant observable inputs, are reported at fair value based on third-party broker statements, which are derived from the fair value of the funds' underlying investments. We also have marketable securities in publicly traded equity securities as an indirect result of strategic investments. They are reported at fair value based on the price of the stock and are included in other assets on the condensed consolidated balance sheets.

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

We apply the provisions of the fair value measurement standard to our non-recurring, non-financial measurements including business combinations and assets identified as held for sale, as well as impairment related to goodwill and other long-lived assets.

Other Fair Value Considerations

The carrying values on our condensed consolidated balance sheets of our cash and cash equivalents, restricted cash, short-term investments, trade accounts receivable, other current assets, accounts payable and accrued liabilities and lines of credit approximate fair values due to their short maturities.

Note 11—Derivatives

We enter into short-duration foreign currency forward derivative contracts to reduce the risk of foreign currency fluctuations. We use these instruments to mitigate our exposure to non-local currency operating working capital. We record these contracts at fair value on our condensed consolidated balance sheets. Although the derivative contracts will serve as an economic hedge of the cash flow of our currency exchange risk exposure, they are not formally designated as hedge contracts for hedge accounting treatment. Accordingly, any changes in the fair value of the derivative instruments during a period will be included in our condensed consolidated statements of operations.

As of September 30, 2019 and December 31, 2018, we had the following foreign currency derivative contracts outstanding in U.S. dollars (in thousands):

	September 30, 2019		
Derivative Contracts	**Notional Amount**	**Contractual Exchange Rate**	**Settlement Date**
Canadian dollar	$ 1,362	1.3220	12/16/2019
Euro	7,457	1.1130	12/16/2019
Norwegian krone	10,254	8.9717	12/16/2019
Pound sterling	16,089	1.2377	12/16/2019

	December 31, 2018		
Derivative Contracts	**Notional Amount**	**Contractual Exchange Rate**	**Settlement Date**
Canadian dollar	$ 2,248	1.3343	3/18/2019
Euro	6,967	1.1421	3/18/2019
Norwegian krone	7,713	8.5566	3/18/2019
Pound sterling	16,452	1.2655	3/18/2019

The following table summarizes the location and fair value amounts of all derivative contracts in the condensed consolidated balance sheets as of September 30, 2019 and December 31, 2018 (in thousands):

Derivatives not Designated as Hedging Instruments	Consolidated Balance Sheet Location	September 30, 2019	December 31, 2018
Foreign currency contracts	Accounts receivables, net	$ 248	$ —
Foreign currency contracts	Accounts payable and accrued liabilities	—	(101)

The following table summarizes the location and amounts of the realized and unrealized gains and losses on derivative contracts in the condensed consolidated statements of operations (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,	
Derivatives not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative Contracts	2019	2018	2019	2018
Unrealized gain (loss) on foreign currency contracts	Other income, net	$ 553	$ (323)	$ 349	$ 442
Realized gain on foreign currency contracts	Other income, net	1,059	447	1,471	572
Total net gain on foreign currency contracts		$ 1,612	$ 124	$ 1,820	$ 1,014

Our derivative transactions are governed through International Swaps and Derivatives Association master agreements. These agreements include stipulations regarding the right of offset in the event that we or our counterparty default on our performance obligations. If a default were to occur, both parties have the right to net amounts payable and receivable into a single net settlement between parties. Our accounting policy is to offset derivative assets and liabilities executed with the same counterparty when a master netting arrangement exists.

The following table presents the gross and net fair values of our derivatives atSeptember 30, 2019 and December 31, 2018 (in thousands):

	Derivative Asset Positions		Derivative Liability Positions	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Gross position - asset / (liability)	$ 248	$ 113	$ —	$ (214)
Netting adjustment	—	(113)	—	113
Net position - asset / (liability)	$ 248	$ —	$ —	$ (101)

Note 12—Related Party Transactions

We have engaged in certain transactions with other companies related to us by common ownership. We have entered into various operating leases to lease facilities from these affiliated companies. Rent expense associated with our related party leases was $0.6 million and $1.1 million for the three months ended September 30, 2019 and 2018, respectively, and $2.0 million and $5.0 million for the nine months ended September 30, 2019 and 2018, respectively. As of September 30, 2019, $6.8 million of our operating lease right-of-use assets and$7.5 million of our lease liabilities were associated with related party leases.

On November 2, 2018, Frank’s International, LLC entered into a purchase agreement with Mosing Ventures, LLC, Mosing Land & Cattle Company, LLC, Mosing Queens Row Properties, LLC, and 4-M Investments, each of which are companies related to us by common ownership (the “Mosing Companies”). Under the purchase agreement, we acquired real property that we previously leased from the Mosing Companies, and two additional properties located adjacent to those properties. The total purchase price was $37.0 million, including legal fees and closing adjustments for normal operating activity. The purchase closed on December 18, 2018. The properties are conveyed as-is, except that until 10 years following the Closing Date, the parties will continue to have certain rights and obligations under the terms of the agreements by which some of the purchased properties were acquired by the Mosing Companies at the time of our initial public offering. We made improvements on the purchased properties during the lease period, and the purchase price was calculated excluding the value of those improvements. As of the purchase closing, we no longer lease the acquired properties from the Mosing Companies.

Tax Receivable Agreement

Mosing Holdings and its permitted transferees converted all their Preferred Stock into shares of our common stock on a one-for-one basis on August 26, 2016, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications and other similar transactions, by delivery of an equivalent portion of their interests in FICV to us (the “Conversion”). FICV made an election under Section 754 of the Internal Revenue Code. Pursuant to the Section 754 election, the Conversion resulted in an adjustment to the tax basis of the tangible and intangible assets of FICV with respect to the portion of FICV now held by FINV. These adjustments are allocated to FINV. The adjustments to the tax basis of the tangible and intangible assets of FICV described above would not have been available absent this Conversion. The basis adjustments may reduce the amount of tax that FINV would otherwise be required to pay in the future. These basis adjustments may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

The TRA that we entered into with FICV and Mosing Holdings in connection with our initial public offering (“IPO”) generally provides for the payment by FINV of 85% of the amount of the actual reductions, if any, in payments of U.S. federal, state and local income tax or franchise tax (which reductions we refer to as “cash savings”) in periods after our IPO as a result of (i) the tax basis increases resulting from the Conversion and (ii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, payments under the TRA. In addition, the TRA provides for payment by us of interest earned from the due date (without extensions) of the corresponding tax return to the date of payment specified by the TRA. The payments under the TRA will not be conditioned upon a holder of rights under the TRA having a continued ownership interest in either FICV or FINV. We will retain the remaining 15% of cash savings, if any.

The estimation of the liability under the TRA is by its nature imprecise and subject to significant assumptions regarding the amount and timing of future taxable income. As of September 30, 2019, FINV has a cumulative loss over the prior 36-month period. Based on this history of losses, as well as uncertainty regarding the timing and amount of future taxable income, we are unable to conclude that there will be future cash savings that will lead to additional payouts under the TRA beyond the estimated $0.2 million as of September 30, 2019. Additional TRA liability may be recognized in the future based on changes in expectations regarding the timing and likelihood of future cash savings.

The payment obligations under the TRA are our obligations and are not obligations of FICV. The term of the TRA will continue until all such tax benefits have been utilized or expired, unless FINV elects to exercise its sole right to terminate the TRA early. If FINV elects to terminate the TRA early, which it may do so in its sole discretion, it would be required to make an immediate payment equal to the present value of the anticipated future tax benefits subject to the TRA (based upon certain assumptions and deemed events set forth in the TRA, including the assumption that it has sufficient taxable income to fully utilize such benefits and that any FICV interests that Mosing Holdings or its transferees own on the termination date are deemed to be exchanged on the termination date). Any early termination payment may be made significantly in advance of the actual realization, if any, of such future benefits. In addition, payments due under the TRA will be similarly accelerated following certain mergers or other changes of control. In these situations, FINV’s obligations under the TRA could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. For example, if the TRA were terminated on September 30, 2019, the estimated termination payment would be approximately $51.3 million (calculated using a discount rate of 4.94%). The foregoing number is merely an estimate and the actual payment could differ materially.

Because FINV is a holding company with no operations of its own, its ability to make payments under the TRA is dependent on the ability of its subsidiaries to make distributions to it in an amount sufficient to cover FINV's obligations under such agreements. The ability of FINV's subsidiaries to make such distributions will be subject to, among other things, the applicable provisions of Dutch law that may limit the amount of funds available for distribution and restrictions in our debt instruments. To the extent that FINV is unable to make payments under the TRA for any reason, except in the case of an acceleration of payments thereunder occurring in connection with an early termination of the TRA or certain mergers or change of control, such payments will be deferred and will accrue interest until paid, and FINV will be prohibited from paying dividends on its common stock.

Note 13—Loss Per Common Share

Basic loss per common share is determined by *dividing* net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by *dividing* net loss by the weighted average number of common shares outstanding, assuming all potentially dilutive shares were issued. We apply the treasury stock method to determine the dilutive weighted average common shares represented by unvested restricted stock units and employee stock purchase plan ("ESPP") shares.

The following table summarizes the basic and diluted loss per share calculations (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Numerator				
Net loss	$ (23,789)	$ (6,999)	$ (67,236)	$ (74,835)
Denominator				
Basic and diluted weighted average common shares [(1)]	225,415	224,182	225,043	223,912
Loss per common share:				
Basic and diluted	$ (0.11)	$ (0.03)	$ (0.30)	$ (0.33)
(1) Approximate number of unvested restricted stock units and stock to be issued pursuant to the ESPP that have been excluded from the computation of diluted loss per share as the effect would be anti-dilutive when results from operations are at a net loss position.	587	1,075	722	779

Note 14—Income Taxes

For interim financial reporting, we estimate the annual tax rate based on projected pre-tax income (loss) for the full year and record a quarterly income tax provision (benefit) in accordance with accounting guidance for income taxes. As the year progresses, we refine the estimate of the year's pre-tax income (loss) as new information becomes available. The continual estimation process often results in a change to the expected effective tax rate for the year. When this occurs, we adjust the income tax provision (benefit) during the quarter in which the change in estimate occurs so that the year-to-date provision reflects the most current expected annual tax rate.

Our effective tax rate was (44.2)% and 51.6% for the three months ended September 30, 2019 and 2018, respectively, and (43.5)% and 2.5% for the nine months ended September 30, 2019 and 2018, respectively. The increase in tax rates compared to the same period last year is primarily the result of an increase in taxable income and a change in the jurisdiction mix resulting in additional revenue-based taxes during 2019. Also impacting the three months ending September 30, 2018 was a significant tax benefit recorded to update the estimated effective tax rate. Finally, the nine months ending September 30, 2019 included expense related to recording additional valuation allowances related to certain indefinite-lived intangibles. We are subject to tax in many U.S. and foreign jurisdictions. In many foreign jurisdictions we are taxed on bases other than income such as deemed profits or withholding taxes based on revenue. Consequently, the relationship between our pre-tax income and our income tax provision varies from period to period.

We are under audit by certain foreign jurisdictions for the years 2008 - 2017. We do not expect the results of these audits to have any material effect on our financial statements.

As of September 30, 2019, there were no significant changes to our uncertain tax positions as reported in our audited financial statements for the year ended December 31, 2018.

Note 15—Commitments and Contingencies

We are the subject of lawsuits and claims arising in the ordinary course of business from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. We had no material accruals for loss contingencies, individually or in the aggregate, as of September 30, 2019 and December 31, 2018. We believe the probability is remote that the ultimate outcome of these matters would have a material adverse effect on our financial position, results of operations or cash flows.

We are conducting an internal investigation of the operations of certain of our foreign subsidiaries in West Africa including possible violations of the U.S. Foreign Corrupt Practices Act ("FCPA"), our policies and other applicable laws. In June 2016, we voluntarily disclosed the existence of our extensive internal review to the SEC, the U.S. Department of Justice ("DOJ") and other governmental entities. It is our intent to continue to fully cooperate with these agencies and any other applicable authorities in connection with any further investigation that may be conducted in connection with this matter. While our review has not indicated that there has been any material impact on our previously filed financial statements, we have continued to collect information and cooperate with the authorities, but at this time are unable to predict the ultimate resolution of these matters with these agencies.

In addition, during the course of the investigation, we discovered historical business transactions (and bids to enter into business transactions) in certain countries that may have been subject to U.S. and other international sanctions. We disclosed this information to the U.S. Department of Commerce's Bureau of Industry and Security, Office of Export Enforcement ("OEE") and to the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") (as well as to the agencies involved in our ongoing investigation discussed above). We received a No Action Letter dated April 20, 2018 from OEE, stating that OEE had closed its investigation without taking further action. In addition, we received a No Action Letter dated April 23, 2018 from OFAC, stating that OFAC had closed its investigation without taking further action.

As disclosed above, our investigation into possible violations of the FCPA remains ongoing, and we will continue to cooperate with the SEC, DOJ and other relevant governmental entities in connection therewith. At this time, we are unable to predict the ultimate resolution of these matters with these agencies, including any financial impact to us. Our board and management are committed to continuously enhancing our internal controls that support improved compliance and transparency throughout our global operations.

Note 16—Segment Information

Reporting Segments

Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the Company's CODM in deciding how to allocate resources and assess performance. During 2018, changes to the Company's organizational structure were internally announced. These changes allow each segment to operate as an "independent" business in order to drive accountability and streamline decision-making, while leveraging the advantages of our global infrastructure. During the first quarter of 2019, the Company's CODM changed the information he regularly reviews to allocate resources and assess performance and we accordingly realigned our reporting segments into three reportable segments: Tubular Running Services ("TRS") segment, Tubulars segment and Cementing Equipment ("CE") segment. The TRS segment represents the prior International Services and U.S. Services segments, as well as the costs associated with manufacturing the TRS equipment. Corporate costs that were previously included in the International Services and U.S. Services segments are now included in a separate Corporate component. The Tubulars segment represents the prior Tubular Sales segment and the Drilling Technologies business which was previously included within the International Services and U.S. Services segments, less costs associated with TRS equipment manufacturing. The CE segment is comprised of the prior Blackhawk segment. In addition, regional support costs that were previously included in the International Services and U.S. Services segments are now allocated amongst the three current segments, generally based on revenue or headcount. We have revised our segment reporting to reflect our current management approach and recast prior periods to conform to the current segment presentation.

The TRS segment provides tubular running services globally. Internationally, the TRS segment operates in the majority of the offshore oil and gas markets and also in several onshore regions with operations in approximately 50 countries on six continents. In the U.S., the TRS segment provides services in the active onshore oil and gas drilling regions, including the Permian Basin, Eagle Ford Shale, Haynesville Shale, Marcellus Shale and Utica Shale, and in the U.S. Gulf of Mexico. Our customers are primarily large exploration and production companies, including international oil and gas companies, national oil and gas companies, major independents and other oilfield service companies.

The Tubulars segment designs, manufactures and distributes connectors and casing attachments for large outside diameter (“OD”) heavy wall pipe. Additionally, the Tubulars segment sells large OD pipe originally manufactured by various pipe mills, as plain end or fully fabricated with proprietary welded or thread-direct connector solutions and provides specialized fabrication and welding services in support of offshore deepwater projects, including drilling and production risers, flowlines and pipeline end terminations, as well as long-length tubular assemblies up to 400 feet in length. The Tubulars segment also specializes in the development, manufacture and supply of proprietary drilling tool solutions that focus on improving drilling productivity through eliminating or mitigating traditional drilling operational risks.

The CE segment provides specialty equipment to enhance the safety and efficiency of rig operations. It provides specialized equipment, services and products utilized in the construction of the wellbore in both onshore and offshore environments. The product portfolio includes casing accessories that serve to improve the installation of casing, centralization and wellbore zonal isolation, as well as enhance cementing operations through advance wiper plug and float equipment technology. The CE segment also provides services and products utilized in the construction, completion or abandonment of the wellbore. These solutions are primarily used to isolate portions of the wellbore through the setting of barriers downhole to allow for rig evacuation in case of inclement weather, maintenance work on other rig equipment, squeeze cementing, pressure testing within the wellbore, hydraulic fracturing and temporary and permanent abandonments. These offerings improve operational efficiencies and limit non-productive time if unscheduled events are encountered at the wellsite.

Revenue

We disaggregate our revenue from contracts with customers by geography for each of our segments, as we believe this best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Intersegment revenue is immaterial.

The following tables presents our revenue disaggregated by geography, based on the location where our services were provided and products sold (in thousands):

	Three Months Ended September 30, 2019			
	Tubular Running Services	Tubulars	Cementing Equipment	Consolidated
United States	$ 34,903	$ 10,148	$ 20,044	$ 65,095
International	67,374	2,371	5,577	75,322
Total Revenue	$ 102,277	$ 12,519	$ 25,621	$ 140,417

	Three Months Ended September 30, 2018			
	Tubular Running Services	Tubulars	Cementing Equipment	Consolidated
United States	$ 36,817	$ 14,310	$ 19,096	$ 70,223
International	52,972	955	4,836	58,763
Total Revenue	$ 89,789	$ 15,265	$ 23,932	$ 128,986

	Nine Months Ended September 30, 2019			
	Tubular Running Services	Tubulars	Cementing Equipment	Consolidated
United States	$ 114,466	$ 45,163	$ 62,963	$ 222,592
International	192,505	8,347	17,035	217,887
Total Revenue	$ 306,971	$ 53,510	$ 79,998	$ 440,479

	Nine Months Ended September 30, 2018			
	Tubular Running Services	Tubulars	Cementing Equipment	Consolidated
United States	$ 101,117	$ 46,857	$ 54,568	$ 202,542
International	159,064	3,134	11,900	174,098
Total Revenue	$ 260,181	$ 49,991	$ 66,468	$ 376,640

Revenue by geographic area were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
United States	$ 65,095	$ 70,223	$ 222,592	$ 202,542
Europe/Middle East/Africa	41,071	30,064	116,126	91,154
Latin America	19,181	11,984	56,520	32,441
Asia Pacific	9,727	8,934	27,753	26,200
Other countries	5,343	7,781	17,488	24,303
Total Revenue	$ 140,417	$ 128,986	$ 440,479	$ 376,640

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest income, net, depreciation and amortization, income tax benefit or expense, asset impairments, gain or loss on disposal of assets, foreign currency gain or loss, equity-based compensation, unrealized and realized gain or loss, the effects of the TRA, other non-cash adjustments and other charges. We review Adjusted EBITDA on both a consolidated basis and on a segment basis. We use Adjusted EBITDA to assess our financial performance because it allows us to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization), income tax, foreign currency exchange rates and other charges and credits. Adjusted EBITDA has limitations as an analytical tool and should not be considered as an alternative to net income (loss), operating income (loss), cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP.

Our CODM uses Adjusted EBITDA as the primary measure of segment reporting performance.

The following table presents a reconciliation of Segment Adjusted EBITDA tonet loss (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Segment Adjusted EBITDA:				
Tubular Running Services	$ 23,884	$ 17,070	$ 67,019	$ 40,876
Tubulars	456	1,541	8,502	8,461
Cementing Equipment	3,031	1,972	9,854	7,074
Corporate [1]	(11,350)	(8,967)	(42,533)	(36,001)
	16,021	11,616	42,842	20,410
Interest income, net	563	866	1,757	2,419
Depreciation and amortization	(21,482)	(26,998)	(70,637)	(84,160)
Income tax (expense) benefit	(7,297)	7,461	(20,370)	1,901
Gain (loss) on disposal of assets	(603)	2,242	(984)	1,790
Foreign currency loss	(3,872)	(879)	(4,050)	(3,442)
TRA related adjustments	—	(1,170)	220	(5,282)
Charges and credits [2]	(7,119)	(137)	(16,014)	(8,471)
Net loss	$ (23,789)	$ (6,999)	$ (67,236)	$ (74,835)

(1) Includes certain expenses not attributable to a particular segment, such as costs related to support functions and corporate executives.

(2) Comprised of Equity-based compensation expense (for the three months ended September 30, 2019 and 2018: $2,647 and $3,008, respectively, and for the nine months ended September 30, 2019 and 2018: $8,238 and $8,176, respectively), Mergers and acquisition expense (for the three months ended September 30, 2019 and 2018: none and none, respectively, and for the nine months ended September 30, 2019 and 2018: none and $58, respectively), Severance and other (charges) credits, net (for the three months ended September 30, 2019 and 2018: $(5,222) and $4,852, respectively, and for the nine months ended September 30, 2019 and 2018: $(6,492) and $2,483, respectively), Unrealized and realized gains (for the three months ended September 30, 2019 and 2018: $1,382 and $360, respectively, and for the nine months ended September 30, 2019 and 2018: $2,073 and $1,521, respectively) and Investigation-related matters (for the three months ended September 30, 2019 and 2018: $632 and $2,341, respectively, and for the nine months ended September 30, 2019 and 2018: $3,357 and $4,241, respectively).

The following tables set forth certain financial information with respect to our reportable segments (in thousands):

	Tubular Running Services	Tubulars	Cementing Equipment	Corporate	Total
Three Months Ended September 30, 2019					
Revenue from external customers	$ 102,277	$ 12,519	$ 25,621	$ —	$ 140,417
Operating income (loss)	8,253	(377)	(1,610)	(21,069)	(14,803)
Adjusted EBITDA	23,884	456	3,031	(11,350)	*
Three Months Ended September 30, 2018					
Revenue from external customers	$ 89,789	$ 15,265	$ 23,932	$ —	$ 128,986
Operating income (loss)	4,099	46	(2,226)	(15,510)	(13,591)
Adjusted EBITDA	17,070	1,541	1,972	(8,967)	*
Nine Months Ended September 30, 2019					
Revenue from external customers	$ 306,971	$ 53,510	$ 79,998	$ —	$ 440,479
Operating income (loss)	17,094	5,906	(4,744)	(65,867)	(47,611)
Adjusted EBITDA	67,019	8,502	9,854	(42,533)	*
Nine Months Ended September 30, 2018					
Revenue from external customers	$ 260,181	$ 49,991	$ 66,468	$ —	$ 376,640
Operating income (loss)	(16,409)	5,702	(5,981)	(55,592)	(72,280)
Adjusted EBITDA	40,876	8,461	7,074	(36,001)	*

* Non-GAAP financial measure not disclosed.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Form 10-Q") includes certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include those that express a belief, expectation or intention, as well as those that are not statements of historical fact. Forward-looking statements include information regarding our future plans and goals and our current expectations with respect to, among other things:

- our business strategy and prospects for growth;
- our cash flows and liquidity;
- our financial strategy, budget, projections and operating results;
- the amount, nature and timing of capital expenditures;
- the availability and terms of capital;
- competition and government regulations; and
- general economic conditions.

Our forward-looking statements are generally accompanied by words such as "anticipate," "believe," "estimate," "expect," "goal," "plan," "potential," "predict," "project," or other terms that convey the uncertainty of future events or outcomes, although not all forward-looking statements contain such identifying words. The forward-looking statements in this Form 10-Q speak only as of the date of this report; we disclaim any obligation to update these statements unless required by law, and we caution you not to rely on them unduly. Forward-looking statements are not assurances of future performance and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties include, but are not limited to, the following:

- the level of activity in the oil and gas industry;
- further or sustained declines in oil and gas prices, including those resulting from weak global demand;
- the timing, magnitude, probability and/or sustainability of any oil and gas price recovery;
- unique risks associated with our offshore operations;
- political, economic and regulatory uncertainties in our international operations;
- our ability to develop new technologies and products;
- our ability to protect our intellectual property rights;
- our ability to employ and retain skilled and qualified workers;
- the level of competition in our industry;
- operational safety laws and regulations;
- international trade laws and sanctions;
- weather conditions and natural disasters; and
- policy or regulatory changes domestically in the United States.

These and other important factors that could affect our operating results and performance are described in (1) "Risk Factors" in Part II, Item 1A of this Form 10-Q, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item 2 of this Form 10-Q, and elsewhere within this Form 10-Q, (2) our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 25, 2019 (our "Annual Report"), (3) our other reports and filings we make with the SEC from time to time and (4) other announcements we make from time to time. Should one or more of the risks or uncertainties described in the documents above or in this Form 10-Q occur, or should underlying assumptions prove incorrect, our actual results, performance, achievements or plans could differ materially from those expressed or implied in any forward-looking statements. All such forward-looking statements in this Form 10-Q are expressly qualified in their entirety by the cautionary statements in this section.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Form 10-Q and the audited consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in any forward-looking statement because of various factors, including those described in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" of this Form 10-Q.

Overview of Business

We are a global provider of highly engineered tubular services, tubular fabrication and specialty well construction and well intervention solutions to the oil and gas industry and have been in business for over 80 years. We provide our services and products to leading exploration and production companies in both offshore and onshore environments, with a focus on complex and technically demanding wells.

During the first quarter of 2019, the Company changed its reportable segment structure. Please see Note 16—Segment Information in the Notes to Unaudited Condensed Consolidated Financial Statements for additional information. We conduct our business through three operating segments:

- *Tubular Running Services.* The Tubular Running Services ("TRS") segment provides tubular running services globally. Internationally, the TRS segment operates in the majority of the offshore oil and gas markets and also in several onshore regions with operations in approximately 50 countries on six continents. In the U.S., the TRS segment provides services in the active onshore oil and gas drilling regions, including the Permian Basin, Eagle Ford Shale, Haynesville Shale, Marcellus Shale and Utica Shale, and in the U.S. Gulf of Mexico. Our customers are primarily large exploration and production companies, including international oil and gas companies, national oil and gas companies, major independents and other oilfield service companies.

- *Tubulars.* The Tubulars segment designs, manufactures and distributes connectors and casing attachments for large outside diameter ("OD") heavy wall pipe. Additionally, the Tubulars segment sells large OD pipe originally manufactured by various pipe mills, as plain end or fully fabricated with proprietary welded or thread-direct connector solutions and provides specialized fabrication and welding services in support of offshore deepwater projects, including drilling and production risers, flowlines and pipeline end terminations, as well as long-length tubular assemblies up to 400 feet in length. The Tubulars segment also specializes in the development, manufacture and supply of proprietary drilling tool solutions that focus on improving drilling productivity through eliminating or mitigating traditional drilling operational risks.

- *Cementing Equipment.* The Cementing Equipment ("CE") segment provides specialty equipment to enhance the safety and efficiency of rig operations. It provides specialized equipment, services and products utilized in the construction of the wellbore in both onshore and offshore environments. The product portfolio includes casing accessories that serve to improve the installation of casing, centralization and wellbore zonal isolation, as well as enhance cementing operations through advance wiper plug and float equipment technology. The CE segment also provides services and products utilized in the construction, completion or abandonment of the wellbore. These solutions are primarily used to isolate portions of the wellbore through the setting of barriers downhole to allow for rig evacuation in case of inclement weather, maintenance work on other rig equipment, squeeze cementing, pressure testing within the wellbore, hydraulic fracturing and temporary and permanent abandonments. These offerings improve operational efficiencies and limit non-productive time if unscheduled events are encountered at the wellsite.

Outlook

We have observed and expect to see increased customer spending globally on oil and natural gas exploration and production in response to the continued stabilization of commodity prices. Exploration and development spending has started to shift toward offshore and internationally focused projects. Activity in the deep and ultra-deep offshore markets is already benefiting from a modest improvement that is expected to continue through 2020. In certain markets, pricing associated with newly sanctioned offshore projects is anticipated to be marginally higher than recent trends. We anticipate the rate of spending on U.S. onshore projects to decrease in 2020 from 2019 levels as operators adjust budgets.

In many international offshore shelf markets, we see increased activity as operators recognize improved economics at current commodity prices. Overall, we expect continued and modest improvement in both operator spend and activity through 2020 in the offshore and international markets, which will be offset by the ongoing retraction in U.S. onshore spend and activity. Our client base continues to expand as drilling contractors and integrated service providers look for differentiated technology and efficiency-based solutions.

We will continue our efforts to expand our newer product lines that have been historically weighted to the U.S. offshore market to international markets, with a focus on operational efficiency gains and prioritizing projects that improve market share and profitability. In furtherance of these efforts, we are undertaking a comprehensive review of our geographic footprint, ongoing initiatives, cost structure and asset base. We are undertaking this review to drive profitability improvements across the organization, assess that required economic returns on assets and new technologies can be achieved, and ensure that the resources of the Company are being maximized given current and expected market conditions.

How We Evaluate Our Operations

We use a number of financial and operational measures to routinely analyze and evaluate the performance of our business, including revenue, Adjusted EBITDA, Adjusted EBITDA margin and safety performance.

Revenue

We analyze our revenue growth by comparing actual monthly revenue to our internal projections for each month to assess our performance. We also assess incremental changes in our monthly revenue across our operating segments to identify potential areas for improvement.

Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA as net income (loss) before interest income, net, depreciation and amortization, income tax benefit or expense, asset impairments, gain or loss on disposal of assets, foreign currency gain or loss, equity-based compensation, unrealized and realized gains or losses, the effects of the tax receivable agreement (“TRA”), other non-cash adjustments and other charges or credits. Adjusted EBITDA margin reflects our Adjusted EBITDA as a percentage of our revenue. We review Adjusted EBITDA and Adjusted EBITDA margin on both a consolidated basis and on a segment basis. We use Adjusted EBITDA and Adjusted EBITDA margin to assess our financial performance because it allows us to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization), income tax, foreign currency exchange rates and other charges and credits. Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools and should not be considered as an alternative to net income (loss), operating income (loss), cash flow from operating activities or any other measure of financial performance presented in accordance with generally accepted accounting principles in the U.S. (“GAAP”).

The following table presents a reconciliation of net loss to Adjusted EBITDA and Adjusted EBITDA margin for each of the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net loss	$ (23,789)	$ (6,999)	$ (67,236)	$ (74,835)
Interest income, net	(563)	(866)	(1,757)	(2,419)
Depreciation and amortization	21,482	26,998	70,637	84,160
Income tax expense (benefit)	7,297	(7,461)	20,370	(1,901)
(Gain) loss on disposal of assets	603	(2,242)	984	(1,790)
Foreign currency loss	3,872	879	4,050	3,442
TRA related adjustments	—	1,170	(220)	5,282
Charges and credits [1]	7,119	137	16,014	8,471
Adjusted EBITDA	$ 16,021	$ 11,616	$ 42,842	$ 20,410
Adjusted EBITDA margin	11.4%	9.0%	9.7%	5.4%

(1) Comprised of Equity-based compensation expense (for the three months ended September 30, 2019 and 2018: $2,647 and $3,008, respectively, and for the nine months ended September 30, 2019 and 2018: $8,238 and $8,176, respectively), Mergers and acquisition expense (for the three months ended September 30, 2019 and 2018: none and none, respectively, and for the nine months ended September 30, 2019 and 2018: none and $58, respectively), Severance and other charges (credits), net (for the three months ended September 30, 2019 and 2018: $5,222 and $(4,852), respectively, and for the nine months ended September 30, 2019 and 2018: $6,492 and $(2,483), respectively), Unrealized and realized gains (for the three months ended September 30, 2019 and 2018: $1,382 and $360, respectively, and for the nine months ended September 30, 2019 and 2018: $2,073 and $1,521, respectively) and Investigation-related matters (for the three months ended September 30, 2019 and 2018: $632 and $2,341, respectively, and for the nine months ended September 30, 2019 and 2018: $3,357 and $4,241, respectively).

For a reconciliation of our Adjusted EBITDA on a segment basis to the most comparable measure calculated in accordance with GAAP, see “Operating Segment Results.”

Safety and Quality Performance

Safety is one of our primary core values. Maintaining a strong safety record is a critical component of our operational success. Many of our customers have safety standards we must satisfy before we can perform services. As a result, we continually monitor our safety performance through the evaluation of safety observations, job and customer surveys, and safety data. The primary measure for our safety performance is the tracking of the Total Recordable Incident Rate which is reviewed on both a monthly and rolling twelve-month basis.

Consolidated Results of Operations

The following table presents our consolidated results for the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Unaudited)			
Revenue:				
Services	$ 119,572	$ 103,911	$ 362,069	$ 301,005
Products	20,845	25,075	78,410	75,635
Total revenue	140,417	128,986	440,479	376,640
Operating expenses:				
Cost of revenue, exclusive of depreciation and amortization				
Services [(1)]	86,745	74,769	255,769	219,819
Products [(1)]	14,247	17,988	57,850	54,415
General and administrative expenses [(1)]	26,921	29,916	96,358	94,799
Depreciation and amortization	21,482	26,998	70,637	84,160
Severance and other charges (credits), net	5,222	(4,852)	6,492	(2,483)
(Gain) loss on disposal of assets	603	(2,242)	984	(1,790)
Operating loss	(14,803)	(13,591)	(47,611)	(72,280)
Other income (expense):				
TRA related adjustments	—	(1,170)	220	(5,282)
Other income, net	1,620	314	2,818	1,907
Interest income, net	563	866	1,757	2,419
Mergers and acquisition expense	—	—	—	(58)
Foreign currency loss	(3,872)	(879)	(4,050)	(3,442)
Total other income (expense)	(1,689)	(869)	745	(4,456)
Loss before income taxes	(16,492)	(14,460)	(46,866)	(76,736)
Income tax expense (benefit)	7,297	(7,461)	20,370	(1,901)
Net loss	$ (23,789)	$ (6,999)	$ (67,236)	$ (74,835)

(1) For the three months ended September 30, 2018, $7,610 and $1,433 have been reclassified from general and administrative expenses and cost of revenue, products, respectively, to cost of revenue, services. For the nine months ended September 30, 2018, $21,809 and $4,059 have been reclassified from general and administrative expenses and cost of revenue, products, respectively, to cost of revenue, services. See Note 1—Basis of Presentation in the Notes to Unaudited Condensed Consolidated Financial Statements.

Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018

Revenue. Revenue from external customers, excluding intersegment sales, for the three months ended September 30, 2019 increased by $11.4 million, or 8.9%, to $140.4 million from $129.0 million for the three months ended September 30, 2018. The increase in revenue was primarily driven by improved results in the Tubular Running Services segment. Revenue for our segments is discussed separately below under the heading "Operating Segment Results."

Cost of revenue, exclusive of depreciation and amortization. Cost of revenue for the three months ended September 30, 2019 increased by $8.2 million, or 8.9%, to $101.0 million from $92.8 million for the three months ended September 30, 2018. The increase was driven by higher activity levels and mix of work in the TRS and CE segments, partially offset by productivity and cost efficiency actions taken in prior periods.

General and administrative expenses. General and administrative expenses for the three months ended September 30, 2019 decreased by $3.0 million, or 10.0%, to $26.9 million from $29.9 million for the three months ended September 30, 2018 due to sales and use tax refunds received in the current period, as well as due to cost reduction efforts.

Depreciation and amortization. Depreciation and amortization for the three months ended September 30, 2019 decreased by $5.5 million, or 20.4%, to $21.5 million from $27.0 million for the three months ended September 30, 2018, as a result of a lower depreciable base due to decreased capital expenditures during the current and prior year, partially offset by increased intangible asset amortization expense.

Severance and other charges (credits), net. Severance and other charges (credits), net for the three months ended September 30, 2019 increased by $10.1 million, or 207.6%, to a charge of $5.2 million from a credit of $4.9 million for the three months ended September 30, 2018. Severance and other charges (credits), net for the three months ended September 30, 2018 was favorably impacted by the recovery of accounts receivable previously written off in Angola. Severance and other charges (credits), net for the three months ended September 30, 2019 was unfavorably impacted by a $4.0 million impairment charge associated with assets identified as held for sale during the quarter.

Foreign currency loss. Foreign currency loss for the three months ended September 30, 2019 increased by $3.0 million, or 340.5%, to $3.9 million from $0.9 million for the three months ended September 30, 2018. The change in foreign currency results year-over-year was primarily driven by increased strengthening of the U.S. dollar in the current period as compared to the prior year period, particularly in comparison to the Norwegian krone, Euro, and Brazilian real.

Income tax expense (benefit). Income tax expense (benefit) for the three months ended September 30, 2019 increased by $14.8 million to an expense of $7.3 million from a benefit of $7.5 million for the three months ended September 30, 2018, primarily as a result of a change in the jurisdictional sources of income, namely an increase in revenue in certain regions that apply withholding or revenue based taxes. In addition, the three months ending September 30, 2018 included additional tax benefit recorded to update the previous quarter's activity to the most recent estimated effective tax rate. We are subject to many U.S. and foreign tax jurisdictions and many tax agreements and treaties among the various taxing authorities. Our operations in these jurisdictions are taxed on various bases such as income before taxes, deemed profits (which is generally determined using a percentage of revenue rather than profits) and withholding taxes based on revenue; consequently, the relationship between our pre-tax income from operations and our income tax provision varies from period to period based on the overall effective tax rate for all jurisdictions in which we operate.

Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018

Revenue. Revenue from external customers, excluding intersegment sales, for the nine months ended September 30, 2019 increased by $63.8 million, or 16.9%, to $440.5 million from $376.6 million for the nine months ended September 30, 2018. Revenue increased across all segments. Revenue for our segments is discussed separately below under the heading "Operating Segment Results."

Cost of revenue, exclusive of depreciation and amortization. Cost of revenue for the nine months ended September 30, 2019 increased by $39.4 million, or 14.4%, to $313.6 million from $274.2 million for the nine months ended September 30, 2018. The increase was driven by higher activity levels and mix of work in the TRS and CE segments, partially offset by productivity and cost efficiency actions taken in 2018.

General and administrative expenses. General and administrative expenses for the nine months ended September 30, 2019 increased by $1.6 million, or 1.6%, to $96.4 million from $94.8 million for the nine months ended September 30, 2018 due to increased insurance costs driven by a premium adjustment in the first quarter of 2019, which was partially offset by sales and use tax refunds received during the third quarter of 2019.

Depreciation and amortization. Depreciation and amortization for the nine months ended September 30, 2019 decreased by $13.5 million, or 16.1%, to $70.6 million from $84.2 million for the nine months ended September 30, 2018, as a result of a lower depreciable base due to decreased capital expenditures during the current and prior year, partially offset by increased intangible asset amortization expense.

Severance and other charges (credits), net. Severance and other charges (credits), net for the nine months ended September 30, 2019 increased by $9.0 million, or 361.5%, to a charge of $6.5 million from a credit of $2.5 million for the nine months ended September 30, 2018. Severance and other charges (credits), net for the nine months ended September 30, 2018 was favorably impacted by the recovery of accounts receivable previously written off in Angola. Severance and other charges (credits), net for the nine months ended September 30, 2019 was unfavorably impacted by a $4.0 million impairment charge associated with assets identified as held for sale during the third quarter of 2019.

Foreign currency loss. Foreign currency loss for the nine months ended September 30, 2019 increased by $0.6 million, or 17.7%, to $4.1 million from $3.4 million for the nine months ended September 30, 2018. The change in foreign currency results year-over-year was primarily driven by increased strengthening of the U.S. dollar in the current period as compared to the prior year period, particularly in comparison to the Norwegian krone, Euro, and Brazilian real.

Income tax expense (benefit). Income tax expense (benefit) for the nine months ended September 30, 2019 increased by $22.3 million to an expense of $20.4 million from a benefit of $1.9 million for the nine months ended September 30, 2018. The change is primarily due to an increase in taxable income earned in jurisdictions applying revenue-based tax rates. In addition, the nine months ending September 30, 2019 included expense related to recording additional valuation allowances related to certain indefinite-lived intangibles. We are subject to many U.S. and foreign tax jurisdictions and many tax agreements and treaties among the various taxing authorities. Our operations in these jurisdictions are taxed on various bases such as income before taxes, deemed profits (which is generally determined using a percentage of revenue rather than profits) and withholding taxes based on revenue; consequently, the relationship between our pre-tax income from operations and our income tax provision varies from period to period based on the overall effective tax rate for all jurisdictions in which we operate.

Operating Segment Results

The following table presents revenue and Adjusted EBITDA by segment (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Revenue:				
Tubular Running Services	$ 102,277	$ 89,789	$ 306,971	$ 260,181
Tubulars	12,519	15,265	53,510	49,991
Cementing Equipment	25,621	23,932	79,998	66,468
Total	$ 140,417	$ 128,986	$ 440,479	$ 376,640
Segment Adjusted EBITDA (1)**:**				
Tubular Running Services	$ 23,884	$ 17,070	$ 67,019	$ 40,876
Tubulars	456	1,541	8,502	8,461
Cementing Equipment	3,031	1,972	9,854	7,074
Corporate (2)	(11,350)	(8,967)	(42,533)	(36,001)
	$ 16,021	$ 11,616	$ 42,842	$ 20,410

(1) Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. (For a reconciliation of our Adjusted EBITDA, see "Adjusted EBITDA and Adjusted EBITDA Margin").

(2) Includes certain expenses not attributable to a particular segment, such as costs related to support functions and corporate executives.

Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018

Tubular Running Services

Revenue for the TRS segment was $102.3 million for the three months ended September 30, 2019, an increase of $12.5 million, or 13.9%, compared to $89.8 million for the same period in 2018, primarily due to activity improvements in Africa, Europe and the Gulf of Mexico.

Adjusted EBITDA for the TRS segment was $23.9 million for the three months ended September 30, 2019, an increase of $6.8 million, or 39.9%, compared to $17.1 million for the same period in 2018. Segment results were positively impacted by activity improvements in Africa, Europe and the Gulf of Mexico.

Tubulars

Revenue for the Tubulars segment was $12.5 million for the three months ended September 30, 2019, a decrease of $2.7 million, or 18.0%, compared to $15.3 million for the same period in 2018, primarily due to lower tubular sales during the current period. Tubular product sales were lower primarily as a result of customer drilling schedule changes in the U.S. Gulf of Mexico.

Adjusted EBITDA for the Tubulars segment was $0.5 million for the three months ended September 30, 2019, a decrease of $1.1 million, or 70.4%, compared to $1.5 million for the same period in 2018, primarily due to the lower tubular sales revenue during the current period.

Cementing Equipment

Revenue for the CE segment was $25.6 million for the three months ended September 30, 2019, an increase of $1.7 million, or 7.1%, compared to $23.9 million for the same period in 2018, driven by increased drilling activity and market share in the U.S. Gulf of Mexico and increased international activity in new and existing markets.

Adjusted EBITDA for the CE segment was $3.0 million for the three months ended September 30, 2019, an increase of $1.1 million, or 53.7%, compared to $2.0 million for the same period in 2018, primarily due to improved operational results, particularly in offshore international markets and the U.S. offshore market, as well as lower costs.

Corporate

Adjusted EBITDA for Corporate was a loss of $11.4 million for the three months ended September 30, 2019, an unfavorable change of $2.4 million, or 26.6%, compared to a loss of $9.0 million for the same period in 2018, primarily due to higher professional fees and compensation related expenses.

Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018

Tubular Running Services

Revenue for the TRS segment was $307.0 million for the nine months ended September 30, 2019, an increase of $46.8 million, or 18.0%, compared to $260.2 million for the same period in 2018. The increase was driven by activity improvements in the U.S., Latin America, Africa, and Europe, partially offset by lower activity levels in Canada.

Adjusted EBITDA for the TRS segment was $67.0 million for the nine months ended September 30, 2019, an increase of $26.1 million, or 64.0%, compared to $40.9 million for the same period in 2018. Segment results were positively impacted by activity improvements in Africa, the U.S., Europe and Latin America.

Tubulars

Revenue for the Tubulars segment was $53.5 million for the nine months ended September 30, 2019, an increase of $3.5 million, or 7.0%, compared to $50.0 million for the same period in 2018, primarily as a result of higher drilling tools activity, partially offset by lower tubular sales during the current period.

Adjusted EBITDA for the Tubulars segment was $8.5 million for both the nine months ended September 30, 2019 and 2018. Higher drilling tools activity was offset by lower tubular sales during the current period.

Cementing Equipment

Revenue for the CE segment was $80.0 million for the nine months ended September 30, 2019, an increase of $13.5 million, or 20.4%, compared to $66.5 million for the same period in 2018, driven by expansion to international markets, increased market share and product sales in the U.S. Gulf of Mexico and improved market share in the U.S. onshore market.

Adjusted EBITDA for the CE segment was $9.9 million for the nine months ended September 30, 2019, an increase of $2.8 million, or 39.3%, compared to $7.1 million for the same period in 2018, primarily due to improved operational results, particularly in offshore international markets and the U.S. onshore market.

Corporate

Adjusted EBITDA for Corporate was a loss of $42.5 million for the nine months ended September 30, 2019, an unfavorable change of $6.5 million, or 18.1%, compared to a loss of $36.0 million for the same period in 2018, primarily due to increased insurance costs driven by a premium adjustment, as well as higher professional fees and compensation related expenses.

Liquidity and Capital Resources

Liquidity

At September 30, 2019, we had cash and cash equivalents of $190.5 million and debt of $0.5 million. Our primary sources of liquidity to date have been cash flows from operations. Our primary uses of capital have been for organic growth capital expenditures. We continually monitor potential capital sources, including equity and debt financing, in order to meet our investment and target liquidity requirements.

Our total capital expenditures are estimated to be approximately $40.0 million in 2019, of which we expect approximately 65% will be used for the purchase and manufacture of equipment and 35% for other property, plant and equipment, inclusive of the purchase or construction of facilities. The actual amount of capital expenditures for the manufacture of equipment may fluctuate based on market conditions and timing of deliveries. During the nine months ended September 30, 2019 and 2018, cash expenditures related to property, plant and equipment and intangibles were $27.0 million and $14.6 million, respectively, all of which were funded from internally generated funds. We believe our cash on hand should be sufficient to fund our capital expenditure and liquidity requirements for the remainder of 2019.

Credit Facility

Asset Based Revolving Credit Facility

On November 5, 2018, FICV, Frank's International, LLC and Blackhawk, as borrowers, and FINV, certain of FINV's subsidiaries, including FICV, Frank's International, LLC, Blackhawk, Frank's International GP, LLC, Frank's International, LP, Frank's International LP B.V., Frank's International Partners B.V., Frank's International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., as guarantors, entered into a five-year senior secured revolving credit facility (the "ABL Credit Facility") with JPMorgan Chase Bank, N.A., as administrative agent (the "ABL Agent"), and other financial institutions as lenders with total commitments of $100.0 million including up to $15.0 million available for letters of credit. Subject to the terms of the ABL Credit Facility, we have the ability to increase the commitments to $200.0 million. The maximum amount that the Company may borrow under the ABL Credit Facility is subject to a borrowing base, which is based on a percentage of certain eligible accounts receivable and eligible inventory, subject to customary reserves and other adjustments.

All obligations under the ABL Credit Facility are fully and unconditionally guaranteed jointly and severally by FINV's subsidiaries, including FICV, Frank's International, LLC, Blackhawk, Frank's International GP, LLC, Frank's International, LP, Frank's International LP B.V., Frank's International Partners B.V., Frank's International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., subject to customary exceptions and exclusions. In addition, the obligations under the ABL Credit Facility are secured by first priority liens on substantially all of the assets and property of the borrowers and guarantors, including pledges of equity interests in certain of FINV's subsidiaries, subject to certain exceptions. Borrowings under the ABL Credit Facility bear interest at FINV's option at either (a) the Alternate Base Rate ("ABR") (as defined therein), calculated as the greatest of (i) the rate of interest publicly quoted by the Wall Street Journal, as the "prime rate," subject to each increase or decrease in such prime rate effective as of the date such change occurs, (ii) the federal funds effective rate that is subject to a 0.00% interest rate floor plus 0.50%, and (iii) the one-month Adjusted LIBO Rate (as defined therein) plus 1.00%, or (b) the Adjusted LIBO Rate, plus, in each case, an applicable margin. The applicable interest rate margin ranges from 1.00% to 1.50% per annum for ABR loans and 2.00% to 2.50% per annum for Eurodollar loans and, in each case, is based on FINV's leverage ratio. The unused portion of the ABL Credit Facility is subject to a commitment fee that varies from 0.250% to 0.375% per annum, according to average daily unused commitments under the ABL Credit Facility. Interest on Eurodollar loans is payable at the end of the selected interest period, but no less frequently than quarterly. Interest on ABR loans is payable monthly in arrears.

The ABL Credit Facility contains various covenants and restrictive provisions which limit, subject to certain customary exceptions and thresholds, FINV's ability to, among other things, (1) enter into asset sales; (2) incur additional indebtedness; (3) make investments, acquisitions, or loans and create or incur liens; (4) pay certain dividends or make other distributions and (5) engage in transactions with affiliates. The ABL Credit Facility also requires FINV to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 based on the ratio of (a) consolidated EBITDA (as defined therein) minus unfinanced capital expenditures to (b) Fixed Charges (as defined therein), when either (i) an event of default occurs under the ABL Credit Facility or (ii) availability under the ABL Credit Facility falls for at least two consecutive calendar days below the greater of (A) $12.5 million and (B) 15% of the lesser of the borrowing base and aggregate commitments (a "FCCR Trigger Event"). Accounts receivable received by FINV's U.S. subsidiaries that are parties to the ABL Credit Facility will be deposited into deposit accounts subject to deposit control agreements in favor of the ABL Agent. After a FCCR Trigger Event, these deposit accounts would be subject to "springing" cash dominion. After a FCCR Trigger Event, the Company will be subject to compliance with the fixed charge coverage ratio and "springing" cash dominion until no default exists under the ABL Credit Facility and availability under the facility for the preceding thirty consecutive days has been equal to at least the greater of (x) $12.5 million and (y) 15% of the lesser of the borrowing base and the aggregate commitments. If FINV fails to perform its obligations under the agreement that results in an event of default, the commitments under the ABL Credit Facility could be terminated and any outstanding borrowings under the ABL Credit Facility may be declared immediately due and payable. The ABL Credit Facility also contains cross default provisions that apply to FINV's other indebtedness.

As of September 30, 2019, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $6.5 million and availability of $55.0 million.

Insurance Notes Payable

In 2018, we entered into a note to finance our annual insurance premiums totaling $6.8 million. The note bears interest at an annual rate of 3.9% with a final maturity date in October 2019. At September 30, 2019 and December 31, 2018, the outstanding balance was $0.5 million and $5.6 million, respectively.

Tax Receivable Agreement

We entered into a tax receivable agreement with Frank's International C.V. ("FICV") and Mosing Holdings, LLC ("Mosing Holdings") in connection with our initial public offering ("IPO"). The TRA generally provides for the payment by us to Mosing Holdings of 85% of the amount of the actual reductions, if any, in payments of U.S. federal, state and local income tax or franchise tax in periods after our IPO (which reductions we refer to as "cash savings") as a result of (i) the tax basis increases resulting from the transfer of FICV interests to us in connection with the conversion of shares of Preferred Stock into shares of our common stock on August 26, 2016 and (ii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, payments under the TRA. As of October 31, 2019, the Mosing family collectively owns 123,919,840, or 55%, of our common shares.

In addition, the TRA provides for interest earned from the due date (without extensions) of the corresponding tax return to the date of payment specified by the TRA. We will retain the remaining 15% of cash savings, if any. The payment obligations under the TRA are our obligations and not obligations of FICV. The term of the TRA continues until all such tax benefits have been utilized or expired, unless we exercise our right to terminate the TRA.

If we elect to execute our sole right to terminate the TRA early, we would be required to make an immediate payment equal to the present value of the anticipated future tax benefits subject to the TRA (based upon certain assumptions and deemed events set forth in the TRA, including the assumption that it has sufficient taxable income to fully utilize such benefits and that any FICV interests that Mosing Holdings or its transferees own on the termination date are deemed to be exchanged on the termination date). In addition, payments due under the TRA will be similarly accelerated following certain mergers or other changes of control.

In certain circumstances, we may be required to make payments under the TRA that we have entered into with Mosing Holdings. In most circumstances, these payments will be associated with the actual cash savings that we recognize in connection with the conversion of Preferred Stock, which would reduce the actual tax benefit to us. If we were to elect to exercise our sole right to terminate the TRA early or enter into certain change of control transactions, we may incur payment obligations prior to the time we actually incur any tax benefit. In those circumstances, we would need to pay the amounts out of cash on hand, finance the payments or refrain from triggering the obligation. Though we do not have any present intention of triggering an advance payment under the TRA, based on our current liquidity and our expected ability to access debt and equity financing, we believe we would be able to make such a payment if necessary. Any such payment could reduce our cash on hand and our borrowing availability, however, which would also reduce the amount of cash available to operate our business, to fund capital expenditures and to be paid as dividends to our stockholders, among other things. Please see Note 12—Related Party Transactions in the Notes to Unaudited Condensed Consolidated Financial Statements.

Cash Flows from Operating, Investing and Financing Activities

Cash flows from our operations, investing and financing activities are summarized below (in thousands):

	Nine Months Ended September 30,	
	2019	2018
Operating activities	$ 8,485	$ (35,394)
Investing activities	(191)	(9,215)
Financing activities	(5,416)	(4,636)
	2,878	(49,245)
Effect of exchange rate changes on cash	2,684	2,357
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 5,562	$ (46,888)

Statements of cash flows for entities with international operations that use the local currency as the functional currency exclude the effects of the changes in foreign currency exchange rates that occur during any given year, as these are noncash changes. As a result, changes reflected in certain accounts on the condensed consolidated statements of cash flows may not reflect the changes in corresponding accounts on the condensed consolidated balance sheets.

Operating Activities

Cash flow provided by operating activities was $8.5 million for the nine months ended September 30, 2019 compared to cash flow used in operating activities of $35.4 million for the same period in 2018. The change in cash flow from operating activities of $43.9 million was primarily due to a reduced net loss year-over-year of $7.6 million and favorable accounts receivable changes of $47.1 million, partially offset by an unfavorable change in inventory of $10.7 million.

Investing Activities

Cash flow used in investing activities was $0.2 million for the nine months ended September 30, 2019 compared to $9.2 million in the same period in 2018. The change in cash flow from investing activities of $9.0 million was driven by an increase in net proceeds from investments of $25.5 million, partially offset by a $12.4 million increase in the purchases of property, plant, equipment and intangibles and a decrease in proceeds from the sale of assets of $4.1 million.

Financing Activities

Cash flow used in financing activities was $5.4 million for the nine months ended September 30, 2019 compared to $4.6 million in the same period in 2018. The increase in cash flow used in financing activities of $0.8 million was due to increased repayment of borrowings of $0.8 million.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements with the exception of purchase obligations.

Critical Accounting Policies

There were no changes to our significant accounting policies from those disclosed in our Annual Report with the exception of leases. Please see Note 2—Leases in the Notes to Unaudited Condensed Consolidated Financial Statements.

Impact of Recent Accounting Pronouncements

Refer to Note 1—Basis of Presentation in the Notes to Unaudited Condensed Consolidated Financial Statements for a discussion of accounting standards we recently adopted or will be required to adopt.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

For quantitative and qualitative disclosures about market risk, see Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report. Except for the change below, our exposure to market risk has not changed materially since December 31, 2018.

Based on the derivative contracts that were in place as ofSeptember 30, 2019, a simultaneous 10% weakening of the U.S. dollar compared to the Canadian dollar, Euro, Norwegian krone, and Pound sterling would result in a $3.6 million decrease in the market value of our forward contracts. Please see Note 11—Derivatives in the Notes to Unaudited Condensed Consolidated Financial Statements for additional information regarding our foreign currency derivative contracts outstanding in U.S. dollars as of September 30, 2019.

Item 4. *Controls and Procedures*

(a)Evaluation of Disclosure Controls and Procedures.

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure, and such information is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2019 at the reasonable assurance level.

(b)Change in Internal Control Over Financial Reporting.

There have been no changes in our internal control over financial reporting that occurred during the quarter endedSeptember 30, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

We are the subject of lawsuits and claims arising in the ordinary course of business from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. We had no material accruals for loss contingencies, individually or in the aggregate, as of September 30, 2019 and December 31, 2018. We believe the probability is remote that the ultimate outcome of these matters would have a material adverse effect on our financial position, results of operations or cash flows. Please see Note 15—Commitments and Contingencies in the Notes to Unaudited Condensed Consolidated Financial Statements.

We are conducting an internal investigation of the operations of certain of our foreign subsidiaries in West Africa including possible violations of the U.S. Foreign Corrupt Practices Act ("FCPA"), our policies and other applicable laws. In June 2016, we voluntarily disclosed the existence of our extensive internal review to the U.S. Securities and Exchange Commission ("SEC"), the U.S. Department of Justice ("DOJ") and other governmental entities. It is our intent to continue to fully cooperate with these agencies and any other applicable authorities in connection with any further investigation that may be conducted in connection with this matter. While our review has not indicated that there has been any material impact on our previously filed financial statements, we have continued to collect information and cooperate with the authorities, but at this time are unable to predict the ultimate resolution of these matters with these agencies.

In addition, during the course of the investigation, we discovered historical business transactions (and bids to enter into business transactions) in certain countries that may have been subject to U.S. and other international sanctions. We disclosed this information to the U.S. Department of Commerce's Bureau of Industry and Security, Office of Export Enforcement ("OEE") and to the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") (as well as to the agencies involved in our ongoing investigation discussed above). We received a No Action Letter dated April 20, 2018 from OEE, stating that OEE had closed its investigation without taking further action. In addition, we received a No Action Letter dated April 23, 2018 from OFAC, stating that OFAC had closed its investigation without taking further action.

As disclosed above, our investigation into possible violations of the FCPA remains ongoing, and we will continue to cooperate with the SEC, DOJ and other relevant governmental entities in connection therewith. At this time, we are unable to predict the ultimate resolution of these matters with these agencies, including any financial impact to us. Our board and management are committed to continuously enhancing our internal controls that support improved compliance and transparency throughout our global operations.

Item 1A. ***Risk Factors***

In addition to the other information set forth in this report, you should carefully consider the risks under the heading "Risk Factors" in our Annual Report, which risks could materially affect our business, financial condition or future results. These risks are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

Item 6. *Exhibits*

The exhibits required to be filed by Item 6 are set forth in the Exhibit Index included below.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Deed of Amendment to Articles of Association of Frank's International N.V., dated May 19, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-36053), filed on May 25, 2017).
†10.1	Separation Agreement and Release, dated as of June 24, 2019 and effective as of July 1, 2019, by and between Kyle McClure and Frank's International N.V. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 6, 2019).
*31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 (a) under the Securities Exchange Act of 1934.
*31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
**32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350.
**32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
*101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*101.SCH	Inline XBRL Taxonomy Extension Schema Document.
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
*101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
*104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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† Represents management contract or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith.

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 thereunto duly authorized.

FRANK'S INTERNATIONAL N.V.

Date:	November 5, 2019	By:	/s/ Melissa Cougle
			Melissa Cougle
			Senior Vice President and Chief Financial Officer
			(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Michael C. Kearney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this “report”) of Frank’s International N.V. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 5, 2019

/s/ Michael C. Kearney
Michael C. Kearney
Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Melissa Cougle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this “report”) of Frank’s International N.V. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 5, 2019

/s/ Melissa Cougle
Melissa Cougle
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER UNDER SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with the Quarterly Report of Frank's International N.V. (the "Company") on Form 10-Q for the period endedSeptember 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael C. Kearney, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 5, 2019

/s/ Michael C. Kearney
Michael C. Kearney
Chairman, President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER UNDER SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with the Quarterly Report of Frank's International N.V. (the "Company") on Form 10-Q for the period endedSeptember 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Melissa Cougle, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 5, 2019

/s/ Melissa Cougle
Melissa Cougle
Senior Vice President and Chief Financial Officer