

Frank's International Q1 2016 Earnings Conference Call

April 27, 2016



Unlocking Complexities.

Q1 2016 Earnings Conference Call

Introduction – Blake Holcomb, Director of Investor Relations

Operations Overview – Gary Luquette, President and CEO

Financial Performance – Jeff Bird, EVP and CFO

Q & A

Corporate Information

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John Walker

Executive Vice President, Operations

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Gary Luquette – President and CEO

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Q1 2016 Summary

- Maintained offshore adjusted EBITDA margins above 30% in all operating markets and held market share flat quarter over quarter

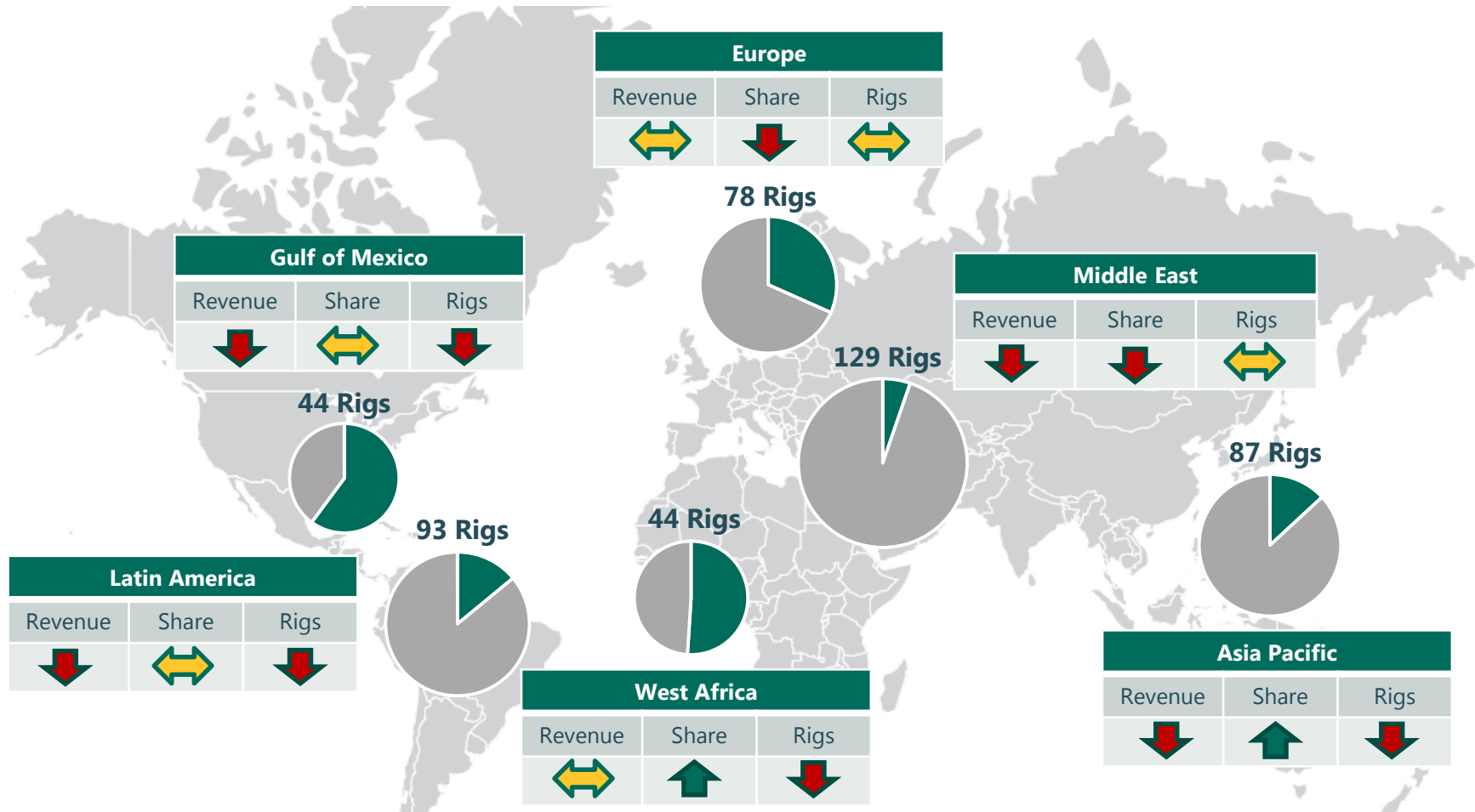
 - Bolstered an already pristine balance sheet with free cash flow generation of nearly \$38 million and sustained dividend

 - Continued to control what we can by lowering costs and investing in organizational and operational efficiencies

 - Negative adjusted EBITDA margins in Tubular Sales and U.S. onshore business offset comparatively resilient International Services segment results
-

FI Offshore Global Market Share

Frank's Market Share ~22%
Addressable Market Size ~370 Rigs



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

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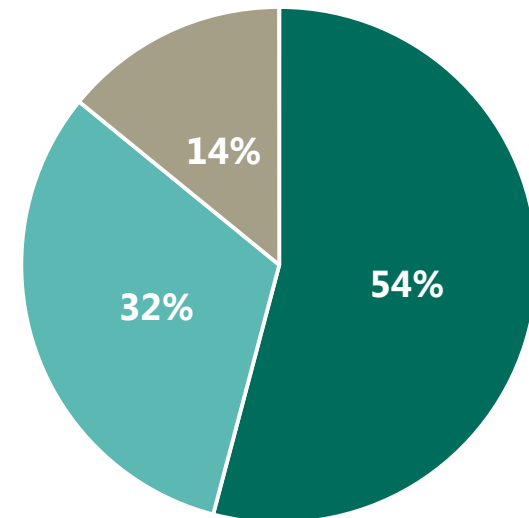
Jeff Bird – Executive Vice President and CFO

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Q1 2016 Financial Highlights

	Q1 Results	Q/Q Δ
International Services	\$83.1 MM	(10%)
U.S. Services	\$48.8 MM	(24%)
Tubular Sales	\$21.6 MM	(53%)
Total Company Revenue	\$153.5 MM	(24%)
Adj. EBITDA⁽¹⁾	\$31.7 MM	(50%)
Adj. EBITDA margin	20.6%	(1,080) bps
Diluted EPS	\$0.00	(100%)
Operating Cash Flow	\$46.2 MM	(65%)
Cash & Equivalents	\$608.8 MM	1%
Capital Expenditures	\$8.3 MM	(28%)
Quarterly Dividend	\$0.15	-

Q1 2015 Revenue Breakdown



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

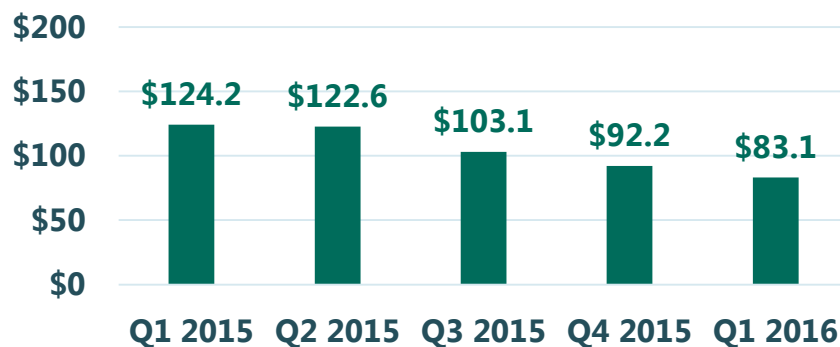
Continue to generate free cash flow, but earnings and margins weighed down by losses in the U.S. Onshore business and Tubular Sales/Manufacturing segment

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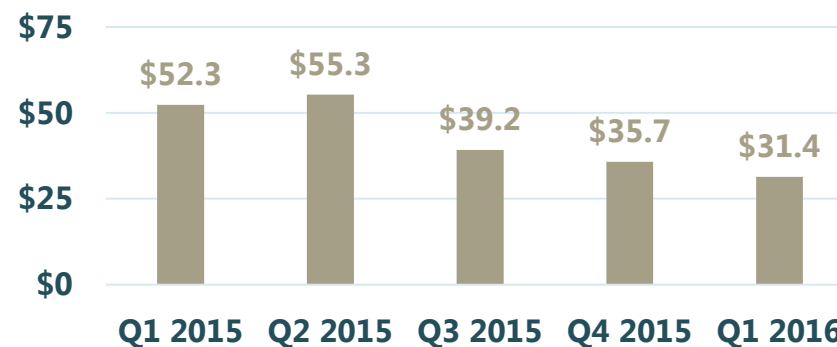
(1) Adjusted EBITDA is a non-GAAP financial measure. See reconciliation of income from continuing operations to adjusted EBITDA

International Services – Q1 2016 Highlights

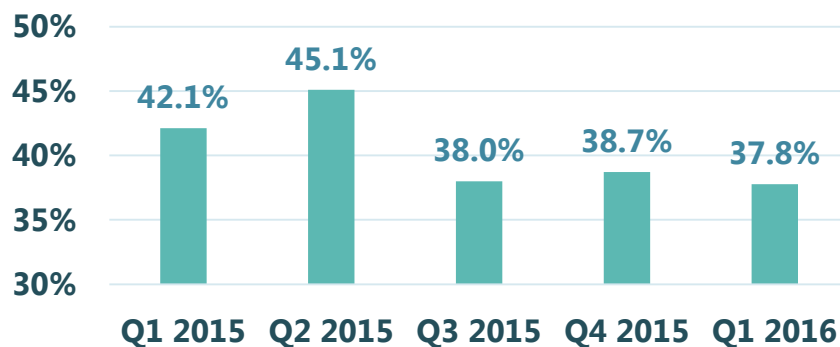
Revenue



Adj. EBITDA

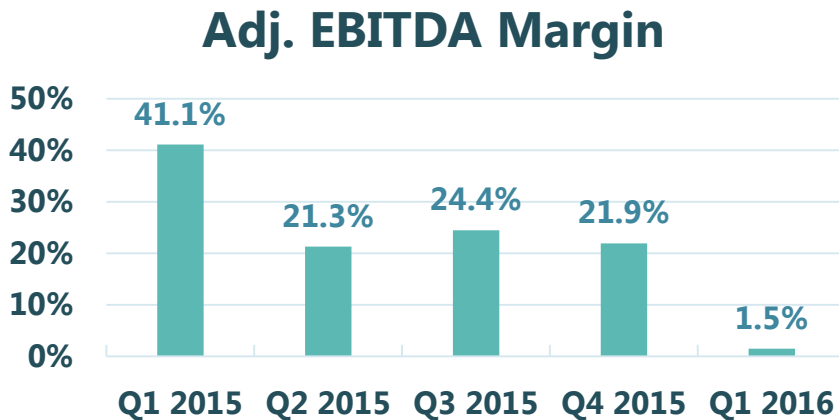
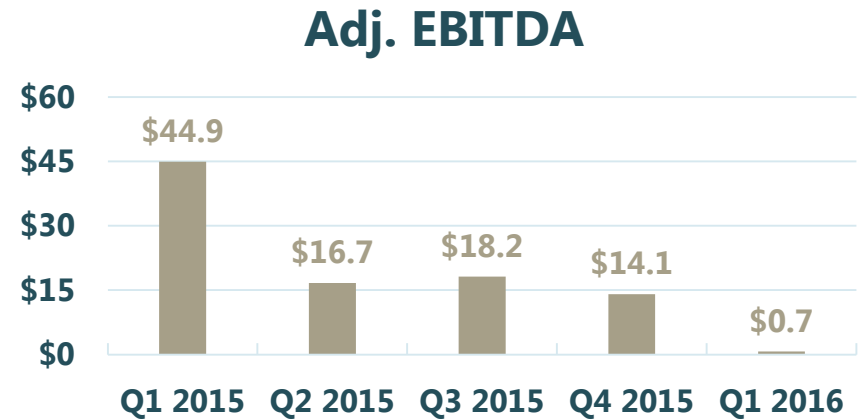
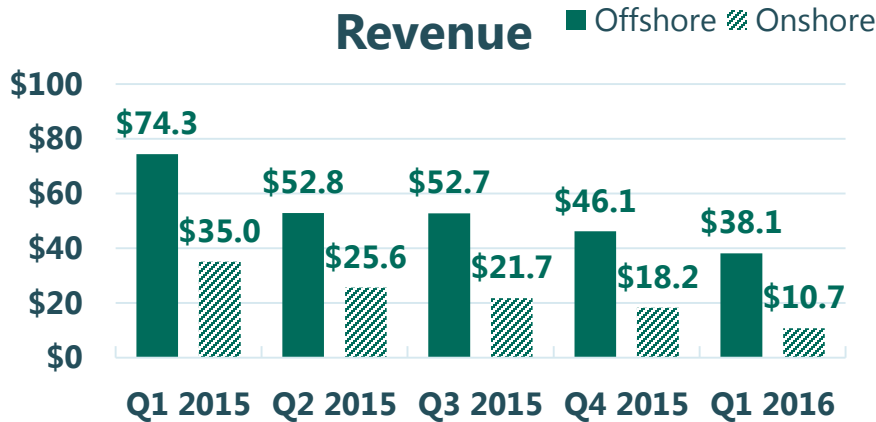


Adj. EBITDA Margin



- **Latin America and Middle East regions drivers of decline, but Middle East improvement expected in 2016**
- **Adjusted EBITDA margins and market share held steady in face of steep declines in activity**
- **West Africa activity expected to see significant decline in the balance of the year**

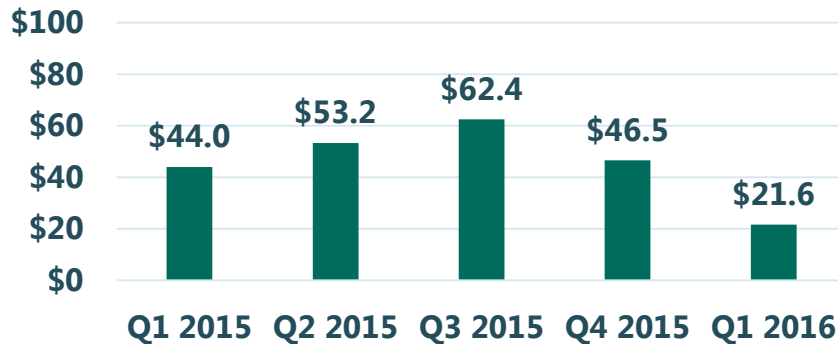
U.S. Services – Q1 2016 Highlights



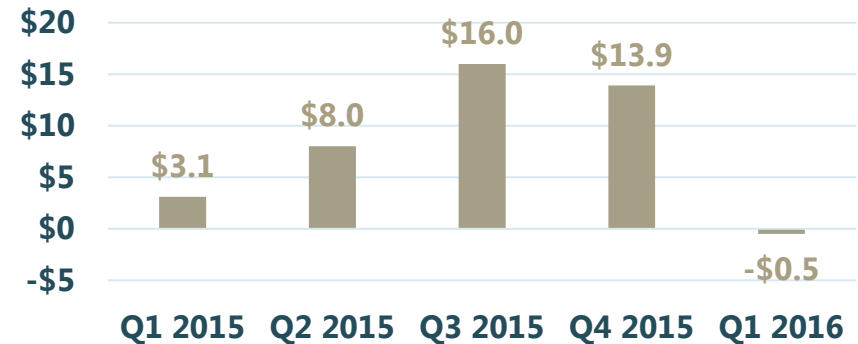
- U.S. Offshore market share remains above 60% and margins above 40%
- U.S. Offshore pricing under further pressure and competition is intensifying
- U.S. Onshore holding share, but continues to struggle losing in excess of \$3MM in EBITDA
- Higher corporate expenses related to professional fees tempered margins

Tubular Sales – Q1 2016 Highlights

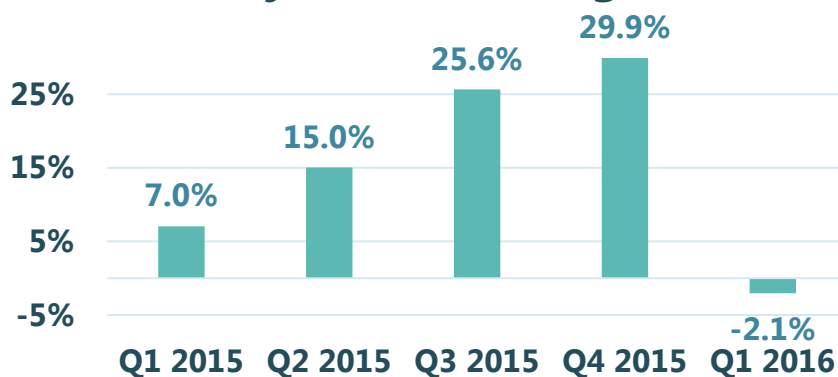
Revenue



Adj. EBITDA



Adj. EBITDA Margin



- Manufacturing costs outpaced sales volumes leading to a loss in the segment
- Order and delivery backlog down 75% year-over-year
- Slight pick up in international quotes in the market, but no major awards have materialized

Updated Market Outlook

- **Announcement of \$150 million share repurchase program**
- **West Africa and Latin America regions expected to see meaningful decrease in activity second half of 2016 as contracted rigs from key customers exit the markets.**
- **Continue to control costs – annualized savings now expected to be in excess of \$75 million in 2016, up from \$60 million**
- **Q2 and likely remainder of 2016 may not substantially improve from Q1 unless conditions material improve in the market**
- **Compete for market share, deliver quality, safe and reliable services to our customers and broaden service offerings if opportunities materialize**

Questions?

Non-GAAP Reconciliations

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Revenues	\$ 153,486	\$ 202,976	\$ 277,437
(Loss) income from continuing operations	(2,408)	\$ 6,768	\$ 46,401
Interest (income) expense, net	(206)	(191)	(8)
Income tax expense (benefit)	(806)	4,657	11,262
Depreciation and amortization	29,450	28,219	24,001
(Gain) loss on sale of assets	(770)	(517)	184
Foreign currency (gain) loss	41	(205)	(1,533)
Stock-based compensation expense	4,104	3,796	8,010
Severance and other charges	606	21,276	11,973
Change in value of contingent consideration	1,658	-	-
Adjusted EBITDA	\$ 31,669	\$ 63,803	\$ 100,290
Adjusted EBITDA margin	20.6%	31.4%	36.1%

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Net cash provided by operating activities	\$ 46,163	\$ 132,371	\$ 100,129
Less: Capital expenditures	8,268	11,427	43,871
Free cash flow	\$ 37,895	\$ 120,944	\$ 56,258

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Non-GAAP Reconciliations (continued)

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Segment Adjusted EBITDA:			
International Services	\$ 31,379	\$ 35,723	\$ 52,285
U.S. Services	715	14,104	44,893
Tubular Sales	(446)	13,917	3,119
Total	31,648	63,744	100,297
Corporate and other	21	59	(7)
Adjusted EBITDA Total	31,669	63,803	100,290
Interest income (expense), net	206	191	8
Income tax expense	806	(4,657)	(11,262)
Depreciation and amortization	(29,450)	(28,219)	(24,001)
Gain (loss) on sale of assets	770	517	(184)
Foreign currency gain (loss)	(41)	205	1,533
Stock-based compensations expense	(4,104)	(3,796)	(8,010)
Severance and other charges	(606)	(21,276)	(11,973)
Unrealized and realized gains (losses)	(1,658)	-	-
Income from continuing operations	\$ (2,408)	\$ 6,768	\$ 46,401