



# Frank's International Q4 and Full Year 2018 Conference Call

February 25, 2019



# Corporate Information

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

# Q4 & Full Year (FY) 2018 Earnings Conference Call

**Introduction – Blake Holcomb, Director of Finance**

**FY & Quarter Overview – Mike Kearney, President and CEO**

**Financial Performance – Kyle McClure, SVP and CFO**

**Q & A**

## Full Year 2018 Summary

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- **Successful execution of targeted initiatives to drive enhancements in our people, portfolio, technology and profitability**

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- **Grew revenue by 15% with growth across all segments, including Blackhawk (26%), U.S. Services (25%), International Services (8%) and Tubular Sales (6%)**

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- **Cost control efforts resulted in 600 basis point reduction in General & Administrative expense as a % of revenue**

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- **Increased adjusted EBITDA by >475% with 510 basis points improvement in related margin**

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## Q4 2018 Summary

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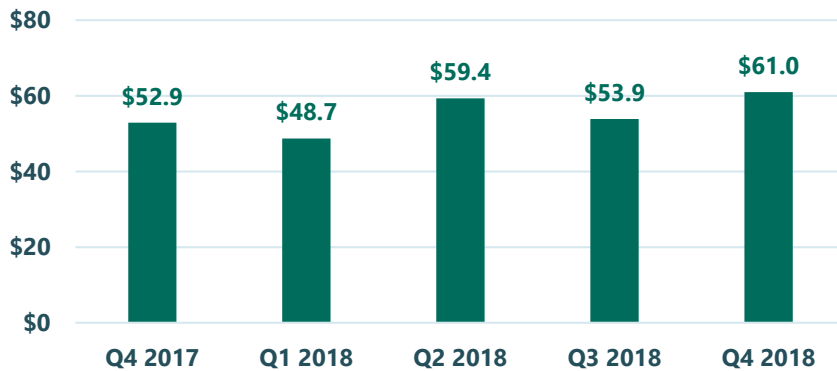
- **Grew sequential revenue and adjusted EBITDA by 13% and 10%, respectively, on strong demand for our service offerings and increased activity in international markets and TRS Gulf of Mexico**
  - **International Services revenue up 13% on ramp up of work in Africa, Middle East and Europe and increased margins on higher activity and improved work mix**
  - **U.S. Services revenue up 12% on increased market share offshore and higher activity and pricing onshore**
  - **Revenue for Tubular Sales up 50% (highest quarterly level of year), while Blackhawk down 5% on decreased activity in Gulf of Mexico**
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# Outlook

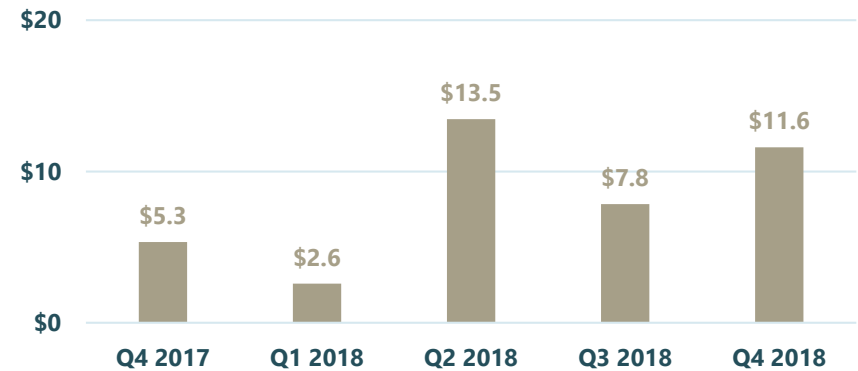
- **2018 investments and improvements in people, process, technology and profitability uniquely positions Company for continued success**
- **Focused on further improvement in returns and growth through business that meets profitability targets**
- **Anticipate sustained – but gradual – overall market recovery, particularly for offshore activity**
- **Expect significant growth in 2019 revenue, adjusted EBITDA and margins**
  - **Primarily from international complemented by U.S. onshore**
  - **Driving growth across entire business through targeted expansion, focusing on higher margin offerings and leveraging proven ability to uniquely develop and enhance existing technologies**

# International Services – Q4 2018 Highlights

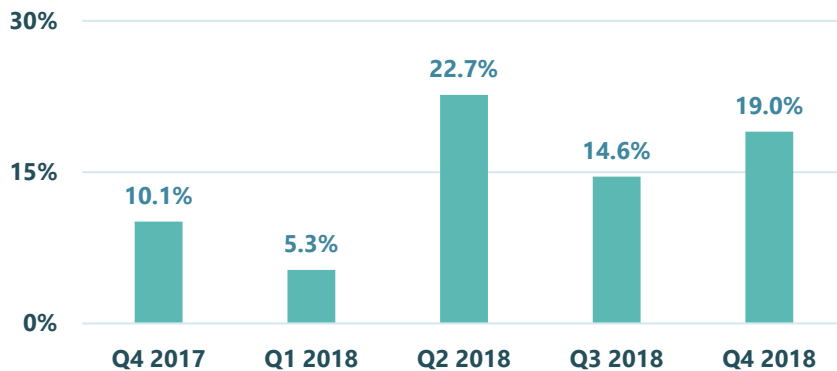
### Revenue (\$M)



### Adj. EBITDA (\$M)



### Adj. EBITDA Margin (%)



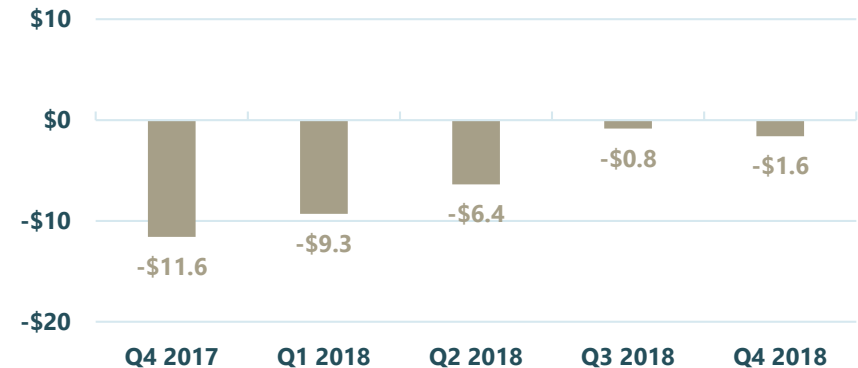
- Revenue increased 13% primarily due to ramping up of work in Africa, Middle East and Europe
- Adjusted EBITDA driven higher by increased activity and improved work mix in the Middle East and Africa

# U.S. Services – Q4 2018 Highlights

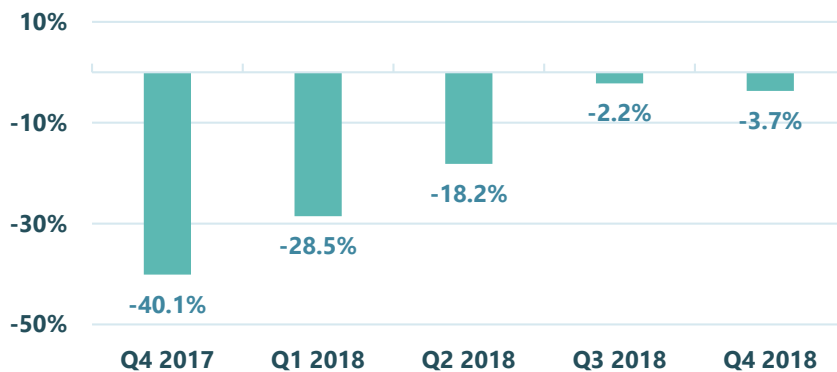
### Revenue (\$M)



### Adj. EBITDA (\$M)



### Adj. EBITDA Margin (%)



- **U.S. Onshore up 5% sequentially despite overall market slow down**
- **Offshore revenue up 19% sequentially on full quarter of recent share gains**
- **Adjusted EBITDA lower sequentially due to increased repair & maintenance expenses, labor costs, as well as higher professional fees.**

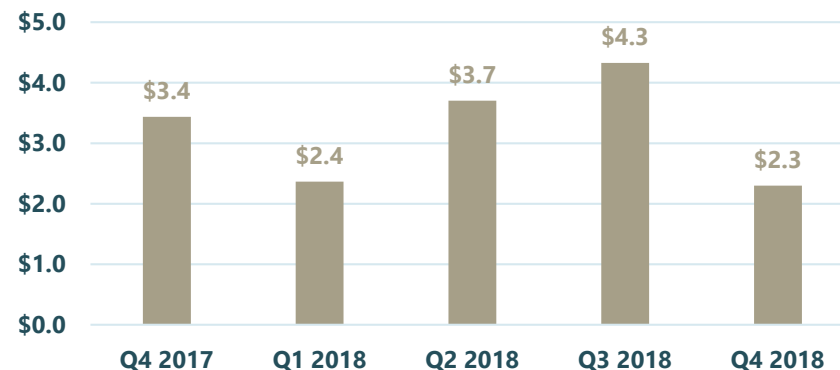


# Blackhawk – Q4 2018 Highlights

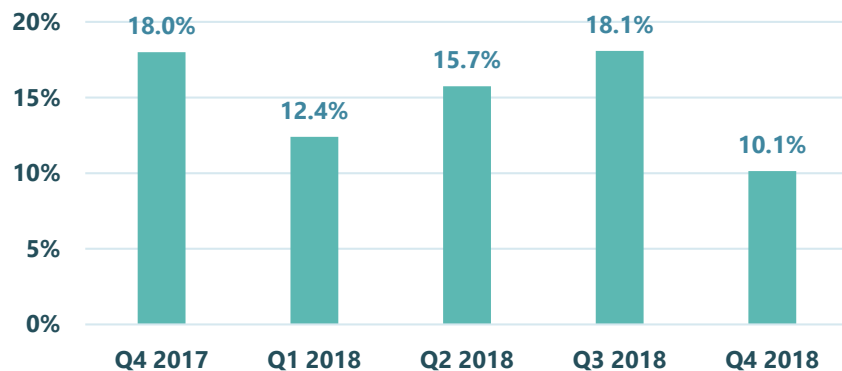
### Revenue (\$M)



### Adj. EBITDA (\$M)



### Adj. EBITDA Margin (%)



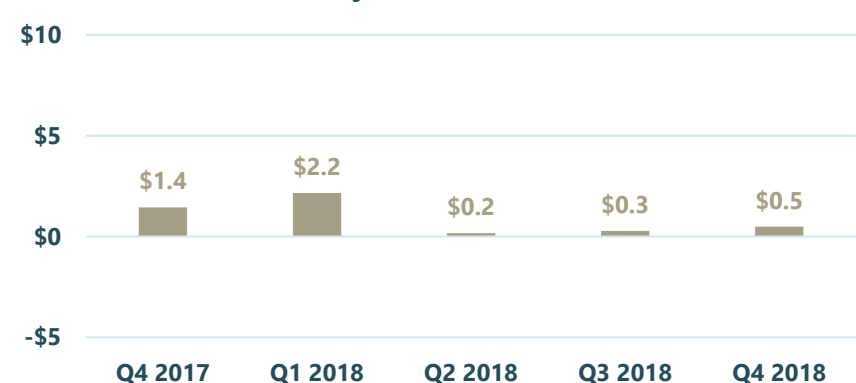
- **Sequential decline due to product delivery delays in the Gulf of Mexico and Well Intervention revenue due to a less active storm season during Q4**
- **Adjusted EBITDA lower due a higher mix of product revenue**

# Tubular Sales – Q4 2018 Highlights

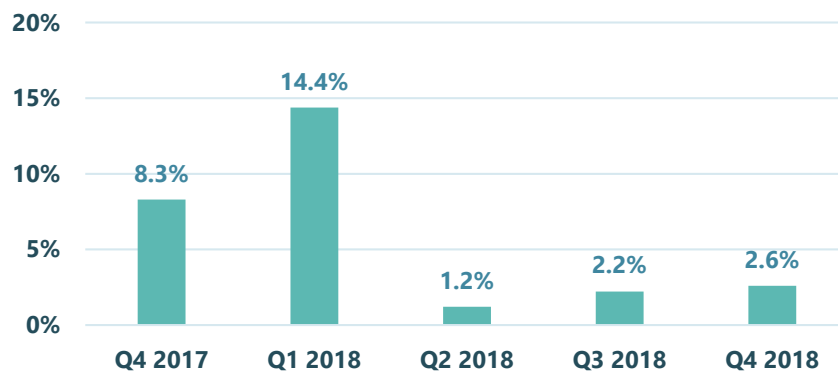
### Revenue (\$M)



### Adj. EBITDA (\$M)



### Adj. EBITDA Margin (%)

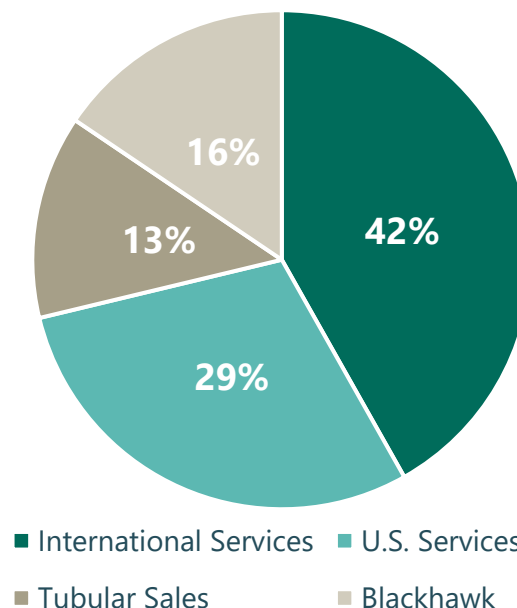


- Revenue up on a large tubular order from a long-time customer
- Adjusted EBITDA increased due to higher sales, partially offset by higher manufacturing costs in the period

## Q4 2018 Financial Summary

	Q4 2018	Q3 2018	Q/Q Δ
International Services	\$61.0 M	\$53.9 M	13%
U.S. Services	\$42.9 M	\$38.3 M	12%
<b>Global TRS</b>	<b>\$103.9 M</b>	<b>\$92.2 M</b>	<b>13%</b>
Tubular Sales	\$19.3 M	\$12.9 M	50%
Blackhawk	\$22.7 M	\$23.9 M	(5%)
<b>Total Company Revenue</b>	<b>\$145.9 M</b>	<b>\$129.0 M</b>	<b>13%</b>
<b>Adj. EBITDA<sup>(1)</sup></b>	<b>\$12.8 M</b>	<b>\$11.6 M</b>	<b>+\$1.2 M</b>
<b>Adj. EBITDA margin<sup>(1)</sup></b>	<b>8.79%</b>	<b>9.01%</b>	<b>-22 bps</b>
<b>EPS</b>	<b>(\$0.07)</b>	<b>(\$0.03)</b>	<b>-\$0.04</b>
Operating Cash Flow	\$2.8 M	\$2.5 M	+\$0.3 M
Cash, Cash Equivalents & Short-term investments	\$212.8 M	\$246.6 M	-\$33.8 M
Purchases of Property, Plant & Equipment and Intangibles	\$41.9 M	\$3.3 M	+\$38.6 M

### Q4 2018 Revenue Breakdown



**EBITDA higher sequentially due to increased International and TRS GoM activity, partially offset by higher professional fees related to the completion of certain corporate-related projects.**

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(1) Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures. See reconciliation of net income (loss) to adjusted EBITDA and adjusted EBITDA margin.

# Questions