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 June 30, 2020

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 July 28, 2020, there were 226,142,257 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)

	June 30, 2020	December 31, 2019
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 192,921	$ 195,383
Restricted cash	1,358	1,357
Accounts receivables, net	137,068	166,694
Inventories, net	79,857	78,829
Assets held for sale	8,732	13,795
Other current assets	8,943	10,360
Total current assets	428,879	466,418
Property, plant and equipment, net	297,794	328,432
Goodwill	42,785	99,932
Intangible assets, net	9,643	16,971
Deferred tax assets, net	15,774	16,590
Operating lease right-of-use assets	29,594	32,585
Other assets	29,513	33,237
Total assets	$ 853,982	$ 994,165
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 104,022	$ 120,321
Current portion of operating lease liabilities	7,854	7,925
Deferred revenue	425	657
Total current liabilities	112,301	128,903
Deferred tax liabilities	1,503	2,923
Non-current operating lease liabilities	22,803	24,969
Other non-current liabilities	23,711	27,076
Total liabilities	160,318	183,871
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, €0.01 par value, 798,096,000 shares authorized, 228,292,992 and 227,000,507 shares issued and 225,927,200 and 225,510,650 shares outstanding	2,860	2,846
Additional paid-in capital	1,082,008	1,075,809
Accumulated deficit	(341,349)	(220,805)
Accumulated other comprehensive loss	(30,013)	(30,298)
Treasury stock (at cost), 2,365,792 and 1,489,857 shares	(19,842)	(17,258)
Total stockholders' equity	693,664	810,294
Total liabilities and equity	$ 853,982	$ 994,165

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue:				
Services	$ 74,583	$ 127,091	$ 179,666	$ 242,497
Products	11,518	28,563	29,927	57,565
Total revenue	86,101	155,654	209,593	300,062
Operating expenses:				
Cost of revenue, exclusive of depreciation and amortization				
Services	61,051	85,785	140,431	169,024
Products	8,286	23,475	22,274	43,603
General and administrative expenses	22,286	34,026	48,969	69,437
Depreciation and amortization	17,252	23,913	36,970	49,155
Goodwill impairment	—	—	57,146	—
Severance and other charges, net	5,162	815	25,887	1,270
(Gain) loss on disposal of assets	(650)	154	(590)	381
Operating loss	(27,286)	(12,514)	(121,494)	(32,808)
Other income (expense):				
Tax receivable agreement related adjustments	—	220	—	220
Other income, net	156	669	2,182	1,198
Interest income, net	178	426	711	1,194
Foreign currency gain (loss)	1,693	(661)	(8,199)	(178)
Total other income (expense)	2,027	654	(5,306)	2,434
Loss before income taxes	(25,259)	(11,860)	(126,800)	(30,374)
Income tax expense (benefit)	8,986	3,300	(6,577)	13,073
Net loss	$ (34,245)	$ (15,160)	$ (120,223)	$ (43,447)
Loss per common share:				
Basic and diluted	$ (0.15)	$ (0.07)	$ (0.53)	$ (0.19)
Weighted average common shares outstanding:				
Basic and diluted	225,853	225,052	225,855	224,854

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 June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Net loss	$ (34,245)	$ (15,160)	$ (120,223)	$ (43,447)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(139)	458	285	708
Total other comprehensive income (loss)	(139)	458	285	708
Comprehensive loss	$ (34,384)	$ (14,702)	$ (119,938)	$ (42,739)

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)

	Six Months Ended June 30, 2019						
	Common Stock		Additional Paid-In Capital	Accumulated 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
Change in 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

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)

	Six Months Ended June 30, 2020						
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders’ Equity
	Shares	Value					
Balances at December 31, 2019	225,511	$ 2,846	$ 1,075,809	$ (220,805)	$ (30,298)	$ (17,258)	$ 810,294
Cumulative effect of accounting change	—	—	—	(321)	—	—	(321)
Net loss	—	—	—	(85,978)	—	—	(85,978)
Foreign currency translation adjustments	—	—	—	—	424	—	424
Equity-based compensation expense	—	—	2,146	—	—	—	2,146
Common shares issued upon vesting of share-based awards	937	10	(10)	—	—	—	—
Common shares issued for employee stock purchase plan	126	1	551	—	—	—	552
Treasury shares withheld	(293)	—	—	—	—	(1,056)	(1,056)
Share repurchase program	(373)	—	—	—	—	(1,017)	(1,017)
Balances at March 31, 2020	225,908	$ 2,857	$ 1,078,496	$ (307,104)	$ (29,874)	$ (19,331)	$ 725,044
Net loss	—	—	—	(34,245)	—	—	(34,245)
Foreign currency translation adjustments	—	—	—	—	(139)	—	(139)
Equity-based compensation expense	—	—	3,515	—	—	—	3,515
Common shares issued upon vesting of share-based awards	229	3	(3)	—	—	—	—
Treasury shares withheld	(13)	—	—	—	—	(31)	(31)
Share repurchase program	(197)	—	—	—	—	(480)	(480)
Balances at June 30, 2020	225,927	$ 2,860	$ 1,082,008	$ (341,349)	$ (30,013)	$ (19,842)	$ 693,664

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)

	Six Months Ended June 30,	
	2020	**2019**
Cash flows from operating activities		
Net loss	$ (120,223)	$ (43,447)
Adjustments to reconcile net loss to cash from operating activities		
Depreciation and amortization	36,970	49,155
Equity-based compensation expense	5,661	5,591
Goodwill impairment	57,146	—
Loss on asset impairments and retirements	20,532	—
Amortization of deferred financing costs	194	177
Deferred tax provision (benefit)	(1,690)	3,702
Provision for bad debts	1,750	85
(Gain) loss on disposal of assets	(590)	381
Changes in fair value of investments	813	(1,879)
Unrealized (gain) loss on derivative instruments	—	204
Other	(380)	(373)
Changes in operating assets and liabilities		
Accounts receivable	24,465	(14,334)
Inventories	(4,539)	(2,323)
Other current assets	2,272	2,063
Other assets	390	111
Accounts payable and accrued liabilities	(15,187)	(17,118)
Deferred revenue	(226)	22
Other non-current liabilities	(3,212)	594
Net cash provided by (used in) operating activities	4,146	(17,389)
Cash flows from investing activities		
Purchases of property, plant and equipment and intangibles	(20,259)	(17,240)
Proceeds from sale of assets	6,565	260
Proceeds from sale of investments	2,832	31,739
Purchase of investments	—	(20,185)
Other	(256)	—
Net cash used in investing activities	(11,118)	(5,426)
Cash flows from financing activities		
Repayments of borrowings	—	(3,492)
Treasury shares withheld for taxes	(1,086)	(1,542)
Treasury share repurchase	(1,498)	—
Proceeds from the issuance of ESPP shares	552	692
Deferred financing costs	—	(184)
Net cash used in financing activities	(2,032)	(4,526)
Effect of exchange rate changes on cash	6,543	(416)
Net decrease in cash, cash equivalents and restricted cash	(2,461)	(27,757)
Cash, cash equivalents and restricted cash at beginning of period	196,740	186,212
Cash, cash equivalents and restricted cash at end of period	$ 194,279	$ 158,455

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.

The impact of the Coronavirus Disease 2019 (“Covid-19”) pandemic and related economic, business and market disruptions is evolving rapidly and its future effects are uncertain. The actual impact of these recent developments on our business will depend on many factors, many of which are beyond management's control and knowledge. It is therefore difficult for management to assess or predict with precision the broad future effect of this health crisis on the global economy, the energy industry or us. As additional information becomes available, events or circumstances change and strategic operational decisions are made by management, further adjustments may be required which could have a material adverse impact on the Company's consolidated financial position, results of operations and cash flows.

Basis of Presentation

The condensed consolidated financial statements of FINV for the three and six months ended June 30, 2020 and 2019 include the activities of FINV, Frank’s International C.V. (“FICV”), Blackhawk Group Holdings, LLC (“Blackhawk”) and their wholly owned subsidiaries (either individually or together, as context requires, 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, 2019 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, 2019, which are included in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 25, 2020 (“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.

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 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. We adopted the guidance on January 1, 2020 and the adoption did not have a material impact on our consolidated financial statements. The new credit loss standard is expected to accelerate recognition of credit losses on our accounts receivable. See Note 3—Accounts Receivable, net for additional information regarding allowance for credit losses on our accounts receivable.

Note 2—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 June 30, 2020 and December 31, 2019 were as follows (in thousands):

	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 192,921	$ 195,383
Restricted cash	1,358	1,357
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	$ 194,279	$ 196,740

Restricted cash primarily consists of cash deposits that collateralize our credit card program. Cash paid for income taxes, net of refunds, was $8.6 million and $4.4 million for the six months ended June 30, 2020 and 2019, respectively.

Note 3—Accounts Receivable, net

Accounts receivable at June 30, 2020 and December 31, 2019 were as follows (in thousands):

	June 30, 2020	December 31, 2019
Trade accounts receivable, net of allowance for credit losses of $7,333 and $5,129, respectively	$ 78,082	$ 101,718
Unbilled receivables	26,121	43,422
Taxes receivable	29,239	18,516
Affiliated [1]	549	549
Other receivables	3,077	2,489
Total accounts receivable, net	$ 137,068	$ 166,694

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

We estimate current expected credit losses on our accounts receivable at each reporting date. We estimate current expected credit losses based on our credit loss history, adjusted for current factors including global economic and business conditions, oil and natural gas industry and market conditions and customer mix.

Note 4—Inventories, net

Inventories at June 30, 2020 and December 31, 2019 were as follows (in thousands):

	June 30, 2020	December 31, 2019
Pipe and connectors, net of allowance of $17,823 and $18,287, respectively	$ 22,551	$ 21,779
Finished goods, net of allowance of $128 and $485, respectively	22,586	25,628
Work in progress	4,929	3,663
Raw materials, components and supplies	29,791	27,759
Total inventories, net	$ 79,857	$ 78,829

Note 5—Property, Plant and Equipment

The following is a summary of property, plant and equipment at June 30, 2020 and December 31, 2019 (in thousands):

	Estimated Useful Lives in Years	June 30, 2020	December 31, 2019
Land	—	$ 29,744	$ 30,724
Land improvements	8-15	7,169	7,193
Buildings and improvements	13-39	114,314	116,182
Rental machinery and equipment	5-7	883,108	882,979
Machinery and equipment - other	7	56,992	60,182
Furniture, fixtures and computers	5	16,988	17,251
Automobiles and other vehicles	5	28,044	28,734
Leasehold improvements	7-15, or lease term if shorter	13,408	14,258
Construction in progress - machinery and equipment	—	44,106	46,564
		1,193,873	1,204,067
Less: Accumulated depreciation		(896,079)	(875,635)
Total property, plant and equipment, net		$ 297,794	$ 328,432

During the six months ended June 30, 2020, we recorded fixed asset impairment charges of $15.5 million primarily associated with construction in progress in our Cementing Equipment segment, which is included in severance and other charges, net on our condensed consolidated statements of operations. During the first quarter of 2020, the results of the Company's test for impairment of goodwill in the Cementing Equipment segment as a result of negative market indicators was a triggering event that indicated that our long-lived tangible assets in this segment were impaired. Impairment testing performed in the first quarter resulted in the determination that certain long-lived assets were not recoverable and that the estimated fair value was below the carrying value. No impairments were recognized during the three months ended June 30, 2020 or the three and six months ended June 30, 2019. Please see Note 16—Severance and Other Charges, net for additional details.

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 second quarter of 2020, we sold a building classified as held for sale for $5.4 million and recorded a gain of $0.6 million.

The following table presents the depreciation and amortization expense associated with each line item for the three and six months ended June 30, 2020 and 2019 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Services	$ 15,771	$ 20,907	$ 33,034	$ 42,412
Products	184	425	423	859
General and administrative expenses	1,297	2,581	3,513	5,884
Total	$ 17,252	$ 23,913	$ 36,970	$ 49,155

Note 6—Goodwill and Intangible Assets

Goodwill

Goodwill is not subject to amortization and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. A qualitative assessment is allowed to determine if goodwill is potentially impaired. We have the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the quantitative goodwill impairment test. The qualitative assessment determines whether it is more likely than not that a reporting unit’s fair value is less than its carrying amount. If it is more likely than not that the fair value of the reporting unit is less than the carrying amount, then a quantitative impairment test is performed. The quantitative goodwill impairment test is used to identify both the existence of impairment and the amount of impairment loss. The test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded based on that difference. We complete our assessment of goodwill impairment as of October 31 each year.

As a result of the decline in oil prices due to the ongoing Covid-19 pandemic and the Organization of Petroleum Exporting Countries (“OPEC”) and Russia price war, we identified that it was more likely than not that the fair value of goodwill within our Cementing Equipment reporting unit was less than its carrying value. Based on the result of our goodwill impairment test as of March 31, 2020, we recorded a $57.1 million impairment charge to goodwill, which is included in goodwill impairment on the condensed consolidated statements of operations.

We used the income approach to estimate the fair value of the Cementing Equipment reporting unit, but also considered the market approach to validate the results. The income approach estimates the fair value by discounting the reporting unit’s estimated future cash flows using an estimated discount rate, or expected return, that a marketplace participant would have required as of the valuation date. The market approach includes the use of comparative multiples to corroborate the discounted cash flow results and involves significant judgment in the selection of the appropriate peer group companies and valuation multiples. The inputs used in the determination of fair value are generally level 3 inputs.

Some of the more significant assumptions inherent in the income approach include the estimated future net annual cash flows for the reporting unit and the discount rate. We selected the assumptions used in the discounted cash flow projections using historical data supplemented by current and anticipated market conditions and estimated growth rates. Our estimates are based upon assumptions believed to be reasonable. However, given the inherent uncertainty in determining the assumptions underlying a discounted cash flow analysis, actual results may differ from those used in our valuation which could result in additional impairment charges in the future. Assuming all other assumptions and inputs used in the discounted cash flow analysis were held constant, a 50 basis point increase in the discount rate assumption would have increased the goodwill impairment charge by approximately $4.3 million.

No goodwill impairment was recorded during the three months ended June 30, 2020 or for the three and six months ended June 30, 2019. At June 30, 2020, goodwill is allocated to our reportable segments as follows: Cementing Equipment - approximately $24.1 million; Tubular Running Services - approximately $18.7 million.

Intangible Assets

Identifiable intangible assets are amortized using the straight-line method over the estimated useful lives of the assets. We evaluate impairment of our intangible assets on an asset group basis whenever circumstances indicate that the carrying value may not be recoverable. Intangible assets deemed to be impaired are written down to their fair value using a discounted cash flow model and, if available, comparable market values.

The following table provides information related to our intangible assets as of June 30, 2020 and December 31, 2019 (in thousands):

	June 30, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Total	Gross Carrying Amount	Accumulated Amortization	Total
Customer Relationships	$ 28,300	$ (25,552)	$ 2,748	$ 32,890	$ (23,946)	$ 8,944
Intellectual Property	13,860	(6,965)	6,895	14,029	(6,002)	8,027
Total intangible assets	$ 42,160	$ (32,517)	$ 9,643	$ 46,919	$ (29,948)	$ 16,971

Our intangible assets are primarily associated with our Cementing Equipment segment. Amortization expense for intangible assets was $0.9 million and $2.8 million for the three months ended June 30, 2020 and 2019, respectively, and $2.6 million and $5.7 million for the six months ended June 30, 2020 and 2019, respectively. During the first quarter of 2020, the results of the Company's test for impairment of goodwill in the Cementing Equipment segment as a result of the negative market indicators described above was a triggering event that indicated that our intangible assets in this segment were impaired. Impairment testing performed in the first quarter resulted in the determination that certain intangible assets were not recoverable and that the estimated fair value was below the carrying value. As a result, during the six months ended June 30, 2020, impairment charges of $4.7 million were recorded associated with certain customer relationships and intellectual property intangible assets in our Cementing Equipment segment, which are included in severance and other charges, net on the condensed consolidated statements of operations. No intangible asset impairment was recorded during the three months ended June 30, 2020 or the three and six months ended June 30, 2019. Please see Note 16—Severance and Other Charges, net for additional details.

Note 7—Other Assets

Other assets at June 30, 2020 and December 31, 2019 consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Cash surrender value of life insurance policies [(1)]	$ 24,191	$ 27,313
Deposits	2,227	2,119
Other	3,095	3,805
Total other assets	$ 29,513	$ 33,237

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

Note 8—Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2020 and December 31, 2019 consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Accounts payable	$ 19,086	$ 16,793
Accrued compensation	19,182	23,988
Accrued property and other taxes	20,163	20,099
Accrued severance and other charges	3,986	5,837
Income taxes	15,851	19,166
Affiliated [(1)]	2,224	1,694
Accrued purchase orders and other	23,530	32,744
Total accounts payable and accrued liabilities	$ 104,022	$ 120,321

(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 June 30, 2020, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $9.2 million and availability of $25.1 million.

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 June 30, 2020 and December 31, 2019, were as follows (in thousands):

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2020				
Assets:				
Investments:				
Cash surrender value of life insurance policies - deferred compensation plan	$ —	$ 24,191	$ —	$ 24,191
Marketable securities - other	3	—	—	3
Liabilities:				
Deferred compensation plan	—	20,385	—	20,385
December 31, 2019				
Assets:				
Investments:				
Cash surrender value of life insurance policies - deferred compensation plan	$ —	$ 27,313	$ —	$ 27,313
Marketable securities - other	8	—	—	8
Liabilities:				
Derivative financial instruments	—	324	—	324
Deferred compensation plan	—	23,251	—	23,251

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 accounts payable and accrued liabilities at December 31, 2019.

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.

We perform our goodwill impairment assessment for each reporting unit by comparing the estimated fair value of each reporting unit to the reporting unit's carrying value, including goodwill. We estimate the fair value for each reporting unit using a discounted cash flow analysis based on management's short-term and long-term forecast of operating performance. This analysis includes significant assumptions regarding discount rates, revenue growth

rates, expected profitability margins, forecasted capital expenditures and the timing of expected future cash flows based on market conditions. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired. If the carrying amount of a reporting unit exceeds its estimated fair value, an impairment loss is measured and recorded.

When conducting an impairment test on long-lived assets, other than goodwill, we first compare estimated future undiscounted cash flows associated with the asset to the asset’s carrying amount. If the undiscounted cash flows are less than the asset’s carrying amount, we then determine the asset’s fair value by using a discounted cash flow analysis. These analyses are based on estimates such as management’s short-term and long-term forecast of operating performance, including revenue growth rates and expected profitability margins, estimates of the remaining useful life and service potential of the asset, and a discount rate based on our weighted average cost of capital.

As a result of factors, including Covid-19, we have sustained a continued decline in the market price of our common stock. This is one of the qualitative factors to be considered when evaluating whether events or changes in circumstances may indicate that it is likely that a potential goodwill impairment exists. We will consider this decline and other factors, both specific to us and to the energy industry as a whole, as a result of Covid-19 as we perform our annual goodwill impairment test as of October 31 this year.

The impairment assessments discussed above incorporate inherent uncertainties, including projected commodity pricing, supply and demand for our services and future market conditions, which are difficult to predict in volatile economic environments and could result in impairment charges in future periods if actual results materially differ from the estimated assumptions utilized in our forecasts. If crude oil prices decline significantly and remain at low levels for a sustained period of time, we could be required to record an impairment of the carrying value of our long-lived assets in the future which could have a material adverse impact on our operating results. Given the unobservable nature of the inputs, the discounted cash flow models are deemed to use Level 3 inputs.

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

From time to time 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 June 30, 2020, we had no foreign currency derivative contracts outstanding. As of December 31, 2019, we had the following foreign currency derivative contracts outstanding in U.S. dollars (in thousands):

	December 31, 2019		
Derivative Contracts	**Notional Amount**	**Contractual Exchange Rate**	**Settlement Date**
Canadian dollar	$ 948	1.3182	3/16/2020
Euro	9,279	1.1180	3/17/2020
Norwegian krone	11,027	9.0688	3/17/2020
Pound sterling	16,057	1.3381	3/17/2020

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

Derivatives not Designated as Hedging Instruments	Consolidated Balance Sheet Location	December 31, 2019
Foreign currency contracts	Accounts payable and accrued liabilities	$ (324)

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):

Derivatives not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative Contracts	Three Months Ended June 30,		Six Months Ended June 30,	
		2020	2019	2020	2019
Unrealized loss on foreign currency contracts	Other income, net	$ —	$ (700)	$ —	$ (204)
Realized gain (loss) on foreign currency contracts	Other income, net	—	1,072	1,475	412
Total net gain (loss) on foreign currency contracts		$ —	$ 372	$ 1,475	$ 208

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 at December 31, 2019 (in thousands):

	Derivative Asset Positions	Derivative Liability Positions
	December 31, 2019	December 31, 2019
Gross position - asset / (liability)	$ 127	$ (451)
Netting adjustment	(127)	127
Net position - asset / (liability)	$ —	$ (324)

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 $0.7 million and $0.7 million for the three months ended June 30, 2020 and 2019, respectively, and $1.4 million and $1.4 million for the six months ended June 30, 2020 and 2019, respectively. As of June 30, 2020, $5.3 million of our operating lease right-of-use assets and $6.0 million of our lease liabilities were associated with related party leases.

Tax Receivable Agreement

Mosing Holdings, LLC ("Mosing Holdings") and its permitted transferees converted all of their shares of Series A convertible preferred stock in FICV (the “Preferred Stock”) into shares of our common stock on August 26, 2016, in connection with their delivery to FINV of all of their interests in FICV (the “Conversion”). As a result of an election under Section 754 of the Internal Revenue Code made by FICV, 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 transferred to FINV

by Mosing Holdings and its permitted transferees. 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 the 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 tax receivable agreement (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 to Mosing Holdings of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax that we actually realize (or are deemed to realize in certain circumstances) in periods after our IPO as a result of (i) tax basis increases resulting from the Conversion and (ii) imputed interest deemed to be paid by FINV as a result of, and additional tax basis arising from, payments under the TRA. We will retain the benefit of the remaining 15% of these cash savings, if any. Payments FINV makes under the TRA will be increased by any interest accrued 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 FINV.

The estimation of the amount and timing of payments under the TRA is by its nature imprecise. For purposes of the TRA, cash savings in tax generally are calculated by comparing FINV’s actual tax liability to the amount FINV would have been required to pay had it not been able to utilize any of the tax benefits subject to the TRA. The amounts payable, as well as the timing of any payments, under the TRA are dependent upon significant future events and assumptions, including the amount and timing of the taxable income FINV generates in the future. As of June 30, 2020, FINV has had 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 no longer able to conclude that there will be future cash savings that will lead to additional payouts under the TRA. 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 FINV’s obligations and are not obligations of FICV. The term of the TRA commenced upon the completion of the IPO and will continue until all tax benefits that are subject to the TRA have been utilized or expired, unless FINV elects to exercise its right to terminate the TRA (or the TRA is terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control), and FINV makes the termination payment specified by the TRA. If FINV elects to terminate the TRA early, which it may do in its sole discretion (or if it terminates early as a result of our breach), it would be required to make a substantial, immediate lump-sum payment equal to the present value of the hypothetical future payments that could be required to be paid under 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), determined by applying a discount rate equal to the long-term Treasury rate in effect on the applicable date plus 300 basis points. 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 June 30, 2020, the estimated termination payment would be approximately $57.4 million (calculated using a discount rate of 4.18%). 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 our operating subsidiaries to make distributions to it in an amount sufficient to cover FINV’s obligations under such agreement. The ability of certain of our operating 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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Numerator				
Net loss	$ (34,245)	$ (15,160)	$ (120,223)	$ (43,447)
Denominator				
Basic and diluted weighted average common shares (1)	225,853	225,052	225,855	224,854
Loss per common share:				
Basic and diluted	$ (0.15)	$ (0.07)	$ (0.53)	$ (0.19)
(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.	707	705	955	826

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 (35.6)% and (27.8)% for the three months ended June 30, 2020 and 2019, respectively, and 5.2% and (43.0)% for the six months ended June 30, 2020 and 2019, respectively. The quarterly variance in effective tax rates is primarily due to a change in the geographical mix of income. The variance in effective tax rates compared to the same six month period last year is due to the beneficial impact in the current period of a provision in the recently-enacted Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which allows corporations with net operating losses ("NOLs") incurred in 2018, 2019 and 2020 to carry back such NOLs to each of the five years preceding the year of the NOL, beginning with the earliest year in which there is taxable income, and claim an income tax refund in the applicable carryback year. As a result of the NOL carryback provision in the CARES Act, we were able to recognize an income tax refund receivable as of June 30, 2020 of $17.5 million. We are subject to tax in many U.S. and foreign jurisdictions. In many foreign jurisdictions we are taxed on bases 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 - 2019. We do not expect the results of these audits to have any material effect on our financial statements.

As of June 30, 2020, there were no significant changes to our uncertain tax positions as reported in our audited financial statements for the year ended December 31, 2019.

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 June 30, 2020 and December 31, 2019. 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.

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—Severance and Other Charges, net

We recognize severance and other charges for costs associated with workforce reductions, facility closures, exiting or reducing our footprint in certain countries, asset impairments and the retirement of excess machinery and equipment based on economic utility. As a result of the downturn in the industry and its impact on our business outlook, we continue to take actions to adjust our operations and cost structure to reflect current and expected activity levels. Depending on future market conditions, further actions may be necessary to adjust our operations, which may result in additional charges.

Our severance and other charges, net are summarized below (in thousands):

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2020	2019	**2020**	**2019**
Severance and other costs	$ 4,794	$ 593	$ 5,332	$ 982
Fixed asset impairments and retirements	—	—	15,479	66
Inventory write-offs	368	222	368	222
Intangible asset impairments	—	—	4,708	—
	$ 5,162	$ 815	$ 25,887	$ 1,270

Severance and other costs: We incurred costs due to a continued effort to adjust our cost base, including reducing our workforce to meet the depressed demand in the industry. At June 30, 2020, our outstanding liability associated with our current program was approximately $4.0 million and included severance payments and other employee-related separation costs.

Below is a reconciliation of our employee separation liability balance (in thousands):

	Tubular Running Services	Tubulars	Cementing Equipment	Corporate	Total
Balance at December 31, 2019	$ 2,000	$ 19	$ 1,632	$ 2,186	$ 5,837
Additions for costs expensed	3,456	15	675	1,186	5,332
Severance and other payments	(4,078)	(13)	(1,383)	(1,375)	(6,849)
Other adjustments	(8)	—	22	(348)	(334)
Balance at June 30, 2020	$ 1,370	$ 21	$ 946	$ 1,649	$ 3,986

Fixed asset impairments and retirements: During the six months ended June 30, 2019, we recognized $0.1 million of impairment related to assets held for sale. During the six months ended June 30, 2020, we recorded fixed asset impairment charges of $15.5 million primarily associated with construction in progress in our Cementing Equipment segment. Please see Note 5—Property, Plant and Equipment for additional details.

Inventory write-offs: During the six months ended June 30, 2020, certain inventories in our Cementing Equipment segment were determined to have costs that exceeded their net realizable values, resulting in a charge of $0.4 million.

Intangible asset impairments: During the six months ended June 30, 2020, we identified certain intangible assets where the carrying value exceeded the fair value in the Cementing Equipment segment, resulting in an impairment charge of $4.7 million. Please see Note 6—Goodwill and Intangible Assets for additional details.

Note 17—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 chief operating decision maker ("CODM") in deciding how to allocate resources and assess performance. We are comprised of three reportable segments: Tubular Running Services (“TRS”) segment, Tubulars segment and Cementing Equipment (“CE”) segment.

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 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 June 30, 2020			
	Tubular Running Services	Tubulars	Cementing Equipment	Consolidated
United States	$ 18,874	$ 4,990	$ 7,284	$ 31,148
International	43,453	3,751	7,749	54,953
Total Revenue	$ 62,327	$ 8,741	$ 15,033	$ 86,101

	Three Months Ended June 30, 2019			
	Tubular Running Services	Tubulars	Cementing Equipment	Consolidated
United States	$ 41,408	$ 18,387	$ 21,341	$ 81,136
International	65,207	3,947	5,364	74,518
Total Revenue	$ 106,615	$ 22,334	$ 26,705	$ 155,654

	Six Months Ended June 30, 2020			
	Tubular Running Services	Tubulars	Cementing Equipment	Consolidated
United States	$ 49,043	$ 14,787	$ 20,815	$ 84,645
International	102,781	6,496	15,671	124,948
Total Revenue	$ 151,824	$ 21,283	$ 36,486	$ 209,593

	Six Months Ended June 30, 2019			
	Tubular Running Services	Tubulars	Cementing Equipment	Consolidated
United States	$ 79,563	$ 35,015	$ 42,919	$ 157,497
International	125,131	5,976	11,458	142,565
Total Revenue	$ 204,694	$ 40,991	$ 54,377	$ 300,062

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
United States	$ 31,148	$ 81,136	$ 84,645	$ 157,497
Europe/Middle East/Africa	21,886	38,655	57,320	75,055
Latin America	20,077	19,895	41,002	37,339
Asia Pacific	8,734	10,077	18,303	18,026
Other countries	4,256	5,891	8,323	12,145
Total Revenue	$ 86,101	$ 155,654	$ 209,593	$ 300,062

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, net severance and other charges, 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 to net loss (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Segment Adjusted EBITDA:				
Tubular Running Services	$ 4,049	$ 25,400	$ 17,354	$ 43,135
Tubulars	681	3,934	2,077	8,046
Cementing Equipment	886	3,029	3,430	6,823
Corporate [1]	(7,308)	(15,200)	(17,494)	(31,183)
	(1,692)	17,163	5,367	26,821
Goodwill impairment	—	—	(57,146)	—
Severance and other charges, net	(5,162)	(815)	(25,887)	(1,270)
Interest income, net	178	426	711	1,194
Depreciation and amortization	(17,252)	(23,913)	(36,970)	(49,155)
Income tax (expense) benefit	(8,986)	(3,300)	6,577	(13,073)
Gain (loss) on disposal of assets	650	(154)	590	(381)
Foreign currency gain (loss)	1,693	(661)	(8,199)	(178)
TRA related adjustments	—	220	—	220
Charges and credits [2]	(3,674)	(4,126)	(5,266)	(7,625)
Net loss	$ (34,245)	$ (15,160)	$ (120,223)	$ (43,447)

[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 June 30, 2020 and 2019: $3,515 and $3,017, respectively, and for the six months ended June 30, 2020 and 2019: $5,661 and $5,591, respectively), Unrealized and realized gains (losses) (for the three months ended June 30, 2020 and 2019: $(111) and $383, respectively, and for the six months ended June 30, 2020 and 2019: $1,593 and $691, respectively) and Investigation-related matters (for the three months ended June 30, 2020 and 2019: $48 and $1,492, respectively, and for the six months ended June 30, 2020 and 2019: $1,198 and $2,725, 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 June 30, 2020					
Revenue from external customers	$ 62,327	$ 8,741	$ 15,033	$ —	$ 86,101
Operating income (loss)	(13,252)	(184)	(2,486)	(11,364)	(27,286)
Adjusted EBITDA	4,049	681	886	(7,308)	*
Three Months Ended June 30, 2019					
Revenue from external customers	$ 106,615	$ 22,334	$ 26,705	$ —	$ 155,654
Operating income (loss)	8,700	3,089	(2,310)	(21,993)	(12,514)
Adjusted EBITDA	25,400	3,934	3,029	(15,200)	*
Six Months Ended June 30, 2020					
Revenue from external customers	$ 151,824	$ 21,283	$ 36,486	$ —	$ 209,593
Operating income (loss)	(14,567)	467	(79,984)	(27,410)	(121,494)
Adjusted EBITDA	17,354	2,077	3,430	(17,494)	*
Six Months Ended June 30, 2019					
Revenue from external customers	$ 204,694	$ 40,991	$ 54,377	$ —	$ 300,062
Operating income (loss)	8,841	6,283	(3,134)	(44,798)	(32,808)
Adjusted EBITDA	43,135	8,046	6,823	(31,183)	*

* 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:

- continuing uncertainty relating to global crude oil demand and crude oil prices that correspondingly may lead to further significant reductions in domestic oil and gas activity, which in turn could result in further significant declines in demand for our products and services;
- uncertainty regarding the extent and duration of the remaining restrictions in the United States and globally on various commercial and economic activities due to the Covid-19 virus, including uncertainty regarding the re-imposition of restrictions due to resurgences in infection rates; such restrictions are designed to protect public health but also have the effect of significantly reducing demand for oil and gas, which may correspondingly decrease demand for our products and services;
- uncertainty regarding the timing, pace and extent of an economic recovery in the United States and elsewhere, which in turn will likely affect demand for crude oil and therefore the demand for the products and services we provide and the commercial opportunities available to us;
- the impact of current and future laws, rulings, governmental regulations, accounting standards and statements, and related interpretations;
- 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;
- global or national health concerns, including health epidemics, including Covid-19; 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, 2019, filed with the SEC on February 25, 2020 (our “Annual Report”), (3) our Quarterly Report on Form 10-Q for the three months ended March 31, 2020, filed with the SEC on May 11, 2020, (4) our other reports and filings we make with the SEC from time to time and (5) 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.

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, as well as in the U.S. Gulf of Mexico. Our customers in these markets 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

Two significant events that began during the first quarter are continuing to create headwinds across the oil and gas markets. First, there was a breakdown in the Organization of Petroleum Exporting Countries ("OPEC") and Russia production cut agreements and during the period of dispute, meaningful downward pressure on commodity prices occurred. There was an ultimate agreement made amongst these parties in April 2020 which took effect beginning in May 2020. Despite this agreement, there continues to be excess inventory of oil. This is due to the second event, the global Covid-19 pandemic which created an energy demand decline and has given rise to logistical challenges in furthering certain existing drilling programs. Both of these events have caused our customers to reduce capital spending, with the U.S. onshore market seeing a large reduction from initial 2020 guidance. International customer spending has also been reduced although at a lower rate than the U.S. onshore markets. In Africa, travel restrictions have led to significant activity disruptions. We continue to believe that the effects of Covid-19 will depress the oil and gas markets in the short to intermediate term. We expect commodity over-supply issues to have a long-term effect over the next 24 months, requiring time for the market supply and demand curve to return to balance.

As of June 30, 2020, the full impact of the Covid-19 outbreak and the reduction in oil sector activity continues to evolve daily. It is uncertain how long either event will last. With the significant decline in oil prices as well as the general economic decline caused by the impacts of Covid-19, we expect the lower demand for our products and services to continue due to much lower capital expenditure budgets throughout the industry.

Although Covid-19 has contributed to a decline in demand for our offerings, the direct impact of the outbreak on our ability to conduct operations has been minor. We have implemented a work-from-home directive for office personnel across the globe, split-shift rotation protocols for our manufacturing and operations facilities, social distancing guidelines in manufacturing and operations facilities, and quarantine protocols for employees at risk of exposure to Covid-19. In addition, we have experienced local disruptions of activity in response to outbreaks of Covid-19 at certain offshore drilling locations, and disruptions due to travel restrictions and local governmental orders. However, in the majority of locations, our products and services have been deemed essential economic activity and have continued during local restrictions on business activity.

In this challenging and uncertain environment, we are continuing and building upon our profitability improvement project to further reduce our cost base. We are implementing workforce reductions, in conjunction with changes to our compensation and benefits programs and concurrent with the pursuit of several government-sponsored relief support programs globally that will capture additional labor savings. We are also working to reduce our non-labor spend, engaging in active discussions with our vendors and scrutinizing research and development spending. We are also working to optimize working capital, with workstreams under way in the areas of collections, capital expenditures, inventory management and disbursements.

We also continue to monitor potential goodwill impairments as a result of Covid-19. For further information, see Note 6—Goodwill and Intangible Assets in our Notes to Unaudited Condensed Consolidated Financial Statements.

While management anticipates that the industry and economic impact of Covid-19 and OPEC's actions will have a negative effect on our results of operations in 2020 and perhaps beyond, the degree to which these factors will impact our business remains uncertain. Please read Item 1A, Risk Factors, in this Quarterly Report.

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 June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Net loss	$ (34,245)	$ (15,160)	$ (120,223)	$ (43,447)
Goodwill impairment	—	—	57,146	—
Severance and other charges, net	5,162	815	25,887	1,270
Interest income, net	(178)	(426)	(711)	(1,194)
Depreciation and amortization	17,252	23,913	36,970	49,155
Income tax expense (benefit)	8,986	3,300	(6,577)	13,073
(Gain) loss on disposal of assets	(650)	154	(590)	381
Foreign currency (gain) loss	(1,693)	661	8,199	178
TRA related adjustments	—	(220)	—	(220)
Charges and credits [(1)]	3,674	4,126	5,266	7,625
Adjusted EBITDA	$ (1,692)	$ 17,163	$ 5,367	$ 26,821
Adjusted EBITDA margin	(2.0)%	11.0 %	2.6 %	8.9 %

(1) Comprised of Equity-based compensation expense (for the three months ended June 30, 2020 and 2019: $3,515 and $3,017, respectively, and for the six months ended June 30, 2020 and 2019: $5,661 and $5,591, respectively), Unrealized and realized (gains) losses (for the three months ended June 30, 2020 and 2019: $111 and $(383), respectively, and for the six months ended June 30, 2020 and 2019: $(1,593) and $(691), respectively), and Investigation-related matters (for the three months ended June 30, 2020 and 2019: $48 and $1,492, respectively, and for the six months ended June 30, 2020 and 2019: $1,198 and $2,725, 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 June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
		(Unaudited)		
Revenue:				
Services	$ 74,583	$ 127,091	$ 179,666	$ 242,497
Products	11,518	28,563	29,927	57,565
Total revenue	86,101	155,654	209,593	300,062
Operating expenses:				
Cost of revenue, exclusive of depreciation and amortization				
Services	61,051	85,785	140,431	169,024
Products	8,286	23,475	22,274	43,603
General and administrative expenses	22,286	34,026	48,969	69,437
Depreciation and amortization	17,252	23,913	36,970	49,155
Goodwill impairment	—	—	57,146	—
Severance and other charges, net	5,162	815	25,887	1,270
(Gain) loss on disposal of assets	(650)	154	(590)	381
Operating loss	(27,286)	(12,514)	(121,494)	(32,808)
Other income (expense):				
TRA related adjustments	—	220	—	220
Other income, net	156	669	2,182	1,198
Interest income, net	178	426	711	1,194
Foreign currency gain (loss)	1,693	(661)	(8,199)	(178)
Total other income (expense)	2,027	654	(5,306)	2,434
Loss before income taxes	(25,259)	(11,860)	(126,800)	(30,374)
Income tax expense (benefit)	8,986	3,300	(6,577)	13,073
Net loss	$ (34,245)	$ (15,160)	$ (120,223)	$ (43,447)

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

Revenue. Revenue from external customers, excluding intersegment sales, for the three months ended June 30, 2020 decreased by $69.6 million, or 44.7%, to $86.1 million from $155.7 million for the three months ended June 30, 2019. Revenue decreased across all segments due to the Covid-19 pandemic and the sharp decline in oil prices. 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 June 30, 2020 decreased by $40.0 million, or 36.6%, to $69.3 million from $109.3 million for the three months ended June 30, 2019. The decrease was driven by lower activity levels and mix of work in the TRS, Tubulars, and CE segments.

General and administrative expenses. General and administrative expenses for the three months ended June 30, 2020 decreased by $11.7 million, or 34.4%, to $22.3 million from $34.0 million for the three months ended June 30, 2019 due to previously implemented restructuring and cost cutting measures.

Depreciation and amortization. Depreciation and amortization for the three months ended June 30, 2020 decreased by $6.6 million, or 27.6%, to $17.3 million from $23.9 million for the three months ended June 30, 2019, as a result of a lower depreciable base and less intangible asset amortization.

Severance and other charges, net. Severance and other charges, net for the three months ended June 30, 2020 increased by $4.4 million, or 550.0%, to $5.2 million from $0.8 million for the three months ended June 30, 2019. Severance and other charges, net for the three months ended June 30, 2020 was unfavorably impacted by higher severance costs recorded during the quarter as compared to the prior year. See Note 16—Severance and Other Charges, net in the Notes to Unaudited Condensed Consolidated Financial Statements for additional information.

Foreign currency gain (loss). Foreign currency gain (loss) for the three months ended June 30, 2020 changed by $2.4 million, or 342.9%, to a gain of $1.7 million from a loss of $(0.7) million for the three months ended June 30, 2019. The change in foreign currency results year-over-year was primarily driven by weakening of the U.S. dollar in the current period as compared to the prior year period, partially against the Norwegian Krone and Euro.

Income tax expense. Income tax expense for the three months ended June 30, 2020 increased by $5.7 million to $9.0 million from $3.3 million for the three months ended June 30, 2019, 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 June 30, 2019 included additional tax benefits 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.

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Revenue. Revenue from external customers, excluding intersegment sales, for the six months ended June 30, 2020 decreased by $90.5 million, or 30.2%, to $209.6 million from $300.1 million for the six months ended June 30, 2019. Revenue decreased across all segments due to the Covid-19 pandemic and the sharp decline in oil prices. 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 six months ended June 30, 2020 decreased by $49.9 million, or 23.5%, to $162.7 million from $212.6 million for the six months ended June 30, 2019. The decrease was driven by lower activity levels and mix of work in the TRS, Tubulars, and CE segments.

General and administrative expenses. General and administrative expenses for the six months ended June 30, 2020 decreased by $20.4 million, or 29.4%, to $49.0 million from $69.4 million for the six months ended June 30, 2019 due to the restructuring and cost cutting measures we implemented during 2019.

Depreciation and amortization. Depreciation and amortization for the six months ended June 30, 2020 decreased by $12.2 million, or 24.8%, to $37.0 million from $49.2 million for the six months ended June 30, 2019, as a result of a lower depreciable base and less intangible asset amortization.

Goodwill impairment. We recognized a goodwill impairment of $57.1 million during the six months ended June 30, 2020. There was no goodwill impairment charge during the six months ended June 30, 2019. See Note 6—Goodwill and Intangible Assets in the Notes to Unaudited Condensed Consolidated Financial Statements for additional information.

Severance and other charges, net. Severance and other charges, net for the six months ended June 30, 2020 increased by $24.6 million to $25.9 million from $1.3 million for the six months ended June 30, 2019. Severance and other charges, net for the six months ended June 30, 2020 was unfavorably impacted by fixed asset impairment charges of $15.5 million, intangible asset impairments of $4.7 million and severance and other costs of $5.3 million, primarily driven by Covid-19-related activity disruptions and customer spending cuts in response to falling oil prices. See Note 16—Severance and Other Charges, net in the Notes to Unaudited Condensed Consolidated Financial Statements for additional information.

Foreign currency gain (loss). Foreign currency loss for the six months ended June 30, 2020 increased by $8.0 million, to $8.2 million compared to $0.2 million for the six months ended June 30, 2019. 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, partially due to the impact of Covid-19.

Income tax expense (benefit). Income tax expense (benefit) for the six months ended June 30, 2020 increased by $19.7 million to a benefit of $(6.6) million from an expense of $13.1 million for the six months ended June 30, 2019. The variance in effective tax rates compared to the same period last year is due to the beneficial impact in the current period from the 5-year net operating loss carryback provision included in the recently-enacted Coronavirus Aid, Relief, and Economic Security Act.

Operating Segment Results

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Revenue:				
Tubular Running Services	$ 62,327	$ 106,615	$ 151,824	$ 204,694
Tubulars	8,741	22,334	21,283	40,991
Cementing Equipment	15,033	26,705	36,486	54,377
Total	$ 86,101	$ 155,654	$ 209,593	$ 300,062
Segment Adjusted EBITDA [(1)]:				
Tubular Running Services	$ 4,049	$ 25,400	$ 17,354	$ 43,135
Tubulars	681	3,934	2,077	8,046
Cementing Equipment	886	3,029	3,430	6,823
Corporate [(2)]	(7,308)	(15,200)	(17,494)	(31,183)
	$ (1,692)	$ 17,163	$ 5,367	$ 26,821

(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 June 30, 2020 Compared to Three Months Ended June 30, 2019

Tubular Running Services

Revenue for the TRS segment was $62.3 million for the three months ended June 30, 2020, a decrease of $44.3 million, or 41.6%, compared to $106.6 million for the same period in 2019. The decrease was driven by Covid-19-related activity disruptions and customer spending cuts in response to falling oil prices, primarily in the U.S. land and offshore markets. In Africa, transportation issues as a result of Covid-19 and reduced activity levels further contributed to the decline.

Adjusted EBITDA for the TRS segment was $4.0 million for the three months ended June 30, 2020, a decrease of $21.4 million, or 84.3%, compared to $25.4 million for the same period in 2019. Segment results were negatively impacted by the activity declines in Africa and the U.S. land and offshore markets.

Tubulars

Revenue for the Tubulars segment was $8.7 million for the three months ended June 30, 2020, a decrease of $13.6 million, or 61.0%, compared to $22.3 million for the same period in 2019, primarily as a result of lower drilling tools activity and lower tubular sales during the current period, due in part to Covid-19-related activity disruptions and customer spending cuts in response to falling oil prices.

Adjusted EBITDA for the Tubulars segment was $0.7 million for the three months ended June 30, 2020, a decrease of $3.2 million, or 82.1%, compared to $3.9 million for the same period in 2019. Lower drilling tools activity and lower tubular sales impacted the current period.

Cementing Equipment

Revenue for the CE segment was $15.0 million for the three months ended June 30, 2020, a decrease of $11.7 million, or 43.8%, compared to $26.7 million for the same period in 2019, driven by lower drilling activity and lower product sales in the U.S. as a result of falling oil prices.

Adjusted EBITDA for the CE segment was $0.9 million for the three months ended June 30, 2020, a decrease of $2.1 million, or 70.0%, compared to $3.0 million for the same period in 2019, primarily due to lower revenue, particularly in the U.S. offshore market.

Corporate

Adjusted EBITDA for Corporate was a loss of $7.3 million for the three months ended June 30, 2020, an improvement of $7.9 million, or 52.0%, compared to a loss of $15.2 million for the same period in 2019, primarily due to lower costs as a result of restructuring and cost cutting measures.

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Tubular Running Services

Revenue for the TRS segment was $151.8 million for the six months ended June 30, 2020, a decrease of $52.9 million, or 25.8%, compared to $204.7 million for the same period in 2019. The decrease was driven by Covid-19-related activity disruptions and customer spending cuts in response to falling oil prices in the U.S., Africa, the Middle East, Canada and the Caribbean.

Adjusted EBITDA for the TRS segment was $17.4 million for the six months ended June 30, 2020, a decrease of $25.7 million, or 59.6%, compared to $43.1 million for the same period in 2019. Segment results were negatively impacted by the activity declines in Africa, the U.S., the Middle East, Canada and the Caribbean.

Tubulars

Revenue for the Tubulars segment was $21.3 million for the six months ended June 30, 2020, a decrease of $19.7 million, or 48.0%, compared to $41.0 million for the same period in 2019, primarily as a result of lower drilling tools activity and lower tubular sales during the current period, due in part to Covid-19-related activity disruptions and customer spending cuts in response to falling oil prices.

Adjusted EBITDA for the Tubulars segment was $2.1 million for the six months ended June 30, 2020, a decrease of $5.9 million, or 73.8%, compared to $8.0 million for the same period in 2019. Lower drilling tools activity and lower tubular sales impacted the current period.

Cementing Equipment

Revenue for the CE segment was $36.5 million for the six months ended June 30, 2020, a decrease of $17.9 million, or 32.9%, compared to $54.4 million for the same period in 2019, driven by lower drilling activity and product sales in the U.S. as a result of falling oil prices.

Adjusted EBITDA for the CE segment was $3.4 million for the six months ended June 30, 2020, a decrease of $3.4 million, or 50.0%, compared to $6.8 million for the same period in 2019, primarily due to lower revenue, particularly in the U.S. offshore market.

Corporate

Adjusted EBITDA for Corporate was a loss of $17.5 million for the six months ended June 30, 2020, an improvement of $13.7 million, or 43.9%, compared to a loss of $31.2 million for the same period in 2019, primarily due to lower costs as a result of restructuring and cost cutting measures.

Liquidity and Capital Resources

Liquidity

At June 30, 2020, we had cash and cash equivalents of $192.9 million and no debt. 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. The Covid-19 pandemic has significantly reduced economic activity levels across the globe, which has resulted in lower demand for oil and natural gas, as well as for our services and products. The reduced demand for our services and products has had, and is likely to continue to have, a material adverse impact on our business, results of operations and financial condition. In consideration of these risks, we are undertaking additional measures to protect liquidity. These measures include increased focus on collection of receivables, enhanced customer credit review, special measures to reduce risks of high-cost inventory items, and enhanced cash reporting requirements.

Our Board of Directors has authorized a program to repurchase our common stock from time to time. Approximately $38,502,322 remained authorized for repurchases as of June 30, 2020; subject to the limitation set in our shareholder authorization for repurchases of our common stock, which is currently 10% of the common stock outstanding as of April 30, 2020. From the inception of this program in February 2020 through June 30, 2020, we repurchased 570,044 shares of our common stock for a total cost of approximately $1.5 million. This program was suspended during the second quarter of 2020 due to the impacts of Covid-19 and commodity price declines and will be revisited when market conditions stabilize sufficiently to provide greater clarity to anticipated business results.

Our total capital expenditures are estimated to range between $25.0 million and $30.0 million in 2020, of which we expect approximately 90% will be used for the purchase and manufacture of equipment and 10% for other property, plant and equipment, inclusive of capitalized enterprise resource planning software implementation costs.

The increased estimate is attributable to prior year approved expenditures in progress during 2020 and delivered more quickly than anticipated. The actual amount of capital expenditures for the manufacture of equipment may fluctuate based on market conditions and timing of deliveries. During the six months ended June 30, 2020 and 2019, cash expenditures related to property, plant and equipment and intangibles were $20.3 million and $17.2 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 2020.

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 June 30, 2020, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $9.2 million and availability of $25.1 million. At this time, due to our expected ability to fund our capital expenditure and liquidity requirements from cash on hand, we do not anticipate a need to borrow under the ABL Credit Facility during the remainder of 2020. Further, we do not believe that an FCCR Trigger Event will occur in the remainder of 2020.

Tax Receivable Agreement

We entered into the TRA with FICV and Mosing Holdings in connection with our IPO. The TRA generally provides for the payment by FINV to Mosing Holdings of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax that FINV actually realizes (or is deemed to realize in certain circumstances) in periods after our IPO as a result of (i) tax basis increases resulting from the Conversion and (ii) imputed interest deemed to be paid by FINV as a result of, and additional tax basis arising from, payments under the TRA. We will retain the benefit of the remaining 15% of these cash savings, if any. Payments FINV makes under the TRA will be increased by any interest accrued 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 FINV. As of July 28, 2020, based on the best information available to us, the Mosing family collectively owns approximately 49%, of our common shares.

The payment obligations under the TRA are FINV's obligations and are not obligations of FICV. The term of the TRA commenced upon the completion of the IPO and will continue until all tax benefits that are subject to the TRA have been utilized or expired, unless FINV elects to exercise its right to terminate the TRA (or the TRA is terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control), and FINV makes the termination payment specified by the TRA.

If FINV elects to terminate the TRA early, which it may do in its sole discretion (or if it terminates early as a result of our breach), it would be required to make a substantial, immediate lump-sum payment equal to the present value of the hypothetical future payments that could be required to be paid under 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), determined by applying a discount rate equal to the long-term Treasury rate in effect on the applicable date plus 300 basis points. 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 certain circumstances, FINV may be required to make payments under the TRA that it has entered into with Mosing Holdings. In most circumstances, these payments will be associated with the actual cash savings that FINV recognizes from tax benefits resulting from the Conversion, which would reduce the actual tax benefit to FINV. If FINV was to elect to exercise its sole right to terminate the TRA early or enter into certain change of control transactions, FINV may incur payment obligations prior to the time it actually incurs any tax benefit. In those circumstances, FINV would need to pay the amounts out of cash on hand, finance the payments or refrain from incurring the obligation (including by not entering into a change of control transaction). Though we do not have any present intention of incurring an advance payment under the TRA, based on our current liquidity and our expected

ability to access debt and equity financing, we believe FINV 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):

	Six Months Ended June 30,	
	2020	**2019**
Operating activities	$ 4,146	$ (17,389)
Investing activities	(11,118)	(5,426)
Financing activities	(2,032)	(4,526)
	(9,004)	(27,341)
Effect of exchange rate changes on cash	6,543	(416)
Net decrease in cash, cash equivalents and restricted cash	$ (2,461)	$ (27,757)

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 (used in) operating activities was $4.1 million for the six months ended June 30, 2020 compared to cash flow used in operating activities of $(17.4) million for the same period in 2019. The change in cash flow from operating activities of $21.5 million was primarily a result of favorable changes in accounts receivable of $38.8 million, partially offset by an increased net loss and unfavorable changes in other noncurrent liabilities of $3.8 million and inventories of $2.2 million.

Investing Activities

Cash flow used in investing activities was $11.1 million for the six months ended June 30, 2020 compared to $5.4 million in the same period in 2019. The change in cash flow from investing activities of $5.7 million was driven by a $3.0 million increase in the purchases of property, plant, equipment and intangibles, offset by an increase in proceeds from sale of assets of $6.3 million. The six months ended June 30, 2019 investing activities included net proceeds from sales of investments of $8.7 million that did not reoccur in the six months ended June 30, 2020.

Financing Activities

Cash flow used in financing activities was $2.0 million for the six months ended June 30, 2020 compared to $4.5 million in the same period in 2019. The decrease in cash flow used in financing activities of $2.5 million was due to decreased repayment of borrowings of $3.5 million and treasury shares withheld of $0.5 million, partially offset by repurchases under our publicly announced share repurchase program of $1.5 million during the six months ended June 30, 2020.

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.

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. Our exposure to market risk has not changed materially since December 31, 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 June 30, 2020 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 ended June 30, 2020, 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 June 30, 2020 and December 31, 2019. 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.

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 discussed below and 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.

Our business depends on the level of activity in the oil and gas industry, which is significantly affected by oil and gas prices and other factors.

Our business depends on the level of activity in oil and gas exploration, development and production in market sectors worldwide. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, higher commodity prices do not necessarily translate into increased drilling or well construction and completion activity, since customers' expectations of future commodity prices typically drive demand for our services and products. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect the demand for our services and products. Worldwide military, political and economic events have in the past contributed to oil and gas price volatility and continue to do so at present. Average daily prices for New York Mercantile Exchange West Texas Intermediate ranged from a high of approximately $63/Bbl in January 2020 to a low of negative $37/Bbl in April 2020. This significant decline in crude oil prices has largely been attributable to the recent actions of Saudi Arabia and Russia, which have resulted in a substantial decrease in oil and natural gas prices, and the global outbreak of Covid-19, which has reduced demand for oil and natural gas because of significantly reduced global and national economic activity. Specifically, in March 2020, Saudi Arabia and Russia failed to agree on a plan to cut production of oil and gas within OPEC and Russia. Subsequently, Saudi Arabia announced plans to increase production to record levels and reduce the prices at which they sell oil. We cannot predict whether or when oil production and economic activities will return to normalized levels. Saudi Arabia and Russia subsequently announced production cuts, but even with such cuts oil prices could remain at current levels, or decline further, for an extended period of time. If current levels are sustained or decline further, certain of our customers may be unable

to pay their vendors and service providers, including us, as a result of the decline in commodity prices. Reduced activity in our areas of operation as a result of decreased capital spending could have a negative long-term impact on our business, even in an environment of stronger oil and natural gas prices.

The demand for our services and products may also be generally affected by numerous factors, including:

- the level of worldwide oil and gas exploration and production;
- the cost of exploring for, producing and delivering oil and gas;
- demand for energy, which is affected by worldwide economic activity and population growth;
- the level of excess production capacity;
- the discovery rate of new oil and gas reserves;
- the ability of OPEC to set and maintain production levels for oil;
- the level of production by non-OPEC countries;
- global or national health concerns, including health epidemics such as the outbreak of Covid-19 at the beginning of 2020;
- the location of oil and gas drilling and production activity, including the relative amounts of activity onshore and offshore;
- the technical specifications of wells including depth of wells and complexity of well design;
- U.S. and global political and economic uncertainty or inactivity, socio-political unrest and instability or hostilities;
- demand for, availability of and technological viability of, alternative sources of energy; and
- technological advances affecting energy exploration, production, transportation and consumption.

Demand for our offshore services and products substantially depends on the level of activity in offshore oil and gas exploration, development and production. The level of offshore activity is historically cyclical and characterized by large fluctuations in response to relatively minor changes in a variety of factors, including oil and gas prices, which could have a material adverse effect on our business, financial condition and results of operations.

A significant amount of our U.S. onshore business is focused on unconventional shale resource plays. The demand for those services and products is substantially affected by oil and gas prices and market expectations of potential changes in these prices. If commodity prices remain depressed, demand for our services and products in the U.S. onshore market could be reduced, which could have a material adverse effect on our business, financial condition and results of operations. Any actual or anticipated reduction in oil or gas prices may reduce the level of exploration, drilling and production activities. Prolonged low oil prices have resulted in softer demand for our products and services and if prices remain at current levels, demand could be further reduced. Additionally, we have reduced pricing in some of our customer contracts in light of the volatility of the oil and gas market.

Furthermore, the oil and gas industry has historically experienced periodic downturns, which have been characterized by reduced demand for oilfield products and services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry has adversely affected the demand for oilfield services and our business, financial condition and results of operations since late 2014. In the first and second quarters of 2020, demand further decreased due to the Covid-19 outbreak and increased oil production out of Saudi Arabia and Russia. With the continued downturn, demand for our products and services has not returned to the levels experienced prior to late 2014. We cannot be assured that there will be a significant recovery in the demand for our products and services to equal or approach levels experienced prior to the downturn.

The recent downturns in 2014 and 2020 in the oil and gas industry have negatively affected, and will likely continue to affect, our ability to accurately predict customer demand, causing us to potentially hold excess or obsolete inventory and experience a reduction in gross margins and financial results.

We may not be able to accurately predict what or how many products our customers will need in the future. Orders are placed with our suppliers based on forecasts of customer demand and, in some instances, we may establish buffer inventories to accommodate anticipated demand. Our forecasts of customer demand are based on multiple assumptions, each of which may introduce errors into the estimates. In addition, many of our suppliers

require a longer lead time to provide products than our customers demand for delivery of our finished products. If we overestimate customer demand, we may allocate resources to the purchase of material or manufactured products that we may not be able to sell when we expect to, if at all. As a result, we would hold excess or obsolete inventory, which would reduce gross margin and adversely affect financial results. We overestimated customer demand for our pipe and connectors inventory, and this resulted in a material impairment charge in 2017. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we would miss revenue opportunities and potentially lose market share and damage our customer relationships. In addition, any future significant cancellations or deferrals of product orders or the return of previously sold products could materially and adversely affect profit margins, increase product obsolescence and restrict our ability to fund our operations. Recently, the uncertainty surrounding the duration and spread of the Covid-19 pandemic along with the market volatility due to increased oil production from Russia and Saudi Arabia have further decreased our ability to accurately estimate demand for our services and products. In particular, sporadic suspensions of activity in certain locations due to local outbreaks of Covid-19 are difficult or impossible to anticipate, and can cause interruption of revenue and delays in availability of equipment and personnel for subsequent work, interfering with our ability to plan allocation of resources over time.

We may be exposed to unforeseen risks in our services and product manufacturing, which could adversely affect our results of operations.

We operate a number of manufacturing facilities to support our operations. In addition, we also manufacture certain products, including large OD pipe connectors and cementing products that we sell directly to external customers. The equipment and management systems necessary for such operations may break down, perform poorly or fail, resulting in fluctuations in manufacturing efficiencies. In addition, in the event of an outbreak of Covid-19 among workers at a manufacturing facility, all or some of the workers at the facility might become temporarily unavailable due to required public health measures. Any such disruptions caused by equipment or personnel availability could negatively impact our ability to manufacture and timely deliver products to our customers or our field operations, which could materially and negatively impact the results of our operations. In addition, in such circumstances our customers might cancel purchase orders for failure to timely deliver the products, potentially leading to us holding excess or obsolete inventory, which would reduce gross margin and adversely affect financial results.

Additionally, some of our U.S. onshore business may be conducted under fixed price or “turnkey” contracts. Under fixed price contracts, we agree to perform a defined scope of work for a fixed price. Prices for these contracts are based largely upon estimates and assumptions relating to project scope and specifications, personnel and material needs.

Fluctuations in our manufacturing process and inaccurate estimates and assumptions used in our projects may occur due to factors out of our control, resulting in cost overruns, which we may be required to absorb and could have a material adverse effect on our business, financial condition and results of operations. Such fluctuations or incorrect estimates may affect our ability to deliver services and products to our customers on a timely basis and we may suffer financial penalties and a diminution of our commercial reputation and future product orders, which could adversely affect our business, financial condition and results of operations.

We may be unable to employ a sufficient number of skilled and qualified workers to sustain or expand our current operations.

Our operations require personnel with specialized skills and experience. Our ability to be productive and profitable will depend upon our ability to employ and retain skilled workers. In addition, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. The demand for skilled workers is high, the supply can be limited in certain jurisdictions, and the cost to attract and retain qualified personnel has increased over the past few years. In addition, we are currently a party to collective bargaining or similar agreements in certain international areas in which we operate, which could result in increases in the wage rates that we must pay to retain our employees. Furthermore, a significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or

both. Finally, the recent Covid-19 pandemic provides an illustrative example of how a pandemic or other health crisis can impact our operations and business by affecting the health of skilled workers and rendering them unable to work or travel. These events may cause our capacity to be diminished, our ability to respond quickly to customer demands or strong market conditions may be inhibited and our growth potential could be impaired, any of which could have a material adverse effect on our business, financial condition and results of operations.

Our operations and our customers' operations are subject to a variety of governmental laws and regulations that may increase our costs, limit the demand for our services and products or restrict our operations.

Our business and our customers' businesses may be significantly affected by:

- federal, state and local restrictions on business activity and travel including stay at home orders and quarantines such as those enacted in response to Covid-19;
- federal, state and local and non-U.S. laws and other regulations relating to oilfield operations, worker safety and protection of the environment and natural resources;
- changes in these laws and regulations; and
- the level of enforcement of these laws and regulations.

In addition, we depend on the demand for our services and products from the oil and gas industry. This demand is affected by changing taxes, price controls and other laws and regulations relating to the oil and gas industry in general. For example, the adoption of laws and regulations curtailing exploration and development drilling for oil and gas for economic or other policy reasons could adversely affect our operations by limiting demand for our products. In addition, some non-U.S. countries may adopt regulations or practices that give advantage to indigenous oil companies in bidding for oil leases, or require indigenous companies to perform oilfield services currently supplied by international service companies. To the extent that such companies are not our customers, or we are unable to develop relationships with them, our business may suffer. We cannot determine the extent to which our future operations and earnings may be affected by new legislation, new regulations or changes in existing regulations.

Because of our non-U.S. operations and sales, we are also subject to changes in non-U.S. laws and regulations that may encourage or require hiring of local contractors or require non-U.S. contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. If we fail to comply with any applicable law or regulation, our business, financial condition and results of operations may be adversely affected.

Our business is dependent on capital spending by our customers, and reductions in capital spending in response to declining commodity prices will have a material adverse effect on our business.

Any change in capital expenditures by our customers or reductions in their capital spending could directly impact our business by reducing demand for our products and services and could have a material adverse effect on our business. Our customers are subject to risks which, in turn, could impact our business, including recent volatile oil and gas prices caused by Covid-19 and increased oil production from Russia and Saudi Arabia, difficulty accessing capital on economically advantageous terms and adverse developments in their own business or operations. With respect to national oil company customers, we are also subject to risk of policy, regime and budgetary changes.

We face risks related to natural disasters, which could result in severe property damage or materially and adversely disrupt our operations and affect travel required for our worldwide operations.

Some of our operations involve risks of, among other things, property damage, which could curtail our operations. For example, disruptions in operations or damage to a manufacturing plant could reduce our ability to produce products and satisfy customer demand. In particular, we have offices and manufacturing facilities in Houston, Texas and Houma and Lafayette, Louisiana as well as in various places throughout the Gulf Coast region of the United States. These offices and facilities are particularly susceptible to severe tropical storms, hurricanes and flooding, which may disrupt our operations. If one or more manufacturing facilities we own are damaged by severe

weather or any other disaster, accident, catastrophe or event, our operations could be significantly interrupted. Similar interruptions could result from damage to production or other facilities that provide supplies or other raw materials to our plants or other stoppages arising from factors beyond our control. These interruptions might involve significant damage to, among other things, property, and repairs might take from a week or less for a minor incident to many months or more for a major interruption.

In addition, a portion of our business involves the movement of people and certain parts and supplies to or from foreign locations. Any restrictions on travel or shipments to and from foreign locations, due to the occurrence of natural disasters such as earthquakes, floods or hurricanes, in these locations, could significantly disrupt our operations and decrease our ability to provide services to our customers. If a natural disaster were to impact a location where we have a high concentration of business and resources, our local facilities and workforce could be affected by such an occurrence or outbreak which could also significantly disrupt our operations and decrease our ability to provide services and products to our customers.

Events outside of our control, including a pandemic, epidemic or outbreak of an infectious disease, such as the recent global outbreak of Covid-19, have materially adversely affected, and may further materially adversely affect, our business.

We face risks related to pandemics, epidemics, outbreaks or other public health events that are outside of our control, and could significantly disrupt our operations and adversely affect our financial condition. For example, the recent global outbreak of Covid-19 has reduced demand for oil and natural gas because of significantly reduced global and national economic activity. In addition, the impact of Covid-19 or other public health events may adversely affect our operations or the health of our workforce and the workforces of our customers and service providers by rendering employees or contractors unable to work or unable to access our and their facilities for an indefinite period of time. On March 13, 2020, the United States declared the Covid-19 pandemic a national emergency, and several states, including Texas and Louisiana, and municipalities have declared public health emergencies. Along with these declarations, there have been extraordinary and wide-ranging actions taken by international, federal, state and local public health and governmental authorities to contain and combat the outbreak and spread of Covid-19 in regions across the United States and the world, including mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. Our business involves movement of people and certain parts and supplies to or from foreign locations, and the travel restrictions many governments have imposed due to Covid-19 have significantly disrupted such movement and decreased our ability to provide products and services to our customers. To the extent Covid-19 continues or worsens, governments may impose additional similar restrictions.

In addition, the technology required for the corresponding transition to remote work increases our vulnerability to cybersecurity threats, including threats to gain unauthorized access to sensitive information or to render data or systems unusable, the impact of which may have material adverse effects on our business and operations. See “Item 1A. Risk Factors—Risks Related to Our Business-Our business could be negatively affected by cybersecurity threats and other disruptions” in our Annual Report on Form 10-K for the year ended December 31, 2019.

As the potential impact from Covid-19 is difficult to predict, the extent to which it may negatively affect our operating results or the duration of any potential business disruption is uncertain. Any potential impact will depend on future developments and new information that may emerge regarding the severity and duration of Covid-19 and the actions taken by authorities to contain it or treat its impact, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our operating results.

Customer credit risks could result in losses.

The concentration of our customers in the energy industry may impact our overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions. Those countries that rely heavily upon income from hydrocarbon exports would be hit particularly hard by a drop in oil prices such as the drop that has occurred in recent months. The impact of the most recent downturn on our customers and their ability to continue operations and pay for our services is uncertain. Further, laws in some jurisdictions in which we

operate could make collection difficult or time consuming. We perform ongoing credit evaluations of our customers and do not generally require collateral in support of our trade receivables. While we maintain reserves for potential credit losses, we cannot assure such reserves will be sufficient to meet write-offs of uncollectible receivables or that our losses from such receivables will be consistent with our expectations.

Furthermore, some of our customers may be highly leveraged and subject to their own operating and regulatory risks, which increases the risk that they may default on their obligations to us. To the extent one or more of our key customers is in financial distress or commences bankruptcy proceedings, contracts with these customers may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code and similar international laws. Any material nonpayment or nonperformance by our key customers could adversely affect our business, financial condition and results of operations. The current downturn in our industry as a result of the Covid-19 pandemic along with the market volatility due to increased oil production from Russia and Saudi Arabia has exacerbated these credit risks.

In addition, customers experiencing financial difficulty may delay payment for our products and services. Such delays, even if accounts are ultimately paid in full, could reduce our cash resources available and materially and adversely impact our credit available from suppliers and financial institutions.

Our executive officers and certain key personnel are critical to our business, and these officers and key personnel may not remain with us in the future.

Our future success depends in substantial part on our ability to hire and retain our executive officers and other key personnel who possess extensive expertise, talent and leadership and are critical to our success. The diminution or loss of the services of these individuals, or other integral key personnel affiliated with entities that we acquire in the future, could have a material adverse effect on our business. The public health concerns posed by Covid-19 could pose a risk to our employees and may render our employees unable to work or travel. The extent to which Covid-19 may impact our employees, and subsequently our business, cannot be predicted at this time. We continue to monitor the situation, have actively implemented policies and practices to address the situation, and may adjust our current policies and practices as more information and guidance become available. Furthermore, we may not be able to enforce all of the provisions in agreements we have entered into with certain of our executive officers, and such agreements may not otherwise be effective in retaining such individuals. In addition, we may not be able to retain key employees of entities that we acquire in the future. This may impact our ability to successfully integrate or operate the assets we acquire.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Following is a summary of our repurchases of our common stock during the three months ended June 30, 2020.

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]	Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under the Program [2]
April 1 - April 30	197,362	$ 2.43	197,362	$ 38,502,322
May 1 - May 31	—	$ —	—	$ 38,502,322
June 1 - June 30	—	$ —	—	$ 38,502,322
Total	197,362	$ 2.43	197,362	

(1) This table excludes shares withheld from employees to satisfy tax withholding requirements on equity-based transactions. The Company administers cashless settlements and does not repurchase stock in connection with cashless settlements.

(2) Our Board of Directors has authorized a program to repurchase our common stock from time to time. Approximately $38,502,322 remained authorized for repurchases as of June 30, 2020; subject to the limitation set in our shareholder authorization for repurchases of our common stock, which is currently 10% of the common stock outstanding as of April 30, 2020. From the inception of this program in February 2020 through June 30, 2020, we repurchased 570,044 shares of our common stock for a total cost of approximately $1.5 million. This program was suspended during the second quarter of 2020.

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).
*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.
*101.1	The following materials from Frank's International N.V.'s Quarterly Report on Form 10-Q for the period ended June 30, 2020 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Loss; (iv) Condensed Consolidated Statements of Stockholders' Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Unaudited Condensed Consolidated Financial Statements.
*104.1	Cover Page Interactive Data File (embedded within the Inline XBRL document).

† 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: August 4, 2020

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: August 4, 2020

/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: August 4, 2020

/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 ended June 30, 2020 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.

August 4, 2020	/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 ended June 30, 2020 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.

August 4, 2020

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