Forum Energy Technologies Announces Third Quarter 2018 Results

October 29, 2018

- **Orders of $275 million in 3Q18, book to bill ratio of 103%**
- **Revenue of $267 million in 3Q18, up 34% y/y and (3%) q/q**
- **Diluted EPS of $(0.03) and adjusted EPS of $0.03 in 3Q18**
- **Adjusted EBITDA of $29 million in 3Q18, up 393% y/y and 7% q/q**

HOUSTON--(BUSINESS WIRE)--Oct. 29, 2018-- Forum Energy Technologies, Inc. (NYSE: FET) today announced third quarter 2018 revenue of $267 million, a decrease of $7 million, or 3%, from the second quarter 2018. Net loss for the quarter was $3 million, or $0.03 per diluted share, compared to net loss of $15 million, or $0.14 per diluted share, for the second quarter 2018. Excluding $6 million, or $0.06 per share of special items, adjusted net income was $0.03 per diluted share in the third quarter of 2018. See Tables 1-5 for a reconciliation of GAAP to non-GAAP financial information.

Segment Results

Completions segment revenue was $119 million, a decrease of $8 million, or 6% sequentially, primarily due to lower completions activity in North America. New inbound orders in the third quarter were $115 million, a decrease of $7 million, or 5%, from the second quarter. The Completions segment designs and manufactures products for the well construction, completion, stimulation and intervention markets.

Production & Infrastructure segment revenue was $95 million, an 8% increase from the second quarter 2018, on higher sales of valves and well site production equipment, primarily in the U.S. New inbound orders in the third quarter were $100 million, a 1% increase sequentially. The Production & Infrastructure segment manufactures land well site production equipment, desalination refinery equipment, and a wide range of valves for energy, industrial and mining customers.

Drilling & Subsea segment revenue was $55 million, a decrease of $5 million, or 9%, from the second quarter 2018. New inbound orders in the third quarter were $60 million, a 33% decrease from the second quarter due to the large subsea capital equipment order received last quarter, partially offset by an 11% increase in orders in our Drilling product line. Drilling & Subsea operations focus primarily on manufactured equipment and consumable products for global drilling and subsea contractors.

Review and Outlook

Prady Iyyanki, Forum's President and Chief Executive Officer, remarked, "Forum was on a strong growth trajectory until the third quarter when we were negatively impacted by the slowdown in U.S. completions activity. Despite these challenges, our team executed well during the quarter, as revenue was down only 3% and adjusted EBITDA increased sequentially.

"Although we are experiencing near term headwinds from the completions slowdown and tariffs, the long term market fundamentals for our product lines remain intact. We have benefited from the growth in North America onshore drilling and completions activity over the last several quarters, and we are now tendering for significant international orders as the broader recovery begins to unfold. Our balanced portfolio of consumable and capital equipment serving global markets across the well cycle positions us nicely to achieve continued long term growth.

"Our free cash flow was negative $4 million, a sequential improvement of $8 million. We ended the quarter with approximately $246 million of total liquidity. I am confident that we will deliver positive free cash flow in the fourth quarter and for the second half of the year."

Recent Events

Forum received orders in the third quarter of 2018 for approximately 275,000 horsepower of J-Mac hydraulic fracturing power ends.

Forum received a $12 million order for well site production equipment for the Marcellus basin.

Subsequent to the third quarter, Forum acquired Global Heat Transfer ("GHT") for $52 million in cash consideration and an earn-out arrangement under which additional cash consideration will be paid if certain conditions are met in 2019 and 2020. GHT engineers and manufactures premium industrial heat exchanger and cooling systems used primarily on hydraulic fracturing equipment as well as applications in other industries.

Conference Call Information

Forum's conference call is scheduled for Tuesday, October 30, 2018 at 9:00 AM CDT. During the call, the Company intends to discuss third quarter 2018 results. To participate in the earnings conference call, please call 855-757-8876 within North America, or 631-485-4851 outside of North America. The access code is 3348489. The call will also be broadcast through the Investor Relations link on Forum's website at www.f-e-t.com. Participants are encouraged to log in to the webcast or dial in to the conference call approximately ten minutes prior to the start time. A replay of the call will be available for two weeks after the call and may be accessed by dialing 855-859-2056 within North America, or 404-537-3406 outside of North America. The access code is 3348489.

Forum Energy Technologies is a global oilfield products company, serving the drilling, subsea, completions, production and infrastructure sectors of the oil and natural gas industry. The Company's products include highly engineered capital equipment as well as products that are consumed in the drilling, well construction, production and transportation of oil and natural gas. Forum is headquartered in Houston, TX with manufacturing and distribution facilities strategically located around the globe. For more information, please visit www.f-e-t.com.

Forward Looking Statements and Other Legal Disclosure

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the company expects, believes or anticipates will or may occur in the future are forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this press release specifically include the expectations of plans, strategies, objectives and anticipated financial and operating results of the company, including any statement about the company's future financial position, liquidity and capital resources, operations, performance, acquisitions, returns, capital expenditure budgets, new product development activities, costs and other guidance included in this press release.

These statements are based on certain assumptions made by the company based on management's experience and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. Among other things, these include the volatility of oil and natural gas prices, oilfield development activity levels, the availability of raw materials and specialized equipment, the company's ability to deliver backlog in a timely fashion, the availability of skilled and qualified labor, competition in the oil and gas industry, governmental regulation and taxation of the oil and natural gas industry, the company's ability to implement new technologies and services, the availability and terms of capital, and uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting the company's business, and other important factors that could cause actual results to differ materially from those projected as described in the company's filings with the Securities and Exchange Commission.

Any forward-looking statement speaks only as of the date on which such statement is made and the company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Forum Energy Technologies, Inc.
Condensed consolidated statements of income (loss)
(Unaudited)

	Three months ended		
	September 30,		June 30,
(in millions, except per share information)	**2018**	**2017**	**2018**
Revenue	$267.0	$198.7	$ 274.0
Cost of sales	192.5	151.1	201.3
Gross profit	74.5	47.6	72.7
Operating expenses			
Selling, general and administrative expenses	71.8	63.2	71.5
Transaction expenses	0.8	0.9	0.1
Goodwill and intangible asset impairment	—	0.6	14.5
Loss (gain) on disposal of assets and other	0.2	0.2	(1.3)
Total operating expenses	72.8	64.9	84.8
Earnings from equity investment	0.7	3.4	0.4
Operating income (loss)	2.4	(13.9)	(11.7)
Other expense (income)			
Interest expense	7.9	6.4	7.9
Foreign exchange losses (gains) and other, net	(1.3)	2.3	(5.9)

Total other expense	6.6	8.7	2.0
Loss before income taxes	(4.2)	(22.6)	(13.7)
Income tax expense (benefit)	(1.1)	(7.8)	1.6
Net loss [1]	$ (3.1)	$ (14.8)	$ (15.3)
Weighted average shares outstanding			
Basic	108.9	96.3	108.7
Diluted	108.9	96.3	108.7
Loss per share			
Basic	$ (0.03)	$ (0.15)	$ (0.14)
Diluted	$ (0.03)	$ (0.15)	$ (0.14)

[1] Refer to Table 1 for schedule of adjusting items.

Forum Energy Technologies, Inc.
Condensed consolidated statements of income (loss)
(Unaudited)

	Nine months ended September 30,	
(in millions, except per share information)	**2018**	**2017**
Revenue	$ 791.3	$ 570.9
Cost of sales	576.8	435.1
Gross profit	214.5	135.8
Operating expenses		
Selling, general and administrative expenses	215.4	185.8
Goodwill and intangible asset impairments	14.5	68.6
Transaction expenses	2.2	1.8
Loss (gain) on disposal of assets and other	(1.6)	1.5
Total operating expenses	230.5	257.7
Earnings from equity investment	—	7.4
Operating loss	(16.0)	(114.5)
Other expense (income)		
Interest expense	23.9	19.3
Foreign exchange losses (gains) and other, net	(3.7)	6.5
Gain on contribution of subsea rentals business	(33.5)	—
Total other (income) expense, net	(13.3)	25.8
Loss before income taxes	(2.7)	(140.3)
Income tax benefit [1]	(12.4)	(31.8)
Net income (loss) [2]	$ 9.7	$ (108.5)
Weighted average shares outstanding		
Basic	108.7	96.1
Diluted	110.8	96.1
Earnings (loss) per share		
Basic	$ 0.09	$ (1.13)
Diluted	$ 0.09	$ (1.13)

[1] U.S. tax reform significantly changes U.S. corporate income tax laws by, among other things, reducing the U.S. corporate income tax rate to 21% starting in 2018 and creating a territorial tax system with a one-time mandatory tax on previously deferred earnings of non-U.S. subsidiaries. As a result, the Company recorded a provisional charge of $10.1 million during the fourth quarter of 2017. Based on guidance subsequently issued by the U.S. Internal Revenue Service ("IRS"), the Company updated our provisional estimate and recorded a $15.6 million benefit in the nine months ended September 30, 2018 to reflect the revised

provisional estimate. The impacts related to U.S. tax reform remain provisional in nature and are subject to further adjustment as additional guidance is provided by the U.S. IRS regarding the application of the new U.S. corporate income tax laws.

(2) Refer to Table 2 for schedule of adjusting items.

Forum Energy Technologies, Inc.
Condensed consolidated balance sheets
(Unaudited)

(in millions of dollars)	September 30, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 26.9	$ 115.2
Accounts receivable—trade, net	214.7	202.9
Inventories, net	503.5	443.2
Other current assets	40.2	29.1
Total current assets	785.3	790.4
Property and equipment, net of accumulated depreciation	179.8	197.3
Goodwill and other intangibles, net	1,142.9	1,198.3
Investment in unconsolidated subsidiary	41.4	—
Other long-term assets	20.1	9.2
Total assets	$ 2,169.5	$ 2,195.2
Liabilities and equity		
Current liabilities		
Current portion of long-term debt	$ 0.9	$ 1.2
Other current liabilities	225.3	215.1
Total current liabilities	226.2	216.3
Long-term debt, net of current portion	466.0	506.8
Other long-term liabilities	56.6	63.1
Total liabilities	748.8	786.2
Total equity	1,420.7	1,409.0
Total liabilities and equity	$ 2,169.5	$ 2,195.2

Forum Energy Technologies, Inc.
Condensed consolidated cash flow information
(Unaudited)

	Nine Months Ended September 30,	
(in millions of dollars)	2018	2017
Cash flows from operating activities		
Net income (loss)	$ 9.7	$ (108.5)
Goodwill and intangible asset impairments	14.5	68.6
Depreciation and amortization	55.8	45.2
Other, primarily working capital	(104.3)	(22.4)
Net cash used in operating activities	(24.3)	(17.1)
Cash flows from investing activities		
Capital expenditures for property and equipment	(19.9)	(19.7)
Proceeds from sale of business, property and equipment	9.2	1.8
Acquisition of businesses, net of cash acquired	(8.0)	(47.9)
Investment in unconsolidated subsidiary	—	(1.0)
Net cash used in investing activities	(18.7)	(66.7)
Cash flows from financing activities		
Borrowings of debt	100.0	—

Repayments of debt	(141.9)	(1.1)
Repurchases of stock	(2.5)	(4.7)
Proceeds from stock issuance	0.2	2.9
Net cash used in financing activities	(44.2)	(2.9)
Effect of exchange rate changes on cash	(1.1)	8.7
Net decrease in cash, cash equivalents and restricted cash	$ (88.3)	$ (78.0)

Forum Energy Technologies, Inc.
Supplemental schedule - Segment information
(Unaudited)

	As Reported			As Adjusted [4]		
	Three months ended			Three months ended		
(in millions of dollars)	September 30, 2018	September 30, 2017	June 30, 2018	September 30, 2018	September 30, 2017	June 30, 2018
Revenue						
Drilling & Subsea	$ 54.5	$ 54.7	$ 59.9	$ 54.5	$ 54.7	$ 59.9
Completions	118.5	60.0	126.6	118.5	60.0	126.6
Production & Infrastructure	95.3	85.0	88.6	95.3	85.0	88.6
Eliminations	(1.3)	(1.0)	(1.1)	(1.3)	(1.0)	(1.1)
Total revenue	$ 267.0	$ 198.7	$274.0	$ 267.0	$ 198.7	$274.0
Operating income (loss)						
Drilling & Subsea [1]	$ (8.5)	$ (8.9)	$ (5.9)	$ (3.2)	$ (6.9)	$ (4.3)
Operating income margin %	*(15.6)%*	*(16.3)%*	*(9.8)%*	*(5.9)%*	*(12.6)%*	*(7.2)%*
Completions [1]	15.4	1.6	12.6	15.0	1.7	16.0
Operating income margin %	*13.0%*	*2.7%*	*10.0%*	*12.7%*	*2.8%*	*12.6%*
Production & Infrastructure	5.3	4.3	3.7	5.4	4.4	3.9
Operating income margin %	*5.6%*	*5.1%*	*4.2%*	*5.7%*	*5.2%*	*4.4%*
Corporate	(8.8)	(9.3)	(8.9)	(6.9)	(8.3)	(8.7)
Total segment operating income (loss)	3.4	(12.3)	1.5	10.3	(9.1)	6.9
Other items not in segment operating income [2]	(1.0)	(1.6)	(13.2)	—	(0.1)	1.7
Total operating income (loss)	$ 2.4	$ (13.9)	$ (11.7)	$ 10.3	$ (9.2)	$ 8.6
Operating income margin %	*0.9%*	*(7.0)%*	*(4.3)%*	*3.9%*	*(4.6)%*	*3.1%*
EBITDA [3]						
Drilling & Subsea	$ (2.9)	$ (5.7)	$ (3.9)	$ 1.5	$ 0.6	$ 0.8
EBITDA Margin %	*(5.3)%*	*(10.4)%*	*(6.5)%*	*2.8%*	*1.1%*	*1.3%*
Completions	27.2	7.9	19.1	26.8	8.2	28.7
EBITDA Margin %	*23.0%*	*13.2%*	*15.1%*	*22.6%*	*13.7%*	*22.7%*
Production & Infrastructure	7.2	6.6	5.9	7.6	6.6	6.4
EBITDA Margin %	*7.6%*	*7.8%*	*6.7%*	*8.0%*	*7.8%*	*7.2%*
Corporate	(9.2)	(10.1)	(8.3)	(6.8)	(8.3)	(8.6)
Total EBITDA	$ 22.3	$ (1.3)	$ 12.8	$ 29.1	$ 5.9	$ 27.3
EBITDA Margin %	*8.4%*	*(0.7)%*	*4.7%*	*10.9%*	*3.0%*	*10.0%*

[1] Includes earnings (loss) from equity investment.

[2] Includes transaction expenses, gain/(loss) on disposal of assets, and goodwill and intangible assets impairments.

[3] The Company believes that the presentation of EBITDA is useful to the Company's investors because EBITDA is an appropriate measure of evaluating the Company's operating performance and liquidity that reflects the resources available for strategic opportunities including, among others, investing in the business, strengthening the balance sheet, repurchasing the

Company's securities and making strategic acquisitions. In addition, EBITDA is a widely used benchmark in the investment community. See the attached separate schedule for the reconciliation of GAAP to non-GAAP financial information.

(4) Refer to Table 1 for schedule of adjusting items.

Forum Energy Technologies, Inc.
Supplemental schedule - Segment information
(Unaudited)

	As Reported		As Adjusted (4)	
	Nine months ended		Nine months ended	
(in millions of dollars)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenue				
Drilling & Subsea	$ 166.8	$ 180.6	$ 166.8	$ 180.6
Completions	357.6	156.9	357.6	156.9
Production & Infrastructure	270.3	235.7	270.3	235.7
Eliminations	(3.4)	(2.3)	(3.4)	(2.3)
Total revenue	$ 791.3	$ 570.9	$ 791.3	$ 570.9
Operating income (loss)				
Drilling & Subsea (1)	$ (24.6)	$ (23.6)	$ (16.0)	$ (21.0)
Operating income margin %	*(14.7)%*	*(13.1)%*	*(9.6)%*	*(11.6)%*
Completions (1)	36.9	(1.2)	43.0	(1.0)
Operating income margin %	*10.3%*	*(0.8)%*	*12.0%*	*(0.6)%*
Production & Infrastructure	13.2	7.1	13.5	7.7
Operating income margin %	*4.9%*	*3.0%*	*5.0%*	*3.3%*
Corporate	(26.3)	(24.9)	(23.8)	(23.4)
Total segment operating income (loss)	(0.8)	(42.6)	16.7	(37.7)
Other items not in segment operating income (loss) (2)	(15.2)	(71.9)	2.3	0.2
Total operating income (loss)	$ (16.0)	$ (114.5)	$ 19.0	$ (37.5)
Operating income margin %	*(2.0)%*	*(20.1)%*	*2.4%*	*(6.6)%*
EBITDA (3)				
Drilling & Subsea	$ 18.2	$ (79.3)	$ (1.1)	$ (1.1)
EBITDA Margin %	*10.9%*	*(43.9)%*	*(0.7)%*	*(0.6)%*
Completions	66.6	15.7	79.1	18.1
EBITDA Margin %	*18.6%*	*10.0%*	*22.1%*	*11.5%*
Production & Infrastructure	20.1	14.1	21.1	14.4
EBITDA Margin %	*7.4%*	*6.0%*	*7.8%*	*6.1%*
Corporate	(27.9)	(26.3)	(23.6)	(23.0)
Total EBITDA	$ 77.0	$ (75.8)	$ 75.5	$ 8.4
EBITDA Margin %	*9.7%*	*(13.3)%*	*9.5%*	*1.5%*

(1) Includes earnings (loss) from equity investment.

(2) Includes transaction expenses, gain (loss) on disposal of assets, and goodwill and intangible asset impairments

(3) The Company believes that the presentation of EBITDA is useful to the Company's investors because EBITDA is an appropriate measure of evaluating the company's operating performance and liquidity that reflects the resources available for strategic opportunities including, among others, investing in the business, strengthening the balance sheet, repurchasing the Company's securities and making strategic acquisitions. In addition, EBITDA is a widely used benchmark in the investment community. See the attached separate schedule for the reconciliation of GAAP to non-GAAP financial information.

Forum Energy Technologies, Inc.
Supplemental schedule - Orders information

(Unaudited)

(in millions of dollars)	Three months ended September 30, 2018	September 30, 2017	June 30, 2018
Orders			
Drilling & Subsea	$ 60.2	$ 49.3	$ 90.0
Completions	114.7	72.4	121.2
Production & Infrastructure	99.6	108.7	98.8
Total orders	$ 274.5	$ 230.4	$ 310.0
Revenue			
Drilling & Subsea	$ 54.5	$ 54.7	$ 59.9
Completions	118.5	60.0	126.6
Production & Infrastructure	95.3	85.0	88.6
Eliminations	(1.3)	(1.0)	(1.1)
Total revenue	$ 267.0	$ 198.7	$ 274.0
Book to bill ratio [(1)]			
Drilling & Subsea	1.10	0.90	1.50
Completions	0.97	1.21	0.96
Production & Infrastructure	1.05	1.28	1.12
Total book to bill ratio	1.03	1.16	1.13

[(1)] The book-to-bill ratio is calculated by dividing the dollar value of orders received in a given period by the revenue earned in that same period. The Company believes that this ratio is useful to investors because it provides an indication of whether the demand for our products, in the markets in which the Company operates, is strengthening or declining. A ratio of greater than one is indicative of improving market demand, while a ratio of less than one would suggest weakening demand. In addition, the Company believes the book-to-bill ratio provides more meaningful insight into future revenues for our business than other measures, such as order backlog, because the majority of the Company's products are activity based consumable items or shorter cycle capital equipment, neither of which are typically ordered by customers far in advance.

Forum Energy Technologies, Inc.
Reconciliation of GAAP to non-GAAP financial information
(Unaudited)
Table 1 - Adjusting items

	Three months ended								
	September 30, 2018			September 30, 2017			June 30, 2018		
(in millions, except per share information)	Operating income (loss)	EBITDA[(1)]	Net income (loss)	Operating income (loss)	EBITDA[(1)]	Net income (loss)	Operating income (loss)	EBITDA[(1)]	Net income (loss)
As reported	**$ 2.4**	**$ 22.3**	**$ (3.1)**	**$ (13.9)**	**$ (1.3)**	**$ (14.8)**	**$ (11.7)**	**$ 12.8**	**$ (15.3)**
% of revenue	*0.9%*	*8.4%*		*(7.0)%*	*(0.7)%*		*(4.3)%*	*4.7%*	
Restructuring charges and other	7.3	7.3	7.3	3.2	3.2	3.2	1.4	1.4	1.4
Transaction expenses	0.8	0.8	0.8	0.9	0.9	0.9	0.1	0.1	0.1
Inventory and other working capital adjustments	(0.7)	(0.7)	(0.7)	—	—	—	3.6	3.6	3.6
Goodwill and intangible asset impairment	—	—	—	0.6	0.6	0.6	14.5	14.5	14.5
Amortization of basis difference for equity method	0.5	0.5	0.5	—	—	—	0.7	0.7	0.7

investment [2]									
Loss (gain) on foreign exchange, net [3]	—	(1.1)	(1.1)	—	2.5	2.5	—	(5.8)	(5.8)
Income tax expense (benefit) of adjustments	—	—	(1.2)	—	—	(2.4)	—	—	(1.1)
Impact of U.S. tax reform	—	—	0.3	—	—	—	—	—	0.3
As adjusted[1]	**$ 10.3**	**$ 29.1**	**$ 2.8**	**$ (9.2)**	**$ 5.9**	**$ (10.0)**	**$ 8.6**	**$ 27.3**	**$ (1.6)**
% of revenue	*3.9%*	*10.9%*		*(4.6)%*	*3.0%*		*3.1%*	*10.0%*	
Diluted shares outstanding as reported			108.9			96.3			108.7
Diluted shares outstanding as adjusted			110.8			96.3			108.7
Diluted EPS - as reported			$ (0.03)			$ (0.15)			$ (0.14)
Diluted EPS - as adjusted			$ 0.03			$ (0.10)			$ (0.01)

[1] The Company believes that the presentation of EBITDA, adjusted EBITDA, adjusted operating income and adjusted Diluted EPS is useful to investors because (i) EBITDA is an appropriate measure of evaluating the Company's operating performance and liquidity that reflects the resources available for strategic opportunities including, among others, investing in the business, strengthening the balance sheet, repurchasing the Company's securities and making strategic acquisitions and (ii) each of adjusted EBITDA, adjusted operating income and adjusted Diluted EPS is useful to investors to assess and understand operating performance, especially when comparing those results with previous and subsequent periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of the Company's normal operating results. In addition, EBITDA is a widely used benchmark in the investment community. See the attached separate schedule for the reconciliation of GAAP to non-GAAP financial information.

[2] The difference between the fair value of our interest in Ashtead and the book value of the underlying net assets resulted in a basis difference non-operating gain, which was allocated to fixed assets, intangible assets and goodwill based on their respective fair values as of the transaction date. This amount represents the amortization of the basis difference gain associated with intangible assets and property, plant and equipment which is included in equity earnings (loss) over the estimated life of the respective assets.

[3] Foreign exchange, net primarily relates to cash and receivables denominated in U.S. dollars by some of our non-U.S. subsidiaries that report in a local currency, and therefore the loss has no economic impact in dollar terms.

Forum Energy Technologies, Inc.
Reconciliation of GAAP to non-GAAP financial information
(Unaudited)
Table 2 - Adjusting items

	Nine months ended					
	September 30, 2018			**September 30, 2017**		
(in millions, except per share information)	**Operating income (loss)**	**EBITDA [1]**	**Net income (loss)**	**Operating income (loss)**	**EBITDA [1]**	**Net income (loss)**
As reported	**$ (16.0)**	**$ 77.0**	**$ 9.7**	**$ (114.5)**	**$ (75.8)**	**$ (108.5)**
% of revenue	*(2.0)%*	*9.7%*		*(20.1)%*	*(13.3)%*	
Restructuring charges	11.5	11.5	11.8	6.6	6.6	6.6
Transaction expenses	2.2	2.2	2.2	1.8	1.8	1.8
Inventory and other working capital adjustments	5.4	5.4	5.4	—	—	—
Goodwill and intangible asset impairment	14.5	14.5	14.5	68.6	68.6	68.6

Gain on contribution of subsea rentals business	—	(33.5)	(33.5)	—	—	—
Amortization of basis difference for equity method investment [2]	1.4	1.4	1.4	—	—	—
Loss (gain) on foreign exchange, net [3]	—	(3.0)	(3.0)	—	7.2	7.2
Income tax expense (benefit) of adjustments	—	—	0.8	—	—	(8.5)
Impact of U.S. tax reform	—	—	(15.6)	—	—	—
As adjusted [1]	**$ 19.0**	**$ 75.5**	**$ (6.3)**	**$ (37.5)**	**$ 8.4**	**$ (32.8)**
% of revenue	*2.4%*	*9.5%*		*(6.6)%*	*1.5%*	
Diluted shares outstanding as reported			$ 110.8			$ 96.1
Diluted shares outstanding as adjusted			$ 108.7			$ 96.1
Diluted EPS - as reported			$ 0.09			$ (1.13)
Diluted EPS - as adjusted			$ (0.06)			$ (0.34)

[1] The Company believes that the presentation of EBITDA, adjusted EBITDA, adjusted operating income and adjusted Diluted EPS is useful to the Company's investors because (i) EBITDA is an appropriate measure of evaluating the Company's operating performance and liquidity that reflects the resources available for strategic opportunities including, among others, investing in the business, strengthening the balance sheet, repurchasing the Company's securities and making strategic acquisitions and (ii) each of adjusted EBITDA, adjusted operating income and adjusted Diluted EPS is useful to investors to assess and understand operating performance, especially when comparing those results with previous and subsequent periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of the Company's normal operating results. In addition, EBITDA is a widely used benchmark in the investment community. See the attached separate schedule for the reconciliation of GAAP to non-GAAP financial information.

[2] The difference between the fair value of our interest in Ashtead and the book value of the underlying net assets resulted in a basis difference non-operating gain, which was allocated to fixed assets, intangible assets and goodwill based on their respective fair values as of the transaction date. This amount represents the amortization of the basis difference gain associated with intangible assets and property, plant and equipment which is included in equity earnings (loss) over the estimated life of the respective assets.

[3] Foreign exchange, net primarily relates to cash and receivables denominated in U.S. dollars by some of our non-U.S. subsidiaries that report in a local currency, and therefore the loss has no economic impact in dollar terms.

Forum Energy Technologies, Inc.
Reconciliation of GAAP to non-GAAP financial information
(Unaudited)

Table 3 - Adjusting Items

	Three months ended		
(in millions of dollars)	**September 30, 2018**	**September 30, 2017**	**June 30, 2018**
EBITDA reconciliation [1]			
Net loss	$ (3.1)	$ (14.8)	$ (15.3)
Interest expense	7.9	6.4	7.9
Depreciation and amortization	18.6	14.9	18.6
Income tax benefit	(1.1)	(7.8)	1.6
EBITDA	**$ 22.3**	**$ (1.3)**	**$ 12.8**

[1] The Company believes that the presentation of EBITDA is useful to investors because EBITDA is an appropriate measure of evaluating the company's operating performance and liquidity that reflects the resources available for strategic opportunities including, among others, investing in the business, strengthening the balance sheet, repurchasing the Company's securities and making strategic acquisitions. In addition, EBITDA is a widely used benchmark in the investment community.

Table 4 - Adjusting Items

(in millions of dollars)	Nine months ended September 30, 2018	Nine months ended September 30, 2017
EBITDA reconciliation [1]		
Net loss attributable to common stockholders	$ 9.7	$ (108.5)
Interest expense	23.9	19.3
Depreciation and amortization	55.8	45.2
Income tax benefit	(12.4)	(31.8)
EBITDA	**$ 77.0**	**$ (75.8)**

[1] The Company believes that the presentation of EBITDA is useful to the Company's investors because EBITDA is an appropriate measure of evaluating the company's operating performance and liquidity that reflects the resources available for strategic opportunities including, among others, investing in the business, strengthening the balance sheet, repurchasing the Company's securities and making strategic acquisitions. In addition, EBITDA is a widely used benchmark in the investment community.

Table 5 - Adjusting items

(in millions of dollars)	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Free cash flow, before acquisitions, reconciliation [1]		
Net cash used in operating activities	$ (24.3)	$ (17.1)
Capital expenditures for property and equipment	(19.9)	(19.7)
Proceeds from sale of property and equipment	9.2	1.8
Free cash flow, before acquisitions	**$ (35.0)**	**$ (35.0)**

[1] The Company believes free cash flow, before acquisitions is an important measure because it encompasses both profitability and capital management in evaluating results.

Forum Energy Technologies, Inc.
Supplemental schedule - Product line revenue
(Unaudited)

(in millions of dollars)	Three months ended September 30, 2018		Three months ended September 30, 2017		Three months ended June 30, 2018	
Revenue:	$	%	$	%	$	%
Drilling Technologies	$ 43.3	16.2%	$ 38.2	19.2%	$ 46.4	16.9%
Subsea Technologies	11.2	4.2%	16.5	8.3%	13.5	4.9%
Drilling & Subsea	54.5	20.4%	54.7	27.5%	59.9	21.8%
Downhole Technologies	27.5	10.3%	20.0	10.1%	26.6	9.7%
Stimulation and Intervention	54.8	20.5%	40.0	20.1%	60.5	22.1%
Coiled Tubing	36.2	13.6%	—	—%	39.5	14.4%
Completions	118.5	44.4%	60.0	30.2%	126.6	46.2%
Production Equipment	37.4	14.0%	32.3	16.3%	35.3	12.9%
Valve Solutions	57.9	21.7%	52.7	26.5%	53.3	19.5%
Production & Infrastructure	95.3	35.7%	85.0	42.8%	88.6	32.4%
Eliminations	(1.3)	(0.5)%	(1.0)	(0.5)%	(1.1)	(0.4)%
Total Revenue	$267.0	100.0%	$198.7	100.0%	$274.0	100.0%

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