



Forum Energy Technologies Announces Second Quarter 2017 Results

July 28, 2017

HOUSTON--(BUSINESS WIRE)--Jul. 27, 2017-- Forum Energy Technologies, Inc. (NYSE:FET) today announced second quarter 2017 revenue of \$201 million, an increase of \$30 million, or 18%, from the first quarter 2017. Net loss for the quarter was \$78 million, or \$0.81 per diluted share, compared to a net loss of \$16 million, or \$0.16 per diluted share, for the first quarter 2017. Excluding \$69 million or \$0.71 per share of special items, the adjusted net loss was \$0.10 per diluted share in the second quarter of 2017 compared to an adjusted net loss of \$0.14 per diluted share in the first quarter 2017.

Special items in the second quarter of 2017 included pre-tax charges of \$68 million for goodwill impairment, \$3 million for restructuring charges, and \$3 million of foreign exchange losses. See Tables 1-5 for a reconciliation of GAAP to non-GAAP financial information.

During the quarter, we reviewed the carrying value of the goodwill in our Subsea product line, which represents less than 10% of our revenues. The review was triggered by the softening of oil prices and the developing consensus that production from low cost oil basins would be sufficient to meet anticipated demand for a longer period. This is expected to delay the need for production from higher cost basins and delay the recovery in offshore activity. As a result, we determined that the carrying value of the goodwill in our Subsea product line was impaired.

Segment Results

Completions segment revenue was \$55 million, a 29% increase sequentially, primarily due to customer spending on pressure pumping equipment. New inbound orders in the second quarter were \$67 million, a 31% increase from the first quarter 2017, resulting in a book to bill ratio of 123%. The Completions segment designs and manufactures products for the well construction, completion, stimulation and intervention markets primarily in North America.

Production & Infrastructure segment revenue was \$83 million, a 23% increase from the first quarter 2017, due to improved revenue from both well site production equipment and valve products. New inbound orders in the second quarter were \$93 million, a 24% increase from the first quarter 2017, resulting in a book to bill ratio of 112%. During the quarter, orders for valves reached a record level on strong demand in North America. The Production & Infrastructure segment manufactures U.S. land well site production equipment, desalination refinery equipment, and a wide range of valves for energy, industrial and mining customers.

Drilling and Subsea segment revenue was \$64 million, a 4% increase from the first quarter 2017. Subsea equipment revenue was flat with the previous quarter. New inbound orders for the Drilling & Subsea segment in the second quarter were \$54 million, resulting in a book to bill ratio of 84%. 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, "We are pleased with our strong growth in orders and revenue, especially within our Completions and Production & Infrastructure segments, as both are highly levered to North America activity. We generated 18% growth in revenue and returned to positive adjusted EBITDA for the company, with improvement in each of our three segments."

"Forum is benefiting from the recovery in the U.S. land drilling and completions activity. Our U.S. revenue in the second quarter increased 23% sequentially and represented 78% of total company revenue. We expect continued strong demand for our Completions and Production & Infrastructure products because of their exposure to North American completions activity, even if the rig count flattens or declines."

"Our financial liquidity remains strong. We ended the quarter with \$221 million of cash on hand and nothing drawn on our bank credit facility. During the quarter, working capital expanded as we ramped up our manufacturing volumes to respond to customer demand."

"We are pleased with the acquisition of Multilift, which we closed in July. Multilift's innovative products extend the useful life of an electrical submersible pump by protecting it against sand and other solids. The acquisition fits with our strategy of expanding our product offering in Completions."

"Forum expects diluted loss per share for the third quarter 2017 of \$0.07 to \$0.04 and sequential revenue growth of 8% to 12%."

Recent Events

Forum acquired Multilift for approximately \$40 million. Based in Houston, Texas, Multilift manufactures the patented SandGuardTM and the CycloneTM completion tools.

Forum has received orders thus far in 2017 for over 480,000 horsepower of J-Mac hydraulic fracturing power ends and for eight of its new innovative manifold trailers, the "ICBM."

Conference Call Information

Forum's conference call is scheduled for Friday, July 28, 2017 at 9:00 AM CDT. During the call, the Company intends to discuss second quarter 2017 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 47060238. 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 47060238.

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		
	June 30,	2016	March 31,
	2017		2017
<i>(in millions, except per share information)</i>			
Revenue	\$ 201.1	\$ 142.8	\$ 171.1
Cost of sales	151.9	137.5	132.1
Gross Profit	49.2	5.3	39.0
Other operating items			
Selling, general and administrative expenses	62.0	58.3	60.7
Goodwill impairment	68.0	—	—
(Gain) loss on sale of assets	1.6	—	(0.2)
Transaction expenses	0.2	0.1	0.6
Total operating expenses	131.8	58.4	61.1
Earnings from equity investment	2.6	0.2	1.5
Operating loss	(80.0)	(52.9)	(20.6)
Other expense (income)			
Interest expense	6.4	6.8	6.6
Loss (gain) on foreign exchange and other, net	2.6	(10.0)	1.6
Loss before income taxes	(89.0)	(49.7)	(28.8)
Income tax benefit	(11.1)	(21.1)	(13.0)
Net loss attributable to common stockholders ⁽¹⁾	\$ (77.9)	\$ (28.6)	\$ (15.8)
Weighted average shares outstanding			
Basic	96.2	90.7	95.9
Diluted	96.2	90.7	95.9
Loss per share			
Basic	\$ (0.81)	\$ (0.31)	\$ (0.16)
Diluted	\$ (0.81)	\$ (0.31)	\$ (0.16)

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

Forum Energy Technologies, Inc.

Condensed consolidated statements of income (loss)

(Unaudited)

	Six months ended	
	June 30,	
<i>(in millions, except per share information)</i>	2017	2016
Revenue	\$ 372.2	\$ 302.2
Cost of sales	284.0	262.4
Gross Profit	88.2	39.8
Other operating items		
Selling, general and administrative expenses	122.6	118.3
Goodwill impairment	68.0	—
Loss on sale of assets	1.4	—
Transaction expenses	0.9	0.2
Total operating expenses	192.9	118.5
Earnings from equity investment	4.2	0.8
Operating loss	(100.5)	(77.9)
Other expense (income)		
Interest expense	13.0	13.9
Deferred loan costs written off	—	2.6
Loss (gain) on foreign exchange and other, net	4.1	(11.4)
Loss before income taxes	(117.6)	(83.0)
Income tax benefit	(24.0)	(31.5)
Net loss attributable to common stockholders ⁽¹⁾	\$ (93.6)	\$ (51.5)
Weighted average shares outstanding		
Basic	96.0	90.6
Diluted	96.0	90.6
Loss per share		
Basic	\$ (0.98)	\$ (0.57)
Diluted	\$ (0.98)	\$ (0.57)

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

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

<i>(in millions of dollars)</i>	June 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 220.5	\$ 234.4
Accounts receivable—trade, net	145.3	105.3
Inventories, net	364.8	338.6
Other current assets	36.5	71.4
Total current assets	767.1	749.7
Property and equipment, net of accumulated depreciation	149.4	152.2
Goodwill and other intangibles, net	809.1	869.2
Investment in unconsolidated subsidiary	62.5	59.1
Other long-term assets	7.7	5.0
Total assets	\$ 1,795.8	\$ 1,835.2
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$ 1.1	\$ 0.1
Other current liabilities	180.6	141.7
Total current liabilities	181.7	141.8
Long-term debt, net of current portion	398.1	396.7
Other long-term liabilities	40.2	60.9
Total liabilities	620.0	599.4
Total stockholders' equity	1,175.8	1,235.2
Noncontrolling interest in subsidiary	—	0.6
Total equity	1,175.8	1,235.8

Total liabilities and equity \$1,795.8 \$ 1,835.2

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

<i>(in millions of dollars)</i>	Six months ended June 30,	
	2017	2016
Cash flows from operating activities		
Net loss	\$ (93.6)	\$ (51.5)
Goodwill impairment	68.0	—
Depreciation and amortization	30.2	31.6
Other, primarily working capital	0.2	64.8
Net cash provided by operating activities	\$ 4.8	\$ 44.9
Cash flows from investing activities		
Capital expenditures for property and equipment, net of proceeds from sale of property and equipment	\$ (11.3)	\$ (6.3)
Acquisition of businesses, net of cash acquired	(8.7)	(2.7)
Investment in unconsolidated subsidiary	(1.0)	—
Net cash used in investing activities	\$ (21.0)	\$ (9.0)
Cash flows from financing activities		
Repayment of long-term and short-term debt	(1.0)	(0.2)
Repurchase of stock related to shares withheld for taxes	(4.6)	(1.1)
Proceeds from stock issuance	2.0	1.1
Other	—	(0.5)
Net cash used in financing activities	\$ (3.6)	\$ (0.7)
Effect of exchange rate changes on cash	5.9	(7.2)
Net increase (decrease) in cash and cash equivalents	\$ (13.9)	\$ 28.0

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

<i>(in millions of dollars)</i>	As Reported			As Adjusted ⁽⁵⁾		
	Three months ended			Three months ended		
	June 30, 2017	June 30, 2016	March 31, 2017	June 30, 2017	June 30, 2016	March 31, 2017
Revenue⁽⁶⁾						
Drilling & Subsea	\$ 64.0	\$ 55.2	\$ 61.8	\$ 64.0	\$ 55.2	\$ 61.8
Completions	54.5	26.3	42.4	54.5	26.3	42.4
Production & Infrastructure	83.1	61.8	67.6	83.1	61.8	67.6
Eliminations	(0.5)	(0.5)	(0.7)	(0.5)	(0.5)	(0.7)
Total revenue	\$ 201.1	\$ 142.8	\$ 171.1	\$ 201.1	\$ 142.8	\$ 171.1
Operating income (loss)⁽⁶⁾						
Drilling & Subsea	\$ (6.4)	\$ (20.9)	\$ (8.4)	\$ (6.0)	\$ (12.2)	\$ (8.0)
Operating income margin %	(10.0)%	(37.9)%	(13.6)%	(9.4)%	(22.1)%	(12.9)%
Completions ⁽¹⁾	0.7	(27.6)	(3.5)	0.7	(8.1)	(3.5)
Operating income margin %	1.3 %	(104.9)%	(8.3)%	1.3 %	(30.8)%	(8.3)%
Production & Infrastructure	3.4	2.6	(0.5)	3.6	3.6	(0.4)
Operating income margin %	4.1 %	4.2 %	(0.7)%	4.3 %	5.8 %	(0.6)%
Corporate	(7.8)	(6.9)	(7.8)	(7.6)	(6.7)	(7.4)
Total Segment operating loss	(10.1)	(52.8)	(20.2)	(9.3)	(23.4)	(19.3)
Other items not in segment operating income ⁽²⁾	(69.9)	(0.1)	(0.4)	0.2	0.2	0.1
Total operating loss	\$ (80.0)	\$ (52.9)	\$ (20.6)	\$ (9.1)	\$ (23.2)	\$ (19.2)
Operating income margin %	(39.8)%	(37.0)%	(12.0)%	(4.5)%	(16.2)%	(11.2)%
EBITDA ⁽³⁾⁽⁶⁾						
Drilling & Subsea	\$ (70.5)	\$ (1.7)	\$ (2.9)	\$ 0.6	\$ (4.5)	\$ (1.0)
EBITDA Margin %	(110.2)%	(3.1)%	(4.7)%	0.9 %	(8.2)%	(1.6)%
Completions	5.0	(21.2)	2.9	6.9	(1.6)	3.0
EBITDA Margin %	9.2 %	(80.6)%	6.8 %	12.7 %	(6.1)%	7.1 %

Production & Infrastructure	5.7		2.3		1.8		5.9		5.2		2.0	
EBITDA Margin %	6.9	%	3.7	%	2.7	%	7.1	%	8.4	%	3.0	%
Corporate	(7.7)	)	(6.6)	)	(7.8)	)	(7.5)	)	(6.5)	)	(7.4))
Other items (4)	(0.3)	)	—		(0.6))	—		—		—	
Total EBITDA	\$ (67.8)	)	\$ (27.2)	)	\$ (6.6)	)	\$ 5.9		\$ (7.4)	)	\$ (3.4))
EBITDA Margin %	(33.7)	)%	(19.0)	)%	(3.9)	)%	2.9	%	(5.2)	)%	(2.0))%

(1) Includes earnings from equity investment.

(2) Includes transaction expenses, gain/(loss) on sale of assets, and impairment of goodwill and intangible assets.

(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) Includes transaction expenses.

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

(6) In order to better align with the predominant customer base of the segment, we have moved management and financial reporting of our fully rotational torque machine operations, which operates under the AMC brand, from the Drilling and Subsea segment to the Completions segment. Prior period financial information has been revised to conform with current period presentation with no impact to total segment operating results.

Forum Energy Technologies, Inc.

Supplemental schedule - Segment information

(Unaudited)

(in millions of dollars)	As Reported		As Adjusted (5)	
	Six months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenue(6)				
Drilling & Subsea	\$ 125.9	\$ 119.6	\$ 125.9	\$ 119.6
Completions	96.9	61.6	96.9	61.6
Production & Infrastructure	150.7	122.3	150.7	122.3
Eliminations	(1.3)	(1.3)	(1.3)	(1.3)
Total revenue	\$ 372.2	\$ 302.2	\$ 372.2	\$ 302.2
Operating income (loss)(6)				
Drilling & Subsea	\$ (14.7)	\$ (30.6)	\$ (14.1)	\$ (21.4)
Operating income margin %	(11.7)	(25.6)	(11.2)	(17.9)
Completions (1)	(2.8)	(34.2)	(2.7)	(13.9)
Operating income margin %	(2.9)	(55.5)	(2.8)	(22.6)
Production & Infrastructure	2.8	1.2	3.3	4.4
Operating income margin %	1.9	1.0	2.2	3.6
Corporate	(15.6)	(14.1)	(15.0)	(13.6)
Total Segment operating loss	(30.3)	(77.7)	(28.5)	(44.5)
Other items not in segment operating income (loss) (2)	(70.2)	(0.2)	0.3	0.3
Total operating loss	\$ (100.5)	\$ (77.9)	\$ (28.2)	\$ (44.2)
Operating income margin %	(27.0)	(25.8)	(7.6)	(14.6)
EBITDA (3)(6)				
Drilling & Subsea	\$ (73.5)	\$ (2.2)	\$ (0.5)	\$ (6.0)
EBITDA Margin %	(58.4)	(1.8)	(0.4)	(5.0)
Completions	7.9	(21.4)	9.9	(1.0)
EBITDA Margin %	8.2	(34.7)	10.2	(1.6)
Production & Infrastructure	7.5	2.6	7.8	7.7
EBITDA Margin %	5.0	2.1	5.2	6.3
Corporate	(15.4)	(16.3)	(14.7)	(13.2)
Other items (4)	(0.9)	(0.2)	—	—
Total EBITDA	\$ (74.4)	\$ (37.5)	\$ 2.5	\$ (12.5)
EBITDA Margin %	(20.0)	(12.4)	0.7	(4.1)

(1) Includes earnings from equity investment.

(2) Includes transaction expenses, loss on sale of business, gain/(loss) on sale of assets, and impairment of goodwill and intangible assets.

(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) Includes transaction expenses and loss on sale of business.

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

(6) In order to better align with the predominant customer base of the segment, we have moved management and financial reporting of our fully rotational torque machine operations, which operates under the AMC brand, from the Drilling and Subsea segment to the Completions segment. Prior period financial information has been revised to conform with current period presentation with no impact to total segment operating results.

Forum Energy Technologies, Inc.

Supplemental schedule - Orders information

(Unaudited)

(in millions of dollars)	Three months ended		
	June 30, 2017	June 30, 2016	March 31, 2017
Orders⁽²⁾			
Drilling & Subsea	\$ 53.5	\$ 48.3	\$ 67.3
Completions	67.2	28.2	51.2
Production & Infrastructure	93.4	51.8	75.4
Total orders	\$ 214.1	\$ 128.3	\$ 193.9
Revenue⁽²⁾			
Drilling & Subsea	\$ 64.0	\$ 55.2	\$ 61.8
Completions	54.5	26.3	42.4
Production & Infrastructure	83.1	61.8	67.6
Eliminations	(0.5)	(0.5)	(0.7)
Total revenue	\$ 201.1	\$ 142.8	\$ 171.1
Book to bill ratio ⁽¹⁾			
Drilling & Subsea	0.84	0.88	1.09
Completions	1.23	1.07	1.21
Production & Infrastructure	1.12	0.84	1.12
Total book to bill ratio	1.06	0.90	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. We believe that this ratio is useful to the Company's investors because it provides an indication of whether the demand for our products, in the markets in which we operate, 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, we believe 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 our products are activity based consumable items or shorter cycle capital equipment, neither of which are typically ordered by customers far in advance.

(2) In order to better align with the predominant customer base of the segment, we have moved management and financial reporting of our fully rotational torque machine operations, which operates under the AMC brand, from the Drilling and Subsea segment to the Completions segment. Prior period financial information has been revised to conform with current period presentation with no impact to total segment operating results.

Forum Energy Technologies, Inc.

Reconciliation of GAAP to non-GAAP financial information

(Unaudited)

Table 1 - Adjusting items

(in millions, except per share information)	Three months ended			June 30, 2016			March 31, 2017		
	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	\$ (80.0)	\$ (67.8)	\$ (77.9)	\$ (52.9)	\$ (27.2)	\$ (28.6)	\$ (20.6)	\$ (6.6)	\$ (15.8)
% of revenue	(39.8) %	(33.7) %		(37.0) %	(19.0) %		(12.0) %	(3.9) %	
Restructuring charges and other	2.7	2.7	2.7	3.2	3.2	3.2	0.8	0.8	0.8

Transaction expenses	0.2	0.2	0.2	0.1	0.1	0.1	0.6	0.6	0.6
Inventory and other working capital reserve	—	—	—	26.4	26.4	26.4	—	—	—
Goodwill impairment	68.0	68.0	68.0	—	—	—	—	—	—
Deferred loan costs written off	—	—	—	—	—	—	—	—	—
Loss (gain) on foreign exchange, net ⁽²⁾	—	2.8	2.8	—	(9.9)	(9.9)	—	1.8	1.8
Income tax benefit of adjustments	—	—	(5.2)	—	—	(8.2)	—	—	(0.9)
As adjusted ⁽¹⁾	\$ (9.1)	\$ 5.9	\$ (9.4)	\$ (23.2)	\$ (7.4)	\$ (17.0)	\$ (19.2)	\$ (3.4)	\$ (13.5)
% of revenue	(4.5)%	2.9 %		(16.2)%	(5.2)%		(11.2)%	(2.0)%	
Diluted EPS - as reported				\$ (0.81)			\$ (0.31)		\$ (0.16)
Diluted EPS - as adjusted				\$ (0.10)			\$ (0.19)		\$ (0.14)

Table 2 - Adjusting items

(in millions, except per share information)	Six months ended June 30, 2017			June 30, 2016		
	Operating income (loss)	EBITDA ⁽¹⁾	Net income (loss)	Operating income (loss)	EBITDA ⁽¹⁾	Net income (loss)
As reported	\$ (100.5)	\$ (74.4)	\$ (93.6)	\$ (77.9)	\$ (37.5)	\$ (51.5)
% of revenue	(27.0)%	(20.0)%		(25.8)%	(12.4)%	
Restructuring charges	3.4	3.4	3.4	7.0	7.0	7.0
Transaction expenses	0.9	0.9	0.9	0.3	0.3	0.3
Inventory and other working capital reserve	—	—	—	26.4	26.4	26.4
Goodwill impairment	68.0	68.0	68.0	—	—	—
Deferred loan costs written off	—	—	—	—	2.6	2.6
Gain on foreign exchange, net ⁽²⁾	—	4.6	4.6	—	(11.3)	(11.3)
Income tax expense (benefit) of adjustments	—	—	(6.1)	—	—	(10.3)
As adjusted ⁽¹⁾	\$ (28.2)	\$ 2.5	\$ (22.8)	\$ (44.2)	\$ (12.5)	\$ (36.8)
% of revenue	(7.6)%	0.7 %		(14.6)%	(4.1)%	
Diluted EPS - as reported			\$ (0.98)			\$ (0.57)
Diluted EPS - as adjusted			\$ (0.24)			\$ (0.41)

(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) 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

(in millions of dollars)	Three months ended		
	June 30, 2017	June 30, 2016	March 31, 2017
EBITDA reconciliation ⁽¹⁾			
Net loss attributable to common stockholders	\$ (77.9)	\$ (28.6)	\$ (15.8)
Interest expense	6.4	6.8	6.6

Depreciation and amortization	14.8	15.7	15.6
Income tax benefit	(11.1)	(21.1)	(13.0)
EBITDA	\$ (67.8)	\$ (27.2)	\$ (6.6)

Table 4 - Adjusting Items

<i>(in millions of dollars)</i>	Six months ended	
	June 30, 2017	June 30, 2016
EBITDA reconciliation ⁽¹⁾		
Net loss attributable to common stockholders	\$ (93.6)	\$ (51.5)
Interest expense	13.0	13.9
Depreciation and amortization	30.2	31.6
Income tax expense (benefit)	(24.0)	(31.5)
EBITDA	\$ (74.4)	\$ (37.5)

(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

<i>(in millions of dollars)</i>	Six months ended	
	June 30, 2017	June 30, 2016
Free cash flow, before acquisitions, reconciliation ⁽²⁾		
Net cash provided by operating activities	\$ 4.8	\$ 44.9
Capital expenditures for property and equipment	(13.0)	(10.0)
Proceeds from sale of property and equipment	1.7	3.7
Free cash flow, before acquisitions	\$ (6.5)	\$ 38.6

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

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