

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 5, 2020

FORUM ENERGY TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|--|---|
| Delaware (State or other jurisdiction of incorporation or organization) | 001-35504 (Commission File Number) | 61-1488595 (I.R.S. Employer Identification No.) |
|---|--|---|

| | | |
|---|---|----------------------------|
| 10344 Sam Houston Park Drive <i>(Address of Principal Executive Offices)</i> | Suite 300 Houston TX <i>(Zip Code)</i> | 77064 <i>(Zip Code)</i> |
|---|---|----------------------------|

(Address of principal executive offices and zip code)

281 949-2500

Registrant's telephone number, including area code

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|--|----------------|---|
| Common Stock, par value \$0.01 per share | FET | NYSE |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On November 5, 2020, Forum Energy Technologies, Inc. (the “*Company*”) issued a press release announcing earnings for the quarter ended September 30, 2020. A copy of the release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

Exhibit 99.1 to this report contains “non-GAAP financial measures” as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”). The non-GAAP financial measures reflect earnings before interest, taxes, depreciation and amortization expense (“*EBITDA*”), adjusted EBITDA, adjusted operating income, adjusted net income, adjusted net income per diluted share (“*Adjusted Diluted EPS*”), book to bill ratio and free cash flow, before acquisitions (“*free cash flow*”). A reconciliation of EBITDA, adjusted EBITDA, adjusted operating income, adjusted net income, Adjusted Diluted EPS, book to bill ratio and free cash flow to the most directly comparable financial measures calculated and presented in accordance with Generally Accepted Accounting Principles in the United States (“*GAAP*”) is included as an attachment to the press release. The Company believes the presentation of EBITDA, adjusted EBITDA, adjusted operating income, adjusted net income, Adjusted Diluted EPS, book to bill ratio and free cash flow are useful to the Company's investors because (i) each of these financial metrics are 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 and (ii) 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, these benchmarks are widely used in the investment community.

The presentation of this additional information is not meant to be considered in isolation or as a substitute for the Company's financial results prepared in accordance with GAAP.

The information contained in this Current Report shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Exhibit Title or Description</u> |
|--------------------|---|
| 99.1 | Press Release dated November 5, 2020. |
| 104 | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document. |

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 hereunto duly authorized.

Date: November 5, 2020

FORUM ENERGY TECHNOLOGIES, INC.

/s/ John C. Ivascu

John C. Ivascu

Executive Vice President, General Counsel, Chief Compliance Officer and
Corporate Secretary



Forum Energy Technologies Announces Third Quarter 2020 Results

- **Revenue of \$104 million**
- **Net loss of \$22 million and diluted EPS of negative \$0.19**
- **Adjusted EBITDA of negative \$10 million**
- **Operating cash flow of \$4 million and free cash flow of \$6 million**
- **Extended long-term debt maturity to 2025 and \$129 million of liquidity**

HOUSTON, TEXAS, November 5, 2020 - Forum Energy Technologies, Inc. (NYSE: FET) today announced third quarter 2020 revenue of \$104 million, a decrease of \$10 million from the second quarter 2020. Orders received in the quarter increased by \$7 million to \$92 million. Net loss for the quarter was \$22 million, or \$0.19 per diluted share, compared to a net loss of \$5 million, or \$0.05 per diluted share, for the second quarter 2020. Excluding \$12 million, or \$0.11 per share of special items, adjusted net loss was \$0.30 per diluted share in the third quarter 2020, compared to an adjusted net loss of \$0.29 per diluted share in the second quarter 2020. Adjusted EBITDA was negative \$10 million in the third quarter 2020, an improvement of approximately \$2 million from the second quarter 2020.

Special items in the third quarter 2020, on a pre-tax basis, included a \$29 million gain on extinguishment of debt resulting from the debt exchange completed in August. This par for par exchange extended Forum's debt maturity date from 2021 to 2025. The \$29 million gain reflects the accounting difference between the net carrying value of the 2021 Notes exchanged and the estimated fair value of the 2025 Notes. The gain was partially offset by impairments and restructuring charges of \$11 million and \$3 million of foreign exchange losses. See Tables 1-3 for a reconciliation of GAAP to non-GAAP financial information.

Cris Gaut, Chairman and Chief Executive Officer, remarked, "U.S. rig count and U.S. frac fleet count both declined sharply in the third quarter as compared with the second. However, it appears these measures of activity bottomed in the third quarter and have continued to increase into the fourth quarter. As a result, we believe the third quarter represents an inflection point in U.S. drilling and completion activity, as well as for Forum.

“Forum bookings increased 8% sequentially, driven by orders for our short-cycle completion products and our surface separation production equipment products. Orders for these products rose as our exploration and production and service company customers began to increase spending commitments. Our revenues, however, decreased due to the lower than anticipated activity levels in the quarter. Given the increases in U.S. land activity that have occurred already in the fourth quarter, we expect sequential improvement in both orders and revenue in line with activity.

“Our on-going efforts to size our operations for the current level of market activity continued to improve our earnings and our EBITDA increased sequentially despite lower revenues in the quarter. Accelerating cost reduction efforts allowed us to increase EBITDA despite lower revenue in the third quarter. We have significantly reduced fixed costs and are continuing initiatives to further decrease direct and structural costs to generate positive EBITDA, even at historically low levels of activity.”

“I am pleased with the way our employees have responded to these extremely challenging market conditions and look forward to seeing the strong results Forum will deliver as market conditions continue to improve.”

Segment Results

Drilling & Downhole segment revenue was \$43 million and orders were \$39 million, a decrease of 8% and 9%, respectively, from the second quarter 2020. Lower demand for drilling products in North America, resulting from the continued steep decline in drilling activity levels in the third quarter of 2020, was the primary driver of these decreases. Segment adjusted EBITDA was \$(4) million, down \$1 million from the second quarter, resulting primarily from the decline in revenues partially offset by cost reduction actions implemented in the second quarter. Drilling & Downhole operations focus primarily on capital equipment and consumable products for global drilling, well construction, artificial lift and subsea markets.

Completions segment revenue was \$20 million, a sequential increase of \$2 million, or 11%, as well completions activity began to grow in the third quarter. Orders in the third quarter were \$18 million, an increase of \$4 million, or 30%, from the second quarter 2020. Segment adjusted EBITDA was \$(4) million, up \$2 million from the second quarter due to a more favorable revenue mix and continued cost management. The Completions segment designs and manufactures products for the coiled tubing, stimulation and intervention markets.

Production segment revenue was \$41 million, a decrease of \$8 million, or 16% from the second quarter 2020, due to lower sales of both valves and surface production equipment. Orders in the third quarter were \$35 million, a 21% increase sequentially, due to significant orders for well-site production equipment for deliveries throughout 2021 and one large international order for desalination process

equipment. Segment adjusted EBITDA was \$3 million, an increase of \$1 million sequentially, as revenue declines were more than offset by cost reductions from restructuring actions implemented in the second quarter. The Production segment manufactures land well site production equipment, desalination process equipment, and a wide range of valves for upstream, midstream and process industry customers.

Forum Energy Technologies is a global oilfield products company, serving the drilling, downhole, subsea, completions and production 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 severity and duration of the COVID-19 pandemic and related repercussions resulting from the negative impact on demand for oil and gas, 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 natural 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 U.S. 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.

Company Contact

Lyle Williams
Executive Vice President and Chief Financial Officer
713.351.7920
lyle.williams@f-e-t.com

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

| <i>(in millions, except per share information)</i> | Three months ended | | |
|--|--------------------|-------------------|-----------------|
| | September 30, | | June 30, |
| | 2020 | 2019 | 2020 |
| Revenue | \$ 103.6 | \$ 239.3 | \$ 113.3 |
| Cost of sales | 90.5 | 176.7 | 100.4 |
| Gross profit | 13.1 | 62.6 | 12.9 |
| Operating expenses | | | |
| Selling, general and administrative expenses | 46.0 | 63.5 | 48.3 |
| Transaction expenses | 0.7 | 0.3 | 0.2 |
| Impairments of goodwill, intangible assets, property and equipment | 3.0 | 532.3 | 0.1 |
| Loss (gain) on disposal of assets and other | 0.5 | (0.1) | (0.7) |
| Total operating expenses | 50.2 | 596.0 | 47.9 |
| Operating loss | (37.1) | (533.4) | (35.0) |
| Other expense (income) | | | |
| Interest expense | 8.5 | 7.8 | 6.4 |
| Gain on extinguishment of debt | (28.7) | — | (36.3) |
| Deferred loan costs written off | 0.3 | — | 0.1 |
| Gain realized on previously held equity investment | — | (1.6) | — |
| Foreign exchange losses (gains) and other, net | 3.3 | (3.2) | 0.7 |
| Total other (income) expense, net | (16.6) | 3.0 | (29.1) |
| Loss before income taxes | (20.5) | (536.4) | (5.9) |
| Income tax expense (benefit) | 1.1 | (3.4) | (0.4) |
| Net loss ⁽¹⁾ | \$ (21.6) | \$ (533.0) | \$ (5.5) |
| Weighted average shares outstanding | | | |
| Basic | 111.6 | 110.3 | 111.6 |
| Diluted | 111.6 | 110.3 | 111.6 |
| Loss per share | | | |
| Basic | \$ (0.19) | \$ (4.83) | \$ (0.05) |
| Diluted | \$ (0.19) | \$ (4.83) | \$ (0.05) |

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

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

| <i>(in millions, except per share information)</i> | Nine months ended | |
|--|--------------------------|-------------|
| | September 30, | |
| | 2020 | 2019 |
| Revenue | \$ 399.5 | \$ 756.8 |
| Cost of sales | 351.4 | 560.9 |
| Gross profit | 48.1 | 195.9 |
| Operating expenses | | |
| Selling, general and administrative expenses | 154.5 | 195.3 |
| Transaction expenses | 0.9 | 1.0 |
| Impairments of goodwill, intangible assets, property and equipment | 20.4 | 532.3 |
| Contingent consideration benefit | — | (4.6) |
| Gain on disposal of assets and other | (0.2) | (0.1) |
| Total operating expenses | 175.6 | 723.9 |
| Loss from equity investment | — | (0.3) |
| Operating loss | (127.5) | (528.3) |
| Other expense (income) | | |
| Interest expense | 21.6 | 24.2 |
| Foreign exchange gains and other, net | (1.0) | (3.0) |
| Gain on extinguishment of debt | (72.5) | — |
| Deferred loan costs written off | 2.3 | — |
| Gain realized on previously held equity investment | — | (1.6) |
| Total other (income) expense, net | (49.6) | 19.6 |
| Loss before income taxes | (77.9) | (547.9) |
| Income tax expense (benefit) | (13.7) | 6.7 |
| Net income (loss) ⁽¹⁾ | \$ (64.2) | \$ (554.6) |
| Weighted average shares outstanding | | |
| Basic | 111.5 | 110.0 |
| Diluted | 111.5 | 110.0 |
| Loss per share | | |
| Basic | \$ (0.58) | \$ (5.04) |
| Diluted | \$ (0.58) | \$ (5.04) |

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

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

(in millions of dollars)

| | September 30, 2020 | December 31, 2019 |
|---|---------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 20.0 | \$ 57.9 |
| Accounts receivable—trade, net | 79.8 | 154.2 |
| Inventories, net | 364.7 | 414.6 |
| Other current assets | 41.0 | 39.2 |
| Total current assets | 505.5 | 665.9 |
| Property and equipment, net of accumulated depreciation | 120.3 | 154.8 |
| Operating lease assets | 33.9 | 48.7 |
| Intangible assets, net | 247.3 | 272.3 |
| Other long-term assets | 17.0 | 18.3 |
| Total assets | \$ 924.0 | \$ 1,160.0 |
| Liabilities and equity | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ 1.3 | \$ 0.7 |
| Other current liabilities | 135.9 | 196.2 |
| Total current liabilities | 137.2 | 196.9 |
| Long-term debt, net of current portion | 290.0 | 398.9 |
| Other long-term liabilities | 69.5 | 78.2 |
| Total liabilities | 496.7 | 674.0 |
| Total equity | 427.3 | 486.0 |
| Total liabilities and equity | \$ 924.0 | \$ 1,160.0 |

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

| <i>(in millions of dollars)</i> | Nine Months Ended September 30, | |
|--|--|------------------|
| | 2020 | 2019 |
| Cash flows from operating activities | | |
| Net loss | \$ (64.2) | \$ (554.6) |
| Impairments of goodwill, intangible assets, property and equipment | 20.4 | 532.3 |
| Depreciation and amortization | 39.1 | 48.5 |
| Impairments of operating lease assets | 14.1 | 2.2 |
| Gain on extinguishment of debt | (72.5) | — |
| Other noncash items and changes in working capital | 64.8 | 47.3 |
| Net cash provided by operating activities | 1.7 | 75.7 |
| Cash flows from investing activities | | |
| Capital expenditures for property and equipment | (2.2) | (12.6) |
| Proceeds from sale of business, property and equipment | 4.2 | 39.8 |
| Net cash provided by investing activities | 2.0 | 27.2 |
| Cash flows from financing activities | | |
| Borrowings of debt | 85.0 | 97.0 |
| Repayments of debt | (113.4) | (217.3) |
| Bond exchange early participation payment | (3.5) | — |
| Repurchases of stock | (0.2) | (1.1) |
| Deferred financing costs | (9.4) | — |
| Net cash used in financing activities | (41.5) | (121.4) |
| Effect of exchange rate changes on cash | (0.1) | 0.2 |
| Net decrease in cash, cash equivalents and restricted cash | \$ (37.9) | \$ (18.3) |

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

| <i>(in millions of dollars)</i> | As Reported | | | As Adjusted ⁽⁴⁾ | | |
|--|--------------------|--------------------|------------------|----------------------------|--------------------|------------------|
| | Three months ended | | | Three months ended | | |
| | September 30, 2020 | September 30, 2019 | June 30, 2020 | September 30, 2020 | September 30, 2019 | June 30, 2020 |
| Revenue | | | | | | |
| Drilling & Downhole | \$ 43.2 | \$ 88.3 | \$ 47.2 | \$ 43.2 | \$ 88.3 | \$ 47.2 |
| Completions | 19.6 | 70.6 | 17.6 | 19.6 | 70.6 | 17.6 |
| Production | 40.8 | 81.0 | 48.6 | 40.8 | 81.0 | 48.6 |
| Eliminations | — | (0.6) | (0.1) | — | (0.6) | (0.1) |
| Total revenue | \$ 103.6 | \$ 239.3 | \$ 113.3 | \$ 103.6 | \$ 239.3 | \$ 113.3 |
| Operating income (loss) | | | | | | |
| Drilling & Downhole ⁽¹⁾ | \$ (13.2) | \$ 4.3 | \$ (9.4) | \$ (8.4) | \$ 6.4 | \$ (7.8) |
| <i>Operating income margin %</i> | (30.6)% | 4.9 % | (19.9)% | (19.4)% | 7.2 % | (16.5)% |
| Completions | (11.9) | (0.1) | (17.8) | (11.4) | 2.5 | (13.2) |
| <i>Operating income margin %</i> | (60.7)% | (0.1)% | (101.1)% | (58.2)% | 3.5 % | (75.0)% |
| Production | (0.1) | 2.3 | (1.1) | 0.6 | 3.5 | (0.7) |
| <i>Operating income margin %</i> | (0.2)% | 2.8 % | (2.3)% | 1.5 % | 4.3 % | (1.4)% |
| Corporate | (7.7) | (7.4) | (7.2) | (5.0) | (6.5) | (5.7) |
| Total segment operating income (loss) | (32.9) | (0.9) | (35.5) | (24.2) | 5.9 | (27.4) |
| Other items not in segment operating income ⁽²⁾ | (4.2) | (532.5) | 0.5 | 0.1 | 0.1 | 0.7 |
| Total operating income (loss) | \$ (37.1) | \$ (533.4) | \$ (35.0) | \$ (24.1) | \$ 6.0 | \$ (26.7) |
| <i>Operating income margin %</i> | (35.8)% | (222.9)% | (30.9)% | (23.3)% | 2.5 % | (23.6)% |
| EBITDA ⁽³⁾ | | | | | | |
| Drilling & Downhole | \$ (13.0) | \$ (181.5) | \$ (5.3) | \$ (3.8) | \$ 12.3 | \$ (3.2) |
| <i>EBITDA Margin %</i> | (30.1)% | (205.5)% | (11.2)% | (8.8)% | 13.9 % | (6.8)% |
| Completions | (5.9) | (303.5) | (11.9) | (4.4) | 11.6 | (6.2) |
| <i>EBITDA Margin %</i> | (30.1)% | (429.9)% | (67.6)% | (22.4)% | 16.4 % | (35.2)% |
| Production | (1.1) | (19.5) | 1.3 | 2.7 | 5.9 | 2.1 |
| <i>EBITDA Margin %</i> | (2.7)% | (24.1)% | 2.7 % | 6.6 % | 7.3 % | 4.3 % |
| Corporate | 20.4 | (8.3) | 28.9 | (4.2) | (4.3) | (4.3) |
| Total EBITDA | \$ 0.4 | \$ (512.8) | \$ 13.0 | \$ (9.7) | \$ 25.5 | \$ (11.6) |
| <i>EBITDA Margin %</i> | 0.4 % | (214.3)% | 11.5 % | (9.4)% | 10.7 % | (10.2)% |

⁽¹⁾ Includes earnings (loss) from equity investment for the three months ended September 30, 2019.

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

⁽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)

| <i>(in millions of dollars)</i> | As Reported | | As Adjusted ⁽⁴⁾ | |
|---|--------------------|--------------------|----------------------------|--------------------|
| | Nine months ended | | Nine months ended | |
| | September 30, 2020 | September 30, 2019 | September 30, 2020 | September 30, 2019 |
| Revenue | | | | |
| Drilling & Downhole | \$ 167.0 | \$ 256.6 | \$ 167.0 | \$ 256.6 |
| Completions | 88.0 | 246.8 | 88.0 | 246.8 |
| Production | 145.0 | 256.3 | 145.0 | 256.3 |
| Eliminations | (0.5) | (2.9) | (0.5) | (2.9) |
| Total revenue | \$ 399.5 | \$ 756.8 | \$ 399.5 | \$ 756.8 |
| Operating income (loss) | | | | |
| Drilling & Downhole ⁽¹⁾ | \$ (26.8) | \$ 3.2 | \$ (15.1) | \$ 8.8 |
| <i>Operating income margin %</i> | (16.0)% | 1.2 % | (9.0)% | 3.4 % |
| Completions | (47.0) | 9.6 | (28.7) | 13.0 |
| <i>Operating income margin %</i> | (53.4)% | 3.9 % | (32.6)% | 5.3 % |
| Production | (9.3) | 10.2 | (2.3) | 11.8 |
| <i>Operating income margin %</i> | (6.4)% | 4.0 % | (1.6)% | 4.6 % |
| Corporate | (23.3) | (22.7) | (18.4) | (20.7) |
| Total segment operating income (loss) | (106.4) | 0.3 | (64.5) | 12.9 |
| Other items not in segment operating income (loss) ⁽²⁾ | (21.1) | (528.6) | 0.8 | 0.3 |
| Total operating income (loss) | \$ (127.5) | \$ (528.3) | \$ (63.7) | \$ 13.2 |
| <i>Operating income margin %</i> | (31.9)% | (69.8)% | (15.9)% | 1.7 % |
| EBITDA ⁽³⁾ | | | | |
| Drilling & Downhole | \$ (19.3) | \$ (171.5) | \$ (0.5) | \$ 26.7 |
| <i>EBITDA Margin %</i> | (11.6)% | (66.8)% | (3.6)% | 10.4 % |
| Completions | (37.7) | (276.6) | (6.9) | 41.7 |
| <i>EBITDA Margin %</i> | (42.8)% | (112.1)% | (7.8)% | 16.9 % |
| Production | (6.3) | (7.8) | 5.1 | 18.9 |
| <i>EBITDA Margin %</i> | (4.3)% | (3.0)% | 3.5 % | 7.4 % |
| Corporate | 46.1 | (19.3) | (14.5) | (13.5) |
| Total EBITDA | \$ (17.2) | \$ (475.2) | \$ (16.8) | \$ 73.8 |
| <i>EBITDA Margin %</i> | (4.3)% | (62.8)% | (4.2)% | 9.8 % |

⁽¹⁾ Includes earnings (loss) from equity investment for the nine months ended September 30, 2019.

⁽²⁾ Includes transaction expenses, gain (loss) on disposal of assets, contingent consideration benefit, and impairments of goodwill, intangible assets, property and equipment.

⁽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 2 for schedule of adjusting items.

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

| <i>(in millions of dollars)</i> | Three months ended | | |
|--|--------------------|--------------------|-----------------|
| | September 30, 2020 | September 30, 2019 | June 30, 2020 |
| Orders | | | |
| Drilling & Downhole | \$ 38.7 | \$ 80.0 | \$ 42.3 |
| Completions | 18.4 | 64.5 | 14.2 |
| Production | 35.2 | 55.2 | 29.1 |
| Total orders | \$ 92.3 | \$ 199.7 | \$ 85.6 |
| Revenue | | | |
| Drilling & Downhole | \$ 43.2 | \$ 88.3 | \$ 47.2 |
| Completions | 19.6 | 70.6 | 17.6 |
| Production | 40.8 | 81.0 | 48.6 |
| Eliminations | — | (0.6) | (0.1) |
| Total revenue | \$ 103.6 | \$ 239.3 | \$ 113.3 |
| Book to bill ratio ⁽¹⁾ | | | |
| Drilling & Downhole | 0.90 | 0.91 | 0.90 |
| Completions | 0.94 | 0.91 | 0.81 |
| Production | 0.86 | 0.68 | 0.60 |
| Total book to bill ratio | 0.89 | 0.83 | 0.76 |

⁽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, 2020 | | | September 30, 2019 | | | June 30, 2020 | | |
| <i>(in millions, except per share information)</i> | Operating loss | EBITDA ⁽¹⁾ | Net loss | Operating income (loss) | EBITDA ⁽¹⁾ | Net income (loss) | Operating loss | EBITDA ⁽¹⁾ | Net loss |
| As reported | \$ (37.1) | \$ 0.4 | \$ (21.6) | \$ (533.4) | \$ (512.8) | \$ (533.0) | \$ (35.0) | \$ 13.0 | \$ (5.5) |
| <i>% of revenue</i> | (35.8)% | 0.4 % | | (222.9)% | (214.3)% | | (30.9)% | 11.5 % | |
| Restructuring charges and other | 3.3 | 3.3 | 3.3 | 2.7 | 2.7 | 2.7 | 4.1 | 4.1 | 4.1 |
| Transaction expenses | 0.7 | 0.7 | 0.7 | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 |
| Inventory and other working capital adjustments | 1.2 | 1.2 | 1.2 | 2.6 | 2.6 | 2.6 | 4.1 | 4.1 | 4.1 |
| Impairments of goodwill, intangible assets, property and equipment | 3.0 | 3.0 | 3.0 | 532.3 | 532.3 | 532.3 | 0.1 | 0.1 | 0.1 |
| Stock-based compensation expense | — | 1.9 | — | — | 3.6 | — | — | 2.6 | — |
| Impairments of operating lease assets | 4.8 | 4.8 | 4.8 | 0.2 | 0.2 | 0.2 | (0.2) | (0.2) | (0.2) |
| Amortization of basis difference for equity method investment ⁽²⁾ | — | — | — | 0.3 | 0.3 | 0.3 | — | — | — |
| Gain Realized on Previously Held Equity Investment | — | — | — | — | (1.6) | (1.6) | — | — | — |
| Disposal related equity-based compensation recorded by equity investment subsidiary | — | — | — | 1.0 | 1.0 | 1.0 | — | — | — |
| Gain on extinguishment of debt | — | (28.7) | (28.7) | — | — | — | — | (36.2) | (36.2) |
| Deferred loan costs written off | — | 0.3 | 0.3 | — | — | — | — | 0.2 | 0.2 |
| Loss (gain) on foreign exchange, net ⁽³⁾ | — | 3.4 | 3.4 | — | (3.1) | (3.1) | — | 0.5 | 0.5 |
| Income tax expense of adjustments | — | — | — | — | — | 0.3 | — | — | — |
| As adjusted ⁽⁴⁾ | <u>\$ (24.1)</u> | <u>\$ (9.7)</u> | <u>\$ (33.6)</u> | <u>\$ 6.0</u> | <u>\$ 25.5</u> | <u>\$ 2.0</u> | <u>\$ (26.7)</u> | <u>\$ (11.6)</u> | <u>\$ (32.7)</u> |
| <i>% of revenue</i> | <u>(23.3)%</u> | <u>(9.4)%</u> | | <u>2.5 %</u> | <u>10.7 %</u> | | <u>(23.6)%</u> | <u>(10.2)%</u> | |
| Diluted shares outstanding as reported | | | 111.6 | | | 110.3 | | | 111.6 |
| Diluted shares outstanding as adjusted | | | 111.6 | | | 110.5 | | | 111.6 |
| Diluted EPS - as reported | | | \$ (0.19) | | | \$ (4.83) | | | \$ (0.05) |
| Diluted EPS - as adjusted | | | \$ (0.30) | | | \$ 0.02 | | | \$ (0.29) |

(1) The Company believes that the presentation of EBITDA, adjusted EBITDA, adjusted operating income, adjusted net income and adjusted diluted EPS are useful to the Company's investors because (i) each of these financial metrics are 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 and (ii) 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, these benchmarks are widely used 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

| <i>(in millions, except per share information)</i> | Nine months ended | | | | | |
|---|--------------------|-----------------------|------------------|-------------------------|-----------------------|------------------|
| | September 30, 2020 | | | September 30, 2019 | | |
| | Operating loss | EBITDA ⁽¹⁾ | Net loss | Operating income (loss) | EBITDA ⁽¹⁾ | Net loss |
| As reported | \$ (127.5) | \$ (17.2) | \$ (64.2) | \$ (528.3) | \$ (475.2) | \$ (554.6) |
| <i>% of revenue</i> | (31.9)% | (4.3)% | | (69.8)% | (62.8)% | |
| Restructuring charges and other | 12.8 | 12.8 | 12.8 | 5.9 | 5.9 | 5.9 |
| Transaction expenses | 0.9 | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 |
| Inventory and other working capital adjustments | 15.6 | 15.6 | 15.6 | 2.5 | 2.5 | 2.5 |
| Impairments of goodwill, intangible assets, property and equipment | 20.4 | 20.4 | 20.4 | 532.3 | 532.3 | 532.3 |
| Impairments of operating lease assets | 14.1 | 14.1 | 14.1 | 2.2 | 2.2 | 2.2 |
| Stock-based compensation expense | — | 7.7 | — | — | 11.9 | — |
| Contingent consideration benefit | — | — | — | (4.6) | (4.6) | (4.6) |
| Gain on extinguishment of debt | — | (72.5) | (72.5) | — | — | — |
| Deferred loan costs written off | — | 2.3 | 2.3 | — | — | — |
| Amortization of basis difference for equity method investment (2) | — | — | — | 1.2 | 1.2 | 1.2 |
| Gain Realized on Previously Held Equity Investment | — | — | — | — | (1.6) | (1.6) |
| Disposal related equity-based compensation recorded by equity investment subsidiary | — | — | — | 1.0 | 1.0 | 1.0 |
| Gain on foreign exchange, net (3) | — | (0.9) | (0.9) | — | (2.8) | (2.8) |
| Income tax expense of adjustments | — | — | — | — | — | 0.2 |
| Impact of U.S. CARES Act | — | — | (16.6) | — | — | — |
| Valuation allowance on deferred tax assets | — | — | — | — | — | 5.9 |
| As adjusted ⁽¹⁾ | \$ (63.7) | \$ (16.8) | \$ (88.1) | \$ 13.2 | \$ 73.8 | \$ (11.4) |
| <i>% of revenue</i> | (15.9)% | (4.2)% | | 1.7 % | 9.8 % | |
| Diluted shares outstanding as reported | | | 111.5 | | | 110.0 |
| Diluted shares outstanding as adjusted | | | 111.5 | | | 110.0 |
| Diluted EPS - as reported | | | \$ (0.58) | | | \$ (5.04) |
| Diluted EPS - as adjusted | | | \$ (0.79) | | | \$ (0.10) |

(1) The Company believes that the presentation of EBITDA, adjusted EBITDA, adjusted operating income, adjusted net income and adjusted diluted EPS are useful to the Company's investors because (i) each of these financial metrics are 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 and (ii) 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, these benchmarks are widely used 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

| <i>(in millions of dollars)</i> | Three months ended | | |
|---|-----------------------|-----------------------|----------------|
| | September 30, 2020 | September 30, 2019 | June 30, 2020 |
| EBITDA reconciliation ⁽¹⁾ | | | |
| Net loss | \$ (21.6) | \$ (533.0) | \$ (5.5) |
| Interest expense | 8.5 | 7.8 | 6.4 |
| Depreciation and amortization | 12.4 | 15.8 | 12.5 |
| Income tax expense (benefit) | 1.1 | (3.4) | (0.4) |
| EBITDA | \$ 0.4 | \$ (512.8) | \$ 13.0 |

⁽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.

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

Table 4 - Adjusting Items

| <i>(in millions of dollars)</i> | Nine months ended | |
|---|--------------------|--------------------|
| | September 30, 2020 | September 30, 2019 |
| EBITDA reconciliation ⁽¹⁾ | | |
| Net loss | \$ (64.2) | \$ (554.6) |
| Interest expense | 21.6 | 24.2 |
| Depreciation and amortization | 39.1 | 48.5 |
| Income tax expense (benefit) | (13.7) | 6.7 |
| EBITDA | \$ (17.2) | \$ (475.2) |

⁽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 5 - Adjusting items

| <i>(in millions of dollars)</i> | Nine months ended | |
|---|--------------------|--------------------|
| | September 30, 2020 | September 30, 2019 |
| Free cash flow, before acquisitions, reconciliation ⁽¹⁾ | | |
| Net cash provided by operating activities | \$ 1.7 | \$ 75.7 |
| Capital expenditures for property and equipment | (2.2) | (12.6) |
| Proceeds from sale of property and equipment | 3.6 | 0.5 |
| Free cash flow, before acquisitions | \$ 3.1 | \$ 63.6 |

⁽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)

| <i>(in millions of dollars)</i> | Three months ended | | | | | |
|---------------------------------|--------------------|----------------|--------------------|----------------|-----------------|----------------|
| | September 30, 2020 | | September 30, 2019 | | June 30, 2020 | |
| Revenue: | \$ | % | \$ | % | \$ | % |
| Drilling Technologies | \$ 17.5 | 16.9 % | \$ 43.2 | 18.1 % | \$ 20.0 | 17.7 % |
| Downhole Technologies | 13.4 | 12.9 % | 29.0 | 12.1 % | 12.7 | 11.2 % |
| Subsea Technologies | 12.3 | 11.9 % | 16.1 | 6.7 % | 14.5 | 12.8 % |
| Drilling & Downhole | 43.2 | 41.7 % | 88.3 | 36.9 % | 47.2 | 41.7 % |
| Stimulation and Intervention | 9.3 | 9.0 % | 36.4 | 15.2 % | 8.5 | 7.5 % |
| Coiled Tubing | 10.3 | 9.9 % | 34.2 | 14.3 % | 9.1 | 8.0 % |
| Completions | 19.6 | 18.9 % | 70.6 | 29.5 % | 17.6 | 15.5 % |
| Production Equipment | 15.5 | 15.0 % | 29.1 | 12.2 % | 19.4 | 17.1 % |
| Valve Solutions | 25.3 | 24.4 % | 51.9 | 21.6 % | 29.2 | 25.8 % |
| Production | 40.8 | 39.4 % | 81.0 | 33.8 % | 48.6 | 42.9 % |
| Eliminations | — | — % | (0.6) | (0.2) % | (0.1) | (0.1) % |
| Total Revenue | \$ 103.6 | 100.0 % | \$ 239.3 | 100.0 % | \$ 113.3 | 100.0 % |