**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

**FORM 10-K**
**(Mark One)**
**☑ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the fiscal year ended December 31, 2019**

**OR**

**☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the transition period from ______ to ______**
**Commission file number: 001-36053**

# Frank's International N.V.

**(Exact name of registrant as specified in its charter)**

| **The Netherlands** | **98-1107145** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification number) |
| **Mastenmakersweg 1** | |
| **1786 PB Den Helder** | |
| **The Netherlands** | **Not Applicable** |
| (Address of principal executive offices) | (Zip Code) |

**Registrant's telephone number, including area code: +31 (0)22 367 0000**

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, €0.01 par value | FI | New York Stock Exchange |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Large accelerated filer | ☑ | Accelerated filer | ☐ | Non-accelerated filer | ☐ | Smaller reporting company | ☐ | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of June 30, 2019, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was approximately $1.0 billion.

As of February 18, 2020, there were 225,656,227 shares of common stock, €0.01 par value per share, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Proxy Statement in connection with the 2020 Annual Meeting of Stockholders, to be filed no later than 120 days after the end of the fiscal year to which this Form 10-K relates, are incorporated by reference into Part III of this Form 10-K.

**FRANK’S INTERNATIONAL N.V.**
**FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2019**
**TABLE OF CONTENTS**

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Form 10-K") includes certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include those that express a belief, expectation or intention, as well as those that are not statements of historical fact. Forward-looking statements include information regarding our future plans and goals and our current expectations with respect to, among other things:

- our business strategy and prospects for growth;
- our cash flows and liquidity;
- our financial strategy, budget, projections and operating results;
- the amount, nature and timing of capital expenditures;
- the availability and terms of capital;
- competition and government regulations; and
- general economic conditions.

Our forward-looking statements are generally accompanied by words such as "anticipate," "believe," "estimate," "expect," "goal," "plan," "potential," "predict," "project," or other terms that convey the uncertainty of future events or outcomes, although not all forward-looking statements contain such identifying words. The forward-looking statements in this Form 10-K speak only as of the date of this report; we disclaim any obligation to update these statements unless required by law, and we caution you not to rely on them unduly. Forward-looking statements are not assurances of future performance and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties include, but are not limited to, the following:

- the level of activity in the oil and gas industry;
- further or sustained declines in oil and gas prices, including those resulting from weak global demand or new or additional sources of supply;
- the timing, magnitude, probability and/or sustainability of any oil and gas price recovery;
- unique risks associated with our offshore operations;
- political, economic and regulatory uncertainties in our international operations;
- our ability to develop new technologies and products;
- our ability to protect our intellectual property rights;
- our ability to employ and retain skilled and qualified workers;
- the level of competition in our industry;
- technology and product innovation by competitors or customers;
- operational safety laws and regulations;
- laws and regulations related to the conduct of business in non-U.S. countries, including with respect to sanctioned countries and compliance with the U.S. Foreign Corrupt Practices Act;
- weather conditions and natural disasters; and
- policy changes in the United States.

These and other important factors that could affect our operating results and performance are described in (1) Part I, Item 1A "Risk Factors" and in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K, and elsewhere within this Form 10-K, (2) our other reports and filings we make with the Securities and Exchange Commission ("SEC") from time to time and (3) other announcements we make from time to time. Should one or more of the risks or uncertainties described in the documents above or in this Form 10-K occur, or should underlying assumptions prove incorrect, our actual results, performance, achievements or plans could differ materially from those expressed or implied in any forward-looking statements. All such forward-looking statements in the Form 10-K are expressly qualified in their entirety by the cautionary statements in this section.

PART I

## Item 1. *Business*

### General

Frank's International N.V. ("FINV") is a Netherlands limited liability company (*Naamloze Vennootschap*) and includes the activities of Frank's International C.V. ("FICV"), Blackhawk Group Holdings, LLC ("Blackhawk") and their wholly owned subsidiaries (either individually or together, as context requires, the "Company," "we," "us" and "our"). We were established in 1938 and are an industry-leading global provider of highly engineered tubular services, tubular fabrication and specialty well construction and well intervention solutions to the oil and gas industry. We provide our services and products to leading exploration and production companies in both offshore and onshore environments, with a focus on complex and technically demanding wells. We believe that we are one of the largest global providers of tubular services to the oil and gas industry.

### Our Operations

Tubular services involve the handling and installation of multiple joints of pipe to establish a cased wellbore and the installation of smaller diameter pipe inside a cased wellbore to provide a conduit for produced oil and gas to reach the surface. The casing of a wellbore isolates the wellbore from the surrounding geologic formations and water table, provides well structure and pressure integrity, and allows well operators to target specific zones for production. Given the central role that our services play in the structural integrity, reliability and safety of a well, and the importance of efficient tubular services to managing the overall cost of a well, we believe that our role is vital to the process of producing oil and gas.

In addition to our tubular services offerings, we design and manufacture certain products that we sell directly to external customers, including large outside diameter ("OD") pipe connectors. We also provide specialized fabrication and welding services in support of deepwater projects in the U.S. Gulf of Mexico, including drilling and production risers, flowlines and pipeline end terminations, as well as long-length tubulars (up to 400 feet in length) for use as caissons or pilings. We distribute large OD pipe manufactured by third parties, and generally maintain an inventory of this pipe in order to support our pipe sales and distribution operations.

We also provide specialized equipment, services and products utilized in the construction, completion and abandonment of the wellbore in both onshore and offshore environments. The product portfolio includes casing accessories that serve to improve the installation of casing, centralization and wellbore zonal isolation, as well as enhance cementing operations through advance wiper plug and float equipment technology.

During the first quarter of 2019, we realigned our reporting segments into three reportable segments: (1) Tubular Running Services, (2) Tubulars, and (3) Cementing Equipment. For further information, see "Description of Business Segments," "Management's Discussion and Analysis of Financial Condition and Results of Operation—Overview of Business" and Note 20—Segment Information in the Notes to Consolidated Financial Statements.

The table below shows our consolidated revenue and each segment's revenue and percentage of consolidated revenue for the periods indicated (revenue in thousands):

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2017 | |
| | Revenue | Percent | Revenue | Percent | Revenue | Percent |
| Tubular Running Services | $ 400,327 | 69.0% | $ 361,045 | 69.1% | $ 320,378 | 70.5% |
| Tubulars | 74,687 | 12.9% | 72,303 | 13.8% | 63,393 | 13.9% |
| Cementing Equipment | 104,906 | 18.1% | 89,145 | 17.1% | 71,024 | 15.6% |
| Total | $ 579,920 | 100.0% | $ 522,493 | 100.0% | $ 454,795 | 100.0% |

## Our Corporate Structure

We are a publicly traded company on the New York Stock Exchange ("NYSE"). As of February 18, 2020, based on the best information available to the Company, the Mosing family collectively owns approximately 52% of our common shares.

## Description of Business Segments

### *Tubular Running Services*

The Tubular Running Services ("TRS") segment provides tubular running services globally. Internationally, the TRS segment operates in the majority of the offshore oil and gas markets and also in several onshore regions with operations in approximately 50 countries on six continents. In the U.S., the TRS segment provides services in the active onshore oil and gas drilling regions, including the Permian Basin, Eagle Ford Shale, Haynesville Shale, Marcellus Shale and Utica Shale, and in the U.S. Gulf of Mexico. Our customers are primarily large exploration and production companies, including international oil and gas companies, national oil and gas companies, major independents and other oilfield service companies.

### *Tubulars*

The Tubulars segment designs, manufactures and distributes connectors and casing attachments for large outside diameter ("OD") heavy wall pipe. Additionally, the Tubulars segment sells large OD pipe originally manufactured by various pipe mills, as plain end or fully fabricated with proprietary welded or thread-direct connector solutions and provides specialized fabrication and welding services in support of offshore deepwater projects, including drilling and production risers, flowlines and pipeline end terminations, as well as long-length tubular assemblies up to 400 feet in length. The Tubulars segment also specializes in the development, manufacture and supply of proprietary drilling tool solutions that focus on improving drilling productivity through eliminating or mitigating traditional drilling operational risks.

### *Cementing Equipment*

The Cementing Equipment ("CE") segment provides specialty equipment to enhance the safety and efficiency of rig operations. It provides specialized equipment, services and products utilized in the construction, completion and abandonment of the wellbore in both onshore and offshore environments. The product portfolio includes casing accessories that serve to improve the installation of casing, centralization and wellbore zonal isolation, as well as enhance cementing operations through advance wiper plug and float equipment technology. Abandonment solutions are primarily used to isolate portions of the wellbore through the setting of barriers downhole to allow for rig evacuation in case of inclement weather, maintenance work on other rig equipment, squeeze cementing, pressure testing within the wellbore, hydraulic fracturing and temporary and permanent abandonments. These offerings improve operational efficiencies and limit non-productive time if unscheduled events are encountered at the wellsite.

## Suppliers and Raw Materials

We acquire component parts, products and raw materials from suppliers, including foundries, forge shops, and original equipment manufacturers. The prices we pay for our raw materials may be affected by, among other things, energy, steel and other commodity prices, tariffs and duties on imported materials and foreign currency exchange rates. Certain of our product lines (primarily pipe) are only available from a limited number of suppliers (primarily impacting the Tubulars segment).

Our ability to source low cost raw materials and components, such as steel castings and forgings, is critical to our ability to manufacture our casing products competitively and, in turn, our ability to provide onshore and offshore casing services. In order to purchase raw materials and components in a cost effective manner, we have developed a broad international sourcing capability and we maintain quality assurance and testing programs to analyze and test these raw materials and components.

**Patents**

We currently hold multiple U.S. and international patents and have a number of pending patent applications. Although in the aggregate our patents and licenses are important to us, we do not regard any single patent or license as critical or essential to our business as a whole.

**Seasonality**

A substantial portion of our business is not significantly impacted by changing seasons. We can be impacted by hurricanes, ocean currents, winter storms and other disruptions.

**Customers**

Our customers consist primarily of oil and gas exploration and production companies, both in the U.S. and international markets, including major and independent companies, national oil companies, and other service companies that have contractual obligations to provide casing and handling services or comparable services. Demand for our services and products depends primarily upon the capital spending of oil and gas companies and the level of drilling activity in the U.S. and in international markets. We do not believe the loss of any of our individual customers would have a material adverse effect on our business. No single customer accounted for more than 10% of our revenue for the years ended December 31, 2019 and 2018. In 2017, one customer accounted for 10% of our revenue and all of our segments generated revenue from this customer.

**Competition**

The markets in which we operate are competitive. We compete with a number of companies, some of which have financial and other resources greater than ours. The principal competitive factors in our markets are the quality, price and availability of products and services and a company’s responsiveness to customer needs and its reputation for safety. In general, we face a larger number of smaller, more regionally-specific competitors in the U.S. onshore market compared to offshore markets, where larger competitors dominate.

We believe several factors give us a strong competitive position. In particular, we believe our products and services in each segment fulfill our customer’s requirements for international capability, range of services provided, intellectual property, technological sophistication, quality assurance systems and availability of equipment, along with reputation and safety record. We seek to differentiate ourselves from our competitors by providing a rapid response to the needs of our customers, a high level of customer service and innovative product development initiatives. Although we have no single competitor across all of our product lines, we believe that Weatherford International represents our most direct competitor across our segments for providing tubular services, specialty well construction and well intervention services and products on an aggregate, global basis.

**Market Environment**

We have observed and expect to see a moderate increase in customer spending globally on oil and natural gas exploration and production. Exploration and development spending has started to shift toward offshore and internationally focused projects while U.S. land activity is anticipated to flatten over the coming year. Activity in the deep and ultra-deep offshore markets is already benefiting from a modest improvement that is expected to continue through 2020. After several years of depressed spending, several large-scale projects that were placed on hold are now being sanctioned and initiated. In many international offshore shelf markets, we see increased activity as operators recognize improved economics at current commodity prices. We anticipate the total spending on U.S. onshore projects to decrease in 2020 from 2019 levels as operators act on adjusted capital budgets, however we believe the bottom has been reached in the fourth quarter of 2019 and will stabilize in 2020 at those levels. In 2019, the U.S. onshore market went through a disciplined spending cutback to ensure operations were within capital budget constraints which drove this market downward. We believe this cash flow discipline will continue through 2020.

## Inventories and Working Capital

An important consideration for many of our customers in selecting a vendor is timely availability of the product or service. Often customers will pay a premium for earlier or immediate availability because of the cost of delays in critical operations. This availability is especially critical for our proprietary products, causing us to carry inventories for these products. For critical capital items for which demand is expected to be strong, we often build certain items before we have a firm order. Having such goods available on short notice can be of great value to our customers.

Inventories are required to be stated at the lower of cost or net realizable value. We may not be able to accurately predict what or how many products our customers will need in the future. Orders are placed with our suppliers based on forecasts of customer demand and, in some instances, we may establish buffer inventories to accommodate anticipated demand. If we overestimate customer demand, we may allocate resources to the purchase of material or manufactured products that we may not be able to sell when we expect to, if at all.

## Environmental, Occupational Health and Safety Regulation

Our operations are subject to numerous stringent and complex laws and regulations governing the emission and discharge of materials into the environment, occupational health and safety aspects of our operations, or otherwise relating to environmental protection. Failure to comply with these laws or regulations or to obtain or comply with permits may result in the assessment of administrative, civil and criminal penalties, imposition of remedial or corrective action requirements, and the imposition of orders or injunctions to prohibit or restrict certain activities or force future compliance.

Numerous governmental authorities, such as the U.S. Environmental Protection Agency (“EPA”), analogous state agencies and, in certain circumstances, citizens’ groups, have the power to enforce compliance with these laws and regulations and the permits issued under them. Certain environmental laws may impose joint and several liability, without regard to fault or the legality of the original conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. The trend in environmental regulation has been to impose increasingly stringent restrictions and limitations on activities that may impact the environment, and thus, any changes in environmental laws and regulations or in enforcement policies that result in more stringent and costly waste handling, storage, transport, disposal, or remediation requirements could have a material adverse effect on our operations and financial position. Moreover, accidental releases or spills of regulated substances may occur in the course of our operations, and we cannot assure that we will not incur significant costs and liabilities as a result of such releases or spills, including any third-party claims for damage to property, natural resources or persons.

The following is a summary of the more significant existing environmental, health and safety laws and regulations to which our business operations are subject and for which compliance could have a material adverse impact on our capital expenditures, results of operations or financial position.

### *Hazardous Substances and Waste*

The Resource Conservation and Recovery Act (“RCRA”) and comparable state statutes, regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. Under the auspices of the EPA, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. We are required to manage the transportation, storage and disposal of hazardous and non-hazardous wastes in compliance with RCRA. Certain petroleum exploration and production wastes are excluded from RCRA’s hazardous waste regulations. However, it is possible that these wastes will in the future be designated as hazardous wastes and therefore be subject to more rigorous and costly disposal requirements. Any such changes in the laws and regulations could have a material adverse effect on our operating expenses or the operating expenses of our customers, which could result in decreased demand for our services.

The Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), also known as the Superfund law, imposes joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons include the owner or operator of the site where the release occurred, and anyone who disposed or arranged for the disposal of a hazardous substance released at the site. We currently own, lease, or operate numerous properties that have been used for manufacturing and other operations for many years. We also contract with waste removal services and landfills. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes, remediate contaminated property, or perform remedial operations to prevent future contamination. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances released into the environment.

***Water Discharges***

The Federal Water Pollution Control Act (the "Clean Water Act") and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. A responsible party includes the owner or operator of a facility from which a discharge occurs. Previously, in 2015, the EPA and the U.S. Army Corps of Engineers finalized a rule that would significantly expand the scope of the Clean Water Act's jurisdiction, potential expanding the areas that would require permits prior to commencing construction or exploration and production activities. Following the change in U.S. Presidential Administrations, there have been several attempts to modify or eliminate this rule. For example, on January 23, 2020, the EPA and the Corps finalized the Navigable Waters Protection Rule, which narrows the definition of "waters of the United States" relative to the prior 2015 rulemaking. However, legal challenges to the new rule are expected, and multiple challenges to the EPA's prior rulemakings remain pending. As a result of these developments, the scope of jurisdiction under the Clean Water Act is uncertain at this time. The Clean Water Act and analogous state laws provide for administrative, civil and criminal penalties for unauthorized discharges and, together with the Oil Pollution Act of 1990, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the costs of removal, remediation, and damages in connection with any unauthorized discharges. Pursuant to these laws and regulations, we may be required to obtain and maintain approvals or permits for the discharge of wastewater or storm water from our operations and may be required to develop and implement spill prevention, control and countermeasure plans, also referred to as "SPCC plans," in connection with on-site storage of significant quantities of oil, including refined petroleum products.

***Air Emissions***

The federal Clean Air Act ("CAA") and comparable state laws regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other emission control requirements. In addition, the EPA has developed, and continues to develop, stringent regulations governing emissions of toxic air pollutants at specified sources. Non-compliance with air permits or other requirements of the federal Clean Air Act and associated state laws and regulations can result in the imposition of administrative, civil and criminal penalties, as well as the issuance of orders or injunctions limiting or prohibiting non-compliant operations. Over the next several years, we may be required to incur certain capital expenditures for air pollution control equipment or other air emissions related issues. For example, in October 2015, the EPA lowered the National Ambient Air Quality Standard, or NAAQS, for ozone from 75 to 70 parts per billion and completed attainment/nonattainment designation in July 2018. State implementation of the revised NAAQS could result in stricter air emissions permitting requirements, delay or prohibit our ability to obtain such permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. We do not believe that any of our operations are subject to the federal Clean Air Act permitting or regulatory requirements for major sources of air emissions, but some of our facilities could be subject to state "minor source" air permitting requirements and other state regulatory requirements applicable to air emissions, such as source registration and recordkeeping requirements.

***Climate Change***

Climate change continues to attract considerable attention in the United States and other countries. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of greenhouse gases ("GHGs") as well as to restrict or eliminate such future emissions. As a result, our operations are subject to a series of regulatory, political, litigation, and financial risks associated with the transport of fossil fuels and emission of GHGs.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, with the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas sources in the United States, implement New Source Performance Standards (“NSPS”) directing the reduction of methane from certain new, modified, or reconstructed facilities in the oil and natural gas sector, and together with the U.S. Department of Transportation (“DOT”), implement GHG emissions limits on vehicles manufactured for operation in the United States. There have been several attempts to delay or modify certain of these regulations. For example, in August 2019, the EPA proposed amendments to the 2016 NSPS that, among other things, would remove sources in the transmission and storage segment from the oil and natural gas source category and rescind the methane-specific requirements applicable to sources in the production and processing segments of the industry. As an alternative, the EPA also proposed to rescind the methane-specific requirements that apply to all sources in the oil and natural gas industry, without removing the transmission and storage sources from the current source category. Under either alternative, the EPA plans to retain emissions limits for volatile organic compounds (“VOCs”). Legal challenges to any final rulemaking that rescinds the 2016 standards are expected. As a result of the foregoing, substantial uncertainty exists with respect to implementation of certain of the EPA’s methane regulations.

Separately, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, there is a non-binding agreement, the United Nations-sponsored “Paris Agreement,” for nations to limit their GHG emissions through individually-determined reduction goals every five years after 2020, although the United States has announced its withdrawal from such agreement, effective November 4, 2020.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates seeking the office of the President of the United States in 2020. Potential actions include restricting the available means of developing oil wells, the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of liquefied natural gas (“LNG”) export facilities, as well as the reversal of the United States’ withdrawal from the Paris Agreement in November 2020.

There are also increasing risks of litigation related to climate change effects. Governments and third-parties have brought suit against some fossil fuel companies alleging, among other things, that such companies created public nuisances by marketing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors by failing to adequately disclose those impacts. Similar or more demanding cases are occurring in other jurisdictions where we operate. For example, in December 2019, the High Council of the Netherlands ruled that the government of the Netherlands has a legal obligation to decrease the country’s GHG emissions, and other suits have been filed seeking to extend this obligation to private companies. Such litigation has the potential to adversely affect the production of fossil fuels, which in turn could result in reduced demand for our services.

There are also increasing financial risks for fossil fuel producers as shareholders who are currently invested in fossil-fuel energy companies but are concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non-energy related sectors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. Additionally, the lending practices of institutional lenders have been the subject of intensive lobbying efforts in recent years, oftentimes public in nature, by environmental activists, proponents of the international Paris Agreement, and foreign citizenry concerned about climate change not to provide funding for fossil fuel energy companies. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of production of crude oil and natural gas, which could in turn decrease demand for our services. Our own operations could also face limitations on access to capital as a result of these trends, which could adversely affect our business and results of operation.

The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for, oil and natural gas, which could reduce demand for our services and products. Additionally, political, litigation and financial risks may result in our oil and natural gas customers restricting or canceling production activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing their ability to continue to operate in an economic manner, which also could reduce demand for our services and products. One or more of these developments could have a material adverse effect on our business, financial condition and results of operations.

***Hydraulic Fracturing***

Hydraulic fracturing is an important and common practice in the oil and gas industry. The process involves the injection of water, sand and chemicals under pressure into a formation to fracture the surrounding rock and stimulate production of hydrocarbons. While we may provide supporting products through our Cementing Equipment segment, we do not perform hydraulic fracturing, but many of our onshore customers utilize this technique. Certain environmental advocacy groups and regulatory agencies have suggested that additional federal, state and local laws and regulations may be needed to more closely regulate the hydraulic fracturing process, and have made claims that hydraulic fracturing techniques are harmful to surface water and drinking water resources and may cause earthquakes. Various governmental entities (within and outside the United States) are in the process of studying, restricting, regulating or preparing to regulate hydraulic fracturing, directly or indirectly. For example, the EPA has already begun to regulate certain hydraulic fracturing operations involving diesel under the Underground Injection Control program of the federal Safe Drinking Water Act. In December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources, which concluded “water cycle” activities associated with hydraulic fracturing may impact drinking water sources “under some circumstances,” noting that the following hydraulic fracturing water cycle activities and local - or regional - scale factors are more likely than others to result in more frequent or more severe impacts: water withdrawals for fracturing in times or areas of low water availability; surface spills during the management of fracturing fluids, chemicals or produced water; injection of fracturing fluids into wells with inadequate mechanical integrity; injection of fracturing fluids directly into groundwater resources; discharge of inadequately treated fracturing wastewater to surface waters; and disposal or storage of fracturing wastewater in unlined pits. Based on the report’s findings, additional regulation of hydraulic fracturing by the EPA appears unlikely at this time. However, states and local governments may also seek to limit hydraulic fracturing activities through time, place, and manner restrictions on operations or ban the process altogether. The adoption of legislation or regulatory programs that restrict hydraulic fracturing could adversely affect, reduce or delay well drilling and completion activities, increase the cost of drilling and production, and thereby reduce demand for our services.

***Employee Health and Safety***

We are subject to a number of federal and state laws and regulations, including the Occupational Safety and Health Act (“OSHA”) and comparable state statutes, establishing requirements to protect the health and safety of workers. In addition, the OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of the federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in our operations and that this information be provided to employees, state and local government authorities and the public. Substantial fines and penalties can be imposed and orders or injunctions limiting or prohibiting certain operations may be issued in connection with any failure to comply with laws and regulations relating to worker health and safety.

We also operate in non-U.S. jurisdictions, which may impose similar legal requirements. We do not believe that compliance with existing environmental laws and regulations will have a material adverse impact on us. However, we also believe that it is reasonably likely that the trend in environmental legislation and regulation will continue toward stricter standards and, thus, we cannot give any assurance that we will not be adversely affected in the future.

**Operating Risk and Insurance**

We maintain insurance coverage of types and amounts that we believe to be customary and reasonable for companies of our size and with similar operations. In accordance with industry practice, however, we do not maintain insurance coverage against all of the operating risks to which our business is exposed. Therefore, there is a risk our insurance program may not be sufficient to cover any particular loss or all losses.

Currently, our insurance program includes, among other things, general liability, umbrella liability, sudden and accidental pollution, personal property, vehicle, workers' compensation, and employer's liability coverage. Our insurance includes various limits and deductibles or retentions, which must be met prior to or in conjunction with recovery.

**Employees**

At December 31, 2019, we had approximately 3,100 employees worldwide. We are a party to collective bargaining agreements or other similar arrangements in certain international areas in which we operate, such as Brazil, Africa and Europe. At December 31, 2019, approximately 11% of our employees were subject to collective bargaining agreements, with 5% being under agreements that expire within one year. We consider our relations with our employees to be satisfactory. Based upon the geographic diversification of our employees, we believe any risk of loss from employee strikes or other collective actions would not be material to the conduct of our operations taken as a whole.

**Available Information**

Our principal executive offices are located at Mastenmakersweg 1, 1786 PB Den Helder, the Netherlands, and our telephone number at that address is +31 (0)22 367 0000. Our primary U.S. offices are located at 10260 Westheimer Rd., Houston, Texas 77042, and our telephone number at that address is (281) 966-7300. Our website address is *www.franksinternational.com*, and we make available free of charge through our website our Annual Reports on Form 10-K, Proxy Statements, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports, as soon as reasonably practicable after such materials are electronically filed with or furnished to the SEC. Our website also includes general information about us, including our Corporate Code of Business Conduct and Ethics, Financial Code of Ethics, Corporate Governance Guidelines, Whistleblower Policy and charters for the Audit Committee, Compensation Committee and Nominating and Governance Committee of our Board of Supervisory Directors. We may from time to time provide important disclosures to investors by posting them in the investor relations section of our website, as allowed by SEC rules. Also, it is our intention to provide disclosure of amendments and waivers by website posting. Information on our website or any other website is not incorporated by reference herein and does not constitute a part of this report.

Our common stock is traded on the NYSE under the symbol ("FI").

## Item 1A. *Risk Factors*

**Risks Related to Our Business**

*You should carefully consider the risks described below together with the other information contained in this Form 10-K. Realization of any of the following risks could have a material adverse effect on our business, financial condition, cash flows and results of operations.*

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

Our business depends on the level of activity in oil and gas exploration, development and production in market sectors worldwide. Oil and gas prices and market expectations of potential changes in these prices significantly affect this level of activity. However, higher commodity prices do not necessarily translate into increased drilling or well construction and completion activity, since customers' expectations of future commodity prices typically drive demand for our services and products. The availability of quality drilling prospects, exploration success, relative production costs, the stage of reservoir development and political and regulatory environments also affect the demand for our services and products. Worldwide military, political and economic events have in the past contributed to oil and gas price volatility and are likely to do so in the future. The demand for our services and products may be affected by numerous factors, including:

- the level of worldwide oil and gas exploration and production;
- the cost of exploring for, producing and delivering oil and gas;
- demand for energy, which is affected by worldwide economic activity and population growth;
- the level of excess production capacity;

- the discovery rate of new oil and gas reserves;
- the ability of the Organization of the Petroleum Exporting Countries (“OPEC”) to set and maintain production levels for oil;
- the level of production by non-OPEC countries;
- the location of oil and gas drilling and production activity, including the relative amounts of activity onshore and offshore;
- the technical specifications of wells including depth of wells and complexity of well design;
- U.S. and global political and economic uncertainty, socio-political unrest and instability or hostilities;
- demand for, availability of and technological viability of, alternative sources of energy; and
- technological advances affecting energy exploration, production, transportation and consumption.

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

A significant amount of our U.S. onshore business is focused on unconventional shale resource plays. The demand for those services and products is substantially affected by oil and gas prices and market expectations of potential changes in these prices. If commodity prices go below a certain threshold for an extended period of time, demand for our services and products in the U.S. onshore market could be reduced, which could have a material adverse effect on our business, financial condition and results of operations.

Oil and gas prices are extremely volatile and fluctuated during the year ended December 31, 2019, with average daily prices for New York Mercantile Exchange West Texas Intermediate ranging from a low of approximately $46/Bbl in January 2019 to a high of approximately $66/Bbl in April 2019. Any actual or anticipated reduction in oil or gas prices may reduce the level of exploration, drilling and production activities. Prolonged lower oil prices have resulted in softer demand for our products and services. Further, we have reduced pricing in some of our customer contracts in light of the volatility of the oil and gas market.

Furthermore, the oil and gas industry has historically experienced periodic downturns, which have been characterized by reduced demand for oilfield products and services and downward pressure on the prices we charge. A significant downturn in the oil and gas industry has adversely affected the demand for oilfield services and our business, financial condition and results of operations since late 2014. Although there has been some recovery of oil and gas prices and drilling activity, demand for our products and services has not returned to the levels experienced prior to the downturn. We cannot be assured that there will be a significant recovery in the demand for our products and services to equal or approach levels experienced prior to the downturn.

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

We may not be able to accurately predict what or how many products our customers will need in the future. Orders are placed with our suppliers based on forecasts of customer demand and, in some instances, we may establish buffer inventories to accommodate anticipated demand. Our forecasts of customer demand are based on multiple assumptions, each of which may introduce errors into the estimates. In addition, many of our suppliers, require a longer lead time to provide products than our customers demand for delivery of our finished products. If we overestimate customer demand, we may allocate resources to the purchase of material or manufactured products that we may not be able to sell when we expect to, if at all. As a result, we would hold excess or obsolete inventory, which would reduce gross margin and adversely affect financial results. We overestimated customer demand for our pipe and connectors inventory, and this resulted in a material impairment charge in 2017. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we would miss revenue opportunities and potentially lose market share and damage our customer relationships. In addition, any future significant cancellations or deferrals of product orders or the return of previously sold products could materially and adversely affect profit margins, increase product obsolescence and restrict our ability to fund our operations.

***Physical dangers are inherent in our operations and may expose us to significant potential losses. Personnel and property may be harmed during the process of drilling for oil and gas.***

Drilling for and producing oil and gas, and the associated services that we provide, include inherent dangers that may lead to property damage, personal injury, death or the discharge of hazardous materials into the environment. Many of these events are outside our control. Typically, we provide services at a well site where our personnel and equipment are located together with personnel and equipment of our customers and third parties, such as other service providers. At many sites, we depend on other companies and personnel to conduct drilling operations in accordance with applicable environmental laws and regulations and appropriate safety standards. From time to time, personnel are injured or equipment or property is damaged or destroyed as a result of accidents, failed equipment, faulty products or services, failure of safety measures, uncontained formation pressures, or other dangers inherent in drilling for oil and gas. Often, our services are deployed on more challenging prospects, particularly deepwater offshore drilling sites, where the occurrence of the types of events mentioned above can have an even more catastrophic impact on people, equipment and the environment. Such events may expose us to significant potential losses, which could adversely affect our business, financial condition and results of operations.

***We are vulnerable to risks associated with our offshore operations that could negatively impact our business, financial condition and results of operations.***

We conduct offshore operations in the U.S. Gulf of Mexico and almost every significant international offshore market, including Africa, the Middle East, Latin America, Europe, the Asia Pacific region and several other producing regions. Our operations and financial results could be significantly impacted by conditions in some of these areas because we are vulnerable to certain unique risks associated with operating offshore, including those relating to:

- hurricanes, ocean currents and other adverse weather conditions;
- terrorist attacks and piracy;
- failure of offshore equipment and facilities;
- local and international political and economic conditions and policies and regulations related to offshore drilling;
- territorial disputes involving sovereignty over offshore oil and gas fields;
- unavailability of offshore drilling rigs in the markets that we operate;
- the cost of offshore exploration for, and production and transportation of, oil and gas;
- successful exploration for, and production and transportation of, oil and gas from onshore sources;
- the availability and rate of discovery of new oil and gas reserves in offshore areas;
- the availability of infrastructure to support oil and gas operations; and
- the ability of oil and gas companies to generate or otherwise obtain funds for exploration and production.

While the impact of these factors is difficult to predict, any one or more of these factors could adversely affect our business, financial condition and results of operations.

***Our international operations and revenue expose us to political, economic and other uncertainties inherent to international business.***

We have substantial international operations, and we intend to grow those operations further. For the years ended December 31, 2019, 2018 and 2017, international operations accounted for approximately 49%, 46% and 46%, respectively, of our revenue. Our international operations are subject to a number of risks inherent in any business operating in foreign countries, including, but not limited to, the following:

- political, social and economic instability;

- potential expropriation, seizure or nationalization of assets, and trapped assets;
- deprivation of contract rights;
- increased operating costs;
- inability to collect revenue due to shortages of convertible currency;
- unwillingness of foreign governments to make new onshore and offshore areas available for drilling;
- civil unrest and protests, strikes, acts of terrorism, war or other armed conflict;
- import/export quotas;
- confiscatory taxation or other adverse tax policies;
- continued application of foreign tax treaties;
- currency exchange controls;
- currency exchange rate fluctuations and devaluations;
- restrictions on the repatriation of funds; and
- other forms of government regulation which are beyond our control.

Instability and disruptions in the political, regulatory, economic and social conditions of the foreign countries in which we conduct business, including economically and politically volatile areas such as Africa, the Middle East, Latin America and the Asia Pacific region, could cause or contribute to factors that could have an adverse effect on the demand for the products and services we provide. Worldwide political, economic, and military events have contributed to oil and gas price volatility and are likely to continue to do so in the future. Depending on the market prices of oil and gas, oil and gas exploration and development companies may cancel or curtail their drilling programs, thereby reducing demand for our services.

In addition, in some countries our local managers may be personally liable for the acts of the Company, and may be subject to prosecution, detention, and the assessment of monetary levies, fines or penalties, or other actions by local governments in their individual capacity. Any such actions taken against our local managers could cause disruption of our business and operations, and could cause us to incur significant costs.

While the impact of these factors is difficult to predict, any one or more of these factors could adversely affect our business, financial condition and results of operations.

***To compete in our industry, we must continue to develop new technologies and products to support our operations, secure and maintain patents related to our current and new technologies and products and protect and enforce our intellectual property rights.***

The markets for our services and products are characterized by continual technological developments. While we believe that the proprietary equipment we have developed provides us with technological advances in providing services to our customers, substantial improvements in the scope and quality of the equipment in the market we operate may occur over a short period of time. In addition, alternative products and services may be developed which may compete with or displace our products and services. If we are not able to develop commercially competitive products in a timely manner in response, our ability to service our customers’ demands may be adversely affected. Our future ability to develop new equipment in order to support our services depends on our ability to design and produce equipment that allow us to meet the needs of our customers and third parties on an integrated basis and obtain and maintain patent protection.

We may encounter resource constraints, technical barriers, or other difficulties that would delay introduction of new services and products in the future. Our competitors may introduce new products or obtain patents before we do and achieve a competitive advantage. Additionally, the time and expense invested in product development may not result in commercial applications.

We currently hold multiple U.S. and international patents and have multiple pending patent applications for products and processes. Patent rights give the owner of a patent the right to exclude third parties from making, using, selling, and offering for sale the inventions claimed in the patents in the applicable country. Patent rights do not necessarily grant the owner of a patent the right to practice the invention claimed in a patent, but merely the right to exclude others from practicing the invention claimed in the patent. It may also be possible for a third party to design around our patents. Furthermore, patent rights have strict territorial limits. Some of our work will be conducted in international waters and would, therefore, not fall within the scope of any country's patent jurisdiction. We may not be able to enforce our patents against infringement occurring in international waters and other "non-covered" territories. Also, we do not have patents in every jurisdiction in which we conduct business and our patent portfolio will not protect all aspects of our business and may relate to obsolete or unusual methods, which would not prevent third parties from entering the same market.

We attempt to limit access to and distribution of our technology and trade secrets by customarily entering into confidentiality agreements with our employees, customers and potential customers and suppliers. However, our rights in our confidential information, trade secrets, and confidential know-how will not prevent third parties from independently developing similar information. Publicly available information (for example, information in expired issued patents, published patent applications, and scientific literature) can also be used by third parties to independently develop technology. We cannot provide assurance that this independently developed technology will not be equivalent or superior to our proprietary technology.

In addition, we may become involved in legal proceedings from time to time to protect and enforce our intellectual property rights. Third parties from time to time may initiate litigation against us by asserting that the conduct of our business infringes, misappropriates or otherwise violates intellectual property rights. We may not prevail in any such legal proceedings related to such claims, and our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. Any legal proceeding concerning intellectual property could be protracted and costly and is inherently unpredictable and could have a material adverse effect on our business, regardless of its outcome. Further, our intellectual property rights may not have the value that management believes them to have and such value may change over time as we and others develop new product designs and improvements.

***Our operations may be adversely affected by various laws and regulations in countries in which we operate relating to the equipment and operation of drilling units, oil and gas exploration and development, as well as import and export activities.***

Governments in some foreign countries have been increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and gas and other aspects of the oil and gas industries in their countries, including local content requirements for participating in tenders for certain tubular and well construction services. We operate in several of these countries, including Angola, Nigeria, Ghana, Equatorial Guinea, Indonesia, Malaysia, Brazil and Canada. Many governments favor or effectively require that contracts be awarded to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These practices may result in inefficiencies or put us at a disadvantage when we bid for contracts against local competitors.

In addition, the shipment of goods, services and technology across international borders subjects us to extensive trade laws and regulations. Our import and export activities are governed by unique customs laws and regulations in each of the countries where we operate. Moreover, many countries control the import and export of certain goods, services and technology and impose related import and export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities. We are also subject to the U.S. anti-boycott law, and although no violation occurred, we made an International Boycott Report on Form 5713 during the year ended December 31, 2019. In addition, certain anti-dumping regulations in the U.S. and other countries in which we operate may prohibit us from purchasing pipe from certain suppliers. The U.S. and other countries also from time to time may impose special punitive tariff regimes targeting goods from certain countries. For example, on March 8, 2018, under Section 232 of the Trade Expansion Act of 1962, the U.S. imposed a 25% tariff on steel articles imported from all countries. However, imports of steel tubes from Australia, Argentina, Brazil and South Korea were exempted from the 25% tariff; the latter three with specific quotas per product.

The laws and regulations concerning import and export activity, recordkeeping and reporting, import and export control and economic sanctions are complex and constantly changing. These laws and regulations may be enacted, amended, enforced or interpreted in a manner materially impacting our operations. An economic downturn may increase some foreign governments' efforts to enact, enforce, amend or interpret laws and regulations as a method to increase revenue. Materials that we import can be delayed and denied for varying reasons, some of which are outside our control and some of which may result from failure to comply with existing legal and regulatory regimes. Shipping delays or denials could cause unscheduled operational downtime. Any failure to comply with these applicable legal and regulatory obligations also could result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from government contracts, seizure of shipments and loss of import and export privileges.

In July 2016, voters in the United Kingdom passed a referendum requiring the country to leave the European Union ("EU"), and in March 2017 the United Kingdom provided notification of its intent to leave the EU. On January 31, 2020 the United Kingdom formally left the EU, and the United Kingdom and the EU have agreed upon a transition period through December 31, 2020 in order to negotiate a new trade agreement. Our offices in Aberdeen function as a regional hub for warehousing, servicing and repair of equipment. The departure of the United Kingdom from the European Union could impact trade, and shipping both between the United Kingdom and Europe, and generally to all destinations. Disruption or delay of shipping and customs clearance in the United Kingdom could adversely impact our ability to meet our obligations under customer contracts and to accept new work.

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

We operate a number of manufacturing facilities to support our operations. In addition, we also manufacture certain products, including large OD pipe connectors and cementing products that we sell directly to external customers. The equipment and management systems necessary for such operations may break down, perform poorly or fail, resulting in fluctuations in manufacturing efficiencies. Additionally, some of our U.S. onshore business may be conducted under fixed price or "turnkey" contracts. Under fixed price contracts, we agree to perform a defined scope of work for a fixed price. Prices for these contracts are based largely upon estimates and assumptions relating to project scope and specifications, personnel and material needs.

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

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

Our operations require personnel with specialized skills and experience. Our ability to be productive and profitable will depend upon our ability to employ and retain skilled workers. In addition, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. The demand for skilled workers is high, the supply can be limited in certain jurisdictions, and the cost to attract and retain qualified personnel has increased over the past few years. In addition, we are currently a party to collective bargaining or similar agreements in certain international areas in which we operate, which could result in increases in the wage rates that we must pay to retain our employees. Furthermore, a significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. If any of these events were to occur, our capacity could be diminished, our ability to respond quickly to customer demands or strong market conditions may be inhibited and our growth potential could be impaired, any of which could have a material adverse effect on our business, financial condition and results of operations.

***We are subject to extensive government laws and regulations concerning our employees, and the cost of compliance with such laws and regulations can be material.***

Regulations related to wages and other compensation affect our business. Any appreciable increase in applicable employment laws and regulations, including the statutory minimum wage, exemption levels, or overtime regulations, could result in an increase in labor costs. Such cost increases, or the penalties for failing to comply with such statutory minimums, could adversely affect our business, financial condition, results of operations and cash available for distribution to our shareholders. In addition, we are directly and indirectly affected by new tax legislation and regulation and the interpretation of tax laws and regulations. Any changes in employment, benefit plan, tax or labor laws or regulations or new regulations proposed from time to time, could have a material adverse effect on our employment practices, our business, financial condition, results of operations and cash available for distribution to our shareholders.

***We operate in an intensively competitive industry, and if we fail to compete effectively, our business will suffer.***

Our competitors may attempt to increase their market share by reducing prices, or our customers may adopt competing technologies. The drilling industry is driven primarily by cost minimization, and our strategy is aimed at reducing drilling costs through the application of new technologies. Our competitors, many of whom have a more diverse product line and access to greater amounts of capital than we do, have the ability to compete against the cost savings generated by our technology by reducing prices and by introducing competing technologies. Our competitors may also have the ability to offer bundles of products and services to customers that we do not offer. In addition, our customer base is changing, with increased subcontracting of our services by major service companies and drilling contractors, who in some cases may view us as competitors. We have limited resources to sustain prolonged price competition and maintain the level of investment required to continue the commercialization and development of our new technologies. Any failure to continue to do so could adversely affect our business, financial condition or results of operations.

***Our business depends upon our ability to source low cost raw materials and components, such as steel castings and forgings. Increased costs of raw materials and other components may result in increased operating expenses.***

Our ability to source low cost raw materials and components, such as steel castings and forgings, is critical to our ability to manufacture our drilling products competitively and, in turn, our ability to provide onshore and offshore drilling services. Should our current suppliers be unable to provide the necessary raw materials or components or otherwise fail to deliver such materials and components timely and in the quantities required, resulting delays in the provision of products or services to customers could have a material adverse effect on our business.

In particular, we have experienced increased costs in recent years due to rising steel prices. There is also strong demand within the industry for forgings, castings and outsourced coating services necessary for us to make our products. We cannot assure that we will be able to continue to purchase these raw materials on a timely basis or at historical prices. Our results of operations may be adversely affected by our inability to manage the rising costs and availability of raw materials and components used in our products.

***We are subject to the risk of supplier concentration.***

Certain of our product lines in the Tubulars segment and Cementing Equipment segment depend on a limited number of third party suppliers. The suppliers for the Tubulars segment are concentrated in Japan (2) and Germany (2) and are vendors for pipe (driven by customer requirements) while the three suppliers for the Cementing Equipment segment are concentrated in the U.S. As a result of this concentration in some of our supply chains, our business and operations could be negatively affected if our key suppliers were to experience significant disruptions affecting the price, quality, availability or timely delivery of their products. The partial or complete loss of any one of our key suppliers, or a significant adverse change in the relationship with any of these suppliers, through consolidation or otherwise, would limit our ability to manufacture or sell certain of our products.

***Our services and products are provided in connection with operations that are subject to potential hazards inherent in the oil and gas industry, and, as a result, we are exposed to potential liabilities that may affect our financial condition and reputation.***

Our services and products are provided in connection with potentially hazardous drilling, completion and production applications in the oil and gas industry where an accident can potentially have catastrophic consequences. This is particularly true in deepwater operations. Risks inherent to these applications, such as equipment malfunctions and failures, equipment misuse and defects, explosions, blowouts and uncontrollable flows of oil, gas or well fluids and natural disasters, on land or in deepwater or shallow water environments, can cause personal injury, loss of life, suspension of operations, damage to formations, damage to facilities, business interruption and damage to or destruction of property, surface water and drinking water resources, equipment, natural resources and the environment. If our services fail to meet specifications or are involved in accidents or failures, we could face warranty, contract, fines or other litigation claims, which could expose us to substantial liability for personal injury, wrongful death, property damage, loss of oil and gas production, pollution and other environmental damages. Our insurance policies may not be adequate to cover all liabilities. Further, insurance may not be generally available in the future or, if available, insurance premiums may make such insurance commercially unjustifiable. Moreover, even if we are successful in defending a claim, it could be time-consuming and costly to defend.

In addition, the frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees and regulators. In particular, our customers may elect not to purchase our services if they view our safety record as unacceptable, which could cause us to lose customers and substantial revenue. In addition, these risks may be greater for us because we may acquire companies that have not allocated significant resources and management focus to safety and have a poor safety record requiring rehabilitative efforts during the integration process and we may incur liabilities for losses before such rehabilitation occurs.

***The imposition of stringent restrictions or prohibitions on offshore drilling by any governing body may have a material adverse effect on our business.***

Events in recent years have heightened environmental and regulatory concerns about the oil and gas industry. From time to time, governing bodies have enacted and may propose legislation or regulations that would materially limit or prohibit offshore drilling in certain areas. If laws are enacted or other governmental action is taken that restrict or prohibit offshore drilling in our expected areas of operation, our expected future growth in offshore services could be reduced and our business could be materially adversely affected.

For example, in April 2016 the U.S. Bureau of Safety and Environmental Enforcement (“BSEE”) finalized more stringent standards relating to well control equipment used in connection with offshore well drilling operations. The standards focus on blowout preventers, along with well design, well control, casing, cementing, real-time well monitoring, and subsea containment requirements. However, in September 2018, the BSEE published final revisions to its regulations regarding offshore drilling safety equipment, removing certain requirements such as third-party equipment certification and reducing equipment monitoring and reporting obligations. However, government agencies could issue new safety and environmental guidelines or regulations for drilling in the U.S. Gulf of Mexico that could disrupt or delay drilling operations, increase the cost of drilling operations or reduce the area of operations for drilling. Any new regulation could dampen demand for our equipment and services and have an adverse effect on our business.

***We may not be fully indemnified against financial losses in all circumstances where damage to or loss of property, personal injury, death or environmental harm occur.***

As is customary in our industry, our contracts typically provide that our customers indemnify us for claims arising from the injury or death of their employees, the loss or damage of their equipment, damage to the reservoir and pollution emanating from the customer’s equipment or from the reservoir (including uncontained oil flow from a reservoir). Conversely, we typically indemnify our customers for claims arising from the injury or death of our employees, the loss or damage of our equipment, or pollution emanating from our equipment. Our contracts typically provide that our customer will indemnify us for claims arising from catastrophic events, such as a well blowout, fire or explosion.

Our indemnification arrangements may not protect us in every case. For example, from time to time (i) we may enter into contracts with less favorable indemnities or perform work without a contract that protects us, (ii) our indemnity arrangements may be held unenforceable in some courts and jurisdictions or (iii) we may be subject to other claims brought by third parties or government agencies. Furthermore, the parties from which we seek indemnity may not be solvent, may become bankrupt, may lack resources or insurance to honor their indemnities, or may not otherwise be able to satisfy their indemnity obligations to us. The lack of enforceable indemnification could expose us to significant potential losses.

Further, our assets generally are not insured against loss from political violence such as war, terrorism or civil unrest. If any of our assets are damaged or destroyed as a result of an uninsured cause, we could recognize a loss of those assets.

***We may incur liabilities, fines, penalties or additional costs, or we may be unable to provide services to certain customers, if we do not maintain safe operations.***

If we fail to comply with safety regulations or maintain an acceptable level of safety in connection with our tubular or other well construction services, we may incur civil fines, penalties or other liabilities or may be held criminally liable. We expect to incur additional costs over time to upgrade equipment or conduct additional training or otherwise incur costs in connection with compliance with safety regulations. Failure to maintain safe operations or achieve certain safety performance metrics could disqualify us from doing business with certain customers, particularly major oil companies. Because we provide tubular and other well construction services to a large number of major oil companies, any such failure could adversely affect our business, financial condition and results of operations.

Our business is dependent on our ability to provide highly reliable and safe equipment. If our equipment does not meet statutory regulations, or equipment certification requirements, and/or our clients do not accept the quality of our equipment, we could encounter loss of contracts and/or loss of reputation, which could materially impact our operations and profitability. Further, the failure of our equipment could subject us to litigation, regulatory fines and/or adverse customer reaction. In addition, equipment certification requirements vary by region and changes in these requirements could impact our ability to operate in certain markets if our tools do not comply with these requirements.

***The industry in which we operate is undergoing continuing consolidation that may impact results of operations.***

Some of our largest customers have consolidated in recent years and are using their size and purchasing power to achieve economies of scale and pricing concessions. This consolidation may result in reduced capital spending by such customers or the acquisition of one or more of our other primary customers, which may lead to decreased demand for our products and services. If we cannot maintain sales levels for customers that have consolidated or replace such revenue with increased business activities from other customers, this consolidation activity could have a significant negative impact on our business, financial condition and results of operations. We are unable to predict what effect consolidations in our industry may have on prices, capital spending by customers, selling strategies, competitive position, ability to retain customers or ability to negotiate favorable agreements with customers.

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

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

- federal, state and local and non-U.S. laws and other regulations relating to oilfield operations, worker safety and protection of the environment and natural resources;
- changes in these laws and regulations; and
- the level of enforcement of these laws and regulations.

In addition, we depend on the demand for our services and products from the oil and gas industry. This demand is affected by changing taxes, price controls and other laws and regulations relating to the oil and gas industry in general. For example, the adoption of laws and regulations curtailing exploration and development drilling for oil and gas for economic or other policy reasons could adversely affect our operations by limiting demand for our products. In addition, some non-

U.S. countries may adopt regulations or practices that give advantage to indigenous oil companies in bidding for oil leases, or require indigenous companies to perform oilfield services currently supplied by international service companies. To the extent that such companies are not our customers, or we are unable to develop relationships with them, our business may suffer. We cannot determine the extent to which our future operations and earnings may be affected by new legislation, new regulations or changes in existing regulations.

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

***Our business is dependent on capital spending by our customers, and reductions in capital spending could have a material adverse effect on our business.***

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

***An inability to obtain visas and work permits for our employees on a timely basis could negatively affect our operations and have an adverse effect on our business.***

Our ability to provide services worldwide depends on our ability to obtain the necessary visas and work permits for our personnel to travel in and out of, and to work in, the jurisdictions in which we operate. Governmental actions in some of the jurisdictions in which we operate may make it difficult for us to move our personnel in and out of these jurisdictions by delaying or withholding the approval of these permits. If we are not able to obtain visas and work permits for the employees we need for conducting our tubular and other well construction services on a timely basis, we might not be able to perform our obligations under our contracts, which could allow our customers to cancel the contracts. If our customers cancel some of our contracts, and we are unable to secure new contracts on a timely basis and on substantially similar terms, our business, financial condition and results of operations could be materially adversely affected.

***Our operations are subject to environmental and operational safety laws and regulations that may expose us to significant costs and liabilities.***

Our operations are subject to numerous stringent and complex laws and regulations governing the discharge of materials into the environment, health and safety aspects of our operations, or otherwise relating to occupational health and safety and environmental protection. These laws and regulations may, among other things, regulate the management and disposal of hazardous and non-hazardous wastes; require acquisition of environmental permits related to our operations; restrict the types, quantities, and concentrations of various materials that can be released into the environment; limit or prohibit operational activities in certain ecologically sensitive and other protected areas; regulate specific health and safety criteria addressing worker protection; require compliance with operational and equipment standards; impose testing, reporting and record-keeping requirements; and require remedial measures to mitigate pollution from former and ongoing operations. Failure to comply with these laws and regulations or to obtain or comply with permits may result in the assessment of administrative, civil and criminal penalties, imposition of remedial or corrective action requirements and the imposition of injunctions to limit or prohibit certain activities or force future compliance. Certain environmental laws may impose joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment.

Analogous or stricter laws exist in other countries where we operate. The trend in environmental regulation has been to impose increasingly stringent restrictions and limitations on activities that may impact the environment. Some countries have even established constitutional rights relating to the environment. The implementation of new laws and regulations could result in materially increased costs, stricter standards and enforcement, larger fines and liability and increased capital expenditures and operating costs, particularly for our customers.

***Our operations in countries outside of the United States are subject to a number of U.S. federal laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act, as well as trade sanctions administered by the Office of Foreign Assets Control and the Commerce Department.***

We operate internationally and in some countries with high levels of perceived corruption commonly gauged according to the Transparency International Corruption Perceptions Index. We must comply with complex foreign and U.S. laws including the United States Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act 2010 and the United Nations Convention Against Corruption, which prohibit engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. We do business and may in the future do additional business in countries and regions in which we may face, directly or indirectly, corrupt demands by officials, tribal or insurgent organizations, or by private entities in which corrupt offers are expected or demanded. Furthermore, many of our operations require us to use third parties to conduct business or to interact with people who are deemed to be governmental officials under the anticorruption laws. Thus, we face the risk of unauthorized payments or offers of payments or other things of value by our employees, contractors or agents. It is our policy to implement compliance procedures to prohibit these practices. However, despite those safeguards and any future improvements to them, our employees, contractors, and agents may engage in conduct for which we might be held responsible, regardless of whether such conduct occurs within or outside the United States. We may also be held responsible for any violations by an acquired company that occur prior to an acquisition, or subsequent to the acquisition but before we are able to institute our compliance procedures. In addition, our non-U.S. competitors that are not subject to the FCPA or similar anticorruption laws may be able to secure business or other preferential treatment in such countries by means that such laws prohibit with respect to us. A violation of any of these laws, even if prohibited by our policies, may result in severe criminal and/or civil sanctions and other penalties, and could have a material adverse effect on our business. Actual or alleged violations could damage our reputation, be expensive to defend, and impair our ability to do business.

We are currently conducting an internal investigation of the operations of certain of our foreign subsidiaries in West Africa for possible violations of the FCPA, our policies and other applicable laws, and in June 2016 we voluntarily disclosed the existence of our extensive internal review to the SEC, the U.S. Department of Justice ("DOJ") and other governmental entities. We are unable to predict the ultimate resolution of these matters before the SEC and DOJ. Adverse action by these government agencies could have a material adverse effect on our business.

Compliance with U.S. laws and regulations on trade sanctions and embargoes administered by the United States Department of the Treasury's Office of Foreign Assets Control also poses a risk to us. We cannot provide products or services to or in certain countries subject to U.S. or other international trade sanctions or to certain individuals and entities subject to sanctions. Furthermore, the laws and regulations concerning import activity, export recordkeeping and reporting, export control and economic sanctions are complex and constantly changing. Any failure to comply with applicable trade-related laws and regulations, even if prohibited by our policies, could result in criminal and civil penalties and sanctions, such as fines, imprisonment, debarment from governmental contracts, seizure of shipments and loss of import and export privileges. It is our policy to implement procedures concerning compliance with applicable trade sanctions, export controls, and other trade-related laws and regulations. However, despite those safeguards and any future improvements to them, our employees, contractors, and agents may engage in conduct for which we might be held responsible, regardless of whether such conduct occurs within or outside the United States. We may also be held responsible for any violations by an acquired company that occur prior to an acquisition, or subsequent to the acquisition but before we are able to institute our compliance procedures.

***Compliance with and changes in laws could be costly and could affect operating results.***

We have operations in the U.S. and in approximately 50 countries that can be impacted by expected and unexpected changes in the legal and business environments in which we operate. Political instability and regional issues in many of the areas in which we operate may contribute to such changes with greater significance or frequency. Our ability to manage our compliance costs and compliance programs will impact our business, financial condition and results of operations. Compliance-related issues could also limit our ability to do business in certain countries. Changes that could impact the legal environment include new legislation, new regulations, new policies, investigations and legal proceedings and new interpretations of existing legal rules and regulations, in particular, changes in export control laws or exchange control laws, additional restrictions on doing business in countries subject to sanctions and changes in laws in countries where we operate or intend to operate.

***There are various risks associated with greenhouse gases and climate change legislation or regulations that could result in increased operating costs and reduced demand for our services.***

Climate change continues to attract considerable attention in the United States and other countries. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of GHGs as well as to restrict or eliminate such future emissions. As a result, our operations are subject to a series of regulatory, political, litigation, and financial risks associated with the transport of fossil fuels and emission of GHGs.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, with the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas sources in the United States, implement NSPS directing the reduction of methane from certain new, modified, or reconstructed facilities in the oil and natural gas sector, and together with the DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States. There have been several attempts to delay or modify certain of these regulations. For example, in August 2019, the EPA proposed amendments to the 2016 NSPS that, among other things, would remove sources in the transmission and storage segment from the oil and natural gas source category and rescind the methane-specific requirements applicable to sources in the production and processing segments of the industry. As an alternative, the EPA also proposed to rescind the methane-specific requirements that apply to all sources in the oil and natural gas industry, without removing the transmission and storage sources from the current source category. Under either alternative, the EPA plans to retain emissions limits for VOCs. Legal challenges to any final rulemaking that rescinds the 2016 standards are expected. As a result of the foregoing, substantial uncertainty exists with respect to implementation of certain of the EPA's methane regulations.

Separately, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, there is a non-binding agreement, the United Nations-sponsored "Paris Agreement," for nations to limit their GHG emissions through individually-determined reduction goals every five years after 2020, although the United States has announced its withdrawal from such agreement, effective November 4, 2020.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates seeking the office of the President of the United States in 2020. Potential actions include restricting the available means of developing oil wells, the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as the reversal of the United States' withdrawal from the Paris Agreement in November 2020.

There are also increasing risks of litigation related to climate change effects. Governments and third-parties have brought suit against some fossil fuel companies alleging, among other things, that such companies created public nuisances by marketing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors by failing to adequately disclose those impacts. Similar or more demanding cases are occurring in other jurisdictions where we operate. For example, in December 2019, the High Council of the Netherlands ruled that the government of the Netherlands has a legal obligation to decrease the country's GHG emissions, and other suits have been filed seeking to extend this obligation to private companies. Such litigation has the potential to adversely affect the production of fossil fuels, which in turn could result in reduce demand for our services.

There are also increasing financial risks for fossil fuel producers as shareholders who are currently invested in fossil-fuel energy companies but are concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non-energy related sectors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. Additionally, the lending practices of institutional lenders have been the subject of intensive lobbying efforts in recent years, oftentimes public in nature, by environmental activists, proponents of the international Paris Agreement, and foreign citizenry concerned about climate change not to provide funding for fossil fuel energy companies. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of production of crude oil and natural gas, which could in turn decrease demand for our services. Our own operations could also face limitations on access to capital as a result of these trends, which could adversely affect our business and results of operation.

The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for, oil and natural gas, which could reduce demand for our services and products. Additionally, political, litigation and financial risks may result in our oil and natural gas customers restricting or canceling production activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing their ability to continue to operate in an economic manner, which also could reduce demand for our services and products. One or more of these developments could have a material adverse effect on our business, financial condition and results of operations.

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

Some of our operations involve risks of, among other things, property damage, which could curtail our operations. For example, disruptions in operations or damage to a manufacturing plant could reduce our ability to produce products and satisfy customer demand. In particular, we have offices and manufacturing facilities in Houston, Texas and Houma and Lafayette, Louisiana as well as in various places throughout the Gulf Coast region of the United States. These offices and facilities are particularly susceptible to severe tropical storms, hurricanes and flooding, which may disrupt our operations. If one or more manufacturing facilities we own are damaged by severe weather or any other disaster, accident, catastrophe or event, our operations could be significantly interrupted. Similar interruptions could result from damage to production or other facilities that provide supplies or other raw materials to our plants or other stoppages arising from factors beyond our control. These interruptions might involve significant damage to, among other things, property, and repairs might take from a week or less for a minor incident to many months or more for a major interruption.

In addition, a portion of our business involves the movement of people and certain parts and supplies to or from foreign locations. Any restrictions on travel or shipments to and from foreign locations, due to the occurrence of natural disasters such as earthquakes, floods or hurricanes, or an epidemic or outbreak of diseases in these locations, could significantly disrupt our operations and decrease our ability to provide services to our customers. The current travel restrictions imposed because of the coronavirus provide an illustrative example of how an epidemic or pandemic could impact our operations and business, and how such an event could cause material disruptions if it were to impact a location where we have a high concentration of business and resources. In addition, if an epidemic or pandemic were to impact such a location, our local workforce could be affected by such an occurrence or outbreak which could also significantly disrupt our operations and decrease our ability to provide services and products to our customers.

***Our business could be negatively affected by cybersecurity threats and other disruptions.***

We rely heavily on information systems to conduct and protect our business. These information systems are increasingly subject to sophisticated cybersecurity threats such as unauthorized access to data and systems, loss or destruction of data (including confidential customer information), computer viruses, ransomware, or other malicious code, phishing and cyberattacks, and other similar events. These threats arise from numerous sources, not all of which are within our control, including fraud or malice on the part of third parties, accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to our property or assets, or outbreaks of hostilities or terrorist acts.

Given the rapidly evolving nature of cyber threats, there can be no assurance that the systems we have designed and implemented to prevent or limit the effects of cyber incidents or attacks will be sufficient in preventing all such incidents or attacks, or avoiding a material impact to our systems when such incidents or attacks do occur. If we were to be subject to a cyber incident or attack in the future, it could result in the disclosure of confidential or proprietary customer information, theft or loss of intellectual property, damage to our reputation with our customers and the market, failure to meet customer requirements or customer dissatisfaction, theft or exposure to litigation, damage to equipment (which could cause environmental or safety issues) and other financial costs and losses. In addition, as cybersecurity threats continue to evolve, we may be required to devote additional resources to continue to enhance our protective measures or to investigate or remediate any cybersecurity vulnerabilities.

***Data protection and regulations related to privacy, data protection and information security could increase our costs, and our failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect our results of operations, as well as have an impact on our reputation.***

We are subject to regulations related to privacy, data protection and information security in the jurisdictions in which we do business. As privacy, data protection and information security laws are interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

In recent years, there has been increasing regulatory enforcement and litigation activity in the areas of privacy, data protection and information security in the U.S. and in various countries in which we operate. In addition, legislators and/or regulators in the U.S., the European Union and other jurisdictions in which we operate are increasingly adopting or revising privacy, data protection and information security laws that could create compliance uncertainty and could increase our costs or require us to change our business practices in a manner adverse to our business. Compliance with current or future privacy, data protection and information security laws could significantly impact our current and planned privacy, data protection and information security related practices, our collection, use, sharing, retention and safeguarding of employee information and information regarding others with whom we do business. Our failure to comply with privacy, data protection and information security laws could result in fines, sanctions or other penalties, which could materially and adversely affect our results of operations and overall business, as well as have an impact on our reputation. For example, the General Data Protection Regulations (EU) 2016/679 (the “GDPR”), as supplemented by any national laws (such as in the U.K., the Data Protection Act 2018) and further implemented through binding guidance from the European Data Protection Board, came into effect on May 25, 2018. The GDPR expanded the scope of the EU data protection law to all foreign companies processing personal data of European Economic Area individuals and imposed a stricter data protection compliance regime, including the introduction of administrative fines for non-compliance up to 4% of global total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach, as well as the right to compensation for financial or non-financial damages claimed by any individuals under Article 82 GDPR and the reputational damages that our business may be facing as a result of any personal data breach or violation of the GDPR.

***Our exposure to currency exchange rate fluctuations may result in fluctuations in our cash flows and could have an adverse effect on our financial condition and results of operations.***

From time to time, fluctuations in currency exchange rates could be material to us depending upon, among other things, the principal regions in which we provide our services and products. For the year ended December 31, 2019, on a U.S. dollar-equivalent basis, approximately 23% of our revenue was represented by currencies other than the U.S. dollar. There may be instances in which costs and revenue will not be matched with respect to currency denomination. As a result, to the extent that we continue our expansion on a global basis, as expected, we expect that increasing portions of revenue, costs, assets and liabilities will be subject to fluctuations in foreign currency valuations. We may experience economic loss and a negative impact on earnings or net assets solely as a result of foreign currency exchange rate fluctuations. Further, the markets in which we operate could restrict the removal or conversion of the local or foreign currency, resulting in our inability to hedge against these risks.

***Seasonal and weather conditions could adversely affect demand for our services and products.***

Weather can have a significant impact on demand as consumption of energy is seasonal, and any variation from normal weather patterns, such as cooler or warmer summers and winters, can have a significant impact on demand. Adverse weather conditions, such as hurricanes and ocean currents in the U.S. Gulf of Mexico or typhoons in the Asia Pacific region, may interrupt or curtail our operations, or our customers' operations, cause supply disruptions and result in a loss of revenue and damage to our equipment and facilities, which may or may not be insured. Extreme winter conditions in Canada, Russia, or the North Sea, or droughts in more arid regions in which we do business may interrupt or curtail our operations, or our customers' operations, and result in a loss of revenue.

***Legislation or regulations restricting the use of hydraulic fracturing could reduce demand for our services and products.***

Hydraulic fracturing is an important and common practice in the oil and gas industry. The process involves the injection of water, sand and chemicals under pressure into a formation to fracture the surrounding rock and stimulate production of hydrocarbons. While we do not perform hydraulic fracturing, many of our customers utilize this technique. Certain environmental advocacy groups and regulatory agencies have suggested that additional federal, state and local laws and regulations may be needed to more closely regulate the hydraulic fracturing process, and have made claims that hydraulic fracturing techniques are harmful to surface water and drinking water resources and may cause earthquakes. Various governmental entities (within and outside the United States) are in the process of studying, restricting, regulating or preparing to regulate hydraulic fracturing, directly or indirectly. For example, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources, which concluded that "water cycle" activities associated with hydraulic fracturing may impact drinking water sources under certain limited circumstances. In addition, the BLM finalized rules in March 2015 that impose new or more stringent standards for performing hydraulic fracturing on federal and American Indian lands, but this rule was repealed in December 2017. Litigation concerning this rescission is ongoing. The adoption of legislation or regulatory programs that restrict hydraulic fracturing could adversely affect, reduce or delay well drilling and completion activities, increase the cost of drilling and production, and thereby reduce demand for our services and products.

***Customer credit risks could result in losses.***

The concentration of our customers in the energy industry may impact our overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions. Those countries that rely heavily upon income from hydrocarbon exports would be hit particularly hard by a drop in oil prices. Further, laws in some jurisdictions in which we operate could make collection difficult or time consuming. We perform ongoing credit evaluations of our customers and do not generally require collateral in support of our trade receivables. While we maintain reserves for potential credit losses, we cannot assure such reserves will be sufficient to meet write-offs of uncollectible receivables or that our losses from such receivables will be consistent with our expectations.

Furthermore, some of our customers may be highly leveraged and subject to their own operating and regulatory risks, which increases the risk that they may default on their obligations to us. To the extent one or more of our key customers is in financial distress or commences bankruptcy proceedings, contracts with these customers may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code and similar international laws. Any material nonpayment or nonperformance by our key customers could adversely affect our business, financial condition and results of operations.

***If our long-lived assets, goodwill, other intangible assets and other assets are impaired, we may be required to record significant non-cash charges to our earnings.***

We recognize impairments of goodwill when the fair value of any of our reporting units becomes less than its carrying value. Our estimates of fair value are based on assumptions about future cash flows of each reporting unit, discount rates applied to these cash flows and current market estimates of value. Based on the uncertainty of future revenue growth rates, gross profit performance, and other assumptions used to estimate our reporting units' fair value, future reductions in our expected cash flows could cause a material non-cash impairment charge of goodwill, which could have a material adverse effect on our results of operations and financial condition.

Please see additional discussion regarding goodwill in "Management's Discussion & Analysis of Financial Condition and Results of Operation—Critical Accounting Estimates—Goodwill."

We also have certain long-lived assets, other intangible assets and other assets which could be at risk of impairment or may require reserves based upon anticipated future benefits to be derived from such assets. Any change in the valuation of such assets could have a material effect on our profitability.

***We may be unable to identify or complete acquisitions or strategic alliances.***

We expect that acquisitions and strategic alliances will be an important element of our business strategy going forward. We can give no assurance that we will be able to identify and acquire additional businesses or negotiate with suitable venture partners in the future on terms favorable to us or that we will be able to integrate successfully the assets and operations of acquired businesses with our own business. Any inability on our part to integrate and manage the growth of acquired businesses may have a material adverse effect on our business, financial condition and results of operations.

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

Our future success depends in substantial part on our ability to hire and retain our executive officers and other key personnel who possess extensive expertise, talent and leadership and are critical to our success. The diminution or loss of the services of these individuals, or other integral key personnel affiliated with entities that we acquire in the future, could have a material adverse effect on our business. Furthermore, we may not be able to enforce all of the provisions in any agreement we have entered into with certain of our executive officers, and such agreements may not otherwise be effective in retaining such individuals. In addition, we may not be able to retain key employees of entities that we acquire in the future. This may impact our ability to successfully integrate or operate the assets we acquire.

***Control of oil and gas reserves by state-owned oil companies may impact the demand for our services and products and create additional risks in our operations.***

Much of the world's oil and gas reserves are controlled by state-owned oil companies, and we provide services and products for a number of those companies. State-owned oil companies may require their contractors to meet local content requirements or other local standards, such as joint ventures, that could be difficult or undesirable for us to meet. The failure to meet the local content requirements and other local standards may adversely impact our operations in those countries. In addition, our ability to work with state-owned oil companies is subject to our ability to negotiate and agree upon acceptable contract terms.

***Restrictions in the agreement governing our ABL Credit Facility could adversely affect our business, financial condition and results of operations.***

On November 5, 2018, FICV, Frank's International, LLC and Blackhawk, as borrowers, and FINV, certain of FINV's subsidiaries, including FICV, Frank's International, LLC, Blackhawk, Frank's International GP, LLC, Frank's International, LP, Frank's International LP B.V., Frank's International Partners B.V., Frank's International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., as guarantors, entered into a five-year senior secured revolving credit facility (the "ABL Credit Facility") with JPMorgan Chase Bank, N.A., as administrative agent (the "ABL Agent"), and other financial institutions as lenders with total commitments of $100.0 million, including up to $15.0 million available for letters of credit. The operating and financial restrictions in our ABL Credit Facility and any future financing agreements could restrict our ability to finance future operations or capital needs, or otherwise pursue our business activities. For example, our ABL Credit Facility limits our and our subsidiaries' ability to, among other things:

- incur debt or issue guarantees;
- incur or permit certain liens to exist;
- make certain investments, acquisitions or other restricted payments;
- dispose of assets;
- engage in certain types of transactions with affiliates;
- merge, consolidate or transfer all or substantially all of our assets; and
- prepay certain indebtedness.

Furthermore, our ABL Credit Facility contains a covenant requiring us to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 based on the ratio of (a) consolidated EBITDA (as defined therein) minus unfinanced capital expenditures to (b) Fixed Charges (as defined therein) when availability under our ABL Credit Facility falls below the greater of (a) $12.5 million and (b) 15% of the lesser of the borrowing base and aggregate commitments. Accounts receivable received by FINV's U.S. subsidiaries that are parties to our ABL Credit Facility will be deposited into deposit accounts subject to deposit control agreements in favor of the ABL Agent. In the event FINV does not maintain the minimum fixed charge coverage ratio discussed above, these deposit accounts would be subject to "springing" cash dominion.

In addition, any borrowings under our ABL Credit Facility may be at variable rates of interest that expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed will remain the same, and our net income and cash flows will correspondingly decrease.

A failure to comply with the covenants in the agreement governing our ABL Credit Facility could result in an event of default, which, if not cured or waived, would permit the exercise of remedies against us that could have a material adverse effect on our business, results of operations and financial position. Remedies under our ABL Credit Facility include foreclosure on the collateral securing the indebtedness and termination of the commitments under our ABL Credit Facility, and any outstanding borrowings under our ABL Credit Facility may be declared immediately due and payable.

Please see "Management's Discussion & Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources—Credit Facility" for an expanded discussion regarding our ABL Credit Facility, including current amounts outstanding.

**Risks Related to Our Corporate Structure**

***We are a holding company and our sole material assets are our direct and indirect equity interests in our operating subsidiaries, and we are accordingly dependent upon distributions from such subsidiaries to pay taxes and our corporate and other overhead expenses, make payments under the Tax Receivable Agreement, and pay dividends.***

We are a holding company and have no material assets other than our direct and indirect equity interests in our operating subsidiaries. We have no independent means of generating revenue. We intend to cause our subsidiaries to make distributions to us in an amount sufficient to allow us to (i) pay our taxes and our corporate and other overhead expenses, (ii) make payments under the Tax Receivable Agreement we entered into with Mosing Holdings in connection with the initial public offering ("IPO") (such agreement, the "TRA") and (iii) pay dividends, if any, declared by us. To the extent that we need funds and our subsidiaries are restricted from making such distributions under applicable law or regulation or under the terms of their financing or other contractual arrangements, or are otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected.

***The Mosing family holds a majority of the total voting power of the Company's common stock (the "FINV Stock") and, accordingly, could have substantial control over our management and affairs.***

The Mosing family (either individually or through various holding entities of the Mosing family members), based on the best information available to the Company, currently collectively owns approximately 52% of the total voting power entitled to vote at annual or special meetings. While the Mosing family members have terminated a voting agreement with respect to the shares they own, the Mosing family has the ability (but not the requirement) to designate on an annual basis who will comprise our Board of Supervisory Directors nominated to the shareholders based on the amount of shares that they collectively own. Moreover, pursuant to our amended and restated articles of association, our board of directors will consist of no more than nine individuals. The Mosing family has the right to recommend one director for nomination to the supervisory board for each 10% of the outstanding FINV Stock they collectively beneficially own, up to a maximum of five directors. The remaining directors are nominated by our supervisory board. Our supervisory board currently consists of nine members, three of whom are members of the Mosing family. The existence of significant shareholders may also have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other shareholders to approve transactions that they may deem to be in the best interests of our company. So long as the Mosing family continues to own a significant amount of the FINV Stock, even if such amount represents less than 50% of the aggregate voting power, they will continue to be able to influence matters requiring shareholder approval, regardless of whether or not other shareholders believe that the transaction is in their own best interests.

***The Mosing family may have interests that conflict with holders of shares of our common stock.***

The Mosing family may have conflicting interests with other holders of shares of our common stock. For example, the Mosing family may have different tax positions from us or other holders of shares of our common stock which could influence their decisions regarding whether and when to cause us to dispose of assets and whether and when to cause us to incur new or refinance existing indebtedness, especially in light of the existence of the TRA. In addition, the structuring of future transactions may take into consideration the Mosing family's tax or other considerations even where no similar benefit would accrue to other holders of shares of our common stock.

***We are required under the TRA to pay Mosing Holdings or its permitted transferees for certain tax benefits we may claim, and the amounts we may pay could be significant.***

We entered into the TRA with FICV and Mosing Holdings in connection with the IPO. This agreement generally provides for the payment by us of 85% of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax we actually realize (or are deemed to realize in certain circumstances) in periods after the IPO as a result of (i) tax basis increases resulting from the transfer of FICV interests to us in connection with the conversion of shares of Preferred Stock into shares of our common stock and (ii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, payments under the TRA. We will retain the benefit of the remaining 15% of these cash savings. Payments we make under the TRA will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return to the date of payment.

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

Estimating the amount and timing of payments that may be made under the TRA is by its nature imprecise. For purposes of the TRA, cash savings in tax generally are calculated by comparing our actual tax liability to the amount we would have been required to pay had we not been able to utilize any of the tax benefits subject to the TRA. The amounts payable, as well as the timing of any payments, under the TRA are dependent upon significant future events and assumptions, including the amount and timing of the taxable income we generate in the future and the tax rate then applicable, our use of loss carryovers and the portion of our payments under the TRA constituting imputed interest or giving rise to depreciable or amortizable tax basis. We expect that the payments that we will be required to make under the TRA will be substantial. The payments under the TRA are not conditioned upon a holder of rights under a TRA having a continued ownership interest in us. While we may defer payments under the TRA to the extent we do not have sufficient cash to make such payments (except in the case of an acceleration of payments thereunder occurring in connection with an early termination of the TRA or certain mergers or changes of control) any such unpaid obligation will accrue interest. Additionally, during any such deferral period, we are prohibited from paying dividends on our common stock.

***In certain cases, payments under the TRA to Mosing Holdings or its permitted transferees may be accelerated and/or significantly exceed the actual benefits, if any, we realize in respect of the tax attributes subject to the TRA.***

If we elect to exercise our sole right to terminate the TRA early (or it terminates early as a result of our breach), we would be required to make a substantial immediate lump-sum payment equal to the present value of the hypothetical future payments that could be required to be paid under the TRA (based upon certain assumptions and deemed events set forth in the TRA, including the assumption that we have sufficient taxable income to fully utilize such benefits), determined by applying a discount rate equal to the long-term Treasury rate in effect on the applicable date plus 300 basis points. Any early termination payment may be made significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the termination payment relates. In addition, payments due under the TRA would be similarly accelerated following certain mergers or other changes of control. In these situations (or if the TRA terminates early), our obligations under the TRA could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. For example, if the TRA were terminated on December 31, 2019, the estimated termination payment would be approximately $50.0 million (calculated using a discount rate of 5.25%). The foregoing number is merely an estimate and the actual payment could differ materially. There can be no assurance that we will be able to finance our obligations under the TRA. If we were unable to finance our obligations due under the TRA, we would be in breach of the agreement. Any such breach could adversely affect our business, financial condition or results of operations.

***We will not be reimbursed for any payments made under the TRA in the event that any tax benefits are subsequently disallowed.***

Payments under the TRA will be based on the tax reporting positions that we will determine. If the Internal Revenue Service (the “IRS”) were to successfully challenge a tax basis increase or other benefits arising under the TRA, the holders of rights under the TRA will not reimburse us for any payments previously made under the TRA if such basis increases or other benefits are subsequently disallowed, except that excess payments made to any such holder will be netted against payments otherwise to be made, if any, to such holder after our determination of such excess. As a result, in such circumstances, we could make payments that are greater than our actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect our liquidity.

***In the event that our payment obligations under the TRA are accelerated upon certain mergers or other changes of control, the consideration payable to holders of our common stock could be substantially reduced.***

If we experience a merger or other change of control, we would be obligated to make a substantial, immediate lump-sum payment under the TRA, and such payment may be significantly in advance of, and may materially exceed, the actual realization, if any, of any cash tax savings from the tax benefits to which the payment relates. As a result of this payment obligation, holders of our common stock could receive substantially less consideration in connection with a change of control transaction than they would receive in the absence of such obligation. Further, our payment obligations under the TRA will not be conditioned upon a holder of rights under the TRA having a continued interest in us. Accordingly, the interests of holders of rights under the TRA may conflict with those of the holders of our common stock.

## Risks Related to Our Common Stock

***Future sales of our common stock in the public market could lower our stock price, and any additional capital raised by us through the sale of equity may dilute your ownership in us.***

As of February 18, 2020, we had 225,656,227 outstanding shares of our common stock. We may sell additional shares of common stock in subsequent public offerings. Members of the Mosing family own, both directly and indirectly and based on the best information available to the Company, approximately 52% of our total outstanding FINV Stock. All of these shares may be sold into the market in the future.

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock.

***Our declaration of dividends is within the discretion of our management board, with the approval of our supervisory board, and subject to certain limitations under Dutch law, and there can be no assurance that we will pay dividends.***

Our dividend policy is within the discretion of our management board, with the approval of our supervisory board, and the amount of future dividends, if any, will depend upon various factors, including our results of operations, financial condition, capital requirements and investment opportunities. We can provide no assurance that we will pay dividends on our common stock. No dividends on our common stock will accrue in arrears. In addition, Dutch law contains certain restrictions on a company's ability to pay cash dividends, and we can provide no assurance that those restrictions will not prevent us from paying a dividend in future periods.

***As a Dutch company with limited liability, the rights of our shareholders may be different from the rights of shareholders in companies governed by the laws of U.S. agencies.***

We are a Dutch company with limited liability (*Naamloze Vennootschap*). Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The rights of shareholders and the responsibilities of members of our management board and supervisory board may be different from those in companies governed by the laws of U.S. jurisdictions.

For example, resolutions of the general meeting of shareholders may be taken with majorities different from the majorities required for adoption of equivalent resolutions in, for example, Delaware corporations. Although shareholders will have the right to approve legal mergers or demergers, Dutch law does not grant appraisal rights to a company's shareholders who wish to challenge the consideration to be paid upon a legal merger or demerger of a company.

In addition, if a third party is liable to a Dutch company, under Dutch law shareholders generally do not have the right to bring an action on behalf of the company or to bring an action on their own behalf to recover damages sustained as a result of a decrease in value, or loss of an increase in value, of their ordinary shares. Only in the event that the cause of liability of such third party to the company also constitutes a tortious act directly against such shareholder and the damages sustained are permanent, may that shareholder have an individual right of action against such third party on its own behalf to recover damages. The Dutch Civil Code provides for the possibility to initiate such actions collectively. A foundation or an association whose objective, as stated in its articles of association, is to protect the rights of persons having similar interests may institute a collective action. The collective action cannot result in an order for payment of monetary damages but may result in a declaratory judgment (*verklaring voor recht*), for example declaring that a party has acted wrongfully or has breached a fiduciary duty. The foundation or association and the defendant are permitted to reach (often on the basis of such declaratory judgment) a settlement which provides for monetary compensation for damages. A designated Dutch court may declare the settlement agreement binding upon all the injured parties, whereby an individual injured party will have the choice to opt-out within the term set by the court (at least three months). Such individual injured party, may also individually institute a civil claim for damages within the before mentioned term.

Furthermore, certain provisions of Dutch corporate law have the effect of concentrating control over certain corporate decisions and transactions in the hands of our management board and supervisory board. As a result, holders of our shares may have more difficulty in protecting their interests in the face of actions by members of our management board and supervisory board than if we were incorporated in the United States.

In the performance of its duties, our management board and supervisory board will be required by Dutch law to act in the interest of the company and its affiliated business, and to consider the interests of our company, our shareholders, our employees and other stakeholders in all cases with reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, interests of our shareholders.

***Our articles of association and Dutch corporate law contain provisions that may discourage a takeover attempt.***

Provisions contained in our amended and restated articles of association and the laws of the Netherlands could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders. Provisions of our articles of association impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. Among other things, these provisions:

- authorize our management board, with the approval of our supervisory board, for a period of five years (which ends on May 19, 2022, unless extended) to issue common stock, including for defensive purposes, without shareholder approval; and
- do not provide for shareholder action by written consent, thereby requiring all shareholder actions to be taken at a general meeting of shareholders.

These provisions, alone or together, could delay hostile takeovers and changes in control of our company or changes in our management.

***It may be difficult for you to obtain or enforce judgments against us or some of our executive officers and directors in the United States or the Netherlands.***

We were formed under the laws of the Netherlands and, as such, the rights of holders of our ordinary shares and the civil liability of our directors will be governed by the laws of the Netherlands and our amended and restated articles of association.

In the absence of an applicable convention between the United States and the Netherlands providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards and divorce decrees) in civil and commercial matters, a judgment rendered by a court in the United States will not automatically be recognized by the courts of the Netherlands. In principle, the courts of the Netherlands will be free to decide, at their own discretion, if and to what extent a judgment rendered by a court in the United States should be recognized in the Netherlands.

Without prejudice to the above, in order to obtain enforcement of a judgment rendered by a United States court in the Netherlands, a claim against the relevant party on the basis of such judgment should be brought before the competent court of the Netherlands. During the proceedings such court will assess, when requested, whether a foreign judgment meets the above conditions. In the affirmative, the court may order that substantive examination of the matter shall be dispensed with. In such case, the court will confine itself to an order reiterating the foreign judgment against the party against whom it had been obtained. Otherwise, a new substantive examination will take place.

In all of the above situations, we note the following rules as applied by Dutch courts:

- where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement;
- the overriding mandatory provisions of the law of the courts remain applicable (irrespective of the law chosen);

- effect may be given to overriding mandatory provisions of the law of the country where the obligations arising out of the relevant transaction documents have to be or have been performed, insofar as those overriding mandatory provisions render the performance of the contract unlawful; and
- the application of the law of any jurisdiction may be refused if such application is manifestly incompatible with the public policy (openbare orde) of the courts.

Under our amended and restated articles of association, we will indemnify and hold our officers and directors harmless against all claims and suits brought against them, subject to limited exceptions. Under our amended and restated articles of association, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder will be governed exclusively by the laws of the Netherlands and subject to the jurisdiction of Dutch courts, unless those rights or obligations do not relate to or arise out of their capacities listed above. Although there is doubt as to whether U.S. courts would enforce such provision in an action brought in the United States under U.S. securities laws, this provision could make judgments obtained outside of the Netherlands more difficult to have recognized and enforced against our assets in the Netherlands or jurisdictions that would apply Dutch law. Insofar as a release is deemed to represent a condition, stipulation or provision binding any person acquiring our ordinary shares to waive compliance with any provision of the Securities Act or of the rules and regulations of the SEC, such release will be void.

***Actions of activist shareholders could cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.***

While we always welcome constructive input from our shareholders and regularly engage in dialogue with our shareholders to that end, activist shareholders may from time to time engage in proxy solicitations, advance shareholder proposals or otherwise attempt to impose changes or acquire control over us. If activist shareholder activities occur, our business could be adversely affected because responding to proxy contests and reacting to other actions by activist shareholders can be costly and time-consuming, disruptive to our operations and divert the attention of management and our employees. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist shareholder initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, customers, employees, suppliers and other strategic partners, and cause our share price to experience periods of volatility or stagnation.

**Tax Risks**

***Changes in tax laws, treaties or regulations or adverse outcomes resulting from examination of our tax returns could adversely affect our financial results.***

Our future effective tax rates could be adversely affected by changes in tax laws, treaties and regulations, both in the United States and internationally. Tax laws, treaties and regulations are highly complex and subject to interpretation. Consequently, we are subject to changing tax laws, treaties and regulations in and between countries in which we operate or are resident. Our income tax expense is based upon the interpretation of the tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher tax expense or a higher effective tax rate on our worldwide earnings. If any country successfully challenges our income tax filings based on our structure, or if we otherwise lose a material tax dispute, our effective tax rate on worldwide earnings could increase substantially and our financial results could be materially adversely affected.

In particular, the U.S. federal income tax legislation enacted in 2017 and commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”) is highly complex and subject to interpretation. The presentation of our financial condition and results of operations is based upon our current interpretation of the provisions contained in the Tax Act. In the future, the Treasury Department and the IRS are expected to issue final regulations and additional interpretive guidance with respect to the provisions of the Tax Act. Any significant variance of our current interpretation of such provisions from any future final regulations or interpretive guidance could result in a change to the presentation of our financial condition and results of operations and could negatively affect our business.

***We are a Netherlands limited liability company, and our U.S. holders may be subject to certain anti-deferral rules under U.S. tax law. For instance, U.S. tax authorities could treat us as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. holders.***

A foreign corporation will be treated as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes if either:

(1) at least 75% of its gross income for any taxable year (including the pro-rata share of the gross income of any company, U.S. or foreign, in which it is considered to own, directly or indirectly, 25% or more of the shares by value) consists of certain types of "passive income" or
(2) at least 50% of the average value of the corporation's assets for any taxable year (averaged over the year and ordinarily determined based on fair market value and including the pro-rata share of the assets of any company in which it is considered to own, directly or indirectly, 25% or more of the shares by value) produce or are held for the production of those types of "passive income."

For purposes of these tests, "passive income" includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties other than certain rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business, but does not include income derived from the performance of services.

Once a non-U.S. corporation is treated as a PFIC for any taxable year in which a U.S. holder owns stock in the corporation, it will generally continue to be treated as a PFIC for all subsequent taxable years with respect to such U.S. holder. U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime. If we were treated as a PFIC, then a U.S. holder that does not make a "mark-to-market" election or an election to treat us as a "qualified electing fund" will be subject to unfavorable treatment on certain "excess distributions" and any gain recognized on a disposition of our shares. Among other consequences, our dividends (to the extent they constitute excess distributions) and gains from the sale of our shares would be taxed at the regular rates applicable to ordinary income, rather than the lower rate applicable to certain dividends received by an individual from a qualified foreign corporation.

Based on the current and anticipated value of our assets and the composition of our income, assets, and operations, we do not expect to be a PFIC for the current taxable year or in the foreseeable future. However, the application of the PFIC rules involves a facts and circumstances analysis and we cannot assure you that the IRS would not agree with our conclusion or that the U.S. tax laws will not change significantly.

The U.S. federal income tax treatment of non-U.S. entities is complicated, and the U.S. federal income tax consequences to each shareholder depends on such shareholder's particular circumstances. For example, if a U.S. holder owns (or is deemed to own) more than 10% of our shares (by vote or value), such holder may be subject to additional anti-deferral rules not discussed herein, such as those under the "subpart F" and "global intangible low-taxed income" regimes. Accordingly, each of our shareholders is urged to consult its own tax advisors regarding the application of the PFIC rules and other aspects of U.S. tax law that may apply to such shareholder.

***U.S. "anti-inversion" tax laws could adversely affect our results, result in a reduced amount of foreign tax credit for U.S. holders, or limit future acquisitions of U.S. businesses.***

Under U.S. "anti-inversion" tax laws, if, following the acquisition of a U.S. corporation (or substantially all of the assets of a U.S. corporation) by a foreign corporation, the equity owners of that U.S. corporation own at least 80% (by vote or value, calculated without regard for any stock issued in any public offering) of our stock by reason of holding stock in such U.S. corporation, then the acquiring foreign corporation could be treated as a U.S. corporation for U.S. federal tax purposes even though it is a corporation created and organized outside of the United States. In such event we would be subject to U.S. federal income tax on our worldwide income, which would reduce our cash available for distribution and the value of our common stock, and the ability of a U.S. holder to obtain a U.S. foreign tax credit with respect to any Dutch withholding tax imposed on a distribution from us could be adversely affected.

In addition, following the acquisition of a U.S. corporation (or substantially all of the assets of a U.S. corporation) by a foreign corporation, the U.S. "anti-inversion" rules can limit the ability of an acquired U.S. corporation and its U.S.

affiliates to utilize U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions if the shareholders of the acquired U.S. corporation hold at least 60% (by vote or value) but less than 80% of the shares of the foreign acquiring corporation by reason of holding shares in the U.S. corporation, and certain other conditions are met.

We do not believe these rules apply to our prior acquisitions of U.S. businesses; however, there can be no assurance that the IRS will not challenge this determination. These rules may apply with respect to any potential future acquisitions of U.S. businesses by us using our stock as consideration. As a result, these rules may impose adverse consequences or apply limitations on our ability to engage in future acquisitions.

**Item 1B.** ***Unresolved Staff Comments***

None.

**Item 2.** ***Properties***

In order to design, manufacture and service the proprietary equipment that support our operations, as well as the products that we offer for sale directly to external customers, we maintain several manufacturing and service facilities around the world. Though our manufacturing and service capabilities are primarily concentrated in the U.S., we currently provide our services and products in approximately 50 countries.

The following table details our material facilities by segment, owned or leased by us as of December 31, 2019.

| Location | Leased or Owned | Principal/Most Significant Use |
|---|---|---|
| ***All Segments*** | | |
| Houston, Texas | Leased | Corporate office |
| Den Helder, the Netherlands | Owned | Regional operations and administration |
| ***TRS and Tubulars Segments*** | | |
| Lafayette, Louisiana | Owned | Regional operations, manufacturing, engineering and administration |
| New Iberia, Louisiana | Leased | Regional operations |
| ***TRS Segment*** | | |
| Aberdeen, Scotland | Owned | Regional operations, engineering and administration |
| Dubai, United Arab Emirates | Owned/Leased | Regional operations and administration |
| Kuala Lumpur, Malaysia | Leased | Regional operations and administration |
| Macaé, Brazil | Owned | Regional operations and administration |
| ***Cementing Equipment Segment*** | | |
| Houma, Louisiana | Leased | Regional operations, manufacturing and administration |

Our largest manufacturing facility is located in Lafayette, Louisiana, where we manufacture a substantial portion of our tubular handling tools. The facility serves our TRS segment in the U.S. Gulf of Mexico and our Tubulars segment. The Lafayette facility is our global headquarters for the design and manufacture of our equipment and is situated on a total of 164 acres. The main facility occupies 148 acres and consists of manufacturing, operations, pipe storage, training and administration. The remaining 16 acres located off of the main campus consists of manufacturing, warehousing and administration. Our manufacturing operations occupy 14 of the 30 buildings, with the remaining buildings dedicated to administration, training and other operational tasks. The main administrative building within the facility is approximately 172,636 square feet. We believe the facilities that we currently occupy are suitable for their intended use.

**Item 3.** ***Legal Proceedings***

We are the subject of lawsuits and claims arising in the ordinary course of business from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. We had no material accruals for loss contingencies, individually or in the aggregate, as of December 31, 2019. We believe the probability is remote that the ultimate outcome of these matters would have a material adverse effect on our financial position, results of operations or cash flows. See Note 17—Commitments and Contingencies in the Notes to Consolidated Financial Statements, which are incorporated herein by reference to Part II, Item 8 “Financial Statements and Supplementary Data” of this Form 10-K.

We are conducting an internal investigation of the operations of certain of our foreign subsidiaries in West Africa including possible violations of the FCPA, our policies and other applicable laws. In June 2016, we voluntarily disclosed the existence of our extensive internal review to the SEC, the DOJ and other governmental entities. It is our intent to continue to fully cooperate with these agencies and any other applicable authorities in connection with any further investigation that may be conducted in connection with this matter. While our review has not indicated that there has been any material impact on our previously filed financial statements, we have continued to collect information and cooperate with the authorities, but at this time are unable to predict the ultimate resolution of these matters with these agencies.

As disclosed above, our investigation into possible violations of the FCPA remains ongoing, and it is our intent to continue to cooperate with the SEC, DOJ and other relevant governmental entities in connection therewith. At this time, we are unable to predict the ultimate resolution of these matters with these agencies, including any financial impact to us. Our board and management are committed to continuously enhancing our internal controls that support improved compliance and transparency throughout our global operations.

**Item 4.** ***Mine Safety Disclosures***

Not applicable.

## PART II

### Item 5. *Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

**Market Information**

Our common stock is traded on the NYSE under the symbol "FI".

On February 18, 2020, we had 225,656,227 shares of common stock outstanding. The common shares outstanding at February 18, 2020 were held by approximately 28 record holders. The actual number of shareholders is greater than the number of holders of record.

See Part III, Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" for discussion of equity compensation plans.

**Dividend Policy**

The declaration and payment of future dividends will be at the discretion of the Board of Supervisory Directors and will depend upon, among other things, future earnings, general financial condition, liquidity, capital requirements and general business conditions. Accordingly, there can be no assurance that we will pay dividends. On October 27, 2017, the Board of Managing Directors of the Company, with the approval of the Board of Supervisory Directors of the Company, approved a plan to suspend the Company's quarterly dividend in order to preserve capital for various purposes, including to invest in growth opportunities.

**Unregistered Sales of Equity Securities**

We did not have any sales of unregistered equity securities during the year ended December 31, 2019 that we have not previously reported on a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

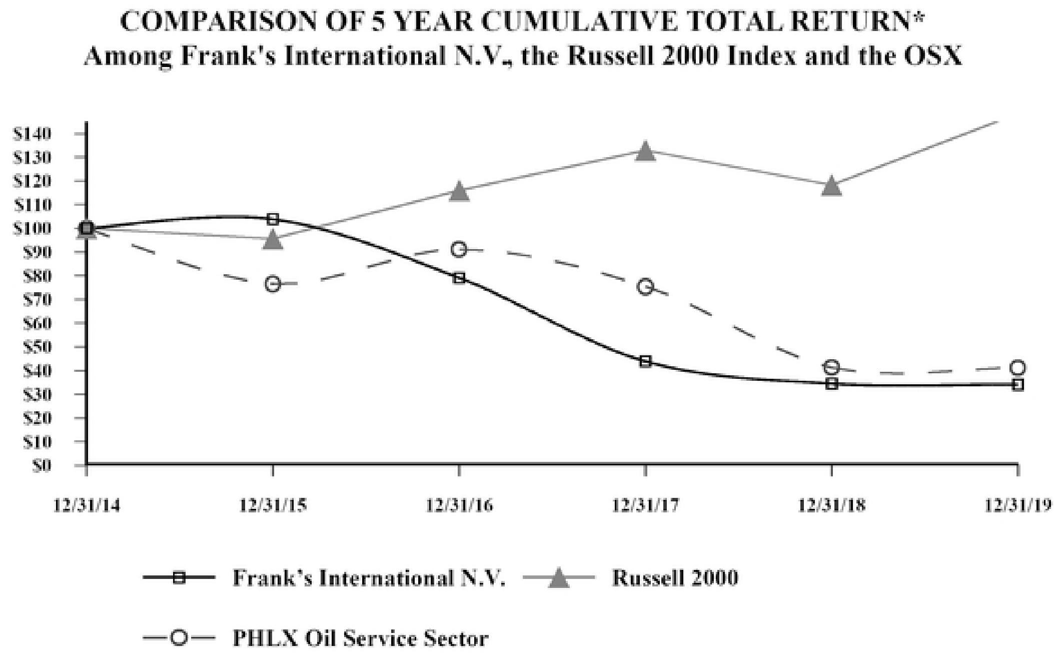
**Issuer Purchases of Equity Securities**

None.

**Performance Graph**

The following performance graph compares the performance of our common stock to the Russell 2000 Index and the PHLX Oil Service Sector Index ("OSX").

The graph below compares the cumulative total return to holders of our common stock with the cumulative total returns of the Russell 2000 Index and OSX for the period from December 31, 2014 through December 31, 2019. The graph assumes that the value of the investment in our common stock was $100 at December 31, 2014 and for each index (including reinvestment of dividends) and tracks the return on the investment through December 31, 2019. The shareholder return set forth herein is not necessarily indicative of future performance.




*$100 invested on 12/31/2014, including reinvestment of dividends.
Fiscal year ending December 31.

The performance graph above and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate by reference.

**Item 6. *Selected Financial Data***

The selected consolidated financial information contained below is derived from our Consolidated Financial Statements and should be read in conjunction with Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited Consolidated Financial Statements that are included in this Form 10-K. Our historical results are not necessarily indicative of our results to be expected in any future period.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** |
| | (in thousands, except per share amounts) | | | | |
| **Financial Statement Data:** | | | | | |
| Revenue | $ 579,920 | $ 522,493 | $ 454,795 | $ 487,531 | $ 974,600 |
| Net income (loss) | (235,329) | (90,733) | (159,457) | (156,079) | 106,110 |
| Total assets | 994,165 | 1,193,929 | 1,261,769 | 1,588,061 | 1,726,838 |
| Debt | — | 5,627 | 4,721 | 276 | 7,321 |
| Total equity | 810,294 | 1,034,772 | 1,115,901 | 1,311,319 | 1,451,426 |
| **Earnings Per Share Information:** | | | | | |
| Basic income (loss) per common share | $ (1.05) | $ (0.41) | $ (0.72) | $ (0.77) | $ 0.51 |
| Diluted income (loss) per common share | $ (1.05) | $ (0.41) | $ (0.72) | $ (0.77) | $ 0.50 |
| **Weighted average common shares outstanding:** | | | | | |
| Basic | 225,159 | 223,999 | 222,940 | 176,584 | 154,662 |
| Diluted | 225,159 | 223,999 | 222,940 | 176,584 | 209,152 |
| Cash dividends per common share | $ — | $ — | $ 0.225 | $ 0.45 | $ 0.60 |
| **Other Data:** | | | | | |
| Adjusted EBITDA [1] | $ 57,521 | $ 33,232 | $ 5,715 | $ 25,031 | $ 319,086 |

(1) Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. For a definition and a reconciliation of Adjusted EBITDA to net income (loss), its most directly comparable financial measure presented in accordance with GAAP, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations - How We Evaluate Our Operations - Adjusted EBITDA and Adjusted EBITDA Margin.”

**Item 7.** ***Management’s Discussion and Analysis of Financial Condition and Results of Operation***

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the related notes thereto included in Part II, Item 8, “Financial Statements and Supplementary Data” included in this Form 10-K.*

*This section contains forward-looking statements that are based on management’s current expectations, estimates and projections about our business and operations, and involve risks and uncertainties. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements because of various factors, including those described in the sections titled “Cautionary Note Regarding Forward-Looking Statements,” Part I, Item 1A, “Risk Factors” and elsewhere in this Form 10-K.*

## Overview of Business

We are a global provider of highly engineered tubular services, tubular fabrication and specialty well construction and well intervention solutions to the oil and gas industry and have been in business for over 80 years. We provide our services and products to leading exploration and production companies in both offshore and onshore environments, with a focus on complex and technically demanding wells.

During the first quarter of 2019, the Company changed its reportable segment structure. Please see Note 1—Basis of Presentation and Significant Accounting Policies and Note 20—Segment Information in the Notes to Consolidated Financial Statements for additional information. We conduct our business through three operating segments:

- *Tubular Running Services.* The TRS segment provides tubular running services globally. Internationally, the TRS segment operates in the majority of the offshore oil and gas markets and also in several onshore regions with operations in approximately 50 countries on six continents. In the U.S., the TRS segment provides services in the active onshore oil and gas drilling regions, including the Permian Basin, Eagle Ford Shale, Haynesville Shale, Marcellus Shale and Utica Shale, as well as in the U.S. Gulf of Mexico. Our customers in these markets are primarily large exploration and production companies, including international oil and gas companies, national oil and gas companies, major independents and other oilfield service companies.

- *Tubulars.* The Tubulars segment designs, manufactures and distributes connectors and casing attachments for large outside diameter (“OD”) heavy wall pipe. Additionally, the Tubulars segment sells large OD pipe originally manufactured by various pipe mills, as plain end or fully fabricated with proprietary welded or thread-direct connector solutions and provides specialized fabrication and welding services in support of offshore deepwater projects, including drilling and production risers, flowlines and pipeline end terminations, as well as long-length tubular assemblies up to 400 feet in length. The Tubulars segment also specializes in the development, manufacture and supply of proprietary drilling tool solutions that focus on improving drilling productivity through eliminating or mitigating traditional drilling operational risks.

- *Cementing Equipment.* The CE segment provides specialty equipment to enhance the safety and efficiency of rig operations. It provides specialized equipment, services and products utilized in the construction, completion and abandonment of the wellbore in both onshore and offshore environments. The product portfolio includes casing accessories that serve to improve the installation of casing, centralization and wellbore zonal isolation, as well as enhance cementing operations through advance wiper plug and float equipment technology. Abandonment solutions are primarily used to isolate portions of the wellbore through the setting of barriers downhole to allow for rig evacuation in case of inclement weather, maintenance work on other rig equipment, squeeze cementing, pressure testing within the wellbore, hydraulic fracturing and temporary and permanent abandonments. These offerings improve operational efficiencies and limit non-productive time if unscheduled events are encountered at the wellsite.

**How We Generate Our Revenue**

The majority of our services revenue is derived primarily from providing tubular services, which involves the handling and installation of multiple joints of pipe to establish a cased wellbore and the installation of smaller diameter pipe inside a cased wellbore.

In contrast, our tubular product revenue is derived from sales of certain products, including large OD pipe connectors and large OD pipe manufactured by third parties, directly to external customers.

Our Cementing Equipment revenue is derived from well construction and well intervention services and products. The revenue has historically been split evenly between service revenue and product revenue.

In addition, our customers typically reimburse us for transportation costs that we incur in connection with transporting our products and equipment from our staging areas to the customers' job sites.

**Outlook**

We have observed and expect to see a moderate increase in customer spending globally on oil and natural gas exploration and production. Exploration and development spending has started to shift toward offshore and internationally focused projects while U.S. land activity is anticipated to flatten over the coming year. Activity in the deep and ultra-deep offshore markets is already benefiting from a modest improvement that is expected to continue through 2020. After several years of depressed spending, several large-scale projects that were placed on hold are now being sanctioned and initiated. In many international offshore shelf markets, we see increased activity as operators recognize improved economics at current commodity prices. We anticipate the total spending on U.S. onshore projects to decrease in 2020 from 2019 levels as operators act on adjusted capital budgets, however we believe the bottom has been reached in the fourth quarter of 2019 and will stabilize in 2020 at those levels. In 2019. the U.S. onshore market went through a disciplined spending cutback to ensure operations were within capital budget constraints which drove this market downward. We believe this cash flow discipline will continue through 2020.

For our Tubular Running Services segment, we expect both the U.S. and international offshore markets to see moderate growth. This business is typically associated with higher margin projects which we anticipate will evolve our margin profile during 2020. We do, however, anticipate that competitive pricing is likely to persist and that could serve to limit our growth. In 2018 and 2019, we made market share gains globally and expect we will sustain those gains in the future. Our client base continues to expand as drilling contractors and integrated service providers look for differentiated technology and efficiency-based solutions. Our U.S. onshore operations are expected to see a reduction from 2019, however we also anticipate a gradual improvement beginning in the second quarter as budgets are replenished and as drilling activity levels rebound slowly from what we believe is near bottom levels in the fourth quarter of 2019.

The Tubulars segment is primarily driven by specialized needs of our customers and the timing of projects, specifically in the Gulf of Mexico. We expect to benefit from increased sales in select international markets that are predicted to supplement our flat to slightly down outlook in the offshore Gulf of Mexico. Our drilling tools service line continues to expand from the introduction of new tools and we anticipate this service line will grow well beyond market rates during the coming year as these new offerings penetrate both the U.S. and International markets. Similarly, our tubulars product line is anticipated to benefit from greater demand during 2020 than that which was seen during 2019 as customer inventories are diminished and offshore activity increases.

The Cementing Equipment segment product and service lines are expected to see incremental improvement year over year in offshore markets. The U.S. onshore products and services will likely follow the U.S. onshore trend of bottoming in the fourth quarter of 2019 and demonstrate slow improvement beginning in the second quarter of 2020. As in 2019, the growth of Cementing Equipment into international offshore markets is expected to again see a sequential improvement as new equipment is built, certified and deployed in these markets. The U.S. Gulf of Mexico market is expected to see a slight increase matching market growth rates.

In furtherance of our operational efforts and in light of prolonged challenging market conditions, we completed a comprehensive review of our geographic footprint, ongoing initiatives, cost structure and asset base. The review identified areas for profitability improvement across the organization and actions have begun in several business areas which are designed to increase profitability by $30 million in 2020. This included a company-wide restructuring announced during the fourth quarter of 2019. Alongside this restructuring, our project and initiative review also led us to conclude it was appropriate to impair and reserve a meaningful amount of our construction in progress as we challenged commercialization plans for some of our in-flight engineering efforts.

Overall, we expect continued but modest improvement in both customer spend and activity through 2020 in the offshore and international markets, which will be offset by the ongoing retraction in U.S. onshore spending on a year over year basis. We will continue our efforts to expand our newer service and product lines that have been historically weighted to the U.S. offshore market, focusing on international markets which have been historically underrepresented by the Cementing Equipment and Tubulars segments. We will also place a strong focus on operational efficiency gains and prioritizing projects that improve market share and profitability. We remain in a strong position financially with a significant cash balance relative to our debt.

**How We Evaluate Our Operations**

We use a number of financial and operational measures to routinely analyze and evaluate the performance of our business, including revenue, Adjusted EBITDA, Adjusted EBITDA margin and safety performance.

***Revenue***

We analyze our revenue growth by comparing actual monthly revenue to our internal projections for each month to assess our performance. We also assess incremental changes in our monthly revenue across our operating segments to identify potential areas for improvement.

***Adjusted EBITDA and Adjusted EBITDA Margin***

We define Adjusted EBITDA as net income (loss) before interest income, net, depreciation and amortization, income tax benefit or expense, asset impairments, gain or loss on disposal of assets, foreign currency gain or loss, equity-based compensation, unrealized and realized gain or loss, the effects of the TRA, other non-cash adjustments and other charges or credits. Adjusted EBITDA margin reflects our Adjusted EBITDA as a percentage of our revenue. We review Adjusted EBITDA and Adjusted EBITDA margin on both a consolidated basis and on a segment basis. We use Adjusted EBITDA and Adjusted EBITDA margin to assess our financial performance because it allows us to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization), items outside the control of our management team (such as income tax and foreign currency exchange rates) and other charges outside the normal course of business. Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools and should not be considered as an alternative to net income (loss), operating income (loss), cash flow from operating activities or any other measure of financial performance presented in accordance with generally accepted accounting principles in the U.S. (“GAAP”).

The following table presents a reconciliation of Adjusted EBITDA and Adjusted EBITDA margin to net loss for each of the periods presented (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Net loss | $ (235,329) | $ (90,733) | $ (159,457) |
| Goodwill impairment | 111,108 | — | — |
| Severance and other charges (credits), net | 50,430 | (310) | 75,354 |
| Interest income, net | (2,265) | (4,243) | (2,309) |
| Depreciation and amortization | 92,800 | 111,292 | 122,102 |
| Income tax expense (benefit) | 23,794 | (2,950) | 72,918 |
| (Gain) loss on disposal of assets | 1,037 | (1,309) | (2,045) |
| Foreign currency (gain) loss | 2,233 | 5,675 | (2,075) |
| TRA related adjustments | (220) | 1,359 | (122,515) |
| Charges and credits (1) | 13,933 | 14,451 | 23,742 |
| Adjusted EBITDA | $ 57,521 | $ 33,232 | $ 5,715 |
| Adjusted EBITDA margin | 9.9% | 6.4% | 1.3% |

(1) Comprised of Equity-based compensation expense (2019: $11,280; 2018: $10,621; 2017: $13,862), Mergers and acquisition expense (2019: none; 2018: $58; 2017: $459), Unrealized and realized (gains) losses (2019: $(228); 2018: $(1,682); 2017: $2,791), Investigation-related matters (2019: $3,838; 2018: $5,454; 2017: $6,143) and Other adjustments (2019: $(957); 2018: none; 2017: $487).

***Safety Performance***

Safety is one of our primary core values. Maintaining a strong safety record is a critical component of our operational success. Many of our customers have safety standards we must satisfy before we can perform services. As a result, we continually monitor and improve our safety performance through the evaluation of safety observations, job and customer surveys, and safety data. The primary measure for our safety performance is the tracking of the Total Recordable Incident Rate ("TRIR"). TRIR is a measure of the rate of recordable workplace injuries, normalized on the basis of 100 full time employees for an annual period. The factor is derived by multiplying the number of recordable injuries in a calendar year by 200,000 and dividing this value by the total hours actually worked in the year. A recordable injury includes occupational death, nonfatal occupational illness, and other occupational injuries that involve loss of consciousness, lost time injuries, restriction of work or motion cases, transfer to another job, or medical treatment cases other than first aid.

The table below presents our worldwide TRIR for the years ended December 31, 2019, 2018 and 2017:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| TRIR | 0.64 | 0.84 | 0.57 |

## Results of Operations

The following table presents our consolidated results for the periods presented (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| **Revenue:** | | | |
| Services | $ 473,538 | $ 416,781 | $ 364,061 |
| Products | 106,382 | 105,712 | 90,734 |
| Total revenue | 579,920 | 522,493 | 454,795 |
| **Operating expenses:** | | | |
| Cost of revenue, exclusive of depreciation and amortization | | | |
| Services [1] | 338,325 | 302,880 | 273,200 |
| Products [1] | 78,666 | 76,183 | 71,708 |
| General and administrative expenses [1] | 120,444 | 126,638 | 129,218 |
| Depreciation and amortization | 92,800 | 111,292 | 122,102 |
| Goodwill impairment | 111,108 | — | — |
| Severance and other charges (credits), net | 50,430 | (310) | 75,354 |
| (Gain) loss on disposal of assets | 1,037 | (1,309) | (2,045) |
| Operating loss | (212,890) | (92,881) | (214,742) |
| **Other income (expense):** | | | |
| TRA related adjustments [2] | 220 | (1,359) | 122,515 |
| Other income, net | 1,103 | 2,047 | 1,763 |
| Interest income, net | 2,265 | 4,243 | 2,309 |
| Mergers and acquisition expense | — | (58) | (459) |
| Foreign currency gain (loss) | (2,233) | (5,675) | 2,075 |
| Total other income (expense) | 1,355 | (802) | 128,203 |
| Loss before income taxes | (211,535) | (93,683) | (86,539) |
| Income tax expense (benefit) | 23,794 | (2,950) | 72,918 |
| **Net loss** | $ (235,329) | $ (90,733) | $ (159,457) |

[1] For the year ended December 31, 2018, $28,946 and $8,246 have been reclassified from general and administrative expenses and cost of revenue, products, respectively, to cost of revenue, services. For the year ended December 31, 2017, $34,486 and $15,492 have been reclassified from general and administrative expenses and cost of revenue, products, respectively, to cost of revenue, services. See Note 1—Basis of Presentation and Significant Accounting Policies in the Notes to Consolidated Financial Statements.

[2] Please see Note 12—Related Party Transactions in the Notes to Consolidated Financial Statements for further discussion.

## Consolidated Results of Operations

***Year Ended December 31, 2019 Compared to Year Ended December 31, 2018***

*Revenue*. Revenue from external customers, excluding intersegment sales, for the year ended December 31, 2019 increased by $57.4 million, or 11.0%, to $579.9 million from $522.5 million for the year ended December 31, 2018. Revenue increased across all of our segments. Revenue for our segments is discussed separately below under the heading “Operating Segment Results.”

*Cost of revenue, exclusive of depreciation and amortization*. Cost of revenue for the year ended December 31, 2019 increased by $37.9 million, or 10.0%, to $417.0 million from $379.1 million for the year ended December 31, 2018. The increase was primarily due to higher activity levels across segments, as well as mix of work in the TRS and CE segments, partially offset by productivity and cost efficiency actions taken in 2019.

*General and administrative expenses.* General and administrative ("G&A") expenses for the year ended December 31, 2019 decreased by $6.2 million, or 4.9%, to $120.4 million from $126.6 million for the year ended December 31, 2018, due to sales and use tax refunds received during the second half of 2019 along with cost savings associated with personnel reductions. This was partially offset by increased insurance costs driven by an adjustment in the first quarter of 2019.

*Depreciation and amortization.* Depreciation and amortization for the year ended December 31, 2019 decreased by $18.5 million, or 16.6%, to $92.8 million from $111.3 million for the year ended December 31, 2018, as a result of a lower depreciable asset base.

*Goodwill impairment.* We recognized a goodwill impairment of $111.1 million for the year ended December 31, 2019. There was no goodwill impairment charge during the year ended December 31, 2018. See Note 1—Basis of Presentation and Significant Accounting Policies in the Notes to Consolidated Financial Statements for additional information.

*Severance and other charges (credits), net.* Severance and other charges (credits), net for the year ended December 31, 2019 increased by $50.7 million to a charge of $50.4 million from a credit of $0.3 million for the year ended December 31, 2018. Severance and other charges (credits), net for the year ended December 31, 2019 was unfavorably impacted by fixed asset impairment charges of $32.9 million, intangible asset impairments of $3.3 million, inventory impairments of $4.5 million and severance and other costs of $9.7 million, primarily made in conjunction with our business review conducted during the fourth quarter of 2019. Severance and other charges (credits), net for the year ended December 31, 2018 was favorably impacted by the recovery of accounts receivable previously written off in Angola. See Note 18—Severance and Other Charges (Credits), net in the Notes to Consolidated Financial Statements for additional information.

*Foreign currency gain (loss).* Foreign currency gain (loss) for the year ended December 31, 2019 decreased by $3.4 million to $2.2 million from $5.7 million for the year ended December 31, 2018. The change in foreign currency results year-over-year was primarily driven by reduced strengthening of the U.S. dollar in the current period as compared to the prior year period, particularly in comparison to the Norwegian krone, Euro, and Brazilian real.

*Income tax expense (benefit).* Income tax expense (benefit) for the year ended December 31, 2019 changed by $26.7 million to an expense of $23.8 million from a benefit of $3.0 million for the year ended December 31, 2018. The effective income tax rate was (11.2)% and 3.1% for the years ended December 31, 2019 and December 31, 2018, respectively. The change was due primarily to a significant tax benefit recorded in 2018 to establish a deferred tax asset related to our then newly established Hungarian operations, and a significant tax expense recorded in 2019 to record a valuation allowance against certain indefinite-lived intangibles. The change was also attributable in part to higher tax expenses associated with increased earnings in our Latin America and Africa regions.

***Year Ended December 31, 2018 Compared to Year Ended December 31, 2017***

*Revenue.* Revenue from external customers, excluding intersegment sales, for the year ended December 31, 2018 increased by $67.7 million, or 14.9%, to $522.5 million from $454.8 million for the year ended December 31, 2017. Revenue increased across all of our segments primarily as a result of improved activity levels, particularly in the western hemisphere. Revenue for our segments are discussed separately below under the heading "Operating Segment Results."

*Cost of revenue, exclusive of depreciation and amortization.* Cost of revenue for the year ended December 31, 2018 increased by $34.2 million, or 9.9%, to $379.1 million from $344.9 million for the year ended December 31, 2017. The increase was primarily due to higher activity levels and mix of work in the TRS and CE segments, partially offset by productivity actions taken in 2017 and 2018.

*General and administrative expenses.* General and administrative ("G&A") expenses for the year ended December 31, 2018 decreased by $2.6 million, or 2.0%, to $126.6 million from $129.2 million for the year ended December 31, 2017, primarily due to lower professional fees and stock-based compensation expense, as well as reduced expenses associated with aircraft sold in 2017.

*Depreciation and amortization.* Depreciation and amortization for the year ended December 31, 2018 decreased by $10.8 million, or 8.9%, to $111.3 million from $122.1 million for the year ended December 31, 2017, as a result of a lower depreciable asset base and decreased intangible asset amortization expense.

*Severance and other charges (credits), net.* Severance and other charges (credits), net for the year ended December 31, 2018 changed by $75.7 million to a credit of $0.3 million from a charge of $75.4 million for the year ended December 31, 2017. In 2017, we recorded impairments of our pipe and connectors inventory of $51.2 million and accounts receivable write offs of $15.0 million related to Venezuela, Nigeria and Angola. During the fourth quarter of 2017, management decided to significantly reduce our footprint in Nigeria and Angola by exiting certain bases and temporarily abandoning our investment in Venezuela. In 2018, we recovered $4.9 million of previously written off receivables from a customer in Angola. See Note 18—Severance and Other Charges (Credits), net in the Notes to Consolidated Financial Statements for additional information.

*Foreign currency gain (loss).* Foreign currency gain (loss) for the year ended December 31, 2018 changed by $7.8 million to a loss of $5.7 million from a gain of $2.1 million for the year ended December 31, 2017. The change in foreign currency results was primarily driven by the strengthening of the U.S. dollar against other currencies.

*Income tax expense (benefit).* Income tax expense (benefit) for the year ended December 31, 2018 changed by $75.9 million to a benefit of $3.0 million from an expense of $72.9 million for the year ended December 31, 2017. The effective income tax rate was 3.1% and (84.3)% for the years ended December 31, 2018 and December 31, 2017, respectively. The change from 2017 to 2018 was primarily because in 2017 we: (1) recorded valuation allowances against our net deferred tax assets, (2) reversed deferred taxes in conjunction with the derecognition of the TRA, and (3) recorded the effect of a change in U.S. federal income tax rates on our deferred tax assets and liabilities. In addition, in 2018 we recorded a deferred tax benefit in conjunction with the reorganization of our intercompany leasing operations. Excluding these one-time items, the effective income tax rate and income tax expense (benefit) for 2017 would have been 57.4% and $(49.7) million, respectively and the effective income tax rate and income tax expense (benefit) for 2018 would have been 8.8% and $(8.3) million, respectively. The change from 2017 to 2018, excluding one-time items, is primarily due to changes in the jurisdictional mix of earnings and the application of the reduced U.S. tax rate of 21% to our U.S. operations.

We are subject to many U.S. and foreign tax jurisdictions and many tax agreements and treaties among the various taxing authorities. Our operations in these jurisdictions are taxed on various bases such as income before taxes, deemed profits (which is generally determined using a percentage of revenue rather than profits) and withholding taxes based on revenue; consequently, the relationship between our pre-tax income from operations and our income tax provision varies from period to period.

On December 22, 2017, the Tax Act was enacted into law. Among the significant changes made by the Act was the reduction of the federal income tax rate from 35% to 21% as well as the imposition of a one-time repatriation tax on deemed repatriated earnings of certain foreign subsidiaries. US GAAP requires that the impact of the Tax Act be recognized in the period in which the law was enacted. Because of the change in tax rate, the Company recorded a $23.8 million reduction in the value of its deferred tax assets and liabilities. The reduction in value was fully offset by a corresponding change in valuation allowance. The net effect on total tax expense was zero. Due to its legal structure, the Company did not incur any liability with respect to the repatriation tax.

**Operating Segment Results**

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| **Revenue:** | | | |
| Tubular Running Services | $ 400,327 | $ 361,045 | $ 320,378 |
| Tubulars | 74,687 | 72,303 | 63,393 |
| Cementing Equipment | 104,906 | 89,145 | 71,024 |
| **Total** | $ 579,920 | $ 522,493 | $ 454,795 |
| | | | |
| **Segment Adjusted EBITDA:** [(1)] | | | |
| Tubular Running Services | $ 85,601 | $ 62,515 | $ 39,586 |
| Tubulars | 11,575 | 11,246 | 3,602 |
| Cementing Equipment | 14,089 | 8,617 | 6,421 |
| Corporate [(2)] | (53,744) | (49,146) | (43,894) |
| Total | $ 57,521 | $ 33,232 | $ 5,715 |

(1) Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. (For a reconciliation of our Adjusted EBITDA, see "—Adjusted EBITDA and Adjusted EBITDA Margin.")

(2) Our Corporate component includes certain expenses not attributable to a particular segment, such as costs related to support functions and corporate executives.

***Year Ended December 31, 2019 Compared to Year Ended December 31, 2018***

*Tubular Running Services*

Revenue for the TRS segment was $400.3 million for the year ended December 31, 2019, an increase of $39.3 million, or 10.9%, compared to $361.0 million for the same period in 2018. The increase was driven by activity improvements in the U.S., Latin America, Africa, and Europe, partially offset by lower activity levels in Canada.

Adjusted EBITDA for the TRS segment was $85.6 million for the year ended December 31, 2019, an increase of $23.1 million, or 36.9%, compared to $62.5 million for the same period in 2018. Segment results were positively impacted by activity improvements in Africa, the U.S., Europe and Latin America.

*Tubulars*

Revenue for the Tubulars segment was $74.7 million for the year ended December 31, 2019, an increase of $2.4 million, or 3.3%, compared to $72.3 million for the same period in 2018, primarily as a result of higher drilling tools activity, partially offset by lower tubular sales during the current period.

Adjusted EBITDA for the Tubulars segment was $11.6 million for the year ended December 31, 2019, an increase of $0.3 million compared to $11.2 million for the same period in 2018, primarily as a result of an increase in high margin drilling tools activity, partially offset by lower tubular sales and pipe write downs during the current period.

*Cementing Equipment*

Revenue for the CE Segment was $104.9 million for the year ended December 31, 2019, an increase of $15.8 million, or 17.7%, compared to $89.1 million for the same period in 2018, driven by expansion to international markets and increased services market share and product sales in the U.S. Gulf of Mexico.

Adjusted EBITDA for the CE segment was $14.1 million for the year ended December 31, 2019, an increase of $5.5 million, or 63.5%, compared to $8.6 million for the same period in 2018, primarily due to improved operational results, particularly in offshore international markets.

**Corporate**

Adjusted EBITDA for Corporate was a loss of $53.7 million for the year ended December 31, 2019, an unfavorable increase of $4.6 million, or 9.4%, compared to a loss of $49.1 million for the same period in 2018, primarily due to increased insurance costs driven by a premium adjustment, as well as higher professional fees.

***Year Ended December 31, 2018 Compared to Year Ended December 31, 2017***

*Tubular Running Services*

Revenue for the TRS segment was $361.0 million for the year ended December 31, 2018, an increase of $40.7 million, or 12.7%, compared to $320.4 million for the same period in 2017, primarily due to activity improvements in offshore Western Hemisphere, Asia Pacific and the Middle East, which were partially offset by lower activity levels in Africa and decreased work scope in the North Sea.

Adjusted EBITDA for the TRS segment was $62.5 million for the year ended December 31, 2018, an increase of $22.9 million, or 57.9%, compared to $39.6 million for the same period in 2017, primarily due to improved operational results in offshore Western Hemisphere and increased U.S. onshore services revenue due to an improved rig count.

*Tubulars*

Revenue for the Tubulars segment was $72.3 million for the year ended December 31, 2018, an increase of $8.9 million, or 14.1%, compared to $63.4 million for the same period in 2017, primarily as a result of increased drilling tools activity.

Adjusted EBITDA for the Tubulars segment was $11.2 million for the year ended December 31, 2018, an increase of $7.6 million, or 212.2%, compared to $3.6 million for the same period in 2017, primarily due to increased drilling tools activity, partially offset by an increase in freight costs associated with tubular project work.

*Cementing Equipment*

Revenue for the CE segment was $89.1 million for the year ended December 31, 2018, an increase of $18.1 million, or 25.5%, compared to $71.0 million for the same period in 2017, driven by strong activity in the U.S. onshore market, growth in international markets and increased market share and new product offerings in the Gulf of Mexico.

Adjusted EBITDA for the CE segment was $8.6 million for the year ended December 31, 2018, an increase of $2.2 million or 34.2%, compared to $6.4 million for the same period in 2017, primarily due to improved operational results, partially offset by higher compensation related expenses.

**Corporate**

Adjusted EBITDA for Corporate was a loss of $49.1 million for the for the year ended December 31, 2018, an unfavorable change of $5.3 million, or 12.0%, compared to a loss of $43.9 million for the same period in 2017, primarily due to higher professional fees and compensation related expenses.

## Liquidity and Capital Resources

***Liquidity***

At December 31, 2019, we had cash and cash equivalents of $195.4 million and no debt. Our primary sources of liquidity to date have been cash flows from operations. Our primary uses of capital have been for organic growth capital expenditures and acquisitions. We continually monitor potential capital sources, including equity and debt financing, in order to meet our investment and target liquidity requirements.

Our total capital expenditures are estimated to range between $45.0 million and $55.0 million for 2020, of which we expect approximately 90% will be used for the purchase and manufacture of equipment and approximately 10% for other property, plant and equipment, inclusive of capitalized enterprise resource planning software implementation costs. The actual amount of capital expenditures for the manufacture of equipment may fluctuate based on market conditions. During the years ended December 31, 2019, 2018 and 2017, purchases of property, plant and equipment and intangibles were $36.9 million, $56.5 million and $22.0 million, respectively, all of which were funded from internally generated sources. We believe our cash on hand and cash flows from operations will be sufficient to fund our capital expenditure and liquidity requirements for the next twelve months.

The timing, declaration, amount of, and payment of any dividends is within the discretion of our board of managing directors subject to the approval of our Board of Supervisory Directors and will depend upon many factors, including our financial condition, earnings, capital requirements, covenants associated with certain of our debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by our board of managing directors and our Board of Supervisory Directors. We do not have a legal obligation to pay any dividend and there can be no assurance that we will be able to do so.

***Credit Facility***

*Asset Based Revolving Credit Facility*

On November 5, 2018, FICV, Frank’s International, LLC and Blackhawk, as borrowers, and FINV, certain of FINV’s subsidiaries, including FICV, Frank’s International, LLC, Blackhawk, Frank’s International GP, LLC, Frank’s International, LP, Frank’s International LP B.V., Frank’s International Partners B.V., Frank’s International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., as guarantors, entered into a five-year senior secured revolving credit facility (the “ABL Credit Facility”) with JPMorgan Chase Bank, N.A., as administrative agent (the “ABL Agent”), and other financial institutions as lenders with total commitments of $100.0 million including up to $15.0 million available for letters of credit. Subject to the terms of the ABL Credit Facility, we have the ability to increase the commitments to $200.0 million. The maximum amount that the Company may borrow under the ABL Credit Facility is subject to a borrowing base, which is based on a percentage of certain eligible accounts receivable and eligible inventory, subject to customary reserves and other adjustments.

All obligations under the ABL Credit Facility are fully and unconditionally guaranteed jointly and severally by FINV’s subsidiaries, including FICV, Frank’s International, LLC, Blackhawk, Frank’s International GP, LLC, Frank’s International, LP, Frank’s International LP B.V., Frank’s International Partners B.V., Frank’s International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., subject to customary exceptions and exclusions. In addition, the obligations under the ABL Credit Facility are secured by first priority liens on substantially all of the assets and property of the borrowers and guarantors, including pledges of equity interests in certain of FINV’s subsidiaries, subject to certain exceptions. Borrowings under the ABL Credit Facility bear interest at FINV’s option at either (a) the Alternate Base Rate (“ABR”) (as defined therein), calculated as the greatest of (i) the rate of interest publicly quoted by the Wall Street Journal, as the “prime rate,” subject to each increase or decrease in such prime rate effective as of the date such change occurs, (ii) the federal funds effective rate that is subject to a 0.00% interest rate floor plus 0.50%, and (iii) the one-month Adjusted LIBO Rate (as defined therein) plus 1.00%, or (b) the Adjusted LIBO Rate (as defined therein), plus, in each case, an applicable margin. The applicable interest rate margin ranges from 1.00% to 1.50% per annum for ABR loans and 2.00% to 2.50% per annum for Eurodollar loans and, in each case, is based on FINV's leverage ratio. The unused portion of the ABL Credit Facility is subject to a commitment fee that varies from 0.250% to 0.375% per annum, according to average daily unused commitments under the ABL Credit Facility. Interest on Eurodollar loans is payable at the end of the selected interest period, but no less frequently than quarterly. Interest on ABR loans is payable monthly in arrears.

The ABL Credit Facility contains various covenants and restrictive provisions which limit, subject to certain customary exceptions and thresholds, FINV's ability to, among other things, (1) enter into asset sales; (2) incur additional indebtedness; (3) make investments, acquisitions, or loans and create or incur liens; (4) pay certain dividends or make other distributions and (5) engage in transactions with affiliates. The ABL Credit Facility also requires FINV to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 based on the ratio of (a) consolidated EBITDA (as defined therein) minus unfinanced capital expenditures to (b) Fixed Charges (as defined therein), when either (i) an event of default occurs under the ABL Facility or (ii) availability under the ABL Credit Facility falls for at least two consecutive calendar days below the greater of (A) $12.5 million and (B) 15% of the lesser of the borrowing base and aggregate commitments (a "FCCR Trigger Event"). Accounts receivable received by FINV's U.S. subsidiaries that are parties to the ABL Credit Facility will be deposited into deposit accounts subject to deposit control agreements in favor of the ABL Agent. After a FCCR Trigger Event, these deposit accounts would be subject to "springing" cash dominion. After a FCCR Trigger Event, the Company will be subject to compliance with the fixed charge coverage ratio and "springing" cash dominion until no default exists under the ABL Credit Facility and availability under the facility for the preceding thirty consecutive days has been equal to at least the greater of (x) $12.5 million and (y) 15% of the lesser of the borrowing base and the aggregate commitments. If FINV fails to perform its obligations under the agreement that results in an event of default, the commitments under the ABL Credit Facility could be terminated and any outstanding borrowings under the ABL Credit Facility may be declared immediately due and payable. The ABL Credit Facility also contains cross default provisions that apply to FINV's other indebtedness.

As of December 31, 2019, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $9.3 million and availability of $44.7 million.

***Insurance Notes Payable***

In 2018, we entered into a note to finance our annual insurance premiums totaling $6.8 million. The note bore interest at an annual rate of 3.9% with a final maturity date in October 2019. At December 31, 2018, the total outstanding balance was $5.6 million. For the current policy year, the Company elected to pay its annual insurance premiums from existing cash available.

**Cash Flows from Operating, Investing and Financing Activities**

Cash flows provided by (used in) our operations, investing and financing activities are summarized below (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Operating activities | $ 27,048 | $ (32,644) | $ 24,774 |
| Investing activities | (10,046) | 10,403 | (77,709) |
| Financing activities | (5,945) | (7,946) | (52,471) |
| | 11,057 | (30,187) | (105,406) |
| Effect of exchange rate changes on cash activities | (529) | 3,384 | (1,105) |
| Increase (decrease) in cash and cash equivalents | $ 10,528 | $ (26,803) | $ (106,511) |

Statements of cash flows for entities with international operations that use the local currency as the functional currency exclude the effects of the changes in foreign currency exchange rates that occur during any given year, as these are noncash changes. As a result, changes reflected in certain accounts on the consolidated statements of cash flows may not reflect the changes in corresponding accounts on the consolidated balance sheets.

*Operating Activities*

Cash flow provided by (used in) operating activities was $27.0 million for the year ended December 31, 2019 compared to $(32.6) million in 2018. The increase in cash flow provided by operating activities in 2019 of $59.7 million compared to 2018 was primarily a result of favorable change in accounts receivable of $85.8 million, partially offset by unfavorable changes in accounts payable and accrued liabilities of $19.2 million and inventories of $7.8 million.

Cash flow provided by (used in) operating activities was $(32.6) million for the year ended December 31, 2018 as compared to $24.8 million in 2017. The increase in cash flow used in operating activities for the year ended December 31, 2018 of $57.4 million compared to the year ended December 31, 2017 was primarily a result of unfavorable accounts receivable changes. Most of the increase in cash provided by operating activities during 2017 was due to tax refunds of $29.7 million.

*Investing Activities*

Cash flow provided by (used in) investing activities was $(10.0) million for the year ended December 31, 2019 compared to $10.4 million for the year ended December 31, 2018. The increase in cash used in investing activities of $20.4 million was primarily a result of decreased net proceeds from the sale of investments of $33.2 million, partially offset by decreased purchases of property, plant and equipment of $19.5 million and lower proceeds from sale of assets of $6.3 million.

Cash flow provided by (used in) investing activities was $10.4 million for the year ended December 31, 2018 compared to $(77.7) million for the year ended December 31, 2017. The increase of $88.1 million was primarily a result of net investment activity of $129.5 million offset by lower proceeds from sale of assets of $6.9 million and higher purchases of property, plant and equipment from related parties of $36.7 million.

*Financing Activities*

Cash flow used in financing activities was $5.9 million for the year ended December 31, 2019 compared to $7.9 million for the year ended December 31, 2018. The decrease of $2.0 million period over period is primarily related to lower deferred financing costs of $1.5 million in 2019 and an increase in the proceeds from the issuance of Employee Stock Purchase Plan shares of $0.4 million.

Cash flow used in financing activities was $7.9 million for the year ended December 31, 2018 compared to $52.5 million for the year ended December 31, 2017. The decrease of $44.5 million period over period is primarily related to lower dividends paid on common stock of $50.2 million, offset by higher repayments on borrowings of $5.2 million.

**Contractual Obligations**

We are a party to various contractual obligations. A portion of these obligations are reflected in our financial statements, such as operating leases, while other obligations, such as purchase obligations, are not reflected on our balance sheet. The following is a summary of our contractual obligations as of December 31, 2019 (in thousands):

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Operating leases | $ 43,880 | $ 10,239 | $ 15,920 | $ 7,218 | $ 10,503 |
| Purchase obligations [1] | 34,111 | 27,121 | 6,990 | — | — |
| Total | $ 77,991 | $ 37,360 | $ 22,910 | $ 7,218 | $ 10,503 |

[1] Includes purchase commitments related to connectors and pipe inventory. We enter into purchase commitments as needed.

In addition to the above, the Company has issued purchase orders in the ordinary course of business for the purchase of goods and services. These purchase orders are enforceable and legally binding. However, none of the Company's purchase obligations call for deliveries of goods or services for time periods in excess of one year. Not included in the table above are uncertain tax positions of $0.3 million.

**Tax Receivable Agreement**

We entered into a TRA with FICV and Mosing Holdings in connection with our IPO. The TRA generally provides for the payment by us to Mosing Holdings of 85% of the amount of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax that we actually realize (or are deemed to realize in certain circumstances) in periods after our IPO as a result of (i) tax basis increases resulting from the transfer of FICV interests to us in connection with the conversion of shares of Preferred Stock into shares of our common stock and (ii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, payments under the TRA. We will retain the benefit of the remaining 15% of these cash savings. Payments we make under the TRA will be increased by any accrued from the due date (without extensions) of the corresponding tax return to the date of payment.

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

If we elect to execute our sole right to terminate the TRA early (or it terminates early as a result of our breach), we would be required to make a substantial, immediate lump-sum payment equal to the present value of the hypothetical future payments that could be required to be paid under the TRA (based upon certain assumptions and deemed events set forth in the TRA, including the assumption that it has sufficient taxable income to fully utilize such ), determined by applying a discount rate equal to the long-term Treasury rate in effect on the applicable date plus 300 basis points. In addition, payments due under the TRA will be similarly accelerated following certain mergers or other changes of control.

In certain circumstances, we may be required to make payments under the TRA that we have entered into with Mosing Holdings. In most circumstances, these payments will be associated with the actual cash savings that we recognize in connection with the conversion of Preferred Stock, which would reduce the actual tax benefit to us. If we were to elect to exercise our sole right to terminate the TRA early or enter into certain change of control transactions, we may incur payment obligations prior to the time we actually incur any tax benefit. In those circumstances, we would need to pay the amounts out of cash on hand, finance the payments or refrain from incurring the obligation (including by not entering into a change of control transaction). Though we do not have any present intention of incurring an advance payment under the TRA, based on our current liquidity and our expected ability to access debt and equity financing, we believe we would be able to make such a payment if necessary. Any such payment could reduce our cash on hand and our borrowing availability, however, which would also reduce the amount of cash available to operate our business, to fund capital expenditures and to be paid as dividends to our stockholders, among other things. Please see Note 12—Related Party Transactions in the Notes to Consolidated Financial Statements.

**Off-Balance Sheet Arrangements**

At December 31, 2019, we had no off-balance sheet arrangements with the exception of purchase obligations.

## Critical Accounting Policies

The preparation of consolidated financial statements in conformity with GAAP requires management to select appropriate accounting principles from those available, to apply those principles consistently and to make reasonable estimates and assumptions that affect revenue and associated costs as well as reported amounts of assets and liabilities, and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties. We evaluate estimates and assumptions on a regular basis. We base our respective estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates and assumptions used in preparation of our consolidated financial statements. We consider the following policies to be the most critical to understanding the judgments that are involved and the uncertainties that could impact our results of operations, financial condition and cash flows.

*Revenue Recognition*

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Payment terms on services and products generally range from 30 days to 120 days. Given the short-term nature of our service and product offerings, our contracts do not have a significant financing component and the consideration we receive is generally fixed. We do not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less. Because our contracts with customers are short-term in nature and fall within this exemption, we do not have significant unsatisfied performance obligations.

Service revenue is recognized over time as services are performed or rendered. Rates for services are typically priced on a per day, per man-hour or similar basis. We generally perform services either under direct service purchase orders or master service agreements which are supplemented by individual call-out provisions. For customers contracted under such arrangements, an accrual is recorded in unbilled revenue for revenue earned but not yet invoiced.

Revenue on product sales is generally recognized at a point in time when the product has shipped and significant risks of ownership have passed to the customer. The sales arrangements typically do not include a right of return or other similar provisions, nor do they contain any other post-delivery obligations.

Some of our Tubulars segment and Cementing Equipment segment customers have requested that we store pipe, connectors and cementing products purchased from us in our facilities. We recognize revenue for these “bill and hold” sales once the following criteria have been met: (1) there is a substantive reason for the arrangement, (2) the product is identified as the customer’s asset, (3) the product is ready for delivery to the customer, and (4) we cannot use the product or direct it to another customer.

*Income Taxes*

The liability method is used for determining our income tax provisions, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Valuation allowances are established to reduce deferred tax assets when it is more likely than not that some portion or all the deferred tax assets will not be realized. In determining the need for valuation allowances, we have made judgments and estimates regarding future taxable income and ongoing prudent and feasible tax planning strategies. These estimates and judgments include some degree of uncertainty, and changes in these estimates and assumptions could require us to adjust the valuation allowances for our deferred tax assets. Historically, changes to valuation allowances have been caused by major changes in the business cycle in certain countries and changes in local country law. The ultimate realization of the deferred tax assets depends on the generation of sufficient taxable income in the applicable taxing jurisdictions.

Through FICV, we operate in approximately 50 countries under many legal forms. As a result, we are subject to the jurisdiction of numerous U.S. and foreign tax authorities, as well as to tax agreements and treaties among these governments.

Our operations in these different jurisdictions are taxed on various bases: actual income before taxes, deemed profits (which are generally determined using a percentage of revenue rather than profits) and withholding taxes based on revenue. Determination of taxable income in any jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events such as the amount, timing and character of deductions, permissible revenue recognition methods under the tax law and the sources and character of income and tax credits. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes that we provide during any given year.

Our tax filings for open tax periods are subject to audit by the tax authorities. These audits may result in assessments of additional taxes that are resolved either with the tax authorities or through the courts. These assessments may occasionally be based on erroneous and even arbitrary interpretations of local tax law. Resolution of these situations inevitably includes some degree of uncertainty; accordingly, we provide taxes only for the amounts we believe will ultimately result from these proceedings. The resulting change to our tax liability, if any, is dependent on numerous factors including, among others, the amount and nature of additional taxes potentially asserted by local tax authorities; the willingness of local tax authorities to negotiate a fair settlement through an administrative process; the impartiality of the local courts; the number of countries in which we do business; and the potential for changes in the tax paid to one country to either produce, or fail to produce, an offsetting tax change in other countries. Our experience has been that the estimates and assumptions used to provide for future tax assessments have proven to be appropriate. However, past experience is only a guide, and the potential exists that the tax resulting from the resolution of current and potential future tax controversies may differ materially from the amount accrued.

In addition to the aforementioned assessments received from various tax authorities, we also provide for taxes for uncertain tax positions where formal assessments have not been received. The determination of these liabilities requires the use of estimates and assumptions regarding future events. Once established, we adjust these amounts only when more information is available or when an event occurs necessitating a change to the reserves such as changes in the facts or law, judicial decisions regarding the application of existing law or a favorable audit outcome. We believe that the resolution of tax matters will not have a material effect on our consolidated financial condition, although a resolution could have a material impact on our consolidated statements of operations for a particular period and on our effective tax rate for any period in which such resolution occurs.

*Goodwill*

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

As of October 31, 2019, we performed a quantitative goodwill impairment test for our Cementing Equipment reporting unit. During the fourth quarter of 2019, market factors indicated a downturn in the demand for our Cementing Equipment products and services in the U.S. land market and a slower uptake of our service offering in international markets, and we reduced our management forecast for this reporting unit accordingly. Based on this refined outlook, the quantitative goodwill impairment test indicated that the fair value of the Cementing Equipment reporting unit was less than its carrying value. As a result, during the fourth quarter of 2019 we recorded a $111.1 million impairment charge to goodwill.

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

Some of the more significant assumptions inherent in the income approach include the estimated future net annual cash flows for the reporting unit and the discount rate. We selected the assumptions used in the discounted cash flow projections using historical data supplemented by current and anticipated market conditions and estimated growth rates. Our estimates are based upon assumptions believed to be reasonable. However, given the inherent uncertainty in determining the assumptions underlying a discounted cash flow analysis, actual results may differ from those used in our valuation which could result in additional impairment charges in the future. Assuming all other assumptions and inputs used in the discounted cash flow analysis were held constant, a 50 basis point increase in the discount rate assumption would have increased the goodwill impairment charge by approximately $10.0 million.

No goodwill impairment was recorded for years ended December 31, 2018 and 2017. At December 31, 2019, goodwill is allocated to our reportable segments as follows: Cementing Equipment - approximately $81.2 million; TRS - approximately $18.7 million.

**Recent Accounting Pronouncements**

See Note 1—Basis of Presentation and Significant Accounting Policies in the Notes to Consolidated Financial Statements set forth in Part II, Item 8, “Financial Statements and Supplementary Data,” under the heading “Recent Accounting Pronouncements” included in this Form 10-K.

**Item 7A. *Quantitative and Qualitative Disclosures About Market Risk***

We are exposed to certain market risks inherent in our financial instruments and arise from changes in foreign currency exchange rates and interest rates. A discussion of our market risk exposure in financial instruments is presented below.

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risks. The disclosures are not meant to be precise indicators of expected future losses or gains, but rather indicators of reasonably possible losses or gains. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures.

*Foreign Currency Exchange Rates*

We operate in virtually every oil and natural gas exploration and production region in the world. In some parts of the world, the currency of our primary economic environment is the U.S. dollar, and we use the U.S. dollar as our functional currency. In other parts of the world, such as Europe, Africa and Brazil, we conduct our business in currencies other than the U.S. dollar, and the functional currency is the applicable local currency. Assets and liabilities of entities for which the functional currency is the local currency are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, resulting in translation adjustments that are reflected in accumulated other comprehensive income (loss) in the shareholders’ equity section on our consolidated balance sheets. A portion of our net assets are impacted by changes in foreign currencies in relation to the U.S. dollar.

For the year ended December 31, 2019, on a U.S. dollar-equivalent basis, approximately 23% of our revenue was represented by currencies other than the U.S. dollar. However, no single non-U.S. currency poses a primary risk to us. A hypothetical 10% decrease in the exchange rates for each of the foreign currencies in which a portion of our revenue is denominated would result in a 2.1% decrease in our overall revenue for the year ended December 31, 2019.

We enter into short-duration foreign currency forward contracts to mitigate our exposure to non-local currency operating working capital. We are also exposed to market risk on our forward contracts related to potential non-performance by our counterparty. It is our policy to enter into derivative contracts with counterparties that are creditworthy institutions.

We account for our derivative activities under the accounting guidance for derivatives and hedging. Derivatives are recognized on the consolidated balance sheet at fair value. Although the derivative contracts will serve as an economic hedge of the cash flow of our currency exchange risk exposure, they are not formally designated as hedge contracts for hedge accounting treatment. Accordingly, any changes in the fair value of the derivative instruments during a period will be included in our consolidated statements of operations.

As of December 31, 2019 and 2018, we had the following foreign currency derivative contracts outstanding in U.S. dollars (in thousands):

| **Foreign Currency** | **Notional Amount** | **Contractual Exchange Rate** | **Receivable (Payable) Fair Value at December 31, 2019** |
|---|---|---|---|
| Canadian dollar | $ 948 | 1.3182 | $ (16) |
| Euro | 9,279 | 1.1180 | (80) |
| Norwegian krone | 11,027 | 9.0688 | (355) |
| Pound sterling | 16,057 | 1.3381 | 127 |
| | | | $ (324) |

| **Foreign Currency** | **Notional Amount** | **Contractual Exchange Rate** | **Receivable (Payable) Fair Value at December 31, 2018** |
|---|---|---|---|
| Canadian dollar | $ 2,248 | 1.3343 | $ 48 |
| Euro | 6,967 | 1.1421 | (50) |
| Norwegian krone | 7,713 | 8.5566 | 66 |
| Pound sterling | 16,452 | 1.2655 | (165) |
| | | | $ (101) |

Based on the derivative contracts that were in place as of December 31, 2019, a simultaneous 10% weakening of the U.S. dollar compared to the Canadian dollar, Euro, Norwegian krone, and Pound sterling would result in a $3.9 million decrease in the market value of our forward contracts.

*Interest Rate Risk*

As of December 31, 2019, we did not have an outstanding funded debt balance under our ABL Credit Facility. If we borrow under our ABL Credit Facility in the future, we will be exposed to changes in interest rates on our floating rate borrowings under our ABL Credit Facility. Although we do not currently utilize interest rate derivative instruments to reduce interest rate exposure, we may do so in the future.

*Customer Credit Risk*

Financial instruments that potentially subject us to concentrations of credit risk are our trade receivables. We extend credit to customers and other parties in the normal course of business. International sales also present various risks including governmental activities that may limit or disrupt markets and restrict the movement of funds. We operate in approximately 50 countries and, as a result, our accounts receivables are spread over many countries and customers.

We are also exposed to credit risk because our customers are concentrated in the oil and natural gas industry. This concentration of customers may impact overall exposure to credit risk, either positively or negatively, because our customers may be similarly affected by changes in economic and industry conditions, including sensitivity to commodity prices. While current energy prices are important contributors to positive cash flow for our customers, expectations about future prices and price volatility are generally more important for determining future spending levels. However, any prolonged increase or decrease in oil and natural gas prices affects the levels of exploration, development and production activity, as well as the entire health of the oil and natural gas industry and can therefore negatively impact spending by our customers.

**Item 8.** ***Financial Statements and Supplementary Data***

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**Management's Report on Internal Control**
**Over Financial Reporting**

Management of the Company, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

We conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2019 based on the *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on our evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included herein.

## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Frank's International N.V.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Frank's International N.V. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes and financial statement Schedule II - Valuation and Qualifying Accounts (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited the adjustments to the 2017 consolidated financial statements to retrospectively apply the change in the reportable segments composition and the related reclassifications within the 2017 consolidated statement of operations as described in Note 1. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 consolidated financial statements of the Company other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 consolidated financial statements taken as a whole.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 25, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Change in Accounting Principle*

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for leases as of January 1, 2019 due to the adoption of the provisions of Accounting Standards Codification Topic 842 - *Leases, as amended*.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Assessment of the carrying value of goodwill associated with the Cementing Equipment reporting unit*

As discussed in Notes 1 and 10 to the consolidated financial statements, the Company has a goodwill balance of $99.9 million as of December 31, 2019. Of this balance $81.2 million, or 81%, is associated with the Cementing Equipment reporting unit. The Company performs goodwill impairment testing on an annual basis and whenever events or changes in circumstances indicate that the carrying value of goodwill might exceed the fair value of a reporting unit. During the fourth quarter of 2019, the Company recorded a goodwill impairment charge to the Cementing Equipment reporting unit of $111.1 million.

We identified the assessment of the carrying value of goodwill associated with the Cementing Equipment reporting unit as a critical audit matter. The estimated fair value of the Cementing Equipment reporting unit was derived from assumptions used in estimating future cash flows resulting in the application of a high degree of subjective auditor judgment. The revenue growth rates, discount rate, and terminal value assumptions used to estimate the fair value of the reporting unit were determined to be key assumptions as changes to those assumptions could have had a significant effect on the Company's assessment of the impairment of the goodwill.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's goodwill impairment assessment process, including controls related to the determination of the fair value of the Cementing Equipment reporting unit and the assumptions related to the revenue growth rates, discount rate, and terminal value assumptions. We compared the Company's historical forecasted revenue to actual results to assess the Company's ability to accurately forecast. Lastly, we involved a valuation professional with specialized skills and knowledge, who assisted in:

- evaluating the Company's discount rate, by comparing it against a discount rate range that was independently developed using publicly available market data for comparable entities,
- evaluating the Company's forecasted revenue growth rates and terminal value for the Cementing Equipment reporting unit, by comparing the growth assumptions to forecasted growth rates in the Company's and its peer companies' analyst reports, and
- recalculating the estimate of the Cementing Equipment reporting unit's fair value using the reporting unit's estimated future cash flows, discount rate, and terminal value.

/s/ KPMG LLP

We have served as the Company's auditor since 2018.

Houston, Texas
February 25, 2020

**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors
Frank's International N.V.:

*Opinion on Internal Control Over Financial Reporting*

We have audited Frank's International N.V. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes and financial statement Schedule II - Valuation and Qualifying Accounts (collectively, the consolidated financial statements), and our report dated February 25, 2020 expressed an unqualified opinion on those consolidated financial statements.

*Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

*Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Houston, Texas
February 25, 2020

## Report of Independent Registered Public Accounting Firm

To the Board of Supervisory Directors and Stockholders of Frank's International N.V.

***Opinion on the Financial Statements***

We have audited the consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows of Frank's International N.V. and its subsidiaries (the "Company") for the year ended December 31, 2017, including the related notes and schedule of valuation and qualifying accounts for the year ended December 31, 2017 appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"), before the effects of the adjustments to retrospectively reflect the change in the composition of reportable segments described in Note 1. In our opinion, the consolidated financial statements for the year ended December 31, 2017, before the effects of the adjustments to retrospectively reflect the change in the composition of reportable segments described in Note 1, present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America (the 2017 financial statements before the effects of the adjustments discussed in Note 1 are not presented herein).

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively reflect the change in the composition of reportable segments described in Note 1 and accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by other auditors.

***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements, before the effects of the adjustments described above, based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements, before the effects of the adjustments described above, in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
February 27, 2018

We served as the Company's auditor from 2008 to 2018.

**FRANK'S INTERNATIONAL N.V.**

**CONSOLIDATED BALANCE SHEETS**

**(In thousands, except share data)**

| | December 31, | |
|---|---|---|
| | **2019** | **2018** |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 195,383 | $ 186,212 |
| Restricted cash | 1,357 | — |
| Short-term investments | — | 26,603 |
| Accounts receivables, net | 166,694 | 189,414 |
| Inventories, net | 78,829 | 69,382 |
| Assets held for sale | 13,795 | 7,828 |
| Other current assets | 10,360 | 12,651 |
| Total current assets | 466,418 | 492,090 |
| Property, plant and equipment, net | 328,432 | 416,490 |
| Goodwill | 99,932 | 211,040 |
| Intangible assets, net | 16,971 | 31,069 |
| Deferred tax assets, net | 16,590 | 14,621 |
| Operating lease right-of-use assets | 32,585 | — |
| Other assets | 33,237 | 28,619 |
| Total assets | $ 994,165 | $ 1,193,929 |
| **Liabilities and Equity** | | |
| Current liabilities: | | |
| Short-term debt | $ — | $ 5,627 |
| Accounts payable and accrued liabilities | 120,321 | 123,981 |
| Current portion of operating lease liabilities | 7,925 | — |
| Deferred revenue | 657 | 116 |
| Total current liabilities | 128,903 | 129,724 |
| Deferred tax liabilities | 2,923 | 221 |
| Non-current operating lease liabilities | 24,969 | — |
| Other non-current liabilities | 27,076 | 29,212 |
| Total liabilities | 183,871 | 159,157 |
| Commitments and contingencies (Note 17) | | |
| Stockholders' equity: | | |
| Common stock, €0.01 par value, 798,096,000 shares authorized, 227,000,507 and 225,478,506 shares issued and 225,510,650 and 224,289,902 shares outstanding | 2,846 | 2,829 |
| Additional paid-in capital | 1,075,809 | 1,062,794 |
| Retained earnings (deficit) | (220,805) | 16,860 |
| Accumulated other comprehensive loss | (30,298) | (32,338) |
| Treasury stock (at cost), 1,489,857 and 1,188,604 shares | (17,258) | (15,373) |
| Total stockholders' equity | 810,294 | 1,034,772 |
| Total liabilities and equity | $ 994,165 | $ 1,193,929 |

The accompanying notes are an integral part of these consolidated financial statements.

**FRANK'S INTERNATIONAL N.V.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**(In thousands, except per share data)**

| | Year Ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|
| **Revenue:** | | | |
| Services | $ 473,538 | $ 416,781 | $ 364,061 |
| Products | 106,382 | 105,712 | 90,734 |
| Total revenue | 579,920 | 522,493 | 454,795 |
| **Operating expenses:** | | | |
| Cost of revenue, exclusive of depreciation and amortization | | | |
| Services | 338,325 | 302,880 | 273,200 |
| Products | 78,666 | 76,183 | 71,708 |
| General and administrative expenses | 120,444 | 126,638 | 129,218 |
| Depreciation and amortization | 92,800 | 111,292 | 122,102 |
| Goodwill impairment | 111,108 | — | — |
| Severance and other charges (credits), net | 50,430 | (310) | 75,354 |
| (Gain) loss on disposal of assets | 1,037 | (1,309) | (2,045) |
| Operating loss | (212,890) | (92,881) | (214,742) |
| **Other income (expense):** | | | |
| Tax receivable agreement ("TRA") related adjustments | 220 | (1,359) | 122,515 |
| Other income, net | 1,103 | 2,047 | 1,763 |
| Interest income, net | 2,265 | 4,243 | 2,309 |
| Mergers and acquisition expense | — | (58) | (459) |
| Foreign currency gain (loss) | (2,233) | (5,675) | 2,075 |
| Total other income (expense) | 1,355 | (802) | 128,203 |
| Loss before income taxes | (211,535) | (93,683) | (86,539) |
| Income tax expense (benefit) | 23,794 | (2,950) | 72,918 |
| **Net loss** | $ (235,329) | $ (90,733) | $ (159,457) |
| **Dividends per common share:** | $ — | $ — | $ 0.225 |
| **Loss per common share:** | | | |
| Basic and diluted | $ (1.05) | $ (0.41) | $ (0.72) |
| **Weighted average common shares outstanding:** | | | |
| Basic and diluted | 225,159 | 223,999 | 222,940 |

The accompanying notes are an integral part of these consolidated financial statements.

**FRANK'S INTERNATIONAL N.V.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**(In thousands)**

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| **Net loss** | $ (235,329) | $ (90,733) | $ (159,457) |
| **Other comprehensive income (loss):** | | | |
| Foreign currency translation adjustments | 404 | (1,452) | 2,345 |
| *Marketable securities:* | | | |
| Unrealized gain (loss) on marketable securities | — | 86 | (103) |
| Reclassification to net income | — | — | (395) |
| Deferred tax asset / liability change | — | — | 158 |
| Unrealized gain (loss) on marketable securities, net of tax | — | 86 | (340) |
| Total other comprehensive income (loss) | 404 | (1,366) | 2,005 |
| **Comprehensive loss** | $ (234,925) | $ (92,099) | $ (157,452) |

The accompanying notes are an integral part of these consolidated financial statements.

**FRANK'S INTERNATIONAL N.V.**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**(In thousands)**

| | Common Stock | | Additional Paid-In Capital | Retained Earnings (Deficit) | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | Shares | Value | | | | | |
| **Balances at December 31, 2016** | 222,401 | $ 2,802 | $ 1,036,786 | $ 317,270 | $ (32,977) | $ (12,562) | $ 1,311,319 |
| Net loss | — | — | — | (159,457) | — | — | (159,457) |
| Foreign currency translation adjustments | — | — | — | — | 2,345 | — | 2,345 |
| Unrealized loss on marketable securities | — | — | — | — | (340) | — | (340) |
| Equity-based compensation expense | — | — | 13,825 | — | — | — | 13,825 |
| Common stock dividends ($0.225 per share) | — | — | — | (50,154) | — | — | (50,154) |
| Common shares issued upon vesting of share-based awards | 1,017 | 11 | (11) | — | — | — | — |
| Common shares issued for employee stock purchase plan ("ESPP") | 50 | 1 | 523 | — | — | — | 524 |
| Treasury shares issued upon vesting of share-based awards | 4 | — | (84) | — | — | 66 | (18) |
| Treasury shares issued for ESPP | 105 | — | (166) | (736) | — | 1,642 | 740 |
| Treasury shares withheld | (288) | — | — | — | — | (2,883) | (2,883) |
| **Balances at December 31, 2017** | 223,289 | $ 2,814 | $ 1,050,873 | $ 106,923 | $ (30,972) | $ (13,737) | $ 1,115,901 |
| Cumulative effect of accounting change | — | — | — | 670 | — | — | 670 |
| Net loss | — | — | — | (90,733) | — | — | (90,733) |
| Foreign currency translation adjustments | — | — | — | — | (1,452) | — | (1,452) |
| Unrealized gain on marketable securities | — | — | — | — | 86 | — | 86 |
| Equity-based compensation expense | — | — | 10,621 | — | — | — | 10,621 |
| Common shares issued upon vesting of share-based awards | 1,018 | 12 | (12) | — | — | — | — |
| Common shares issued for ESPP | 233 | 3 | 1,312 | — | — | — | 1,315 |
| Treasury shares withheld | (250) | — | — | — | — | (1,636) | (1,636) |
| **Balances at December 31, 2018** | 224,290 | $ 2,829 | $ 1,062,794 | $ 16,860 | $ (32,338) | $ (15,373) | $ 1,034,772 |
| Cumulative effect of accounting change | — | — | — | (700) | — | — | (700) |
| Net loss | — | — | — | (235,329) | — | — | (235,329) |
| Foreign currency translation adjustments | — | — | — | — | 404 | — | 404 |
| Reclassification of marketable securities | — | — | — | (1,636) | 1,636 | — | — |
| Equity-based compensation expense | — | — | 11,280 | — | — | — | 11,280 |
| Common shares issued upon vesting of share-based awards | 1,134 | 13 | (13) | — | — | — | — |
| Common shares issued for ESPP | 389 | 4 | 1,748 | — | — | — | 1,752 |
| Treasury shares withheld | (302) | — | — | — | — | (1,885) | (1,885) |
| **Balances at December 31, 2019** | 225,511 | $ 2,846 | $ 1,075,809 | $ (220,805) | $ (30,298) | $ (17,258) | $ 810,294 |

The accompanying notes are an integral part of these consolidated financial statements.

**FRANK'S INTERNATIONAL N.V.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| **Cash flows from operating activities** | | | |
| Net loss | $ (235,329) | $ (90,733) | $ (159,457) |
| Adjustments to reconcile net loss to cash from operating activities | | | |
| Derecognition of the TRA liability | — | — | (122,515) |
| Depreciation and amortization | 92,800 | 111,292 | 122,102 |
| Equity-based compensation expense | 11,280 | 10,621 | 13,825 |
| Goodwill impairment | 111,108 | — | — |
| Loss on asset impairments and retirements | 40,686 | — | 71,942 |
| Amortization of deferred financing costs | 371 | 58 | 267 |
| Deferred tax provision (benefit) | 727 | (14,634) | 15,543 |
| Reversal of deferred tax assets associated with the TRA | — | — | 46,874 |
| Provision for bad debts | 1,281 | 159 | 950 |
| (Gain) loss on disposal of assets | 1,037 | (1,309) | (2,045) |
| Changes in fair value of investments | (2,747) | 1,199 | (2,627) |
| Unrealized (gain) loss on derivative instruments | 222 | (386) | 634 |
| Realized loss on sale of investment | — | — | 478 |
| Other | (1,522) | 843 | (1,876) |
| Changes in operating assets and liabilities, net of effects from acquisitions | | | |
| Accounts receivable | 22,152 | (63,654) | 21,271 |
| Inventories | (10,694) | (2,917) | 12,102 |
| Other current assets | 856 | 4,581 | 8,677 |
| Other assets | (1,285) | 258 | 674 |
| Accounts payable and accrued liabilities | (3,937) | 15,310 | 15,774 |
| Deferred revenue | 545 | (354) | (13,373) |
| Other noncurrent liabilities | (503) | (2,978) | (4,446) |
| **Net cash provided by (used in) operating activities** | 27,048 | (32,644) | 24,774 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment and intangibles | (36,942) | (19,734) | (21,990) |
| Purchase of property, plant and equipment from related parties | — | (36,737) | — |
| Proceeds from sale of assets and equipment | 791 | 7,089 | 14,030 |
| Purchase of investments | (20,122) | (84,040) | (123,048) |
| Proceeds from sale of investments | 46,739 | 143,825 | 53,299 |
| Other | (512) | — | — |
| **Net cash provided by (used in) investing activities** | (10,046) | 10,403 | (77,709) |
| **Cash flows from financing activities** | | | |
| Repayments of borrowings | (5,627) | (5,892) | (680) |
| Dividends paid on common stock | — | — | (50,154) |
| Deferred financing costs | (184) | (1,733) | — |
| Treasury shares withheld | (1,886) | (1,636) | (2,901) |
| Proceeds from the issuance of ESPP shares | 1,752 | 1,315 | 1,264 |
| **Net cash used in financing activities** | (5,945) | (7,946) | (52,471) |
| Effect of exchange rate changes on cash | (529) | 3,384 | (1,105) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 10,528 | (26,803) | (106,511) |
| Cash, cash equivalents and restricted cash at beginning of period | 186,212 | 213,015 | 319,526 |
| Cash, cash equivalents and restricted cash at end of period | $ 196,740 | $ 186,212 | $ 213,015 |

The accompanying notes are an integral part of these consolidated financial statements.

## Note 1—Basis of Presentation and Significant Accounting Policies

### *Nature of Business*

Frank’s International N.V. (“FINV”), a limited liability company organized under the laws of the Netherlands, is a global provider of highly engineered tubular services, tubular fabrication and specialty well construction and well intervention solutions to the oil and gas industry. FINV provides services to leading exploration and production companies in both offshore and onshore environments with a focus on complex and technically demanding wells.

### *Basis of Presentation*

The consolidated financial statements of FINV for the years ended December 31, 2019, 2018 and 2017 include the activities of Frank’s International C.V. (“FICV”), Blackhawk Group Holdings, LLC (“Blackhawk”) and their wholly owned subsidiaries (collectively, “Company,” “we,” “us” and “our”). All intercompany accounts and transactions have been eliminated for purposes of preparing these consolidated financial statements.

Our accompanying consolidated financial statements and related financial information have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). In the opinion of management, these consolidated financial statements reflect all adjustments consisting solely of normal accruals that are necessary for the fair presentation of financial results as of and for the periods presented.

The consolidated financial statements have been prepared on a historical cost basis using the United States dollar as the reporting currency. Our functional currency is primarily the United States dollar.

### *Reclassifications*

Certain prior-year amounts have been reclassified to conform to the current year’s presentation. These reclassifications had no impact on our net income (loss), working capital, cash flows or total equity previously reported.

During the first quarter of 2019, the Company changed the composition of its reportable segments. Please see Note 20 —Segment Information in these Notes to Consolidated Financial Statements for additional information. As part of the change in reportable segments, the Company also changed the classification of certain costs within the consolidated statements of operations to reflect a change in presentation of the information used by the Company’s chief operating decision maker (“CODM”). Historically, and through December 31, 2018, certain direct and indirect costs related to operations were classified and reported as general and administrative expenses (“G&A”) and certain costs associated with our Tubular Running Services manufacturing operations were classified as cost of revenue, products (“COR – Products”). The historical classification was consistent with the information used by the CODM to assess the performance of the Company’s segments and make resource allocation decisions. As part of the change in reportable segments, and to provide the CODM with additional oversight over costs that directly support operations versus costs that are more general and administrative in nature, certain costs previously classified as G&A have been reclassified as cost of revenue – services (“COR – Services”). In addition, certain manufacturing costs previously classified as COR – Products have been reclassified to COR – Services as a result of the change in segment reporting.

The following is a summary of reclassifications to previously reported amounts (in thousands):

| | Year Ended December 31, 2018 | | |
|---|---|---|---|
| | As previously reported | Reclassifications | As currently reported |
| **Consolidated Statements of Operations** | | | |
| Cost of revenue, exclusive of depreciation and amortization | | | |
| Services | $ 265,688 | $ 37,192 | $ 302,880 |
| Products | 84,429 | (8,246) | 76,183 |
| General and administrative expenses | 155,584 | (28,946) | 126,638 |

| | Year Ended December 31, 2017 | | |
|---|---|---|---|
| | As previously reported | Reclassifications | As currently reported |
| **Consolidated Statements of Operations** | | | |
| Cost of revenue, exclusive of depreciation and amortization | | | |
| Services | $ 223,222 | $ 49,978 | $ 273,200 |
| Products | 87,200 | (15,492) | 71,708 |
| General and administrative expenses | 163,704 | (34,486) | 129,218 |

***Significant Accounting Policies***

*Accounting Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

*Accounts Receivable*

We establish an allowance for doubtful accounts based on various factors including historical experience, the current aging status of our customer accounts, the financial condition of our customers and the business and political environment in which our customers operate. Provisions for doubtful accounts are recorded when it becomes probable that customer accounts are uncollectible.

*Cash, Cash Equivalents and Restricted Cash*

We consider all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. Throughout the year, we have cash balances in excess of federally insured limits deposited with various financial institutions. We have not experienced any losses in such accounts and believe we are not exposed to any significant credit risk on cash and cash equivalents. Restricted cash consists of cash deposits that collateralize our credit card program.

Amounts reported in the consolidated balance sheets and consolidated statements of cash flows as cash, cash equivalents and restricted cash at December 31, 2019 and December 31, 2018 were as follows (in thousands):

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Cash and cash equivalents | $ 195,383 | $ 186,212 |
| Restricted cash | 1,357 | — |
| Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows | $ 196,740 | $ 186,212 |

*Cash Surrender Value of Life Insurance Policies*

We have cash surrender value of life insurance policies that are held within a Rabbi Trust for the purpose of paying future executive deferred compensation benefit obligations. Income (loss) associated with these policies is included in other income, net on our consolidated statements of operations. Income (loss) on changes in the cash surrender value of life insurance policies was $2.7 million, $(1.2) million and $2.4 million for the years ended December 31, 2019, 2018 and 2017, respectively.

*Comprehensive Income*

Accounting standards on reporting comprehensive income require that certain items, including foreign currency translation adjustments be presented as components of comprehensive income. The cumulative amounts recognized by us under these standards are reflected in the consolidated balance sheet as accumulated other comprehensive loss, a component of stockholders’ equity.

*Contingencies*

Certain conditions may exist as of the date our consolidated financial statements are issued that may result in a loss to us, but which will only be resolved when one or more future events occur or fail to occur. Our management, with input from legal counsel, assesses such contingent liabilities, and such assessment inherently involves an exercise in judgment. In assessing loss contingencies related to legal proceedings pending against us or unasserted claims that may result in proceedings, our management, with input from legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable a material loss has been incurred and the amount of liability can be estimated, then the estimated liability would be accrued in our consolidated financial statements. If the assessment indicates a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

*Derivative Financial Instruments*

When we deem appropriate, we use foreign currency forward derivative contracts to mitigate the risk of fluctuations in foreign currency exchange rates. We use these instruments to mitigate our exposure to non-local currency working capital. We do not hold or issue financial instruments for trading or other speculative purposes. We account for our derivative activities under the provisions of accounting guidance for derivatives and hedging. Derivatives are recognized on the consolidated balance sheet at fair value. Although the derivative contracts will serve as an economic hedge of the cash flow of our currency exchange risk exposure, they are not formally designated as hedge contracts for hedge accounting treatment. Accordingly, any changes in the fair value of the derivative instruments during a period will be included in our consolidated statements of operations.

*Income (Loss) Per Share*

Basic income (loss) per share excludes dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted income (loss) per share reflects the potential dilution that could occur if securities to issue common stock were exercised or converted to common stock.

*Fair Value of Financial Instruments*

Our financial instruments consist primarily of cash and cash equivalents, trade accounts receivable, available-for-sale securities, derivative financial instruments and obligations under trade accounts payable. Due to their short-term nature, the carrying values for cash and cash equivalents, trade accounts receivable and trade accounts payable approximate fair value. Refer to Note 10—Fair Value Measurements for the fair values of our available-for-sale securities, derivative financial instruments and other obligations.

*Foreign Currency Translations and Transactions*

Results of operations for foreign subsidiaries with functional currencies other than the U.S. dollar are translated using average exchange rates during the period. Assets and liabilities of these foreign subsidiaries are translated using the exchange rates in effect at the balance sheet dates. Gains and losses resulting from these translations are included in accumulated other comprehensive loss within stockholders' equity.

For those foreign subsidiaries that have designated the U.S. dollar as the functional currency, gains and losses resulting from balance sheet remeasurement of foreign operations are included in the consolidated statements of operations as incurred. Gains and losses resulting from transactions denominated in a foreign currency are also included in the consolidated statements of operations as incurred.

*Goodwill*

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

As of October 31, 2019, we performed a quantitative goodwill impairment test for our Cementing Equipment reporting unit. During the fourth quarter of 2019, market factors indicated a downturn in the demand for our Cementing Equipment products and services in the U.S. land market and a slower uptake of our service offering in international markets, and we reduced our management forecast for this reporting unit accordingly. Based on this refined outlook, the quantitative goodwill impairment test indicated that the fair value of the Cementing Equipment reporting unit was less than its carrying value. As a result, during the fourth quarter of 2019 we recorded a $111.1 million impairment charge to goodwill, which is included in goodwill impairment on the consolidated statements of operations.

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

Some of the more significant assumptions inherent in the income approach include the estimated future net annual cash flows for the reporting unit and the discount rate. We selected the assumptions used in the discounted cash flow projections using historical data supplemented by current and anticipated market conditions and estimated growth rates. Our estimates are based upon assumptions believed to be reasonable. However, given the inherent uncertainty in determining the assumptions underlying a discounted cash flow analysis, actual results may differ from those used in our valuation which could result in additional impairment charges in the future. Assuming all other assumptions and inputs used in the discounted cash flow analysis were held constant, a 50 basis point increase in the discount rate assumption would have increased the goodwill impairment charge by approximately $10.0 million.

No goodwill impairment was recorded for years ended December 31, 2018 and 2017. At December 31, 2019, goodwill is allocated to our reportable segments as follows: Cementing Equipment - approximately $81.2 million; Tubular Running Services - approximately $18.7 million. See Note 10—Fair Value Measurements in these Notes to Consolidated Financial Statements for a discussion of fair value measures.

*Impairment of Long-Lived Assets*

Long-lived assets, which include property, plant and equipment, and certain other assets to be held and used by us, are reviewed when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable based on estimated future cash flows. If this assessment indicates that the carrying values will not be recoverable, as determined based on undiscounted cash flows over the remaining useful lives, an impairment loss is recognized based on the fair value of the asset. The inputs used in the determination of fair value are generally level 3 inputs. Please see Note 18 —Severance and Other Charges (Credits), net for additional information.

*Income Taxes*

We operate under many legal forms in approximately 50 countries. As a result, we are subject to many U.S. and foreign tax jurisdictions and many tax agreements and treaties among the various taxing authorities. Our operations in these different jurisdictions are taxed on various bases such as income before taxes, deemed profits (which is generally determined using a percentage of revenue rather than profits), and withholding taxes based on revenue. Determination of taxable income in any jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions, or our level of operations or profitability in each taxing jurisdiction could have an impact upon the amount of income taxes that we provide during any given year.

We provide for income tax expense based on the liability method of accounting for income taxes based on the authoritative accounting guidance. Deferred tax assets and liabilities are recorded based upon temporary differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes, and are measured using the tax rates and laws expected to be in effect when the differences are projected to reverse. Valuation allowances are established to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In determining the need for valuation allowances, we have made judgments and estimates regarding future taxable income. These estimates and judgments include some degree of uncertainty, and changes in these estimates and assumptions could require us to adjust the valuation allowances for our deferred tax assets. The ultimate realization of the deferred tax assets depends on the generation of sufficient taxable income in the applicable taxing jurisdictions. Deferred tax expense or benefit is the result of changes in deferred tax assets and liabilities and associated valuation allowances during the period. The impact of an uncertain tax position taken or expected to be taken on an income tax return is recognized in the financial statements at the largest amount that is more likely than not to be sustained upon examination by the relevant taxing authority.

*Intangible Assets*

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

The following table provides information related to our intangible assets as of December 31, 2019 and 2018 (in thousands):

| | December 31, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Total | Gross Carrying Amount | Accumulated Amortization | Total |
| Customer relationships | $ 32,890 | $ (23,946) | $ 8,944 | $ 39,050 | $ (23,688) | $ 15,362 |
| Trade name | 11,408 | (11,408) | — | 11,407 | (9,203) | 2,204 |
| Intellectual property | 14,029 | (6,002) | 8,027 | 17,889 | (4,386) | 13,503 |
| Non-compete agreement | 1,160 | (1,160) | — | 1,160 | (1,160) | — |
| Total intangible assets | $ 59,487 | $ (42,516) | $ 16,971 | $ 69,506 | $ (38,437) | $ 31,069 |

Our intangible assets are primarily associated with our Cementing Equipment segment. Amortization expense for intangibles assets was $10.8 million, $10.8 million and $11.4 million for the years ended December 31, 2019, 2018 and 2017, respectively. During the year ended December 31, 2019, impairment charges of $3.3 million were recorded associated with certain customer relationships and intellectual property intangible assets in our Cementing Equipment and Tubular Running Services segments, which are included in severance and other charges (credits), net on the consolidated statements of operations. No intangible asset impairment was recorded during the years ended December 31, 2018 or 2017.

As of December 31, 2019, estimated amortization expense for our remaining intangible assets for each of the next five years was as follows (in thousands):

| Period | Amount |
|---|---|
| 2020 | $ 6,895 |
| 2021 | 5,838 |
| 2022 | 708 |
| 2023 | 696 |
| 2024 | 635 |
| Thereafter | 2,199 |
| Total | $ 16,971 |

*Inventories*

Inventories are stated at the lower of cost (primarily average cost) or net realizable value. The Company’s inventories consist of finished goods, spare parts, work in process, and raw materials to support ongoing manufacturing operations. Work in progress, spare parts and finished goods include the cost of materials, labor, and manufacturing overhead. Inventory placed in service is either capitalized and included in equipment or expensed based upon our capitalization policies. We determine reserves for our inventories based on historical usage of inventory on-hand, assumptions about future demand and market conditions, and estimates about potential alternative uses, which are limited. Please see Note 18—Severance and Other Charges (Credits), net for additional information.

*Leases*

We have operating leases for real estate, vehicles and certain equipment. At the present time, all of our leases are classified as operating leases. Operating lease expense is recognized on a straight-line basis over the lease term. The accounting for some of our leases may require significant judgment, which includes determining the incremental borrowing rates to utilize in our net present value calculation of lease payments for lease agreements which do not provide an implicit rate, and assessing the likelihood of renewal or termination options.

We do not separate lease and non-lease components for all classes of leased assets. Also, leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet.

*Property, Plant and Equipment*

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditures for significant improvements and betterments are capitalized when they enhance or extend the useful life of the asset and meet a minimum capitalization threshold. Expenditures for routine repairs and maintenance, which do not improve or extend the life of the related assets, are expensed when incurred. When properties or equipment are sold, retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the books and the resulting gain or loss is recognized on the consolidated statements of operations.

Depreciation on fixed assets is computed using the straight-line method over the estimated useful lives of the individual assets. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the lease term. Depreciation expense was $82.0 million, $100.5 million and $110.7 million for the years ended December 31, 2019, 2018 and 2017, respectively.

*Revenue Recognition*

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Payment terms on services and products generally range from 30 days to 120 days. Given the short-term nature of our service and product offerings, our contracts do not have a significant financing component and the consideration we receive is generally fixed. We do not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less. Because our contracts with customers are short-term in nature and fall within this exemption, we do not have significant unsatisfied performance obligations.

Service revenue is recognized over time as services are performed or rendered. Rates for services are typically priced on a per day, per man-hour or similar basis. We generally perform services either under direct service purchase orders or master service agreements which are supplemented by individual call-out provisions. For customers contracted under such arrangements, an accrual is recorded in unbilled revenue for revenue earned but not yet invoiced.

Revenue on product sales is generally recognized at a point in time when the product has shipped and significant risks of ownership have passed to the customer. The sales arrangements typically do not include a right of return or other similar provisions, nor do they contain any other post-delivery obligations.

Some of our Tubulars segment and Cementing Equipment segment customers have requested that we store pipe, connectors and cementing products purchased from us in our facilities. We recognize revenue for these “bill and hold” sales once the following criteria have been met: (1) there is a substantive reason for the arrangement, (2) the product is identified as the customer’s asset, (3) the product is ready for delivery to the customer, and (4) we cannot use the product or direct it to another customer.

*Short-term investments*

Short-term investments consisted of commercial paper, classified as held-to-maturity and a fund that primarily invests in short-term debt securities. These investments had original maturities of greater than three months but less than twelve months.

*Stock-Based Compensation*

Our 2013 Long-Term Incentive Plan provides for the granting of stock options, stock appreciation rights (“SARs”), restricted stock, restricted stock units (“RSUs”), performance restricted stock units (“PRSUs”), dividend equivalent rights and other types of equity and cash incentive awards to employees, non-employee directors and service providers. Stock-based compensation expense is measured at the grant date of the share-based awards based on their value. Stock-based compensation expense is recognized on a straight-line basis over the vesting period and is included in cost of revenue and G&A expenses in the consolidated statements of operations.

Our stock-based compensation currently consists of RSUs and PRSUs. The grant date fair value of the RSUs, which are not entitled to receive dividends until vested, is measured by reducing the share price at that date by the present value of the dividends expected to be paid during the requisite vesting period, discounted at the appropriate risk-free interest rate. The grant date fair value and compensation expense of PRSU grants is estimated based on a Monte Carlo simulation using the Company’s closing stock price as of the day before the grant date.

***Recent Accounting Pronouncements***

Changes to GAAP are established by the Financial Accounting Standards Board (“FASB”) in the form of accounting standards updates (“ASUs”) to the FASB’s Accounting Standards Codification.

We consider the applicability and impact of all accounting pronouncements. ASUs not listed below were assessed and were either determined to be not applicable or are expected to have immaterial impact on our consolidated financial position, results of operations and cash flows.

In June 2018, the FASB issued new guidance which is intended to simplify aspects of share-based compensation issued to non-employees by making the guidance consistent with the accounting for employee share-based compensation. We adopted the guidance on January 1, 2019 and the adoption did not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued new accounting guidance for credit losses on financial instruments. The guidance includes the replacement of the “incurred loss” approach for recognizing credit losses on financial assets, including trade receivables, with a methodology that reflects expected credit losses, which considers historical and current information as well as reasonable and supportable forecasts. For public entities, the guidance is effective for financial statements issued for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We adopted the guidance on January 1, 2020 and the adoption did not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued new accounting guidance for leases. The main objective of the accounting guidance is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The main difference between previous GAAP and the new guidance is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. The new guidance requires lessees to recognize assets and liabilities arising from leases on the balance sheet and further defines a lease as a contract that conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. Control over the use of the identified asset means that the customer has both (1) the right to obtain substantially all of the economic benefit from the use of the asset and (2) the right to direct the use of the asset. The accounting guidance requires disclosures by both lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. We adopted the new lease standard effective January 1, 2019, using the modified retrospective approach. The modified retrospective approach provides a method for recording existing leases at adoption, including not restating comparative periods. In our financial statements, the comparative period continues to be reported under the accounting standards which were in effect for that period.

Adoption of the new standard resulted in recording lease assets of $34.9 million, lease liabilities of $34.4 million and an adjustment to retained earnings of $0.7 million as of January 1, 2019. The standard had no impact on our net income (loss) and cash flows.

We elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed us to carry forward the historical lease classification. In addition, we elected not to separate lease and non-lease components for all classes of leased assets. Also, leases with an initial term of 12 months or less are not recorded on the balance sheet.

**Note 2—Leases**

We have operating leases for real estate, vehicles and certain equipment. Our leases have remaining lease terms of less than 1 year to 14 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within 1 year.

| Leases (in thousands) | Classification | December 31, 2019 |
|---|---|---|
| **Assets** | | |
| Operating lease assets | Operating lease right-of-use assets | $ 32,585 |
| **Liabilities** | | |
| Current | | |
| Operating | Current portion of operating lease liabilities | 7,925 |
| Noncurrent | | |
| Operating | Non-current operating lease liabilities | 24,969 |
| Total lease liabilities | | $ 32,894 |

Our short-term lease expense was $3.6 million for the year ended December 31, 2019.

| Long-term Lease Cost (in thousands) | Year Ended December 31, 2019 |
|---|---|
| Operating lease cost (a) | $ 11,674 |
| Sublease income | $ (533) |

(a) Includes variable lease costs, which are immaterial.

| Other Information (in thousands) | Year Ended December 31, 2019 |
|---|---|
| Cash paid for amounts included in measurement of lease liabilities | |
| Operating cash flows from operating leases | $ 10,750 |
| Right-of-use assets obtained in an exchange for lease obligations | |
| Operating leases | $ 7,393 |

| Lease Term and Discount Rate | December 31, 2019 |
|---|---|
| Weighted average remaining lease term (years) | |
| Operating leases | 6.06 |
| Weighted average discount rate | |
| Operating leases | 10.47% |

| Maturity of Operating Lease Liabilities (in thousands) | December 31, 2019 |
|---|---|
| 2020 | $ 10,239 |
| 2021 | 8,972 |
| 2022 | 6,948 |
| 2023 | 4,424 |
| 2024 | 2,794 |
| Thereafter | 10,503 |
| Total lease payments | 43,880 |
| Less: interest | 10,986 |
| Present value of lease liabilities | $ 32,894 |

Total operating lease expense for the years ended December 31, 2018 and 2017 was $16.8 million and $18.7 million, respectively. Future minimum lease commitments under noncancelable operating leases with initial or remaining terms of one year or more at December 31, 2018, were as follows (in thousands):

| Year Ending December 31, | Amount |
|---|---|
| 2019 | $ 10,544 |
| 2020 | 9,120 |
| 2021 | 7,370 |
| 2022 | 6,006 |
| 2023 | 4,251 |
| Thereafter | 13,103 |
| Total future lease commitments | $ 50,394 |

**Note 3—Acquisitions and Divestitures**

*Related Party Acquisition*

On November 2, 2018, Frank’s International, LLC entered into a purchase agreement with Mosing Ventures, LLC, Mosing Land & Cattle Company, LLC, Mosing Queens Row Properties, LLC, and 4-M Investments, each of which are companies related to us by common ownership (the “Mosing Companies”). Under the purchase agreement, we acquired real property that we previously leased from the Mosing Companies, and two additional properties located adjacent to those properties. The total purchase price was $37.0 million, including legal fees and closing adjustments for normal operating activity. The purchase closed on December 18, 2018. Please see Note 12—Related Party Transactions in these Notes to Consolidated Financial Statements.

*Divestitures*

During the first quarter of 2018, we sold a building classified as held for sale for $0.8 million and recorded an immaterial loss. During the third quarter of 2018, we sold a building classified as held for sale with a net book value of $0.3 million for $2.6 million. During the fourth quarter of 2018, we sold a building classified as held for sale with a net book value of $4.2 million and recorded an immaterial gain.

During the second quarter of 2019, we sold a building classified as held for sale for $0.2 million and recorded an immaterial loss. During the fourth quarter of 2019, we sold a building classified as held for sale for $0.3 million and recorded an immaterial loss.

**Note 4—Accounts Receivable, net**

Accounts receivable at December 31, 2019 and 2018 were as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Trade accounts receivable, net of allowance of $5,129 and $3,925, respectively | $ 101,718 | $ 114,630 |
| Unbilled receivables | 43,422 | 54,591 |
| Taxes receivable | 18,516 | 15,762 |
| Affiliated [1] | 549 | 549 |
| Other receivables | 2,489 | 3,882 |
| Total accounts receivable, net | $ 166,694 | $ 189,414 |

[1] Amounts represent expenditures on behalf of non-consolidated affiliates.

**Note 5—Inventories, net**

Inventories at December 31, 2019 and 2018 were as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Pipe and connectors, net of allowance of $18,287 and $21,270, respectively | $ 21,779 | $ 18,026 |
| Finished goods, net of allowance of $485 and $1,354, respectively | 25,628 | 22,608 |
| Work in progress | 3,663 | 8,285 |
| Raw materials, components and supplies | 27,759 | 20,463 |
| Total inventories, net | $ 78,829 | $ 69,382 |

**Note 6—Property, Plant and Equipment**

The following is a summary of property, plant and equipment at December 31, 2019 and 2018 (in thousands):

| | | December 31, | |
|---|---|---|---|
| | Estimated Useful Lives in Years | 2019 | 2018 |
| Land | — | $ 30,724 | $ 32,945 |
| Land improvements | 8-15 | 7,193 | 8,316 |
| Buildings and improvements | 13-39 | 116,182 | 125,088 |
| Rental machinery and equipment | 7 | 882,979 | 887,064 |
| Machinery and equipment - other | 7 | 60,182 | 61,796 |
| Furniture, fixtures and computers | 5 | 17,251 | 24,745 |
| Automobiles and other vehicles | 5 | 28,734 | 29,696 |
| Leasehold improvements | 7-15, or lease term if shorter | 14,258 | 15,392 |
| Construction in progress - machinery and equipment and buildings | — | 46,564 | 65,152 |
| | | 1,204,067 | 1,250,194 |
| Less: Accumulated depreciation | | (875,635) | (833,704) |
| Total property, plant and equipment, net | | $ 328,432 | $ 416,490 |

During the second quarter of 2018, assets with a net book value of $4.5 million met the criteria to be classified as held for sale and were reclassified from property, plant and equipment to assets held for sale on our consolidated balance sheet. During the third quarter of 2018, a building with a net book value of $5.0 million met the criteria to be classified as held for sale and was reclassified from property, plant and equipment to assets held for sale on our consolidated balance sheet.

During the first quarter of 2019, buildings with a net book value of $1.1 million met the criteria to be classified as held for sale and were reclassified from property, plant and equipment to assets held for sale on our consolidated balance sheet. During the third quarter of 2019, an additional building met the criteria to be classified as held for sale and a $4.0 million impairment loss was recorded, which is included in severance and other charges (credits), net on our consolidated statements of operations. The building's remaining net book value of $5.3 million was reclassified from property, plant and equipment to assets held for sale on our consolidated balance sheets. During the fourth quarter of 2019, equipment in our Tubular Running Services segment met the criteria to be classified as held for sale and a $0.3 million impairment loss was recorded, which is included in severance and other charges (credits), net on our consolidated statements of operations. The equipment’s remaining net book value of $0.2 million was reclassified from property, plant and equipment to assets held for sale on our consolidated balance sheets.

During the year ended December 31, 2019, we recorded fixed asset impairment charges of $32.9 million primarily associated with construction in progress in our Tubular Running Services segment, which is included in severance and other charges (credits), net on our consolidated statements of operations. No impairments were recognized during the year ended December 31, 2018. During the year ended December 31, 2017, we recognized a $6.5 million charge for fixed asset retirements, which is included in severance and other charges (credits), net on our consolidated statements of operations. Please see Note 18—Severance and Other Charges (Credits), net in these Notes to Consolidated Financial Statements for additional details.

The following table presents the depreciation and amortization associated with each line for the years ended December 31, 2019, 2018 and 2017 (in thousands):

| | December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Cost of revenue | | | |
| Services | $ 80,072 | $ 93,280 | $ 102,212 |
| Products | 1,511 | 4,354 | 4,971 |
| General and administrative expenses | 11,217 | 13,658 | 14,919 |
| Total | $ 92,800 | $ 111,292 | $ 122,102 |

**Note 7—Other Assets**

Other assets at December 31, 2019 and 2018 consisted of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Cash surrender value of life insurance policies (1) | $ 27,313 | $ 23,784 |
| Deposits | 2,119 | 2,269 |
| Other | 3,805 | 2,566 |
| Total other assets | $ 33,237 | $ 28,619 |

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

**Note 8— Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at December 31, 2019 and 2018 consisted of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Accounts payable | $ 16,793 | $ 28,045 |
| Accrued compensation | 23,988 | 30,822 |
| Accrued property and other taxes | 20,099 | 16,301 |
| Accrued severance and other charges | 5,837 | 2,328 |
| Income taxes | 19,166 | 12,075 |
| Affiliated [(1)] | 1,694 | 3,915 |
| Accrued purchase orders and other | 32,744 | 30,495 |
| Total accounts payable and accrued liabilities | $ 120,321 | $ 123,981 |

(1) Represents amounts owed to non-consolidated affiliates.

**Note 9—Debt**

***Credit Facility***

*Asset Based Revolving Credit Facility*

On November 5, 2018, FICV, Frank’s International, LLC and Blackhawk, as borrowers, and FINV, certain of FINV’s subsidiaries, including FICV, Frank’s International, LLC, Blackhawk, Frank’s International GP, LLC, Frank’s International, LP, Frank’s International LP B.V., Frank’s International Partners B.V., Frank’s International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., as guarantors, entered into a 5-year senior secured revolving credit facility (the “ABL Credit Facility”) with JPMorgan Chase Bank, N.A., as administrative agent (the “ABL Agent”), and other financial institutions as lenders with total commitments of $100.0 million including up to $15.0 million available for letters of credit. Subject to the terms of the ABL Credit Facility, we have the ability to increase the commitments to $200.0 million. The maximum amount that the Company may borrow under the ABL Credit Facility is subject to a borrowing base, which is based on a percentage of certain eligible accounts receivable and eligible inventory, subject to customary reserves and other adjustments.

All obligations under the ABL Credit Facility are fully and unconditionally guaranteed jointly and severally by FINV’s subsidiaries, including FICV, Frank’s International, LLC, Blackhawk, Frank’s International GP, LLC, Frank’s International, LP, Frank’s International LP B.V., Frank’s International Partners B.V., Frank’s International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, L.L.C., subject to customary exceptions and exclusions. In addition, the obligations under the ABL Credit Facility are secured by first priority liens on substantially all of the assets and property of the borrowers and guarantors, including pledges of equity interests in certain of FINV’s subsidiaries, subject to certain exceptions. Borrowings under the ABL Credit Facility bear interest at FINV’s option at either (a) the Alternate Base Rate (“ABR”) (as defined therein), calculated as the greatest of (i) the rate of interest publicly quoted by the Wall Street Journal, as the “prime rate,” subject to each increase or decrease in such prime rate effective as of the date such change occurs, (ii) the federal funds effective rate that is subject to a 0.00% interest rate floor plus 0.50%, and (iii) the one-month Adjusted LIBO Rate (as defined therein) plus 1.00%, or (b) the Adjusted LIBO Rate (as defined therein), plus, in each case, an applicable margin. The applicable interest rate margin ranges from 1.00% to 1.50% per annum for ABR loans and 2.00% to 2.50% per annum for Eurodollar loans and, in each case, is based on FINV’s leverage ratio. The unused portion of the ABL Credit Facility is subject to a commitment fee that varies from 0.250% to 0.375% per annum, according to average daily unused commitments under the ABL Credit Facility. Interest on Eurodollar loans is payable at the end of the selected interest period, but no less frequently than quarterly. Interest on ABR loans is payable monthly in arrears.

The ABL Credit Facility contains various covenants and restrictive provisions which limit, subject to certain customary exceptions and thresholds, FINV’s ability to, among other things, (1) enter into asset sales; (2) incur additional indebtedness; (3) make investments, acquisitions, or loans and create or incur liens; (4) pay certain dividends or make other distributions and (5) engage in transactions with affiliates. The ABL Credit Facility also requires FINV to maintain a minimum fixed charge coverage ratio of 1.0 to 1.0 based on the ratio of (a) consolidated EBITDA (as defined therein) minus unfinanced capital expenditures to (b) Fixed Charges (as defined therein), when either (i) an event of default occurs under the ABL Facility or (ii) availability under the ABL Credit Facility falls for at least two consecutive calendar days below the greater of (A) $12.5 million and (B) 15% of the lesser of the borrowing base and aggregate commitments (a “FCCR Trigger Event”). Accounts receivable received by FINV’s U.S. subsidiaries that are parties to the ABL Credit Facility will be deposited into deposit accounts subject to deposit control agreements in favor of the ABL Agent. After a FCCR Trigger Event, these deposit accounts would be subject to “springing” cash dominion. After a FCCR Trigger Event, the Company will be subject to compliance with the fixed charge coverage ratio and “springing” cash dominion until no default exists under the ABL Credit Facility and availability under the facility for the preceding thirty consecutive days has been equal to at least the greater of (x) $12.5 million and (y) 15% of the lesser of the borrowing base and the aggregate commitments. If FINV fails to perform its obligations under the agreement that results in an event of default, the commitments under the ABL Credit Facility could be terminated and any outstanding borrowings under the ABL Credit Facility may be declared immediately due and payable. The ABL Credit Facility also contains cross default provisions that apply to FINV’s other indebtedness.

As of December 31, 2019, FINV had no borrowings outstanding under the ABL Credit Facility, letters of credit outstanding of $9.3 million and availability of $44.7 million.

***Insurance Notes Payable***

In 2018, we entered into a note to finance our annual insurance premiums totaling $6.8 million. The note bore interest at an annual rate of 3.9% with a final maturity date in October 2019. At December 31, 2018, the total outstanding balance was $5.6 million. For the current policy year, the Company elected to pay its annual insurance premiums from existing cash available.

**Note 10—Fair Value Measurements**

We follow fair value measurement authoritative accounting guidance for measuring fair values of assets and liabilities in financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We utilize market data or assumptions that market participants who are independent, knowledgeable, and willing and able to transact would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. We are able to classify fair value balances based on the observability of these inputs. The authoritative guidance for fair value measurements establishes three levels of the fair value hierarchy, defined as follows:

- Level 1: Unadjusted, quoted prices for identical assets or liabilities in active markets.
- Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Significant, unobservable inputs for use when little or no market data exists, requiring a significant degree of judgment.

The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. Depending on the particular asset or liability, input availability can vary depending on factors such as product type, longevity of a product in the market and other particular transaction conditions. In some cases, certain inputs used to measure fair value may be categorized into different levels of the fair value hierarchy. For disclosure purposes under the accounting guidance, the lowest level that contains significant inputs used in valuation should be chosen.

*Financial Assets and Liabilities*

A summary of financial assets and liabilities that are measured at fair value on a recurring basis, as of December 31, 2019 and 2018, were as follows (in thousands):

| | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|---|---|---|---|---|
| **December 31, 2019** | | | | |
| Assets: | | | | |
| Investments: | | | | |
| Cash surrender value of life insurance policies - deferred compensation plan | $ — | $ 27,313 | $ — | $ 27,313 |
| Marketable securities - other | 8 | — | — | 8 |
| Liabilities: | | | | |
| Derivative financial instruments | — | 324 | — | 324 |
| Deferred compensation plan | — | 23,251 | — | 23,251 |
| **December 31, 2018** | | | | |
| Assets: | | | | |
| Investments: | | | | |
| Cash surrender value of life insurance policies - deferred compensation plan | $ — | $ 23,784 | $ — | $ 23,784 |
| Marketable securities - other | 37 | — | — | 37 |
| Liabilities: | | | | |
| Derivative financial instruments | — | 101 | — | 101 |
| Deferred compensation plan | — | 23,663 | — | 23,663 |

Our derivative financial instruments consist of short-duration foreign currency forward contracts. The fair value of derivative financial instruments is based on quoted market values including foreign exchange forward rates and interest rates. The fair value is computed by discounting the projected future cash flow amounts to present value. At December 31, 2019 and 2018, derivative financial instruments are included in the financial statement line item accounts payable and accrued liabilities in our consolidated balance sheets.

Our investments associated with our deferred compensation plan consist primarily of the cash surrender value of life insurance policies and is included in other assets on the consolidated balance sheets. The liability associated with our deferred compensation plan is included in other liabilities on the consolidated balance sheets. Our investments change as a result of contributions, payments, and fluctuations in the market. Assets and liabilities, measured using significant observable inputs, are reported at fair value based on third-party broker statements, which are derived from the fair value of the funds' underlying investments. We also have marketable securities in publicly traded equity securities as an indirect result of strategic investments. They are reported at fair value based on the price of the stock and are included in other assets on the consolidated balance sheets.

*Assets and Liabilities Measured at Fair Value on a Non-recurring Basis*

We apply the provisions of the fair value measurement standard to our non-recurring, non-financial measurements including business combinations and assets identified as held for sale, as well as impairment related to goodwill and other long-lived assets. For business combinations, the purchase price is allocated to the assets acquired and liabilities assumed based on a discounted cash flow model for most intangibles as well as market assumptions for the valuation of equipment and other fixed assets.

We perform our goodwill impairment assessment for each reporting unit by comparing the estimated fair value of each reporting unit to the reporting unit’s carrying value, including goodwill. We estimate the fair value for each reporting unit using a discounted cash flow analysis based on management’s short-term and long-term forecast of operating performance. This analysis includes significant assumptions regarding discount rates, revenue growth rates, expected profitability margins, forecasted capital expenditures and the timing of expected future cash flows based on market conditions. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired. If the carrying amount of a reporting unit exceeds its estimated fair value, an impairment loss is measured and recorded.

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

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

*Other Fair Value Considerations*

The carrying values on our consolidated balance sheets of our cash and cash equivalents, short-term investments, trade accounts receivable, other current assets, accounts payable and accrued liabilities and lines of credit approximate fair values due to their short maturities.

**Note 11— Derivatives**

We enter into short-duration foreign currency forward derivative contracts to reduce the risk of foreign currency fluctuations. We use these instruments to mitigate our exposure to non-local currency operating working capital. We record these contracts at fair value on our consolidated balance sheets. Although the derivative contracts will serve as an economic hedge of the cash flow of our currency exchange risk exposure, they are not formally designated as hedge contracts for hedge accounting treatment. Accordingly, any changes in the fair value of the derivative instruments during a period will be included in our consolidated statements of operations.

As of December 31, 2019 and 2018, we had the following foreign currency derivative contracts outstanding in U.S. dollars (in thousands):

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

| | December 31, 2018 | | |
|---|---|---|---|
| Derivative Contracts | Notional Amount | Contractual Exchange Rate | Settlement Date |
| Canadian dollar | $ 2,248 | 1.3343 | 3/18/2019 |
| Euro | 6,967 | 1.1421 | 3/18/2019 |
| Norwegian krone | 7,713 | 8.5566 | 3/18/2019 |
| Pound sterling | 16,452 | 1.2655 | 3/18/2019 |

The following table summarizes the location and fair value amounts of all derivative contracts in the consolidated balance sheets as of December 31, 2019 and 2018 (in thousands):

| Derivatives not designated as Hedging Instruments | Consolidated Balance Sheet Location | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| Foreign currency contracts | Accounts payable and accrued liabilities | $ (324) | $ (101) |

The following table summarize the location and amounts of the unrealized and realized gains and losses on derivative contracts in the consolidated statements of operations as of December 31, 2019, 2018 and 2017 (in thousands):

| Derivatives not designated as Hedging Instruments | Location of gain (loss) recognized in income on derivative contracts | December 31, 2019 | December 31, 2018 | December 31, 2017 |
|---|---|---|---|---|
| Unrealized gain (loss) on foreign currency contracts | Other income, net | $ (222) | $ 386 | $ (634) |
| Realized gain (loss) on foreign currency contracts | Other income, net | 320 | 1,661 | (1,699) |
| Total net gain (loss) on foreign currency contracts | | $ 98 | $ 2,047 | $ (2,333) |

Our derivative transactions are governed through International Swaps and Derivatives Association master agreements. These agreements include stipulations regarding the right of offset in the event that we or our counterparty default on our performance obligations. If a default were to occur, both parties have the right to net amounts payable and receivable into a single net settlement between parties. Our accounting policy is to offset derivative assets and liabilities executed with the same counterparty when a master netting arrangement exists.

The following table presents the gross and net fair values of our derivatives as of December 31, 2019 and 2018 (in thousands):

| | Derivative Asset Positions | | Derivative Liability Positions | |
|---|---|---|---|---|
| | December 31, | | December 31, | |
| | 2019 | 2018 | 2019 | 2018 |
| Gross position - asset / (liability) | $ 127 | $ 113 | $ (451) | $ (214) |
| Netting adjustment | (127) | (113) | 127 | 113 |
| Net position - asset / (liability) | $ — | $ — | $ (324) | $ (101) |

**Note 12—Related Party Transactions**

We have engaged in certain transactions with other companies related to us by common ownership. We have entered into various operating leases to lease facilities from these affiliated companies. Rent expense associated with our related party leases was $2.7 million, $6.5 million and $6.9 million for the years ended December 31, 2019, 2018 and 2017, respectively. As of December 31, 2019, $6.3 million of our operating lease right-of-use assets and $7.1 million of our lease liabilities were associated with related party leases.

On November 2, 2018, Frank's International, LLC entered into a purchase agreement with Mosing Ventures, LLC, Mosing Land & Cattle Company, LLC, Mosing Queens Row Properties, LLC, and 4-M Investments, each of which are companies related to us by common ownership (the "Mosing Companies"). Under the purchase agreement, we acquired real property that we previously leased from the Mosing Companies, and two additional properties located adjacent to those properties. The total purchase price was $37.0 million, including legal fees and closing adjustments for normal operating activity. The purchase closed on December 18, 2018. The properties were conveyed as-is, except that until 10 years following the Closing Date, the parties will continue to have certain rights and obligations under the terms of the agreements by which some of the purchased properties were acquired by the Mosing Companies at the time of our IPO. We made improvements on the purchased properties during the lease period, and the purchase price was calculated excluding the value of those improvements. As of the purchase close, we no longer lease the acquired properties from the Mosing Companies.

*Tax Receivable Agreement*

Mosing Holdings and its permitted transferees converted all of their Preferred Stock into shares of our common stock on a one-for-one basis on August 26, 2016, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications and other similar transactions, by delivery of all of their interests in FICV to us (the "Conversion"). As a result of an election under Section 754 of the Internal Revenue Code, made by FICV, the Conversion resulted in an adjustment to the tax basis of the tangible and intangible assets of FICV with respect to the portion of FICV transferred to FINV by Mosing Holdings and its permitted transferees. These adjustments are allocated to FINV. The adjustments to the tax basis of the tangible and intangible assets of FICV described above would not have been available absent this Conversion. The basis adjustments may reduce the amount of tax that FINV would otherwise be required to pay in the future. These basis adjustments may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

The TRA that we entered into with FICV and Mosing Holdings in connection with our IPO generally provides for the payment by FINV of 85% of the amount of the net cash savings, if any, in U.S. federal, state and local income tax and franchise tax (or are deemed to realize in certain circumstances) in periods after our IPO as a result of (i) tax basis increases resulting from the Conversion and (ii) imputed interest deemed to be paid by us as a result of, and additional tax basis arising from, payments under the TRA. We will retain the benefit of the remaining 15% of these cash savings. Payments we make under the TRA will be increased by any interest accrued from the due date (without extensions) of the corresponding tax return to the date of payment specified by the TRA. The payments under the TRA will not be conditioned upon a holder of rights under the TRA having a continued ownership interest in FINV.

The estimation of the amount and timing of payments under the TRA is by its nature imprecise. For purposes of the TRA, cash savings in tax generally are calculated by comparing our actual tax liability to the amount we would have been required to pay had we not been able to utilize any of the tax benefits subject to the TRA. The amounts payable, as well as the timing of any payments, under the TRA are dependent upon significant future events and assumptions, including the amount and timing of the taxable income we generate in the future. As of December 31, 2019, FINV has a cumulative loss over the prior 36 month period. Based on this history of losses, as well as uncertainty regarding the timing and amount of future taxable income, we are no longer able to conclude that there will be future cash savings that will lead to additional payouts under the TRA. Additional TRA liability may be recognized in the future based on changes in expectations regarding the timing and likelihood of future cash savings.

The payment obligations under the TRA are our obligations and are not obligations of FICV. The term of the TRA commenced upon the completion of the IPO and will continue until all tax benefits that are subject to the TRA have been utilized or expired, unless FINV elects to exercise its right to terminate the TRA (or the TRA is terminated due to other circumstances, including our breach of a material obligation thereunder or certain mergers or other changes of control), and we make the termination payment specified in the TRA. If FINV elects to terminate the TRA early, which it may do so in its sole discretion, (or if it terminates as a result of our breach) it would be required to make a substantial, immediate lump-sum payment equal to the present value of the hypothetical future payments that could be required to be paid under the TRA (based upon certain assumptions and deemed events set forth in the TRA, including the assumption that it has sufficient taxable income to fully utilize such benefits), determined by applying a discount rate equal to the long-term Treasury rate in effect on the applicable date plus 300 basis points. Any early termination payment may be made significantly in advance of the actual realization, if any, of such future benefits. In addition, payments due under the TRA will be similarly accelerated following certain mergers or other changes of control. In these situations, FINV's obligations under the TRA could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. For example, if the TRA were terminated on December 31, 2019, the estimated termination payment would be approximately $50.0 million (calculated using a discount rate of 5.25%). The foregoing number is merely an estimate and the actual payment could differ materially.

Because FINV is a holding company with no operations of its own, its ability to make payments under the TRA is dependent on the ability of FINV's operating subsidiaries to make distributions to it in an amount sufficient to cover FINV's obligations under such agreement. The ability of certain of FINV's operating subsidiaries to make such distributions will be subject to, among other things, the applicable provisions of Dutch law that may limit the amount of funds available for distribution and restrictions in our debt instruments. To the extent that FINV is unable to make payments under the TRA for any reason (except in the case of an acceleration of payments thereunder occurring in connection with an early termination of the TRA or certain mergers or change of control) such payments will be deferred and will accrue interest until paid, and FINV will be prohibited from paying dividends on its common stock.

## Note 13—Loss Per Common Share

Basic loss per common share is determined by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by dividing loss attributable to common stockholders by the weighted average number of common shares outstanding, assuming all potentially dilutive shares were issued. We apply the treasury stock method to determine the dilutive weighted average common shares represented by the unvested restricted stock units and ESPP shares.

The following table summarizes the basic and diluted loss per share calculations (in thousands, except per share amounts):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| **Numerator** | | | |
| Net loss | $ (235,329) | $ (90,733) | $ (159,457) |
| **Denominator** | | | |
| Basic and diluted weighted average common shares [1] | 225,159 | 223,999 | 222,940 |
| **Loss per common share:** | | | |
| Basic and diluted | $ (1.05) | $ (0.41) | $ (0.72) |

| | | | |
|---|---|---|---|
| (1) Approximate number of shares of unvested restricted stock units and stock to be issued pursuant to the ESPP have been excluded from the computation of diluted loss per share as the effect would be anti-dilutive when the results from operations are at a net loss position. | 737 | 922 | 648 |

## Note 14—Stock-Based Compensation

*2013 Long-Term Incentive Plan*

Under our 2013 Long-Term Incentive Plan (the "LTIP"), stock options, SARs, restricted stock, restricted stock units, dividend equivalent rights and other types of equity and cash incentive awards may be granted to employees, non-employee directors and service providers. The LTIP expires after 10 years, unless prior to that date the maximum number of shares available for issuance under the plan has been issued or our board of directors terminates the plan. There are 20,000,000 shares of common stock reserved for issuance under the LTIP. As of December 31, 2019, 11,410,061 shares remained available for issuance.

*Restricted Stock Units*

Upon completion of the IPO and pursuant to the LTIP, we began granting restricted stock units. Substantially all RSUs granted under the LTIP vest ratably over a period of one to three years. Our treasury stock consists of shares that were withheld from employees to settle personal tax obligations that arose as a result of restricted stock units that vested. Certain restricted stock unit awards provide for accelerated vesting for qualifying terminations of employment or service.

Employees granted RSUs are not entitled to dividends declared on the underlying shares while the restricted stock unit is unvested. As such, the grant date fair value of the award is measured by reducing the grant date price of our common stock by the present value of the dividends expected to be paid on the underlying shares during the requisite service period, discounted at the appropriate risk-free interest rate. The weighted average grant date fair value of RSUs granted during the years ended December 31, 2019, 2018 and 2017 was $11.4 million, $9.5 million and $12.1 million, respectively. Compensation expense is recognized ratably over the vesting period. Forfeitures are recorded as they occur.

Stock-based compensation expense relating to RSUs for the years ended December 31, 2019, 2018 and 2017 was $8.7 million, $8.9 million and $12.8 million, respectively. The total fair value of RSUs vested during the years ended December 31, 2019, 2018 and 2017 was $7.1 million, $6.7 million and $9.9 million, respectively. Unamortized stock compensation expense as of December 31, 2019 relating to RSUs totaled approximately $8.8 million, which will be expensed over a weighted average period of 1.75 years.

Non-vested RSUs outstanding as of December 31, 2019 and the changes during the year were as follows:

| | Number of Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Non-vested at December 31, 2018 | 2,188,965 | $ 7.66 |
| Granted | 1,756,125 | 6.49 |
| Vested | (1,138,654) | 7.87 |
| Forfeited | (345,636) | 6.81 |
| Non-vested at December 31, 2019 | 2,460,800 | $ 6.65 |

*Performance Restricted Stock Units*

The purpose of the PRSUs is to closely align the incentive compensation of the executive leadership team for the duration of the performance cycle with returns to FINV's shareholders and thereby further motivate the executive leadership team to create sustained value to FINV shareholders. The design of the PRSU grants effectuates this purpose by placing a material amount of incentive compensation for each executive at risk by offering an extraordinary reward for the attainment of extraordinary results. Design features of the PRSU grant that in furtherance of this purpose include the following: (1) The vesting of the PRSUs is based on total shareholder return (“TSR”) based on a comparison to the returns of a peer group, which, beginning with PRSUs granted in 2018, is the SPDR S&P Oil & Gas Equipment and Services ETF. (2) TSR is computed over the entire Performance Period (using a 30-day averaging period for the first 30 calendar days and the last 30 calendar days of the Performance Period to mitigate the effect of stock price volatility), but beginning with the PRSUs granted in 2018, TSR performance is calculated separately with respect to three separate one-year achievement periods included in the three-year Performance Period, resulting in a weighted average payout at the end of the three-year Performance Period. The TSR calculation will assume reinvestment of dividends. (3) The ultimate number of shares to be issued pursuant to the PRSU awards will vary in proportion to the actual TSR achieved as a percentile compared to the peer group during the Performance Period as follows: (i) no shares will be issued if the Company’s performance falls below the 25th percentile; (ii) 50% of the Target Level if the Company achieves a rank in the 25th percentile (the threshold level); (iii) 100% of the Target Level if the Company achieves a rank in the 50th percentile (the target level); (iv) 150% of the Target Level if the Company achieves a rank in the 75th percentile (the maximum level for the 2017 grants); and 200% of the Target Level if the Company achieves a rank in the 90th percentile and above (the maximum level for the 2018 and 2019 grants). (4) Unless there is a qualifying termination as defined in the PRSU award agreement, the PRSUs of an executive will be forfeited upon an executive’s termination of employment during the Performance Period.

Though the value of the PRSU grant may change for each participant, the compensation expense recorded by the Company is determined on the date of grant. Expected volatility is based on historical equity volatility of our stock based on 50% of historical and 50% of implied volatility weighting commensurate with the expected term of the PRSU. The expected volatility considers factors such as the historical volatility of our share price and our peer group companies, implied volatility of our share price, length of time our shares have been publicly traded, and split- and dividend-adjusted closing stock prices.

In 2019, we granted PRSUs with a fair value of $3.7 million or 446,858 units (“Target Level”). The performance period for these grants is the three year period from January 1, 2019 to December 31, 2021 (“Performance Period”), but with separate one-year achievement periods from January 1, 2019 to December 31, 2019, January 1, 2020 to December 31, 2020 and January 1, 2021 to December 31, 2021, resulting in a weighted average payout at the end of the Performance Period.

The weighted average assumptions for the PRSUs granted in 2019 are as follows:

| | 2019 |
|---|---|
| Total expected term (in years) | 2.86 |
| Expected volatility | 43.5% |
| Risk-free interest rate | 2.48% |
| Correlation range | 2.4% to 88.1% |

In 2018, we granted PRSUs with a fair value of $2.0 million or 275,550 units (“Target Level”). The performance period for these grants is the three year period from January 1, 2018 to December 31, 2020 (“Performance Period”), but with separate one-year achievement periods from January 1, 2018 to December 31, 2018, January 1, 2019 to December 31, 2019 and January 1, 2020 to December 31, 2020, resulting in a weighted average payout at the end of the Performance Period.

The weighted average assumptions for the PRSUs granted in 2018 are as follows:

| | 2018 |
|---|---|
| Expected term (in years) | 2.86 |
| Expected volatility | 39.0% |
| Risk-free interest rate | 2.35% |
| Correlation range | 11.0% to 85.7% |

In 2017, we granted PRSUs with a fair value of $2.6 million or 293,083 units (“Target Level”). The performance period for these grants is a three-year period from January 1, 2017 to December 31, 2019 (“Performance Period”).

The weighted average assumptions for the PRSUs granted in 2017 are as follows:

| | 2017 |
|---|---|
| Expected term (in years) | 2.92 |
| Expected volatility | 42.1% |
| Risk-free interest rate | 1.51% |
| Correlation range | 26.8% to 76.0% |

In the event of death or disability, the restrictions related to forfeiture as defined in the performance awards agreement will lapse with respect to 100% of the PRSUs at the target level effective on the date of such event. In the event of involuntary termination except for cause, the Company may enter into a special vesting agreement with the executive under which the restrictions for forfeiture will not lapse upon such termination. In the event of a termination for any other reason prior to the end of the Performance Period, all PRSUs will be forfeited.

Stock-based compensation expense related to PRSUs for the years ended December 31, 2019, 2018 and 2017 was $2.0 million, $1.2 million and $0.6 million, respectively. The total fair value of PRSUs vested during the year ended December 31, 2017 was $0.2 million. There were no PRSU vestings during the years ended December 31, 2019 and 2018. Unamortized stock compensation expense as of December 31, 2019 relating to PRSUs totaled approximately $3.0 million, which will be expensed over a weighted average period of 1.82 years.

Non-vested PRSUs outstanding as of December 31, 2019 and the changes during the year were as follows:

| | Number of Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Non-vested at December 31, 2018 | 593,987 | $ 8.06 |
| Granted | 446,858 | 8.22 |
| Forfeited | (252,012) | 7.96 |
| Non-vested at December 31, 2019 | 788,833 | $ 8.13 |

*Employee Stock Purchase Plan*

Under the Frank’s International N.V. ESPP, eligible employees have the right to purchase shares of common stock at the lesser of (i) 85% of the last reported sale price of our common stock on the last trading date immediately preceding the first day of the option period, or (ii) 85% of the last reported sale price of our common stock on the last trading date immediately preceding the last day of the option period. The ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code. We have reserved 3.0 million shares of our common stock for issuance under the ESPP, of which 2.1 million shares were available for issuance as of December 31, 2019. Shares issued to our employees under the ESPP totaled 389,284 in 2019 and 232,592 shares in 2018. For the years ended December 31, 2019, 2018 and 2017, we recognized $0.6 million, $0.5 million and $0.4 million of compensation expense related to stock purchased under the ESPP, respectively.

In January 2019, we issued 153,451 shares of our common stock to our employees under this plan to satisfy the employee purchase period from July 1, 2018 to December 31, 2018, which increased our common stock outstanding.

In July 2019, we issued 235,833 shares of our common stock to our employees under this plan to satisfy the employee purchase period from January 1, 2019 to June 30, 2019, which increased our common stock outstanding.

## Note 15—Employee Benefit Plans

*U.S. Benefit Plans*

*401(k) Savings and Investment Plan*. Frank's International, LLC administers a 401(k) savings and investment plan (the "Plan") as part of the employee benefits package. Employees are required to complete one month of service before becoming eligible to participate in the Plan. Under the terms of the Plan, we match 100% of the first 3% of eligible compensation an employee contributes to the Plan up to the annual allowable IRS limit. Additionally, the Company provides a 50% match on any employee contributions between 4% to 6% of eligible compensation. Our matching contributions to the Plan totaled $5.0 million, $4.5 million and $3.7 million for the years ended December 31, 2019, 2018 and 2017, respectively.

*Executive Deferred Compensation Plan*. In December 2004, we and certain affiliates adopted the Frank's Executive Deferred Compensation Plan (the "EDC Plan"). The purpose of the EDC Plan is to provide participants with an opportunity to defer receipt of a portion of their salary, bonus, and other specified cash compensation. Participant contributions are immediately vested. Our contributions vest after five years of service. All participant benefits under this EDC Plan shall be paid directly from the general funds of the applicable participating subsidiary or a grantor trust, commonly referred to as a Rabbi Trust, created for the purpose of informally funding the EDC Plan, and other than such Rabbi Trust, no special or separate fund shall be established and no other segregation of assets shall be made to assure payment. The assets of our EDC Plan's trust are invested in a corporate owned split-dollar life insurance policy and an amalgamation of mutual funds (See Note 7—Other Assets).

We recorded compensation expense related to the vesting of the Company's contribution of $1.0 million for the year ended December 31, 2018. No compensation expense related to the vesting of the Company's contribution was recorded for the years ended December 31, 2019 and 2017. The total liability recorded at December 31, 2019 and 2018, related to the EDC Plan was $23.3 million and $23.7 million, respectively, and was included in other noncurrent liabilities on the consolidated balance sheets.

## Note 16—Income Taxes

Loss before income tax expense (benefit) was comprised of the following for the periods indicated (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| United States | $ (225,653) | $ (85,342) | $ (167,908) |
| Foreign | 14,118 | (8,341) | 81,369 |
| Loss before income tax expense (benefit) | $ (211,535) | $ (93,683) | $ (86,539) |

Income taxes have been provided for based upon the tax laws and rates in the countries in which operations are conducted and income is earned. Components of income tax expense (benefit) consist of the following for the periods indicated (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| **Current** | | | |
| U.S. federal | $ — | $ — | $ — |
| U.S. state and local | 209 | 7 | (15) |
| Foreign | 21,975 | 11,677 | 10,516 |
| Total current | 22,184 | 11,684 | 10,501 |
| | | | |
| **Deferred** | | | |
| U.S. federal | 444 | — | 56,621 |
| U.S. state and local | — | — | 2,420 |
| Foreign | 1,166 | (14,634) | 3,376 |
| Total deferred | 1,610 | (14,634) | 62,417 |
| Total income tax expense (benefit) | $ 23,794 | $ (2,950) | $ 72,918 |

For the year ending December 31, 2017, the Company reported, on a provisional basis, the tax impacts resulting from the enactment of the Tax Act on December 22, 2017. During 2018, the Company completed its analysis of the impacts of the Tax Act during the measurement period without further adjustment. The Company has completed the accounting for the impacts of the Tax Act, although adjustments may be necessary in future periods due to technical corrections and/or regulatory guidance that may be issued by the Internal Revenue Service.

Foreign taxes were incurred in the following regions for the periods indicated (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Latin America | $ 8,636 | $ 1,261 | $ 5,469 |
| West Africa | 4,688 | 2,692 | 3,243 |
| Middle East | 5,579 | 2,249 | 1,633 |
| Europe | 1,096 | 461 | 1,348 |
| Asia Pacific | 1,525 | 922 | 1,388 |
| Other | 1,617 | (10,542) | 812 |
| Total foreign income tax expense (benefit) | $ 23,141 | $ (2,957) | $ 13,893 |

A reconciliation of the differences between the income tax provision computed at the 21% U.S. statutory rate in effect at December 31, 2019 and the reported provision for income taxes for the periods indicated is as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Income tax expense (benefit) at statutory rate | $ (44,422) | $ (19,673) | $ (30,289) |
| Branch profits tax | (12,129) | (4,267) | (4,871) |
| State taxes, net of federal benefit | 154 | (27) | 2,405 |
| Restricted stock units tax shortfall | 405 | 1,025 | 1,651 |
| Taxes on foreign earnings at less than the U.S. statutory rate | 14,427 | 13,095 | (22,464) |
| Effect of tax rate change | — | (2,929) | 23,843 |
| Effect of moving activity to higher tax rate jurisdiction | — | (14,620) | — |
| Management fee charged to international operations | 3,455 | 1,515 | 1,213 |
| Tax effect of TRA derecognition | — | — | 46,874 |
| Establishment of valuation allowances | 37,802 | 22,892 | 51,911 |
| Goodwill impairment | 25,677 | — | — |
| Return-to-provision adjustments | (524) | (521) | 3,551 |
| Foreign tax credit | (5,707) | — | — |
| Other | 4,656 | 560 | (906) |
| Total income tax expense (benefit) | $ 23,794 | $ (2,950) | $ 72,918 |

A reconciliation using the Netherlands statutory rate was not provided as there are no significant operations in the Netherlands.

Deferred tax assets and liabilities are recorded for the anticipated future tax effects of temporary differences between the financial statement basis and tax basis of our assets and liabilities and are measured using the tax rates and laws expected to be in effect when the differences are projected to reverse. A valuation allowance is recorded when it is not more likely than not that some or all the benefit from the deferred tax asset will be realized.

Significant components of deferred tax assets and liabilities are as follows (in thousands):

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Deferred tax assets** | | |
| Foreign net operating loss | $ 17,121 | $ 13,290 |
| U.S. net operating loss | 104,105 | 76,349 |
| Research and development credit | 1,016 | 609 |
| Foreign tax credit carryover | 422 | — |
| Intangibles | 9,365 | 5,933 |
| Inventory | 2,280 | 2,350 |
| Property and equipment | 16,161 | 14,621 |
| Investment in partnership | 24,372 | 23,931 |
| Other | 1,442 | 773 |
| Valuation allowance | (130,010) | (84,972) |
| Total deferred tax assets | 46,274 | 52,884 |
| **Deferred tax liabilities** | | |
| Investment in partnership | (23,728) | (27,352) |
| Property and equipment | (1,253) | (3,652) |
| Goodwill | (7,297) | (7,259) |
| Other | (329) | (221) |
| Total deferred liabilities | (32,607) | (38,484) |
| Net deferred tax assets (liabilities) | $ 13,667 | $ 14,400 |

As of December 31, 2019, we have income tax net operating loss ("NOL") carryforwards related to both our U.S. and foreign operations of approximately $443.6 million. In addition, we have research and development tax credit carryforwards of approximately $1.0 million. The ultimate utilization of the NOLs and research and development credits depend on the ability to generate sufficient taxable income in the appropriate tax jurisdiction. These tax attributes expire as follows (in thousands):

| Year of Expiration | U.S. NOLs | Foreign NOLs | R&D Credits |
|---|---|---|---|
| 2020 - 2024 | $ — | $ 11,598 | $ — |
| 2025 - 2029 | — | 8,084 | — |
| 2030 - 2038 | 196,550 | — | 1,016 |
| Does not expire | 174,623 | 52,746 | — |
| | $ 371,173 | $ 72,428 | $ 1,016 |

The valuation allowance on our NOLs increased from $85.0 million to $130.0 million during 2019 as a result of accumulated tax losses in both the U.S. and various foreign tax jurisdictions. We evaluated all available evidence and determined that it is more likely than not that these losses will not be realized.

It is our intention that all cash and earnings of our subsidiaries as of December 31, 2019 are permanently reinvested and will be used to meet operating cash flow needs. Existing plans do not demonstrate a need to repatriate foreign cash to fund parent company activity, however, should we determine that parent company funding is required, we estimate that any such cash needs may be met without adverse tax consequences.

As of December 31, 2019 and 2018, we had total gross uncertain tax positions of $0.3 million. Substantially all of the uncertain tax positions, if recognized in the future, would impact our effective tax rate. We have elected to classify interest and penalties incurred on income taxes as income tax expense.

We file income tax returns in the U.S. and various international tax jurisdictions. As of December 31, 2019, our U.S. tax returns remain open to examination for the tax years 2017 through 2018, and the major foreign taxing jurisdictions to which we are subject to tax are open to examination for the tax years 2010 through 2018.

## Note 17—Commitments and Contingencies

*Commitments*

We are committed under various operating lease agreements primarily related to real estate, vehicles and certain equipment that expire at various dates throughout the next several years. Please see Note 2—Leases in these Notes to Consolidated Financial Statements for additional information.

We also have purchase commitments related to inventory in the amount of $34.1 million at December 31, 2019. We enter into purchase commitments as needed.

*Contingencies*

We are the subject of lawsuits and claims arising in the ordinary course of business from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. We had no material accruals for loss contingencies, individually or in the aggregate, as of December 31, 2019 and December 31, 2018. We believe the probability is remote that the ultimate outcome of these matters would have a material adverse effect on our financial position, results of operations or cash flows.

We are conducting an internal investigation of the operations of certain of our foreign subsidiaries in West Africa including possible violations of the U.S. Foreign Corrupt Practices Act (“FCPA”), our policies and other applicable laws. In June 2016, we voluntarily disclosed the existence of our extensive internal review to the SEC, the U.S. Department of Justice (“DOJ”) and other governmental entities. It is our intent to continue to fully cooperate with these agencies and any other applicable authorities in connection with any further investigation that may be conducted in connection with this matter. While our review has not indicated that there has been any material impact on our previously filed financial statements, we have continued to collect information and cooperate with the authorities, but at this time are unable to predict the ultimate resolution of these matters with these agencies.

As disclosed above, our investigation into possible violations of the FCPA remains ongoing, and we will continue to cooperate with the SEC, DOJ and other relevant governmental entities in connection therewith. At this time, we are unable to predict the ultimate resolution of these matters with these agencies, including any financial impact to us. Our board and management are committed to continuously enhancing our internal controls that support improved compliance and transparency throughout our global operations.

## Note 18—Severance and Other Charges (Credits), net

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Severance and other costs | $ 9,744 | $ 4,552 | $ 2,697 |
| Fixed asset impairments and retirements | 32,916 | — | 6,454 |
| Inventory impairments | 4,471 | — | 51,181 |
| Intangible asset impairments | 3,299 | — | — |
| Accounts receivable write-off (recovery) | — | (4,862) | 15,022 |
| | $ 50,430 | $ (310) | $ 75,354 |

*Severance and other costs*: We incurred costs due to a continued effort to adjust our cost base, including reducing our workforce to meet the depressed demand in the industry. At December 31, 2019, our outstanding liability associated with our current program was approximately $5.8 million and included severance payments and other employee-related separation costs.

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

| | Tubular Running Services | Tubulars | Cementing Equipment | Corporate | Total |
|---|---|---|---|---|---|
| Balance at December 31, 2018 | $ — | $ — | $ — | $ — | $ — |
| Additions for costs expensed | 3,573 | 70 | 2,103 | 3,998 | 9,744 |
| Severance and other payments | (1,593) | (51) | (471) | (1,762) | (3,877) |
| Other adjustments | 20 | — | — | (50) | (30) |
| Balance at December 31, 2019 | $ 2,000 | $ 19 | $ 1,632 | $ 2,186 | $ 5,837 |

*Fixed asset impairments and retirements*: During the year ended December 31, 2017, we identified certain equipment that based on specifications and current market conditions no longer had economic utility and therefore had reached the end of its useful life, as well as abandoned capital projects. Accordingly, management decided to retire this equipment, which resulted in charges of $6.5 million. During the year ended December 31, 2019, we undertook a comprehensive business review in conjunction with a sharp decline in U.S. land activity. Through this review, we identified certain fixed assets, primarily construction in progress, that were not commercially viable given current market conditions. This resulted in an impairment charge of $32.9 million.

*Inventory impairments*: During the year ended December 31, 2017, we determined the cost of our connector inventory exceeded its net realizable value, which resulted in a charge of $51.2 million. During the year ended December 31, 2019, certain inventories in our Tubular Running Services, Cementing Equipment and Tubulars segments were determined to have costs that exceeded their net realizable values, resulting in a charge of $4.5 million.

*Intangible asset impairments:* During the year ended December 31, 2019, we identified certain intangible assets that no longer had commercial viability to the Company, resulting in an impairment charge of $3.3 million. Please see Note 1—Basis of Presentation and Significant Accounting Policies in these Notes to Consolidated Financial Statements for additional details.

*Accounts receivable write-off (recovery)*: We have experienced payment delays from certain customers in Nigeria, Angola and Venezuela. During the fourth quarter of 2017 management decided to significantly reduce our footprint in Nigeria and Angola and temporarily cease operations in Venezuela, which we believe will diminish our ability to collect amounts owed. As a result, we wrote off trade accounts receivable of $15.0 million during the year ended December 31, 2017. In 2018, we recovered $4.9 million of previously written off receivables from a customer in Angola.

**Note 19—Supplemental Cash Flow Information**

Supplemental cash flows and non-cash transactions were as follows for the periods indicated (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Cash paid for interest | $ 1,005 | $ 273 | $ 296 |
| Cash paid (received) for income taxes, net of refunds | 13,330 | 1,848 | (20,732) |
| | | | |
| Non-cash transactions: | | | |
| Change in accruals related to purchases of property, plant and equipment and intangibles | $ 781 | $ 5,910 | $ 5,761 |
| Insurance premium financed by note payable | — | 6,798 | 5,125 |
| Net transfers from inventory to property, plant and equipment | 3,190 | 4,529 | 4,689 |

**Note 20—Segment Information**

*Reporting Segments*

Operating segments are defined as components of an enterprise for which separate financial information is available that is regularly evaluated by the Company’s CODM in deciding how to allocate resources and assess performance. During 2018, changes to the Company’s organizational structure were internally announced. These changes allow each segment to operate as an “independent” business in order to drive accountability and streamline decision-making, while leveraging the advantages of our global infrastructure. During the first quarter of 2019, the Company’s CODM changed the information he regularly reviews to allocate resources and assess performance and we accordingly realigned our reporting segments into three reportable segments: Tubular Running Services (“TRS”) segment, Tubulars segment and Cementing Equipment (“CE”) segment. The TRS segment represents the prior International Services and U.S. Services segments, as well as the costs associated with manufacturing the TRS equipment. Corporate costs that were previously included in the International Services and U.S. Services segments are now included in a separate Corporate component. The Tubulars segment represents the prior Tubular Sales segment and the Drilling Tools business which was previously included within the International Services and U.S. Services segments, less costs associated with TRS equipment manufacturing. The CE segment is comprised of the prior Blackhawk segment. In addition, regional support costs that were previously included in the International Services and U.S. Services segments are now allocated amongst the three current segments, generally based on revenue or headcount. We have revised our segment reporting to reflect our current management approach and recast prior periods to conform to the current segment presentation.

The TRS segment provides tubular running services globally. Internationally, the TRS segment operates in the majority of the offshore oil and gas markets and also in several onshore regions with operations in approximately 50 countries on six continents. In the U.S., the TRS segment provides services in the active onshore oil and gas drilling regions, including the Permian Basin, Eagle Ford Shale, Haynesville Shale, Marcellus Shale and Utica Shale, and in the U.S. Gulf of Mexico. Our customers are primarily large exploration and production companies, including international oil and gas companies, national oil and gas companies, major independents and other oilfield service companies.

The Tubulars segment designs, manufactures and distributes connectors and casing attachments for large outside diameter (“OD”) heavy wall pipe. Additionally, the Tubulars segment sells large OD pipe originally manufactured by various pipe mills, as plain end or fully fabricated with proprietary welded or thread-direct connector solutions and provides specialized fabrication and welding services in support of offshore deepwater projects, including drilling and production risers, flowlines and pipeline end terminations, as well as long-length tubular assemblies up to 400 feet in length. The Tubulars segment also specializes in the development, manufacture and supply of proprietary drilling tool solutions that focus on improving drilling productivity through eliminating or mitigating traditional drilling operational risks.

The CE segment provides specialty equipment to enhance the safety and efficiency of rig operations. It provides specialized equipment, services and products utilized in the construction, completion and abandonment of the wellbore in both onshore and offshore environments. The product portfolio includes casing accessories that serve to improve the installation of casing, centralization and wellbore zonal isolation, as well as enhance cementing operations through advance wiper plug and float equipment technology. Abandonment solutions are primarily used to isolate portions of the wellbore through the setting of barriers downhole to allow for rig evacuation in case of inclement weather, maintenance work on other rig equipment, squeeze cementing, pressure testing within the wellbore, hydraulic fracturing and temporary and permanent abandonments. These offerings improve operational efficiencies and limit non-productive time if unscheduled events are encountered at the wellsite.

*Revenue*

We disaggregate our revenue from contracts with customers by geography for each of our segments, as we believe this best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Intersegment revenue is immaterial.

The following tables presents our revenue disaggregated by geography, based on the location where our services were provided and products sold (in thousands):

| | Year Ended December 31, 2019 | | | |
|---|---|---|---|---|
| | Tubular Running Services | Tubulars | Cementing Equipment | Consolidated |
| United States | $ 147,547 | $ 63,087 | $ 82,538 | $ 293,172 |
| International | 252,780 | 11,600 | 22,368 | 286,748 |
| Total Revenue | $ 400,327 | $ 74,687 | $ 104,906 | $ 579,920 |

| | Year Ended December 31, 2018 | | | |
|---|---|---|---|---|
| | Tubular Running Services | Tubulars | Cementing Equipment | Consolidated |
| United States | $ 142,262 | $ 66,017 | $ 72,316 | $ 280,595 |
| International | 218,783 | 6,286 | 16,829 | 241,898 |
| Total Revenue | $ 361,045 | $ 72,303 | $ 89,145 | $ 522,493 |

| | Year Ended December 31, 2017 | | | |
|---|---|---|---|---|
| | Tubular Running Services | Tubulars | Cementing Equipment | Consolidated |
| United States | $ 116,795 | $ 57,882 | $ 70,007 | $ 244,684 |
| International | 203,583 | 5,511 | 1,017 | 210,111 |
| Total Revenue | $ 320,378 | $ 63,393 | $ 71,024 | $ 454,795 |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| United States | $ 293,172 | $ 280,595 | $ 244,684 |
| Europe/Middle East/Africa | 155,278 | 127,968 | 132,768 |
| Latin America | 72,720 | 46,553 | 33,131 |
| Asia Pacific | 35,909 | 35,327 | 26,109 |
| Other countries | 22,841 | 32,050 | 18,103 |
| Total Revenue | $ 579,920 | $ 522,493 | $ 454,795 |

We are a Netherlands based company and we derive our revenue from services and product sales to clients primarily in the oil and gas industry. No single customer accounted for more than 10% of our revenue for the years ended December 31, 2019 and 2018. For the year ended December 31, 2017, one customer accounted for 10% of our revenue and all three of our segments generated revenue from this customer.

The revenue generated in the Netherlands was immaterial for the years ended December 31, 2019, 2018 and 2017. Other than the United States, no individual country represented more than 10% of our revenue for the years ended December 31, 2019, 2018 and 2017.

*Adjusted EBITDA*

We define Adjusted EBITDA as net income (loss) before interest income, net, depreciation and amortization, income tax benefit or expense, asset impairments, gain or loss on disposal of assets, foreign currency gain or loss, equity-based compensation, unrealized and realized gain or loss, the effects of the TRA, other non-cash adjustments and other charges or credits. We review Adjusted EBITDA on both a consolidated basis and on a segment basis. We use Adjusted EBITDA to assess our financial performance because it allows us to compare our operating performance on a consistent basis across periods by removing the effects of our capital structure (such as varying levels of interest expense), asset base (such as depreciation and amortization), income tax, foreign currency exchange rates and other charges and credits. Adjusted EBITDA has limitations as an analytical tool and should not be considered as an alternative to net income (loss), operating income (loss), cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP.

Our CODM uses Adjusted EBITDA as the primary measure of segment reporting performance.

The following table presents a reconciliation of Segment Adjusted EBITDA to net loss (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| **Segment Adjusted EBITDA:** | | | |
| Tubular Running Services | $ 85,601 | $ 62,515 | $ 39,586 |
| Tubulars | 11,575 | 11,246 | 3,602 |
| Cementing Equipment | 14,089 | 8,617 | 6,421 |
| Corporate (1) | (53,744) | (49,146) | (43,894) |
| Total | 57,521 | 33,232 | 5,715 |
| Goodwill impairment | (111,108) | — | — |
| Severance and other (charges) credits, net | (50,430) | 310 | (75,354) |
| Interest income, net | 2,265 | 4,243 | 2,309 |
| Income tax benefit (expense) | (23,794) | 2,950 | (72,918) |
| Depreciation and amortization | (92,800) | (111,292) | (122,102) |
| Gain (loss) on disposal of assets | (1,037) | 1,309 | 2,045 |
| Foreign currency gain (loss) | (2,233) | (5,675) | 2,075 |
| TRA related adjustments (2) | 220 | (1,359) | 122,515 |
| Charges and credits (3) | (13,933) | (14,451) | (23,742) |
| **Net loss** | $ (235,329) | $ (90,733) | $ (159,457) |

(1) Includes certain expenses not attributable to a particular segment, such as costs related to support functions and corporate executives.
(2) Please see Note 12—Related Party Transactions for further discussion.
(3) Comprised of Equity-based compensation expense (2019: $11,280; 2018: $10,621; 2017: $13,862), Mergers and acquisition expense (2019: none; 2018: $58; 2017: $459), Unrealized and realized gains (losses) (2019: $228; 2018: $1,682; 2017: $(2,791)), Investigation-related matters (2019: $3,838; 2018: $5,454; 2017: $6,143) and Other adjustments (2019: $957; 2018: none; 2017: $(487)).

The following table sets forth certain financial information with respect to our reportable segments (in thousands):

| | Tubular Running Services | Tubulars | Cementing Equipment | Corporate | Total |
|---|---|---|---|---|---|
| **Year Ended December 31, 2019** | | | | | |
| Revenue from external customers | $ 400,327 | $ 74,687 | $ 104,906 | $ — | $ 579,920 |
| Operating income (loss) | (3,900) | 7,344 | (124,597) | (91,737) | (212,890) |
| Adjusted EBITDA | 85,601 | 11,575 | 14,089 | (53,744) | * |
| Depreciation and amortization | 61,036 | 2,903 | 16,130 | 12,731 | 92,800 |
| Purchases of property, plant and equipment and intangibles | 16,086 | 2,859 | 16,374 | 1,623 | 36,942 |
| **Year Ended December 31, 2018** | | | | | |
| Revenue from external customers | $ 361,045 | $ 72,303 | $ 89,145 | $ — | $ 522,493 |
| Operating income (loss) | (16,886) | 7,616 | (9,313) | (74,298) | (92,881) |
| Adjusted EBITDA | 62,515 | 11,246 | 8,617 | (49,146) | * |
| Depreciation and amortization | 80,009 | 3,371 | 16,324 | 11,588 | 111,292 |
| Purchases of property, plant and equipment and intangibles | 7,824 | 1,838 | 7,583 | 39,226 | 56,471 |
| **Year Ended December 31, 2017** | | | | | |
| Revenue from external customers | $ 320,378 | $ 63,393 | $ 71,024 | $ — | $ 454,795 |
| Operating loss | (72,524) | (49,902) | (19,571) | (72,745) | (214,742) |
| Adjusted EBITDA | 39,586 | 3,602 | 6,421 | (43,894) | * |
| Depreciation and amortization | 84,219 | 3,557 | 22,739 | 11,587 | 122,102 |
| Purchases of property, plant and equipment and intangibles | 14,437 | 362 | 4,885 | 2,306 | 21,990 |

* Non-GAAP financial measure not disclosed.

The CODM does not review total assets by segment as part of their review of segment results. The following table presents property, plant and equipment ("PP&E") by segment.

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| **Long-Lived Assets (PP&E)** | | |
| Tubular Running Services | $ 132,626 | $ 202,874 |
| Tubulars | 15,162 | 12,921 |
| Cementing Equipment | 34,184 | 27,509 |
| Corporate and shared assets | 146,460 | 173,186 |
| Total | $ 328,432 | $ 416,490 |

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| **Long-Lived Assets (PP&E)** | | |
| United States | $ 207,227 | $ 272,476 |
| International | 121,205 | 144,014 |
| | $ 328,432 | $ 416,490 |

Based on the unique nature of our operating structure, revenue generating assets are interchangeable between two categories: (i) offshore and (ii) onshore. In addition, some of the U.S. land onshore assets cannot be deployed into offshore markets, based upon certification. Such equipment does have application in certain international land markets. Long-lived assets in the Netherlands were insignificant in each of the years presented.

### Note 21—Quarterly Financial Data (Unaudited)

Summarized quarterly financial data for the years ended December 31, 2019 and 2018 is set forth below (in thousands, except per share data).

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total |
|---|---|---|---|---|---|
| **2019** | | | | | |
| Revenue | $ 144,408 | $ 155,654 | $ 140,417 | $ 139,441 | $ 579,920 |
| Gross profit (1) | 19,102 | 25,062 | 20,825 | 16,357 | 81,346 |
| Operating loss (2) | (20,294) | (12,514) | (14,803) | (165,279) | (212,890) |
| Net loss | (28,287) | (15,160) | (23,789) | (168,093) | (235,329) |
| Loss per common share: (3) | | | | | |
| Basic and diluted | $ (0.13) | $ (0.07) | $ (0.11) | $ (0.75) | $ (1.05) |
| **2018** | | | | | |
| Revenue | $ 115,569 | $ 132,085 | $ 128,986 | $ 145,853 | $ 522,493 |
| Gross profit (1) | 2,262 | 13,766 | 12,594 | 17,174 | 45,796 |
| Operating loss | (34,907) | (23,782) | (13,591) | (20,601) | (92,881) |
| Net loss | (42,073) | (25,763) | (6,999) | (15,898) | (90,733) |
| Loss per common share: (3) | | | | | |
| Basic and diluted | $ (0.19) | $ (0.12) | $ (0.03) | $ (0.07) | $ (0.41) |

(1) Gross profit is defined as total revenue less cost of revenue less depreciation and amortization attributed to cost of revenue.
(2) Fourth quarter 2019 includes a goodwill impairment charge of $111.1 million, fixed asset impairment charges of $28.8 million, inventory impairments of $4.2 million and intangible asset impairments of $3.3 million. Please see Note 1—Basis of Presentation and Significant Accounting Policies and Note 18—Severance and Other Charges (Credits), net for additional details.
(3) The sum of the individual quarterly income (losses) per share amounts may not agree with year-to-date net income (loss) per common share as each quarterly computation is based on the weighted average number of common shares outstanding during that period.

**Item 9.** ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A.** ***Controls and Procedures***

**Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure, and such information is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2019 at the reasonable assurance level.

**Management's Report Regarding Internal Control**

See *Management's Report on Internal Control Over Financial Reporting* under Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

**Attestation Report of the Registered Public Accounting Firm**

See *Report of Independent Registered Public Accounting Firm* under Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

**Changes in Control Over Financial Reporting**

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B.** ***Other Information***

None.

# PART III

## Item 10. Directors, Executive Officers, and Corporate Governance

Item 10 is incorporated by reference to our definitive proxy statement to be filed pursuant to Regulation 14A under the Exchange Act. We expect to file the definitive proxy statement with the SEC within 120 days after December 31, 2019.

## Item 11. Executive Compensation

Item 11 is incorporated by reference to our definitive proxy statement to be filed pursuant to Regulation 14A under the Exchange Act. We expect to file the definitive proxy statement with the SEC within 120 days after December 31, 2019.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 12 is incorporated by reference to our definitive proxy statement to be filed pursuant to Regulation 14A under the Exchange Act. We expect to file the definitive proxy statement with the SEC within 120 days after December 31, 2019.

## Item 13. Certain Relationships and Related Transactions, and Director Independence

Item 13 is incorporated by reference to our definitive proxy statement to be filed pursuant to Regulation 14A under the Exchange Act. We expect to file the definitive proxy statement with the SEC within 120 days after December 31, 2019.

## Item 14. Principal Accounting Fees and Services

Item 14 is incorporated by reference to our definitive proxy statement to be filed pursuant to Regulation 14A under the Exchange Act. We expect to file the definitive proxy statement with the SEC within 120 days after December 31, 2019.

## PART IV

**Item 15.** ***Exhibits and Financial Statement Schedules***

(a)(1) Financial Statements

Our Consolidated Financial Statements are included under Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K. For a listing of these statements and accompanying footnotes, see "Index to Consolidated Financial Statements" at page 56.

(a)(2) Financial Statement Schedules

Schedule II - Valuation and Qualifying Accounts

Financial statement schedules are listed on page 108. Schedules not listed above have been omitted because they are not applicable or not required or the information required to be set forth therein is included in Item 8, "Financial Statements and Supplementary Data" or notes thereto.

(a)(3) Exhibits

The following exhibits are filed or furnished with this Report or incorporated by reference:

| | |
|---|---|
| 3.1 | Deed of Amendment to Articles of Association of Frank's International N.V., dated May 19, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-36053), filed on May 25, 2017). |
| *4.1 | Description of Registrant's Securities |
| 10.1 | Credit Agreement, dated as of November 5, 2018, by and among Frank's International C.V., Frank's International, LLC and Blackhawk Group Holdings, LLC (as Borrowers), Frank's International N.V., Frank's International GP, LLC, Frank's International, L.P., Frank's International LP B.V., Frank's International Partners B.V., Frank's International Management B.V., Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, and Trinity Tool Rentals, LLC (as Guarantors), JPMorgan Chase Bank, N.A. (as Administrative Agent and Issuing Bank), and the lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 25, 2019). |
| 10.2 | First Amendment and Limited Consent and Waiver to the Credit Agreement, dated as of March 8, 2019, by and among Frank's International Management B.V., acting as sole general partner and on behalf of Frank's International C.V., Frank's International, LLC, and Blackhawk Group Holdings, LLC, in each case, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent, and the issuing banks and lenders party thereto (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on May 7, 2019). |
| 10.3 | U.S. Pledge and Security Agreement, dated as of November 5, 2018, by and among Frank's International, LLC, Blackhawk Group Holdings, LLC, Frank's International GP, LLC, Frank's International, LP, Blackhawk Intermediate Holdings, LLC, Blackhawk Specialty Tools, LLC, Trinity Tool Rentals, LLC (as Grantors) and JPMorgan Chase Bank, N.A. (as Administrative Agent) (incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 25, 2019). |
| 10.4 | Dutch Pledge Agreement, dated as of November 5, 2018, by and among Frank's International C.V., Frank's International LP B.V., Frank's International Partners B.V., Frank's International N.V., and Frank's International Management B.V. (as Pledgors) and JPMorgan Chase Bank, N.A. (as Pledgee) (incorporated by reference to Exhibit 10.3 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 25, 2019). |

| | |
|---|---|
| †10.5 | Indemnification Agreement dated August 14, 2013, by and among Frank's International N.V. and Donald Keith Mosing (incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K (File No. 001-36053), filed on August 19, 2013) (incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 25, 2019). |
| †10.6 | Indemnification Agreement dated August 14, 2013, by and among Frank's International N.V. and Kirkland D. Mosing (incorporated by reference to Exhibit 10.12 to the Current Report on Form 8-K (File No. 001-36053), filed on August 19, 2013). |
| †10.7 | Indemnification Agreement dated August 14, 2013, by and among Frank's International N.V. and Steven B. Mosing (incorporated by reference to Exhibit 10.15 to the Current Report on Form 8-K (File No. 001-36053), filed on August 19, 2013). |
| †10.8 | Indemnification Agreement dated November 6, 2013, by and between Frank's International N.V. and Michael C. Kearney (incorporated by reference to Exhibit 10.11 to the Annual Report on Form 10-K (File No. 001-36053), filed on March 6, 2015). |
| †10.9 | Indemnification Agreement dated January 23, 2015, by and between Frank's International N.V. and William B. Berry (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-36053), filed on January 27, 2015). |
| †10.10 | Indemnification Agreement dated May 20, 2016, by and between Frank's International N.V. and Michael E. McMahon (incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 27, 2018). |
| †10.11 | Indemnification Agreement dated May 20, 2016, by and between Frank's International N.V. and Alexander Vriesendorp (incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 27, 2018). |
| †10.12 | Indemnification Agreement dated March 2, 2017, by and between Frank's International N.V. and Kyle McClure (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 7, 2017). |
| †10.13 | Indemnification Agreement dated March 19, 2017, by and between Frank's International N.V. and Robert Drummond (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 7, 2017). |
| †10.14 | Indemnification Agreement dated February 19, 2018, by and between Frank's International N.V. and Scott A. McCurdy (incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 27, 2018). |
| †10.15 | Indemnification Agreement dated May 8, 2018, by and between Frank's International N.V. and Darren C. Miles (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on May 8, 2018). |
| †10.16 | Indemnification Agreement dated June 13, 2018, by and between Frank's International N.V. and Steven Russell (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 8, 2018). |
| †10.17 | Indemnification Agreement dated June 18, 2018, by and between Frank's International N.V. and Nigel Lakey (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 8, 2018). |
| †10.18 | Indemnification Agreement dated June 25, 2018, by and between Frank's International N.V. and John Symington (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 8, 2018). |
| †10.19 | Indemnification Agreement dated January 15, 2019, by and between Frank's International N.V. and Melanie M. Trent (incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 25, 2019). |
| †10.20 | Indemnification Agreement dated May 29, 2019, by and between Frank's International N.V. and Melissa Cougle (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 6, 2019). |
| †10.21 | Separation Agreement and Release, dated as of June 24, 2019 and effective as of July 1, 2019, by and between Kyle McClure and Frank's International N.V. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 6, 2019). |

| | |
|---|---|
| †10.22 | Employment Offer Letter for Michael C. Kearney effective as of September 26, 2017 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File no. 001-36053), filed on November 2, 2017). |
| †10.23 | Employment Assignment Letter for Steven Russell dated June 1, 2018 and effective as of June 13, 2018 (incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 8, 2018). |
| †10.24 | Employment Offer Letter for Nigel Lakey dated May 25, 2018 and effective as of June 18, 2018 (incorporated by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 8, 2018). |
| *†10.25 | Employment Offer Letter for Nigel Lakey dated November 7, 2019 and effective as of November 17, 2019. |
| †10.26 | Employment Agreement, dated June 19, 2013, between Blackhawk Specialty Tools, LLC and Scott McCurdy (incorporated by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 8, 2018). |
| *†10.27 | Separation Agreement and Release, dated as of November 15, 2019 and effective as of December 31, 2019, by and between Scott McCurdy and Frank's International N.V. |
| †10.28 | Employment Offer Letter for John Symington dated May 30, 2018 and effective as of June 25, 2018 (incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 25, 2019). |
| †10.29 | Employment Offer Letter for Melissa Cougle dated May 20, 2019 and effective as of May 29, 2019 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 6, 2019). |
| †10.30 | Frank's International N.V. 2013 Long-Term Incentive Plan (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-8 (File No. 333-190607), filed on August 13, 2013). |
| †10.31 | Frank's International N.V. Employee Stock Purchase Plan (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-8 (File No. 333-190607), filed on August 13, 2013). |
| †10.32 | First Amendment to Frank's International N.V. Employee Stock Purchase Plan effective as of December 31, 2013 (incorporated by reference to Exhibit 10.16 to the Annual Report on Form 10-K (File No. 001-36053), filed on March 4, 2014). |
| †10.33 | Second Amendment to Frank's International N.V. Employee Stock Purchase Plan effective as of November 5, 2014 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on November 7, 2014). |
| †10.34 | Third Amendment to Frank's International N.V. Employee Stock Purchase Plan effective as of January 1, 2016 (incorporated by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 5, 2015). |
| †10.35 | Fourth Amendment to Frank's International N.V. Employee Stock Purchase Plan effective as of November 1, 2018 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on November 6, 2018). |
| †10.36 | Frank's International N.V. 2013 Long-Term Incentive Plan Employee Restricted Stock Unit Agreement (Time Vested Form) (incorporated by reference to Exhibit 10.36 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 29, 2016). |
| †10.37 | Frank's International N.V. 2013 Long-Term Incentive Plan Employee Restricted Stock Unit Agreement (Performance Based Form) (incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 29, 2016). |
| †10.38 | Frank's International N.V. 2013 Long-Term Incentive Plan Restricted Stock Unit Agreement (Non-Employee Director Form) (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on July 28, 2016). |
| †10.39 | Frank's International N.V. 2013 Long-Term Incentive Plan Employee Restricted Stock Unit Agreement (Special Incentives and Retention Form) (incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 24, 2017). |
| †10.40 | Frank's International N.V. 2013 Long-Term Incentive Plan Employee Restricted Stock Unit Agreement (Supplemental Grant Form) (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on November 2, 2017). |

| | |
|---|---|
| †10.41 | Frank’s International N.V. 2013 Long-Term Incentive Plan Employee Restricted Stock Unit Agreement (Performance Based Form) (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on May 8, 2018). |
| †10.42 | Frank’s International N.V. 2013 Long-Term Incentive Plan Restricted Stock Unit Agreement (2018 Time Vested Form) (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on November 6, 2018) |
| †10.43 | Frank’s International N.V. 2013 Long-Term Incentive Plan Restricted Stock Unit Agreement (2018 Performance Based Form) (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on November 6, 2018). |
| †10.44 | Frank’s International N.V. Executive Change-in-Control Severance Plan, dated May 20, 2015 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36053), filed on May 27, 2015). |
| †10.45 | Frank’s International N.V. Executive Amended and Restated U.S. Executive Change-in-Control Severance Plan, dated January 21, 2019 (incorporated by reference to Exhibit 10.52 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 25, 2019). |
| †10.46 | Form of Frank’s International N.V. Executive Change-in-Control Severance Plan Participation Agreement (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on August 5, 2015). |
| †10.47 | Frank’s International N.V. U.S. Executive Retention and Severance Plan, dated January 21, 2019 (incorporated by reference to Exhibit 10.54 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 25, 2019). |
| †10.48 | Frank’s Executive Deferred Compensation Plan, as amended and restated effective January 1, 2009 (incorporated by reference to Exhibit 10.18 to the Current Report on Form 8-K (File No. 001-36053), filed on August 19, 2013). |
| 10.49 | Tax Receivable Agreement, dated August 14, 2013, by and among Frank’s International N.V., Frank’s International C.V. and Mosing Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-36053), filed on August 19, 2013). |
| 10.50 | Registration Rights Agreement, dated August 14, 2013, by and among Frank’s International N.V., Mosing Holdings, Inc. and FWW B.V. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-36053), filed on August 19, 2013). |
| 10.51 | Form of Limited Waiver of Registration Rights to that certain Registration Rights Agreement, dated as of August 14, 2013, with Mosing Holdings, LLC, FWW B.V., and the other parties thereto (incorporated by reference to Exhibit 10.43 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 24, 2017). |
| 10.52 | Registration Rights Agreement, dated as of November 1, 2016, among Frank’s International N.V., the Bain Capital Investors and certain other investors named therein (incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-3 (File No. 333-214509), filed on November 8, 2016). |
| 10.53 | Global Transaction Agreement, dated July 22, 2013, by and among Frank’s International N.V. and Mosing Holdings, Inc. (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-1/A (File No. 333-188536), filed on July 24, 2013). |
| 10.54 | Amendment No. 10 to the Limited Partnership Agreement of Frank’s International C.V., effective as of December 1, 2017 (incorporated by reference to Exhibit 10.55 to the Annual Report on Form 10-K (File No. 001-36053), filed on February 27, 2018). |
| †10.55 | Frank’s International N.V. Recoupment Policy effective as of October 30, 2018 (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q (File No. 001-36053), filed on November 6, 2018). |
| *21.1 | List of Subsidiaries of Frank’s International N.V. |
| *23.1 | Consent of KPMG LLP. |
| *23.2 | Consent of PricewaterhouseCoopers LLP. |
| *31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. |

| | |
|---|---|
| *31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. |
| **32.1 | Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350. |
| **32.2 | Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350. |
| *101.1 | The following materials from Frank's International N.V.'s Annual Report on Form 10-K for the year ended December 31, 2019 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Loss; (iv) Consolidated Statements of Stockholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements. |
| *104.1 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

† Represents management contract or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith.

**Item 16.** ***Form 10-K Summary***

None.

**FRANK’S INTERNATIONAL N.V.**

**Schedule II - Valuation and Qualifying Accounts**

**(In thousands)**

| | Balance at Beginning of Period | Additions / Charged to Expense | Deductions | Other | Balance at End of Period |
|---|---|---|---|---|---|
| Year Ended December 31, 2019 | | | | | |
| Allowance for doubtful accounts | $ 3,925 | $ 2,047 | $ (843) | $ — | $ 5,129 |
| Allowance for excess and obsolete inventory | 22,624 | 1,677 | (5,839) | 310 | 18,772 |
| Allowance for deferred tax assets | 84,972 | 45,038 | — | — | 130,010 |
| | | | | | |
| Year Ended December 31, 2018 | | | | | |
| Allowance for doubtful accounts | $ 4,777 | $ 348 | $ (1,200) | $ — | $ 3,925 |
| Allowance for excess and obsolete inventory | 21,584 | 1,800 | (760) | — | 22,624 |
| Allowance for deferred tax assets | 60,524 | 24,448 | — | — | 84,972 |
| | | | | | |
| Year Ended December 31, 2017 | | | | | |
| Allowance for doubtful accounts | $ 14,337 | $ 346 | $ (9,725) | $ (181) | $ 4,777 |
| Allowance for excess and obsolete inventory | 4,626 | 19,727 | (2,769) | — | 21,584 |
| Allowance for deferred tax assets | 5,442 | 56,207 | (1,125) | — | 60,524 |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

| | | | |
|---|---|---|---|
| | | By: | Frank’s International N.V.<br>(Registrant) |
| Date: | February 25, 2020 | By: | /s/ Melissa Cougle<br>Melissa Cougle<br>Chief Financial Officer |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 25, 2020.

| Signature | Title |
|---|---|
| /s/ Michael C. Kearney<br>Michael C. Kearney | Chairman, President and Chief Executive Officer<br>(Principal Executive Officer) |
| /s/ Melissa Cougle<br>Melissa Cougle | Senior Vice President and Chief Financial Officer<br>(Principal Financial and Accounting Officer) |
| /s/ William B. Berry<br>William B. Berry | Supervisory Lead Director |
| /s/ Robert W. Drummond<br>Robert W. Drummond | Supervisory Director |
| /s/ Michael E. McMahon<br>Michael E. McMahon | Supervisory Director |
| /s/ D. Keith Mosing<br>D. Keith Mosing | Supervisory Director |
| /s/ Kirkland D. Mosing<br>Kirkland D. Mosing | Supervisory Director |
| /s/ S. Brent Mosing<br>S. Brent Mosing | Supervisory Director |
| /s/ Melanie M. Trent<br>Melanie M. Trent | Supervisory Director |
| /s/ Alexander Vriesendorp<br>Alexander Vriesendorp | Supervisory Director |

**EXHIBIT 4.1**

# DESCRIPTION OF CAPITAL STOCK

The material provisions of our articles of association and particular provisions of Dutch law relevant to our statutory existence and the Dutch Corporate Governance Code are summarized below. This summary does not restate our articles of association or relevant Dutch law in their entirety. The articles of association, and not this summary, define the rights of holders of shares of our common stock. Our articles of association are registered at the Dutch Trade Register, and an English translation has been filed with the SEC and is incorporated by reference as an exhibit to our Annual Report filed on Form 10-K.

## Authorized Capital

Our authorized capital stock is 798,096,000 shares, consisting of 798,096,000 shares of common stock, par value €0.01 per share. No preferred shares are currently authorized by our articles of association.

Under Dutch law, our authorized capital stock is the maximum capital that we may issue without amending our articles of association. An amendment of our articles of association would require a resolution from the general meeting of shareholders.

## Issuance of Capital Stock

Under Dutch law, we may only issue capital stock pursuant to a resolution of the general meeting of shareholders, unless another corporate body has been designated to do so by a resolution of the general meeting of shareholders or by our articles of association.

Our management board is designated by the articles of association for a period of five years from May 19, 2017 to issue shares and grant rights to subscribe for shares up to the amount of unissued shares in our authorized capital stock, subject to the approval of our supervisory board. The designation may be extended from time to time, with periods not exceeding five years, by a resolution of the general meeting of shareholders adopted with a simple majority. If and when said authority is not or no longer delegated to another corporate body, the general meeting of shareholders may only decide to issue shares and grant rights to subscribe for shares at the proposal of the management board, which proposal shall have been approved by the supervisory board.

## Pre-Emptive Rights

Under Dutch law, in the event of an issuance of shares of common stock, each holder of common stock will have a pro rata preemptive right based on the number of shares of common stock held by such shareholder. Preemptive rights do not apply with respect to shares of common stock issued against contributions other than in cash or shares of common stock issued to our employees or the employees of one of our group companies. Our management board is authorized by the articles of association for a period of five years from May 19, 2017 to limit or exclude any pre-emptive rights to which shareholders may be entitled in connection with the issuance of shares, subject to the approval of our supervisory board. The above authority to limit or exclude pre-emptive rights can only be exercised if at that time the authority to issue shares is in full force and effect. The authority to limit or exclude pre-emptive rights may be extended from time to time, with periods not exceeding five years, by a resolution of the general meeting of shareholders adopted with a simple majority. If authority is not delegated to another corporate body, the general meeting of shareholders may only decide to limit or exclude pre-emptive rights.

## Repurchase of Shares of Capital Stock

Under Dutch law, a public company with limited liability (*naamloze vennootschap*) may acquire its own shares, subject to certain provisions of Dutch law and the articles of association. We may acquire our own shares either without paying any consideration, or in the event any consideration must be paid only if (i) our shareholders' equity less the acquisition price is not less than the sum of paid-up and called-up capital and any reserve required to be maintained by law or our articles of association, (ii) we and our subsidiaries would not thereafter hold or hold shares as a pledgee with an aggregate par value exceeding 50% of our issued capital stock and (iii) the general meeting of shareholders has authorized the management board to effect such acquisitions, subject to the approval of our supervisory board.

Our management board is currently authorized, subject to approval from our supervisory board, by resolution of the 2019 annual general meeting held on May 22, 2019, to repurchase up to a total of 10% of the issued share capital, at a price between $0.01 and 105% of the market price on the NYSE, for a period of 18 months from said annual general meeting. It is our intention to propose to renew such authorization at each annual general meeting.

**Capital Reduction**

Subject to Dutch law and our articles of association, pursuant to a proposal of the management board, which proposal shall be approved by our supervisory board, the general meeting of shareholders may resolve to reduce the outstanding capital stock by cancellation of shares or by reducing the nominal value of the shares by means of an amendment to our articles of association. Dutch law requires that this resolution be adopted by an absolute majority of votes cast, or by a two-thirds majority of the votes cast, if less than half of the issued capital stock is present or represented at the meeting.

**Dividends**

Subject to certain exceptions, Dutch law provides that dividends may only be paid out of profits as shown in our annual financial statements as adopted by the general meeting of shareholders. Moreover, dividends may be distributed only to the extent the shareholders' equity exceeds the sum of the amount of paid-up capital and any reserves that must be maintained under the law or our articles of association. Interim dividends may be declared as provided in the articles of association and may be distributed to the extent that the shareholders' equity exceeds the amount of the paid-up capital plus any reserves that must be maintained under the law or the articles of association as apparent from a statement of assets and liabilities prepared on the basis of generally accepted accounting principles. Interim dividends should be regarded as advances on the final dividend that a company intends to declare with respect to the ongoing financial year or—if the annual accounts have not yet been adopted—the previous financial year.

Should it be determined that any distribution made was not permitted, the shareholders or any other person entitled to profits must repay the dividends declared to the extent such shareholder or person was or ought to have been aware that the distribution was not permitted.

Pursuant to our articles of association, the management board, subject to the approval of our supervisory board, decides what portion of our profit is to be held as reserves. Holders of our common stock are not entitled to any dividends unless declared by our management board.

**General Meeting of Shareholders**

***Procedures and Admissions***

Pursuant to our articles of association, general meetings of shareholders are held in Amsterdam, The Netherlands in the municipality in which the company has its statutory seat, or at Schiphol (Municipality of Haarlemmermeer). A general meeting of shareholders will be held at least once a year within the period required by Dutch law, which is currently no later than six months after the end of our financial year, unless our articles of association provide for a shorter period.

Extraordinary general meetings of shareholders will be held as frequently as needed; however they must be convened by the management board and/or the supervisory board. Our management board and/or the supervisory board must give public notice of a general meeting of shareholders or an extraordinary meeting of shareholders, by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently fifteen days.

The agenda for a meeting of shareholders must contain such items as the management board, supervisory board or the person or persons convening the meeting determine. The agenda shall also include any matter, the consideration of which has been requested by one or more shareholders, representing alone or jointly with others at least such percentage of the issued capital stock as determined by Dutch law, which is currently set at three percent. The request to consider such matter should have been received by us no later than on the 60th day prior to the day of the meeting accompanied by a statement containing the reasons for the request.

The agenda for the annual general meeting of shareholders shall contain, among other items, items placed on the agenda in accordance with Dutch law and our articles of association, the consideration of the annual report, the discussion and adoption of our annual accounts, our policy regarding dividends and reserves and the proposal to pay a dividend (if applicable), proposals relating to the composition of the management board and supervisory board, including the filling of any vacancies on those boards, the proposals placed on the agenda by those boards, including but not limited to a proposal to grant discharge to the members of the management board for their management and the supervisory board for their supervision during the financial year, together with the items proposed by shareholders in accordance with provisions of Dutch law and our articles of association.

Shareholders are entitled to attend our general meeting of shareholders, to address the general meeting of shareholders and to vote, either in person or represented by a person holding a written proxy. The requirement that a proxy must be in written form is also fulfilled when it is recorded electronically.

The holder of a right of usufruct or a pledgee with voting rights is entitled to request an item to be placed on the agenda of the general meeting of shareholders, to attend the general meeting of shareholders, to address the general meeting of shareholders and to vote.

Under Dutch law, shareholders’ resolutions may be adopted in writing without holding a meeting of shareholders, provided that (i) the articles of association explicitly allow such practice and (ii) all shareholders are in favor of the resolution to be adopted. Our articles of association, however, will not provide for shareholder action by written consent as it is not practicable for a listed company.

Members of the management board and supervisory board are authorized to attend general meetings of shareholders. They have an advisory vote. The general meeting of shareholders is presided over by the chairman. In the absence of the chairman, one of the other supervisory directors presides over the meeting.

***Voting Rights***

Under Dutch law and our articles of association, each share of common stock confers the right to cast one vote at the general meeting of shareholders. Resolutions by the general meeting of shareholders must be adopted by an absolute majority of votes cast, unless another standard of votes and / or a quorum is required by virtue of Dutch law or our articles of association. There is no required quorum under Dutch law for shareholder action at a properly convened shareholder meeting, except in specific instances prescribed by Dutch law or our articles of association.

Each shareholder has the right to participate in, address and exercise its right to vote at the general meeting of shareholders in person or by written proxy or by electronic means of communication, subject to certain conditions for the use of electronic means of voting set by or pursuant to the articles of association.

No votes may be cast at a general meeting of shareholders on the shares held by us or our subsidiaries. Nonetheless, the holders of a right of usufruct and the holders of a right of pledge in respect of the shares held by us or our subsidiaries in our capital stock are not excluded from the right to vote on such shares, if the right of usufruct or the right of pledge was granted prior to the time such shares were acquired by us or any of our subsidiaries. Neither we nor our subsidiaries may cast votes in respect of a share on which we or such subsidiary holds a right of usufruct or a right of pledge.

Under Dutch law, our management board is not required to set a record date for a general meeting to determine those shareholders that are entitled to vote at the general meeting. Our management board has selected to adopt a record date. Dutch law requires that the record date be on the 28th day prior to the date of the general meeting. Shareholders as of the record date shall be deemed entitled to attend and to vote at the general meeting. There is no specific provision in Dutch law relating to adjournment of the general meeting of shareholders.

*Nomination Right*

Pursuant to our amended and restated articles of association, our supervisory board consists of up to nine members. The Mosing family will have the right to recommend one director for appointment into the supervisory board for each 10% of our outstanding common stock they collectively beneficially own, up to a maximum of five directors. The remaining directors, including any directors for which the Mosing family does not exercise its recommendation right, are appointed on recommendation of the Supervisory Board. A recommendation submitted on time is binding. However, the general meeting may disregard the recommendation if it adopts a resolution to that effect by a majority of no less than two-thirds of the votes cast, representing over one-half of the issued capital.

Director candidates proposed to be appointed by one or more shareholders, representing alone or jointly with others at least three percent of the issued capital stock as determined by our Articles and Dutch law, will be included in the Company's proxy material or presented at the annual general meeting. The qualified shareholder must submit the matter to the Company's Secretary no later than on the 60th day prior to the day of the annual general meeting.

**Shareholder Vote on Certain Reorganizations**

Under Dutch law, the approval of our general meeting of shareholders is required for any significant change in the identity of us or our business.

**Appraisal Rights**

Subject to certain exceptions, Dutch law does not recognize the concept of appraisal or dissenters' rights.

**Anti-Takeover Provisions**

Under Dutch law, protective measures against takeovers are possible and permissible, within the boundaries set by Dutch law and Dutch case law.

The following resolutions and provisions of our articles of association may have the effect of making a takeover of our company more difficult or less attractive, including:

- our management board, subject to the approval of our supervisory board, will be designated to issue shares and grant rights to subscribe for shares of common stock, up to the amount of our authorized capital stock and to limit or exclude pre-emptive rights on shares, both for a period of five years from May 19, 2017; and
- shareholder action by written consent will not be permitted, thereby requiring all shareholder actions to be taken at a general meeting of shareholders.

**Inspection of Books and Records**

The management board provides all information required by Dutch law at the general meeting of shareholders and makes the information available to individual shareholders at the office of the company with copies available upon request. The part of our shareholders' register kept in The Netherlands is available for inspection by the shareholders.

**Amendment of the Articles of Association**

The general meeting of shareholders is able to effect an amendment of the articles of association only upon a proposal of our management board, which proposal shall be approved by our supervisory board. A proposal to amend the articles of association whereby any change would be made in the rights which vest in the holders of shares in a specific class in their capacity as such, shall require the prior approval of the meeting of the holders of the shares of that specific class.

**Dissolution, Merger or Demerger**

The general meeting of shareholders will only be able to effect a dissolution of the company. The liquidation of the company shall be carried out by the managing directors under the supervision of the supervisory board, if and to the extent the general meeting of shareholders has not appointed one or more other liquidators.

Under Dutch law, a resolution for a legal merger (*juridische fusie*) or legal demerger (*juridische splitsing*) is adopted in the same manner as a resolution to amend the articles of association. The general meeting of shareholders may, in accordance with the relevant merger proposal by the management board, adopt a resolution for a legal merger or legal demerger by an absolute majority of the votes cast, unless less than half of the issued capital stock is present or represented at the meeting, in which case a two-thirds majority is required.

**Shareholder Suits**

If a third party is liable to a Dutch company, under Dutch law generally shareholders do not have the right to bring an action on behalf of the company or bring an action on their own behalf to recover damages sustained as a result of a decrease in value, or loss of an increase in value, of their stock. Only in the event that the cause for the liability of such third party to the company also constitutes a tortious act directly against such shareholder and the damages sustained are permanent may that shareholder have an individual right of action against such third party on its own behalf to recover such damages. The Dutch Civil Code provides for the possibility to initiate such actions collectively. A foundation or an association whose objective, as stated in its articles of association, is to protect the rights of a group of persons having similar interests may institute a collective action. The collective action cannot result in an order for payment of monetary damages but may result in a declaratory judgment (*verklaring voor recht*), for example, declaring that a party has acted wrongfully or has breached fiduciary duty. The foundation or association and the defendant are permitted to reach (often on the basis of such declaratory judgment) a settlement, which provides for monetary compensation of damages. A designated Dutch court may declare the settlement agreement binding upon all the injured parties whereby an individual injured party will have the choice to opt-out within the term set by the court (at least three months). Such individual injured party may also individually institute a civil claim for damages within the aforementioned term.

**Squeeze-Out**

Under Dutch law, a shareholder who holds at least 95% of our issued capital for its own account may institute proceedings against the other shareholders jointly for the transfer of their shares to the shareholder. The proceedings are held before the Enterprise Division (*Ondernemingskamer*) of the Court of Appeal in Amsterdam, which may award the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will render an opinion to the Enterprise Chamber on the value of the shares. The court shall disallow the proceedings against all other defendants if (i) notwithstanding compensation, a defendant would sustain serious tangible loss by the transfer; (ii) the defendant is the holder of a share in which a special right of control of the company is vested under the articles of association; or (iii) a claimant has, as against a defendant, renounced his power to institute such proceedings. Once the order for transfer has become final, the acquirer must give written notice of the price and the date on which and the place where the price is payable to the minority shareholders whose addresses are known to the acquirer. Unless all addresses are known to the acquirer, it must also publish the same in a daily newspaper with nationwide distribution.

**EXHIBIT 10.25**

November 7, 2019

Nigel Lakey
Nigel.Lakey@franksintl.com

Dear Nigel:

We are pleased to confirm your offer for the position of Senior Vice President, Technology, of Frank's International, N.V., a limited liability company organized under the laws of the Netherlands (the "***Company***") and of Frank's International, LLC, a Texas limited liability company (the "***Employer***").

**Duties**
In your capacity as Senior Vice President, Technology, you will perform duties and responsibilities that are commensurate with your position and such other duties as may be assigned to you from time to time. You will be a member of the senior leadership team. You agree to devote your full business time, attention, and best efforts to the performance of your duties and to the furtherance of the Company's and the Employer's interests. Notwithstanding the foregoing, nothing in this letter shall preclude you from devoting reasonable periods of time to charitable and community activities, managing personal investment assets and, subject to Board approval (which will not be unreasonably withheld), serving on boards of other companies (public or private) not in competition with the Company or the Employer, provided that none of these activities interferes with the performance of your duties hereunder or creates a conflict of interest.

**Location**
Your principal place of employment shall continue to be at our U.S. headquarters in Houston, Texas, subject to business travel as needed to properly fulfill your employment duties and responsibilities.

**Start Date**
Your anticipated transition date is November 18, 2019.

**Base Salary**
In consideration of your services, you will be paid an initial base salary of $350,000.00 on an annualized basis, subject to periodic review and payable in accordance with the standard payroll practices of the Employer, subject to all withholdings and deductions as required by law.

**Other Terms of Employment**
Other terms and conditions of your employment with the Company will remain in place as currently in effect.

**Governing Law**
This letter shall be governed by the laws of Texas, without regard to conflict of law principles.

Thank you for your service to the Company, and I look forward to your continued success.

Sincerely,

/s/ Michael Kearney_____________
Michael Kearney
Chief Executive Officer

Acceptance of Offer

I have read, understood and accept all the terms of the offer of employment as set forth in the foregoing letter. I have not relied on any agreements or representations, express or implied that are not set forth expressly in the foregoing letter, and this letter supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the subject matter of this letter.

This offer does not change any existing confidentiality, non-competition, or non-solicitation obligations under any agreement or law.

/s/ Nigel Lakey_______ 11/07/2019__________

Nigel Lakey DATE

**EXHIBIT 10.27**

**FRANK’S INTERNATIONAL N.V.**
**U.S. EMPLOYEE SEPARATION AGREEMENT AND RELEASE**

This Separation Agreement and Release (“Agreement”) is by and between **Scott McCurdy** (“Employee”) and Frank’s International N.V. and its affiliated or subsidiary/parent/related companies (collectively referred to as the “Company”). Employee and the Company are collectively referred to as “the Parties.”

1. **Separation Date.** Employee separated from his/her employment with the Company effective **December 31, 2019** (“Separation Date”).

2. **Severance Benefits Provided to Employee**. Only in exchange for Employee’s promises made by signing this Agreement, continued compliance with this Agreement, and compliance with the U.S. Executive Retention and Severance Plan (“Plan”) and any other agreements with the Company, the Company will provide the following severance benefits (“Severance Benefits”) to Employee:

(a) A cash payment of $340,000.00;

(b) A lump sum of $12,500.00, which may be used to pay COBRA premiums following termination;

(c) In addition, you will receive the annual bonus payment for the calendar year ending December 31, 2019 at the time such payment is made to other employees of the Company; for the avoidance of doubt, no individual discretion will be exercised to increase or decrease the amount payable to you under the bonus plan;

(d) Outplacement assistance benefits of $7,500.00

(e) Special Vesting Agreement for Performance and Time-Based Restricted Stock Units, permitting Employee to retain awarded units

The Severance Benefits will be paid to Employee as defined and described in Article II of the U.S. Executive Retention and Severance Plan (providing for payment in ten (10) equal monthly installments following sixty (60) days after the Separation Date and expiration of the seven (7) day revocation period provided in this Agreement). Employee understands and acknowledges that the Severance Benefits are made available to him/her pursuant to the Plan and that Employee is not otherwise entitled to any other compensation or severance pay or benefits. Severance Benefits are not payable under the terms of the Plan unless and until Employee signs and returns this Agreement to the Company, and does not revoke the Agreement.

3. **Compensation Paid in Final Paycheck.** Employee acknowledges that in addition to the Severance Benefits provided in Section 2, that Employee has already or will receive by the date required by applicable law, his/her final paycheck (“Final Paycheck”) including his/her salary or hourly wages owed for time worked through the Separation Date and any unused but accrued/earned paid time off for vacation. If paid hourly, Employee represents that he/she has reported all hours worked and that he/she has been paid for all hours worked, including all overtime. Once this Final Paycheck is paid, Employee represents that he/she will have received all compensation due to him/her, including salary, bonuses, or any other compensation or benefits which Employee believes are owed for any time worked through the Separation Date.

4. **<u>Release of all Claims and Promise Not to Sue</u>.** In return for Company's promises in this Agreement, Employee voluntarily and knowingly hereby waives, releases, and discharges the Company, its current and former parent, predecessor, successor, subsidiary, and affiliate companies, and all of their current and former employees, officers, directors, owners, agents and assigns (collectively the "Released Parties") from all claims, liabilities, demands, and causes of action, known or unknown, fixed or contingent, which Employee may have or claim to have against any of them as a result of Employee's employment and/or termination from employment *and/or as a result of any other matter arising through the date of Employee's signature on this Agreement*. In addition, if Employee continues to work for the Company after signing this Agreement, Employee agrees to sign a separate but similar release of all claims and promise not to sue on his/her Separation Date to cover anything occurring between the signing of this Agreement and the Separation Date. Employee agrees not to file a lawsuit against any Released Parties to assert any such released claims, and Employee agrees not to accept any monetary damages or other personal relief (including legal or equitable relief) in connection with any administrative agency report, disclosure, claim or lawsuit filed by any person or entity or governmental agency with the exception of the same in connection with a report or disclosure to the Securities and Exchange Commission ("SEC"). Employee represents he/she has not already made, transferred or assigned any rights to the claims released in this Agreement. This waiver, release and discharge includes, but is not limited to:

(a) claims arising under federal, state, or local laws regarding employment or prohibiting employment discrimination such as, without limitation, Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Age Discrimination in Employment Act, the Older Workers' Benefit Protection Act, the Genetic Information Nondiscrimination Act, the Occupational Safety and Health Act, the National Labor Relations Act, the Civil Rights Act of 1866 (42 U.S.C. § 1981), the Americans with Disabilities Act, the Fair Labor Standards Act, the Family and Medical Leave Act (FMLA), Chapters 21, 61 and 451 of the Texas Labor Code, all employment and civil rights portions of any Texas or Louisiana statutes or applicable law, Comprehensive Omnibus Budget Reconciliation Act of 1985 (COBRA), the Worker Adjustment and Retraining Notification (WARN) Act;

(b) claims for breach of oral or written contract, whether express or implied, promissory estoppel or quantum meruit;

(c) claims for personal injury, harm, or other damages (whether intentional or unintentional and whether occurring on the job or not, including, without limitation, negligence, defamation, misrepresentation, fraud, intentional infliction of emotional distress, assault, battery, invasion of privacy, and other such tort or injury claims);

(d) claims growing out of any legal restrictions on the Company's right to terminate employment of its employees including any claims based on any violation of public policy or retaliation for taking a protected action;

(e) claims regarding any restrictions on the Company's right to enforce any of Employee's post-termination obligations regarding non-disclosure, non-disparagement, non-competition, non-solicitation, and non-interference;

(f) claims for workers' compensation, wages, overtime, bonuses, incentive compensation, vacation pay, or any other form of compensation;

(g) claims for compensation and/or benefits under any other severance plans or programs, except for the Plan referenced and incorporated in this Agreement; or

(h) claims for benefits including, without limitation, those arising under the Employee Retirement Income Security Act.

NOTHING IN THIS AGREEMENT SHALL WAIVE OR MODIFY THE FOLLOWING RIGHTS IF EMPLOYEE OTHERWISE HAS SUCH RIGHTS:

(a) any right or claim provided under this Agreement;

(b) any right or claim which is not waivable as a matter of law;

(c) any right to seek unemployment compensation benefits if Employee is otherwise qualified under applicable law;

(d) any rights regarding a pending workers' compensation claim, however, Employee states that he/she has no unfiled workers' compensation claim or unreported injury; or

(e) any claim based on facts occurring after this Agreement is signed.

5. **Employee's Release of Age Discrimination Claims**. In addition, Employee acknowledges the following:

(a) This Agreement is written in a manner calculated to be understood by Employee and that Employee in fact understands the terms, conditions and effect of this Agreement.

(b) This Agreement refers to rights or claims arising under the Age Discrimination in Employment Act and Older Workers' Benefit Protection Act.

(c) Employee does not waive rights or claims that may arise after the date this Agreement is executed.

(d) Employee waives rights or claims only in exchange for consideration in addition to anything of value to which Employee is already entitled.

(e) Employee is advised in writing to consult with an attorney prior to executing the Agreement.

(f) Employee has 45 days in which to consider this Agreement before accepting, but need not take that long if the Employee does not wish to. Employee acknowledges that any decision to sign this Agreement before the 45 days have expired was done so voluntarily and not because of any fraud or coercion or improper conduct by Company.

(g) This Agreement allows a period of seven (7) days following Employee's signature on the agreement during which Employee may revoke this Agreement. This Agreement is not effective until after the revocation period has been exhausted without any revocation by Employee. No payments shall be made until after the Agreement becomes effective.

(h) Employee fully understands all of the terms of this waiver agreement and knowingly and voluntarily enters into this Agreement.

(i) Employee has received and reviewed the disclosures contained on Exhibit A regarding the employees considered for separation from employment and the eligibility factors.

(j) Employee has been given this Agreement to consider on **December 31, 2019**. Any notice of acceptance or revocation should be made by Employee to the Company as specified in the Notices section at the end of this Agreement.

6. **Employee's Representations**. Employee is, and will continue to be, in full compliance with any non-disclosure, non-disparagement, non-competition, and non-solicitation obligations owed to the Company Group (defined below), under any agreement or applicable law.

7. **Non-Disclosure of Confidential Information.** Employee acknowledges that he/she has had access to confidential information, training and Company goodwill ("Confidential Information") while employed by the Company, including without limitation, any information obtained by Employee during the course of Employee's employment with the Company, concerning the business or affairs of the Company and its subsidiary and affiliated companies (collectively referred to as the "Company Group") or that of their customers, suppliers, contractors, subcontractors, agents or representatives.

(a) Confidential Information includes any information about the Company Group that has not been intentionally publicly disclosed by the Company Group. Confidential Information likewise includes all information provided to the Company Group by its customers, suppliers, contractors, subcontractors, business partners, joint venturers, agents or representatives, which has not been intentionally publicly disclosed by these persons or entities. While Employee is obligated to comply with all non-disclosure requirements in place with the Company Group's customers, suppliers, contractors, subcontractors, business partners, joint venturers, agents or representatives, the obligations under this Agreement are broader and apply to any non-public information the Company Group or Employee receives from or has access to regarding these third parties, regardless of whether the Company Group is contractually obligated to a third party to keep such information confidential. Confidential Information includes, without limitation, information relating to the services, products, policies, practices, pricing, costs, suppliers, vendors, methods, processes, techniques, finances, administration, employees, devices, trade secrets and operations of the Company Group, any inventions, modifications, discoveries, designs, developments, improvements, processes, software programs, work of authorship, documentation, formula, data, technique, know-how, secret or intellectual property right by any Company Group employee, Company Group customers or potential customers, marketing, sales activities, development programs, promotions, manufacturing, machining, drawings, future and current plans regarding business and customers, e-mails, notes, manufacturing documents, engineering documents, formulas, financial statements, bids, project reports, handling documentation, machinery and compositions, all financial data relating to the Company Group, business methods, accounting and tracking methods, books, inventory handling procedure, credit, credit procedures, indebtedness, financing procedures, investments, trading, shipping, production, processing, welding, fabricating, assembling, renting, domestic and foreign operations, customer and vendor and supplier lists, data storage in any medium (electronic or hard copy) contact information, lab reports, lab work, and any data or materials used in and created during the development of any of the aforementioned materials or processes.

(b) Employee acknowledges that this Confidential Information is confidential, proprietary, not known outside of the Company Group's business, valuable, special and/or a unique asset of the Company Group which belongs to the Company Group and gives the Company Group a competitive advantage. If this Confidential Information were disclosed to third parties or used by third parties and/or Employee, such disclosure or use would seriously and irreparably damage the Company Group and cause the loss of certain competitive advantages. Employee promises he/she has not and will not disclose in any way, or use for Employee's own benefit or for the benefit of anyone besides the Company Group, the Confidential Information described above and obtained by Employee as part of his/her employment with the Company. Employee acknowledges that this promise of non-disclosure and non-use continues indefinitely and specifically does not expire at the end of Employee's employment with the Company.

8. **Reporting to Government Agencies.** Nothing in this Agreement shall prevent Employee from filing a charge or complaint or making a disclosure or report of possible unlawful activity, including a challenge to the validity of this Agreement, with any governmental agency, including but not limited to the Equal Employment Opportunity Commission ("EEOC"), the National Labor Relations Board ("NLRB"), or the SEC, or from participating in any investigation or proceeding conducted by the EEOC, NLRB, SEC, or any federal, state or local agency. This Agreement does not impose any condition precedent (such as prior disclosure to the Company), any penalty, or any other restriction or limitation adversely affecting Employee's rights regarding any governmental agency disclosure, report, claim or investigation. Employee understands and recognizes, however, that even if a report or disclosure is made or a charge is filed by him/her or on his/her behalf with a governmental agency other than the SEC, **Employee will not be entitled to any damages or payment of any money or other relief personal to him/her relating to any event which occurred prior to his/her execution of this Agreement.**

9. **Non-Disparagement.** Employee agrees that he/she shall not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the Company Group or its businesses, business practices, or any of its employees or officers, and existing and prospective customers, suppliers, investors and other associated third parties. This Section does not apply to or in any way restrict or impede Employee from any communications with government agencies as stated above, or complying with any applicable law or court order, or exercising whistleblower or other protected non-waivable legal rights.

10. **Section 409A Compliance**. It is intended that the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended, provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5), and 1.409A-(b)(9) and this Agreement will be construed to the greatest extent possible as consistent with those provisions. To the extent any amount paid under this Agreement is subject to Section 409A, the commencement of payment or provision of any payment or benefit under this Agreement shall be deferred to the minimum extent necessary to prevent the imposition of any excise taxes or penalties on the Company or Employee. Although the Company shall use its best efforts to avoid the imposition of taxation, interest and penalties under Section 409A, the tax treatment of the benefits provided under this Agreement is not warranted or guaranteed. Neither the Company, its affiliates, nor their respective directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Employee or other taxpayer as a result of the Agreement.

11. **Return of Confidential Information and Company Property.** All written, electronic, or other data, materials, records and other documents made by, or coming into the possession or control of, Employee, which contain or disclose Confidential Information shall be and remain the property of the Company. Employee agrees that he/she has returned to the Company, without deletion, copying, or alteration, all property (including property purchased or paid for by the Company in Employee's possession, custody or control) which belongs to the Company, including any keys, access cards, computers, cell phones, pagers, or other equipment and all written or electronic materials, data, information, records, and any other property

in Employee’s possession or control, whether located on or off Company premises, which may concern the Company, its current or potential customers, vendors or suppliers, whether or not confidential or proprietary in nature. Employee shall immediately report to Company any passwords for Employee’s computer or other access codes for anything associated with Employee’s employment with Company.

12. **Post-Employment Cooperation.** Employee agrees to make reasonable efforts to assist Company after his/her separation of employment, including but not limited to, transitioning of Employee’s job duties as well as assisting with any legal proceeding or lawsuit or claim involving matters occurring during his/her employment with Company.

13. **Neutral Reference.** For reference inquiries directed to Human Resources, the Company shall provide a neutral reference regarding Employee’s employment, including Employee’s position and dates of employment and base pay. Company will not respond to, nor is it responsible for, reference inquiries or responses to such inquiries not directed to Human Resources.

14. **Entire Agreement.** Employee has carefully read and fully understands all of the terms of this Agreement. Employee agrees that this Agreement sets forth the entire agreement between the Company and Employee regarding all issues involving his/her termination of employment except that it does not replace or alter in any way any obligations Employee owes to the Company under applicable laws, or owed under any agreements regarding confidentiality, non-disclosure, non-disparagement, non-solicitation, non-competition, duties of loyalty or fiduciary duty. Applicable laws may include, but are not limited to, state laws protecting company trade secrets or other confidential information. Employee further understands that this Agreement does not alter or replace any of the terms or obligations of the Plan.

15. **No Admission.** Employee understands this Agreement is not and shall not be deemed or construed to be an admission by Company of any wrongdoing of any kind or of any breach of any contract, law, obligation, policy, or procedure of any kind or nature.

16. **Injunctive Relief.** Employee acknowledges that damages would be difficult to calculate and/or wholly inadequate for certain breaches of this Agreement. The Company may seek immediate injunctive or other equitable relief to enforce the terms of this Agreement, in addition to any legal or other relief to which Company may be entitled, including damages and attorneys’ fees.

17. **Representations; Modifications; Severability.** Employee acknowledges that he/she has not relied upon any representations or statements, written or oral, not set forth in this Agreement. This Agreement cannot be modified except in writing and signed by both parties. The foregoing notwithstanding, if any part of this Agreement is found to be unenforceable by a court of competent jurisdiction, then such unenforceable portion will be modified to be enforceable, or severed from this Agreement if it cannot be modified, and such modification or severance shall have no effect upon the remaining portions of the Agreement which shall remain in full force and effect.

18. **Applicable Law; Venue; Waiver of Jury Trial.** This Agreement shall be governed by and interpreted under the laws of the State of Texas without regard to Conflict of Laws. The parties agree that any dispute concerning this Agreement shall be brought only in a court of competent jurisdiction in Harris County, Texas, unless another forum or venue is required by law. Both the Company and Employee agree to waive a trial by jury of any or all issues arising under or connected with this Agreement, and consent to trial by the judge.

19. **<u>Successors and Assigns.</u>** This Agreement may be assigned by the Company and shall be binding upon and shall inure to the benefit of the Company Group, and automatically to any other person, association, or entity which may hereafter acquire or succeed to all or substantially all of the business or assets of the Company Group by any means whether direct or indirect, by purchase, merger, consolidation, or otherwise. Employee's obligations under this Agreement are personal and such obligations of Employee shall not be voluntarily or involuntarily assigned, alienated, or transferred by Employee without the prior written consent of the Company, and Employee represents no such rights have previously been transferred.

20. **<u>Notices.</u>** For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall considered as effective (i) when received if delivered personally or by courier; or (ii) on the date receipt is acknowledged if delivered by (a) certified mail, postage prepaid, return receipt requested, or (b) e-mail, with confirmation receipt required, as follows:

If to Employee, addressed to: the last known residential address reflected in the Company's records.

If to the Company/Employer, addressed to: Frank's International, LLC
10260 Westheimer, Suite 700
Houston, TX 77042
Attention: Natalie Questell, Vice President,
Human Resources
E-mail: Natalie.Questell@franksintl.com

Notice of change in address should be provided as stated in this section.

AGREED AND ACCEPTED on this <u>15th</u> day of <u>November, 2019</u>.

<u>/s/ Scott McCurdy</u>
Employee Signature

<u>Scott McCurdy</u>
Employee Printed Name

AGREED AND ACCEPTED on this <u>15th</u> day of <u>November, 2019</u>.
Frank's International N.V.

By: <u>/s/ Michael Kearney</u>
Printed Name: <u>Michael C. Kearney</u>
Printed Title: <u>President & CEO</u>

**<u>Exhibit A</u>**

You and other designated employees of the Company were selected for a separation from employment that will occur on or about November 14, 2019**.** Eligible employees for this program include: Business Unit Presidents. All employees 40 and over who are selected for separation under this program are being given forty-five (45) days to consider whether to accept the separation pay and sign the Separation Agreement and Release and also are being given seven (7) days to revoke this Agreement after signing it.

The job titles and ages of all individuals in the above-referenced category who have been considered for this separation program, as well as the decision for each regarding selection, is provided below:

| **Location** | **Unit** | **Job Title** | **Age** | **Number Selected** | **Number Not Selected** |
|---|---|---|---|---|---|
| Houston | Business Unit Presidents | President, Blackhawk Specialty Tools | 43 | 1 | |
| Houston | Business Unit Presidents | President, Tubular Running Services | 52 | | 1 |
| Houston | Business Unit Presidents | President, Tubulars | 61 | | 1 |

**Exhibit 21.1**

# LIST OF SUBSIDIARIES OF FRANK'S INTERNATIONAL N.V.

| Entity | Jurisdiction |
| --- | --- |
| Blackhawk Specialty Tools, LLC | Texas, USA |
| Blackhawk Specialty Tools de Mexico S. de RL de C.V. | Mexico |
| FI Oilfield Services Canada ULC | Alberta, Canada |
| Frank's Canada Holding B.V. | The Netherlands |
| Frank's Eiendom AS | Norway |
| Frank’s International Asset Management, Inc | Texas, USA |
| Frank's International (BVI) Limited | British Virgin Islands |
| Frank's International (Bermuda) Ltd | Bermuda |
| Frank's International (Gibraltar) Limited | Gibraltar |
| Frank's International Americas B.V. | The Netherlands |
| Frank's International A.S. | Norway |
| Frank's International Brasil Ltda. | Brazil |
| Frank's International C.V. | The Netherlands |
| Frank's International Coöperatief U.A. | The Netherlands |
| Frank’s International GP, LLC | Delaware, USA |
| Frank’s International Guyana, Inc. | Guyana |
| Frank’s International Hungary Kft. | Hungary |
| Frank's International ITL, Ltd. | British Virgin Islands |
| Frank's International Limited | United Kingdom |
| Frank's International LP B.V. | The Netherlands |
| Frank's International Middle East (BVI) Ltd | British Virgin Islands |
| Frank's International Middle East FZCO | United Arab Emirates |
| Frank's International Operations B.V. | The Netherlands |
| Frank's International Trinidad Unlimited | Trinidad |
| Frank's International Tubular Products Ltd | British Virgin Islands |
| Frank's International West Africa (B.V.I.) Limited | British Virgin Islands |
| Frank's International, LLC | Texas, USA |
| Frank's Logistics Singapore Pte Ltd | Singapore |
| Frank's Oilfield Services (Aust) Pty Ltd | Australia |
| Frank's Rawabi (S.A.) Limited | Saudi Arabia |
| Integrated Services (Intl) Limited | United Kingdom |
| Oilfield Equipment Rentals B.V. | The Netherlands |
| Oilfield Equipment Rentals Limited | Ireland |
| Oilfield Equipment Rentals Limited | United Arab Emirates |

**EXHIBIT 23.1**

## Consent of Independent Registered Public Accounting Firm

The Board of Directors
Frank's International N.V.:

We consent to the incorporation by reference in the registration statement on Form S-8 (No. 333-190607) of Frank's International N.V. of our reports dated February 25, 2020, with respect to the consolidated balance sheets of Frank's International N.V. as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes and financial statement Schedule II - Valuation and Qualifying Accounts (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appears in the December 31, 2019 annual report on Form 10-K of Frank's International N.V.

Our report on the consolidated financial statements refers to our audit of the adjustments to the 2017 consolidated financial statements to retrospectively apply the change in the reportable segments composition and the related reclassifications within the 2017 consolidated statement of operations as described in Note 1 to the consolidated financial statements. We were not engaged to audit, review, or apply any procedures to the 2017 consolidated financial statements of the Company other than with respect to such adjustments.

Our report refers to change in accounting method for leases as of January 1, 2019 due to the adoption of the provisions of Accounting Standards Codification Topic 842 - *Leases*, as amended.

/s/ KPMG LLP

Houston, Texas
February 25, 2020

**EXHIBIT 23.2**

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-190607) of Frank's International N.V. of our report dated February 27, 2018 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
February 25, 2020

**EXHIBIT 31.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Michael C. Kearney, certify that:

1. I have reviewed this Annual Report on Form 10-K (this "report") of Frank's International N.V. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2020

/s/ Michael C. Kearney
Michael C. Kearney
Chairman, President and Chief Executive Officer

**EXHIBIT 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**
**PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)**
**OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Melissa Cougle, certify that:

1. I have reviewed this Annual Report on Form 10-K (this “report”) of Frank’s International N.V. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 25, 2020

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

**EXHIBIT 32.1**

**CERTIFICATION OF**
**CHIEF EXECUTIVE OFFICER UNDER SECTION 906 OF THE**
**SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350**

In connection with the Annual Report of Frank's International N.V. (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael C. Kearney, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2020

/s/ Michael C. Kearney
Michael C. Kearney
Chairman, President and Chief Executive Officer

**EXHIBIT 32.2**

**CERTIFICATION OF**
**CHIEF FINANCIAL OFFICER UNDER SECTION 906 OF THE**
**SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350**

In connection with the Annual Report of Frank’s International N.V. (the “Company”) on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Melissa Cougle, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2020

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