

FORUM ENERGY TECHNOLOGIES, INC.
Form 10-Q
October 30, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2015

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 001-35504
FORUM ENERGY TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware 61-1488595
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

920 Memorial City Way, Suite 1000
Houston, Texas 77024
(Address of principal executive offices)
(281) 949-2500

(Registrant's telephone number, including area code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files. Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

As of October 23, 2015, there were 90,411,485 common shares outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Forum Energy Technologies, Inc. and subsidiaries

Condensed consolidated statements of comprehensive income

(Unaudited)

(in thousands, except per share information)	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2015	2014	2015	2014
Net sales	\$244,993	\$468,822	\$877,504	\$1,301,039
Cost of sales	179,231	316,784	617,733	883,070
Gross profit	65,762	152,038	259,771	417,969
Operating expenses				
Selling, general and administrative expenses	57,235	81,316	197,020	230,087
Transaction expenses	193	1,516	433	2,326
Loss (gain) on sale of assets and other	11	(85)	(264)	320
Total operating expenses	57,439	82,747	197,189	232,733
Earnings from equity investment	3,870	6,749	12,281	17,997
Operating income	12,193	76,040	74,863	203,233
Other expense (income)				
Interest expense	7,453	7,699	22,687	23,174
Foreign exchange (gains) losses and other, net	(2,910)	(5,222)	(5,511)	(616)
Total other expense	4,543	2,477	17,176	22,558
Income before income taxes	7,650	73,563	57,687	180,675
Provision for income tax expense	932	21,332	13,448	52,395
Net income	6,718	52,231	44,239	128,280
Less: Income (loss) attributable to noncontrolling interest	(2)	5	(27)	2
Net income attributable to common stockholders	6,720	52,226	44,266	128,278
Weighted average shares outstanding				
Basic	90,058	93,331	89,770	92,728
Diluted	91,687	96,198	91,576	95,631
Earnings per share				
Basic	\$0.07	\$0.56	\$0.49	\$1.38
Diluted	\$0.07	\$0.54	\$0.48	\$1.34
Other comprehensive income, net of tax:				
Net income	6,718	52,231	44,239	128,280
Change in foreign currency translation, net of tax of \$0	(18,747)	(34,474)	(30,553)	(21,754)
Gain (loss) on pension liability	(2)	—	68	2
Comprehensive income (loss)	(12,031)	17,757	13,754	106,528
Less: comprehensive loss (income) attributable to noncontrolling interests	64	(32)	118	(20)
Comprehensive income (loss) attributable to common stockholders	\$(11,967)	\$17,725	\$13,872	\$106,508

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

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

(in thousands, except share information)

September 30,
2015

December 31,
2014

Assets