

FORUM ENERGY TECHNOLOGIES, INC.

Form S-1/A

December 29, 2011

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As filed with the Securities and Exchange Commission on December 29, 2011

Registration No. 333-176603

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Amendment No. 3

to

FORM S-1

REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

**Forum Energy Technologies, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of

3533  
(Primary Standard Industrial

61-1488595  
(I.R.S. Employer

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incorporation or organization)

Classification Code Number)  
920 Memorial City Way, Suite 800

Identification No.)

Houston, Texas 77024

(281) 949-2500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

James L. McCulloch

Senior Vice President, General Counsel and Secretary

Forum Energy Technologies, Inc.

920 Memorial City Way, Suite 800

Houston, Texas 77024

(281) 949-2500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

W. Matthew Strock

Sarah K. Morgan

Vinson & Elkins L.L.P.

1001 Fannin, Suite 2500

Houston, Texas 77002-6760

(713) 758-2222

J. David Kirkland, Jr.

Tull R. Florey

Baker Botts L.L.P.

910 Louisiana

Houston, Texas 77002-4995

(713) 229-1234

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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.

Large accelerated filer "

Accelerated filer "

Non-accelerated filer x

Smaller reporting company "

(Do not check if a smaller reporting company)

**The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we and the selling stockholders are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.**

**Subject to completion, dated December 29, 2011**

Prospectus

*shares*

**Forum Energy Technologies, Inc.**

***Common stock***

Forum Energy Technologies, Inc. is offering \_\_\_\_\_ shares of its common stock and the selling stockholders are offering \_\_\_\_\_ shares of common stock. This is an initial public offering of our common stock. We anticipate that the initial public offering price of our common stock will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share.

We have been approved to list our common stock on the New York Stock Exchange under the symbol FET.

|  | Per share | Total    |
|--|-----------|----------|
| Initial public offering price                                | \$ _____  | \$ _____ |
| Underwriting discounts and commissions                       | \$ _____  | \$ _____ |
| Proceeds to Forum Energy Technologies, Inc., before expenses | \$ _____  | \$ _____ |
| Proceeds to selling stockholders, before expenses            | \$ _____  | \$ _____ |

Forum Energy Technologies, Inc. has granted the underwriters an option for a period of 30 days to purchase up to additional \_\_\_\_\_ shares of common stock and the selling stockholders have granted the underwriters an option for a period of 30 days to purchase up to additional \_\_\_\_\_ shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

Delivery of the shares of common stock is expected to be made on or about \_\_\_\_\_, 2012.

**Investing in our common stock involves risks. See Risk factors beginning on page 22.**

**Neither the Securities and Exchange Commission nor any other state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**J.P. Morgan  
BofA Merrill Lynch**

**Credit Suisse**

**Citigroup**

**Deutsche Bank Securities**

, 2012

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor any of the selling stockholders has authorized anyone to provide you with information different from that contained in this prospectus and any free writing prospectus. We and the selling stockholders are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the common stock.

Until \_\_\_\_\_, 2012, all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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**Industry and market data**

The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, government publications or other published independent sources. Some data is also based on our good faith estimates and our management's understanding of industry conditions.

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## **Prospectus summary**

*This summary provides a brief overview of information contained elsewhere in this prospectus. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully before making an investment decision, including the information presented under the headings Risk factors, Cautionary note regarding forward-looking statements and Management's discussion and analysis of financial condition and results of operations and the historical consolidated financial statements and related notes thereto included elsewhere in this prospectus. Unless otherwise indicated, information presented in this prospectus assumes that the underwriters' option to purchase additional common stock is not exercised. We have provided definitions for certain industry terms used in this prospectus in the Glossary beginning on page A-1 of this prospectus.*

*In this prospectus, unless the context otherwise requires, the terms we, us, our and the Company refer to Forum Energy Technologies, Inc. and its subsidiaries. In this prospectus, unless the context otherwise requires, the term SCF refers to SCF-V, L.P., SCF-VI, L.P. and SCF-VII, L.P., collectively, or any of them individually.*

*Unless the context otherwise requires, the pro forma financial and operational data presented in this prospectus give effect to: (i) our acquisition of: Wood Flowline Products, LLC, completed in February 2011 (the Wood Flowline Acquisition); Phoinix Global LLC, completed in April 2011 (the Phoinix Acquisition); Specialist ROV Tooling Services, Ltd., completed in May 2011 (the Specialist Acquisition); Cannon Services LP, completed in July 2011 (the Cannon Acquisition); SVP Products Inc., completed in July 2011 (the SVP Acquisition); AMC Global Group Ltd., completed in July 2011 (the AMC Acquisition); P-Quip Ltd., completed in July 2011 (the P-Quip Acquisition); and Davis-Lynch LLC, completed in July 2011 (the Davis-Lynch Acquisition); and (ii) this offering and the use of proceeds therefrom, in each case as described in our unaudited pro forma condensed combined financial data included elsewhere in this prospectus. We refer to the transactions described in the preceding clause (i) as the 2011 Acquisitions. Please read Management's discussion and analysis of financial condition and results of operations Recent acquisitions.*

### **Forum Energy Technologies, Inc.**

#### **Overview**

We are a global oilfield products company, serving the subsea, drilling, completion, production and process sectors of the oil and natural gas industry. We design and manufacture products, and engage in aftermarket services, parts supply and related services that complement our product offering. Our product offering and related services include a mix of highly engineered capital products and frequently replaced items that are consumed in the exploration and development of oil and natural gas reserves. In 2010, approximately 41% of our pro forma revenue was derived from the sale of capital products, while approximately 52% was derived from consumable products, spare parts or aftermarket services, with the balance of the revenue coming from rental or other sources. Our capital products are directed at drilling rig new build, upgrade and refurbishment projects; subsea construction and development services; the placement of production equipment on a per well basis; and downstream capital projects. Our highly engineered systems are critical components used on drilling rigs or in the course of subsea



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operations, while our consumable products are vital to maintaining efficient and safe operations at well sites, within the supporting infrastructure and at processing centers and refineries. Our revenues are generated throughout land and offshore markets and across several international regions, with 43% of our 2010 pro forma revenue derived outside of the United States.

We seek to design, manufacture and supply reliable, cost effective products that create value for our broad and diverse customer base, which includes oil and gas operators, land and offshore drilling contractors, well intervention service providers, subsea construction and service companies, pipeline operators and refinery and petrochemical plant operators, among others. We believe that we differentiate ourselves from our competitors on the basis of the quality of our products, the level of related service and support we provide and the collaborative approach we take with our customers to help them solve critical problems. Our goal is to be the supplier of choice for our customers by offering innovative, reliable and cost effective products, and by investing in long-term relationships that add value to our customers' operations.

Our business consists of two segments:

*Drilling and Subsea Segment.* We design and manufacture products and provide related services to the drilling, well construction, completion, intervention and subsea construction and services markets. This segment contributed \$626 million, or 66% to our 2010 pro forma revenue.

*Subsea technologies.* We design and manufacture subsea capital equipment; specialty components and tooling; and applied products for subsea pipelines; and we also provide a broad suite of complementary subsea technical services and rental items. We have a core focus on the design and manufacture of unmanned submarines known in the industry as remotely operated vehicles ( ROVs ) as well as other specialty subsea vehicles. We believe that our Perry and Sub-Atlantic vehicle brands are among the most respected in the industry. Our related technical services complement our vehicle offering by providing the market with a broad selection of critical product solutions and rental items that enhance our customers' ability to operate in harsh subsea environments. We have a long tradition of working with customers to develop innovative product solutions to address the increasingly complex challenges of deepwater operations.

*Downhole products.* We design and manufacture downhole products that serve the well construction and production enhancement markets. Among the products we supply are proprietary Davis-Lynch cementing and casing tools, such as float equipment, stage tools and inflatable packers, as well as Cannon downhole protection solutions for permanent gauges, sub surface safety valve ( SSSV ) control lines, electrical submersible pump ( ESP ) cabling and other downhole control lines and flatpacks.

*Drilling products.* We provide both drilling consumables and capital equipment, including powered and manual tubular handling equipment, specialized torque equipment, customized offline crane systems, drilling data acquisition management systems, pumps, valves, manifolds, drilling fluid-end components, pressure control equipment for both coiled tubing and wireline well intervention operations and a broad line of items consumed in the drilling process. We have a core focus on products that enhance our customers' handling of tubulars on the drilling rig. Our drilling capital equipment offering is concentrated on targeted, high value added products and equipment where we have identified a clear market opportunity, such as our Wrangler branded catwalks and iron roughnecks.

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*Production and Infrastructure Segment.* We design and manufacture products and provide related equipment and services to the well stimulation, completion, production and infrastructure markets. This segment contributed \$329 million, or 34% to our 2010 pro forma revenue.

*Flow equipment.* We design, manufacture and provide flow equipment to the well stimulation, testing and flowback markets. Our product offering includes the critical components typically found in the flow equipment train from the well stimulation pressure pump to the manifold at the wellhead. These components routinely encounter high pressures, requiring frequent refurbishment or replacement. We also provide related flow equipment recertification and refurbishment services, which are critical to the safe and reliable operation of completion activities.

*Surface process and pipeline equipment.* We design, manufacture and provide engineered process systems and related field services from the wellhead to inside the refinery fence. Once a well has been drilled, completed and brought on stream, we provide the well operator-producer with the process equipment necessary to make the oil or gas ready for transmission. Our engineered product offering includes a broad range of separators, packaged production systems, tanks, pressure vessels, skidded vessels with gas measurement, modular process plants, headers and manifolds. We also provide specialty pipeline construction equipment on a rental basis.

*Valve solutions.* We design, manufacture and provide a wide range of industrial valves that principally serve the upstream, midstream and downstream markets of the oil and gas value chain. We provide a comprehensive suite of ball, gate, globe, check and butterfly valves across a wide range of sizes and applications. Our manufacturing and supply chain systems enable us to design and produce high-quality, engineered valves, as well as provide standardized products, while maintaining competitive pricing and minimizing capital requirements.

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The following table summarizes our key product lines, grouped by our two business segments:

| Drilling and subsea segment                        |   |  | Production and infrastructure segment       |  |  |  |
|--|---|--|---|--|--|--|
| Drilling products                                  | Downhole products                           | Subsea technologies                                | Flow equipment                              | Surface process and pipeline equipment | Valve solutions                        |  |
| Tubular handling equipment                         | Davis-Lynch float equipment                 | Perry work class remote operating vehicles         | Triplex and quintuplex fluid end assemblies | Tanks                                  | Flanged floating ball valves           |  |
| Wrangler Roughnecks                                | Centralizers                                |  |   | Separators                             |  |  |
| Wrangler Catwalks                                  | Stage cementing tools                       | Observation class remote operating vehicles        | Swivel joints, including large diameter     | Vapor Recovery Units                   | Threaded and socket welded ball valves |  |
| Specialized torque machines and bucking units      | Inflatable packers                          |  |   |  | Butterfly valves                       |  |
| Crane systems                                      | Flotation collars                           | Remote operating seafloor coring tools (ROVDrill ) | Pup joints                                  | Scrubbers                              |  |  |
|  |   |  | Swages                                      | Well test units                        | Metal seated ball valves               |  |
| Drill floor instrumentation and monitoring systems | Cementing plugs                             | Specialty vehicles                                 |   |  | Trunnion mounted ball valves           |  |
|  |   |  |   | Compressor headers and manifolds       |  |  |
| Choke and kill manifold mud systems                | Fill and circulate tools for running casing | Subsea pipeline joint infill and coating products  |   |  | Full opening check valves              |  |
|  |   |  |   |  |  |  |
| Coiled tubing and wireline blowout preventers      | Casing hangars                              |  |   | Pipeline bending equipment             |  |  |
|  |   |  |   |  |  |  |
|  |   |  | LT and TE Plug valve                        |  | Pressure seal valves                   |  |
|  | Surge reduction equipment                   | Rescue submarines                                  |   | EDGE desalination                      |  |  |

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|   |   |  |                                    |                                      |
|---|---|--|------------------------------------|--------------------------------------|
| Drilling and production valves, chokes and flowline connections   | Cannon downhole protection systems                | Tether management systems                | Chokes and dehydration             | Cast iron valves                     |
| Centrifugal pumps and fluid end-components                        | Customized downhole protection installation tools | ROV thrusters, valve packs, hot stabs    | Relief valves                      | Lease Automatic Custody (LACT) units |
| Patented mud pump liner retention and mud pump rod piston systems |   |  | Bull plugs                         | Processing skids                     |
| Specialty oilfield bearings                                       |   | Standardized and specialized ROV tooling | Pressure pumping manifold trailers |                                      |
|   |   | Dynamic positioning equipment            | Flowback manifolds skids           |                                      |
|   |   | Geotechnical and geoscience services     | Flow equipment trucks              |                                      |
|   |   | Related subsea technical services        |                                    |                                      |

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**Current trends in our industry**

We are currently focused on the following trends that we believe will positively affect our business in the coming years. The majority of these are secular growth trends that we believe will outpace general industry growth.

*Increasing complexity of well construction.* As conventional sources of oil and gas are depleted, our industry continues to develop new well construction technologies and techniques that allow operators to recover more hydrocarbons from each well and make previously uneconomic reservoirs profitable. These techniques, most pronounced in the North American market, include drilling deeper, more highly deviated well paths, increasing the number of hydraulic fracturing stages and generally employing more complex completion practices on the surface and downhole. This trend is driving demand for new products and equipment that are specifically designed to address these new requirements. As these practices mature and spread to international markets, we believe that the market for the associated products and technologies could significantly expand.

*Growing service intensity associated with unconventional resources.* The dramatic growth in the development of unconventional shale and tight sand formations, principally in North America, is placing increasing demands on the service equipment. In the U.S., 58% of the active land rigs, as of December 9, 2011, are drilling horizontal wells, the well path best suited to developing shale and tight sands, compared to 18% of the active land rigs as of five years ago, according to data from Baker Hughes. This change in development activity requires investment in new equipment to address the unique demands of these resource plays and places a much greater strain on drilling and completion equipment, which results in shorter replacement cycles for capital equipment and consumables, and drives greater demand for maintenance and refurbishment activity.

*Increasing investment in subsea equipment and related services.* As the industry develops more deepwater fields, the amount of subsea infrastructure is expected to continue to increase and the ability of service companies and producers to control operations in a safe and effective manner will become more challenging. Subsea infrastructure is also becoming more complex given the focus on larger, more interconnected fields in ultra deepwater environments. This growing complexity is expected to result in greater demand for technologies and products, such as ROVs, that are specifically designed to help service companies and producers gain situational awareness and preserve operational effectiveness. In addition, maintaining and servicing this additional subsea infrastructure is expected to become a larger market as the number of subsea well completions increases and the population of producing subsea wells ages.

*Heightened focus on product maintenance and certification.* Our customers and the relevant regulatory authorities are increasingly focused on product and equipment integrity, particularly in applications or environments in which products are exposed to high pressure, high temperature or corrosive elements. We have observed many of our customers implementing more regular and rigorous maintenance and recertification programs for equipment with long useful lives, which we believe could increase the demand for aftermarket services and parts across many product categories.

*Increased capital spending in the oil and gas industry.* The growing global demand for energy has resulted in substantial capital spending increases by oil and natural gas producers.

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According to Spears & Associates, annual global oilfield capital spending has increased from \$85 billion in 2000 to \$259 billion in 2010, representing a compounded annual growth rate of 12%. Spears & Associates projects capital expenditures will rise to \$275 billion in 2011.

*Recovery in global drilling activity and new rig replacement cycle.* As global drilling activity has steadily recovered since the 2009 economic downturn, there has been a corresponding increase in new build rig activity as operators require newer technology to meet increasingly challenging drilling conditions, with a focus on mobility, drilling efficiency, power and safety. According to RigLogix, as of December 9, 2011, 105 new offshore rigs have been ordered since January 2010, with an aggregate price of over \$38 billion. Additionally, 58% of all currently deployed offshore rigs were commissioned prior to 1990, generating a need for replacement rigs that employ the latest drilling and safety equipment. We believe this trend will continue to fuel a high level of capital investment in drilling rigs, which presents an opportunity for capital equipment manufacturers and value added component suppliers.

*Development of heavy oil reserves in Canada.* Canadian heavy oil reserves offer a large, stable and reliable source of oil for North America. Recent advances in technologies and development practices have lowered both the cost of producing these reserves and the environmental impact of these operations. The lowered cost of production, combined with a stable and robust outlook for oil prices, have enabled the heavy oil producers to undertake long-term development initiatives. The Canadian Association of Petroleum Producers ( CAPP ) has estimated total Canadian heavy oil crude production, including oils sands, will increase from 1,845 Mbpd in 2010 to 3,981 Mbpd by 2015, representing a compound annual growth rate of 5%. We believe that this trend will continue, and that opportunities to provide reliable severe service products used in the heavy oil development process will offer a long-term growth market.

While we believe that these trends will benefit us, our markets may be adversely affected by industry conditions that are beyond our control. Any prolonged substantial reduction in oil and gas prices would likely affect oil and gas drilling and production levels and therefore would affect demand for the products and services we provide. For more information on this and other risks to our business and our industry, please read Risk factors Risks related to our business.

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**Our business strategy**

Our objective is to build a leading global oilfield products company that supplies high quality, mission critical products and related aftermarket services, serving customers globally across the oil and gas value chain. We intend to accomplish that objective and capitalize on the key long-term industry growth trends through the execution of the following strategic elements:

*Tailor our product offering and capacity to customer spending.* On an annual basis, we conduct a bottoms-up analysis of the sources and drivers of our revenue. Our analysis is focused on various types of revenue splits and exposures, including: (1) phases of the life of the well; (2) geographic exposure by shipment destination; (3) land or offshore application; (4) product purchase cycles; and (5) commodity mix. This process relies on a combination of financial analysis and management estimation. Our analysis of our 2010 pro forma revenues is as follows:

As part of the bottoms-up analysis described above, we also estimate the broad industry drivers of our business. We believe that our 2010 pro forma revenue was strongly driven by North American unconventional resource developments, global deepwater development activity, shallow offshore activity and international land activity, with lesser contributions from Canadian

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heavy oil developments and downstream activity. Although acquisitions may cause fluctuations in our business mix, we intend to preserve and enhance the diversity of our business as a core part of our strategy. We believe this diversity reduces the impact of the volatility of any single well cycle phase or equipment spend cycle on our financial performance. A description of how we define each of the categories within each revenue split above is included in the Glossary beginning on page A-1 of this prospectus.

*Leverage our product lines strengths across our platform.* Each of our respective product lines has particular strengths that can be leveraged across the entire platform. We intend to cross-fertilize technologies, share product development initiatives and leverage key geographic, supply chain and customer strengths to grow and improve the profitability of our overall business.

*Expand our geographic presence.* We intend to enhance our access to key global markets and to grow or establish our presence across the North American unconventional resource basins. We also plan to build upon our existing presence in the North American, North Sea, Middle East, South American and Asia Pacific regions through deployment of sales, distribution, service and manufacturing resources. We believe this expansion will provide more points of contact with our customers, allowing us to respond more quickly to their needs.

*Invest in manufacturing capacity and excellence.* We focus on the continuous improvement of our manufacturing processes and quality controls, which are vital to ensuring product reliability. We also continue to invest in expanding our manufacturing capacity by increasing output, upgrading machinery or adding roofline in strategically important geographies. We believe that in certain product lines, particularly those sold into the North American unconventional resource plays, locating manufacturing and service capabilities in close proximity to field locations improves response time, reduces freight costs and enhances customer service.

*Pursue disciplined growth through acquisitions.* We have a track record of successfully growing our earnings and product offerings by making attractive acquisitions. We intend to continue to selectively pursue acquisitions that increase our exposure to the most important growth trends in the oil and gas industry, fill critical product gaps and expand our geographic scope. With a strong balance sheet and sufficient financial resources, we believe that we can continue to acquire companies in high growth product areas and expose the acquired product lines to new customers and distribution channels, while preserving the entrepreneurial attributes that made them attractive on a stand-alone basis.

*Develop new products.* We conduct strategic reviews to identify underserved market opportunities and invest in continuous product development efforts. While our product development efforts involve formal research and engineering projects, we most often generate product development ideas, concepts and opportunities while working closely with our customers in the normal course of business. Our focus on customer service as well as our strong aftermarket offering facilitates product development opportunities that may not be captured as part of a formalized research and engineering project. We believe this process allows us to enhance our exposure to key secular trends and serve our customers needs more effectively. We have developed strong working relationships with our major customers, several of which routinely approach us with requests for solutions to specific application challenges. We plan to continue to improve our new product engineering capabilities and leverage our expertise to address customer needs. Recent examples include the land and offshore versions of our Wrangler



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Roughneck , a critical makeup and breakout tool for tubulars on a drilling rig, and our subsea ROVDrill , a unique tool designed to perform subsea drilling functions independent of the support vessel while using only the associated ROV for power and control.

*Focus on product quality and customer service.* We have a track record of providing innovative, reliable, fit-for-purpose products at competitive prices while remaining responsive to the needs of our customers. We work closely and flexibly with our customers on delivery timing and service after the sale. We seek to ensure that our businesses have the facilities and personnel to maintain the highest level of quality and service as we grow around the world.

### **Our competitive strengths**

We believe that we are well positioned to execute our strategy based on the following competitive strengths:

*Broad product offering with exposure to key long-term industry trends and a diverse customer base.* Our exposure to a mix of consumable products, capital products and aftermarket parts and services enables us to participate in the construction, capacity expansion, maintenance, upgrade and refurbishment phases of the energy cycle. In addition, we have exposure to multiple sectors of the oil and gas industry and a diverse mix of customers across the full oil and gas value chain. We believe our broad product offering, diversified exposure to industry trends and extensive customer base reduces our dependence on any one phase, purchase cycle, segment or region and should result in more stable financial results.

*Focus on critical peripheral products.* Many of our products, particularly those serving the drilling and well stimulation markets, are non-discretionary components that represent a small percentage of the life cycle cost associated with large capital equipment. We believe that focusing on specialized, peripheral products affords us full exposure to the most powerful investment trends in the oil and gas industry while insulating us from the intense competitive environment and construction risks often associated with selling the largest capital equipment packages.

*Solid base of recurring revenues from consumable products.* In 2010, we generated approximately 52% of our pro forma revenues from consumable products, spare parts or aftermarket parts and services, which are critical to large capital equipment or energy infrastructure. In some cases, these products must be replaced multiple times throughout the life cycle of the related capital equipment or infrastructure installations. These products have replacement cycles ranging from a few months to a few years, resulting in a stable base of recurring revenues. We often complement these products with a recertification and refurbishment service, which helps us preserve strong customer relations. We have also observed that our customers often return to the same vendors for replacement parts, lending further revenue stability and visibility.

*Experienced management team with proven public company track record.* Our executive officers and senior operational managers have an average of over 30 years of experience in the oilfield manufacturing and service industry. Each of our top three operational executives served as the chief operational officer of one or more large publicly held oilfield service companies or of a significant division thereof. We believe their collective background provides our management team with an in-depth understanding of our customers' needs, enhances our ability to deliver customer-driven solutions and allows us to operate effectively throughout industry cycles. Several

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members of our management team were executives or directors at one of the five companies that combined to form Forum Energy Technologies, Inc. in August 2010.

*Multiple avenues for growth and strong cash flows.* We are focused on a core set of product platforms that we believe offer strong long-term growth. The breadth of our product offering affords us multiple organic growth avenues in which to deploy our capital, and we invest in the highest value opportunities that meet our return objectives and further our strategic goals. Similarly, we believe the scope of available acquisition opportunities will be enhanced by the numerous strategic directions available to us. In the face of particularly strong competition for acquisitions in a specific sector, we can deploy capital to other areas of our Company that afford better relative value. We also believe that our breadth and size allows us to meaningfully change our financial profile and business composition with modestly sized acquisitions. Finally, our manufacturing operations are not capital intensive to maintain or expand, which allows us to generate strong cash flow. This provides us with capacity to finance organic growth opportunities with internally generated resources.

*Proven ability to grow earnings and improve product offering through a focused acquisition strategy.* We have a strong track record of strategically targeting key product opportunities, completing accretive transactions and effectively integrating these businesses. We have a disciplined acquisition strategy that allows us to develop proprietary deal flow by identifying emerging industry trends, identifying existing platforms positioned to capitalize on these trends, and in some cases isolating acquisition opportunities that are largely missed by our competitors due to smaller size and scale. Each of the original five companies that combined to form Forum Energy Technologies, Inc. was itself the result of a similar acquisition strategy focused on a specific industry growth theme. Our current acquisition strategy is a continuation of that successful model. Since the Combination in August 2010, we have completed eight acquisitions, three of which were focused on enhancing existing product offerings, while the remaining five permitted us to establish two new product offering platforms: downhole products and flow equipment related to well stimulation.

*Customer responsive product innovation.* We have grown our business by being responsive to customer needs and developing strong relationships at multiple levels of our customers' organizations. We believe our ability to develop new products is enhanced because of these customer relationships. Our experienced engineering and technical staff has partnered with our customers to design and develop new products that add value to their operations or reduce their total cost of doing business. As a result, we have developed and commercialized a number of new products that have improved the efficiency and safety of our customers' operations including our powered Wrangler catwalk and iron roughnecks, powered mousehole tool, Perry ROVDrill, low profile urban gas processing unit and others.

## **Recent developments**

*Established consumable flow equipment product line.* In late 2010, we launched a strategic effort to expand our product offering to include consumable products used in the well stimulation and completion processes. Our initial focus was on the consumable flow equipment and pressure control equipment used in the well stimulation, testing and flowback processes. In 2011, we closed three acquisitions to form our core platform with an aggregate capital deployment of approximately \$115 million. Taken together, these acquisitions have established

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our consumable flow equipment platform within our Production and Infrastructure Segment. These acquisitions provide us with a full product offering, expert managers, key customer relationships and critical expertise in the design, engineering and manufacture of the full range and sizes of flow equipment. Moreover, as recertification and refurbishment operations are critical to ensuring the reliable and safe operation of a pressure pumping company's fleet, we operate a fleet of sophisticated mobile recertification and refurbishment tractor trailers, which we can deploy to the customer's yard or to the well site.

*Established downhole products line.* In late 2010, we undertook a strategic initiative to build a platform that would provide exposure to the growing market of downhole products associated with the increasing complexity of well construction and completion. We targeted niche downhole products that were consumed during the well construction, completion, intervention and production enhancement processes, as well as those that were associated with the growth in intelligent well construction. We recently completed two acquisitions to form this new product platform for an aggregate capital deployment of \$365 million. We acquired market leading companies with strong brands in Davis-Lynch, a 64 year old manufacturer of proprietary cementing and casing tools, and Cannon Services, a 25 year old manufacturer of downhole control line and gauge protection systems.

*Strengthened subsea product offering.* We believe that the interface between ROVs and subsea hardware will become more critical as the complexity and number of subsea installations increases. One of our strategic objectives is to create a capability to efficiently develop and manage this interface for our customers through a custom tooling organization. In May 2011, we completed a UK based acquisition to strengthen our existing subsea tooling and specialty product offering.

*Strengthened drilling products offering.* Our drilling products offering has a core focus in products that are involved in the handling of tubulars and in flow control equipment that supports drilling rig operations. We recently completed two acquisitions to enhance our drilling products offering for an aggregate capital deployment of approximately \$80 million. The product additions included specialized torque equipment for tubular connections, proprietary mud pump fluid end assemblies, liner retention systems and valve cover retentions systems.

*Recent product developments.* We invest in continuous product development efforts to enhance our exposure to key, long-term growth trends in the oil and natural gas industry and support our ability to serve our customers needs more effectively. Recent product developments include:

*ROVDrill achieves technical milestone.* The ROVDrill is a unique tool designed to perform subsea drilling functions independent of the support vessel while using only the associated ROV for power and control. During the first quarter of 2011, the ROVDrill successfully completed a drilling program to validate subsurface mineral deposits for a mining customer. We believe this technology also has significant applications outside the mining industry, implications for the existing seafloor coring market and applications for use in better understanding geologic fault lines.

*Wrangler roughneck completes initial drilling well program.* The Wrangler roughneck is a power tool used to make-up and break-out drill pipe and we believe it is

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a vital piece of drilling rig equipment. We designed this product to meet the growing need for a high-torque tool optimized for drilling complex wells. Our initial unit successfully concluded a three well land drilling program for a key customer during which it completed over 4,000 connections. We also recently developed and sold an offshore version of this tool to a major contractor. We believe this technology has significant applications in unconventional resource basins and in the growing offshore drilling market.

### **Risk factors**

Investing in our common stock involves risks. In particular, the following considerations may offset our competitive strengths or have a negative effect on our business strategy, which could cause a decrease in the price of our common stock and result in a loss of all or a portion of your investment:

We derive a substantial portion of our revenues from companies in or affiliated with the oil and natural gas industry, a historically cyclical industry, with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. As a result, this cyclicity may cause fluctuations in our revenues and results of our operations.

Our inability to control the inherent risks of acquiring and integrating businesses could disrupt our business, dilute stockholder value and adversely affect our operating results going forward.

Our operating history may not be sufficient for investors to evaluate our business and prospects.

Growing our business organically through the expansion of our existing product lines and facilities subjects us to risks of construction delay and cost overruns.

We may be unable to employ a sufficient number of skilled and qualified workers.

The current pace of spending for drilling rigs and other capital intensive equipment may not be sustainable over time, and our financial results may suffer to the extent they are dependent on sales of such equipment.

Our business depends upon our ability to obtain key raw materials and specialized equipment from suppliers. Increased costs of raw materials and other components may result in increased operating expenses.

We are subject to the risk of supplier concentration.

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 products and services or restrict our operations.

The markets in which we operate are highly competitive, and some of our competitors hold substantial market share and have substantially greater resources than we do. We may not be able to compete successfully in this environment and, in particular, against a much larger competitor.

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L.E. Simmons & Associates, Incorporated ( LESA ), through SCF, will control the outcome of stockholder voting and may exercise this voting power in a manner adverse to you.

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We have renounced any interest in specified business opportunities, and SCF and its director nominees on our board of directors generally have no obligation to offer us those opportunities. LESA may allocate any potential opportunities to its other portfolio companies where LESA determines, in its discretion, such opportunities are the most logical strategic and operational fit.

For a discussion of these risks and other considerations that could negatively affect us, including risks related to this offering and our common stock, see Risk factors beginning on page 22 and Cautionary note regarding forward-looking statements.

## **The combination**

SCF Partners, L.P. ( SCF Partners ) is a private equity firm that has specialized in investments in the oilfield services sector since it was founded in 1989. From May 2005 to August 2007, SCF Partners made investments in product and manufacturing companies targeted at specific oilfield growth trends. During that time, SCF Partners acquired Forum Oilfield Technologies, Inc. ( FOT ), Global Flow Technologies, Inc. ( Global Flow ), Triton Group Holdings, LLC ( Triton ), Allied Production Services, Inc. ( Allied ) and Subsea Services International, Inc. ( Subsea ). In addition to growing organically after their acquisition by SCF Partners, FOT, Global Flow, Triton, Allied and Subsea completed, in the aggregate, 28 acquisitions from May 2005 to January 2009. For more information regarding the development of FOT, Global Flow, Triton, Allied and Subsea through organic growth and acquisitions please read Business Business history.

Beginning in 2009, and in collaboration with SCF Partners, several of the companies initiated long-term strategic discussions concerning the formation of a broadly based oilfield products company that would be capitalized to take advantage of growth opportunities as the industry recovered from the industry wide downcycle that occurred in 2009. On August 2, 2010, each of FOT, Global Flow, Triton, Allied and Subsea were combined (referred to in this prospectus as the Combination ). In the Combination, FOT became the parent company and was renamed Forum Energy Technologies, Inc.

The strategic rationale for the Combination was based on the following key objectives and benefits:

*Increase access to growth capital.* Many of the Combination companies projected that there would be significant growth opportunities available during a 2010-2012 recovery, both in terms of organic and acquisition growth. However, many of these growth opportunities required financial commitments that would strain the individual company s balance sheets. On an aggregate basis, and through entry into our senior secured credit facility and an additional equity commitment of \$50.0 million from SCF Partners, the combined Company could have the capability to make those investments. Please read Management s discussion and analysis of financial condition and results of operations Liquidity and capital resources Our senior secured credit facility for a detailed description of our current amended and restated credit agreement and Certain relationships and related party transactions Subscription and warrant agreements for additional information regarding SCF s equity commitment.

*Enhance ability to serve our customers and improve cross selling of products.* A larger platform with better financing would instill greater confidence in customers and better position the business to pursue larger capital equipment orders, multi-year fleet renewal

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programs, consumable product inventory management and other long-term strategic supplier arrangements. In addition, access to a more expansive geographic platform would provide several of the Combination companies with a greater capacity to provide aftermarket service. Finally, the management teams believed that we would have more opportunities to reach certain targeted customers and the ability to leverage those interactions to drive incremental revenue opportunities. For example, management believed that Allied's customer relationships with producers would provide introductory opportunities for Global Flow's valve business, which generally is pulled through distribution companies to the producer.

*Leverage the strengths of each company across the combined Company.* Each of the Combination companies had particular strengths, many of which would benefit one or more of the others. For example, the controls technology expertise imbedded within Triton's ROV development group could provide FOT's tubular handling capital equipment development effort with access to highly skilled engineers who had solutions to controls technology challenges. A second example involved Global Flow's robust supply chain system, which involved outsourced manufacturing and critical vendor relationships in Asia. The combined management believed that access to this supply chain and the knowledge that produced it would accelerate similar efforts across the other companies.

*Enhance financial stability.* Each of the Combination companies was subject to different industry drivers, many of which have historically experienced different cycles. The management teams believed that a combined company participating in each of these varying cycles would provide an enhanced measure of stability to the business and to the long-term planning process by decreasing the volatility of its financial results.

*Internally source products.* Some of the Combination companies used products of other Combination companies in their manufacturing process. The management teams believed there would be an opportunity to generate incremental business by internally sourcing some of these products.

Having concluded the Combination, we believe that the investment thesis and the associated operational benefits to us have been proven. As integration has proceeded, we have discovered benefits and opportunities incremental to those described above. We believe that the operational and financial benefits realized through the Combination have: (1) enhanced our growth potential; (2) offered ongoing synergistic opportunities; (3) provided the opportunity to develop broader and more diversified product lines; (4) enabled us to compete with larger companies; (5) provided an opportunity to leverage discrete internal initiatives across a broader platform; and (6) established a good foundation for long-term growth. Several of these opportunities are under development and we believe that there will be strong benefits to the business as we continue to grow.

### **Stock split**

Prior to the completion of this offering, we expect our board to approve a proposal to amend our certificate of incorporation to give effect to a stock split of our issued and outstanding common stock. For additional information, see [Stock split](#).

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**Corporate information**

Our principal executive offices are located at 920 Memorial City Way, Suite 800, Houston, Texas 77024, and our telephone number at that address is (281) 949-2500. Our website is available at <http://www.f-e-t.com>. Information on our website or any other website is not incorporated by reference herein and does not constitute a part of this prospectus.



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**The offering**

**Common stock offered by Forum Energy Technologies, Inc.**            shares (        shares if the underwriters' option is exercised in full)

**Common stock offered by the selling stockholders**            shares (        shares if the underwriters' option is exercised in full)

**Total common stock offered**            shares (        shares if the underwriters' option is exercised in full)

**Common stock to be outstanding after the offering**            shares (        shares if the underwriters' option is exercised in full)

**Common stock owned by the selling stockholders after the offering**            shares (        shares if the underwriters' option allotment is exercised in full)

**Over-allotment option**            We have granted the underwriters an option for a period of 30 days to purchase up to        additional shares of our common stock and the selling stockholders have granted the underwriters an option for a period of 30 days to purchase up to        additional shares of our common stock.

**Use of proceeds**            We will receive net proceeds of approximately \$        million from the sale of the common stock by us, assuming an initial public offering price of \$        per share (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting estimated expenses and underwriting discounts and commissions. Each \$1.00 increase (decrease) in the public offering price would increase (decrease) our net proceeds by approximately \$        million. We intend to use all of the net proceeds from this offering and any proceeds from any exercise of the underwriters' option to purchase additional common stock from us to repay outstanding borrowings under the revolving portion of our senior secured credit facility. We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholders. See "Use of proceeds."

**Dividend policy**            We do not anticipate paying any cash dividends on our common stock. In addition, our senior secured credit facility contains restrictions on making cash dividends.

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**Risk factors**

You should carefully read and consider the information beginning on page 22 of this prospectus set forth under the heading "Risk factors" and all other information set forth in this prospectus before deciding to invest in our common stock.

**New York Stock Exchange ( NYSE ) EET  
symbol**

**Conflicts of interest**

We may use more than 5% of the net proceeds of this offering to repay indebtedness owed by us to affiliates of the underwriters that are lenders under our credit agreement. See "Use of proceeds." Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121 of the Financial Industry Regulatory Authority, Inc. This rule requires that a qualified independent underwriter meeting certain standards participate in the preparation of the registration statement and prospectus and exercise the usual standards of due diligence with respect thereto. [redacted] has agreed to act as a qualified independent underwriter within the meaning of Rule 5121 in connection with this offering. See "Underwriting (conflicts of interest)."

The number of shares of common stock that will be outstanding after the offering includes shares of restricted common stock issued to officers and other employees under our stock incentive plan that are subject to vesting. As of December 27, 2011, there were 16,645 shares of restricted stock outstanding that remain subject to vesting.

The number of shares of common stock that will be outstanding after the offering excludes:

209,804 shares issuable upon the exercise of options outstanding as of December 27, 2011 under our stock incentive plan;

193,292 shares issuable upon the exercise of warrants outstanding as of December 27, 2011;

an aggregate of 173,551 shares of common stock reserved and available for future issuance as of December 27, 2011 under our stock incentive plan; and

an aggregate of up to 15,253 shares, which may be issued as contingent consideration based on certain operating results of companies previously acquired.

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## **Summary historical and pro forma financial data**

You should read the following summary historical consolidated and pro forma condensed combined financial data in conjunction with Unaudited pro forma condensed combined financial data, Selected historical consolidated financial data, Management's discussion and analysis of financial condition and results of operations and the historical consolidated combined financial statements and related notes thereto included elsewhere in this prospectus. The financial data included in this prospectus may not be indicative of our future results of operations, financial position and cash flows.

The summary historical financial data as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009, and 2010 are derived from our audited consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The historical financial data as of September 30, 2011 and for the nine months ended September 30, 2010 and 2011 are derived from our unaudited consolidated financial statements and the related notes thereto included elsewhere in this prospectus, have been prepared on a basis consistent with the audited financial statements and the notes thereto and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial data.

The summary pro forma condensed combined financial data for the year ended December 31, 2010 and the nine months ended September 30, 2011 are derived from the unaudited pro forma financial statements of Forum Energy Technologies, Inc. included in this prospectus under Unaudited pro forma condensed combined financial data. The pro forma financial data for the year ended December 31, 2010 gives effect to the 2011 Acquisitions, the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in Use of proceeds, in each case as if each such transaction had occurred on January 1, 2010. The pro forma financial data for the nine months ended September 30, 2011 gives effect to the 2011 Acquisitions, the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in Use of proceeds, in each case as if each such transaction had occurred on January 1, 2011. For additional information regarding the estimates and adjustments made to prepare the pro forma financial data, please see Unaudited pro forma condensed combined financial data included elsewhere in this prospectus.

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|   | Actual                          |            |            | Nine months ended                    |                      | Year ended           | Pro forma   |
|---|---------------------------------|------------|------------|--------------------------------------|----------------------|----------------------|---|
|   | Year ended December 31,<br>2008 | 2009       | 2010       | September 30,<br>2010<br>(unaudited) | December 31,<br>2011 | December 31,<br>2010 | Nine months ended<br>September 30,<br>2011<br>(unaudited) |
| <b>(in thousands, except per share information)</b>   |                                 |            |            |                                      |                      |                      |   |
| <b>Statement of income data:</b>                      |                                 |            |            |                                      |                      |                      |   |
| Net sales   | \$ 972,551                      | \$ 677,378 | \$ 747,335 | \$ 545,751                           | \$ 791,412           | \$ 955,449           | \$ 909,026  |
| Cost of sales   | 691,824                         | 491,463    | 533,078    | 390,851                              | 542,832              | 637,111              | 596,824   |
| Gross profit  | 280,727                         | 185,915    | 214,257    | 154,900                              | 248,580              | 318,338              | 312,202   |
| <b>Operating expenses</b>                             |                                 |            |            |                                      |                      |                      |   |
| Selling, general and administrative expenses          | 146,943                         | 128,562    | 141,441    | 100,263                              | 129,626              | 185,571              | 152,762   |
| Contingent consideration                              |                                 |            |            |                                      | 6,000                |                      | 6,000   |
| Transaction expenses                                  |                                 |            |            |                                      | 3,434                |                      |   |
| Impairment of goodwill and other intangible assets    | 44,015                          | 7,009      |            |                                      |                      |                      |   |
| (Gain) loss on sales of assets                        | (619)                           | 137        | (461)      | (471)                                | (520)                | (461)                | (520)   |
| Total operating expenses                              | 190,339                         | 135,708    | 140,980    | 99,792                               | 138,540              | 185,110              | 158,242   |
| Income from operations                                | 90,388                          | 50,207     | 73,277     | 55,108                               | 110,040              | 133,228              | 153,960   |
| <b>Other expense</b>                                  |                                 |            |            |                                      |                      |                      |   |
| Expenses related to the Combination                   |                                 |            | 6,968      | 6,919                                |                      | 6,968                |   |
| Deferred loan costs written off                       |                                 |            | 6,082      | 6,082                                |                      | 6,082                |   |
| Interest expense                                      | 24,704                          | 19,451     | 18,189     | 15,417                               | 13,723               | 31,747               | 20,830  |
| Other, net  | (2,065)                         | (1,088)    | (2,308)    | (2,189)                              | 1,261                | (2,486)              | 1,175   |
| Total other expense                                   | 22,639                          | 18,363     | 28,931     | 26,229                               | 14,984               | 42,311               | 22,005  |
| Income from continuing operations before income taxes | 67,749                          | 31,844     | 44,346     | 28,879                               | 95,056               | 90,917               | 131,955   |
| Provision for income tax expense                      | 32,938                          | 11,011     | 20,297     | 15,685                               | 33,176               | 35,715               | 45,456  |
| Income from continuing operations                     | 34,811                          | 20,833     | 24,049     | 13,194                               | 61,880               | 55,202               | 86,499  |
| Loss from discontinued operations, net of taxes       | (396)                           | (1,342)    |            |                                      |                      |                      |   |
| Net income  | 34,415                          | 19,491     | 24,049     | 13,194                               | 61,880               | 55,202               | 86,499  |
| Less: Income attributable to noncontrolling interest  | (39)                            | (155)      | (111)      | (123)                                | (267)                | (111)                | (267)   |
| Net income attributable to common stockholders        | \$ 34,376                       | \$ 19,336  | \$ 23,938  | \$ 13,071                            | \$ 61,613            | \$ 55,091            | \$ 86,232   |
| <b>Weighted average shares outstanding</b>            |                                 |            |            |                                      |                      |                      |   |
| Basic   | 1,232                           | 1,304      | 1,454      | 1,422                                | 1,671                |                      |   |
| Diluted   | 1,261                           | 1,322      | 1,468      | 1,424                                | 1,769                |                      |   |
| <b>Earnings per share</b>                             |                                 |            |            |                                      |                      |                      |   |
| Basic   | \$ 27.90                        | \$ 14.83   | \$ 16.46   | \$ 9.19                              | \$ 36.87             |                      |   |
| Diluted   | 27.26                           | 14.63      | 16.31      | 9.18                                 | 34.83                |                      |   |

As of December 31,

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| (in thousands)                    | 2009      | 2010      | As of September 30,<br>2011<br>(unaudited) |
|-----------------------------------|-----------|-----------|--|
| <b>Balance sheet data:</b>        |           |           |  |
| Cash and cash equivalents         | \$ 26,894 | \$ 20,348 | \$ 36,928                                  |
| Net property, plant and equipment | 96,747    | 90,632    | 121,679                                    |
| Total assets                      | 840,226   | 818,332   | 1,564,106                                  |
| Long-term debt                    | 236,937   | 204,715   | 684,295                                    |
| Total stockholders' equity        | 401,927   | 462,523   | 619,650                                    |

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|   | Year ended December 31, |             | Nine months ended |               | Year         | Pro forma   |               |
|---|-------------------------|-------------|-------------------|---------------|--------------|-------------|---------------|
|   | 2008                    | 2009        | 2010              | September 30, | ended        | ended       | Nine months   |
|   |                         |             |                   | September 30, | December 31, | ended       | ended         |
|   |                         |             |                   | 2010          | 2011         | 2010        | September 30, |
|   |                         |             |                   | (unaudited)   | (unaudited)  | (unaudited) | 2011          |
|   |                         |             |                   |               |              |             | (unaudited)   |
| <b>(in thousands)</b>                                 |                         |             |                   |               |              |             |               |
| <b>Other financial data:</b>                          |                         |             |                   |               |              |             |               |
| Net cash provided by operating activities             | \$ 112,463              | \$ 107,751  | \$ 65,981         | \$ 27,892     | \$ 18,624    |             |               |
| Net cash used in investing activities                 | \$ (160,937)            | \$ (10,914) | \$ (19,216)       | \$ (8,941)    | \$ (534,681) |             |               |
| Net cash provided by / (used in) financing activities | \$ 58,871               | \$ (94,532) | \$ (54,265)       | \$ (26,465)   | \$ 531,947   |             |               |
| EBITDA(1) (unaudited)                                 | \$ 127,328              | \$ 89,578   | \$ 95,640         | \$ 68,930     | \$ 136,458   | \$ 170,345  | \$ 187,870    |
| Adjusted EBITDA (1) (unaudited)                       | \$ 171,343              | \$ 96,587   | \$ 108,690        | \$ 81,931     | \$ 145,892   | \$ 183,395  | \$ 193,870    |

(1) EBITDA and Adjusted EBITDA are non-GAAP financial measures. For definitions and a reconciliation of these measures to our net income, see Non-GAAP financial measure below.

**Non-GAAP financial measure**

EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies.

We define EBITDA as net income attributable to common stockholders before interest expense, taxes, depreciation and amortization and loss from discontinued operations. EBITDA is not a measure of net income or cash flows as determined by U.S. generally accepted accounting principles ( GAAP ).

We define Adjusted EBITDA as EBITDA discussed above further adjusted for (1) impairment loss related to goodwill and other intangible assets, (2) expenses related to the Combination, (3) deferred loan costs written-off (4) contingent consideration for acquisitions and (5) transaction expenses for acquisitions.

Management believes EBITDA and Adjusted EBITDA are useful because they allow us to more effectively evaluate our operating performance and compare the results of our operations from period to period without regard to our financing methods or capital structure. We exclude the items listed above from net income in arriving at these measures because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. These measures should not be considered as an alternative to, or more meaningful than, net income or cash flows from operating activities as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from these measures are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of these measures. Our computations of these measures may not be comparable to other similarly titled measures of other companies. We believe that these are widely followed measures of operating performance and may also be used by investors to measure our ability to meet debt service requirements.

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The following tables present a reconciliation of the non-GAAP financial measure of EBITDA and Adjusted EBITDA to the GAAP financial measure of net income.

|  | Year ended December 31, |                  |                   | Nine months ended                    |                                      | Year                          | Pro forma   |
|--|-------------------------|------------------|-------------------|--------------------------------------|--------------------------------------|-------------------------------|---|
|  | 2008                    | 2009             | 2010              | September 30,<br>2010<br>(unaudited) | September 30,<br>2011<br>(unaudited) | ended<br>December 31,<br>2010 | Nine months ended<br>September 30,<br>2011<br>(unaudited) |
| <b>(in thousands)</b>                              |                         |                  |                   |                                      |                                      |                               |   |
| <b><u>EBITDA Reconciliation:</u></b>               |                         |                  |                   |                                      |                                      |                               |   |
| Net income attributable to common stockholders     | \$ 34,376               | \$ 19,336        | \$ 23,938         | \$ 13,071                            | \$ 61,613                            | \$ 55,091                     | \$ 86,232   |
| Interest expense                                   | 24,704                  | 19,451           | 18,189            | 15,417                               | 13,723                               | 31,747                        | 20,830  |
| Depreciation and amortization                      | 34,914                  | 38,438           | 33,216            | 24,757                               | 27,946                               | 47,792                        | 35,352  |
| Income tax expense                                 | 32,938                  | 11,011           | 20,297            | 15,685                               | 33,176                               | 35,715                        | 45,456  |
| Loss from discontinued operation                   | 396                     | 1,342            |                   |                                      |                                      |                               |   |
| <b>EBITDA</b>                                      | <b>\$ 127,328</b>       | <b>\$ 89,578</b> | <b>\$ 95,640</b>  | <b>\$ 68,930</b>                     | <b>\$ 136,458</b>                    | <b>\$ 170,345</b>             | <b>\$ 187,870</b>   |
| <b><u>Adjusted EBITDA Reconciliation:</u></b>      |                         |                  |                   |                                      |                                      |                               |   |
| <b>EBITDA</b>                                      | <b>\$ 127,328</b>       | <b>\$ 89,578</b> | <b>\$ 95,640</b>  | <b>\$ 68,930</b>                     | <b>\$ 136,458</b>                    | <b>\$ 170,345</b>             | <b>\$ 187,870</b>   |
| Impairment of goodwill and other intangible assets | 44,015                  | 7,009            |                   |                                      |                                      |                               |   |
| Expenses related to the Combination                |                         |                  | 6,968             | 6,919                                |                                      | 6,968                         |   |
| Deferred loan costs written off                    |                         |                  | 6,082             | 6,082                                |                                      | 6,082                         |   |
| Contingent consideration for acquisitions          |                         |                  |                   |                                      | 6,000                                |                               | 6,000   |
| Transaction expenses for acquisitions              |                         |                  |                   |                                      | 3,434                                |                               |   |
| <b>Adjusted EBITDA</b>                             | <b>\$ 171,343</b>       | <b>\$ 96,587</b> | <b>\$ 108,690</b> | <b>\$ 81,931</b>                     | <b>\$ 145,892</b>                    | <b>\$ 183,395</b>             | <b>\$ 193,870</b>   |

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## **Risk factors**

*You should carefully consider the risks described below before making an investment decision. Our business, financial condition, results of operations or cash flow could be materially adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.*

### **Risks related to our business**

*We derive a substantial portion of our revenues from companies in or affiliated with the oil and natural gas industry, a historically cyclical industry, with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. As a result, this cyclicity may cause fluctuations in our revenues and results of our operations.*

We have experienced, and expect to continue to experience, fluctuations in revenues and operating results due to economic and business cycles. The willingness of oil and natural gas operators to make capital expenditures to explore for and produce oil and natural gas and the willingness of oilfield service companies to invest in capital equipment depends largely upon prevailing industry conditions that are influenced by numerous factors over which we have no control, such as:

the supply of and demand for oil and natural gas;

the level of prices, and expectations about future prices, of oil and natural gas;

the cost of exploring for, developing, producing and delivering oil and natural gas;

the level of drilling activity and drilling day rates;

the expected decline rates of current and future production;

the discovery rates of new oil and natural gas reserves;

the ability of our customers to access new markets or areas of production or to continue to access current markets;

weather conditions, including hurricanes, that can affect oil and natural gas operations over a wide area;

more stringent restrictions in environmental regulation on activities that may impact the environment;

moratoriums on drilling activity resulting in a cessation or disruption of operations;



domestic and worldwide economic conditions;

political instability in oil and natural gas producing countries;

conservation measures and technological advances affecting energy consumption;

the price and availability of alternative fuels; and

merger and divestiture activity among oil and natural gas producers and drilling contractors.

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The oil and natural gas industry historically has experienced significant volatility. For example, since January 1, 2008, the WTI Cushing crude oil spot price has ranged from a low of \$30.52 per Bbl on December 23, 2008 to a high of \$146.30 per Bbl on July 11, 2008. Since January 1, 2008, the Henry Hub natural gas spot price has ranged from a low of \$1.64 per Mcf on September 4, 2009 to a high of \$13.41 per Mcf on July 2, 2008. The Henry Hub natural gas spot price on December 9, 2011 was \$3.41 per MMBtu, while the WTI Cushing crude oil spot price on December 9, 2011 was \$98.34 per barrel.

Any prolonged reduction in the overall level of exploration and development activities, whether resulting from changes in oil and natural gas prices or otherwise, could adversely impact our business in many ways by negatively affecting:

revenues, cash flows, and profitability;

the ability to maintain or increase borrowing capacity;

the ability to obtain additional capital to finance our business and the cost of that capital; and

the ability to attract and retain skilled personnel needed in the event of an upturn in the demand for services.

***Our inability to control the inherent risks of acquiring and integrating businesses could disrupt our business, dilute stockholder value and adversely affect our operating results going forward.***

We have pursued and intend to continue to pursue strategic acquisitions of complementary assets and businesses in the future, which could distract management from day-to-day tasks. Acquisitions involve numerous risks, including:

unanticipated costs and exposure to unforeseen liabilities;

difficulty in integrating the operations and assets of the acquired businesses;

potential loss of key employees and customers of the acquired company;

potential inability to properly establish and maintain effective internal controls over an acquired company; and

risk of entering markets in which we have limited prior experience.

Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our business. In addition, we may incur indebtedness to finance future acquisitions and also may issue equity securities in connection with such acquisitions. Debt service requirements could represent a burden on our results of operations and financial condition and the issuance of additional equity securities could be dilutive to our existing stockholders.

In addition to potential future acquisitions, the ongoing integration of our business in connection with the Combination and the eight acquisitions we have completed since the Combination presents a number of risks that could affect our results of operations. In particular, integrating the businesses from the Combination and our subsequent acquisitions is difficult and involves a number of special risks, including the diversion of

management's attention to the assimilation of the operations, the unpredictability of costs related to the Combination and our subsequent acquisitions and the difficulty of integration of the businesses, products, services,

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technology and employees. The ability to achieve the anticipated benefits of the Combination and each of our other recent acquisitions will depend, in part, upon whether the integration of the various businesses, products, services, technology and employees is accomplished in an efficient and effective manner, and there can be no assurance that this will occur.

The difficulties of such integration may be increased by the geographic breadth of the combined operations and the necessity of integrating and combining different corporate cultures. The inability of management to successfully integrate any one or all of the businesses could have a material adverse effect on our business, operating results and financial condition. Moreover, there can be no assurance that we will be able to gain market share or penetrate new markets successfully or that we will obtain the anticipated or desired benefits of the Combination and our other recent or future acquisitions. Despite management's belief that each of our products, services and operations will provide an increased breadth of services and sufficient critical mass in key operating areas, there can be no assurance that each of the services will gain acceptance by our other business segments or our current customers or that they will enable us to gain market share or penetrate new markets. If we fail to manage these risks successfully, our results of operations could be adversely affected.

***Our operating history may not be sufficient for investors to evaluate our business and prospects.***

We are a recently combined company with a short combined operating history. In addition, we have completed eight acquisitions since the Combination. These factors may make it more difficult for investors to evaluate our business and prospects and to forecast our future operating results. The historical consolidated financial statements included in this prospectus are based on the separate businesses of FOT, Global Flow, Triton, Allied and Subsea for the periods prior to the Combination. The unaudited pro forma condensed combined financial statements included in this prospectus are based on the separate financial statements of our company and the eight businesses we have acquired prior to the dates of such acquisitions. As a result, the historical and pro forma financial data may not give you an accurate indication of what our actual results would have been if the Combination or the 2011 Acquisitions had been completed at the beginning of the periods presented or of what our future results of operations are likely to be. Our future results will depend on our ability to efficiently manage our combined operations and execute our business strategy.

***If we cannot continue operating our manufacturing facilities at current levels, our results of operations could be adversely affected.***

We operate a number of manufacturing facilities. The equipment and management systems necessary for such operations may break down, perform poorly or fail, resulting in fluctuations in manufacturing efficiencies. Such fluctuations may affect our ability to deliver products to our customers on a timely basis.

***Growing our business organically through the expansion of our existing product lines and facilities subjects us to risks of construction delays and cost overruns.***

One of the ways that we grow our businesses is through the construction of new facilities and expansions to our existing facilities. These projects, and any other capital asset construction projects which we may commence, are subject to similar risks of delay or cost overrun inherent in any construction project resulting from numerous factors, including the following:

difficulties or delays in obtaining land;

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shortages of key equipment, materials or skilled labor;

unscheduled delays in the delivery of ordered materials and equipment;

unanticipated cost increases;

weather interferences; and

difficulties in obtaining necessary permits or in meeting permit conditions.

***We may be unable to employ a sufficient number of skilled and qualified workers.***

The delivery of our products and services requires 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 is limited and the cost to attract and retain qualified personnel has increased over the past few years. For example, we have experienced shortages of drilling rig equipment engineers, software engineers and code welders, which, in some instances, has slowed the productivity of certain of our operations. 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 and profitability 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.

***The current pace of spending for drilling rigs and other capital intensive equipment may not be sustainable over time, and our financial results may suffer to the extent they are dependent on sales of such equipment.***

In various segments of the energy industry there is significantly increased demand for construction of capital intensive equipment, some of which has a long life once introduced into the industry. This could produce excess supply of equipment for many years, reducing dayrates and undermining the economics for new capital equipment orders. In addition, many oil field products manufacturers have increased manufacturing capacity to accommodate the increased demand for capital intensive equipment. If these levels of activity do not continue, an increased competitive environment for capital equipment could result, which could lead to lower prices and utilization for our customers and a decreased demand for capital equipment products. Similarly, excess manufacturing capacity in our industry could lead to increased competition. Our strategy is to serve a variety of segments and spend cycles, but to the extent our financial results are impacted by capital equipment construction, our results may decline should an excess supply of capital equipment materialize.

***Our business depends upon our ability to obtain key raw materials and specialized equipment from suppliers. Increased costs of raw materials and other components may result in increased operating expenses.***

Should our current suppliers be unable to provide the necessary raw materials or finished products or otherwise fail to deliver such materials and products 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, because many of our products are manufactured out of steel, we are particularly susceptible to fluctuations in steel 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.

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***If suppliers cannot provide adequate quantities of materials to meet customers' demands on a timely basis or if the quality of the materials provided does not meet established standards, we may lose customers or experience lower profitability.***

Some of our customer contracts require us to compensate customers if we do not meet specified delivery obligations. We expect to rely on numerous suppliers to provide required materials and in many instances these materials must meet certain specifications. Managing a geographically diverse supply base inherently poses significant logistical challenges. Furthermore, the ability of third party suppliers to deliver materials to our specifications may be affected by events beyond our control. As a result, there is a risk that we could experience diminished supplier performance resulting in longer than expected lead times and/or product quality issues. For example, we have in the past experienced issues with the quality of certain forgings used to produce materials that are used in our products. As a result, we were required to seek alternative suppliers for those forgings, which resulted in increased costs and a disruption in our supply chain. We have also been required in certain circumstances to provide better economic terms to some of our suppliers in exchange for their agreement to increase their capacity in order to satisfy our supply needs. The occurrence of any of the foregoing factors could have a negative impact on our ability to deliver products to customers within committed time frames.

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

Certain of our product lines depend on a limited number of third party suppliers and vendors. 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. For example, we have a limited number of vendors for our bearings product lines. 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 and sell certain of our products.

***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 products and services 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;

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 products and services 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

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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, results of operations or financial condition may be adversely affected.

*If we are unable to accurately predict customer demand or if customers cancel their orders on short notice, we may hold excess or obsolete inventory, which would reduce gross margins. Conversely, insufficient inventory would result in lost revenue opportunities and potentially in loss of market share and damaged customer relationships.*

Customers can generally cancel or defer purchase orders on short notice without incurring a significant penalty. As a result, we cannot accurately predict what or how many products such customers will need in the future. Anticipating demand is difficult because our customers face unpredictable demand for their own products and are increasingly focused on cash preservation and tighter inventory management.

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. For example, we often build certain capital equipment, such as ROVs, before receiving customer orders, and we keep our standardized downhole protection systems and certain of our flow iron products in stock and readily available for delivery on short notice from customers. Our forecasts of customer demand are based on multiple assumptions, each of which may introduce errors into the estimates. In addition, many of our supplies, such as certain of our standardized valves, 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. 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.

*The markets in which we operate are highly competitive, and some of our competitors hold substantial market share and have substantially greater resources than we do. We may not be able to compete successfully in this environment and, in particular, against a much larger competitor.*

The markets in which we operate are highly competitive and our products and services are subject to competition from significantly larger businesses. One competitor in particular holds substantial market share in our largest product line's market and has substantially greater resources than we do. We have several other competitors that also are large national and multi-national companies that have longer operating histories, greater financial, technical and other resources and greater name recognition than we do. Some of our competitors may be able to

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respond more quickly to new or emerging technologies and services and changes in customer requirements. In addition, several of our competitors provide a much broader array of services and have a stronger presence in more geographic markets. Our larger competitors may be able to use their size and purchasing power to seek economies of scale and pricing concessions. Furthermore, some of our customers are also our competitors and they may cease buying from us. We also have competitors outside of the United States with lower structural costs due to labor and raw material cost in and around their manufacturing centers.

New competitors also could enter these markets. We consider product quality, performance, price, distribution capabilities and breadth of product offerings to be the primary competitive factors. Competitors may be able to offer more attractive pricing, duplicate strategies, or develop enhancements to products that could offer performance features that are superior to our products. In addition, we may not be able to retain key employees of entities that we acquire in the future and those employees may choose to compete against us. Competitive pressures, including those described above, and other factors could adversely affect our competitive position, resulting in a loss of market share or decreases in prices. In addition, some competitors are based in foreign countries and have cost structures and prices based on foreign currencies. Accordingly, currency fluctuations could cause U.S. dollar-priced products to be less competitive than our competitors' products that are priced in other currencies. For more information about our competitors, please read "Business Competition."

***Our products are used in 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 products are used in potentially hazardous drilling, completion and production applications in the oil and gas industry where an accident or a failure of a product can potentially have catastrophic consequences. Risks inherent to these applications, such as equipment malfunctions and failures, equipment misuse and defects, explosions, blowouts and uncontrollable flows of oil, natural 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 and the environment. In addition, we provide certain services that could cause, contribute to or be implicated in these events. If our products or services fail to meet specifications or are involved in accidents or failures, we could face warranty, contract 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 revenues. 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.



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***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 human health 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 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.

The trend in environmental regulation has been to impose increasingly stringent restrictions and limitations on activities that may impact 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 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. In particular, we are highly dependent on certain of our executive officers, including our President, Chief Executive Officer and Chairman, C. Christopher Gaut, and the Presidents of each of our divisions, Charles E. Jones and Wendell R. Brooks. These individuals possess extensive expertise, talent and leadership, and they 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 employment agreement we have entered into with certain of our executive officers and such employment 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.

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

Some of our largest customers have consolidated 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 revenues with

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increased business activities from other customers, this consolidation activity could have a significant negative impact on results of operations or financial condition. We are unable to predict what effect consolidations in the industries may have on prices, capital spending by customers, selling strategies, competitive position, ability to retain customers or ability to negotiate favorable agreements with customers.

*If we are unable to continue operating successfully overseas or to successfully expand into new international markets, our revenues may decrease.*

For the year ended December 31, 2010, we derived approximately 43% of our pro forma revenue from sales outside the United States (based on product destination). In addition, one of our key growth strategies is to market products in international markets. We may not succeed in marketing, developing a recognized brand, selling, distributing products and generating revenues in these new international markets.

*Our non-U.S. operations will subject us to special risks.*

For the year ended December 31, 2010, we derived approximately 43% of our pro forma revenue from sales outside of the United States (based on product destination), primarily from Canada, the United Kingdom and Singapore. Additionally, as of December 31, 2010, approximately 47% of our total long-lived assets resided outside of the United States, primarily in Canada and the United Kingdom. We are subject to the various risks inherent in conducting business operations in locations outside of the United States. These risks may include changes in regional, political or economic conditions, local laws and policies, including taxes, trade protection measures, and unexpected changes in regulatory requirements governing the operations of companies that operate outside of the United States. In addition, if a dispute arises from international operations, courts outside of the United States may have exclusive jurisdiction over the dispute, or we may not be able to subject persons outside of the United States to the jurisdiction of U.S. courts.

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

From time to time, fluctuations in currency exchange rates could be material to us depending upon, among other things, our manufacturing locations and the sourcing for our raw materials and components. In particular, we are sensitive to fluctuations in currency exchange rates between the United States dollar and each of the Canadian dollar, the British pound sterling, and, to a lesser degree, the Mexican Peso, the Euro, the Chinese Yuan and the Singapore 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, management expects 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.

*Our business 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.*

Local laws and customs in many countries differ significantly from those in the United States. In many countries, particularly in those with developing economies, it is common to engage in

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business practices that are prohibited by U.S. regulations applicable to us. The United States Foreign Corrupt Practices Act ( FCPA ) and similar anti-bribery laws in other jurisdictions, including the UK Bribery Act 2010, prohibit corporations and individuals, including us and our employees, from engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. We are responsible for any violations by our employees, contractors and agents, whether based within or outside of the United States, for violations of the FCPA. In addition, our non-U.S. competitors that are not subject to the FCPA or similar laws may be able to secure business or other preferential treatment in such countries by means that such laws prohibit with respect to us. The UK Bribery Act 2010 is broader in scope than the FCPA and applies to public and private sector corruption and contains no facilitating payments exception. A violation of any of these laws, even if prohibited by our policies, 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.

Compliance with U.S. regulations on trade sanctions and embargoes administered by the United States Department of the Treasury's Office of Foreign Assets Control ( OFAC ) also pose a risk to us. We cannot provide products or services to certain countries subject to U.S. trade 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 legal and regulatory trading obligations 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.

*Unionization efforts and labor regulations in certain areas in which we operate could materially increase our costs or limit our flexibility.*

We are not a party to any collective bargaining agreements, other than in our Monterrey, Mexico facility. We operate in certain states within the United States and in international areas that have a history of unionization and we may become the subject of a unionization campaign. If some or all of our workforce were to become unionized and collective bargaining agreement terms, including any renegotiation of our Monterrey, Mexico collective bargaining agreement, were significantly different from our current compensation arrangements or work practices, our costs could be increased, our flexibility in terms of work schedules and reductions in force could be limited, and we could be subject to strikes or work slowdowns among other things.

*We may incur liabilities to customers as a result of warranty claims.*

We provide warranties as to the proper operation and conformance to specifications of the products we manufacture or install. Failure of our products to operate properly or to meet specifications may increase costs by requiring additional engineering resources and services, replacement of parts and equipment or monetary reimbursement to a customer. We have in the past received warranty claims, and we expect to continue to receive them in the future. To the extent that we incur substantial warranty claims in any period, our reputation, ability to obtain future business and earnings could be adversely affected.

*We are subject to litigation risks that may not be covered by insurance.*

In the ordinary course of business, we become the subject of various claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including occasional claims by individuals

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alleging exposure to hazardous materials as a result of our products or operations. Some of these claims relate to the activities of businesses that we have acquired, even though these activities may have occurred prior to our acquisition of such businesses. Our insurance does not cover all of our potential losses, and we are subject to various self-insured retentions and deductibles under our insurance. A judgment may be rendered against us in cases in which we could be uninsured or beyond the amounts that we currently have reserved or anticipate incurring for such matters.

***The number and cost of our current and future asbestos claims could be substantially higher than we have estimated and the timing of payment of claims could be sooner than we have estimated.***

One of our subsidiaries has been and continues to be named as a defendant in asbestos related product liability actions. The actual amounts expended on asbestos-related claims in any year may be impacted by the number of claims filed, the volume of pre-trial proceedings, and the number of trials and settlements. As of December 31, 2010, our subsidiary had a recorded liability of \$250,000 net of anticipated insurance recoveries of \$750,000, for the estimated indemnity cost associated with the resolution of its current open claims and future claims anticipated to be filed during the next five years.

Due to a number of uncertainties that may result in significant changes in the current estimate, the actual costs of resolving these pending claims could be substantially higher than the current estimate. Among these are uncertainties as to the ultimate number and type of claims filed, the amounts of claim costs, the impact of bankruptcies of other companies with asbestos claims and potential legislative changes and uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case. In addition, future claims beyond the five-year forecast period are possible, but the accrual does not cover losses that may arise from such additional future claims and, therefore, we have not accrued a liability for such additional future claims.

Significant costs are incurred in defending asbestos claims and these costs are recorded at the time incurred. Receipt of reimbursement from our insurers may be delayed for a variety of reasons. In particular, if our primary insurer claims that certain policy limits have been exhausted, we may be delayed in receiving reimbursement as a result of the transition from one set of insurers to another. The excess insurer may also dispute the claim of exhaustion, or may rely on certain policy requirements to delay or deny claims. Furthermore, the various per occurrence and aggregate limits in different insurance policies may result in extended negotiations or the denial of reimbursement for particular claims. For more information on the cost sharing agreements related to this risk, please read Business Legal proceedings.

***Our senior secured credit facility contains certain covenants that may inhibit our ability to make certain investments, incur additional indebtedness and engage in certain other transactions, which could adversely affect our ability to meet our goals.***

The credit agreement governing our senior secured credit facility contains various covenants that, among other things, limit our ability to grant certain liens, make certain loans and investments, make distributions, enter into mergers or acquisitions unless certain conditions are satisfied, enter into hedging transactions, change our lines of business, prepay certain indebtedness, enter into certain affiliate transactions or engage in certain asset dispositions. Additionally, the credit agreement governing our senior secured credit facility limits our ability to incur additional indebtedness with certain exceptions.

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The credit agreement governing our senior secured credit facility also contains financial covenants, which, among other things, require us, on a consolidated basis, to maintain specified financial ratios or conditions summarized as follows:

Total funded debt to EBITDA (defined as the Leverage Ratio in the credit agreement) of not more than 3.75 to 1.0 for fiscal quarters ending through December 31, 2012, 3.50 to 1.0 for fiscal quarters ending from January 1, 2013 through December 31, 2013, 3.25 to 1.0 for fiscal quarters ending from January 1, 2014 through December 31, 2014, and 3.00 to 1.0 for fiscal quarters ending thereafter (provided, that following any senior, unsecured high yield issuance by our company, the maximum Leverage Ratio test will be 4.00 to 1.00 for each fiscal quarter after such issuance);

EBITDA to interest expense (defined as the Interest Coverage Ratio in the credit agreement) of not less than 3.0 to 1.0; and

Following any senior, unsecured high yield note issuance by our company, total secured funded debt to EBITDA (defined as the Senior Secured Leverage Ratio in the credit agreement) of not more than 2.50 to 1.00.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. A failure to comply with the covenants, ratios or tests in our senior secured credit facility or other covenants of our indebtedness could result in an event of default under our senior secured credit facility or other indebtedness, which, if not cured or waived, could have a material adverse affect on our business, financial condition and results of operations.

***Our indebtedness could restrict our operations and make us more vulnerable to adverse economic conditions.***

As of December 8, 2011, we had approximately \$676 million of borrowings under our senior secured credit facility, \$3.6 million of outstanding letters of credit and capacity to borrow an additional \$224 million under the revolving portion of our senior secured credit facility. Our level of indebtedness may adversely affect our operations and limit our growth, and we may have difficulty making debt service payments on our indebtedness as such payments become due. Our level of indebtedness may affect our operations in several ways, including the following:

our indebtedness may increase our vulnerability to general adverse economic and industry conditions;

the covenants contained in the agreements that govern our indebtedness limit our ability to borrow funds, dispose of assets, pay dividends and make certain investments;

our debt covenants also affect our flexibility in planning for, and reacting to, changes in the economy and in its industry;

any failure to comply with the financial or other covenants of our indebtedness could result in an event of default, which could result in some or all of our indebtedness becoming immediately due and payable;

our indebtedness could impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes; and

our business may not generate sufficient cash flows from operations to enable us to meet our obligations under our indebtedness.



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*If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.*

Effective internal controls over financial processes and reporting are necessary for us to provide reliable financial reports and effectively prevent fraud and to operate successfully. Our efforts to continue to develop and maintain internal controls may not be successful and we may be unable to maintain adequate controls in the future. In addition, the entities that we acquire in the future may not maintain effective systems of internal controls or we may encounter difficulties integrating our system of internal controls with those of acquired entities. If we are unable to maintain effective internal controls and, as a result, provide reliable financial reports and effectively prevent fraud, our reputation and operating results would be harmed.

*We may be impacted by disruptions in the political, regulatory, economic and social conditions of the foreign countries in which we are expected to conduct business.*

Instability and unforeseen changes in the international markets in which we conduct business, including economically and politically volatile areas such as North 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. For example, we have previously transferred management and operations from certain Latin American countries, due to the presence of political turmoil, to other countries in the region that are more politically stable.

In addition, worldwide political, economic, and military events have contributed to oil and natural gas price volatility and are likely to continue to do so in the future. Depending on the market prices of oil and natural gas, oil and natural gas exploration and development companies may cancel or curtail their drilling programs, thereby reducing demand for our products and services.

*Climate change legislation or regulations restricting emissions of greenhouse gases could increase our operating costs or reduce demand for our products.*

Environmental advocacy groups and regulatory agencies in the United States and other countries have focused considerable attention on the emissions of carbon dioxide, methane and other greenhouse gases and their potential role in climate change. The U.S. Environmental Protection Agency (the EPA) has already begun to regulate greenhouse gas emissions under the federal Clean Air Act. The adoption of additional legislation or regulatory programs to reduce emissions of greenhouse gases could require us to incur increased operating costs to comply with new emissions-reduction or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, hydrocarbons that our customers produce. Consequently, legislation and regulatory programs to reduce emissions of greenhouse gases could have an adverse effect on our business, financial condition and results of operations. Finally, some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events.

*Adverse weather conditions adversely affect demand for services and operations.*

Adverse weather conditions, such as hurricanes, tornadoes, ice or snow, may damage or destroy our facilities, interrupt or curtail our operations, or our customers' operations, cause supply disruptions and result in a loss of revenue, which may or may not be insured. For example, certain of our facilities located in Oklahoma and Pennsylvania have experienced suspensions in operations due to tornado activity or extreme cold weather conditions.

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*A natural disaster, catastrophe or other event could result in severe property damage, which could curtail our 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 in various places throughout the Gulf Coast region of the United States. These offices and facilities are particularly susceptible to severe tropical storms and hurricanes, 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.

*Potential legislation or regulations restricting the use of hydraulic fracturing could reduce demand for our products.*

Hydraulic fracturing is an important and common practice in the oil and gas industry, which involves the injection of water, sand and chemicals under pressure into a formation to fracture the surrounding rock and stimulate production of hydrocarbons. Certain environmental advocacy groups 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. The EPA has already begun to regulate certain hydraulic fracturing operations involving diesel under the auspices of the Underground Injection Control program under the federal Safe Drinking Water Act. Legislation has been proposed at the federal, state and local levels to restrict or further regulate certain hydraulic fracturing activities, and the EPA is conducting a study to determine if additional regulation of hydraulic fracturing is warranted. 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 products and services.

*Our financial results could be adversely impacted by the Macondo well incident and the resulting changes in regulation of offshore oil and natural gas exploration and development activity.*

The United States Department of the Interior has issued Notices to Lessees and Operators (NTLs), implemented additional safety and certification requirements applicable to drilling activities in the U.S. Gulf of Mexico, imposed additional requirements with respect to exploration, development and production activities in U.S. waters and delayed the approval of drilling plans and well permits in both deepwater and shallow-water areas. The delays caused by new regulations and requirements have and will continue to have an overall negative effect on Gulf of Mexico drilling activity, and to a certain extent, our financial results.

The Macondo well incident and resulting moratorium on drilling has caused offshore drilling delays, increased federal regulation of offshore drilling, and could result in increased state, international and additional federal regulation of our and our customers' operations that could



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negatively impact our earnings, prospects and the availability and cost of insurance coverage. There have been a variety of proposals to change existing laws and regulations that could affect offshore development and production, including proposals to significantly increase the minimum financial responsibility demonstration required under the federal Oil Pollution Act of 1990. Any increased regulation of the exploration and production industry as a whole that arises out of the Macondo well incident or otherwise could result in fewer companies being financially qualified to operate offshore in the United States, result in higher operating costs for our customers and reduce demand for our products and services. Additionally, a similar incident in another region could result in increased regulation in that market or in other offshore markets and could have a similar effect.

***Our success depends on our ability to implement new technologies and services.***

Our success depends on the ongoing development and implementation of new product designs and improvements, and on our ability to protect and maintain critical intellectual property assets related to these developments. If we are not able to obtain patent or other intellectual property protection of our technology, we may not be able to recoup development costs or fully exploit systems, services and technologies in a manner that allows us to meet evolving industry requirements at prices acceptable to our customers. In addition, some of our competitors are large national and multinational companies that may be able to devote greater financial, technical, manufacturing and marketing resources to research and development of new systems, services and technologies than we are able to do. We have not spent material amounts on research and development activities during the three most recent fiscal years.

***Our success will be affected by the use and protection of our proprietary technology. There are limitations to our intellectual property rights in our proprietary technology, and thus our right to exclude others from the use of such proprietary technology.***

Our success will be affected by our development and implementation of new product designs and improvements and by our ability to protect and maintain critical intellectual property assets related to these developments. Although in many cases our products are not protected by any registered intellectual property rights, we rely on a combination of patents and trade secret laws to establish and protect this proprietary technology.

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.

In addition, by customarily entering into confidentiality and/or license agreements with our employees, customers and potential customers and suppliers, we attempt to limit access to and

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distribution of our technology. 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 (e.g. 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.

Our competitors may infringe upon, misappropriate, violate or challenge the validity or enforceability of our intellectual property and we may not be able to adequately protect or enforce our intellectual property rights in the future.

***We may be adversely affected by disputes regarding intellectual property rights and the value of our intellectual property rights is uncertain.***

As discussed above, 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.

***In the past we have incurred certain impairment charges. We may incur additional impairment charges in future years.***

We evaluate our long-lived assets, including property and equipment, for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. In performing our review for impairment, future cash flows expected to result from the use of the asset and its eventual value upon disposal are estimated. If the undiscounted future cash flows are less than the carrying amount of the assets, the asset is impaired. The amount of the impairment is measured as the difference between the carrying value and the estimated fair value of the asset. The fair value is determined either through the use of an external valuation, or by means of an analysis of discounted future cash flows based on expected utilization. The impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value.

For goodwill and intangible assets with indefinite lives, an assessment for impairment is performed annually or whenever an event indicating impairment may have occurred. Goodwill is reviewed for impairment by comparing the carrying value of each reporting unit's net assets, including allocated goodwill, to the estimated fair value of the reporting unit. We have four reporting units. We determine the fair value of our reporting units using a discounted cash flow approach. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. If the reporting unit's carrying value is greater than its fair value, a second step is performed whereby the implied fair value of goodwill is estimated by allocating the fair value of the reporting unit in a hypothetical purchase price allocation analysis.

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We recognize a goodwill impairment charge for the amount by which the carrying value of goodwill exceeds its reassessed fair value. For the year ended December 31, 2010, no impairment loss was recorded, but for the years ended December 31, 2008 and 2009, we recorded impairment charges of \$44.0 million and \$7.0 million, respectively.

If we determine that the carrying value of our long-lived asset, goodwill or intangible assets is less than their fair value, we may be required to record additional charges in the future.

### **Risks related to our common stock**

*The initial public offering price of our common stock may not be indicative of the market price of our common stock after this offering. In addition, an active liquid trading market for our common stock may not develop and our common stock price may be volatile.*

Prior to this offering, our common stock was not traded on any market. An active and liquid trading market for our common stock may not develop or be maintained after this offering. Liquid and active trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. The market price of our common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our common stock, you could lose a substantial part or all of your investment in our common stock. The initial public offering price will be negotiated between us and representatives of the underwriters, based on numerous factors which we discuss in the Underwriting (conflicts of interest) section of this prospectus, and may not be indicative of the market price of our common stock after this offering. Consequently, you may not be able to sell shares of our common stock at prices equal to or greater than the price paid by you in the offering.

The following factors could affect our common stock price:

our operating and financial performance;

quarterly variations in the rate of growth of our financial indicators, such as net income per share, net income, EBITDA and revenues;

changes in revenue or earnings estimates or publication of reports by equity research analysts;

speculation in the press or investment community;

sales of our common stock by us or other stockholders, or the perception that such sales may occur;

general market conditions, including fluctuations in commodity prices; and

domestic and international economic, legal and regulatory factors unrelated to our performance.

The trading markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock.

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*We will incur increased costs as a result of being a public company.*

As a privately held company, we have not been responsible for the corporate governance and financial reporting practices and policies required of a publicly traded company. As a publicly traded company with listed equity securities we will need to comply with new laws, regulations and requirements, including corporate governance provisions of the Sarbanes-Oxley Act of 2002, and rules and regulations of the SEC and the NYSE. Complying with these statutes, regulations and requirements will occupy a significant amount of time of our board of directors and management and will significantly increase our costs and expenses. We will need to:

institute a more comprehensive compliance function;

design, establish, evaluate and maintain a system of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board, or PCAOB ;

comply with rules promulgated by the NYSE;

prepare and distribute periodic public reports in compliance with our obligations under the federal securities laws;

establish new internal policies, such as those relating to disclosure controls and procedures and insider trading;

involve and retain to a greater degree outside counsel and accountants in the above activities; and

establish an investor relations function.

In addition, we also expect that being a public company subject to these rules and regulations will require us to accept less director and officer liability insurance coverage than we desire or to incur substantial costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our Audit Committee, qualified executive officers and key personnel.

***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.***

We may sell additional shares of common stock in subsequent public offerings. After the completion of this offering, we will have outstanding shares of common stock (assuming the full exercise of the underwriters' over-allotment option). Following the completion of this offering, SCF will own \_\_\_\_\_ shares, or approximately \_\_\_\_\_ % of our total outstanding shares (assuming the full exercise of the underwriters' over-allotment option), all of which are subject to a lock-up agreement between SCF and the underwriters described in Underwriting (conflicts of interest), but may be sold into the market in the future. SCF is a party to a registration rights agreement with us which requires us to effect the registration of its shares in certain circumstances no earlier than the expiration of the lock-up period contained in the underwriting agreement entered into in connection with this offering.

As soon as practicable after this offering, we intend to file a registration statement with the SEC on Form S-8 providing for the registration of \_\_\_\_\_ shares of our common stock issued or reserved for



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issuance under our stock incentive plan. Subject to the satisfaction of vesting conditions and the expiration of lock-up agreements, shares registered under this registration statement on Form S-8 will be available for resale immediately in the public market without restriction.

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.

***Provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our company, which could adversely affect the price of our common stock.***

The existence of some provisions in our organizational documents and under Delaware law could delay or prevent a change in control of our Company that a stockholder may consider favorable, which could adversely affect the price of our common stock. Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws, which will be effective as of the closing of this offering, could make it more difficult for a third party to acquire control of our Company, even if the change of control would be beneficial to our stockholders. These provisions include:

a classified board of directors, so that only approximately one-third of our directors are elected each year;

the ability of our board of directors to issue preferred stock without stockholder approval;

limitations on the removal of directors; and

limitations on the ability of our stockholders to call special meetings.

In addition, our amended and restated bylaws establish advance notice provisions for stockholder proposals and nominations for elections to the board of directors to be acted upon at meetings of stockholders.

***Purchasers of common stock will experience immediate and substantial dilution.***

Assuming an initial public offering price of \$ \_\_\_\_\_ per share (the mid-point of the price range set forth on the cover page of this prospectus), purchasers of our common stock in this offering will experience an immediate and substantial dilution of \$ \_\_\_\_\_ per share in the net tangible book value per share of common stock from the initial public offering price, and our pro forma net tangible book value as of September 30, 2011, after giving effect to this offering, would be \$ \_\_\_\_\_ per share. You will incur further dilution if outstanding options to purchase common stock are exercised. In addition, our certificate of incorporation allows us to issue significant numbers of additional shares, including shares that may be issued under our long-term incentive plans. Please read *Dilution* for a complete description of the calculation of net tangible book value.

***We have no current intention to pay future dividends.***

We do not currently anticipate declaring or paying any cash dividends to holders of our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to fund the development and growth of our business. Our future dividend policy is within the discretion of our board of directors and will depend upon various factors, including our results of operations, financial condition, capital requirements and investment opportunities. In addition, our senior

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secured credit facility prohibits us from paying cash dividends unless all the following conditions are met: (i) no default exists under our senior secured credit facility or would result from the payment of such dividends; (ii) after giving effect to the payment of such dividends, we have a pro forma leverage ratio that is less than or equal to 2.50 to 1.0 and the borrowing availability under our senior secured credit facility is at least \$40 million; (iii) the aggregate amount of cash dividends and other Restricted Payments (as defined in the credit agreement) paid in any fiscal quarter does not exceed 50% of our consolidated EBITDA for the prior four fiscal quarters; and (iv) the aggregate amount of cash dividends and other Restricted Payments paid in any four consecutive fiscal quarters does not exceed 50% of our consolidated EBITDA for the prior four fiscal quarters. Please read Dividend policy.

*We will be a controlled company within the meaning of the NYSE rules and will qualify for and have the ability to rely on exemptions from certain NYSE corporate governance requirements.*

Because SCF will own a majority of our outstanding common stock following the completion of this offering, we will be a controlled company as that term is set forth in Section 303A of the NYSE Listed Company Manual. Under the NYSE rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain NYSE corporate governance requirements, including:

the requirement that a majority of its board of directors consist of independent directors;

the requirement that its nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and

the requirement that its compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These requirements will not apply to us as long as we remain a controlled company. Following this offering and so long as SCF owns a majority of our outstanding common stock, we have the option to utilize these exemptions. Accordingly, should we choose to utilize such exemptions, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE. SCF's significant ownership interest could adversely affect investors' perceptions of our corporate governance.

**Risks related to our relationship with SCF**

*L.E. Simmons & Associates, Incorporated (LESA), through SCF, will control the outcome of stockholder voting and may exercise this voting power in a manner adverse to you.*

After the offering, SCF will hold approximately \_\_\_\_\_ shares of our common stock (or \_\_\_\_\_% of the outstanding common stock if the over-allotment option is exercised in full). LESA is the ultimate general partner of SCF and will be in a position to control the outcome of most matters requiring a stockholder vote, including the election of directors, adoption of amendments to our charter and bylaws and approval of transactions involving a change of control. LESA's interests may differ from yours, and SCF may vote its common stock in a manner that may adversely affect you.

Certain of our directors may have conflicts of interest because they are also directors or officers of SCF. The resolution of these conflicts of interest may not be in our or your best interests.

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Certain of our directors, namely David C. Baldwin and Andrew L. Waite, are currently officers of LESA. In addition, a trust in which the children of our Chief Executive Officer, C. Christopher Gaut, are primary beneficiaries will continue to hold an ownership interest in the general partner of each of SCF-VI, L.P. and SCF-VII, L.P. after the offering. These positions may create conflicts of interest because these directors and Mr. Gaut have an ownership interest in SCF-VI, L.P. and SCF-VII, L.P. and/or responsibilities to SCF and its owners. Duties as directors or officers of LESA may conflict with such individuals' duties as one of our directors or officers regarding business dealings and other matters between SCF and us. The resolution of these conflicts may not always be in our or your best interest. Please read [We have renounced any interest in specified business opportunities, and SCF and its director nominees on our board of directors generally have no obligation to offer us those opportunities.](#)

***We have renounced any interest in specified business opportunities, and SCF and its director nominees on our board of directors generally have no obligation to offer us those opportunities.***

Our certificate of incorporation provides that, so long as we have a director or officer who is affiliated with SCF (an SCF Nominee) and for a continuous period of one year thereafter, we renounce any interest or expectancy in any business opportunity in which any member of the SCF group participates or desires or seeks to participate in and that involves any aspect of the energy equipment or services business or industry, other than (i) any business opportunity that is brought to the attention of an SCF Nominee solely in such person's capacity as a director or officer of our Company and with respect to which no other member of the SCF group independently receives notice or otherwise identifies such opportunity and (ii) any business opportunity that is identified by the SCF group solely through the disclosure of information by or on behalf of our Company. We refer to SCF and its other affiliates and its portfolio companies as the SCF group. We are not prohibited from pursuing any business opportunity with respect to which we have renounced any interest.

SCF has investments in other oilfield service companies that may compete with us, and SCF and its affiliates, other than our Company, may invest in other such companies in the future. LESA, the ultimate general partner of SCF, has an internal policy that discourages it from investing in two or more portfolio companies with substantially overlapping industry segments and geographic areas. However, LESA's internal policy does not restrict the management or operation of its other individual portfolio companies from competing with us. Pursuant to LESA's policy, LESA may allocate any potential opportunities to the existing portfolio company where LESA determines, in its discretion, such opportunities are the most logical strategic and operational fit. As a result, LESA or its affiliates may become aware, from time to time, of certain business opportunities, such as acquisition opportunities, and may direct such opportunities to its other portfolio companies, in which case we may not become aware of or otherwise have the ability to pursue such opportunities. Furthermore, LESA does not have a specific policy with regard to allocation of financial professionals and they are under no obligation to provide us with financial professionals, other than pursuant to the Secondment Agreement dated as of August 2, 2010 by and among LESA, W. Patrick Connelly and us, which expires on August 2, 2012.



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## Cautionary note regarding forward-looking statements

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than statements of historical fact included in this prospectus, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words could, believe, anticipate, intend, estimate, expect, may, continue, predict, potential, project, and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements may include statements about:

business strategy;

cash flows and liquidity;

the volatility of oil and natural gas prices;

our ability to successfully manage our growth, including risks and uncertainties associated with integrating and retaining key employees of the businesses we acquire;

the availability of raw materials and specialized equipment;

availability of skilled and qualified labor;

our ability to accurately predict customer demand;

competition in the oil and gas industry;

governmental regulation and taxation of the oil and natural gas industry;

environmental liabilities;

political and social issues affecting the countries in which we do business;

our ability to deliver our backlog in a timely fashion;

our ability to implement new technologies and services;

availability and terms of capital;

general economic conditions;

benefits of the Combination and our acquisitions;

availability of key management personnel;

operating hazards inherent in our industry;

the continued influence of SCF;

the ability to establish and maintain effective internal controls over financial reporting;

the ability to operate effectively as a public traded company;

financial strategy, budget, projections and operating results;

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uncertainty regarding our future operating results; and

plans, objectives, expectations and intentions contained in this prospectus that are not historical. All forward-looking statements speak only as of the date of this prospectus; we disclaim any obligation to update these statements unless required by law and we caution you not to place undue reliance on them. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this prospectus are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations under Risk factors and Management's discussion and analysis of financial condition and results of operations and elsewhere in this prospectus. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

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## Use of proceeds

We will receive net proceeds of approximately \$       million from the sale of the common stock by us, assuming an initial public offering price of \$       per share (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting estimated expenses and underwriting discounts and commissions of approximately \$       million. If the over-allotment option is exercised in full, we estimate that our net proceeds will be approximately \$       million. We will not receive any of the proceeds from any sale of shares of our common stock by the selling stockholders.

We intend to use all of the net proceeds from this offering and any proceeds from any exercise of the underwriters' over-allotment option to repay outstanding borrowings under the revolving portion of our senior secured credit facility. Our senior secured credit facility matures in August 2014 and bore interest at a rate of 2.75% per annum as of December 8, 2011. Our outstanding borrowings under our senior secured credit facility were incurred to fund acquisitions and other capital expenditures. Affiliates of the underwriters are lenders under our senior secured credit facility and, accordingly, will receive a portion of the proceeds of this offering. See Underwriting (conflicts of interest). While we do not currently have any plans to immediately borrow additional amounts under the senior secured credit facility, we may at any time reborrow amounts repaid under the senior secured credit facility to the extent available.

We estimate that the selling stockholders will receive net proceeds of approximately \$       million from the sale of       shares of common stock in this offering based upon the assumed initial offering price of \$       per share, after deducting underwriting discounts and commissions. If the underwriters' over-allotment option to purchase additional shares is exercised in full, we estimate that the selling stockholders' net proceeds will be approximately \$       million. We will pay all expenses related to this offering, other than underwriting discounts and commissions related to the shares sold by the selling stockholders.

An increase or decrease in the initial public offering price of \$1.00 per share of common stock would cause the net proceeds that we will receive from the offering, after deducting estimated expenses and underwriting discounts and commissions, to increase or decrease by approximately \$       million or by approximately \$       million if the underwriters' over-allotment option is exercised in full.

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## **Stock split**

Prior to the completion of this offering, we expect the majority of our stockholders to approve, by written consent, an amendment to our certificate of incorporation to effect a stock split on a \_\_\_\_\_ for \_\_\_\_\_ basis. The stock split is expected to be effected simultaneously for all our then-existing common stock and the exchange ratio will be the same for all of our shares of issued and outstanding common stock. The stock split will affect all of our stockholders uniformly and will not affect any stockholder's percentage ownership interests in us. Shares of common stock issued pursuant to the stock split will remain fully paid and nonassessable.

## **Dividend policy**

We do not anticipate declaring or paying any cash dividends to holders of our common stock in the foreseeable future. We currently intend to retain future earnings, if any, to fund the development and growth of our business. Our future dividend policy is within the discretion of our board of directors and will depend upon various factors, including our results of operations, financial condition, capital requirements and investment opportunities. In addition, our senior secured credit facility prohibits us from paying any cash dividends unless all of the following conditions are met: (i) no default exists under our senior secured credit facility or would result from the payment of such dividends, (ii) after giving effect to the payment of such dividends, we have a pro forma leverage ratio that is less than or equal to 2.50 to 1.0 and the borrowing availability under our senior secured credit facility is at least \$40 million, (iii) the aggregate amount of cash dividends and other Restricted Payments (as defined in the credit agreement) paid in any fiscal quarter does not exceed 50% of our consolidated EBITDA (as defined in the credit agreement) for the prior four fiscal quarters and (iv) the aggregate amount of cash dividends and other Restricted Payments paid in any four consecutive fiscal quarters does not exceed 50% of our consolidated EBITDA for the prior four fiscal quarters.

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## Capitalization

The following table sets forth our capitalization as of September 30, 2011:

on an actual basis; and

on an as adjusted basis to give effect to this offering and the application of the net proceeds as set forth under Use of proceeds. You should read the following table in conjunction with Use of proceeds, Selected historical consolidated financial data, Management's discussion and analysis of financial condition and results of operations and our historical consolidated financial statements and related notes thereto appearing elsewhere in this prospectus.

|  | <b>As of September 30, 2011</b> |                                       |
|--|---------------------------------|---------------------------------------|
|  | <b>Actual</b>                   | <b>As adjusted<br/>(in thousands)</b> |
| <b>Cash and cash equivalents</b>   | \$ 36,928                       | \$                                    |
| <b>Long-term debt, including current maturities:</b>   |                                 |                                       |
| Senior secured credit facility(1)(2)   | \$ 684,000                      | \$                                    |
| Other long-term debt   | 295                             |                                       |
| Total long-term debt   | 684,295                         |                                       |
| <b>Stockholders' equity:</b>   |                                 |                                       |
| Common stock, \$0.01 par value; shares authorized (actual, pro forma for anticipated stock split); shares issued and outstanding (as adjusted) | 19                              |                                       |
| Additional paid-in capital(1)  | 422,539                         |                                       |
| Warrants   | 27,097                          |                                       |
| Retained earnings  | 212,416                         |                                       |
| Treasury stock   | (25,877)                        |                                       |
| Accumulated other comprehensive loss   | (16,544)                        |                                       |
| Total stockholders' equity(1)  | 619,650                         |                                       |
| <b>Total capitalization(1)</b>   | <b>\$ 1,303,945</b>             | <b>\$</b>                             |

- (1) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share, the midpoint of the range set forth on the cover page of this prospectus, would increase or decrease the amount of borrowings outstanding under our senior secured credit facility, additional paid-in capital, total stockholders' equity and total capitalization by approximately \$ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

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- (2) On October 4, 2011, we amended and restated the credit agreement governing our revolving credit facility to, among other things, convert \$300 million of indebtedness thereunder to a term loan and decrease the revolving commitment thereunder to \$600 million. As of December 8, 2011, we had \$676 million of indebtedness outstanding under the revolving portion of our senior secured credit facility and \$3.6 million of outstanding letters of credit.

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## Dilution

Purchasers of the common stock in this offering will experience immediate and substantial dilution in the net tangible book value per share of the common stock for accounting purposes. Our net tangible book value as of September 30, 2011, after giving pro forma effect to the transactions described under Stock split, was approximately \$ million, or \$ per share of common stock. Pro forma net tangible book value per share is determined by dividing our pro forma tangible net worth (tangible assets less total liabilities) by the total number of outstanding shares of common stock that will be outstanding immediately prior to the closing of this offering. After giving effect to our anticipated stock split and the sale of the shares in this offering and assuming the receipt of the estimated net proceeds (after deducting estimated discounts and expenses of this offering), our adjusted pro forma net tangible book value as of September 30, 2011 would have been approximately \$ million, or \$ per share. This represents an immediate increase in the net tangible book value of \$ per share to our existing stockholders and an immediate dilution (i.e., the difference between the offering price and the adjusted pro forma net tangible book value after this offering) to new investors purchasing shares in this offering of \$ per share. The following table illustrates the per share dilution to new investors purchasing shares in this offering:

|  |    |
|--|----|
| Assumed initial public offering price per share  | \$ |
| Pro forma net tangible book value per share as of September 30, 2011 (after giving effect to our stock split)    |    |
| Increase per share attributable to new investors in this offering  |    |
| As adjusted pro forma net tangible book value per share after giving effect to our stock split and this offering |    |
| Dilution in pro forma net tangible book value per share to new investors in this offering                        | \$ |

The following table summarizes, on an adjusted pro forma basis as of September 30, 2011, the total number of shares of common stock owned by existing stockholders and to be owned by new investors, the total consideration paid, and the average price per share paid by our existing stockholders and to be paid by new investors in this offering at \$ , the midpoint of the range of the initial public offering prices set forth on the cover page of this prospectus, calculated before deduction of estimated discounts and commissions:

|                          | Shares acquired |         | Total consideration |         | Average price |
|--------------------------|-----------------|---------|---------------------|---------|---------------|
|                          | Number          | Percent | Amount              | Percent | per share     |
| Existing stockholders(1) |                 | %       | \$                  | %       | \$            |
| New investors            |                 |         |                     |         |               |
| Total                    |                 | %       | \$                  | %       | \$            |

(1) The number of shares disclosed for the existing stockholders includes shares being sold by the selling stockholders in this offering. The number of shares disclosed for the new investors does not include the shares being purchased by the new investors from the selling stockholders in this offering. Assuming the underwriters over-allotment option is exercised in full, sales by us in this offering will reduce the percentage of shares held by existing stockholders to % and will increase the number of shares held by new investors to , or % on an adjusted pro forma basis as of September 30, 2011.



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A \$1.00 increase or decrease in the assumed initial public offering price of \$        per share, which is the midpoint of the range set forth on the cover page of this prospectus, would increase or decrease our as adjusted pro forma net tangible book value as of September 30, 2011 by approximately \$        million, the as adjusted pro forma net tangible book value per share after this offering by \$        per share and the dilution in pro forma as adjusted net tangible book value per share to new investors in this offering by \$        per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

**Table of Contents****Index to Financial Statements****Unaudited pro forma condensed combined financial data**

We have completed the following acquisitions since the Combination in August 2010:

| <b>Name of acquisition</b>            | <b>Date completed</b> |
|---------------------------------------|-----------------------|
| Wood Flowline Products, LLC           | February 4, 2011      |
| Phoinix Global LLC                    | April 29, 2011        |
| Specialist ROV Tooling Services, Ltd. | May 16, 2011          |
| Cannon Services LP                    | July 1, 2011          |
| SVP Products Inc.                     | July 1, 2011          |
| AMC Global Group Ltd.                 | July 1, 2011          |
| P-Quip Ltd.                           | July 5, 2011          |
| Davis-Lynch LLC                       | July 29, 2011         |

The unaudited pro forma condensed combined statement of income for the year ended December 31, 2010 gives effect to the eight acquisitions completed in 2011 as if each had occurred on January 1, 2010. Under the rules and regulations of the SEC, the Davis-Lynch Acquisition was individually significant and the Wood Flowline Acquisition, the Phoinix Acquisition, the Specialist Acquisition, the Cannon Acquisition, the SVP Acquisition, the AMC Acquisition and the P-Quip Acquisition were each individually insignificant but, in the aggregate, are significant. Regulation S-X requires the presentation of audited financials for any significant acquisitions and for a substantial majority of the individually insignificant acquisitions when acquired businesses are individually insignificant, but significant in the aggregate. The unaudited pro forma condensed combined financial data has been prepared from our historical consolidated financial statements and related notes, the audited financials statements of Davis-Lynch, Wood Flowline, AMC Global, P-Quip and Cannon Services and the unaudited interim financial statements of Davis-Lynch and Cannon Services, each as included elsewhere in this prospectus, and the unaudited financial statements of Wood Flowline, AMC Global, P-Quip, Phoinix, Specialist and SVP not included in this prospectus.

The pro forma financial data for the year ended December 31, 2010 also gives effect to the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in "Use of proceeds," in each case as if each such transaction had occurred on January 1, 2010. The pro forma condensed combined financial data for the nine months ended September 30, 2011 gives effect to the 2011 Acquisitions, the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in "Use of proceeds," in each case as if each such transaction had occurred on January 1, 2010.

The unaudited pro forma condensed combined financial data included in this prospectus is not intended to represent what our financial position is or results of operations would have been if the acquisitions had occurred on any particular date or to project our results of operations for any future period. Since the Company and each of the acquired businesses were not under common control or management for some of or any period presented, the unaudited pro forma condensed combined financial results may not be comparable to, or indicative of, future performance.

The unaudited pro forma condensed combined statements of operations included herein have been prepared pursuant to the rules and regulations of the SEC. Certain information and certain footnote disclosures normally included in financial statements prepared in accordance with U.S.

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GAAP have been condensed or omitted pursuant to these rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading.

The unaudited pro forma condensed combined financial data does not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the acquisition, the costs to combine our operations and the acquisitions or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

You should read the following tables in conjunction with the historical financial statements and related notes thereto appearing elsewhere in this prospectus.

Table of ContentsIndex to Financial Statements**Pro forma condensed combined statement of income****Year ended December 31, 2010**

|  | <b>Forum</b>  | <b>Acquisitions(a)</b> | <b>Pro forma</b> | <b>Offering<br/>adjustments(c)<br/>(In thousands, except per share data)</b> | <b>Pro forma,<br/>as adjusted<br/>(Unaudited)</b> |
|--|---------------|------------------------|------------------|--|---|
| Net sales  | \$ 747,335    | \$ 208,114             | \$ 955,449       | \$   | \$ 955,449  |
| Costs of sales   | 533,078       | 104,033                | 637,111          |  | 637,111   |
| Gross profit   | 214,257       | 104,081                | 318,338          |  | 318,338   |
| Selling, general and administrative<br>expenses          | 141,441       | 44,130                 | 185,571          |  | 185,571   |
| Contingent consideration                                 |               |                        |                  |  |   |
| Transaction expenses                                     |               |                        |                  |  |   |
| (Gain) Loss on sale of assets                            | (461)         |                        | (461)            |  | (461)   |
| <b>Operating income</b>                                  | <b>73,277</b> | <b>59,951</b>          | <b>133,228</b>   |  | <b>133,228</b>                                    |
| Interest expense, net                                    | 18,189        | 26,392                 | 44,581           | (12,834)   | 31,747  |
| Expenses related to the Combination                      | 6,968         |                        | 6,968            |  | 6,968   |
| Deferred loan costs written off                          | 6,082         |                        | 6,082            |  | 6,082   |
| Other (income), net                                      | (2,308)       | (178)                  | (2,486)          |  | (2,486)   |
| Income before income taxes                               | 44,346        | 33,737                 | 78,083           | 12,834   | 90,917  |
| Income tax expense                                       | 20,297        | 10,926                 | 31,223           | 4,492  | 35,715  |
| Net income   | \$ 24,049     | \$ 22,811              | \$ 46,860        | \$ 8,342   | \$ 55,202   |
| Less: Income attributable to noncontrolling<br>interests | (111)         |                        | (111)            |  | (111)   |
| Net income attributable to common<br>stockholders        | \$ 23,938     | \$ 22,811              | \$ 46,749        | \$ 8,342   | \$ 55,091   |
| <b>Earnings per share:</b>                               |               |                        |                  |  |   |
| Basic  | \$ 16.46      |                        |                  |  |   |
| Diluted  | \$ 16.31      |                        |                  |  |   |
| <b>Weighted average shares:</b>                          |               |                        |                  |  |   |
| Basic  | 1,454         |                        |                  |  |   |
| Diluted  | 1,468         |                        |                  |  |   |

**Table of Contents****Index to Financial Statements****Nine months ended September 30, 2011**

|   | <b>Forum</b> | <b>Acquisitions(b)</b> | <b>Pro forma</b> | <b>Offering<br/>adjustments(c)<br/>(In thousands, except per share data)</b> | <b>Pro forma,<br/>as adjusted<br/>(Unaudited)</b> |
|---|--------------|------------------------|------------------|--|---|
| Net Sales   | \$ 791,412   | \$ 117,614             | \$ 909,026       |  | \$ 909,026  |
| Costs of sales  | 542,832      | 53,992                 | 596,824          |  | 596,824   |
| Gross profit  | 248,580      | 63,622                 | 312,202          |  | 312,202   |
| Selling, general and administrative expenses          | 129,626      | 23,136                 | 152,762          |  | 152,762   |
| Contingent consideration                              | 6,000        |                        | 6,000            |  | 6,000   |
| Transaction expenses                                  | 3,434        | (3,434)                |                  |  |   |
| (Gain) Loss on sale of assets                         | (520)        |                        | (520)            |  | (520)   |
| Income from operations                                | 110,040      | 43,920                 | 153,960          |  | 153,960   |
| Interest expense, net                                 | 13,723       | 13,594                 | 27,317           | (6,487)  | 20,830  |
| Other, net  | 1,261        | (86)                   | 1,175            |  | 1,175   |
| Income before income taxes                            | 95,056       | 30,412                 | 125,468          | 6,487  | 131,955   |
| Income tax expense                                    | 33,176       | 10,009                 | 43,185           | 2,269  | 45,456  |
| Net income  | 61,880       | 20,403                 | 82,283           | 4,217  | 86,499  |
| Less: Income attributable to noncontrolling interests | (267)        |                        | (267)            |  | (267)   |
| Net income attributable to common stockholders        | \$ 61,613    | \$ 20,403              | \$ 82,016        | \$ 4,217   | \$ 86,232   |
| <b>Earnings per share:</b>                            |              |                        |                  |  |   |
| Basic   | \$ 36.87     |                        |                  |  |   |
| Diluted   | \$ 34.83     |                        |                  |  |   |
| <b>Weighted average shares:</b>                       |              |                        |                  |  |   |
| Basic   | 1,671        |                        |                  |  |   |
| Diluted   | 1,769        |                        |                  |  |   |

**Table of Contents****Index to Financial Statements****Note 1. Pro forma adjustments related to the statements of income**

(a) The following schedule presents pro forma adjustments related to the inclusion of the acquisitions described above in the unaudited pro forma condensed combined financial data for the year ended December 31, 2010.

|  | Year ended December 31, 2010 |               |                  |              |                 |                               |                         | Ref. | Acquisitions combined<br>(In thousands) |
|--|------------------------------|---------------|------------------|--------------|-----------------|-------------------------------|-------------------------|------|---|
|  | Davis-Lynch                  | Wood Flowline | AMC Global(i)(j) | P-Quip(i)(j) | Cannon services | Other individual acquisitions | Acquisition adjustments |      |   |
| Revenue                                      | \$ 89,152                    | \$ 28,524     | \$ 17,103        | \$ 11,116    | \$ 29,684       | \$ 46,926                     | \$ (14,391)             | (d)  | \$ 208,114                              |
| Cost of sales                                | 37,381                       | 18,739        | 9,496            | 4,977        | 16,039          | 30,783                        | (14,391)                | (d)  | 104,033                                 |
|  |                              |               |                  |              |                 |                               | 1,009                   | (e)  |   |
| Gross profit                                 | 51,771                       | 9,785         | 7,607            | 6,139        | 13,645          | 16,143                        | (1,009)                 |      | 104,081                                 |
| Selling, general and administrative expenses | 13,943                       | 1,576         | 2,002            | 1,469        | 5,869           | 7,124                         | 12,147                  | (f)  | 44,130                                  |
| Operating income (loss)                      | 37,828                       | 8,209         | 5,605            | 4,670        | 7,776           | 9,019                         | (13,156)                |      | 59,951                                  |
| Interest expense                             |                              | 81            |                  |              |                 | 105                           | 26,206                  | (g)  | 26,392                                  |
| Other expense (income), net                  | (477)                        | 4             | (17)             | (8)          | (38)            | 358                           |                         |      | (178)                                   |
| Income before income taxes                   | 38,305                       | 8,124         | 5,622            | 4,678        | 7,814           | 8,556                         | (39,362)                |      | 33,737                                  |
| Income tax expense                           | 1,570                        | 2,843         | 1,574            | 1,310        | 2,735           | 2,834                         | (1,940)                 | (h)  | 10,926                                  |
| Net Income                                   | \$ 36,735                    | \$ 5,281      | \$ 4,048         | \$ 3,368     | \$ 5,079        | \$ 5,722                      | \$ (37,422)             |      | \$ 22,811                               |

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(b) The following schedule presents the pro forma adjustments related to the inclusion of the acquisitions described above in the unaudited pro forma condensed combined financial data for the nine months ended September 30, 2011.

|  | One<br>month<br>ended | Four<br>months<br>ended | Five<br>months<br>ended | Seven<br>months<br>ended | Six months ended June 30, 2011 |                 |                     |              |                    |     | Ref.       | Acquisitions<br>combined<br>(In thousands) |
|--|-----------------------|-------------------------|-------------------------|--------------------------|--------------------------------|-----------------|---------------------|--------------|--------------------|-----|------------|--|
|  | January 31,<br>2011   | April 30,<br>2011       | May 31,<br>2011         | July 31,<br>2011         | Wood<br>Flowline               | Davis-<br>Lynch | AMC<br>Global(i)(j) | P-Quip(i)(j) | Cannon<br>services | SVP |            |  |
| Revenue  | \$ 4,259              | \$ 14,621               | \$ 1,855                | \$ 61,040                | \$ 9,650                       | \$ 9,495        | \$ 13,544           | \$ 16,364    | \$ (13,214)        | (d) | \$ 117,614 |  |
| Cost of sales  | 2,559                 | 9,933                   | 993                     | 27,726                   | 2,402                          | 5,406           | 5,633               | 12,006       | (13,214)           | (d) | 53,992     |  |
|  |                       |                         |                         |                          |                                |                 |                     |              | 548                | (e) |            |  |
| Gross profit   | 1,700                 | 4,688                   | 862                     | 33,314                   | 7,248                          | 4,089           | 7,911               | 4,358        | (548)              |     | 63,622     |  |
| Selling, general and<br>administrative expenses          | 253                   | 1,231                   | 244                     | 7,782                    | 2,063                          | 831             | 3,472               | 1,331        | 5,929              | (f) | 23,136     |  |
| Transaction expenses                                     |                       |                         |                         |                          |                                |                 |                     |              | (3,434)            | (f) | (3,434)    |  |
| Operating income (loss)                                  | 1,447                 | 3,457                   | 618                     | 25,532                   | 5,185                          | 3,258           | 4,439               | 3,027        | (3,043)            |     | 43,920     |  |
| Interest expense   | 16                    |                         |                         |                          |                                |                 |                     |              | 13,578             | (g) | 13,594     |  |
| Other expense (income), net                              |                       | 24                      |                         | (112)                    | 2                              |                 |                     |              |                    |     | (86)       |  |
| Income before income taxes                               | 1,431                 | 3,433                   | 618                     | 25,644                   | 5,183                          | 3,258           | 4,439               | 3,027        | (16,621)           |     | 30,412     |  |
| Income tax expense                                       | 501                   | 1,202                   | 172                     | 1,120                    | 1,451                          | 912             | 1,554               | 1,059        | 2,038              | (h) | 10,009     |  |
| Net Income   | 930                   | 2,231                   | 446                     | 24,524                   | 3,732                          | 2,346           | 2,885               | 1,968        | (18,659)           |     | 20,403     |  |
| Less: income attributable to<br>noncontrolling interests |                       |                         |                         |                          |                                |                 |                     |              |                    |     |            |  |
| Net income attributable to<br>common stockholders        | \$ 930                | \$ 2,231                | \$ 446                  | \$ 24,524                | \$ 3,732                       | \$ 2,346        | \$ 2,885            | \$ 1,968     | \$ (18,659)        |     | \$ 20,403  |  |

(c) The offering adjustments in the unaudited pro forma condensed combined statements of income for the year ended December 31, 2010 and the nine months ended September 30, 2011 assume the application of \$279 million of net proceeds from this offering to repay a portion of the outstanding indebtedness under the revolving portion of our senior secured credit facility. The resulting reduction of interest expense from the repayment of our senior secured credit facility was \$12.8 million and \$6.5 million for the year ended December 31, 2010 and the nine months ended September 30, 2011, respectively. This resulting reduction of interest expense was calculated using the weighted average of the interest rates applicable to the borrowings under the various tranches of our senior secured credit facility as of December 31, 2010 and September 30, 2011, which were 4.6% and 3.1%, respectively. If the net proceeds from the offering of our common stock increases or decreases by \$10 million, we would accordingly repay \$289 million or \$269 million of outstanding indebtedness under our senior secured credit facility, which would change pro forma interest expense by \$0.5 million for the year ended December 31, 2010 and \$0.2 million for the nine months ended September 30, 2011. A one-eighth percentage point change in the interest rate would change pro forma interest expense by \$0.3 million for the year ended December 31, 2010 and \$0.3 million for the nine months ended September 30, 2011.

(d) Intercompany revenue and cost of sales have been eliminated in the consolidation of the pro forma results. Certain acquired businesses have had sales to other entities within our Company prior to their

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acquisition by us. In the pro forma results, these sales are treated as intercompany sales and therefore have been eliminated in the consolidated total.

(e) Depreciation reflects the adjusted fixed assets assuming the acquisitions occurred January 1, 2010. Asset values were determined based upon third-party and internal appraisals. We estimated the average useful lives of the fixed assets to range from 7 to 30 years. The amount of depreciation related to this adjustment was approximately \$1.0 million and \$0.5 million for the pro forma condensed combined statements of income for the year ended December 31, 2010 and the nine months ended September 30, 2011, respectively.

(f) Amortization of intangible assets has been reflected as if the intangible assets purchased as part of the business combinations had been acquired on January 1, 2010. The intangible assets include noncompete agreements, customer-related intangibles, backlog, patents and tradenames. For our significant acquisitions, asset values were determined based upon third-party appraisals. We estimated the remaining useful lives, ranging from 5 to 15 years, of all acquired intangible assets and amortized those assets over their estimated remaining useful lives. The amount of amortization related to this adjustment was approximately \$12.1 million and \$5.9 million for the pro forma condensed combined statements of income for the year ended December 31, 2010 and the nine months ended September 30, 2011, respectively. Non-recurring transaction expenses related to acquisitions have been eliminated.

(g) Interest expense reflects the estimated interest related to the debt incurred for the acquisitions as if the acquisitions occurred January 1, 2010. The interest rate used in the pro forma adjustments for the year ended December 31, 2010 and nine months ended September 30, 2011 was the interest rate in effect at the time of each acquisition. The pro forma amount of interest expense for the debt related to the acquisitions for the year ended December 31, 2010 and nine months ended September 30, 2011 was approximately \$26.2 million and \$13.6 million, respectively. A 1/8% change in the variable rate of interest for the year ended December 31, 2010 and nine months ended September 30, 2011 would have reduced or increased net income by approximately \$0.4 million and \$0.2 million, respectively.

(h) In preparing the pro forma condensed combined statements of income for the year ended December 31, 2010 and nine months ended September 30, 2011, we used the statutory tax rate in effect for the applicable jurisdiction at the time of each acquisition.

(i) The historical profit and loss accounts and balance sheet of AMC and P-Quip have been prepared in accordance with generally accepted accounting principles in the United Kingdom ( UK GAAP ). Such principles differ in certain respects from generally accepted accounting principles in the United States ( US GAAP ). There were no significant differences between UK GAAP and US GAAP that would require adjustments within this pro forma financial data. Additionally, for the purpose of presenting the unaudited pro forma condensed combined financial data, the adjusted income statements of AMC and P-Quip for the periods ended December 31, 2010 and June 30, 2011 have been translated into U.S. dollars at the average rates for the periods ended December 31, 2010 and June 30, 2011, respectively.

(j) The pro forma statement of income of the AMC Acquisition for the year ended December 31, 2010 was derived from the audited financial statements for the fiscal year ended April 30, 2011, minus the results of operations for the four months ended April 30, 2011, plus the results of operations for the four months ended April 30, 2010, as shown in the schedule below. The currency exchange rates used to convert AMC s results of operations from British pound sterling



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to U.S. dollars for the twelve months ended December 31, 2010 and the six months ended June 30, 2011 were 1.55 and 1.62, respectively.

| AMC<br>(in 000 s of British sterling pound)  | Twelve months<br>Ended<br>April 30,<br>2011 |        | Four months<br>ended April 30,<br>2011 |       | Four months<br>ended April 30,<br>2010 |       | Twelve months<br>ended December 31,<br>2010 |        |
|--|---|--------|--|-------|--|-------|---|--------|
| Net Sales                                    | £   | 12,833 | £                                      | 4,691 | £                                      | 2,922 | £   | 11,064 |
| Cost of Sales                                |   | 5,756  |  | 1,324 |  | 1,711 |   | 6,143  |
| Gross Profit                                 |   | 7,077  |  | 3,367 |  | 1,211 |   | 4,921  |
| Selling, general and administrative expenses |   | 1,920  |  | 880   |  | 255   |   | 1,265  |
| Income from operations                       |   | 5,157  |  | 2,487 |  | 956   |   | 3,626  |
| Interest, expense, net                       |   |        |  |       |  |       |   |        |
| Other, net                                   |   | (2)    |  | 4     |  | (5)   |   | (11)   |
| Income before income taxes                   |   | 5,159  |  | 2,483 |  | 961   |   | 3,637  |
| Income tax expense                           |   | 1,522  |  | 695   |  | 269   |   | 1,018  |
| Net income                                   | £   | 3,637  | £                                      | 1,788 | £                                      | 692   | £   | 2,619  |

The pro forma statement of income of the P-Quip Acquisition for the year ended December 31, 2010 was derived from the audited financial statements for the fiscal year ended May 31, 2011, minus the results of operations for the five months ended May 31, 2011, plus the results of operations for the five months ended May 31, 2010, as shown in the schedule below. The currency exchange rates used to convert P-Quip's results of operations from British pound sterling to U.S. dollars for the twelve months ended December 31, 2010 and the six months ended June 30, 2011 were 1.55 and 1.62, respectively.

| P-QUIP<br>(in 000 s of British sterling pound) | Twelve months<br>ended<br>May 31,<br>2011 |       | Five months<br>ended May 31,<br>2011 |       | Five months<br>ended May 31,<br>2010 |       | Twelve months<br>ended December 31,<br>2010 |       |
|--|---|-------|--------------------------------------|-------|--------------------------------------|-------|---|-------|
| Net Sales                                      | £   | 9,097 | £                                    | 4,898 | £                                    | 2,992 | £   | 7,191 |
| Cost of Sales                                  |   | 4,659 |                                      | 2,753 |                                      | 1,314 |   | 3,220 |
| Gross Profit                                   |   | 4,438 |                                      | 2,145 |                                      | 1,678 |   | 3,971 |
| Selling, general and administrative expenses   |   | 1,122 |                                      | 495   |                                      | 323   |   | 950   |
| Income from operations                         |   | 3,316 |                                      | 1,650 |                                      | 1,355 |   | 3,021 |
| Interest, expense, net                         |   |       |                                      |       |                                      |       |   |       |
| Other, net                                     |   | (5)   |                                      |       |                                      |       |   | (5)   |
| Income before income taxes                     |   | 3,321 |                                      | 1,650 |                                      | 1,355 |   | 3,026 |
| Income tax expense                             |   | 579   |                                      | 374   |                                      | 200   |   | 847   |

|            |   |       |   |       |   |       |   |       |
|------------|---|-------|---|-------|---|-------|---|-------|
| Net income | £ | 2,742 | £ | 1,276 | £ | 1,155 | £ | 2,179 |
|------------|---|-------|---|-------|---|-------|---|-------|

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## **Selected historical consolidated financial data**

You should read the following selected historical financial data in conjunction with Unaudited pro forma condensed combined financial data, Management's discussion and analysis of financial condition and results of operations and our historical consolidated financial statements and related notes thereto included elsewhere in this prospectus. We believe that the assumptions underlying the preparation of our financial statements are reasonable. The financial data included in this prospectus may not be indicative of our future results of operations, financial position and cash flows.

The selected historical financial data as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 are derived from our historical consolidated financial statements and related notes thereto included elsewhere in this prospectus. The selected historical financial data as of December 31, 2006, 2007 and 2008 and for the years ended December 31, 2006 and 2007 have been derived from our unaudited consolidated financial statements, which are not included in this prospectus. The historical financial data as of September 30, 2011 and for the nine months ended September 30, 2010 and 2011 are derived from our unaudited consolidated financial statements and related notes thereto included elsewhere in this prospectus and have been prepared on a basis consistent with the audited financial statements and the notes thereto and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial data.

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|   | Year ended December 31,                      |            |            |            |            | Nine months ended |            |
|---|--|------------|------------|------------|------------|-------------------|------------|
|   | 2006   | 2007       | 2008       | 2009       | 2010       | 2010              | 2011       |
|   | (unaudited)                                  |            |            |            |            | (unaudited)       |            |
|   | (in thousands, except per share information) |            |            |            |            |                   |            |
| <b>Income Statement Data:</b>                         |  |            |            |            |            |                   |            |
| Net sales   | \$ 230,607                                   | \$ 635,077 | \$ 972,551 | \$ 677,378 | \$ 747,335 | \$ 545,751        | \$ 791,412 |
| Cost of sales   | 144,762                                      | 444,769    | 691,824    | 491,463    | 533,078    | 390,851           | 542,832    |
| Gross profit  | 85,845                                       | 190,308    | 280,727    | 185,915    | 214,257    | 154,900           | 248,580    |
| <b>Operating expenses</b>                             |  |            |            |            |            |                   |            |
| Selling, general and administrative expenses          | 43,896                                       | 93,694     | 146,943    | 128,562    | 141,441    | 100,263           | 129,626    |
| Contingent consideration                              |  |            |            |            |            |                   | 6,000      |
| Transaction expenses                                  |  |            |            |            |            |                   | 3,434      |
| Impairment of goodwill and other intangible assets    |  |            | 44,015     | 7,009      |            |                   |            |
| (Gain) loss on sale of assets                         | (2,018)                                      |            | (619)      | 137        | (461)      | (471)             | (520)      |
| Total operating expenses                              | 41,878                                       | 93,694     | 190,339    | 135,708    | 140,980    | 99,792            | 138,540    |
| Income from operations                                | 43,967                                       | 96,614     | 90,388     | 50,207     | 73,277     | 55,108            | 110,040    |
| <b>Other expense (income)</b>                         |  |            |            |            |            |                   |            |
| Expenses related to the Combination                   |  |            |            |            | 6,968      | 6,919             |            |
| Deferred loan costs written off                       |  |            |            |            | 6,082      | 6,082             |            |
| Interest expense                                      | 6,712  | 21,718     | 24,704     | 19,451     | 18,189     | 15,417            | 13,723     |
| Other, net  | 33   | 1,201      | (2,065)    | (1,088)    | (2,308)    | (2,189)           | 1,261      |
| Total other expense (income)                          | 6,745  | 22,919     | 22,639     | 18,363     | 28,931     | 26,229            | 14,984     |
| Income from continuing operations before income taxes | 37,222                                       | 73,695     | 67,749     | 31,844     | 44,346     | 28,879            | 95,056     |
| Provision for income tax expense                      | 13,104                                       | 28,282     | 32,938     | 11,011     | 20,297     | 15,685            | 33,176     |
| Income from continuing operations                     | 24,118                                       | 45,413     | 34,811     | 20,833     | 24,049     | 13,194            | 61,880     |
| Loss from discontinued operations, net of taxes       |  |            | (396)      | (1,342)    |            |                   |            |
| Net income  | 24,118                                       | 45,413     | 34,415     | 19,491     | 24,049     | 13,194            | 61,880     |
| Less: Income attributable to noncontrolling interest  | (55)   | (95)       | (39)       | (155)      | (111)      | (123)             | (267)      |
| Net income attributable to common stockholders        | \$ 24,063                                    | \$ 45,318  | \$ 34,376  | \$ 19,336  | \$ 23,938  | \$ 13,071         | \$ 61,613  |
| <b>Weighted average shares outstanding</b>            |  |            |            |            |            |                   |            |
| Basic   | 463  | 1,023      | 1,232      | 1,304      | 1,454      | 1,422             | 1,671      |
| Diluted   | 476  | 1,043      | 1,261      | 1,322      | 1,468      | 1,424             | 1,769      |
| <b>Earnings per share</b>                             |  |            |            |            |            |                   |            |
| Basic   | \$ 51.97                                     | \$ 44.30   | \$ 27.90   | \$ 14.83   | \$ 16.46   | \$ 9.19           | \$ 36.87   |
| Diluted   | \$ 50.55                                     | \$ 43.45   | \$ 27.26   | \$ 14.63   | \$ 16.31   | \$ 9.18           | \$ 34.83   |



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| (in thousands)                    |                     |                     |                     | As of December 31, | As of September 30, |                     |
|-----------------------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
|                                   | 2006<br>(unaudited) | 2007<br>(unaudited) | 2008<br>(unaudited) | 2009               | 2010                | 2011<br>(unaudited) |
| <b>Balance Sheet Data:</b>        |                     |                     |                     |                    |                     |                     |
| Cash and cash equivalents         | \$ 7,227            | \$ 32,687           | \$ 19,941           | \$ 26,894          | \$ 20,348           | 36,928              |
| Net property, plant and equipment | 23,497              | 72,479              | 109,194             | 96,747             | 90,632              | 121,679             |
| Total assets                      | 266,745             | 822,400             | 961,022             | 840,226            | 818,332             | 1,564,106           |
| Long-term debt                    | 110,952             | 326,696             | 321,962             | 236,937            | 204,715             | 684,295             |
| Total stockholders' equity        | 94,414              | 306,052             | 376,961             | 401,927            | 462,523             | 619,650             |

| (in thousands)  |                     |                     |              | Year ended December 31, |             |                     | Nine months ended   |  |
|---|---------------------|---------------------|--------------|-------------------------|-------------|---------------------|---------------------|--|
|   | 2006<br>(unaudited) | 2007<br>(unaudited) | 2008         | 2009                    | 2010        | 2010<br>(unaudited) | 2011<br>(unaudited) |  |
| <b>Other financial data:</b>                          |                     |                     |              |                         |             |                     |                     |  |
| Net cash provided by operating activities             | \$ 13,770           | \$ 40,171           | \$ 112,463   | \$ 107,751              | \$ 65,981   | \$ 27,892           | \$ 18,624           |  |
| Net cash used in investing activities                 | \$ (88,224)         | \$ (388,350)        | \$ (160,937) | \$ (10,914)             | \$ (19,216) | \$ (8,941)          | \$ (534,681)        |  |
| Net cash provided by / (used in) financing activities | \$ 72,985           | \$ 369,797          | \$ 58,871    | \$ (94,532)             | \$ (54,265) | \$ (26,465)         | \$ 531,947          |  |

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## **Management's discussion and analysis of financial condition and results of operations**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Selected historical consolidated financial data and our financial statements and related notes appearing elsewhere in this prospectus. This discussion contains forward-looking statements based on our current expectations, estimates and projections about our operations and the industry in which we operate. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of risks and uncertainties, including those described in this prospectus under Cautionary note regarding forward-looking statements and Risk factors. We assume no obligation to update any of these forward-looking statements.*

### **Overview**

We are a global oilfield products company, serving the subsea, drilling, completion, production and process sectors of the oil and natural gas industry. We design and manufacture products, and engage in aftermarket services, parts supply and related services that complement our product offering. Our product offering and related services include a mix of highly engineered capital products and frequently replaced items that are consumed in the exploration and development of oil and natural gas reserves. We seek to design, manufacture and supply reliable, cost effective products that create value for our broad and diverse customer base, which includes oil and gas operators, land and offshore drilling contractors, well intervention service providers, subsea construction and service companies, pipeline operators and refinery and petrochemical plant operators, among others. We believe that we differentiate ourselves from our competitors on the basis of the quality of our products, the level of related service and support we provide and the collaborative approach we take with our customers to help them solve critical problems.

On August 2, 2010, we completed the Combination, through which FOT, Global Flow, Triton, Allied and Subsea were combined and became Forum Energy Technologies, Inc. Prior to the Combination, SCF Partners, through two of its private equity funds, controlled a majority of the voting interests in each of FOT, Global Flow, Triton and Subsea. SCF also held a controlling position with respect to Allied by virtue of its ownership of a substantial portion of Allied's issued and outstanding common stock and its contractual right to fill a majority of the directors seats comprising the Allied Board of Directors. As a result, the mergers consummated in connection with the Combination are accounted for using the reorganization accounting method for entities under common control. Under this method of accounting, the consolidated financial statements and the discussions herein include the operating results of FOT, Global Flow, Triton, Allied and Subsea from the date on which each became controlled by SCF, which was May 2005, June 2005, February 2007, August 2007 and January 2007, respectively.

We operate in two business segments:

*Drilling and Subsea Segment.* We design and manufacture products and provide related services to the drilling, well construction, completion, intervention and subsea construction and services markets. Through this segment, we offer drilling products, including capital equipment and a broad line of products consumed in the drilling process; downhole products, including cementing and casing tools and a range of downhole protection solutions; and subsea products, including capital equipment, specialty components and tooling, and applied products

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for subsea pipelines. We also provide a broad suite of complementary subsea technical services and rental items.

*Production and Infrastructure Segment.* We design and manufacture products and provide related equipment and services to the well stimulation, completion, production and infrastructure markets. Through this segment, we supply surface production and process equipment, specialty pipeline construction equipment, a broad range of industrial and process valves and well stimulation and flow equipment, as well as provide related support services.

### **Recent acquisitions**

We have made eight acquisitions this year, three of which are now included in the Production and Infrastructure Segment and five in the Drilling and Subsea Segment. The three Production and Infrastructure acquisitions comprise our new consumable flow equipment product line. For Drilling and Subsea, two of the acquisitions form our new downhole products line, two are additions to our drilling products offering, and one is an addition to subsea products offering.

We established our flow equipment platform in 2011 through the completion of three acquisitions. In February 2011, we acquired Wood Flowline Products, LLC ( WFP ), based out of Davis, Oklahoma, which sells flow equipment components used in fracturing and flowback operations and provides related inspection, recertification and refurbishment services. In April 2011, we acquired Phoinix Global LLC ( Phoinix ), based in Alice, Texas, which offers fluid ends for frac pressure pumps, plug valves, relief valves, chokes, manifolds, manifold trailers and flow equipment transport trucks. In July 2011, we acquired SVP Products ( SVP ), based in Odessa, Texas, which provides recertification and refurbishment of flow equipment used in the well stimulation and flowback processes. SVP added access to critical growth basins in North America and had previously served as a channel to market for WFP and Phoinix products. The SVP Acquisition helps tie WFP and Phoinix into a stronger single product line, and provides a broader geographic footprint and critical customer relationships.

We formed our downhole products platform in July 2011 through the acquisition of Cannon Services Ltd. ( Cannon ), based in Stafford, Texas, which provides standard and customized clamp and stamped metal protection systems used to shield downhole control lines and gauges during their installation and to provide protection during production enhancement operations.

We considerably strengthened our newly established position in the downhole market in July 2011 through the acquisition of Davis-Lynch LLC ( Davis-Lynch ), based in Pearland, Texas which increases our ability to offer the mission critical products used during the completion phase of oil and natural gas well construction. Davis-Lynch is a 64 year old market leading manufacturer of proprietary downhole cementing and casing products which designs, manufactures and provides a full range of centralizers, float equipment, stage cementing tools, inflatable packers, flotation collars, cementing plugs, fill and circulation tools for running casing, casing hangars and surge reduction equipment.

We have made two acquisitions this year to add to our drilling products capabilities. In July 2011, we acquired AMC Global Group, Ltd. ( AMC ), based in Aberdeen, Scotland, which designs and manufactures specialized torque equipment for tubular connections, including high torque stroking units, fully rotational torque units, portable torque units for field deployment and related control systems, and provides aftermarket service. Simultaneously, we acquired P-Quip, Ltd. ( P-Quip ), based in Kilbirnie, Scotland, which is a manufacturer of proprietary mud pump



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fluid end assemblies, mud pump rod systems, liner retention systems, valve cover retention systems and other drilling flow control products. Both the AMC and P-Quip product lines serve to enhance the safety and efficiency of modern drilling operations. They are complementary to our focus on tubular handling and drilling flow control products.

In May 2011, we completed the Specialist Acquisition, which enhanced our subsea products offering. Specialist designs and manufactures or assembles specialized ROV tooling for sale and rental and is based in Aberdeen, Scotland.

For additional information regarding our recent acquisitions, please read Note 16 to our audited consolidated financial statements included elsewhere in this prospectus.

### **Evaluation of operations**

We manage our operations through the two business segments described above. We have focused on implementing financial reporting and controls at all of our operations to accelerate the availability of critical information necessary to support informed decision making. We use a number of financial and non-financial measures to routinely analyze and evaluate, on a segment and corporate level, the performance of our business, including the following:

- Safety;
- Revenue growth;
- Gross margin percentage;
- Selling, general and administrative expenses as a percentage of total revenue;
- Operating income and operating margin percentage;
- Earnings per share; and
- Free cash flow.

At the beginning of each year, we establish annual, quarterly and monthly plans for each product line based on our assessment of market conditions and opportunities. We re-evaluate and update these plans on at least a quarterly basis.

*Safety.* We measure safety by tracking the total recordable incident rate ( TRIR ), which is reviewed on a monthly basis. TRIR is a measure of the rate of recordable workplace injuries, defined below, normalized and stated on the basis of 100 workers for an annual period. The factor is derived by multiplying the number of recordable injuries in a calendar year by 200,000 (i.e., the total hours for 100 employees working 2,000 hours per year) 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, restriction of work or motion, transfer to another job, or medical treatment other than first aid.

*Revenue growth.* We compare actual revenue achieved each month to the most recent estimate for that month and to the annual plan for the month established at the beginning of the year. We monitor our revenue to analyze trends in the relative performance of each of our product lines as compared to standard revenue drivers or market metrics applicable to that product. We are particularly interested in identifying positive or negative trends and investigating to understand the root causes. We also evaluate changes in the mix of products sold and the resultant impact on reported gross margins.

*Gross margin percentage.* We define gross margin percentage as our gross margin, or net sales minus cost of sales, divided by our net sales. Our management continually evaluates our

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consolidated gross margin percentage and our gross margin percentage by segment to determine how each segment is performing. This metric aids management in capital resource allocation and pricing decisions.

*Selling, general and administrative expenses as a percentage of total revenue.* Selling, general and administrative expenses include payroll related costs for sales, marketing, administrative, accounting, information technology, certain engineering and human resources functions; audit, legal and other professional fees; insurance; franchise taxes not based on income; travel and entertainment; advertising and promotions; bad debt expense; and other office and administrative related costs. Our management continually evaluates the level of our selling, general and administrative expenses in relation to our revenue and makes appropriate changes in light of activity levels to preserve and improve our profitability while meeting the on-going support and regulatory requirements of the business.

*Operating income and operating margin percentage.* We define operating income as revenue less cost of goods sold less selling, general and administrative expenses. We define our operating margin percentage as operating income divided by revenue. These metrics assist management in evaluating the performance of each segment as a whole, especially to determine whether the amount of administrative burden is appropriate to support current business activity levels.

*Earnings per share.* We calculate fully-diluted earnings per share as prescribed under GAAP, that is net income divided by common shares outstanding, giving effect for the assumed exercise of all outstanding options and warrants with a strike price less than the average fair value of the shares over the period covered for the calculation. We believe this measure is important as it reflects the sum total of operating results and all attendant capital decisions, showing in one number the amount earned for the stockholders of our Company.

*Free cash flow.* We define free cash flow as net income, increased by non-cash charges included in net income (e.g., depreciation and amortization and deferred income taxes), increased or decreased by changes in net working capital, less capital expenditures. We believe that this measure is important because it encompasses both profitability and capital management in evaluating results. Free cash flow represents the business contribution in the generation of funds available to pay debt outstanding, invest in other areas, or return funds to our stockholders.

### **General trends and outlook**

Sales of our products and services are driven primarily by traditional energy industry activity indicators, which include current and expected commodity prices, drilling rig counts, well completions and workover activity, geological characteristics of producing wells, which determine the intensity of services provided per well, oil and gas production levels, and customers' capital budgets. Oil and gas prices and the level of customer activity have been characterized by significant volatility in recent years. Oil and gas prices fell from previously historic levels beginning in mid-2008 and continued into 2009. As a result of the economic downturn that began in 2008 and the resulting decrease in commodity prices, customers significantly curtailed capital spending throughout 2009. Global economies generally improved and stabilized in 2010 and, as a result of rising expectations for energy demand and steady increases in oil prices from the depressed levels witnessed in 2009, our customers substantially increased their capital spending in 2010 and the first half of 2011.

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We believe drivers of industry demand should remain favorable in most of our geographic markets. In addition to increased capital spending in the oil and gas industry generally, we have also identified the following trends in the oil and gas industry that we believe will positively affect our business in the coming years: (i) the increasing complexity of well construction, (ii) the growing service intensity associated with unconventional resources, (iii) the increasing investment in subsea equipment and related services, (iv) the heightened focus on product maintenance and certification, (v) the recovery in global drilling activity and new rig replacement cycle and (vi) the development of heavy oil reserves in Canada. For more information regarding these industry trends, see **Business** Current trends in our industry. Our customer targeting efforts, informal and formal product development projects, aftermarket service offerings and mergers and acquisitions initiatives are focused on enhancing our exposure to these trends.

Any decrease in commodity prices or in the capital spending programs of our customers would adversely impact our business, financial condition or results of operations. Please see **Risk factors** We derive a substantial portion of our revenues from companies in or affiliated with the oil and natural gas industry, a historically cyclical industry, with levels of activity that are significantly affected by the levels and volatility of oil and natural gas prices. As a result, this cyclical nature may cause fluctuations in our revenues and results of our operations.

### **Factors affecting the comparability of our pro forma and our future results of operations to our historical results of operations**

Our pro forma results of operations and our future results of operations may not be comparable to our historical results of operations for the periods presented, primarily for the reasons described below:

The historical consolidated financial statements included in this prospectus are based on the separate businesses of FOT, Global Flow, Triton, Allied and Subsea for the periods prior to the Combination. As a result, the historical financial data may not give you an accurate indication of what our actual results would have been if the Combination had been completed at the beginning of the periods presented or of what our future results of operations are likely to be.

Since the Combination, we have grown our business both organically and through strategic acquisitions. We have expanded and diversified our product portfolio and business lines with the acquisition of eight businesses in 2011 for a total consideration of approximately \$590 million. These acquisitions accounted for 53% of our pro forma net income and 46% of our pro forma Adjusted EBITDA for the nine months ended September 30, 2011. The historical financial data for prior years does not include the results of any of the acquired companies for the periods presented and, as such, does not give you an accurate indication of what our future results are likely to be.

As we integrate the acquired companies and further implement controls, processes and infrastructure to operate in compliance with the regulatory requirements applicable to companies with publicly traded shares, it is likely that we will incur incremental selling, general and administrative expenses relative to historical periods.

Our future results will depend on our ability to efficiently manage our combined operations and execute our business strategy.

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|  | Year ended December 31, |                   |                   | Nine months ended |                   |
|--|-------------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2008                    | 2009              | 2010              | September 30,     | 2011              |
|  | (unaudited)             |                   |                   |                   |                   |
| <b>(in thousands of dollars, except per share information)</b> |                         |                   |                   |                   |                   |
| <b>Revenue:</b>  |                         |                   |                   |                   |                   |
| Drilling and Subsea  | \$ 658,804              | \$ 455,019        | \$ 474,306        | \$ 346,382        | \$ 465,898        |
| Production and Infrastructure                                  | 313,747                 | 222,359           | 273,029           | 199,369           | 325,514           |
| <b>Total revenue</b>   | <b>\$ 972,551</b>       | <b>\$ 677,378</b> | <b>\$ 747,335</b> | <b>\$ 545,751</b> | <b>\$ 791,412</b> |
| <b>Cost of sales:</b>  |                         |                   |                   |                   |                   |
| Drilling and Subsea  | \$ 454,129              | \$ 325,147        | \$ 327,848        | \$ 240,894        | \$ 310,116        |
| Production and Infrastructure                                  | 237,695                 | 166,316           | 205,230           | 149,957           | 232,716           |
| <b>Total cost of sales</b>                                     | <b>\$ 691,824</b>       | <b>\$ 491,463</b> | <b>\$ 533,078</b> | <b>\$ 390,851</b> | <b>\$ 542,832</b> |
| <b>Gross profit:</b>   |                         |                   |                   |                   |                   |
| Drilling and Subsea  | \$ 204,675              | \$ 129,872        | \$ 146,458        | \$ 105,488        | \$ 155,782        |
| Production and Infrastructure                                  | 76,052                  | 56,043            | 67,799            | 49,412            | 92,798            |
| <b>Total gross profit</b>                                      | <b>\$ 280,727</b>       | <b>\$ 185,915</b> | <b>\$ 214,257</b> | <b>\$ 154,900</b> | <b>\$ 248,580</b> |
| <b>Selling, general and administrative expenses:</b>           |                         |                   |                   |                   |                   |
| Drilling and Subsea  | \$ 98,395               | \$ 86,101         | \$ 92,924         | \$ 65,740         | \$ 72,304         |
| Production and Infrastructure                                  | 48,548                  | 42,461            | 45,186            | 33,473            | 42,069            |
| Corporate  |                         |                   | 3,331             | 1,050             | 15,253            |
| <b>Total selling, general and administrative expenses</b>      | <b>\$ 146,943</b>       | <b>\$ 128,562</b> | <b>\$ 141,441</b> | <b>\$ 100,263</b> | <b>\$ 129,626</b> |
| <b>Impairment of goodwill and intangible assets</b>            |                         |                   |                   |                   |                   |
| Drilling and Subsea  | \$ 39,239               | \$ 5,545          | \$                |                   |                   |
| Production and Infrastructure                                  | 4,776                   | 1,464             |                   |                   |                   |
| <b>Total impairment of goodwill and intangible assets</b>      | <b>\$ 44,015</b>        | <b>\$ 7,009</b>   | <b>\$</b>         |                   |                   |
| <b>Operating income:</b>                                       |                         |                   |                   |                   |                   |
| Drilling and Subsea  | \$ 67,041               | \$ 38,226         | \$ 53,534         | \$ 39,748         | \$ 83,478         |
| Production and Infrastructure                                  | 22,728                  | 12,118            | 22,613            | 15,939            | 50,729            |
| Corporate  |                         |                   | (3,331)           | (1,050)           | (15,253)          |
| <b>Total segment operating income</b>                          | <b>89,769</b>           | <b>50,344</b>     | <b>72,816</b>     | <b>54,637</b>     | <b>118,954</b>    |
| <b>Contingent consideration</b>                                | <b>\$</b>               | <b>\$</b>         |                   |                   |                   |