

Frank's International N.V.
Form 10-Q
November 07, 2014

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

FORM 10-Q
(Mark One)

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

For the quarterly period ended September 30, 2014

OR

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

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

Frank's International N.V.

(Exact name of registrant as specified in its charter)

The Netherlands

(State or other jurisdiction of
incorporation or organization)

98-1107145

(IRS Employer
Identification number)

Prins Bernhardplein 200

1097 JB Amsterdam, The Netherlands
(Address of principal executive offices)

Not Applicable
(Zip Code)

Registrant's telephone number, including area code: +31 (0)20 693 8597

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
As of November 5, 2014, there were 154,274,329 shares of common stock, €0.01 par value per share, outstanding.

TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Balance Sheets at September 30, 2014 and December 31, 2013	<u>3</u>
Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2014 and 2013	<u>4</u>
Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2014 and 2013	<u>5</u>
Consolidated Statements of Stockholders' Equity for the Nine Months Ended September 30, 2014 and 2013	<u>6</u>
Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2014 and 2013	<u>7</u>
Notes to the Unaudited Consolidated Financial Statements	<u>8</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>22</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>32</u>
Item 4. Controls and Procedures	<u>33</u>
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	<u>34</u>
Item 1A. Risk Factors	<u>34</u>
Item 6. Exhibits	<u>34</u>
Signatures	<u>35</u>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FRANK'S INTERNATIONAL N.V.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

	September 30, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$468,388	\$404,947
Accounts receivables, net	368,428	364,817
Inventories	210,536	185,589
Other current assets	15,727	15,843
Total current assets	1,063,079	971,196
Property, plant and equipment, net	567,306	511,199
Goodwill and intangible assets, net	14,278	14,814
Other assets	61,277	63,986
Total assets	\$1,705,940	\$1,561,195
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	\$322	\$376
Accounts payable	16,449	22,254
Deferred revenue	77,224	62,610
Accrued and other current liabilities	105,168	90,484
Total current liabilities	199,163	175,724
Deferred tax liabilities	14,485	13,114
Other non-current liabilities	41,180	38,325
Total liabilities	254,828	227,163
Commitments and contingencies (Note 16)		
Series A preferred stock, €0.01 par value, 52,976,000 shares authorized, issued and outstanding	705	705
Stockholders' equity:		
Common stock, €0.01 par value, 745,120,000 shares authorized; 154,477,597 issued and 154,272,613 outstanding at 2014 and 153,524,000 shares issued and outstanding at 2013	2,032	2,019
Additional paid-in capital	671,601	642,164
Retained earnings	533,886	455,632
Accumulated other comprehensive loss	(7,911) (2,383
Treasury stock (at cost), 204,984 shares at 2014	(4,154) —
Total stockholders' equity	1,195,454	1,097,432
Noncontrolling interest	254,953	235,895
Total equity	1,450,407	1,333,327

Total liabilities and equity	\$1,705,940	\$1,561,195
------------------------------	-------------	-------------

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

3

FRANK'S INTERNATIONAL N.V.
 CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues:				
Equipment rentals and services	\$254,047	\$228,069	\$706,698	\$668,582
Products	42,136	42,033	126,914	127,068
Total revenue	296,183	270,102	833,612	795,650
Operating expenses:				
Cost of revenues, exclusive of depreciation and amortization				
Equipment rentals and services	97,919			