

RESEARCH UPDATE

Dave Storms, CFA
dave@stonegateinc.com

214-987-4121

Market Statistics in USD

Price	\$ 13.96
52 week Range	\$12.83 - \$24.48
Daily Vol (3-mo. average)	51,960
Market Cap (M)	\$ 171.7
Enterprise Value (M)	\$ 369.9
Shares Outstanding: (M)	12.3
Float (M)	10.1
Public Ownership	25.2%
Institutional Ownership	56.4%

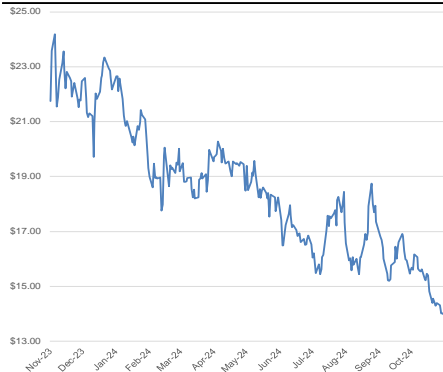
Financial Summary in USD

Cash (M)	\$ 33.3
Cash/Share	\$ 2.71
Debt (M)	\$ 231.5
Equity (M)	\$ 443.5
Equity/Share	\$ 36.11

FYE: Dec **2023** **2024E** **2025E**

(all figures in M, expect per share information)

Rev	\$ 738.9	\$ 817.3	\$ 834.1
Chng%	6%	11%	2%
Adj. EBITDA	\$ 67.1	\$ 102.1	\$ 114.6
Net Income	\$ (18.9)	\$ (30.4)	\$ 17.4
EPS	\$ (1.85)	\$ (2.47)	\$ 1.41
EV/Revenue	0.5x	0.4x	0.0x
EV/EBITDA	3.6x	3.2x	0.0x
P/E	-7.5x	-5.7x	9.9x


COMPANY DESCRIPTION

Forum Energy Technologies, Inc. ("FET" or "The Company") is a global oil and gas services company that is headquartered in Houston, TX. FET serves the oil, natural gas, industrial, and renewable energy industries with a vast catalog of products and services. The Company was originally founded in 2010 after FOT, Global Flow, Triton, Allied, and Subsea combined into Forum Energy Technologies. In 2012 the Company began trading on the NYSE under the symbol "FET".

FORUM ENERGY TECHNOLOGIES, INC. (NYSE: FET)
Company Update

Quarterly Results: FET reported revenue, adj EBITDA, and adj net income of \$207.8M, \$25.8M, and (\$2.3)M, respectively. This compares to our/consensus estimates of \$211.3M/\$214.5M, \$26.3M/\$26.8M, and (\$4.4)M/\$0.7M. It is noted that revenues were in-line with our expectations. GPM was slightly ahead of expectations, resulting in stronger operating profits. Adj. EBITDA margins were in-line with expectations at 12.4%. Adj. NI was slightly ahead of our expectations due to stronger than expected OPM.

Drilling and Completions: In 3Q24, the Drilling and Completions segment saw a Q/Q revenue increase of 5.6% to \$123.6M, driven by higher project revenue from ROVs, launch and recovery systems, and wireline cable. Adj. EBITDA rose to \$14.5M due to a favorable product mix with a Y/Y margin expansion of 198bps. The book-to-bill ratio improved to 105%, up from 94% in the previous quarter. This was led by strong international demand for drilling-related capital equipment, which boosted orders by 17.6% Q/Q. Lastly, this segment is expected to benefit from robust international demand for drilling-related capital equipment and handling tools.

Artificial Lift and Equipment: The Artificial Lift and Downhole segment reported \$84.2M in revenue, a 4.5% decrease from the previous quarter, primarily due to lower sales of casing hardware and valve products. Despite this, orders increased by 9.0% to \$76.3M, driven by higher demand for Production Equipment. The segment's adj. EBITDA was \$17.4M. We anticipate strong and continued growth in the Artificial Lift and Downhole segment, driven by strong demand for production equipment.

Debt Refinance: In the third quarter, FET completed a significant debt refinancing deal by issuing \$100.0M in senior secured bonds at a 10.5% coupon rate. This move allowed FET to pay off its 2025 notes and seller term loan, reducing the blended interest rate by 130 bps. The refinancing enhanced FET's liquidity, offering flexibility for strategic investments and share buybacks.

Cash Flows: FET reported another impressive quarter in cash position with free cash flows of \$24.5M for the third quarter, up \$3.1M sequentially. This brings the year-to-date FCF to \$48.2M, as previously mentioned. This marks a significant improvement from the loss of \$7.3M seen in the first nine months of FY23. This strong performance is attributed to the successful integration of Variperms and effective working capital management.

Guidance: FET has maintained its full-year 2024 adjusted EBITDA guidance at \$100M to \$110M. However, the Company has raised its full-year FCF guidance to \$60.0M to \$70.0M, up from the previous range of \$50.0M to \$70.0M. Based on the strong performance of Variperms to date we believe this guidance is reasonable and have adjusted our model accordingly.

Valuation: We use a DCF model and EV/EBITDA comp analysis to guide our valuation. Our DCF analysis produces a valuation range of \$28.09 to \$32.07 with a mid-point of \$29.91. Our EV/EBITDA valuation results in a range of \$25.70 to \$30.36 with a mid-point of \$28.03.

Quarterly Results

	3Q24 results		Notes
	Reported	Model	
Total revenues	207.8	211.3	Revenues in-line with our estimates
Cost of sales	142.1	149.2	
Gross (loss) profit	65.7	62.1	
Gross margin	31.6%	29.4%	
Corporate Expenses	56.3	53.7	
Other	0.5	-	
Total opex	56.8	53.7	
Operating Profit	8.9	8.5	
Operating margin	4.3%	4.0%	Operating profit above our expectations due to strong GPM
Adj. EBITDA	25.8	26.3	
EBITDA margin	12.4%	12.4%	
Adj. Net income (loss)	\$ (2.3)	\$ (4.4)	NI outpaced our expectations after accounting for FX

	Y/Y Change		Notes
	3Q24	3Q23	
Total revenues	207.8	179.3	Increased revenues Y/Y
Cost of sales	142.1	128.2	
Gross (loss) profit	65.7	51.0	
Gross margin	31.6%	28.5%	
Corporate Expenses	56.3	45.5	
Other	0.5	(0.1)	
Total opex	56.8	45.4	
Operating Profit	8.9	5.7	
Operating margin	4.3%	3.2%	Margin expansion year over year
Adj. EBITDA	25.8	16.6	Strong growth in EBITDA margins from Variperim acquisition
EBITDA margin	12.4%	9.3%	
Adj. Net income (loss)	\$ (2.3)	\$ 0.5	

Guidance (\$M)		Notes	
Full Year	Previous	Current	
Taxes	20	20	
Adj. EBITDA	100-110	100-110	
CapEx	10	10	
Free Cash Flow	50-70	60-70	

Business Overview

Forum Energy Technologies, Inc. (“FET” or “The Company”) is a global oil and gas services company headquartered in Houston, TX. FET serves the oil, natural gas, industrial, and renewable energy industries with a vast catalog of products and services. The Company was originally founded in 2010 after FOT, Global Flow, Triton, Allied, and Subsea combined into Forum Energy Technologies. In 2012 the Company began trading on the NYSE under the symbol “FET”. Since its inception FET has made numerous acquisitions, which has contributed to the Company’s growth over the last decade.

Exhibit 1: Company Footprint



Source: Company Presentation

The Company has a wide and diverse customer base with no customers being responsible for more than 10% of consolidated sales in fiscal year 2023. FET sells products on a global scale in over 30 countries. Employees are based primarily in the U.S., United Kingdom, Germany, and Canada. Due to FET deriving the majority of revenues from product offerings, the Company is uniquely positioned to serve rigs located in high-risk jurisdictions without assuming the risk associated with operating in those areas.

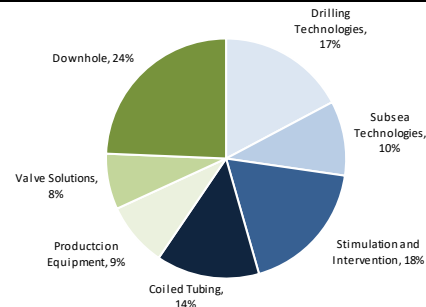
FET holds numerous patents, trademarks, and licenses which in aggregate are important to maintain the Company’s competitive advantage in the market. Additionally, FET pays particular attention to its balance sheet when holding raw materials and inventory on hand. This allows the Company to source from numerous suppliers, limiting supplier-based risks. This also allows FET to fulfill customer orders in a timely manner, maintaining FET’s position as a vendor of choice for its customers.

Business Segments

FET operates in two primary segments: Drilling and Completions as well as Artificial Life and Downhole. These segments are further broken down as follows:

- Drilling and Completions
 - Drilling Technologies
 - Subsea Technologies
 - Stimulation and Intervention
 - Coiled Tubing
- Artificial Life and Downhole
 - Downhole
 - Product Equipment
 - Valve Solutions

Exhibit 2: Current Quarter Revenue Breakdown by Product Line



Source: Company Reports

Drilling and Completions

The Drilling and Completions segment designs, manufactures, and supplies products as well as related services for use in drilling, well construction, artificial lift, and subsea energy construction, coiled tubing, well stimulation and intervention markets. Applications for these products include capital and consumable products sold to hydraulic fracturing operations used in well completion, coiled tubing and coiled line pipe used in oil and gas operations, oil and natural gas, renewable energy, defense, and communications. Demand is primarily driven by global drilling activity and the capital investments made in drill rigs and equipment replacement as well as hydraulic fracturing activity, intensity, and efficiency.

Exhibit 3: Drilling and Completions Overview



Source: Company Reports

- **Drilling Technologies:** Drilling Technology supplies capital equipment and consumables for customers management of tubulars and fluids on drilling rigs. This product line is further broken into two sub segments. Drilling Capital Equipment is a designed and manufactured range of powered and manual tubular handling tools used in both onshore and offshore drilling rigs. This subsegment also services and repairs equipment in the field. The Consumable Products sub segment is geared towards products used on drilling rigs, well service rigs, and hydraulic fracturing systems. These products are sold both domestically and internationally and include products like valves, mud pump fluid components, rig sensors, and bearings among others.
- **Subsea Technologies:** The Subsea Technology segment designs and manufactures capital equipment and specialty components used in the subsea sector. FET's core focus is on the design and manufacture of remotely operated vehicle ("ROV") systems, specialty subsea vehicles, and rescue submarines. Customers tend to operate in marine environments on large offshore operations such as telecommunication companies, offshore wind power operations, and oil and natural gas companies.
- **Stimulation and Intervention:** Stimulation and Intervention provides a range of high-pressure pumps and flow equipment. This product line also encompasses the service provided for refurbishing and recertification of flow equipment at strategic North American locations. This product line also manufactures pressure control products used in well intervention operations. Primary customers are pressure pumping, wireline, and flowback service companies.

- **Coiled Tubing:** The Company manufactures coiled tubing strings and coiled line pipe used in well completion and intervention. This is an alternative to conventional line pipe used in onshore and offshore applications. Coiled tubing generates over 50% of its revenue outside of the U.S.

Artificial Lift and Downhole

The Production segment designs, manufactures, and supplies products and provides related equipment and services for artificial lift, production, and infrastructure markets. Applications for these

Exhibit 4: Artificial Lift and Downhole Overview

products include specialty production equipment and a range of industrial valves. Demand for this segment is driven by the amount of spending on new production wells as well as spending on midstream and downstream products. Demand is also driven by activity levels in power generation, petrochemical, and mining industries for the Company's valve solutions.



Production Equipment



Valve Solutions

Source: Company Reports

- **Downhole Technologies:** Downhole Technology supplies consumables used during the construction, completion, and production phase of wells. This product line is further broken into two sub segments. Downhole Protection Systems are solutions designed for the protection of lines, cables, and gauges. These offerings can be either standard or customized depending on customer needs. The Casing and Cementing Tools sub segment designs and manufactures products used in the construction of wells sold globally for both onshore and offshore wells.
- **Production Equipment:** Production Equipment provides engineered process systems for equipment used at well sites. This equipment allows customers to process oil or natural gas and make it ready for transmission, primarily sold to U.S. based operators or producers. This product line utilizes a team of highly trained technicians and field services engineers for repair and installation.
- **Valve Solutions:** Valve Solutions provides a wide range of industrial valves that serve the upstream, midstream and downstream markets of the oil and natural gas industry. The production is mainly sold through distribution supply companies. Supply chains for the Valve Solutions product line allow for the standardization of products while maintaining competitive pricing.

Growth Strategy

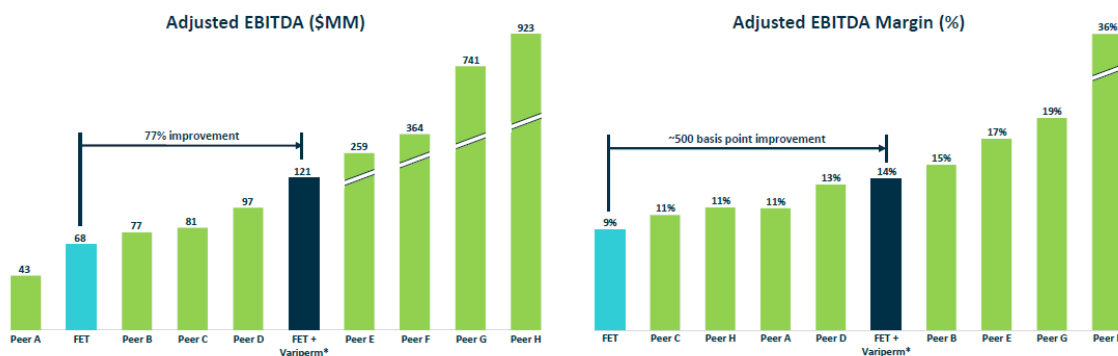
In order to increase market share and grow the business, management developed key organic and inorganic growth initiatives. The initiatives include acquisitions, diligent balance sheet management, margin expansion from operating leverage, new product introductions, and alignment with the upcoming energy transition.

Most recently the Company completed its acquisition of Variper Energy, a leading manufacturer of customized downhole technology solutions, providing sand and flow control products for heavy oil applications. This purchase was completed on January 5, 2024, for \$150.0M in cash and 2.0M shares of FET common stock. We see this acquisition as being highly accretive. As of 3Q23 Variper reported TTM revenues, adj. EBITDA, and free cash flow of \$129.0M, \$53.0M, and \$32.0M, as of 3Q23 respectively. Had these values been added to FET TTM revenue, adj. EBITDA, and free cash flow it would have resulted in an increase of 17%, 77%, and 84%, respectively with an illustration of this shown in Exhibit 6.

This increase in per share metrics is not expected to come at the expense of FET’s debt profile, with the Company maintaining a conservative 1.9x net leverage ratio as well as ~142.0M in liquidity prior to the close. This is the fourteenth acquisition FET has made since 2011, showing management’s ability to source and close value added acquisitions leading us to believe that this trend will continue. This and other acquisitions have in part been made possible by the Company’s ability to maintain a strong balance sheet that has seen robust liquidity and manageable leverage ratios.

With the Variper acquisition complete and integration taking place we are encouraged by the Company’s display of ability to acquire value. We note the potential for Variper products to be packaged with FET products going forward, and are optimistic for the continued integration of Variper into FET.

Exhibit 5: Pre and Post Variper Acquisition TTM Values Compared to Peers as of 3Q23



Source: Company Presentation

The Company also sees margin expansion as a viable path for growth. Due to FET having a well optimized portfolio of solutions and its asset light model, the Company is able to scale quickly and expand margins as revenues increase. This is expected to continue as the world transitions its energy sources because a number of FET’s offerings are useful for the energy transition. For instance, casing hardware is used in geothermal applications, coiled line pipes carry carbon dioxide for carbon capture applications, biogas operations require similar certified valves that FET offers, and offshore windfarms have a need for ROVs for construction and maintenance. We think this catalog of solutions uniquely position the Company in both the short and long term.

Market Overview

Demand for FET products and services is directly related to the budgets of its customers. These budgets are in turn driven by energy prices. As energy prices increase so does utilization of customer equipment further driving demand for FET services. With crude oil remaining above \$70 per barrel for the majority of the last year, and the future contracts showing a price above \$65 per barrel, we believe it is reasonable to think that FET customers will remain active for the foreseeable future.

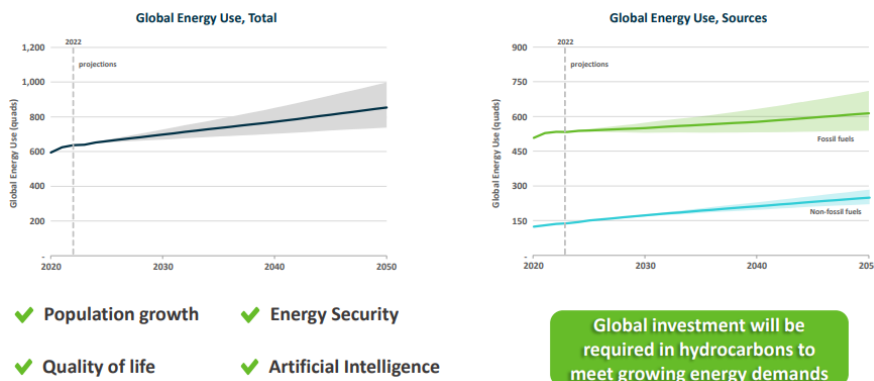
Exhibit 6: WTI Historical Spot Prices and Futures Curve



Source: CapIQ

To further support this we also keep an eye on the Baker Hughes Rig Count, which is the industry standard for tracking the number of rotary rigs conducting drilling activity in the U.S., Canada, and Internationally. The industry has seen rig count growth for the previous four years after pandemic lows set in 2019. Rig counts and capital investments tend to move in-line with each other, and we expect Oil and Gas Capital Investment to increase approx. 30% to balance the market.

Exhibit 7: Estimated Global Investment

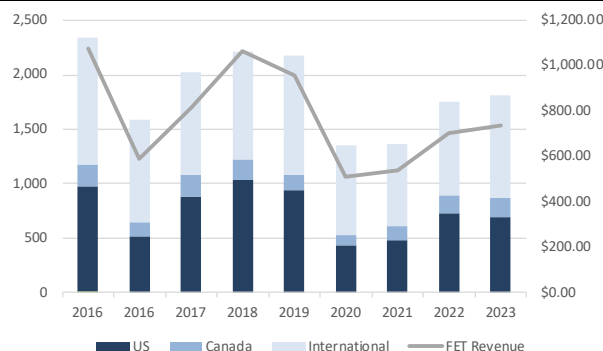


- ✓ Population growth
- ✓ Energy Security
- ✓ Quality of life
- ✓ Artificial Intelligence

Source: Company Presentation

We note that FET revenues have correlated with the rebound in rig counts. We expect this correlation to remain strong going forward as the number of international rigs increases faster than the number of U.S. and Canadian rigs. We view this as a positive due to the Company’s unique position to serve customers globally with its optimized footprint and cap-lite scalability as compared to peer companies.

Exhibit 8: Revenue and Average Global Rig Counts



*2023 revenue based on Stonegate estimates

Source: Baker Hughes Rig Count and Company Reports

Risks

As with any investment, there are certain risks associated with FET's operations as well as with the surrounding economic and regulatory environments common to the oil and gas industry.

Competitive Industry – FET operates in a highly competitive industry with an abundance of players, some of which are larger than the Company. Should the Company fail to expand its customer base or lose its current customers, the business will suffer.

Regulatory Changes – The Company is exposed to regulatory changes. Exploration and production activities are frequently scrutinized by governments, scientists, and the public in an attempt address climate change. Any adoption of climate change legislation could increase compliance or operating costs, limit the areas that customers can pursue E&P activities, and/or reduce demand for oil and gas. Any one of these outcomes would have a negative impact on the Company's profitability.

Commodity Price Volatility – The business depends on the capex spending of its customers. If there is a negative outlook for commodity pricing, customers are less likely to continue producing current projects or develop new projects. Should current and potential customers reduce their capex spending, FET would struggle to retain and attract customers for their services.

Labor Risks – The Company depends on skilled labor to continue operations efficiently. Any problem regarding labor security or not being able to retain the skilled workforce can impact the operations on a day-to-day basis.

Intellectual Property Laws – FET has several patents for intellectual property that the Company has developed. FET is constantly on guard and ready to defend its intellectual property using litigation if necessary. Should judgements go against the Company this could materially weaken its edge among peers. Additionally, having to pursue litigation as mediation for any infringement could be costly for the Company, regardless of the outcome.

VALUATION SUMMARY

To help frame our valuation we use a combination of a dividend discount model and comparative analysis.

Sensitivity Analysis:

Our DCF analysis relies on a range of discount rates between 12.25% and 12.75% with a midpoint of 12.50%. This arrives at a valuation range of \$28.09 to \$32.07 with a mid-point of \$29.91.

Discount rate	Terminal Growth Rates				
	0.50%	1.25%	2.00%	2.75%	3.50%
12.00%	\$29.71	\$30.70	\$31.83	\$33.14	\$34.69
12.25%	\$28.87	\$29.79	\$30.85	\$32.07	\$33.50
12.50%	\$28.06	\$28.92	\$29.91	\$31.05	\$32.38
12.75%	\$27.28	\$28.09	\$29.02	\$30.08	\$31.32
13.00%	\$26.54	\$27.30	\$28.16	\$29.16	\$30.31

Comparative Analysis (all figures in M, except per share information)

Company Name	Symbol	Price ⁽¹⁾	Market Cap	EV	Div Yield	BV/Share	EV/Revenue ^(2,3)			EV/EBITDA ^(2,3)			P/E ^(2,3)				
							2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E		
DMC Global Inc.	BOOM	\$ 10.10	\$ 202.6	\$ 507.3	0.0%	\$ 20.76	0.96x	0.79x	0.75x	6.7x	7.8x	5.9x	17.4x	14.4x	7.4x		
Core Laboratories Inc.	CLB	\$ 18.90	\$ 887.4	\$ 1,066.6	0.2%	\$ 5.34	2.04x	2.02x	1.92x	14.4x	13.3x	11.6x	22.5x	23.2x	18.9x		
The Cigna Group	DO	\$ -	\$ 88,096.1	\$ 114,108.1	0.0%	\$ 147.88	0.60x	0.48x	0.46x	10.3x	8.4x	7.8x	0.0x	N/A	N/A		
TechnipFMC plc	FTI	\$ 26.69	\$ 11,354.3	\$ 12,475.1	0.8%	\$ 7.66	1.31x	1.39x	1.27x	10.6x	9.3x	7.4x	385.7x	17.0x	13.6x		
Nine Energy Service, Inc.	NINE	\$ 0.96	\$ 39.5	\$ 372.1	0.0%	\$ (1.21)	0.73x	N/A	0.63x	7.6x	9.1x	6.9x	-2.8x	-0.8x	-1.2x		
NOV Inc.	NOV	\$ 15.51	\$ 6,034.7	\$ 7,502.7	1.9%	\$ 16.61	1.15x	0.84x	0.82x	9.6x	6.7x	6.1x	8.0x	10.3x	9.6x		
Oil States International, Inc.	OIS	\$ 4.73	\$ 298.5	\$ 404.5	0.0%	\$ 11.03	0.69x	0.56x	0.52x	6.5x	5.0x	4.4x	33.7x	24.9x	15.3x		
RPC, Inc.	RES	\$ 5.68	\$ 1,203.0	\$ 960.5	2.8%	\$ 5.06	0.87x	0.68x	0.65x	3.9x	4.0x	3.9x	8.1x	12.7x	13.2x		
Schlumberger Limited	SLB	\$ 40.07	\$ 56,585.0	\$ 66,316.0	2.7%	\$ 15.23	2.54x	1.82x	1.74x	11.6x	7.3x	6.8x	17.6x	11.8x	10.8x		
Tidewater Inc.	TDW	\$ 60.07	\$ 3,153.2	\$ 3,546.0	0.0%	\$ 20.60	4.28x	2.55x	2.16x	14.2x	5.9x	4.5x	38.3x	12.7x	7.5x		
Tenaris S.A.	TS	\$ 32.88	\$ 18,234.1	\$ 15,845.9	0.0%	\$ 14.93	1.08x	1.18x	1.20x	3.4x	4.9x	5.1x	10.5x	9.3x	9.1x		
TETRA Technologies, Inc.	TTI	\$ 3.35	\$ 441.6	\$ 606.3	0.0%	\$ 1.19	1.19x	1.00x	0.88x	9.4x	6.2x	4.6x	22.7x	20.9x	7.9x		
Expro Group Holdings N.V.	XPRO	\$ 12.75	\$ 1,498.1	\$ 1,548.3	0.0%	\$ 12.63	1.09x	1.16x	1.10x	7.9x	5.9x	5.2x	-74.4x	14.7x	9.9x		
Average							0.6%	\$ 21.36	1.4x	1.2x	1.1x	8.9x	7.2x	6.2x	37.5x	14.3x	10.2x
Median							0.0%	\$ 12.63	1.1x	1.1x	0.9x	9.4x	6.7x	5.9x	17.4x	13.6x	9.7x

Forum Energy Technologies, Inc. FET	\$ 13.98	\$ 172.0	\$ 371.7	0.0%	\$ 35.98	0.5x	0.5x	0.4x	5.7x	3.6x	3.2x	N/A	-5.7x	9.9x
-------------------------------------	----------	----------	----------	------	----------	------	------	------	------	------	------	-----	-------	------

(1) Previous day's closing price

(2) Estimates are from Capital IQ

(3) Forward estimates as of calendar year

(4) All Values in USD at an exchange rate of \$0.92 EUR/USD

Source: Company reports, CapitalIQ, Stonegate Capital Partners

We are also using an EV/EBITDA framework to inform our FET valuation. Currently FET is trading at a FY25 EV/EBITDA of 3.2x compared to comps at an average of 6.2x. We are using our F25 expected EBITDA, and an EV/EBITDA range of 4.5x to 5.0x with a midpoint of 4.8x which moves FET closer to comp companies. This arrives at a valuation range of \$25.70 to \$30.36 with a mid-point of \$28.03.

	EV/EBITDA		
2025 E	4.50x	4.75x	5.00x
Adj EBITDA	114.6	114.6	114.6
TEV	515.8	544.4	573.1
Cash	31.8	31.8	31.8
Debt	231.5	231.5	231.5
Market Cap	316.1	344.7	373.4
S/O	12.3	12.3	12.3
Price	\$ 25.70	\$ 28.03	\$ 30.36

Discounted Cash Flow

Forum Energy Technologies, Inc.														
Discounted Cash Flow Model														
<i>(in \$M, except per share)</i>														
Estimates:	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Terminal Value
Revenue	699.9	738.9	817.3	834.1	855.0	880.6	909.2	941.5	977.3	1,014.4	1,056.0	1,099.3	1,146.6	
Operating Income	17.3	20.7	29.5	51.7	48.7	48.0	45.5	47.1	46.9	48.7	49.6	49.5	47.0	
Less: Taxes (benefit)	6.6	11.1	13.6	12.6	19.5	19.2	18.2	18.8	18.8	19.5	19.9	19.8	18.8	
NOPAT	10.7	9.7	15.9	39.1	29.2	28.8	27.3	28.2	28.1	29.2	29.8	29.7	28.2	
Plus: Depreciation & Amortization	37.0	34.7	55.0	55.0	51.3	50.2	49.1	47.1	45.9	44.6	44.4	44.0	43.6	
Plus: Changes in WC	(31.5)	(22.7)	4.1	(15.8)	(8.5)	(4.4)	(4.5)	(4.7)	(4.9)	(3.0)	(3.2)	(3.3)	(3.4)	
Less: Capex	(7.5)	(7.9)	(9.0)	(9.2)	(8.5)	(8.8)	(9.1)	(9.4)	(9.8)	(10.1)	(10.6)	(11.0)	(11.5)	
Free Cash Flow	8.7	13.8	66.0	69.1	63.4	65.8	62.7	61.2	59.4	60.7	60.4	59.4	56.9	552.5
Discount period - months			3	15	27	39	51	63	75	87	99	111	123	
Discount period - years			0.3	1.3	2.3	3.3	4.3	5.3	6.3	7.3	8.3	9.3	10.3	
Discount factor			0.97	0.86	0.77	0.68	0.61	0.54	0.48	0.43	0.38	0.34	0.30	
PV of FCF			64.1	59.7	48.7	44.9	38.0	33.0	28.5	25.8	22.9	20.0	17.0	165.2
Growth rate assumptions:														
Revenue		5.6%	10.6%	2.1%	2.5%	3.0%	3.3%	3.6%	3.8%	3.8%	4.1%	4.1%	4.3%	
Operating Income		19.6%	42.4%	75.2%	-5.8%	-1.5%	-5.3%	3.6%	-0.4%	3.8%	1.9%	-0.3%	-5.0%	
EBITDA		2.1%	52.4%	26.3%	-6.3%	-1.8%	-3.7%	-0.4%	-1.4%	0.5%	0.7%	-0.6%	-3.1%	
Free Cash Flow		58.2%	379.5%	4.7%	-8.2%	3.7%	-4.6%	-2.5%	-2.9%	2.1%	-0.4%	-1.7%	-4.2%	
Margin assumptions:														
Operating Income	2.5%	2.8%	3.6%	6.2%	5.7%	5.5%	5.0%	5.0%	4.8%	4.8%	4.7%	4.5%	4.1%	
D&A as a % of sales	5.3%	4.7%	6.7%	6.6%	6.0%	5.7%	5.4%	5.0%	4.7%	4.4%	4.2%	4.0%	3.8%	
EBITDA	7.8%	7.5%	10.3%	12.8%	11.7%	11.2%	10.4%	10.0%	9.5%	9.2%	8.9%	8.5%	7.9%	
Taxes	38.3%	53.3%	46.1%	24.3%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
Changes in WC	-4.5%	-3.1%	0.5%	-1.9%	-1.0%	-0.5%	-0.5%	-0.5%	-0.5%	-0.3%	-0.3%	-0.3%	-0.3%	
Capex as a % of sales	-1.1%	-1.1%	-1.1%	-1.1%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	
Valuation:														
Shares outstanding	12.3													
PV of FCF	402.4													
PV of Terminal Value	165.2													
Enterprise Value	567.6													
less: Net Debt	199.7													
Estimated Total Value:	367.9													
Est Equity Value/share:	\$29.91													
Price	\$13.98													

		Sensitivity Analysis:				
		Terminal Growth Rates				
		0.50%	1.25%	2.00%	2.75%	3.50%
Discount rate	12.00%	\$29.71	\$30.70	\$31.83	\$33.14	\$34.69
	12.25%	\$28.87	\$29.79	\$30.85	\$32.07	\$33.50
	12.50%	\$28.06	\$28.92	\$29.91	\$31.05	\$32.38
	12.75%	\$27.28	\$28.09	\$29.02	\$30.08	\$31.32
	13.00%	\$26.54	\$27.30	\$28.16	\$29.16	\$30.31

Source: Company Reports; Stonegate Capital Markets

Balance Sheet

Forum Energy Technologies, Inc. Consolidated Balance Sheets (\$M) Fiscal Year End: December																	
ASSETS	FY 2018	FY 2019	FY 2020	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 Mar-24	Q2 Jun-24	Q3 Sep-24
Cash and Cash Equivalents	47.2	57.9	128.6	46.9	20.6	26.9	19.8	51.0	51.0	46.8	24.8	37.2	46.2	46.2	48.5	31.8	33.3
Accounts Receivable	206.1	154.2	80.6	123.9	132.2	147.1	147.8	154.2	154.2	164.0	169.0	157.8	146.7	146.7	162.0	164.2	163.1
Inventories	479.0	414.6	251.7	241.7	263.8	271.2	270.6	269.8	269.8	287.6	302.5	302.3	299.6	299.6	303.0	291.1	286.9
Other Current Assets	33.7	39.2	29.2	34.2	39.7	40.0	40.2	37.8	37.8	38.4	41.2	33.9	37.1	37.1	33.3	34.2	40.4
Total Current Assets	766.0	665.9	490.2	446.7	456.3	485.2	478.4	512.9	512.9	536.8	537.5	531.2	529.6	529.6	546.8	521.3	523.7
Property and Equipment	177.4	154.8	113.7	94.0	91.2	88.7	86.2	63.0	63.0	62.6	62.4	61.4	61.4	61.4	87.7	85.1	83.4
Operating Lease Assets	-	48.7	31.5	25.4	24.7	22.2	20.8	57.3	57.3	57.0	56.0	56.4	55.4	55.4	54.8	52.5	54.1
Intangible Assets and Goodwill	828.6	272.3	240.4	217.4	210.9	203.8	196.6	191.5	191.5	185.6	179.8	173.4	168.0	168.0	324.6	312.5	307.9
Investment in Unconsolidated Subsidiary	45.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Long Term Assets	12.6	18.3	14.1	7.8	7.9	7.6	8.3	10.2	10.2	7.9	8.0	6.6	6.7	6.7	7.5	5.3	4.6
Total Assets	1,829.6	1,160.0	889.9	791.3	790.9	807.5	790.3	834.8	834.8	850.0	843.7	828.9	821.1	821.1	1,021.4	976.8	973.7
LIABILITIES AND SHAREHOLDERS' EQUITY																	
Current Portion of Long Term Debt	1.2	0.7	1.3	0.9	0.8	0.7	0.5	0.8	0.8	1.0	1.1	1.1	1.2	1.2	5.2	6.5	69.4
Other Current Liabilities	235.8	196.1	123.6	174.8	191.4	183.6	196.6	209.5	209.5	202.6	209.1	207.2	203.2	203.2	187.9	187.6	201.6
Total Current Liabilities	236.9	196.9	124.9	175.7	192.1	184.3	197.1	210.3	210.3	203.6	210.2	208.3	204.3	204.3	193.1	194.1	271.0
Long Term Debt	517.5	398.9	293.4	232.4	233.7	268.8	247.5	239.1	239.1	152.0	137.8	128.5	129.6	129.6	282.3	246.3	162.2
Other liabilities	45.1	78.2	65.4	54.2	50.3	45.9	43.1	78.3	78.3	77.5	76.4	74.9	74.5	74.5	99.8	94.3	97.0
Total Liabilities	799.5	674.0	483.7	462.2	476.2	499.0	487.6	527.7	527.7	433.1	424.4	411.8	408.4	408.4	575.2	534.8	530.2
Common Stock - Par Value	1.2	1.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Additional Paid-In Capital	1,214.9	1,231.7	1,242.7	1,250.0	1,251.8	1,252.6	1,252.9	1,253.6	1,253.6	1,366.2	1,367.4	1,368.1	1,369.3	1,369.3	1,414.0	1,415.8	1,417.9
Treasury Stock at Cost	(134.5)	(134.5)	(134.4)	(135.6)	(135.6)	(135.6)	(135.5)	(138.5)	(138.5)	(142.1)	(142.0)	(142.1)	(142.1)	(142.1)	(142.1)	(142.1)	(142.1)
Retained Deficit	63.7	(503.4)	(601.7)	(684.3)	(693.5)	(684.2)	(667.8)	(680.6)	(680.6)	(684.1)	(690.7)	(682.7)	(699.5)	(699.5)	(709.8)	(716.5)	(731.3)
Accumulated Other Comprehensive Loss	(115.2)	(108.9)	(100.4)	(101.0)	(108.0)	(124.5)	(147.1)	(127.5)	(127.5)	(123.3)	(115.6)	(126.3)	(115.2)	(115.2)	(116.1)	(115.4)	(101.2)
Total Parent Net Equity	1,030.1	486.0	406.2	329.1	314.8	308.5	302.6	307.0	307.0	416.8	419.3	417.1	412.6	412.6	446.2	442.0	443.5
Total Liabilities and Shareholders' Equity	1,829.7	1,160.0	889.9	791.3	790.9	807.5	790.3	834.8	834.8	850.0	843.7	828.9	821.1	821.1	1,021.4	976.8	973.7
Liquidity																	
Current Ratio	3.2x	3.4x	3.9x	2.5x	2.4x	2.6x	2.4x	2.4x	2.4x	2.6x	2.6x	2.6x	2.6x	2.6x	2.8x	2.7x	1.9x
Quick Ratio	1.2x	1.3x	1.9x	1.2x	1.0x	1.2x	1.1x	1.2x	1.2x	1.2x	1.1x	1.1x	1.1x	1.1x	1.3x	1.2x	0.9x
Working Capital (\$M)	529.1	469.1	365.3	271.1	264.2	300.9	281.3	302.6	302.6	333.2	327.3	322.9	325.3	325.3	353.7	327.2	252.7
Leverage																	
Net Debt to Equity	45.8%	70.3%	40.9%	56.6%	68.0%	78.7%	75.4%	61.5%	61.5%	25.5%	27.2%	22.2%	22.0%	20.5%	53.6%	50.0%	44.7%
Net Debt to Capital	25.8%	29.5%	18.7%	23.6%	27.0%	30.0%	28.9%	22.6%	22.6%	12.5%	13.5%	11.2%	11.1%	10.3%	23.4%	22.6%	20.4%

Source: Company Reports, Stonegate Capital Partners

Income Statement

Forum Energy Technologies, Inc. Consolidated Statements of Income (in \$M, except per share amounts) Fiscal Year End: December																				
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 Mar-24	Q2 Jun-24	Q3 Sep-24	Q4 E Dec-24	FY 2024E	Q1 E Mar-25	Q2 E Jun-25	Q3 E Sep-25	Q4 E Dec-25	FY 2025E
Revenue	\$ 1,064.2	\$ 956.5	\$ 512.5	\$ 541.1	\$ 699.9	\$ 189.0	\$ 185.4	\$ 179.3	\$ 185.2	\$ 738.9	\$ 202.4	\$ 205.2	\$ 207.8	\$ 201.9	\$ 817.3	\$ 207.7	\$ 209.2	\$ 212.4	\$ 204.9	\$ 834.1
Total Revenues	1,064.2	956.5	512.5	541.1	699.9	189.0	185.4	179.3	185.2	738.9	202.4	205.2	207.8	201.9	817.3	207.7	209.2	212.4	204.9	834.1
Operating Expenses:																				
Cost of Sales	807.8	711.7	523.5	417.7	511.4	136.9	134.1	128.2	135.5	534.7	138.6	142.1	142.1	142.9	565.8	141.2	144.3	147.1	142.5	575.1
Gross Profit	256.4	244.9	(11.0)	123.3	188.5	52.1	51.3	51.0	49.7	204.1	63.8	63.1	65.7	58.9	251.5	66.5	64.9	65.3	62.4	259.0
Selling, General, and Administrative Expenses	287.0	251.7	197.7	168.9	179.5	45.5	44.4	45.5	45.0	180.4	54.7	53.7	56.3	49.5	214.1	51.9	51.9	52.7	50.8	207.3
Loss/Gain on Disposal of Assets and Other	(0.4)	0.1	2.5	(1.1)	(1.3)	(0.3)	0.5	(0.1)	-	0.1	-	0.2	(0.1)	-	0.1	-	-	-	-	-
Gain on Sale and Leaseback Transaction	-	-	-	-	(7.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairments of Intangibles	363.5	532.3	20.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transaction Expenses	3.4	1.2	-	-	-	-	-	-	2.9	2.9	5.9	1.2	0.6	-	7.7	-	-	-	-	-
Contingent Consideration benefit	-	(4.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earnings From Equity Investment	(0.1)	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	653.4	781.0	220.6	167.8	171.2	45.3	44.9	45.4	47.9	183.4	60.6	55.1	56.8	49.5	222.0	51.9	51.9	52.7	50.8	207.3
Operating Income	(397.0)	(536.1)	(231.6)	(44.5)	17.3	6.9	6.4	5.7	1.8	20.7	3.2	7.9	8.9	9.5	29.5	14.5	13.0	12.6	11.6	51.7
Interest Expense	32.5	31.6	30.3	32.0	31.5	4.5	4.7	4.5	4.6	18.3	8.8	8.7	7.7	5.1	30.2	5.1	5.1	5.0	4.9	20.1
Foreign Exchange Loss/(Gain)	(6.3)	5.0	6.5	0.2	(24.5)	3.0	6.4	(8.3)	9.1	10.2	1.2	3.0	9.6	-	13.8	-	-	-	-	-
Loss on Extinguishment of Debt	-	-	(72.5)	5.3	-	-	-	-	-	-	-	0.5	1.8	-	2.3	1.7	-	-	-	1.7
Deferred Loan Costs Written Off	-	-	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(33.5)	(3.9)	(88.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit Before Taxes	(389.8)	(568.9)	(109.8)	(82.0)	10.3	(0.7)	(4.7)	9.4	(11.9)	(7.8)	(6.8)	(4.2)	(10.2)	4.4	(16.8)	7.7	7.9	7.6	6.7	29.9
Provision for Income Tax	(15.7)	(1.8)	(12.9)	0.6	6.6	2.8	1.9	1.5	4.9	11.1	3.5	2.5	4.6	3.0	13.6	3.2	3.3	3.2	2.8	12.6
Net Income	(374.1)	(567.1)	(96.9)	(82.7)	3.7	(3.5)	(6.6)	8.0	(16.8)	(18.9)	(10.3)	(6.7)	(14.8)	1.4	(30.4)	4.5	4.6	4.4	3.9	17.4
Basic EPS	\$ (3.44)	\$ (5.15)	\$ (17.37)	\$ (14.65)	\$ 0.65	\$ (0.34)	\$ (0.64)	\$ 0.78	\$ (1.64)	\$ (1.85)	\$ (0.85)	\$ (0.54)	\$ (1.20)	\$ 0.12	\$ (2.47)	\$ 0.36	\$ 0.37	\$ 0.36	\$ 0.32	\$ 1.41
Diluted EPS	\$ (3.44)	\$ (5.15)	\$ (17.37)	\$ (14.65)	\$ 0.62	\$ (0.34)	\$ (0.64)	\$ 0.77	\$ (1.64)	\$ (1.85)	\$ (0.85)	\$ (0.54)	\$ (1.20)	\$ 0.12	\$ (2.47)	\$ 0.36	\$ 0.37	\$ 0.36	\$ 0.32	\$ 1.41
WTD Shares Out - Basic	108.8	110.1	5.6	5.6	5.7	10.2	10.2	10.2	10.2	10.2	12.2	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
WTD Shares Out - Diluted	108.8	110.1	5.6	5.6	6.0	10.2	10.2	10.4	10.2	10.2	12.2	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Adjusted Net Income	5.1	(20.5)	(97.6)	(62.5)	(19.7)	0.9	1.0	0.5	(4.0)	(1.6)	(1.5)	(0.9)	(2.3)	2.3	(2.4)	5.4	5.5	5.3	4.8	21.0
Adjusted EPS - Diluted	\$ 0.05	\$ (0.19)	\$ (17.50)	\$ (11.06)	\$ (2.99)	\$ 0.09	\$ 0.10	\$ 0.05	\$ (0.39)	\$ (0.15)	\$ (0.12)	\$ (0.08)	\$ (0.19)	\$ 0.19	\$ (0.20)	\$ 0.44	\$ 0.44	\$ 0.43	\$ 0.39	\$ 1.70
EBITDA	(282.8)	(474.0)	(28.6)	(8.0)	78.9	12.5	8.5	22.9	1.4	45.2	15.8	18.5	11.1	23.1	68.5	26.6	26.7	26.4	25.3	105.0
Adjusted EBITDA	\$ 96.4	\$ 72.6	\$ (19.5)	\$ 19.8	\$ 58.8	\$ 17.7	\$ 17.4	\$ 16.6	\$ 15.4	\$ 67.1	\$ 26.1	\$ 25.7	\$ 25.8	\$ 24.5	\$ 102.1	\$ 29.0	\$ 29.1	\$ 28.8	\$ 27.7	\$ 114.6
Margin Analysis																				
Gross Margin	24.1%	25.6%	-2.2%	22.8%	26.9%	27.6%	27.7%	28.5%	26.8%	27.6%	31.5%	30.7%	31.6%	29.2%	30.8%	32.0%	31.0%	30.8%	30.4%	31.1%
Operating Margin	-37.3%	-56.1%	-45.2%	-8.2%	2.5%	3.6%	3.5%	3.2%	1.0%	2.8%	1.6%	3.9%	4.3%	4.7%	3.6%	7.0%	6.2%	6.0%	5.6%	6.2%
EBITDA Margin	-26.6%	-49.5%	-5.6%	-1.5%	11.3%	6.6%	4.6%	12.8%	0.7%	6.1%	7.8%	9.0%	5.3%	11.4%	8.4%	12.8%	12.8%	12.4%	12.4%	12.6%
Adj. EBITDA Margin	9.1%	7.6%	-3.8%	3.7%	8.4%	9.4%	9.3%	8.3%	9.1%	12.9%	12.5%	12.4%	12.1%	12.5%	14.0%	13.9%	13.6%	13.5%	13.7%	13.7%
Pre-Tax Margin	-36.6%	-59.5%	-21.4%	-15.2%	1.5%	-0.4%	-2.5%	5.3%	-6.4%	-1.1%	-3.4%	-2.0%	-4.9%	-2.2%	-2.1%	3.7%	3.8%	3.6%	3.3%	3.6%
Net Income Margin	-35.2%	-59.3%	-18.9%	-15.3%	0.5%	-1.8%	-3.5%	4.4%	-9.1%	-2.6%	-5.1%	-3.3%	-7.1%	0.7%	-3.7%	2.2%	2.2%	2.1%	1.9%	2.1%
Tax Rate	4.0%	0.3%	11.7%	-0.8%	64.1%	-420.3%	-39.4%	15.6%	-41.2%	-141.0%	-51.5%	-59.7%	-45.1%	67.5%	-81.1%	42.0%	42.0%	42.0%	42.0%	42.0%
Growth Rate Y/Y																				
Total Revenue	30.0%	-10.1%	-46.4%	5.6%	29.4%	21.8%	7.7%	-1.4%	-2.9%	5.6%	7.1%	10.7%	15.9%	9.0%	10.6%	2.6%	1.9%	2.2%	1.5%	2.1%
Total cost of revenues	97.8%	19.5%	-71.8%	-23.9%	2.0%	2.1%	5.4%	3.9%	17.9%	7.1%	33.9%	22.8%	25.2%	3.3%	21.0%	-14.3%	-5.9%	-7.3%	2.7%	-6.6%
Operating Income	180.4%	35.1%	-56.8%	-80.8%	-138.9%	-220.0%	7.1%	-26.4%	-80.7%	19.6%	-53.3%	23.8%	56.9%	427.1%	42.4%	354.3%	63.7%	42.0%	21.8%	75.2%
Pre-Tax Income	605.1%	46.0%	-80.7%	-25.3%	-112.6%	-90.9%	-143.0%	-47.1%	6.9%	-175.8%	914.9%	-11.1%	-208.0%	-137.3%	113.7%	-213.5%	-287.7%	-175.0%	51.0%	-278.7%
Net Income	529.8%	51.6%	-82.9%	-14.7%	-104.5%	-62.1%	-171.0%	-51.6%	30.9%	-609.1%	195.5%	1.8%	-285.7%	-108.6%	60.6%	-143.5%	-168.2%	-130.0%	169.4%	-157.2%

Source: Company Reports, Stonegate Capital Partners estimates

Statement of Cash Flows

Forum Energy Technologies, Inc. Consolidated Cash Flow Statements (\$M) Fiscal Year End: December																						
CASH FLOW	FY 2018	FY 2019	FY 2020	Q1 Mar-21	Q2 Jun-21	Q3 Sep-21	Q4 Dec-21	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 Dec-22	FY 2022	Q1 Mar-23	Q2 Jun-23	Q3 Sep-23	Q4 Dec-23	FY 2023	Q1 Mar-24	Q2 Jun-24	Q3 Sep-24	
Operating Activities																						
Net Income	(374.1)	(567.1)	(96.9)	(29.7)	(21.8)	(11.6)	(19.6)	(82.7)	(9.2)	9.3	16.5	(12.8)	3.7	(3.5)	(6.6)	8.0	(16.8)	(18.9)	(10.3)	(6.7)	(14.8)	
Depreciation Expense	33.1	30.6	24.5	5.0	4.3	3.9	3.9	17.1	3.4	3.3	2.9	2.8	12.4	2.6	2.5	2.9	2.9	10.8	4.1	4.2	4.4	
Amortization and Intangible Assets	41.4	32.6	26.5	6.4	6.3	6.2	6.2	25.1	6.2	6.2	6.1	6.1	24.5	6.0	6.0	6.0	5.9	23.9	9.8	9.9	9.3	
Stock Based Compensation Expense	19.9	15.8	9.8	1.9	1.9	1.9	1.9	7.6	2.2	0.6	0.8	0.7	4.2	0.8	1.3	1.2	1.2	4.6	1.6	1.5	0.2	
Inventory Write Downs	36.6	10.3	100.8	1.4	1.2	1.4	4.1	8.1	0.2	0.6	0.8	1.1	2.7	0.9	0.7	0.4	0.9	2.8	0.5	1.3	3.4	
Provision for Doubtful Accounts	3.3	3.2	1.1	-	-	-	2.4	2.4	-	-	-	2.2	2.2	-	-	-	1.5	1.5	-	-	-	
Deferred Income Taxes	(13.6)	(13.0)	(0.1)	0.3	(0.6)	(0.2)	3.3	2.8	(0.3)	(1.0)	(0.6)	1.7	(0.1)	0.4	0.3	(0.8)	(0.1)	(0.2)	(1.0)	(1.3)	(0.9)	
Loss on Extinguishment of Debt	-	-	(72.5)	0.9	4.2	0.2	-	5.3	-	-	-	-	-	-	-	-	-	-	-	0.5	1.8	
Gain on Sale-Leaseback Transaction	-	-	-	-	-	-	-	-	-	-	-	(7.0)	(7.0)	-	-	-	-	-	-	-	-	
Impairments	363.5	534.7	35.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Loan Costs Write Off	-	-	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Earnings/Loss from Equity Distributions	(0.1)	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contingent Consideration Benefit	-	(4.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Gains	(33.5)	(3.9)	(88.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1.1	1.7	3.7	2.1	1.8	1.7	(0.4)	5.2	2.3	0.8	2.4	(0.1)	5.4	1.4	1.5	1.8	0.4	5.1	1.3	2.1	2.2	
Cash flow from operating activities before working capital changes	77.7	40.7	(53.5)	(11.8)	(2.7)	3.6	1.8	(9.1)	4.8	19.8	28.8	(5.4)	48.1	8.7	5.6	19.5	(4.1)	29.6	5.9	11.4	5.6	
Accounts Receivable	(4.8)	49.7	65.5	(9.0)	(18.6)	(10.6)	(6.7)	(45.0)	(9.2)	(16.2)	(3.4)	(6.1)	(34.8)	(10.0)	(4.6)	9.9	11.5	6.7	8.8	(2.9)	1.8	
Inventories	(60.9)	54.3	51.6	13.7	7.7	(8.4)	(11.2)	1.9	(23.0)	(10.6)	(3.6)	2.5	(34.6)	(18.1)	(15.6)	(1.8)	3.7	(31.9)	8.6	10.2	4.7	
Prepaid Expenses and Other Current Assets	(8.0)	0.6	17.8	(2.5)	(2.7)	(3.1)	0.2	(8.1)	1.3	0.3	(0.2)	(0.8)	0.6	1.0	(4.2)	3.6	2.3	2.7	2.7	3.4	(1.5)	
Cost and Estimated Profits in Excess of Billings	1.3	4.6	(4.3)	(0.3)	0.4	(3.6)	3.6	0.1	(6.9)	(1.1)	(2.3)	2.4	(7.8)	0.8	2.1	4.0	(4.7)	2.1	2.8	(2.2)	(3.4)	
Accounts Payable	(4.2)	(48.1)	(69.4)	7.7	16.6	11.7	0.4	36.3	11.9	(13.7)	(0.2)	22.8	20.8	(5.5)	8.0	(10.7)	3.4	(4.9)	(24.1)	3.4	18.1	
Billings in Excess of Costs and Profits Recognized	1.3	2.3	(3.9)	0.8	2.9	0.1	4.2	8.0	(3.8)	(4.3)	(0.8)	(0.4)	(9.2)	0.1	2.5	2.0	(0.7)	3.9	0.3	(0.3)	0.4	
(Earnings) Loss from Unconsolidated Subsidiary, Net of Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow generated/(absorbed) from operating Activities	2.4	104.1	3.9	(1.3)	3.7	(10.5)	(7.7)	(15.8)	(24.9)	(25.7)	18.4	15.1	(17.1)	(23.1)	(6.4)	26.4	11.3	8.2	5.0	23.1	25.6	
Investing Activities																						
Capital Expenditure for Property and Equipment	(24.0)	(15.1)	(2.2)	(0.4)	(0.3)	(0.3)	(1.4)	(2.4)	(0.9)	(2.7)	(1.2)	(2.7)	(7.5)	(1.1)	(1.7)	(2.7)	(2.4)	(7.9)	(2.9)	(1.5)	(1.3)	
Proceeds from Sale of Property and Equipment and Other	9.3	0.5	5.3	1.5	0.6	4.7	0.2	7.0	0.1	2.5	0.1	0.3	3.0	0.3	0.8	0.2	0.0	1.4	0.2	(0.2)	0.2	
Acquisition of Businesses, Net of Cash Acquired	(60.6)	-	-	-	-	-	(3.4)	(3.4)	-	-	-	(0.5)	(0.5)	-	-	-	-	-	-	-	-	
Proceeds from the Sale of Business	-	-	105.2	-	-	-	(1.3)	(1.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from the Sale of Equity Investment and Business	-	42.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from Sale-leaseback Transactions	-	-	-	-	-	-	-	-	-	-	-	32.1	32.1	-	-	-	-	-	-	-	-	
Proceeds from Settlement of Notes Receivable	-	-	-	-	-	-	10.8	10.8	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments related to business acquisitions and dispositions	-	-	-	(1.3)	-	-	1.3	-	-	(0.5)	-	0.5	-	-	-	-	-	-	(150.1)	-	(0.3)	
Net Working Capital Settlement from Sale of Business	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow generated by Investing Activities	(75.4)	28.1	108.3	1.1	(1.0)	4.4	6.2	10.7	(0.7)	(0.7)	(1.1)	29.7	27.1	(0.8)	(0.9)	(2.5)	(2.4)	(6.6)	(152.8)	(1.7)	(1.4)	
Financing Activities																						
Repayment of Long-term Debt	(211.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing of Debt	222.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59.7	326.5	182.1	
Repayment on Revolving Credit Facility	-	(256.9)	(169.2)	(13.1)	-	-	-	(13.1)	(95.9)	(145.0)	(172.3)	(130.9)	(544.1)	(94.4)	(112.4)	(144.8)	(100.1)	(451.7)	(148.7)	(164.7)	(145.9)	
Borrowings on Revolving Credit Facility	-	137.0	182.3	-	-	-	-	-	95.9	178.6	149.5	120.2	544.1	119.4	97.4	134.8	100.1	451.7	245.2	(245.2)	-	
Cash Paid to Repurchase 2021 Notes	-	-	-	(13.7)	(43.0)	(1.9)	-	(58.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Paid to Repurchase 2025 Notes and 2021 Notes	-	-	(40.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13.0)	(60.0)	
Payment of Seller Term Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.3)	
Payment of Capital Lease Obligations	(1.1)	(1.2)	(1.2)	(0.5)	(0.3)	(0.2)	(0.5)	(1.5)	(0.2)	(0.3)	(0.2)	(0.5)	(1.3)	(0.3)	(0.2)	(0.4)	(0.4)	(1.3)	(0.1)	(0.2)	(0.5)	
Proceeds from Stock/Debt/Warrant Issuances	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59.7	-	
Repurchase of Stock	(2.8)	(1.1)	(0.2)	(0.1)	(0.0)	(0.2)	(1.1)	(1.4)	(0.4)	(0.0)	(0.5)	(3.0)	(3.8)	(5.4)	-	(0.6)	-	(6.0)	(1.1)	-	-	
Deferred Financing Costs	-	-	(9.7)	-	-	(1.5)	(0.1)	(1.6)	-	-	-	-	-	-	-	-	(0.3)	(0.3)	(3.1)	-	-	
Bond Exchange Early Participation Payment	-	-	(3.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash flow generated/(absorbed) by financing Activities	6.5	(122.2)	(41.8)	(27.5)	(43.3)	(3.8)	(1.7)	(76.2)	(0.6)	33.2	(23.5)	(14.2)	(5.1)	19.4	(15.2)	(11.0)	(0.7)	(7.6)	151.8	(36.9)	(25.5)	
Effect of Exchange Rate Changes on Cash	(1.5)	0.6	0.3	(0.1)	0.2	(0.5)	0.0	(0.4)	(0.0)	(0.6)	(0.9)	0.7	(0.8)	0.3	0.5	(0.5)	0.8	1.1	(1.7)	(1.1)	2.8	
Net Cash flow	(68.0)	10.7	70.7	(27.8)	(40.4)	(10.3)	(3.2)	(81.8)	(26.3)	6.3	(7.1)	31.3	4.2	(4.3)	(22.0)	12.4	9.0	(4.9)	2.3	(16.7)	1.5	
Cash and Cash Equivalents																						
Beginning Cash balance	115.2	47.2	57.9	128.6	100.8	60.4	50.0	128.6	46.9	20.6	26.9	19.8	46.9	51.0	46.8	24.8	37.2	46.2	51.0	46.2	31.8	
Ending Cash balance	47.2	57.9	128.6	100.8	60.4	50.0	46.9	46.9	20.6	26.9	19.8	51.0	51.0	46.8	24.8	37.2	46.2	46.2	48.5	31.8	33.3	

IMPORTANT DISCLOSURES AND DISCLAIMER

- (a) The research analyst and/or a member of the analyst's household do not have a financial interest in the debt or equity securities of the subject company.
- (b) The research analyst responsible for the preparation of this report has not received compensation that is based upon Stonegate's investment banking revenues.
- (c) Stonegate or any affiliate have not managed or co-managed a public offering of securities for the subject company in the last twelve months, received investment banking compensation from the subject company in the last 12 months, nor expects or receive or intends or seek compensation for investment banking services from the subject company in the next three months.
- (d) Stonegate's equity affiliate, Stonegate Capital Partners, "SCP" has a contractual agreement with the subject company to provide research services, investor relations support, and investor outreach. SCP receives a monthly retainer for these non-investment banking services.
- (e) Stonegate or its affiliates do not beneficially own 1% or more of any class of common equity securities of the subject company.
- (f) Stonegate does not make a market in the subject company.
- (g) The research analyst has not received any compensation from the subject company in the previous 12 months.
- (h) Stonegate, the research analyst, or associated person of Stonegate with the ability to influence the content of the research report knows or has reason to know of any material conflicts of interest at the time of publication or distribution of the research report.
- (i) No employee of Stonegate has a position as an officer or director of the subject company.

Ratings - Stonegate does not provide ratings for the covered companies.

Distribution of Ratings - Stonegate does not provide ratings for covered companies.

Price Chart - Stonegate does not have, nor has previously had, a rating for its covered companies.

Price Targets - Stonegate does not provide price targets for its covered companies. However, Stonegate does provide valuation analysis.

Regulation Analyst Certification:

I, Dave Storms, CFA, hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report.

For Additional Information Contact:

Stonegate Capital Markets, Inc.

Dave Storms, CFA

Dave@stonegateinc.com

214-987-4121

Please note that this report was originally prepared and issued by Stonegate for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of Stonegate should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. The information contained herein is based on sources which we believe to be reliable but is not necessarily complete and its accuracy cannot be guaranteed. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This report is the independent work of Stonegate Capital Markets and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein. The firm and/or its employees and/or its individual shareholders and/or members of their families and/or its managed funds may have positions or warrants in the securities mentioned and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the firm from time to time in the open market or otherwise. While we endeavor to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. All opinions are subject to change without notice, and we do not undertake to advise you of any such changes. Reproduction or redistribution of this report without the expressed written consent of Stonegate Capital Markets is prohibited. Additional information on any securities mentioned is available on request.