

FORUM ENERGY TECHNOLOGIES, INC.

Form S-1/A

March 14, 2012

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As filed with the Securities and Exchange Commission on March 14, 2012

Registration No. 333-176603

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

Amendment No. 4

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

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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 March 14, 2012

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. In addition, we intend to offer to sell \$50 million of shares of our common stock in a private placement to a private equity firm concurrently with this offering.

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 23.

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

Senior Co-Managers

Simmons & Company International

Junior Co-Managers

Tudor, Pickering, Holt & Co.

**Capital One Southcoast
Howard Weil Incorporated**
, 2012

Dahlman Rose & Company

**FBR
Johnson Rice & Company L.L.C.**

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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, the concurrent private placement 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 2011 Acquisitions.

Forum Energy Technologies, Inc.

Overview

We are a global oilfield products company, serving the subsea, drilling, completion, production and infrastructure 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 2011, approximately 40% of our pro forma revenue was derived from the sale of capital products, while approximately 53% 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 39% of our 2011 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 service, stimulation and intervention providers, subsea construction and service companies, pipeline and refinery 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 \$755 million, or 61% to our 2011 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 technologies. 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 technologies. 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 \$491 million, or 39% to our 2011 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 well completion activities.

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

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Drilling and production valves, chokes and flowline connections		systems	Chokes	EDGE desalination and dehydration	Cast iron valves
	Cannon downhole protection systems				
Centrifugal pumps and fluid end-components		ROV thrusters, valve packs, hot stabs	Relief valves		
	Customized downhole protection installation tools			Lease Automatic Custody (LACT) units	
Patented mud pump liner retention and mud pump rod piston systems		Standardized and specialized ROV tooling	Pressure pumping manifold trailers	Processing skids	
Specialty oilfield bearings					
		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 global deepwater and North American land market, include drilling deeper, more highly deviated well paths and generally employing more complex completion practices from 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., 59% of the active land rigs, as of February 24, 2012, were drilling horizontal wells, the well path best suited to developing shale and tight sands, compared to 20% of the active land rigs as of five years ago, according to data from Baker Hughes. Horizontal wells are typically accompanied by well stimulation processes involving hydraulic fracturing, which continue to grow in intensity as the number of fracturing stages increases. 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.

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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. According to Spears & Associates, annual global oilfield capital spending has increased from \$85 billion in 2000 to \$314 billion in 2011, representing a compounded annual growth rate of 13%. Spears & Associates projects capital expenditures will rise to \$350 billion in 2012.

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 March 8, 2012, 142 new offshore rigs have been ordered since January 2010, with an aggregate price of over \$43 billion. Additionally, 57% 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 2,509 Mbpd by 2015, representing a compound annual growth rate of 6.3%. 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 cycle of the well; (2) geographic exposure by shipment destination; (3) land or offshore application; and (4) product purchase cycles. This process relies on a combination of financial analysis and management estimation. Our analysis of our 2011 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 2011 pro forma revenue growth was strongly driven by North American unconventional resource developments and global deepwater development activity, with meaningful contributions from Canadian 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 equipment spend cycle or well cycle phase 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. Our product lines have particular strengths that can be leveraged across our 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.

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Expand our geographic presence. We intend to enhance our access to key global markets and to grow or establish our presence across key 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 or 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 offshore and land versions of our Wrangler 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 safety, quality and service as we grow around the world.

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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 2011, we generated approximately 53% 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 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

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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 offerings: downhole technologies and flow equipment related to well stimulation. These new offerings enhanced our exposure to the growing well completion market.

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, Perry ROVDrill, low profile urban gas processing unit and others.

Recent developments

Acquisition opportunity. Consistent with our acquisition strategy, we are continuously engaged in discussions with potential sellers regarding our possible purchase of assets and operations that are strategic and complementary to our existing operations. We have entered into a non-binding letter of intent and are currently in negotiations with the owners of a privately-held oilfield services company. This company provides products and services that are complementary to, but not the same as, certain of our existing product lines. We have not completed our due diligence, including our evaluation of the financial performance of the assets, and we have not reached agreement with the owners on all material business points. Based on the information provided to us to date, we believe that the aggregate value for the company is in the range of \$115 million to \$140 million, and we expect to pay the purchase price in cash using available cash and borrowings from our senior secured credit facility. We have not signed a purchase and sale agreement with respect to this potential acquisition and if we do, we expect such agreement would be subject to customary conditions to closing. We cannot provide any assurance that we will successfully complete these negotiations, execute a definitive purchase and sale agreement or ultimately close an acquisition in the near term or at all.

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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 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 technologies product 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. In 2011, we 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 technologies 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 technologies offering. Our drilling technologies 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. In 2011, we completed two acquisitions to enhance our drilling technologies 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 retention 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:

Tomahawk Observation Class ROV. In March 2012, we launched a new multi-role observation class ROV called the Tomahawk. The Tomahawk is the latest addition to our long line of Sub-Atlantic branded observation class ROVs, which includes the Comanche,

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Mohican, Super Mohawk, Mohawk, Mojave and Navajo Electric ROV Systems. We developed the Tomahawk in response to our customers' needs for a dependable and adaptable multi-role ROV that can deploy and operate in demanding environments. The Tomahawk uses the subCAN high-speed communications data network system. Rated to a depth of 3,000 metres, the Tomahawk is designed for survey, well intervention and drilling support operations in deep-water conditions, such as in Brazil, West Africa and the Gulf of Mexico.

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 program. The Wrangler roughneck is a power tool used to make-up and break-out drill pipe and we believe it is 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 delays and cost overruns.

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

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The current pace of spending for drilling rigs and othe