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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): July 26, 2018

DRIL-QUIP, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-13439**	**74-2162088**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

6401 N. Eldridge Parkway Houston, Texas	**77041**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (713) 939-7711

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On July 26, 2018, Dril-Quip, Inc. (“Dril-Quip”) reported second quarter 2018 earnings. For additional information regarding Dril-Quip’s second quarter 2018 earnings, please refer to Dril-Quip’s press release attached to this report as Exhibit 99.1 (the “Press Release”), which Press Release is incorporated by reference herein.

Item 7.01 Regulation FD Disclosure.

On July 26, 2018, Dril-Quip posted the Q2 2018 Supplemental Earnings Information presentation (the “Presentation”) to its website at www.dril-quip.com. The Presentation is attached hereto as Exhibit 99.2.

The information in the Press Release and the Presentation is being furnished, not filed, pursuant to Items 2.02 and 7.01. Accordingly, the information in the Press Release and the Presentation will not be incorporated by reference into any registration statement filed by Dril-Quip under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The exhibits listed below are being furnished pursuant to Items 2.02 and 7.01 of this Form 8-K:

Exhibit No.	Description
99.1	Press Release issued July 26, 2018.
99.2	Q2 2018 Supplemental Earnings Information Presentation.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DRIL-QUIP, INC.

By: /s/ Jeffrey J. Bird
Jeffrey J. Bird
Vice President and Chief Financial Officer

Date: July 26, 2018

Exhibit 99.1

Dril-Quip, Inc. Announces Second Quarter 2018 Results

- Generated $94.9 million of revenue, a quarter-on-quarter decrease of 4% and consistent with general guidance
- Reported a net loss of $3.0 million, or $0.08 loss per diluted share, including gains of $0.16 per share
- Incurred an adjusted net loss of $8.8 million excluding gains, or $0.24 loss per diluted share
- Generated net cash provided by operating activities of $12.1 million
- Reported cash on hand of $493.4 million as of June 30, 2018
- Completed $9.8 million in common stock repurchases at an average price of $45 per share
- Maintained clean balance sheet with no debt as of June 30, 2018
- Signed LOI with Premier Oil to provide subsea production systems for Sea Lion Phase 1
- Targeting $40 million to $50 million of annualized cost reductions by the fourth quarter of 2019

HOUSTON - July 26, 2018 / GlobeNewswire - Dril-Quip, Inc. (NYSE: DRQ) today reported operational and financial results for the second quarter of 2018.

Blake DeBerry, Dril-Quip's President and Chief Executive Officer, commented, "In the second quarter, Dril-Quip generated positive Adjusted EBITDA of $1.6 million while the offshore environment remained challenged worldwide. Our experiences still lead us to believe near-term oil prices and the offshore rig environment will remain uncertain through 2018. Despite this, our cash position remained strong at $493.4 million as of June 30, 2018, which, coupled with our debt-free balance sheet, positions us to continue executing our long-term strategy.

"Subsequent to quarter-end, Dril-Quip entered into a Letter of Intent with Premier Oil Exploration and Production Limited to supply subsea production systems for the Sea Lion Phase 1 development located offshore the Falkland Islands. The scope of this project includes plans for 23 subsea production systems, including wellheads, trees, control systems, associated production and injection manifolds, subsea umbilicals and related services. Pre-sanction engineering work is expected to begin in August 2018. Formal contract award will be subject to agreement of a definitive contract and Premier making a final investment decision. We believe that our new product development efforts with respect to our subsea tree products served as a key element of our inclusion in the project. Also, consistent with our overall strategy, our clean balance sheet enables us to provide Premier with vendor financing for a portion of the contract. We are pleased that Premier has chosen Dril-Quip to be their trusted provider of subsea equipment for this upcoming project.

“Looking forward to the rest of 2018, our expectation is that the Company’s revenue will be between $80 million and $90 million per quarter as a result of book and ship orders moving into 2019. This outlook would support annual revenue of $350 million to $370 million and is consistent with our view that we are currently working through the trough while focusing on the expansion of backlog throughout the year, assuming sustained WTI prices at current levels. The Company’s backlog was $266.7 million and $260.9 million as of March 31, 2018 and June 30, 2018, respectively. We continue to closely monitor several significant projects that have reached the later stages of planning and award but await finalization of financing. Although incremental, project-based bookings are expected in the remainder of 2018, the Company does not anticipate these bookings to materially impact 2018 revenue.

“Operationally, the Company continues to focus on managing costs. Earlier this year, the Company embarked on a global Lean Initiative program that will allow the Company to realize improved product delivery, lower working capital requirements and, ultimately, expansion of margins. This ongoing Lean Initiative program is part of a comprehensive strategic analysis of our structural cost base to streamline operations for any commodity price environment. As a result of our analysis, we are targeting $40 million to $50 million of annualized cost savings with initial benefit starting in early 2019 and full realization by the end of next year. Further details around these cost savings will be provided in subsequent quarters as we progress with these efforts.

“In July of 2016, our Board authorized the repurchase of up to $100 million of common stock with no defined time limit. We review the market valuation of our Company on an ongoing basis, and in the second quarter, we concluded that it was appropriate to initiate repurchases. During that time period, we repurchased $9.8 million in common stock, and we will continue to review additional opportunities to create shareholder value.”

In conjunction with today's release, the Company posted a new investor presentation entitled "2nd Quarter 2018 Supplemental Earnings Information" to its website, www.dril-quip.com, in the Presentations section under the Investors link.

Second Quarter Segment Review and Financial Discussion

Consolidated revenue was down $4.3 million quarter-on-quarter, a decrease of 4% and in line with Company guidance.

Western Hemisphere revenue increased sequentially by $3.6 million, or 6%. This was primarily driven by higher fabricated joint sales and increased service activity.

Eastern Hemisphere revenue decreased sequentially by $6.8 million, or 23%, largely due to lower book and ship activity as compared to the first quarter.

Asia-Pacific revenue declined sequentially by $1.1 million, or 9%, as late delivery charges on the Kangean project in Indonesia were incurred, and other deliveries were extended into future quarters.

Net loss was $3.0 million, resulting in a $0.08 loss per diluted share. The Company recorded higher tax expense due to the mix of income from certain international jurisdictions. Adjusted net loss was $8.8 million, or $0.24 per diluted share, after excluding $0.16 per share for gains related to foreign currency and the sale of assets.

Adjusted EBITDA decreased sequentially by $6.2 million, or 79%, due to the decrease in revenue and maintaining the current cost base. The Company is addressing its current cost base by executing the previously mentioned cost reduction actions.

Balance Sheet

Dril-Quip's cash on hand was $493.4 million, which together with the asset-based lending (ABL) facility that the Company executed on February 23, 2018, resulted in approximately $556 million of available liquidity. This liquidity provides both financial and operational flexibility through the current downturn and allows the Company to quickly capitalize on opportunities when the market rebounds. This robust cash position also allows management and the Board to continue to execute on Dril-Quip's long-term strategy of investing in research and development, supporting the anticipated upturn, opportunistically returning cash to shareholders, and pursuing complementary acquisitions.

Share Repurchases

On July 26, 2016, the Board of Directors authorized up to $100 million in share repurchases with no set expiration date. During the second quarter of 2018, the Company repurchased $9.8 million, or 219,102 shares, of common stock at an average price of $45 as part of ongoing efforts to create value for shareholders. The maximum dollar value remaining that may yet be repurchased is $90.2 million as of June 30, 2018. The Company will continue to look for appropriate opportunities to repurchase additional shares from time to time in the future.

About Dril-Quip

Dril-Quip is a leading manufacturer of highly engineered drilling and production equipment for use onshore and offshore, which is particularly well suited for use in deep-water, harsh environments and severe service applications.

Forward-Looking Statements

Statements contained herein relating to future operations and financial results that are forward-looking statements, including those related to market conditions, anticipated project bookings, expected timing of commencing new project work, anticipated revenues, costs, cost synergies and savings, possible acquisitions, new product offerings, share repurchases and expectations regarding operating results, are based upon certain assumptions and analyses made by the management of the Company in light of its experience and perception of historical trends, current conditions, expected future developments and other factors. These statements are subject to risks beyond the Company's control, including, but not limited to, the volatility of oil and natural gas prices and cyclicality of the oil and gas industry, project terminations, suspensions or scope adjustments to contracts, uncertainties regarding the effects of new governmental regulations, the Company's international operations, operating risks, and other factors detailed in the Company's public filings with the Securities and Exchange Commission. Investors are cautioned that any such statements are not guarantees of future performance and actual outcomes may vary materially from those indicated.

Non-GAAP Financial Information

Adjusted Net Income, Adjusted Diluted EPS, Free Cash Flow, and Adjusted EBITDA are non-GAAP measures.

Adjusted Net Income and Adjusted Diluted EPS are defined as net income (loss) and earnings per share, respectively, excluding the impact of foreign currency gains or losses as well as other significant non-cash items and certain charges and credits.

Free Cash Flow is defined as net cash provided by operating activities less net cash used in the purchase of property, plant and equipment.

Adjusted EBITDA is defined as net income excluding income taxes, interest income and expense, depreciation and amortization expense, non-cash gains or losses from foreign currency exchange rate changes as well as other significant non-cash items and items that can be considered non-recurring.

The Company believes that these non-GAAP measures enable it to evaluate and compare more effectively the results of our operations period over period and identify operating trends by removing the effect of its capital structure from its operating structure. In addition, the Company believes that these measures are supplemental measurement tools used by analysts and investors to help evaluate overall operating performance, ability to pursue and service possible debt opportunities and make future capital expenditures. Adjusted Net Income, Adjusted EBITDA and Free Cash Flow do not represent funds available for our discretionary use and are not intended to represent or to be used as a substitute for net income or net cash provided by operating activities, as measured under U.S. generally accepted accounting principles.

See tables below for additional information concerning non-GAAP financial information, including a reconciliation of the non-GAAP financial information presented in this press release to the most directly comparable financial information presented in accordance with GAAP. Non-GAAP financial information supplements should be read together with, and are not an alternative or substitute for, the Company's financial results reported in accordance with GAAP. Because non-GAAP financial information is not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures.

SOURCE: Dril-Quip, Inc.

Trevor Ashurst, Manager of Investor Relations, (713) 939-7711

Dril-Quip, Inc.
Comparative Condensed Consolidated Income Statement
(Unaudited)

	Three months ended		
	June 30, 2018	March 31, 2018	June 30, 2017
	(In thousands, except per share data)		
Revenues:			
Products	$ 64,719	$ 71,045	$ 102,092
Services	30,142	28,128	25,830
Total revenues	94,861	99,173	127,922
Costs and expenses:			
Cost of sales	69,443	67,750	87,549
Selling, general and administrative	23,739	28,253	31,267
Engineering and product development	10,526	9,447	10,308
Gain on sale of assets	(5,099)	—	(88)
Total costs and expenses	98,609	105,450	129,036
Operating income (loss)	(3,748)	(6,277)	(1,114)
Interest income	2,275	1,797	1,070
Interest expense	(151)	(2)	(18)
Income tax provision (benefit)	1,418	2,901	(77)
Net income (loss)	$ (3,042)	$ (7,383)	$ 15
Earnings (loss) per share	$ (0.08)	$ (0.20)	$ —
Depreciation and amortization	$ 9,001	$ 8,241	$ 12,881
Capital expenditures	$ 9,034	$ 10,571	$ 8,089

Dril-Quip, Inc.
Unaudited Non-GAAP Financial Measures

Adjusted Net Income and EPS:	Three months ended					
	June 30, 2018		March 31, 2018		June 30, 2017	
	Effect on net income (after-tax)	Impact on diluted earnings per share	Effect on net income (after-tax)	Impact on diluted earnings per share	Effect on net income (after-tax)	Impact on diluted earnings per share
	(In thousands, except per share data)					
Net income (loss)	$ (3,042)	$ (0.08)	$ (7,383)	$ (0.20)	$ 15	$ —
Adjustments (after tax)						
Reverse the effect of foreign currency	(1,703)	(0.05)	1,059	0.03	2,988	0.08
Restructuring costs	—	—	474	0.01	—	—
Gain on sale of assets	(4,028)	(0.11)	—	—	—	—
Add back severance payments	—	—	—	—	247	0.01
Adjusted net income (loss)	$ (8,773)	$ (0.24)	$ (5,850)	$ (0.16)	$ 3,250	$ 0.09

Adjusted EBITDA	Three months ended		
	June 30, 2018	March 31, 2018	June 30, 2017
	(In thousands)		
Net Income (Loss)	$ (3,042)	$ (7,383)	$ 15
Add:			
Interest (income) expense	(2,124)	(1,795)	(1,052)
Income tax expense (benefit)	1,418	2,901	(77)
Depreciation and amortization expense	9,001	8,241	12,881
Restructuring costs	—	600	—
Gain on sale of assets	(5,099)	—	—
Foreign currency loss (gain)	(2,155)	1,304	3,689
Severance costs	—	—	305
Stock compensation expense	3,611	3,974	3,567
Adjusted EBITDA	$ 1,610	$ 7,842	$ 19,328

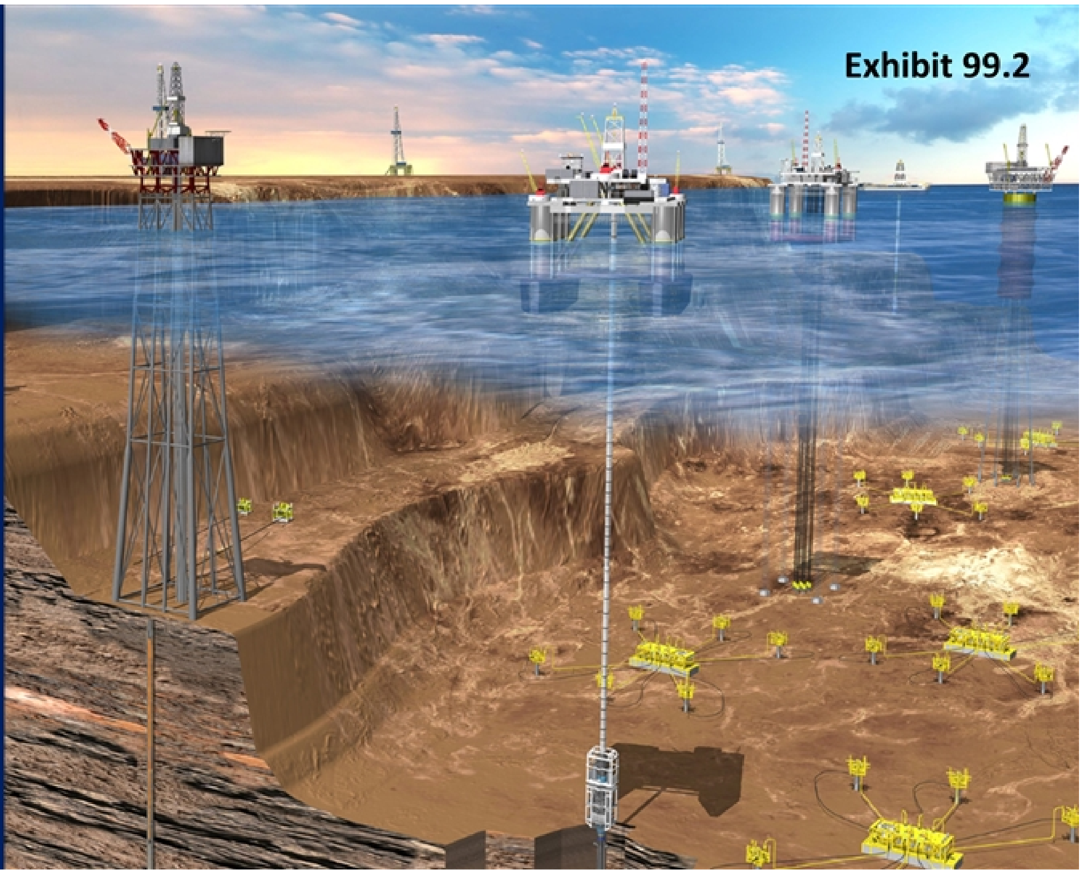
Free Cash Flow:	Three months ended		
	June 30, 2018	March 31, 2018	June 30, 2017
	(In thousands)		
Net cash provided by operating activities	$ 12,078	$ 11,388	$ 27,224
Less:			
Purchase of property, plant and equipment	(9,034)	(10,571)	(8,089)
Free Cash Flow	$ 3,044	$ 817	$ 19,135

Exhibit 99.2

DRIL-QUIP®

2nd Quarter 2018

Supplemental Earnings Information



Cautionary Statement

Forward-Looking Statements

The information furnished in this presentation contains "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements include goals, projections, estimates, expectations, market outlook, forecasts, plans and objectives, including revenue and other projections, acquisition opportunities, forecasted backlog, forecasted demand, liquidity, cost savings, and share repurchases and are based on assumptions, estimates and risk analysis made by management of Dril-Quip in light of its experience and perception of historical trends, current conditions, expected future developments and other factors. No assurance can be given that actual future results will not differ materially from those contained in the forward-looking statements in this presentation.

Although Dril-Quip believes that all such statements contained in this presentation are based on reasonable assumptions, there are numerous variables of an unpredictable nature or outside of Dril-Quip's control that could affect Dril-Quip's future results and the value of its shares. Each investor must assess and bear the risk of uncertainty inherent in the forward-looking statements contained in this presentation.

Please refer to Dril-Quip's filings with the SEC for additional discussion of risks and uncertainties that may affect Dril-Quip's actual future results. Dril-Quip undertakes no obligation to update the forward-looking statements contained herein.

Use of Non-GAAP Financial Measures

We provide Adjusted net income, Adjusted diluted EPS, and Adjusted EBITDA to evaluate and compare more effectively the results of our operations period over period and identify operating trends by removing the effect of our capital structure from our operating structure. We calculate Free Cash Flow as net cash provided by operating activities less net cash used in the purchase of property, plant, and equipment. These measurements are used in concert with net income and net cash provided by operating activities, respectively, which measure actual cash generated in the period. We believe that these non-GAAP measures are supplemental measurement tools used by analysts and investors to help evaluate overall operating performance, ability to pursue and service possible debt opportunities and make future capital expenditures. These metrics do not represent funds available for our discretionary use and are not intended to represent or to be used as a substitute for net income or net cash provided by operating activities, as measured under U.S. generally accepted accounting principles. The items excluded from Adjusted net income, Adjusted EBITDA and Free Cash Flow, but included in the calculation of reported net income and net cash provided by operating activities, as applicable, are significant components of the consolidated statements of income and must be considered in performing a comprehensive assessment of overall financial performance. Our calculation of Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS and Free Cash Flow may not be consistent with calculations used by other companies. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measure can be found on slides 16 – 17.

Dril-Quip Overview

- Leading manufacturer of highly engineered drilling & production equipment
- Technically differentiated products & first-class service
- Strong financial position
- Historically superior margins to peers
- Experienced management team

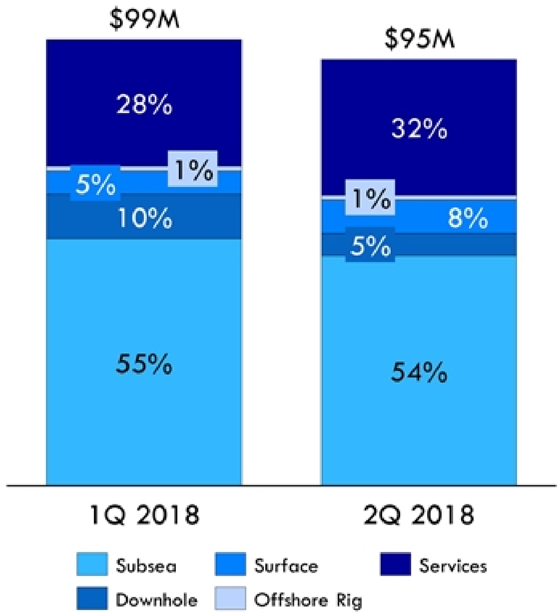
Products & Services

Subsea Equipment	Downhole Tools
Subsea Wellheads	Liner Hangers
Mudline Suspension Systems	Specialty DH Tools
Specialty Connectors	Production Packers
Subsea Production Trees	Saftey Valves
Subsea Manifolds	

Subsea Equipment (cont.)	Surface Equipment
Subsea Control Systems	
Production Risers	Platform Wellheads
Production Riser Tensioners	Platform Prod. Trees

Services	Offshore Rig Equipment
Reconditioning	Wellhead Connectors
Rental Tools	Diverters
Technical Advisory	Drilling Risers

Breakdown of Product & Service Revenue

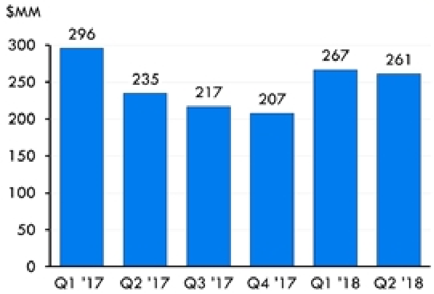


Dril-Quip Snapshot

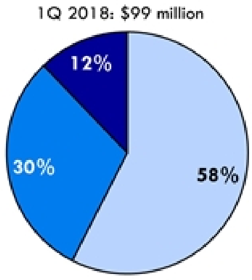
MARKET INFORMATION

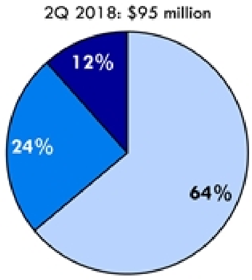
Ticker	DRQ
Share Price (7/25/18)	$56.00
52-Week Range	$35.85 - $58.95
YTD Return	17.4%
Shares Outstanding (mm)	37.5
Market Cap ($mm)	$2,103
Enterprise Value ($mm)	$1,609

ENDING BACKLOG



SEGMENT REVENUE





BALANCE SHEET as of 6/30/2018 ($MM)

Cash & Cash Equivalents	$493
PP&E (net)	283
Goodwill	47
Total Assets	**$1,362**
ST Debt	-
LT Debt	-
Total Liabilities	**$86**
Total Equity	**$1,275**

BALANCE SHEET METRICS ($MM)

Non-cash Working Capital	$403
Book Value / Share	$33.97
Cash / Share	$13.14
Non-cash WC / Share	$10.72
Total Debt / Capitalization	0%
YTD Share Repurchases	$10

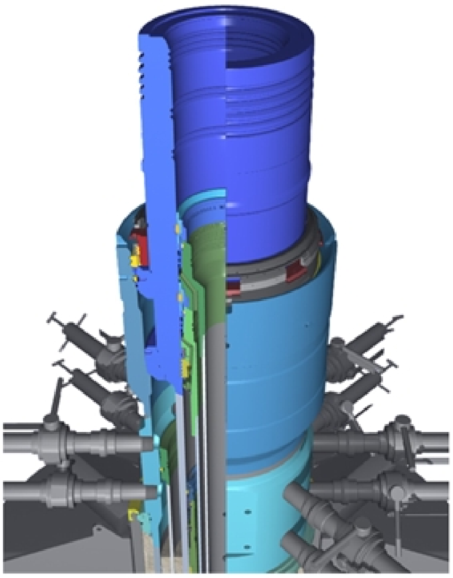
Note: Q2 '18 ending backlog does not include bookings from Sea Lion Phase1.
Note 2: Please refer to appendix for metric definitions.

Q2 2018 Highlights

- Generated $94.9 million of revenue, down 4% sequentially
- Net loss of $3.0 million, or $0.08 loss per diluted share, including gains of $0.16 per share
- Adjusted net loss of $8.8 million excluding gains, or $0.24 loss per diluted share
- Net cash provided by operating activities of $12.1 million
- Cash on hand of $493.4 million as of June 30, 2018
- Completed $9.8 million in common stock repurchases
- Maintained clean balance sheet with no debt as of June 30, 2018
- Signed LOI with Premier Oil to provide subsea production systems for Sea Lion Phase 1
- Targeting $40 - $50 million of annualized cost reductions by fourth quarter of 2019

Market Update

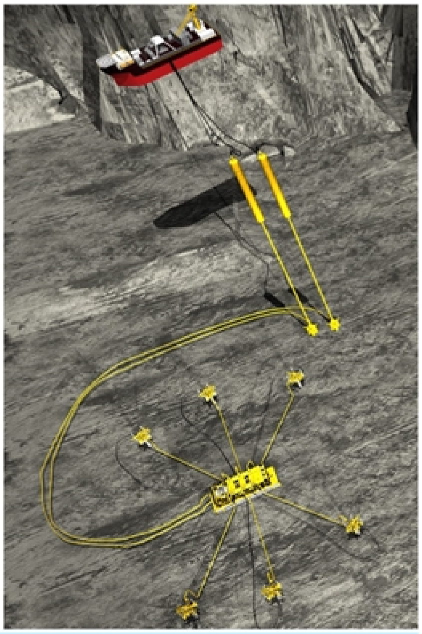
- Signs of increased bidding and service activity; oil price & rig environments uncertain
- Several projects nearing final investment decision; dependent on financing
- Letter of Intent (LOI) signed with Premier Oil to provide subsea production systems for Sea Lion Phase 1
- Repsol's Ca Rong Do (CRD) project continues to experience delays
  - Letter of Award extended through March 2019
- Expecting expansion of backlog throughout the remainder of 2018 assuming current oil price environment



Operating in Trough as Backlog Starts to Build

Sea Lion LOI with Premier Oil

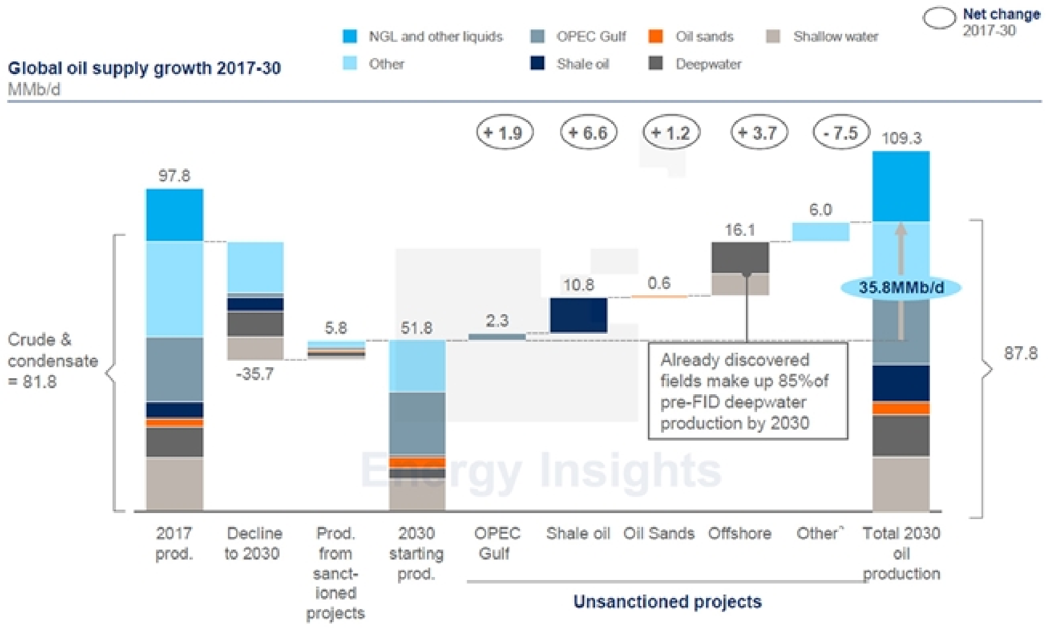
- Location: Offshore Falkland Islands
- Scope of work:
  - Pre-sanction engineering work (August 2018)
  - 23 subsea production systems (includes wellheads, trees, & control systems)
  - Injection manifolds
  - Subsea umbilicals
  - Related services
- Formal contract award dependent on Final Investment Decision (FID)
  - Premier working towards FID by end of year[1]
- Dril-Quip to provide vendor financing for portion of contract
  - Premier expected to finance ~25% of Phase 1 with vendor loan notes[1]



Leveraging New Technology and Strong Balance Sheet in Pursuit of Key Awards

[1] Per Premier Oil investor presentation dated 6/27/18.

Deepwater Outlook

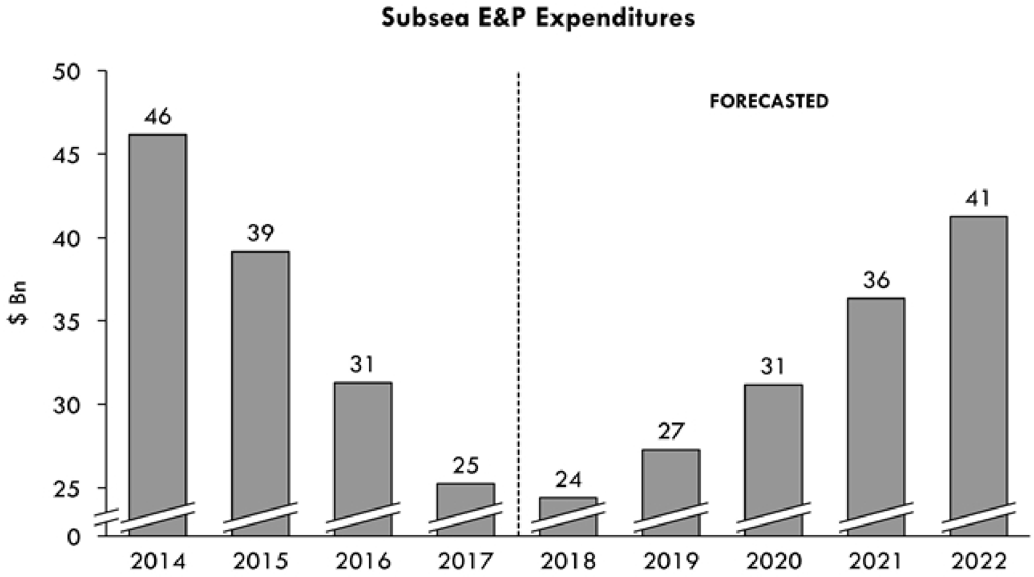


New Deepwater Project Sanctions Necessary to Satisfy Long-Term Demand

 Source: McKinsey Energy Insights

Subsea E&P Spending Trough in 2018

- Subsea E&P spending expected to remain muted throughout year
- Signs of increased bidding activity to prompt increased offshore spending in 2019 and beyond



Subsea Outlook Projected to Improve

 Source: Rystad Energy

Liquidity Allocation Strategy

SOURCES

($ millions)

Internal Cash	$493
ABL Credit Facility	$63
Available Liquidity	**$556**

Notes

- Balances as of June 30, 2018
- ABL put in place on February 23, 2018
- Shelf registration statement filed on February 27, 2018 for general planning purposes

POTENTIAL USES

- Fund R&D
- Support Upturn
- Return Cash to Shareholders
- Pursue Complementary Acquisitions

Liquidity in Place in Preparation for Upturn

Common Stock Repurchases

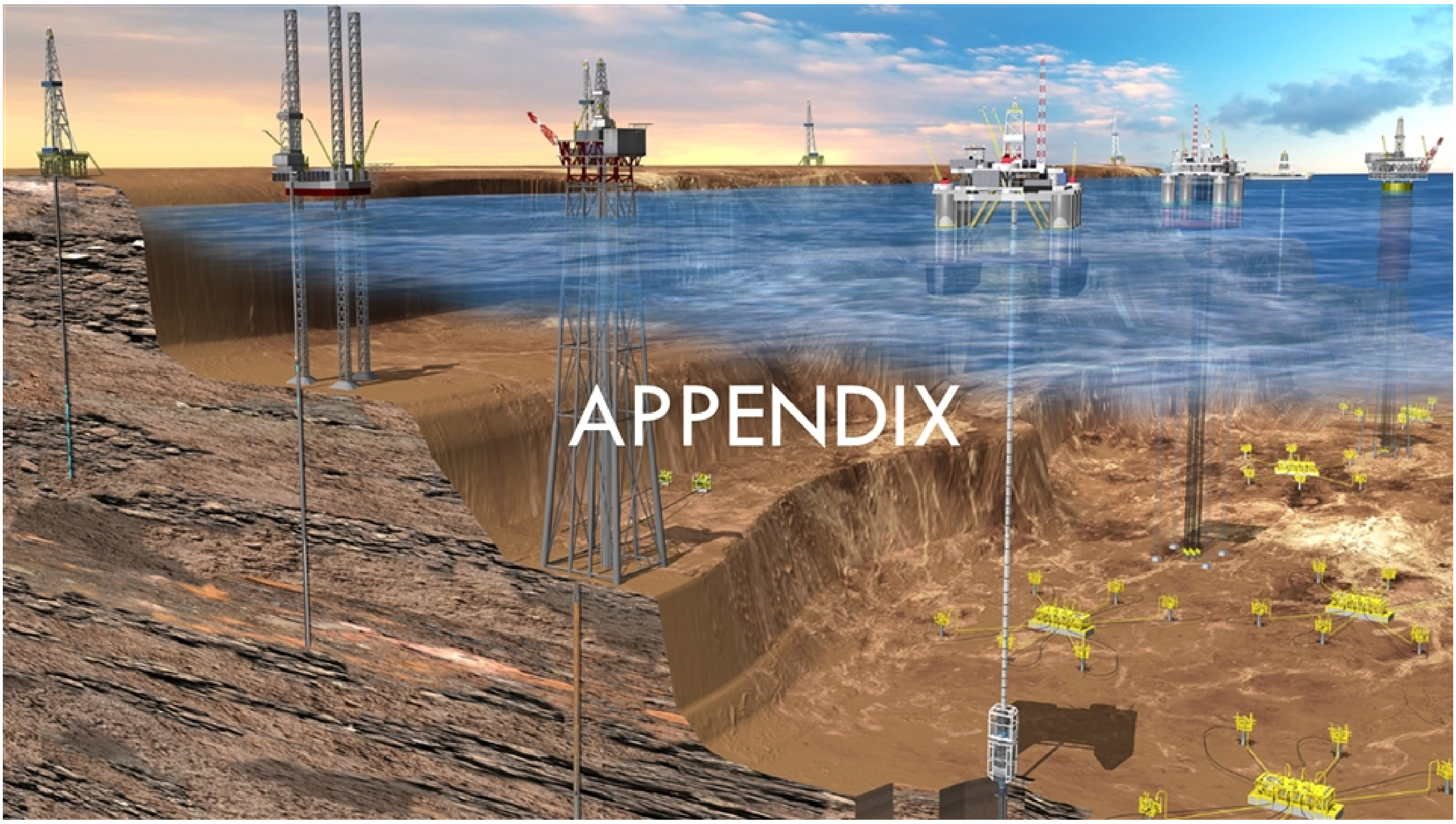
- $100 million share-repurchase program in progress
  - Authorization in place with no expiration date
  - Completed $9.8 million in common stock repurchases in second quarter of 2018
  - 219,102 shares repurchased at an average purchase price of $45
  - Maximum dollar value remaining is $90.2 million as of June 30, 2018

Seeking Opportunities to Create Value for Shareholders

Operating Plan in Current Environment

- Full-year 2018 revenue expected to be between $350 - $370 million
- Q3 & Q4 2018 revenue expected to be between $80 - $90 million
- Targeting $40 - $50 million of annualized cost reductions by the fourth quarter of 2019
  - Benefits of cost reductions not materially expected until 2019

Streamlining Structural Cost Base to Operate in Any Price Environment


APPENDIX

Income Statement

	Three months ended		
	June 30, 2018	March 31, 2018	June 30, 2017
	(In thousands, except per share data)		
Revenues:			
Products	$ 64,719	$ 71,045	$ 102,092
Services	30,142	28,128	25,830
Total revenues	94,861	99,173	127,922
Costs and expenses:			
Cost of sales	69,443	67,750	87,549
Selling, general and administrative	23,739	28,253	31,179
Engineering and product development	10,526	9,447	10,308
Impairment and other charges	(5,099)	-	-
Total costs and expenses	98,609	105,450	129,036
Operating income (loss)	(3,748)	(6,277)	(1,114)
Interest income	2,275	1,797	1,070
Interest expense	(151)	2	(18)
Income tax provision (benefit)	1,418	2,901	(77)
Net income (loss)	$ (3,042)	$ (7,383)	$ 15
Earnings (loss) per share	$ (0.08)	$ (0.20)	$ –
Depreciation and amortization	$ 9,001	$ 8,241	$ 12,881
Capital expenditures	$ 9,034	$ 10,571	$ 8,089

Balance Sheet

	As of			
	June 30, 2018		December 31, 2017	
	(In thousands)			
Assets:				
Cash and cash equivalents	$	493,422	$	493,180
Other current assets		483,000		515,369
PP&E,net		283,040		284,247
Other assets		102,229		107,009
Total assets	$	1,361,691	$	1,399,805
Liabilities and Stockholders' Equity:				
Current liabilities		80,469		99,911
Long-term liabilities		–		–
Deferred taxes		3,055		3,432
Other long-term liabilities		2,720		2,001
Total liabilities	$	86,244	$	105,344
Stockholders' equity		1,275,447		1,294,461
Total liabilities and stockholders' equity	$	1,361,691	$	1,399,805

Non-GAAP Financial Measures

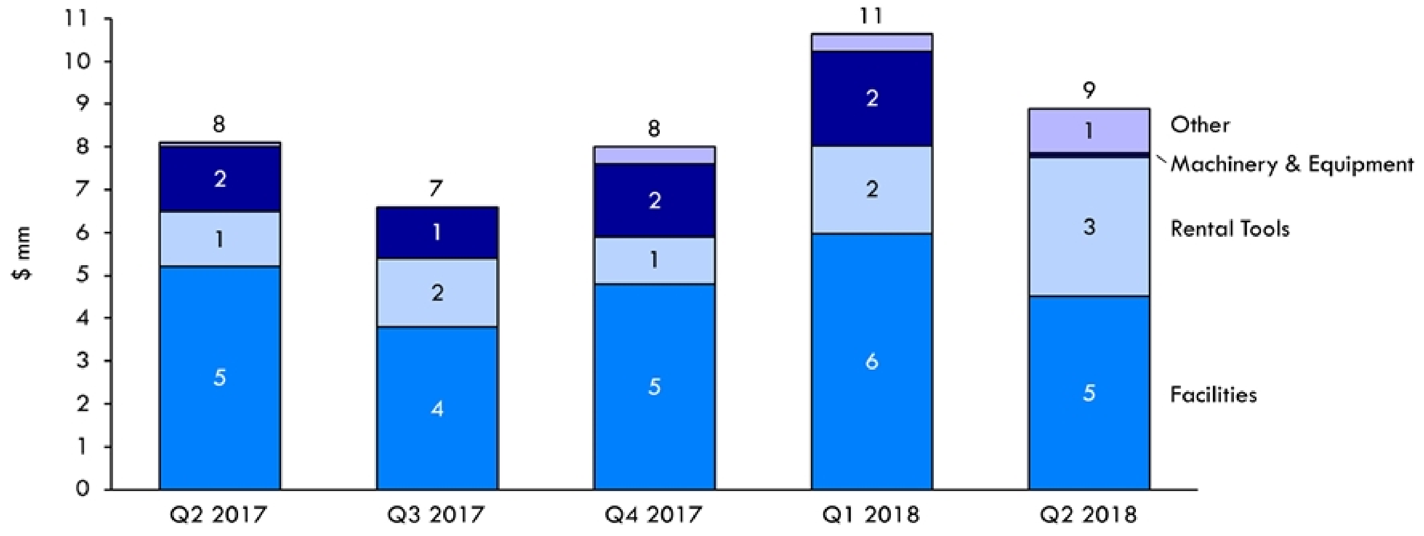
Adjusted Net Income and EPS:	**Three months ended**					
	June 30, 2018		**March 31, 2018**		**June 30, 2017**	
	Effect on net income (after-tax)	**Impact on diluted earnings per share**	**Effect on net income (after-tax)**	**Impact on diluted earnings per share**	**Effect on net income (after-tax)**	**Impact on diluted earnings per share**
	(In thousands, except per share amounts)					
Net income (loss)	$ (3,042)	$ (0.08)	$ (7,383)	$ (0.20)	$ 15	$ –
Adjustments (after tax)						
Reverse effect of foreign currency	(1,073)	(0.05)	1,059	0.03	2,988	0.08
Restructuring costs	–	–	474	0.01	–	–
Gain on sale of assets	(4,028)	(0.11)	–	–	–	–
Add back severance payments	–	–	–	–	247	0.01
Adjusted net income (loss)	$ (8,773)	$ (0.24)	$ (5,850)	$ (0.16)	$ 3,250	$ 0.09

Non-GAAP Financial Measures

Adjusted EBITDA:	Three months ended		
	June 30, 2018	**March 31, 2018**	**June 30, 2017**
		(In thousands)	
Net Income (Loss)	$ (3,042)	$ (7,383)	$ 15
Add:			
Interest (income) expense	(2,124)	(1,795)	(1,088)
Income tax expense (benefit)	1,418	2,901	(77)
Depreciation and amortization expense	9,001	8,241	12,881
Restructuring costs	-	600	-
Gain on sale of assets	(5,099)		-
Foreign currency loss (gain)	(2,155)	1,304	3,689
Severance costs	-	-	305
Stock compensation expense	3,611	3,974	3,567
Adjusted EBITDA	$ 1,610	$ 7,842	$ 19,292

Free Cash Flow:	Three months ended		
	June 30, 2018	**March 31, 2018**	**June 30, 2017**
		(In thousands)	
Net cash provided by operating activities	$ 12,078	$ 11,388	$ 27,224
Less:			
Purchase of property, plant and equipment	(9,034)	(10,571)	(8,089)
Free Cash Flow	$ 3,044	$ 817	$ 19,135

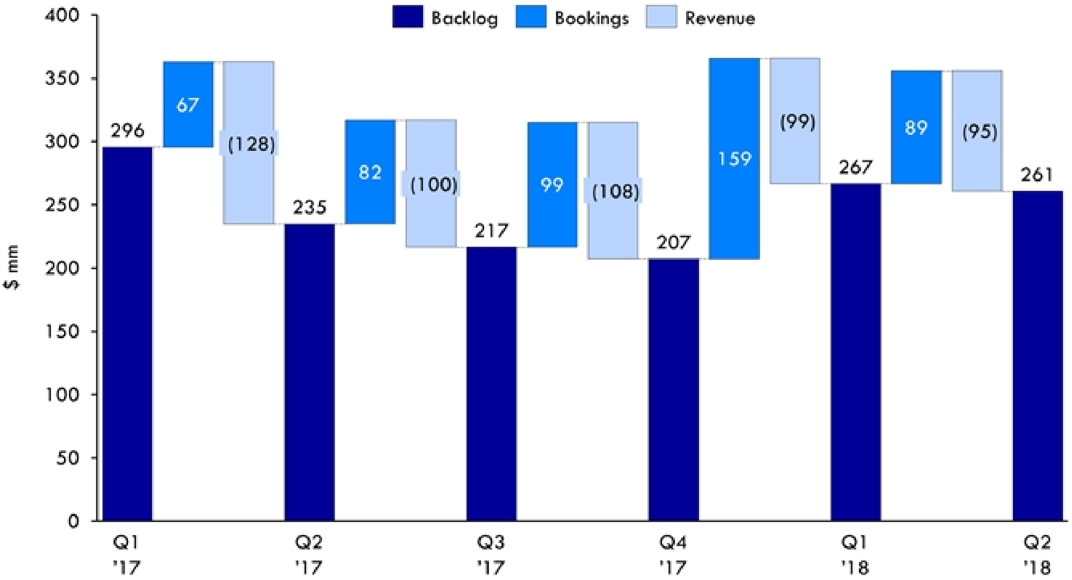
Capital Expenditures



Annual Maintenance Capex ~$15 - $20 Million

 Note: Sum of components may not foot due to rounding

Backlog



- 70% – 80% of year-end 2017 backlog expected to convert to revenue in twelve months or less
- Bookings require shorter lead times due to available capacity and inventory on hand
- Uncertainty of oil prices placing downward pressure on bookings

The backlog data shown above includes all bookings as of June 30, 2018, including contract awards and signed purchase orders for which the contracts would not be considered enforceable under ASC 606. Bookings include revisions/(cancellations) of $(2.8) mm for Q2 2017, $0.1 mm for Q3 2017, $(1.3) mm for Q4 2017, $(2.5) mm for Q1 2018, $(3.9) mm for Q2 2018.

Financial Metric Definitions

- **Market Capitalization** = Share Price x Total Shares Outstanding
- **Enterprise Value** = Market Capitalization + Debt – Cash and Cash Equivalents
- **Non-cash Working Capital** = (Current Assets – Cash) – Current Liabilities
- **Book Value / Share** = Total Shareholders' Equity / Total Shares Outstanding
- **Cash / Share** = Cash & Cash Equivalents / Total Shares Outstanding
- **Non-cash Working Capital (WC) / Share** = Noncash Working Capital / Total Shares Outstanding
- **Total Debt / Capitalization** = Total Debt (Short-term + Long-term) / (Total Debt + Total Shareholders' Equity)