



Investment Thesis

FET is a well-positioned microcap in the oilfield equipment & services space with a strong backlog, improving cash-flow profile and near-term catalysts that could unlock meaningful upside.

Company Overview

FET designs, manufactures and distributes advanced products and integrated solutions across energy sectors—including drilling, subsea, production and renewables. Headquartered in Houston, TX, it serves global oil & gas and industrial/renewable markets.

The Problem & The Solution

The Problem

Energy-operators face complex, capital-intensive projects (deep offshore, subsea, artificial lift, interventions) where reliability, cost-efficiency and global support matter.

The Solution

FET offers a broad portfolio of engineered tools (drilling & completions equipment, subsea ROVs/intervention gear, artificial lift/production systems) that help operators improve safety, efficiency and lifecycle cost in demanding environments.

Market Opportunity

The global oilfield and subsea equipment market is multi-billion-dollar, with demand driven by offshore development, intervention of mature fields, rises in artificial lift and energy transition demands (e.g., subsea infrastructure for renewables).

For example, FET’s revenue in 2024 reached about \$816 million, growing ~10.5% year-over-year. Although near-term revenue is slightly down (TTM ~ \$790 million) as of mid-2025, the book-to-bill strength and backlog signal the underlying demand. Thus, FET participates in a large addressable market with attractive cyclical and structural renewal / maintenance demand.

Business Model

FET generates revenue by selling engineered drilling, completions, artificial lift and subsea equipment to oil & gas operators and service companies.

Key revenue streams include:

- Capital equipment sales (ROVs, drilling rigs, coiled-tubing & intervention gear)
- Consumables, replacement parts and services (wireline cables, artificial lift components)
- Recurring revenue from aftermarket and servicing of installed base

The broad product portfolio and global brand footprint (multiple legacy units under FET) provide cross-sell and lifecycle revenue opportunities.

Competitive Positioning

FET’s competitive advantages include:

- Diverse product portfolio across drilling, subsea, completions and production, which helps mitigate a single-segment downturn.
- Global footprint with multiple legacy brands, enabling a reach into international offshore markets and servicing capabilities.
- Recent strong backlog / book-to-bill: for Q3 2025 FET reported orders of ~\$240 million and a 122% book-to-bill ratio, the highest backlog in more than ten years.
- Active cost reduction and capital-return initiatives – FET extended its annualised cost-saving target by 50% to \$15 million in Q3 2025.

Free cash-flow focus: FET raised its full-year 2025 free cash flow guidance to \$70–80 million. These factors combine into a “leaner, more global, backlog-rich” microcap that may outperform peers in a recovery scenario.

Financial Snapshot & Traction

- **Revenue (Latest Fiscal Year/Quarter)**
 - Q3 2025 revenue ~\$196 million.
- **Profitability/Margins**
 - Although FET reported a net loss of \$21 million (or \$1.76/share) in Q3 2025, the adjusted net income was ~\$3 million (\$0.27/share) and adjusted EBITDA ~\$23 million (up ~13% sequentially).
- **Key KPIs**
 - Book-to-bill ratio: ~122% in Q3 2025.
 - Backlog growth: backlog increased ~21% year-over-year (Q3 2025 commentary) in offshore/international markets.
 - Free cash flow: Full-year 2025 guidance increased to \$70–80 million.
- **Balance Sheet Health**
 - Net leverage ratio as of Q3 2025 was ~1.3x adjusted EBITDA, indicating manageable debt levels. Collectively, while still in turnaround mode, FET shows improving margins, strong order momentum, and a commitment to cash generation and deleveraging.

Investment Highlights

High-quality backlog & bookings	A book-to-bill above 1 and highest backlog in over a decade gives visibility into future revenue.
Cash-flow inflection	With free cash flow guidance raised and share repurchases underway (\$15 million in Q3), the company is moving toward value-realisation.
Global subsea & offshore exposure	Many peers may be US-onshore dominated; FET’s international and subsea mix gives differentiated exposure to recovery in offshore capex.
Lean cost structure with upside leverage	Cost-saving targets, improving margins and higher utilisation should deliver operating leverage into the recovery.
Value orientation in microcap space	With a small market cap (few hundred million) and strong cash-flow yield (guidance implies ~20% free-cash-flow yield) the risk/reward appears attractive if catalysts execute.

The Vision

Looking ahead, FET aims to capitalise on a recovery in offshore drilling, deeper subsea interventions, and replacement / lifecycle spend in mature fields. As this cycle unfolds, FET’s backlog, global platform and cost leverage position it to translate order momentum into strong earnings & free cash flow growth. Over the next 12–24 months, the company’s vision is to transform from a turnaround story into a cash-generating, shareholder-returning microcap—delivering outsized gains for investors who identify it early.