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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Weatherford International Third Quarter 2020 Earnings Call. (Operator Instructions) As a reminder, today's call is being recorded. I would now like to turn the call over to Sebastian Pellizzer, Senior Director, Investor Relations. Sir, you may begin.

Sebastian Pellizzer - *Weatherford International plc - Senior Director of IR*

Welcome, everyone, to the Weatherford International Third Quarter 2020 Conference Call. I'm joined today by Girish Saligram, President and CEO; Karl Blanchard, Executive Vice President and COO; and Keith Jennings, Executive Vice President and CFO. We will start today with our prepared remarks, and then we will open it up for questions. You may download a copy of the presentation slides that correspond with today's call from the Investor Relations section of our website.

I want to remind everyone that some of today's comments include forward-looking statements. These statements are subject to many risks and uncertainties that could cause our actual results to differ materially from any expectation expressed herein. Please refer to our latest Securities and Exchange Commission filings for risk factors and cautions regarding forward-looking statements.

Our comments today also include non-GAAP financial measures. As noted in our press release, the company adopted fresh-start accounting in December 2019. Our comments today include a comparison of the results of the predecessor and successor companies. The underlying details and a reconciliation of GAAP to non-GAAP financial measures are included in our third quarter press release, which can be found on our website.

With that, I'd like to turn the call over to Girish.

Girish K. Saligram - *Weatherford International plc - President, CEO & Director*

Thanks, Sebastian, and thank you all for joining the call today.

We will start on Slide 3. Let me begin by saying it's an honor to be entrusted with the responsibility to lead Weatherford. I am excited about our journey and opportunity for value creation. We are fortunate to have a talented, committed and dedicated team that has forged strong relationships with our customers, suppliers and partners. I look forward to seeing those continue to strengthen and flourish.

Before we get into the topics for today, I'd like to recognize the efforts, tenacity and resilience of the Weatherford team. It has been a pleasure for me to see the concept of One Weatherford in action, and I am grateful for everyone's dedication to serving our customers and driving the business forward during a challenging year.

The spirit of teamwork and collaboration, resting on a foundation built with our strong brand, technology innovation and global footprint are key factors in me deciding to take on this role. In my 3 short weeks, I've already witnessed tangible demonstrations of all of these, and I'm eager to learn more. Our senior leadership team has recently changed with the new CEO, CFO and General Counsel. Both Keith and Scott are very experienced and mature leaders, and I'm very pleased to have a team of this caliber and our company's health.

Before turning it over to Karl, who will give you some additional highlights from the quarter, I'd like to thank him for his leadership over the past few months. It's a rare privilege for an incoming CEO to have someone like Karl to rely on, and I'm grateful for his continued focus, drive and leadership as we execute on our key priorities.

Over to you, Karl.

Karl Blanchard - *Weatherford International plc - Executive VP & COO*

Thank you, Girish. And once again, welcome to the One Weatherford team.

Through our prepared remarks today, we will focus on our progress in 4 critical areas, which we've laid out on Slide 4. Those are safety and service quality, leveraging our product and service portfolio, expanding our margins and enhancing our liquidity position. I'm proud of how our team continues to deliver on these priorities. We made excellent progress on our cost saving efforts, having implemented the actions required to exceed our previously announced $800 million annualized cost savings target, and we expect further costs and efficiency improvements going forward.

We improved our cash flow profile, generating $107 million of unlevered free cash flow during the quarter, an increase of over $300 million from the third quarter of 2019. And we continue to focus on the safety of our employees and their families, managing return to workplace plans in line with guidance from the WHO, CDC and local regulations.

We also strengthened our financial position with the closing of our financing transaction, which Keith will touch on in his remarks. These transactions meaningfully enhance our liquidity profile, with Weatherford having approximately $1.3 billion of total cash on hand at the end of September.

Slide 5 highlights recent trends for both rig count and drilling and completion spending in North America and international. In North America, third quarter drilling activity reductions were in line with our expectations. Average rig counts in North America declined 28% quarter-on-quarter. However, shut-ins and production cuts were lifted slightly faster than anticipated, resulting in higher completion and workover activity.

Internationally, activity declines were again largely in line with our expectations for the quarter, with average rig counts declining by 12% sequentially. Europe stabilized in the quarter and the recovery in parts of Latin America materialized faster than we had anticipated.

The Middle East and Africa saw an increased rate of activity declines largely due to customers adjusting spending to comply with OPEC+ production targets.

Notably, despite these challenges, we continue to meet our customers' needs safely and efficiently and without disruptions to their operations. Our team in Brazil is just one demonstration of this by having now operated over 730 days without a lost time incident.

We also had numerous commercial and operational successes in Q3, which are highlighted on Slide 6. Now I've mentioned previously how our organization adapted to the current situation both remotely from home and in the field. Throughout all of this change, the Weatherford's team spirit of collaboration, partnership and discipline remain constant. I thank all of our employees across the globe for their sacrifice and hard work during these trying times.

Weatherford recently hosted the 15th Annual Weatherford Enterprise Software Conference or WESC, as it is known, having achieved yet another record attendance of over 500 customers from all over the world. We began in 2005 as a user conference focused solely on CygNet SCADA users, is now the largest customer event and the industry's preeminent digitalization forum. This year, we hosted the event virtually. In addition to production, we expanded the event to include drilling and completions offering as well, which is a testament to the breadth of Weatherford's next-generation digital technologies.

What makes this event unique is that our customers don't just attend. They deliver significant portions of the conference, presenting case studies that attest to the success that we achieved using our technologies.

Weatherford is known for our CygNet and ForeSite production optimization platforms. With CygNet and ForeSite on more than 400,000 wells globally, we have set the industry standard for Production 4.0 and have delivered incredible value to our customers. But equally important is how we have integrated digital technology across other products and service offerings.

So let's turn to Slide 7. I'll take you through some examples that demonstrate how we use Weatherford's digital technology to generate tangible results. First, we use automation and smart control algorithms during drilling to control fluid or gas influxes. We've helped our customers drill over 3,000 wells with our intelligent managed pressure drilling system, recording nearly 1.4 million hours with an operating efficiency of 99.7%.

Second, we use artificial intelligence and automation to eliminate subjective human judgment when making casing connections. Since 2018, we deployed our Vero solution across the globe. The result has been an average of roughly 10% reduction in the time to make up connections, delivering significant rig time savings and approximately 10% reduction in damaged connections. But most important, Vero technology reduces the size of crews required to perform a job and removes crew members from the rig and from the red zone, enhancing safety and costs.

Third, we've established remote operating capabilities to plan and execute more efficient liner hanger, [lift stock], fishing and reentry jobs. Since its introduction in 2019, the AccuView platform has been used on over 300 jobs, resulting in a 60% improvement in nonproductive time.

And fourth, we incorporated advanced analytics to increase production efficiency. As an example, through the application of our production optimization platform across 1,700 wells on artificial lift, an operator in the Middle East achieved an average increase in production of about 6,000 barrels per day, equating to approximately $50 million of incremental revenue per year for the client.

The solutions outlined above have helped us overcome the operational challenges we faced this year, and they've accelerated the digital transformation by enabling our customers to achieve their goals. These solutions reduce the time it takes to drill wells, improve service quality and decrease nonproductive time. They reduce lift costs, and they increase the number of barrels produced. Moreover, many of these solutions also help customers realize their safety goals by reducing personnel on board the rig, particularly within the red zone.

With that, I'd like to turn things over to Keith to provide the financial update.

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

Thank you, Karl. I am excited to join Weatherford and look forward to engaging with all of you during my time here.

Let's turn to Slide 8, and I will begin with a summary of our third quarter results. Revenues in the third quarter were $807 million, 2% below the second quarter and 39% below the same period in 2019. This sequential decline primarily resulted from reduced drilling activity in the Middle East and Mexico, which were partially offset by low single-digit growth elsewhere. Third quarter adjusted EBITDA was $104 million or adjusted EBITDA margin of 13%. Despite the revenue decline during the quarter, EBITDA margins reduced slightly versus prior year but expanded over 300 basis points sequentially from our actions to expand margins as well as a onetime benefit related to capital sales from 2019. This has resulted in favorable EBITDA decrementals, defined as a change in adjusted EBITDA or the change in revenue. Our year-over-year EBITDA decrementals were an impressive 15% during the third quarter and 7% year-to-date 2020.

Let me now provide a regional breakdown, starting with the Western Hemisphere on Slide 9. Western Hemisphere revenues of $316 million in the third quarter grew 2% sequentially and declined 53% versus prior year. Revenue in North America grew 2% sequentially, outperforming a corresponding 28% decline in average North American rig count and in line with the estimated growth of hydrocarbon production in North America during the quarter.

Production and completion, or P&C, revenue increased 6% sequentially as producers lifted shut-ins, which resulted in increased well completion and workover activity.

Revenues for drilling, evaluation and intervention, or DEI, declined 6% sequentially due to lower drilling activity as well as changes in our business model to improve profitability within our wireline and drilling services product lines. Additionally, both product lines benefited from seasonal activity increases in Canada.

Third quarter revenue of $141 million in Latin America grew 2% sequentially and declined 52% versus prior year.

P&C revenues declined 2%, while DEI grew at 5%, with growth across both product lines in Argentina and Colombia where drilling activity began to recover from COVID-19-related shutdowns. This was partially offset by lower customer spending in Mexico.

Segment adjusted EBITDA for the Western Hemisphere was $29 million in the third quarter and represents a significant improvement sequentially. Adjusted segment EBITDA margins of 9% improved over 700 basis points sequentially and were in line with prior year. The improvements were driven by both increased activity and the impact of the company's cost reduction actions.

Let's move now to the Eastern Hemisphere. Turning to Slide 10. Eastern Hemisphere revenues of $491 million in the third quarter declined by 4% sequentially and 23% versus prior year.

Revenues in Europe, Sub Saharan Africa and Russia grew 1% sequentially and declined 34% versus prior year.

P&C revenues declined slightly, driven primarily by lower product sales in Russia and Sub Saharan Africa.

DEI revenues increased by 2% sequentially, driven primarily by the easing of COVID-related activity restrictions in Europe.

Revenues in the Middle East, North Africa and Asia of $319 million were down 6% sequentially and 15% versus the prior year.

P&C revenue was essentially flat sequentially and DEI revenue declined 13% due to lower drilling activity.

On a sequential basis, activity generally declined across the region, except for Kuwait where we experienced mid-single digit levels of growth.

Segment EBITDA for the Eastern Hemisphere was $104 million in the third quarter and increased $4 million sequentially despite the reduction in revenues. Adjusted EBITDA margins of 21% increased 160 basis points sequentially, driven by the company's cost savings efforts and a $12 million onetime benefit related to capital sales from the third quarter of 2019, which were partially offset by lower activity levels in the Middle East.

Slide 11 highlights the components of our year-to-date liquidity enhancements. The company generated $105 million of free cash flow in the quarter, which is a significant improvement from the prior year's level of negative $229 million. This year-on-year improvement was driven by the monetization of net working capital, CapEx reductions of over 50% year-on-year and the nonrepeating cash outflows associated with our financial restructuring.

The third quarter's free cash flow included $34 million of severance and restructuring payments. Our positive free cash flow, combined with the financing activities, resulted in Weatherford closing the quarter with approximately $1.3 billion of cash on hand.

Let me also touch briefly on the financing that we closed during the quarter. In late August, the company completed a related set of transactions, which included issuing $500 million of senior secured first lien notes, terminating our senior secured asset-based lending agreement and amending and increasing the size of our senior secured letter of credit agreement to $215 million.

As Karl noted, the transactions meaningfully enhanced our liquidity, with the company closing quarter with approximately $1.3 billion of total cash on hand at the end of September. Further, by terminating the ABL, we eliminated the risk of a potential breach of the associated financial covenants and alleviated other complexities, including the going concern language included in prior financial statements. With increased liquidity and no maturities until 2024, we have extended our runway, enabling our continued focus on supporting our customers and delivering on our priorities. Our results included charges totaling $47 million that were not included in our adjusted EBITDA, which consisted primarily of severance and other restructuring charges and costs associated with the financing transactions.

Turning to Slide 12. I will convey our thoughts on the remainder of the year. There is still significant economic and industry-specific uncertainty that precludes us from providing more specific guidance. I would like to provide some quantitative comments on how we expect the business to progress for the fourth quarter, driven by a combination of business drivers we are monitoring and input from our customers. These comments do not assume another round of extended pandemic-related lockdowns that may further curtail oil and gas activity or disrupt the expected recovery of hydrocarbon consumption that is underway. Further, these comments assume a relatively stable commodity price environment and do not consider prices weakening due to a recurrence of sustained production increases or sustained reductions in hydrocarbon demand.

Let me start my comments with our revenue progression. In the Western Hemisphere, we expect revenues to increase by high single digits. In North America, P&C is expected to continue its modest recovery, and we expect seasonal activity increases in Canada. In Latin America, we expect to see activity increases across most of the region as it continues to recover from pandemic-related shutdowns.

In the Eastern Hemisphere, we expect revenues to decline by mid- to high single digits, driven by activity reductions in the Middle East as customers continue to adjust their spending levels and, to a lesser extent, in Europe, largely due to seasonal activity reductions.

On a consolidated basis, we expect revenues to be flat to slightly down from Q3 levels. As indicated previously, we expect year-end seasonal benefits to be more muted than in prior years.

For adjusted EBITDA, we expect total year 2020 decrementals to be in the 10% to 15% range, in line with our previous comments.

The benefit realized during the third quarter from capital sales will not reoccur, and we also expect a sequential increase in noncash inventory charges.

Free cash flow in the fourth quarter is expected to decline sequentially, primarily due to interest payments as well as a reduction in the unwinding of net working capital as our activity levels begin stabilizing.

Thank you for your time today. I will now turn over the call to Girish for his closing comments.

Girish K. Saligram - *Weatherford International plc - President, CEO & Director*

Thank you, Keith. Our team has delivered a strong third quarter. We generated EBITDA of $104 million, free cash flow of $105 million and we will continue to execute on our cost savings actions. These strong results, coupled with the closing of the liquidity-enhancing transactions and the removal of the substantial doubt language in our filings, give me confidence in our future.

I'd like to close today by discussing our outlook for the market and my objectives and approach going forward. In North America, we do not anticipate a meaningful recovery in drilling activity over the near term, given the fact that the forward curve for commodity prices remains range bound. However, we do expect to see gradual increases in completion and production activity as operators work through DUCs and continue bringing production back online.

Internationally, we expect activity to be flat to slightly down overall, with perhaps a slightly negative bias as the reductions in customer spending in the Middle East and parts of Latin America may outweigh recoveries in other locations.

We have seen significant reductions in rig count and customer spending globally this year, and our near-term outlook for the market remains cautious. However, there are many external factors whose impact and outcome on our industry are far from certain, including a recovery in global economic activity, rising COVID-19 cases and the reinstatement of community protection measures, the timing and effectiveness of a potential vaccine and global policy measures.

Clearly, as the last couple of weeks have indicated, volatility remains high, and it is likely too early to draw any definitive conclusions based on near-term trends. As a result, we are continuing our planning based on current activity levels with the confidence that we can act quickly and adapt to evolving conditions as we have demonstrated.

Moving to Slide 13. My objectives for the company can be summarized as follows. We must ensure that Weatherford will deliver consistent results for our customers and shareholders. We must be sustainably profitable and generate positive free cash flow. While these are simple objectives, as a leadership team, we are clear-eyed about the challenge we face. We recognize that we are a company in transition and are prepared to make the decisions necessary to catalyze these results. We harbor a strong belief of the company's ability to achieve these goals. As we operate going forward, we will continue to prioritize the safety of our employees and the delivery of outstanding quality to our customers.

To achieve these goals, my initial focus is on 3 main areas: first, listening and engaging with our talented and committed employee base; two, reaffirming our commitment to our customers and understanding their needs in this evolving market; and finally, conducting a thorough review of our ongoing operations, portfolio and cost structure. These will provide critical inputs to developing a short-term plan that will allow us to be successful in 2021, while simultaneously developing a longer-term strategy that will encompass our current portfolio, our role and focus on the energy transition and beyond.

In my first 3 weeks, I've had the opportunity to speak to many of our team members and customers. A few themes stand out for me as I reflect on all these discussions. Firstly, the incredible resilience, tenacity and commitment of our team to serve our customers through product innovation and service delivery. With all the challenges we have been through, it is heartening to see this and it shows that customer-centricity is a key value for us.

Number two, the breadth of our product portfolio and differentiation in key spaces. While our overall share in the market globally is in the mid-single digits, we have some outstanding market leaders across our segments and geographies. Capturing the strength of businesses like tubular running services, managed pressure drilling and cementation products, among others, and leveraging them to spearhead our goal of profitability and free cash flow generation will be an important part of our overall approach. I'm especially excited about the convergence of multiple technologies that enable us to provide innovation and groundbreaking solutions and production optimization. We have been a leader in digital technology, which comes from providing customers tangible results that impact their bottom line.

Number three, customer feedback and support. While our customers have significant challenges that they are dealing with and our products and services represent a cost to them, I'm happy to see that we enjoy strong support from our loyal customers and they want us to succeed. Clearly, we must earn the right every day to serve them and demonstrate a superior value proposition. Still that encouragement, access and spirit of collaboration is something we will continue to rely on and leverage.

To wrap up, it's still early days for me, but with each passing day, I'm more excited and proud to be a part of Weatherford. We recognize that the road ahead isn't easy, but we're up for the challenge. Our immediate future will be defined by being a leader in the wellbore and production solutions for our customers. We are committed to focusing on expanding margins and improving returns. We also have a responsibility to our employees and the communities we operate in to provide exciting career opportunities and be responsible ESG stewards. The world is changing, and we are confident that our strength in technology, our global footprint and committed team will be leaders today and into the future.

We will provide a detailed update on our strategic direction and plans for a successful 2021 in our fourth quarter update early next year.

Thank you for listening today, and stay safe, everyone. Operator, let's open it up for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Today's first question comes from Marc Bianchi with Cowen.

Marc Gregory Bianchi - *Cowen and Company, LLC, Research Division - MD & Lead Analyst*

First question has to do with just the revenue outlook for fourth quarter here. Eastern Hemisphere, down mid- to high single digits. Seems like a bit more severe than what we've heard from other companies so far this quarter, would that have given their fourth quarter outlook for international. Curious if there's anything unique to Weatherford that you'd point out. And if in fact it is unique, how do you see that progressing as we go into '21?

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

Good question. So a few things that are, I think, are specific to our set of circumstances. We have certain contracts and certain customers that are scaling back their activities. We believe that this is in line with the rig count decline that we've seen in the Middle East. We've also seen some activity being pushed out to 2021. So that's the outlook that we have at the moment. It's different from others.

I'll invite Karl to say anything specific about some commercial activities or color you may have.

Karl Blanchard - *Weatherford International plc - Executive VP & COO*

Yes. Marc, this is Karl. I think the -- one of the differences may be just the timing of some of our contractual work where we, I think, held ground a little longer in certain areas in the Middle East, particularly. But as you all know, and in the market, you understand what the rigs are doing in some countries over there, some of the major countries continue to drop. But it isn't a reflection of any lost work or lost contractual work. It's more just the sequencing of when the work occurs for us, is the way we see it.

But we still feel good about the position we've got. We've got some great contract positions and some, looking forward into next year, a good position as well. But it's more timing, I think, than specifics to contract changes or losses, et cetera.

Marc Gregory Bianchi - *Cowen and Company, LLC, Research Division - MD & Lead Analyst*

Okay. Okay, great. And the -- if I sort of look at the guidance here for adjusted EBITDA, I mean, you can get a very wide range for fourth quarter if I use 10% decrementals or 15% decrementals. It kind of goes to between breakeven and maybe $75 million. Curious if you guys are willing to kind of comment how you see it within that range. Is it closer to $75 million? Or could it be down so much? And if it is down so much, what's really driving that because I would have thought the cost savings would be a tailwind?

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

Marc, again, good question. Thank you. If you look at where we've been through year-to-date, September, our decrementals have been a respectable roughly 7%. And so barring any material changes in the macro environment and customer spending activity, we do expect to come in on the low side of that range, meaning both in terms of outlook for revenues because we've got 3 quarters in. We've given a flat to slightly down for Q4. And in terms of flow-through, we think that we should be able to hit the low side of that range.

But as we think about how to calculate that, I think we also have to remember, there needs to be a slight adjustment. We calculate that with -- excluding executive stock comp. So if you're looking at the baseline for full year '19, you're looking at revenues of $5.2 billion. And then when you adjust for the exec stock comp, it's a base of $591 million. So...

Marc Gregory Bianchi - *Cowen and Company, LLC, Research Division - MD & Lead Analyst*

Got it. Got it. Okay. So just to clarify, when you say the low end of the flow-through, you're talking about we should be using closer to 10% decremental...

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

Yes. It's 10%.

Marc Gregory Bianchi - *Cowen and Company, LLC, Research Division - MD & Lead Analyst*

Okay. As the fall?

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

Yes.

Marc Gregory Bianchi - *Cowen and Company, LLC, Research Division - MD & Lead Analyst*

Got it. Got it. And then just a follow-up on that is, as we think about going into '21, and I know nobody's got the crystal ball on revenue. But if we think that things are fairly stable, as you mentioned, North America may be grinding a little bit higher, how should we think about these cost savings beyond the $800 million program that you've talked about? How material is that? And what's the time frame of realizing?

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

So the way we've looked at the cost savings right now is we've used an algorithm of looking at a run rate at December 2019 as our baseline. And so we took a snapshot of our run rate at September 2020 and asked ourselves if you annualize that delta enough. And so we believe if you annualize that run rate delta, we are now easily above the $800 million of annualized target that we set for ourselves.

If we look at the characteristics of the savings, I would say that it's a 50-50 split between what structural and what came out because of lower activity. And so as we put that all together and think about going forward, in the future, that will play out as we finish the planning and think about them giving some kind of guidance for 2021. So that's where we are.

Operator

And ladies and gentlemen, our next question comes from Gregg Brody with Bank of America.

Gregg William Brody - *BofA Merrill Lynch, Research Division - MD*

Just -- I'm sorry, I joined a couple of minutes late. Did you clarify how much the onetime capital sale in 3Q '20 impacted your results?

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

Yes. So it was a $12 million gain in the quarter.

Gregg William Brody - *BofA Merrill Lynch, Research Division - MD*

And that was straight to EBITDA?

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

Straight to EBITDA. It's -- if you think of the nature of the transaction, it's not an unusual transaction for us. It's just really an infrequent transaction for us. It happened in the Eastern Hemisphere. We deployed, as you know, last year, when we disclosed it the first time, deployed our crews, so performed some service work. The customer changed their minds about how the work should be done and instead they wanted to purchase our service equipment. So this is not equipment we do not sell. We do sell it. But since we had equipment on the ground, we basically sold equipment from our capital fleet versus equipment from our inventory. And that created the nature to disclose the excessive gain on the transaction.

Gregg William Brody - *BofA Merrill Lynch, Research Division - MD*

Got it. That makes sense. I'll just sort of run through some free cash flow line items just to see if you can provide clarity for the fourth quarter and just maybe beyond. So I appreciate you have the big interest payment in the fourth quarter. Can you give us a sense of how we should think about taxes, restructuring cash expenses and then working capital? And if you can talk about for '21, it would be helpful, too.

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

We're not yet prepared to talk about '21. But if we think about cash taxes, I think we're going to come in below what we've said before. I think we had given a range of $90 million to $100 million earlier in the year. It should be inside of that.

In terms of cash interest, I think we are in line.

In terms of CapEx, I think the guidance that we gave was $100 million to $150 million. And I think we're in line with that.

And in terms of all the other components, restructuring, other and so forth, I think that's -- we're also going to be in line with the guidance that we've given of between $150 million to $200 million.

Gregg William Brody - *BofA Merrill Lynch, Research Division - MD*

And there's -- and this other line item that shows up in the quarter, is there -- would you remind us if there's an expectation there?

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

Which other line item?

Gregg William Brody - *BofA Merrill Lynch, Research Division - MD*

Just the -- when I look at the way you reconcile your unlevered free cash flow for this quarter, you had $25 million positive of other. Last quarter -- the quarter before, it was $11 million. Is there a number to think about there?

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

In other? So for us, other includes everything, severance, restructuring, FX, LC fees, all the different pieces. So everything that I've covered here is included in that line.

Gregg William Brody - *BofA Merrill Lynch, Research Division - MD*

Perfect. That's helpful. And then maybe just my last question. So congrats on getting the capital raise done. If you could just -- is there a way to quantify how long you think -- how -- if in today's environment, how much of that $500 million you would use before you get to sort of a recovery or a cash flow situation -- or free cash flow? And then also just is there ability to raise any more capital within the indenture? If you can clarify that, that'd be great?

H. Keith Jennings - *Weatherford International plc - Executive VP & CFO*

So I think if you think about our situation at the moment, we do have some covenants inside the indentures that we have to think about, if we were to indeed to raise more capital. I think the best way to think of it at this time that we don't need to raise more capital. We have raised $500 million to raise our ABL, which affords us the full right to manage our business with liquidity on hand versus having to work through a complicated ABL structure that was not designed for the current dynamics in our business.

And so we will think about how to best use this runway. And over the course of time, hopefully, we can replace the ABL with something that better reflects the nature of our business, which is an international business. If you look at our earnings, Eastern Hemisphere still delivers a lot of our EBITDA and as such, we need to think about how to operate and have tools that work with the structure of our business.

In terms of time, as we work through the model for 2021, it will tell us what our free cash flow profile is. But if you look at our free cash flow profile year-to-date, we're positive. And so once we pay the interest in Q4, we'll probably be slightly negative in terms of free cash flow. But when you're sitting on $1.3 billion of cash, then we do have a fair bit of runway to think about how to structure our business.

Operator

And ladies and gentlemen, this concludes the question-and-answer session. I'd like to turn the conference back over to the management team for any final remarks.

Girish K. Saligram - *Weatherford International plc - President, CEO & Director*

That's it. Okay. Thanks, everyone, for calling in. Appreciate it.

Operator

Thanks, everybody. This concludes today's conference call. We thank you all for attending today's presentation. You may now disconnect your lines, and have a wonderful day.
