

Quarterly Highlights - 1 Half-Year 2019
HALF-YEAR FINANCIAL REPORT

BOOKINGS +2 %

MEUR 247.8

SALES +18 %

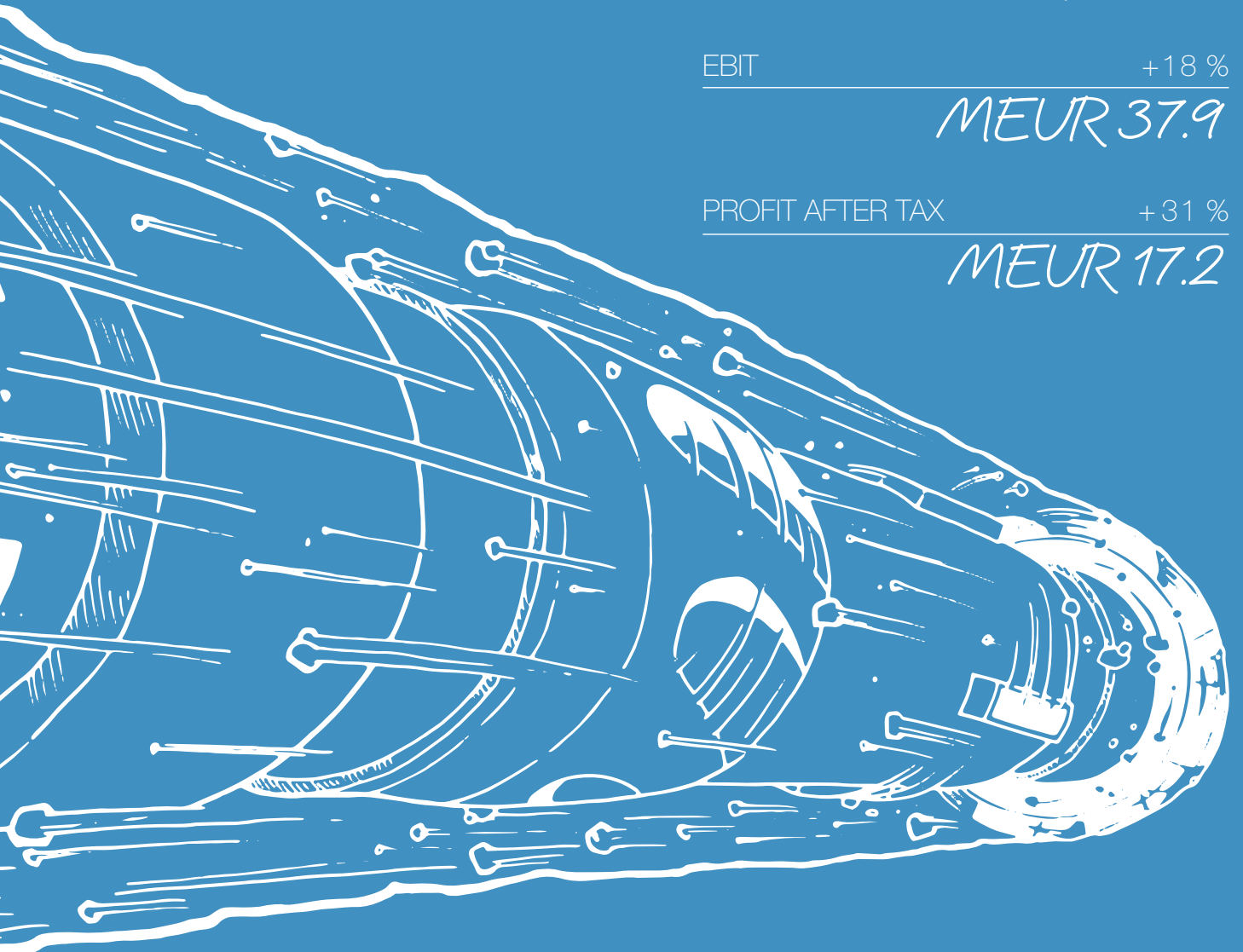
MEUR 236.2

EBIT +18 %

MEUR 37.9

PROFIT AFTER TAX +31 %

MEUR 17.2



MANAGEMENT REPORT

INTERNATIONAL MARKETS SUPPORT GROWTH FOR SBO: PROFIT AFTER TAX IN FIRST HALF OF 2019 UP 31 % TO MEUR 17.2

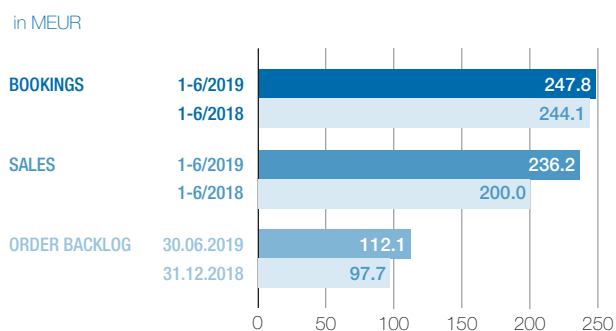
Schoeller-Bleckmann Oilfield Equipment AG (SBO) looks back on a positive first half of 2019. While demand in North America declined and the effects of the subdued spending policy of the exploration and production companies became evident, international markets continued to develop dynamically. Driven by the international growth opportunities, SBO was able to increase its earnings figures soundly in the first six months. SBO's sales increased by +18 % to MEUR 236.2, EBIT went up by +18 % to MEUR 37.9. Profit before tax rose by almost half to MEUR 27.4 and profit after tax arrived at MEUR 17.2, up by around one third in yearly comparison.

In the second half of 2019, the two well completion subsidiaries of SBO, Downhole Technology and Resource Well Completion Technologies, will be combined into one company under the name "The WellBoss Company". Synergies can be used, as product ranges and sales regions of Downhole Technology and Resource complement each other. The two sites in Houston, USA and Calgary, Canada will remain in place.

BUSINESS DEVELOPMENT

SALES AND EARNINGS

Sales generated by SBO, which is listed in the leading ATX index of the Vienna Stock Exchange, in the first half of 2019 grew to MEUR 236.2 (1-6/2018: MEUR 200.0), up 18.1 %. Bookings totalling MEUR 247.8 remained stable year-on-year (1-6/2018: MEUR 244.1), the order backlog at the end of June 2019 came to MEUR 112.1 (31 December 2018: MEUR 97.7).



Earnings before interest, taxes, depreciation, and amortization (EBITDA) rose from MEUR 55.8 in the first half of 2018 to MEUR 62.7 in 2019. The EBITDA margin arrived at 26.5 %, which is above the long-term average of 24.3 %. The profit from operations (EBIT) went up by 18.2 % to MEUR 37.9 (1-6/2018: MEUR 32.1). SBO's profit before tax climbed to MEUR 27.4, up 46.1 %

from MEUR 18.8 in the first half of 2018. Profit after tax rose by 30.6 % to MEUR 17.2 (1-6/2018: MEUR 13.2). Earnings per share for the first half of 2019 arrived at EUR 1.08 (1-6/2018: EUR 0.83).

„Our development in the first half of 2019 was sound and our overall performance was solid. Our business structure, with its two geographical focal areas of North America and International, has once again proven its worth in the current environment. We will use this structure also at the integration of our both well completion companies and drive forward market penetration in North America and international expansion. The product ranges and sales territories of Downhole Technology and Resource Well Completion Technologies complement each other ideally. Combining them will enable us to leverage synergies and exploit the complementary strengths of the two companies“, says CEO Gerald Grohmann.

DEVELOPMENT OF THE BUSINESS SEGMENTS

SBO's business is subdivided into two segments, "Advanced Manufacturing & Services" (AMS) and "Oilfield Equipment" (OE):

- The "Advanced Manufacturing & Services" (AMS) segment comprises high-precision machining and repair of drill collars and complex "Measurement While Drilling" (MWD) and "Logging While Drilling" (LWD) components made of non-magnetic corrosion resistant stainless steel, which form the housing for sensitive measuring instruments used for the precise measurement of inclination and azimuth of the drillstring as well as petrophysical parameters.
- The "Oilfield Equipment" segment includes a wide range of highly specialized solutions for the oil and gas industry: High-performance drilling motors and tools for directional drillstring drive in addition to downhole circulation tools as well as products for efficient and resource-conscious completion of unconventional wells in the two dominating technologies "sliding sleeve" and "plug-n-perf".

Sales of the AMS segment rose steeply compared to the reference period of last year, reaching MEUR 116.3 (1-6/2018: MEUR 75.7), an increase of 53.6 %. The AMS profit from operations before restructuring measures (EBIT) almost multiplied by 4 to MEUR 16.6 (1-6/2018: MEUR 4.8).

Sales of the OE segment declined slightly to MEUR 120.0 (1-6/2018: MEUR 124.4) in line with North American market conditions and generally weak demand. EBIT came to MEUR 22.8 (1-6/2018: MEUR 28.4).

KEY BALANCE SHEET FIGURES AND CASHFLOW

SBO's equity went up to MEUR 373.3 (31 December 2018: MEUR 368.2), and the equity ratio arrived at 42.7 % (31 December 2018: 40.9 %). Net debt rose slightly to MEUR 67.5 (31 December 2018: MEUR 62.5) due to dividend payments and purchase price payments for the acquisition of minority shares. Liquid funds amounted to MEUR 227.0 (31 December 2018: MEUR 241.5). The operating cashflow in the first half of 2019 came to MEUR 38.2 (1-6/2018: MEUR 9.3). Capital expenditure for property, plant, and equipment and intangible assets came to MEUR 15.9 (exclusive of lease assets) (1-6/2018: MEUR 16.4).

SBO has exercised its rights to acquire the minority interests of 32.3 % in its US subsidiary Downhole Technology with its share in the company reaching 100.0 % as of 1 April 2019. In the second quarter this resulted in a cash outflow of MEUR 29.8 for 6.6 % of shares. There is a disagreement with a minority member over the applicable purchase price regarding the final 25.7 % interest in Downhole Technology for which a reserve having a maximum value of MEUR 115.1 has been provided in the balance sheet.

SBO'S KEY PERFORMANCE INDICATORS AT A GLANCE

	UNIT	1-6/2019	1-6/2018
Sales	MEUR	236.2	200.0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	MEUR	62.7	55.8
EBITDA margin	%	26.5	27.9
Earnings before interest and taxes (EBIT)	MEUR	37.9	32.1
EBIT margin	%	16.0	16.0
Profit before tax	MEUR	27.4	18.8
Profit after tax	MEUR	17.2	13.2
Earnings per share	EUR	1.08	0.83
Cashflow from operating activities	MEUR	38.2	9.3
Liquid funds as of 30 June 2019 / 31 December 2018	MEUR	227.0	241.5
Headcount as of 30 June 2019 / 31 December 2018		1,550*	1,646

* The headcount decrease from restructuring measures is included.

MARKET ENVIRONMENT

In the first half of 2019, the oilfield service industry benefited from the sustained growth trend on the international markets, in particular from increased spending for exploration and production (E&P). However, the market environment in North America showed a slowdown. Developments on the capital markets were volatile in the face of concerns about economic development, geopolitical uncertainties and the smouldering trade conflict between the United States and China.

In the first half of the year, the number of international drilling rigs (rig count) rose by 11 %, or 113 new rigs, to 1,138 rigs in June 2019 (December 2018: 1,025 rigs), whereas the US rig count declined by 109 rigs to 969 rigs at the end of the period under review, resulting in a slightly lower global rig count of 2,221 rigs in June 2019 (December 2018: 2,244 rigs).¹

¹ Baker Hughes Rig Count.

Global oil production in the second quarter of 2019 was 100.1 million barrels per day (mb/d), exceeding the demand of 99.7 mb/d by 0.4 mb/d. OPEC crude oil production fell further to 35.6 mb/d in the second quarter of 2019 (30.0 mb/d exclusive of natural gas liquids / NGLs) as a result of the production cuts that had been

„Sustained growth trend on the international markets“

decided at the end of 2018, and was thus lower than in year 2018 (37.4 mb/d) and the second quarter of 2018 (37.1 mb/d). Conversely, the production output of the non-OPEC countries rose to 64.5 mb/d in the second quarter of 2019, from 62.9 mb/d in full year 2018 and 62.2 mb/d in the second quarter of 2018. The production surplus on the global oil market was due, in particular, to the production volume in the United States that climbed to 17.2 mb/d in the second quarter of 2019.²

Overall, oil prices were rising in the first half of 2019. North Sea Brent crude started into the year 2019 at a price of USD 53.80, reached its half-year high of USD 74.57 at the end of April and closed at USD 66.55 at the end of June, representing an increase of 23.7 % in the first half of 2019. Over the same period, the price of North American WTI crude rose from USD 45.41 to USD 58.47, an increase of 28.8 %.³

OUTLOOK

Despite a slowdown in global economic growth due to trade conflicts, the environment for the oilfield service industry on the international market remains sound. Experts expect spending for exploration and production (E&P) to rise by 12 % internationally in 2019. North America has recently experienced a sharp change in direction. The high budget discipline of the exploration and production companies is reflected in the United States (mainland) in particular, where E&P spending is expected to drop by around 10 %.⁴

„In the tense North American environment the market calls for further efficiency enhancements which our products help to achieve. However, we will not be able to fully escape from the pricing pressure coming along therewith. We have profited through our balanced strategy from the upswing in North America, which started first, and are now making targeted use of the momentum of international demand in our activities“, concludes CEO Gerald Grohmann.

² International Energy Agency (IEA), Oil Market Report, August 2019.

³ Bloomberg: CO1 Brent Crude (ICE) and CL1 WTI Crude (Nymex).

⁴ Evercore ISI Research, The 2019 Evercore ISI Global E&P Mid-Year Spending Outlook, June 2019.

RISK REPORT

The business risks of SBO did not change substantially in the first half of 2019 over the risks described in the 2018 annual financial statements. We refer to all risks

described in the Annual Report 2018. We recommend to read this report on the first half of 2019 in conjunction with the risk report contained in the Annual Report 2018.

ABOUT SBO

SBO - A WORLD MARKET LEADER

SBO is a leading supplier of tools and equipment for directional drilling and well completion applications. The company is the global market leader in the manufacture of high-precision components made of non-magnetic steel. The product offering ranges from complex customized components for the oilfield service industry to a selection of high-efficiency solutions and products for the oil and gas industry. As of 30 June 2019, SBO employed a workforce of 1,550 worldwide (31 December 2018: 1,646), thereof 376 in Ternitz / Austria and 826 in North America (including Mexico).

SBO pursues a sustainable growth strategy and is committed to its responsibility towards employees, customers, investors and future generations in its Code of Conduct. SBO's sustainability strategy is based on the "Quality First" principle and encompasses long-term growth through targeted investments and supreme quality in production processes and products. The company develops high-quality and efficient products that enable customers to meet their demand for oil and gas in the most resource-efficient way possible.

ENERGY CONSUMPTION OF THE SBO GROUP*

	UNIT	2018	HY 2018**	HY 2019	
Energy consumption	GJ	14,532.8	7,266.4	6,808.6	-6.3 %
CO ₂ emissions	Tonnes	14,869.2	7,434.6	6,950.9	-6.5 %

* Energy consumption based on the calculation of the Umweltbundesamt (Federal Environmental Office) as of October 2017 (for more information see: <http://www5.umweltbundesamt.at/emas/co2mon/co2mon.html>)

** The figures as of the first half of 2018 were calculated based on the full-year figures

For further information, please refer to the non-financial statement in the Annual Report 2018.

THE SBO SHARE

The share of Schoeller-Bleckmann Oilfield Equipment AG is listed in the Prime Market of the Vienna Stock Exchange under ISIN AT0000946652 and the ticker symbol "SBO". In total, 16,000,000 par value shares with a par value of EUR 1.00 each have been issued.

The SBO share started into the year at a price of EUR 57.35 on 2 January 2019 and closed at EUR 74.60 on 28 June 2019. The share price thus rose by 30.1 %

in the first half of the year, clearly outperforming both the OSX and ATX index. After its high in April, the OSX lost heavily and closed the period under review at a gain of only 0.9 %. The ATX, the leading Austrian index, rose by 8.4 percent in the first half of the year. In comparison, Brent crude climbed by 23.7 % and WTI crude by 28.8 %.

The market capitalization as of 28 June 2019 was MEUR 1,194. 67 % of the shares were in free float as of that key date.

FINANCIAL CALENDAR 2019

Date	Event
28 November 2019	Q3 2019

CONTACT AND LEGAL NOTICE

Further information about SBO is available on www.sbo.at. If you have any questions about the company or would like to be included in SBO's Investor Relations Information Service (IRIS), please send an e-mail to investor_relations@sbo.co.at.

DISCLAIMER

Note on the half-year financial report:

This half-year financial report is also available in German language. In the event of discrepancies, the German version shall prevail.

Forward-looking statements and forecasts:

This corporate publication contains information with forward-looking statements. Parts of these statements contain forecasts regarding the future development of SBO, SBO Group companies, relevant industries and the markets. All these statements as well as any other information contained in this corporate publication are for information only and do not substitute professional financial advice. As such, this information must not be understood as a recommendation or offer to buy or sell SBO shares, and SBO cannot be held liable therefrom.

CONSOLIDATED PROFIT AND LOSS STATEMENT

in TEUR	6 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Sales	236,231	200,035	115,090	105,851
Cost of goods sold	-161,513	-132,769	-77,796	-70,375
Gross profit	74,718	67,266	37,294	35,476
Selling expenses	-13,098	-11,528	-6,678	-5,851
General and administrative expenses	-19,965	-22,658	-9,104	-13,043
Other operating expenses	-6,115	-7,825	-2,354	-2,004
Other operating income	3,396	6,816	-770	3,935
Profit from operations before restructuring measures	38,936	32,071	18,388	18,513
Restructuring gains	97	0	97	0
Restructuring losses	-1,137	0	-772	0
Profit from operations after restructuring measures	37,896	32,071	17,713	18,513
Interest income	1,841	1,029	691	478
Interest expenses	-5,643	-4,906	-2,504	-2,266
Other financial income	0	12	0	12
Other financial expenses	-10,765	-7,197	-250	-110
Gains/losses from remeasurement of option liabilities	4,090	-2,246	-1,061	-3,389
Financial result	-10,477	-13,308	-3,124	-5,275
Profit before tax	27,419	18,763	14,589	13,238
Income taxes	-10,174	-5,555	-5,023	-3,766
Profit after tax	17,245	13,208	9,566	9,472
Average number of shares outstanding	15,952,519	15,956,519	15,955,403	15,959,403
EARNINGS PER SHARE IN EUR (BASIC = DILUTED)	1.08	0.83	0.60	0.59

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	6 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Profit after tax	17,245	13,208	9,566	9,472
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Foreign exchange adjustment - subsidiaries	3,346	6,108	-5,920	15,565
Foreign exchange adjustment - other items	215	745	-454	1,855
Income tax effect	-54	-186	113	-463
Other comprehensive income, net of tax	3,507	6,667	-6,261	16,957
TOTAL COMPREHENSIVE INCOME, NET OF TAX	20,752	19,875	3,305	26,429

CONSOLIDATED BALANCE SHEET

ASSETS

in TEUR	30.06.2019	31.12.2018
<i>Current assets</i>		
Cash and cash equivalents	226,958	241,532
Trade receivables	122,077	125,127
Other receivables and other assets	11,365	8,300
Assets held for sale	73	538
Inventories	141,120	145,859
Total current assets	501,593	521,356
<i>Non-current assets</i>		
Property, plant and equipment	149,041	144,703
Goodwill	163,070	161,153
Other intangible assets	32,004	38,042
Long-term receivables and assets	3,931	9,754
Deferred tax assets	23,665	26,344
Total non-current assets	371,711	379,996
TOTAL ASSETS	873,304	901,352

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

in TEUR	30.06.2019	31.12.2018
LIABILITIES AND EQUITY		
in TEUR		
30.06.2019		
31.12.2018		
Current liabilities		
Liabilities to banks	31,417	31,412
Current portion of long-term loans	47,596	18,310
Lease liabilities	2,420	33
Trade payables	20,262	21,165
Government grants	334	334
Income tax payable	6,089	4,667
Other liabilities	149,367	170,937
Other provisions	2,869	4,754
Total current liabilities	260,354	251,612
Non-current liabilities		
Long-term loans	215,480	254,278
Lease liabilities	5,061	14
Government grants	623	623
Provisions for employee benefits	5,912	5,755
Other liabilities	10,507	18,824
Deferred tax liabilities	2,061	2,042
Total non-current liabilities	239,644	281,536
Equity		
Share capital	15,955	15,949
Capital reserve	68,602	68,303
Legal reserve	785	785
Other reserves	19	19
Currency translation reserve	26,584	23,077
Retained earnings	261,361	260,071
Total equity	373,306	368,204
TOTAL LIABILITIES AND EQUITY	873,304	901,352

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	6 MONATE BIS	30.06.2019	30.06.2018
OPERATING ACTIVITIES			
Profit after tax		17,245	13,208
Adjustment for dividends relating to put/call-options		10,569	7,197
Expenditures for the acquisition of non-controlling interests		-20,930	0
Depreciation, amortization and impairments		24,788	23,717
Other non-cash expenses and revenues		-4,635	-2,515
Cashflow from profit		27,037	41,607
Change in working capital		11,147	-32,341
Cashflow from operating activities		38,184	9,266
INVESTING ACTIVITIES			
Expenditures for property, plant and equipment and intangible assets		-15,909	-16,395
Expenditures for the acquisition of non-controlling interests		-8,866	-2,561
Other activities		2,662	1,018
Cashflow from investing activities		-22,113	-17,938
FREE CASHFLOW		16,071	-8,672
FINANCING ACTIVITIES			
Dividend payment		-15,955	-7,980
Dividends paid relating to put/call-options		-2,167	-7,197
Change in financial liabilities		-13,714	133,156
Cashflow from financing activities		-31,836	117,979
Change in cash and cash equivalents		-15,765	109,307
Cash and cash equivalents at the beginning of the period		241,532	165,982
Effects of exchange rate changes on cash and cash equivalents		1,191	3,648
Cash and cash equivalents at the end of the period		226,958	278,937

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2019

in TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
1 January 2019	15,949	68,303	785	19	23,077	260,071	368,204
Profit after tax						17,245	17,245
Other comprehensive income, net of tax					3,507		3,507
Total comprehensive income, net of tax	0	0	0	0	3,507	17,245	20,752
Dividend payment						-15,955	-15,955
Share-based payment	6	299					305
30 June 2019	15,955	68,602	785	19	26,584	261,361	373,306

2018

in TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
1 January 2018	15,953	67,248	785	19	11,193	226,813	322,011
Profit after tax						13,208	13,208
Other comprehensive income, net of tax					6,667		6,667
Total comprehensive income, net of tax	0	0	0	0	6,667	13,208	19,875
Dividend payment						-7,980	-7,980
Share-based payment	6	494					500
30 June 2018	15,959	67,742	785	19	17,860	232,041	334,406

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

BASIS OF PREPARATION

The interim report as at 30 June 2019 has been prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), rules for interim financial reporting (IAS 34), to be applied in the European Union.

This report on the second quarter of 2019 of the SBO group has neither been audited nor reviewed by independent accountants.

NOTE 2

ACCOUNTING POLICIES

In the reporting period 2019 the newly adopted standard IFRS 16 was applied by SBO for the first time. The new standard specifies how an IFRS reporter recognizes, measures, presents, and discloses leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases. The first-time application of IFRS 16 based on the modified retrospective approach by recognizing the cumulative effect from the transition as an adjustment to the opening equity balance of the reporting period, without restating comparative information. The lease liabilities were recognized using the present value of the remaining lease payments, and the right-of-use assets at an amount equal to the recognized lease liabilities considering prepayments made. IFRS 16 is not applied for lease contracts relating to immaterial assets. SBO applied the recognition exemptions for leases with a term of 12 months or less and for leases with a remaining term of maximum 12 months as of the date of first time application, and for leases concerning low-value assets. In addition, SBO selected the option for not including any direct initial costs when measuring the right-of-use asset.

Lease assets are reported within property, plant and equipment, the corresponding lease liabilities are reported as separate line items within current and non-current liabilities.

The recognition of assets and liabilities for the existing operating leases for office, production and storage buildings as well as for vehicles led to an increase in property, plant and equipment by approximately MEUR 8.0. Additional MEUR 0.7 relating to finance leases and recognized land use rights were reclassified within property, plant and equipment. The amortization of right-of-use assets recognized under IFRS 16 amounted to MEUR 1.4 in the first six months of 2019, the corresponding interest expenses were MEUR 0.2. These expenses replaced the recognition of rental expenses of MEUR 1.5, which resulted in an improvement of the EBITDA and EBIT performance figures.

The adjustment effect from IFRS 16 as of 1 January 2019 is as follows:

in TEUR	31.12.2018	ADJUSTMENT IFRS 16	01.01.2019
Property, plant and equipment	144,703	7,999	152,702
Other receivables and other assets	6,385	-138	6,247
Long-term receivables and assets	9,754	-195	9,559
Total assets	901,352	7,666	909,018
Lease liabilities (current)	33	2,522	2,555
Lease liabilities (non-current)	14	5,144	5,158
Total liabilities and equity	901,352	7,666	909,018

Capitalized right of use assets including former finance leases and land use rights capitalized break down as follows:

in TEUR	30.06.2019	01.01.2019
Land and buildings	6,802	6,606
Technical plant and machinery	47	66
Other equipment, operating and office equipment	1,487	2,053
	8,336	8,725

Apart from the first time application of IFRS 16 the accounting and valuation methods of 31 December 2018 have been applied basically unchanged. In this context, we refer to the consolidated financial statements for the year ended 31 December 2018.

NOTE 3

SCOPE OF CONSOLIDATION

In the reporting period the company Schoeller-Bleckmann Beteiligungs GmbH with its corporate seat in Ternitz was acquired. The company does not carry out any operating business.

Apart from that no further changes occurred in the scope of consolidation during 2019.

NOTE 4

SEASONALITY

Business development of SBO is not subject to significant seasonal influences.

NOTE 5

DIVIDEND PAID

	TOTAL AMOUNT TEUR	NUMBER OF SHARES (ORDINARY SHARES)	PER SHARE
For the business year 2018 paid in 2019	15,955	15,955,303	1.00
For the business year 2017 paid in 2018	7,980	15,959,303	0.50

NOTE 6

SEGMENT INFORMATION

Based on product groups and services offered and existing customer groups, respectively, SBO's business operations are subdivided into two reportable segments "Advanced Manufacturing & Services" (AMS) and "Oilfield Equipment" (OE).

The "Advanced Manufacturing & Services" (AMS) segment comprises high-precision machining and repair of drill collars and complex MWD (Measurement While Drilling) / LWD (Logging While Drilling) components made of non-magnetic corrosion-resistant stainless steel, which form the housing for sensitive measuring instruments used for the precise measurement of inclination and azimuth of the drillstring as well as petrophysical parameters.

The "Oilfield Equipment" (OE) segment comprises a wide range of highly specialized solutions for the oil and gas industry: High-performance drilling motors and tools for directional drillstring drive in addition to downhole circulation tools as well as products for efficient and resource-conscious completion of unconventional reservoirs in the two dominating technologies "sliding sleeve" and "plug-n-perf".

Internal management of the group as well as the allocation of resources is based on the financial performance of these segments.

Results in the total column correspond to those in the profit and loss statement.

1-6/2019

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	116,261	119,970	0	236,231
Intercompany sales	54,799	10,055	-64,854	0
Total sales	171,060	130,025	-64,854	236,231
Profit from operations before restructuring measures	16,574	22,837	-475	38,936
Profit/loss before tax	15,991	13,537	-2,109	27,419

1-6/2018

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	75,678	124,357	0	200,035
Intercompany sales	38,984	6,091	-45,075	0
Total sales	114,662	130,448	-45,075	200,035
Profit from operations before restructuring measures	4,841	28,447	-1,217	32,071
Profit/loss before tax	5,319	15,738	-2,294	18,763

External sales were as follows:

in TEUR	ADVANCED MANUFACTURING & SERVICES		OILFIELD EQUIPMENT	
	1-6/2019	1-6/2018	1-6/2019	1-6/2018
Product sales	104,524	64,526	67,088	72,650
Services and repairs	9,469	8,390	6,437	7,472
Rental revenue	2,268	2,762	46,445	44,235
Total	116,261	75,678	119,970	124,357

NOTE 7

RESTRUCTURING LOSSES

In the course of the relocation of production capacities in the segment "Advanced Manufacturing and Services" relating to the closure of the location Techman in England and SBMEX in Mexico restructuring expenses of MEUR 1.1 were incurred during the reporting period. These mainly relate to personnel expenses and expenses for the disassembly of machinery.

NOTE 8

TANGIBLE AND INTANGIBLE FIXED ASSETS

During the first six months of 2019 CAPEX for tangible and intangible fixed assets were MEUR 16.9 (1-6/2018: MEUR 16.4). Purchase commitments for expenditure in property, plant and equipment as of 30 June 2019 were MEUR 2.8 (31 December 2018: MEUR 2.1).

NOTE 9

TREASURY SHARES

During the reporting period the company transferred 6,000 SBO shares based on the share based payment program introduced in 2014 and prolonged in 2018.

NOTE 10

RELATED PARTY TRANSACTIONS

With respect to business transactions with related parties there were no substantial changes compared to 31 December 2018. All transactions with related parties are carried out at generally acceptable market conditions. For further information on individual business relations please refer to the consolidated financial statements of SBO for the year ended 31 December 2018.

NOTE 11

FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have significant effects on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at balance sheet date, the Group held the following classes of financial instruments measured at fair value:

in TEUR	BALANCE SHEET ITEM	30.06.2019	LEVEL 2	LEVEL 3
Assets				
Derivatives (FVTPL)	Other receivables and other assets	163	163	0
Liabilities				
Derivatives (FVTPL)	Other liabilities	-115,106	-52	-115,054

in TEUR	BALANCE SHEET ITEM	31.12.2018	LEVEL 2	LEVEL 3
Assets				
Derivatives (FVTPL)	Other receivables and other assets	61	61	0
Liabilities				
Derivatives (FVTPL)	Other liabilities	-145,208	-140	-145,068

During the reporting period 2019 there were no transfers between the levels of fair value measurements. In general, if required, transfers are carried out at the end of each reporting period.

Derivatives shown under level 3 exclusively consist of option commitments relating to cancelable non-controlling interests to purchase the offered shares from the minority shareholders. The development of liabilities for option commitments in the reporting period 2019 was as follows:

in TEUR	BUSINESS COMBINATION DOWNHOLE TECHNOLOGY
1 January 2019	-145,059
Addition of accrued interest	-2,763
Gains from revaluation	4,090
Disposal due to settlement	29,796
Currency adjustment	-1,118
30 June 2019	-115,054

Until the exercise date, option commitments from cancelable non-controlling interests are valued at the discounted payment amount expected at the balance sheet date on the basis of the underlying agreement and current corporate planning. The exercise price of the option liabilities depends on the results achieved by the company concerned. Liabilities are discounted using a risk-adequate discount rate for the respective term of the obligation.

SBO has exercised its rights to acquire the minority interests of 32.3 % in its US subsidiary Downhole Technology with its share in the company reaching 100.0 % as of 1 April 2019. A purchase price of MUSD 33.7 (MEUR 29.8) was paid for 6.6 % of the shares. As there is disagreement regarding the purchase price with one of the minority shareholders, payment for the acquisition of the remaining shares is delayed.

Gains from revaluation of the reporting period result from a difference between actual results and the estimation of results as of 31 December 2018, and are reported in the income statement within "income/expense from revaluation of option commitments". Of that an amount of TEUR 838 refers to realized gains. In the cashflow statement a portion of the paid purchase price for 6.6 % of shares relating to the amount which was estimated and recognized, respectively, as of acquisition date 1 April 2016 is included in the cashflow of investing activities. The portion which exceeded the amount which was estimated as of acquisition date and which was expensed in the income statement in later periods is included in the cashflow from operating activities.

The foreign currency forward contracts are measured based on observable spot exchange rates.

For each category of financial instruments which are amortized at acquisition costs, both the carrying value and the deviating fair value are provided in the table on the next page:

in TEUR	LEVEL	30.06.2019		31.12.2018	
		CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
<i>Liabilities</i>					
Borrowings from banks, lease obligations and other loans	2	-301,974	-313,025	-304,046	-309,663

For assessing the fair value of long-term loans and leasing obligations with a fixed interest rate, the expected cashflows have been discounted using market interest rates. Regarding lendings, bank and other long-term loans with variable interest, the interest rates charged are current market rates, resulting in the fact that the carrying amounts equal the fair values to a large extent. Cash and cash equivalents, trade receivables and payables and all other items have mostly short residual lives. Therefore, the carrying amounts equal the fair values at the balance sheet date.

NOTE 12

OTHER PROVISIONS

During the reporting period the Company settled a law suit regarding the breach of patent rights by an SBO Group company which was filed by a competitor in the fourth quarter of 2017. As of 31 December 2018 a provision of MEUR 2.2 was recorded for legal fees of which during the year 2019 MEUR 1.4 were used and MEUR 0.5 were released.

NOTE 13

EVENTS AFTER THE REPORTING DATE

There were no events of particular significance after the reporting date that would have changed the presentation of the Group's net assets, financial position, and results of operations in the consolidated financial statements as at 30 June 2019.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report of the second quarter gives a true and fair view

of important events that have occurred during the first six months of the financial year and their impact on the interim financial statements, and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Ternitz, 21 August 2019



Gerald Grohmann



Klaus Mader

Executive Board