

Q1 - Q3 2019
QUARTERLY HIGHLIGHTS

SALES +11%

MEUR 346

EBIT +1%

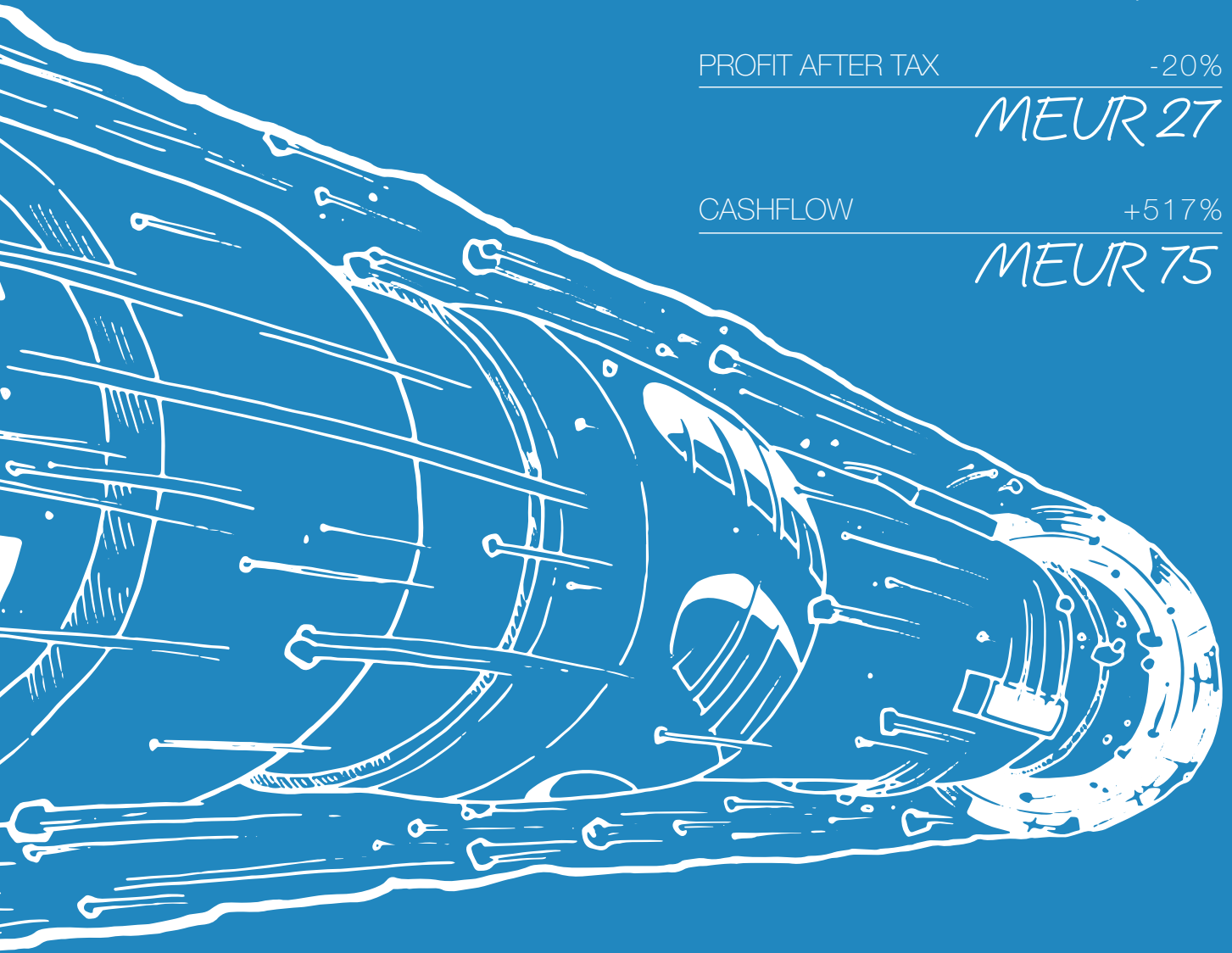
MEUR 55

PROFIT AFTER TAX -20%

MEUR 27

CASHFLOW +517%

MEUR 75



MANAGEMENT REPORT

**SOUND INTERNATIONAL BUSINESS DEVELOPMENT:
SALES RISE TO MEUR 346 IN THE FIRST THREE
QUARTERS OF 2019, EBIT STABLE AT MEUR 55,
CASHFLOW FROM OPERATING ACTIVITIES
MULTIPLIES 6x TO MEUR 75**

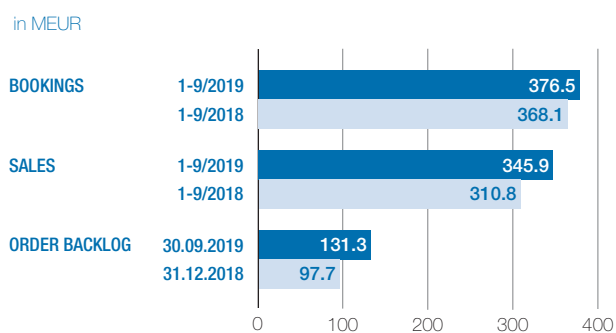
Schoeller-Bleckmann Oilfield Equipment AG (SBO), which is listed in the ATX, the leading index of the Vienna Stock Exchange, generated a sound result in the first three quarters of 2019. Sales rose by 11.3 % to MEUR 345.9, the operating income (EBIT) remained stable at MEUR 54.5. With an EBIT margin of 15.8 %, SBO is one of the most profitable companies in the leading ATX index. Profit before tax amounted to MEUR 43.5, a plus of 4.6 %. Profit after tax came to MEUR 26.6. Cashflow from operating activities was strong and more than multiplied by a factor of six to MEUR 74.7.

The market environment for the oilfield service industry was marked by significant differences: After the strong growth of recent years, activity in North America has declined this year due to the high cost discipline of the oil and gas companies, while the positive trend on the international markets continued. Due to the company's global positioning, SBO was able to dampen the effects of the weaker North American business and recorded growth accordingly.

BUSINESS DEVELOPMENT

SALES AND EARNINGS

SBO's sales increased by 11.3 % to MEUR 345.9 in the first three quarters of 2019 (1-9/2018: MEUR 310.8). Bookings remained stable at MEUR 376.5, compared to MEUR 368.1 in the reference period of last year. The order backlog at the end of September 2019 was MEUR 131.3 (31 December 2018: MEUR 97.7).



Earnings before interest, taxes, depreciation, and amortization (EBITDA) increased from MEUR 89.8 in the first three quarters of 2018 to MEUR 91.6 in 2019. EBITDA margin arrived at 26.5 %, which is above the long-term average of 24.3 %. Profit from operations (EBIT) stood at MEUR 54.5 (1-9/2018: MEUR 54.3), EBIT margin was 15.8 %. Profit before tax increased by 4.6 % to MEUR 43.5, compared to MEUR 41.6 in the first three quarters of 2018. Profit after tax decreased to MEUR 26.6 because of higher tax expenses than in the previous year (1-9/2018: MEUR 33.0). Earnings per share came to EUR 1.67 (1-9/2018: EUR 2.07).

As announced at mid-year, the two North American well completion subsidiaries of SBO, Downhole Technology and Resource Well Completion Technologies, were combined as of 1 October 2019 under the name "The WellBoss Company".

"Despite the slow development in North America, we took full advantage of the growing international momentum and achieved a solid result. Bookings are again higher than sales, which we regard as a positive signal. We are working very actively to supply our customers with new technologies and to further strengthen our service. With the combination of our Well Completion companies our customers get the best of both product worlds from a single source and benefit from our joint innovative capacity going forward. At the same time, we are strengthening international distribution of our well completion products," says CEO Gerald Grohmann.

SEGMENTS

Sales of the AMS segment rose steeply year-on-year, arriving at MEUR 172.5 (1-9/2018: MEUR 121.1) in the first three quarters, an increase of 42.4 %. The AMS profit from operations before restructuring measures (EBIT) more than doubled to MEUR 25.1 (1-9/2018: MEUR 11.0).

Sales of the OE segment declined to MEUR 173.3 (1-9/2018: MEUR 189.7) in line with North American market conditions and generally weak demand, while EBIT arrived at MEUR 29.2 (1-9/2018: MEUR 44.4).

KEY BALANCE SHEET FIGURES AND CASHFLOW

The balance sheet structure of SBO is sound. SBO's equity went up to MEUR 400.5 (31 December 2018: MEUR 368.2), and the equity ratio arrived at 43.9 % (31 December 2018: 40.9 %). Net debt fell to MEUR 31.5 (31 December 2018: MEUR 62.5). Liquid funds increased to MEUR 260.4 (31 December 2018: MEUR 241.5). Cashflow from operating activities developed highly positively, arriving at MEUR 74.7 at the end of the third quarter of 2019, more than multiplying by a factor of six compared to the previous year (1-9/2018: MEUR 12.1). Capital expenditure for property, plant and equipment, and intangible assets (CAPEX) came to MEUR 23.9 (exclusive of lease assets) (1-9/2018: MEUR 24.9).

SBO'S KEY PERFORMANCE INDICATORS AT A GLANCE

	UNIT	1-9/2019	1-9/2018
Sales	MEUR	345.9	310.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	MEUR	91.6	89.8
EBITDA margin	%	26.5	28.9
Earnings before interest and taxes (EBIT)	MEUR	54.5	54.3
EBIT margin	%	15.8	17.5
Profit before tax	MEUR	43.5	41.6
Profit after tax	MEUR	26.6	33.0
Earnings per share	EUR	1.67	2.07
Cashflow from operating activities	MEUR	74.7	12.1
Liquid funds as of 30 September 2019 / 31 December 2018	MEUR	260.4	241.5
Headcount as of 30 September 2019 / 31 December 2018		1,544	1,646

MARKET ENVIRONMENT

The growth on the international markets continued throughout the third quarter of 2019, benefiting the oilfield service industry. The North American market, however, was characterized by a policy of subdued spending and continued to weaken. The 18-month trade conflict between China and the United States remained tense, and fears of a further economic slowdown weighed on the market environment.

The number of international drilling rigs (rig count) increased by 10.3 % in the first three quarters of 2019 to 1,131 in September 2019 (December 2018: 1,025 rigs). The US rig count, however, declined significantly by 200 rigs, arriving at 878 at the end of the reporting period (December 2018: 1,078 rigs). This was also reflected in the development of the global rig count, which stood at 2,141 rigs in September 2019 (December 2018: 2,244 rigs).¹

Global oil production in the third quarter of 2019 was 100.0 million barrels per day (mb/d), 1.1 mb/d lower than demand which came to 101.1 mb/d. OPEC crude oil production fell further to 34.9 mb/d in the third quarter of 2019 (29.4 mb/d excluding Natural Gas Liquids / NGLs) and was thus below the level of the third quarter of 2018 (37.6 mb/d). By contrast, the production

volume of the non-OPEC countries rose to 65.1 mb/d in the third quarter of 2019, compared to 63.7 mb/d in the same period of the previous year.²

"Markets developed in different ways"

The development of oil prices showed strong fluctuations in the first three quarters of 2019: At the end of the reporting period prices had gone up. North Sea Brent crude started 2019 at a price of USD 53.80, came under pressure after reaching its high in April and fell by more than 20 %. At the end of September, Brent closed at USD 60.78, representing an increase of 13.0 % in the first nine months of 2019. The price of North American crude WTI rose by 19.1 % over the same period, from USD 45.41 to USD 54.07.³

¹ Baker Hughes Rig Count.

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

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

OUTLOOK

The market environment for the oilfield service industry will remain impacted by economic uncertainty as a result of the unresolved trade conflict between the USA and China. Internationally, experts expect the growth to continue, albeit there may be differences between regions. After years of crisis in the oil and gas industry, there is an increasing awareness of the need for spending to avoid supply bottlenecks in the medium term, provided that the development of the global economy is reasonably sound. In North America, by contrast, it is becoming apparent that declining spending coupled with an above-average natural depletion rate will lead to a significant slowdown in production growth. This should have a positive effect on the oil price in the medium term and thus on spending in this sector.

"We see a positive effect in our order books due to international spending for exploration and production of oil and gas. There is still a lot of catching up to do and that will increase as demand is growing. If the economy continues to be buoyant, spending behavior should be further stimulated," says CEO Gerald Grohmann. "The development of efficient, high-quality products is an integral part of our sustainable growth strategy. This will help us to strengthen our positioning in all markets. It is the area of Well Completion where we have recently succeeded in developing efficiency-enhancing innovations which we will now market worldwide."

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 September 2019, SBO employed a workforce of 1,544 worldwide (31 December 2018: 1,646), thereof 394 in Ternitz / Austria and 804 in North America (including Mexico).

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 the 2019 financial year at a price of EUR 57.35 on 2 January 2019 and closed at EUR 54.50 on 30 September 2019. Against the background of economic concerns and trade disputes, the SBO share price fell by 5.0 % in the first three

quarters of 2019, but still outperformed the Oil Service Sector Index (OSX), which dropped by 18.7 % in the reporting period. The ATX, Austria's leading index, rose by 9.6 % in the first three quarters, however cyclical stocks came under increasing pressure in the course of the year. North Sea crude Brent climbed by 13.0 % and WTI crude by 19.1 %.

Market capitalization as of 30 September 2019 was MEUR 872. 67 % of the shares were in free float as of that key date.

FINANCIAL CALENDAR 2020

Date	Event
16.01.2020	Preliminary Result 2019
18.03.2020	Result of the Year 2019
23.04.2020	Annual General Meeting
20.05.2020	Q1 2020
27.08.2020	1HY 2020
26.11.2020	Q3 2020

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 third quarter financial report:

This 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	9 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Sales	345,851	310,799	109,620	110,764
Cost of goods sold	-240,083	-202,653	-78,570	-69,884
Gross profit	105,768	108,146	31,050	40,880
Selling expenses	-19,833	-17,617	-6,735	-6,089
General and administrative expenses	-31,560	-34,834	-11,595	-12,176
Other operating expenses	-8,872	-12,208	-2,757	-4,383
Other operating income	10,103	10,801	6,707	3,985
Profit from operations before restructuring measures	55,606	54,288	16,670	22,217
Restructuring losses	-1,242	0	-105	0
Restructuring gains	168	0	71	0
Profit from operations after restructuring measures	54,532	54,288	16,636	22,217
Interest income	2,732	1,757	891	728
Interest expenses	-7,048	-7,694	-1,405	-2,788
Other financial income	0	59	0	47
Other financial expenses	-10,861	-7,292	-96	-95
Gains/losses from remeasurement of option liabilities	4,112	446	22	2,692
Financial result	-11,065	-12,724	-588	584
Profit before tax	43,467	41,564	16,048	22,801
Income taxes	-16,899	-8,533	-6,725	-2,978
Profit after tax	26,568	33,031	9,323	19,823
Average number of shares outstanding	15,953,491	15,957,491	15,955,403	15,959,403
EARNINGS PER SHARE IN EUR (BASIC = DILUTED)	1.67	2.07	0.59	1.24

CONSOLIDATED BALANCE SHEET

ASSETS

in TEUR	30.09.2019	31.12.2018
<i>Current assets</i>		
Cash and cash equivalents	260,409	241,532
Trade receivables	118,863	125,127
Other receivables and other assets	9,884	8,300
Assets held for sale	3,498	538
Inventories	143,237	145,859
Total current assets	535,891	521,356
<i>Non-current assets</i>		
Property, plant and equipment	149,522	144,703
Goodwill	169,721	161,153
Other intangible assets	29,847	38,042
Long-term receivables and assets	3,847	9,754
Deferred tax assets	23,173	26,344
Total non-current assets	376,110	379,996
TOTAL ASSETS	912,001	901,352

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

in TEUR	30.09.2019	31.12.2018
LIABILITIES AND EQUITY		
in TEUR		
	30.09.2019	31.12.2018
Current liabilities		
Liabilities to banks	30,983	31,412
Current portion of long-term loans	47,596	18,310
Lease liabilities	2,241	33
Trade payables	22,436	21,165
Government grants	334	334
Income tax payable	6,735	4,667
Other liabilities	161,265	170,937
Other provisions	2,581	4,754
Total current liabilities	274,171	251,612
Non-current liabilities		
Long-term loans	213,354	254,278
Lease liabilities	4,745	14
Government grants	623	623
Provisions for employee benefits	6,056	5,755
Other liabilities	10,593	18,824
Deferred tax liabilities	1,917	2,042
Total non-current liabilities	237,288	281,536
Equity		
Share capital	15,955	15,949
Capital reserve	68,752	68,303
Legal reserve	785	785
Other reserves	19	19
Currency translation reserve	44,347	23,077
Retained earnings	270,684	260,071
Total equity	400,542	368,204
TOTAL LIABILITIES AND EQUITY	912,001	901,352

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	9 MONTHS PERIOD ENDED	30.09.2019	30.09.2018
OPERATING ACTIVITIES			
Profit after tax		26,568	33,031
Adjustment for dividends relating to put/call-options		10,626	7,292
Expenditures for the acquisition of non-controlling interests		-21,114	0
Depreciation, amortization and impairments		37,089	35,549
Other non-cash expenses and revenues		-3,937	-3,418
Cashflow from profit		49,232	72,454
Change in working capital		25,490	-60,348
Cashflow from operating activities		74,722	12,106
INVESTING ACTIVITIES			
Expenditures for property, plant and equipment and intangible assets		-23,893	-24,913
Expenditures for the acquisition of non-controlling interests		-8,914	-2,575
Other activities		2,668	3,512
Cashflow from investing activities		-30,139	-23,976
FREE CASHFLOW		44,583	-11,870
FINANCING ACTIVITIES			
Dividend payment		-15,955	-7,980
Dividends paid relating to put/call-options		-2,178	-7,292
Change in financial liabilities		-17,096	123,510
Cashflow from financing activities		-35,229	108,238
Change in cash and cash equivalents		9,354	96,368
Cash and cash equivalents at the beginning of the period		241,532	165,982
Effects of exchange rate changes on cash and cash equivalents		9,523	3,949
Cash and cash equivalents at the end of the period		260,409	266,299

SEGMENT REPORTING

1-9/2019

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	172,538	173,313	0	345,851
Intercompany sales	72,625	15,999	-88,624	0
Total sales	245,163	189,312	-88,624	345,851
Profit from operations (EBIT) before restructuring measures	25,121	29,185	1,300	55,606
Profit/loss before tax	24,779	19,823	-1,135	43,467

1-9/2018

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	121,138	189,661	0	310,799
Intercompany sales	63,523	10,628	-74,151	0
Total sales	184,661	200,289	-74,151	310,799
Profit from operations (EBIT) before restructuring measures	11,014	44,379	-1,105	54,288
Profit/loss before tax	11,767	32,907	-3,110	41,564