

# Q1 2023 Highlights



<b>BOOKINGS</b>	<b>MEUR 157.6</b>
1-3/2022	MEUR 129.1
<b>SALES</b>	<b>MEUR 147.3</b>
1-3/2022	MEUR 100.5
<b>EBIT</b>	<b>MEUR 26.7</b>
1-3/2022	MEUR 15.5
<b>PROFIT AFTER TAX</b>	<b>MEUR 21.3</b>
1-3/2022	MEUR 11.4

# ENERGY. SECURITY.

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# HIGHLIGHTS

## Q1 2023

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### SBO continuing strong in the first quarter of 2023

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**SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft** (SBO), listed on the ATX leading index of the Vienna Stock Exchange, started 2023 with tailwinds, which was reflected in the high demand for SBO's products and services. The first quarter of 2023 saw a rise in bookings of around 22 % to MEUR 157.6, thus exceeding sales again, which grew by 47 % to MEUR 147.3. EBIT increased to MEUR 26.7, up by 72 %. The EBIT margin also showed a clear improvement, reaching 18.1 %. Profit after tax almost doubled to MEUR 21.3. Net liquidity increased to MEUR 41.7 and gearing improved to minus 9.5 %. The book-to-bill ratio, an indicator of medium-term development, remained above 1.

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Gerald Grohmann, CEO of SBO:

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*"After a record year in 2022, we continue to report a pleasing business development for the first quarter of the current year. The persistently high level of bookings shows that demand for our services remains unbroken. But of course, we are not resting on our laurels. With our high-tech products for the energy sector, we significantly contribute to enhancing energy security. At the same time, we are preparing for the future and aim to become a strong player in the renewable energies sector as we are in our core business."*

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SBO is proactively pursuing its **Strategy 2030**, which includes the development of a new segment in the area of "New Energy". At the same time, the existing core business remains to contribute to a secure energy supply. This way, the Group aims to use its expertise to drive forward the energy solutions of tomorrow and generate around 50 % of its sales mainly in sustainable energy technologies in the long term. **ESG** is firmly anchored in the Group's strategy.

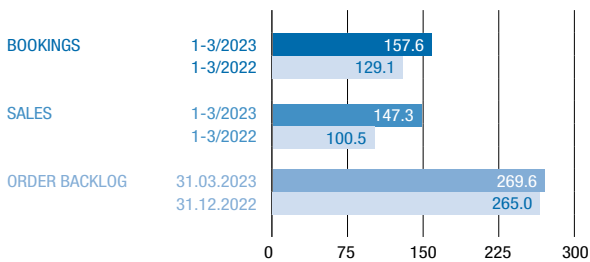
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# BUSINESS DEVELOPMENT

## SALES AND EARNINGS

SBO's booking rose to MEUR 157.6 in the first three months of 2023 (1-3/2022: MEUR 129.1, +22.1 %). Sales increased significantly to MEUR 147.3 (1-3/2022: MEUR 100.5, +46.6 %). The order backlog at the end of March stood at MEUR 269.6 (31 December 2022: MEUR 265.0).

### IN MEUR



Earnings before interest, taxes, depreciation and amortization (EBITDA) came in at MEUR 33.4 in the first quarter of 2023, compared to MEUR 23.5 in the first quarter of 2022, and the EBITDA margin decreased slightly to 22.7 % (1-3/2022: 23.4 %), caused by exchange losses of MEUR 3.8 (1-3/2022: exchange gains of MEUR 1.8). Profit from operations (EBIT) amounted to MEUR 26.7, an increase of 72.2 % year-on-year (1-3/2022: MEUR 15.5). SBO generated a profit before tax of MEUR 27.0 (1-3/2022: MEUR 14.3), with profit after tax almost doubling to MEUR 21.3 (1-3/2022: MEUR 11.4). Earnings per share increased to EUR 1.35 in the first quarter of 2023 (1-3/2022: EUR 0.72).

*"The year 2023 has started promisingly for us. We are enjoying continued strong market momentum and strong customer demand. This is reflected in our figures, both in sales growth and in the significant increase in EBIT and EBIT margin. These results underpin our leading positioning in the market",* comments SBO's CEO Grohmann.



## SEGMENTS

SBO's business consists of the two segments "Advanced Manufacturing & Services" (AMS) and "Oilfield Equipment" (OE). Sales of the AMS segment rose to MEUR 81.9 in the first three months (1-3/2022: MEUR 49.1), profit from operations (EBIT) more than

doubled to MEUR 17.5 (1-3/2022: MEUR 8.0). Sales of the OE segment grew to MEUR 65.4 (1-3/2022: MEUR 51.4), EBIT increased by about half to MEUR 11.7 (1-3/2022: MEUR 7.6).

## KEY BALANCE SHEET FIGURES

As at 31 March 2023, SBO's equity amounted to MEUR 438.4 (31 December 2022: MEUR 425.0). The equity ratio remained unchanged at 47.1 % (31 December 2022: 47.1 %). Net liquidity increased to MEUR 41.7 (31 December 2022: MEUR 34.5). Gearing improved to minus 9.5 % (31 December 2022: minus 8.1 %). Liquid funds grew to MEUR 302.5 (31 December 2022: MEUR 287.8). Cashflow from

operating activities multiplied to MEUR 19.6 in the first quarter of 2023 (1-3/2022: MEUR 3.8), and free cashflow was clearly positive at MEUR 12.8, after a negative free cashflow of MEUR minus 1.3 in the first quarter of 2022. Capital expenditure in property, plant and equipment and intangible assets (excluding right of use assets) amounted to MEUR 7.3 (1-3/2022: MEUR 5.0).

## SBO'S KEY PERFORMANCE INDICATORS AT A GLANCE

	UNIT	1-3/2023	1-3/2022
Sales	MEUR	147.3	100.5
Earnings before interest, taxes, depreciation and amortization (EBITDA)	MEUR	33.4	23.5
EBITDA margin	%	22.7	23.4
Profit from operations (EBIT)	MEUR	26.7	15.5
EBIT margin	%	18.1	15.4
Profit before tax	MEUR	27.0	14.3
Profit after tax	MEUR	21.3	11.4
Earnings per share	EUR	1.35	0.72
Cashflow from operating activities	MEUR	19.6	3.8
Liquid funds as of 31 March 2023 / 31 December 2022	MEUR	302.5	287.8
Net liquidity as of 31 March 2023 / 31 December 2022	MEUR	41.7	34.5
Headcount as of 31 March 2023 / 31 December 2022		1,521	1,484

# MARKET ENVIRONMENT

The global economy is recovering from the effects of the COVID-19 pandemic. Notably China, which was late in introducing re-opening measures, should gain momentum in the second half of this year. However, the global economic situation is currently fraught with uncertainty: High inflation rates in most Western industrialized countries are countered by rising interest rates as central banks pursue active monetary policies. Moreover, geopolitical crises are leading to increasing fears of recession in some major economies.

Despite these current uncertainties about the development of the global economy, the market environment for the oilfield service industry is intact. The increased emphasis on energy security and the growing demand for oil and gas resources, coupled with expected production shortages due to years of underinvestment in the exploration of these resources, are leading to a decoupling of activities in the industry from the prevailing economic environment. It is worth noting that investments in long-term exploration projects, such as offshore, are on the rise as well.

Oil demand increased to 100.5 million barrels per day (mb/d) in the first three months of 2023 and is forecast at 102.0 mb/d for 2023, compared to 99.8 mb/d in the full year 2022. Global oil production stood at 101.4 mb/d in the first quarter of 2023. Non-OPEC production volumes increased to 66.8 mb/d (2022: 65.5 mb/d).<sup>1</sup> The rig count totaled 1,879 rigs at

the end of the quarter, an increase of 218 rigs or 13.1 % year-on-year (March 2022: 1,661 rigs).<sup>2</sup>

According to forecasts by the International Energy Agency (IEA), expansion in the geothermal sector is expected to reach around 6 GW in the period 2022-2027, concentrated in Africa and Southeast Asia.<sup>3</sup> SBO serves this market with special tools for effective and safe drilling. In addition, the Group's Strategy 2030 includes the building of a "New Energy" segment with a focus on hydrogen and hydrogen derivatives.

Natural gas is considered a transitional resource on the path to achieving climate goals and is increasingly viewed as a destination resource for achieving the climate goals themselves. Global natural gas production remained pretty much unchanged at 4,105 bcm according to the latest IEA forecasts. Asia, in particular China, India, and South Korea, as well as the United States are considered to grow slightly.<sup>4</sup>

After reaching highs in 2022, gas prices returned to normal during the reporting period, while oil prices remained relatively stable in the first quarter of 2023. The Henry Hub gas price started 2023 at USD 4.48/MMBtu (million British thermal units) and ended the last trading day of the first quarter at USD 2.22/MMBtu. Thus, the price of natural gas reached pre-crisis levels with a decrease of 50.4 %.<sup>5</sup> European Brent crude oil started the year at USD 85.91/

<sup>1</sup> IEA, Oil Market Report, May 2023.

<sup>2</sup> Baker Hughes Rig Count.

<sup>3</sup> International Energy Agency (IEA), Renewables 2022, December 2022.

<sup>4</sup> IEA, Gas Market Report, Q2 2023.

<sup>5</sup> Bloomberg, NG1 Natural Gas (Nymex).

barrel and ended the quarter at USD 79.77/barrel (down 7.1 %). In the same period, the WTI price recorded a slight decrease from USD 80.26/barrel to

USD 75.67/barrel (down 5.7 %). Recent production cuts by OPEC+ are expected to continue to support oil prices.<sup>6</sup>

## OUTLOOK

The International Monetary Fund (IMF) forecasts global economic growth of 2.8 % overall in 2023, with 1.3 % in the developed industrialized countries and 3.9 % in the emerging markets. The euro zone is expected to grow by 0.8 %.<sup>7</sup>

The oilfield service industry is starting 2023 with a positive outlook: The rising global demand for energy and effects of the necessary catch-up from underinvestment in the exploration and production of new oil and gas deposits in recent years require additional investment. As such, global exploration and production spending is expected to increase by 14 % in oil and gas markets.<sup>8</sup>

Given the industry fundamentals, it is common belief in our industry that this spending cycle will be more durable and robust than previous cycles. While North America is expected to see flat growth due

to the moderate development of the gas price and the ongoing budget discipline for a couple of years already, the Middle East, South America, and Africa continue to be growth drivers in the industry. In addition, China, which was particularly impacted by the COVID-19 pandemic at the beginning of the year, is also displaying a resurgence in growth. The industry's positive outlook is underpinned by the need for supply security and mounting catch-up effects. For example, ongoing depletion will create a replacement demand of 63 mb/d of oil by 2030, or about 63 % of today's demand.<sup>9</sup>

The key components provided by SBO are important tools for successful and efficient drilling and well completion. Accordingly, SBO can fully participate in this cycle. Moreover, as new projects become more complex, the need for SBO's products and services increases as well.

<sup>6</sup> Bloomberg, CO1 Brent Crude (ICE) und CL1 WTI Crude (Nymex).

<sup>7</sup> IMF, World Economic Outlook, April 2023.

<sup>8</sup> Evercore ISI Research, The 2023 Evercore ISI Global E&P Spending Outlook, December 2022.

<sup>9</sup> Rystad Energy, Rystad Energy Week 2022.

SBO's Strategy 2030 envisages the expansion of the product and technology portfolio in areas other than those related to oil and gas. Key areas of focus are the extension of DMLS 3D printing technology for

high-alloy stainless steels and of solutions for the development of renewable energy sources, such as in the area of geothermal energy, hydrogen and hydrogen derivatives.

*"We want to continue to provide energy security with our existing core business and see good growth opportunities in those business areas. At the same time, we are taking advantage of the current market situation to build a new segment in the new energy area. We are currently involved with our key components in geothermal projects on several continents. At present, we anticipate a very good financial year 2023",* says CEO Grohmann.





# ABOUT SBO

## SBO AT A GLANCE

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SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO) is a globally operating group of companies and world market leader in the manufacture of high-alloy, non-magnetic stainless steels. The SBO Group is engaged in high-precision production of stainless steels as special components for the oil, gas and other industries by applying innovative and additive technologies. The SBO Group is equally recognized worldwide for its directional drilling tools and equipment for well completion. With

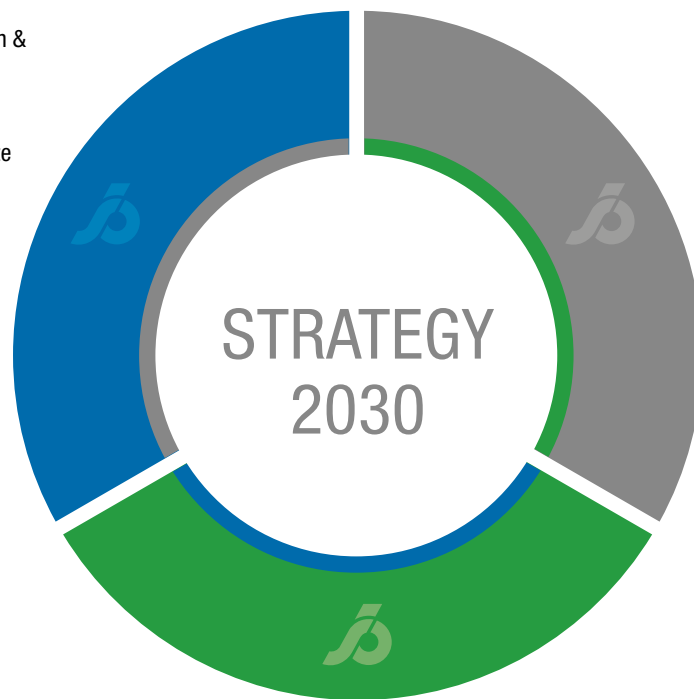
its subsidiaries and more than 1,500 employees worldwide, the Group is successfully positioned in technologically demanding, profitable niches. The Group is headquartered in Ternitz, Austria. Making an active contribution to energy transition is a key element of the Group's Strategy 2030. More detailed information on the Strategy 2030 and sustainable management (ESG) is available in the Annual Report 2022 at <https://www.sbo.at/publikationen>.

### MAINTAINING OUR CORE BUSINESS

- defend our market-leading positions
- continue to invest in research & development and in bolt-on acquisitions
- generate high cashflows as well as liquidity and maximize value (value strategy)

### BUILDING A NEW BUSINESS SEGMENT

- further expand existing diversification initiatives in areas such as aerospace, geothermal and in other industrial sectors
- make strategic investments or acquisitions, preferably in the fields of energy transition and green tech industries, thus building a new business segment that will account for 50 % of Group revenue in the long term



### ENSURING SUSTAINABILITY

- further reduce the already low total amount of greenhouse gas emissions (CO<sub>2</sub>)
- expand in ESG-compliant business areas
- invest in our employees
- encourage diversity in the teams

**ENERGY** IS OUR BUSINESS

# THE SBO SHARE

The share of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft has been listed in the Prime Market of the Vienna Stock Exchange for 20 years and is part of the ATX, the leading Austrian index. In total, 16,000,000 par value shares with a nominal value of EUR 1.00 each have been issued. The share started into the trading year at a price of EUR 58.20 and closed at EUR 59.30

on 31 March 2023. After an excellent performance in 2022, in which the SBO share was the clear leader of the ATX with a gain of 88 %, the share price rose slightly by 1.9 % in Q1 2023. Market capitalization as of 31 March 2023 was MEUR 948.8 and approximately 67 % of the shares were in free float at that date.

EUR **58.20**  
30 December 2022

EUR **59.30**  
31 March 2023

MEUR **948.8**  
Market capitalization – 31 March 2023

## FINANCIAL CALENDAR 2023

DATE	EVENT
24 May 2023	Q1 2023
25 May 2023	Dividend payment date
24 August 2023	HY 2023
22 November 2023	Q3 2023

# CONSOLIDATED PROFIT AND LOSS STATEMENT

IN TEUR	3 MONTHS PERIOD ENDED	
	31.03.2023	31.03.2022
<b>Sales</b>	<b>147,328</b>	<b>100,509</b>
Cost of goods sold	-94,751	-70,241
<b>Cost of goods sold</b>	<b>52,577</b>	<b>30,268</b>
Selling expenses	-8,846	-6,606
General and administrative expenses	-11,336	-8,605
Other operating expenses	-7,305	-3,576
Other operating income	1,607	4,018
<b>Profit from operations</b>	<b>26,697</b>	<b>15,499</b>
Interest income	1,926	135
Interest expenses	-1,630	-1,355
<b>Financial result</b>	<b>296</b>	<b>-1,220</b>
<b>Profit before tax</b>	<b>26,993</b>	<b>14,279</b>
Income taxes	-5,741	-2,923
<b>Profit after tax</b>	<b>21,252</b>	<b>11,356</b>
Average number of shares outstanding	15,729,465	15,729,465
<b>EARNINGS PER SHARE IN EUR (BASIC = DILUTED)</b>	<b>1.35</b>	<b>0.72</b>

# CONSOLIDATED BALANCE SHEET

## ASSETS

IN TEUR

31.03.2023

31.12.2022

### Current assets

Cash and cash equivalents	302,487	287,764
Trade receivables	130,184	124,514
Other receivables and other assets	11,604	11,642
Inventories	186,248	175,873
<b>Total current assets</b>	<b>630,523</b>	<b>599,793</b>

### Non-current assets

Property, plant and equipment	124,477	123,801
Goodwill	132,037	134,509
Other intangible assets	11,359	11,990
Long-term receivables and assets	2,910	3,175
Deferred tax assets	29,730	29,829
<b>Total non-current assets</b>	<b>300,513</b>	<b>303,304</b>

### TOTAL ASSETS

931,036

903,097

**LIABILITIES AND EQUITY**

IN TEUR

	31.03.2023	31.12.2022
<b>Current liabilities</b>		
Liabilities to banks	30,824	30,765
Current portion of long-term loans	46,427	58,552
Lease liabilities	2,719	2,530
Trade payables	33,704	33,075
Income tax payable	15,355	11,027
Other liabilities	154,633	153,772
Other provisions	4,213	3,832
<b>Total current liabilities</b>	<b>287,875</b>	<b>293,553</b>
<b>Non-current liabilities</b>		
Long-term loans	183,536	163,977
Lease liabilities	7,144	6,825
Provisions for employee benefits	6,706	6,616
Other liabilities	7,278	6,980
Deferred tax liabilities	128	130
<b>Total non-current liabilities</b>	<b>204,792</b>	<b>184,528</b>
<b>Equity</b>		
Share capital	15,729	15,729
Capital reserve	61,956	61,956
Legal reserve	785	785
Other reserves	19	19
Currency translation reserve	41,302	49,201
Retained earnings	318,578	297,326
<b>Total equity</b>	<b>438,369</b>	<b>425,016</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>931,036</b>	<b>903,097</b>

# CONSOLIDATED CASHFLOW STATEMENT

IN TEUR	3 MONTHS PERIOD ENDED	
	31.03.2023	31.03.2022
<b>OPERATING ACTIVITIES</b>		
Profit after tax	21,252	11,356
Depreciation, amortization and impairments	6,689	7,970
Other non-cash expenses and revenues	3,201	-2,836
<b>Cashflow from profit</b>	<b>31,142</b>	<b>16,490</b>
Change in working capital	-11,524	-12,724
<b>Cashflow from operating activities</b>	<b>19,618</b>	<b>3,766</b>
<b>INVESTING ACTIVITIES</b>		
Expenditures for property, plant and equipment and intangible assets	-7,287	-5,037
Other activities	492	18
<b>Cashflow from investing activities</b>	<b>-6,795</b>	<b>-5,019</b>
<b>FREE CASHFLOW</b>	<b>12,823</b>	<b>-1,253</b>
<b>FINANCING ACTIVITIES</b>		
Change in financial liabilities	6,613	-2,311
<b>Cashflow from financing activities</b>	<b>6,613</b>	<b>-2,311</b>
<b>Change in cash and cash equivalents</b>	<b>19,436</b>	<b>-3,564</b>
Cash and cash equivalents at the beginning of the period	287,764	291,754
Effects of exchange rate changes on cash and cash equivalents	-4,713	5,041
<b>Cash and cash equivalents at the end of the period</b>	<b>302,487</b>	<b>293,231</b>

# SEGMENT REPORTING

## 1-3/2023

IN TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	81,916	65,412	0	147,328
Intercompany sales	36,184	10,286	-46,470	0
<b>Total sales</b>	<b>118,100</b>	<b>75,698</b>	<b>-46,470</b>	<b>147,328</b>
Profit from operations (EBIT)	17,480	11,687	-2,470	26,697
<b>Profit before tax</b>	<b>17,852</b>	<b>12,321</b>	<b>-3,180</b>	<b>26,993</b>

## 1-3/2022

IN TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	49,068	51,441	0	100,509
Intercompany sales	19,575	6,639	-26,214	0
<b>Total sales</b>	<b>68,643</b>	<b>58,080</b>	<b>-26,214</b>	<b>100,509</b>
Profit from operations (EBIT)	7,986	7,582	-69	15,499
<b>Profit before tax</b>	<b>8,260</b>	<b>7,382</b>	<b>-1,363</b>	<b>14,279</b>



## CONTACT AND LEGAL NOTICE

Further information about SBO is available at [www.sbo.at](http://www.sbo.at). If you have any questions regarding 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](mailto:investor_relations@sbo.co.at).

## DISCLAIMER

Note on this quarterly financial report:  
This quarterly financial report is also available in the German language. In the event of discrepancies, the German version shall prevail.

## FORWARD-LOOKING STATEMENTS AND FORECASTS:

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