

HIGH SALES AND SOLID EBIT IN Q1 2024 DESPITE COMPETITIVE US MARKET

- Q1 sales of MEUR 146.7 maintained a high level after record sales in 2023; EBIT at MEUR 20.6
- AMS division continued excellent performance: 4.4% sales growth quarter-over-quarter, 21.7% EBIT margin
- Results of OE division impacted by continued slow US market
- Bookings up by 1.7% quarter-over-quarter to MEUR 118.6
- Additional Velo3D metal printer installed in Europe, expanding additive manufacturing capacity

Klaus Mader, CEO of SBO:

„Our first quarter results reflect a mixed picture due to different market environments across regions. The AMS division delivered another excellent quarter with increased sales and high EBIT margins. Our OE division was impacted by the weaker US market and an unfavorable product mix resulting in lower margins. The increase in bookings in Q1, driven by the AMS division, has reversed the trend of the last quarters and is an encouraging signal of growing demand which we expect to continue in Q2. Our focus remains on diversifying our product portfolio and regionally expanding in the growth markets Middle East and Asia.“

SBO'S KEY PERFORMANCE INDICATORS AT A GLANCE

	UNIT	1-3/2024	1-3/2023
Sales	MEUR	146.7	147.3
EBITDA (Earnings before interest, taxes, depreciation, and amortization)	MEUR	28.8	33.4
EBITDA margin	%	19.6	22.7
EBIT (Earnings before interest and taxes)	MEUR	20.6	26.7
EBIT margin	%	14.0	18.1
Profit before tax	MEUR	19.2	27.0
Profit after tax	MEUR	15.0	21.3
Cash flow from operating activities	MEUR	9.7	19.6
Free cash flow	MEUR	2.5	12.8
Liquid funds as of 31 March 2024 / 31 December 2023	MEUR	168.7	162.4
Net debt as of 31 March 2024 / 31 December 2023	MEUR	89.5	92.3
Equity ratio as of 31 March 2024 / 31 December 2023	%	54.7	53.6
Headcount as of 31 March 2024 / 31 December 2023		1,631	1,601

BUSINESS HIGHLIGHTS IN Q1 2024

The first quarter of 2024 marked **a solid start to the year** for SBO. We recorded a slight increase in bookings quarter-over-quarter, a positive shift after four consecutive quarters of decline. The AMS business reported another quarter of high sales, driven by the positive international market environment. In the OE business, the recently acquired Praxis Completion Technology contributed to growth in the Middle East, while the US business faced increased market pressure.

In Q1, we continued the significant **expansion of our location in Saudi Arabia**. This strategic move will help strengthen SBO's position in this fast-growing region and increase our local presence. The new facility of nearly 3,500 m² will allow us to further grow in this market. The new building will also be equipped with solar panels, in line with our sustainability goals to reduce the carbon footprint of our operations.

The **installation of the first Velo3D Sapphire XC metal printer** at the Austrian facility in Ternitz has expanded our capabilities in this state-of-the-art additive manufacturing technology, enabling us to produce complex metal components up to 600 mm in diameter and 550 mm in height by using 3D-metal printing technology. This addition not only enhances our product offering, but also sets a new industry standard in Europe, reinforcing our position as a leader in the manufacturing of complex components for various industries, including space and aerospace amongst others.

In the **geothermal sector** we further strengthened our position through successful collaborations with our customers in several countries. For example, our custom-made Boss Hog HT composite frac plug—specifically developed for Fervo Energy, an enhanced geothermal operator in North America—significantly outperformed other options. Continuing our partnership with the same customer, we designed a pioneering plug for other geothermal applications in Q1 2024 which is currently under performance testing.

Our **Technology Day in Abu Dhabi** in February was an opportunity to showcase our integrated solutions and strengthen relationships with key customers in the region. The event successfully attracted over 75 participants from different companies and stakeholders, underscoring our strategic focus on the Middle East. By presenting our cutting-edge technology offering of high-performance drilling equipment and innovative completion products, we provided a comprehensive overview of our capabilities and reinforced our commitment to technology leadership and sustainability. ■

MARKET AND BUSINESS DEVELOPMENTS Q1 2024

Market environment

Oil and gas markets continue their growth trajectory. This resilience can be attributed to an increased awareness of energy security and to the continuous rising demand for oil. Global **exploration and production (E&P) spending** increased by 11% in 2023 and is set to grow by another 5% in 2024, with the globally coordinated upturn extending into another year and laying a solid foundation for future industry activities.¹

Oil prices increased in the first months of 2024 due to escalating oil supply security concerns, especially over the geopolitical tensions in the Middle East and the Red Sea. European Brent crude oil started 2024 at USD 75.89/barrel and stood at USD 87.48/barrel on the last trading day of the quarter, an increase of 15%. In the same period, the WTI price recorded an increase from USD 70.38/barrel to USD 83.17/barrel (up 18%). **Gas prices**, on the other hand, remained low and further declined in the first quarter, as the mild winter reduced

demand. The Henry Hub gas price started 2024 at USD 2.57/MMBtu (million British thermal units) and arrived at USD 1.76/MMBtu on the last trading day of the first quarter, a drop of 32%.

Global oil demand remained at high levels in Q1 (101.7 mb/d), in line with global **oil production** of 101.7 mb/d, below the 102.9 mb/d reported in Q4 2023, in part due to arctic storm Heather which forced production shut-ins across large parts of the US oilfields in January.² The number of global oil and gas rigs ("**rig count**") increased to 1,793 rigs during the first quarter but remained well below Q1 2023 (March 2023: 1,879 rigs), with varying developments across regions. While the international rig count saw a 4% increase to 971 rigs (March 2023: 930 rigs), the rig count in the US (625 rigs) remained significantly (-17%) below last year's level (March 2023: 753 rigs).³

¹ Evercore ISI report, Energy | Oilfield Services, Equipment & Drilling, December 2023.

² International Energy Agency (IEA), Oil Market Report, May 2024.

³ Baker Hughes Rig Count.

The energy transition continues to gain traction. **Geothermal energy** as one of the sustainable energy sources will serve as a base load source, utilized for both electricity and heat generation, and is gaining momentum. The market for geothermal power generation has reached 95.63 bn kWh in 2023 and is expected to reach 99.73 bn kWh in 2024.⁴

Carbon capture and storage—another promising technology to reduce emissions—will be a key enabler in meeting climate targets, with the Intergovernmental Panel on Climate Change stressing that the technology will be key to reaching net-zero emissions by mid-century. However, the sector is still very much in the early stages.

The amount of CO₂ captured by CCS facilities worldwide currently accounts for just 0.12 percent of annual global emissions. Currently, the majority of CO₂ captured by active CCS facilities is at natural gas processing plants, but by 2030, the majority of capture capacity is expected to be used in the power sector and for the production of ammonia and hydrogen. The U.S. is a world leader in CCS development and deployment with 15 operational CCS facilities and has the largest number of CCS projects in the pipeline (104). In 2023, there were 39 CCS facilities operational worldwide, and 265 commercial CCS facilities are in the project pipeline (as per end of 2023).⁵

⁴ Statista, Jan 2024.

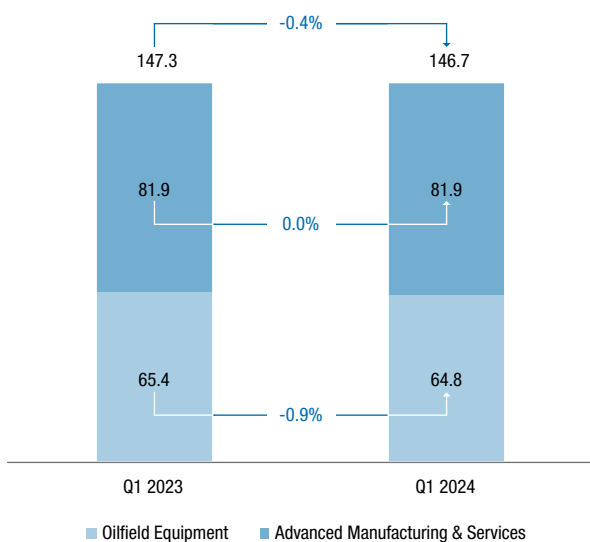
⁵ Statista, Jan 2024.

Business development

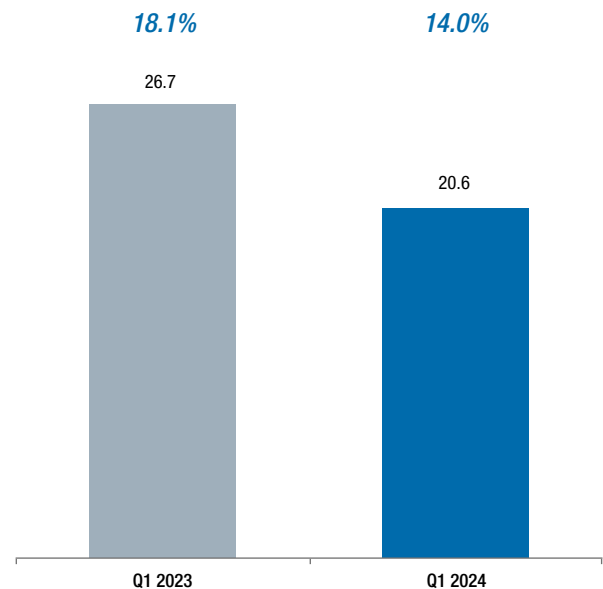
The financial performance in Q1 2024 presented a mixed picture. Bookings of MEUR 118.6 were below the exceptionally strong Q1 2023 (MEUR 157.6), a quarter that was characterized by capacity securing order behavior of customers. However, Q1 2024 bookings increased by 1.7% compared to Q4 2023, driven by the AMS division. Sales of MEUR 146.7 continued at the high levels of previous quarters and Q1 2023 (1-3/2023: MEUR 147.3). The Group's order backlog amounted to MEUR 195.0 at the end of March (31 December 2023: MEUR 225.4).

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached MEUR 28.8 in the first quarter (1-3/2023: MEUR 33.4), the EBITDA margin was 19.6% (1-3/2023: 22.7%). Profit from operations (EBIT) amounted to MEUR 20.6 (1-3/2023: MEUR 26.7) or 14.0% of sales (EBIT margin 1-3/2023: 18.1%). The earnings decline was entirely driven by the OE division.

Sales by business segment
IN MEUR



EBIT
IN MEUR | IN % OF SALES



Profit before tax amounted to MEUR 19.2 (1-3/2023: MEUR 27.0), reflecting the EBIT development as well as a lower financial result. Profit after tax came in at MEUR 15.0 (1-3/2023: MEUR 21.3), resulting in EUR 0.95 in earnings per share (1-3/2023: EUR 1.35).

Segments

The SBO Group's business is divided into two segments: Advanced Manufacturing & Services (AMS) and Oilfield Equipment (OE). The continued strong performance of the AMS segment underlines its position as the key value driver for the Group, with sales and EBIT margins remaining at high levels. Sales reached MEUR 81.9, up +4.4% quarter-on-quarter and exactly on par with the same period last year (1-3/2023: MEUR 81.9). EBIT increased slightly to MEUR 17.8 (1-3/2023: MEUR 17.5) with an EBIT margin of 21.7% (1-3/2023: 21.3%).

The OE segment faced a more challenging market environment with sales at the same level as last year but below the previous quarter. Sales amounted to MEUR 64.8 (1-3/2023: MEUR 65.4) including the additional sales from the acquired Praxis Completion Technology, and with lower sales in the US business (rig count declined -17% compared to March 2023). The competitive US market was also one of the main reasons for the lower EBIT of MEUR 3.6 compared to the same period of the previous year (1-3/2023: MEUR 11.7). An unfavorable product mix and higher costs further impacted the segment's earnings.

Key Balance Sheet Figures

In the first quarter 2024, SBO's equity increased to MEUR 473.9 (31 December 2023: MEUR 448.0) and the equity ratio rose to 54.7% (31 December 2023: 53.6%). Net debt decreased to MEUR 89.5 (31 December 2023: MEUR 92.3), which improved gearing to 18.9% (31 December 2023: 20.6%). Cash and cash equivalents amounted to MEUR 168.7 (31 December 2023: MEUR 162.4).

The cash flow from operating activities for the quarter amounted to MEUR 9.7 compared to MEUR 19.6 in Q1 2023, mostly a result of the lower earnings. The increase

in working capital in Q1 2024 was a result of unfavorable timing effects in the collection of accounts receivable. Capital expenditure on property, plant and equipment and intangible assets (excluding right of use assets) of MEUR 7.8 were at similar levels as last year (1-3/2023: MEUR 7.3). Free cash flow amounted to MEUR 2.5 compared to MEUR 12.8 in Q1 2023.

The balance sheet remains solid, supporting strategic initiatives aimed at both strengthening the core business and pursuing growth opportunities.

Outlook

The oilfield service industry continues to grow with a clear focus on international markets, especially the Middle East, Latin America and Asia. This is supported by an expected E&P spending increase of 5% to BUSD 515 globally, with international activities growing by 10%, while the US market forecast is rather modest with a relatively stable outlook (+2% growth).⁶ On the backdrop of solid global oil demand growth in the first quarter and a steady growth outlook for the global economy (+3.2%)⁷, global oil demand is projected to grow further in 2024 (+1.1 mb/d) and 2025 (+1.2 mb/d).⁸

The overall market fundamentals remain supportive and the sentiment of SBO's customer base is optimistic, especially with regard to the international markets. In North America, the market developments over the past few months point to a more challenging environment also for the near-term future.

SBO remains positive about the oil and gas sector and is confident that the core business will continue to grow. By capturing growth opportunities in international markets, further supported by the expanding presence in the Middle East and Asia, the Group looks optimistic into the future, albeit with a more cautious outlook for the US business.

At the same time, SBO is continuing its work on the development of a new business segment in the green tech energy sector. After solidifying the strategic plan and strengthening the team dedicated to this area, SBO is advancing the adaptation and use of SBO products in the area of new energy such as geothermal. In addition to organic growth, opportunities for inorganic growth continue to be explored. SBO's long-term strategy remains a priority and is being pursued with determination by the management team.

⁶ Evercore ISI report, Energy | Oilfield Services, Equipment & Drilling, December 2023.

⁷ International Monetary Fund (IMF), World Economic Outlook, April 2024.

⁸ International Energy Agency (IEA), Oil Market Report, May 2024.

ABOUT SBO

SBO at a glance

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 steels. The SBO Group is engaged in high-precision production of special components for the oil, gas and other industries by applying innovative and additive manufacturing technologies. The SBO Group is equally recognized worldwide for its directional drilling tools and equipment for well completion

in the oil, gas, and geothermal industry. With its subsidiaries and more than 1,600 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 2023 at <https://www.sbo.at/publikationen>.

STRATEGY 2030



Driving value creation in our core business:

- Organic growth initiatives with focus on expanding markets & product innovation across the portfolio
- Targeted bolt-on acquisitions, investments in R&D and technology innovation
- Operational execution as a key value driver to ensure high cash flow generation



Building a new business segment for further growth:

- Organic growth through diversification of the existing product portfolio in areas such as geothermal, CCS, space and aerospace, and other industrial sectors
- Strategic investments in scalable innovations and M&A in green tech industries and high-growth areas of energy transition



Embedding sustainability in all our business activities:

- Drive a further reduction of our already low greenhouse gas emissions
- Invest in our employees: develop capabilities and actively manage talent across the group
- Encourage diversity through dedicated programs and initiatives for a more diverse and inclusive workforce

The SBO share

The share of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft has been listed in the Prime Market of the Vienna Stock Exchange for over 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 at EUR 43.00 on 2 January 2024 and closed at EUR 44.30 on 28 March 2024. Market capitalization as of 28 March 2024 was MEUR 708.8 and approximately 67% of the shares were in free float at that date.

EUR 43.00

2 January 2024

EUR 44.30

28 March 2024

MEUR 709

Market capitalization –
28 March 2024

FINANCIAL CALENDAR 2024

DATE	EVENT
22 August 2024	Half-year results 2024
21 November 2024	Q3 2024

Consolidated profit and loss statement

IN TEUR	3 MONTHS PERIOD ENDED	
	31.03.2024	31.03.2023
Sales	146,725	147,328
Cost of goods sold	-103,135	-94,751
Gross profit	43,590	52,577
Selling expenses	-8,647	-8,846
General and administrative expenses	-11,637	-11,336
Other operating expenses	-6,416	-7,305
Other operating income	3,716	1,607
Profit from operations	20,606	26,697
Interest income	1,030	1,926
Interest expenses	-2,466	-1,630
Financial result	-1,436	296
Profit before tax	19,170	26,993
Income taxes	-4,215	-5,741
Profit after tax	14,955	21,252
Average number of shares outstanding	15,759,465	15,729,465
Earnings per share in EUR (basic = diluted)	0.95	1.35

Consolidated balance sheet

ASSETS

IN TEUR	31.03.2024	31.12.2023
Current assets		
Cash and cash equivalents	168,675	162,351
Trade receivables	147,583	132,519
Other receivables and other assets	15,338	14,696
Inventories	207,637	205,811
Total current assets	539,233	515,377
Non-current assets		
Property, plant and equipment	133,124	130,436
Goodwill	141,328	138,407
Other intangible assets	18,495	19,012
Long-term receivables and assets	3,712	3,551
Deferred tax assets	30,891	29,638
Total non-current assets	327,550	321,044
TOTAL ASSETS	866,783	836,421

LIABILITIES AND EQUITY

IN TEUR	31.03.2024	31.12.2023
Current liabilities		
Liabilities to banks	42,116	38,144
Current portion of long-term loans	41,571	41,638
Lease liabilities	2,333	2,378
Trade payables	34,577	39,624
Income tax payable	19,874	18,932
Other liabilities	50,047	46,127
Other provisions	4,007	3,654
Total current liabilities	194,525	190,497
Non-current liabilities		
Long-term loans	174,464	174,839
Lease liabilities	6,684	6,589
Provisions for employee benefits	6,262	5,988
Other liabilities	10,055	10,231
Deferred tax liabilities	853	260
Total non-current liabilities	198,318	197,907
Equity		
Share capital	15,759	15,759
Capital reserve	59,526	59,526
Legal reserve	785	785
Other reserves	19	19
Currency translation reserve	43,707	32,739
Retained earnings	354,144	339,189
Total equity	473,940	448,017
TOTAL LIABILITIES AND EQUITY	866,783	836,421

Consolidated cashflow statement

IN TEUR	3 MONTHS PERIOD ENDED	
	31.03.2024	31.03.2023
OPERATING ACTIVITIES		
Profit before tax	19,170	26,993
Depreciation, amortization and impairments	8,195	6,689
Other expenses and income*	-3,220	2,861
Cashflow from profit	24,145	36,543
Change in working capital	-14,463	-16,925
Cashflow from operating activities	9,682	19,618
INVESTING ACTIVITIES		
Expenditures for property, plant and equipment and intangible assets	-7,751	-7,287
Other activities	539	492
Cashflow from investing activities	-7,212	-6,795
Free cashflow	2,470	12,823
FINANCING ACTIVITIES		
Change in financial liabilities	1,502	6,613
Cashflow from financing activities	1,502	6,613
Change in cash and cash equivalents	3,972	19,436
Cash and cash equivalents at the beginning of the period	162,351	287,764
Effects of exchange rate changes on cash and cash equivalents	2,352	-4,713
Cash and cash equivalents at the end of the period	168,675	302,487

* Other expenses and income include interest and taxes paid and received as well as other non-cash items

Segment reporting

1-3/2024

IN TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	81,907	64,818	0	146,725
Intercompany sales	33,214	8,373	-41,587	0
Total sales	115,121	73,191	-41,587	146,725
Profit from operations (EBIT)	17,806	3,642	-842	20,606
Profit / loss before tax	18,730	3,334	-2,894	19,170

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
Total sales	118,100	75,698	-46,470	147,328
Profit from operations (EBIT)	17,480	11,687	-2,470	26,697
Profit / loss before tax	17,852	12,321	-3,180	26,993

INVESTOR NEWS

For investors or those interested in the capital market, we offer our Investor News Service, which keeps investors and shareholders up to date at all times. After registering for our news service on our website, interested parties receive regular information on corporate events relevant to the capital market.



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investor news service



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

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