

MARKET ENVIRONMENT

The oilfield service industry developed positively in the first quarter of 2008 despite of prospects of economic slowdown in the OECD countries. For the first time ever, the oil price passed the USD 100 mark in the first quarter of 2008 and reached a new record of USD 119.72¹ per barrel. According to the International Energy Agency (IEA), the reason for the constantly rising oil price is compensation for the USD weakening but also the sustained strong demand for oil from China and other non-OECD countries.

Global oil demand in the first three months of 2008 is currently² estimated by IEA at 87.3 million barrels per day, following 86.1 million barrels

Long-term demand for high-tech drilling technology sustained

per day in the same quarter of last year. For full 2008, demand is expected to arrive at 87.2 million barrels per day. Earlier estimates were corrected as a result of the IMF's most recent "World Economic

Outlook", which adjusted downwards global growth prospects, in particular in the USA. The forecast growth in demand for oil for 2008 was also revoked and is now seen at 1.5 %.

Nonetheless, the long-term tendency in demand for high-tech drilling technology remains unchanged. Declining production rates of existing oil fields and development of new, but increasingly difficult-to-tap oil deposits call for growing use of technologically sophisticated drilling equipment.

BUSINESS DEVELOPMENT

The favourable business development of Schoeller-Bleckmann continued over the first quarter of 2008. Due to the current capacity increases at all sites, delivery times were cut and the order backlog could be reduced for the first time in many quarters. At the end of the first quarter of 2008, the order backlog stood at MEUR 212 after MEUR 249 at the end of 2007 and MEUR 230 at the end of the first quarter of 2007. Towards the end of the first quarter, bookings slightly slowed down, but in spite of the weaker USD/EUR currency exchange rate went up as much as 11 % to MEUR 74.6 against MEUR 67.4 in the first quarter of 2007.

Group sales grew by 25 % to currently MEUR 88.6 (following MEUR 70.8 in the first quarter of 2007). EBIT went up 27 % from MEUR 15.9 to MEUR 20.2. The EBIT margin was again improved over the

previous year, climbing to 22.7 % (31 March 2007: 22.5 %). Profit before tax stood at MEUR 18.9, which is 20 % above the same quarter of last year (MEUR 15.8). In line with the excellent company development, profit after tax rose from MEUR 11.5 to MEUR 13.3 (up 16 %), creating earnings per share of EUR 0.83, an increase of 16 % over the same quarter of the year before (EUR 0.72).

The above sales and net income figures were achieved despite of the decline of the USD/EUR exchange rate by around 14 % over the first quarter of 2007.

The segment of MWD/LWD Components developed well as did the drilling motor business. Our Service & Supply Shops were also fully booked. Raw materials were available in sufficient quantities. Energy costs again rose steeply, while personnel costs developed in proportion with business development. Despite of the tense situation in the skilled labour market in the US and Europe SBO could hire additional employees. The headcount as at 31 March 2008 was 1,249 (following 1,222 at the end of 2007).

Excellent first quarter 2008

CAPITAL EXPENDITURE

The investment programme focusing on organic growth was continued unchanged in the first quarter of 2008. The new production facility in Ternitz/Austria was completed as planned and is about to go onstream. Capacity expansions were continued in North America as well; in Houston, development of land acquired in the previous business year was started according to plan. Aggregate additions to assets in the first quarter of 2008 amounted to MEUR 11.5, following MEUR 20.3 in the first quarter of 2007. Purchase commitments for fixed assets as at 31 March 2008 were MEUR 20.0 (MEUR 18.5 as at 31 March 2007).

RISK MANAGEMENT REPORT

Business risks of Schoeller-Bleckmann did not change substantially in the first three months of 2008 over the risks mentioned in the 2007 financial statements. We therefore refer to the risks described in the Annual Report 2007, in particular the USD/EUR currency exchange risk

¹ Oil price of Western Texas Intermediate (WTI) brand

² Oil Market Report 11 April 2008

and recommend to read this report on the first quarter of 2008 in conjunction with the Annual Report 2007.

THE SBO SHARE

The SBO share could not fully escape the generally negative market sentiment in the first quarter of 2008 and on 31 March 2008 ended at a closing price of EUR 56.44, which was approximately 8 % below the closing price of EUR 61.57 as at 28 December 2007 – by contrast, the ATX segment lost as much as around 17 % in the same period. As at 13 March 2008, Goldman Sachs took coverage of SBO with a buy recommendation. On 4 April SBO was informed that the share held in the nominal capital of SBO by Polish investment fund company BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. as at 2 April 2008 had gone from more than 5 % to 4.97 %.

ANNUAL GENERAL MEETING

This year's Annual General Meeting of Schoeller-Bleckmann Oilfield Equipment AG resolved on 16 April 2008 to increase the dividend from formerly EUR 0.80 to EUR 1.10 per share (base dividend EUR 0.50 plus bonus EUR 0.60). Furthermore, the Executive Board was authorized to implement a share buyback programme within the next 30 months. The Executive Board has immediately initiated the formal requirements to start the buyback of own shares at any time.

OUTLOOK

The long-term demand for high-tech components for the oilfield service industry has remained unchanged even if order intake at SBO has recently slowed down somewhat over the preceding quarters. Due to the production capacity expansion of Schoeller-Bleckmann and long-term delivery contracts for the new plant in Ternitz, long-ranging order

dispositions of customers are no longer required to the extent seen in the previous years. Business development may also be influenced by the USD/EUR exchange rate and the global economic development. On the whole, however, business in 2008 is expected to develop favourably.

Favourable business development expected for 2008

OTHER DISCLOSURES

The interim report as at 31 March 2008 has been prepared according to the principles of the International Financial Reporting Standards (IFRS), rules for interim financial reporting (IAS 34), to be applied in the European Union. The accounting and valuation methods as at 31 December 2007 have been applied unchanged; in this context, we refer to the consolidated financial statements for the year ended 31 December 2007. In the first three months of 2008 no changes occurred in the scope of consolidation.

The Executive Board declares that the financial statements for the first quarter of 2008 of SBO, prepared in accordance with the International Financial Reporting Standards (IFRS), give a true and fair view of the net assets, financial position and results of operations of all entities included in consolidation. The report also gives a true and fair view of the net assets, financial position and results of operations of SBO and provides information about business development and effects of existing and/or future risks on the business operations of SBO.

This report on the first quarter of 2008 of the SBO group has neither been audited nor reviewed by independent accountants. Business development of SBO is not subject to seasonal influences.

Under the share buyback programme adopted last year, 48298 own shares were acquired for MEUR 2.1 in the first quarter of 2008.

No important events have occurred after the balance sheet date.



Gerald Grohmann
Chairman of the
Executive Board, CEO



Franz Gritsch
Member of the
Executive Board, CFO

PROFIT AND LOSS STATEMENT

in TEUR	3 months ended	
	31.03.2008	31.03.2007
Sales	88,634	70,779
Cost of goods sold	-61,405	-48,592
Gross profit	27,229	22,187
Selling expenses	-2,788	-2,545
General and administrative expenses	-3,933	-3,266
Other operating expenses	-4,317	-1,330
Other operating income	3,972	873
Operating profit	20,163	15,919
Interest income	152	152
Interest expenses	-939	-641
Other financial income	0	478
Other financial expenses	-503	-145
Financial result	-1,290	-156
Income before taxation	18,873	15,763
Income taxes	-5,591	-4,298
Income after taxation	13,282	11,465
Average number of shares outstanding	15,962,317	16,000,000
Earnings per share in EUR (basic = diluted)	0.83	0.72

STATEMENT OF SHAREHOLDERS' EQUITY

31 December 2007 - 31 March 2008	in TEUR
Equity at 31 December 2007	194,105
Income after taxation	13,282
Currency translation adjustments	-9,672
Acquisition of own shares	-2,065
Equity at 31 March 2008	195,650

31 December 2006 - 31 March 2007	in TEUR
Equity at 31 December 2006	171,698
Income after taxation	11,465
Currency translation adjustments	-1,552
Other changes	-248
Equity at 31 March 2007	181,363

BALANCE SHEET

ASSETS in TEUR	31.03.2008	31.12.2007
Current assets		
Cash and cash equivalents	25,603	23,916
Trade accounts receivable	49,217	44,954
Other accounts receivable and prepaid expenses	7,837	6,033
Inventories	118,434	119,339
Total current assets	201,091	194,242
Non-current assets		
Property, plant & equipment	117,018	116,709
Goodwill	32,199	33,934
Other intangible assets	253	277
Long-term receivables	4,136	4,740
Deferred tax assets	8,481	8,003
Total non-current assets	162,087	163,663
TOTAL ASSETS	363,178	357,905

LIABILITIES AND SHAREHOLDERS' EQUITY in TEUR	31.03.2008	31.12.2007
Current liabilities		
Bank loans and overdrafts	47,978	41,871
Current portion of long-term bank loans	4,838	3,516
Accounts payable trade	38,408	39,863
Subsidies received	235	254
Income taxes payable	8,836	6,846
Other payables	14,051	15,818
Other accruals	8,125	8,397
Total current liabilities	122,471	116,565
Non-current liabilities		
Long-term bank loans	28,328	30,079
Subsidies received	1,144	1,175
Retirement benefit obligations	3,444	3,382
Accounts payable trade	165	172
Other payables	5,913	5,960
Deferred tax payables	6,063	6,467
Total non-current liabilities	45,057	47,235
Shareholders' equity		
Share capital	15,952	16,000
Contributed capital	63,782	65,799
Legal reserve - non-distributable	785	785
Other reserves	49	50
Translation component	-41,849	-32,177
Retained earnings	156,931	143,648
Total shareholders' equity	195,650	194,105
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	363,178	357,905

CASH FLOW STATEMENT

in TEUR	3 months ended	
	31.03.2008	31.03.2007
Cash and cash equivalents at the beginning of the period	23,916	40,850
Cash earnings	21,364	15,167
Cash flow from operating activities	5,689	1,939
Cash flow from investing activities	-11,061	-19,449
Cash flow from financing activities	5,793	3,776
Effects of exchange rate changes and revaluations	1,266	-203
Cash and cash equivalents at the end of the period	25,603	26,913

SEGMENT INFORMATION

in TEUR	Europe	North America	Other regions	SBO-Holding & Consolidation	Group
1-3/2008					
Sales	57,511	68,005	5,013	-41,895	88,634
Operating profit	8,940	12,273	1,211	-2,261	20,163
1-3/2007					
Sales	30,780	60,944	3,145	-24,090	70,779
Operating profit	5,534	11,288	566	-1,469	15,919

- Schoeller-Bleckmann Oilfield Equipment AG is the global market leader in high-precision components for the oilfield service industry.
- The business focus is on non-magnetic drillstring components for high-tech directional drilling.
- Worldwide, the company employs a workforce of 1,249 (end of 2007: 1,222), thereof 383 in Ternitz/Austria and 614 in North America (including Mexico).

This report includes information and forecasts that are based on the future development of the SBO Group and its member companies. These forecasts represent estimates, which were prepared based on the information available at this time. If the assumptions underlying these forecasts are not realized or risks – as described in the risk report – should in fact occur, actual results may differ from the results expected at this time.

This report is not connected with a recommendation to buy or sell shares in Schoeller-Bleckmann Oilfield Equipment AG.

The English translation of this report is for convenience. Only the German version is binding.

For additional information please contact:

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LETTER TO OUR SHAREHOLDERS

1 - 3/2008

HIGHLIGHTS

- New production facility commissioned at Ternitz site
- Further improvement of company financials in Q1/2008
- Long-term security provided for oilfield service industry cycle
- High oil price keeps global drilling activities at high level
- Favourable business development expected for 2008