

# CONFERENCE CALL

## H1 2024

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# ABOUT THE CONFERENCE CALL

This video call will be recorded and made public on the company's website as information to the capital market.

The presentation will be listen-only, followed by an interactive Q&A session.

We invite you to ask any questions you might have after the presentation by raising your hand in MS Teams and the moderator will invite you to open your mic so that you can join the conversation.

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# Business & Financial Highlights

## H1 2024

# H1 2024 in review - key themes

## Operational priorities

- Addressing the challenging US market environment
- Expanding capacities and business growth in Middle East, Asia and Latin America
- Driving innovation – securing technological leadership

## Strategy recalibration

- Deeper strategic analysis while widening the search in market and industry applications
- Primary focus remains on opportunities in energy transition
- Brand repositioning

## Organizational adaptation and strengthening of the team



# High cash flow despite lower earnings, advancing strategic expansion into growth regions

## Business and Financial Highlights



**H1 sales at MEUR 288.1 close to record level of 2023**, as lower sales in a weaker US market were offset by higher sales in international growth regions.

**Bookings up 9% q-o-q in Q2**



**Group EBIT of MEUR 36.6 well below H1 2023**, entirely due to an earnings shortfall in the OE division. AMS continued with strong performance and EBIT margin of 22.8%.



**Free CF of MEUR 27.7** improved as a result of lower working capital

**Net debt** only slightly higher despite dividend payment of MEUR 31.5; **equity ratio** at 54.3%, **gearing** at 20.9%



**Regional expansion in growth markets** advancing successfully

**Strategy recalibration** deepened

# Business highlights of Q2

**Strategic expansion of our business into growth regions** with expanded well-completion product portfolio and split-flow-while-drilling technology building momentum in the **Middle East**; successful expansion of our customer base in in **LATAM**

**SBO is a great place to work:** our subsidiary in Vietnam has been officially certified as a “Great Place to Work”. This certification is not only a reflection of the positive, inclusive and supportive culture at SBO, but also speaks to the dedication, passion and enthusiasm of our teams around the world.



**Advanced Additive Manufacturing:** new machine and powder grade added to the range, CP-1, an Aluminum-Iron-Zirconium powder solution, particularly suited for products used in challenging environments such as in aerospace, motorsports and semiconductor industries

**Position in geothermal further expanded:**

- Second type of custom-made plugs delivered in North America (Fervo Energy)
- Successfully supplied our circulation sub technology for one of the longest and deepest geothermal drilling projects in continental Europe

# US rig count has declined by > 20% since the beginning of 2023

## US Rig Count



Source: Baker Hughes Rig Count

US rig count has been on a steady decline since January 2023 (-24%). In the first weeks of Q3 2024 the number of active rigs has stabilized at around 586 in mid August.

## International Rig Count



Source: Baker Hughes Rig Count

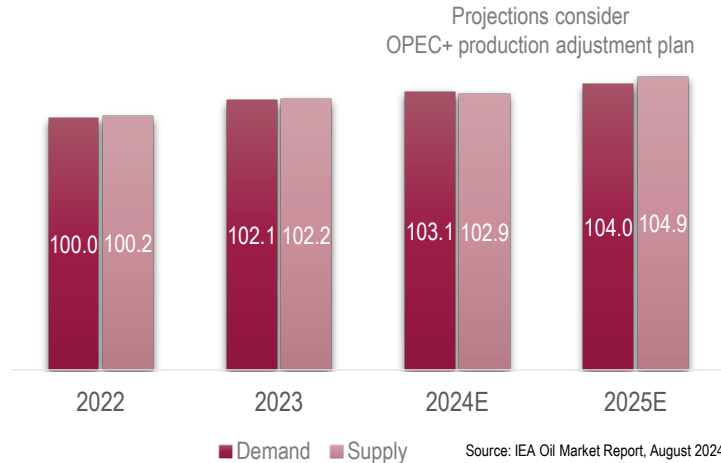
International rig count remains at high levels whereby recent months showed slight declines in the number of active rigs.



# While general market conditions are intact, spending behavior has been moderating since the beginning of 2024

## Oil Supply / Demand

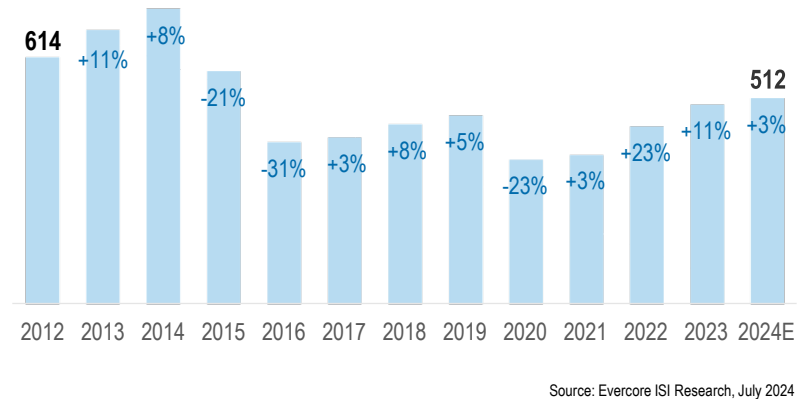
in mb/d



Global oil demand expected to grow further in 2024 and 2025 to a record high, led by consumption in India, China and Brazil.

## E&P Spending

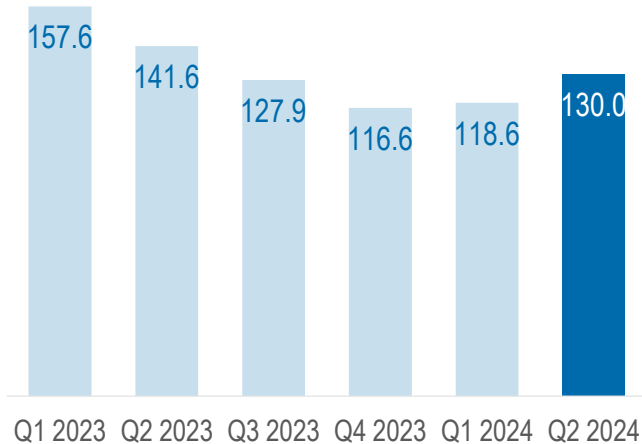
in \$B / %



Expectations for E&P spending have been lowered in the course of 2024 from 5% to 3% growth. Long-cycle projects in the Middle East and in international offshore basins are driving international spending (+5%), while the US spending is project to decline by 3% this year.

# Bookings saw growth of 1.7% in Q1 and 9.6% in Q2

## BOOKINGS IN MEUR

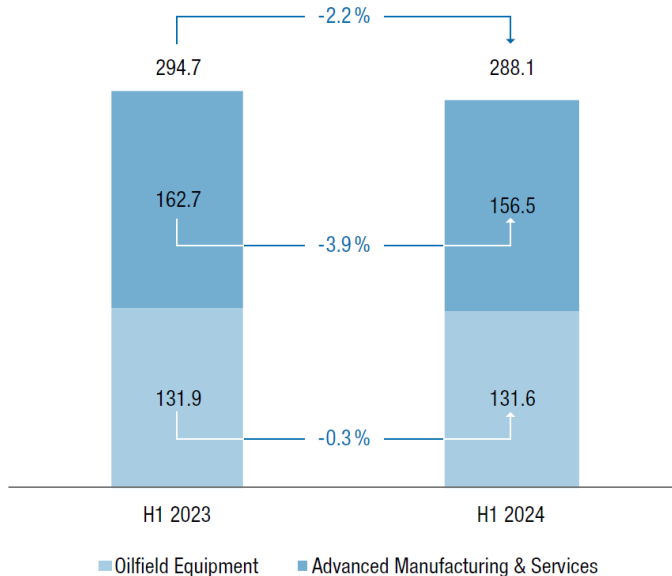


With growth of +1.7% in Q1 and 9.6% in Q2, bookings saw an uptake in demand in the first half of 2024.

# Sales remained at a high level; OE saw lower sales in the US offset by higher sales in the Middle East and Asia

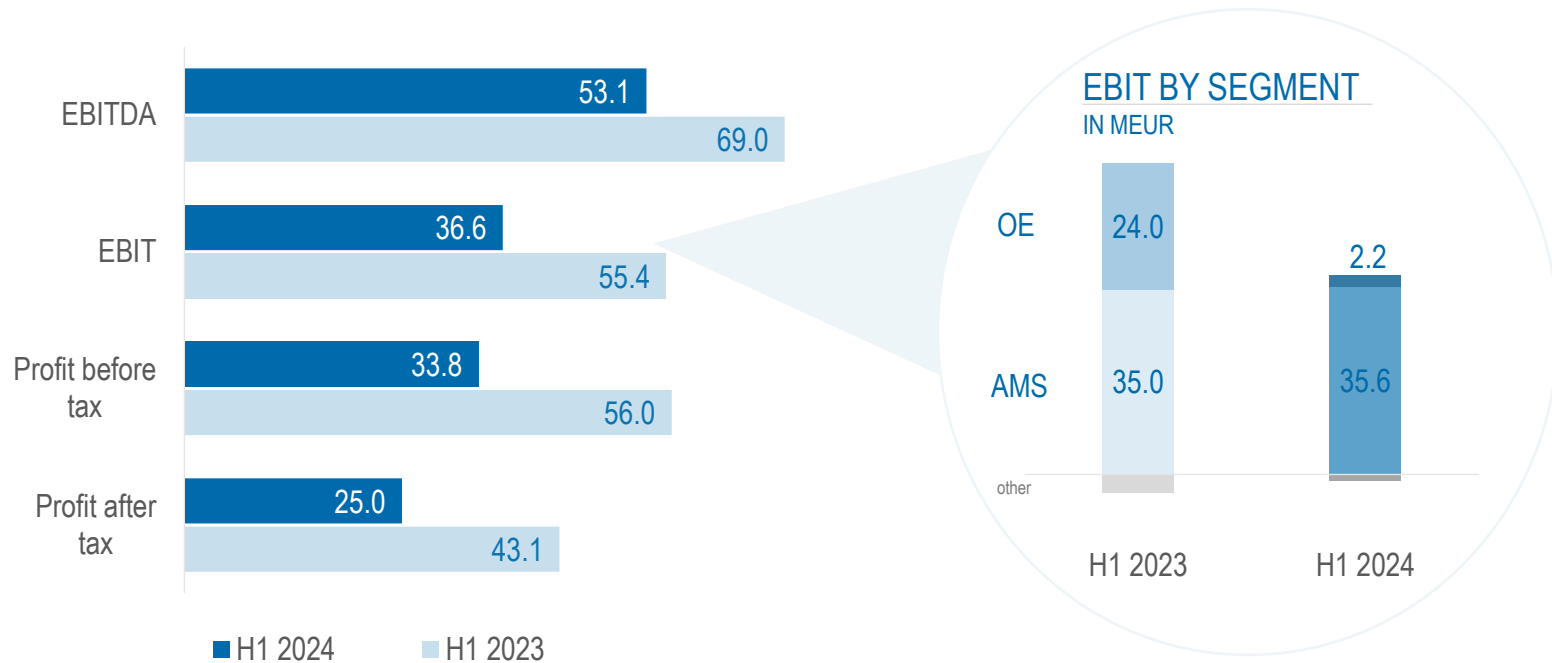
## GROUP SALES BY SEGMENT

IN MEUR | GROWTH %



- Sales in AMS at solid levels.
- OE sales were stable y-o-y, whereby lower sales in the US, particularly in the rental business, were offset by higher sales in international growth markets.

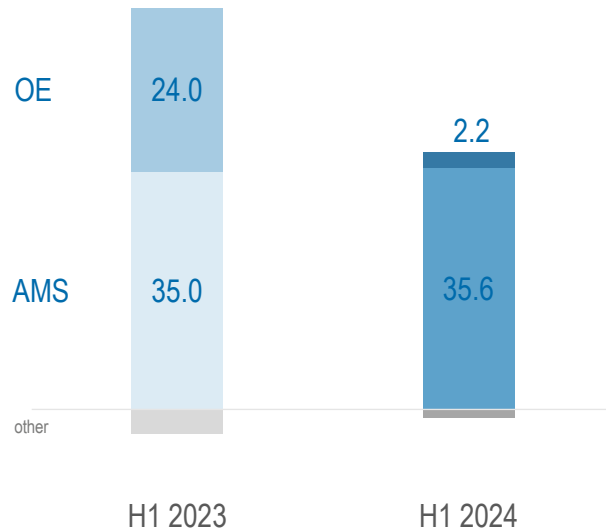
# EBIT and EBITDA declined compared to last year due to lower results in the OE business; AMS at excellent levels



# OE EBIT shortfall due to weaker US market, a less favorable product mix, higher cost; situation addressed with decisive actions

## EBIT BY SEGMENT

IN MEUR

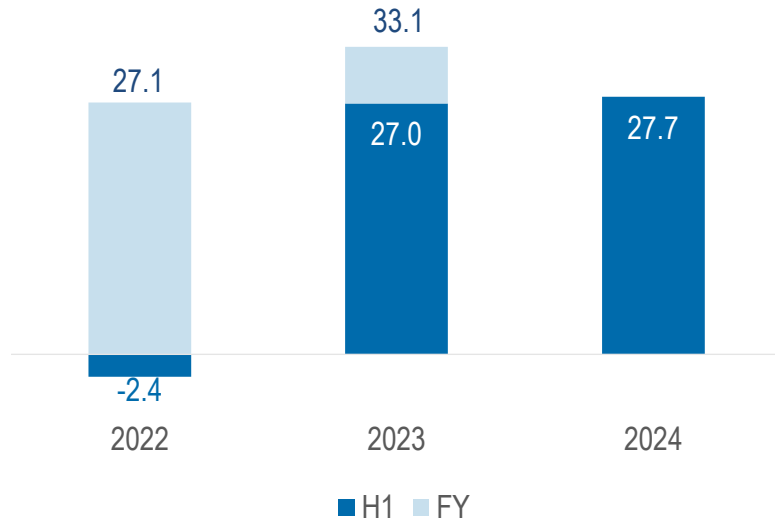


The EBIT shortfall in OE is a combination of multiple factors affecting the result:

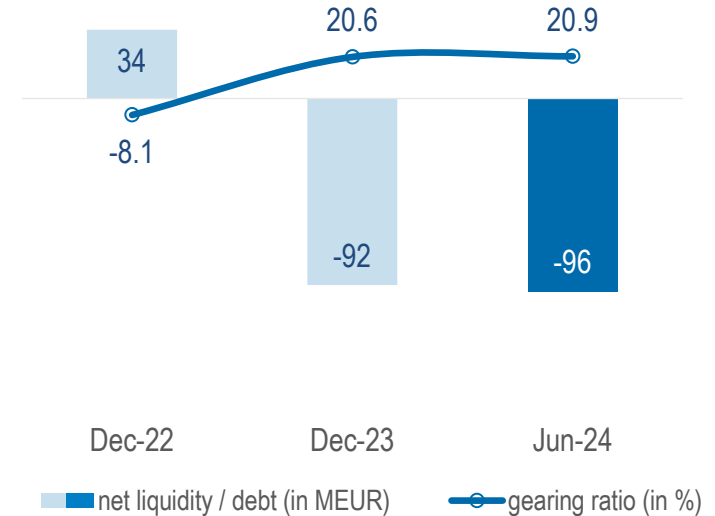
- Weaker, competitive US market in H1 2024
- Less favorable product mix compared to a strong H1 2023
- Additional repair and maintenance cost on rental fleet
- Acquisition-related charges (Praxis)
- Organizational and operational changes

# Despite the reduction in earnings, free cash flow improved to MEUR 27.7 due to lower working capital

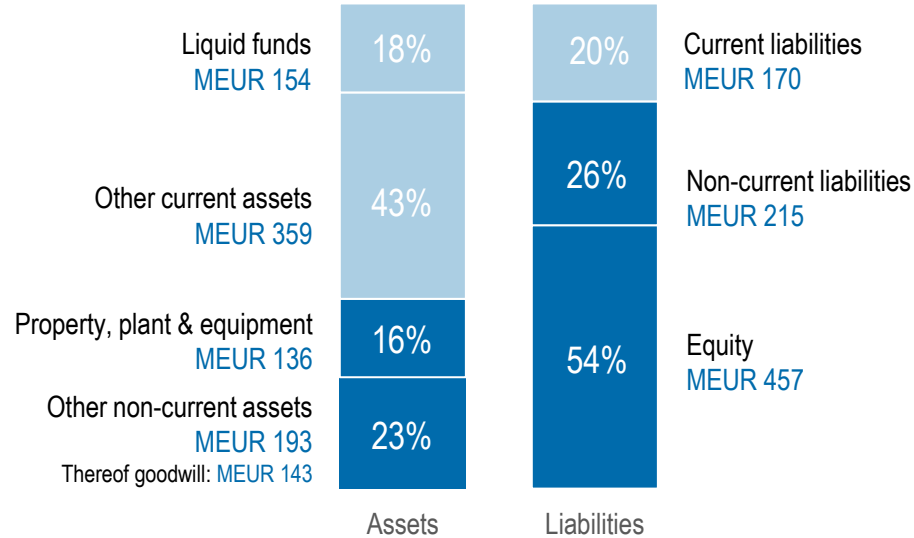
FREE CASH FLOW  
IN MEUR



NET LIQUIDITY / DEBT AND GEARING  
IN MEUR



# Balance sheet remains very solid with further improved equity ratio of 54.3%



*Total assets: MEUR 842*

As of 30 June 2024, in MEUR (percentages rounded to reflect 100%)

# ESG progress in 2024: Solid progress on environmental objectives and more concrete measures taken for future improvements

## EMISSIONS

	UNIT	H1 2024	H1 2023
Scope 1	CO <sub>2</sub> e in tons	1,972	2,202
Scope 2 (market based)	CO <sub>2</sub> e in tons	4,810	4,528
<b>TOTAL SCOPE 1+2</b>	CO <sub>2</sub> e in tons	<b>6,782</b>	<b>6,730</b>

## ENERGY CONSUMPTION

	UNIT	H1 2024	H1 2023
<b>TOTAL ENERGY CONSUMPTION</b>	in MWh	<b>26,575</b>	<b>27,123</b>

Scope 1 and 2 emissions remained stable year-over-year while total energy consumption was reduced by 2%.

The share of renewable electricity has reached 46% thanks to PV installations across locations.



# Outlook

- Industry fundamentals remain positive, especially in international and offshore markets, while the general growth pace has been moderating
- US market will remain challenging in the near future, but the measures taken in Q2 will lead to improved, positive results in OE already in Q3
- Expansion to growth markets in Middle East, Asia and LATAM remains a key priority; capacity expansion in the Middle East and in Asia is progressing well
- Strategy recalibration deepened, growth focus remains
  - Organic: geothermal, CCS and 3D metal printing into diversified markets
  - Inorganic: scalable innovations and M&A in energy transition



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