

## **SBO with solid results and higher cash flow in a challenging market environment**

- **1-9/2024: Sales of MEUR 425.6 sustained by 8.7% growth in the OE division, EBIT at MEUR 51.8, free cash flow improved to MEUR 42.5**
- **Q3 2024: OE division with significant sales and EBIT improvement, AMS division sales affected by demand softening**

Ternitz, 21 November 2024. Schoeller-Bleckmann Oilfield Equipment AG (SBO), listed in the leading index ATX of the Vienna Stock Exchange, continued to expand into growth markets such as Latin America and the Middle East and invested in a new, larger facility in Saudi Arabia. These regional expansion steps and the diversification into new markets such as geothermal energy and 3D metal printing contributed to SBO's performance. At the same time, the market environment has become increasingly challenging: Oil demand growth slowed considerably compared to the two previous years. A highly volatile oil price in the past few months has led to a moderation in spending behavior in the US and internationally. However, the long-term fundamentals remain intact.

In the first nine months of 2024, bookings remained solid with MEUR 372.9, albeit 12.7% below the high level of the previous year (1-9/2023: MEUR 427.0). Sales of MEUR 425.6 continued at a similar level to the prior year period (1-9/2023: MEUR 437.2) and reflect the rebound of the Oilfield Equipment (OE) business in Q3, while sales in Advanced Manufacturing & Services (AMS) have moderated over the course of the year. The Group's order backlog amounted to MEUR 166.0 at the end of September (31 December 2023: MEUR 225.4).

Earnings before interest, taxes, depreciation and amortization (EBITDA) reached MEUR 75.8 in the first nine months of 2024 (1-9/2023: MEUR 103.0), the EBITDA margin was 17.8% (1-9/2023: 23.6%). Profit from operations (EBIT) amounted to MEUR 51.8 (1-9/2023: MEUR 82.0) or 12.2% of sales (EBIT margin 1-9/2023: 18.7%), impacted by a challenging US market environment, a less favorable product mix and additional expenses in the OE division in the first half of the year. Lower sales and reduced gross margin in the AMS division in Q3 further lowered profit from operations. The rebound in the OE division in Q3 (EBIT of MEUR 5.7) positively contributed to the Group EBIT.

Profit before tax amounted to MEUR 47.1 (1-9/2023: MEUR 74.1), reflecting the lower profit from operations partially offset by an improved financial result, as last year included a MEUR 8.5 expense related to a legal settlement. Profit after tax came in at MEUR 34.4 (1-9/2023: MEUR 55.8), resulting in EUR 2.18 in earnings per share (1-9/2023: EUR 3.54).

*“In the third quarter we achieved a significant improvement in both sales and EBIT of our OE business. Our expansion efforts in growth regions as well as our operational measures taken contributed to this development. At the same time, we actively managed a softening demand in AMS that impacted sales and earnings”,* said Klaus Mader, CEO of SBO. *“With our experience in navigating dynamic market conditions and our diversification initiatives such as 3D metal printing, we are well positioned for long-term success. We are fully committed to sustainable business excellence, which has also been recognized by winning the ESG Award at the Austrian Leading Companies Awards.”*

### **Solid balance sheet and higher cash flow**

In order to refinance loans due in 2024 and 2025, and in support of its strategic growth and investment priorities, SBO raised a total of MEUR 161.5 in additional funds in the course of 2024. In the same period, long-term loans of MEUR 69.5 were repaid. As a result, the equity ratio declined to 48.3% at the end of September (31 December 2023: 53.6%), with equity at MEUR 443.8 (31 December 2023: MEUR 448.0). Net debt decreased to MEUR 87.2 compared to MEUR 92.3 at the end of 2023, further improving the gearing ratio to 19.6% (31 December 2023: 20.6%). Cash and cash equivalents increased to MEUR 263.2 (31 December 2023: MEUR 162.4), mostly driven by the net increase in cash from financing transactions.

The cash flow from operating activities for the first three quarters of 2024 increased to MEUR 64.9 compared to MEUR 61.2 last year, as lower cash flow from earnings was more than compensated by a reduction in working capital. Free cash flow improved to MEUR 42.5 compared to MEUR 17.2 in the prior year period, which included an acquisition-related cash outflow of MEUR 18.8.

### **Outlook**

The oilfield service industry is expected to face a dynamic market environment in the near term. Highly volatile oil prices and a moderation in spending behavior are expected to continue impacting both the US and international markets. Potential policy changes in key markets, geopolitical uncertainties as well as volatility in commodity pricing can have a significant impact on market dynamics.

Despite these short-term challenges, the long-term outlook for the energy sector remains positive, driven by the sustained high global energy demand and the emphasis on energy security. The energy transition, including the growth of areas like geothermal energy and carbon capture and storage, continues to gain momentum, and SBO is well positioned to capitalize on these opportunities. While managing the demand moderation within the AMS division going forward, SBO expects to see further improvements in the OE business in 2025.

SBO is currently in the process of finalizing its strategy recalibration, with a related update planned for early 2025. Hand in hand, the company is working on a relaunch of the SBO branding, adapted to our future strategy and positioning in the market. The company's focus remains on profitable growth, innovation, and sustainability, ensuring that SBO captures the opportunities of an evolving energy landscape and creates sustainable value. The additional funds raised are supporting the execution of these initiatives.

## SBO's key performance indicators at a glance

		1-9/2024	1-9/2023
Sales	MEUR	425.6	437.2
EBITDA (Earnings before interest, taxes, depreciation, and amortization)	MEUR	75.8	103.0
EBITDA margin	%	17.8	23.6
EBIT (Earnings before interest and taxes)	MEUR	51.8	82.0
EBIT margin	%	12.2	18.7
Profit before tax	MEUR	47.1	74.1
Profit after tax	MEUR	34.4	55.8
Cash flow from operating activities	MEUR	64.9	61.2
Free cash flow	MEUR	42.5	17.2
Liquid funds as of 30 September 2024 / 31 December 2023	MEUR	263.2	162.4
Net debt as of 30 September 2024 / 31 December 2023	MEUR	87.2	92.3
Equity ratio as of 30 September 2024 / 31 December 2023	%	48.3	53.6
Headcount as of 30 September 2024 / 31 December 2023		1,604	1,601

*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>.*

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