SCHOELLER
BLECKMANN
OILFIELD
EQUIPMENT

Annual Financial Report 2019

ENERGY BEYOND BORDERS

CONTENT

"SBO has been committed to the Austrian Corporate Governance Code since 2005."

MANAGEMENT REPORT

The consolidated management report relates to the IFRS consolidated financial statements according to section 245a UGB (Austrian Commercial Code).

HIGHLIGHTS

- **SBO reports sound business development in international markets**
- **Sales rose to MEUR 445, profit from operations (EBIT) was MEUR 60**
- **Proposed dividend of EUR 1.20 per share, after being EUR 1.00 per share in the previous year**

Large regional differences in North America and international markets created a challenging environment for the oil and gas industry and defined SBO's 2019 financial year. While demand in North America was still stable at the beginning of the year, it weakened sharply from mid-year on, due to the high investment discipline of North American oil and gas companies. As the international market environment developed positively, SBO's global positioning helped the company to make good use of the opportunities in these markets and reduce the effects of the weaker North American business. This was reflected in the positive business development seen in 2019: Bookings exceeded sales, EBIT developed solidly and cashflow from operating activities increased strongly.

SBO consistently implemented its sustainable growth strategy in 2019. To further optimize the Group, the two North American subsidiaries Downhole Technology and Resource Well Completion Technologies were combined under the name "The WellBoss Company" as of 1 October 2019. The newly combined company has great future potential and combines the innovative capability of Resource with the sales strength of Downhole Technology. This also entails the overall reinforcement of international sales of SBO's well completion products. The production sites in England and Mexico were closed in 2019 as planned and capacities were transferred to Austria and Vietnam, among others, from where the international market will continue to be served. Spending for research and development projects were also of fundamental importance for SBO in 2019 in order to supply customers worldwide with innovative technologies. All in all, the company underscored its pioneering role in innovation and strengthened its position in key markets.

"We provide customers worldwide with innovative technologies."

MARKET ENVIRONMENT

Global economic growth slowed in the past financial year. According to current estimates by the International Monetary Fund (IMF), global economic growth in 2019 was 2.9 %, following 3.6 % in the previous year. Therefore, the global economy developed at the weakest rate observed since the global financial crisis in 2009. Negative factors were above all the trade dispute between the USA and China, increasing trade barriers and growing uncertainty over geopolitical risks. The downturn spread across the regions: Both economic growth in the industrialized nations (1.7 % following 2.2 % in 2018) and the growth rates in emerging markets (3.7 % following 4.5 % in 2018) declined in 2019.[3]

According to the International Energy Agency (IEA), average global oil demand rose by 0.8 million barrels per day (mb/d) or 0.8 % to 100.1 mb/d in 2019 (2018: 99.3 mb/d). While demand in the non-OECD countries went up marginally by 1.1 mb/d or 2.1 % to 52.5 mb/d (2018: 51.4 mb/d), it slightly declined year-on-year to 47.6 mb/d in the OECD countries (2018: 47.9 mb/d).

[3] IMF World Economic Outlook, January 2020.

Over the full year, demand for crude oil (100.1 mb/d) and production (100.5 mb/d) remained almost in balance. OPEC production in 2019 fell to 35.5 mb/d, while in the non-OPEC countries it rose to 65.0 mb/d. The production cut decided by OPEC states (including partner states) in December 2018 was extended in mid-year. In order to stabilize the oil market and support prices, the OPEC+ alliance agreed on a total production cut of 2.1 mb/d on 6 December 2019.[4]

The market environment for the oilfield service industry was also adversely affected in 2019 by the trade conflict between China and the USA and fears of a further economic downturn. Market development varied from region to region: While the upward trend on international markets continued, the North American market was characterized by a restrictive spending policy at the exploration and production companies and weakened noticeably. In the course of 2019, the global rig count fell by 9.0 % to 2,043 rigs (December 2018: 2,244 rigs). The main reason for this decline was the US rig count, which fell by 25.4 % to 804 rigs (December 2018: 1,078 rigs). In Canada, the downward trend was also reflected in a 4.3 % decline in the rig count to 135 rigs in December 2019. Internationally, there was an increase of 7.7 % to 1,104 rigs (December 2018: 1,025 rigs), mainly due to the positive development in Europe and the Middle East - both onshore and offshore. While the US rig count decreased continuously throughout the year, the number of international rigs went up, especially in the first half of 2019, and flattened off slightly toward the end of the year.[5] The number of drilled but uncompleted wells (DUCs) recorded an increase until mid-2019 and began to decline in the second half of the year due to lower activity.The number of units in the United States reached 7,716 in December 2019 (December 2018: 8,010 units).[6]

The development of oil prices showed strong volatility over the year. At the end of 2019, prices were up following the partial settlement of the trade dispute between the USA and China. North Sea crude Brent started 2019 at a price of USD 53.80, and closed at USD 66.00 at the end of December, an increase of 22.7 %. The price of North American crude WTI rose from USD 45.41 to USD 61.06 in 2019, up by 34.5 %.[7]

Global exploration and production (E&P) spending grew by 3 % in 2019, with stronger activity in the international market offsetting the restrictive spending policy in North America. International E&P spending rose by 6 %, while North America, due to the strict cost discipline of the exploration and production companies, recorded a decrease of 6 % caused by a cut in E&P spending of 6 % in the USA and 9 % in Canada.[8]

"Market development varied from region to region."

[4] International Energy Agency (IEA), Oil Market Report, February 2020.
[5] Baker Hughes Rig Count.
[6] U.S. Energy Information Administration (EIA), Drilling Productivity Report, February 2020.
[7] Bloomberg: CO1 Brent Crude (ICE) and CL1 WTI Crude (Nymex).
[8] Evercore ISI, The 2020 Evercore ISI Global E&P Spending Outlook, December 2019.

BUSINESS DEVELOPMENT

SBO can look back on a sound 2019 financial year. The company's wide-ranging strategic positioning proved its worth in a highly dynamic market environment. Demand for SBO's high-quality products and services generated positive results. SBO's well-developed international business compensated to a large extent for the weakness of the North American market.

Sales increased by 6.0 % year-on-year to MEUR 445.3 (2018: MEUR 420.2). Bookings amounted to MEUR 467.2, following MEUR 481.9 in 2018. The order backlog went up to MEUR 123.0 at the end of 2019 (31 December 2018: MEUR 97.7). Earnings before interest, taxes, depreciation and amortization (EBITDA) came to MEUR 108.6 (2018: MEUR 120.0). Profit from operations (EBIT) reached MEUR 60.2 (2018: MEUR 46.9). The previous year's figure includes a non-cash, retroactive restatement of the goodwill of a subsidiary in the amount of MEUR 23.9 as of 31 December 2018.[9] The EBITDA margin stood at 24.4 % (2018: 28.6 %), and the EBIT margin at 13.5 % (2018: 11.2 %).

The financial result for 2019 amounted to MEUR minus 12.3 (2018: MEUR minus 14.8). Profit before tax was MEUR 47.9 (2018: MEUR 32.0), while profit after tax was MEUR 32.3 at year-end (2018: MEUR 17.5). Earnings per share were EUR 2.03 (2018: EUR 1.10).

The balance sheet structure of SBO is sound: Shareholders' equity increased to MEUR 370.1 (2018: MEUR 344.8).[9] SBO's equity ratio climbed to 42.3 % at the end of 2019 (2018: 39.3 %), while net debt was reduced to MEUR 20.1 (2018: MEUR 62.5). Accordingly, the gearing ratio also fell, from 18.1 % to 5.4 % at year-end 2019. Cash and cash equivalents amounted to MEUR 265.2 (2018: MEUR 241.5). Cashflow from operating activities almost tripled, reaching MEUR 98.1 at year-end (2018: MEUR 33.4). Free cashflow increased from MEUR minus 0.3 in 2018 to MEUR 63.8 in 2019, despite payments for the acquisition of minority interests of MEUR 30.1. Capital expenditure on property, plant and equipment and intangible assets (CAPEX) came to MEUR 31.5 (2018: MEUR 35.9). On 31 December 2019, purchase commitments for property, plant and equipment amounted to MEUR 5.0 (2018: MEUR 2.1).

The Executive Board will propose to the Annual General Meeting on 23 April 2020 to increase the dividend for the 2019 financial year to EUR 1.20 per share (2018: EUR 1.00 per share).

DEVELOPMENT OF THE SEGMENTS

SBO's business is subdivided into the two reportable segments "Advanced Manufacturing & Services" (AMS) and "Oilfield Equipment" (OE):

- The "Advanced Manufacturing & Services" (AMS) segment comprises high-precision machining and repair of drill collars and complex MWD (Measurement While Drilling) / LWD (Logging While Drilling) components made of non-magnetic corrosion resistant stainless steel, which form the housing of sensitive measuring instruments used for the precise measurement of inclination and direction of the drillstring as well as petrophysical parameters.

- The "Oilfield Equipment" (OE) segment bundles a wide range of highly specialized solutions for the oil and gas industry: High-performance drilling motors and tools for directional drillstring drive in addition to downhole circulation tools as well as products for efficient and resource-saving completion of unconventional wells using the Plug-n-Perf und Sliding Sleeve technologies.

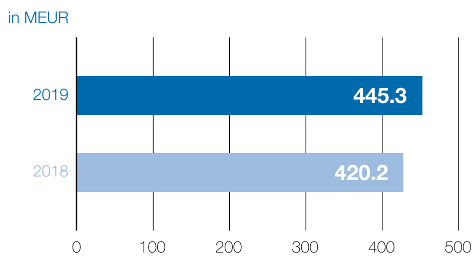
The "Advanced Manufacturing & Services" (AMS) segment picked up strongly in 2019 due to the revival of the international market. Compared to the previous year, sales in 2019 rose by 30.5 % to MEUR 223.8 (2018: MEUR 171.5). Profit from operations (EBIT) before non-recurring items increased to MEUR 33.9 (2018: MEUR 22.7).

The "Oilfield Equipment" (OE) segment was affected by the weakness of the North American market. Sales were MEUR 221.5 (2018: MEUR 248.7) and the profit from operations (EBIT) before non-recurring items came to MEUR 28.7 (2018: MEUR 55.2).

ANALYSIS AND RESULTS

The consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Sales



Due to the positive development of the international markets, sales increased by 6.0 %, from MEUR 420.2 in 2018 to MEUR 445.3 in 2019. As in the previous years, the US dollar remained the most important currency by far for the SBO Group. In 2019, 84 % (compared to 84 % in 2018) of sales were generated in US dollars, and approximately 59 % (compared to 57 % in 2018) of expenses were also incurred in US dollars. As the average exchange rate for 2019 of EUR 1 = USD 1.1196 was higher than for 2018, where it had been EUR 1 = USD 1.1815, it had a supporting effect. The US dollar rose against the Euro in the course of the year. The closing price on 31 December 2019 was EUR 1 = USD 1.1234, up by around 2 % from EUR 1 = USD 1.1450 on 31 December 2018.

Exchange rate development

EUR / USD	HIGH	LOW	AVERAGE	CLOSING
2019	1.1535	1.0889	1.1196	1.1234
2018	1.2493	1.1261	1.1815	1.1450

In the preparation of the annual financial statements 2018 and 2019, the average rates of these years have been used for the consolidated profit and loss statements, and the closing rates as of 31 December for the consolidated balance sheets.

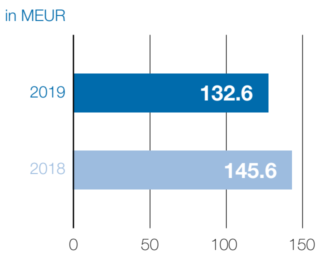
Sales by business segments

in MEUR	2019	2018
Advanced Manufacturing & Services	223.8	171.5
Oilfield Equipment	221.5	248.7
Total sales	**445.3**	**420.2**

The "Advanced Manufacturing & Services" segment benefited from the positive international market environment. Since international E&P spending rose again for the first time in 2018, this trend continued throughout 2019. As a result, sales increased significantly in the course of 2019. Sales rose by 30.5 %, from MEUR 171.5 in 2018 to MEUR 223.8 in 2019.

The weakness in the North American market was reflected in the "Oilfield Equipment" segment. Whereas demand in North America was still stable at the beginning of the year, it decreased substantially from mid-year onward, due to the strict spending discipline of North American oil and gas companies. The resulting decline in drilling and completion activities led to a 10.9 % drop in sales to MEUR 221.5 in 2019, down from MEUR 248.7 in 2018.

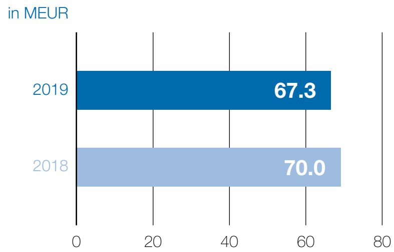
Gross profit



After totalling MEUR 145.6 in 2018, gross profit in 2019 fell to MEUR 132.6, and with it the gross margin, which went from 34.6 % in 2018 to 29.8 % in 2019. The lower gross margin is mainly a result of the declining demand in sales in the "Oilfield Equipment" segment, which put increased pressure on prices.

The major elements of production costs are expenses for materials and energy, costs of personnel and depreciation of fixed assets.

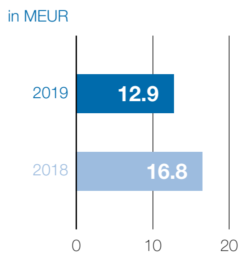
Selling, general, and administrative expenses



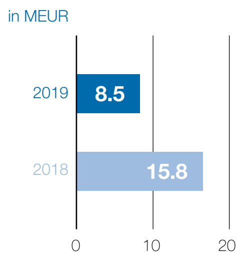
Selling, general and administrative expenses dropped from MEUR 70.0 in 2018 to MEUR 67.3 in 2019. As a result, they fell from 16.7 % of sales revenues for the year 2018 to 15.1 % for the year 2019.

Selling, general and administrative expenses consist mainly of salary and salary-related expenses, professional fees for operational activities, travel and entertainment costs, communication and insurance expenses.

Other operating expenses and income

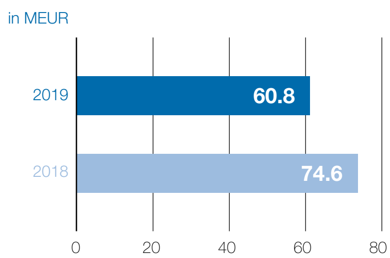


Other operating expenses amounted to MEUR 12.9 in 2019 (2018: MEUR 16.8). This item includes research and development costs of MEUR 8.8 (2018: MEUR 7.7), as well as exchange losses of MEUR 3.0 (2018: MEUR 8.2).



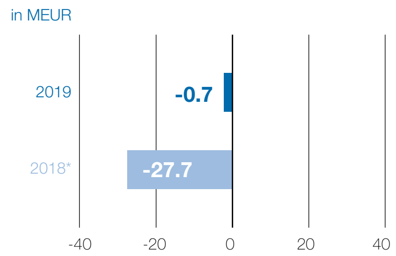
Other operating income in 2019 totaled MEUR 8.5 (2018: MEUR 15.8) and, apart from exchange gains, consisted of rental income, service charges and income from the sale of fixed assets. The reduction in other operating income is due mainly to lower exchange gains in 2019 of MEUR 6.0, compared to MEUR 11.0 in 2018, and gains relating to the sale of a plot of land in the United States of MEUR 1.9 in 2018.

Profit from operations before non-recurring items



Due to the reduction of the gross margin, profit from operations before non-recurring items of MEUR 74.6 in 2018 went down to MEUR 60.8, accounting for 13.7 % of sales, following 17.7 % in the previous year.

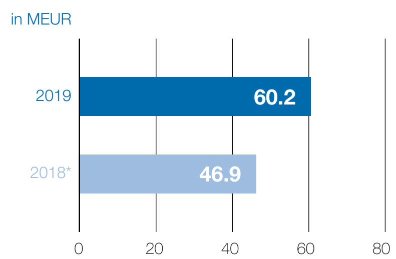
Non-recurring items*



In the 2019 financial year, expenses for non-recurring items totaled MEUR 1.4, with MEUR 0.5 related to impairment of property, plant and equipment, and MEUR 0.9 related to restructuring expenses for production sites in England and Mexico. This contrasts with income of MEUR 0.7 from the sale of property, plant and equipment in connection with restructuring.

Expenses for non-recurring items in the 2018 financial year totaling MEUR 27.7 comprise MEUR 1.5 for restructuring expenses and MEUR 2.4 in impairment of property, plant and equipment relating to the closure of production sites in England and Mexico, and MEUR 23.9 in impairment of goodwill.

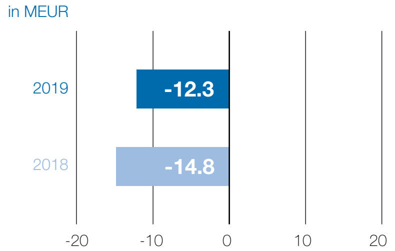
Profit from operations*



Profit from operations increased from MEUR 46.9 in 2018 to MEUR 60.2 in 2019 due to lower expenses from non-recurring items, thus accounting for 13.5 % of sales compared to 11.2 % in the previous year.

* In this context we refer to the explanations in Note 4 – Adjustments with retrospective effect.

Financial result



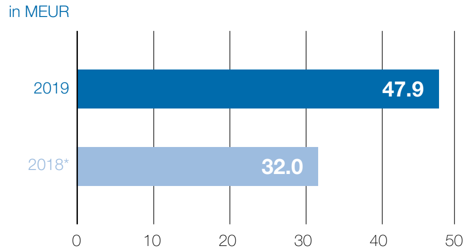
The financial result in 2019 was MEUR minus 12.3, following MEUR minus 14.8 in 2018.

The revaluation of option commitments has led to a gain of MEUR 3.7 for the 2019 financial year. Last year's result contains income from the revaluation of option commitments amounting to MEUR 1.0.

In the past financial year, the net interest result was MEUR minus 5.1 (2018: MEUR minus 8.5). The lower expense resulted from lower accrued interest on option liabilities of MEUR 2.8 in 2019, compared to MEUR 5.8 in 2018. The net interest result also includes the proportionate result of the shares held by the respective management and participation rights in individual subsidiaries, which came to MEUR minus 0.7 in 2019 (2018: MEUR minus 1.0).

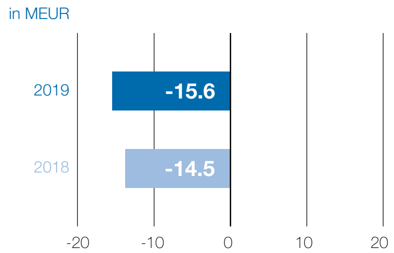
Other financial expenses amounting to MEUR 10.9 (2018: MEUR 7.4) include dividend payments to minority shareholders for shares in companies for which put/call option agreements were in place.

Profit before tax*



Profit before tax for 2019 was MEUR 47.9, following MEUR 32.0 in 2018.

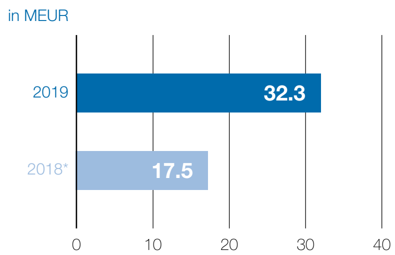
Income taxes



Income taxes in 2019 amounted to MEUR minus 15.6 (2018: MEUR minus 14.5), consisting of current tax expenses of MEUR minus 16.2, resulting from positive earnings contributions and deferred tax income of MEUR 0.6.

* In this context we refer to the explanations in Note 4 – Adjustments with retrospective effect.

Profit after tax / dividend



Income after tax for 2019 was MEUR 32.3, following MEUR 17.5 in the year before.

Earnings per share reached EUR 2.03 in 2019, following EUR 1.10 in 2018.*

The Executive Board proposes to the Annual General Meeting a dividend of EUR 1.20 per share for 2019, totaling a distribution to shareholders of MEUR 19.2.

Assets and financial position*

Consolidated equity as at 31 December 2019 was MEUR 370.1, following MEUR 344.8 as at 31 December 2018. This rise is due, on the one hand, to profit after tax and, on the other hand, to the increased USD exchange rate, which led to a positive development of the currency translation reserve. The equity ratio went up to 42.3 % compared to 39.3 % in the previous year.

Net debt as at 31 December 2019 was MEUR 20.1, down MEUR 42.4 from the net debt as at 31 December 2018 (MEUR 62.5). The gearing ratio (net debt as a percentage of shareholders' equity) as at 31 December 2019 decreased to 5.4 %, following 18.1 % in the year before.

Cashflow from profit came to MEUR 88.4 in 2019, following MEUR 96.4 in 2018. The key components of this figure in 2019 were profit after tax of MEUR 32.3 (2018: MEUR 17.5) and depreciation and amortization in the amount of MEUR 48.4 (2018: MEUR 73.1).

Net working capital fell from MEUR 222.8 as of 31 December 2018 to MEUR 187.9 as of 31 December 2019. This decrease is mainly due to a significant reduction in trade receivables and inventories. As a result, cashflow from operating activities grew considerably from MEUR 33.4 in the previous year to MEUR 98.1.

Net cash outflows from investment activities totaled MEUR 34.3 (2018: MEUR 33.7) of which MEUR 31.5 (2018: MEUR 35.9) were spent for additions to fixed assets and intangible assets. Thereof, MEUR 19.7 refer to the "Oilfield Equipment" segment, mainly for further expanding the rental fleet of drilling motors and downhole circulation tools, and MEUR 11.8 to the "Advanced Manufacturing & Services" segment, essentially spending for machinery.

* In this context we refer to the explanations in Note 4 – Adjustments with retrospective effect.

Report on the main features of the internal control system and risk management system in relation to the financial reporting process

The Executive Board has overall responsibility for the risk management of the SBO Group, whereas direct responsibility lies with the managing directors of the operational entities.

Consequently, the system of internal continuous reporting to the corporate headquarters plays a particularly important role in identifying risks at an early stage and implementing countermeasures. Operational entities provide the necessary information by timely monthly reporting to the Executive Board.

The Group has defined uniform standards for the global subsidiaries regarding implementation and documentation of the complete internal control system and, in particular, the financial reporting process. The underlying objective is to avoid risks leading to incomplete or erroneous financial reporting.

Furthermore, internal reports prepared by subsidiaries are checked for plausibility at the corporate headquarters and compared with budgets in order to take appropriate action whenever deviations occur. For this purpose, subsidiaries are required to prepare annual budgets and mid-term planning to be approved by the Executive Board.

In addition, liquidity planning of the subsidiaries is continuously monitored and aligned with the requirements defined by the holding company.

Group controlling monitors subsidiaries' compliance with accounting regulations. Moreover, the annual financial statements of all operational subsidiaries and holding companies are audited by international auditors.

At the Executive Board's regular meetings with local managing directors, current business development and foreseeable risks and opportunities are discussed.

In addition to the International Financial Reporting Standards, internal Group guidelines are in place for the preparation of the consolidated financial statements to ensure uniform presentation by the companies reporting (accounting and disclosure issues). A certified consolidation program that has the necessary auditing and consolidation routines is used for automated preparation of the consolidated financial statements.

Events after the balance sheet

Reference is made to Note 41 in the consolidated financial statements.

Information according to Section 243a Austrian Commercial Code

Reference is made to Note 22 in the consolidated financial statements.

OUTLOOK

The International Monetary Fund (IMF) forecasts global economic growth of 3.3 % in 2020 and 3.4 % in 2021 (following 2.9 % in 2019 and 3.6 % in 2018). The economies of the industrialized countries are expected to grow by 1.6 % in 2020 (after 1.7 % in 2019 and 2.2 % in 2018). According to the IMF, economic growth in the emerging and developing countries is set to increase by 4.4 % in 2020, after 3.7 % in 2019 and 4.5 % in 2018. These projections largely depend on the development of trade relations between the USA and China and the avoidance of further escalation, particularly in the Middle East.[10] Apart from that, it remains to be seen what the economic consequences of the corona virus will be, which, starting in China, had a global impact on markets at the beginning of 2020.

The International Energy Agency (IEA) expects a further rise in oil demand in 2020: Demand for oil is projected to increase by 0.9 mb/d to 101.0 mb/d. In the OECD countries, average demand for oil is expected to be 47.8 mb/d, 0.2 mb/d above the level in 2019. In the non-OECD countries, average demand is expected to increase by 0.6 mb/d to a total of 53.1 mb/d. Production in the non-OECD countries is anticipated to grow by 2.0 mb/d to 67.0 mb/d. The OPEC states (including their partner states) are likely to continue to position themselves as regulators of crude oil production, having agreed on 6 December 2019 to institute an overall production cut of 2.1 mb/d.[11]

On the international markets, experts anticipate the growth trend in the oilfield service industry to continue, although regional differences may still exist. After years of crisis in the oil and gas industry, there is a growing awareness of the need for spending in order to avoid supply bottlenecks in the medium term, provided that the global economy develops reasonably soundly. By contrast, a further decline in spending for oil and gas projects is expected in North America, at least in the short term. US production growth is expected to slow down significantly in 2020 due to rising cost discipline and a resulting decline in activity.

For 2020, renowned banks and analyst firms expect global exploration and production (E&P) spending to grow at a moderate 2 %. The driving force is the international market, where E&P spending should go up by 5 %. For North America, however, analysts expect a decrease of 6 %. In the USA, the decline is anticipated to come to as much as 7 %, whereas some market players have recently started the year with even more pessimistic expectations.[12]

Despite short-term uncertainties, long-term growth prospects remain intact. SBO expects to see further stimulation of spending behavior on international markets if the economy continues to grow, and this area is exactly where the momentum has to be exploited. For

[10] IMF World Economic Outlook, January 2020.
[11] International Energy Agency (IEA), Oil Market Report, February 2020.
[12] Evercore ISI, The 2020 Evercore ISI Global E&P Spending Outlook, December 2019.

SBO, it will be crucial to use the company's extensive experience to successfully navigate through the different market cycles. Another focus will be on further efficiency-enhancing measures and on leveraging the synergies created by the combination of the two subsidiaries Downhole Technology and Resource Well Completion Technologies to form "The WellBoss Company".

Overall, SBO is well positioned as a technology and quality leader and is continuously working on the implementation of its sustainable growth strategy. Spending for research and development alongside the solid positioning in demanding niches will ensure SBO's frontrunning position further down the road.

"We expect stimulated spending behavior on international markets."

"Our efficient quality products contribute to global supply security."

NON-FINANCIAL STATEMENT: SUSTAINABLE MANAGEMENT

Global primary energy demand is expected to increase by 23.8 % by 2040 (2018: 14,314 Mtoe, 2040: 17,723 Mtoe). It is assumed that the share of oil and gas will remain dominant at 52.8 %.[13] SBO's products and solutions are used in both oil and gas exploration. This is how the company contributes to global security of supply and the long-term demand for SBO's high-quality products is ensured.

Both industry and SBO face the challenge of making the energy supply not only more efficient but also more environmentally friendly. Although the company is not actively involved in drilling or completion, it still feels a responsibility to provide these companies with high quality products in order to avoid inefficiencies and even accidents or ecological damage. Our efficient quality products enable our customers to meet and secure the growing demand for oil and gas in a resource-conserving manner. The guiding principle in all our activities is our "Quality First" principle, which forms the basis for successful, sustainable business.

Our Annual Report has been prepared in accordance with the provisions of the Austrian Sustainability and Diversity Improvement Act (NaDiVeG). In addition, we are committed to the United Nations' "Agenda 2030 for Sustainable Development" presented in September 2015. The 17 Sustainable Development Goals (SDGs) are considered to be common focal points of a global sustainable development for the current complex social challenges. We have defined the goals that we can influence and have integrated them into our sustainability management.

[13] IEA World Energy Outlook 2019, Stated Policies Scenario.

SUSTAINABLE DEVELOPMENT GOALS

MATERIALITY ANALYSIS

Our sustainability management focuses on aspects which are concerning essential economic, ecological and social effects of the Company or are decisive for the assessments and decisions of our stakeholders. Therefore, identifying the relevant stakeholders was the first step in our materiality analysis.

Out of the 17 SDGs, the following 11 SDGs are considered particularly relevant for SBO:

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

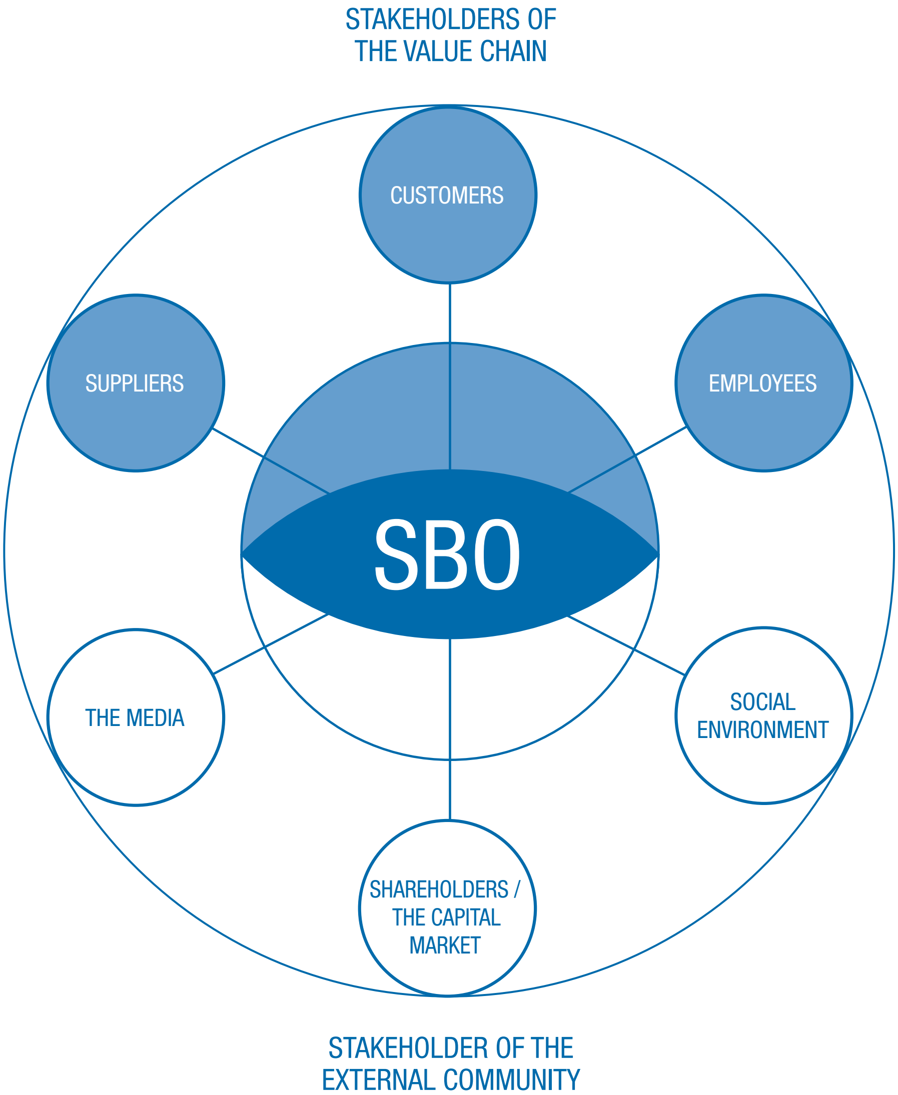
OUR STAKEHOLDERS

SBO defines as stakeholders those individuals and organizations that we are in contact with, and that influence our business development and have an effect on our activities. The analysis and identification of these stakeholders is based on the characteristics and specifics of SBO's business activities, including, among others, the value chain of the oilfield service industry, our special role as a leading niche provider and the global presence of our production sites and branch offices.

We consider our stakeholder value to be a key factor for our corporate management. It is of great concern to us to understand our stakeholders and their motives and to develop sustainable relationships with them. As an internationally operating production company and employer, SBO plays a role in economic, ecological and social terms. The needs of our stakeholders may differ in the areas mentioned above, resulting in the following structure.

We combine our stakeholders according to their interests in the following two main groups: Those who are part of the value chain, that is suppliers, employees and customers. They are particularly interested in operational performance criteria, such as safe work processes, high-quality products and sustainable value-adding business relationships. The second group is primarily interested in our business success and our activities from an ecological and social perspective: the owners and the capital market, the social environment and the media.

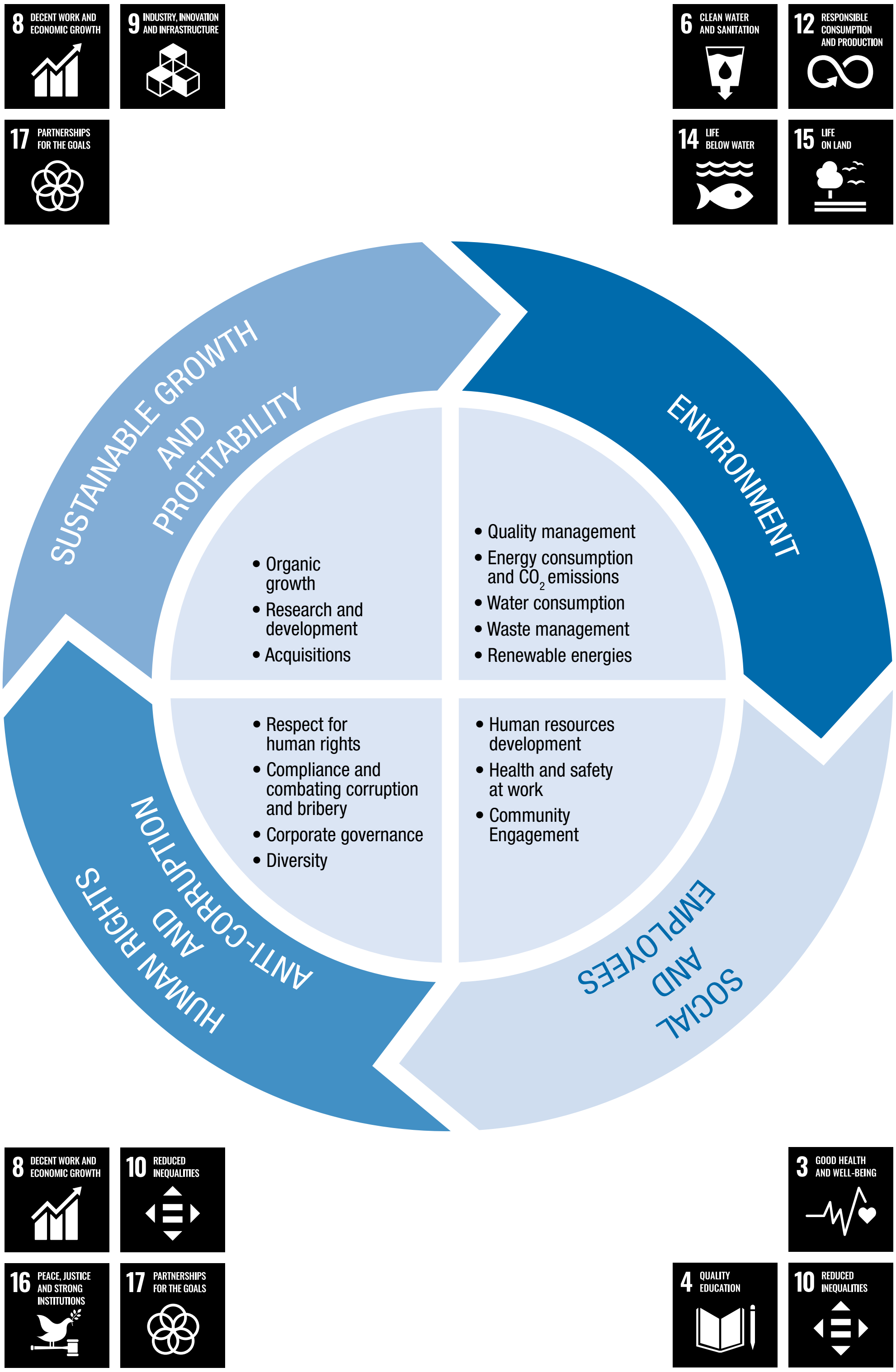
Close contact with all stakeholder groups and a partnership-based exchange are very important to us. SBO's relationship work with our stakeholders helps us to identify risks in a timely manner and take proactive countermeasures where necessary to support our reputation and our business success.



KEY TOPICS OF SUSTAINABILITY

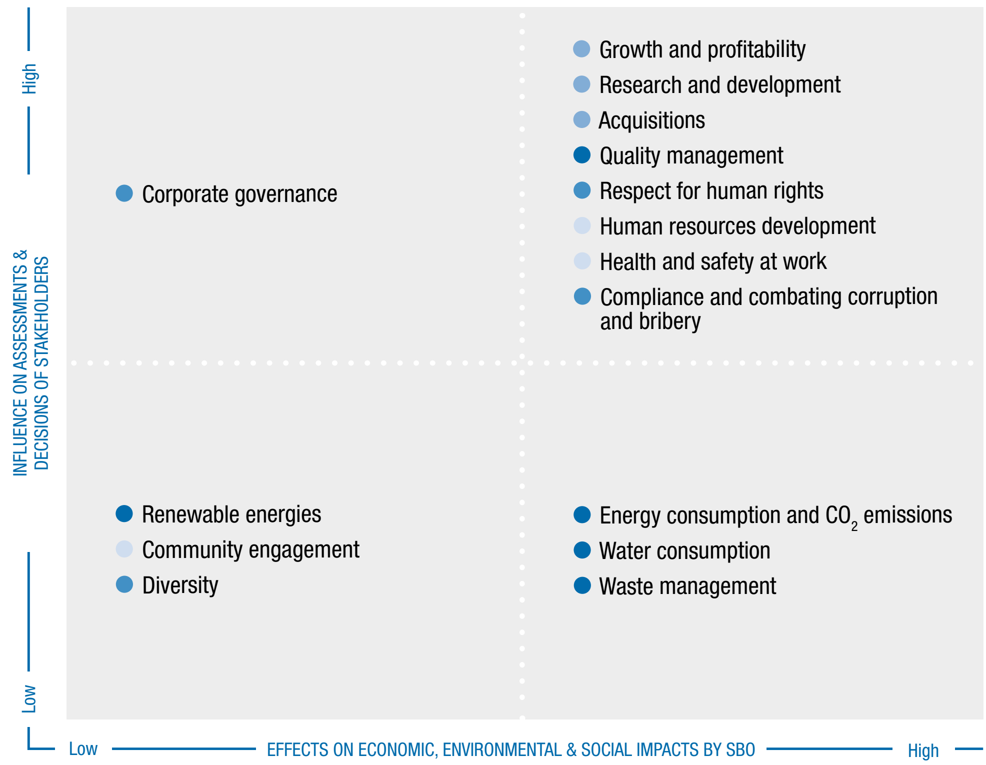
In accordance with its business model, SBO has identified key areas of sustainability within the company and has implemented the following additional measures as part of the Sustainability and Diversity Improvement Act: Interviews of managing directors and employees, analysis of discussions with customers, assessment of internal quality and supplier management guidelines, evaluation of training and development programs, and discussions with capital market participants.

At the strategic level, the following topics are crucial:



The prioritization of material topics was based on two criteria: First, their influence on our stakeholders and their decisions regarding SBO, and second, the social, environmental and economic effects of SBO. The result is a two-dimensional materiality matrix that forms the basis of our sustainability strategy. Within this matrix a distinction is made between two categories: Those topics that did not appear recurrently in the evaluation were classified as "low". "High" was the definition for those topics that were identified as relevant in at least two of the sources used. In the evaluation of the interviews conducted and the non-financial performance indicators collected, particular attention was paid to the sustainable growth strategy and the concerns explicitly mentioned by stakeholders or discussed in the studies.

Reportable topics, if any, also arose from the compliance organization, in particular the Code of Conduct and the regulations on which it is based. Ultimately, those topics were classified as material which overlapped in the various groups and from which effects on these stakeholders were to be expected. To this end, discussions were held with the Executive Board, Controlling, and Internal Audit, as well as with the operational management units.



This results in twelve relevant fields of action for SBO:

KEY FIELDS	SDG 3	SDG 4	SDG 6	SDG 8	SDG 9	SDG 10	SDG 12	SDG 14	SDG 15	SDG 16	SDG 17
Organic growth				•	•						•
Research and development				•	•						•
Acquisitions				•	•						•
Quality management					•		•				
Respect for human rights	•	•	•	•	•	•	•	•	•	•	•
Human resources development		•				•					
Health and safety	•										
Compliance and combating corruption and bribery						•				•	
Corporate governance				•		•					
Energy consumption and CO_2 emissions							•	•	•		
Water consumption			•				•	•	•		
Waste management							•	•	•		

More details about the above fields of action are provided in the following chapters. We look at them from different perspectives and according to different focal points, based on our business strategy. In line with SBO's communication guidelines, we make no forecasts regarding key performance indicators and specific targets.

MANAGEMENT APPROACH

SBO is a leading provider of products and solutions for the oil and gas industry. In addition to product design and leasing of products to oil and gas companies and the provision of maintenance and repair services, a large part of the company's production output consists of the machining and processing of high-alloy steels and alternative materials such as composites. This is also the basis of the company's management approach. Our focus is on designing our processes to be long-term and state-of-the-art and to offer our employees a fair working environment. This includes ongoing evaluation of energy use at various locations, effective waste and water management, a fair working environment and stringent penalties in the event of violations of the Code of Conduct. In addition, we maintain a zero tolerance policy toward any form of corruption or anti-competitive behavior. In order to continuously optimize our company, we carry out KYC and background checks on an ongoing basis and can thus evaluate and implement improvements in our quality management.

Within the scope of our activities, we aim to contribute to the long-term improvement of economic, societal and environmental problem areas. The SBO Group's sustainable growth management is handled centrally. This is essential, as the dynamics of our company and the market environment require a fast and precise response from the operational management. At the same time, Group management warrants that our growth strategy is far-sighted. By contrast, our approaches to "environment", "social affairs and employees" and "respect for human rights, combating corruption and bribery" are largely decentralized due to the different framework conditions in the respective countries.

In 2018, our Group Executive Board issued a Code of Conduct, which is available to all SBO employees and business partners online and through the compliance organization at all times. In it, the Executive Board of SBO explains its responsibility for employees, customers and other stakeholders and, as a company listed on the Vienna Stock

Exchange, for shareholders and the investment community. The Code of Conduct of SBO requires continuous improvement and expansion of competencies and know-how. These processes are regularly reviewed and optimized both by the Executive Board and the Group Internal Audit department reporting to it. In doing so, our operational management is obliged to regularly check and identify the efficiency and growth potential and to immediately eliminate any risks that may arise. Strict KPI specifications are deliberately avoided.

Supreme quality is key to exploiting opportunities in an international environment, thus ensuring corporate sustainability. This is why SBO's sustainability strategy is based on the "Quality First" principle. The main focus of our Executive Board is on establishing uniform standards, starting with consistent measurement parameters and units, which are installed in all companies so as to identify potential for improvement more easily. Another focus is the efficient use of resources and their optimal disposal. Waste is sold as secondary products wherever possible to avoid producing it. Regarding employees, we create programs proactively to keep our team at the highest possible level of training and retain them in the long-term.

RESULTS AND RISKS

In the risk report, which is part of the consolidated financial statements, risks for the company are presented comprehensively. At this point we only deal with risks in connection with sustainable corporate management. All risks have arisen from our own business activities and not from our business relationships, products or services. The risks have been discussed by evaluating the non-financial performance indicators and the qualitative explanations provided in the areas of production, products and suppliers:

- **Environmental issues:** Production process and products have been evaluated with regard to direct risks to air, water and soil and in comparison with the relevant KPIs, such as CO_2 emissions or waste quantities.

- **Social and employee matters:** This evaluation focused on aspects such as employee development, employee turnover and lost time due to occupational accidents.

- **Compliance:** Evaluation was carried out with regard to relevant penalties and qualitative reports of violations of corporate governance, as well as incidents of disregard for human rights (e.g. discrimination) and of corruption and bribery.

Risks that are regularly identified and documented in order to use them as an indicator for strategic improvements are as follows:

- **Market environment:** The oil and gas industry is traditionally subject to cyclical phases, with upswings that may be followed by longer downturns. This has a direct impact on SBO's corporate growth and its environmental, social and employee-related concerns. By launching targeted strategic measures, which are explained in more detail below, management is committed to mitigating those risks and minimizing their impact.

- **Demand-oriented human resources planning:** Our cyclical industry environment requires a high degree of flexibility allowing us to react promptly to heavily fluctuating market movements. During upswings, our challenge is to rapidly expand our capacities and increase our headcount. Also in downturns, with declining numbers of incoming orders and low capacity utilization at our production facilities, we are forced to adjust our personnel resources to actual demand. At SBO, we have reduced the number of terminations in past cycles by introducing, for instance, short-time work and time accounts. SBO classifies the risk of a potential labor shortage in the oil and gas and oilfield service industries as low.

- **Safety at work:** Misconduct and carelessness in work processes entail risks for the safety of our employees in the workplace. The introduction or implementation of site-specific HSE programs is mandatory within the SBO Group, including specific instructions for each workplace, detailed information on the respective work processes, signs and future-oriented education and further training measures to minimize the risk of accidents at SBO.

- **Quality assurance:** Product defects such as material breakage may involve adverse effects for our customers and for the environment. Such incidents, for example, could damage or contaminate the soil. We actively counteract these risks through consistent quality management in our supply chain and production. This serves to protect the environment as well as our own and our customers' business success.

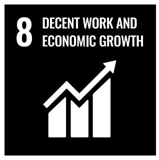
- **Compliance and anti-corruption regulations:** At SBO, strict internal rules and regulations define binding ethical conduct throughout the Group. Non-compliance with these rules could cause serious economic drawbacks and harm our reputation. We support our employees worldwide by providing training measures to further ingrain ethical behavior and ensure complete compliance with our regulations. In particular, we focus geographically on countries at risk of corruption, which have only a weak legal framework for preventing corruption.

- **Data privacy and trade secrets:** Our business model as a leading technology company conducting innovative research and development activities is subject to particularly high protection requirements. This protection of trade secrets includes confidential treatment of research and development data, our know-how, data such as confidential business figures, customer data, data of our employees or plans and budgets. SBO maintains a data protection regime that is based on the regulations established by the European Union (EU General Data Protection Regulation / EU GDPR).

- **Climate change:** The energy sector is undergoing a long-term transformation process aimed at gradually replacing fossil fuels with renewable energies. A tightened climate policy and the resulting decline in the demand for crude oil could therefore affect the business of SBO. But even climate change will not be possible without oil and natural gas, as they are important raw materials for renewable energy technologies. Moreover, gas will remain indispensable in the energy mix and play a crucial role in the phase-out of coal. SBO therefore sees itself as part of the energy transition and considers climate-related risks to its business model as low.

The risks identified have been evaluated internally and incorporated into our work procedures and manuals. Implementation of the measures was checked in regular audits. In the 2019 financial year, we focused on numerous topics, such as the disposal of waste water, water consumption (leakage) and waste generated. Also, we specifically examined employee turnover at individual Group companies. The audit was conducted using written and oral questions posed to the company management as well as on-site audits by the internal audit department. The audit findings were subsequently communicated to the operational Group management for control purposes. No risks relevant to reporting were identified.

SUSTAINABLE GROWTH



Our corporate strategy is clearly focused on sustainable growth. Our goal is a long-term, solid development of SBO. In order to achieve this, we are taking a consistent approach. We seize all reasonable market opportunities to grow organically, through research and development and through strategic acquisitions. However, our industry is exposed to strong cycles. We therefore manage our activities responsibly and with great foresight. This approach enables us to maintain and continuously expand our sound market position.

ORGANIC GROWTH

We are continuously developing our business areas and regional network and are improving the market penetration of our products worldwide. SBO operates its own branch offices in 11 countries to provide local customer support. In 2019, we expanded the sites that recorded particularly high demand by internally relocating machine capacity.

In Saudi Arabia, we expanded and restructured our presence. SBO now also operates locally under the SBO umbrella brand. In the Well Completion business segment, we are actively exploiting new potentials and synergies for future growth and have improved our positioning in this area by combining our subsidiaries to form "The WellBoss Company". Our Direct Metal Laser Sintering (DMLS) center in the United States was the basis for successfully establishing our know-how in 3D metal printing technology and recorded high demand.

Since 2016, SBO has been certified for the "Aerospace" sector. With EN 9100:2009 certification we are expanding our field of activity by supplying the "Aerospace" industry with special parts made of stainless steel. First sales in this area were achieved last year.

RESEARCH AND DEVELOPMENT

Our innovations make sure that SBO customers are always one step ahead. In order to expand our role as front runner, we consistently pursue research and development (R&D) activities and invest heavily in this area. With state-of-the-art technologies, SBO offers customers and the market cutting-edge solutions that promote our growth while being sustainable.

True to the guiding principle of "Quality First", we develop, together with our innovative team, more efficient and thus more resource-saving products. Our emphasis is on precise drilling with our products reducing for example the need for frequent round trips of the drillstring, resulting in an overall cost reduction for our customers as well as a reduction of potential risk for the enviroment.

As a global market leader, we continued to move ahead with our innovations in 2019:

- In the area of Well Completion we have successfully established ourselves among the leading technologies. With the Smart Dart we have succeeded in creating an innovation that will revolutionize the market. It combines the advantages of plug-n-perf and sliding sleeve technologies while eliminating their drawbacks. The Smart Dart can selectively open individual frac ports or entire frac port clusters and lands precisely in the zone where the perforation is to be performed. Unlike other systems, there are no limits on the number of zones. In addition, the system works much more efficiently than the competing plug-n-perf technology.

- We are also a leading manufacturer of composite frac plugs that require significantly less water than conventional products on the market. When used in plug-n-perf well completions, where sometimes more than 100 frac plugs per well are required, they allow for water savings in the range of 30 % to 50 % compared to conventional frac plugs. Since drilling regions are often supplied with water by truck transport, this helps to reduce traffic as well. The resource-saving use of water relieves both transport routes and the environment.

- The latest innovation we have achieved on the frac plug market is the SoluBoss Dissolving Frac Plug, which does not need to be removed from the well after use. As it is made of materials that react to the fluids in the well, the plug dissolves after some time, depending on well conditions. The SoluBoss design (patent pending) is simpler than most plugs currently available on the market and consists of only a few components, thus increasing operational safety. The more compact design also means that less material has to be dissolved.

- SBO's drilling motors are designed specifically for use in harsh drilling conditions and feature high performance and robustness. With the new B5 bearing assembly, we are launching an innovation that implements a particularly high torque and can be used in all SBO drilling motors. This development offers a special feature designed for directional drilling applications in combination with powerful rotary steerable systems.

- We are continuously working on improvements in our high precision components. Due to a further development of the hammer peening technology we are now able to treat the outer diameters of long drillstring components to improve the service life of the drillstring. For this purpose, our engineering department has developed a special tool that can be used on existing machines. A real-time process monitoring system was developed for deep hole drilling. This system makes it possible to keep the production process more stable and to avoid process interruptions.

Those and many other innovations, which are under development in our worldwide network, are the basis for actively working on our quality leadership.

ACQUISITIONS

Targeted acquisitions are the third pillar of our growth strategy. Wherever promising opportunities arise in our niches, we acquire innovative companies, combining numerous successful subsidiaries under the umbrella of SBO. We are constantly screening the market for companies that could be a meaningful addition to our capabilities in a business area. In general, we see ourselves as niche provider in the high-tech sector. Acquisitions must suit our needs: We are looking for profitable companies that add new technologies and solutions to our business.

ENVIRONMENTAL CONCEPT

We use the findings gained in recent years to identify, analyze and gradually eliminate potential weaknesses in our environmental strategy. To this end, we are consistently working on improvements and have set ourselves the goal of further reducing waste, energy and water consumption. SBO attaches great importance to selling waste as secondary products so as to actively promote local and global recycling management.

Our environmental measures are adapted to site-specific conditions. In 2019, for example, we strengthened our recycling management at our Houston site by using waste materials such as glass fiber chips for other composite products. Waste that cannot be processed as secondary products, was increasingly compressed to reduce the volume of waste in the long-term. At other sites, we reduced the volume of truck transports, increased the use of the public grid to generate electricity to eliminate generators and replaced outdated lighting, heating and cooling systems.

QUALITY MANAGEMENT

Our guiding principle "Quality First" is our top priority worldwide and also an elementary component of quality management at SBO, as our customers expect durable products that can withstand the harsh conditions of their activities. As a quality and technology leader, we are constantly working on their reliability and performance as well as on the improvement of our production processes.

High quality standards in production and for our products are an essential part of our strategy. For this reason, each of our products is specified on the basis of clearly defined characteristics and is then inspected continuously. Each production step is recorded in a quality control chart and confirmed by employees in charge. This is how we ensure the highest possible quality of our products, which represents a decisive competitive advantage and provides our customers with security and trust in the company.

SBO is the world's technological market leader for directional drilling products. State-of-the-art "Measurement While Drilling" (MWD) and "Logging While Drilling" (LWD) technology, is applied to develop reservoirs located even at depths of 15 km with utmost precision. This technology achieves a high production rate with only one mother wellbore sidetracking over a large number of horizontal wells. MWD and LWD components are manufactured in a high-precision process in which material-adapted and precise machining, accuracy and quality assurance are crucial factors. Even the smallest deviations or hairline cracks can cause considerable damage during application, up to material breakage involving total failure of the drillstring.

Our drilling motors are extremely reliable and powerful. Their low failure frequency minimizes the risk of a drillstring being stuck and equipment being lost in the ground. In combination with other SBO high-performance components, they are designed to generate high penetration rates, particularly in very hard environments or environments impaired by circulation losses. The main benefits for operators are higher drilling speeds, a time-efficient drilling process and faster mill-out of insulation equipment in well completion applications. The drillstring components are removed from the ground after drilling and prepared for reuse or disposed of professionally and thoroughly after their life cycle has expired.

Our underground circulation tools are used to clean or seal boreholes during drilling, as required, reducing the risk of drilling fluid pressure fluctuations. In rare cases, overpressure and the associated uncontrolled leakage of drilling fluid at the entry of the well (referred to as blow-out) can cause severe accidents. Our reliable, easy-to-use tools offer our customers time, safety and cost advantages.

Our quality management is integrated in the complete product life cycle. This begins in the manufacturing process and ends in our service and repair shops, which are located in all major hubs of the oilfield service industry. We document and analyze complaints and optimize the products and processes concerned later on. Our machines meet the latest standards and are regularly measured against them.

Essential quality standards have been established at our production sites. Regular quality tests guarantee their correct implementation. Many of our worldwide locations work according to the leading industry standards API Spec Q1, 7-1 and/or ISO 9001 and are audited accordingly at regular intervals. At our Ternitz site, we also have obtained certification according to EN ISO 14001 (environmental management).

We have partly automated or digitalized work steps in the areas of quality management as well as product and process control in production. As an example, we use modern software solutions for specific areas in order to automate processes that require intensive planning and are prone to errors. This saves time, reduces costs and leads to a significant increase in overall efficiency. Personnel resources can also be allocated more efficiently in the long-term.

Our suppliers must meet the defined quality standards of SBO in order to be allowed to work with us. We evaluate our suppliers at regular intervals with regard to the materials supplied and their certifications. In case of critical suppliers, we carry out assessments of the suppliers on site, first article inspection or an analysis of the origin of the product in question. If a supplier does not meet our high standards, we will terminate the business relationship in case of doubt.

ENERGY CONSUMPTION AND CO_2 EMISSIONS

The production of our products is an energy-intensive process. SBO obtains most of its energy, mainly electricity, from public power grids. We strive to reduce our energy consumption through ongoing efficiency improvements, to make the best possible use of the resources applied and to optimize our production processes in terms of energy consumption. The aim is to gradually reduce SBO's specific CO_2 emissions.

At our largest production site in Ternitz we operate a photovoltaic system with a total output of 720 kWp (kilowatt peak). Part of our electricity demand in production can therefore be covered with environmentally friendly, renewable energy and contribute to reducing CO_2 emissions.

Total energy consumption in production in 2019 fell to 12,825.0 gigajoules (GJ) in 2019, a decrease of 11.8 % compared to the previous year (2018: 14,532.8 GJ). Calculated carbon dioxide emissions fell to 13,288.3 tonnes (2018: 14,869.2 tonnes). Therefore, we were able to sustainably reduce energy consumption and CO_2 emissions through targeted energy-saving measures and the closure of production sites in England and Mexico. Production capacities were maintained by relocating to existing production sites.

ENERGY CONSUMPTION OF THE SBO GROUP

	UNIT	2019	2018
Energy consumption*	GJ	12,825.0	14,532.8
CO_2 emissions	Tonnes	13,288.3	14,869.2

* Energy consumption based on the calculation of the Umweltbundesamt (Federal Environmental Office) as at October 2017 (for more information see: http://www5.umweltbundesamt.at/emas/co2mon/co2mon.html)

WATER CONSUMPTION

Water is one of the most valuable resources in our world. Therefore, SBO pays great attention at all locations to the economical, efficient and careful use of this resource. The main objectives of our water management are the reduction of water consumption, efficient use of water resources and appropriate wastewater treatment. As water is both an essential coolant in the machining of stainless steels and a cleaning agent for tools in the borehole, we use circulation water instead of process water for cooling machines at some production sites.

In recent years, SBO has taken numerous measures to structurally reduce its water consumption. Compared to the year 2015, which is not shown here, considerable improvements have been achieved, especially at the site in Austria. In the coming years, the plan is to convert additional machines from continuous to circulating water, which should bring about further savings.

In 2019, SBO used 89,947.7 cbm of water worldwide (2018: 69,074.6 cbm). Some sites source the water supply simultaneously from industrial water and public water pipelines, with the main focus on industrial water. As a result, the overall relation shifts as activity is growing. The 30.2 % rise in water consumption is due to increased output at high-production sites. In addition, water consumption (cooling water) varies from machine to machine and changes in water consumption may occur due to different capacity utilization.

WATER WITHDRAWAL OF THE SBO GROUP

	UNIT	2019	2018
Water withdrawal*	cbm	89,947.7	69,074.6
thereof industrial water	cbm	58,806.9	38,559.7
thereof water from public systems	cbm	31,140.8	30,514.9

* Water withdrawal at the respective operating site, if identified reliably.

WASTE MANAGEMENT

When developing and selecting materials, including, in particular stainless steels, SBO pays attention to the reduction of pollutant-containing raw materials. As a result, production rejects are largely free from pollutants and their disposal is environmentally safe.

We always order materials close to the limit specifications, such as shape and size, therefore requiring less material, avoiding unnecessary production waste, and reducing our ecological footprint as transport volumes are kept low.

At SBO, a sound input-output ratio is achieved in most manufacturing processes. In order to minimize production waste, we sell a large portion of metal chips from the production process as valuable raw material for steel production. As a result, they remain in the value chain and do not constitute waste for disposal. Waste that cannot be reused is disposed of at all locations in accordance with the latest environmental standards. Depending on the location, lubricants such as production oils are collected during oil separation in ongoing production, filtered and reintroduced in the production cycle. Continuously increasing the recycling rate is part of the environmental management at SBO.

In 2019, 3,811.5 tonnes of total waste were generated across the Group (2018: 4,091.5 tonnes). This included 580.9 tonnes of hazardous waste, representing a share of only 15.2 %. In addition to metal waste from production that is classified as hazardous under the Basel Convention, hazardous waste also includes contaminated cleaning water from tools used in drilling operations. Total waste fell slightly due to the closure of production sites in England and Mexico. At some sites, construction measures (expansions) resulted in a slight increase in waste generation.

WASTE MANAGEMENT OF THE SBO GROUP

	UNIT	2019	2018
Total waste*	Tonnes	3,811.5	4,091.5
thereof non-hazardous waste	Tonnes	3,230.6	3,379.3
thereof hazardous waste**	Tonnes	580.9	712.2

* Total waste including production waste and packaging material, whether sold as secondary material or disposed of professionally
** Hazardous waste including waste water contaminated by hazardous waste. Definition of hazardous waste based on Basel Convention

SOCIAL AND HUMAN RESOURCES CONCEPT

Our employees are a cornerstone of SBO's sustainable success and guarantee top-notch quality in production. We support our experienced and well-trained team throughout their careers at SBO. An attractive working environment and appealing bonus models bring new specialists on board. At our site in Ternitz, we have implemented a specific apprenticeship training program for young people to become the skilled workers of tomorrow. Using employee retention measures, we keep our experts with their knowledge and competence in the company over the long-term, even in the cyclical environment of our industry.

We appreciate our motivated team and build on mutual respect, trust and professionalism as our core values. The sound basis of communication between our employees and management is decisive for long-term cooperation. We have installed employee representations at all locations where our employees wish to be represented.

We respect the fundamental right to freedom of association in our worldwide branch offices and, where established, maintain good relations with the works council and the trade unions.

HUMAN RESOURCES DEVELOPMENT

Highly qualified team

In the recruiting process, we make sure to find the most suitable person for the position in question, regardless of gender and cultural background. In 2019, we recruited a total of 477 new employees. The closure of our sites in England and Mexico led to a reduction in the effective number of employees compared with the reporting date as of 31 December (from 1,646 in 2018 to 1,535 in 2019).

The gender distribution among the newly hired employees was 42 women and 435 men. In general, men are traditionally more strongly represented than women in technical professions. In our industry, this effect is even more pronounced. At SBO, the overall percentage of women was 11.9 % at the end of the 2019 financial year, with white-collar employees accounting for 22.5 % and blue-collar workers (including apprentices) for 6.6 %.

TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT, GENDER AND REGION* 2019

EMPLOYEES	AUSTRIA	NORTH AMERICA (INCLUDING MEXICO)	UNITED KINGDOM	REST OF WORLD	TOTAL
Total	**393**	**788**	**65**	**289**	**1,535**
STATUS					
White-collar	77	312	28	98	515
Blue-collar	293	476	37	191	997
Apprentices	23	0	0	0	23
GENDER					
Men	350	698	54	250	1,352
Women	43	90	11	39	183

* Total number each as at December 31, countries defined by registered office of the employing company

TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT, GENDER AND REGION* 2018

EMPLOYEES	AUSTRIA	NORTH AMERICA (INCLUDING MEXICO)	UNITED KINGDOM	REST OF WORLD	TOTAL
Total	**369**	**861**	**153**	**263**	**1,646**
STATUS					
White-collar	67	341	48	82	538
Blue-collar	281	516	99	181	1,077
Apprentices	21	4	6	0	31
GENDER					
Men	332	765	132	224	1,453
Women	37	96	21	39	193

* Total number each as at December 31, countries defined by registered office of the employing company

Our company offers flexible working time models worldwide depending on the specific job.

It goes without saying that we comply with local working time restrictions and regulations. Full-time and part-time employment models are offered in central work areas. In 2019, 1.9 % of our employees worked part-time (2018: 1.5 %). In production, our local teams work in shifts. This is where we seek to find solutions and models that react flexibly and quickly to the current market situation while taking into account the life environments of our employees. This helps to retain our highly qualified core team even in economically challenging times and to keep the company on its course of growth.

TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT, AND REGION* 2019

TYPE OF CONTRACT	AUSTRIA	NORTH AMERICA (INCLUDING MEXICO)	UNITED KINGDOM	REST OF WORLD	TOTAL
Total	**393**	**788**	**65**	**289**	**1,535**
Full-time	373	788	58	287	1,506
Part-time	20	0	7	2	29

* Total number each as at December 31, countries defined by registered office of the employing company

TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT, AND REGION* 2018

TYPE OF CONTRACT	AUSTRIA	NORTH AMERICA (INCLUDING MEXICO)	UNITED KINGDOM	REST OF WORLD	TOTAL
Total	**369**	**861**	**153**	**263**	**1,646**
Full-time	356	857	145	263	1,621
Part-time	13	4	8	0	25

* Total number each as at December 31, countries defined by registered seat of the employing company

Performance-related remuneration is an important pillar in attracting and retaining the best specialists for our company. This is why we attach great importance to sound remuneration. Depending on the success of the company, our employees receive performance-related variable remuneration in addition to their regular pay. At management level, the managing directors of our subsidiaries may acquire shares in their respective companies. In this way, they can participate directly in their success and act as entrepreneurs with great personal commitment. The purpose of such measures is to strengthen motivation and create attractive conditions for our global team.

Education and further training

We not only invest financially in our employees, but also provide them with ongoing support and pay attention to a corporate culture that ensures a productive, innovative working environment. At our site in Ternitz, we train the skilled workers of tomorrow under our apprentice program, which we have developed specifically for the tasks at SBO. SBO has repeatedly received awards for this commitment to training.

Our human resources planning deliberately has a long-term orientation in order to retain skilled workers. We offer our experts a wide range of opportunities for further training. In addition, mandatory training courses are held regularly. Both young and experienced employees can actively contribute their ideas to the further development of our offerings.

In 2019, the focus of training was on operational topics. At 55 %, the main emphasis was on technical education and further training. In addition, in-depth training was provided in the areas of health and safety (35 %), compliance (5 %) and applied IT (5 %) in internal and external events. The Training & Qualification segment included training courses for the new "Aerospace" sector. In total, training hours increased by 37 % to 24,260 hours, and each employee spent 15.8 hours on internal and external training (excluding onboarding programs). In the area of compliance, a new training guideline was introduced as a further essential step in the context of the education and further training of our team.

EDUCATION AND FURTHER TRAINING BY EMPLOYEE CATEGORY AND TRAINING FOCUS* 2019

TOTAL HOURS	HEALTH & SAFETY	INFORMATION TECHNOLOGY	LEGAL & COMPLIANCE	TRAINING & AND QUALIFI-CATION	MANAGEMENT	ADMINISTRA-TION	PRODUCTION
24,260	35 %	5 %	5 %	55 %	9%	16 %	75 %

* Basic and further training including internal and external training programs except for onboarding activities

EDUCATION AND FURTHER TRAINING BY EMPLOYEE CATEGORY AND TRAINING FOCUS* 2018

TOTAL HOURS	HEALTH & SAFETY	INFORMATION TECHNOLOGY	LEGAL & COMPLIANCE	TRAINING & AND QUALIFI-CATION	MANAGEMENT	ADMINISTRA-TION	PRODUCTION
17,673	40 %	7 %	11 %	42 %	8 %	26 %	66 %

* Basic and further training including internal and external training programs except for onboarding activities

HEALTH AND SAFETY AT WORK

Even in times of high capacity utilization, we ensure that our dedicated team maintains a healthy work-life balance and are committed to the standards of the Occupational Health and Safety Assessment Series (OHSAS). We have introduced a number of measures for healthy and efficient employees. These include site-specific health training courses as well as first aid courses for medical care in emergencies. At some sites, we offer access to fitness centers, or have set up separate fitness rooms.

Safety at the workplace is a top priority at SBO. We have established strict internal safety guidelines and compliance with them is regularly monitored. They consist of clearly defined work processes and responsibilities, path markings and stringent instructions for the use of equipment and machinery. Employees are continuously updated on the applicable safety guidelines and local legal provisions on occupational safety.

The aim is to avoid accidents and eliminate sources of accidents as far as possible. Depending on local conditions, we have appropriate checklists and emergency plans in place, which were extended and updated in 2019. Where necessary and possible, we regularly optimize our processes to ensure even greater safety. We encourage our employees to play an active role and take action against potentially unsafe working practices.

Thanks to the consistent implementation of these measures, the number of work-related accidents is low throughout the Group. The lost time injury rate (LTIR) in 2019 was 11.9 accidents per one million working hours (2018: 11.0 accidents per one million working hours). The severity of accidents (SA) was 5.4 lost workdays per incident and declining (2018: 17.9 lost workdays per incident). We actively strive to keep the number of incidents low. All incidents are documented and reviewed for potential for improvement.

SAFETY AT WORK

	UNIT	2019	2018
Lost-time incident*	Number of accidents involving lost workdays (1 day or more)	36	33
Work-related fatality	Number	0	1
Lost time injury rate (LTIR)	Number of accidents involving lost workdays (1 day or more) per 1 million working hours	11.9	11.0
Fatal accident rate (FAR)	Number of fatalities per 1 million working hours	0.0	0.3
Severity of accident (SA)**	Number of lost workdays (calendar days without accident date) in relation to the number of accidents (i. e. average lost workdays)	5.4	17.9

* Incidents included from lost time of 8 working hours
** Fatalities included at a lost time of 30 days

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

CONCEPT FOR RESPECTING HUMAN RIGHTS AND FOR COMBATING CORRUPTION AND BRIBERY

RESPECT FOR HUMAN RIGHTS

SBO conducts its business operations with the highest respect for the catalogue of internationally recognized human rights, such as the International Charter of Human Rights. We are committed to the principles of equal opportunity and equal treatment in working life, regardless of skin color, gender, origin, nationality, ethnic or political affiliation, religion, age, sexual orientation, language or physical or psychological impairments. We regard diversity as an important factor for success and promote diversity in our industry. A detailed description of SBO's diversity concept can be found in the Corporate Governance Report.

Executives and employees are obliged to take appropriate action to detect, prevent and mitigate potential and actual violations of human rights. Our Code of Conduct confirms that we are committed to ethical conduct and integrity and that we consistently enforce such conduct worldwide, regardless of local conditions. No human rights violations were reported in the SBO Group during the period under review.

COMPLIANCE AND PREVENTION OF CORRUPTION

Corruption damages fair competition and constitutes an abuse of entrusted power. SBO prohibits without exception any form of fraudulent conduct and imposes harsh sanctions on such behavior. Group Management is committed to actively combating corruption and bribery and to complying with relevant laws and regulations. Any behavior that is contrary to the principles of business ethics and prudent business conduct will be sanctioned. These requirements are laid down in strict Group-wide guidelines and are subject to zero tolerance for both employees and business partners.

Compliance with these strict prohibitions in day-to-day business is constantly monitored. Training and professional contact persons ensure that our employees strictly follow the SBO guidelines. Our business partners are also made aware of this issue. In the period under review, no risks relating to corruption or bribery were identified at SBO.

Internally, we maintain fair and open communication and a conscious culture of error to make sure that any undesirable developments or problems can be identified at an early stage. We encourage our employees to speak openly about any misconduct, incidents and situations that may not comply with the Code of Conduct and also provide anonymous communication channels such as a separate online platform established for this purpose. In the 2019 financial year, there was one report on the whistleblowing platform.

Legally compliant and ethical conduct is essential to our reputation and a key factor for successful business development. SBO's Compliance Management ensures that the understanding of correct corporate governance is implemented uniformly throughout the Group and that potential misconduct is identified and avoided at an early stage.

In the 2019 financial year, no official measures were taken against SBO with regard to possible corruption offences nor were legal claims asserted for breach of regulations.

"SBO has been committed to the Austrian Corporate Governance Code since 2005."

CORPORATE GOVERNANCE REPORT

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO) has committed itself to complying with the Austrian Corporate Governance Code since 2005 and has consistently implemented its rules. The Austrian Corporate Governance Code is a set of rules meeting international standards for responsible management and governance of companies. By observing the Austrian Governance Code, SBO makes a contribution to strengthening trust in Austrian companies and the Austrian capital market.

The Austrian Corporate Governance Code, as amended in January 2018 and applicable to this report, is available at the website of the Austrian Working Group for Corporate Governance www.corporate-governance.at. The current version of the Austrian Corporate Governance Code as amended in January 2020 was not published until after the 2019 financial year and is therefore applicable only to the 2020 financial year.

SBO complies with the Austrian Corporate Governance Code. The rules of the Code are subdivided into three categories:

First: L-Rules (Legal Requirements): They describe mandatory legal requirements that must be complied with by law.

Second: C-Rules (Comply or Explain): This category contains customary international provisions; non-compliance must be explained.

Third: R-Rules (Recommendation): These rules are recommendations only; non compliance requires neither disclosure nor explanation.

SBO complies fully with mandatory legal requirements (L-Rules).

Regarding the 2019 financial year, SBO had to prepare both a consolidated and a non-consolidated Corporate Governance Report. Pursuant to Art. 267b in conjunction with Art. 251 (3) UGB (Austrian Business Code), these reports may be merged into one report. Therefore, this report contains the data required pursuant to Art. 243c UGB as regards both the parent company (SBO) and the subsidiaries of SBO included in consolidation. The diversity concept according to Art. 243c (2)(3) UGB is described in subchapter "Diversity concept".

EXPLAIN

SBO largely complies with the C-Rules. Deviations are explained as follows (according to the guidelines under Annex 2b to the Austrian Corporate Governance Code):

C-Rule 27

The Rule stipulates, inter alia, that contracts with members of the Executive Board shall contain provisions to the effect that companies may reclaim variable remuneration components if it becomes clear that the member concerned has received them on the basis of false data. The provision to reclaim variable remuneration components from members of the Executive Board does not exist currently. New contracts and prolongations of contracts will, however, contain provisions in line with C-Rule 27 of the Austrian Corporate Governance Code, if it becomes clear that payment has been made based on evidently false data ("Clawback").

C-Rule 28

The remuneration of 6,000 SBO shares per year agreed with Gerald Grohmann, Chief Executive Officer, is subject to a two-year restriction on disposal and encumbrance (instead of at least three years). In the opinion of the Supervisory Board, the objectives of C-Rule 28 are also achieved with a two-year retention period.

C-Rule 39

The Rule provides, inter alia, that a committee of the Supervisory Board shall be authorized to take decisions in urgent cases. As the Supervisory Board of SBO has only a limited number of members and took decisions promptly in urgent cases in the past, SBO has not set up such a committee. As it is always the full Supervisory Board that deals with such matters, this ensures that the expertise of all members of the Supervisory Board is taken into account in its decisions in urgent cases as well.

C-Rule 41

In line with the Austrian Corporate Governance Code, the function of the Nomination Committee is exercised by the joint Nomination and Remuneration Committee, instead of a Nomination Committee established separately from the Remuneration Committee. As the Executive Board consists of only two members and the Nomination and Remuneration Committee is responsible for all other issues related to the Executive Board, this appears to be appropriate for efficiency purposes.

THE EXECUTIVE BOARD

The rules of procedure for the Executive Board govern the composition and working method of the Executive Board, cooperation between the Executive Board and the Supervisory Board, the procedure in the event of conflicts of interest, information and reporting duties of the Executive Board and the approval requirements of the Supervisory Board, which also extend to the material business transactions of the major subsidiaries. The Executive Board consists of two members, whose allocation of responsibilities is regulated as described below. Fundamental decisions are the responsibility of the full Executive Board. These include, in particular, the specification of the company's objectives and definition of the corporate strategy. As a rule, the Executive Board holds meetings at least once a week to provide each other with information and adopt resolutions. The members of the Executive Board are obliged to keep each other informed of all important events and business transactions.

In the 2019 financial year the Executive Board was composed of the following members:

	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT	END OF CURRENT TERM OF OFFICE
Gerald Grohmann Chief Executive Officer	1953	3 October 2001	31 December 2021
Klaus Mader Chief Financial Officer	1970	1 October 2015	30 September 2023

In the 2019 financial year the members of the Executive Board did not hold any Group-external supervisory board mandates or comparable functions in Austria or abroad.

Allocation of responsibilities

Allocation of responsibilities and cooperation of the members of the Executive Board are governed by the rules of procedure for the Executive Board.

The Executive Board has not set up any committees.

The areas of responsibility allocated to the members of the Executive Board have been laid down by the Supervisory Board as follows, notwithstanding the collective responsibility of the Executive Board:

Gerald Grohmann	Strategy, marketing, technology and public relations
Klaus Mader	Finance and accounting, human resources and legal matters

As representatives of the SBO parent company, the members of the Executive Board perform a supervisory function at all subsidiaries included in consolidation (see consolidated financial statements), similar to that of a supervisory board in Austrian stock corporations, but without management or executive function.

Total remuneration of the Executive Board members and remuneration policy principles

The remuneration system for the Executive Board takes into account both the situation in the market and a performance-related component. Remuneration consists of fixed and variable components. Variable components are always paid in the following year, as the achievement of objectives can be determined only at the end of the year. Variable components are performance-related and depend on the degree to which the objectives defined for the financial year have been achieved.

Pursuant to the employment contracts of the Executive Board members, the variable remuneration component is limited to 65 % of the total remuneration.

Variable components are subject to individual provisions. They are composed of the following elements: development of long-term corporate growth, profit, cashflow, equity and tied-up capital. Fulfillment of these performance criteria shall be determined based on the annual financial statements or depends on the results achieved. In addition, non-financial criteria for determining the variable components are in place. They are defined subject to specific medium- and long-term corporate goals, such as in the area of research and development or corporate development.

No share option program is in place for the members of the Executive Board of SBO or the managing directors of its subsidiaries; in particular no stock option program or program for the preferential transfer of stocks within the meaning of C-Rule 28 is in place. Starting with the 2014 financial year, an agreement on share-based remuneration was concluded with Gerald Grohmann, CEO, which provides for a limited annual transfer of 6,000 SBO shares each. The aforementioned shares are subject to disposal and encumbrance restrictions for Mr. Grohmann, valid for a period of two years from the respective transfer date, but at the latest until termination of the employment agreement.

The rules for severance payments follow the legal requirements. Upon leaving the company, the Chief Executive Officer will additionally receive a voluntary severance benefit of 30,000 shares. No future burdens related to pension fund contributions or any other entitlements of the members of the Executive Board arise for the Company after termination of their employment contracts.

The members of the Executive Board receive each a company car, for private use also, and are entitled to an accident and invalidity insurance. All members of the Executive Board are covered by a D&O insurance (Directors & Officers insurance) taken out by, and at the expense of, the company.

For the 2019 financial year, the following remuneration was paid to the members of the Executive Board:

IN TEUR	FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL
Gerald Grohmann* Chief Executive Officer	665	534	1,199
Klaus Mader Chief Financial Officer	452	251	703

* The above table does not include the aforementioned share-based remuneration for Gerald Grohmann

Fundamentals of the remuneration policy within the SBO Group

Remuneration of the managing directors of the subsidiaries of SBO included in consolidation takes into account both the situation in the market and a performance-related component. Remuneration consists of fixed and variable components. Variable components are performance-related and depend on the degree to which the objectives defined for the financial year have been achieved.

Variable components are subject to individual provisions. They are composed of the following elements: development of long-term corporate growth, profit, cashflow, equity and tied-up capital. Fulfillment of these performance-related criteria shall be determined based on the annual financial statements or depends on the results achieved. In addition, non-financial criteria for determining the variable components are in place. They are defined subject to specific medium- and long-term corporate goals, such as in the area of research and development or corporate development.

Furthermore, the managing directors of the subsidiaries of the SBO Group included in consolidation may acquire shares and participation rights in the respective subsidiary company up to a certain limit.

THE SUPERVISORY BOARD

In the 2019 financial year, the Supervisory Board was composed of six members elected by the Annual General Meeting:

	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT	END OF CURRENT TERM OF OFFICE
Norbert Zimmermann Chairman	1947	10 April 1995	2022
Brigitte Ederer Deputy Chairwoman	1956	23 April 2014	2024
Helmut Langanger	1950	29 April 2003	2024
Karl Schleinzer	1946	24 May 1995	2020
Wolfram Littich	1959	27 April 2016	2021
Sonja Zimmermann	1972	24 April 2018	2023

According to the articles of association of SBO, each year one member of the Supervisory Board withdraws from the Supervisory Board at the end of the Annual General Meeting, safeguarding effective control by the shareholders. The withdrawing member can be re-elected immediately.

Other seats on supervisory boards or comparable functions in Austrian or foreign listed companies are disclosed as follows:

	COMPANY	FUNCTION
Norbert Zimmermann	-	-
Brigitte Ederer	Marinomed Biotech AG	Member of the Board of Directors as Non-Executive Director
Helmut Langanger	ENQUEST plc	Member of the Board of Directors as Non-Executive Director
Karl Schleinzer	-	-
Wolfram Littich	-	-
Sonja Zimmermann	Bank für Tirol und Vorarlberg Aktiengesellschaft	Member of the Board of Directors as Non-Executive Director

No member of the Supervisory Board holds a management or supervisory function in one of the subsidiaries of the SBO Group included in consolidation.

Working method of the Supervisory Board

In exercising its functions, in particular monitoring and strategic support of the Executive Board, the Supervisory Board discusses the situation and targets of the Company and adopts resolutions.

The rules of procedure for the Supervisory Board govern in detail the composition, working method and tasks of the Supervisory Board, the procedure in conflicts of interest, and all committees (Audit Committee, Nomination and Remuneration Committee) and their responsibilities.

The Supervisory Board held five meetings in the period under review. Moreover, the Executive Board submitted several oral and written reports to the Supervisory Board to inform about the development of business and the situation of the Company and the Group companies. The main focus of discussions was on the strategic orientation and development of the Group and on major business transactions and measures taken.

All members of the Supervisory Board personally attended more than half of the meetings of the Supervisory Board in the period under review.

Committees

The Supervisory Board appoints the members of the Audit Committee and the Nomination and Remuneration Committee from among its members.

No separate Strategy Committee nor a committee to take decisions in urgent cases has been set up; pertinent matters are dealt with by the Supervisory Board collectively.

The committees are elected for the terms of office of their members. Each committee elects a chairman and deputy chairman from among its members.

Audit Committee

The Audit Committee is responsible for reviewing and preparing the adoption of the annual financial statements, the proposal for the distribution of profits and the management report. The Audit Committee also reviews the consolidated financial statements. In particular, it is also responsible for monitoring the accounting process, the effectiveness of the internal control and risk management system, the independence and activities of the auditor (group auditor) and for approving non-audit services. It carries out the procedure for selecting the auditor (group auditor), taking into account the appropriateness of the fee, and makes a recommendation to the Supervisory Board for the auditor's appointment.

Members: **Norbert Zimmermann (Chairman)**
Wolfram Littich
Sonja Zimmermann

The Audit Committee held two meetings in the year under review, at which topics relating in particular to the annual financial statements and consolidated financial statements, the internal control system and risk management were discussed.

The effectiveness of the risk management system was assessed by an independent audit firm. The auditor's report on the assessment of the effectiveness of risk management was discussed by the Audit Committee.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee deals with matters relating to the remuneration of the members of the Executive Board and of the Supervisory Board and the terms and conditions of the employment contracts concluded with members of the Executive Board. Furthermore, it submits to the Supervisory Board proposals to fill vacant positions on the Executive Board and deals with issues of succession planning. Unless allocated mandatorily to the responsibilities of the full Supervisory Board, the Nomination and Compensation Committee is responsible for the following matters:

a. negotiation, conclusion, amendment and termination of employment contracts with the members of the Executive Board, but not the appointment and dismissal of Executive Board members under company law

b. establishment of the principles for the remuneration of members of the Executive Board (remuneration policy) as well as the determination of the specific remuneration components to be granted, including the underlying targets

c. preparation of the remuneration report on the remuneration of the members of the Executive Board

d. approval of the granting of a loan to a member of the Executive Board by the Company

e. granting of an exemption from the non-competition clause

f. establishment of the principles for the remuneration of the members of the Supervisory Board (remuneration policy)

g. preparation of the remuneration report on the remuneration of the members of the Supervisory Board

Members: **Norbert Zimmermann (Chairman)**
Karl Schleinzer
Sonja Zimmermann

In the year under review, the Nomination and Remuneration Committee held one meeting.

Independence

Regarding independence criteria in accordance with C-Rule 53, the Supervisory Board follows the guidelines contained in Annex 1 of the Austrian Corporate Governance Code. According to the criteria, which are to be applied in line with Annex 1 of the Austrian Corporate Governance Code for determination of the independence according to C-Rule 53, the following Supervisory Board members are deemed as independent:

Norbert Zimmermann
Brigitte Ederer
Wolfram Littich
Sonja Zimmermann

Therefore, the Supervisory Board is an independent body.

Brigitte Ederer and Wolfram Littich represent the interests of small shareholders on the Supervisory Board within the meaning of C-Rule 54 in conjunction with the criteria of independence defined by the Supervisory Board.

In the past year, no agreements requiring approval were in effect with members of the Supervisory Board or companies in which a member of the Supervisory Board held a considerable economic interest. The legal services provided by law firm Schleinzer & Partner of which Karl Schleinzer is a partner, have been provided based on an approval from the past. The scope of services of Supervisory Board member Karl Schleinzer as legal attorney for the Company in the 2019 financial year is deemed not significant pursuant to Annex 1 of the Austrian Corporate Governance Code (for details see Notes to the Consolidated Financial Statements).

Remuneration of the Supervisory Board members and remuneration policy

At the 2018 Annual General Meeting a remuneration program was resolved providing for an annual fixed remuneration of TEUR 20 (Chairman TEUR 30), an attendance fee of TEUR 1 per member and attended meeting and a variable remuneration of 0.25 ‰ each of the profit after tax according to the annual financial statements.

For the 2018 financial year the following remuneration was resolved and paid:

in EUR	FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL
Norbert Zimmermann Chairman	35,000	10,348	45,348
Peter Pichler Deputy Chairman (until 24 April 2018)	7,667	3,449	11,116
Brigitte Ederer Deputy Chairwoman (from 24 April 2018)	25,000	10,348	35,348
Helmut Langanger	24,000	10,348	34,348
Karl Schleinzer	25,000	10,348	35,348
Wolfram Littich	24,000	10,348	34,348
Sonja Zimmermann (from 24 April 2018)	17,333	6,898	24,231

No loans or advances were paid to the members of the Supervisory Board. All members of the Supervisory Board are covered by a D&O insurance (Directors & Officers insurance) taken out by, and at the expense of, SBO.

MEASURES TO PROMOTE WOMEN

In the 2019 financial year, the share of men and women on the Executive Board and Supervisory Board was as follows:

EXECUTIVE BOARD AND SUPERVISORY BOARD*	2019				2018			
	GENDER				GENDER			
	WOMEN		MEN		WOMEN		MEN	
	absolute	%	absolute	%	absolute	%	absolute	%
Supervisory Board	2	33 %	4	67 %	2	33 %	4	67 %
Executive Board	0	0 %	2	100 %	0	0 %	2	100 %

* Total number of each as at 31 December

Since 2018, the Act on the Equal Status of Women and Men on the Supervisory Board (GFMA-G) has stipulated a mandatory gender quota of at least 30 % for new Supervisory Board members, rounded to full numbers of persons, provided that the Supervisory Board consists of at least six members (shareholder representatives) and at least 20 percent of the workforce are female or male employees. Since Brigitte Ederer was re-appointed as member of the Supervisory Board of the Company, the quota was maintained in accordance with the law, as two of the total of six seats on the Supervisory Board are occupied by women. Hence, the objectives described in the chapter "Diversity Concept" were maintained as well.

SBO has a very lean corporate structure with equally lean hierarchies. Accordingly, we do not use the term "executive employees" and refrain from reporting in this regard. It would be distorting to mention only the managing directors of the subsidiaries.

DIVERSITY CONCEPT

The cyclical industry environment of the oilfield service industry is a constant challenge for the management and supervisory bodies of SBO and of the subsidiaries included in consolidation. Massive periodic volatilities in demand for the products of the Company require extensive managerial expertise and an understanding of the forces prevailing in this sector. Additionally, the international positioning of the Company calls for a cautious approach to the cultural situation in the various markets.

Regarding the composition of the Executive Board and the Supervisory Board of the Company, the Company does not apply a diversity concept within the meaning of Section 243c (2) (3) UGB (Austrian Commercial Code), as the sustained implementation of such a concept would lead to significant restrictions for a company operating in the oilfield service industry. Instead, the two qualitative criteria of "key competence" and "experience", their maintenance and expansion, have been defined as material for filling positions in management and supervisory bodies. All individuals in the Supervisory Board are renowned experts in their respective fields, sharing their expertise on the meetings of the Supervisory Board. It ranges from pertinent experience in the industry, cross-sectoral supervisory and/or managerial experience to qualifications in specific subject matters. Additionally, shareholders request a minimum of interpersonal homogeneity and loyalty ensuring a systematic pursuit of SBO's sustainable growth strategy. This request extends far beyond prescribing explicit gender quotas. Nevertheless, SBO shares the view that when different generations, genders and cultures meet, this is a source of further corporate development. For many years, it has been daily practice at SBO to make judgments on equal terms and outside of hierarchical structures. This is why new appointments for positions are guided both by professional qualifications and human diversity.

In the 2019 financial year, the diversity concept was reflected across the entire SBO Group as follows: When hiring new employees, attention was paid to maintaining a diversified and high-performing team. The share of newly hired staff above the age of 50 was 13 %.

NEW HIRES BY GENDER AND AGE* 2019

	AGE						Total	
	< 30		30 – 50		> 50			
	absolute	%	absolute	%	absolute	%	absolute	%
Men	161	37 %	220	51 %	54	12 %	**435**	**91 %**
Women	16	38 %	20	48 %	6	14 %	**42**	**9 %**
Total	**177**	**37 %**	**240**	**50 %**	**60**	**13 %**	**477**	

* New hires including permanent hires and hires terminated within the period shown and personnel taken on from other SBO companies

NEW HIRES BY GENDER AND AGE* 2018

	AGE						Total	
	< 30		30 – 50		> 50			
	absolute	%	absolute	%	absolute	%	absolute	%
Men	158	36 %	232	54 %	43	10 %	**433**	**85 %**
Women	29	37 %	46	58 %	4	5 %	**79**	**15 %**
Total	**187**	**37 %**	**278**	**54 %**	**47**	**9 %**	**512**	

* New hires including permanent hires and hires terminated within the period shown and personnel taken on from other SBO companies

This distribution could not be achieved for the gender quota (women/men), as the share of female employees is traditionally rather low in technical professions. Moreover, it seems that the oilfield service industry in general is less attractive to women. The Group-wide share of women among new hires in 2019 was 9 %, and the share of women in the overall workforce at the end of the year came to 12 %.

TOTAL NUMBER OF EMPLOYEES BY GENDER AND AGE* 2019

	AGE							
	< 30		30 – 50		> 50		Total	
	absolute	%	absolute	%	absolute	%	absolute	%
Men	284	21 %	783	58 %	285	21 %	**1,352**	**88 %**
Women	38	21 %	111	61 %	34	19 %	**183**	**12 %**
Total	**322**	**21 %**	**894**	**58 %**	**319**	**21 %**	**1,535**	

* Total number of each as at 31 December

TOTAL NUMBER OF EMPLOYEES BY GENDER AND AGE* 2018

	AGE							
	< 30		30 – 50		> 50		Total	
	absolute	%	absolute	%	absolute	%	absolute	%
Men	354	24 %	820	56 %	279	19 %	**1,453**	**88 %**
Women	49	25 %	113	59 %	31	16 %	**193**	**12 %**
Total	**403**	**24 %**	**933**	**57 %**	**310**	**19 %**	**1,646**	

* Total number of each as at 31 December

The low attractiveness of the industry to women is clearly reflected in terms of the respective activity. Women accounted for 23 % of white-collar workers and only 7 % of blue-collar workers (including apprentices). When compared year on year, the proportion of women was therefore comparable to the previous year.

TOTAL NUMBER OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT* 2019

	TYPE OF EMPLOYMENT							
	WHITE-COLLAR		BLUE-COLLAR		APPRENTICE		Total	
	absolute	%	absolute	%	absolute	%	absolute	%
Men	399	77 %	931	93 %	22	96 %	**1,352**	**88 %**
Women	116	23 %	66	7 %	1	4 %	**183**	**12 %**
Total	**515**		**997**		**23**		**1,535**	

* Total number of each as at 31 December

TOTAL NUMBER OF EMPLOYEES BY GENDER AND TYPE OF EMPLOYMENT* 2018

	TYPE OF EMPLOYMENT							
	WHITE-COLLAR		BLUE-COLLAR		APPRENTICE		Total	
	absolut	%	absolut	%	absolut	%	absolut	%
Men	422	78 %	1,002	93 %	29	94 %	**1,453**	**88 %**
Women	116	22 %	75	7 %	2	6 %	**193**	**12 %**
Total	**538**		**1,077**		**31**		**1,646**	

* Total number of each as at 31 December

Regarding the appointment of international directors, professional and corporate culture aspects play a key role. All managing directors at SBO's subsidiaries look back on many years of experience in the industry. As far as possible, second-level management and controlling positions are held predominantly by nationals of the countries where the sites are located.

REPORT ON EXTERNAL EVALUATION

C-Rule 62 Austrian Corporate Governance Code (ACGC) provides for a voluntary external evaluation of compliance with the C-Rules of the Code at least every three years. SBO has commissioned DORDA Rechtsanwälte GmbH with the evaluation for the 2019 financial year, but did not cover C-Rules 77 to 83 of the ACGC. The evaluation showed that SBO has complied with the C-Rules of the ACGC in accordance with the declaration of compliance issued by SBO. The report on the evaluation is available on the SBO website.

EVENTS AFTER THE BALANCE SHEET DATE

None

"SBO's international
positioning ensured
solid corporate development
in 2019."

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS STATEMENT

in TEUR	Note	2019	2018*
Sales	24	445,256	420,210
Cost of goods sold	25	-312,690	-274,608
Gross profit		**132,566**	**145,602**
Selling expenses	25	-27,493	-23,864
General and administrative expenses	25	-39,821	-46,123
Other operating expenses	26	-12,915	-16,818
Other operating income	26	8,507	15,760
Profit from operations before impairments and restructuring measures		**60,844**	**74,557**
Restructuring gains	27	746	0
Restructuring losses	27	-914	-1,469
Impairment of property, plant and equipment	27	-485	-2,381
Impairment of goodwill	9	0	-23,853
Profit from operations after impairments and restructuring measures		**60,191**	**46,854**
Interest income	28	3,598	2,900
Interest expenses	28	-8,699	-11,401
Other financial income		0	41
Other financial expenses	29	-10,900	-7,375
Gains/losses from remeasurement of option liabilities	20	3,699	1,019
Financial result		**-12,302**	**-14,816**
Profit before tax		**47,889**	**32,038**
Income taxes	30	-15,560	-14,500
Profit after tax		**32,329**	**17,538**
Average number of shares outstanding		15,953,973	15,957,836
EARNINGS PER SHARE IN EUR (BASIC = DILUTED)		**2.03**	**1.10**

*Restated – see Note 4 – Adjustments with retrospective effect.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	Note	2019	2018*
Profit after tax		**32,329**	**17,538**
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign exchange adjustment - subsidiaries		8,412	11,530
Foreign exchange adjustment - other items[1]		482	1,582
Income tax effect	30	0	-765
		8,894	**12,347**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains (losses) on defined benefit plans	18	-801	-204
Income tax effect	30	200	51
		-601	**-153**
Other comprehensive income, net of tax		**8,293**	**12,194**
TOTAL COMPREHENSIVE INCOME, NET OF TAX		**40,622**	**29,732**

[1] Mainly the result from translation differences from net investments in foreign entities such as long-term receivables
* Restated – see Note 4 – Adjustments with retrospective effect.

CONSOLIDATED BALANCE SHEET

ASSETS

in TEUR	Note	31.12.2019	31.12.2018*
Current assets			
Cash and cash equivalents		265,211	241,532
Trade receivables	5	112,257	125,127
Income tax receivable		264	1,915
Other receivables and other assets	6	7,147	6,385
Assets held for sale	12	3,301	538
Inventories	7	141,956	145,859
Total current assets		**530,136**	**521,356**
Non-current assets			
Property, plant and equipment	8	146,647	144,703
Goodwill	9	140,435	137,763
Other intangible assets	9	26,271	38,042
Long-term receivables and assets	10	5,235	9,754
Deferred tax assets	11	25,885	26,344
Total non-current assets		**344,473**	**356,606**
TOTAL ASSETS		**874,609**	**877,962**

*Restated – see Note 4 – Adjustments with retrospective effect.

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

in TEUR	Note	31.12.2019	31.12.2018*
Current liabilities			
Liabilities to banks	13	31,052	31,412
Current portion of long-term loans	17	47,596	18,310
Lease liabilities	21	2,595	33
Trade payables		24,736	21,165
Government grants	14	319	334
Income tax payable		7,392	4,667
Other liabilities	15, 20	155,518	170,937
Other provisions	16	3,014	4,754
Total current liabilities		**272,222**	**251,612**
Non-current liabilities			
Long-term loans	17	206,683	254,278
Lease liabilities	21	5,899	14
Government grants	14	304	623
Provisions for employee benefits	18	6,862	5,755
Other liabilities	19	11,858	18,824
Deferred tax liabilities	11	695	2,042
Total non-current liabilities		**232,301**	**281,536**
Equity			
Share capital	22	15,955	15,949
Capital reserve		68,902	68,303
Legal reserve	23	785	785
Other reserves		19	19
Currency translation reserve		32,434	23,540
Retained earnings		251,991	236,218
Total equity		**370,086**	**344,814**
TOTAL LIABILITIES AND EQUITY		**874,609**	**877,962**

*Restated – see Note 4 – Adjustments with retrospective effect.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2019

in TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
Note	22		23				
1 January 2019	**15,949**	**68,303**	**785**	**19**	**23,540**	**236,218**	**344,814**
Profit after tax						32,329	32,329
Other comprehensive income, net of tax					8,894	-601	8,293
Total comprehensive income, net of tax	**0**	**0**	**0**	**0**	**8,894**	**31,728**	**40,622**
Dividends[1]						-15,955	-15,955
Share-based payment	6	599					605
31 December 2019	**15,955**	**68,902**	**785**	**19**	**32,434**	**251,991**	**370,086**

[1] The dividend payment in the year 2019 of TEUR 15,955 was distributed to a share capital eligible for dividends of TEUR 15,955. Accordingly, the dividend per share amounted to EUR 1.00.

2018*

in TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
Note	22		23				
1 January 2018	**15,953**	**67,248**	**785**	**19**	**11,193**	**226,813**	**322,011**
Profit after tax*						17,538	17,538
Other comprehensive income, net of tax					12,347	-153	12,194
Total comprehensive income, net of tax	**0**	**0**	**0**	**0**	**12,347**	**17,385**	**29,732**
Dividends[1]						-7,980	-7,980
Acquisition of treasury shares	-10	-576					-586
Share-based payment	6	1,631					1,637
31 December 2018*	**15,949**	**68,303**	**785**	**19**	**23,540**	**236,218**	**344,814**

[1] The dividend payment in the year 2018 of TEUR 7,980 was distributed to a share capital eligible for dividends of TEUR 15,959. Accordingly, the dividend per share amounted to EUR 0.50.
* Restated – see Note 4 – Adjustments with retrospective effect.

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	Note	2019	2018*
Profit after tax		32,329	17,538
Depreciation, amortization and impairments		48,390	73,121
Adjustment for dividends relating to put/call-options	29	10,665	7,375
Change in provisions for employee benefits		1,107	493
Gain (loss) from sale of property, plant and equipment		-241	-1,118
Income from release of government grants		-338	-1,394
Other non-cash expenses and revenues		-2,877	-2,081
Change in deferred taxes		-609	2,480
Cashflow from profit		**88,426**	**96,414**
Expenditures for the acquisition of non-controlling interests	20	-21,192	0
Change in trade receivables		15,600	-31,173
Change in other receivables and other assets		2,166	-2,568
Change in inventories		7,121	-45,009
Change in trade payables		2,372	4,047
Change in option liabilities		-3,699	-1,019
Change in other liabilities and provisions		7,352	12,685
Cashflow from operating activities	39	**98,146**	**33,377**
Expenditures for property, plant and equipment		-31,363	-35,580
Expenditures for other intangible assets		-137	-333
Change in payables for capital expenditure		708	-72
Expenditures for the acquisition of non-controlling interests	20	-8,946	-2,752
Proceeds from sale of property, plant and equipment		5,418	5,031
Cashflow from investing activities	39	**-34,320**	**-33,706**
Free Cashflow		**63,826**	**-329**
Acquisition of treasury shares	22	0	-586
Dividend payment		-15,955	-7,980
Repayments of Lease liabilities		-2,961	-41
Dividends paid relating to put/call-options		-2,186	-7,375
Change in liabilities to banks		-739	-380
Proceeds from long-term loans	17	0	157,250
Repayments of long-term loans	17	-18,309	-69,478
Repayments of other long-term liabilities		-3,789	-1,219
Cashflow from financing activities	39	**-43,939**	**70,191**
Change in cash and cash equivalents		19,887	69,862
Cash and cash equivalents at the beginning of the year		241,532	165,982
Effects of exchange rate changes on cash and cash equivalents		3,792	5,688
Cash and cash equivalents at the end of the year	39	**265,211**	**241,532**
Supplementary information on operating cashflow			
Interest received		4,100	2,029
Interest paid		-4,981	-3,531
Income tax paid		-11,569	-11,421

*Restated – see Note 4 – Adjustments with retrospective effect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

GENERAL INFORMATION ON THE COMPANY

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (the Company, SBO) with its registered office at Hauptstraße 2, 2630 Ternitz, was founded on 26 May 1994 in Ternitz, Austria and is registered in the Commercial Register at the Wiener Neustadt Commercial Court under no. 102999w.

The purpose of the Company is the industrial production of components and parts for the oil and gas industry, primarily for drilling and completion applications and the provision of services in these areas.

The Company's shares have been listed on the Vienna Stock Exchange since 27 March 2003.

NOTE 2

ACCOUNTING PRINCIPLES

The consolidated financial statements as at 31 December 2019 were prepared in accordance with the principles of the International Financial Reporting Standards (IFRS) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. The additional requirements of Section 245a (1) of the Austrian Commercial Code (Unternehmensgesetzbuch, 'UGB') were also adhered to.

These consolidated financial statements of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft and its subsidiaries for the 2019 financial year (reporting date: 31 December 2019) were released for publication by the Executive Board on 28 February 2020.

The consolidated financial statements are prepared in EURO. Unless otherwise indicated, all values are rounded to thousands of euros (TEUR). The use of automated calculation aids may result in rounding differences in the totals of rounded amounts and percentage figures.

NOTE 3

SCOPE OF CONSOLIDATION

In addition to SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft as the ultimate parent, 34 (previous year: 37) subsidiaries are included in the consolidated financial statements as at 31 December 2019.

COMPANY	Location	INTEREST HELD DIRECTLY OR INDIRECTLY in % 31.12.2019	INTEREST HELD DIRECTLY OR INDIRECTLY in % 31.12.2018
SCHOELLER-BLECKMANN Oilfield Technology GmbH	Ternitz, AT	100.00	100.00
Schoeller-Bleckmann Beteiligungs GmbH	Ternitz, AT	100.00	0.00
Schoeller-Bleckmann America Inc.	Wilmington, US	100.00	100.00
Knust-Godwin LLC	Houston, US	100.00	100.00
Schoeller-Bleckmann Energy Services L.L.C.*	Lafayette, US	97.00	97.00
Schoeller-Bleckmann Sales Co. L.L.C.	Houston, US	100.00	100.00
The WellBoss Company, LLC** (former Downhole Technology LLC)	Houston, US	100.00	67.73
BICO Drilling Tools Inc.*	Houston, US	97.85	90.65
BICO DRILLING TOOLS FZE*	Dubai, UAE	97.85	90.65
BICO Faster Drilling Tools Inc.*	Nisku, CA	87.09	80.68
The WellBoss Company, Inc.	Calgary, CA	100.00	0.00
Schoeller-Bleckmann Oilfield Equipment (UK) Limited	Rotherham, UK	100.00	100.00
Darron Tool and Engineering Limited	Rotherham, UK	100.00	100.00
Darron Oil Tools Limited	Rotherham, UK	100.00	100.00
Schoeller-Bleckmann Darron Limited*	Aberdeen, UK	95.00	95.00
Schoeller-Bleckmann Darron (Aberdeen) Limited*	Aberdeen, UK	94.00	94.00
Techman Engineering Limited*	Chesterfield, UK	100.00	90.65
Schoeller-Bleckmann (UK) Limited	Chesterfield, UK	100.00	100.00
OOO “Schoeller-Bleckmann”*	Noyabrsk, RU	99.00	99.00
DSI FZE	Dubai, UAE	100.00	100.00
Schoeller Bleckmann Saudi LLC	Al-Khobar, KSA	100.00	100.00
DSI PBL de Mexico S. A. de C. V.	Villahermosa, MX	100.00	100.00
ADRIANA HOLDING COMPANY LIMITED*	Dubai, UAE	99.00	99.00
Schoeller Bleckmann do Brasil, Ltda.	Macaé, BR	100.00	100.00
Schoeller-Bleckmann de Mexico S. A. de C. V.	Monterrey, MX	100.00	100.00
Knust-SBD Pte. Ltd.	Singapore, SG	100.00	100.00
Schoeller-Bleckmann Oilfield Equipment Middle East FZE	Dubai, UAE	100.00	100.00
Schoeller-Bleckmann Oilfield Equipment Vietnam Co., Ltd.	Binh Duong, VN	100.00	100.00

* Refer to Note 19 for details on shares held by the management of these companies.
** Refer to Note 20 for details on shares relating to prior years' option agreements.

The interest in each company corresponds to the voting rights. Therefore, control of the subsidiary is derived directly from the interest held.

The following changes occurred in the scope of consolidation during 2019:

- Acquisition of Schoeller-Bleckmann Beteiligungs GmbH with its corporate seat in Ternitz. The company does not conduct any operating business.
- Merger of Resource Well Completion Technologies Corp. with and into Downhole Technology LLC. The latter changed its name into The WellBoss Company, LLC.
- Amalgamation of Schoeller-Bleckmann Canada Ltd., Resource Completion Systems Holdings Inc., Resource Well Completion Technologies Inc. and Resource Completion Systems Inc. into The WellBoss Company, Inc.

The Company has exercised the protective clause in accordance with Section 265 (3) UGB.

NOTE 4

SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting policies applied in the previous year generally remain unchanged, with the exception of the following:

1. Changes in accounting principles

The Group applied the following new or amended standards and interpretations for the first time in the 2019 financial year. However, these standards and interpretations impacted the consolidated financial statements as at 31 December 2019 only if indicated by the word ‘yes’ in the table below:

STANDARDS/ INTERPRETATIONS		EFFECTIVE DATE[1]	MATERIAL IMPACT ON SBO GROUP'S FINANCIAL STATEMENTS
IFRS 16	Leases	1 January 2019[1]	see below
IFRS 9 Amendments	Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019[1]	no
IAS 28 Amendments	Longterm investments in Associates and Joint Ventures	1 January 2019[1]	no
IAS 19 Amendments	Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019[1]	no
IFRS 3, IFRS 11, IAS 12, IAS 23 Improvements	Annual improvements to IFRS Standards 2015-2017 Cycle	1 January 2019[1]	no
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019[1]	no

[1] To be applied in the EU in reporting periods starting on or after the indicated date.

IFRS 16 Leases

In the reporting period 2019 the newly adopted standard IFRS 16 was applied by SBO for the first time. The new standard specifies how an IFRS reporter will recognize, measure, present, and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases. The first-time application of IFRS 16 based on the modified retrospective approach by recognizing the cumulative effect from the transition as an adjustment to the opening balance of the reporting period, without restating comparative information. The production and distribution locations are largely owned by SBO, therefore the first-time application of the new standard did not result in material impacts on SBO's consolidated financial statements. Lease liabilities were recognized using the present value of the remaining lease payments, and the right-of-use assets at an amount equal to the recognized lease liabilities considering prepayments made. For discounting the lease payments a weighted average incremental borrowing rate of 4.23 % was applied.

SBO applied the recognition exemption for leases with a term of 12 months or less and for leases with a remaining term of maximum 12 months as of the date of first time application, and for leases concerining low-value assets. In addition, SBO selected the option for not including any direct initial costs when measuring the right-of-use asset. SBO applied the practical expedient to apply IFRS 16 for all contracts entered into before 1 January 2019 which were defined as leases under IAS 17 and IFRIC 4. Furthermore, SBO chose to use hindsight in determining the term of leases. Regarding vehicle leases SBO applied a portfolio approach for similar contracts.

Lease assets are reported within property, plant and equipment, the corresponding lease liabilities are reported as separate line items within current and non-current liabilities. The recognition of assets and liabilities for the existing operating leases for office, production and storage buildings as well for vehicles led to an increase in property, plant and equipment by TEUR 7,999 as of 1 January 2019. An amount of TEUR 726 relating to finance leases and recognized land use rights were reclassified within property, plant and equipment.

The adjustment effect from IFRS 16 as of 1 January 2020 is as follows:

in TEUR	**31.12.2018**	**Adjustment IFRS 16**	**01.01.2019**
Property, plant and equipment	144,703	7,999	152,702
Other receivables and other assets	6,385	-138	6,247
Long-term receivables and assets	9,754	-195	9,559
Total assets*	877,962	7,666	885,628
Lease liabilities – current	33	2,522	2,555
Lease liabilities – non-current	14	5,144	5,158
Total liabilities and equity*	877,962	7,666	885,628

* Restated – see Note 4 – Adjustments with retrospective effect.

The amortization of right-of-use assets according to IFRS 16 replaced the recognition of rental expenses which improved EBITDA by TEUR 3,158 and EBIT by TEUR 87. The cashflow from operating activities improved by TEUR 2,960 due to the application of IFRS 16.

Existing minimum lease commitments as of 31 December 2018 can be reconciled to lease liabilities as of 1 January 2019 as follows:

in TEUR	
Minimum lease commitments as of 31 December 2018	10,817
Exercising extension options	96
Low value leases	-657
Short-term leases	-504
Lease agreements not yet commenced	-891
Other adjustments	16
Total undiscounted minimum lease payments	8,877
Discounting	-1,211
Subtotal discounted minimum lease payments	7,666
Finance leases	47
Lease liability according to IFRS 16 as of 1 January 2019	7,713

For further details regarding leases see Note 21.

The following new or revised standards and interpretations which have been published but not adopted by the EU, or which are not yet mandatory, were not applied early in the 2019 financial year. They will be applied in the future reporting period for which application is mandatory:

STANDARDS/ INTERPRETATIONS		EFFECTIVE DATE[1]	MATERIAL IMPACT ON SBO GROUP'S FINANCIAL STATEMENTS
IAS 1 Amendments	Classification of liabilities as current or non-current liability	1 January 2022[2]	no
IAS 1 IAS 8 Amendments	Definition of Material	1 January 2020[1]	no
IFRS 3 Amendments	Business Combinations	1 January 2020[2]	potential application on future aquisitions
IFRS 9 IAS 39 IFRS 7	Interest Rate Benchmark Reform (Amendments to IFRS 9 and IAS 39)	1 January 2020[1]	no
Amendments	References to the Conceptual Framework in IFRS Standards	1 January 2020[1]	no
IFRS 17	Insurance Contracts	1 January 2021[2]	no

[1] To be applied in the EU in financial years beginning on or after the indicated date.
[2] This standard is not yet mandatory in the EU and was not applied early. The date indicated is the effective date as determined by the IASB.

2. Reporting date

The reporting date of all companies included in the consolidated financial statements is 31 December.

3. Accounting of non-controlling interests in the consolidated financial statements

Non-controlling interests in the Group are recognized at the proportionate share of the remeasured identifiable net assets at the acquisition date. Subsequently, an appropriate share of net profit/loss after tax and OTHER COMPREHENSIVE INCOME is allocated to non-controlling interests. Thus, a loss at the respective subsidiary could lead to a negative balance. Changes in the equity interest in a subsidiary without loss of control are recognized as equity transactions.

Refer to Note 20 for details on prior years' option agreements.

4. Foreign currency translation

The consolidated financial statements are prepared in euros, the functional and reporting currency of the parent company. Each company within the Group sets its own functional currency. The items included in the financial statements of each company are measured using this functional currency.

Foreign currency transactions are translated at the exchange rate in effect at the transaction date. Monetary items denominated in foreign currencies are translated at the exchange rate as at the reporting date. Currency differences are recognized in profit or loss in the period in which they occur.

When preparing the consolidated financial statements, the financial statements of foreign subsidiaries which are prepared using their functional currency are translated into euros using the modified closing rate method:

- Assets and liabilities, both monetary and non-monetary, are translated at the closing rate.
- All income and expense items of foreign subsidiaries are translated using an average annual rate.

Currencies developed as follows:

	RATE ON REPORTING DATE		AVERAGE ANNUAL RATE	
1 EUR =	31.12.2019	31.12.2018	2019	2018
USD	1.1234	1.1450	1.1196	1.1815
GBP	0.8508	0.8945	0.8773	0.8848
CAD	1.4598	1.5605	1.4857	1.5302
MXN	21.2202	22.4921	21.5573	22.7160
BRL	4.5157	4.4440	4.4135	4.3087
VND	26,206.0	26,737.6	26,226.5	27,330.7

Currency translation differences from the inclusion of financial statements of subsidiaries in the consolidated financial statements are recorded in the consolidated financial statements within equity under the item CURRENCY TRANSLATION RESERVE; the change in the current year is presented under OTHER COMPREHENSIVE INCOME in the consolidated statement of comprehensive income.

5. Classification of current and non-current assets and liabilities

Assets and liabilities with a residual term of up to one year are classified as current, those with a residual term of more than one year as non-current. Residual terms are determined as at the reporting date.

Operating assets and liabilities, such as trade receivables and trade payables, are always classified as current even if their maturity is more than 12 months after the reporting date as this corresponds to the usual business cycle.

6. Financial instruments

Transactions of financial instruments are recognized at the settlement date.

The consolidated balance sheet includes the following financial instruments in accordance with IFRS 9:

Categories according to IFRS 9

AT AMORTIZED COST

Financial assets

All cash balances, demand deposits, and short-term extremely-liquid financial investments that can be converted to known amounts of cash and cash equivalents on demand, and which are subject to only insignificant fluctuations in value included under the item CASH AND CASH EQUIVALENTS, are classified as cash funds. Current investments are non-derivative financial assets not held for trading that are available-for-sale assets with a term of less than three months.

Non-derivative financial assets with fixed or determinable payments that are not listed on an active market mainly comprise of TRADE RECEIVABLES and as well as other loans issued and receivables (these loans were granted to the managers of subsidiaries for shares or participation rights, reported within LONG-TERM RECEIVABLES AND ASSETS).

Receivables are recognized at the settlement date at cost and subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Gains and losses are recognized to consolidated profit or loss due to amortization under the effective interest method, upon impairment or when a loan or receivable is derecognized.

The Company grants payment terms to its customers at customary business terms, but generally does not require any additional collateral or payment guarantees to secure the amounts due. Occasional customers and customers located in high risk countries from whom the Company obtains confirmed letters of credit are excluded from this policy. Trade receivables that are granted beyond the normal payment terms bear interest at arm's length rates.

SBO regularly evaluates receivables and establishes allowances for doubtful accounts if necessary. These allowances are sufficient to cover the expected default risk; actual defaults result in derecognition of the receivable in question. The decision of whether to account for the default risk by means of allowances or to derecognize the receivable depends on the reliability of the assessment of the risk situation.

Management evaluates the adequacy of the allowances for doubtful accounts using the maturity structure of receivables balances, historical defaults on receivables experienced over the last 5 years (receivables for which legal measures were taken but which could not be collected within 3 years are also considered as default), customer creditworthiness, and changes in payment behaviour.

Financial Liabilities

Financial liabilities comprise in particular trade payables, liabilities to banks, lease liabilities and derivative financial liabilities, with the latter being measured at fair value through profit or loss (FVTPL).

Liabilities are initially recognized at their fair value less transaction costs related to the borrowing and are subsequently measured at amortized cost using the effective interest method. Gains and losses resulting from the use of the effective interest method are recognized in consolidated profit or loss.

In addition, financial liabilities include purchase prices for shares in subsidiaries held by management. The managers are contractually obligated to sell these shares back to the Company when specified events occur and the Company is obligated to repurchase the shares. The repurchase price is based on the amount of the pro-rata equity on the sale date. Pursuant to IAS 32.23, such contracts give rise to a financial liability for the present value of the redemption amount. As the value cannot be determined exactly in advance, the liability is measured using the pro-rata equity at the reporting date, which includes the portion of the income from the current financial year that in turn is recognized in the consolidated profit and loss statement under INTEREST INCOME OR EXPENSE. This current income share is considered representative of the effective interest result.

Additional financial liabilities result from participation rights in subsidiaries granted to management. These participation rights may only be transferred to third parties with the Company's approval and the Company has a call option upon the occurrence of specified events, in which event the redemption amount is based on the subsidiary's net assets as at the exercise date. The current share of income is considered to be representative of the effective interest result which changes the liability accordingly.

AT FAIR VALUE THROUGH PROFIT OR LOSS

Derivative financial instruments and hedging relationships

The Group uses derivative financial instruments such as currency futures to hedge currency risks. These derivative financial instruments are recognized at fair value at the contract date and are subsequently measured at fair value. Derivative financial instruments are recognized as assets if their fair values are positive and as liabilities if fair values are negative.

The Company uses hedging measures to hedge foreign currency risks from recognized monetary assets and liabilities. While these measures do not satisfy the requirements for hedge accounting, they effectively contribute to the hedging of financial risk in accordance with risk management principles.

Gains and losses from hedges which serve to hedge the exchange risks from intra-Group deliveries in foreign currencies and which do not satisfy the criteria for hedge accounting in accordance with IFRS 9 are not presented separately in profit or loss but rather together with currency gains and losses from deliveries in profit from operations (EBIT). The Company reserves the right to opt also in future to apply the criteria of IAS 39 for hedge accounting.

Regarding option liabilities relating to cancellable non-controlling interests from the prior year see Note 20.

In connection with a business combination in 2010, a foreign currency hedge of the purchase price was concluded between the signing and the closing, which was recognized as a fair value hedge of a fixed off-balance sheet obligation as the underlying. The loss attributable to the secured hedge was recognized as a basis adjustment to the acquired assets and is now recognized in profit or loss in accordance with the recognition of these assets in profit or loss (in line with depreciation over the estimated useful lives).

A summary for the financial instruments in place on 31 December 2019 and 31 December 2018 is shown in Note 35.

7. Inventories

Inventories consist of materials and purchased parts in various stages of completion and are recognized at cost or the lower net realisable value at the reporting date. Inventory usage is determined using the first-in, first-out, weighted average price or specific price method. Costs of finished goods include the costs for raw materials, other directly allocable expenses as well as pro-rata overheads. Borrowing costs are not capitalized. Inventory risks arising from slow moving goods or reduced marketability are accounted for through appropriate valuation allowances.

8. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are measured at cost less depreciation and amortization. Depreciation/amortization is generally recognized using the straight-line method over the expected useful life of the asset. The estimated useful lives are as follows:

	USEFUL LIFE IN YEARS
Intangible assets:	
Software	4
Technology	5–10
Customer base	5–10
Non-compete agreements	5–10
Trademarks	10
Property, plant and equipment:	
Buildings and improvements	5–50
Technical plant and machinery	3–17
Other equipment, operating and office equipment	2–10
Right-of-use assets	3–10

On each reporting date the Company assesses whether there are indications that property, plant and equipment or intangible assets may be impaired. If such indications exist, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Impairment losses on continuing operations are recognized in profit or loss under IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT.

An assessment is made at each reporting date whether there are indications that previously recognized impairment losses no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the extent that the asset's carrying amount may not exceed either its recoverable amount or the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

Borrowing costs are also expensed as incurred unless they are related to a qualifying asset.

Leased assets capitalized according to IFRS 16 are recorded within property, plant and equipment as right-of-use assets. The lease liabilities resulting from the future lease payments are presented in the balance sheet as lease liabilities. Effects from the first-time application of IFRS 16 are disclosed in Note 4, effects relating to the reporting year 2019 are disclosed in Note 21. Interest rates for capitalized leased assets are based on the minimum interest rate for new loans at the inception of each lease or in correspondence with the lessor's implicit rate of return. In the previous year leases qualified as operating leases were expensed in profit and loss.

9. Goodwill

Goodwill is recognized at cost and subsequently tested for impairment annually as at 31 December. For this purpose, goodwill is assigned to cash generating units and compared to the business units' value in use based on the expected cashflows. Once recognized, an impairment of goodwill is not reversed in subsequent periods.

10. Current and deferred income taxes

Current tax refund claims and tax liabilities for current and previous periods are measured in the amount to be recovered from or paid to the tax authorities. The amount is calculated based on the tax rates and tax laws applicable at the reporting date.

The Company uses the balance sheet liability method prescribed by IAS 12 to recognize deferred taxes. Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply to the period in which the asset will be realised or the liability settled. If there are losses in the current or previous periods, deferred tax assets are recognized for unused tax loss carryforwards only to the extent that there are substantial indications based on existing mid-term plans that sufficient taxable profits will be available against which the unused tax losses can be utilised. For tax loss carryforwards which do not expire, realisability is based on the next five years.

Current and deferred taxes which relate to items recognized under OTHER COMPREHENSIVE INCOME or directly within equity are not recognized in profit or loss, but rather in OTHER COMPREHENSIVE INCOME or directly in equity.

11. Government grants

Government grants are recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grants and that the grants will be received. Grants relating to costs are recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Grants relating to assets are recognized as a deferred income item as soon as all conditions necessary for the receipt of the grant have been satisfied. The deferred income is reversed over the useful life of the respective assets and presented in OTHER OPERATING INCOME in the consolidated profit and loss statement.

12. Provisions

In accordance with IAS 37, provisions are recognized when the Company has current legal or constructive obligations as a result of past events and for which payment is probable. Provisions are recognized at the amount determined based on management's best estimate at the reporting date. Provisions are not recorded if they can not be reasonably estimated.

13. Provisions for employee benefits

DEFINED BENEFIT PLANS

Defined benefit plans concern solely obligations for severance benefits of Austrian companies. Upon termination of employment or normal retirement, employers must make a lump sum payment to the employee if they were employed for three years or more and employment commenced before 1 January 2003. Severance payments range from six to twelve months of salary at the time of separation depending on the length of service. Payments must be made upon normal retirement or termination by the employer, but not upon voluntary departure by the employee. The amount of the provision is calculated on each reporting date using actuarial measurements based on the projected unit credit method with a creditable service period from the beginning of the employment to the time of planned retirement for each employee, and corresponds to the present value of the employee's vested benefit claims at the end of the reporting period. The retirement age used refers to current legal provisions. Expected future salary increases and employee turnover discounts are considered based on medium-term historical experience.

All remeasurements relating to defined benefit plans (actuarial gains and losses) are recognized under OTHER COMPREHENSIVE INCOME, in accordance with IAS 19. Refer to Note 18 for further details on provisions for severance payments.

DEFINED CONTRIBUTION PLANS

In accordance with legal requirements for employments subject to Austrian law which commenced after 1 January 2003, the Company must pay 1.53 % of current compensation to an employee benefit fund. Defined contribution pension schemes exist at several Group companies based either on specific legal obligations under national law or based on shop agreements or individual contractual pension agreements. The Group's obligation is limited at paying the contributions to each pension fund when due. There is no legal or constructive obligation to make future payments. All contributions to defined contribution plans are recognized as an expense at the time when employees have provided the services that obligate the Company to make the contribution.

OTHER LONG-TERM PERSONNEL OBLIGATIONS

In accordance with Austrian collective work agreements, employees are entitled to jubilee payments depending on their length of service (defined benefit plan). The amounts to be accrued for these provisions are also calculated using the projected unit credit method. The parameters used for the provision for severance pay are also applied when calculating the provision for jubilee payments. Remeasurements (actuarial gains or losses) are recognized in profit or loss.

14. Revenue recognition

Performance obligations from the sale of manufactured items and goods are recognized as control is transferred, normally upon delivery to the recipient, and therefore are recognized at a point of time. Performance obligations from service and repair work are recognized when the service has been rendered, which is the delivery of the goods to the customer. Performance obligations resulting from providing on site customer support for the usage of SBO tools are satisfied during the time of staff being on site. As a consequence, revenue is recognized over time.

Individual entities within the SBO Group operate as lessors of oil tools. Rental revenues are recognized based on actual usage by the customer (performance obligations which are satisfied over time). In general, no minimum lease obligations or minimum revenues are stipulated in the agreements. In this context SBO does not hold finance lease agreements.

Interest income is recognized on a pro-rata basis, using the effective interest method.

15. Research and development

Pursuant to IAS 38, research costs are recognized in profit or loss when incurred. Development costs are expensed when incurred, if the requirements for capitalization of development costs in accordance with IAS 38 are not fully met. Development costs are recognized in profit or loss in SBO's consolidated financial statements in the period in which they are incurred, because the corresponding recognition criteria were not satisfied.

16. Share-based payment

In 2014 an agreement on share-based payments was entered into with the Chief Executive Officer. The granting requires valid employment. An agreement on the granting of a voluntary severance benefit in the form of SBO shares at the end of employment was also concluded. In the course of extending the Management Board mandate in 2018 this agreement was also extended. As the compensation is and will be settled using SBO shares, the current expense from these agreements is recognized in personnel expense and within equity (refer to Note 33).

17. Estimates, judgements, and assumptions

When preparing the consolidated annual financial statements under International Financial Reporting Standards, estimates, assumptions, and judgements must be made to a certain extent which impact the amounts presented in the balance sheet, the notes to the financial statements and the profit and loss statement. The amounts actually arising in the future may deviate from the estimates; however, from its current perspective the Management believes that there will not be any material negative impacts on the consolidated financial statements in the near future. The significant estimates and judgements underlying the consolidated annual financial statements are explained below.

Assumptions and discretionary decisions must be made when recognizing and measuring INTANGIBLE ASSETS recognized in the course of business combinations (see Note 9).

Estimates are necessary about the period over which PROPERTY, PLANT AND EQUIPMENT and INTANGIBLE ASSETS can be expected to be used (see Notes 8 and 9). In addition, if indications of impairment of PROPERTY, PLANT AND EQUIPMENT or INTANGIBLE ASSETS are identified, estimates are required when determining the recoverable amount. When evaluating right-of-use assets estimates are required for determining the term of a lease, and extension options, respectively.

An estimate of the value in use is made for the annual impairment test of GOODWILL in which management must estimate the expected future cashflows of the cash generating units and choose an appropriate discount rate (see Note 9).

Deferred tax assets are recognized for unused tax losses to the extent it is probable that taxable income will be available, so that the loss carryforwards can actually be used. When accounting for DEFERRED TAX ASSETS, a significant exercise of judgment by management is required regarding the timing and extent to which future taxable income will be available in order to actually use the temporary differences or loss carryforwards (see Note 11).

Management estimates of pricing and market development are necessary in order to determine carrying amounts when measuring INVENTORIES (see Note 7). As based on the underlying customer contracts there is no need to apply the percentage-of-completion method, estimates regarding services already rendered as well as future costs to be expected for short-term orders are only required to determine potential provisions for onerous contracts.

In addition to evaluations based on historic cash receipts RECEIVABLES require assumptions regarding the probability of default (see Note 5). Besides overdue balances and market risks, also past customer experiences are taken into account. Regarding SALES REVENUES estimations are required for expected returns relating to sales with a right of return (see Note 15) as well as for volume discounts to be granted.

For the recognition of PROVISIONS, management must evaluate the probability of occurrence at the reporting date. Provisions are recognized at the value that corresponds to management's best estimate at the reporting date (see Note 16).

Expenses for defined benefit plans are determined based on actuarial calculations. The actuarial measurement is based on assumptions regarding the discount rates, future wage and salary increases, mortality rates, and employee turnover rates (see Note 18).

Option liabilities relating to cancellable non-controlling interests were measured at fair value at the acquisition date and are subsequently remeasured at fair value on each reporting date. The fair values were determined based on the discounted cashflows, which were derived from the most recent earnings forecast of the companies involved. Until the first date of exercising the option, judgements were necessary when determining future cashflows, the timing of exercising the option, and the choice of an appropriate discount rate (see Note 20).

Liabilities for management's interest in subsidiaries and participation rights are measured using estimates of the service period of the respective individuals in the company and future profitability of the subsidiaries. The Company assumes that the respective share of the subsidiary's annual income essentially corresponds to the effective interest expense (see Note 19).

18. Adjustments with retrospective effect, correction of accounting related estimates and errors

During 2019 the Austrian Financial Reporting Enforcement Panel (AFREP) carried out a review of SBO's consolidated financial statements as of 31 December 2018 and interim consolidated financial statements as of 30 June 2018 and 30 June 2019 according to section 2 paragraph 1 lit 2 Financial Reporting Enforcement Act (RL-KG) (random review). AFREP concluded that a material error occurred relating to the impairment test performed for the cash generating unit Resource Well Completion Technologies Inc. within the "Oilfield Equipment" segment. The disclosure of this error was mandated by a ruling from the Financial Market Authority according to article 5 para 2 first sentence RL-KG. AFREP found that the cashflow projections underlying the impairment test did not comply with the requirements of IAS 36.33(a) in conjunction with IAS 36.34 and IAS 36.38. In detail, AFREP stated that the reflection of risks and uncertainties of the economic environment in the oilfield service industry in the cashflow projections, connected with budgets not being achieved in previous years, was not sufficiently substantiated. Goodwill of the cash generating unit Resource Well Completion Technologies Inc. amounted to TEUR 23,707 as of 31 December 2018. Based on the finding of AFREP SBO has corrected the impairment test as of 31 December 2018. The adjusted cashflow projections for the cash generating unit Resource Well Completion Technologies Inc. resulted due to average fx rates used in an impairment need of TEUR 23,853 as of 31 Dezember 2018 recognized in the income statement in impairment of goodwill. The error was corrected according to IAS 8.42 with retrospective effect by adjusting the relevant figures in the previous year's financial statements. As a consequence, also interim financial statements of the year 2019 are affected. When announcing interim financial statements for 2020 comparative figures of the previous year will be adjusted accordingly.

The impact on the consolidated financial statements as of 31 December 2018 was as follows:

in TEUR	31.12.2018 REPORTED	IMPAIRMENT GOODWILL	31.12.2018 RESTATED
Goodwill	161,153	-23,390	137,763
Currency translation reserve	23,077	463	23,540
Retained earnings	260,071	-23,853	236,218
Equity	368,204	-23,390	344,814
Impairment of goodwill	0	-23,853	-23,853
Profit from operations after impairments and restructuring measures	70,707	-23,853	46,854
Profit before tax	55,891	-23,853	32,038
Profit after tax	41,391	-23,853	17,538
Earnings per share in EUR (basic = diluted)	2.59	-1.49	1.10

NOTE 5

TRADE RECEIVABLES

An analysis of trade receivables as at 31 December is presented below:

Due date	GROSS VALUE	LUMPSUM ALLOWANCE (ECL)	INDIVIDUAL ALLOWANCE	NET VALUE
Not or < 30 days past due	83,995	-252	0	83,743
30 – 90 days past due	20,186	-153	0	20,033
90 - 180 days past due	7,270	-123	-220	6,927
> 180 days past due	7,851	-411	-5,886	1,554
Total	**119,302**	**-939**	**-6,106**	**112,257**

Trade receivables typically have payment terms of up to 90 days. As of 31 December 2019 and as of 31 December 2018 no trade receivables had a term of more than 12 months.

The carrying amount of impaired receivables amounted to TEUR 111 (previous year: TEUR 108). Allowances for doubtful accounts are recognized in line with IFRS 9 on basis of historical experience and in consideration of days outstanding (see Note 4). As of 31 December 2019 allowances measured for lifetime expected credit losses according to the simplified approach amounted to TEUR 939 (previous year: TEUR 765).

The allowance account is presented below:

in TEUR	2019	2018
As at 1 January	6,845	5,394
Currency translation adjustments	138	262
Utilization	-1,377	-509
Reversal	-1,412	-1,165
Additions	2,851	2,863
As at 31 December	**7,045**	**6,845**

No collateral was received for the receivables listed.

NOTE 6

OTHER RECEIVABLES AND OTHER ASSETS

This line item mainly consists of receivables from tax authorities and prepaid expenses. In addition, this line item includes assets from sales with a right of return according to IFRS 15 amounting to TEUR 544 (previous year: TEUR 494).

No collateral was received for the receivables and no adjusteds have been recognized.

NOTE 7

INVENTORIES

The breakdown of inventories by classification is presented below:

in TEUR	31.12.2019	31.12.2018
Raw materials and supplies	14,221	15,487
Work in progress	71,540	71,575
Finished goods	56,195	58,797
Total	**141,956**	**145,859**

Valuation allowances expensed in 2019 were TEUR 3,663 (previous year: TEUR 1,361).

NOTE 8

PROPERTY, PLANT AND EQUIPMENT

A summary of the gross carrying amounts and the accumulated depreciation and impairments of property, plant and equipment is presented below:

2019

in TEUR	LAND AND BUILDINGS	TECHNICAL PLANT AND MACHINERY	OTHER EQUIPMENT, OPERATING AND OFFICE EQUIPMENT	PREPAYMENTS AND ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
Cost						
31 December 2018	100,561	385,571	14,381	3,133	0	**503,646**
Adjustment IFRS 16	-810	0	-104	0	8,913	**7,999**
1 January 2019	99,751	385,571	14,277	3,133	8,913	**511,645**
Currency translation adjustments	1,349	6,255	250	64	302	**8,220**
Additions	3,384	19,874	1,314	6,791	3,915	**35,278**
Reclassifications	431	-3,794	36	3,261	0	**-66**
Classification as 'held for sale'	-6,081	-170	0	0	0	**-6,251**
Disposals	-830	-61,637	-2,252	-501	-321	**-65,541**
31 December 2019	98,004	346,099	13,625	12,748	12,809	**483,285**
Accumulated depreciation and impairment						
31 December 2018	32,903	314,155	11,885	0	0	**358,943**
Adjustment IFRS 16	-161	0	-28	0	189	**0**
1 January 2019	32,742	314,155	11,857	0	189	**358,943**
Currency translation adjustments	461	5,020	189	4	8	**5,682**
Additions from depreciation	3,221	27,477	1,226	0	3,089	**35,013**
Impairment	485	0	0	0	0	**485**
Reclassifications	0	-5,610	24	5,586	0	**0**
Classification as 'held for sale'	-2,951	-170	0	0	0	**-3,121**
Disposals	-750	-57,305	-2,166	0	-143	**-60,364**
31 December 2019	33,208	283,567	11,130	5,590	3,143	**336,638**
Carrying amount						
31 December 2019	64,796	62,532	2,495	7,158	9,666	**146,647**
31 December 2018	67,658	71,416	2,496	3,133	0	**144,703**

2018

in TEUR	LAND AND BUILDINGS	TECHNICAL PLANT AND MACHINERY	OTHER EQUIPMENT, OPERATING AND OFFICE EQUIPMENT	PREPAYMENTS AND ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
Cost						
1 January 2018	93,910	360,215	13,462	607	0	**468,194**
Currency translation adjustments	2,259	9,046	230	97	0	**11,632**
Additions	4,349	24,703	1,151	5,377	0	**35,580**
Reclassifications	200	6,927	143	-2,996	0	**4,274**
Classification as 'held for sale'	-71	0	0	0	0	**-71**
Disposals	-86	-15,320	-605	48	0	**-15,963**
31 December 2018	100,561	385,571	14,381	3,133	0	**503,646**
Accumulated depreciation and impairment						
1 January 2018	28,328	283,729	10,965	0	0	**323,022**
Currency translation adjustments	612	6,923	188	0	0	**7,723**
Additions from depreciation	3,034	29,490	1,232	0	0	**33,756**
Impairment	947	1,341	93	0	0	**2,381**
Reclassifications	0	4,136	0	0	0	**4,136**
Disposals	-18	-11,464	-593	0	0	**-12,075**
31 December 2018	32,903	314,155	11,885	0	0	**358,943**
Carrying amount						
31 December 2018	67,658	71,416	2,496	3,133	0	**144,703**
31 December 2017	65,582	76,486	2,497	607	0	**145,172**

The Company has production facilities in the following countries: Austria, the USA, the UK, Vietnam, and Singapore.

Service and maintenance support sites as well as sales outlets are maintained in the USA, Canada, the UK, Singapore, the United Arab Emirates, Saudi Arabia, Russia, Mexico, and Brazil.

As at 31 December 2019, purchase commitments for investments in property, plant and equipment amounted to TEUR 5,044 (previous year: TEUR 2,123).

For details on capitalized right-of-use assets see Note 21.

NOTE 9

INTANGIBLE ASSETS

The gross carrying amounts and the accumulated amortization of intangible assets are summarized below:

2019

in TEUR	GOODWILL	TECHNOLOGY	NON-COMPETE AGREEMENTS	CUSTOMER BASE	OTHER INTANGIBLE ASSETS	TOTAL
Cost						
1 January 2019	235,564	68,673	11,936	35,440	13,528	**365,141**
Currency translation adjustments	7,543	2,166	333	1,226	258	**11,526**
Additions	0	0	0	0	137	**137**
Reclassifications	0	0	0	0	66	**66**
Disposals	0	0	0	0	0	**0**
31 December 2019	243,107	70,839	12,269	36,666	13,989	**376,870**
Accumulated amortization and impairments						
1 January 2019*	97,801	43,650	7,772	30,617	9,496	**189,336**
Currency translation adjustments	4,871	1,553	243	1,093	176	**7,936**
Additions from amortization	0	6,580	1,840	3,307	1,165	**12,892**
Disposals	0	0	0	0	0	**0**
31 December 2019	102,672	51,783	9,855	35,017	10,837	**210,164**
Carrying amount						
31 December 2019	140,435	19,056	2,414	1,649	3,152	**166,706**
31 December 2018*	137,763	25,023	4,164	4,823	4,032	**175,805**

*Restated – see Note 4 – Adjustments with retrospective effect.

2018

in TEUR	GOODWILL	TECHNOLOGY	NON-COMPETE AGREEMENTS	CUSTOMER BASE	OTHER INTANGIBLE ASSETS	TOTAL
Cost						
1 January 2018	230,833	66,971	15,450	34,742	12,873	**360,869**

2018

in TEUR	GOODWILL	TECHNOLOGY	NON-COMPETE AGREEMENTS	CUSTOMER BASE	OTHER INTANGIBLE ASSETS	TOTAL
Cost						
Currency translation adjustments	4,731	1,702	148	698	333	**7,612**
Additions	0	0	0	0	333	**333**
Reclassifications	0	0	0	0	14	**14**
Disposals	0	0	-3,662	0	-25	**-3,687**
31 December 2018	235,564	68,673	11,936	35,440	13,528	**365,141**
Accumulated amortization and impairments						
1 January 2018	74,540	36,563	9,526	26,248	8,167	**155,044**
Currency translation adjustments	-592	784	25	556	197	**970**
Additions from amortization	0	6,303	1,883	3,813	1,132	**13,131**
Impairment*	23,853	0	0	0	0	**23,853**
Disposals	0	0	-3,662	0	0	**-3,662**
31 December 2018*	97,801	43,650	7,772	30,617	9,496	**189,336**
Carrying amount						
31 December 2018*	137,763	25,023	4,164	4,823	4,032	**175,805**
31 December 2017	156,293	30,408	5,924	8,494	4,706	**205,825**

*Restated – see Note 4 – Adjustments with retrospective effect.

As at 31 December 2019, purchase commitments for acquisitions of intangible assets amounted to TEUR 0 (previous year: TEUR 0).

1. Goodwill

Goodwill is attributable to the following cash generating units and segments:

in TEUR	31.12.2019	31.12.2018*
Segment Advanced Manufacturing & Services		
Knust-Godwin LLC	19,849	19,474
SCHOELLER-BLECKMANN Oilfield Technology GmbH	4,655	4,655
Schoeller-Bleckmann Darron (Aberdeen) Limited	798	798
Segment Oilfield Equipment		
The WellBoss Company, LLC (former: Downhole Technology, LLC)	88,352	86,353
Resource Well Completion Technologies Inc.	0	317
DSI FZE	22,244	21,833
BICO Drilling Tools Inc.	4,410	4,213
BICO Faster Drilling Tools Inc.	127	120
Total	**140,435**	**137,763**

*Restated – see Note 4 – Adjustments with retrospective effect.

In the business year 2019 the two cash generating units Resource Well Completion Technologies Inc. and Downhole Technology, LLC were combined within the "Oilfield Equipment" segment under the name The WellBoss Company. As a consequence, the goodwills allocated to each of the two cash generating units were reallocated and fully allocated to The WellBoss Company in the segment "Oilfield Equipment".

All cash generating units are measured based on the value in use by discounting expected future cashflows using the weighted average cost of capital (WACC). The WACC was determined based on the current market data for comparable companies in the same industry segment and adjusted for expected specific inflation rates for each country. The detailed planning period covers five years (previous year: five years), and the cashflows are based on budgeting by management. For deriving cashflows in the terminal value, a fixed growth rate of 1 % (previous year: 1 %) was assumed for all cash generating units.

The following discount rates were applied as at 31 December 2019 and 31 December 2018:

WACC (BEFORE TAX)

in %	31.12.2019	31.12.2018
Segment Advanced Manufacturing & Services		
Knust-Godwin LLC	11.3 %	12.7 %
SCHOELLER-BLECKMANN Oilfield Technology GmbH	14.7 %	13.0 %
Schoeller-Bleckmann Darron (Aberdeen) Limited	14.5 %	13.4 %
Segment Oilfield Equipment		
The WellBoss Company, LLC (former: Downhole Technology, LLC)	11.6 %	13.1 %
Resource Well Completion Technologies Inc.	–	12.9 %
DSI FZE	10.2 %	11.6 %
BICO Drilling Tools Inc.	10.9 %	12.6 %

Cashflows were determined based on revenue forecasts and planned capital expenditures. The value in use of a cash generating unit is impacted the most by sales revenues. Forecasts of sales and cashflows take into account the cyclicality of the industry derived from historical experience on the one hand, and long-term developments of the sales market on the other. Sales forecasts for all cash generating units are based on the expected business development in the oilfield service industry. This is derived from expected drilling activities, the geographic sales markets, and company-specific developments. In addition, margin forecasts are derived from the expected product mix and cost developments based on expected developments of materials prices and planned capital expenditures. The estimated personnel development (based on planned headcount, required qualifications of employees needed and expected personnel cost based on the current economic situation) are also taken into account.

None of the impairment tests performed led to an impairment requirement. The change in the carrying amount of goodwill of all cash-generating units in 2019 resulted from foreign currency translation.

Sensitivity analyses were carried out for all cash generating units. As the value in use reacts to changes in the assumptions regarding cashflows and the discount factors in particular, the analyses took into account an isolated increase in the discount factor by one percentage point as well as a reduction of cashflows by 10 %, as deemed possible by management. This analysis resulted in no impairment loss on any cash generating unit.

Regarding the impairment 2018 of the cash generating unit Resource Well Completion Technologies Inc. see Note 4 – 18. Adjustments with retrospective effect, correction of accounting related estimates and errors.

2. Other intangible assets

OTHER INTANGIBLE ASSETS mainly comprise technology, customer base, trademarks, and rights from non-compete agreements relating to circulation tools from a business combination in 2010 (carrying amount as at 31 December 2019: TEUR 3,507; previous year: TEUR 8,029). These assets are amortized over a useful life of 10 years.

In addition, as part of the initial recognition of Resource Well Completion Technologies Inc. (now The WellBoss Company, Inc.) in 2014, acquired technologies (carrying amount as at 31 December 2019: TEUR 1,221; previous year: TEUR 1,766) and the acquired customer base (carrying amount as at 31 December 2019: TEUR 0; previous year: TEUR 1,050) were capitalized. The technology can be used over a period of seven years from the acquisition date, the customer base will be amortized over a useful life of five years. Furthermore, rights from non-compete agreements were capitalized for a term of at least five years (carrying amount as at 31 December 2019: TEUR 0; previous year: TEUR 539).

As part of the initial recognition of Downhole Technology LLC (now The WellBoss Company, LLC) in 2016, acquired technologies (carrying amount as at 31 December 2019: TEUR 14,285; previous year: TEUR 16,258) and trademarks (carrying amount as at 31 December 2019: TEUR 1,191; previous year: TEUR 1,355) were capitalized with a useful life of ten years. In addition, rights from non-compete agreements (carrying amount as at 31 December 2019: TEUR 2,191; previous year: TEUR 3,105) were recognized which will be amortized over a period of six years.

Additional OTHER INTANGIBLE ASSETS relate to technologies and non-compete agreements acquired in the course of a business combination in 2012.

OTHER INTANGIBLE ASSETS also include usage rights for IT software.

NOTE 10

LONG-TERM RECEIVABLES AND ASSETS

This item consists primarily of interest-bearing loans, which have been granted to the management of companies included in the scope of consolidation for the acquisition of shares or profit participation rights in these companies (also see Note 19). The Company has only a limited credit risk as the shares must be returned to the Company if the loan conditions are not satisfied. In general, partial repayments are scheduled, but the full settlement of the loan has to be made when returning the shares and participation rights, and therefore at the end of the employment at the latest. The change in the business year 2019 relates to the repayment of loans which happened mainly due to returning shares and participation rights.

in TEUR	**31.12.2019**	**31.12.2018**
Loans	4,464	8,458
Other receivables and assets	771	1,296
Total	**5,235**	**9,754**

As of 31 December 2019 and 31 December 2018 no impairments were required. There were no past due receivables.

No collateral was received for the other receivables and assets listed.

NOTE 11

DEFERRED TAXES

The deferred tax assets and liabilities result from the following items:

in TEUR	31.12.2019		31.12.2018	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Property, plant and equipment	1,721	-6,698	1,359	-5,751
Other intangible assets (differences in useful lives)	1,685	-141	1,153	-167
Goodwill and other intangible assets (measurement differences)	6,523	-8,047	0	-7,438
Inventories (measurement differences)	6,531	-31	6,096	0
Valuation of shares in subsidiaries	325	0	688	0
Option liabilities	18,095	0	21,333	0
Other items (measurement differences)	1,480	-513	1,862	-405
Provisions	2,459	0	2,538	0
Foreign currency effects from elimination of intercompany balances	-72	0	-64	0
Tax loss carryforwards	1,873	0	3,098	0
Subtotal	40,620	-15,430	38,063	-13,761
Offset within legal tax units and jurisdictions	-14,735	14,735	-11,719	11,719
Total	**25,885**	**-695**	**26,344**	**-2,042**

Deferred taxes of TEUR 8,727 (previous year: TEUR 7,263) relating to tax loss carryforwards for which their future use is uncertain based on the current mid-term planning were not recognized or adjusted. These will expire as follows:

in TEUR	2020	2021	2022	2023	2024	after 2024	never	total
	35	0	0	367	56	4,413	3,856	8,727

Deferred tax assets include tax claims in the amount of TEUR 325 (previous year: TEUR 688) from impairments of financial investments in the amount of TEUR 1,300 (previous year: TEUR 2,750) that are deductible over seven years under Austrian tax law.

Concerning option liabilities see Note 20.

There are outside basis differences (i.e. between the tax base of equity interests and the pro-rata equity) at subsidiaries included in the consolidated financial statements, in particular from retained earnings and losses not covered by equity. As at 31 December 2019, timing differences amounted to TEUR 83,889 (previous year: TEUR 78,824), because distributions or disposals of equity investments of individual companies would generally be taxable. However, as the Group does not plan on dividends from or disposals of these companies in the foreseeable future, in accordance with IAS 12.39, no deferred taxes were recognized. Likewise, no withholding taxes were recognized as at 31 December 2019 due to the lack of planned distributions (previous year: TEUR 0).

NOTE 12

ASSETS HELD FOR SALE

In the course of the closure of a production site in England allocated to the Segment "Advanced Manufacturing & Services“ which was initiated in 2018 property with a carrying amount of TEUR 3,227 was reclassified to assets held for sale. Based on the valuation of the property at fair value less cost to sell an impairment expense amounting to TEUR 485 was recognized, which is reported in the income statement within impairment of property, plant and equipment.

As of 31 December 2018 this line item included an amount of TEUR 465 referring to a small piece of land retained in the course of the sale of property in 2017. This small piece was sold in 2019, and resulted in a loss of TEUR 61 reported in the income statement within restructuring expenses (see Note 27).

NOTE 13

LIABILITIES TO BANKS

As at 31 December 2019, the current liabilities to banks were as follows:

CURRENCY	AMOUNT in TEUR	INTEREST RATE in %
GBP loans	7,052	1.90 % variable
Subtotal	**7,052**	
Export promotion loans (EUR)	24,000	0.18 – 0.45 % variable
Total	**31,052**	

As at 31 December 2018, the current liabilities to banks were as follows:

CURRENCY	AMOUNT in TEUR	INTEREST RATE in %
GBP loans	6,707	1.82 % variable
CAD loans	704	5.45 % variable
Subtotal	**7,411**	
Export promotion loans (EUR)	24,000	0.18 – 0.45 % variable
Total	**31,411**	

The export promotion loans represent revolving credit facilities that can be used by the Company permanently as long as it complies with certain lending agreements. In accordance with export promotion guidelines, receivables in the amount of TEUR 28,800 (previous year: TEUR 28,800) have been stipulated as security for these loans.

NOTE 14

GOVERNMENT GRANTS

As at 31 December 2019, subsidies received amounted to TEUR 623 (previous year: TEUR 958). The grants include a subsidy by a government investment and technology fund, as well as other investment subsidies received for the acquisition of property, plant and equipment and research and development expenses. Individual investment subsidies are tied to the adherence of investments in promoted areas (e.g. number of employees). As of 31 December 2019 and also in the previous year the Company complied with all requirements for the government grants recorded in this line item.

NOTE 15

OTHER LIABILITIES

Other current liabilities break down as follows:

in TEUR	31.12.2019	31.12.2018
Unused vacation	2,652	2,441
Other personnel expenses	9,159	7,474
Legal and professional fees	1,499	1,462
Tax liabilities	1,928	4,453
Social security and other employee benefits	2,300	2,483
Refund liabilities according to IFRS 15	1,415	1,829
Contract liabilities according to IFRS 15	4,960	214
Option liabilities	116,905	145,059
Miscellaneous other liabilities	14,700	5,522
Total	**155,518**	**170,937**

Refer to Note 20 for details on option liabilities from cancellable non-controlling interests.

Miscellaneous other liabilities include dividends not yet paid at TEUR 8,179 (previous year: TEUR 0) relating to shares in companies within the SBO Group for which there were put/call option agreements. Other liabilities further include contract liabilities (advance payments received and accrued revenue).

Changes in contract liabilities from 1 January 2019 to 31 December 2019 are as follows:

in TEUR	2019	2018
Contract liabilities as of 1 January	214	671
Prepayments received	4,766	169
Recognized as revenues	-173	-619
Currency translation adjustments	153	-7
Contract liabilities as of 31 December	**4,960**	**214**

NOTE 16

OTHER PROVISIONS

The other provisions developed as follows:

in TEUR	31.12.2018	Utilization	Release	Additions	31.12.2019
Warranties and guarantees	1,439	-24	0	962	2,377
Restructuring	950	-950	0	0	0
Other	2,365	-1,540	-750	562	637
Total	**4,754**	**-2,514**	**-750**	**1,524**	**3,014**

The increase in the provision for warranty risks in 2019 is attributable to increased sales in the relevant business field.

In the fourth quarter of 2017, a competitor filed a lawsuit regarding the breach of patent rights by a SBO Group company. During the reporting period 2019 the Company settled the lawsuit. As of 31 December 2018 a provision of TEUR 220 was recorded for legal fees, of which during the year 2019 TEUR 1,450 were used and TEUR 750 were released.

For restructuring provisions see Note 27.

It is expected that the costs related to the current provisions will be incurred in the next financial year.

NOTE 17

LONG-TERM LOANS INCLUDING CURRENT PORTION (AMORTIZATION FOR THE FOLLOWING YEAR)

As at 31 December 2019, long-term loans amount to TEUR 254,279. Thereof, an amount of TEUR 47,596 is to be repaid during the next year.

In total long-term loans were comprised of the following:

CURRENCY	**AMOUNT** in TEUR	**INTEREST RATE** in %	**Term**	**Repayment**
EUR	10,000	1.832 % fixed	2018 – 2027	annually from 2021
EUR	19,500	1.732 % fixed	2018 – 2027	annually from 2021
EUR	6,000	1.35 % variable	2018 – 2027	annually from 2021
EUR	20,500	2.352 % fixed	2018 – 2027	bullet loan
EUR	3,000	2.445 % fixed	2018 – 2027	bullet loan
EUR	4,500	1.961 % fixed	2018 – 2025	bullet loan
EUR	10,000	1.707 % fixed	2018 – 2025	annually from 2022
EUR	1,125	0.000 % fixed	2008 – 2024	quarterly from 2011
EUR	30,000	1.782 % fixed	2018 – 2024	bullet loan
EUR	36,364	0.789 % fixed	2016 – 2023	semi-annually from 2018
EUR	10,000	1.482 % fixed	2018 – 2023	bullet loan
EUR	18,750	1.582 % fixed	2018 – 2023	bullet loan
EUR	2,500	1.842 % fixed	2016 – 2023	bullet loan
EUR	10,000	2.060 % fixed	2016 – 2023	bullet loan
EUR	5,000	1.090 % fixed	2018 – 2022	bullet loan
EUR	540	0.000 % fixed	2015 – 2022	quarterly from 2017
EUR	12,000	0.850 % fixed	2018 – 2021	quarterly from 2019
EUR	2,000	1.616 % fixed	2016 – 2021	bullet loan
EUR	5,000	1.430 % fixed	2016 – 2021	bullet loan
EUR	7,500	1.436 % fixed	2016 – 2021	bullet loan
EUR	10,000	1.586 % fixed	2016 – 2021	bullet loan
EUR	30,000	3.105 % fixed	2013 – 2020	bullet loan
	254,279			

The following loans were backed by collateral:

TEUR 1,665 (previous year: TEUR 2,883) – Lien on land, buildings, and machinery with a carrying amount of TEUR 10,634 (previous year: TEUR 11,118).

See Note 35 with regard to fair values; see Note 36 with respect to interest rate risk.

NOTE 18

PROVISIONS FOR EMPLOYEE BENEFITS

As at the reporting date, the provisions for employee benefits consisted of the following:

in TEUR	31.12.2019	31.12.2018
Severance payments	4,656	3,970
Jubilee payments	2,206	1,785
Total	**6,862**	**5,755**

The actuarial assumptions used for calculating the provisions of severance and jubilee payments were as follows:

	2019	2018
Discount rate	0.90 %	1.80 %
Salary increases	3.50 %	3.50 %
Employee turnover rate	0.0 % – 15.0 %	0.0 % – 15.0 %

Provisions were calculated using the Pagler & Pagler's AVÖ 2018-P (previous year: AVÖ 2018-P) mortality tables. Remeasurements of provisions for severance payments (actuarial gains or losses) are recognized in OTHER COMPREHENSIVE INCOME, in accordance with IAS 19.

No contributions were made to separately managed funds for the obligations presented.

Provisions for severance payments

The provision for severance payments developed as follows:

in TEUR	2019	2018
Present value of severance obligation as at 1 January	3,970	3,639
Current service cost	169	157
Interest cost	71	62
Total expenses for severance payments	240	219
Remeasurements	801	204
Current severance payments	-355	-92
Present value of severance benefit obligation as at 31 December	**4,656**	**3,970**

The expenses shown in the table are presented in the consolidated profit and loss statement under personnel expenses of each functional area (see Note 25).

Remeasurements of provisions for severance payments recognized in OTHER COMPREHENSIVE INCOME in accordance with IAS 19 are comprised of the following:

in TEUR	2019	2018
Remeasurement of obligations		
from changes to financial assumptions	432	49
from historical experience	369	155
Total	**801**	**204**

The average term of the severance obligations as at 31 December 2019 was 11.3 years (previous year: 11.4 years).

Sensitivity analysis

The effects on the obligations resulting from changes in significant actuarial assumptions are presented in the following sensitivity analysis. One significant influencing factor was changed in each case, while the remaining inputs were held constant. In reality, however, it is rather unlikely that these factors do not correlate. The changed obligation was determined analogously to the actual obligation, using the projected unit credit method in accordance with IAS 19.

SEVERANCE PAYMENTS		PRESENT VALUE OF OBLIGATION (DBO) 31.12.2019	
in TEUR	CHANGE IN ASSUMPTION	Change in provision given an increase in assumption	Change in provision given a decrease in assumption
Discount rate	+/- 0.5 percentage points	-248	272
Increase in salaries	+/- 0.5 percentage points	254	-235

Provision for jubilee payments

The provision for jubilee payments developed as follows:

in TEUR	2019	2018
Present value of jubilee payment obligation as at 1 January	1,785	1,623
Current service cost	148	131
Interest cost	32	27
Total expenses for jubilee payments	180	158
Remeasurements	272	96
Current jubilee payments	-31	-92
Present value of jubilee payment obligation as at 31 December	**2,206**	**1,785**

Defined contribution pension plans

Payments made in connection with defined contribution pension and employee benefit plans were expensed and amounted to TEUR 639 in the 2019 financial year (previous year: TEUR 578). Contributions of approximately TEUR 500 are expected for the following year.

NOTE 19

OTHER LIABILITIES

Other non-current liabilities break down as follows:

in TEUR	31.12.2019	31.12.2018
Management interests	4,863	12,481
Participation rights	4,647	4,979
Non-compete agreements	0	725
Other liabilities	2,348	639
Total	**11,858**	**18,824**

Liabilities regarding non-compete agreements were reclassified to OTHER CURRENT LIABILITIES as of 31 December 2019.

The management of the following companies included in the scope of consolidation held shares in their respective companies:

Company	31.12.2019	31.12.2018
BICO Drilling Tools Inc.	2.15 %	9.35 %
BICO DRILLING TOOLS FZE	2.15 %	9.35 %
BICO Faster Drilling Tools Inc.	11.00 %	11.00 %
Schoeller-Bleckmann Energy Services L.L.C.	3.00 %	3.00 %
Schoeller-Bleckmann Darron Limited	5.00 %	5.00 %
Techman Engineering Limited	0.00 %	9.35 %
Schoeller-Bleckmann Darron (Aberdeen) Limited	6.00 %	6.00 %
ADRIANA HOLDING COMPANY LIMITED	1.00 %	1.00 %

Management thus has a pro-rata interest in these companies.

The management of the following companies included in the scope of consolidation held participation rights in their respective companies:

Company	31.12.2019	31.12.2018
DSI FZE	0.90 %	2.90 %
SCHOELLER-BLECKMANN Oilfield Technology GmbH	1.10 %	0.95 %
Resource Well Completion Technologies Inc.	0.00 %	5.00 %
The WellBoss Company, LLC (former Downhole Technology, LLC)	1.30 %	1.00 %

The effective interest expense recognized for management interests and participation rights is reported under INTEREST EXPENSES and INTEREST INCOME.

NOTE 20

OPTION LIABILITIES

In the course of business combinations, the Company has concluded option agreements with non-controlling shareholders on the later acquisition of such non-controlling interests. The purchase price of the option liabilities from cancellable non-controlling interests in the previous year depended on the results achieved by the company in question.

At the acquisition date these option liabilities were recognized in OTHER LIABILITIES, and referred to the discounted amount of the expected payment from these cancellable options based on the current corporate planning at that date, because the Group had an unconditional payment obligation. From a Group's perspective, 100 % of the shares in these companies are thus recognized due to this option commitment. Consequently, 100 % of the results of the respective subsidiaries are attributed to the owners of the parent company.

Option liabilities were subsequently measured using the discounted expected payment amount as at the reporting date based on current corporate planning. They were discounted using a risk-adequate interest rate for the respective term of the commitment. The interest cost from current discounting is presented under INTEREST EXPENSES. Gains and losses due to changes of the discounted expected payment amount are recognized in GAINS/LOSSES FROM REMEASUREMENT OF OPTION LIABILITIES.

In the course of two business combinations the Company granted the non-controlling shareholders the right to offer their shares to the Company, and at the same time, the Company committed to purchase the offered shares. In addition, the Company acquired the right to purchase the shares of the non-controlling shareholders, who have committed themselves to transfer their shares to the Company in such case (put and call option).

SBO has exercised its rights to acquire the minority interests of 32.3 % in Downhole Technology (now The WellBoss Company, LLC) with its share in the company reaching 100.0 % as of 1 April 2019. A purchase price of TUSD 33,742 (TEUR 30,138) was paid for 6.6 % of the shares in the fiscal year 2019. There is a legal dispute with a former minority member regarding the termination of his employment contract in 2018, which may have an effect on the purchase price to be paid for the acquisition of the remaining 25.7 % of the interests. Any payment is delayed until the dispute is fully and finally resolved. In the consolidated financial statements as of 31 December 2019, provision was made for the purchase price on the basis of the contractually agreed mechanism to be applied under normal circumstances. Depending on the outcome of the proceedings, the purchase price to be paid could be determined subject to equity of the company, hence be significantly lower than the amount provided for. At present, the outcome of the proceedings cannot be predicted with any certainty. In the cashflow statement a portion of the paid purchase price for 6.6 % of shares relating to the amount which was estimated and recognized, respectively, as of acquisition date 1 April 2016 is included in the cashflow of investing activities. The portion which exceeded the amount which was estimated as of acquisition date and which was expensed in the income statement in later periods is included in the cashflow from operating activities.

Gains from revaluation of the reporting period 2019 result from a difference between actual results and the estimation of results as of 31 December 2018, and are reported in the income statement within INCOME/EXPENSE FROM REVALUATION OF OPTION COMMITMENTS. Of that an amount of TEUR 758 refers to realized gains.

In 2018 the option agreement regarding the acquisition of the remaining 33 % in shares of Resource Well Completion Technologies Inc. was exercised by SBO. The purchase price of TCAD 3,960 (TEUR 2,588) was fully covered by the option liabilities of 31 December 2017. Apart from the payment, which is reported within the cashflow of investing activities this transaction had no significant effect on the consolidated financial statements in 2018.

An option granted in the course of a business combination in 2012 (put/call option) was exercised by the non-controlling shareholder in 2018. The Company acquired the offered shares for TEUR 811, which resulted in a valuation gain of TEUR 2,712.

The development of option liabilities in the financial year is shown below:

	BUSINESS COMBINATION DOWNHOLE TECHNOLOGY		OTHER BUSINESS COMBINATIONS	
in TEUR	2019	2018	2019	2018
As at 1 January	145,059	131,515	0	5,773
Accrued interest	2,788	5,389	0	374
Remeasurement gains recognized	-3,699	0	0	-2,712
Remeasurement losses recognized	0	1,693	0	0
Disposal from settlement	-30,138	0	0	-3,399
Currency translation adjustments	2,895	6,462	0	-36
As at 31 December	**116,905**	**145,059**	**0**	**0**

Remeasurement gains and losses recognized in GAINS/LOSSES FROM REMEASUREMENT OF OPTION LIABILITIES are shown below:

in TEUR	2019	2018
Remeasurement gains	3,699	2,712
Remeasurement losses	0	-1,693
Total	**3,699**	**1,019**

NOTE 21

LEASING

In the reporting period 2019 SBO applied the newly adopted standard IFRS 16 for the first time. For effects of the first-time adoption of IFRS 16 as of 1 January 2019 see Note 4 – Significant Accounting Principles. Capitalized right-of-use assets including former finance leases and land use rights break down as follows:

in TEUR	01.01.2019	31.12.2019
Land and buildings	6,606	8,470
Technical plant and machinery	66	0
Other equipment, operating and office equipment	2,053	1,196
Total	**8,725**	**9,666**

Right-of-use assets are amortized on a straight-line basis according to the lease term and considering extension options. Amortization of the year 2019 breaks down as follows:

in TEUR	2019
Land and buildings	1,551
Technical plant and machinery	65
Other equipment, operating and office equipment	1,473
Total	**3,089**

The maturity analysis of undiscounted lease payments included in the present value of lease liabilities as of 31 December 2019 breaks down as follows:

in TEUR	31.12.2019
due < 1 year	2,779
due 2–5 years	5,201
due > 5 years	1,593
Total of undiscounted lease payments	**9,573**

Amounts recognized in profit & loss relating to leases in 2019 break down as follows:

in TEUR	2019
Interest expenses for lease liabilities	302
Expenses for short-term leases	1,585
Expenses for low value leases	34

NOTE 22

SHARE CAPITAL

The Company's share capital as at 31 December 2019 as well as at 31 December 2018 was EUR 16 million and is divided into 16 million shares with a par value of EUR 1.00 each.

In the Annual General Meeting from 23 April 2019 the Executive Board was authorized for a period of five years to increase share capital by up to TEUR 1,600 through the issue of new shares, provided the consent of the Supervisory Board. The Annual General Meeting on 24 April 2018 authorised the Executive Board to acquire treasury shares of the Company up to a maximum of 10 % of the share capital for a period of 30 months. In the 2019 financial year no treasury shares were acquired based on the authorization from the Annual General Meeting. In 2018 the Company acquired 10,000 treasury shares at a purchase price of TEUR 586.

As at the 2019 reporting date, the Company held 44,597 treasury shares (previous year: 50,597 shares), which corresponds to 0.28 % (previous year: 0.32 %) of the share capital with a cost of TEUR 2,479 (previous year: TEUR 2,812). The number of shares outstanding is thus 15,955,403 shares (previous year: 15,949,403 shares).

In a business combination in 2010, it was stipulated that 50,000 shares of stock would be tendered as contingent consideration if specified future sales targets were achieved. As the sales target was not met in 2019, there is no dilution effect on the number of shares outstanding as at 31 December 2019.

As at 31 December 2019, Berndorf Industrieholding AG, Vienna held approximately 33.4 % of the share capital (previous year: approximately 33.4 %).

NOTE 23

LEGAL RESERVE

Austrian law requires the establishment of a legal reserve in the amount of 10 % of the Company's nominal share capital. As long as the legal reserve and other restricted capital reserves do not reach this amount, the Company is required to allocate 5 % of its annual net profit, reduced by a loss carry forward to the legal reserve. Only the annual financial statements of the parent company prepared in accordance with Austrian accounting principles are decisive for the establishment of this reserve. No further allocation is required because the amount of the reserve already recognized is sufficient.

NOTE 24

SALES REVENUES

Sales break down as follows:

	ADVANCED MANUFACTURING & SERVICES		OILFIELD EQUIPMENT		TOTAL	
in TEUR	2019	2018	2019	2018	2019	2018
Product sales	198,764	145,996	120,196	138,493	318,960	284,489
Services and repairs	20,407	19,707	11,398	16,430	31,805	36,137
Rental revenue	4,569	5,786	89,922	93,798	94,491	99,584
Total	**223,740**	**171,489**	**221,516**	**248,721**	**445,256**	**420,210**
North America	113,803	83,007	181,508	221,120	295,311	304,127
Europe	48,538	36,893	3,440	2,379	51,978	39,272
Middle East	8,593	3,282	16,137	15,222	24,730	18,504
Other	52,806	48,307	20,431	10,000	73,237	58,307
Total	**223,740**	**171,489**	**221,516**	**248,721**	**445,256**	**420,210**

The revenues are classified based on the customer's location. In 2019 sales revenues of TEUR 347,871 relate to performance obligations which were satisfied at a point of time (previous year: TEUR 303,103) and TEUR 97,385 to performance obligations which were satisfied over time (previous year: TEUR 117,107).

The Company rents drilling machinery under rental contracts with terms of generally less than a year. With only a few exceptions, rental income charged is based on usage and is therefore variable.

NOTE 25

ADDITIONAL BREAKDOWN OF EXPENSES

As the Company classifies its expenses by function, the following additional disclosures are required by IAS 1 (presentation using the nature of expense format):

in TEUR	2019	2018
Cost of materials	160,169	163,085
Personnel expenses	132,489	122,689
Depreciation of property, plant and equipment including impairments	35,498	36,137
Amortization of other intangible assets including impairments	12,892	36,984*

* Restated – see Note 4 – Adjustments with retrospective effect.

NOTE 26

OTHER OPERATING INCOME AND EXPENSES

The main items within OTHER OPERATING EXPENSES are:

in TEUR	2019	2018
Research and development expenses	8,813	7,722
Exchange losses	3,001	8,151

Development costs have not been capitalized to date due to the uncertainties of the future economic benefits attributable to them.

The main items within OTHER OPERATING INCOME are:

in TEUR	2019	2018
Exchange gains	6,006	11,002
Income from the disposal of fixed assets	1,240	2,063

NOTE 27

RESTRUCTURING GAINS AND LOSSES

The relocation of production capacities in the “Advanced Manufacturing & Services” segment in connection with the closure of the locations Techman in England and SBMEX in Mexico initiated in 2018 resulted in RESTRUCTURING LOSSES of TEUR 914 in 2019 (previous year: TEUR 1,469). These mainly relate to costs for personnel measures as well as costs for the dismantling of machines. In this regard also RESTRUCTURING GAINS of TEUR 746 (prior year: TEUR 0) were achieved, which mainly relate to the sale of machines.

In 2018 in this regard costs for personnel measures of TEUR 901 as well as for other related costs of TEUR 393 were provided for. Of this, TEUR 950 were included in RESTRUCTURING PROVISIONS and TEUR 344 in OTHER LIABILITIES. In addition, an amount of TEUR 175 was provided for impairment of current assets within the RESTRUCTURING LOSSES. Furthermore, in this respect TEUR 2,381 were recorded in the line item IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT in 2018. Restructuring provisions recorded in 2018 were largely used up in 2019.

NOTE 28

INTEREST INCOME AND EXPENSES

INTEREST INCOME breaks down as follows:

in TEUR	2019	2018
Bank deposits and other loans	3,493	2,672
Effective interest on management interests and participation rights	105	228
Interest income	**3,598**	**2,900**

INTEREST EXPENSES break down as follows:

in TEUR	2019	2018
Loans	4,800	4,417
Compounding of option liabilities from cancellable non-controlling interests	2,788	5,763
Effective interest on management interests and participation rights	809	1,221
Interest expense relating to lease liabilities IFRS 16	302	0
Interest expenses	**8,699**	**11,401**

Regarding option liabilities see Note 20.

NOTE 29

OTHER FINANCIAL EXPENSES

OTHER FINANCIAL EXPENSES in the 2019 financial year include dividend distributions at TEUR 10,665 (previous year: TEUR 7,375) with respect to shares in companies within the SBO Group for which there are put/call option agreements (see Note 20).

NOTE 30

INCOME TAXES

A reconciliation of income taxes applying the Austrian corporate tax rate to the consolidated tax rate is presented below:

in TEUR	2019	2018*
Consolidated tax expense at a presumed tax rate of 25 % (income +/ expense -)	-11,972	-8,009
Foreign tax rate differentials	2,742	3,204
Withholding and foreign taxes	-782	-1,816
Impairment of goodwill	0	-6,440
Non-deductible expenses	-598	-2,198
Non-taxable changes in option liabilities	0	584
Non-taxable income and tax allowances	63	219
Prior year adjustments	316	-344
Unrecognized tax loss carryforwards	-3,422	-1,828
Writedown of previously recognized tax loss carryforwards	0	-372
Utilization of tax loss carryforwards not recognized in the previous year	424	280
Profit share of management interests and non-controlling interests	-2,155	2,672
Other differences	-176	-452
Consolidated tax expense	**-15,560**	**-14,500**
Profit before tax	47,889	32,038
Consolidated tax rate	**32.5 %**	**45.3 %**

* Restated – see Note 4 – Adjustments with retrospective effect.

INCOME TAXES break down as follows:

in TEUR	2019	2018
Current taxes	-16,177	-12,020
Deferred taxes	617	-2,480
Total	**-15,560**	**-14,500**

The following income taxes were recognized under OTHER COMPREHENSIVE INCOME:

in TEUR	2019	2018
Current taxes		
Remeasurements IAS 19	200	51
Deferred taxes		
Foreign currency effects	0	-765
Total	**200**	**-714**

Due to currency translation differences the net deferred tax asset presented in the balance sheet was increased by TEUR 278 in the 2019 financial year (previous year: increased by TEUR 355).

The Company's dividend distribution to shareholders did not result in any income tax consequences for the Company for the 2019 financial year or the 2018 comparison period.

NOTE 31

SEGMENT REPORTING

The Company operates worldwide, mainly in one single industry segment, the design and manufacturing of drilling equipment for the oil and gas industry.

In accordance with IFRS 8, the following segment report follows the management approach, in which the entire Executive Board of Schoeller-Bleckmann Oilfield Equipment AG is the chief operating decision maker monitoring the performance of the business units and deciding on the allocation of resources to the business segments.

The “Advanced Manufacturing & Services” (AMS) segment comprises the high-precision manufacturing and repair of drill collars and complex MWD (Measurement While Drilling)/LWD (Logging While Drilling) components from antimagnetic, corrosion resistant stainless steel. These form the housing for the sensitive measuring instruments that are used for the precise measurement of inclination and direction of the drillstring as well as petrophysical parameters.

The “Oilfield Equipment” (OE) segment bundles a wide range of highly-specialized solutions for the oil and gas industry: High-performance drilling motors and tools for the targeted driving of the drill string, special tools for downhole circulation technology (circulation tools), and products for the resource-efficient completion of unconventional reservoirs in the two dominant technologies, sliding sleeve and plug-n-perf.

Management of the Company and the allocation of resources are based on the financial performance of these segments. Management monitors sales revenues, profit from operations, and profit/loss before tax of the business units separately for the purpose of making decisions on the allocation of resources.

The amounts presented are a summary of the separate balance sheets and income statements the individual companies included in the consolidated financial statements. Individual holding adjustments and consolidating entries (elimination of intercompany profit and loss and other intragroup transactions) must be accounted for to attain the consolidated results presented. Results in the total column correspond to those in the profit and loss statement.

Intra-Group sales are made at arm’s length conditions.

2019

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	223,740	221,516	0	445,256
Intercompany sales	82,921	22,598	-105,519	0
Total sales	306,661	244,114	-105,519	445,256
Profit/loss from operations (EBIT)before impairments and restructuring measures	33,867	28,662	-1,685	60,844
Profit/loss before tax	33,983	18,823	-4,917	47,889
Capital expenditures	11,868	23,523	24	35,415
Depreciation and amortization	14,114	33,460	816	48,390
thereof: impairments	485	0	0	485
Reversal of impairments	0	0	0	0
Head count (average)	931	589	27	1,547

In the 2019 financial year profit/loss before tax in the segment “Oilfield Equipment” includes a gain from remeasurement of option liabilities in the amount of TEUR 3,699. In addition to impairment expenses of TEUR 485 reported above profit/loss before tax of the segment “Advanced Manufacturing & Services” includes restructuring losses of TEUR 914 and restructuring gains of TEUR 746 in 2019.

2018

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	171,489	248,721	0	420,210
Intercompany sales	86,843	13,003	-99,846	0
Total sales	258,332	261,724	-99,846	420,210
Profit/loss from operations (EBIT) before impairments and restructuring measures	22,723	55,198	-3,364	74,557
Profit/loss before tax*	19,772	18,393	-6,127	32,038
Capital expenditures	9,431	26,458	24	35,913
Depreciation and amortization*	17,951	54,119	1,051	73,121
thereof: impairments*	2,381	23,853	0	26,234
Reversal of impairments	0	0	0	0
Head count (average)	968	602	23	1,593

* Restated – see Note 4 – Adjustments with retrospective effect.

In the 2018 financial year profit/loss before tax in the segment "Oilfield Equipment" includes goodwill impairment expenses in the amount of TEUR 23,853 (see Note 4 – Adjustments with retrospective effect), and also a gain from remeasurement of option liabilities in the amount of TEUR 1,019. The segment "Advanced Manufacturing & Services" includes restructuring expenses at TEUR 1,469 in addition to the impairment expenses of TEUR 2,381 presented above.

Geographic information:

Sales break down as follows:

in TEUR	2019	2018
Austria	1,916	1,718
United Kingdom	13,019	15,484
USA	276,962	282,015
Rest of World	153,359	120,993
Total sales	**445,256**	**420,210**

The revenues are classified based on the customer's location. There are no other countries with sales exceeding 10 % of the SBO Group's total sales.

See Note 36 for information regarding the most important customers.

Non-current assets break down as follows:

in TEUR	2019	2018*
Austria	37,774	39,291
United Kingdom	15,821	23,648
USA	206,200	207,114
Canada	6,407	6,228
Dubai	32,944	33,878
Rest of World	14,207	10,350
Total non-current assets	**313,353**	**320,509**

* Restated – see Note 4 – Adjustments with retrospective effect.

Assets are classified based on each company's location.

NOTE 32

REMUNERATION OF THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive Board's remuneration was comprised of the following:

2019

in TEUR	FIXED	VARIABLE	TOTAL
Gerald Grohmann	665	534	1,199
Klaus Mader	452	251	703
Total	**1,117**	**785**	**1,902**

2018

in TEUR	FIXED	VARIABLE	TOTAL
Gerald Grohmann	641	180	821
Klaus Mader	467	100	567
Total	**1,108**	**280**	**1,388**

Expenses for pensions and severance payments for active members of the Executive Board amounted to TEUR 437 (previous year: TEUR 346). Of that amount, TEUR 151 (previous year: TEUR 181) was attributable to defined contribution pension agreements. Expenses for share-based payments in financial years 2019 and 2018 are not included in the remuneration amounts presented above. Please see Note 33 for information on the voluntary severance and share-based payments.

Remuneration for the Supervisory Board amounted to TEUR 220 in the 2019 financial year (previous year: TEUR 159), which was a combination of a flat reimbursement for expenses and a variable component based on the Group's results.

No loans were granted to the members of the Executive or Supervisory Boards in the 2019 or 2018 financial years.

NOTE 33

SHARE-BASED PAYMENTS

Share-based payments in the 2019 financial year resulted in expenses of TEUR 605 (previous year: TEUR 1,637). In the 2014 financial year, the Chief Executive Officer, Mr Gerald Grohmann, was granted an annual transfer of 6,000 SBO shares, contingent upon valid employment. The first transfer was made in 2014. Mr Grohmann may not dispose of or encumber the shares for a period of two years following each transfer, however not exceeding the termination of the employment agreement. In 2018 the annual granting of 6,000 SBO shares was extended in accordance with the extension of the Management Board mandate until 2021. The market value of 6,000 shares at the transfer date in 2019 was TEUR 444 (previous year: TEUR 536). The market value of the 12,000 shares already transferred and still subject to disposal restrictions was TEUR 604 as at 31 December 2019 (previous year: 12,000 shares with a market value of TEUR 688).

Also in the 2014 financial year, the Company granted the Chairman of the Executive Board a voluntary severance payment of 30,000 SBO shares at the end of the employment contract. At the commitment date the value per share was determined to be EUR 70.00, based on the average price for the preceding 36 months.

NOTE 34

TRANSACTIONS WITH RELATED PARTIES

The following transactions with related parties not included in the SBO Group's scope of consolidation were settled at arm's-length conditions:

The law firm of Schleinzer & Partner is the Company's legal consultant. One of the law firm's partners, Dr Karl Schleinzer, is a member of the Supervisory Board. Professional fees for 2019 amounted to TEUR 36 (previous year: TEUR 36), of which TEUR 9 was unsettled as at 31 December 2019 (previous year: TEUR 9).

NOTE 35

FINANCIAL INSTRUMENTS

Derivative financial instruments

1. Forward exchange contracts

The Austrian company hedges its receivables balances denominated in US dollars and CAN dollars by entering into forward exchange contracts. All transactions are short-term exposures (3 – 8 months).

FORWARD EXCHANGE CONTRACTS AS AT 31.12.2019

in TEUR	RECEIVABLES AT HEDGED RATE	RECEIVABLES AT REPORTING DATE RATE	FAIR VALUE
USD	15,234	15,099	135
CAD	339	341	-2

FORWARD EXCHANGE CONTRACTS AS AT 31.12.2018

in TEUR	RECEIVABLES AT HEDGED RATE	RECEIVABLES AT REPORTING DATE RATE	FAIR VALUE
USD	19,037	19,132	-95
CAD	590	575	15

The forward exchange contracts are measured at fair value and recognized in profit or loss since the requirements for hedge accounting in accordance with IAS 39 are not fully met.

2. Other derivative financial instruments

There are also option liabilities relating to cancellable non-controlling interests (see Note 20).

Overview of existing financial instruments

The following table shows the financial instruments, broken down by categories in accordance with IFRS 9:

FINANCIAL INSTRUMENTS 31.12.2019

in TEUR	Carrying amount	No financial instrument	VALUATION METHOD ACC. TO IFRS 9 Financial asset at amortized cost	Financial liability at amortized cost	At fair value through profit & loss	Carrying amount financial instrument
Current assets						
Cash and cash equivalents	265,211	0	265,211			265,211
Trade receivables	112,257	0	112,257			112,257
Income tax receivable	264	264				0
Other receivables and other assets	7,147	7,003			144	144
Assets held for sale	3,301	3,301				0
Inventories	141,956	141,956				0
Total current assets	**530,136**	**152,524**	**377,468**	**0**	**144**	**377,612**
Non-current assets						
Property, plant and equipment	146,647	146,647				0
Goodwill	140,435	140,435				0
Other intangible assets	26,271	26,271				0
Long-term receivables and assets	5,235	771	4,464			4,464
Deferred tax assets	25,885	25,885				0
Total non-current assets	**344,473**	**340,009**	**4,464**	**0**	**0**	**4,464**
TOTAL ASSETS	**874,609**	**492,533**	**381,932**	**0**	**144**	**382,076**
Current liabilities						
Liabilities to banks	31,052	0		31,052		31,052
Current portion of long-term loans	47,596	0		47,596		47,596
Lease liabilities	2,595	0		2,595		2,595
Trade payables	24,736	0		24,736		24,736
Government grants	319	319				0
Income tax payable	7,392	7,392				0
Other liabilities	155,518	18,954		19,648	116,916	136,564
Other provisions	3,014	3,014				0
Total current liabilities	**272,222**	**29,679**	**0**	**125,627**	**116,916**	**242,543**
Non-current liabilities						
Long-term loans	206,683	0		206,683		206,683
Lease liabilities	5,899	0		5,899		5,899
Government grants	304	304				0
Provisions for employee benefits	6,862	6,862				0
Other liabilities	11,858	0		11,858		11,858
Deferred tax liabilities	695	695				0
Total non-current liabilities	**232,301**	**7,861**	**0**	**224,440**	**0**	**224,440**
Equity						
Share capital	15,955	15,955				0
Capital reserve	68,902	68,902				0
Legal reserve	785	785				0
Other reserves	19	19				0
Currency translation reserve	32,434	32,434				0
Retained earnings	251,991	251,991				0
Total equity	**370,086**	**370,086**	**0**	**0**	**0**	**0**
TOTAL LIABILITIES AND EQUITY	**874,609**	**407,626**	**0**	**350,067**	**116,916**	**466,983**

FINANCIAL INSTRUMENTS 31.12.2018

in TEUR	Carrying amount	No financial instrument	VALUATION METHOD ACC. TO IFRS 9 Financial asset at amortized cost	Financial liability at amortized cost	At fair value through profit & loss	Carrying amount financial instrument
Current assets						
Cash and cash equivalents	241,532	0	241,532			241,532
Trade receivables	125,127	0	125,127			125,127
Income tax receivable	1,915	1,915				0
Other receivables and other assets	6,385	6,324			61	61
Assets held for sale	538	538				0
Inventories	145,859	145,859				0
Total current assets	**521,356**	**154,636**	**366,659**	**0**	**61**	**366,720**
Non-current assets						
Property, plant and equipment	144,703	144,703				0
Goodwill*	137,763	137,763				0
Other intangible assets	38,042	38,042				0
Long-term receivables and assets	9,754	1,296	8,458			8,458
Deferred tax assets	26,344	26,344				0
Total non-current assets	**356,606**	**348,148**	**8,458**	**0**	**0**	**8,458**
TOTAL ASSETS	**877,962**	**502,784**	**375,117**	**0**	**61**	**375,178**
Current liabilities						
Liabilities to banks	31,412	0		31,412		31,412
Current portion of long-term loans	18,310	0		18,310		18,310
Finance lease liabilities	33	0		33		33
Trade payables	21,165	0		21,165		21,165
Government grants	334	334				0
Income tax payable	4,667	4,667				0
Other liabilities	170,593	20,143		5,251	145,199	150,450
Other provisions	5,098	5,098				0
Total current liabilities	**251,612**	**30,242**	**0**	**76,171**	**145,199**	**221,370**
Non-current liabilities						
Long-term loans	254,278	0		254,278		254,278
Finance lease liabilities	14	0		14		14
Government grants	623	623				0
Provisions for employee benefits	5,755	5,755				0
Other liabilities	18,824	0		18,815	9	18,824
Deferred tax liabilities	2,042	2,042				0
Total non-current liabilities	**281,536**	**8,420**	**0**	**273,107**	**9**	**273,116**
Equity						
Share capital	15,949	15,949				0
Capital reserve	68,303	68,303				0
Legal reserve	785	785				0
Other reserves	19	19				0
Currency translation reserve*	23,540	23,540				0
Retained earnings*	236,218	236,218				0
Total equity	**344,814**	**344,814**	**0**	**0**	**0**	**0**
TOTAL LIABILITIES AND EQUITY	**877,962**	**383,476**	**0**	**349,278**	**145,208**	**494,486**

* Restated – see Note 4 – Adjustments with retrospective effect.

Fair value of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities.

Level 2: Techniques for which all inputs which have significant effects on the recognized fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recognized fair value that are not based on observable market data.

The financial instruments recognized at fair value in the consolidated financial statements are allocated as shown below:

2019

in TEUR	BALANCE SHEET ITEM	TOTAL	LEVEL 2	LEVEL 3
Assets				
Derivatives (FVTPL)	Other receivables and other assets	144	144	0
Liabilities				
Derivatives (FVTPL)	Other liabilities	-116,916	-11	-116,905

2018

in TEUR	BALANCE SHEET ITEM	TOTAL	LEVEL 2	LEVEL 3
Assets				
Derivatives (FVTPL)	Other receivables and other assets	61	61	0
Liabilities				
Derivatives (FVTPL)	Other liabilities	-145,208	-140	-145,068

There were no reclassifications between the individual measurement levels during the 2019 and 2018 reporting periods. If required, items are generally reclassified at the end of the reporting period.

The derivatives assigned to level 3 consist solely of liabilities for the option liabilities from cancellable non-controlling interests (see Note 20).

The forward exchange contracts are measured based on observable spot exchange rates.

For fixed rate loans received and lease liabilities, the fair value was calculated by discounting the expected future cashflows using market interest rates. For variable rate bank loans and loans received and issued, discounting corresponds to current market rates, which is why the carrying amounts largely equal the fair values. Cash and cash equivalents, trade receivables and trade payables and all other items have mostly short residual terms. The carrying amounts therefore equal the fair values on the reporting date.

The carrying amount and the different fair value for financial instruments measured at cost are presented in the table below:

		2019		2018	
in TEUR	LEVEL	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Liabilities					
Loans, bank and lease liabilities	2	-293,825	-302,089	-304,046	-309,663

Net result from financial instruments

The following table shows the gains/losses (net result) by categories in accordance with IFRS 9:

2019

in TEUR		REMEASUREMENT		DERECOGNITION / DISPOSAL		
	ADJUSTMENT	PROFIT AND LOSS	OTHER COMPREHENSIVE INCOME	PROFIT AND LOSS	OTHER COMPREHENSIVE INCOME	NET RESULT
at amortized costs (loans and receivables)	-1,497	-	-	-	-	-1,497
at fair value through profit or loss (derivatives)	-	+1,123	-	-	-	+1,123

2018

in TEUR	ADJUSTMENT	REMEASUREMENT		DERECOGNITION / DISPOSAL		NET RESULT
		PROFIT AND LOSS	OTHER COMPREHENSIVE INCOME	PROFIT AND LOSS	OTHER COMPREHENSIVE INCOME	
at amortized costs (loans and receivables)	-2,668	-	-	-	-	-2,668
at fair value through profit or loss (derivatives)	-	-4,981	-	-	-	-4,981

The total interest expense determined using the effective interest rate method for financial liabilities not valued at fair value through profit or loss was TEUR 5,911 (previous year: TEUR 5,638). Net results in the category at amortized costs include interest expenses of TEUR 0 (2018: TEUR 0) and in the category at fair value through profit or loss TEUR 2,788 (2018: TEUR 5,763).

NOTE 36

RISK REPORT

The SBO Group's operations are exposed to a number of risks that are inextricably linked to its worldwide business activities. Efficient management and control systems are used to recognize, analyse, and manage these risks, with the help of which the management of the individual operations monitors the operating risks and reports them to Group management.

From a current perspective, no risks are discernible that jeopardize the Company's existence as a going concern.

General economic risks

Schoeller-Bleckmann Oilfield Equipment's business development is, to a large extent, exposed to economic cycles, in particular to the cyclical development of drilling activities for oil and gas of the national and international oil companies. In order to minimize the related risks of fluctuations in orders received, the Group's manufacturing companies have been designed to ensure maximum flexibility.

Sales and procurement risks

The market for the SBO Grou with alloy surchaiges being p's products and services is determined to a great extent by the continuous development and use of new technologies. Securing and maintaining the customer base therefore depends on the ability to offer new products and services tailored to the customer's needs.

In 2019, the three largest customers (which are globally-active service companies in the directional drilling market) accounted for a 36.0 % share of sales (previous year: 28.4 %). SBO counters the risk of suffering potential noticeable sales declines from the loss of a customer through continuous innovation, quality assurance measures and close customer retention.

On the procurement side, raw materials and in particular alloy surcharges for non-magnetic steel are subject to significant price fluctuations. These are partly passed on to customers with alloy surcharges being part of our agreements.

The Company procures high-alloy special steel, which is its most essential raw material, to a great extent from one supplier and is therefore exposed to the risk of delayed deliveries, capacity bottlenecks, or business interruptions. From today's perspective, the Company foresees absolutely no difficulty in continuing to obtain quality steel from this supplier. However, in the event a failure by this supplier, there are only limited options for replacement procurement in the short-term.

Substitution risks

SBO is subject to the risk of substitution of its products and technologies, which may also result in the growth of new competitors. SBO counters this risk through ongoing market observation, active proximity to customers, and proprietary innovations.

Financial risks

One the one hand, the Company has various financial assets, such as trade receivables, cash and cash equivalents, and short-term investments as a direct result of its business operations. On the other hand, it also uses financial instruments such as liabilities to banks and trade payables, which ensure the financing of the Company's operations.

In addition, the Company has derivative financial instruments to hedge foreign exchange risks arising from its business operations and financing sources. Derivatives are not used for trading or speculative purposes.

The financial instruments principally entail interest-related cashflow risks, as well as liquidity, currency, and credit risks.

FOREIGN CURRENCY RISKS

Foreign currency risks arise from fluctuations in the value of financial instruments or cashflows as a result of exchange rate fluctuations.

Foreign currency risks arise in the SBO Group where balance sheet items and income and expenses are generated or incurred in a currency other than the local currency. Forward exchange contracts (mainly in US dollars) are concluded to hedge receivables and liabilities in foreign currencies.

Over the long-term, SBO invoices an average of approximately 80 % of its sales in US dollars. This is due to its customer structure. All dominating service companies in the directional drilling market are headquartered in the US and settle their worldwide activities in US dollars. Also, from a long-term perspective, only about 50 % to 60 % of costs are incurred in US dollars as important production facilities are located not just in the US, but in Europe as well. For reasons of costs and expedience, SBO does not hedge its entire net dollar exposure. In any case, SBO's earnings are dependent on the USD/EUR exchange rate.

Additional risks arise from translating the financial statements of the foreign companies into the Group currency. Sales, earnings, and carrying amounts of these companies depend on the applicable exchange rate. As a result of the significant investments in the US, the primary sales market and location of important production facilities, changes in the US dollar have a substantial impact on the consolidated financial statements.

The table below shows the impact of a potential change in the USD exchange rate on the consolidated financial statements, based on reasonable judgment, and only in respect of the changes in value of derivative instruments (forward exchange contracts) as there are no material trade receivables or trade payables that are not denominated in the Group's functional currency:

in TEUR	**2019**		**2018**	
Change in EUR/USD exchange rate	+ 10 CENT	- 10 CENT	+ 10 CENT	- 10 CENT
Change in profit/loss before tax	+1,365	-1,365	+1,647	-1,647

INTEREST RATE RISKS

Interest rate risks result from fluctuations in market interest rates which lead to changes in value of financial instruments and interest rate-related cashflows.

Almost all long-term loans existing as at the reporting date have fixed interest rates and are therefore not subject to interest rate risk. However, the fair value of these long-term loans is subject to fluctuations. The interest rates for individual loans are disclosed in Note 17. With the exception of loans and lease liabilities, no other liabilities are interest bearing and therefore are not subject to any interest rate risk.

The interest rate risk is further reduced by the portfolio of short-term interest-bearing investments which the Company continuously holds. Depending on whether the Company has a surplus of financial resources on the investment or borrowing side, interest rate risks could therefore result from an increase or decrease in interest rates.

The table below shows the impact of a possible potential change in interest rates, based on reasonable judgment, on the interest expense for variable-rate liabilities to banks and on interest income for variable-rate bank balances (there are no impacts on consolidated equity):

in TEUR	2019		2018	
Change in basis points	+ 10	+ 20	+ 10	+ 20
Change in profit/loss before tax	+160	+320	+156	+312

CREDIT RISKS

Credit risk arises from the non-performance of contractual obligations by business partners and the resulting asset losses. The maximum default risk equals the carrying amount of the receivables.

The credit risk related to our receivables from customers can be considered as low as there have been long-standing, stable business relations with all major customers. Furthermore, we regularly check the creditworthiness of new and existing customers and monitor outstanding balances. Loss allowances are recognized for credit risks.

With regard to loans to the management of subsidiaries, the credit risk is limited by the surety of the acquired shares (see Note 10).

For other financial assets (cash and cash equivalents), the maximum credit risk upon default of the counterparty is the carrying amount of the financial instrument. However, this credit risk may be considered as low since we only choose highly-rated banks.

LIQUIDITY RISKS

Liquidity risk consists in the risk of being able to access the financial resources required to settle liabilities incurred at all times and in due time.

Due to the Company's strong self-financing capability, the liquidity risk is relatively low. The Company generates liquid funds through its operating business and uses external bank financing when needed. Due to spreading financing facilities across the world, there is no material risk concentration.

A key instrument of liquidity management is the ongoing monitoring of liquidity and financial planning of the operating units by Group management. Financing requirements are centrally managed and based on the consolidated financial reporting of the Group members.

The table below shows all contractually obligated payments as at 31 December for principal payments, repayments, and interest from recognized financial liabilities, including derivative financial instruments, with disclosure of the undiscounted cashflows for the following financial years:

31.12.2019

in TEUR	DUE ON DEMAND	2020	2021	2022	2023 OR BEYOND
Liabilities to banks	31,243	-	-	-	-
Long-term loans	-	51,988	46,489	24,747	148,028
Lease liabilities	-	2,779	1,926	1,373	3,495
Management interests and participation rights	-	-	-	-	9,510
Trade payables	-	24,736	-	-	-
Derivatives	-	116,916	-	-	-
Other	-	39,121	886	300	1,162

31.12.2018

in TEUR	DUE ON DEMAND	2019	2020	2021	2022 or beyond
Liabilities to banks	31,629	-	-	-	-
Long-term loans	-	22,853	51,988	46,489	172,775
Lease liabilities	-	35	14	-	-
Management interests and participation rights	-	-	-	-	17,460
Trade payables	-	21,165	-	-	-
Derivatives	-	147,964	7	-	-
Other	-	26,378	536	-	-

Derivatives shown as of 31 December 2019 in the column for 2020 (as of 31 December 2018 in column for 2019) mainly refer to option liabilities for cancellable non-controlling interests (see Note 20).

OTHER FINANCIAL MARKET RISKS

The risk variables are in particular the share prices and stock indices.

Capital management

The Company's primary goal is to ensure that we maintain a high credit rating and equity ratio in order to support our operations and maximize shareholder value.

The gearing ratio (net debt as a percentage of equity) is used in particular to monitor and manage capital. Net debt comprises long-term loans and bank liabilities, less cash and cash equivalents.

The gearing ratio was 5.4 % as at 31 December 2019 (previous year: 18.1 %).

in TEUR	31.12.2019	31.12.2018
Liabilities to banks	31,052	31,412
Long-term loans	254,279	272,588
Less: cash and cash equivalents	-265,211	-241,532
Net debt	**20,120**	**62,468**
Total equity	370,086	344,814*
Gearing	**5.4 %**	**18.1 %**

* Restated – see Note 4 – Adjustments with retrospective effect.

For the shareholders of the parent, the desired average long-term dividend rate is 30 % to 60 % (of the consolidated profit after tax).

NOTE 37

CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 December 2019 or 31 December 2018.

NOTE 38

OTHER OBLIGATIONS

Other obligations exist solely from leases (see Note 21) and purchase commitments for investments in property, plant and equipment (see Note 8).

NOTE 39

CASHFLOW STATEMENT

The Company's cashflow statement shows the change of cash and cash equivalents for the Company and the subsidiaries during the reporting year as a result of cash inflows and outflows. Cash funds correspond to the cash and cash equivalents in the consolidated balance sheet and are comprised solely of cash-in-hand and bank balances including short-term deposits.

Within the cashflow statement, cashflows are broken down into cashflows from operating activities, from investing activities and from financing activities.

The cashflows from foreign operations have been allowed for by applying average foreign exchange rates.

The cashflows from operating activities are determined using the indirect method by starting with adjusting net income after income taxes and adjusting it for non-cash income and expenses. This result and the recognized changes in working capital (excluding cash funds) equal the cashflow from operating activities.

Cash inflows and outflows from current operations include inflows and outflows from interest payments and income taxes.

Dividend payments are presented as part of financing activities.

See to Note 20 for details on payments relating to the purchase of minority interests.

Financial liabilities were as follows during the 2019 financial year:

in TEUR	01.01.2019*	CASH CHANGES	NON-CASH CHANGES		31.12.2019
			Foreign currency effects	Other changes	
Long-term loans including current portion	272,588	-18,309	0	0	254,279
Liabilities to banks	31,412	-740	380	0	31,052
Lease liabilities	7,713	-3,260	273	3,768	8,494
Other financial liabilities	17,459	-3,793	206	-4,362	9,510
Total liabilities from financing activities	**329,172**	**-26,102**	**859**	**-594**	**303,335**

* Restated for the first-time application of IFRS 16, see Note 4.

NOTE 40

EMPLOYEES

The number of employees on an annual average and as at the reporting date was:

	ANNUAL AVERAGE		REPORTING DATE	
	2019	2018	31.12.2019	31.12.2018
Blue collar	1,017	1,056	1,020	1,108
White collar	530	537	515	538
	1,547	**1,593**	**1,535**	**1,646**

NOTE 41

EVENTS AFTER THE REPORTING DATE

After the reporting date there were no events of particular significance that would have changed the presentation of the Group's net assets, financial position, and results of operations in the consolidated financial statements as at 31 December 2019.

NOTE 42

PROPOSED DIVIDEND

The Executive Board recommends distributing a dividend of EUR 1.20 per share to the shareholders. This would be a dividend distribution of MEUR 19.2. In the previous year a dividend distribution of EUR 1.00 per share was made which resulted in a total distribution of MEUR 16.0.

NOTE 43

EXPENSES INCURRED FOR THE GROUP AUDITOR

The following expenses were incurred for the Group auditor, Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.:

in TEUR	**2019**	**2018**
Audit fees	178	152
Other services	63	28

Audit fees for the years 2019 and 2018 include both the audit of the consolidated financial statements as well as the audits of the financial statements of the entities in Austria.

MANAGEMENT DISCLOSURES

EXECUTIVE BOARD:

Ing. Gerald Grohmann
(Chief Executive Officer)

Mag. Klaus Mader
(Chief Financial Officer)

The current Executive Board contract with Mr. Gerald Grohmann is effective for a term of office until 31 December 2021 and that of Mr. Klaus Mader until 30 September 2023.

COMMITTEES OF THE SUPERVISORY BOARD:

NOMINATION AND REMUNERATION COMMITTEE:

Mag. Norbert Zimmermann
Dr. Karl Schleinzer
Mag. Sonja Zimmermann

AUDIT COMMITTEE:

Mag. Norbert Zimmermann
Dr. Wolfram Littich
Mag. Sonja Zimmermann

SUPERVISORY BOARD:

Mag. Norbert Zimmermann
(Chairman)
Initial appointment: 1995
End of current term: 2022

Mag. Brigitte Ederer
(Deputy Chairwoman)
Initial appointment: 2014
End of current term: 2024

Mag. Dipl. Ing. Helmut Langanger
Initial appointment: 2003
End of current term: 2024

Dr. Wolfram Littich
Initial appointment: 2016
End of current term: 2021

Dr. Karl Schleinzer
Initial appointment: 1995
End of current term: 2020

Mag. Sonja Zimmermann
Initial appointment: 2018
End of current term: 2023

Each year, at least one member of the Supervisory Board resigns at the end of the Annual General Meeting to ensure that the election of at least one member to the Supervisory Board can be resolved at the Annual General Meeting. If the departure sequence does not arise from the term of office, it is decided by lot. At the Supervisory Board meeting that takes place prior to the Annual General Meeting for discussing proposed resolutions and elections in accordance with Section 108 (1) Austrian Stock Corporation Act (Aktiengesetz, 'AktG'), the member of the Supervisory Board that will resign at the end of the subsequent Annual General Meeting must be determined by lot. The resigning member is immediately eligible for re-election.

Ternitz, 28 February 2020

Gerald Grohmann **Klaus Mader**

Executive Board

AUDITOR'S REPORT*

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION

We have audited the consolidated financial statements of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft, Ternitz and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2019 and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRS) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

BASIS FOR OPINION

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements" Section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered the following matter as key audit matter for our audit:

Valuation of goodwill

DESCRIPTION

In its consolidated financial statements, SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft shows Goodwill of mEUR 140.4.

Under IFRS, as adopted by the EU, an entity is required to annually test the amount of goodwill for impairment.

Recoverability of goodwill depends on both external factors such as the development of oil prices, the development of input factors for discount rates, rig counts and drilling activities as well as internal evaluations such as the development of customer behavior and requires management discretionary decisions. The significant risk in the course of performing tests of impairment lies in the estimation of future cash flows and discount rates.

In 2019, the Austrian Financial Reporting Enforcement Panel (AFREP) found an error regarding management's assessment in cashflow projections, which resulted in a correction of the test for impairment as at 12/31/2018 for the cash generating unit (CGU) "Resource Well Completion Technologies Inc.". Subsequently, in line with IAS 8.42, a retrospective impairment for the goodwill of the aforementioned CGU amounting to mEUR 23.9 was recorded (adjustment with retrospective effect, correction of accounting-related estimates and errors).

We refer to the disclosure in the notes to the consolidated financial statements in Sections "Note 4, pts 9 and pts 18" and "Note 9, subsection 1. Goodwill".

HOW OUR AUDIT ADDRESSED THE MATTER:

To address this risk, we have performed, among others, the following audit procedures:

We have assessed the design of the entity's procedures for conducting impairment tests.

The composition of the cash-generating units (CGUs) as well as the allocation of the assets, liabilities and cashflows thereto has been audited.

Forecasted sales, results and investments were reconciled to approved budgets and material planning assumptions (sales, expenditures, investments, changes in Working Capital) have been assessed in order to verify the appropriateness of budget information. Cashflows used in the group's impairment tests have been assessed regarding the methodology as well as clerical accuracy. Assumptions related to discount factors as well as growth rates have been assessed as well.

For the amended planning for CGU "Resource Well Completion Technologies Inc." which was used for the retrospective adjustment of goodwill we performed a review of changed planning information as well as an analysis of major value drivers in order to verify the appropriateness of the planning.

We involved EY valuation specialists in our audit procedures related to the assessment of the appropriateness of valuation models, cash flow assumptions as well as input factors.

We also evaluated whether disclosures regarding impairment testing in the notes to the consolidated financial statements were made in line with IAS 36 and the disclosures regarding the retrospective adjustment were made in line with IAS 8.

RESPONSIBILITIES OF MANAGEMENT AND OF THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU regulation and in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safe-guards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

COMMENTS ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Regarding the consolidated non-financial statement contained in the group management report, it is our responsibility to examine whether it has been prepared, to read it and to evaluate whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

OPINION

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements, comprising the details in accordance with Section 243a Austrian Company Code UGB, and is consistent with the consolidated financial statements.

STATEMENT

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report (apart from the consolidated financial statements, the management report for the Group and the auditor’s report thereon), which have been provided to us prior to the date of the auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

ADDITIONAL INFORMATION IN ACCORDANCE WITH ARTICLE 10 EU REGULATION

We were elected as auditor by the ordinary general meeting at April 23, 2019. We were appointed by the Supervisory Board on April 23, 2019. We are auditors without cease since 1996.

We confirm that the audit opinion in the Section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

RESPONSIBLE AUSTRIAN CERTIFIED PUBLIC ACCOUNTANT

The engagement partner is Mag. Karl Fuchs, Certified Public Accountant.

Ternitz, 2 March 2020

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Karl Fuchs mp
Wirtschaftsprüfer / Certified Public Accountant

ppa Dipl.-Ing. (FH) Mag. Manfred Siebert mp
Wirtschaftsprüfer / Certified Public Accountant

* This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

REPORT OF THE SUPERVISORY BOARD ON THE 2019 FINANCIAL YEAR

In the 2019 financial year, the Supervisory Board performed its duties assigned to it by law and the Company's articles of association. It held five meetings and received regular oral and written reports about the business development and situation of the Company and its Group companies from the Executive Board, including information about relevant business occurrences. The discussions between the Supervisory Board and Executive Board focused on the strategic orientation and development of the Group as well as on key business transactions and measures.

At the 2019 Annual General Meeting Brigitte Ederer und Helmut Langanger were confirmed for another five-year term of office. Therefore, both the Supervisory Board and the Executive Board remained unchanged in the 2019 financial year.

The Supervisory Board has two committees: The Audit Committee and the Remuneration Committee (Nomination and Remuneration Committee).

In the 2019 financial year, the Remuneration Committee convened once to deal with matters regarding remuneration of the members of the Executive Board in accordance with Section 78a Austrian Stock Corporation Act (AktG) (remuneration policy), which were adopted by the Supervisory Board of the Company based on the recommendation of the Remuneration Committee.

The Audit Committee held two meetings in the 2019 financial year to discuss the financial reports of the Company (consolidated and annual financial statements), performing the duties assigned to it according to Section 92 (4a) Austrian Stock Corporation Act (AktG). Representatives of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H as auditor of the annual financial statements and the consolidated financial statements of the Company attended the meeting of the Audit Committee which dealt with the preparation of the adoption of the annual financial statements and consolidated financial statements 2018 and their audits and reported about the auditing process. Additionally, the Audit Committee held a meeting for in-depth discussion about the planning of the audits of the annual financial statements and the consolidated financial statements 2019 with representatives of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The Supervisory Board was informed regularly about the results of the meetings of the Audit Committee.

The annual financial statements as of 31 December 2019 and the management report were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The audit revealed that the annual financial statements comply with the legal requirements, give a true and fair view of the Company's assets and financial position as of 31 December 2019 and of the earnings situation of the Company for the financial year from 1 January 2019 to 31 December 2019, and that the management report has been prepared according to applicable legal requirements, contains accurate information pursuant to Section 243a Austrian Commercial Code (UGB) and is consistent with the annual financial statements, and that the Corporate Governance Report required according to Section 243c Austrian Commercial Code (UGB) was prepared by analogy with the provisions of Section 251 (3) Austrian Commercial Code (UGB).

The consolidated financial statements as of 31 December 2019, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) to be applied in the EU, and the consolidated management report were also audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The audit revealed that the consolidated financial statements comply with the legal requirements, give a true and fair view of the Group's assets and financial position as of 31 December 2019 and of the earnings situation and the cashflows of the Group for the 2019 financial year, and that the consolidated management report has been prepared in accordance with applicable legal requirements, contains accurate information pursuant to Section 243a Austrian Commercial Code (UGB) and is consistent with the consolidated financial statements, and that the consolidated non-financial statement required pursuant to Section 267a Austrian Commercial Code (UGB) and the consolidated Corporate Governance Report required according to Section 267b Austrian Commercial Code (UGB) were prepared by analogy with the provisions of Section 251 (3) Austrian Commercial Code (UGB).

As the audits did not give rise to any objections, the auditors issued unqualified audit opinions both for the annual financial statements for 2019 and the consolidated financial statements for 2019.

At its meeting on 17 March 2020, and after discussion and review by the Audit Committee, the Supervisory Board reviewed the submitted annual financial statements as of 31 December 2019 and the management report as well as the consolidated financial statements as of 31 December 2019 and the consolidated management report including the non-financial statement pursuant to Section 267a Austrian Commercial Code (UGB) and the Corporate Governance Report. The final results of these reviews did not give rise to any objections. At its meeting on 17 March 2020 the Supervisory Board approved the annual financial statements as of 31 December 2019, which are therefore adopted pursuant to Section 96 (4) Austrian Stock Corporation Act (AktG). In addition, the Supervisory Board consented at that meeting to the proposal submitted by the Executive Board regarding appropriation of the net profit reported in the annual financial statements of the Company as of 31 December 2019.

The Supervisory Board extends its thanks and appreciation to the members of the Executive Board and all employees of the SBO Group for their strong commitment and performance in the 2019 financial year and thanks the shareholders and customers of the SBO Group for their trust.

Ternitz, 17 March 2020

The Supervisory Board

Norbert Zimmermann
(Chairman)

JAHRES-
ABSCHLUSS

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft

BILANZ zum 31. Dezember 2019

AKTIVA

	31.12.2019 EUR	31.12.2019 EUR	31.12.2018 TEUR
A. Anlagevermögen			
I. Immaterielle Vermögensgegenstände			
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile sowie daraus abgeleitete Lizenzen		0,00	0
II. Sachanlagen			
1. Grundstücke, grundstücksgleiche Rechte und Bauten	10.633.766,33		11.118
2. andere Anlagen, Betriebs- und Geschäftsausstattung	94.216,59		105
		10.727.982,92	11.223
III. Finanzanlagen			
1. Anteile an verbundenen Unternehmen	238.452.566,59		218.609
2. Ausleihungen an verbundene Unternehmen	57.860.067,67		34.934
3. Wertrechte des Anlagevermögens	0,00		144
		296.312.634,26	253.687
		307.040.617,18	**264.910**
B. Umlaufvermögen			
I. Forderungen und sonstige Vermögensgegenstände			
1. Forderungen gegenüber verbundenen Unternehmen	33.594.424,51		33.395
davon mit einer Restlaufzeit von mehr als einem Jahr EUR 0,00 (Vorjahr TEUR 1.286)			
2. sonstige Forderungen und Vermögensgegenstände	2.670.312,30		7.676
davon mit einer Restlaufzeit von mehr als einem Jahr EUR 1.971.840,72 (Vorjahr TEUR 6.375)			
		36.264.736,81	41.071
II. Kassenbestand, Guthaben bei Kreditinstituten		95.688.488,75	135.631
		131.953.225,56	**176.702**
C. Aktive latente Steuern		**493.773,30**	3.747
		439.487.616,04	**445.359**

PASSIVA

	31.12.2019 EUR	31.12.2019 EUR	31.12.2018 TEUR
A. Eigenkapital			
I. eingefordertes und eingezahltes Grundkapital	16.000.000,00		16.000
eigene Anteile	-44.597,00		-51
		15.955.403,00	15.949
II. Kapitalrücklagen			
1. gebundene		70.020.644,03	70.027
davon für eigene Aktien EUR 44.597,00 (Vorjahr TEUR 50)			
III. Optionsrücklage		3.917.200,00	3.628
IV. Gewinnrücklagen			
1. gesetzliche Rücklage	785.314,64		785
2. andere Rücklagen (freie Rücklagen)	14.381.208,56		14.058
		15.166.523,20	14.843
V. Bilanzgewinn		26.967.513,68	17.595
davon Gewinnvortrag EUR 1.639.440,00 (Vorjahr TEUR 2.558)			
		132.027.283,91	**122.042**
B. Rückstellungen			
1. Rückstellungen für Abfertigungen	1.000.196,00		694
2. Steuerrückstellungen	5.274.237,09		3.932
3. sonstige Rückstellungen	2.330.917,00		2.148
		8.605.350,09	**6.774**
C. Verbindlichkeiten			
davon mit einer Restlaufzeit von bis zu einem Jahr EUR 92.472.260,79 (Vorjahr TEUR 62.805)			
davon mit einer Restlaufzeit von mehr als einem Jahr EUR 206.382.721,25 (Vorjahr TEUR 253.738)			
1. Verbindlichkeiten gegenüber Kreditinstituten	231.613.636,35		248.705
davon mit einer Restlaufzeit von bis zu einem Jahr EUR 47.090.909,10 (Vorjahr TEUR 17.091)			
davon mit einer Restlaufzeit von mehr als einem Jahr EUR 184.522.727,25 (Vorjahr TEUR 231.614)			
2. Verbindlichkeiten aus Lieferungen und Leistungen	212.570,74		73
davon mit einer Restlaufzeit von bis zu einem Jahr EUR 212.570,74 (Vorjahr TEUR 73)			
3. Verbindlichkeiten gegenüber verbundenen Unternehmen	41.761.882,50		42.274
davon mit einer Restlaufzeit von bis zu einem Jahr EUR 41.761.882,50 (Vorjahr TEUR 42.274)			
4. sonstige Verbindlichkeiten	25.266.892,45		25.491
davon mit einer Restlaufzeit von bis zu einem Jahr EUR 3.406.898,45 (Vorjahr TEUR 3.367)			
davon mit einer Restlaufzeit von mehr als einem Jahr EUR 21.859.994,00 (Vorjahr TEUR 22.125)			
davon aus Steuern EUR 153.371,88 (Vorjahr TEUR 125)			
davon im Rahmen der sozialen Sicherheit EUR 44.876,30 (Vorjahr TEUR 39)			
		298.854.982,04	**316.543**
		439.487.616,04	**445.359**

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft

GEWINN- UND VERLUSTRECHNUNG
für das Geschäftsjahr vom 1. Jänner bis 31. Dezember 2019

			2019 EUR	2018 TEUR
1. Umsatzerlöse			8.110.546,53	7.781
2. sonstige betriebliche Erträge				
a) übrige		2.901.027,48		3.760
			2.901.027,48	3.760
3. Personalaufwand				
a) Löhne		-205.236,19		-216
b) Gehälter		-3.539.610,41		-4.105
c) soziale Aufwendungen				
aa) Aufwendungen für Altersversorgung	-145.902,37			-178
bb) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen	-333.445,34			-673
cc) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	-436.119,98			-364
dd) übrige	-578,27			-1
		-916.045,96		-1.216
			-4.660.892,56	-5.537
4. Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen			-519.090,18	-559
5. sonstige betriebliche Aufwendungen				
a) Steuern, soweit sie nicht unter Z 15 fallen		-131.810,70		-100
b) übrige		-4.237.120,31		-7.013
			-4.368.931,01	-7.113
6. Zwischensumme aus Z 1 bis 5 (Betriebserfolg)			**1.462.660,26**	**-1.668**
7. Erträge aus Beteiligungen			17.794.365,69	26.113
davon aus verbundenen Unternehmen EUR 17.794.365,69 (Vorjahr TEUR 26.113)				
8. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens			2.714.280,63	2.180
davon aus verbundenen Unternehmen EUR 2.712.369,63 (Vorjahr TEUR 2.178)				
9. sonstige Zinsen und ähnliche Erträge			2.626.079,21	2.227
davon aus verbundenen Unternehmen EUR 1.125.706,24 (Vorjahr TEUR 702)				
10. Erträge aus der Zuschreibung zu Finanzanlagen			7.171.697,66	1.582
11. Aufwendungen aus Finanzanlagen			-189.794,22	-9.824
a) davon Abschreibungen EUR -189.794,22 (Vorjahr TEUR -9.611)				
b) davon Aufwendungen aus verbundenen Unternehmen EUR -189.794,22 (Vorjahr TEUR -9.824)				
12. Zinsen und ähnliche Aufwendungen			-5.039.446,63	-4.773
davon betreffend verbundene Unternehmen EUR -534.567,88 (Vorjahr TEUR -699)				
13. Zwischensumme aus Z 7 bis 12 (Finanzerfolg)			**25.077.182,34**	**17.505**
14. Ergebnis vor Steuern (Zwischensumme aus Z 6 und Z 13)			**26.539.842,60**	**15.837**
15. Steuern vom Einkommen und vom Ertrag			-1.211.768,92	-800
davon latente Steuern EUR -3.252.844 (Vorjahr TEUR -3.253)				
16. Jahresüberschuss			**25.328.073,68**	**15.037**
17. Gewinnvortrag aus dem Vorjahr			1.639.440,00	2.558
18. Bilanzgewinn			**26.967.513,68**	**17.595**

I. Allgemeine Angaben

Der Jahresabschluss der SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO), mit Sitz in Ternitz, wurde nach den Vorschriften des Unternehmensgesetzbuches (§§ 189ff UGB) in der geltenden Fassung erstellt.

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt.

Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten.

Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurden der Grundsatz der Einzelbewertung und eine Fortführung des Unternehmens unterstellt. Dem Vorsichtsprinzip wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden.

Für erkennbare Risiken und drohende Verluste, die aus dem vergangenen und früheren Geschäftsjahren resultieren und in der Zukunft schlagend werden könnten, wurden entsprechende Vorsorgen in die Bilanz eingestellt.

Die Gewinn- und Verlustrechnung wurde nach dem Gesamtkostenverfahren erstellt.

Die SBO erstellt einen Konzernabschluss gemäß § 245a UGB nach international anerkannten Rechnungslegungsgrundsätzen. Der Konzernabschluss wird beim Firmenbuch des Handelsgerichtes Wiener Neustadt hinterlegt.

Die Gesellschaft ist seit 2005 Gruppenträger einer Unternehmensgruppe gemäß § 9 KStG.

Bei der Summierung von gerundeten Beträgen und Prozentangaben können durch Verwendung automatischer Rechenhilfen rundungsbedingte Rechendifferenzen auftreten.

II. Bilanzierungs- und Bewertungsmethoden

Bei der Bewertung des **Anlagevermögens** wurde das Niederstwertprinzip eingehalten. Die vorgenommenen Abschreibungen tragen den verbrauchsbedingten und sonstigen Wertminderungen voll Rechnung. Die planmäßige Abschreibung wird linear vorgenommen.

Die **Forderungen und sonstigen Vermögensgegenstände** wurden nach dem strengen Niederstwertprinzip bilanziert. Fremdwährungsforderungen wurden mit dem Devisen-Kurs zum Bilanzstichtag oder zu niedrigeren Anschaffungskursen bewertet. Allen erkennbaren Einzelrisiken wurde durch Wertberichtigungen Rechnung getragen. Pauschalwertberichtigungen wurden nicht vorgenommen.

Auf Fremdwährung lautende **Guthaben bei Kreditinstituten** wurden mit dem Devisen-Kurs zum Bilanzstichtag bilanziert.

Die Bewertung der **Verbindlichkeiten** erfolgte unter Bedachtnahme auf den Grundsatz der Vorsicht mit ihrem Erfüllungsbetrag. Fremdwährungsverbindlichkeiten wurden mit ihrem Entstehungskurs oder mit dem höheren Devisen-Kurs zum Bilanzstichtag bewertet.

Die Berechnung der **Abfertigungsrückstellungen** erfolgte mittels versicherungsmathematischem Verfahren gemäß IAS 19 (Methode der laufenden Einmalprämien). Hierzu wurden die folgenden Berechnungsannahmen verwendet: Zinssatz 0,9 % (Vorjahr: 1,8 %), Gehaltssteigerung 3,5 % p. a. (Vorjahr: 3,5 %), Pensionseintrittsalter gemäß den aktuellen gesetzlichen Regelungen. Im Rahmen der Ermittlung der Abfertigungsrückstellung erfolgt die Verteilung des Dienstzeitaufwandes über den Zeitraum vom Eintritt in das Unternehmen bis zum Zeitpunkt des geplanten Pensionsantrittes des jeweiligen Dienstnehmers. Die Veränderungen der Abfertigungsrückstellungen (sowie auch der Jubiläumsgeldrückstellungen) werden im Personalaufwand erfasst.

Die **Jubiläumsgeldrückstellungen** wurden ebenfalls gemäß IAS 19 berechnet.

III. Erläuterungen zu den Posten der Bilanz und der Gewinn- und Verlustrechnung

1. ERLÄUTERUNGEN ZUR BILANZ

ANLAGEVERMÖGEN

Die Entwicklung des Anlagevermögens ist im beiliegenden Anlagenspiegel dargestellt.

Das **abnutzbare Anlagevermögen** wird über folgende Nutzungsdauern planmäßig linear abgeschrieben:

- EDV-Software	4 Jahre
- Rechte	15 Jahre
- Gebäude und Grundstückseinrichtungen	10 bis 50 Jahre
- Betriebs- und Geschäftsausstattung	4 bis 8 Jahre

Für die **Anteile an verbundenen Unternehmen** wurden zum Bilanzstichtag 31.12.2019 Werthaltigkeitstests durchgeführt. Die Bewertung erfolgte auf Basis der vorliegenden Planungen durch Diskontierung der prognostizierten Cashflows unter Heranziehung eines Kapitalkostensatzes nach Steuern, welcher aufgrund aktueller Marktdaten für vergleichbare Unternehmen im selben Industriezweig unter Berücksichtigung der länderspezifischen Inflationserwartungen ermittelt wurde.

Die Cashflows wurden auf Basis der prognostizierten Umsätze und der hierfür notwendigen Kapazitäten (insb. Personalausstattung sowie Investitionen in das Anlagevermögen und in das Working Capital) ermittelt. Die Bewertung wird am stärksten von den Umsatzerlösen beeinflusst.

Die Umsatzplanungen werden erstellt, indem einerseits die gesamtheitliche Entwicklung der Oilfield Service Industrie berücksichtigt wird (im Wesentlichen in Form der erwarteten zukünftigen CAPEX Spendings) und andererseits auch die unternehmensspezifischen Kundenbeziehungen und regionalen Marktgegebenheiten einbezogen werden. Die Umsatzplanungen im Bereich Manufacturing berücksichtigen zudem die bereits vorhandenen Auftragsstände der wichtigsten Kunden. Für die nachhaltige Planung der Umsatzerlöse und Cashflows wird auch die aus der Vergangenheit abgeleitete Zyklizität der Branche, sofern relevant, herangezogen.

Die Margenplanung wird aus dem geplanten Produktmix und den entsprechenden Preiserwartungen sowie den prognostizierten Kostenentwicklungen abgeleitet. Für die erwarteten Erlöse werden einerseits die bisher erzielten Preise bzw. die Preise von allenfalls vorhandenen Kundenaufträgen herangezogen als auch zukünftige Marktindikationen auf Basis von Rückmeldungen des Vertriebs verwendet. Die Kostenentwicklungen basieren auf den variablen Kosten in Form von bekannten oder erwarteten Materialpreisentwicklungen (basierend auf Preisindikationen bestehender Lieferanten, Materialpreisentwicklungen auf Rohstoffmärkten und daraus ableitbare Trends sowie auf der unterstellten Mengenplanung) und auf den erwarteten fixen Kosten in Form von geplanten Erhaltungs-Investitionen in Maschinen, Anlagen und in die Mietflotte. Weiters wird die erforderliche Personalausstattung (basierend auf geplantem Headcount, erforderlicher Qualifikation der benötigten Mitarbeiter sowie der aufgrund der aktuellen Wirtschaftslage erwarteten Personalkosten) berücksichtigt.

Die durchgeführten Werthaltigkeitstests haben in 2019 zu keinen Wertminderungen geführt.

Die **Ausleihungen** betrafen ausschließlich Konzerngesellschaften. Die Ausleihungen mit einer Restlaufzeit von unter einem Jahr betragen TEUR 0 (Vorjahr TEUR 0).

UMLAUFVERMÖGEN

Forderungen und sonstige Vermögensgegenstände

Die **Forderungen gegenüber verbundenen Unternehmen** resultieren ausschließlich aus Konzernfinanzierungen.

Die in den **sonstigen Forderungen** enthaltenen Erträge, welche nach dem Abschlussstichtag zahlungswirksam werden, betrafen Zinsabgrenzungen (TEUR 58,3; Vorjahr: TEUR 668,1).

Aktive latente Steuern

Die aktiven latenten Steuern wurden zum Bilanzstichtag für folgende Posten gebildet: Beteiligungen, Sachanlagen und Personalrückstellungen. Im Vorjahr wurden auch für bestehende steuerliche Verlustvorträge aktive latente Steuern gebildet. Diese wurden im Geschäftsjahr 2019 vollständig mit laufenden Gewinnen des Jahres verrechnet.

Die Bewertung der latenten Steuern erfolgte mit einem Steuersatz von 25%. Der Rückgang im Jahr 2019 ergibt sich im Wesentlichen aus der Verrechnung von Vorjahresverlusten mit steuerlichen Gewinnen der Steuergruppe in 2019.

EIGENKAPITAL

Das eingeforderte und eingezahlte **Grundkapital** von TEUR 16.000,0 besteht aus 16.000.000 auf Inhaber lautende Aktien zu je EUR 1,00.

In der Hauptversammlung vom 23. April 2019 wurde der Vorstand für die Dauer von 5 Jahren ermächtigt, mit Zustimmung des Aufsichtsrats das Grundkapital um bis zu TEUR 1.600 durch Ausgabe neuer Aktien zu erhöhen. In der Hauptversammlung vom 24. April 2018 wurde der Vorstand für die Dauer von 30 Monaten ermächtigt, eigene Aktien der Gesellschaft bis zu maximal 10 % des Grundkapitals zu erwerben. Im Geschäftsjahr 2019 hat die Gesellschaft von der Ermächtigung zum Erwerb eigener Aktien keinen Gebrauch gemacht. In 2018 hat die Gesellschaft 10.000 Stück eigene Aktien mit einem Kaufpreis von TEUR 586 erworben.

Zum Bilanzstichtag 2019 hält die Gesellschaft 44.597 Stück eigene Aktien (Vorjahr: 50.597 Stück). Dies entspricht einem Anteil von 0,28 % (Vorjahr: 0,32 %) am Grundkapital mit einem Anschaffungswert von TEUR 2.478,7 (Vorjahr TEUR 2.812,2). Die Anzahl der im Umlauf befindlichen Aktien beträgt somit 15.955.403 Stück (Vorjahr: 15.949.403 Stück).

Die **gebundene Kapitalrücklage** betrug zum Bilanzstichtag TEUR 70.020,6 (Vorjahr: TEUR 70.026,6) und resultiert im Wesentlichen aus dem Agio bei der Ausgabe junger Aktien in 1997 und in 2005. Die Veränderung in 2019 resultiert aus dem Abgang von eigenen Anteilen und einer Umgliederung zur Optionsrücklage.

Die **gesetzliche Rücklage** betrug zum Bilanzstichtag unverändert TEUR 785,3.

Die **freie Rücklage** betrug zum Bilanzstichtag TEUR 14.381,21 (Vorjahr: TEUR 14.057,9). Die Veränderung in 2019 resultiert aus der Übertragung eigener Anteile.

Die **Optionsrücklage** in Zusammenhang mit einem im Jahr 2014 vereinbarten und in 2018 verlängerten Vorstandsvergütungsprogramm für die künftige Abgabe von eigenen Aktien beträgt zum Bilanzstichtag TEUR 3.917,2 (VJ: TEUR 3.628,5).

Gemäß dem Hauptversammlungsbeschluss vom 23. April 2019 wurden vom **Bilanzgewinn 2018** TEUR 15.955,3 an die Aktionäre ausgeschüttet und die verbleibenden TEUR 1.639,4 auf neue Rechnung vorgetragen.

RÜCKSTELLUNGEN

In den **übrigen Rückstellungen** sind enthalten:

in TEUR	31.12.2019	31.12.2018
Jubiläumsgeldrückstellungen	58,5	45,4
Rückstellungen für nicht konsumierte Urlaube	517,0	455,0
sonstige Personalrückstellungen	978,0	976,6
Bilanzveröffentlichung	190,0	182,0
Rechts-, Prüfungs- und Beratungskosten	248,6	168,7
Sonstige Rückstellungen	338,8	320,2
Summe	**2.330,9**	**2.147,9**

VERBINDLICHKEITEN

Der Gesamtbetrag der Verbindlichkeiten mit einer Restlaufzeit von mehr als fünf Jahren beträgt TEUR 45.714,3 (Vorjahr: TEUR 83.351,8). Davon entfallen auf Verbindlichkeiten gegenüber Kreditinstituten TEUR 24,714,3 (Vorjahr: TEUR 62.285,7) sowie auf sonstige Verbindlichkeiten TEUR 21.000,0 (Vorjahr: TEUR 21.066,1).

Die **Verbindlichkeiten gegenüber verbundenen Unternehmen** betreffen mit TEUR 41.481,1 (Vorjahr: TEUR 42.259,5) Konzernfinanzierungen, der Restbetrag betrifft Lieferungen und Leistungen.

In den **sonstigen Verbindlichkeiten** sind Aufwendungen in Höhe von TEUR 3.091,5 (Vorjahr: TEUR 3.042,5) enthalten, die nach dem Abschlussstichtag zahlungswirksam werden.

HAFTUNGSVERHÄLTNISSE

Haftungsverhältnisse bestanden in folgendem Ausmaß:

	31.12.2019		31.12.2018	
in TEUR	Gesamtbetrag	davon für verbundene Unternehmen	Gesamtbetrag	davon für verbundene Unternehmen
Haftungen für Kredite und Kurssicherungen	28.351,6	28.351,6	27.851,3	27.851,3

Darüber hinaus wurden für ein Bankdarlehen eines verbundenen Unternehmens Pfandrechte an Liegenschaften der Gesellschaft bis zu einem Höchstbetrag von TEUR 12.300,0 eingeräumt (Vorjahr: TEUR 12.300,0).

Weiters hat die Gesellschaft gegenüber zwei verbundenen Unternehmen Patronatserklärungen abgegeben, die eine unwiderrufliche Zusicherung enthalten, diese Unternehmen derart zu unterstützen, dass diese jederzeit ihren finanziellen Verpflichtungen nachkommen können.

FINANZIELLE VERPFLICHTUNGEN

Die im Zuge eines Unternehmenszusammenschlusses im Jahr 2016 mit den anderen Gesellschaftern des erworbenen Unternehmens abgeschlossene und ab 1. April 2019 jederzeit ausübbare Put- und Call-Option zum Erwerb der restlichen Anteile wurde im Geschäftsjahr 2019 durch eine Tochtergesellschaft der SBO ausgeübt.

Die Gesellschaft hat sich verpflichtet, für eine Wettbewerbsvereinbarung jährlich USD 500.000 zu zahlen, sofern sich der Vertragspartner während der Laufzeit bis 2020 an die Vertragsbedingungen hält.

Aus der Nutzung von nicht in der Bilanz ausgewiesenen Sachanlagen auf Grund von Miet- oder Leasingverträgen bestehen keine wesentlichen Verpflichtungen.

2. ERLÄUTERUNGEN ZUR GEWINN- UND VERLUSTRECHNUNG

UMSATZERLÖSE

Die größten Posten sind:

in TEUR	**2019**	**2018**
Verrechnete Holdingleistungen	6.205,1	5.911,3
Mieterträge	1.905,4	1.869,3

SONSTIGE BETRIEBLICHE ERTRÄGE

Die größten Posten sind:

in TEUR	**2019**	**2018**
Kursgewinne	2.744,8	3.753,5

PERSONALAUFWAND

Im Posten **Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeiter-Vorsorgekassen** sind Leistungen an betriebliche Mitarbeiter-Vorsorgekassen in der Höhe von TEUR 26,8 (Vorjahr: TEUR 23,1) enthalten.

Von den Aufwendungen für Abfertigungen und Pensionen entfallen TEUR 437,2 (Vorjahr: TEUR 819,7) auf die Mitglieder des Vorstands. Versicherungsmathematische Verluste aus der Berechnung der Abfertigungsrückstellung des Geschäftsjahres 2019 betragen TEUR 256.

SONSTIGE BETRIEBLICHE AUFWENDUNGEN

Die größten Posten in den **übrigen sonstigen betrieblichen Aufwendungen** sind:

in TEUR	**2019**	**2018**
Rechts-, Prüfungs- und Beratungskosten	724,6	2.263,2
Dienstleistungen Konzern	652,8	417,7
Wettbewerbsverbot	511,3	467,9
Versicherungen	500,2	356,6

Darüber hinaus sind Spesen des Geldverkehrs, EDV-Aufwand sowie sonstige Verwaltungs- und Vertriebsaufwendungen unter dieser Position verbucht.

ERTRÄGE AUS DER ZUSCHREIBUNG VON FINANZANLAGEN

Durch die Erschließung von Synergiepotenzialen im Rahmen der organisatorischen Zusammenführung der Resource Well Completion Technologies, Inc. (einer Tochtergesellschaft der Schoeller-Bleckmann Canada, Ltd.) und der The WellBoss Company, LLC (vormals Downhole Technologies, Inc., einer Tochtergesellschaft der Schoeller-Bleckmann America, Inc.) per 01.10.2019 wurde die Beteiligung an der Schoeller-Bleckmann Canada, Ltd. im Geschäftsjahr 2019 um TEUR 6.500 zugeschrieben.

STEUERN VOM EINKOMMEN UND VOM ERTRAG

Die SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft hat die Möglichkeit der Bildung einer steuerlichen Unternehmensgruppe gemäß § 9 KStG unter Anwendung der Belastungsmethode genutzt. Gruppenmitglieder sind:

Inland:
- SCHOELLER-BLECKMANN Oilfield Technology GmbH., Ternitz ....(ab 2008)

Ausland:
- Schoeller-Bleckmann de Mexico S. A. de C. V., Monterrey ....(ab 2005)
- Schoeller-Bleckmann Oilfield Equipment Vietnam LLC, Binh Duong ....(ab 2009)

Im Geschäftsjahr 2019 weist die Gesellschaft nach Verrechnung der Steuerumlagen an inländische Gruppenmitglieder in Höhe von TEUR 4.395,4 (Vorjahr: TEUR 1.008,3) einen Steueraufwand in Höhe von TEUR 1.211,8 (Vorjahr: Steueraufwand von TEUR 800,6) aus. Darin sind Aufwendungen für Quellensteuern in Höhe von TEUR 55,7 (Vorjahr: TEUR 40,4) sowie ein auf Vorjahre entfallender Steuerertrag von TEUR 114,9 (Vorjahr: Steueraufwand TEUR 104,5) enthalten.

BILANZGEWINN

Der Vorstand schlägt vor, an die dividendenberechtigten Aktien eine Dividende von EUR 1,20 je Aktie (Vorjahr EUR 1,00) auszuschütten und den verbleibenden Bilanzgewinn auf neue Rechnung vorzutragen.

IV.Sonstige Angaben

GESCHÄFTSFÄLLE MIT NAHESTEHENDEN UNTERNEHMEN UND PERSONEN

Für das Geschäftsjahr 2019 liegen keine berichtspflichtigen Geschäftsfälle gemäß § 238 (1) Z 12 UGB vor.

AUFWENDUNGEN FÜR DEN ABSCHLUSSPRÜFER

Die Aufwendungen für den Abschlussprüfer 2019 sind dem Konzernabschluss der SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft zu entnehmen.

EREIGNISSE VON BESONDERER BEDEUTUNG NACH DEM BILANZSTICHTAG

Nach dem Bilanzstichtag sind keine Ereignisse von besonderer Bedeutung eingetreten, die zu einer anderen Darstellung der Vermögens-, Finanz- und Ertragslage geführt hätten.

V. Angaben über Beteiligungen und Beziehungen zu verbundenen Unternehmen

Verbundene Unternehmen im Sinne des § 189a Z 8 UGB sind alle Unternehmen, die dem Konzern der SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft, Ternitz, angehören. Geschäfte mit diesen Gesellschaften werden wie mit unabhängigen Dritten abgewickelt.

Die SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft war zum 31. Dezember 2019 an folgenden Unternehmen beteiligt:

		Ergebnis in TEUR	**Eigenkapital** in TEUR
	Anteil in Prozent*	**Jahr 2019**	**31.12.2019**
SCHOELLER-BLECKMANN Oilfield Technology GmbH, Ternitz	100,00	13.669,0	88.373,5
DSI FZE, Dubai, AE	100,00	3.437,3	52.662,2
Schoeller-Bleckmann America Inc., Wilmington, US	100,00	4.922,1	75.183,3
BICO Drilling Tools Inc., Houston, US	88,70	-3.132,9	78.958,8
Schoeller-Bleckmann de Mexico S. A. de C. V., Monterrey, MX	100,00	-1.721,0	-3.637,1
Schoeller-Bleckmann Oilfield Equipment (UK) Limited, Rotherham, GB	100,00	-20.328,6	18.272,8
Knust-SBD Pte Ltd., Singapur, SG	51,50	1.014,4	9.941,5
Schoeller-Bleckmann Oilfield Equipment Middle East FZE, Dubai, AE	100,00	1.348,7	5.932,0
Schoeller-Bleckmann Oilfield Equipment Vietnam LLC, Binh Duong, VN	100,00	4.759,8	27.186,4
Schoeller-Bleckmann Canada Ltd., Calgary, CA**	-	-	-

Für die Angaben zu weiteren Beteiligungen wird von der Bestimmung gem. § 242 Abs. 2 Z 2 UGB Gebrauch gemacht.

* Direkt gehaltene Anteile

** Die Schoeller-Bleckmann Canada Ltd., Calgary, Kanada, wurde mit Wirkung vom 1.11.2019 mit ihren Tochtergesellschaften verschmolzen und in die Schoeller-Bleckmann America Inc. Wilmington, USA, eingebracht. Die Effekte der Planungsanpassungen für die Resource Well Completion Technologies Inc., einer Tochtergesellschaft der Schoeller-Bleckmann Canada Ltd., zum 31.12.2018 sind für die Wertermittlung der Scholler-Bleckmann Canada Ltd. zum 31.12.2019 nicht relevant, da aufgrund der Zusammenführung der Gesellschaft mit einer weiteren Konzerngesellschaft zum 01.10.2019 hohe Synergiepotenziale bestehen.

VI. Angaben über Organe und Arbeitnehmer

Der durchschnittliche Personalstand gliedert sich wie folgt:

	2019	2018
Gehaltsempfänger	14	13
Lohnempfänger	8	8
Summe Mitarbeiter	**22**	**21**

Die Bezüge für die Mitglieder des Vorstands betrugen im Jahr 2019 TEUR 1.903, davon fixer Anteil TEUR 1.117, davon variabler Anteil TEUR 786 (Vorjahr: TEUR 1.388, davon fixer Anteil TEUR 1.108, davon variabler Anteil TEUR 280).

Im Geschäftsjahr 2014 wurde dem Vorstandsvorsitzenden Ing. Gerald Grohmann für Vorstandstätigkeiten unter der Voraussetzung eines jeweils aktiven Dienstverhältnisses eine jährliche Übertragung von jeweils 6.000 Stück SBO Aktien zugesagt, wobei die erste Übertragung 2014 erfolgte. Diese Aktien unterliegen auf die Dauer von 2 Jahren ab der jeweiligen Übertragung, längstens aber bis zur Beendigung des Dienstvertrages, einer Verfügungs- und Belastungsbeschränkung seitens Herrn Ing. Grohmann. Die Vereinbarung wurde in 2018 im Rahmen der Verlängerung des Dienstvertrages bis 2021 verlängert. Der Kurswert zum Zeitpunkt der Übertragung von 6.000 Aktien in 2019 betrug TEUR 323 (Vorjahr: TEUR 536). Zum 31. Dezember 2019 beträgt der Kurswert der 12.000 Stück bereits übertragenen und einer Verfügungsbeschränkung unterliegenden Aktien TEUR 604 (Vorjahr: 12.000 Stück mit Kurswert TEUR 688).

Weiters wurde im Geschäftsjahr 2014 dem Vorstandsvorsitzenden eine freiwillige Abfertigung in Höhe von 30.000 Stück SBO Aktien bei Vertragsende zugesagt. Der Aufwand betreffend aktienbasierter Vergütungen ist aufgrund der bestehenden Verfügungsbeschränkung bzw. der erst bei Ende des Dienstverhältnisses gewährten Abfertigung in den oben dargestellten Bezügen nicht enthalten.

Im Geschäftsjahr 2019 erhielten die Aufsichtsratsmitglieder in Summe eine Vergütung von TEUR 220 (Vorjahr: TEUR 159,0).

Aufsichtsrat:

Mag. NORBERT ZIMMERMANN
Vorsitzender seit 10.04.1995

Mag. Brigitte EDERER
Mitglied seit 23.04.2014, stellvertretende Vorsitzende seit 24.04.2018

Mag. DI HELMUT LANGANGER
Mitglied seit 29.04.2003

Mag. Dr. WOLFRAM LITTICH
Mitglied seit 27.04 2016

Dr. KARL SCHLEINZER
Mitglied seit 24.05.1995

Mag. SONJA ZIMMERMANN
Mitglied seit 24.04 2018

Vorstand:

Ing. GERALD GROHMANN
Vorsitzender seit 03.10.2001

Mag. KLAUS MADER
seit 01.10.2015

Ternitz, am 28. Februar 2020

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft

Der Vorstand

Ing. GERALD GROHMANN

Mag. KLAUS MADER

Anlagenspiegel gemäß § 226 (1) UGB per 31.12.2019

Beträge in EURO	Anschaffungs- bzw. Herstellungskosten				kumulierte Abschreibungen					Buchwert	Buchwert
	Vortrag 01.01.2019	Zugänge	Abgänge	Stand 31.12.2019	Vortrag 01.01.2019	Zugänge	Abgänge	Zuschreibungen im Gesch.j.	Stand 31.12.2019	31.12.19	31.12.18
I. Immaterielle Vermögensgegenstände											
1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile sowie daraus abgeleitete Lizenzen	63.738,60	0,00	0,00	63.738,60	63.738,60	0,00	0,00	0,00	63.738,60	0,00	0,00
Summe immaterielle Vermögensgegenstände	63.738,60	0,00	0,00	63.738,60	63.738,60	0,00	0,00	0,00	63.738,60	0,00	0,00
II. Sachanlagevermögen											
1. Grundstücke, grundstücksgleiche Rechte und Bauten, davon Grundwert EUR 3.560.935,26 (2018: TEUR 3.560,9)	20.144.681,57	0,00	-81.418,90	20.063.262,67	9.026.939,61	483.975,63	-81.418,90	0,00	9.429.496,34	10.633.766,33	11.117.741,96
2. andere Anlagen, Betriebs- und Geschäftsausstattung	710.362,37	20.720,19	-13.881,91	717.200,65	604.857,56	32.008,41	-13.881,91	0,00	622.984,06	94.216,59	105.504,81
3. geringwertige Wirtschaftsgüter	0,00	3.106,14	-3.106,14	0,00	0,00	3.106,14	-3.106,14	0,00	0,00	0,00	0,00
Summe Sachanlagen	20.855.043,94	23.826,33	-98.406,95	20.780.463,32	9.631.797,17	519.090,18	-98.406,95	0,00	10.052.480,40	10.727.982,92	11.223.246,77
III. Finanzanlagen											
1. Anteile an verbundenen Unternehmen	246.087.319,22	13.343.913,19	0,00	259.431.232,41	27.478.665,82	0,00	0,00	-6.500.000,00	20.978.665,82	238.452.566,59	218.608.653,40
2. Ausleihungen an verbundenen Unternehmen	35.800.590,72	22.443.666,40	0,00	58.244.257,12	866.092,89	189.794,22	0,00	-671.697,66	384.189,45	57.860.067,67	34.934.497,83
3. Wertrechte des Anlagevermögens	143.967,00	0,00	-143.967,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	143.967,00
Summe Finanzanlagen	282.031.876,94	35.787.579,59	-143.967,00	317.675.489,53	28.344.758,71	189.794,22	0,00	-7.171.697,66	21.362.855,27	296.312.634,26	253.687.118,23
SUMME ANLAGEVERMÖGEN	**302.950.659,48**	**35.811.405,92**	**-242.373,95**	**338.519.691,45**	**38.040.294,48**	**708.884,40**	**-98.406,95**	**-7.171.697,66**	**31.479.074,27**	**307.040.617,18**	**264.910.365,00**

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft

LAGEBERICHT

für das Geschäftsjahr 2019

1) Bericht über den Geschäftsverlauf und die wirtschaftliche Lage

Die SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO) fungiert als konzernleitende Holdinggesellschaft zur Steuerung und Beratung der Tochter- und Beteiligungsgesellschaften.

Finanzielle und nichtfinanzielle Leistungsindikatoren

Wegen ihrer Holdingfunktion haben die finanziellen Kennzahlen der SBO keine Aussagekraft für die wirtschaftliche Entwicklung des Konzerns. Die Beurteilung der Vermögens- und Ertragslage des SBO-Konzerns ist deshalb nur anhand des Konzernabschlusses möglich.

Die **Umsatzerlöse** der SBO betrugen 2019 MEUR 8,1 (Vorjahr: MEUR 7,8). Bei den von SBO ausgewiesenen Umsatzerlösen handelt es sich um konzerninterne Leistungen sowie um Erlöse aus der Vermietung von Grund- und Gebäudeflächen in Ternitz.

Das **Ergebnis vor Steuern** betrug 2019 MEUR 26,5 (Vorjahr: MEUR 15,8). Es war wesentlich gekennzeichnet durch Erträge aus Beteiligungen in Höhe von MEUR 17,8 (Vorjahr: MEUR 26,1).

In den Jahren 2018 und 2019 gab es keine nennenswerten **Zugänge zu Sachanlagen und immateriellen Vermögensgegenständen**.

Die **Zugänge zu Finanzanlagen** betrugen im Jahr 2019 MEUR 35,8 und betrafen mit MEUR 13,3 *Anteile an verbundenen Unternehmen.* Darin enthalten sind **Kapitalerhöhungen** in Höhe von MEUR 8,4. Im Jahr 2018 gab es keine Zugänge bzw. Kapitalerhöhungen. In 2019 wurden bei den *Anteilen an verbundenen Unternehmen* Aufwertungen in Höhe von MEUR 6,5 (Vorjahr: Abwertung von MEUR 9,6) vorgenommen. *Ausleihungen an verbundenen Unternehmen* wurden im Ausmaß von MEUR 22,4 (Vorjahr: Rückzahlung MEUR 9,0) ausgegeben.

Die **Bilanzsumme** 2019 ist mit MEUR 439,5 gegenüber dem Vorjahr (MEUR 445,4) leicht gesunken.

Die **Eigenkapitalquote** ist auf Grund der gesunkenen Bilanzsumme und des positiven Jahresergebnisses auf 30,0 % gestiegen (Vorjahr: 27,4 %).

Desgleichen ist das **langfristig gebundene Vermögen** (überwiegend Finanzanlagen) auf 69,9 % der Bilanzsumme gestiegen (Vorjahr: 59,5 %).

Es bestehen keine Zweigniederlassungen der SBO.

Mitarbeiter

Der **Personalstand** der SBO zum 31. Dezember 2019 betrug 22 Mitarbeiter (14 Gehaltsempfänger und 8 Lohnempfänger). Im Vorjahr belief sich die Mitarbeiteranzahl auf 21 (13 Gehaltsempfänger und 8 Lohnempfänger).

Unsere Mitarbeiter sichern mit ihrem Wissen und ihrer Kompetenz den nachhaltigen Erfolg unseres Unternehmens. Wir bauen auf unsere erfahrene und gut ausgebildete Mannschaft, die wir von der Einstellung an begleiten und durch ihre gesamte Laufbahn bei SBO fördern.

Unsere Branche ist von Zyklen mit Auf- und Abschwüngen geprägt. In unserer Personalplanung achten wir darauf, dieses Auf und Ab bestmöglich abzufedern. Während wir im Abschwung aktiv Maßnahmen setzen, um das Know How im Unternehmen zu halten, bauen wir im aktuellen Aufschwung unsere Mannschaft schrittweise aus. Ein ansprechendes Arbeitsumfeld und attraktive Bonifikationsmodelle bringen neue Fachkräfte an Bord und halten unsere Experten langfristig im Unternehmen. An unserem Standort in Ternitz haben wir eine spezifische Lehrlingsausbildung implementiert und bilden damit junge Menschen zu den Facharbeitern von morgen aus. Durch diesen Fokus auf unser Experten-Team gewährleisten wir Top-Qualität in der Produktion.

Marktumfeld des SBO-Konzerns

Das Wachstum der Weltwirtschaft verlangsamte sich im abgelaufenen Geschäftsjahr. Laut aktuellen Schätzungen des Internationalen Währungsfonds (IWF) lag das globale Wirtschaftswachstum 2019 bei 2,9 %, nach 3,6 % im Vorjahr. Die Weltkonjunktur entwickelte sich damit so schwach wie seit der globalen Finanzkrise 2009 nicht mehr. Negativ wirkten sich vor allem der Handelsstreit zwischen den USA und China, zunehmende Handelsbarrieren sowie eine wachsende Unsicherheit infolge geopolitischer Risiken aus. Der Abschwung vollzog sich über die Regionen hinweg: Sowohl das Wirtschaftswachstum der Industrienationen (1,7 %, nach 2,2 % in 2018) als auch die Wachstumsraten der Schwellenländer (3,7 %, nach 4,5 % in 2018) waren 2019 rückläufig.[1]

Die durchschnittliche globale Öl-Nachfrage stieg im Jahr 2019 laut Internationaler Energie Agentur (IEA) um 0,8 Millionen Barrel pro Tag (mb/d) oder 0,8 % auf 100,1 mb/d (2018: 99,3 mb/d). Während sich die Nachfrage in den Nicht-OECD Staaten um 1,1 mb/d oder 2,1 % auf 52,5 mb/d leicht erhöhte (2018: 51,4 mb/d), war sie in den OECD Staaten im Jahresvergleich mit 47,6 mb/d leicht rückläufig (2018: 47,9 mb/d). Über das Gesamtjahr gesehen hielten sich Nachfrage nach Rohöl (100,1 mb/d) und Produktion (100,5 mb/d) nahezu die Waage. Dabei sank die OPEC Produktion im Jahr 2019 auf 35,5 mb/d, in den Nicht-OPEC Staaten stieg sie auf 65,0 mb/d. Die im Dezember 2018 beschlossene Produktionskürzung der OPEC-Staaten (einschließlich Partnerstaaten) wurde Mitte des Jahres verlängert. Um den Ölmarkt zu stabilisieren und die Preise zu stützen, einigte sich die OPEC+-Allianz am 6. Dezember 2019 auf eine Förderkürzung von insgesamt 2,1 mb/d.[2]

[1] IMF World Economic Outlook, Jänner 2020.
[2] International Energy Agency (IEA), Oil Market Report, Februar 2020.

Auch das Marktumfeld der Oilfield Service-Industrie war 2019 vom Handelskonflikt zwischen China und den USA sowie der Befürchtung einer weiteren konjunkturellen Abschwächung belastet. Die Marktentwicklung verlief regional unterschiedlich: Während der Aufwärtstrend an den internationalen Märkten anhielt, war der nordamerikanische Markt von einer restriktiven Investitionspolitik der Explorations- und Produktionsgesellschaften geprägt und schwächte sich zusehends ab. Der weltweite Rig Count sank im Verlauf des Jahres 2019 um 9,0 % auf 2.043 Anlagen (Dezember 2018: 2.244 Anlagen). Ursache für diesen Rückgang war in erster Linie der US-Rig Count, der sich um 25,4 % auf 804 Anlagen verringerte (Dezember 2018: 1.078 Anlagen). Auch in Kanada zeigte sich der Abwärtstrend in einem Rückgang des Rig Counts um 4,3 % auf 135 Anlagen im Dezember 2019. International gab es einen Anstieg um 7,7 % auf 1.104 Anlagen (Dezember 2018: 1.025 Anlagen), hauptsächlich bedingt durch die positive Entwicklung in Europa und dem Mittleren Osten – sowohl auf dem Festland als auch auf See („Offshore“). Während der US-Rig Count über das gesamte Jahr hinweg kontinuierlich abnahm, stieg die Anzahl der internationalen Bohranlagen insbesondere im ersten Halbjahr 2019 an und flachte zum Jahresende hin leicht ab.[3] Der Bestand gebohrter, aber noch nicht komplettierter Bohrlöcher (sogenannte Drilled but Uncompleted Wells / DUCs) verzeichnete bis zur Jahresmitte 2019 einen Anstieg und begann sich in der zweiten Jahreshälfte aufgrund geringerer Aktivität abzubauen. Der Bestand erreichte in den Vereinigten Staaten im Dezember 2019 eine Anzahl von 7.716 Einheiten (Dezember 2018: 8.010 Einheiten).[4]

Die Entwicklung der Ölpreise zeigte im Jahresverlauf starke Volatilitäten. Ende des Jahres 2019 lagen die Preise nach der Teileinigung im Handelsstreit zwischen den USA und China im Plus. Die Nordseemarke Brent startete mit einem Kurs von USD 53,80 in das Jahr 2019 und schloss Ende Dezember mit einem Kurs von USD 66,00; dies entspricht einer Steigerung um 22,7 %. Der Kurs der nordamerikanischen Rohölsorte WTI stieg im Jahr 2019 von USD 45,41 auf USD 61,06, eine Steigerung von 34,5 %.[5]

Die weltweiten Ausgaben für Exploration und Produktion (E&P-Ausgaben) stiegen im Jahr 2019 um 3 %, wobei die stärkeren Aktivitäten am internationalen Markt die restriktive Investitionspolitik in Nordamerika ausglichen. So betrug der Anstieg der E&P-Ausgaben international 6 %, Nordamerika verzeichnete aufgrund der hohen Kostendisziplin der Explorations- und Produktionsgesellschaften hingegen einen Rückgang um 6 %. Dieser ging auf ein Minus der E&P-Ausgaben von 6 % in den USA sowie 9 % in Kanada zurück.[6]

Geschäftsentwicklung des SBO-Konzerns

SBO verzeichnete ein solides Geschäftsjahr 2019. Die breite strategische Positionierung des Unternehmens bewährte sich in einem sehr dynamischen Marktumfeld. Die Nachfrage nach den hochqualitativen Produkten und Leistungen von SBO sorgte für positive Ergebnisse. Durch das gut ausgebaute internationale Geschäft konnte SBO die Schwäche des nordamerikanischen Marktes zu einem Gutteil kompensieren.

Der Umsatz stieg gegenüber dem Vorjahr um 6,0 % auf MEUR 445,3 (2018: MEUR 420,2). Der Auftragseingang lag bei MEUR 467,2, nach MEUR 481,9 im Jahr 2018. Der Auftragsstand

[3] Baker Hughes Rig Count.
[4] U.S. Energy Information Administration (EIA), Drilling Productivity Report, Februar 2020.
[5] Bloomberg: CO1 Brent Crude (ICE) und CL1 WTI Crude (Nymex).
[6] Evercore ISI, The 2020 Evercore ISI Global E&P Spending Outlook, Dezember 2019.

Ende 2019 erhöhte sich auf MEUR 123,0 (31. Dezember 2018: MEUR 97,7). Das Ergebnis vor Zinsen, Steuern und Abschreibungen (EBITDA) belief sich auf MEUR 108,6 (2018: MEUR 120,0). Das Betriebsergebnis (EBIT) betrug MEUR 60,2 (2018: MEUR 46,9 [7]). Der Vorjahreswert beinhaltet eine nicht cash-wirksame, rückwirkende Berichtigung des Firmenwerts einer Tochtergesellschaft in Höhe von MEUR 23,9 zum 31. Dezember 2018. Die EBITDA-Marge lag bei 24,4 % (2018: 28,6 %), die EBIT-Marge bei 13,5 % (2018: 11,2 % [7]).

Das Finanzergebnis 2019 belief sich auf MEUR minus 12,3 (2018: MEUR minus 14,8). Das Ergebnis vor Steuern betrug MEUR 47,9 (2018: MEUR 32,0 [7]), das Ergebnis nach Steuern kam zu Jahresende bei MEUR 32,3 zu liegen (2018: MEUR 17,5 [7]). Das Ergebnis je Aktie lag bei EUR 2,03 (2018: EUR 1,10 [7]).

SBO verfügt über eine solide Bilanzstruktur: Das Eigenkapital erhöhte sich auf MEUR 370,1 (2018: MEUR 344,8 [7]). Die Eigenkapitalquote von SBO belief sich Ende 2019 auf 42,3 % (2018: 39,3 % [7]), die Nettoverschuldung reduzierte sich auf MEUR 20,1 (2018: MEUR 62,5). Dementsprechend sank auch das Gearing von 18,1 % auf 5,4 % zum Ende des Jahres 2019. Der Bestand an liquiden Mitteln betrug MEUR 265,2 (2018: MEUR 241,5). Der operative Cashflow verdreifachte sich nahezu und hielt zu Jahresende bei MEUR 98,1 (2018: MEUR 33,4). Der freie Cashflow erhöhte sich von MEUR minus 0,3 im Jahr 2018 auf MEUR 63,8 im Jahr 2019, trotz der angefallenen Zahlungen für den Erwerb von Minderheitenanteilen in Höhe von MEUR 30,1. Die Investitionen in Sachanlagevermögen und immaterielle Vermögenswerte (CAPEX) stiegen auf MEUR 31,5 (2018: MEUR 35,9). Am 31. Dezember 2019 betrug das Bestellobligo für Sachanlagen MEUR 5,0 (2018: MEUR 2,1).

Der Vorstand schlägt der Hauptversammlung am 23. April 2020 für das Geschäftsjahr 2019 die Erhöhung der Dividende auf EUR 1,20 je Aktie vor (2018: EUR 1,00 je Aktie).

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[7] rückwirkend angepasst

Entwicklung der Segmente

Das Geschäft von SBO gliedert sich in die beiden berichtspflichtigen Segmente „Advanced Manufacturing & Services“ (AMS) und „Oilfield Equipment“ (OE):

- Das Segment „Advanced Manufacturing & Services“ (AMS) umfasst die hochpräzise Fertigung und Reparatur von Drill Collars und komplexen „Measurement While Drilling“ (MWD)- und „Logging While Drilling“ (LWD)-Komponenten aus antimagnetischem, korrosionsbeständigem Edelstahl. Diese bilden das Gehäuse für die sensiblen Messinstrumente, die zur exakten Messung von Neigung und Richtung des Bohrstranges sowie gesteinsphysikalischer Parameter eingesetzt werden.
- Im Segment „Oilfield Equipment“ (OE) ist ein breites Angebot an hochspeziellen Lösungen für die Öl- und Gasindustrie gebündelt: High-Performance-Bohrmotoren und Tools für den zielgerichteten Vortrieb des Bohrstranges sowie Spezialwerkzeuge für die Untertage-Zirkulations-Technologie (Circulation Tools). Darüber hinaus umfasst das Segment Produkte für das effiziente und ressourcenschonende Komplettieren unkonventioneller Lagerstätten mittels „Plug-n-Perf“ und „Sliding Sleeve“-Technologie.

Das Segment „Advanced Manufacturing & Services“ (AMS) zog 2019 aufgrund der Belebung des internationalen Marktes stark an. Gegenüber dem Vorjahr stieg der Umsatz 2019 um 30,5 % auf MEUR 223,8 (2018: MEUR 171,5). Das Betriebsergebnis (EBIT) vor Sondereffekten erhöhte sich auf MEUR 33,9 (2018: MEUR 22,7).

Im Segment „Oilfield Equipment“ (OE) zeigte sich die Marktschwäche Nordamerikas. Der Umsatz betrug MEUR 221,5 (2018: MEUR 248,7) und das Betriebsergebnis (EBIT) vor Sondereffekten MEUR 28,7 (2018: MEUR 55,2).

2) Bericht über die voraussichtliche Entwicklung und die Risiken des Unternehmens

Ausblick des SBO-Konzerns

Der Internationale Währungsfonds (IWF) prognostiziert für das Jahr 2020 ein weltweites Wirtschaftswachstum von 3,3 %, für das Jahr 2021 soll die Wachstumsrate 3,4 % betragen (nach 2,9 % in 2019 und 3,6 % in 2018). Die Wirtschaft der Industriestaaten soll im Jahr 2020 um 1,6 % wachsen (nach 1,7 % in 2019 und 2,2 % in 2018). Für das Wirtschaftswachstum in den Schwellen- und Entwicklungsländern erwartet der IWF 2020 einen Anstieg um 4,4 %, nach 3,7 % in 2019 und 4,5 % in 2018. Diese Prognosen hängen in hohem Maße von den Entwicklungen der Handelsbeziehungen zwischen den USA und China sowie der Vermeidung weiterer Eskalationen ab, vor allem im Mittleren Osten.[8] Des Weiteren gilt es abzuwarten, welche langfristigen ökonomischen Folgen der Corona Virus mit sich bringt, der sich ausgehend von China zu Jahresbeginn 2020 global auf die Märkte auswirkte.

Die Internationale Energieagentur (IEA) geht für 2020 von einem weiteren Anstieg des Ölbedarfs aus: So soll die Nachfrage nach Öl um 0,9 mb/d auf 101,0 mb/d steigen. In den OECD Staaten soll die durchschnittliche Öl-Nachfrage mit 47,8 mb/d um 0,2 mb/d über dem Wert vom Jahr 2019 liegen. Für die Nicht-OECD Staaten wird eine Steigerung der durchschnittlichen Nachfrage um 0,6 mb/d auf insgesamt 53,1 mb/d erwartet. Die Produktion der Nicht-OPEC Staaten soll sich um 2,0 mb/d auf 67,0 mb/d erhöhen. Die OPEC Staaten (einschließlich ihrer Partnerstaaten) dürften sich weiterhin als Regulator der Rohöl-Produktion positionieren und haben sich zuletzt am 6. Dezember 2019 auf eine Förderkürzung von insgesamt 2,1 mb/d geeinigt.[9]

Auf den internationalen Märkten gehen Experten in der Oilfield Service-Industrie von einer Fortsetzung des Wachstumstrends aus, wenngleich es weiterhin zu regionalen Unterschieden kommen kann. Nach Jahren der Krise in der Öl- und Gasindustrie stellt sich zunehmend das Bewusstsein ein, Investitionen tätigen zu müssen, um mittelfristig keine Versorgungsengpässe zu erzeugen – unter der Voraussetzung, dass sich die Weltwirtschaft einigermaßen solide entwickelt. Im Gegensatz dazu wird in Nordamerika zumindest kurzfristig ein weiterer Rückgang der Investitionen in Öl- und Gasprojekte erwartet. Das US-Produktionswachstum dürfte sich im Jahr 2020 deutlich verlangsamen, was auf eine erhöhte Kostendisziplin und einen daraus resultierenden Rückgang der Aktivitäten zurückzuführen ist.

Für 2020 rechnen anerkannte Banken und Analysehäuser bei den globalen Ausgaben für Exploration und Produktion (E&P-Ausgaben) mit einem moderaten Wachstum von 2 %. Treiber ist der internationale Markt, wo die E&P-Ausgaben um 5 % steigen sollten. Für Nordamerika erwarten die Analysten hingegen einen Rückgang von 6 %. In den USA sollen es sogar minus 7 % sein, wobei einige Marktteilnehmer zuletzt mit noch pessimistischeren Erwartungen in das Jahr gestartet sind.[10]

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[8] IMF World Economic Outlook, Jänner 2020.
[9] International Energy Agency (IEA), Oil Market Report, Februar 2020.
[10] Evercore ISI, The 2020 Evercore ISI Global E&P Spending Outlook, Dezember 2019.

Trotz kurzfristiger Unsicherheiten bleiben die langfristigen Wachstumsaussichten intakt. SBO geht bei anhaltender Konjunktur von einer weiteren Ankurbelung des Investitionsverhaltens auf den internationalen Märkten aus. Besonders hier gilt es das Momentum zu nutzen. Für SBO wird es erfolgsentscheidend sein, auf Basis der langen Erfahrung des Unternehmens gut durch die unterschiedlichen Zyklen auf den Märkten zu navigieren. Daneben liegt der Fokus auf weiteren effizienzsteigerndenen Maßnahmen sowie dem Heben der Synergien, die durch die Zusammenführung der beiden Tochtergesellschaften Downhole Technology und Resource Well Completion Technologies zu „The WellBoss Company" entstanden sind.

Insgesamt ist SBO als Technologie- und Qualitätsführer gut positioniert und arbeitet kontinuierlich an der Umsetzung ihrer nachhaltigen Wachstumsstrategie. Die Investitionen in Forschung und Entwicklung sowie die solide Positionierung in anspruchsvollen Nischen sichern auch in Zukunft die Vorreiterstellung von SBO.

Risikomanagement

Die SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft fungiert als strategische Managementholding für ihre Tochtergesellschaften. Ein wesentliches Aufgabengebiet der Holding ist, sich mit den strategischen und operativen Risiken auseinander zu setzen und rechtzeitig Maßnahmen zur Optimierung dieser Risiken zu setzen. Ein konzernweites Reporting-System unterstützt den Vorstand der SBO AG beim laufenden Monitoring des operativen Geschäftes und damit der Einschätzung operativer Risiken der Tochtergesellschaften. Die strategischen Risiken werden in Zusammenhang mit der jährlichen Erstellung der Mittelfristplanung zwischen dem Vorstand der SBO AG und den Geschäftsführern der Tochtergesellschaften erörtert und bewertet.

Finanzinstrumente

Die Ausleihungen wurden nur an verbundene Unternehmungen gewährt und sind fix verzinst. Diese lauten auf USD und unterliegen daher Fremdwährungsschwankungen. Ebenso besteht der Großteil der sonstigen Forderungen aus langfristigen verzinslichen Forderungen in USD und GBP.

Die liquiden Mittel bestehen aus Guthaben bei österreichischen Banken mit marktkonformer Verzinsung.

Überwiegend alle zum Bilanzstichtag bestehenden langfristigen Bankverbindlichkeiten werden fix verzinst und unterliegen daher keinem Zinsänderungsrisiko.

Aufgrund der derzeitig verfügbaren liquiden Mittel bestehen aus heutiger Sicht keine Liquiditäts-Probleme.

Die Gesellschaft verwendet keine derivativen Finanzinstrumente.

3) Bericht über die Forschung und Entwicklung im SBO-Konzern

Mit unseren Innovationen sorgen wir dafür, dass Kunden von SBO immer einen Schritt voraus sind. Um unsere Vorreiter-Rolle auszubauen, betreiben wir konsequent Forschung und Entwicklung (F&E) und investieren stark in diesen Bereich. Mit modernsten Technologien bietet SBO Kunden sowie dem Markt zukunftsweisende Lösungen, die unser Wachstum fördern und gleichzeitig nachhaltig sind.

Gemäß dem Leitgedanken „Quality First“ entwickeln wir mit unserer innovativen Mannschaft effizientere und damit schonendere Produkte. Wir forcieren präzise Bohrungen und reduzieren mit unseren Produkten beispielsweise die Notwendigkeit eines häufigen Ein- und Ausfahrens des Bohrstranges. Damit sinkt der Gesamtaufwand für unsere Kunden ebenso wie mögliche Risiken für die Umwelt.

Als Weltmarktführer haben wir auch 2019 unsere Innovationen gezielt vorangetrieben:

- Im Bereich Well Completion sind wir in den führenden Technologien erfolgreich etabliert. Mit dem „Smart Dart“ ist uns eine Innovation gelungen, die den Markt revolutionieren wird. Dieser vereint die Vorteile der Plug-n-Perf und Sliding SleeveTechnologien und eliminiert ihre Nachteile. Der Smart Dart kann selektiv einzelne Frac Ports oder ganze Frac Port-Cluster öffnen und landet zielgenau in jener Zone, in der die Perforation durchgeführt werden soll. Im Unterschied zu anderen Systemen gibt es keine Limitierungen bei der Anzahl von Zonen. Zudem funktioniert das System deutlich effizienter als dies bei der Anwendung der konkurrierenden Plug-n-Perf-Technologie der Fall ist.
- Wir sind zudem ein führender Hersteller von Composite Frac Plugs, die signifikant weniger Wasser als herkömmliche Produkte am Markt benötigen. Dies führt in Plug-n-Perf Bohrlochkomplettierungen, bei denen mitunter mehr als 100 Frac Plugs pro Bohrloch eingesetzt werden, zu Wassereinsparungen von 30 % bis 50 % gegenüber herkömmlichen Frac Plugs. Da Bohrregionen oftmals auf dem Landweg mittels LKW-Transporten mit Wasser versorgt werden, führt dies auch zu verringertem Verkehr. Der ressourcenschonende Einsatz von Wasser entlastet sowohl Transportwege als auch die Umwelt.
- Die neueste Innovation auf dem Frac Plug-Markt ist uns mit dem SoluBoss Dissolving Frac-Plug gelungen, der nach seinem Einsatz nicht aus dem Bohrloch entfernt werden muss. Er wird aus Materialien hergestellt, die auf die Flüssigkeiten im Bohrloch reagieren, so dass sich der Plug - je nach Bohrlochbedingungen - nach einiger Zeit auflöst. Das SoluBoss-Design (zum Patent angemeldet) ist einfacher als die meisten derzeit auf dem Markt erhältlichen Plugs und besteht nur aus wenigen Komponenten. Das erhöht die Betriebssicherheit. Aufgrund der kompakteren Konstruktion muss zudem weniger Material aufgelöst werden.
- Die Bohrmotoren von SBO wurden speziell für den Einsatz unter rauen Bohrbedingungen entwickelt und zeichnen sich durch Leistungsstärke und Robustheit aus. Mit der neuen Lagerbaugruppe B5 bringen wir eine Innovation auf den Markt, die ein besonders hohes Drehmoment umsetzen und in allen Bohrmotoren von SBO eingesetzt werden kann. Eine Spezifikation dieser Entwicklung ist auf Richtbohranwendungen in Kombination mit leistungsstarken Rotary Steerable Systemen ausgelegt.

- Bei unseren Hochpräzisionskomponenten arbeiten wir kontinuierlich an Verbesserungen. Mit einer Weiterentwicklung der Hammer Peening-Technologie haben wir nun auch die Möglichkeit, die Außendurchmesser von langen Bohrstrangkomponenten zu behandeln und dadurch eine Verbesserung der Lebensdauer des Bohrstranges zu erreichen. Dafür wurde durch unser Engineering ein eigenes Werkzeug entwickelt, welches auf bestehenden Maschinen eingesetzt werden kann. Beim Tieflochbohren wurde ein Echtzeit Prozessmonitoring System entwickelt. Durch dieses System kann der Fertigungsprozess stabiler gehalten und Prozessunterbrechungen verhindert werden.

Mit diesen und vielen weiteren Innovationen, die in unserem weltweiten Netzwerk in Entwicklung sind, arbeiten wir aktiv an unserer Qualitätsführerschaft.

4) Berichterstattung über wesentliche Merkmale des internen Kontrollsystems und des Risikomanagementsystems im Hinblick auf den Rechnungslegungsprozess

Die Gesamtverantwortung für das Risikomanagement der SBO-Gruppe liegt beim Vorstand, während die unmittelbare Verantwortung bei den Geschäftsführern der operativen Einheiten liegt. Demzufolge besitzt das interne laufende Berichtswesen an die Konzernzentrale besonders hohe Bedeutung, um Risiken frühzeitig erkennen und Gegenmaßnahmen ergreifen zu können. Dies erfolgt durch eine zeitnahe monatliche Berichterstattung über die Geschäftsentwicklung und Gebarung von den operativen Einheiten an den Vorstand.

Für die Tochterunternehmen wurden vom Konzern weltweit einheitliche Vorgaben für die Umsetzung und Dokumentation des gesamten internen Kontrollsystems und damit vor allem auch für den Rechnungslegungsprozess vorgegeben. Dadurch sollen jene Risiken vermieden werden, die zu einer unvollständigen oder fehlerhaften Finanzberichterstattung führen können.

Weiters werden die von den Tochtergesellschaften erstellten internen Berichte in der Konzernzentrale auf Plausibilität geprüft und mit Planungsrechnungen verglichen, um bei Abweichungen geeignete Maßnahmen setzen zu können. Hierzu werden von den Gesellschaften Jahresbudgets und Mittelfristplanungen angefordert, welche vom Vorstand genehmigt werden müssen.

Die Ordnungsmäßigkeit des Rechnungswesens bei den Tochtergesellschaften wird durch laufende Prüfungstätigkeiten des Konzerncontrollings überwacht. Auch im Zuge der internen Revision werden schwerpunktmäßige Prüfungen über das Rechnungswesen durchgeführt. Weiters werden alle Jahresabschlüsse durch internationale Prüfungsgesellschaften geprüft.

Im Zuge von regelmäßigen Sitzungen des Vorstandes mit den lokalen Geschäftsführungen werden die laufende Geschäftsentwicklung sowie absehbare Chancen und Risiken besprochen.

Für die Erstellung des Konzernabschlusses bestehen in Ergänzung zu den Internationalen Rechnungslegungsvorschriften konzerninterne Richtlinien, um eine einheitliche Darstellung bei den berichtenden Gesellschaften zu gewährleisten (Bewertungs- und Ausweisfragen).

Für die automationsunterstützte Aufstellung des Konzernabschlusses wird ein zertifiziertes Konsolidierungsprogramm verwendet, welches mit den notwendigen Prüf- und Konsolidierungsroutinen ausgestattet ist.

Die für den Konzern dargestellten Merkmale des internen Kontrollsystems und des Risikomanagementsystems im Hinblick auf den Rechnungslegungsprozess sind auch uneingeschränkt für die Holdinggesellschaft anwendbar. Für das Rechnungswesen der Holdinggesellschaft sind ebenfalls anerkannte Standardprogramme im Einsatz.

5) Angaben zu Kapital-, Anteils-, Stimm- und Kontrollrechten und damit verbundenen Verpflichtungen

Das Grundkapital der Gesellschaft betrug zum 31. Dezember 2019 wie auch zum 31. Dezember 2018 EUR 16 Millionen und ist zerlegt in 16 Millionen Stück Nennbetragsaktien zum Nennbetrag von je EUR 1,00.

In der Hauptversammlung vom 23. April 2019 wurde der Vorstand für die Dauer von 5 Jahren ermächtigt, mit Zustimmung des Aufsichtsrats das Grundkapital um bis zu TEUR 1.600 durch Ausgabe neuer Aktien zu erhöhen. In der Hauptversammlung vom 24. April 2018 wurde der Vorstand für die Dauer von 30 Monaten ermächtigt, eigene Aktien der Gesellschaft bis zu maximal 10 % des Grundkapitals zu erwerben. Im Geschäftsjahr 2019 hat die Gesellschaft von der Ermächtigung zum Erwerb eigener Aktien keinen Gebrauch gemacht. In 2018 hat die Gesellschaft 10.000 Stück eigene Aktien mit einem Kaufpreis von TEUR 586 erworben.

Zum Bilanzstichtag 2019 hält die Gesellschaft 44.597 Stück eigene Aktien (Vorjahr: 50.597 Stück). Dies entspricht einem Anteil von 0,28 % (Vorjahr: 0,32 %) am Grundkapital mit einem Anschaffungswert von TEUR 2.478,7 (Vorjahr TEUR 2.812,2). Die Anzahl der im Umlauf befindlichen Aktien beträgt somit 15.955.403 Stück (Vorjahr: 15.949.403 Stück).

Zum 31. Dezember 2019 hält die Berndorf Industrieholding AG, Wien, rund 33,4 % vom Grundkapital (Vorjahr: rund 33,4 %).

Darüber hinaus bestehen keine weiteren angabepflichtigen Sachverhalte gemäß § 243a UGB.

Ternitz, 28. Februar 2020

SCHOELLER-BLECKMANN
OILFIELD EQUIPMENT Aktiengesellschaft

Der Vorstand

Ing. Gerald Grohmann　　　　Mag. Klaus Mader

BESTÄTIGUNGSVERMERK*

Bericht zum Jahresabschluss

Prüfungsurteil

Wir haben den Jahresabschluss der

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft, Ternitz,

bestehend aus der Bilanz zum 31. Dezember 2019, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr und dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der beigefügte Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 31. Dezember 2019 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit der EU-Verordnung Nr. 537/2014 (im Folgenden EU-VO) und mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt "Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmensrechtlichen und berufsrechtlichen Vorschriften, und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen.

Besonders wichtige Prüfungssachverhalte

Besonders wichtige Prüfungssachverhalte sind solche Sachverhalte, die nach unserem pflichtgemäßen Ermessen am bedeutsamsten für unsere Prüfung des Jahresabschlusses des Geschäftsjahres waren. Diese Sachverhalte wurden im Zusammenhang mit unserer Prüfung des Jahresabschlusses als Ganzem und bei der Bildung unseres Prüfungsurteils hierzu berücksichtigt, und wir geben kein gesondertes Prüfungsurteil zu diesen Sachverhalten ab.

Nachfolgend stellen wir den aus unserer Sicht besonders wichtigen Prüfungssachverhalt dar:

Bewertung von Anteilen an verbundenen Unternehmen

Beschreibung

Die SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft weist im Jahresabschluss wesentliche Beträge als Anteile an verbundenen Unternehmen (mEUR 238,5) aus und zeigt Erträge aus der Zuschreibung von Finanzanlagen (mEUR 7,2) in der Gewinn- und Verlustrechnung für 2019, welche Erträge aus der Zuschreibung von Anteilen an verbundenen Unternehmen enthalten (mEUR 6,5). Im Geschäftsjahr 2019 erfolgten Umstrukturierungen im nordamerikanischen Raum, welche Übertragungen von Gesellschaftsanteilen innerhalb des Konzerns nach sich gezogen haben. Hierdurch ergaben sich auch Auswirkungen auf die Bewertung der von der Muttergesellschaft gehaltenen Anteile an verbundenen Unternehmen.

Wir betrachteten die Bewertung der Anteile an verbundenen Unternehmen als besonders wichtigen Prüfungssachverhalt, da die Beträge wesentlich sind, die Bewertung komplex ist und Ermessensentscheidungen fordert sowie die Bewertung auf Annahmen basiert, die von zukünftigen Markt- und Wirtschaftsparametern beeinflusst ist.

Die entsprechenden Angaben der Gesellschaft über die Bewertung der Anteile an verbundene Unternehmen sowie den damit zusammenhängenden Zuschreibungen sind in den Anhangsangaben "1. Erläuterungen zur Bilanz – Anlagevermögen" bzw. "2. Erläuterungen zur Gewinn- und Verlustrechnung – Erträge aus der Zuschreibung zu Finanzanlagen" enthalten.

Wie wir den Sachverhalt im Rahmen der Prüfung adressiert haben:

Unsere Prüfungshandlungen haben, unter anderem, folgende Tätigkeiten umfasst:

Mit der Unterstützung von EY Bewertungsspezialisten haben wir für jene verbundenen Unternehmen, für welche keine Überdeckung des Buchwerts durch das Eigenkapital der Gesellschaften gegeben ist, die wesentlichen Annahmen in den Bewertungsmodellen kritisch hinterfragt. Für jene verbundenen Unternehmen, für welche im Geschäftsjahr 2019 Zuschreibungen erfasst wurden, haben wir überprüft, ob die Gründe für die in Vorjahren erfassten Abschreibungen nicht mehr bestehen.

Die angewandten Bewertungsmodelle (Diskontierung prognostizierter Cashflows) wurden hinsichtlich ihrer Angemessenheit beurteilt, die rechnerische Richtigkeit der Modelle wurde überprüft. Die angesetzten Rechenparameter (unter anderem Abzinsungssätze und Wachstumsraten) wurden hierbei mit unternehmensspezifischen Informationen sowie branchenspezifischen Marktdaten bzw. Markterwartungen verplausibilisiert.

Die für die Berechnung verwendeten Zahlungsmittelflüsse und die darin verwendeten Plandaten wurden mit den vom Vorstand genehmigten Mittelfristplanungen des Managements abgestimmt.

Für Auswirkungen aus den Umstrukturierungsmaßnahmen im nordamerikanischen Raum erfolgte eine Überprüfung der rechtlichen Unterlagen zu den Anteilsübertragungen sowie die Würdigung von vorgenommenen Bewertungen zum Zeitpunkt der jeweiligen Übertragung.

Wir haben die Angemessenheit der Angaben im Anhang zur Bewertung der Anteile an verbundenen Unternehmen sowie zu Anteilsübertragungen beurteilt.

Verantwortlichkeiten der gesetzlichen Vertreter und des Prüfungsausschusses für den Jahresabschluss

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen - beabsichtigten oder unbeabsichtigten - falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit - sofern einschlägig - anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder die Gesellschaft zu liquidieren oder die Unternehmenstätigkeit einzustellen oder haben keine realistische Alternative dazu.

Der Prüfungsausschuss ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses

Unsere Ziele sind, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist, und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit der EU-VO und mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Als Teil einer Abschlussprüfung in Übereinstimmung mit der EU-VO und mit den österreichischen Grundsätzen ordnungsmäßiger Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

- Wir identifizieren und beurteilen die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.

- Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems der Gesellschaft abzugeben.
- Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.
- Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen kann. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.
- Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.

Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

Wir geben dem Prüfungsausschuss auch eine Erklärung ab, dass wir die relevanten beruflichen Verhaltensanforderungen zur Unabhängigkeit eingehalten haben, und tauschen uns mit ihm über alle Beziehungen und sonstigen Sachverhalte aus, von denen vernünftigerweise angenommen werden kann, dass sie sich auf unsere Unabhängigkeit und - sofern einschlägig - damit zusammenhängende Schutzmaßnahmen auswirken.

Wir bestimmen von den Sachverhalten, über die wir uns mit dem Prüfungsausschuss ausgetauscht haben, diejenigen Sachverhalte, die am bedeutsamsten für die Prüfung des Jahresabschlusses des Geschäftsjahres waren und daher die besonders wichtigen Prüfungssachverhalte sind. Wir beschreiben diese Sachverhalte in unserem Bestätigungsvermerk, es sei denn, Gesetze oder andere Rechtsvorschriften schließen die öffentliche Angabe des Sachverhalts aus oder wir bestimmen in äußerst seltenen Fällen, dass ein Sachverhalt nicht in unserem Bestätigungsvermerk mitgeteilt werden sollte, weil vernünftigerweise erwartet wird, dass die negativen Folgen einer solchen Mitteilung deren Vorteile für das öffentliche Interesse übersteigen würden.

Sonstige gesetzliche und andere rechtliche Anforderungen

Bericht zum Lagebericht

Der Lagebericht ist auf Grund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob er nach den geltenden rechtlichen Anforderungen aufgestellt wurde.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Lageberichts in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Lageberichts durchgeführt.

Urteil

Nach unserer Beurteilung ist der Lagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden, enthält zutreffende Angaben nach § 243a UGB, und steht in Einklang mit dem Jahresabschluss.

Erklärung

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld wurden wesentliche fehlerhafte Angaben im Lagebericht nicht festgestellt.

Sonstige Informationen

Die gesetzlichen Vertreter sind für die sonstigen Informationen verantwortlich. Die sonstigen Informationen beinhalten alle Informationen im Jahresfinanzbericht 2019 (ausgenommen den Jahresabschluss, den Lagebericht und den Bestätigungsvermerk), welche uns vor dem Datum des Bestätigungsvermerks zur Verfügung gestellt wurden. Unser Prüfungsurteil zum Jahresabschluss deckt diese sonstigen Informationen nicht ab und wir geben keine Art der Zusicherung darauf ab.

In Verbindung mit unserer Prüfung des Jahresabschlusses ist es unsere Verantwortung, diese sonstigen Informationen zu lesen und zu überlegen, ob es wesentliche Unstimmigkeiten zwischen den sonstigen Informationen und dem Jahresabschluss gibt oder mit unserem, während der Prüfung erlangten Wissen gibt oder sonst wesentlich falsch dargestellt erscheint. Falls wir, basierend auf den durchgeführten Arbeiten, zur Schlussfolgerung gelangen, dass die sonstigen Informationen wesentlich falsch dargestellt sind, müssen wir dies berichten. Wir haben diesbezüglich nichts zu berichten.

Zusätzliche Angaben nach Artikel 10 der EU-VO

Wir wurden von der Hauptversammlung am 23. April 2019 als Abschlussprüfer gewählt und am 23. April 2019 vom Aufsichtsrat beauftragt. Wir sind seit 2018 Abschlussprüfer.

Wir erklären, dass das Prüfungsurteil im Abschnitt "Bericht zum Jahresabschluss" mit dem zusätzlichen Bericht an den Prüfungsausschuss nach Artikel 11 der EU-VO in Einklang steht.

Wir erklären, dass wir keine verbotenen Nichtprüfungsleistungen (Artikel 5 Abs 1 der EU-VO) erbracht haben und dass wir bei der Durchführung der Abschlussprüfung unsere Unabhängigkeit von der geprüften Gesellschaft gewahrt haben.

Auftragsverantwortlicher Wirtschaftsprüfer

Der für die Abschlussprüfung auftragsverantwortliche Wirtschaftsprüfer ist Herr Mag. Karl Fuchs.

Wien, am 2. März 2020

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Karl Fuchs
Wirtschaftsprüfer

ppa Dipl.-Ing. (FH) Mag. Manfred Siebert
Wirtschaftsprüfer

* Die Veröffentlichung oder Weitergabe des Jahresabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Jahresabschluss samt Lagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs 2 UGB zu beachten.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the Consolidated Financial Statements as of 31 December 2019, which were compiled in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), present a true and fair view of the assets, liabilities, financial position and earnings situation of the Group, and that the Group Management Report presents the development and performance of the business and the position of the Group in such a way as to give a true and fair view of the assets, liabilities, financial position and financial performance of the Group, and that the Group Management Report describes the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the Annual Financial Statements of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft as of 31 December 2019 which were compiled in accordance with the Austrian Commercial Code (UGB) provides a true and fair view of the assets, liabilities, financial position and earnings situation of the Group, and that the Management Report presents a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties the Company faces.

Ternitz, 28 February 2020

The Executive Board

Ing. Gerald Grohmann

Mag. Klaus Mader

This annual finacial report was prepared with the greatest possible diligence. Nevertheless, mistakes and printing errors cannot be excluded. This annual finacial 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 have been prepared based on the information currently available. Should the assumptions underlying these forecasts not realize or risks – as those described in the risk report – occur, actual results may differ from the results currently expected.

This report may not be misinterpreted as a recommendation to buy or sell shares in SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft.

In the interest of better readability, we refrain from simultaneously using feminine and masculine versions and use only the masculine form. All references to persons apply equally to both genders.

This English translation of the report is for convenience. Only the German version shall be binding.

Published on 18 March 2020.

FOR FURTHER INFORMATION:

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