



SCHOELLER
BLECKMANN
OIL FIELD
EQUIPMENT

Q1 2020

QUARTERLY HIGHLIGHTS

LIQUID FUNDS	MEUR	247.5	
SALES	MEUR	108.9	-10 %
EBIT	MEUR	12.1	-40 %
PROFIT AFTER TAX	MEUR	8.6	+12 %

"We started 2020 on a positive momentum. Bookings and sales were in line with expectations. However, the COVID 19 pandemic brought about a dramatic trend reversal for us, as it did for all other industries. While we are facing challenging times, we can draw on many years of experience in crisis management. As we have a sound balance sheet and virtually no net debt, we are well prepared to navigate through these difficult times."

GERALD GROHMANN
Chief Executive Officer



HIGHLIGHTS

Q1 2020

Sound Q1 results in 2020 despite challenging environment

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO), listed on the ATX leading index of the Vienna Stock Exchange, posted a sound first quarter of 2020. However, the positive momentum turned into an increasingly challenging environment toward the end of the quarter owing to the effects of the COVID 19 pandemic, further aggravated by conflicts among the OPEC+ alliance states. There were

huge regional differences in the business performance of SBO. While the international market environment proved resilient, the negative impact on the North American market was significant. In the first three months of the year, SBO's sales came to MEUR 108.9, EBIT to MEUR 12.1 and profit after tax to MEUR 8.6. Net debt was reduced from MEUR 20.1 to MEUR 9.1, and gearing was down from 5.4 % to 2.4 %.

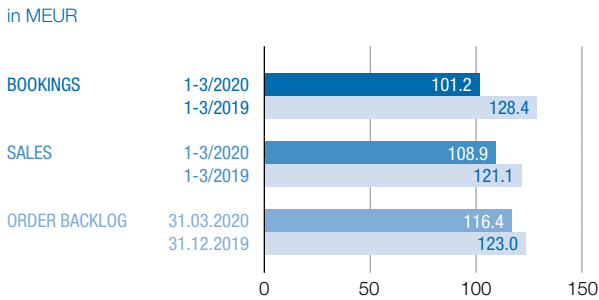
BUSINESS DEVELOPMENT

SALES AND EARNINGS

In the first three months of 2020, bookings at SBO were MEUR 101.2 (1-3/2019: MEUR 128.4,

minus 21.1 %). Sales arrived at MEUR 108.9 (1-3/2019: MEUR 121.1, minus 10.1 %). The order

backlog totaled MEUR 116.4 at the end of March (31 December 2019: MEUR 123.0).



Earnings before interest, taxes, depreciation, and amortization (EBITDA) went from MEUR 32.9 in the first quarter of 2019 to MEUR 23.4 in 2020, while the EBITDA margin was 21.5 % (1-3/2019: 27.2 %). The operating result (EBIT) arrived at MEUR 12.1 (1-3/2019: MEUR 20.2, minus 40.0 %). SBO's profit before tax came to MEUR 11.6 (1-3/2019: MEUR 12.8, minus 9.4 %), whereas profit after tax climbed by 2.1 % to MEUR 8.6 (1-3/2019: MEUR 7.7), due to lower tax expense than in the year before. Earnings per share improved in the first quarter of 2020 to EUR 0.54 (1-3/2019: EUR 0.48).

"The first quarter began in line with our expectations. COVID 19 came unexpectedly to us as to the market as a whole. Following a slowdown as investment had been curbed by exploration and production companies before, the North American market reacted immediately by further cutting back on activities. Our international business was much more resilient, but the negative effects of the prevailing crisis are emerging there as well."

CEO Gerald Grohmann



SEGMENTS

SBO's business is divided into two segments, "Advanced Manufacturing & Services" (AMS) and "Oilfield Equipment" (OE). Sales in the AMS segment remained at a similar level compared to the previous year's first quarter, at MEUR 58.4 (1-3/2019:

MEUR 60.2), and the operating result (EBIT) amounted to MEUR 7.9 (1-3/2019: MEUR 9.4). Sales in the OE segment were down to MEUR 50.6 (1-3/2019: MEUR 61.0), while EBIT came to MEUR 6.4 (1-3/2019: MEUR 9.4).

KEY BALANCE SHEET FIGURES

SBO's equity continued to rise during the first quarter of 2020, climbing to MEUR 379.2 (31 December 2019: MEUR 370.1). SBO's equity ratio improved to 43.5 % (31 December 2019: 42.3 %). Net debt was halved compared to the end of 2019, falling to MEUR 9.1 (31 December 2019: MEUR 20.1). Gearing was 2.4 % (31 December 2019: 5.4 %). Liquid funds went

to MEUR 247.5 (31 December 2019: MEUR 265.2). Cashflow from operating activities in the first quarter of 2020 arrived at MEUR 14.3 (1-3/2019: MEUR 36.8). Capital expenditure for property, plant and equipment (CAPEX) decreased to MEUR 6.3 (1-3/2019: MEUR 10.1).

SBO'S KEY PERFORMANCE INDICATORS AT A GLANCE

	UNIT	1-3/2020	1-3/2019
Sales	MEUR	108.9	121.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	MEUR	23.4	32.9
EBITDA margin	%	21.5	27.2
Earnings before interest and taxes (EBIT)	MEUR	12.1	20.2
EBIT margin	%	11.1	16.7
Profit before tax	MEUR	11.6	12.8
Profit after tax	MEUR	8.6	7.7
Earnings per share	EUR	0.54	0.48
Cashflow from operating activities	MEUR	14.3	36.8
Liquid funds as of 31 March 2020 / 31 December 2019	MEUR	247.5	265.2
Headcount as of 31 March 2020 / 31 December 2019		1,406	1,535

MARKET ENVIRONMENT

The positive growth expectations of early 2020 had to be revised in the wake of the COVID 19 pandemic. Most recently, the International Monetary Fund (IMF) has predicted negative growth of minus 3.0 % worldwide

in 2020, or minus 6.1 % in the developed industrial nations, and minus 1.0 % in the emerging markets.¹ In the oil and gas industry, the spontaneous decline in oil demand triggered by COVID 19 was further aggravated

¹ IMF, World Economic Outlook 2020.

also on the production side by a conflict among the OPEC+ countries over production volumes. When an agreement between Saudi Arabia and Russia on reduced crude oil production failed for the time being at the beginning of March, Saudi Arabia reacted by announcing that it would flood the market with crude oil. As a result, oil prices fell to historic lows. Subsequently, in mid-April, the OPEC+ countries agreed to cut production. However, this step came too late and was insufficient in terms of quantity to compensate for the decline in demand caused by COVID 19.

Global oil production in the first quarter of 2020 was 100.2 million barrels per day (mb/d), 6.7 mb/d higher than demand of 93.5 mb/d. The production volume of non-OPEC countries amounted to 66.5 mb/d (1-3/2019: 64.5 mb/d). OPEC crude oil output arrived at 33.6 mb/d, slightly below the level seen in the same period of the previous year (1-3/2019: 35.6 mb/d). The agreement of the OPEC+ states to reduce production did not come into force until 1 May 2020.²

The number of worldwide drilling rigs (rig count) at the end of March 2020 was 1,964 rigs. Year-on-year, the

rig count decreased by 249 rigs or 11.3 % (March 2019: 2,213 rigs), and by 79 rigs quarter-on-quarter (December 2019: 2,043 rigs). The international rig count fell from 1,104 rigs at the beginning of the year to 1,059 rigs at the end of March. In North America, the rig count also declined compared to the beginning of the year, in the United States by 32 rigs to 772 (December 2019: 804) and in Canada by 2 rigs to 133 (December 2019: 135). This trend continued in the second quarter of 2020.³

Oil price volatility increased further in the first quarter of 2020. The escalated conflict between Saudi Arabia and Russia in March and lower demand due to the coronavirus crisis weighed on oil prices. European Brent crude started 2020 at USD 66.00 per barrel to drop to USD 22.74 on the last trading day of the first quarter, a reduction of 65.5 %. In the same period, the price of WTI fell from USD 61.06 per barrel to USD 20.48 (minus 66.5 %).⁴

OUTLOOK

Global economic activity has been severely impacted by the COVID 19 pandemic and the governmental protective measures. The International Monetary Fund (IMF) expects the global economy to contract by minus 3.0 % in 2020, meaning that the effects of the

coronavirus pandemic would be stronger than those of the financial crisis in 2008. A significant recovery should set in from 2021 onward, with global economic growth forecast at 5.8 %.⁵

² IEA, Oil Market Report, May 2020.

³ Baker Hughes Rig Count.

⁴ Bloomberg: CO1 Brent Crude (ICE) and CL1 WTI Crude (Nymex).

⁵ IMF, World Economic Outlook 2020.

The oil market is facing a sharp drop in demand due to restrictions in economy and public life. After the first quarter, oil prices reached their historic lows in April. In order to support the oil price, the OPEC+ countries, after intensive negotiations, agreed in mid-April on a two-year, staggered cut in oil production. In May and June 2020, oil production is to be curbed by 9.7 mb/d, around 10 % of the world's daily crude oil production. According to the current environment, global exploration and production spending is expected to decline by 28 %, 36 % of which in North America and 23 % internationally.⁶

At this point, nobody can escape the effects of the COVID 19 pandemic on the global economy. Although the governmental restrictions are starting to be lifted, it cannot be predicted when the turning point in our industry will be reached. What is clear, however, is that in the medium term a significant catch-up effect will take place and with it also in the demand for oil and gas. The long-term assessment that oil and gas will continue to cover more than 50 % of primary energy requirements in the next two decades remains unchanged.⁷

SBO is well prepared to meet the prevailing challenges.

"The current market environment has come over us most abruptly. However, it is a proven strength of our company to respond very fast to changing market conditions. This also includes curtailing spending instantly and pushing ahead with cost-cutting programs. Our extremely sound balance sheet helps us to remain fully functional in these difficult times and to make farsighted decisions with a view to recovery when the time comes. We are currently bracing for an extremely challenging year 2020."

CEO Gerald Grohmann



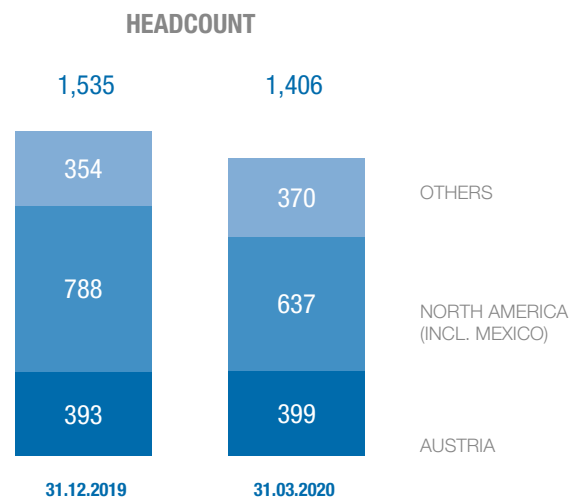
⁶ Evercore ISI Research, The EVRISL_OFS E&P Budget Barometer: The Sky Really Is Falling, April 2020.

⁷ IEA World Energy Outlook 2019, Stated Policies Scenario.

ABOUT SBO

SBO AT A GLANCE

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO) is a globally leading supplier of products and solutions used by the oil and gas industry for directional drilling and well completion. SBO is the global market leader in the manufacture of high-precision components made of non-magnetic high-alloy stainless steel. The company produces the components specifically according to the requirements of customers in the oilfield service industry. At the same time, SBO is a leading provider of high-efficiency drilling tools and equipment for the oil and gas industry, successfully establishing the company in technologically challenging, profitable niches. As of 31 March 2020, SBO had 1,406 employees worldwide (31 December 2019: 1,535), thereof 399 in Ternitz, Austria, and 637 in North America (including Mexico).



THE SBO SHARE

The share of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft is listed in the Prime Market of the Vienna Stock Exchange and is part of the leading Austrian ATX index. In total, 16,000,000 shares with a par value of EUR 1.00 each have been issued.

The SBO share started into the year at a price of EUR 50.30 on 2 January 2020 and closed at EUR 30.00 on 31 March 2020, a reduction of 40.4 %. In comparison, the OSX contracted by 68.4 % year-on-year, while the ATX, the leading Austrian index, dropped by 37.2 %. Brent crude lost 65.5 % and WTI crude 66.5 %.

On 23 March 2020, the company launched a share buyback program under which 231,938 shares, representing 1.4496 % of the share capital, were repurchased. All buybacks were conducted via the Vienna Stock Exchange.

The market capitalization as of 31 March 2020 was MEUR 480.0, and 67 % of the shares were in free float as of that key date.

EUR **50.30**
2 January 2020

EUR **30.00**
31 March 2020

MEUR **480.00**
MARKET CAPITALIZATION – 31 March 2020

FINANCIAL CALENDAR 2020

DATE	PUBLICATION
20.05.2020	Q1 2020
27.08.2020	HY 2020
26.11.2020	Q3 2020

CONTACT AND LEGAL NOTICE

Further information about SBO is available on www.sbo.at. If you have any questions regarding the company or would like to be included in SBO's Investor Relations Information Service (IRIS), please send an e-mail to investor_relations@sbo.co.at.

DISCLAIMER

Note on quarterly reporting:

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

Forward-looking statements and forecasts:

This corporate publication contains information with forward-looking statements. Parts of those statements contain forecasts regarding the future development of SBO, SBO group companies, relevant industries and the markets. All these statements as well as any other information contained in this corporate publication are for information only and do not substitute professional financial advice. As such, this information must not be understood as a recommendation or offer to buy or sell SBO shares, and SBO cannot be held liable therefrom.

CONSOLIDATED PROFIT AND LOSS STATEMENT

in TEUR	1-3/2020	1-3/2019
Sales	108,919	121,141
Cost of goods sold	-76,569	-83,717
Gross profit	32,350	37,424
Selling expenses	-7,628	-6,420
General and administrative expenses	-10,536	-10,861
Other operating expenses	-6,656	-3,761
Other operating income	4,824	4,166
Profit from operations before restructuring measures	12,354	20,548
Restructuring expenses	-237	-365
Profit from operations after restructuring measures	12,117	20,183
Interest income	690	1,150
Interest expenses	-1,179	-3,139
Other financial expenses	0	-10,515
Gains/losses from remeasurement of option liabilities	0	5,151
Financial result	-489	-7,353
Profit before tax	11,628	12,830
Income taxes	-3,017	-5,151
Profit after tax	8,611	7,679
Average number of shares outstanding	15,938,682	15,949,603
EARNINGS PER SHARE IN EUR (BASIC = DILUTED)	0.54	0.48

CONSOLIDATED BALANCE SHEET

ASSETS

in TEUR

	31.03.2020	31.12.2019
Current assets		
Cash and cash equivalents	247,514	265,211
Trade receivables	124,252	112,257
Other receivables and other assets	8,058	7,411
Assets held for sale	3,173	3,301
Inventories	143,378	141,956
Total current assets	526,375	530,136
Non-current assets		
Property, plant and equipment	147,015	146,647
Goodwill	143,559	140,435
Other intangible assets	23,887	26,271
Long-term receivables and assets	5,064	5,235
Deferred tax assets	26,333	25,885
Total non-current assets	345,858	344,473
TOTAL ASSETS	872,233	874,609

LIABILITIES AND EQUITY

in TEUR

	31.03.2020	31.12.2019
Current liabilities		
Liabilities to banks	34,420	31,052
Current portion of long-term loans	42,096	47,596
Lease liabilities	2,509	2,595
Trade payables	26,421	24,736
Government grants	319	319
Income tax payable	10,131	7,392
Other liabilities	167,864	155,518
Other provisions	3,334	3,014
Total current liabilities	287,094	272,222
Non-current liabilities		
Long-term loans	180,057	206,683
Lease liabilities	6,844	5,899
Government grants	304	304
Provisions for employee benefits	6,937	6,862
Other liabilities	11,039	11,858
Deferred tax liabilities	767	695
Total non-current liabilities	205,948	232,301
Equity		
Share capital	15,717	15,955
Capital reserve	62,542	68,902
Legal reserve	785	785
Other reserves	19	19
Currency translation reserve	39,526	32,434
Retained earnings	260,602	251,991
Total equity	379,191	370,086
TOTAL LIABILITIES AND EQUITY	872,233	874,609

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	1-3/2020	1-3/2019
OPERATING ACTIVITIES		
Profit after tax	8,611	7,679
Adjustment for dividends relating to put/call-options	0	10,515
Depreciation, amortization and impairments	11,255	12,733
Other non-cash expenses and revenues	-886	-397
Cashflow from profit	18,980	30,530
Change in working capital	-4,691	6,237
Cashflow from operating activities	14,289	36,767
INVESTING ACTIVITIES		
Expenditures for property, plant and equipment and intangible assets	-6,279	-10,088
Other activities	1,058	1,245
Cashflow from investing activities	-5,221	-8,843
FREE CASHFLOW	9,068	27,924
FINANCING ACTIVITIES		
Dividends paid relating to put/call-options	0	-2,156
Change in financial liabilities	-29,776	-1,048
Cashflow from financing activities	-29,776	-3,204
Change in cash and cash equivalents	-20,708	24,720
Cash and cash equivalents at the beginning of the period	265,211	241,532
Effects of exchange rate changes on cash and cash equivalents	3,011	3,779
Cash and cash equivalents at the end of the period	247,514	270,031

SEGMENT REPORTING

1-3/2020

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	58,359	50,560	0	108,919
Intercompany sales	15,588	7,840	-23,428	0
Total sales	73,947	58,400	-23,428	108,919
Profit from operations (EBIT) before restructuring measures	7,859	6,379	-1,884	12,354
Profit/loss before tax	7,932	6,236	-2,540	11,628

1-3/2019

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	60,185	60,956	0	121,141
Intercompany sales	29,568	4,474	-34,042	0
Total sales	89,753	65,430	-34,042	121,141
Profit from operations (EBIT) before restructuring measures	9,395	9,431	1,722	20,548
Profit/loss before tax	9,280	2,447	1,103	12,830