

EANS-Adhoc: Schoeller-Bleckmann Oilfield Equipment AG / Schoeller-Bleckmann Oilfield Equipment AG acquires Drilling Systems International Ltd.

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Ternitz/Vienna, 14 September 2010. Schoeller-Bleckmann Oilfield Equipment AG (SBO), listed on the ATX market of the Vienna Stock Exchange, acquires 100 % of Drilling Systems International Ltd. (DSI). Headquartered in Dubai, DSI is a leading global provider of specialised equipment for downhole circulation technology for oil and gas wells. By renting its tools, DSI generates annual revenues of approximately MUSD 30. DSI's customers include international oil companies and oilfield service providers. Purchase agreements were signed on 13 September 2010 and the transaction is expected to be completed on 1 October 2010. The parties have agreed not to disclose the purchase price.

"With DSI, we acquire the market leader of an attractive niche in the oilfield service industry. We believe that due to its proven technology DSI offers excellent growth potential and is an ideal addition to our product portfolio. We expect to see significant synergies arising between DSI and BICO, our drilling motor subsidiary, notably for our distribution networks", comments Gerald Grohmann, CEO of Schoeller-Bleckmann Oilfield Equipment AG, on the acquisition.

The seller is the founder and sole owner of the company and SBO is acquiring all associated patents and intellectual property rights. The former owner will continue to provide technical consulting services to SBO.

DSI delivers specialised downhole circulation tools which steer the flow direction of drilling muds in the drill string. The company's flagship product is the PBL tool which forms part of the drill string. The main purpose of the PBL tool is to avoid mud losses during the drilling process. Such losses may occur when drilling muds escape into the rock formations. The tool helps to protect costly drill string steering systems (MWD and LWD equipment) from damage and to solve expensive lost-circulation problems. The PBL is also used in deepwater operations to clean the wellhead profile prior to running casing and jetting/washing the subsea blowout preventers (BOPs). SBO's CEO Gerald Grohmann believes strongly that: "Using such a tool could become increasingly important, notably after the incident in the Gulf of Mexico (Macondo Well)".

The PBL tool delivers value to customers through considerable time and cost savings, as the system is highly reliable and easy to operate. DSI's technology makes the company the uncontested global market leader in this niche. The business model structure is similar to that of SBO's subsidiary BICO, which also rents drilling motors to its customers.

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Schoeller-Bleckmann Oilfield Equipment AG is the global market leader in high-precision components for the oilfield service industry. The business focus is on non-magnetic drillstring components for directional drilling. Worldwide, SBO has employed a workforce of 1135 as at 30 June 2010 (31 December 2009: 1056), thereof 336 in Ternitz/Austria and 502 in North America (including Mexico).

Further inquiry note:

Gernot Bauer, Head of Investor Relations
Schoeller-Bleckmann Oilfield Equipment AG
A-2630 Ternitz, Hauptstraße 2
Tel: +43 2630/315 ext 250, fax ext 501
e-mail: g.bauer@sbo.co.at

issuer: Schoeller-Bleckmann Oilfield Equipment AG
Hauptstrasse 2
A-2630 Ternitz
phone: 02630/315110
FAX: 02630/315101
mail: sboe@sbo.co.at
WWW: <http://info.sbo.at>
sector: Oil & Gas - Upstream activities

ISIN: AT0000946652
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