

EANS-Adhoc: Schoeller-Bleckmann Oilfield Equipment AG / First quarter of 2013 marked by cautious customer spending policy - Market environment remains intact

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Financial Figures/Balance Sheet/quarterly report

Ternitz/Vienna, 23 May 2013. For Schoeller-Bleckmann Oilfield Equipment AG (SBO), listed on the ATX market of the Vienna Stock Exchange, the first quarter of 2013 was marked by customers' cautious spending policy which started to become apparent already in the second half of 2012. Compared to the first quarter of 2012 sales went down moderately by 4.0 %, from MEUR 120.6 to MEUR 115.8. Earnings before interest and taxes (EBIT) fell to MEUR 23.2 (following MEUR 28.1 in the first quarter of 2012), representing an EBIT margin of 20.0 % (following 23.3 %). Profit before tax decreased from MEUR 25.8 to MEUR 20.5, profit after tax from MEUR 17.8 to MEUR 14.2. Quarterly earnings per share stood at EUR 0.88 (following EUR 1.11 in the first quarter of 2012).

The decrease in earnings was due to reduced capacity utilisation compared to last year, associated lower economies of scale and selective price adjustments for individual products.

"Given the continuous growth in oil and gas demand and the sustained high oil price our market environment remains intact. However, our customers' assessment of the market situation was too optimistic last year, resulting in overordering of tools for the oilfield service industry in the first half of 2012. For optimising their inventories, companies have now cut on their spending volumes and preferred to invest in repairing tools rather than buying new equipment," says Gerald Grohmann, CEO of SBO, commenting on recent business development. The product group most affected was high-precision components. The product group of downhole tools, oilfield supplies and service continued to develop positively despite declining drilling activity in North America.

Customers' current spending policy was reflected in the bookings received in the first quarter, which, compared to the extraordinarily strong result in Q1 2012 of MEUR 129.2 contracted to MEUR 93.3, but represented a slight improvement from Q4 2012.

Capital expenditure in property, plant and equipment in the first quarter of 2013 amounted to MEUR 9.1 (following MEUR 9.8 in the first quarter of 2012). At the Ternitz site a new machining centre for non-magnetic oilfield service drillstring components worth MEUR 54 million is under construction at the moment. Installation of the first machines is scheduled for the end of 2013/beginning of 2014. Another spending focus was on expanding the drilling motor and circulation tools rental fleet.

Outlook

For 2013, the IEA projects average global demand for oil to come to 90.6 million barrels per day, representing an increase of 0.9 % from last year. This provides the basis of stable development in the oilfield service industry. Drilling activity remains at a high level globally. At the moment there are no indications that the high spending volumes in oil and gas exploration and production expected for 2013 should be curtailed.

As a result, SBO's customers are expected to further reduce their inventories of high-precision components gradually in the months ahead. If drilling activity continues this should increase the number of new orders coming in. However, it cannot be predicted how fast inventories will actually be reduced.

Owing to its extreme flexibility SBO is perfectly prepared to meet all scenarios. With its ongoing capital investment programme, SBO has prepared the ground for the further dynamic growth in demand that is expected to set in over the medium term. The company's sound balance-sheet structure combined with low debt and sustained high cash-flow confirm the long-term positive growth perspectives of SBO.

Comparison of key financial figures

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1-3/2013 1-3/2012 Change

Sales	in MEUR	115.8	120.6	- 4.0 %
EBIT	in MEUR	23.2	28.1	- 17.6 %
EBIT margin	in %	20.0	23.3	-
Profit before tax	in MEUR	20.5	25.8	- 20.3 %
Profit after tax	in MEUR	14.2	17.8	- 20.3 %
EPS *	in EUR	0.88	1.11	- 21.0 %
Headcount **	in numbers	1569	1506	+ 4.2 %

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* based on average number of shares outstanding

** reporting date 31 March

end of ad-hoc-announcement

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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 1569 as at 31 March 2013 (31 December 2012: 1591), thereof 454 in Ternitz/Austria and 616 in North America (including Mexico).

Further inquiry note:

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