



SCHOELLER
BLECKMANN
OILFIELD
EQUIPMENT

Q1-Q3 2020

QUARTERLY HIGHLIGHTS

OPERATING CASHFLOW	MEUR	81.3	(1-9/2019: 74.7)
NET LIQUIDITY	MEUR	10.5	(2019: -20.1)
SALES	MEUR	236.4	(1-9/2019: 345.9)
EBIT BEFORE ONE-OFF EFFECTS	MEUR	1.1	(1-9/2019: 55.6)
EBIT AFTER ONE-OFF EFFECTS	MEUR	-19.8	(1-9/2019: 54.5)
PROFIT AFTER TAX	MEUR	-21.3	(1-9/2019: 26.6)

"The massive impact of COVID-19 on the global economy has not spared our industry. After the sharp decline in the first half of the year the oil markets have stabilized again. However, demand for crude oil was still too low for a sustainable recovery. In our cyclical business, we are crisis-tested and experienced in responding promptly to changing market conditions. We have taken targeted measures and adjusted promptly to the current environment. Our sound balance sheet and strong cash position help us to navigate safely through this crisis."

GERALD GROHMANN
Chief Executive Officer



MANAGEMENT REPORT

HIGHLIGHTS Q1-Q3 2020

High liquidity and strong balance sheet strengthen SBO's position in a challenging environment

The market environment of the oilfield service industry in the first three quarters of 2020 was characterized by the massive global repercussions of the COVID-19 pandemic. SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO), listed on the ATX leading index of the Vienna Stock Exchange, took off to a good start into the year and launched proactive measures early in order to mitigate the negative effects. The crisis-proven management team adjusted capacities as demanded by local requirements, scaled back capital spending and implemented cost savings as part of crisis management.

A high liquidity and strong balance sheet support the company's position even in a challenging environment and ensure long-term success. However, due to the exceptional situation worldwide, sales and earnings declined compared to the same period of the previous year. In addition, SBO recognized non-cash impairments of MEUR 20.5 on assets at subsidiaries in North America as of 30 June 2020, which impacted earnings. SBO's sales generated in the first three quarters of the year came to MEUR 236.4, while profit / loss from operations (EBIT) before one-off effects remained positive at MEUR 1.1. EBIT after one-off effects

totalled MEUR minus 19.8, and profit after tax arrived at MEUR minus 21.3. SBO generated an operating cashflow of MEUR 81.3 in the first nine months of 2020,

resulting even in a net liquidity of MEUR 10.5. Gearing improved to minus 3.5 %. Liquid funds increased to MEUR 322.0 (31 December 2019: MEUR 265.2).

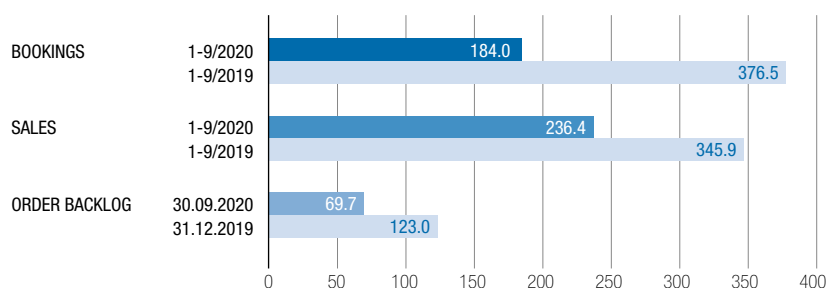
BUSINESS DEVELOPMENT

SALES AND EARNINGS

SBO's sales in the first three quarters of 2020 amounted to MEUR 236.4 (1-9/2019: MEUR 345.9, minus 31.6 %). Bookings dropped from the previous year and stood at MEUR 184.0 (1-9/2019: MEUR 376.5, minus 51.1 %). The order backlog at the end of September 2020 was MEUR 69.7 (31 December 2019: MEUR 123.0).

Earnings before interest, taxes, depreciation, and amortization (EBITDA) for the first three quarters of 2020 were MEUR 27.2, compared to MEUR 91.6 in 2019. The EBITDA margin was 11.5 % (1-9/2019: 26.5 %).

Profit / loss from operations (EBIT) before one-off effects remained positive at MEUR 1.1 including foreign exchange losses, which had a negative impact on earnings. Impairments and restructuring expenses of approximately MEUR 21.0 resulted in an EBIT after one-off effects of MEUR minus 19.8 (1-9/2019: MEUR 54.5). As a result, SBO's profit / loss before tax amounted to MEUR minus 21.8 (1-9/2019: MEUR 43.5), profit / loss after tax arrived at MEUR minus 21.3 (1-9/2019: MEUR 26.6). Earnings per share in the first three quarters of 2020 were EUR minus 1.35 (1-9/2019: EUR 1.67).



"The currently challenging industrial environment caused by the coronavirus crisis requires experience and a management approach based on long-term considerations. This is secured by our high liquidity, which we strengthened in the third quarter of 2020 through additional loans raised. While we could not prevent a decline in sales and earnings in the current exceptional market situation, our highly qualified employees are using all their expertise to deal with the effects of the global economic crisis as best as possible and to maintain our competitiveness over the long term."

Gerald Grohmann,
CEO



SEGMENTS

SBO's business is divided into two segments, "Advanced Manufacturing & Services" (AMS) and "Oilfield Equipment" (OE). Sales of the late-cycle AMS segment went down from the reference period of last year, arriving at MEUR 131.4 in the first three quarters (1-9/2019: MEUR 172.5), while profit from operations

(EBIT) before one-off effects was MEUR 9.8 (1-9/2019: MEUR 25.1). Sales of the OE segment were heavily impacted by the declining North American business, contracting to MEUR 105.0 (1-9/2019: MEUR 173.3). Profit / loss from operations (EBIT) before one-off effects was MEUR minus 1.0 (1-9/2019: MEUR 29.2).

KEY BALANCE SHEET FIGURES AND CASHFLOW

SBO's equity arrived at MEUR 303.3 after the first three quarters of 2020 (31 December 2019: MEUR 370.1). SBO's equity ratio decreased to 37.2 % (31 December 2019: 42.3 %). The positive cashflows could turn the already low level of net debt in the amount of MEUR 20.1 as of 31 December 2019 even into a net liquidity of MEUR 10.5 as of 30 September 2020. Gearing improved further to minus 3.5 % (31 December 2019: 5.4 %). Liquid funds increased to MEUR 322.0 (31 December 2019:

MEUR 265.2). SBO additionally strengthened its already strong liquidity base by raising loans in the amount of MEUR 81.0 in the third quarter. Cashflow from operating activities rose to MEUR 81.3 in the first three quarters of 2020 (1-9/2019: MEUR 74.7). Capital expenditure in property, plant and equipment and intangible assets (CAPEX, excluding rights of use) was reduced in line with the market environment and amounted to MEUR 13.9 (1-9/2019: MEUR 23.9).

SBO'S KEY PERFORMANCE INDICATORS AT A GLANCE

	UNIT	1-9/2020	1-9/2019
Sales	MEUR	236.4	345.9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	MEUR	27.2	91.6
EBITDA margin	%	11.5	26.5
Profit / loss from operations (EBIT) before impairments and restructuring measures	MEUR	1.1	55.6
EBIT margin	%	0.5	16.1
Profit / loss from operations (EBIT) after impairments and restructuring measures	MEUR	-19.8	54.5
Profit / loss before tax	MEUR	-21.8	43.5
Profit / loss after tax	MEUR	-21.3	26.6
Earnings per share	EUR	-1.35	1.67
Cashflow from operating activities	MEUR	81.3	74.7
Liquid funds as of 30 September 2020 / 31 December 2019	MEUR	322.0	265.2
Headcount as of 30 September 2020 / 31 December 2019		1,150	1,535

MARKET ENVIRONMENT

In 2020, the COVID-19 pandemic triggered a global economic crisis that hit nearly all industries. In the third quarter of 2020, the global economy slowly began to recover. Compared to the previous quarter, the GDP in the euro zone increased by 12.7 % and in the United States by 7.4 %. The oil market also stabilized to some extent, as demand rose slightly in the summer. After historic lows due to lockdowns in numerous countries, oil prices started to pick up again moderately. However, at an average of USD 40 per barrel, oil prices were still substantially below those of the previous year and did not achieve any level of sustainability required for medium and long-term recovery.

Global oil production in the third quarter of 2020 came to 91.0 million barrels per day (mb/d), that is 2.2 mb/d below demand of 93.2 mb/d. This development was largely attributable to the severe production cuts by OPEC+ states observed since May 2020. Demand increased by 10.2 mb/d compared to the second quarter of 2020 (4-6/2020: 83.0 mb/d). OPEC crude oil production dropped to 29.2 mb/d in the third quarter of 2020 (24.1 mb/d excluding natural gas liquids / NGLs) as a result of the production cuts, which was significantly lower than in 2019 (34.9 mb/d) and the third quarter of 2019 (34.4 mb/d). Production in the United States declined, amounting to 16.3 mb/d following 17.2 mb/d in the year 2019. Overall, the

production volume of non-OPEC countries arrived at 61.9 mb/d (2019: 65.5 mb/d).¹

Having dropped sharply since March 2020, the rig count (number of active drilling rigs) started to bottom out in North America in the third quarter and recovered slightly. During year 2020, the US rig count reported a decrease of 547 rigs or 68.0 % to 257 rigs in September 2020 (December 2019: 804 rigs). The cycle trough was reached at 244 rigs. This development has not yet occurred internationally. The international rig count fell in the first three quarters, from 1,104 rigs at year-end 2019 to 702 rigs at the end of September, resulting in a reduction of 36.4 %. All in all, the global rig count came to 1,019 rigs at the end of September 2020, down by 1,024 rigs or 50.1 % during 2020 (December 2019: 2,043 rigs).²

In the first half of 2020, oil prices were initially exposed to strong downward pressure and high volatility as the OPEC+ alliance could not agree on a cut in production and due to the extremely weak market environment. However, oil prices recovered slightly throughout the third quarter. North Sea crude Brent started into 2020 at a price of USD 66.00 and was trading at USD 40.95 on the last trading day of the third quarter, down by 38.0 %. In the same period, the price of North American crude WTI fell from USD 61.06 per barrel to USD 40.22, down by 34.1 %.³

¹ International Energy Agency (IEA), Oil Market Report, November 2020.

² Baker Hughes Rig Count.

³ Bloomberg: CO1 Brent Crude (ICE) and CL1 WTI Crude (Nymex).

OUTLOOK

The International Monetary Fund (IMF) expects the global economy to shrink by 4.4 % in 2020. From 2021 onward, a significant recovery should take place, as global economic output is projected to grow by 5.2 %, 3.9 % in industrial countries and 6.0 % in emerging markets and developing economies.⁴

In its current report, the International Energy Agency (IEA) predicts a decline in oil demand of 8.8 mb/d for 2020. For 2021, an increase of 5.8 mb/d is expected compared to 2020⁵, which should lead to a recovery on the oil market. Exploration and production (E&P) spending is estimated to go down by a total of 27 % in 2020. Internationally, a reduction of 22 % is predicted this year, and a dramatic decline of as much as 42 % is expected for North America.⁶

The uncertain current situation makes it difficult to make reliable, robust forecasts for future economic development and the recovery of the oil market.

However, there are clear indications that the industry has bottomed out, even though the international markets are running behind. Market perception is that the prevailing market conditions are going to continue over the upcoming quarters. Recovery should start to set in in the second half of 2021 at the latest, which will largely depend on how quickly the COVID-19 pandemic will be contained and global economic growth will be pointing upward again.

In the medium term, demand for oil and gas, and with it demand for SBO products and services, will rise again. In the long-term, there should even be a backlog in spending for exploration and production. It is an undisputed fact that oil and gas will continue to play a key role in supplying the world for a long time and cover more than 50 % of global energy demand for decades to come. With its innovative products and services, SBO is ready to contribute to the safe and sustainable production of oil and gas going forward.

⁴ IMF, World Economic Outlook, October 2020.

⁵ International Energy Agency (IEA), Oil Market Report, November 2020.

⁶ Evercore ISI Research, The 2020 Evercore ISI Global E&P Mid-Year Spending Outlook, June 2020.

"It seems that the bottom has been reached: The US rig count shows a slight increase and well completion activities are also picking up again. Recovery is expected to set in clearly in the second half of 2021, provided that the consequences of the coronavirus pandemic can be mitigated until then. Actively managing crises is one of our core competencies. While this is the focus of our attention, we do not lose sight of opportunities for the future because the next upturn is bound to come."

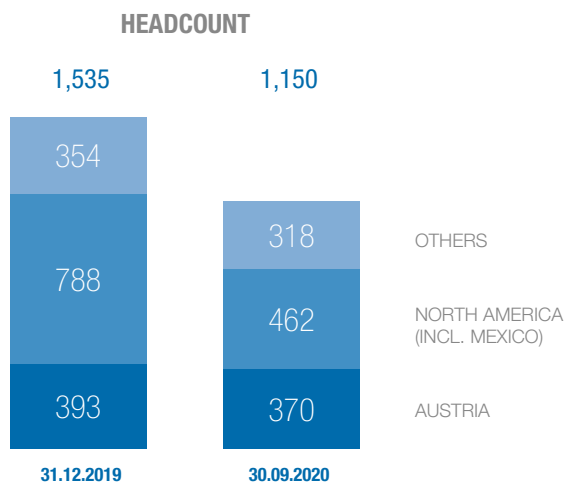
Gerald Grohmann,
CEO



ABOUT SBO

SBO - A WORLD MARKET LEADER

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 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 30 September 2020, SBO had 1,150 employees worldwide (31 December 2019: 1,535), thereof 370 in Ternitz, Austria, and 462 in North America (including Mexico).

THE SBO SHARE

The share of Schoeller-Bleckmann Oilfield Equipment Aktiengesellschaft is listed on the Prime Market of the Vienna Stock Exchange and is part of the leading

Austrian index ATX. In total, 16,000,000 par value shares with a nominal value of EUR 1.00 each have been issued.

The SBO share started the year on 2 January 2020 at a price of EUR 50.30 and closed at EUR 22.75 on 30 September 2020 falling by a total of 54.8 %. In the first three quarters of 2020, which were globally hit by the COVID-19 pandemic, a low of EUR 15.74 was recorded on 17 March 2020. The Oil Service Sector Index (OSX) performed along similar lines, dropping by 64.4 %. The ATX, the leading Austrian index, also declined by 33.8 %. By way of comparison, WTI crude oil contracted by 34.1 %, and Brent crude oil fell by 38.0 %.

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 carried out on the Vienna Stock Exchange.

Market capitalization as of 30 September 2020 was MEUR 364, and 67 % of the shares were in free float at that date.

EUR 50.30
2 January 2020

EUR 22.75
30 September 2020

MEUR 364
MARKET CAPITALIZATION – 30 September 2020

FINANCIAL CALENDAR

DATE	EVENT
19 January 2021	Preliminary result for 2020
17 March 2021	Annual financial statements for 2020
29 April 2021	Annual General Meeting, 10 a.m. (CET)
19 May 2021	Q1 2021
19 August 2021	HY 2021
25 November 2021	Q3 2021

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 this quarterly financial report:
This quarterly financial report is also available in 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	9 MONTHS PERIOD ENDED		3 MONTHS PERIOD ENDED	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Sales	236,418	345,851	51,916	109,620
Cost of goods sold	-182,669	-240,083	-46,228	-78,570
Gross profit	53,749	105,768	5,688	31,050
Selling expenses	-17,306	-19,833	-4,127	-6,735
General and administrative expenses	-26,201	-31,560	-7,531	-11,595
Other operating expenses	-13,296	-8,872	-5,070	-2,757
Other operating income	4,195	10,103	-203	6,707
Profit / loss from operations before impairments and restructuring measures	1,141	55,606	-11,243	16,670
Restructuring losses	-509	-1,242	-57	-105
Restructuring gains	0	168	0	71
Impairment on property, plant and equipment	-1,690	0	35	0
Impairment on goodwill and other intangible assets	-13,157	0	237	0
Impairment on current assets	-5,608	0	111	0
Profit / loss from operations after impairments and restructuring measures	-19,823	54,532	-10,917	16,636
Interest income	1,388	2,732	254	891
Interest expenses	-3,387	-7,048	-1,182	-1,405
Other financial income	22	0	-1	0
Other financial expenses	0	-10,861	0	-96
Gains / losses from remeasurement of option liabilities	0	4,112	0	22
Financial result	-1,977	-11,065	-929	-588
Profit / loss before tax	-21,800	43,467	-11,846	16,048
Income taxes	496	-16,899	2,587	-6,725
Profit / loss after tax	-21,304	26,568	-9,259	9,323
Average number of shares outstanding	15,793,147	15,953,491	15,723,465	15,955,403
EARNINGS PER SHARE IN EUR (BASIC = DILUTED)	-1.35	1.67	-0.59	0.59

CONSOLIDATED BALANCE SHEET

ASSETS

IN TEUR

	30.09.2020	31.12.2019
Current assets		
Cash and cash equivalents	321,951	265,211
Trade receivables	58,410	112,257
Other receivables and other assets	7,933	7,411
Assets held for sale	3,080	3,301
Inventories	125,030	141,956
Total current assets	516,404	530,136
Non-current assets		
Property, plant and equipment	129,760	146,647
Goodwill	123,068	140,435
Other intangible assets	16,408	26,271
Long-term receivables and assets	4,225	5,235
Deferred tax assets	25,655	25,885
Total non-current assets	299,116	344,473
TOTAL ASSETS	815,520	874,609

LIABILITIES AND EQUITY

IN TEUR

	30.09.2020	31.12.2019
Current liabilities		
Liabilities to banks	35,551	31,052
Current portion of long-term loans	26,667	47,596
Lease liabilities	2,027	2,595
Trade payables	16,542	24,736
Government grants	319	319
Income tax payable	4,040	7,392
Other liabilities	150,307	155,518
Other provisions	4,639	3,014
Total current liabilities	240,092	272,222
Non-current liabilities		
Long-term loans	249,187	206,683
Lease liabilities	6,060	5,899
Government grants	304	304
Provisions for employee benefits	7,087	6,862
Other liabilities	9,084	11,858
Deferred tax liabilities	430	695
Total non-current liabilities	272,152	232,301
Equity		
Share capital	15,723	15,955
Capital reserve	62,698	68,902
Legal reserve	785	785
Other reserves	19	19
Currency translation reserve	12,225	32,434
Retained earnings	211,826	251,991
Total equity	303,276	370,086
TOTAL LIABILITIES AND EQUITY	815,520	874,609

CONSOLIDATED CASHFLOW STATEMENT

IN TEUR	9 MONTHS PERIOD ENDED	
	30.09.2020	30.09.2019
OPERATING ACTIVITIES		
Profit / loss after tax	-21,304	26,568
Adjustment for dividends relating to put/call-options	0	10,626
Depreciation, amortization and impairments	47,029	37,089
Other non-cash expenses and revenues	2,175	-3,937
Cashflow from profit	27,900	70,346
Expenditures for the acquisition of non-controlling interests	-87	-21,114
Change in working capital	53,464	25,490
Cashflow from operating activities	81,277	74,722
INVESTING ACTIVITIES		
Expenditures for property, plant and equipment and intangible assets	-13,864	-23,893
Expenditures for the acquisition of non-controlling interests	0	-8,914
Other activities	2,856	2,668
Cashflow from investing activities	-11,008	-30,139
FREE CASHFLOW	70,269	44,583
FINANCING ACTIVITIES		
Dividend payment	-18,861	-15,955
Dividends paid relating to put/call-options	0	-2,178
Acquisition of treasury shares	-6,680	0
Change in financial liabilities	23,899	-17,096
Cashflow from financing activities	-1,642	-35,229
Change in cash and cash equivalents	68,627	9,354
Cash and cash equivalents at the beginning of the period	265,211	241,532
Effects of exchange rate changes on cash and cash equivalents	-11,887	9,523
Cash and cash equivalents at the end of the period	321,951	260,409

SEGMENT REPORTING

1-9/2020

IN TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	131,368	105,050	0	236,418
Intercompany sales	32,456	16,057	-48,513	0
Total sales	163,824	121,107	-48,513	236,418
Profit / loss from operations (EBIT) before impairments and restructuring measures	9,848	-1,028	-7,679	1,141
Profit / loss before tax	2,156	-14,018	-9,938	-21,800

1-9/2019

IN TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	172,538	173,313	0	345,851
Intercompany sales	72,625	15,999	-88,624	0
Total sales	245,163	189,312	-88,624	345,851
Profit / loss from operations (EBIT) before restructuring measures	25,121	29,185	1,300	55,606
Profit / loss before tax	24,779	19,823	-1,135	43,467