

EANS-Adhoc: Schoeller-Bleckmann Oilfield Equipment AG / Schoeller-Bleckmann Oilfield Equipment AG publishes half-year results

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Recession leads to steep decline in exploration and production activities - Cost-cutting programme on track - Long-term growth perspectives for SBO remain intact

Ternitz, 19 August 2009. Schoeller-Bleckmann Oilfield Equipment AG (SBO), listed on the ATX market of the Vienna Stock Exchange, could not escape the highly challenging market environment in the oilfield service industry. Global recession led to lower demand for oil and dwindling drilling activities, which made group sales of SBO in the first half of 2009 fall by 25.8 % to MEUR 137.6 (following MEUR 185.5 year-on-year).

The half-year EBIT went from MEUR 41.9 in the first half of 2008 to MEUR 20.3 (- 51.6 %). The half-year EBIT margin of approx. 14.7 % (following 22.6 %) was rather satisfying in view of the overall environment. Profit before tax arrived at MEUR 17.3 (following MEUR 39.1), declining by 55.7 %. Profit after tax in the first half stood at MEUR 12.1 (following MEUR 27.5), decreasing by 55.9 % compared with the same period last year. This brought half-year earnings per share to EUR 0.76 (following EUR 1.73), down by 55.7 %.

"In response to the changing overall conditions, we implemented a package of measures focusing on insourcing previously outsourced manufacturing steps, systematic adjustment of capacities to demand by reducing the headcount and negotiations with customers to minimize the repercussions of the market pressure. This group-wide cost-cutting programme aims at saving at least MEUR 25 annually at all levels from now on", explains Gerald Grohmann, CEO of Schoeller-Bleckmann Oilfield Equipment AG.

SBO profited mainly in the first quarter from the high order backlog from last year, which stood at MEUR 121.4 (following MEUR 214 at the beginning of 2009) in mid-2009. For reasons of commercial prudence, all orders were verified and deleted from the backlog if postponed and/or associated with a risk of being cancelled. As a result, accumulated bookings in the first half of 2009 went down to approximately MEUR 37 (following MEUR 175.6 in the first half of 2008 and MEUR 101 in the second quarter of 2008, respectively).

The drilling motor segment developed satisfactorily in the first half of 2009, mainly because "Spiro Star", a motor for which new applications were found and market shares were gained, continued its strong performance. The weak industry cycle in the first half of 2009 made itself felt also in the Service & Supply segment, where orders were on the decline.

Outlook

SBO does not expect business to pick up yet in the second half of 2009. Owing to the persistently high inventories in the oilfield service industry, SBO's customers will continue to exercise great caution in placing orders. If required, SBO will respond to the unpleasant market development by implementing further capacity adjustments and cost-cutting measures so as to mitigate negative repercussions on the earnings situation.

"Long-term growth perspectives for SBO remain intact. With exploration and production activities currently standing at a much too low level, the search for new oil sources requiring more and more complex technologies and production rates of existing oil fields declining, demand for high-precision components

for the oilfield service industry is bound to pick up," underlines Gerald Grohmann.

The medium and long-term positive outlook for the business of Schoeller-Bleckmann remains unchanged. SBO's continued high equity ratio of 53.2 % at mid-2009, low net debt of currently around MEUR 89.2 as well as sound liquidity and sufficient credit facilities provide security for the company even beyond the next quarters.

Comparison of key figures in MEUR

	1-6/2009	1-6/2008	Change
Sales	137.6	185.5	-25.8 %
EBIT	20.3	41.9	-51.6 %
EBIT margin (%)	14.7	22.6	
Profit before tax	17.3	39.1	-55.7 %
Profit after tax	12.1	27.5	-55.9 %
EPS in EUR *	0.76	1.73	-55.7 %
Headcount **	1109	1276	-13.1%

* based on average number of shares outstanding

** reporting date June 30.

end of ad-hoc-announcement

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 employs a workforce of 1109, thereof 328 in Ternitz/Austria and 501 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

Mick Stempel, Hochegger|Financials

Tel: +43 1/504 69 87 ext 385

E-mail: m.stempel@hochegger.com

emitter: 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
indexes: WBI, ATX Prime, ATX
stockmarkets: official dealing: Wien
language: English



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