

EANS-Adhoc: Schoeller-Bleckmann Oilfield Equipment AG / Sound performance in 2013 - Proposed dividend again at EUR 1.50 - Downhole Tools with a continuing strong business performance

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annual result/annual report

Ternitz/Vienna, 10 March 2014. Schoeller-Bleckmann Oilfield Equipment AG (SBO), listed on the ATX market of the Vienna Stock Exchange, posted in fiscal year 2013 the second best business performance in the company's history. With an EBITDA margin of 29.8% (following 31.4% in the 2012 record year) and an EBIT margin of 19.7% (following 23.7%) profitability remained at a high level and above the long-term average. The Executive Board therefore proposes, as for the year 2012, to pay an unchanged high dividend of EUR 1.50 per share for 2013.

Consolidated sales of MEUR 458.6 in 2013 were down 10.5% from the MEUR 512.1 record performance in 2012. Sales and profit increases as seen in the previous years could not be continued for the fourth time in a row due to customers' overordering in 2012 resulting in inventory build-up and subsequently in declining bookings for SBO in 2013.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) arrived at MEUR 136.5, decreasing by 15.1% from last year's MEUR 160.8. Earnings before interest and taxes (EBIT) were MEUR 90.2, down 25.6% from MEUR 121.2 in 2012. Annual profit after tax went to MEUR 61.3, following MEUR 76.9 in 2012.

"SBO responded to the order decline by flexible adjustment of production capacities so as to adapt costs to the current situation. This is why we kept our profit margin at a high level and posted the second best result in the company's history despite lower bookings", says Gerald Grohmann, CEO of SBO, commenting on the result for 2013. "There is no doubt that the oilfield service industry will continue to achieve attractive growth rates in the medium and long run. Oil and gas remain the prime energy sources in the decades ahead. As the global market leader in high-precision components and downhole tools SBO is perfectly positioned in this environment both technologically and economically."

Market development 2013

According to the International Energy Agency (IEA), average global oil consumption in full 2013 was 91.3 million barrels per day, up 1.4%. Growing global demand for oil was driven by the emerging markets.

The rig count, the number of globally operating drilling rigs, was slightly declining from a high level in 2013, averaging 3412 units per month. Year-on-year, the number of rigs went down by 3.0% from 2012 (3518 rigs). Increasing efficiency helped to compensate for the decline, keeping oil production at the level seen in the past years.

Business performance 2013

The decline in sales over the year resulted from the lower number of bookings in the product group of high-precision components posted since the second half of 2012, whereas sales in the product group of downhole tools, oilfield equipment and services were kept at the level of record year 2012. SBO's drilling motor subsidiary BICO and downhole tools company DSI again posted very strong results in 2013. Business development of SBO's globally operating Service & Supply shops profited from the tendency to overhaul oilfield tools after a certain period of use.

Bookings received in fiscal 2013 arrived at MEUR 425.9 (following MEUR 471.4 in the year before). At year-end 2013, SBO posted an order backlog of MEUR 111.5 (following MEUR 149.8) primarily for the product group of high-precision components.

The rise of the euro against the US dollar had a negative influence of approximately MEUR 12 on consolidated sales in 2013.

Capital expenditure

SBO pursues a long-term capex programme. The largest investment project at the

moment is the expansion of the production site in Ternitz/Austria, where a new machining centre for non-magnetic oilfield service drillstring components is under construction. Stage one of this multi-year investment will go on stream as planned early in 2014. The total investment volume (including stage two) is around MEUR 54.

Due to the strong market acceptance, another capex focus in 2013 was on expanding the drilling motor fleet of the BICO subsidiary and the downhole circulation tools fleet of the DSI subsidiary.

Total capital additions to tangible fixed assets amounted to MEUR 62.6 (following MEUR 53.1 in the year before) in fiscal 2013.

The SBO share

In July 2013 the SBO share reached its new all-time high at EUR 90.00. At year-end it arrived at the same level (EUR 80.56) as in the beginning of the year (EUR 80.75).

Outlook 2014

Market analysts anticipate an increase in spending for exploration and production (E&P) of 6.1%, from USD 682 billion in 2013 to USD 723 billion. With oil prices exceeding the 90 USD threshold, even highly complex and technologically challenging oil drilling projects are attractive in economic terms.

However, rising demand for energy calls for constantly developing new oil and gas fields using increasingly complex technologies. As the global market leader in high-precision components and downhole tools, SBO has established itself perfectly in the growth segment of directional drilling. SBO's technology is used for drilling both offshore wells and horizontal wells required for tapping into shale oil and shale gas reservoirs.

Leading-edge technological expertise combined with minimum debt and high cash-flow provides a sound foundation for SBO's future growth. In the process, SBO will further broaden its business base through organic growth, introduction of new products and technologies as well as acquisition of companies.

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Key financial figures:		2013	2012	Change in %
Sales	MEUR	458.6	512.1	- 10.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	MEUR	136.5	160.8	- 15.1
EBITDA margin	%	29.8	31.4	
Earnings before interest and taxes (EBIT)	MEUR	90.2	121.2	- 25.6
EBIT margin	%	19.7	23.7	
Profit before tax	MEUR	83.9	111.0	- 24.4
Profit after tax	MEUR	61.3	76.9	- 20.3
Cash-flow from profit	MEUR	110.4	118.4	- 6.8
Earnings per share	EUR	3.81	4.80	- 20.7
Dividend per share	EUR	1.50*	1.50	
Headcount	No.	1574	1591	- 1.1

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* proposed

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SBO financial calendar 2014
23 April 2014 Annual General Meeting
8 May 2014 Ex-dividend day, dividend payment date
21 May 2014 Results Q1 / 2014
20 August 2014 Results H1 / 2014
19 November 2014 Results Q3 / 2014
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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. As of 31 December 2013, SBO has employed a workforce of 1574 worldwide (31 December 2012: 1591), thereof 435 in Ternitz/Austria and 607 in North America (including Mexico).

Further inquiry note:

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