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Schoeller-Bleckmann Oilfield Equipment AG publishes half-year results:
Sharp rise in sales and substantial improvement in profit in Q2/2010 - Sound earnings situation further improves capital structure

Ternitz/Vienna, 18 August 2010. Schoeller-Bleckmann Oilfield Equipment AG (SBO), listed on the ATX market of the Vienna Stock Exchange, was able to take advantage of the increasingly rebounding market environment in the oilfield service industry in the first half of 2010. The distinct increase in bookings in the first quarter of 2010 was followed by a sharp growth in sales in the second quarter. In Q2 /2010, sales improved by 38.2 % to MEUR 74.0, following MEUR 53.6 in the first quarter of 2010. Compared with the same quarter last year (MEUR 56.8) the increase was 30.4 %.

"We are quite satisfied with business development in the first half of 2010. Compared with the first half of 2009, overall economic conditions for the oilfield service industry have turned towards growth again. As expected, the growing worldwide demand for oil stepped up drilling activities, a tendency that was also reflected in our order books", comments Gerald Grohmann, CEO of Schoeller-Bleckmann Oilfield Equipment AG, on the situation in the first half of 2010.

Bookings came to MEUR 82.3, close to the high level of MEUR 83.9 posted in the first quarter of 2010. From the second quarter last year, the number of bookings doubled, while compared with the first half of 2009, they grew by a factor of 4.5. Likewise, the order backlog of MEUR 116.7 posted as at 30 June 2010 was also clearly higher than as at 31 December 2009 (MEUR 76.1).

The encouraging development of sales brought about a substantial improvement of profits on a quarter-on-quarter basis. Earnings before interest and tax (EBIT) in the second quarter of 2010 came to MEUR 9.3, up 92.4 % from the first quarter of 2010 (MEUR 4.9) and 99.5 % from the same quarter last year (MEUR 4.7). The EBIT margin of the second quarter of 2010 was 12.6 % (following 9.1 % in the first quarter of 2010).

Profit before tax in the second quarter of 2010 improved over the first quarter of 2010 from MEUR 3.7 to MEUR 7.9. Profit after tax in the second quarter arrived at MEUR 5.3 (following MEUR 2.5 in the first quarter of 2010), more than doubling the quarterly earnings per share of EUR 0.15 to EUR 0.33. Due to the excellent result of the first quarter of 2009, which still profited from the record bookings posted in 2008, sales (MEUR 127.6) and net profit (MEUR 7.8) of the first half of 2010 were still below the year-on-year level of 2009 (sales MEUR 137.6 and net profit MEUR 12.1).

The solid profit development served also as a basis of further improving the company's capital structure. As a result, the net debt at the half-year reporting date for 2010 was further reduced to MEUR 22.0 (end of first quarter of 2010: MEUR 28.1; year-end 2009: MEUR 46.5), improving SBO's gearing ratio of 8.3 % at mid-2010 to an attractive level.

Outlook

If the positive economic tendencies continue throughout the remaining months of 2010, the market environment in the oilfield service industry should also see further recovery. Oil prices between USD 70 and 80 per barrel will consolidate the current business trend.

The incident in the Gulf of Mexico should have no long-term negative effect on SBO's business operations. Should drilling activities be curtailed in the Gulf of Mexico, compensatory exploration drilling wells would need to be drilled in other regions or on-shore, in particular in North America. However, temporarily reduced capacity utilization of SBO's Gulf of Mexico (Lafayette) based Service

& Supply Shop cannot be ruled out for the months ahead. "Long-term security of supply with crude oil absolutely requires offshore drilling activities. Tighter safety provisions for offshore drilling now being discussed are fundamentally positive", says Gerald Grohmann on recent events in the Gulf of Mexico.

All in all, the general atmosphere in the oilfield service industry at mid-2010 is encouraging. The growing technological complexity of oil drilling projects combined with declining production rates from existing oil fields emphasize the long-term tendency towards increasingly using high-tech equipment in the oilfield service industry and hence primarily of directional drilling.

Comparison of key figures in MEUR

	Q2 2010	Q1 2010	Change
Sales	74.0	53.6	38.2 %
EBIT	9.3	4.9	92.4 %
EBIT margin (%)	12.6	9.1	
Profit before tax	7.9	3.7	112.7 %
Profit after tax	5.3	2.5	116.6 %
EPS in EUR *	0.33	0.15	116.3 %
Headcount **	1135	1098	3.4 %

* based on average number of shares outstanding
** reporting date Q2/2010: 30 June 2010; Q1/2010: 31 March 2010

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

Mick Stempel
Metrum Communications GmbH
Tel: +43 1 504 69 87 ext 385
e-mail: m.stempel@metrum.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
indexes: WBI, ATX Prime, ATX
stockmarkets: official market: Wien
language: English