

HIGHLIGHTS

- > First quarter pre-tax profit climbs to EUR 4.5 million (2004 from EUR 3.1 million)
- > Orders received up 36 percent
- > Successful placement of capital increase and Secondary Public Offering
- > Inclusion of SBO share in ATX trading

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT AG



Dear shareholders,

Global economic growth continues to develop favorably. Whereas the forecasts for Europe have been slightly revised downwards, the American and Asian economies are robust, sustaining the ongoing high demand for oil. The Organisation of Petroleum Exporting Countries (OPEC) expects global demand for oil to rise by 2.3% in 2005 to an average of 84.0 million barrels per day. In mid-March, OPEC increased its production rate by 500,000 barrels to 27.5 million barrels per day.

In order to cover the expected rise in the demand for oil, and stimulated to act by the current oil price, international oil companies are increasingly investing in the exploration of potential new oil deposits. This is reflected in the very high level of orders received by Schoeller-Bleckmann Oilfield Equipment AG. In this regard, during the first quarter of 2005, SBO received the highest volume of orders it has booked in the last four years. New production capacities, for example in Mexico, have commenced operations on schedule. Several steps in the production process will now be outsourced, in order to effectively fulfill the new contracts.

SBO successfully carried out a capital increase in March 2005 to enable the company to optimally exploit new market opportunities. We would like to take this opportunity to thank our shareholders for their deep-seated confidence in the future of our company. The proceeds of EUR 54 million are designed to finance a strategic investment program valued at approx. EUR 100 million, which is scheduled to be completed by 2007. It encompasses both organic growth as well as acquisitions and the setting up of new locations in oil production centers, such as in Siberia.

It is expected that the overall business environment for the oilfield service industry will be favorable in the course of 2005. This is based on the presumed ongoing upswing in economic growth as well as the resulting high level of demand for energy. Business perspectives for SBO in the upcoming months are encouraging, due to the backlog of orders. However, one factor causing uncertainty on the market is the development of the exchange rate between the USD and the Euro.

Ternitz, May 2005

The Executive Board



Gerald Grohmann
Chairman of the
Executive Board, CEO



Franz Gritsch
Member of the
Executive Board, CFO

NOTES TO THE QUARTERLY STATEMENT

The 2005 business year has started off well for Schoeller-Bleckmann Oilfield Equipment AG.

In the first three months of 2005, sales rose to EUR 36.2 million, following EUR 35.3 million in the first quarter of 2004. Pre-tax profit on ordinary activities in the first quarter of the year climbed 45% to EUR 4.5 million, up from EUR 3.1 million in the same period of 2004. Adjusted to account for the decline of the USD, sales generated in the first quarter would amount to approx. EUR 37.5 million.

The volume of orders received in the first quarter of 2005 grew by 36% to EUR 51.6 million (following EUR 37.8 million in Q1 of 2004). The above-average backlog of orders as of the end of March 2005 was EUR 51.5 million, compared to EUR 38.8 million as of December 31, 2004.

Annual General Meeting

This year's Annual General Meeting of Schoeller-Bleckmann Oilfield Equipment AG, held on March 8, 2005, approved to distribute a dividend of 40 cents for the 2004 business year (compared to a dividend of 30 cents distributed last year for the 2003 business year). This is comprised of 30 cents per share plus a bonus of 10 cents for each share. Based on the closing price of the SBO share of Euro 15.81, this represents a dividend yield of 2.5 percent for 2004. With this dividend, SBO has once again surpassed the average current dividend yield of Austrian stocks, which amounts to only 2.2 percent.

SBO has committed itself to comply with the Austrian Corporate Governance Code. For this reason, the Annual General Meeting passed a resolution to amend the Articles of Association. This incorporates the exclusion of a discount of up to 15%, as provided for by the Take-over Act, in order to ensure the equal treatment of all shareholders.

Capital increase and sale of Berndorf shares

The capital increase of 3 million new shares and the Secondary Public Offering of 1.16 million shares from the portfolio of Berndorf AG were both successfully completed in March 2005. The order book was subscribed four times. The subscription and offering price were set at EUR 18 per share. Due to the strong demand, an over-allotment allocation option of another 500,000 shares from the portfolio of Berndorf AG was placed. However, Berndorf remains the core shareholder of SBO even after this sale of shares. Following the transaction, the percentage of SBO shares in free-float is around 64%, a fact to which the capital market responded quite favorably.

Numerous prominent international funds are now new shareholders of SBO. In addition, many previous private and institutional shareholders have made use of their subscription rights in order to purchase additional SBO shares.

The share price rose approx. 20% in the first quarter of 2005. The average daily volume of shares traded quadrupled in comparison to last year's level. The SBO share was included in the ATX, the index of the shares with the largest trading volume on the Vienna Stock Exchange.

INTERIM PROFIT AND LOSS ACCOUNT

TEUR	UNAUDITED		AUDITED year ended 31.12.2004
	3 months period ended 31.03.2005	31.03.2004	
Sales	36,159	35,271	152,162
Cost of sales	-27,148	-27,096	-116,513
Gross profit	9,011	8,175	35,649
Selling, general & administrative expenses	-3,979	-4,477	-17,378
Research & development expenses	-118	-119	-709
Income from operations	4,914	3,579	17,562
Non-recurring expenses for restructuring	-12	0	-958
Other income/expenses	210	188	1,409
Foreign exchange gain/loss	-135	-15	-119
Interest income/expenses	-471	-638	-2,373
Total other income	-408	-465	-2,041
Income on ordinary activities before taxation	4,506	3,114	15,521
Income taxes	-1,278	-1,056	-4,732
Income after taxation	3,228	2,058	10,789
Minority interests	-9	-8	-25
Net income	3,219	2,050	10,764
Earnings per share (in EURO)	0.25	0.16	0.83
Number of shares outstanding	13,000,000	13,000,000	13,000,000

STATEMENT OF SHAREHOLDERS' EQUITY (TEUR)

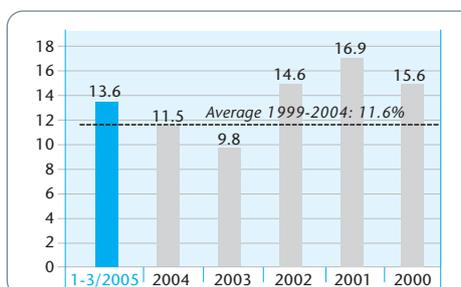
Equity as of December 31, 2004	77,864
Net income	3,219
Dividend	-5,200
Currency translation adjustments	4,665
Equity as of March 31, 2005	80,548

Equity as of December 31, 2003	77,023
Net income	2,050
Dividend	0
Currency translation adjustments	3,061
Equity as of March 31, 2004	82,134

SALES BY REGION (MEUR)

	2005	2004
North America	29.6	29.4
Europe	16.9	16.7
Other	2.4	2.3
- Intercompany Sales	-12.7	-13.1
Sales	36.2	35.3

EBIT-MARGIN (%)



- > 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 high-performance directional drilling.
- > The company employs a work force of 827 (end of 2004: 837) around the globe, of which 214 are employed at company headquarters in Ternitz, Lower Austria and 426 in North America (including Mexico).

LETTER TO OUR SHAREHOLDERS 1-2005

INTERIM BALANCE SHEET

ASSETS (TEUR)	UNAUDITED	AUDITED
	31.03.2005	31.12.2004
Cash and cash equivalents	15,255	17,042
Trade accounts receivable	24,081	19,987
Other accounts receivable and prepaid expenses	3,558	7,069
Inventories	42,082	36,226
Total current assets	84,976	80,324
Property, plant & equipment	54,942	52,329
Goodwill	37,322	35,884
Other intangible assets	611	636
Long-term investments	1,326	1,328
Long-term receivables	1,210	134
Total non-current assets	95,411	90,311
Deferred tax assets	2,580	2,699
TOTAL ASSETS	182,967	173,334
LIABILITIES AND SHAREHOLDERS' EQUITY (TEUR)		
Bank loans and overdrafts	31,496	25,166
Current portion of loans	5,826	5,820
Finance lease obligations	205	205
Accounts payable trade	16,059	14,482
Other payables and accrued expenses	11,122	12,259
Total current liabilities	64,708	57,932
Subsidies received	746	743
Loans not due within one year	29,341	29,416
Finance lease obligations, long-term	500	530
Retirement benefits obligations	2,529	2,571
Total non-current liabilities	32,370	32,517
Deferred tax payables	4,082	3,791
Minority interests in consolidated companies	342	316
Negative goodwill	171	171
Common stock	13,000	13,000
Contributed capital	16,996	16,996
Other reserves and translation component	-15,382	-20,047
Retained earnings	65,934	67,915
Total shareholders' equity	80,548	77,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	182,967	173,334

INTERIM CASH FLOW STATEMENT

	UNAUDITED	
	3 months period ended	
	31.03.2005	31.03.2004
	TEUR	TEUR
OPERATING ACTIVITIES		
Income after taxation	3,228	2,058
Depreciation and amortization	2,593	3,631
Other	246	-246
Cash earnings	6,067	5,443
Change in working capital	-4,553	-1,218
Net cash provided by operating activities	1,514	4,225
INVESTING ACTIVITIES		
Expenditures for fixed assets	-3,653	-2,012
Other activities	142	499
Net cash used in/provided by investing activities	-3,511	-1,513
FINANCING ACTIVITIES		
Payment of dividends	-5,200	0
Change in bank liabilities and other financing	5,234	88
Net cash used in/provided by financing activities	34	88
Translation adjustments	-526	-388
Change in cash and cash equivalents	-2,489	2,412
Cash and cash equivalents at beginning of year	17,042	9,966
Change in consolidated entities/ Exchange rate effects	702	341
Cash and cash equivalents at end of period	15,255	12,719



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