



# Patrick Schorn President Operations

Cowen and Company  
Ultimate Energy Conference

New York, December 1, 2015

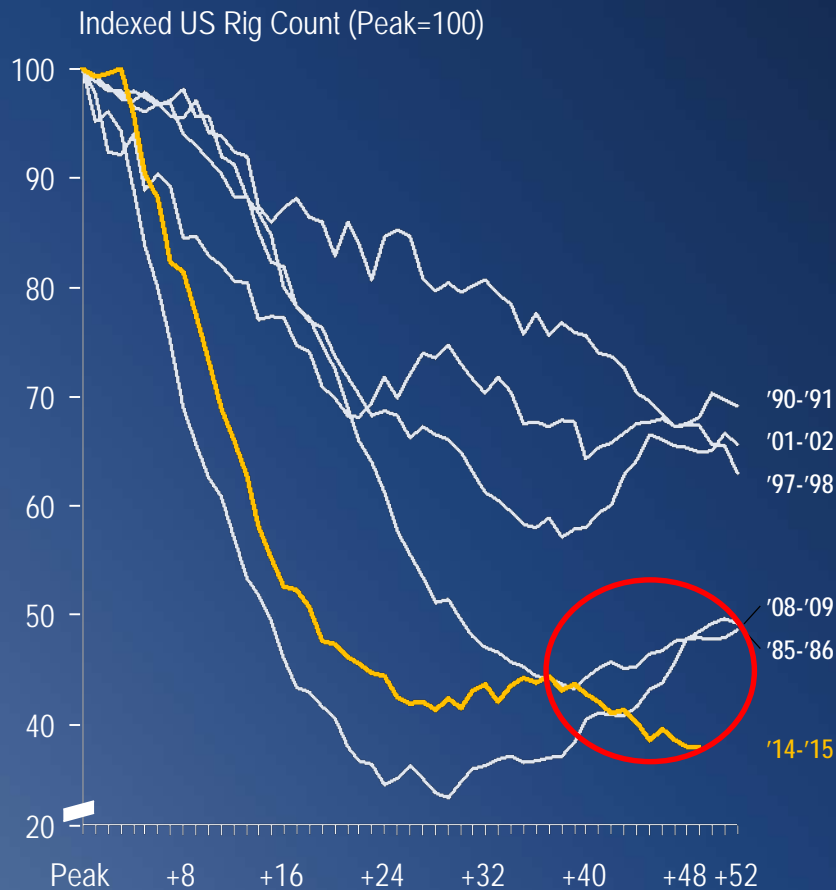


**Schlumberger**

# Safe Harbor

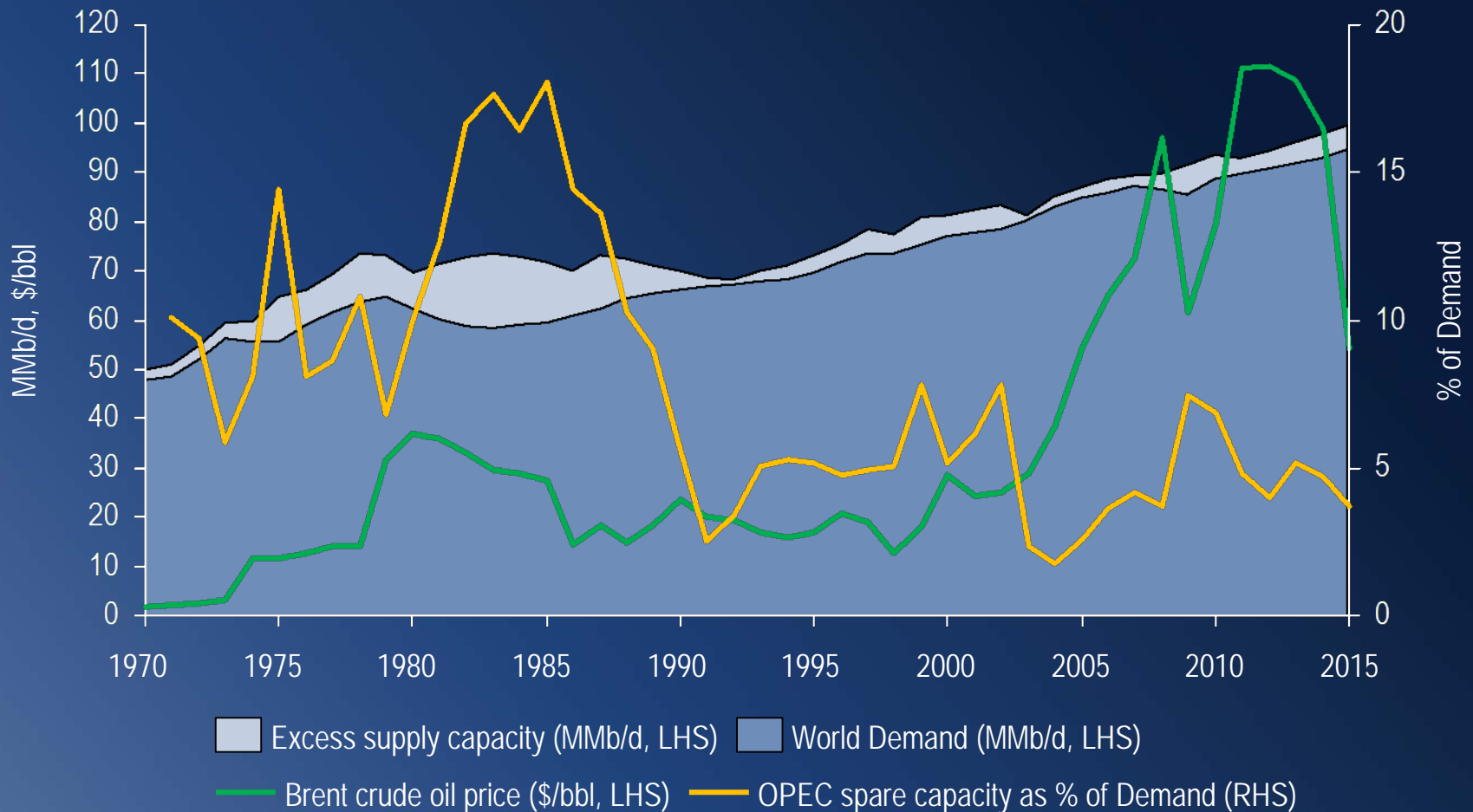
This presentation contains “forward-looking statements” within the meaning of the federal securities laws — that is, statements about the future, not about past events. Such statements often contain words such as “expect,” “may,” “believe,” “plan,” “estimate,” “intend,” “anticipate,” “should,” “could,” “will,” “see,” “likely,” and other similar words. Forward-looking statements by their nature address matters that are, to varying degrees, uncertain, such as statements about our financial and performance targets and other forecasts or expectations regarding business outlook; growth for Schlumberger as a whole and for each of its segments (and for specified products or geographic areas within a segment); oil and natural gas demand and production growth; oil and natural gas prices; improvements in operating procedures and technology; capital expenditures by Schlumberger and the oil and gas industry; the business strategies of Schlumberger’s customers; the integration of Cameron into our business; the anticipated benefits of the Cameron transaction; the success of Schlumberger’s joint ventures and alliances; future global economic conditions; and future results of operations. These statements are subject to risks and uncertainties, including, but not limited to, global economic conditions; changes in exploration and production spending by Schlumberger’s customers and changes in the level of oil and natural gas exploration and development; demand for our integrated services and new technologies; Schlumberger’s future cash flows; the success of Schlumberger’s transformation efforts; general economic, political and business conditions in key regions of the world, including in Russia and the Ukraine; pricing erosion; weather and seasonal factors; operational delays; production declines; changes in government regulations and regulatory requirements, including those related to offshore oil and gas exploration, radioactive sources, explosives, chemicals, hydraulic fracturing services and climate-related initiatives; the inability of technology to meet new challenges in exploration; satisfaction of the closing conditions to the Cameron merger; the risk that the contemplated Cameron merger will not occur, negative effects from the pendency of the contemplated Cameron merger, the inability after the closing of the Cameron merger to successfully integrate the merged businesses and to realize expected synergies, the inability to retain key employees; expenses for the merger; and other risks and uncertainties detailed in our most recent Forms 10-K, 10-Q, and 8-K filed with or furnished to the U.S. Securities and Exchange Commission. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. The forward-looking statements speak only as of the date of this presentation, and Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

# Navigating the Most Severe Downturn in Decades

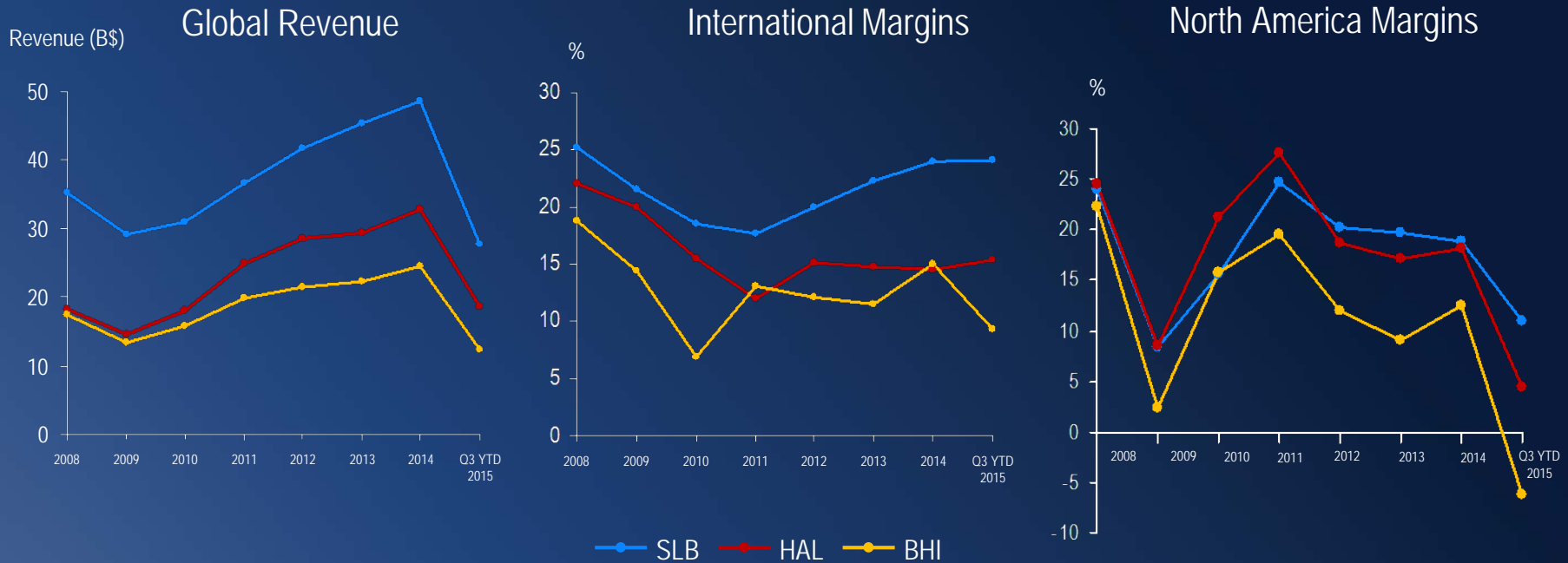


- Downturn driven by supply that has outstripped growth in demand
- Q3 US rig count deteriorated more than the bottom reached in 2008/09
- Q4 is seeing a further leg down to potentially reach a new low

# Tightening OPEC Spare Capacity with Growing Demand



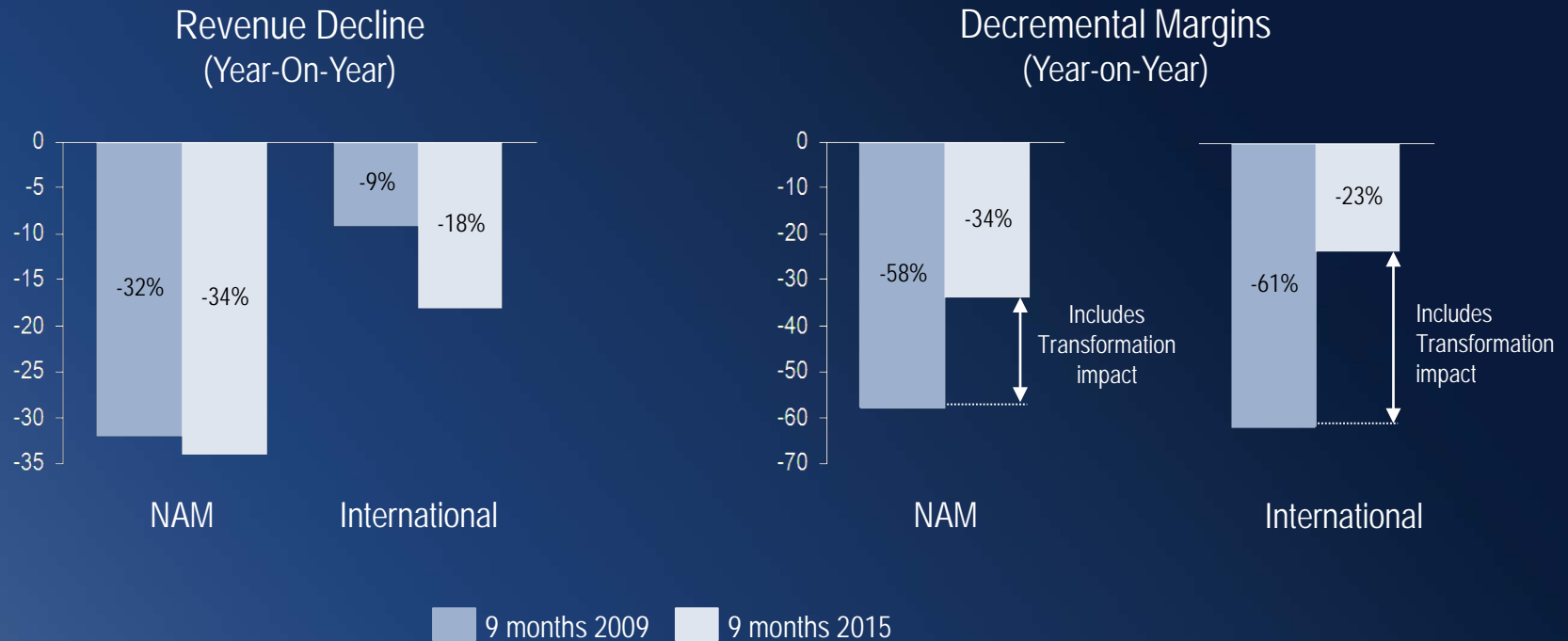
# Displaying Margin Leadership Through the Cycle



- North America margin leadership increased in the 2015 downturn
- Leading international margin maintained at recent highs
- The result of our approach to balancing margin and market share



# Managing the Downturn



- Better decrementals than the previous downturn
- Unprecedented drop in E&P activity combined with mounting pricing pressure
- Focusing on what we can control to preserve financial performance
- Reacting quickly and decisively to minimize disruption

# Accelerating Transformation In The Downturn

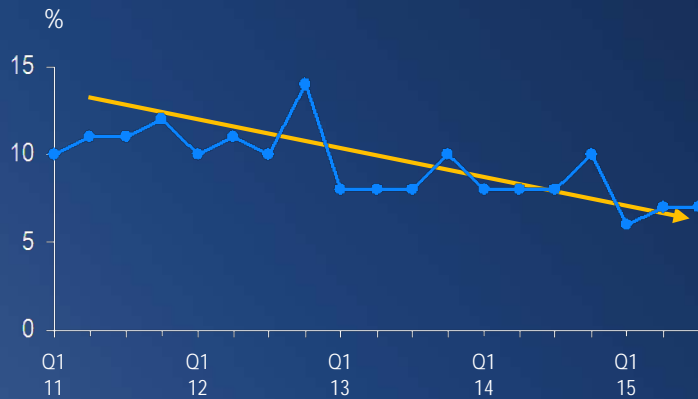
## Schlumberger Transformation Goals



Our goal is to deliver a step change in *technology, reliability, efficiency* and *integration*, to support our customers in overcoming industry challenges

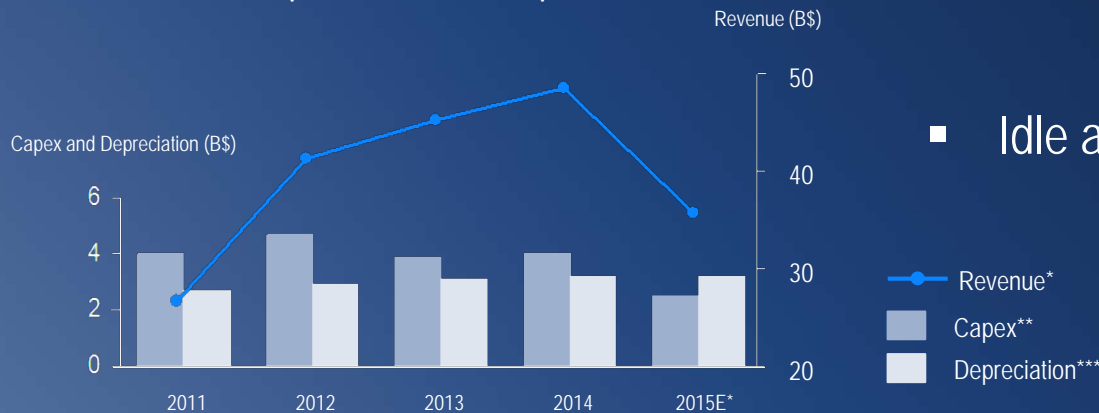
# Improving Capital Efficiency Through Asset Utilization

## CAPEX as a Percentage of Revenue



- Assets historically underutilized
- Increasing utilization lowers capital investment as percentage of revenue

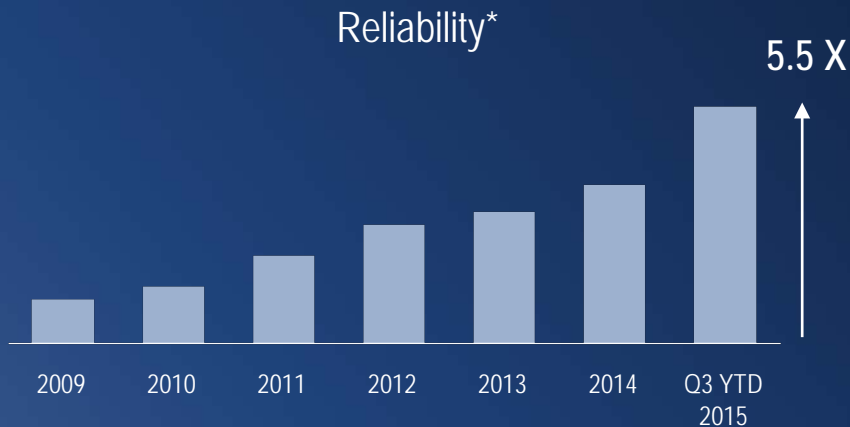
## Depreciation vs Capex



- Lower capex brings lower depreciation
- Idle assets managed centrally

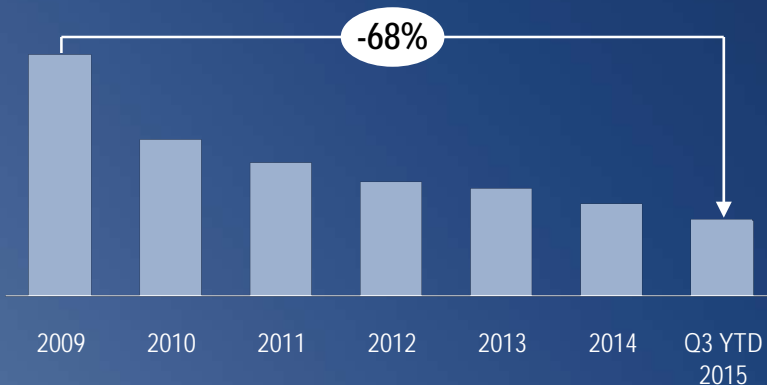


# Increasing Operational Reliability



- Halfway to 10-fold reduction goal
- Product reliability NPT rate reduced by 80%, process reliability next
- Focus on procedural adherence with checklists being used in operations

## Non-Productive Time / Operating Time



# Improving People Productivity

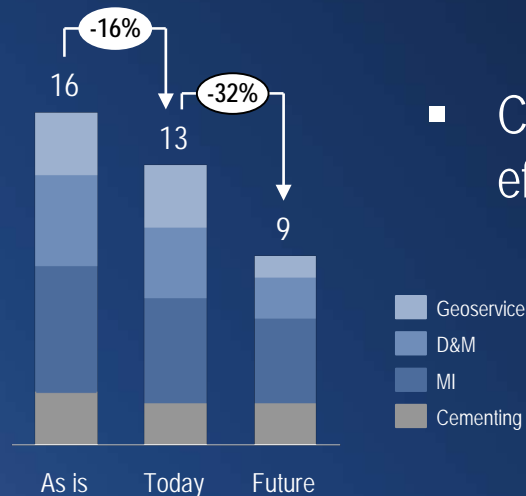
## Remote Ops—D&M Mexico



## Average Crew Size



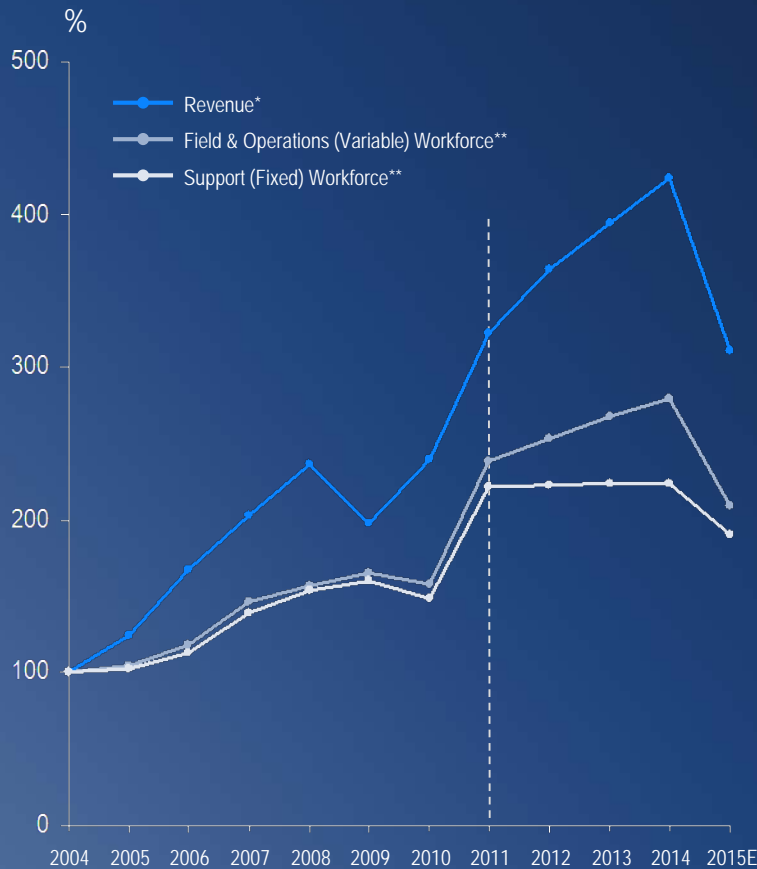
## Multiskilling—IPM Norway



- Multiskilled crews perform operations from several different product lines
- Remote centers allow experts to oversee multiple operations
- Crew modularity brings efficiency by specialization

# Reducing Unit Support Cost

Revenue and Workforce trend relative to 2004



- Creation of shared services organization streamlined internal processes
- Support workforce decreased in size in years of growth post-Smith acquisition
- Early reaction to downturn reduced both fixed and support workforce rapidly

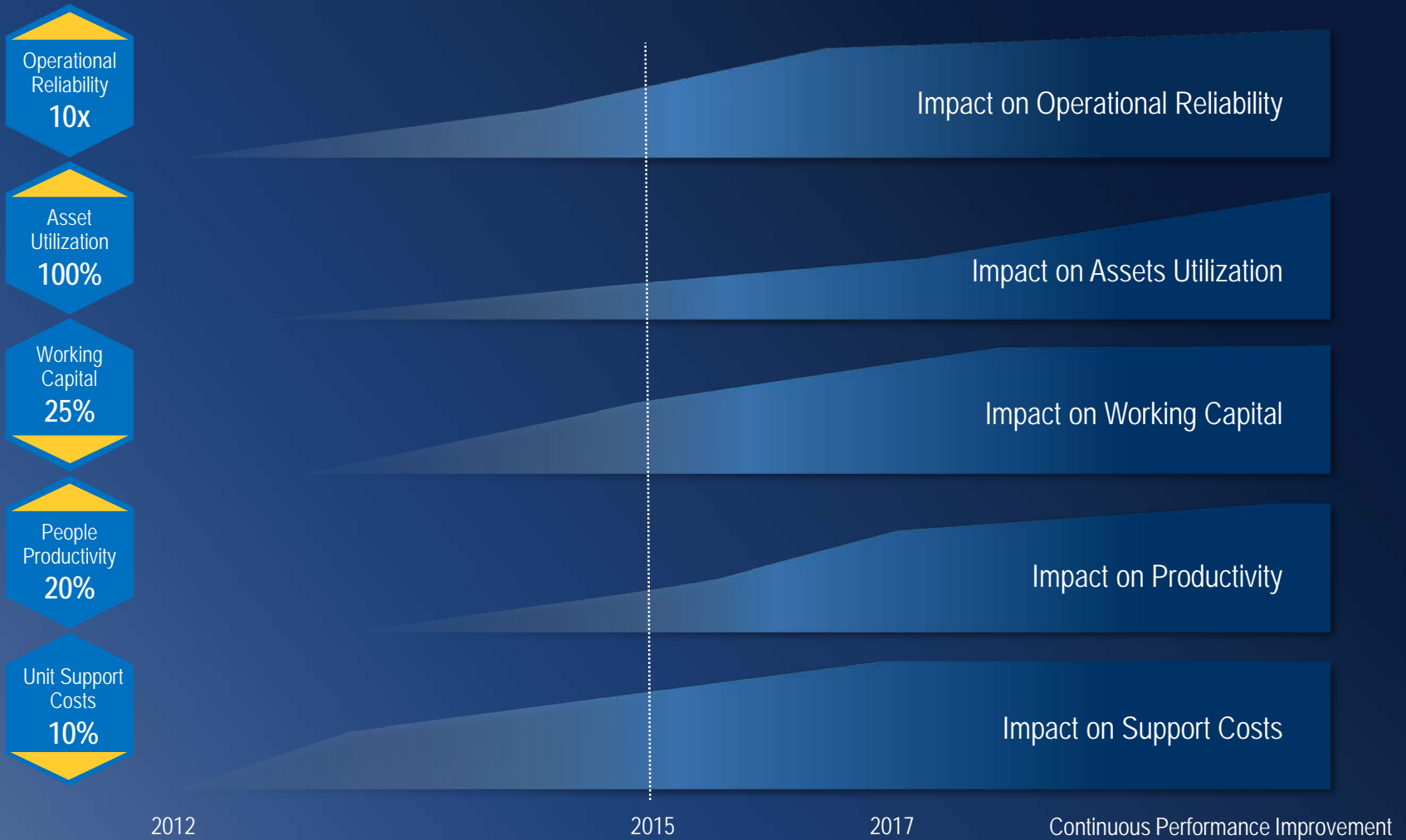
# Managing Working Capital

Working Capital as Percentage of Revenue\*



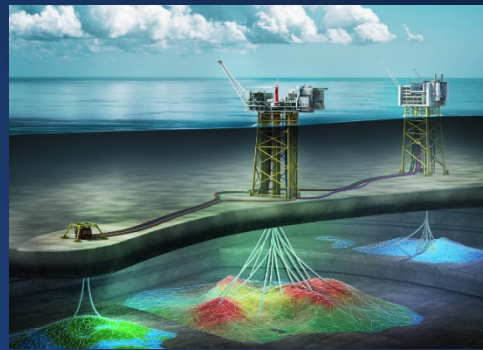
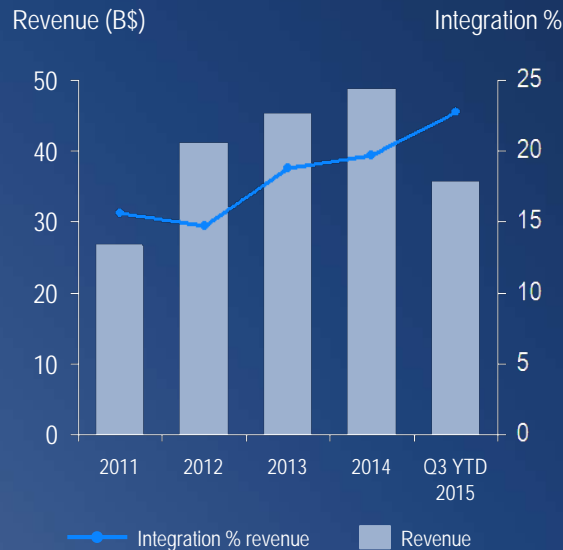
- Receivable challenges internationally
- Centralized maintenance reduces inventory
- Distribution centers enable JIT inventory

# Transforming Performance-A Multiyear Initiative

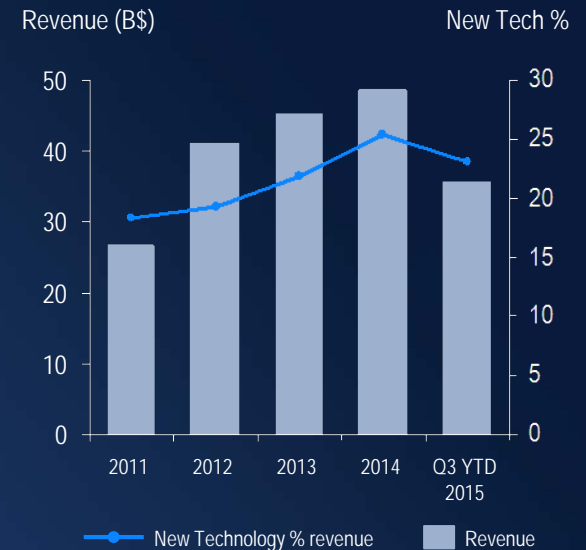


# Expanding Integration, Delivering New Technology

## Integration Revenue/Total Revenue



## New Technology Revenue/Total Revenue



- Integration activity increasing
- Lump sum turnkey market expanding
- New SPM business opportunities

- New Technology / total revenue ~ 23%
- Technology efficiency driving sales
- Multiple commercialization milestones



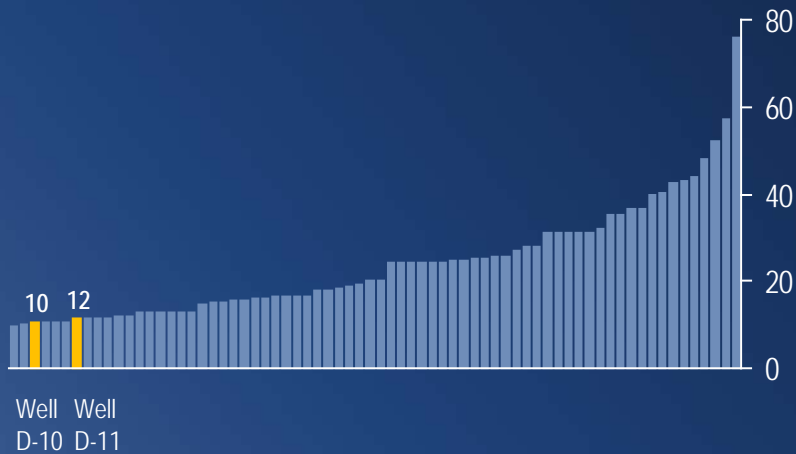
# Delivering Performance–The Det Norske Ivar Aasen Project



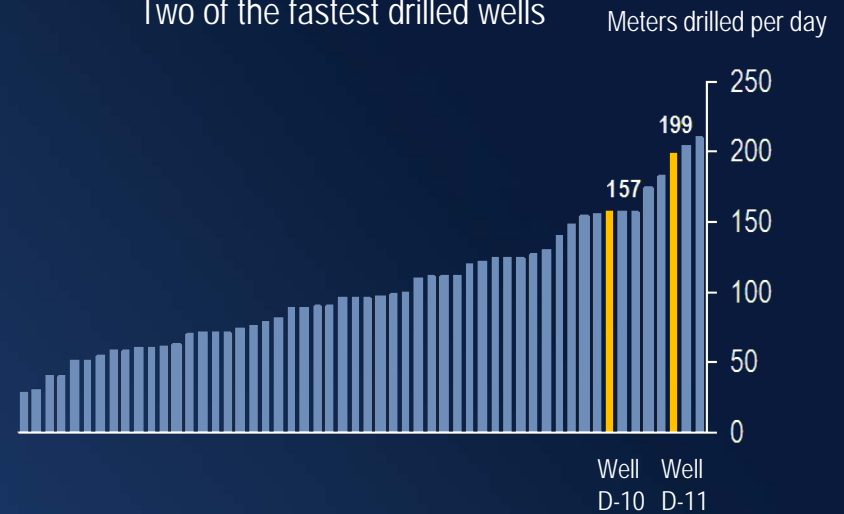
- Based on an integrated model that started early
- Dedicated project organization deploying best available technology through established processes
- Highly efficient unique collaboration model with fully integrated and collocated teams
- Open reception to new technologies with access to Schlumberger knowledge and delivery base

# Delivering Performance—The Det Norske Ivar Aasen Project

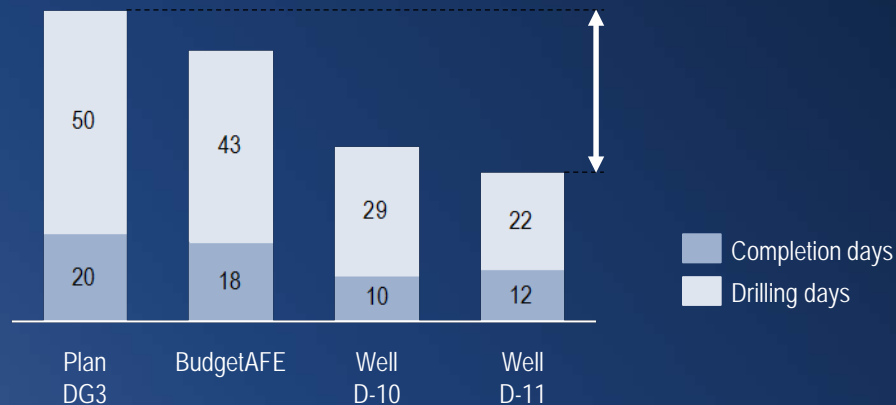
Two of the fastest completed wells



Two of the fastest drilled wells



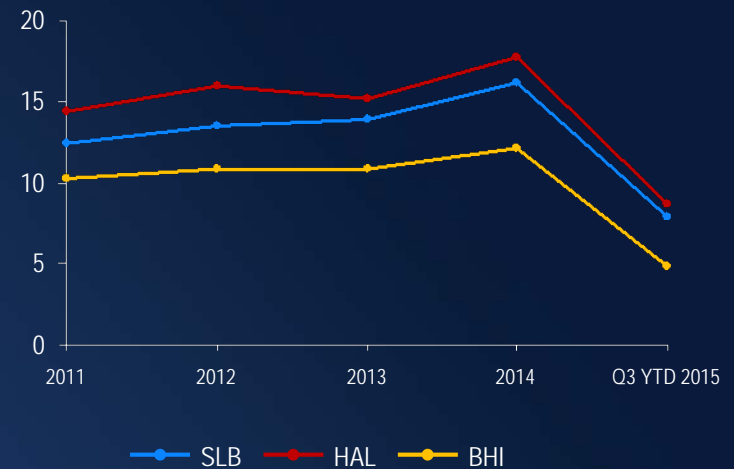
Det Norske Integrated Project Delivery  
(Plan day versus Actual)



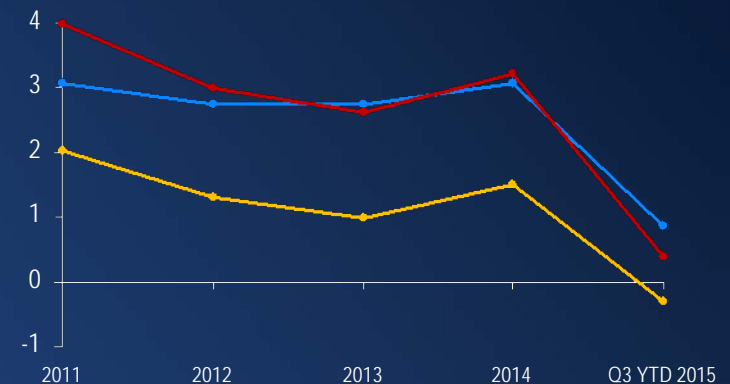
# North America Outlook

- 10-12% land rig count decline in Q4 with continuing pricing pressure
- Focus on key customers, continue to stack equipment rather than operate at a loss
- Balance margins and market share to protect profitability and cash flow
- Year end sales limited
- Recovery in activity pushed out, no pricing traction until idle assets absorbed

Revenue (B\$)



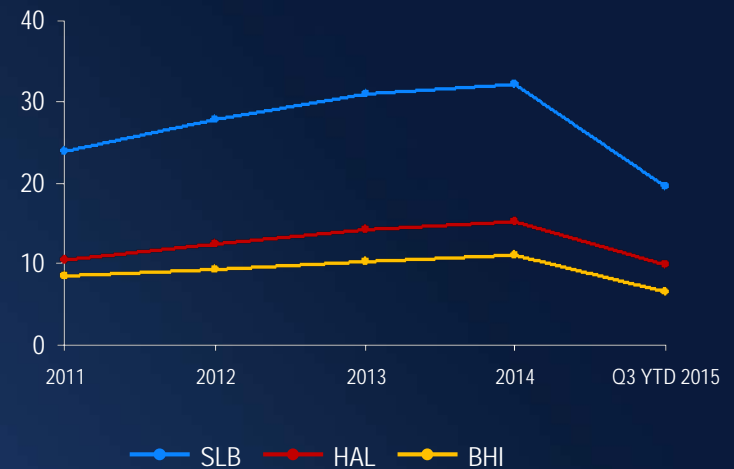
Pretax Op. Income (B\$)



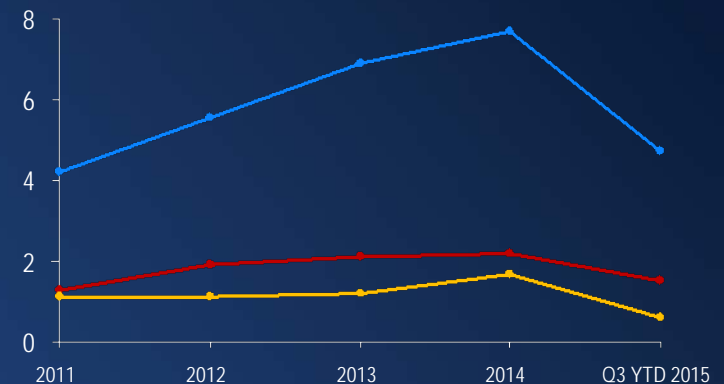
# International Outlook

- Pricing pressure driven by customer budget cuts, revenue decline continues
- Northern hemisphere seasonally weak, not offset by usual year end sales
- GCC activity in MEA remains solid, however other Areas remain challenged
- Mitigating pricing pressure through Transformation to protect margins
- Recovery in activity pushed out, until Brent stabilizes higher and budgets revised

Revenue (B\$)

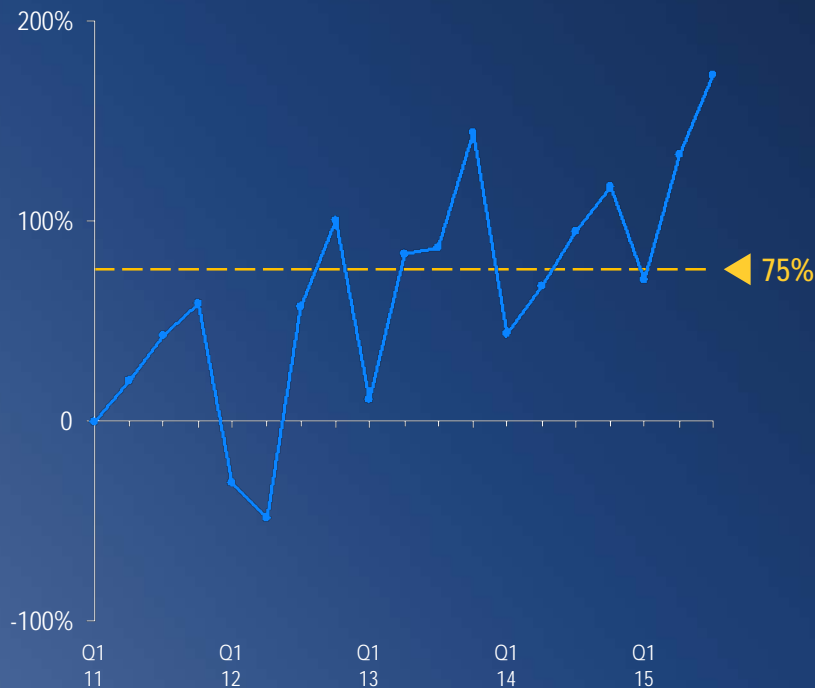


Pretax Op. Income (B\$)



# Delivering Strong Cash Flow Conversion

Free Cash Flow as percentage of Income  
(Cash-conversion rate)



- Strong cash flow in Q3 2015 YTD
- Conversion exceeds 75% target
- Cash enables M&A opportunities
- Return to shareholders

# Closing the Cameron Transaction on Target

## Drilling



## Production



Drilling Systems



Subsea



Surface Systems



Valves & Measurement



Process Systems

- Integration planning well advanced
- Raising debt for closing in Q1
- Antitrust update: US DOJ cleared



# Conclusions

---

- Continuing multiyear run of financial outperformance by focusing on proactive resource management and service delivery while balancing margin and share
- Transformation contributing significantly to results by saving cost, changing the way we work, selling new technology, and expanding integration activities
- Business performance in both North America and international Areas resilient, reduced visibility requires return to managing on a quarter-by-quarter basis
- Charges to be taken in fourth quarter for restructuring as activity lowers further
- Company well-positioned for recovery although timing gap exists between price recovery and service activity as customer financial pressure must be relieved