



## SLB Announces Agreement to Acquire ChampionX in an All-Stock Transaction Prepared Remarks

James R. McDonald—*SVP of Investor Relations & Industry Affairs, SLB*

Thank you, Leah.

Good morning, and welcome to our conference call following SLB's announced acquisition of ChampionX Corporation earlier today. Joining us on the call are Olivier Le Peuch, Chief Executive Officer of SLB, Stephane Biguet, Chief Financial Officer of SLB, and Soma Somasundaram, President and CEO of ChampionX.

Before we begin, I would like to remind all participants that some of the statements we will be making today are forward-looking. These matters involve risks and uncertainties that could cause our results to differ materially from those projected in these statements. I, therefore, refer you to our latest 10-K filing and other SEC filings which can be found on our website. We are under no obligation, and expressly disclaim any obligation, to update, alter, or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

SLB and ChampionX will file materials related to the proposed transaction with the Securities and Exchange Commission, including a registration statement that contain a proxy statement/prospectus of the parties. Investors and security holders are urged to read those materials once they are available, which can be obtained from the SEC's website, [www.sec.gov](http://www.sec.gov), and from the companies' websites. SLB, ChampionX, their directors, executive officers, and certain members of management and their employees may be considered participants in the solicitation of proxies from their shareholders in connection with the proposed transaction. This will be described further in the proxy statement/prospectus when it is filed.

I'll now turn the call over to Olivier.

## Olivier Le Peuch—*CEO, SLB*

Thank you James and good morning ladies and gentlemen.

I'm excited to share today's news that we have agreed to acquire ChampionX. The combination of capabilities resulting from this transaction is a compelling value proposition for our industry. We will be able to accelerate innovation with our customers, and I believe it will become a catalyst to unlock the potential of the production and recovery space.

Both of our companies have loyal customer relationships, and we know those customers are seeking to maximize the value of their assets while improving efficiency in the production and reservoir recovery phase of their operations. This presents a significant opportunity for service providers who can partner throughout the entire production lifecycle, offering integrated solutions and delivering differentiated value.

The acquisition of ChampionX – with its recognized leadership in production chemicals and well-established artificial lift portfolio – will help us achieve this by driving operational performance and recovery for our customers and further strengthening and diversifying our advantaged portfolio.

Over the next few minutes, I'll share more details about the complementary nature of our businesses and how this transaction will support SLB's strategy. Let me focus on three areas where I believe this acquisition will drive value.

### Expanding Our Portfolio

First, this acquisition will expand SLB's presence in the less cyclical – and growing – production and recovery space in a way that is closely aligned with our returns-focused, capital-light strategy. The majority of ChampionX's revenue is driven by OpEx, which will become an increasing part of overall upstream exploration and production spend. Deliberately increasing our exposure to the production chemicals and artificial lift markets positions us in a growing and resilient spend category into the next decade and beyond.

The chemicals sector offers a steady and stable baseload of activity, decoupled from traditional rig count cycles and commodity prices. As assets age, chemical intensity and usage will further accelerate, and ChampionX is vertically integrated in this market with a significant manufacturing network that is well positioned to deliver on this growing demand.

And in artificial lift, nearly 90% of oil wells will require one or several forms of lift solution during their producing life. With this acquisition, we establish a broad lift portfolio that will unlock future growth opportunities delivered through our shared innovation capability, complementary customer footprints, and a distinctive promise to deliver full field, digitally enabled production optimization solutions to our customers.

## Driving Customer Performance

Second, this transaction will accelerate our customers' performance. Our enhanced portfolio and technology capabilities – including proven subsurface expertise as well as our digital leadership – will accelerate innovation in production and recovery. Ultimately, this will drive new value creation and will enable a step change in the efficiency and longevity of producing assets.

This directly supports our Core strategy, which continues to be centered around driving performance and meeting growing energy demand, all while supporting decarbonization and emissions reduction. We do this through innovation, scale, and digitalization, and incorporating ChampionX's technologies and solutions in our portfolio will represent the next step in the realization of that strategy.

Both SLB and ChampionX have made significant investments to integrate digital capabilities into our respective portfolios, including emerging technologies such as AI. Applying these to the full production and recovery cycle will create additional value for our customers by structurally lowering the cost and carbon intensity of our customers' oil and gas production.

## Expanding Our Global Offering

Third, SLB's international leadership will complement ChampionX's significant footprint in North America.

In the international markets, we will broaden ChampionX's global footprint through geographic expansion, a broader chemical technology portfolio, and increased go-to-market integration. And in the U.S., we will leverage ChampionX's customer relationships, operational agility, and fit-for-basin technology to drive performance while realizing near-term synergies. Ultimately, SLB will capture more of the global OpEx spend, an aspect that will be crucial as brownfield production enhancements become even more critical in the coming decades.

To close my introductory remarks, I am very eager to welcome the ChampionX team to SLB once the transaction closes. Their talent, technology, innovation, and commitment to customer success are aligned with SLB's own culture and commitment to the same. By bringing ChampionX into SLB, we create a step change in value for our customers, our shareholders, and our employees as we continue to drive energy innovation for a balanced planet.

I will now turn the call over to Stephane, who will provide specific details of the transaction.

## Stephane Biguet—*Executive VP and CFO, SLB*

Thank you, Olivier and good morning ladies and gentlemen.

SLB has entered into an agreement to purchase Champion X in an all-stock transaction. ChampionX shareholders will receive 0.735 shares of SLB in exchange for each share of ChampionX stock. The agreement places a value of \$40.59 per ChampionX share, which represents a 14.7% premium based on the closing price of April 1, 2024. Upon closing, ChampionX shareholders will collectively own approximately 9% of SLB outstanding shares.

I will now highlight a few key elements of the transaction:

### Synergies

Let me first comment on the synergies we referred to in our press release. We have done a substantial amount of work to understand the synergies that can be unlocked by this acquisition and have a high degree of confidence in our estimates. We expect the transaction to close before the end of 2024, making 2025 the first year we will extract meaningful benefits. We estimate annual pre-tax synergies to reach approximately \$400 million within three years, with 70 to 80% realized in 2026, and the remainder in 2027.

These synergies consist primarily of reduced operating costs, supply chain optimization, and G&A savings, as well as the benefits from revenue synergies that are expected to grow significantly in future years as Olivier commented earlier.

### Accretion

Second, considering these synergies and based on consensus estimates for both companies, we expect the transaction to be accretive to free cash flow per share in 2025 and accretive to earnings per share in 2026. This includes certain assumptions regarding the purchase accounting, which can only be finalized upon the closing of the transaction.

Based on these assumptions, we have estimated the annual incremental after-tax depreciation and amortization as a result of fair value adjustments to the net assets of ChampionX to be approximately \$0.06 to \$0.07 per share. We also expect ChampionX's margins to be accretive to our production chemicals and artificial lift businesses and to be further strengthened by the synergies I have just discussed.

### Increase in Returns to Shareholders

Finally, to highlight our confidence in the value that this transaction will create, and in our ability to continue generating strong cash flows from our broader portfolio, we are raising our 2024 target for total returns of capital to shareholders, from \$2.5 billion to \$3 billion. The \$0.5 billion increase will be in the form of additional share repurchases. We are also setting our target for returns to shareholders in 2025 at \$4 billion. The combined \$7 billion of total returns to shareholders targeted over 2024 and 2025 reflects our commitment to maintaining a strong balance sheet and to remaining disciplined in our future capital allocation.

I will now turn the conference call to Soma to share ChampionX's perspective on the transaction.

**Soma Somasundaram** —*President and CEO, ChampionX*

Thank you, Stephane. Good morning everyone.

Let me first provide some historical context to frame why I am excited about this combination.

Since long before we became an independent, publicly traded company six years ago and completed our transformational Apergy/ChampionX merger nearly four years ago, we started out on a purposeful journey to build the best production-focused company in the energy industry, driven by our vision of improving lives, and focused on helping our customers unlock energy the world needs in an economically and environmentally sustainable way.

We have long viewed the production well site as the playing field in which we are uniquely well-positioned to deliver impactful life-of-field production optimization solutions to our customers, and it is through this strategic lens that we have built a portfolio of differentiated production chemicals, artificial lift, digital, and emissions monitoring technologies which help operators meet their objective of maximizing the value of their producing assets. This has never been more relevant to customers than now, given the energy industry backdrop of a structural shift toward capital discipline in the upstream industry. ChampionX has a very differentiated presence at the customer's well site, one which enables us to generate revenue and resilient cash flow throughout the lifecycle of the well. Our strategy and the work we do are highly focused around driving our customer's success and creating value for our shareholders.

As I think about the ChampionX strategic priorities we have shared with our shareholders and other stakeholders, I see this combination with SLB helping advance those priorities given SLB's focus on technology and innovation, and its deep customer intimacy with upstream and midstream operators around the world, in every major energy producing region and operating environment. For our shareholders, this combination provides compelling value creation and the opportunity to share in significant upside from the realization of synergies.

Now let me close with a few words about our 7,300 motivated ChampionX employees around the world, who are at the heart of our company, as they wake up every day highly motivated and focused on rolling up their sleeves and working collaboratively to solve our customers' problems. We continuously seek to improve performance by systematically identifying and eliminating waste across the enterprise. We view this culture as a competitive advantage and I am grateful for all their hard work and they inspire me every day.

Finally, I am confident that our talented employees will remain wholly dedicated to this purpose and that they will benefit from greater opportunities as part of SLB's global reach. I also appreciate SLB's commitment to preserving and capitalizing on all that has made ChampionX successful.

With that, I will turn it back over to you, Olivier.

**Olivier Le Peuch—*CEO***

Thank you, Soma. Ladies and gentlemen, we will now open the line for Q&A.

**Olivier Le Peuch—*CEO***

Thank you, Leah.

Ladies and gentlemen, as we conclude today's call, I would like to leave you with the following takeaways:

First, this acquisition will position SLB to deliver best-in-class workflow integration across production chemicals and artificial lift. This will enable us to meet the toughest subsurface challenges and ensure superior recovery for our customers in both North America and the international markets.

Second, our enhanced portfolio, technology capabilities, and digital leadership will accelerate innovation in production and recovery, driving value creation for our customers and stakeholders.

And third, by strategically increasing our exposure to the less cyclical and growing production and recovery space, we will be even better positioned to continue growing SLB's earnings and cash flows and returning incremental value to shareholders moving forward.

I am fully confident in our strategy and look forward to sharing more updates during our earnings call later this month.

Lastly, I want to thank Soma, his leadership team, and the ChampionX Board for their efforts to make this opportunity a reality.

With that, we will conclude our call this morning. Thank you all for joining.