LSEG STREETEVENTS

EDITED TRANSCRIPT

SLB.N - Q4 2025 Slb NV Earnings Call

EVENT DATE/TIME: JANUARY 23, 2026 / 2:30PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

James McDonald *Slb NV - Senior Vice President of Investor Relations and Industry Affairs*

Olivier Le Peuch *Slb NV - Chief Executive Officer, Director*

Stephane Biguet *Slb NV - Chief Financial Officer, Executive Vice President*

CONFERENCE CALL PARTICIPANTS

Stephen Richardson *Evercore Inc - Analyst*

James West *Melius Research LLC - Analyst*

Arun Jayaram *JPMorgan Chase & Co - Analyst*

J. David Anderson *Barclays Services Corp - Analyst*

Neil Mehta *Goldman Sachs Group Inc - Analyst*

Marc Bianchi *Cowen and Company LLC - Analyst*

Scott Gruber *Citi Infrastructure Investments LLC - Analyst*

PRESENTATION

Operator

Good morning. My name is Meghan and I'll be your conference operator today, and I would like to welcome everyone to the fourth-quarter and full-year 2025 SLB earnings call. (Operator Instructions) As a reminder, this call is being recorded.

I will now turn the call over to James R. McDonald, Senior Vice President of Investor Relations and Industry Affairs. Please go ahead.

James McDonald - *Slb NV - Senior Vice President of Investor Relations and Industry Affairs*

Thank you, Meghan. Good morning, and welcome to the SLB fourth-quarter and full-year 2025 earnings conference call.

Today's call is being hosted from Houston, following our Board meeting held earlier this week. Joining us on the call are Olivier Le Peuch, Chief Executive Officer; and Stephane Biguet, Chief Financial Officer.

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. For more information, please refer to our latest 10-K filing and other SEC filings, which can be found on our website.

Our comments today also include non-GAAP financial measures. Additional details and reconciliations to the most directly comparable GAAP financial measures can be found in our fourth-quarter and full-year earnings press release, which is on our website.

With that, I will turn the call over to Olivier.

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Thank you, James. Ladies and gentlemen, thank you for joining us today.

I will begin by reviewing our fourth-quarter performance, followed by an update on market conditions and the unique opportunities we see developing for our business. I will then share our outlook for the first quarter and expectations for the full-year 2026. Stephane will then provide additional details on our financial results. And finally, we will open the line for your questions. Let's begin.

We ended the year with strong operational and financial performance in the fourth quarter, achieving sequential revenue growth, margin expansion, and substantial cash flow generation. This performance reflects the breadth of our portfolio and the impact of our strategy in a challenging macro environment.

Sequentially, revenue increased by 9%, driven by high single-digit growth internationally and mid-teens growth in North America. Excluding ChampionX, organic revenue increased by 7% internationally and 6% in North America.

We saw sequential revenue growth across all our geographies for the first time since the second quarter of 2024. This demonstrates that global upstream activity has stabilized, with key markets showing early signs of a rebound. This helped us to deliver approximately $500 million of organic revenue growth this quarter, in addition to a roughly $300 million contribution from ChampionX, resulting from an extra month of consolidation.

Let me briefly discuss a few highlights from the quarter. First, we benefited from strong year-end product sales in Production Systems globally, higher exploration data sales, and strong demand for digital operations across all areas.

Second, activity increased across the Middle East, led by Saudi Arabia, and with momentum in UAE, due to the combination of sustained gas development and increased oilfield intervention activity.

Third, we delivered strong results across Asia, with increased activity in Australia, East Asia, and Indonesia, as these markets continue to benefit from offshore gas developments.

Notably, this quarter also marked the return to growth in Saudi Arabia and across Sub-Saharan Africa, with flat revenue in Mexico. These three basins actually accounted for the entire organic revenue decline in the full year of 2025, and directionally, we expect activity in these markets to improve as we move throughout 2026.

Turning to the divisions, in the fourth quarter, Production Systems and Digital led the way, while Reservoir Performance was up slightly and Well Construction revenue was steady. The strength in Production Systems was driven by increased demand for production chemicals, artificial lift, and process technologies and solutions, as well as backlog execution in Completions and OneSubsea.

When excluding the ChampionX contribution, this division still grew by double digits sequentially and maintained its momentum with several contract awards during the quarter, as you can see from today's highlights.

Digital also continued to grow at a healthy rate, driven by strong growth in Digital Exploration with year-end sales in the Gulf of America, Brazil, and Angola, as well as robust increases in Digital Operations and Platforms & Applications. Digital annual recurring revenue surpassed $1 billion, reflecting year-on-year growth of 15%.

We also announced several exciting Digital milestones in the fourth quarter, including launching Tela, an agentic AI assistant purpose-built to transform the upstream energy sector, and forming a partnership with ADNOC to launch an AI-powered Production System Optimization platform. These underscore the opportunity for AI to continue to reshape industry operations.

Meanwhile, in Reservoir Performance, sequential growth was the result of increased stimulation activity in the Middle East and Asia and higher intervention activity in Europe and Africa. In Well Construction, higher offshore drilling activity in North America and Europe and Africa was offset by declines in some land markets.

Additionally, our fourth quarter revenue benefited from the resumption of production in the APS projects in Ecuador.

Overall, our fourth quarter results are a positive indication of the opportunities that lie ahead. I want to thank the entire SLB team for delivering excellent performance for our customers throughout 2025 and finishing the year on a strong note.

Turning to the market environment, near-term oversupply may continue to exert downward pressure on commodity prices through the first half of 2026, while elevated geopolitical uncertainties should provide a price floor. E&P operators are therefore expected to remain cautious and to backload their 2026 budgets.

As supply and demand continues to rebalance into 2027, conditions will likely support a gradual recovery in upstream investment with activity in key international markets and offshore deepwater exiting 2026 at higher levels than 2025.

Indeed, economic growth, increasing populations and large-scale manufacturing and infrastructure investments -- particularly in the US and China related to AI -- will inherently drive more demand for both oil and gas. Coupled with the natural decline of existing oil and gas assets, we believe these will be the key drivers for the rebalancing of supply and demand.

In the meantime, our customers are focused on delivering the lowest-cost incremental barrels. This means capturing efficiencies at scale and in our view, that requires more technology, more integration, and more digital solutions. Today, operators are increasingly prioritizing performance assurance across the asset life cycle, reducing development timelines and accelerating optimization through digital solutions.

SLB is uniquely positioned to deliver value in this environment by integrating equipment with intelligent and autonomous digital capabilities to reduce downtime, improve efficiency, and increase productivity, as witnessed by the rapid uptake in our Digital Operations.

Additionally, production and recovery have emerged as a critical domain for value creation, not only in brownfield and mature assets, but also across greenfield developments and tiebacks. This is not an either- or proposition between CapEx and OpEx, but an opportunity to increase our share of CapEx spend and capture OpEx white space with new solutions. With SLB's expanded production portfolio, including the addition of ChampionX, we are uniquely positioned to meet the developing demand in the production space.

Globally, the international markets are stabilizing and trending upward directionally, with Latin America and Middle East and Asia leading the rebound in 2026.

Regionally, the Middle East continues to represent the largest international market, with positive investment outlook. Indeed, there is a resurgence of oil production across the region driven by OPEC+ policy, while gas remains a strategic priority to meet regional demand and long-term capacity expansion.

In 2025, we witnessed double-digit growth in the United Arab Emirates, Iraq, and Kuwait, which was more than offset by the decline in Saudi Arabia.

In 2026, the Middle East market will be characterized by a rebound in drilling and workover activity in Saudi Arabia, with rig counts potentially returning to early 2025 levels by the end of 2026, and this has already begun.

Offshore also continues to present compelling long-term growth opportunities for SLB, particularly in deepwater, where we expect activity to inflect toward the end of 2026 as white space subsides.

With OneSubsea, we have the unique ability to combine subsea processing capabilities, digital solutions, and SLB's integrated pore-to-process expertise across subsea intervention and integrated well construction to create differentiated value for customers.

Specific to the subsea market, more than 500 subsea trees are expected to be awarded across 2026 and 2027 -- about 20% higher than 2025 run-rate -- and this is an opportunity we aim to capitalize on.

In 2025, OneSubsea was awarded approximately $4 billion in subsea bookings, and we see a path for cumulative bookings exceeding $9 billion over the next two years, supported by this tendering activity.

Finally, we're excited about the strong progress of our Data Center Solutions business since its launch less than two years ago. This year, we plan to expand our range of offerings, our customer base, and the geographies we serve, paving the way for future growth. The opportunity is growing faster than anticipated, and we expect to exit the year at a quarterly revenue run-rate of $1 billion per year.

Overall, SLB is clearly positioned to fully benefit from a rebound in international activity as supply demand rebalance supported by ongoing investments for oil capacity, gas expansion projects, and a constructive long-term outlook for deepwater. Regional activity dynamics further reinforce this favorable directional trajectory beginning in 2026.

Let me now share our outlook for the year. The headwinds we faced in 2025 in certain markets may become tailwinds for our business this year. We anticipate this will translate into a higher fourth-quarter revenue exit rate in 2026 compared to the fourth quarter of 2025.

For the full year, assuming oil prices remain range-bound in the high $50 to low $60 range, we expect 2026 revenue to be between $36.9 billion to $37.7 billion.

In North America, we will benefit from the addition of seven months of activity from ChampionX, stronger offshore activity tied to customer plans, and accelerated growth in Data Centers, while upstream land activity will continue to decline year on year.

In international markets, revenue is expected to trend upward over the year, resulting in a slight year-over-year increase. Growth will come from Latin America and the Middle East and Asia, while Europe and Africa is anticipated to decline slightly.

Let me now describe how these dynamics will unfold across the divisions. In Digital, revenue is expected to grow at the same pace as 2025, driven by Digital Operations. Production Systems will increase, mostly benefiting from a full year of ChampionX revenue. Reservoir Performance will be flattish, while Well Construction will decline slightly.

Revenue in the All Other category will be flat year on year, considering the loss of revenue from the divested Palliser asset will be offset by growth in Data Center Solutions. This revenue outlook translates into adjusted EBITDA between $8.6 billion to $9.1 billion with margins remaining in line with full-year 2025 levels.

Finally, with visibility into another year of strong cash flows, we will return more than $4 billion to shareholders in 2026, through the combination of the increased dividend that we announced this morning and share repurchases.

Turning to the first quarter, we anticipate revenue to decline by high single-digits sequentially, similar to the prior year, due to outsized year-end product sales and project milestones in Production Systems in the prior quarter. We also expect adjusted EBITDA margin to decrease by 150 basis points to 200 basis points versus the prior quarter. This seasonal dip will be followed by a rebound in activity during the second quarter, with further expansion into the second half, driven primarily by international markets.

Finally, before I hand over to Stephane, let me briefly touch on Venezuela. SLB is the only international service company actively operating in Venezuela today, as we are delivering a diverse set of services for an IOC under their license.

With nearly a century of experience in Venezuela, we did maintain active facilities, equipment, and local personnel on the ground. Historically, we have been a leader in the country, and we remain confident that, with appropriate licensing, safety parameters, and compliance measures in place, we can rapidly ramp up activities in support of the oil and gas industry in Venezuela. We are excited, and we are already receiving a lot of inquiries from our customers.

I will now turn the call over to Stephane to discuss our financial results in more detail.

Stephane Biguet - *Slb NV - Chief Financial Officer, Executive Vice President*

Thank you, Olivier. And good morning, ladies and gentlemen. Fourth-quarter earnings per share, excluding charges and credits, was $0.78. This represents an increase of $0.09 sequentially and a decrease of $0.14 compared to the fourth quarter of last year.

We recorded $0.23 of net charges during the fourth quarter. This includes a $0.11 goodwill impairment charge relating to our carbon capture business; $0.08 of merger and integration charges; $0.07 related to workforce reductions; and $0.03 of other charges. Offsetting these charges is a $0.06 credit relating to the reversal of a valuation allowance that was recorded against certain deferred tax assets.

Overall, our fourth-quarter revenue of $9.7 billion increased $817 million, or 9% sequentially. Approximately $300 million of this increase is due to an additional month of activity from the acquired ChampionX businesses. Excluding the impact of this transaction, SLB's fourth quarter global revenue increased 6% sequentially.

The sequential revenue step-up was higher than expected and was driven by strong year-end digital sales, significant backlog deliveries, and project milestones in Production Systems as well as higher Reservoir Performance activity in international markets.

Fourth-quarter adjusted EBITDA margin of 23.9% increased 83 basis points sequentially, primarily driven by very strong Digital performance. Margin growth during the quarter was, however, constrained by a loss in a carbon capture project that negatively impacted margins by approximately 50 basis points.

Let me now go through the fourth quarter results for each division. Fourth-quarter Digital revenue of $825 million increased 25% sequentially, while pretax operating margin expanded 557 basis points to 34%. These results were driven by strong year-end sales in Digital Exploration and increased revenue in both Digital Operations and Platforms & Applications.

Notably, for the full year, Digital revenue of $2.7 billion grew 9%. The combination of this growth rate and the full-year EBITDA margin of 35% well exceeded the widely recognized Rule of 40. In addition, Digital annual recurring revenue surpassed $1 billion, reflecting year-on-year growth of 15%. Finally, trailing 12 months' net recurring revenue was 103% at the end of the fourth quarter.

Reservoir Performance revenue of $1.7 billion increased 4% sequentially driven by strong international activity, particularly in Saudi Arabia, East Asia, Qatar, Indonesia, and Guyana. Pretax operating margin of 19.6% increased 105 basis points largely due to a favorable activity mix in the Middle East.

Well Construction revenue of $2.9 billion decreased 1% sequentially primarily driven by declines in Middle East & Asia, while pretax operating margin of 18.7% was slightly down.

Production Systems revenue of $4.1 billion increased 17% sequentially, reflecting a full quarter of activity from ChampionX. Excluding the impact of the acquisition, Production Systems revenue increased 11%, driven by strong sales of completions and artificial lift as well as project milestones in Process Technologies, Subsea, and Valves.

Pretax operating margin of 16% increased 20 basis points due to improved profitability in completions and production chemicals.

Now, turning to liquidity. During the fourth quarter, we generated $3 billion of cash flow from operations and $2.3 billion of free cash flow. This strong performance was due to the unwinding of working capital on significant customer collections and reduced inventory driven by year-end product deliveries.

For the full year, we generated free cash flow of $4.1 billion, marking the third year in a row with free cash flow at or above $4 billion. As a result, net debt reduced by $1.8 billion during the quarter to end the year at $7.4 billion.

Capital investments, including CapEx and investments in APS projects and exploration data were $716 million in the fourth quarter and $2.4 billion for the full year.

For the full year, we returned a total of $4 billion to our shareholders with approximately $2.4 billion in stock repurchases and $1.6 billion in dividends.

Looking ahead, let me now provide some additional color on our outlook for 2026 building on the details Olivier shared earlier. We expect revenue to benefit from a full year of ChampionX which will result in incremental revenue of approximately $1.8 billion in 2026. This increase will be partially offset by the effects of the 2025 divestitures of our interest in the Palliser APS project in Canada and of our rig business in the Middle East. These two businesses accounted for approximately $350 million in combined revenue in 2025.

As Olivier mentioned, adjusted EBITDA margin for 2026 will be relatively consistent with 2025 levels with differing dynamics by division. Digital margin will increase slightly year-on-year on continued top line growth.

Production Systems margin will increase primarily driven by synergies from the ChampionX acquisition where we still expect to achieve approximately half of the $400 million of total synergies by the end of 2026, $30 million of which were achieved in 2025.

About 75% of the synergies will benefit Production Systems with the remaining portion benefiting Well Construction and Reservoir Performance. The positive effect of ChampionX synergies on Production Systems margin will be partially offset by unfavorable technology mix within the division.

In Reservoir Performance and Well Construction, despite activity levels stabilizing, margins will be down year-on-year due to activity mix and pricing headwinds in select markets. From a below-the-line perspective, corporate costs will increase year-on-year driven by an incremental $70 million of intangible asset amortization expense as a result of a full year of ChampionX. Additionally, we expect our effective tax rate to be approximately 20%, representing a slight increase from 2025.

While we expect overall activity to stabilize and increase from today's level in certain key international markets, we will remain disciplined in our capital allocation. In this regard, we expect our total capital investments to be approximately $2.5 billion in 2026. This should lead to another year of strong free cash flow generation.

As a result, today we announced a 3.5% dividend increase and we expect to return more than $4 billion to our shareholders in 2026 through a combination of dividends and stock buybacks. We are currently targeting to buy back the same $2.4 billion that we repurchased in 2025. However, this amount could increase as the year unfolds, depending on our free cash flow generation progress and our visibility on the business outlook.

I will now turn the conference call back to Olivier.

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Thank you, Stephane. I believe Meghan, that we are ready for the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Steve Richardson, Evercore ISI.

Stephen Richardson - *Evercore Inc - Analyst*

I was wondering if we can talk a little bit about CapEx. I understand -- I appreciate you've given some outlook here on 2026. There seems to be something with investors of an old rule of thumb about your CapEx leading revenue expectations, I thought it would be helpful if you could maybe give us some context around the trend line of CapEx. But also, how is the capital intensity of your forward business different than perhaps it was in the past?

Stephane Biguet - *Slb NV - Chief Financial Officer, Executive Vice President*

Thanks for the question. Yes. So we increased CapEx slightly compared to last year to -- in total, with APS and exploration to $2.5 billion, as I just said. We think this is what we need to operate this year and to capture new opportunities as activity recovers gradually throughout the year, particularly in the international markets.

So yes, compared to the past, our capital efficiency has improved quite a bit in the last few years. We can do more with less, basically. But clearly, we will not miss any opportunity if activity recovers faster. We want to be ready for a ramp-up and we'll bring more equipment and tools as needed.

By division, clearly, Reservoir Performance is probably the highest capital intensity followed by Well Construction and Production Systems, especially with the addition of ChampionX as quite lower capital intensity.

Stephen Richardson - *Evercore Inc - Analyst*

Thank you. And on the Middle East, your comments are appreciated about the other regions picking up the slack in Saudi in your view on the full year improving. I was wondering if you could talk what we're seeing is the IOCs are seeing a lot more opportunity across North Africa and the Middle East.

And I was wondering if you could talk a little bit about your mix or your expectation of your kind of customer mix as you go into '26? And how much of that is driving some of this optimism on improvement versus some of your traditional customers on the national oil companies?

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

No. First, I will comment -- reinforce the trust and the confidence we have in our national company to continue to their execute their capital program. And I think indeed, we are foreseeing and already witnessing the rebound of the Saudi rig and drilling and workover activity, which is very favorable.

And I think, as I said, coming from a dip in 2025, rebounding at the end of 2026 to as we expect to the level of entry of 2025, which is a V-shape recovery. I think that will set the year very well and also the 2027 is a much stronger year going forward. So beyond that, obviously, the region is still continuous momentum, high momentum in Kuwait, in UAE, and has been witnessing significant growth.

But coming to international, indeed, Libya, I think is attracting and there's conference this week, next week, and Libya is attracting a lot of investment, and we have been the early benefiter of this, and we see Libya a high trajectory of growth. We have seen it in the last couple of years, and we foresee this will continue in -- well into '26 and '27, driven by investment coming back in country from an international company.

Algeria has been successful in licensing round, and I think is exploring unconventional in the South and also gaining additional independence coming back into countries. So we see a rebound in Algeria that will strengthen in 2027.

Egypt in the region, I think, is back in offshore. Additional rigs will mobilize in deepwater offshore Egypt as well as in Egypt due to the support that Gabon has provided and again, the return of investment into Egypt.

And finally, Iraq, I think, has been a lot of growth last year. And will continue to be significant going forward, like is where some international companies are investing. I think we are associated with this directly. So we have a strong exposure in all of these markets where international company are joining.

And finally, I would say that the unconventional UAE is a place where newcomers are appraising the resource and ready to scale their investments from appraisal in '26 to '27 development going forward.

So a combination of oil attractiveness in the region, Libya, Iraq, particularly for international company. And gas in the region, Qatar, obviously steady but also the upcoming UAE and unconventional and deepwater offshore East Med. So that's the template, and I said the favorable outlook from NOC and international company in the Middle East.

Operator

James West, Melius Research.

James West - *Melius Research LLC - Analyst*

So Olivier, curious, so with the headwinds bottoming here, Saudi, Mexico, some of the white space in deepwater, Sub-Saharan Africa, and everything looking kind of up and to the right, how are you thinking about the exit rate for '26 versus the exit rate we saw in '25. Certainly, it's going to be higher, but what kind of -- if you give us some observations or thoughts on kind of magnitude of how this up cycle will begin.

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

I think first, I think we have guided into our prepared remarks that we expect the fourth quarter of 2026 to be higher than the fourth quarter of 2025. And this will be led by the international rebound.

Secondly, as we guided the first quarter as a marked decline compared to last year Q4, we will see a gradual recovery, again, driven mostly by international market throughout the year. That is setting the scene, as we said, for 2027 to be favorable driven by first and foremost continues rig gain momentum in Middle East with the addition of the rebound activity in Saudi and the combination of what the factor I mentioned before.

Asia, I think, has been on the momentum and Latin America as well. I think a bit offshore basin Latin America albeit in Argentina. We are experiencing a slight rebound of Mexico driven by deepwater activity in Mexico coming back.

And we will see -- we expect that gradually and into 2027, the activity in Sub-Sahara deepwater will resume to a higher level -- visibly higher level, the combination of FID in Namibia, in Mozambique, in Angola, and the early pickup of activity in Nigeria are already showing sign of a very promising '27, '28 cycle. So directionally, international gradually recovering and the exit rate in the end of this year to be driven by international addition so that it will result into Q4 of this year being higher than last year.

James West - *Melius Research LLC - Analyst*

Okay. That's helpful. Thank you. And then maybe a follow-up on the digital side of the business. Obviously, strong results in the fourth quarter. But my sense is we're still fairly underpenetrated on Lumi and Delfi and the cloud platforms and the AI platform that you have? My numbers may be a little bit dated, but I think a couple of 300 or so customers out of our 1,500 or so customers were on the cloud as of maybe a year ago.

Could you give us a sense of kind of where that stands now? Or where you see that heading? I'm assuming everybody eventually goes there, most everybody goes there, but just the magnitude of what that could mean for your digital business. I'm assuming that it's pretty -- pretty accretive.

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

No, long term, I think we believe that the potential digital to transform industry from the asset team productivity to the efficiency of digital operation between drilling or producing assets, I think, is very significant. I think we are just touching the early innings of that transformation, and we're using a multipronged approach towards this first and foremost strategy built on a platform approach to it.

And I think you mentioned the combination of Delfi, Lumi, and Tela, and we have been indeed gradually gaining a lot of traction with our customer to recognize that platform is the approach to have the most benefit to combine the geo science, the production, the drilling, the operation workflow improvement that everybody is looking for.

But if we look at the momentum that we are benefiting from today, the momentum comes from digital operation, that I think you have seen is getting significant benefits because it's where I think the river hits the ground and where the customers are seeing and materializing the savings in drilling performance in production and PT reduction in production optimization, and we are benefiting on that. But obviously, we are pursuing adoption of data and AI Lumi, which we launched four or five quarters ago. It's already having more than 50 customers of an adoption.

Tela, that we launched less than three months ago, has already more than a dozen customers that are engaging and working with us to create this foundation model that can transform their geoscience that can automate detect and optimize autonomously some producing assets, as you have seen with ADNOC announcement that we have done.

So we are pleased with the progress, surprised with the uptake on digital operation, believe this moment continues and are very confident that the secular trend that the industry is continuing to witness will benefit our platform approach and believe that Lumi, Delfi, and Tela will be at the core of this industry transformation going forward.

Operator

Arun Jayaram, JPMorgan.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

I was wondering if you could frame your thoughts on the near-term and longer-term opportunity for SLB in Venezuela. You mentioned you're the only international service company now actively operating, but talk to us about what type of product lines could benefit if we do get a revitalization of the oil industry in Venezuela?

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Obviously, we have to preface this with the condition, the right conditions, including licensing, including payments and operating license will have to be put in place. But assuming that the condition are set for investment to resume and to accelerate, not only from the customer that we are serving to them and for new customers re-entering or entering the country.

We have kept -- we have historically been the largest supplier, the largest partner of the national company and the largest supplier in service technology in-country. Historically, we have had about 10 years ago, more than 3,000 people, and we were recording visibly more than $1 billion revenue at that time. So we have the track record in integration.

We have a unique subsurface digital leading role that we had at that time that we can resume. And we have today a significant set of assets that are ready to be deployed across the drilling services, across production with no less than 10 production set, across rig operation with rigs that we are ready to mobilize.

And I think across intervention, across drilling, for infill drilling or production optimization, we believe we have the capacity in country, and we believe that we have the access to the Venezuela nationals about 80 of them are already in country. We have more than 1,000 Venezuelan that we currently employ in the company and some of them will be welcoming to work back in Venezuela. And we have almost 2,000 alumni that I think we have kept in touch with that will be also ready to be joining us as we move forward.

So as I said, long term under the right conditions, we can be the leading partner for our customers there. And I think I've quoted the number where we were before. And I think the future will tell us when and as this can accelerate. But we are ready, and we're already seeing a lot of incoming calls, as I would say, to explore options going forward.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

Great. That's helpful. Olivier, my follow-up. I was wondering if you could talk a little bit about your data center infrastructure business. You mentioned that you expect to reach a $1 billion run rate in revenue, if I heard you correct, by year-end. Can you talk a little bit about the solutions you're providing today and maybe how you're thinking about organic and even inorganic opportunities to grow that business over time?

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Yeah. I think -- and you heard me correctly. I think this is amazing what we have put together in less than 18 months. I think the rate of growth the customer engagement that we are getting, the traction we're getting with hyperscalers and I think is amazing. And yes, we put together a setup that is focused on the modular manufacturing capability and co-engineering of data center solutions from several and cooling solutions.

And we are aiming at increasing not only our scope, but also our footprint, as we announced last quarter, doubling our capacity to respond to the pipeline and to respond to the backlog we have. And we continue to be expanding both in terms of scope, in terms of around this manufacturing design capability for modular data center solution will be this year going and growing internationally.

We'll be this year, adding new customers to our portfolio and preparing ourselves to grow in throughout the year in 2027, $1 billion is the run rate, but it will be significantly above this in 2027. And we believe that we see growth the rest of the decade internationally.

And indeed, as we explore and respond to the request from our customers who are looking for integrator in this space. We will look for complementing our current capability that we have bid organically and to look at what could help complement this and accelerate our market penetration and make us as a fulfilled partner of our customers going forward. technology throughout the life cycle of the data center for construction and operation.

Operator

David Anderson, Barclays.

J. David Anderson - *Barclays Services Corp - Analyst*

If we compare SLB today versus 10 years ago, in addition to Digital, I think the biggest shift is now the emphasis on production recovery. I was wondering if you could talk a little bit more specifically about the growth opportunity in the next few years as we think about OneSubsea, ChampionX, artificial lift.

If I think about OneSubsea, I'm thinking about backlog conversion accelerating. Guyana, Venezuela, potentially Venezuela could be growth engines in chemicals and then artificial lift in the Middle East. Could you sort of frame this growth opportunity for us over the next few years on this side of your business?

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Absolutely, Dave. I think production and recovery, as we call it, is a new chapter for the company, something that we have decided strategically to invest because we believe that first it is a market that has significant opportunity for value creation through technology, through integration, through digital, and we believe that we needed to own and have access to a broader portfolio, hence the access to the ChampionX, chemical, OpEx, and full field lift technology and the digital platform addition that put us very well placed into that market.

So now the customer response is very positive. Indeed, I think if you look at the priority of our customers today into a challenging commodity pricing environment, it's all about getting more from the assets that have under production. And hence, the return of the higher value for lower cost is a priority.

So we are getting a lot of intakes into our lift solutions, into our digital production as you have heard, and indeed trying to realize and realizing today the benefit of chemistry. Chemistry for not only production assurance, chemistry for -- but also chemistry for reservoir performance or recovery.

So we believe that the integrated capability that we have built together will give us opportunity to create solutions for the market, end-to-end solution that will help to improve the performance of existing producing assets, will help transform existing assets into -- with a solution for recovery, solution for optimization and will help across to bring digital solutions.

So yes, lift solution in the mature basin or into the most producing oil basin in the world, including Middle East. Yes, Subsea as a beneficiary for the long-term deepwater, but also the boosting processing capability we have in subsea that are quite unique and contribute to this recovery production gain and goal we have.

So yes, it is a new story for us. It's a new chapter. We're excited. Customer feedback is very strong because they believe that they need somebody that have the subsurface have the technology and has a full integrated portfolio to respond to the transformation of production recovery landscape as we have contributed and had the industry transformed the well construction or exploration historically.

J. David Anderson - *Barclays Services Corp - Analyst*

That makes a lot of sense. Shifting gears a little bit to another area of potential growth in geothermal. You've been dabbling there for a number of years, but now as you noted in the release here, you're working with Ormat on a pilot project, I believe, later this year. in enhanced geothermal. It looks a lot of this, when we look at geothermal, a lot of this sounds a lot like shale in the early 2000s.

We know the resource is there, but it's a matter of process and technique to solve for the economics. Do you agree with that conceptually? And -- and where is your confidence that this can be scaled up to create, say, 100 megawatt-plus geothermal plants in the next few years?

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Let me, no, absolutely. I think Dave, I think -- let me first step back and explain the reason why we have partnered with Ormat and the potential we see in this partnership.

First, is to put together the two leading companies in the field. We are subsurface leader in geothermal helping to characterize the geothermal source and then develop the wells, and develop the solution to produce the heat and the hot water from those wells. And Ormat is leaders into building a geothermal power plant and understanding the full life cycle.

So putting this together and providing industry for one integrated offering, I think, is -- was very well received by the industry and will help accelerate providing conventional geothermal bridge power or base power for some of the data center in the future. So that's clearly one -- the first aspect.

The second, obviously, we have put this together because we believe that we want to together optimize, explore and optimize, through a development of an asset or two assets in the future in -- in the near future into the unconventional geothermal.

And yes, we believe this is a field that has significant potential. But we want to lead right, we want to do science, we want to do this technology, we want to do with digital modeling of the process so that we get it right. And we understand how to scale it economically, how to make it viable, how to make it safe and then how to offer it together to the market in the near future. So that's the ambition.

So we have done this for a reason. And I think we will be developing these assets. It will be experimenting these asset appraising and then getting ready for with technology, digital, and with joint offering to offer this at scale to the market in the US and beyond.

Operator

Neil Mehta, Goldman Sachs.

Neil Mehta - *Goldman Sachs Group Inc - Analyst*

I guess the first question is more of a macro question, Olivier. You have a unique perspective on this big debate that's in the market right now about how much OPEC spare capacity really lives there in markets like the Middle East and of course, recognizing that there's probably limitations about what you could say. Your perspective on that question, I think, would be helpful for us as we think about the back end of the oil curve.

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

I think you have been reading what I'm reading, and I think I don’t want to read it more, but I think OPEC+ has been unwinding 2.2 million barrels. I think when you fast forward a year from now when the imbalance that still exist in today will start to subside and then the market will balance itself.

I don't think there will be much spare capacity available, sign of which you see by the reinvestment into oil capacity sustenance investments that are happening today across the Middle East and all intervention and international activity in which we have a strong exposure is benefiting from this. So yes, I don't think -- and you have some of the OPEC members beyond the Middle East that are not necessarily having an easy path towards sustaining their existing production.

So all in, I think it bodes very well to our focus on production recovery, which is focusing on providing the technology, the integrated capability to sustain production, enhance recovery. And I think that's where we will see adoption of this.

But I don't think there is significant spare beyond what has been released back to the market. Hence, the market will tighten and rebalance into '27 and beyond. Hence, will set the condition for a better outlook as an investment backdrop for the industry from '27 and beyond.

Neil Mehta - *Goldman Sachs Group Inc - Analyst*

Yeah, that makes sense. And then another market, I would love to get your perspective on is Mexico. Olivier, this is probably the most constructive. I've heard you on Mexico in a little bit, but we're in a bottoming phase and maybe even a cash recovery phase. Your perspective on that market and how it should evolve from here as we think about SLB.

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Yes. The market I would say has normalized from a market that has dropped significantly and has had a need for getting the confidence of the whole industry to reinvest. I think has normalized in the last few months.

I think we anticipate it to be steady from the land activity for the foreseeable short to midterm, and we expect the condition are in place, getting in place for reinvestment going forward. In 2026, however, where we see the upside is in offshore activity in Mexico, where the deepwater asset that we are developing with, that is being developed by the Woodside will give us an upside. Whereas the activity in land now will make the assumption, it is steady, but we will have the potential to start to strengthen as we move into 2027.

Operator

Marc Bianchi, TD Cowen.

Marc Bianchi - *Cowen and Company LLC - Analyst*

I wanted to ask on -- you got this activity you've got these activity increases in your outlook for '26 for certain international markets. Earlier, I think a few months ago, there was some discussion of some pricing potential weakness. Can you talk about what that looks like today and what your expectation is embedded in the outlook here?

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Yeah. I think first to comment that I think the industry has been under pricing pressure in the last couple of years, starting with North America, and I don't see a change there. I think although we believe in North America, we are shielded to the mix of the portfolio we have, and exposure were data center and digital and our exposure in deepwater and Gulf of America is proportionally bigger. And also, the OpEx exposure where ChampionX is a little bit of shield towards some of the pricing pressure in North America..

Internationally, the matter has been -- and I keep repeating every time I get to comment on this, has remained highly competitive for larger, tender in international markets, and the market has been keeping pressure considering that the market has been declining the last 18 months or 12 months in the international market, hence the pricing pressure has sustained and in some critical markets.

And we have been responding with this -- to this pressure when we felt it was the appropriate things to do to keep upswing to the market. At the same time, I think we are able to maintain our margin steady in 2026 compared to 2025, building on the ChampionX synergy, building on the digital growth margin accretive business. And therefore, we are going to continue to use technology performance as differential to protect where we can our margin against the pricing pressure.

Marc Bianchi - *Cowen and Company LLC - Analyst*

Okay. Thank you for that. And the other question I had was related to the offshore outlook. You've talked about an expectation for improvement in offshore. And I think if we go back a year or two, there was an expectation for offshore improvement that didn't really materialize. So what are you seeing now that you think is different from that prior period and gives you the confidence to make those comments?

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

The comment I'm making is that I believe that the FID and the booking will improve in 2026, setting the right setup and context for 2027, 2028 offshore cycle rebound. Whether this is material in 2026, yes, in certain markets in East Asia, the activity of Indonesia the market will strengthen in deepwater. And I think this reflects into this year.

In Sub-Saharan Africa, this is more a trend of FID of project from Namibia to Angola and Mozambique that will set the context for a market rebound going forward. And this FID happening as we speak, being negotiated and being spending.

And in Americas, I think the continuous momentum in Brazil, in Guyana, Suriname, and I think are here to stay with the mature basin Gulf of America, mature basin of the North Sea, remaining steady somehow, although with a slight decline in the North Sea. So we believe that the FID, the economics are favorable and the pipeline of FID across Africa and Asia are set to create a rebound of activity going forward from -- as we turn into 2027.

Operator

Scott Gruber, Citigroup.

Scott Gruber - *Citi Infrastructure Investments LLC - Analyst*

So I want to come back to the Data Center Solutions business. Olivier, you mentioned expanding the business abroad. Could that $1 billion target capture any of the international growth opportunity? Would that be future upside? And how quickly could this materialize? And ultimately, as you leverage your global relationships, could the international opportunity become even larger than your US business?

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Difficult to say whether it could become larger, but easy to tell you that it will grow. And this year will be the first step into establishing ourselves in Asia and to provide this modular manufacturing solution to our customer there. Also, we initiated a partnership to design a next-generation data center in one country in the Asia region. And then we expect to also look at our relationship to embed and go further, including Middle East in the near future.

So these are the places where we have ambition to leverage our hyperscaler relationship and our modular manufacturing capability, ability to source locally, ability to manufacture everywhere. I think it's something unique that not so many companies can do and scale and replicate what we have done in the last 18 months. So that's what we look forward, and that's where we are excited about the international market.

But US is still the hot market. And US is where we believe we have the most exciting pipeline in '26 and in '27 coming our way and would not miss that market.

Scott Gruber - *Citi Infrastructure Investments LLC - Analyst*

Got it. Appreciate that color. And I want to come back to the question Stephen asked at the beginning on CapEx. So your $2.5 billion of CapEx this year will support the second half growth rate that you'll achieve, which we led by Digital and Data Center Solutions, some contribution from the core. But overall, the capital intensity of the portfolio is improving.

So my question is, can you sustain similar growth rate for a couple of years into the future at a CapEx level that's still broadly around $2.5 billion given those kind of less capital-intensive drivers of growth? Or do you think CapEx would need to creep a bit higher?

Stephane Biguet - *Slb NV - Chief Financial Officer, Executive Vice President*

Look, as I said before, we do what it takes to not miss any opportunity. But again, we have really improved our capital efficiency over the last five to six years, so we can really operate with less. But if growth really comes at high growth rates, we will have to increase beyond the $2.5 billion for sure.

But as a percentage of revenue, that will still remain pretty low compared to what we were doing before and still quite in the low range -- in the low end of the range we had guided before, 5% to 7% of revenue. That's excluding APS and exploration data.

So yes, we'll increase as necessary, but it will go with increased cash flow as well. And some of the growth that we will be seeing is production and recovery as we elaborated on before as well as digital. And that doesn't require as much CapEx as the well-centric businesses. So this is how we can maneuver within that range, basically.

Scott Gruber - *Citi Infrastructure Investments LLC - Analyst*

So without some acceleration in the kind of core business, you would expect the CapEx to sales ratio to continue to improve over the next couple of years? Is that fair?

Stephane Biguet - *Slb NV - Chief Financial Officer, Executive Vice President*

It will be more or less as a percentage of revenue, it will stay within that 5% to 7% we've guided before, but it's more below. As you have seen, we've been closer to 5% and 7%. So we will be -- we will remain at the low end of that range in the future.

Olivier Le Peuch - *Slb NV - Chief Executive Officer, Director*

Ladies and gentlemen, as -- yeah. Thank you, Meghan. Ladies and gentlemen, as we conclude today’s call, I would like to leave you with the following takeaways.

First, our strategic focus on production and recovery, including ChampionX, Digital and Data Center Solutions present new pathways for growth, supporting our full-year revenue and margin guidance.

Second, I am confident that we will continue to generate strong cash flows, enabling us to return more than $4 billion of shareholder return in 2026.

Third, in the longer term, the outlook is becoming more positive for SLB. The recovery of Saudi Arabia, the positive pipeline in Subsea, the growth dynamic in both Digital and Data Centers are all catalysts. And Venezuela represents an upside.

In summary, the current cycle is recovering toward the strengths of SLB.

With this, I will conclude today's call. Thank you all for joining.

Operator

This concludes today's conference call. You may now disconnect.
