



The Transformation Continues

Jean-François Poupeau
EVP Corporate Development and Communication

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Good morning ladies and gentlemen. I'd like to thank UBS, and Angie Sedita in particular, for the invitation to be here today.

During the UBS Houston Energy Symposium last September, I outlined the Schlumberger transformation program, including the rationale behind the changes we were making and the steps we were taking to accelerate and expand its reach throughout the company.

At the time, we believed that the current industry crisis would deepen and we proposed that in such an environment, all operators, suppliers, and other service providers across the E&P industry would be obliged to transform their performance.

Nine months have passed since then, and today the scale and pace of the downturn has been so dramatic it would have been almost unimaginable in 2014. Transformation is no longer a mere obligation; for many it has become the sole means of survival.

In my presentation today, I would like to update you on how our transformation program has evolved before illustrating the value it is bringing to our customers and to ourselves.

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," "predict," "anticipate," "should," "could," "will," "see," "likely," and other similar words. Forward-looking statements address matters that are, to varying degrees, uncertain, such as statements about our transformation program; 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 anticipated benefits of the Cameron acquisition; 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; the inability to reduce the cost-per-barrel of hydrocarbon developments; Schlumberger's future cash flows; the success of Schlumberger's transformation efforts; general economic, political and business conditions in key regions of the world; country risk; pricing erosion; weather and seasonal factors; operational modifications, delays or cancellations; 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 challenges in exploration; the inability to realize expected value from SPM projects; the inability to integrate the Cameron business and to realize expected synergies, the inability to retain key employees; 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.

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Before we begin let's get the formalities out of the way.

Some of the statements I will make today are forward looking. These statements are subject to 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 and other SEC filings.

Transformation – Industry Challenges



Technology Extending technical performance with game-changing technology



Reliability Learning from other industries and adopting new ways of working



Efficiency Optimizing the support platform and leveraging scale



Integration Aligning technical and commercial interests across the E&P value chain

- The E&P industry is facing greater technical and commercial challenges.
- It is seeking new ways of working to reduce costs and create more project value.

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While this stands as the most severe oil and gas industry downturn in 30 years, it is not the result of lower demand or other external factors that have characterized previous downturns. It is the result of OPEC's decision to protect market share instead of oil price, and as such, this is already causing a number of consequences for the industry as a whole.

The E&P industry's traditional response to market downturns has been to halt exploration investments, decrease development activity, and squeeze service industry pricing. This is not a viable long-term solution for an industry that was already technically and financially challenged when oil was \$100 a barrel and when international oil companies and independents were already operating under the shadow of declining cash flow and profitability.

It was during a healthy period of market growth—a time seven years before the price of oil began to decline—that Schlumberger set out to change its way of working. Given where the industry currently finds itself, the rationale behind our transformation program is significantly more relevant than when we began.

What began only as an initiative within our engineering and manufacturing organization is now being applied enterprise-wide and focuses upon the four pillars of our transformation: technology, reliability, efficiency, and integration. In our pursuit to grow the company by offering new technologies and greater integration, we also have a clear plan to improve our intrinsic performance by working more efficiently and reliably.

Transforming the E&P Industry

Intrinsic Performance



Technology Systems



Business Models



- Intrinsic Performance – Internal efficiency and reliability of how we work
- Technology Systems – Ability to innovate, integrate and digitally enable total systems
- Business Models – Closer collaboration and aligned commercial models

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At Schlumberger, there are three complementary dimensions to this.

First is the tremendous opportunity for E&P operators and service companies to significantly improve intrinsic performance. For Schlumberger, this means changing our processes and workflows, including our internal support functions as well as our external product and service delivery. We are able to identify and capitalize on these improvement opportunities by being willing to challenge our existing ways of working and by actively seeking insight and lessons learnt from the best companies in other technology-based industries.

Second, we are looking to accelerate the rate of technology innovation by bringing more focus to the creation of complete digitally enabled technology systems. Such integrated systems will significantly reduce the cost-per-barrel of future hydrocarbon developments by introducing software control and optimization on top of the best hardware products in the industry, while fully leveraging the latest advances in big data analytics and machine learning. The rationale for the acquisition of Cameron was fully predicated on this and we are now combining Cameron surface technology with our leading downhole and subsurface offerings. This dimension of the transformation fully leverages the breadth and depth of the Schlumberger technology portfolio, which is unique in the industry.

Third, the procurement-driven model that exists between operators and service providers is outdated and is focused on lowest unit price rather than the lowest total cost. As an industry, we need to increase the level of

collaboration between operators and the service industry by using commercial models that are more closely aligned to create value as a joint effort.

Let me now provide some insight into each of these dimensions.

Intrinsic Performance – Challenging How We Do Things

- In-depth reflection on operational processes
- Best practices from other industries
- Upgrade the management system and IT
- Optimize the organization and roles
- Evolve the company culture

Schlumberger Transformation Goals

Goal	Target
Operational Reliability	10x
Working Capital	25%
Asset Utilization	100%
Workforce Productivity	20%
Unit Support Costs	10%

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

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We began our transformation in late 2007 by analyzing the process of new technology development in our R&E organization. A \$350 million investment in transformation established our Engineering, Manufacturing, and Sustaining organization as well as the Schlumberger Product Development Method that is now used throughout the company.

Our intrinsic performance is affected by every process, system, and behavior in which we engage, and to change our way of working, each was objectively assessed. The result of that analysis translated into five internal goals that we use to measure the progress of our transformation.

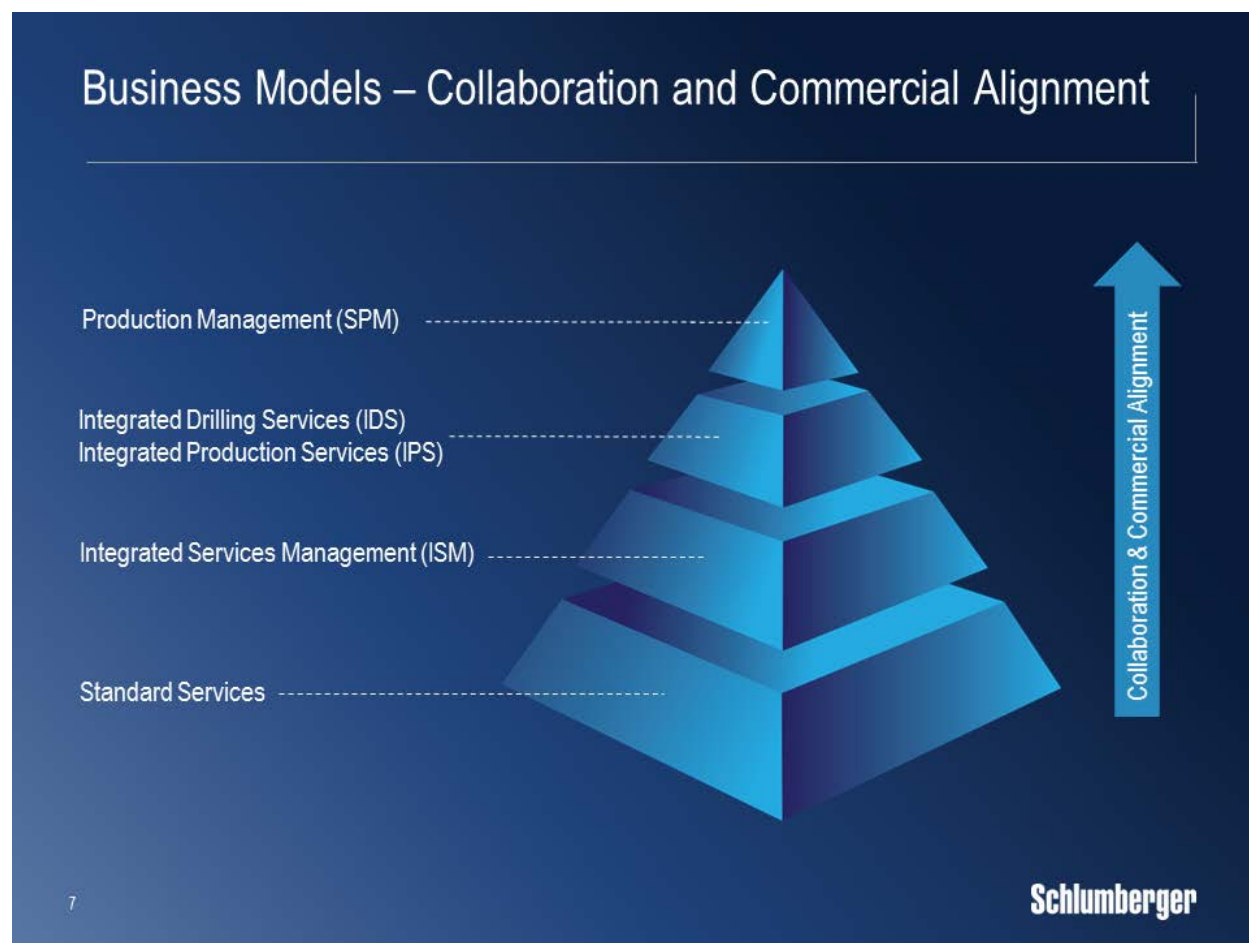
We set out to increase our operational reliability by a factor of 10, while also increasing workforce productivity by 20% and doubling asset utilization. In addition, our goal is to decrease working capital as a percentage of revenue by 25%, and lower our unit support costs by 10%.

Technology – Innovation and System Integration



In the second dimension of transformation, we are shifting our development process from discrete technologies to the creation of digitally enabled systems. These complete systems use technical building blocks that can be used in multiple products and services and that will enable us to help our customers reduce the cost per barrel of future hydrocarbon developments.

Two integrated technology systems that are already benefiting from this approach are our future land drilling system and our future hydraulic fracturing system. Both of these are scheduled for introduction in 2017, and both involve considerable integration across our technology portfolio. By way of example, the new drilling system will be an integrated platform that is a combined effort between our Cambridge drilling research center, the Drilling and Cameron Product Groups, T&T Engineering, the Bauer joint venture, our Houston and Beijing software centers, and our computing technology center in Menlo Park.



The third dimension of our transformation focuses on the deployment of closely aligned business models that leverage our capabilities with those of our customers in a complementary manner and share the risk and reward in more commensurate parts.

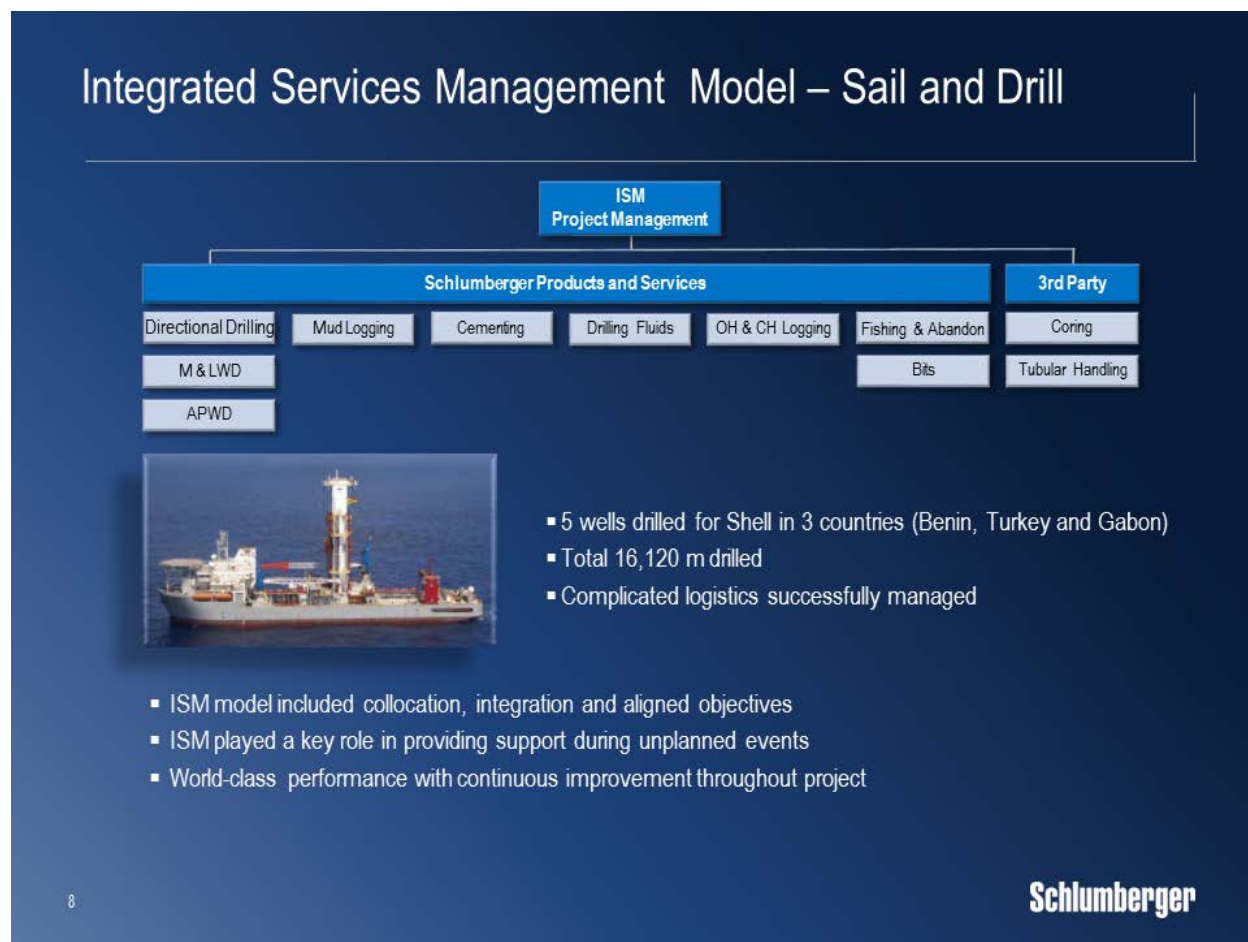
Today's business model is largely procurement driven, where every aspect of a new hydrocarbon development is broken into discrete parts. The operator then seeks the lowest bid for each part believing that this will mean the lowest overall cost and highest project value. This approach has a number of drawbacks.

First, there is no incentive for service providers to differentiate their performance based on quality and efficiency. Second, any approach to technology system innovation and performance optimization is highly fragmented. Third, avoiding the opportunity for operators and suppliers to collaborate during the concept and design phases greatly affects project costs.

The result is sub-optimal technical solutions and project performance in terms of design, execution, and financial returns. At Schlumberger, we believe that the only way to reverse this is to use an approach based on early engagement, collaboration, and commercial alignment between operator and service companies.

We have already begun to engage with our customers in this dimension. Given the conservative nature of our industry, progress has been marked with caution, but uptake in a number of locations has been positive and we believe that this will continue.

When engaging with customers we see three levels of increasing integration. The first of these is Integrated Services Management, where specially trained project managers coordinate activity across product and service lines. At the same time, we engage with customers at higher levels of collaboration through our Integrated Drilling Services and Integrated Production Services organizations that add project management and technical optimization to performance-based contracts. At the highest level, Schlumberger Production Management takes full field-management responsibility using the complete range of Schlumberger products, services, and technical expertise based on long-term, incentive-based commercial agreements.

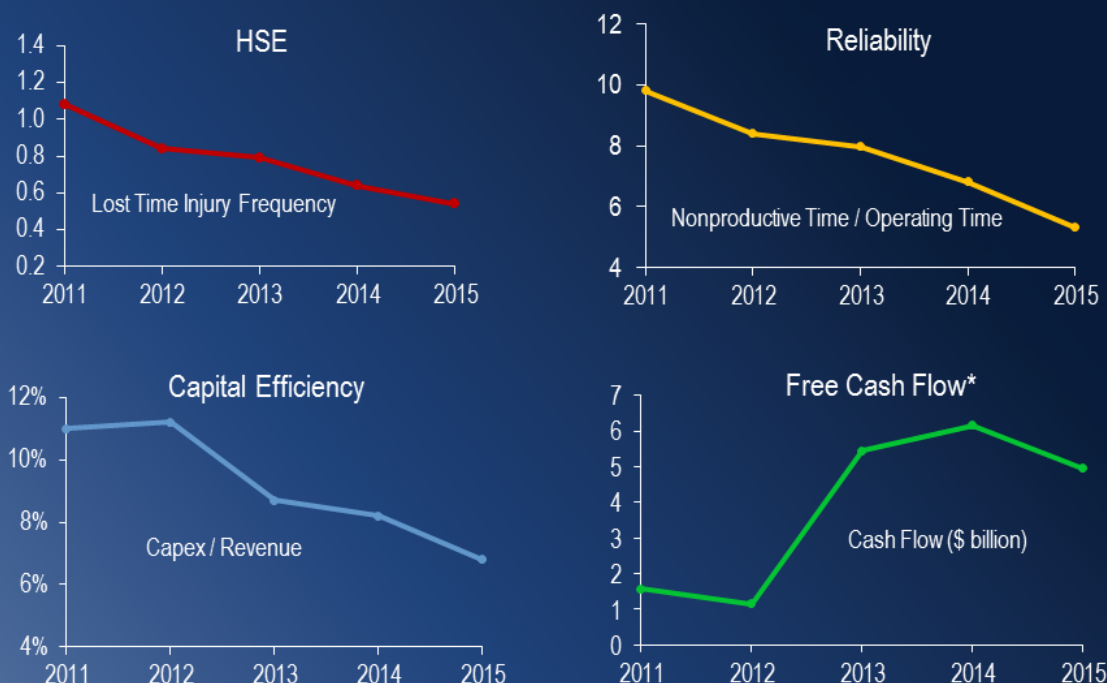


One recent example of collaboration is the multi-year contract that ISM completed for the Shell Sail and Drill project in February 2016. This work entailed drilling five wells in three countries—Benin, Turkey, and Gabon.

Schlumberger provided the majority of the services on the rig including project management, drilling and measurement, cementing, mud logging, drilling fluids, wireline logging, fishing and abandonment services, and oversaw the provision of coring and tubular services. A total of 16,120 m were drilled, complicated logistics were successfully managed, and the project was considered an operational success.

The ISM model, including the collocation, integration, and aligned objectives of the Shell and Schlumberger teams, led to world-class performance with continuous improvement throughout the project. The customer acknowledged the key role ISM played on the Sail and Drill project in providing unparalleled support during unplanned events.

Intrinsic Performance – Delivering Results



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*Free Cash Flow = cash flow from operations less capital expenditures (including multiclient and SPM investments)

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After four years of deploying transformation initiatives across our organization, the improvement in our intrinsic performance is becoming more and more visible. Reliability, as measured by non-productive time (NPT), has doubled. Our performance in health, safety, and the environment has shown similar improvement. And as the program has expanded and accelerated, its cumulative effects have grown to levels that impact our corporate performance. The outperformance we have demonstrated in managing the current market downturn is due in no small measure to our early acceptance of the need for the change, as well as the manner in which we have pursued its expansion.

Last year I explained several concepts underpinning these improvements. Today I will go a step further by sharing a series of case studies.

Reliability Centered Maintenance

MWD TelePacer*



- Tiered maintenance less invasive
- Automated pre-job test
- Diagnostic capabilities added

75% improvement in MTBF

Logging units



- Focus on Asset lifecycle integrity
- Calculator for Fluid End M&S
- Design changes to improve reliability

43% reduction in NPT
55% reduction in Service time

Blenders & Fracturing pumps



- Focus on Asset lifecycle integrity
- Engine data transmitted through GSM
- Engine cooling system reliability improved

64% reduction in blender NPT

10 *Mark of Schlumberger

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Improving the reliability of our products and services has required closer interaction between our engineering and manufacturing organization and field operations. To improve this, one key transformation initiative has put a process in place to make the most reliable tools and equipment available to the field, on time, and at the lowest cost. The process, known as reliability centered maintenance, is a multidisciplinary approach that eliminates unnecessary maintenance while managing the consequences of failure by predicting catastrophic failures in advance.

In North America land, the approach has been used to improve the reliability of Well Services blenders and hydraulic fracturing pumps. Combined with a comprehensive staff training program, the new process saved approximately \$9 million between January and September 2015, and reduced blender-related NPT by 64%. Similarly, when Drilling & Measurements applied the same approach to the latest TelePacer* modular measurements-while-drilling platform, more than \$6 million was saved over the same period.

Reliability centered maintenance is deployed within our Centers for Reliability and Efficiency. These are regional centralized asset hubs that provide optimal maintenance for tools and assets, guide and support our network of maintenance facilities in the region, and help improve the interaction between engineering, manufacturing, and field operations. Their number is increasing as new centers are built and others upgraded. The Middle East Center in Saudi Arabia is the newest and largest such facility, covering 178,000 square meters. It was inaugurated in March of this year and joins the Port Klang Center in Malaysia in serving the needs of the Middle East and Asia Area.

Regional Support Centers



1,289 field
notifications sent

1,179 incidents
avoided

\$7.7 million in M&S
savings

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The reliability of our equipment is also assured by a network of Regional Support Centers. These centers oversee fleets of equipment and monitor crews on site along with weather conditions that might affect their work. Used in conjunction with reliability centered maintenance procedures, these centers, apply the concept of prognostic health management to intervene before any catastrophic equipment failure occurs.

In the center, reliability team members use predictive analytics to predict equipment issues in advance. Using this data-based approach to monitor the fracturing pump power-end components during the third quarter of 2015, Well Services reduced the average repair cost for a pump from \$80,000 to \$5,000. And since September 2015, the Regional Support Center in Denton, Texas has sent almost 1,300 notifications to the field that have enabled on-site crews to avoid nearly 1,200 incidents that could have potentially affected job reliability. Combined with other measures, this saved the company nearly \$8 million in materials and supplies (M&S).

Logistics Control Towers

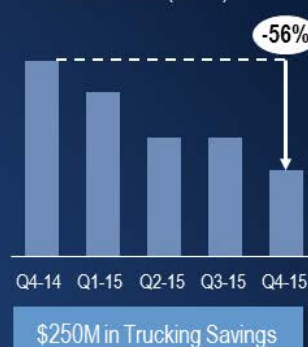


Transport & Mobile Shipment Tracking



- Real-time delivery tracking
- Automated product transfers
- Detention & late shipment notification

North America Land Transport & Mobilization (\$/Ton)



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Another transformation initiative, Logistics Control Towers, also boosts efficiency. Their use by Well Services in North America land centralizes management and delivery of field supplies such as proppant for hydraulic fracturing operations. This minimizes cost to operating locations by doing all of the planning, tactical sourcing, and purchase-order generation to ensure cost-effective service delivery of proppant to the field. A mobile app provides real-time delivery tracking, automated product delivery transfers, crew shipment overviews, and notifications for detained or late shipments. Since opening in late 2014, control towers have saved the company \$250 million in trucking costs.

Management System – Process Reliability in IDS

APPROACH

Do the Right Thing



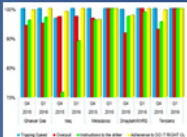
- Competency assessments aligned to Schlumberger Competency Framework
- Incentive plans to drive improvement; differentiate with customers

Do It Right



- Product Line standard operating procedures reviewed and re-launched
- DO IT RIGHT Standard Work Instructions
- Standard Work Instructions delivered digitally to the user

Do It Better



- Supported by Behavior Engineering Methodology to identify behaviors that cause NPT
- Drilling Technology Integration Centers support non-critical path tasks for well-site leaders

IMPACT

- ↓ NPT 70% (2011 to 2015)
- ↓ Failures in IDS projects
- ↓ Operational risks
- ↑ Teamwork

IDS NPT: 10x20 Target vs. Actual



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Improving reliability is not limited to equipment. Processes also have to be reliable. In fact process reliability accounts for about 75% of all NPT and therefore has been a primary focus of our transformation as well as being the impetus behind the implementation of new methods and tools.

During the course of the last three years, the IDS product line has developed standard operating procedures that included “Do It Right” checklists. Their implementation reduced the non-productive time rate by nearly 70% in 2015 compared with our baseline figures from 2011.

This procedural adherence is supported by involving field crews in the identification of critical behaviors that cause NPT. Daily reports measure the effectiveness of instructions as well as the adherence to checklists and operational parameters so that wellsite leaders can provide crews with feedback before an incident occurs.

A number of other transformation initiatives are also contributing to performance improvements. The concept of remote operations, for example, is driving workforce efficiency while also making an impact on operational reliability.

Remote Operations



Remote Operations Center - Russia

- 74% of jobs as of Q1 2016
- Average crew size decreased by 6% in 2015
- 20% more jobs covered with the same staff
- Excellent service quality delivered



Remote Operations Center - China

- NPT reduction
- 50% reduction in drilling time
- Geomechanics workflows via Remote Ops Center
- Best-in-class well drilled for IOC in Sichuan

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Drilling & Measurements in Russia has been using remote operations since 2009 and today 83% of their work is handled by the Remote Operations Center in Tyumen, Western Siberia. By performing tasks remotely that would traditionally be done in the field, remote operations decreases employees' exposure to health, safety, and environmental risks while also improving their work-life balances. In Russia, this has enabled Schlumberger to handle 20% more jobs without any staff increase. In addition, streamlining staff in Russia decreased crew size by 13% compared with 2014, allowing employees to be deployed when and where they are needed most.

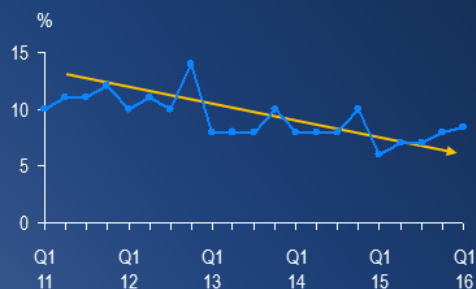
On a recent visit to China, I saw firsthand the progress being made with remote operations. In just over a year, field crew sizes have been reduced by 28% and significant reliability and drilling performance improvements have been achieved through round-the-clock support and access to key technical expertise that help optimize drilling performance at the wellsite.

While the case studies I have presented are only a small sample of transformation initiatives to date, there are many other examples throughout the company as our transformation continues. When we add up the cost savings, which span geographies and product lines, the final figure makes a noticeable impact in individual GeoMarket* regions and ultimately improves our corporate performance.

With that in mind, I'd now like to provide more detail on our operating and financial metrics.

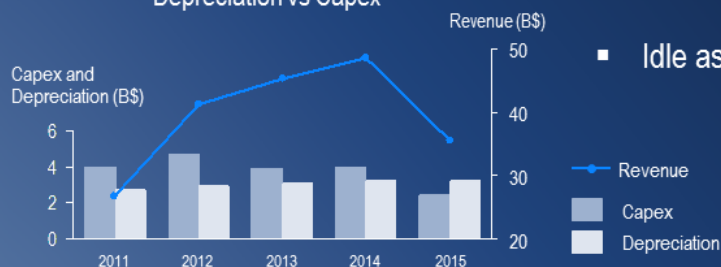
Improving Capital Efficiency Through Asset Utilization

CAPEX as a Percentage of Revenue



- Assets historically underutilized
- Increasing utilization lowers capital investment as a percentage of revenue
- Lower capex brings lower depreciation
- Idle assets managed centrally

Depreciation vs Capex



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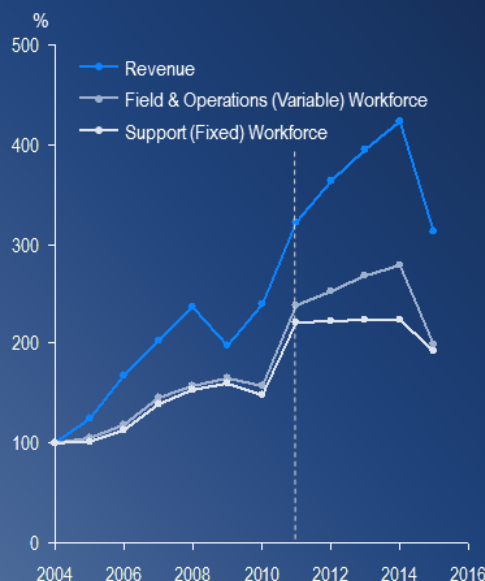
Our transformation has enabled us to increase our asset utilization by reassigning equipment at a regional level instead of the operating location. This gives us the flexibility to move equipment more readily in response to changes in activity levels. The benefit can be seen in improved capital efficiency.

While this contributed to performance through the market downturn as excess equipment was removed from service, it is now contributing more by lowering the number of assets we need to meet any given level of activity. In turn, this is leading to lower capital investment in field technical equipment, which translates to lower depreciation and amortization costs at the corporate level.

This is a key transformation goal, which is being achieved without impacting our delivery of new technologies to the field.

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

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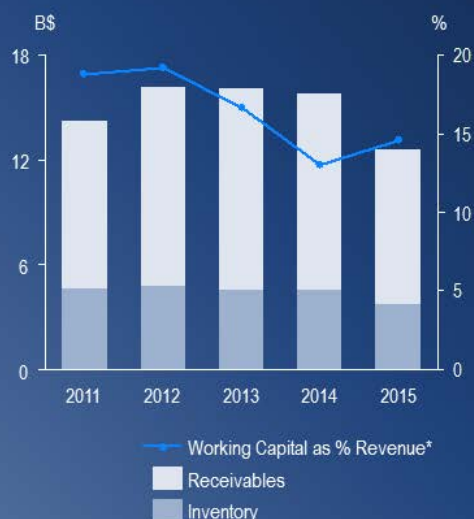
We have also been focusing heavily on reducing our support costs. Although we experienced consecutive years of growth between 2011 and 2014, the shared support organization actually decreased in overall size. In addition, and while revenue increased almost fourfold between 2004 and 2014, field direct (variable) headcount increases were held to a factor of nearly three, and support headcount to a factor of nearly two.

By maintaining this focus during the current down cycle, we have been able to mitigate the pressure on our support organization and align our cost structure with decreasing activity levels. As a result, our fixed headcount has been reduced, and our overhead cut in line with activity. This has included the reorganization of certain product lines, and the reshaping of certain GeoMarket region boundaries. In addition, the direct headcount has been cut in line with activity.

When market recovery begins, we will target fixed headcount at this new lower level with direct headcount being added more slowly than activity increases as we use transformative ways of working to be more efficient.

Managing Working Capital

Working Capital as a Percentage of Revenue



- Receivable challenges internationally
- Centralized maintenance reduces inventory
- Just-in-time inventory via Distribution Centers

17 *Working capital is the sum of receivables and inventory

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In managing our working capital, progress has been slower because, for some customers, budget restrictions in the current downturn are limiting and delaying payments. As a result, although our working capital performance has been better on average than previous years, it has increased our working capital as a percentage of revenue and slowed our progress.

Throughout this period, our ability to efficiently and effectively manage our inventory positions has been significantly improved by the deployment of worldwide distribution centers. Each center has been perfecting “just-in-time” delivery of centralized inventory, and is an example of the model in place in other high-technology industries such as automotive or aerospace.



Ladies and gentlemen, before I conclude, let me remind you that our transformation is a multiyear program that will continue to expand and accelerate. The improvements we have seen in our intrinsic performance, the focus that we are starting to bring to digitally enabled integrated systems, and the possibilities we see for new and collaborative ways of working have convinced us of the opportunities ahead.

The process of transformation will never be fully completed. There will always be something to develop. But depending on which particular initiative is being considered, it is probably fair to say that we are about halfway to achieving our initial five goals in operational reliability, workforce productivity, asset utilization, working capital and unit support cost.

When we fully achieve our transformation, our future wellsite footprint will be much smaller, with a multiskilled field crew competent to perform operations across an entire customer workflow, using a fully integrated and digitally enabled system designed and configured for each specific well.

Equipment will be delivered from specialized centers for reliability and efficiency, where it will have been maintained and prepared using systems and techniques first developed in other high-technology industries.

The planning and distribution of equipment and personnel will be managed centrally to assure timely delivery and enable rapid response to planning changes while maximizing asset utilization. Integrated operational hubs will form the foundation of the service delivery process while remote operations engineers will monitor progress and engage with customers to make real-time decisions.

As we move toward this future state during the coming years, we are confident that at each stage we will provide an incremental step change in efficiency and operational reliability. At the same time, integrating technology, knowledge, and expertise across customer workflows will help transform our customers' performance in terms of cost-per-barrel and ultimate recovery.

Conclusions

- The case for industry transformation is stronger than ever
- Focused on intrinsic performance since the start of this decade
- Delivering material results with expectations for further upside
- Pursuing collaborative business models and engaging with customers in transformation initiatives
- Extending our leadership through technology and total system integration

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In conclusion, let me just say that our transformation program is now even more relevant than when we began it more than eight years ago. Commodity prices show little sign of being able to return to previous highs as competing sources of supply limit improvement. As a result, the case for transformation is stronger than ever.

So far we have focused on our intrinsic performance, of which the positive results will continue to grow as its effects are multiplied throughout the company to achieve the goals we have set. In doing this, we have also understood the potential upside they can achieve and we are industrializing our methods to manage global deployment. As a result, we have added more dimensions to our transformation that focus on new integrated technologies and new collaborative business models.

Every day our transformation contributes more toward improving our way of working and we continue to raise our expectations for additional value creation.

Combining all of this with our leadership in technology innovation and fully integrated systems will ensure that Schlumberger is clearly differentiated and at the forefront of an industry transformation that is long overdue.