



SLB Third-Quarter 2025 Results Prepared Remarks

James R. McDonald – *SVP of Investor Relations and Industry Affairs*

Thank you, Meghan.

Good morning, and welcome to the SLB Third-Quarter 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 third-quarter earnings press release, which is on our website.

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

Olivier Le Peuch – CEO

Thank you, James.

Ladies and gentlemen, thank you for joining us on the call.

I'll begin today by discussing our third-quarter performance. Then I will describe the near-term outlook for oil and gas markets. And finally, I will share our guidance for the fourth quarter.

Stephane will then provide more details on our financial results and the structure of our new Digital Division. After that, we will open the line for your questions. Let's begin.

Sequential Growth Supported by the Addition of ChampionX and Digital

Our third quarter unfolded in line with expectations as we achieved sequential revenue growth driven by the addition of two months of activity from ChampionX, our Digital business and the resilient performance of our Core.

In the international markets, revenue rose 1% sequentially, with notable increases in several countries across the Middle East and Asia. Across this region, sequential growth was seen in Iraq, the United Arab Emirates, Oman, Egypt, China, East Asia, Indonesia, Australia and India, alongside broader improvements in offshore activity across Guyana, Sub-Saharan Africa and Scandinavia.

Meanwhile, revenue in North America grew 17% sequentially. This was driven mainly by the contribution of ChampionX, followed by higher offshore activity, which more than offset a decline in U.S. land activity as U.S. shale operators focused on further efficiency gains and cash preservation during the quarter.

We also experienced strong growth in our data center solutions business, extending our reach with hyperscalers to a new market for SLB. This quarter marks the first time we have disclosed our data center revenue, which has more than doubled year on year. Looking ahead, we foresee expansion beyond the U.S. along with the onboarding of new customers.

Next, let me discuss the performance of our divisions.

I will begin with Digital, as this is the first quarter we are reporting Digital as a standalone division.

As you have seen in our release this morning, our digital business is comprised of four categories where SLB offers solutions that help unlock productivity for geoscientists and engineers, drive a step change in efficiency and safety in operations, and help our customers in delivering better wells and higher producing assets. These solutions are embedded in Platforms & Applications, Digital Operations, Digital Exploration and Professional Services, each of which Stephane will describe in more detail a little later in this morning's call.

Specific to the third quarter, Digital revenue increased 11% sequentially. This was driven by a 39% increase in Digital Operations, which enables digital services and automation capabilities, augmenting

our offering from our Core divisions. Of note, automated drilling footage increased by more than 50% year on year.

This was also supported by the addition of new connected assets from ChampionX. Following the integration, we now have a combined total of more than 20,000 connected assets deployed in the field, providing additional digital insights and optimization for our customers.

One of the reasons Digital Operations is such an exciting area of growth is because it presents the opportunity to enhance every service and piece of equipment that we deliver by embedding digital capabilities that enhance performance and unlock the power of autonomous operations — creating an adjacent and fast-growing digital market that strengthens our Core offering.

In the earnings release published this morning, you will have seen a broad range of examples of Platform & Applications being adopted by customers, across all basins, customer types and life cycles. These examples demonstrate the global reach of our digital brand, the impact of our platform strategy and the emergence of AI as a transformative force in our industry.

This quarter, for example, we secured key contract awards for our OptiSite™ production suite, which enables customers to process comprehensive data streams through cloud-based applications to drive productivity and efficiency across assets and facilities in the field.

We also announced a collaboration with AIQ to deploy its ENERGYai agentic AI solution for ADNOC, powered by SLB's Lumi™ data and AI platform. These are meaningful milestones that speak to the momentum behind our digital business, and you can expect to hear more announcements in the weeks ahead that further demonstrate the impact and scale of these solutions.

Turning to the financial performance of this business, we expect our Digital revenue to continue growing at a rate that visibly outperforms global upstream spending and that exceeds the growth rate of our Core business, by double-digits. At the same time, we expect Digital to continue delivering highly accretive margins to the company.

In the Core, I was very pleased with the resilient performance of this quarter given the challenging macro environment. Excluding the impact of the ChampionX contribution, the Core divisions of Reservoir Performance, Well Construction and Production Systems were essentially flat sequentially. This demonstrates how our global footprint and broad portfolio help us to navigate regional uncertainties and offset localized headwinds.

Specific to our Production Systems division, we are already benefitting from the addition of ChampionX, which delivered revenue growth and margin contribution ahead of expectations. We are very pleased with the integration so far, and in addition to the strong delivery of the team, we continue to receive positive feedback from our customers.

For example, we recently delivered a combined ESP run using a ChampionX pump with an SLB induction motor for a main operator in the Permian basin. By bringing together these two best-in-class technologies, we improved performance for unconventional wells and enabled faster installation, reducing downtime and strengthening project economics for our customer.

And in the Middle East, we have received several contract awards for artificial lift, well testing and production chemical technologies that leverage the combination of SLB and ChampionX solutions and engineering capabilities.

Moving forward, in the context of tighter industry economics and mounting pressure from production declines, our customers are placing greater emphasis on production and recovery solutions to unlock additional barrels at the lowest possible cost and with maximum capital efficiency.

This presents an exciting growth opportunity for companies who can offer solutions and technologies to optimize production and maximize recovery from maturing assets, and technology will be the key. This is where SLB has a distinct advantage and why we have made production and recovery a strategic focus for our business.

By combining our deep subsurface expertise, the industry's broadest lift, intervention and chemical technology portfolio, with unique integration and digital capabilities, we offer a differentiated value proposition to our customers. This offering now includes ChampionX, which brings unique technical capabilities and strong track record of customer success, from production chemicals to artificial lift, enhanced with digital capabilities. And we continue to develop our portfolio with strategic investments, including our recent acquisitions of RESMAN Energy Technology and Stimline Digital.

Altogether, our production and recovery offering adds another lever of growth to our business, with combined exposure to capex and opex spend, complementing our leadership in upstream exploration and development.

Now, turning back to our quarterly results, and considering the market conditions we faced during the past few months, I am pleased with our performance. We achieved resilient results across the Core divisions, delivering early successes with ChampionX and continuing the momentum in digital, and there are several bright spots on the horizon.

Thank you to the entire SLB team, including our new colleagues from ChampionX, for your excellent contributions this quarter.

Next, I will discuss the ongoing macro environment and the near-term outlook for oil and gas markets.

Steady Outlook for Oil and Gas Markets

In an environment with increasingly challenging commodity prices and uncertainty on the demand-supply balance, the industry has so far proven disciplined, with most long-cycle and international activity demonstrating resilience.

While it is difficult to predict the exact outcome of further production increases and ongoing geopolitical developments, the fundamentals for oil and gas remain constructive. Global inventories still reside at multi-year lows, and the need to offset natural production decline accounts for nearly 90% of annual upstream investment. These dynamics create a supportive environment for stable investment in the near to mid-term, barring a dramatic shift in commodity prices.

Against this backdrop, with the exception of three to four well-known markets where activity has recessed, global activity has stabilized with many locations still on the rise.

To touch on international markets, many countries remain poised for investment growth tied to long-term capacity expansion plans and assurance of energy supply, particularly for gas. Notably, while OPEC+ production releases are currently being filled using capacity behind the pipes, additional releases will eventually require new infill drilling or new developments to meet the higher supply output from these countries. This presents a positive catalyst for activity in member countries and reinforces the potential for higher activity in 2026.

Specific to deepwater markets, the pipeline remains very healthy with favorable economics. We expect further investment in countries across the Atlantic, supported by oil, and in Asia, driven by gas. And while short-term scheduling uncertainties have resulted in whitespace, particularly in Sub-Saharan Africa, we expect this to progressively disappear as there are a number of FIDs planned for 2026 and early 2027.

Meanwhile, in North America, operators continue to prioritize production maintenance as a result of commodity prices — underpinned by efficiency improvements — leading to muted activity in the near to mid-term.

In this context, considering the current industry dynamics and commodity price environment, we believe the conditions are set, when the supply-demand rebalances, for the international markets to lead the future activity rebound, and SLB is well positioned to benefit from such an event.

Now that we have discussed the market conditions, let me next describe how we see the fourth quarter unfolding for our business.

Fourth-Quarter Guidance

We expect that we will achieve a sequential step up in results in the fourth quarter with high-single digit topline growth as we report a full quarter of ChampionX and generate seasonally higher year-end digital and product sales. With the third-quarter results behind us, we are now in a position to confirm that second-half revenue will be within the midpoint of our previous guidance range of \$18.2 billion to \$18.8 billion.

We also expect the fourth-quarter adjusted EBITDA margin to expand 50 to 150 bps sequentially. This will be driven primarily by increased earnings contribution from both Digital and Production Systems end-of-year sales, including a full quarter of ChampionX results and fully restored operations on our APS Ecuador assets.

Specific to the Digital business, we expect a significant increase in the fourth quarter on seasonally higher sales across the portfolio. As a result, we believe our Digital Division will be able to achieve double-digit growth year on year with EBITDA margin reaching 35% on a full-year basis.

Overall, SLB continues to demonstrate resilience in navigating the challenging market environment. And our strength in Digital, coupled with our growing presence in the production and recovery space, will expand our leadership in the sector and help us drive positive outcomes for our customers.

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

Stephane Biguet – Executive Vice President and CFO

Thank you, Olivier, and good morning, ladies and gentlemen.

Third-quarter earnings per share, excluding charges and credits, was 69 cents. This represents a decrease of 5 cents sequentially and 20 cents when compared to the third quarter of last year.

We recorded 19 cents of charges during the third quarter. This includes 12 cents of merger and integration charges largely related to the ChampionX acquisition that we closed during the quarter, as well as approximately 4 cents related to workforce reductions, and 3 cents related to the impairment of an equity method investment.

Overall, our third-quarter revenue of \$8.9 billion increased \$382 million, or 4% sequentially.

I recognize that there are a lot of moving pieces this quarter, so let me bridge our Q3 revenue to Q2 at a high level: \$579 million of the sequential revenue increase comes from the two months of activity we recorded this quarter from the acquired ChampionX businesses. This increase was partially offset by the loss of approximately \$100 million of APS revenue due to production interruption arising from a pipeline disruption in Ecuador and the absence of approximately another \$100 million of revenue following the divestiture of our interest in the Palliser APS project in Canada at the end of the second quarter.

In other words, after considering the revenue contribution from ChampionX and the impact of the lower APS revenue due to the two factors I just mentioned, revenue was essentially flat on a sequential basis.

Our pretax segment operating margin declined 32 basis points sequentially to 18.2%. The impact of the two months of ChampionX was accretive to these margins as ChampionX contributed \$579 million of revenue and \$108 million of pretax income in the quarter.

Company-wide adjusted EBITDA margin for the third quarter was 23.1%, representing a sequential decrease of 92 basis points.

The effect of the pipeline disruption in Ecuador negatively impacted our EBITDA margins by approximately 60 basis points. In addition, the divestiture of our interest in the Palliser project resulted in a further 30 basis point reduction.

I will now go through the quarterly results for each Division.

And let me begin by sharing more detail about our new **Digital** reporting structure.

As Olivier described earlier, Digital is a fast-growing business, and SLB is at the forefront of this industry transformation. We expect our digital business to grow faster than our core business for the foreseeable future, with margins visibly accretive to the rest of the company. As such, our intent is to increase transparency around our digital business and better highlight its strategic value.

To do this, we are now reporting Digital as a standalone division. At the same time, our APS business is now being reported in the "All Other" category together with our Data Center Solutions and SLB Capturi businesses.

To provide you with better insight into these reporting changes, as well as the impact of ChampionX, we have included supplemental pro forma financial information going back to the first quarter of 2024 as an exhibit to the Form 8-K we filed this morning for our earnings press release.

Getting back to Digital, revenue is captured and will be reported across four categories where SLB offers solutions for our customers — Platforms & Applications, Digital Operations, Digital Exploration, and Professional Services.

Let me briefly describe each of these categories. Additional details can be found in Question 11 to the FAQs at the back of our earnings release.

The first category is Platforms & Applications. Platforms & Applications includes SLB's cloud technologies such as the Delfi™ and Lumi™ platforms, along with a suite of specialized, domain-focused applications such as Petrel™ and Techlog™ offered as SaaS subscription or perpetual licenses. These platforms and applications automate complex models, unlock data and utilize AI and machine learning to reduce cycle time and improve efficiency of workflows. This allows our clients to make better, faster decisions to improve their project economics and reservoir performance.

With the exception of one-off license sales, revenue in this category is recurring in nature, underpinned by a globally installed software base built over four decades, and complemented by growing adoption of cloud-based capabilities and IoT-enabled solutions. As a result, Platforms & Applications has high retention rates and very limited churn, as illustrated by the fact that the Net Revenue Retention Rate was 103% at the end of the third quarter. This represents the percentage of recurring revenue retained from our existing customer base over the last trailing twelve months, relative to the prior trailing twelve months.

The second category is Digital Operations, which combines the unique strengths of SLB's core oilfield services and products with advanced digital technologies to deliver more reliable and more efficient field operations. By integrating connected solutions with Performance Live™ digital service delivery centers, customers gain real-time monitoring, remote decision making, and automated execution across their workflows from autonomous drilling to automated well intervention.

Revenue in this category is generated from the same client base as our Core divisions and is, therefore, repeatable. Additionally, a portion of the revenue is recurring in nature.

To incentivize the three Core divisions — Well Construction, Reservoir Performance and Production Systems — and Digital to develop and promote this offering, the resulting revenue is recognized in both the respective Core division as well as in the Digital division. This revenue is then eliminated in consolidation.

The third category is Digital Exploration. Digital Exploration represents our exploration data business. Our differentiated library of seismic surveys and other subsurface data covers key exploration and

producing basins worldwide. These licensed datasets are refreshed and reprocessed to benefit from the latest imaging algorithms and AI technologies, enabled by high-performance cloud computing.

Revenues are generated from one-time, non-transferrable license sales and are therefore non-recurring in nature.

Professional Services makes up the fourth revenue category. This includes consulting and other services required to support our clients' digital transformations. These services include transition support from on-prem to cloud-based digital solutions, data clean-up and migration, and workflow automation — including deployment of solutions built using our global network of Innovation Factories.

Professional Services revenue is largely project-based, and repetitive engagements with the same customers are common. These services generate pull-through opportunities across the other digital revenue streams.

In addition to reporting revenue across each of these four categories, we will also share annual recurring revenue, or ARR, on a quarterly basis.

ARR represents the annual value of recurring subscription and maintenance revenues from Platforms & Applications, along with the recurring portion of Digital Operations, providing a measure of predictable revenue over the next 12 months.

Now that I have described our Digital reporting structure in more detail, I will walk through our third-quarter Digital results.

Third-quarter Digital revenue of \$658 million increased 11% sequentially and adjusted EBITDA was \$215 million, reflecting a margin of 32.7%, up 123 basis points sequentially.

Third-quarter sequential revenue growth was driven by robust sales of Digital Exploration coupled with increased Digital Operations. It also reflects two months of activity from ChampionX, which contributed digital revenue of \$20 million.

Annual recurring revenue stood at \$926 million at the end of Q3, representing year-on-year growth of 7%, highlighting our ability to continuously expand our offerings in Platforms & Applications and Digital Operations, as well as secure new customers.

Turning to the Core divisions, **Reservoir Performance** revenue of \$1.7 billion declined 1% sequentially as higher activity in Europe & Africa was more than offset by lower revenue in the Middle East & Asia, primarily in Saudi Arabia.

Pretax operating margin of 18.5% was essentially flat sequentially.

Well Construction revenue of \$3.0 billion was flat sequentially as higher revenue in offshore Guyana and North America were offset by lower drilling activity in Saudi Arabia and Argentina.

Margins of 18.8% were essentially flat sequentially.

Production Systems as-reported revenue of \$3.5 billion increased \$542 million, or 18% sequentially. This reflects two months of activity from the acquired ChampionX production chemicals and artificial lift businesses, which contributed \$575 million of revenue.

Pretax operating margin of 16.1% declined 66 basis points sequentially, driven by an unfavorable geographic mix in completions and lower subsea margins. This decline was partially offset by the accretive margin contribution from ChampionX.

On a pro forma basis, Production Systems revenue of \$3.8 billion was flat sequentially with lower completions sales offset by increased sales of valves and production chemicals.

While it is still early days, we are quite pleased with the performance of ChampionX, which recorded another quarter of year-on-year revenue and margin growth, demonstrating the resilient nature of this production and opex-based business. Going forward, these results will be further enhanced by the \$400 million of annual pretax synergies that we expect to generate within the first three years after closing. We remain confident that we will be able to realize 70 to 80% of the synergies within the first 24 months of the transaction. As a result, we expect the transaction will be accretive to both margins and earnings per share on a full-year basis in 2026.

Now turning to our liquidity.

During the quarter, we generated \$1.7 billion of cash flow from operations and \$1.1 billion of free cash flow. These amounts include the payment of \$153 million of acquisition-related items during the quarter.

Capital investments, inclusive of capex and investments in APS projects and exploration data were \$581 million in the quarter. For the full year, we still expect capital investments, including the impact of ChampionX, to be approximately \$2.4 billion.

We expect that, following our historical patterns, free cash flow will increase in the fourth quarter on the back of lower inventory, as a result of year-end product sales as well as higher customer collections. The extent of the sequential step up in free cash flow will largely depend on cash collections in certain countries.

Finally, we repurchased \$114 million of our stock during the quarter, which brings our total stock repurchases to \$2.4 billion on a year-to-date basis. When combined with our \$1.6 billion dividend commitment for the year, this will result in us returning a total of \$4 billion to our shareholders for the full year.

I will now turn the call back to Olivier.

Olivier Le Peuch – CEO

Thank you, Stephane.

We are now ready to open the line for your questions.

Olivier Le Peuch – CEO

Thank you, Meghan.

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

First, upstream oil and gas investment remains resilient, with pockets of growth in many international markets. SLB's unique global footprint and portfolio provide us with leading exposure to many of these regions and enable us to deliver steady financial results through all market conditions.

Second, the addition of ChampionX is already making a meaningful impact. As customers remain focused on increasing production from existing assets, our expanded portfolio positions us to capture a larger share of their spending and unlock greater value across the production life cycle, both in OpEx and CapEx spend categories.

And finally, our Digital business is a true differentiator for SLB. This is the fastest-growing part of our business, and I look forward to sharing the continued growth of this business through our new Digital Division.

With these strengths, SLB is exceptionally well positioned to continue delivering for our customers and our shareholders, and we look forward to delivering a strong fourth quarter to close the year.

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