SLB Fourth-Quarter and Full-Year 2025 Results Prepared Remarks

James R. McDonald – *SVP 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 – *CEO*

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.

Fourth-Quarter Results Demonstrate Impact of SLB Strategy

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 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 & Asia and higher intervention activity in Europe & Africa. In Well Construction, higher offshore drilling activity in North America and Europe & Africa was offset by declines in some land markets.

Additionally, our fourth quarter revenue benefited from the resumption of production in the APS projects of 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 such a strong note.

Ongoing Market Conditions Reinforce the Value of Technology and Integration

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 U.S. and China related to AI — will inherently drive more demand in 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 has 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, the 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 re-balance – 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.

First-Quarter and Full-Year 2026 Financial Guidance

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 & Asia, while Europe & 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 150-200 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.

Venezuela

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 – *CFO*

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

Fourth-quarter earnings per share, excluding charges and credits, was 78 cents. This represents an increase of 9 cents sequentially and a decrease of 14 cents compared to the fourth quarter of last year.

We recorded 23 cents of net charges during the fourth quarter. This includes an 11-cent goodwill impairment charge relating to our carbon capture business; 8 cents of merger and integration charges; 7 cents related to workforce reductions; and 3 cents of other charges. Offsetting these charges is a 6-cent 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 Champion X 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 34.0%. 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 dollars, reflecting year-on-year growth of 15%. Finally, trailing twelve 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 this 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 $3.0 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 dollars. 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 – *CEO*

Thank you, Stephane.

Ladies and gentlemen, we will now open the line for your questions.

Olivier Le Peuch – *CEO*

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 returns 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.