Good morning, and welcome to the Schlumberger Limited Fourth-Quarter and Full-Year 2020 Earnings Call. Today’s call is being hosted from Houston, following the Schlumberger Limited 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. I therefore refer you to our latest 10-K filing and our other SEC filings.

Our comments today may also include non-GAAP financial measures. Additional details and reconciliation to the most directly comparable GAAP financial measures, can be found in our fourth-quarter press release, which is on our website. With that, I will turn the call over to Olivier.

Good morning ladies and gentlemen. Thank you for joining us on the call.

In my prepared remarks today, I will cover three topics, starting with our fourth-quarter performance and my perspectives on what we accomplished in 2020. Thereafter, I will share our view of the 2021 outlook and the ambition we have set at the start of a new growth cycle. Stephane will then give more details on our financial results and we will open the floor to questions.

First, let me start by thanking the women and men of Schlumberger for their resilience and outstanding performance in an exceptional year. The Schlumberger team significantly improved both safety and service quality—two strong foundations of our performance strategy—despite COVID-19 adversity. In fact, this performance proved to be a critical differentiator for our customers, allowing us to strengthen our market position. This contributed to ending the year on a very strong note, and I am extremely proud of the results in the fourth quarter and our momentum headed into the new year.

In the fourth quarter, we delivered solid sequential revenue growth—in both North America and the international markets—and in all the four Divisions. We also recorded another quarter of sequential margin expansion and cash flow from operation, before severance, was more than $1 billion.

The recovery in the international markets and offshore, particularly deepwater, has commenced and was broad—with more than half of our international business units posting sequential growth, including most in MEA region.

Our offshore long-cycle exposure and favorable positions in the short-cycle markets combined to deliver this peer-leading sequential international growth, ahead of rig activity.
In North America, we posted strong double-digit revenue growth and sequential margin expansion, both onshore and offshore. Notably on land, our well construction and surface systems growth exceeded pressure pumping and outpaced rig count. This underscores the strength of our market position and breadth of services supporting shale activity, and complementing our partnership with Liberty, going forward.

All in all, this was a very strong fourth quarter where we demonstrated the scale of our market exposure, the strength of our international franchise, the reset of our earnings power, and a very solid free cash flow conversion.

Now, let me give you my perspective on what we achieved last year.

First, in line with our returns-focused strategy and as a response to the unique crisis, we restructured the company globally, and in North America, we scaled-to-fit and high-graded our portfolio. Internationally, we reorganized around key basins, addressed underperforming business units and contracts, and divested our Argentina APS asset.

These actions have reset our operating leverage, and we exited 2020 with EBITDA margins restored to 2019 levels. Through 2021, we will build on this new earnings power and visibly expand our margins.

Second, we capitalized on growth drivers for the future, positioning our new Divisions ahead of the recovery cycle—aligned with our customers’ workflows, and key drivers in the new industry landscape: the digital transformation imperative; the mandate for sustainable and lower carbon operations; and the priorities for step change in Production & Recovery; maximizing reservoir performance, and well construction integration and efficiency.

On digital, I am particularly proud of our achievements in 2020—both internally and externally.

Through our industry digital platform strategy, we are enabling digital transformation at scale, unlocking significant value, and leading innovation across the digital domain in our industry. This is further demonstrated by the highlights in our release this morning, which include enterprisewide deployments, AI partnership, and expanding use cases of our digital platform. As a result, digital was the most resilient of our businesses during 2020, only second to subsea long-cycle, and is set to initiate an accretive growth cycle from 2021.

Third, we launched Schlumberger New Energy to establish market positions and develop differentiated, ground-breaking technology in multiple low- and zero-carbon energy ventures. Our New Energy portfolio is very diverse and includes ventures in hydrogen, CCUS, lithium, geothermal, and geo-energy.

As you have seen in this morning’s earnings release, we announced significant progress with Celsius Energy and Genvia™. In fact, we have made progress in every New Energy venture in 2020, enabling us to scale or to prepare entering commercial agreements for these ventures during 2021—an essential step in our clear ambition to position Schlumberger at the forefront of new and sustainable energy technology in the coming years.

New Energy is a platform for long-term growth, and we will be making more announcements on these ventures over the coming weeks and months.

Finally, last year we accelerated our engagement with customers to provide solutions for the decarbonization of oil and gas operations and we reinforced our commitment to improving our ESG performance. Specifically, we progressed on the adoption of both TCFD and SASB frameworks to increase the transparency of our environmental disclosures, resulting into a high-grading of our rating in the CDP Climate Change Program assessment, to a peer-
leading A minus. We also delivered a 15% reduction of our Scope 1 and 2 greenhouse gas emissions (GHG) intensity within one year—well on our path to our stated 2025 emissions reduction goal.

Now, I’d like to share some of our views on the 2021 outlook.

Absent of a new setback in the pandemic control and economic recovery, we see constructive macro drivers developing through the course of the year.

In the near-term, disciplined OPEC+ supply actions are supporting oil prices well above crisis levels, while demand is projected to build up throughout the year. The exact magnitude and scale of demand inflection will be driven by the pace of the global vaccine rollout, easing of lockdowns, and coordinated economic stimulus through 2021.

In North America, we anticipate continued momentum and a strong start to 2021 in land markets, as activity continues to build up towards maintenance levels—both in well construction and completions. However, US production will still be visibly below previous production levels, as continued capital discipline and the impacts of consolidation will cap the spending level, and rate of growth may slow in the second half due to budget exhaustion. As a consequence, we anticipate growth in North America (NAM) to be in the midteens when contrasted with the run-rate of the second half of 2020—excluding OneSTIM®.

In this scenario, and as the market starts to rebalance, the call on international supply will increase, and we do expect to see an acceleration of the international recovery, both short- and long-cycle, after the seasonal dip in the first quarter. Thus, in 2021 we anticipate the international activity to build up from the second quarter; and in the second half of the year, to exceed second half of 2020 by double-digits.

This macro backdrop is very favorable to Schlumberger, both in North America and internationally. We expect all Divisions—including Reservoir Performance on a pro forma basis—excluding OneStim—to post full-year incremental growth compared to the second half of 2020—with the growth trajectory across the different Divisions shaped by the NAM-international mix and the relative exposure to short and long-cycle markets.

Building on this combined NAM and international activity recovery, our new operating leverage will support a very significant EBITDA margins expansion in 2021, with an ambition to achieve 250 to 300 bps improvement versus full-year 2020, and consequently, visibly above 2019 margins.

In North America, this ambition will be supported by restoring double-digit margins in 2021, as a result of our strategic actions, combined with the strength of our offering outside of pressure pumping, and strong contribution from our offshore business unit.

Internationally, with more than 80% of revenue coming from markets that will experience activity momentum, we see the combination of a favorable long- and short-cycle mix, the breadth of our market exposure, and our unique fit-for-basin technology, as key drivers for margin expansion throughout 2021.

I will now pass on to Stephane to discuss our financial results in greater detail.

**Stephane Biguet Schlumberger Limited – Executive VP & CFO**

Thank you, Olivier. Good morning ladies and gentlemen.
Fourth-quarter earnings per share, excluding charges and credits, was $0.22. This represents an increase of $0.06 sequentially and a decrease of $0.17 when compared to the same quarter of last year.

Overall, our fourth-quarter revenue of $5.5 billion increased 5% sequentially. This revenue growth was equally driven by our North America and international businesses.

The sequential international growth of 3% is especially notable, considering the seasonality effects we experienced in Russia in the fourth quarter. We indeed saw tangible signs of recovery in several key offshore markets.

Companywide adjusted EBITDA margins for the fourth quarter increased 73 basis points sequentially to 20.1%, which is back to our full-year 2019 level. We have reached this milestone earlier than what we had previously committed to. This performance translated into sequential incremental EBITDA margin of 34%, which illustrates our improved operating leverage following the restructuring of the Company.

During the fourth quarter, we completed two key previously announced transactions: the divestiture of our North America low-flow business and the contribution of our OneStim North America pressure pumping business to Liberty Oilfield Services. We look forward to working alongside Liberty to maximize the value of our partnership as the activity in North America land rebounds.

As of year-end, we had completed more than 90% of our ongoing restructuring program that will permanently remove $1.5 billion of fixed cash costs on an annual basis.

The early signs of recovery in the international offshore markets, combined with the high-grading of our North America portfolio and the near completion of our restructuring efforts, will all support strong margin expansion in the future as the industry recovery unfolds.

In particular, we can count on the strength of our international business, which despite a very challenging macro backdrop in 2020, generated EBITDA margins of close to 24% on a full-year basis. These margins are set to improve going forward.

Let me now go through the fourth-quarter results for each Division.

Fourth-quarter Digital & Integration revenue of $833 million increased 13% sequentially while margins increased 507 basis points to 32.4%. These increases were driven by strong APS results in Ecuador, as well as higher digital solutions and multiclient sales internationally.

Reservoir Performance revenue of $1.2 billion increased 3% sequentially. This increase was driven by higher OneStim activity in North America. OneStim revenue during the fourth quarter of $274 million increased 25% sequentially. This increase was partially offset by seasonality in Russia and lower activity in the Middle East & Asia.

Despite the improved North America revenue, margins decreased 84 basis points to 8% largely driven by Russia. While OneStim’s margins did improve in the fourth quarter, they were still highly dilutive to both our North America and our Reservoir Performance margins.

In fact, our fourth-quarter Reservoir Performance margins would have been approximately 400 basis points higher, excluding OneStim.
Well Construction revenue of $1.9 billion increased 2% and margins increased 42 basis points to 10% due to increased activity in North America, Latin America, Africa, and the Middle East & Asia, partially offset by seasonality in Russia.

Finally, Production Systems revenue of $1.6 billion increased 8% sequentially as international and North America revenues increased 7% and 11%, respectively.

Margins increased 82 basis points to 9% due to higher revenue contribution from subsea and improved profitability in surface production systems.

Now turning to our liquidity. During the quarter, we generated $878 million of cash flow from operations and $554 million of free cash flow, despite making $144 million of severance payments.

Excluding the significant severance payments we made, our full-year 2020 free cash flow margin is very close to double-digits. This gives us the confidence that we will achieve our ambition of double-digit free cash flow margin in 2021, and in turn, begin deleveraging the balance sheet, which is a top priority for us.

For the sake of clarity, this double-digit ambition includes the effects of changes in working capital as well as any severance.

Our net debt improved sequentially by $46 million, despite an unfavorable currency impact of $223 million. Net debt at the end of the year was $13.9 billion, a year-on-year increase of $753 million. Approximately $600 million of this increase is due to changes in exchange rates that impacted our foreign currency denominated debt. These currency movements are fully hedged and, therefore, will not result into any incremental net cash outflow.

During the quarter, we made capital investments of $324 million. This amount includes capex, investments in APS projects, and multiclient.

For the full-year 2020, we spent $1.5 billion on capital investments. In line with our capital stewardship program, for 2021, we are expecting to spend between $1.5 to $1.7 billion on capital investments. The capex portion of these investments is expected to be towards the lower end of our previous guidance of 5% to 7% of revenue.

I will now turn the conference call back to Olivier.

**Olivier Le Peuch Schlumberger Limited – CEO**

To conclude, I would like to offer three takeaways.

First, the strength of our results during the last quarter, built on very broad performance improvement across Divisions—both in North America and internationally—speaks volumes about our market positioning and the effectiveness of our strategic execution during the year. We are starting 2021 from a position of strength, having reset our earnings power and returns potential.

Second, with a gradual return of demand throughout 2021, we anticipate North America activity to continue consolidating towards sustaining production, and international activity rebounds to broaden and accelerate in the second half. This aligns very well with the evolution of our portfolio in North America and with our established international market positions—and should lead all Divisions to postincremental growth in 2021 when contrasted to
the second half of 2020, and for the company to expand full-year margins significantly above 2020 and visibly ahead of 2019.

Third, our strategic execution has created a platform to capitalize on growth drivers in the new landscape, as we witness the beginning of a new chapter in our industry: A chapter where digital is an imperative for industry efficiency; a chapter where innovation and technology will impact field development, asset performance, and Production & Recovery; and a chapter where industry resilience will be defined by sustainability and lower carbon footprint.

We are prioritizing our investment towards these growth drivers, and, at the same time, will continue to accelerate our expansion into New Energy ventures to prepare for the future.

Ladies and gentlemen, we are reinventing ourselves and are delivering financial results ahead of our stated ambition—our company is on a new performance journey with attractive, yet resilient returns, and very exciting growth prospects, in and beyond our core industry. Thank you very much.