Energy Pitch
February 2nd, 2023

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Teagan Shaughnessy  LATAM & Emerging Markets Analyst
Lucas Ruszkowski  Chief Investment Officer
Energy Sector Outlook

- Expected to continue its transition toward cleaner, more sustainable sources of energy
- IEA revised oil demand expectations upwards amid China reopening
- Increase in offshore rig operations as demand continues to outpace supply capabilities

XLE vs SPX Ratio Spread

Current Energy Holdings

- Current Energy Holdings: 5.19%
- Energy Transfer: 5.19%

Current Materials Holdings

- Current Materials Holdings: 1.99%
- Linde: 1.99%
- Freeport-McMoRan: 4.52%
SLB’s focus is accelerating decarbonization through innovation and science on a global scale

I. Decarbonizing Industry
II. Innovating Oil and Gas
III. Scaling New Energy Systems
IV. Delivery Digital at Scale
Investment Thesis

- Rebranding to a technology company driving the future to clean energy
- Continuing increase in demand for energy due to China reopening
- Oil field servicers are commanding premiums from oil and gas producers
Timeline

1980s
- Open research center in England and engineering center in Japan
  - Hopes to drive innovation and explore new approaches within tech
  - Implemented its first international data links within email

1990s
- Launch of several new products
  - Revolutionized drilling and logging operations
  - Continues to make strategic acquisitions and partnerships

2000s
- Integration of new tech
  - Implementation of new tech including 4D Reservoir monitoring
  - Enabled horizontal well drilling at industrial scale

2022
- Announce rebranding
  - Schlumberger -> SLB
  - Transformed the company vision from largest oilfield services to a global Technology company
Management Overview

Oliver Le Peuch
CEO
Tenure: 3.5 years
At SLB since 1987

Stephane Biguet
Executive VP & CFO
Tenure: 3.0 years
At SLB since 1995

Demosthenis Pafitis
Chief Technology Officer
Tenure: 3.0 years
At SLB since 1991

Gavin Rennick
President Schlumberger New Energy
Tenure: 10 months
At SLB since 1998
Factor Exposure

Energy Sector Factor Exposure (1Y)

FTW US Energy PORT US Momentum Long-Short (High-Low) Total Return
FTW US Energy PORT US Value Long-Short (High-Low) Total Return
FTW US Energy Market Capitalization Long-Short (High-Low) Total Return
FTW US Energy 3M Volatility Long-Short (High-Low) Total Return
FTW US Energy Dividend Yield (Indicated) Long-Short (High-Low) Total Return
<table>
<thead>
<tr>
<th>Company</th>
<th>Market Cap</th>
<th>Share Price</th>
<th>1Y Rev Growth</th>
<th>1Y EPS Growth</th>
<th>P/E</th>
<th>ROE</th>
<th>Dividend</th>
<th>EBITDA Margin</th>
<th>Net Profit Margin</th>
<th>ROIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>SLB</td>
<td>$80.01B</td>
<td>$52.24</td>
<td>22.51%</td>
<td>69.59%</td>
<td>25.75x</td>
<td>19.19%</td>
<td>1.15%</td>
<td>21.61%</td>
<td>11.17%</td>
<td>9.70%</td>
</tr>
<tr>
<td>Halliburton</td>
<td>$36.63B</td>
<td>$38.43</td>
<td>32.70%</td>
<td>78.54%</td>
<td>21.46x</td>
<td>23.30%</td>
<td>1.19%</td>
<td>18.51%</td>
<td>8.42%</td>
<td>13.50%</td>
</tr>
<tr>
<td>Baker Hughes</td>
<td>$31.28B</td>
<td>$31.24</td>
<td>3.19%</td>
<td>-13.73%</td>
<td>33.25x</td>
<td>6.36%</td>
<td>2.35%</td>
<td>15.00%</td>
<td>4.42%</td>
<td>6.55%</td>
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<tr>
<td>NOV</td>
<td>$9.33B</td>
<td>$22.74</td>
<td>-9.29%</td>
<td>43.00%</td>
<td>61.39x</td>
<td>3.09%</td>
<td>0.84%</td>
<td>8.47%</td>
<td>2.28%</td>
<td>2.18%</td>
</tr>
</tbody>
</table>
## Revenue Breakdown

<table>
<thead>
<tr>
<th>Service</th>
<th>Revenue (Billions of USD)</th>
<th>Description</th>
</tr>
</thead>
</table>
| Well Construction             | $11.40B                   | • Optimize customer planning and increase operational drilling performance and efficiency  
                               |                                           | • Connects multiple disciplines/workflows in one accessible environment for improved well construction planning and execution capabilities |
| Production Systems            | $7.86B                    | • Expertise, systems, and tools for optimal outcomes and maximum yield  
                               |                                           | • Provides soundly planned, accurately executed techniques with precision equipment to bring a well to life |
| Reservoir Performance         | $5.55B                    | • Consists of reservoir-centric technologies and services that are critical to optimizing reservoir productivity and performance |
| Digital & Integration         | $3.73B                    | • Provides greater performance for customers by reducing cycle times and risk, accelerating returns, increasing productivity and lowering costs and carbon emissions through digital solutions and data integrated products |

### Revenue (Billions of USD)

- **Well Construction**
  - Middle East and Asia: 32%
  - Europe, CIS and Africa: 20%
  - Latin America: 21%
  - North America: 27%

- **Production Systems**
  - Middle East and Asia: 32%
  - Europe, CIS and Africa: 20%
  - Latin America: 21%
  - North America: 27%

- **Reservoir Performance**
  - Middle East and Asia: 32%
  - Europe, CIS and Africa: 20%
  - Latin America: 21%
  - North America: 27%

- **Digital & Integration**
  - Middle East and Asia: 32%
  - Europe, CIS and Africa: 20%
  - Latin America: 21%
  - North America: 27%
### SLB Discounted Cash Flow Analysis

($ in millions, fiscal year ending December 31)

<table>
<thead>
<tr>
<th>Mid Year Conversion</th>
<th>1Y</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>CAGR</th>
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</thead>
<tbody>
<tr>
<td><strong>Operating Scenario</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td>$12,917</td>
<td>$23,601</td>
<td>$22,909</td>
<td>$28,061</td>
<td>$32,585</td>
<td>$37,796</td>
<td>$43,847</td>
<td>$50,862</td>
<td>$59,000</td>
<td>12.6%</td>
</tr>
<tr>
<td>% growth</td>
<td></td>
<td>-16.5%</td>
<td>-16.0%</td>
<td>-16.0%</td>
<td>-16.0%</td>
<td>-16.0%</td>
<td>-16.0%</td>
<td>-16.0%</td>
<td>-16.0%</td>
<td>-16.0%</td>
<td></td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td></td>
<td>$28,720</td>
<td>$21,000</td>
<td>$19,271</td>
<td>$22,930</td>
<td>$26,085</td>
<td>$30,239</td>
<td>$35,077</td>
<td>$40,690</td>
<td>$47,200</td>
<td>16.0%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td></td>
<td>$4,197</td>
<td>$2,601</td>
<td>$3,658</td>
<td>$5,161</td>
<td>$6,517</td>
<td>$7,589</td>
<td>$8,764</td>
<td>$10,122</td>
<td>$11,800</td>
<td>18.0%</td>
</tr>
<tr>
<td>% margin</td>
<td></td>
<td>12.8%</td>
<td>12.0%</td>
<td>16.0%</td>
<td>16.4%</td>
<td>16.4%</td>
<td>16.4%</td>
<td>16.4%</td>
<td>16.4%</td>
<td>16.4%</td>
<td></td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td></td>
<td>$474</td>
<td>$305</td>
<td>$339</td>
<td>$376</td>
<td>$488</td>
<td>$566</td>
<td>$657</td>
<td>$762</td>
<td>$885</td>
<td>10.6%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td>$3,723</td>
<td>$2,236</td>
<td>$3,319</td>
<td>$4,785</td>
<td>$6,028</td>
<td>$6,992</td>
<td>$8,113</td>
<td>$9,400</td>
<td>$10,915</td>
<td>17.9%</td>
</tr>
<tr>
<td>% margin</td>
<td></td>
<td>13.3%</td>
<td>9.5%</td>
<td>14.5%</td>
<td>17.0%</td>
<td>18.3%</td>
<td>18.3%</td>
<td>18.3%</td>
<td>18.3%</td>
<td>18.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation &amp; Amortization</strong></td>
<td></td>
<td>$2,060</td>
<td>$1,625</td>
<td>$1,402</td>
<td>$2,431</td>
<td>$2,977</td>
<td>$3,206</td>
<td>$3,962</td>
<td>$4,189</td>
<td>$4,189</td>
<td>15.8%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td></td>
<td>$1,723</td>
<td>$631</td>
<td>$917</td>
<td>$3,171</td>
<td>$3,083</td>
<td>$4,015</td>
<td>$4,410</td>
<td>$5,747</td>
<td>$6,726</td>
<td>15.4%</td>
</tr>
<tr>
<td>% margin</td>
<td></td>
<td>5.2%</td>
<td>2.6%</td>
<td>8.4%</td>
<td>12.2%</td>
<td>11.0%</td>
<td>11.1%</td>
<td>11.2%</td>
<td>11.3%</td>
<td>11.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td></td>
<td>$301</td>
<td>$283</td>
<td>$402</td>
<td>$522</td>
<td>$453</td>
<td>$546</td>
<td>$653</td>
<td>$789</td>
<td>$912</td>
<td>14.4%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td>$1,421</td>
<td>$349</td>
<td>$515</td>
<td>$2,649</td>
<td>$2,531</td>
<td>$3,463</td>
<td>$3,851</td>
<td>$4,921</td>
<td>$5,316</td>
<td>14.5%</td>
</tr>
<tr>
<td>Plus: Depreciation &amp; Amortization</td>
<td></td>
<td>$2,000</td>
<td>$1,625</td>
<td>$1,402</td>
<td>$2,431</td>
<td>$2,977</td>
<td>$3,206</td>
<td>$3,962</td>
<td>$4,189</td>
<td>$4,189</td>
<td>15.8%</td>
</tr>
<tr>
<td>Less: Capital Expenditures</td>
<td></td>
<td>$1,724</td>
<td>$1,126</td>
<td>$1,341</td>
<td>$1,596</td>
<td>$2,620</td>
<td>$3,101</td>
<td>$3,261</td>
<td>$3,310</td>
<td>$3,310</td>
<td>15.8%</td>
</tr>
<tr>
<td>Less: Increase in Net Working Capital</td>
<td></td>
<td>N/A</td>
<td>$4.0</td>
<td>$133.0</td>
<td>$452.8</td>
<td>$594.3</td>
<td>$822.6</td>
<td>$839.1</td>
<td>$872.9</td>
<td>$872.9</td>
<td>15.8%</td>
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<tr>
<td><strong>Unlevered Free Cash Flow</strong></td>
<td></td>
<td>$7,104.8</td>
<td>$7,407.0</td>
<td>$9,876.1</td>
<td>$11,330.6</td>
<td>$12,403.0</td>
<td></td>
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</tr>
<tr>
<td><strong>WACC</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>8.13%</td>
</tr>
<tr>
<td><strong>Discount Period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Discount Factor</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.96</td>
</tr>
<tr>
<td><strong>Present Value of Free Cash Flow</strong></td>
<td></td>
<td>$6,919.1</td>
<td>$7,417.1</td>
<td>$8,123.4</td>
<td>$8,619.1</td>
<td>$8,737.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Enterprise Value

- **Cumulative Present Value of FCF**: $39,876.4
- **Terminal Value**: $10,915.1
- **Exit Multiple**: 9.2x
- **Discount Factor**: 0.68
- **Present Value of Terminal Value**: $67,938.80

### Implied Equity Value & Share Price

- **Implied Equity Value**: $97,480.22
- **Diluted Shares Outstanding**: 1,420.00
- **Implied Share Price**: $68.65
- **Upside Potential**: 24.29%
Base, Downside, Upside Cases

**Downside**

- $40.82
- Downside Potential: -26.08%
- Exit Multiple: 5.4x
- Covid Lows

**Base**

- $68.65
- Upside Potential: 10.37%
- Exit Multiple 9.2x
- EV/Best EBITDA after covid recovery

**Upside**

- $87.51
- Upside Potential: 58.45%
- Exit Multiple 10.54x
- Conservative at the 5Y high
Technical Analysis
## ESG Analysis

### Financial Materiality Scores

<table>
<thead>
<tr>
<th>Category</th>
<th>Score</th>
<th>2Y Change</th>
<th>Vs Peers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>6.93</td>
<td>+3.91</td>
<td>Leading</td>
</tr>
<tr>
<td>Social</td>
<td>5.83</td>
<td>+0.34</td>
<td>Leading</td>
</tr>
<tr>
<td>Governance</td>
<td>7.59</td>
<td>+0.41</td>
<td>Leading</td>
</tr>
</tbody>
</table>

### Revenue Breakdown

- Oilfield Services & ... 100.00%

### Temperature Rise

- Scope 1+2 Mid Term: 1.28
- Scope 3 Mid Term: 1.85
- Scope 1+2+3 Mid Term: 1.81

### Third Party Scores

- MSCI Rating: AA
- Sustainalytics Risk Score: 22.20
- Risk Category: Medium
- Controversy Level: 1.00
- S&P Global ESG Rank: 59.00

### EU SFDR

- Biodiversity Policy: Y
- Human Rights Policy: Y
- % Women on Board: 25.00

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*Image: slb*
Recommendation

Invest 3% of our portfolio in SLB @ $55 per share or lower
Appendix
Products offered

- Petrel E&P Software Platform
- Techlog Wellbore Software Platform
- Avocet Production Operations Software Platform
- DELFI Reservoir Engineering Workspace
- Drillbench Dynamic Drilling Simulation Software
- Drilling Interpretation
- Symmetry Process Software Platform
- Studio E&P Knowledge Platform
- Ocean Software Development Framework
- DrillOps
- DrillPlan
- ECLIPSE Industry Reference Reservoir Simulator
- Omega Geophysical Data Processing Platform
- DELFI
- DELFI On Demand Reservoir Simulation
- SLB Enterprise Data Solution
- ExplorePlan accelerated data processing
- FDPlan
SLB’s vs. Customers Data

- Schlumberger’s primary customers are national oil companies, large integrated oil companies and independent operators.
- No single customer exceeded 10% of Schlumberger’s consolidated revenue during each of 2021, 2020 and 2019

<table>
<thead>
<tr>
<th>COMPANY NAME</th>
<th>MARKET CAP</th>
<th>REVENUES</th>
<th>INCOME</th>
<th>EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schlumberger Limited</td>
<td>76,270.70</td>
<td>26,691.00</td>
<td>3,192.00</td>
<td>86,980</td>
</tr>
<tr>
<td>Anadarko Petroleum Corp</td>
<td>26,720.07</td>
<td>13,706.00</td>
<td>-288.00</td>
<td>6,100</td>
</tr>
<tr>
<td>Apache Corporation</td>
<td>4,000.00</td>
<td>4,308.00</td>
<td>1,416.00</td>
<td>3,153</td>
</tr>
<tr>
<td>ConocoPhillips</td>
<td>141,884.70</td>
<td>78,699.00</td>
<td>41,051.00</td>
<td>10,075</td>
</tr>
<tr>
<td>Devon Energy Corp</td>
<td>40,249.26</td>
<td>19,451.00</td>
<td>6,345.00</td>
<td>1,800</td>
</tr>
<tr>
<td>Empire Petroleum Corporation</td>
<td>317.18</td>
<td>72.28</td>
<td>10.76</td>
<td>0</td>
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<tr>
<td>Eng Resources Inc</td>
<td>73,821.12</td>
<td>25,027.00</td>
<td>7,467.00</td>
<td>2,500</td>
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<tr>
<td>ExxonMobil Corporation</td>
<td>488,883.42</td>
<td>403,216.00</td>
<td>55,961.00</td>
<td>74,900</td>
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<tr>
<td>Marathon Oil Corporation</td>
<td>17,887.04</td>
<td>8,100.00</td>
<td>3,796.00</td>
<td>2,000</td>
</tr>
</tbody>
</table>
### Earnings Calls

<table>
<thead>
<tr>
<th>Previous</th>
<th>EPS</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 2022</td>
<td>Beat 4.90%</td>
<td>Beat 1.07%</td>
</tr>
</tbody>
</table>

**EPS (USD)**

<table>
<thead>
<tr>
<th>Expected</th>
<th>Reported</th>
<th>Surprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.68</td>
<td>0.71</td>
<td>4.50%</td>
</tr>
</tbody>
</table>

**Revenue (USD)**

<table>
<thead>
<tr>
<th>Expected</th>
<th>Reported</th>
<th>Surprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.80B</td>
<td>7.88B</td>
<td>1.07%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sep 2022</th>
<th>Beat 14.32%</th>
<th>Beat 5.25%</th>
</tr>
</thead>
</table>

**EPS (USD)**

<table>
<thead>
<tr>
<th>Expected</th>
<th>Reported</th>
<th>Surprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.55</td>
<td>0.63</td>
<td>14.32%</td>
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</tbody>
</table>

**Revenue (USD)**

<table>
<thead>
<tr>
<th>Expected</th>
<th>Reported</th>
<th>Surprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.10B</td>
<td>7.48B</td>
<td>5.25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Jun 2022</th>
<th>Beat 25.09%</th>
<th>Beat 7.82%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Mar 2022</th>
<th>Beat 2.00%</th>
<th>Beat 0.63%</th>
</tr>
</thead>
</table>
3.1 Earnings and Revenue History

- Revenue: US$28.091b /yr
- Earnings: US$3.441b /yr
  - 12.2% profit margin

2017 - 2022
Earnings growth

Forecast annual Earnings growth

- Company: 15.00%
- Industry: 35.00%
- Market: 10.00%
SLB’s vs. EV to EBITDA