

SCHLAUMBERGER LIMITED (SLB)

September 20, 2023

Oil & Gas Equipment & Services | Energy

Stock Rating

SELL

Investment Thesis

With the valuation model, the Henry Fund is giving a SELL rating for SLB with a potential downside of 13% and a target price range of \$45 - \$50.

Drivers of Thesis

- The oil and gas industry has seen two crashes in the past 5 years, indicating that the industry is highly volatile, and the Company is not structured well enough to be able to mitigate the systematic risk.
- Only 21% of SLB's revenue is being generated from the U.S. and up to 36% of the revenue is being generated in the Middle East and Asia, making the political tension among countries to be an important factor for SLB's business. Currently, the two wars that are going on do not signal a peaceful political relationship between countries.
- SLB is currently in the process of transforming into a technology company and according to the analyst's view from the financial reports, it does not look like SLB has produced significant operational efficiencies yet.

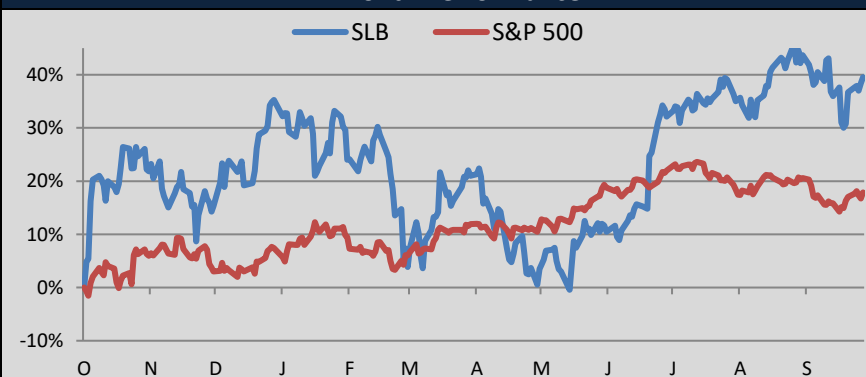
Risks to Thesis

- SLB stock price is highly correlated to the crude oil price and the oil price has been trading at a relatively high value right now, especially with regulators allowing higher production per day and an increase in demand for oil, the oil prices (and SLB's stock prices) could remain high.
- SLB is the industry leader in the oilfield industry; therefore, making it one of the best-positioned oilfield companies in the market. It would be able to capture the higher growth from the pandemic recovery in the next couple of years and further drive its revenue up to the usual level.

Earnings Estimates

Year	2020	2021	2022	2023E	2024E	2025E
EPS	-\$7.57	\$1.34	\$2.43	\$00.00	\$00.00	\$00.00
HF est.				\$2.21	\$3.34	\$3.74
Growth	3.4%	-117%	81.34%	-9.3%	51.3%	12%

12 Month Performance



Target Price

\$45 -50

Henry Fund DCF	\$50
Henry Fund DDM	\$46
Relative Multiple	\$35-52

Price Data

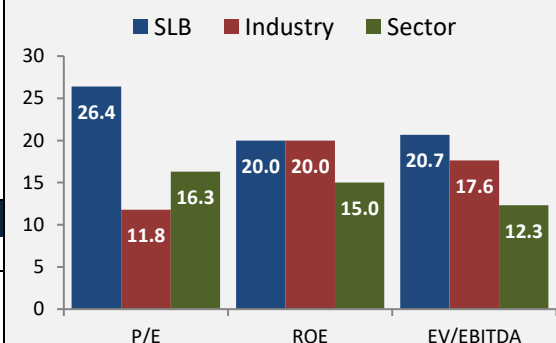
Current Price	\$58.96
52wk Range	\$42.09 – 62.12
Consensus 1yr Target	\$56 – 69

Key Statistics

Market Cap (B)	\$83.79
Shares Outstanding (M)	1,416
Institutional Ownership	82.6%
Beta	1.12
Dividend Yield	52%
Est. 5yr Growth	11.8%
Price/Earnings (TTM)	24.1
Price/Earnings (FY1)	16.0
EV/Sales (TTM)	2.94
EV/EBITDA (TTM)	20.68

Profitability

Operating Margin	16%
Profit Margin	15%
Return on Assets (TTM)	65%
Return on Equity (TTM)	20%



Company Description

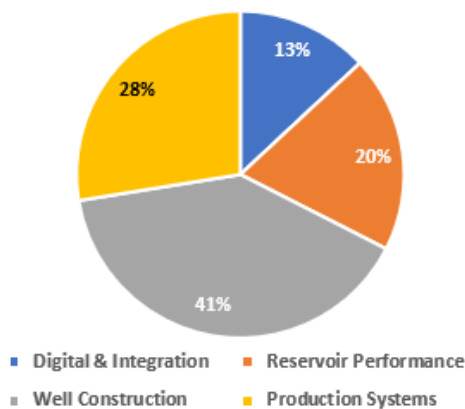
SLB is a global technology company that engages in the provision of technology for reservoir characterization, drilling, production, and processing to the oil and gas industry. The Company currently operates in more than 120 countries, owns more than 70 regional manufacturing centers around the world and employs over 99,000 employees, making them one of the largest oilfield companies in the world.

COMPANY DESCRIPTION

A year ago, SLB rebranded itself from Schlumberger Ltd to SLB, as a move to fully transform itself from the world's largest oilfield services company to a global technology company that focuses on driving energy innovation. SLB will continue to drive innovation, decarbonization, and performance for the oil and gas industry while increasing focus on providing low- and zero-carbon energy solutions.

SLB operates in over 120 countries, employing over 99,000 workers, and has more than 70 regional manufacturing centers all around the world.^[7] It engages in the provision of technology for reservoir characterization, drilling, production, and processing to the oil and gas industry.^[7] Currently, the Company operates in four divisions: digital & integration, well construction, reservoir performance, and production systems. While having a great international presence, it is headquartered in Houston, Texas.

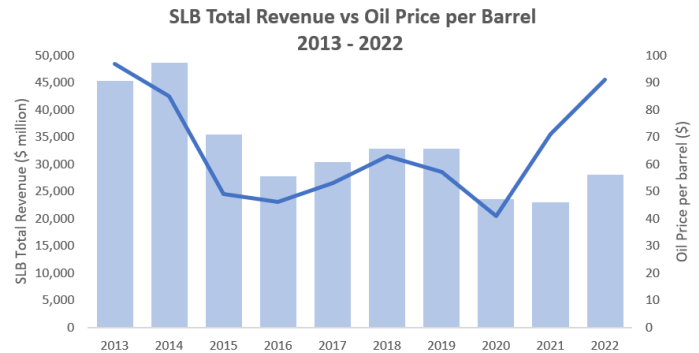
SLB Revenue Decomposition 2022



Sources: SLB 10-K

While SLB is one of the leaders in the energy sector, its performances have been greatly affected by the industry. The oil industry saw a tumble in 2015 – 2016 and SLB's total revenue decreased by as much as 40% in just two years. While it was slowly making back its lost profit over the next years, the pandemic hit and caused another round of sell-off in the oil industry. During the last decade, SLB experienced a -6% CAGR. After taking a great hit from the two events, SLB was forced to restructure the company so it would be better positioned than where it was. The chart below shows that other than the recent two years, SLB's annual revenue is closely correlated to the average oil price per barrel for the year. Henry Fund

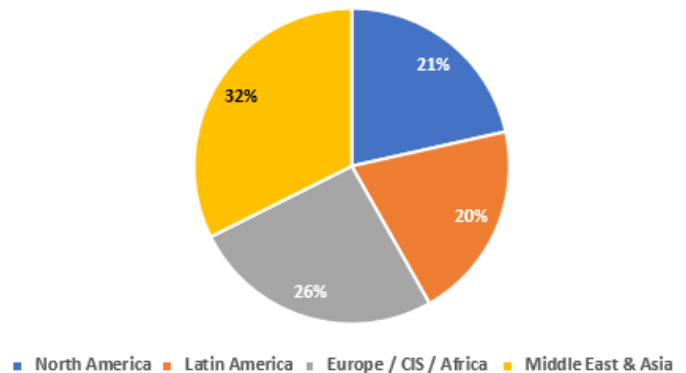
believes that the oil price per barrel has reached its peak at around \$91 per barrel this year; therefore, making the outlook for SLB to not be as positive for the industry.^[3]



Sources: SLB 10-K, Yahoo! Finance

As an oilfield company, it is not surprising that SLB has a great presence in the global market; however, it is worth taking note that North America is one of the lowest revenue-generating regions for the company with only 21% of the revenue coming from North America. At the same time, up to 32% of the revenue was generated in the Middle East & Asia as the countries have great natural resources. With such a presence internationally, SLB is also exposed to political and foreign exchange risk.

SLB Geographical Decomposition 2022



Sources: SLB 10-K

Digital & Integration

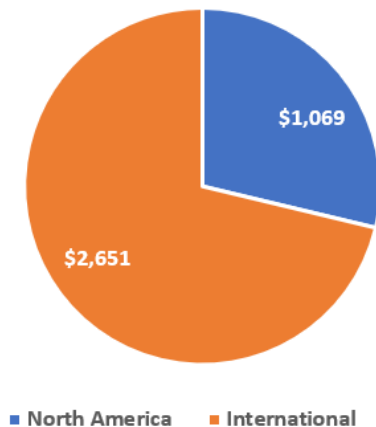
The Digital & Integration is the newest division of the company, providing digital solutions and data products with its integrated offerings of Asset Performance Solution (APS). The products are made to enhance performance by reducing cycle times and risk, accelerating returns,

increasing productivity, and lowering costs and carbon emissions. The services are founded upon innovative digital proprietary and open-source data platform technologies, and workflow tools with the help of artificial intelligence and machine learning.^[7]

Among the segments, APS offers an integrated business model for field production projects – the solution combines its expertise in drilling rig management and project management while providing a complete solution to well construction production improvement.^[7] As of the end of 2022, SLB's portfolio consisted of three projects in Ecuador and one in Canada. For the division, the company is generating more revenue in the international market than within North America.

This is the segment that has the highest pre-tax operating margin of 36% as of 2022 and is expected to maintain the margin moving forward as a result of successful structure. The management is expecting the digital & integration division to double its 2021's revenue by 2025; creating an estimated of \$6.5 billion revenue. The Henry Fund follows the management closely for the segment and gives a short-term growth rate of 20% for the next three years.

Digital & Integration 2022 Revenue, geographical



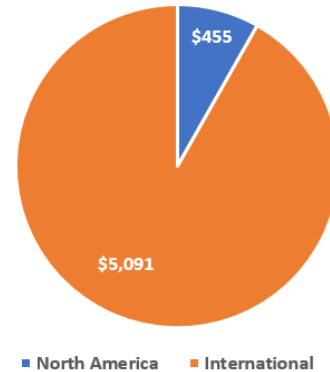
Sources: SLB 10-K

Reservoir Performance

The Reservoir Performance division provides solutions to optimize reservoir productivity and performance. The Company provides services to evaluate, intervene, and stimulate reservoirs that help customers understand subsurface assets and maximize their value. The primary

offerings include wireline, testing, and stimulation & intervention.^[2]

Reservoir Performance 2022 Revenue, geographical

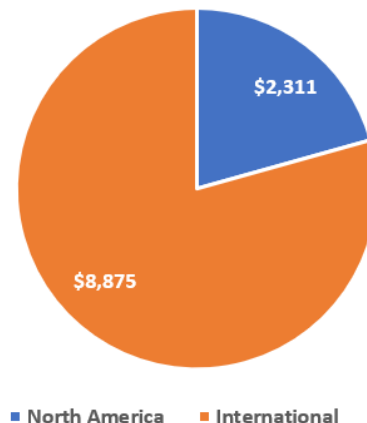


Sources: SLB 10-K

Well Construction

Well Construction is the largest segment that generates more than 40% of the company's revenue. The segment combines the products and services the Company offers to optimize well placement and performance, maximize drilling efficiency, and improve wellbore assurance.^[7] The primary offerings include providing operators and drilling rig manufacturers with services and products related to designing and constructing a well.

Well Construction 2022 Revenue, geographical



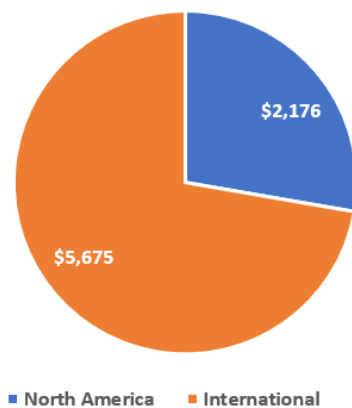
Sources: SLB 10-K

Production Systems

The Production Systems focus on technology development and provide expertise that enhances production and recovery from subsurface reservoirs to the surface, into pipelines and to refineries.^[7] The comprehensive portfolio of equipment and services includes subsurface production systems, subsea and surface equipment and services, and midstream production systems.

In Q3 2022, SLB announced an agreement to form a joint venture to create One Subsea with Aker Solutions and Subsea 7.^[8] The joint venture was officially closed in October 2023, with SLB owning 70% equity stake. As part of the collaboration, SLB will issue \$306.5 million worth of SLB common stock to Aker Solutions. OneSubsea will be headquartered in Norway and Texas with over 11,000 employees around the world.^[8] The new business will include systems for wellheads, subsea trees, manifolds and flowline connectors, control systems, connectors and services designed to maximize reservoir recover and extend the life of each field.^[7]

Production Systems 2022 Revenue, geographical



Sources: SLB 10-K

New Energy

New Energy offers opportunities to drive for a low-carbon economy in different industries. The portfolio focuses on five emerging technologies: carbon solutions, hydrogen, geothermal and geoenergy, stationary energy storage and critical minerals.^[7]

Carbon Solutions

Carbon capture, utilization and sequestration is critical to advance decarbonization for the global economy. The Company is enabling widespread adoption and exploring collaboration opportunities that go beyond subsurface characterization and well construction.

Hydrogen

As clean hydrogen is a type of versatile sources of energy and a key component of the energy transition, SLB is actively investing in hydrogen generation technologies.

Geothermal & Geoenergy

SLB has subsidiaries that provide the full spectrum of deep geothermal resource development services – from exploration and drilling to analysis, resource modeling and management, financial modeling and operational support.

Stationary Energy Storage

Solar or wind has been a large component of the world's electricity systems and SLB is investing in startups like EnerVenue, a company that delivers large-scale, long-duration energy storage for the electricity systems.

Critical Minerals

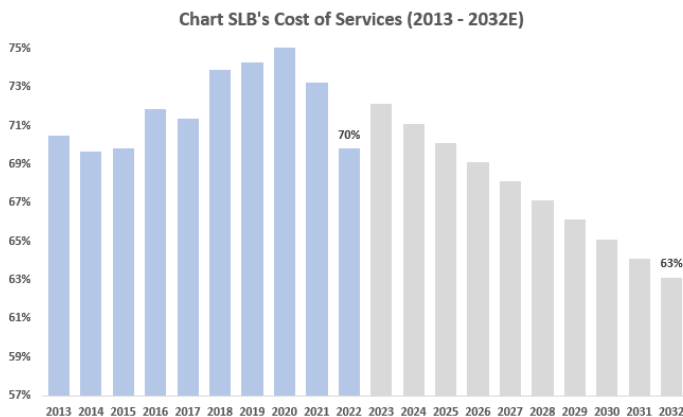
With the extraction knowledge that SLB has, it tries to use a differentiated direct lithium extraction process to produce a high-purity, battery-grade lithium material while reducing production time from over a year to just a couple of weeks. While being able to extract higher quality lithium, the Company found a solution to reduce water consumption and physical footprint as well.

Cost Structure Analysis

Cost of Services

SLB's cost of services includes the expenses it spent on providing well construction and production systems. The costs could include the physical as well as the labor costs needed for the services to be performed. Excluding the depreciation and amortization expenses for SLB, the cost of services has been ranging around 70 – 76% annually. Henry Fund is using the average cost of services over the decade as a starting point of the forecast and expects the company to have an improved margin of 1% annually. SLB has been recovering from the pandemic and saw a 3.5% reduction in the cost of services over the past year and is

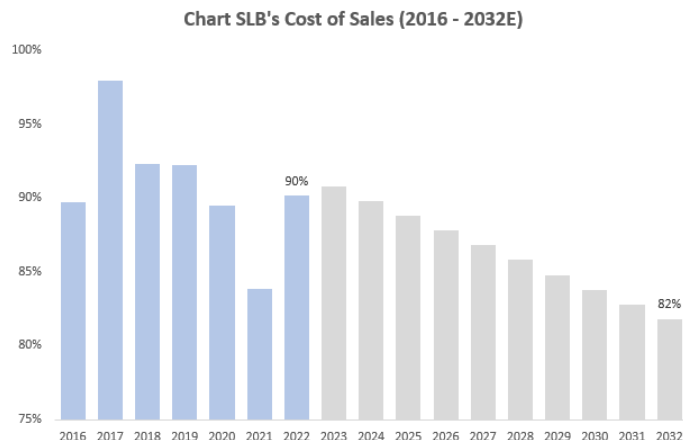
expected that the technology enhancement that the company develops will lower the cost of services for SLB.



Sources: SLB 10-K, Henry Fund

Cost of Sales

The cost of sales for SLB includes the expenses used in digital & integration and reservoir performance divisions. With its global network of research and development centers, SLB will utilize its latest technology to enhance industry efficiency and lower finding and producing costs, which would eventually bring the cost of sales down. The average cost of sales that SLB currently has is at a lower end of 90% but Henry Fund expects the Company to slowly improve its margin every year and bring the cost of sales to the lower 80% by 2032.



Sources: SLB 10-K, Henry Fund

Debt Maturity Analysis

Over the past decade, SLB has been utilizing debt to fund its capital expenditure and other investment business and has a good reputation when it comes to paying off debt. It

has a steady cash flow and large cash balances to repay its debt if something unexpected happens to the Company. For example, SLB continued paying shareholders a high dividend in 2020 and 2021, the two years where it was making a net loss due to the economic downturn with its cash balances. The Company has an A rating from S&P and an A2 rating from Moody's, both indicating that it is a reliable company.

Other than the \$10.5 billion of long-term debt mentioned in the table below, the Company mentioned in the 10-K that they have credit facility agreements aggregating to \$5.75 billion available to the Company for future uses.

Five-Year Debt Maturity Schedule

Fiscal Year	Coupon (%)	Payment (\$mil)
2023		940
2024		1,021
2025		1,696
2026		955
2027		1,464
Thereafter		4,518
Total		\$10,594

Source: SLB 10-K

When compared to its peers, SLB has a much higher net debt since they are a larger corporation in general, but it has a fairly healthy net debt / EBITDA margin as compared to the industry. Therefore, the Henry Fund does not pose having that much debt as a major risk to the company.

	Net Debt	Net Debt / EBITDA
SLB	9,410	1.3
HAL	6,864	1.4
BKR	2,356	0.7
NOV	1,868	2.0
WFRD	1,216	1.1

Source: FactSet

ESG Analysis

As a company whose main business focuses on oilfields and construction, it announced the commitments it plans to take to help achieve a 2050 net-zero greenhouse gas emissions target. Based on 2019 baselines, the strategy

proposed a reduction roadmap for the oil and gas value chain.

By 2025, the Company hopes to achieve a 30% reduction in Scope 1 and Scope 2 emissions and 50% by 2030. By 2030, SLB is also anticipating seeing a 30% reduction in Scope 3 emissions. [7] The Company announced the three key components to achieve the sustainability target: reduce operational emissions, reduce customer emissions, and take carbon-negative actions of sufficient scale to offset residual operating and technology emissions.

While the other companies also have initiated to achieve Net-Zero admission in the next decades, SLB has the best ESG Score according to sustainalytics.

	ESG Score	Energy Services Ranking (out of 106)
SLB	20.3	12
HAL	25.6	41
BKR	23.8	29
NOV	N/A	N/A
WFRD	22.1	22

Sources: Sustainalytics

RECENT DEVELOPMENTS

Recent Earnings Announcement

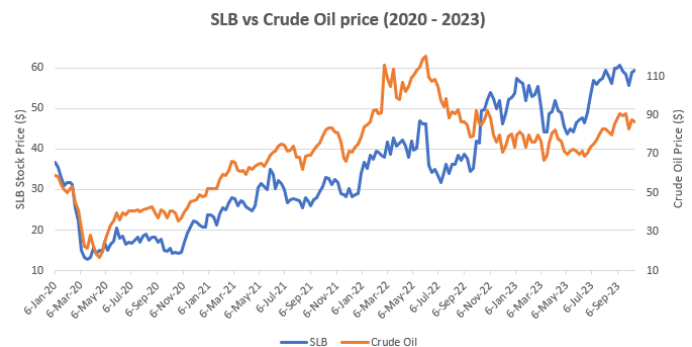
As much as 32% of SLB's revenue was generated from the Middle East, making the region to be an important driver for the Company's outlook. SLB is seeing that the Middle East is having a record level of upstream investment and Saudi Arabia, the world's largest producer of oil and gas is expected to allocate nearly \$100 billion to upstream oil and gas expenditure, a 60% increase compared to the previous 3 years as they are investing to achieve the production capacity of 13 million barrels per day by 2027. [7] The earnings call was concluded by SLB expects to have "accelerating activity in Well Construction, new opportunities for reservoir Performance in exploration and appraisal, expansion for Production Systems in subsea and digital will enhance it all". [7]

Throughout the presentation, the leadership constantly talked about technology adoption, as well as utilizing artificial intelligence for open data platforms, showing the

active transition SLB is making to market itself as a global technology company.

COVID-19 Impact

Out of all industries, oil and gas is believed to be one of the greatly impacted industries by the pandemic, in a negative way. With the global lockdown and anxiety of traveling, crude oil's futures once went below \$0 due to an excess supply. [3] SLB's stock performance has been greatly tied to the price of crude oil; therefore, the stock price, along with its revenue dropped to a record low during the pandemic.



Sources: Yahoo! Finance

As of 2023, the World Health Organization announced the ending of the global pandemic and the population seems to get comfortable again to resume activities like traveling and going back to the office; therefore, SLB is capturing the economic recovery as well as the increased demand for oil and gas and will be able to see growth in different divisions as companies resumed oil and gas productions and signed multiyear contracts with SLB.

Russia-Ukraine War Impact

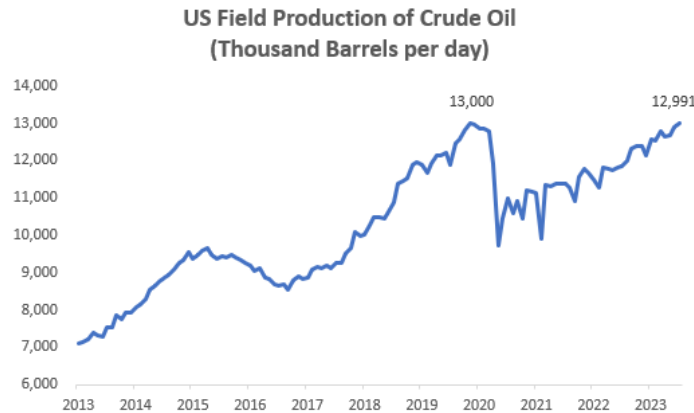
Russia represented about 5% of SLB's total revenue and the Company has suspended the investment and technology deployment in Russia after the start of the war but continued its core operation in the country. A year and a half after the start of the war and criticisms from the public, it announced that it would halt all shipments to Russia in July 2023. [8] In the announcement, SLB reassured investors that the exit of Russian business would not have any financial impact on the Company as it will continue to capture growth from other international markets. [8]

In addition, the Russia-Ukraine war benefited oil and gas companies like SLB since Russia is a major oil supplier and the reduction in the supply caused the crude oil price to

increase over \$110 per barrel. The oil prices continued to remain at an elevated level ever since.

INDUSTRY TRENDS

The industry has almost recovered back to the field production of crude oil before the pandemic and the demand for crude oil has been increasing so we would expect to see increased production over the next years.



Sources: CSI Market

Race to Net-Zero

With the Paris Agreement on climate change, companies are actively trying to contribute its part to the globe and find solutions to lower emission levels. That being said, ESG and/or sustainability reports have been something that shareholders pay attention to since it shows company's commitment to save the planet. SLB as well as its peers have published its commitments and constant progress to reduce greenhouse gas emissions.

With 2019 greenhouse gas (GHG) emissions as a baseline, SLB is committed to achieving net zero by 2050. The extensive analysis and decarbonization plan that the Company developed focuses on addressing operational emissions, customer emissions, and carbon-negative actions. SLB commented that "75% of SLB's baseline GHG footprint comes from the technologies our customers use"^[8] As a result, SLB introduced a Transition Technologies portfolio that is designed to address fugitive emissions, flaring reduction, electrification, well construction emissions and full field development solutions.

Currently, Weatherford and Baker Hughes outperformed their peers in Scope 1 and Scope 2 emission reduction as of 2022.

SLB	Achieved 16% reduction (2019 baseline)
HAL	Achieved 12% reduction (2018 baseline)
BKR	Achieved 28% reduction (2019 baseline)
NOV	Achieved 21% reduction (2021 baseline)
WFRD	Achieved 36% reduction (2019 baseline)

Sources: Companies' 10-K

Adoption of Electric Vehicles

Consumers have preferences in their vehicle choices and electric vehicles (EV) seemed to be an attractive choice when the average gas prices spiked to \$5.7 per gallon in states like California back in early 2023.^[13] As countries are working on reducing carbon emissions and footprint, the EV industry experienced high growth. According to EV-volumes.com, the sales of electric cars doubled in 2021 and rose another 55% in 2022, reaching a record of 10.1 million units.^[3]

According to Bloomberg estimates, EVs on the road are expected to displace around 2.5 million barrels of oil demand daily by 2025, and electric cars will displace up to as much as 21 million barrels per day in oil demand by 2050.^[3] While it is certain that EVs will not replace all oil demand or crush SLB's business, it is worth taking note the rising demand for other forms of energy and companies like BP are investing in renewable energy generator and announced plans to invest in EV charging stations.

MARKETS AND COMPETITION

Oilfield and Production

SLB is the leader in the oilfield and production industry with a market capitalization that is more than its peer competitors combined, capturing a 12.52% market share.^[4]

	Market Cap (\$B)	Market Share	Operating Margin	P/E
SLB	83.79	12.52%	15.9%	24.1
HAL	38.13	8.99%	16.5%	12.77
BKR	35.19	9.35%	50.7%	21.9
NOV	8.07	N/A	3.6%	13.08
WFRD	6.89	N/A	20.4%	17.73

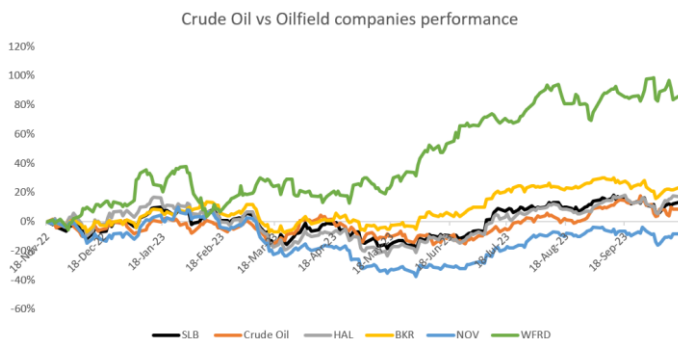
Sources: FactSet

As the oil price tumbled in 2015 – 2016 and 2020 – 2021, the companies are still recovering from the pandemic so Henry Fund thought that it would be interesting to observe the net income and 2022 revenue growth from each company. Companies like Baker Hughes and Weatherford are still struggling with their recovery as they barely have \$50 million net income annually; at the same time, Halliburton and National Oilwell Varco saw a 30% growth in revenue YOY. SLB is performing averagely as compared to its peers since we have Halliburton and Weatherford having a higher estimation of EPS for the fiscal year.

	Net Income	2022 Revenue Growth	% of revenue generated in North America	Estimated 2023 EPS
SLB	3,492	23%	21%	\$2.95 - \$3.04
HAL	2,707	33%	47%	\$2.98 - \$3.29
BKR	22	3%	28%	\$1.44 - \$1.56
NOV	155	31%	40%	\$1.28 - \$1.65
WFRD	51	19%	25%	\$4.48 - \$5.36

Sources: Companies' 10-K

As we mentioned that the SLB stock price moves closely with the crude oil price, it is worth knowing that most of its peers also move similarly to SLB. The only outlier that does not performance as similarly to the industry is Weatherford, with the main reason being because it is a more innovative and new oilfield company that offers more technology solutions than the actual drilling productions as compared to the other peers. From the performance shown below, we can see that WFRD has a stock price increase of 86% over the year while NOV being the worst performer to have 8% reduction in stock price over the year.



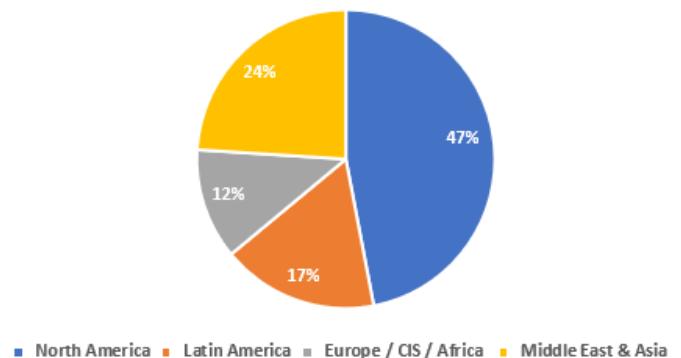
Sources: Yahoo! Finance

Peer Comparisons

Halliburton Co. (HAL)

Halliburton Co. is one of the closest peers to SLB by engaging in the services and products that are related to the exploration, development, and production of oil and natural gas. HAL operates in two divisions: Completion & Production and Drilling & Evaluation. The Completion & Production segment delivers cementing, stimulation, intervention, pressure control, specialty chemicals, artificial lift, and completion services while the Drilling & Evaluation segment provides field and reservoir modeling, drilling, evaluation, and wellbore placement solutions that help consumers to optimize their well construction activities.^[9] Similarly to SLB, HAL operates in four regions but has a higher percentage of revenue generated in North America, making its political and foreign exchange exposure lower than SLB.

HAL 2022 Revenue by Region



Sources: HAL 10-K

During its Q2 earnings call, HAL mentioned that it is expecting commodities, especially oil and gas prices to remain attractive, and customers are expected to have more work to complete and extend its activity plans to the next decade. With the positive outlook, the Company gave an estimated EPS of \$2.98 - \$3.29 for 2023.

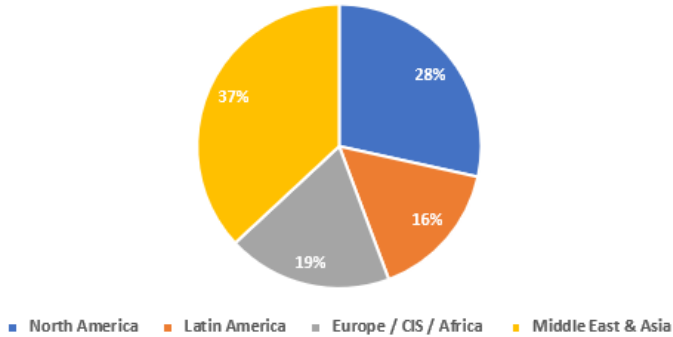
Baker Huges Co. (BKR)

Baker Huges Co. is the second closest peer to SLB and it engages in the provision of oilfield products, services, and digital solutions. BKR operates in two divisions: the Oilfield Services & Equipment and industrial & Energy Technology. The Oilfield Services & Equipment designs and manufactures products and provides services for onshore and offshore oilfield operations while the industrial & Energy Technology combines expertise, technologies, and services for industrial and energy customers including on and off-shore, pipeline and gas storage, refining, petrochemical, distributed gas, flow and process control,

and industrial segments like nuclear, aviation, automotive, marine, food and beverage, mining, cement and utilities.

^[10] Baker Huges has a more similar region distribution as SLB, with most of its revenue generated Middle East & Asia and slowly followed by North America.

BKR 2022 Revenue by Region



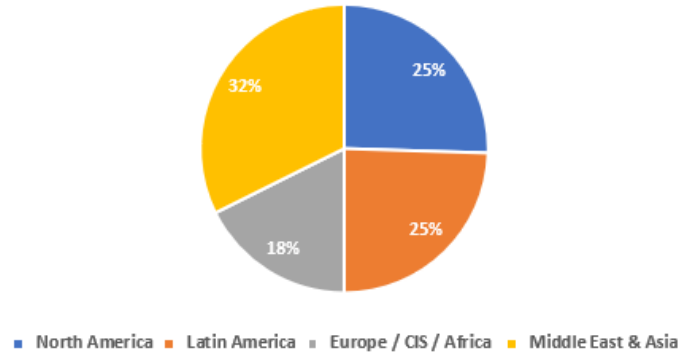
Sources: BKR 10-K

During its Q2 earnings call, BKR mentioned that although it is seeing a market softness in North America in the oilfield sector, the losses are expected to be more offset by strength in international and offshore markets, making the spending cycle to be more durable and less sensitive to commodity prices. The Company currently has an estimated EPS of \$1.44 - \$1.56 for the year.

Weatherford (WFRD)

Weatherford International is a smaller-sized player in the oilfield industry, it provides equipment and services to the oil and natural gas exploration and production industry. It operates through three segments: Drilling and Evaluation offers managed pressure drilling, drilling services, wireline & drilling fluids; Well Construction segment includes tubular running services, cementation products, completions, liner hangers, and well services and lastly, Completions, and Production and Intervention segment that covers the intervention services and drilling tools, artificial lifts, production automation and software, sub-sea intervention and pressure pumping services. ^[11] WFRD has a more balanced revenue portfolio than the other companies, although it still have more than 30% of its revenue generated from Middle East & Asia.

WFRD 2022 Revenue by Region



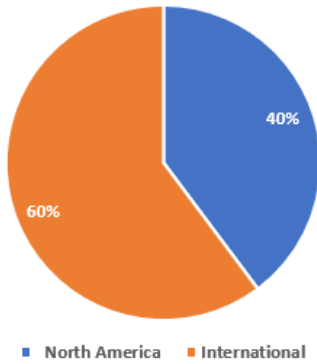
Sources: WFRD 10-K, Henry Fund

WFRD missed the Q2 EPS consensus by around 9% but increased its guidance for adjusted free cash flow due to the success in launching new technologies and solutions as well as earning several multi-year contracts. The Company is expecting to see an EPS of \$4.48 - \$5.36 for the year.

National Oilwell Varco (NOV)

National Oilwell Varco provides equipment and technology to the upstream oil and gas industry. It operates in three segments: Rig Technologies, Wellbore Technologies and Completion & Production Solutions. The Rig Technologies segment focuses on the engineering, manufacturing, and support of advanced drilling equipment packages and related capital equipment for oil and gas wells, it also designs, builds, installs and supports renewable energy equipment and technology. ^[10] Wellbore Technologies developed critical technologies, equipment, and services required to maximize customer oil and gas drilling efficiencies and economies. Lastly, the Completion & Production Solutions optimize the well completion process and production phase of a well's lifecycle. ^[10] NOV only has two regions but has a significantly higher portion of revenue generated in North America as compared to other peers.

NOV 2022 Revenue by Region



Sources: NOV 10-K

In the Q2 earnings call, NOV informed investors that they will see a high inventory balance but will eventually reverse in Q4. It expects to see a greater pace of customer backlog conversion and will have improved profitability and improved FCF in Q4 and continuing into 2024. Therefore, it is expected to see an estimated EPS of \$1.28 - \$1.65 for the year.

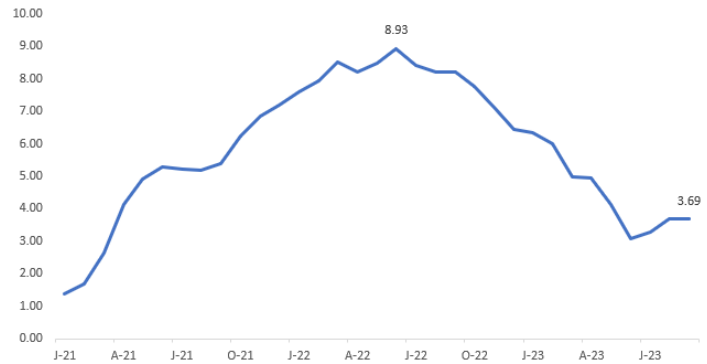
ECONOMIC OUTLOOK

Consumer Price Index

The consumer price index, or other inflation measures like personal consumption expenditure has been the center of attention in the market as the U.S. saw a high inflation rate in 2022. The inflation rate peaked in June 2022 with a year-to-year increase of 8.9% and as a result of the high inflation rate, the FED has raised the interest rate to 5.25%, a relatively higher rate as compared to previous years and increased the cost of borrowing for the companies. While the FED has been combating inflation and it indeed came down significantly, the latest 3.69% annual inflation rate is still higher than the target rate of 2.0%.

The stock market is slightly concerned about seeing a slight uptick in the consumer price index in July 2023, so everyone is paying close attention to the inflation data and FED's reaction to it. Currently, the Henry Fund is anticipating to see an inflation rate of 3.7% in the next 6 months, indicating that we are not seeing the inflation to come down to the expected level anytime soon.

U.S. Consumer Price Index in % (2021 - 2023)

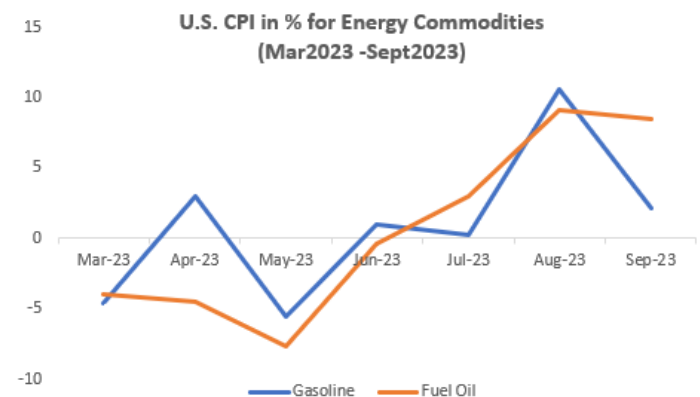


Sources: FRED database

Oil Prices

Other than SLB's stock price having a strong correlation to the crude oil prices, a high oil price would increase transportation costs in every industry and would eventually cause an increase in the inflation rate. As mentioned previously, the economy is yet to have a stable and low inflation rate; the FED is still monitoring the personal consumption expenditure index to see if further actions are needed for the economy to cool off.

From the chart below, we can observe that there is a huge increase in gasoline and fuel oil prices in August 2023 and continuing through September 2023. It is worth observing the oil price in the next couple of months and how it impacts the U.S. inflation and overall market.



Sources: BLS.gov

VALUATION

Revenue growth (near- & long-term)

Since oilfield companies' operation is highly dependent on how the oil and gas industry has performed in recent

years, Henry Fund is expecting SLB to grow at a higher rate of 20% in 2023 and 2024, and eventually reach a steadier growth rate of 5% from 2025 onwards. The high growth rate for the next two years was projected based on the production increases and how there are more reported contracts signed for the next several years with the company. SLB has raised its guidance, especially for the digital & integration segment, where it is expecting to see its 2025 revenue to be double what it had in 2021.

Profit margin forecasts

SLB does not have a high profit margin since it has high operating costs for the services and products sold. Over the forecasted years, Henry Fund expects the operating margin to eventually improve by around 1% annually due to an improvement in operating costs and efficiencies generated by service integrations.

Earnings estimates relative to the consensus

Across the valuation model, Henry Fund has a more positive revenue estimation than FactSet as we believed that SLB will be able to benefit from the current high oil price and increase in production, but has lower earnings estimates because we are expecting to see a relatively similarly level of operating costs instead of a sharper reduction in cost structure than what FactSet is suggesting.

Revenue:	2023E	2024E	2025E	2026E	2027E
Henry Fund	34,776	43,127	45,326	47,149	49,081
FactSet	32,962	37,196	41,682	45,319	48,069

Net Income:	2023E	2024E	2025E	2026E	2027E
Henry Fund	3,844	5,857	6,602	7,110	8,067
FactSet	5,743	7,037	8,160	9,298	10,101

Capital expenditure assumptions

SLB has seen a decrease in capital expenditure since they are not operating as largely as it used to be a decade ago, currently, the Company has a steady annual capital expenditure of approximately \$2.2 billion and that is how the Henry Fund is predicting the capex spending for the next decade.

Payout policy forecasts (dividends)

The payout policy for SLB is interesting to observe because SLB seems to decide the dividends to be paid for the year to tie back to the revenue generated in the previous years instead of in the fiscal year itself. Between 2016 to 2020,

SLB experienced a net loss in four of the years in 2016, 2017, 2019 and 2020, totaling \$21 billion. However, SLB kept its dividends at \$2.00 annually before decreasing to \$0.88 in 2020, indicating that they are willing to spend its past cash balances to pay its shareholders. Henry Fund calculated the dividend yield with dividends paid out that year divided by the EPS on the previous year and found a dividend yield as high as 50%.

DCF/EP Model

With the revenue and cost forecast, the DCF and EP model found a target share price of \$50 for SLB, which represents a 13% downside from the most current closing price on October 13, 2023 of \$58.30. While the share price seems to represent a large downside, it is notable that SLB has a 52-week price range of \$42 - \$62, proving that the share prices tend to swing along with the crude oil market which is sensitive to market data. While NASDAQ is seeing a target price of \$56 to \$69 for SLB, Henry Fund is definitely leaning toward the lower end of the range. The difference in consensus is mainly contributed by the lower operating margin forecasted; while Henry Fund is expecting to see a slow and steady improvement in operation costs, the market seems to expect higher efficiencies from the new technology. Henry Fund is on par with FactSet for the revenue forecast for the next five years till 2027E.

DDM Model

Henry Fund has a target price of \$46 from the Dividend Discount Model while we are forecasting that it has a 50% dividend yield. The main reason for the low share price is also because of the low expectation on EPS as it does not seem that SLB would be able to receive as much elimination as mentioned; Henry Fund has a lower price range that represents a 20% reduction from the closing price on Friday, October 13.

Relative Valuation

As mentioned in an earlier part of the report, SLB is one of the industry leaders in the field so it is the best-positioned company in the industry. Therefore, Henry Fund is not putting much weightage on the Relative Valuation models since the peers have a lower average P/E, ROIC, EV/EBITDA and EV/sales ratio as compared to SLB. Halliburton is the only company that is expected to be able to generate a higher EPS for 2023 than SLB but the stock price is trading at a lower value which made its P/E ratios to be low.

P/E (EPS23) \$ 35.97
P/E (EPS24) \$ 42.86
EV/EBITDA \$ 34.70
EV/Sales \$ 52.48

Sensitivity Analysis

Beta vs Risk-free rate

Henry Fund is currently using the 5-year monthly adjusted beta that FactSet provided for SLB of 1.12 and the 10-year treasury yield as of 10/13/2023 of 4.62% as the risk-free rate. The risk-free rate is an important assumption made in the model as the risk-free rate was as low as 3.9% by the beginning of the year and has been affected by the fed fund rates and market environment. If the treasury yield dropped to a lower level, the DCF model will give us a higher valuation for SLB.

Risk-free Rate	Beta						
	50.27	0.82	0.92	1.02	1.12	1.22	1.32
3.12%	90.75	80.88	72.68	65.76	59.84	54.74	50.29
3.62%	80.87	72.67	65.75	59.84	54.73	50.28	46.37
4.12%	72.66	65.74	59.83	54.73	50.28	46.36	42.90
4.62%	65.74	59.82	54.72	50.27	46.36	42.90	39.81
5.12%	59.82	54.71	50.26	46.35	42.89	39.81	37.04
5.62%	54.71	50.26	46.34	42.88	39.80	37.04	34.55
6.12%	50.25	46.34	42.88	39.79	37.03	34.54	32.29

WACC vs CV Growth of NOPLAT

Using inputs like beta, risk-free rate, equity risk premium, and cost of debt, we could get a WACC or discount rate for the Company and SLB has a 9.45% WACC right now. Since SLB is a mature company that is in the commodity market, Henry Fund also gives SLB a relatively lower long-term growth rate of 2.5% in the CV year. If the valuation was done a year ago, SLB would not get such a high WACC value due to the market environment; therefore, we should observe how likely will the stock price valuation via the sensitivity table.

WACC	CV Growth of NOPLAT							
	50.27	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
6.45%	81.24	86.95	93.95	102.71	114.02	129.16	150.49	
7.45%	65.15	68.71	72.92	77.98	84.18	91.95	101.97	
8.45%	53.54	55.88	58.57	61.72	65.45	69.93	75.42	
9.45%	44.80	46.40	48.20	50.27	52.66	55.44	58.74	
10.45%	38.02	39.14	40.39	41.80	43.39	45.22	47.33	
11.45%	32.62	33.42	34.31	35.30	36.40	37.65	39.06	
12.45%	28.23	28.82	29.47	30.17	30.96	31.83	32.80	

Cost of sales assumption in 2023E vs Cost of sales improvement in 2024E – 2032E

The sensitivity table tests how the cost of sales assumption will change the valuation price of SLB. Currently, the 91% cost of sales assumption for 2023 is an average operating cost that SLB has over the past decade and Henry Fund is expecting to see some sort of cost reduction from SLB due to the operation integration and increase in technology utilization.

Cost of Sales Improvement (2024E - 2032E)								
Cost of Sales Assumption (2023E)	50.27	-2%	-1%	0%	1%	2%	3%	4%
	89.3%	24.19	33.50	42.80	52.11	61.41	70.72	80.02
	89.8%	23.58	32.88	42.19	51.49	60.80	70.10	79.41
	90.3%	22.97	32.27	41.58	50.88	60.19	69.49	78.80
	90.8%	22.35	31.66	40.96	50.27	59.57	68.88	78.18
	91.3%	21.74	31.05	40.35	49.66	58.96	68.27	77.57
	91.8%	21.13	30.43	39.74	49.04	58.35	67.65	76.96
	92.3%	20.52	29.82	39.13	48.43	57.74	67.04	76.35

Cost of service assumption in 2023E vs Cost of sales improvement in 2024E – 2032E

Similarly to the sensitivity analysis above, this table tests on the changes in assumptions for the cost of services. Since well construction and production systems are the two bigger segments in SLB, any changes in assumptions here will affect the valuation model the most. With the small changes in cost assumptions and how well will SLB be able to improve its production, the stock price ranged from \$10 - \$90 in the table below.

Cost of Services Annual Improvement (2023E - 2032E)								
Cost of Services Assumption (2023E)	50.27	-2%	-1%	0%	1%	2%	3%	4%
	70.6%	10.78	24.92	39.06	53.20	67.33	81.47	95.61
	71.1%	9.80	23.94	38.08	52.22	66.36	80.50	94.64
	71.6%	8.83	22.97	37.11	51.24	65.38	79.52	93.66
	72.1%	7.85	21.99	36.13	50.27	64.41	78.55	92.68
	72.6%	6.88	21.02	35.15	49.29	63.43	77.57	91.71
	73.1%	5.90	20.04	34.18	48.32	62.46	76.59	90.73
	73.6%	4.93	19.06	33.20	47.34	61.48	75.62	89.76

Digital Solution near-term and long-term growth rate assumption

Since SLB mentioned that it is focusing on the expansion of the digital solution division and is expecting to see more companies have technology integrations since it could increase production and efficiency, Henry Fund thought that it is important to test the assumptions since we are giving a 20% growth rate in the next three years and a 10% growth rate in the following years. While the division is currently the least revenue-generating division as of 2022, it is expected to contribute more to the Company by 2027. In addition, the digital solution division has the best operating margin in the Company; therefore, a high growth rate would benefit SLB's net income.

Digital Solution 2023E - 2025E Growth Rate								
Digital Solution Long-Term Growth Rate	50.27	5%	10%	15%	20%	25%	30%	35%
	-5.0%	45.28	45.53	45.80	46.09	46.41	46.75	47.12
	0.0%	45.97	46.31	46.69	47.11	47.56	48.05	48.57
	5.0%	46.88	47.36	47.89	48.47	49.10	49.78	50.51
	10.0%	48.08	48.75	49.48	50.27	51.13	52.06	53.07
	15.0%	49.65	50.56	51.54	52.62	53.78	55.05	56.41
	20.0%	51.69	52.89	54.21	55.65	57.21	58.90	60.73
	25.0%	54.28	55.88	57.62	59.53	61.59	63.83	66.25

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Schlumberger Ltd
Revenue Decomposition

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Production Systems:													
Digital & Integration	3,076	3,290	3,725	4,470	5,364	6,437	7,080	7,789	8,567	9,424	10,367	11,403	12,544
Reservoir Performance	5,602	4,599	5,553	6,705	8,096	8,500	8,924	9,370	9,838	10,329	10,845	11,386	11,954
Well Construction	8,605	8,706	11,397	14,920	19,531	20,240	20,975	21,736	22,525	23,342	24,189	25,067	25,977
Production Systems	6,650	6,710	7,862	9,212	10,793	10,841	10,888	10,936	10,983	11,032	11,080	11,128	11,177
Elimination & Others	(332)	(376)	(446)	(530)	(658)	(691)	(719)	(748)	(780)	(813)	(848)	(886)	(926)
Total revenue	23,601	22,929	28,091	34,776	43,127	45,326	47,149	49,081	51,133	53,314	55,632	58,098	60,726
Pretax Operating Margin													
Digital & Integration	24%	35%	36%	56%	76%	96%	116%	44%	44%	44%	44%	44%	44%
Reservoir Performance	6%	14%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Well Construction	10%	14%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Production Systems	9%	9%	10%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Production Systems:													
Digital & Integration	-42.35%	6.96%	13.22%	20.00%	20.00%	20.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Reservoir Performance	-11.25%	-17.90%	20.74%	20.74%	20.74%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%	4.99%
Well Construction	-11.48%	1.17%	30.91%	30.91%	30.91%	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%
Production Systems	-44.52%	0.90%	17.17%	17.17%	17.17%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Elimination & Others	-1.59%	-1.88%	-1.80%	-1.50%	-1.50%	-1.50%	-1.50%	-1.50%	-1.50%	-1.50%	-1.50%	-1.50%	-1.50%
Total revenue	-28.30%	-2.85%	22.51%	23.80%	24.01%	5.10%	4.02%	4.10%	4.18%	4.26%	4.35%	4.43%	4.52%

Schlumberger Ltd
Income Statement

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenue:													
Services revenue	16,533	15,602	19,552	23,601	29,667	30,390	31,144	31,923	32,728	33,561	34,421	35,309	36,228
Products sales revenue	7,068	7,327	8,539	11,175	13,460	14,937	16,005	17,158	18,405	19,753	21,211	22,789	24,498
Total revenue	23,601	22,929	28,091	34,776	43,127	45,326	47,149	49,081	51,133	53,314	55,632	58,098	60,726
Interest & other income, net	163	148	610	159	387	539	453	723	733	901	1,087	1,134	1,469
Operating Costs:													
Cost of services	14,675	13,129	15,233	18,829	23,040	23,348	23,653	23,939	23,967	24,238	24,501	24,758	24,985
Depreciation	1,600	1,400	1,284	1,520	1,662	1,776	1,868	1,942	2,002	2,050	2,089	2,120	2,120
Amortization	396	302	301	289	281	265	260	253					
Cost of services less D&A	12,679	11,427	13,648	17,020	21,097	21,307	21,524	21,744	21,965	22,188	22,412	22,638	22,864
Cost of sales	6,325	6,142	7,697	10,146	12,086	13,263	14,051	14,892	15,790	16,749	17,773	18,868	20,037
Research & engineering	580	554	634	1,265	1,569	1,649	1,716	1,786	1,861	1,940	2,024	2,114	2,210
General & administrative	365	339	376	463	574	603	628	653	681	710	741	774	809
Impairment & other expenses	12,658	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	563	539	490	388	388	400	445	466	509	510	549	557	586
Income (loss) before taxes	(11,298)	2,374	4,271	3,844	5,857	6,602	7,110	8,067	9,059	10,068	11,130	12,162	13,569
Tax expense (benefit)	(812)	446	779	679	1,035	1,166	1,256	1,425	1,600	1,779	1,966	2,149	2,397
Net income (loss)	(10,486)	1,928	3,492	3,165	4,822	5,435	5,854	6,642	7,458	8,289	9,164	10,014	11,172
Net income (loss) attributable to noncontrolling interests	(32)	(47)	(51)	(21)	(32)	(37)	(39)	(45)	(50)	(56)	(62)	(67)	(75)
Net income (loss) attributable to Schlumberger	(10,518)	1,881	3,441	3,144	4,789	5,399	5,814	6,597	7,408	8,233	9,102	9,946	11,096
Weighted average shares outstanding - basic	1,390	1,400	1,416	1,426	1,435	1,445	1,451	1,451	1,451	1,451	1,451	1,451	1,451
Net earnings (loss) per share - basic	(7.57)	1.34	2.43	2.21	3.34	3.74	4.01	4.55	5.11	5.67	6.27	6.85	7.65
Dividends per common share	0.88	0.50	0.65	1.26	1.14	1.72	1.93	2.07	2.35	2.64	2.93	3.24	3.54

Schlumberger Ltd
Balance Sheet

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assets:													
Cash	844	1,757	1,655	4,027	5,606	4,714	7,520	7,623	9,370	11,307	11,805	15,288	15,192
Short-term investments	2,162	1,382	1,239	1,885	4,586	6,384	5,369	8,564	8,681	10,671	12,877	13,444	17,411
Receivables, net	5,247	5,315	7,032	7,471	8,251	10,232	10,754	11,186	11,645	12,132	12,649	13,199	13,784
Inventories	3,354	3,272	3,999	3,795	4,589	6,121	7,337	8,308	9,560	10,544	11,973	13,241	14,807
Other current assets	1,312	928	1,078	966	1,169	1,559	1,869	2,116	2,435	2,686	3,049	3,372	3,771
Total current assets	12,919	12,654	15,003	18,144	24,201	29,010	32,849	37,797	41,691	47,339	52,353	58,544	64,965
Investment in affiliated companies	2,061	2,044	1,581	1,447	1,577	1,811	2,012	2,173	2,364	2,528	2,746	2,948	3,186
Fixed assets, net	6,826	6,429	6,607	7,823	8,553	9,142	9,615	9,997	10,305	10,553	10,752	10,913	11,043
Multiclient Seismic Data	317	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	12,980	12,990	12,982	12,982	12,982	12,982	12,982	12,982	12,982	12,982	12,982	12,982	12,982
Intangible assets	3,455	3,211	2,992	2,703	2,422	2,157	1,897	1,644	1,644	1,644	1,644	1,644	1,644
Other assets	3,876	4,183	3,970	3,909	4,260	4,893	5,436	5,871	6,385	6,830	7,419	7,965	8,608
Total assets	42,434	41,511	43,135	47,007	53,994	59,995	64,792	70,465	75,370	81,876	87,897	94,996	102,428
Liabilities & Equity:													
Accounts payable & accrued liabilities	8,442	8,382	9,121	10,352	12,837	13,492	14,034	14,610	15,221	15,870	16,560	17,294	18,076
Estimated liability for taxes on income	1,015	879	1,002	598	911	1,026	1,105	1,254	1,408	1,565	1,730	1,891	2,110
Short-term borrowings & current portion of long-term debt	850	909	1,632	940	1,021	1,696	955	1,464	847	1,250	807	807	404
Dividends payable	184	189	263	443	405	617	695	748	849	954	1,060	1,172	1,280
Total current liabilities	10,491	10,359	12,018	12,332	15,174	16,831	16,790	18,076	18,325	19,638	20,157	21,163	21,869
Long-term debt	16,036	13,286	10,594	11,286	11,574	12,327	13,745	14,564	15,211	16,043	16,748	17,652	18,484
Postretirement benefits	1,049	231	165	667	677	692	707	717	768	768	768	768	768
Deferred taxes	19	94	61	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,350	2,255	2,308	2,873	3,563	3,744	3,895	4,054	4,224	4,404	4,595	4,799	5,016
Total liabilities	29,945	26,225	25,146	27,158	30,988	33,594	35,137	37,412	38,528	40,853	42,268	44,383	46,137
Common stock	12,970	12,608	11,837	12,515	13,193	13,870	14,281	14,281	14,281	14,281	14,281	14,281	14,281
Treasury stock	3,033	2,233	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016	1,016
Retained earnings	7,018	8,199	10,719	12,085	15,251	18,176	21,202	24,795	28,796	33,203	38,052	43,297	49,256
Accumulated other comprehensive income (loss)	(4,884)	(3,570)	(3,855)	(3,855)	(3,855)	(3,855)	(3,855)	(3,855)	(3,855)	(3,855)	(3,855)	(3,855)	(3,855)
Total Schlumberger stockholders' equity	12,071	15,004	17,685	19,567	22,757	26,187	29,481	32,923	36,763	40,999	45,667	50,719	56,472
Noncontrolling interests	418	282	304	283	250	214	174	129	79	23	(38)	(106)	(181)
Total liabilities & stockholders' equity	42,434	41,511	43,135	47,007	53,994	59,995	64,792	70,465	75,370	81,876	87,897	94,996	102,428

Schlumberger Ltd
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2017	2018	2019	2020	2021	2022
Net income (loss)	(1,513)	2,177	(10,107)	(10,486)	1,928	3,492
Depreciation & amortization	3,837	3,556	3,589	2,566	2,120	2,147
Cash flows from operating activities:						
Impairments & other charges & credits	3,764	141	12,901	12,515	(65)	(347)
Deferred taxes	-	-	(1,011)	(1,248)	(31)	(39)
Stock-based compensation expense	343	345	405	397	324	313
Earnings of equity method investments, less dividends received	(56)	(48)	6	(28)	10	(96)
Receivables	(124)	430	142	2,345	(36)	(1,728)
Other non-cash items	-	-	-	-	-	-
Inventories	108	(10)	(314)	86	75	(737)
Other current assets	(174)	121	(68)	267	387	(44)
Other assets	402	(58)	22	(25)	(2)	(45)
Accounts payable & accrued liabilities	(737)	(824)	(161)	(3,330)	160	704
Estimated liability for taxes on income	104	(159)	6	(201)	(154)	96
Other liabilities	(28)	69	(52)	19	(26)	23
Other operating assets & liabilities, net	(234)	26	98	83	(39)	(19)
Net cash flow from operating activities	5,663	5,713	5,431	2,944	4,651	3,720
Cash flows from investing activities:						
Capital expenditures	(2,107)	(2,160)	(1,724)	(1,116)	(1,141)	(1,618)
Asset Performance Solutions (APS) investments	-	-	(781)	(303)	(474)	(587)
SPM investments	(1,609)	(981)	-	-	-	-
Multiclient seismic data capitalized	(276)	(100)	(231)	(101)	(39)	-
Exploration data capitalized	-	-	-	-	-	(97)
Net proceeds from divestitures	-	-	-	434	-	-
Proceeds from sale of Liberty Oilfield Services Inc. shares	-	-	-	-	109	732
Proceeds from sale of ADC shares	-	-	-	-	-	223
Proceeds from sale of real estate	-	-	-	-	-	120
Business acquisitions & investments, net of cash acquired	(847)	(292)	(23)	(33)	(103)	(58)
Sale (purchase) of short-term investments, net	-	-	-	(1,141)	787	138
Purchases of Blue Chip Swap securities	-	-	-	-	-	(259)
Proceeds from sales of Blue Chip Swap securities	-	-	-	-	-	111
Other cash flows from investing activities	3,060	2,493	748	(93)	(58)	(93)
Net cash (used in) flows from investing activities	(1,779)	(1,040)	(2,011)	(2,353)	(919)	(1,388)
Cash flows from financing activities:						
Dividends paid	(2,778)	(2,770)	(2,769)	(1,734)	(699)	(848)
Proceeds from employee stock purchase plan	212	227	196	146	137	142
Proceeds from exercise of stock options	85	34	23	-	-	81
Taxes paid on net-settled stock-based compensation awards	-	-	-	-	-	(93)
Stock repurchase program	(969)	(400)	(278)	(26)	-	-
Proceeds from issuance of long-term debt	2,371	898	4,004	5,837	34	-
Repayment of long-term debt	(2,961)	(2,861)	(4,799)	(4,975)	(2,076)	(1,650)
Net increase (decrease) in short-term borrowings	(1,022)	(85)	(44)	156	(105)	37
Repayment of finance lease-related obligations	-	-	-	(188)	-	-
Other cash flows from financing activities	29	(63)	(51)	(89)	(115)	(51)
Net cash (used in) flows from financing activities	(5,033)	(5,020)	(3,718)	(873)	(2,824)	(2,382)
Net increase (decrease) in cash before translation effect	(1,149)	(347)	(298)	(282)	908	(50)
Translation effect on cash	19	(19)	2	(11)	5	(52)
Cash, beginning of period	2,929	1,799	1,433	1,137	844	1,757
Cash, end of period	1,799	1,433	1,137	844	1,757	1,655
Interest expense paid	572	592	558	598	560	562
Income taxes paid (refunded)	(44)	628	739	582	591	716

Schlumberger Ltd
Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net income (loss)	3,144	4,789	5,399	5,814	6,597	7,408	8,233	9,102	9,946	11,096
Depreciation & amortization	1,573	1,801	1,927	2,036	2,121	1,942	2,002	2,050	2,089	2,120
Cash flows from operating activities:										
Receivables	(439)	(780)	(1,981)	(522)	(432)	(459)	(487)	(517)	(550)	(585)
Inventories	204	(794)	(1,532)	(1,216)	(971)	(1,252)	(985)	(1,429)	(1,268)	(1,566)
Other current assets	112	(202)	(390)	(310)	(247)	(319)	(251)	(364)	(323)	(399)
Other assets	61	(351)	(633)	(544)	(435)	(514)	(444)	(589)	(546)	(643)
Accounts payable & accrued liabilities	1,231	2,486	655	542	575	611	649	690	734	782
Estimated liability for taxes on income	(404)	313	116	79	149	154	157	165	161	219
Deferred taxes	(61)	-	-	-	-	-	-	-	-	-
Other liabilities	565	690	182	151	160	170	180	191	204	217
Net cash flows from operating activities	5,985	7,951	3,741	6,030	7,517	7,742	9,054	9,300	10,447	11,241
Cash flows from investing activities:										
Purchase of short-term investment	(646)	(2,702)	(1,798)	1,016	(3,195)	(117)	(1,990)	(2,206)	(567)	(3,967)
Investment in affiliated companies	134	(130)	(234)	(201)	(161)	(190)	(165)	(218)	(202)	(238)
Purchase of fixed assets	(2,500)	(2,250)	(2,250)	(2,250)	(2,250)	(2,250)	(2,250)	(2,250)	(2,250)	(2,250)
Postretirement benefits	502	10	15	15	10	51	-	-	-	-
Non-controlling interest	(21)	(32)	(37)	(39)	(45)	(50)	(56)	(62)	(67)	(75)
Net cash flows from investing activities	(2,531)	(5,104)	(4,304)	(1,460)	(5,641)	(2,557)	(4,460)	(4,736)	(3,086)	(6,530)
Cash flows from financing activities:										
Short-term borrowings & current portion	(692)	81	675	(741)	509	(617)	403	(443)	-	(404)
Dividends payable	180	(38)	212	78	53	101	104	106	112	109
Net repayment of long-term debt	692	289	752	1,419	819	646	832	705	905	831
Common stock	678	678	678	411	-	-	-	-	-	-
Dividends paid	(1,777)	(1,624)	(2,474)	(2,789)	(3,003)	(3,408)	(3,827)	(4,253)	(4,701)	(5,138)
Treasury stock	-	-	-	-	-	-	-	-	-	-
Currency translation adjustments	(222)	(640)	(169)	(140)	(148)	(157)	(167)	(178)	(189)	(201)
Cash flow hedges	60	(13)	(4)	(3)	(3)	(3)	(4)	(4)	(4)	(4)
Net cash flows from financing activities	(1,082)	(1,268)	(329)	(1,765)	(1,773)	(3,438)	(2,658)	(4,066)	(3,878)	(4,807)
Cash, beginning of period	1,655	4,027	5,606	4,714	7,520	7,623	9,370	11,307	11,805	15,288
Net cash increase	2,372	1,579	(892)	2,806	103	1,747	1,937	498	3,483	(96)
Cash, end of period	4,027	5,606	4,714	7,520	7,623	9,370	11,307	11,805	15,288	15,192

Schlumberger Ltd
Common Size Income Statement

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenue:													
Services revenue	70.05%	68.04%	69.60%	67.87%	68.79%	67.05%	66.05%	65.04%	64.01%	62.95%	61.87%	60.78%	59.66%
Products sales revenue	29.95%	31.96%	30.40%	32.13%	31.21%	32.95%	33.95%	34.96%	35.99%	37.05%	38.13%	39.22%	40.34%
Total revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Interest & other income, net	14.34%	17.54%	34.72%	9.61%	9.61%	9.61%	9.61%	9.61%	9.61%	9.61%	9.61%	9.61%	9.61%
Operating Costs:													
Cost of services	88.76%	84.15%	77.91%	54.14%	53.42%	51.51%	50.17%	48.77%	46.87%	45.46%	44.04%	42.61%	41.14%
Depreciation	10.90%	10.66%	8.43%	8.07%	7.21%	7.61%	7.90%	8.11%	8.35%	8.46%	8.53%	8.56%	8.49%
Amortization	2.70%	2.30%	1.98%	1.53%	1.22%	1.13%	1.10%	1.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Cost of services less D&A	76.69%	73.24%	69.81%	72.11%	71.11%	70.11%	69.11%	68.11%	67.11%	66.11%	65.11%	64.11%	63.11%
Cost of sales	89.49%	83.83%	90.14%	90.79%	89.79%	88.79%	87.79%	86.79%	85.79%	84.79%	83.79%	82.79%	81.79%
Research & engineering	2.46%	2.42%	2.26%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%
General & administrative	1.55%	1.48%	1.34%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%
Impairment & other expenses	53.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest expense	3.68%	3.19%	3.45%	3.17%	3.17%	3.17%	3.17%	3.17%	3.17%	3.17%	3.17%	3.17%	3.17%
Income (loss) before taxes	-47.87%	10.35%	15.20%	11.05%	13.58%	14.56%	15.08%	16.44%	17.72%	18.88%	20.01%	20.93%	22.34%
Tax expense (benefit)	7.19%	18.79%	18.24%	17.67%	17.67%	17.67%	17.67%	17.67%	17.67%	17.67%	17.67%	17.67%	17.67%
Net income (loss)	-44.43%	8.41%	12.43%	9.10%	11.18%	11.99%	12.42%	13.53%	14.59%	15.55%	16.47%	17.24%	18.40%
Net income (loss) attributable to n	0.31%	-2.44%	-1.46%	-0.67%	-0.67%	-0.67%	-0.67%	-0.67%	-0.67%	-0.67%	-0.67%	-0.67%	-0.67%
Net income (loss) attributable to S	-44.57%	8.20%	12.25%	9.04%	11.11%	11.91%	12.33%	13.44%	14.49%	15.44%	16.36%	17.12%	18.27%

Schlumberger Ltd
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assets:													
Cash	5.43%	13.60%	13.08%	26.84%	30.90%	19.48%	25.92%	23.21%	24.79%	27.12%	24.94%	29.20%	25.95%
Short-term investments	190.15%	163.74%	70.52%	113.89%	113.89%	113.89%	113.89%	113.89%	113.89%	113.89%	113.89%	113.89%	113.89%
Receivables, net	15.94%	22.52%	30.67%	26.59%	23.73%	23.73%	23.73%	23.73%	23.73%	23.73%	23.73%	23.73%	23.73%
Inventories	21.60%	25.33%	31.60%	25.29%	25.29%	25.29%	25.29%	25.29%	25.29%	25.29%	25.29%	25.29%	25.29%
Other current assets	8.45%	7.18%	8.52%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%
Total current assets	30.44%	30.48%	34.78%	38.60%	44.82%	48.35%	50.70%	53.64%	55.31%	57.82%	59.56%	61.63%	63.42%
Investment in affiliated companies	3.66%	4.82%	3.81%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%
Fixed assets, net	12.12%	15.15%	15.92%	18.14%	18.20%	16.93%	16.03%	15.43%	14.62%	14.00%	13.13%	12.42%	11.62%
Multiclient Seismic Data	0.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Goodwill	30.59%	31.29%	30.10%	27.62%	24.04%	21.64%	20.04%	18.42%	17.22%	15.86%	14.77%	13.67%	12.67%
Intangible assets	8.14%	7.74%	6.94%	5.75%	4.49%	3.60%	2.93%	2.33%	2.18%	2.01%	1.87%	1.73%	1.61%
Other assets	6.88%	9.86%	9.56%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%	9.06%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities & Equity:													
Accounts payable & accrued liabilities	35.77%	36.56%	32.47%	29.77%	29.77%	29.77%	29.77%	29.77%	29.77%	29.77%	29.77%	29.77%	29.77%
Estimated liability for taxes on income	-125.00%	197.09%	128.63%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%	88.00%
Short-term borrowings & current portion of long-term debt	8.10%	8.77%	13.58%	7.62%	6.73%	10.08%	5.69%	8.10%	4.62%	6.37%	4.00%	3.81%	1.85%
Dividends payable	1.75%	1.82%	2.19%	3.59%	2.67%	3.66%	4.14%	4.14%	4.63%	4.86%	5.26%	5.54%	5.85%
Total current liabilities	35.03%	39.50%	47.79%	44.90%	55.25%	61.28%	61.13%	65.82%	66.72%	71.50%	73.39%	77.06%	79.63%
Long-term debt	42.91%	36.57%	27.40%	29.19%	29.19%	29.19%	29.19%	29.19%	29.19%	29.19%	29.19%	29.19%	29.19%
Postretirement benefits	3.50%	0.88%	0.66%	2.46%	2.18%	2.06%	2.01%	1.92%	1.99%	1.88%	1.82%	1.73%	1.66%
Deferred taxes	0.06%	0.36%	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other liabilities	9.96%	9.83%	8.22%	8.26%	8.26%	8.26%	8.26%	8.26%	8.26%	8.26%	8.26%	8.26%	8.26%
Total liabilities	70.57%	63.18%	58.30%	57.77%	57.39%	55.99%	54.23%	53.09%	51.12%	49.90%	48.09%	46.72%	45.04%
Common stock	30.57%	30.37%	27.44%	26.62%	24.43%	23.12%	22.04%	20.27%	18.95%	17.44%	16.25%	15.03%	13.94%
Treasury stock	7.15%	5.38%	2.36%	2.16%	1.88%	1.69%	1.57%	1.44%	1.35%	1.24%	1.16%	1.07%	0.99%
Retained earnings	16.54%	19.75%	24.85%	25.71%	28.25%	30.30%	32.72%	35.19%	38.21%	40.55%	43.29%	45.58%	48.09%
Currency translation adjustments	-13.81%	-13.10%	-11.06%	-9.58%	-9.58%	-9.58%	-9.58%	-9.58%	-9.58%	-9.58%	-9.58%	-9.58%	-9.58%
Unrealized gains (losses) on marketable securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash flow hedges	-0.39%	-0.46%	-0.52%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%
Pension & other postretirement benefit plans	-5.45%	-2.57%	-3.00%	-2.75%	-2.40%	-2.16%	-2.00%	-1.84%	-1.72%	-1.58%	-1.47%	-1.36%	-1.26%
Accumulated other comprehensive income (loss)	-11.51%	-8.60%	-8.94%	-8.20%	-7.14%	-6.43%	-5.95%	-5.47%	-5.11%	-4.71%	-4.39%	-4.06%	-3.76%
Total Schlumberger stockholders' equity	28.45%	36.14%	41.00%	41.63%	42.15%	43.65%	45.50%	46.72%	48.78%	50.07%	51.96%	53.39%	55.13%
Noncontrolling interests	0.99%	0.68%	0.70%	0.60%	0.46%	0.36%	0.27%	0.18%	0.11%	0.03%	-0.04%	-0.11%	-0.18%
Total liabilities & stockholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Schlumberger Ltd
Value Driver Estimation

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NOPLAT:													
Revenue	23,601	22,929	28,091	34,776	43,127	45,326	47,149	49,081	51,133	53,314	55,632	58,098	60,726
- Depreciation and Amortization	2,396	1,902	1,701	1,573	1,801	1,927	2,036	2,121	1,942	2,002	2,050	2,089	2,120
- Cost of services	12,679	11,427	13,648	17,020	21,097	21,307	21,524	21,744	21,965	22,188	22,412	22,638	22,864
- Cost of sales	6,325	6,142	7,697	10,146	12,086	13,263	14,051	14,892	15,790	16,749	17,773	18,868	20,037
- Research & engineering	580	554	634	1,265	1,569	1,649	1,716	1,786	1,861	1,940	2,024	2,114	2,210
- General & administrative	365	339	376	463	574	603	628	653	681	710	741	774	809
+ Implied Interest on operating lease	74	52	42	55	55	55	55	55	55	55	55	55	55
EBIT	1,182	2,513	3,993	4,255	5,944	6,522	7,139	7,830	8,840	9,670	10,576	11,561	12,630
Marginal Tax Rate	7%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
Provision for Income Taxes	(812)	446	779	679	1,035	1,166	1,256	1,425	1,600	1,779	1,966	2,149	2,397
+ Tax shield on interest expense	39	97	88	69	69	71	79	82	90	90	97	98	103
+ Tax shield on implied interest on op	5	9	8	10	10	10	10	10	10	10	10	10	10
- Tax shield on interest & other incon	11	27	110	28	68	95	80	128	129	159	192	200	260
Adjusted tax	(756)	579	985	786	1,181	1,342	1,424	1,645	1,829	2,037	2,265	2,457	2,770
Changes in Deferred Tax	(19)	(94)	(61)	-	-	-	-	-	-	-	-	-	-
NOPLAT:	1,919	1,840	2,947	3,469	4,763	5,180	5,714	6,185	7,010	7,632	8,311	9,104	9,860
Invested Capital (IC):													
Normal Cash	1,496	1,453	1,780	2,204	2,733	2,873	2,988	3,111	3,241	3,379	3,526	3,682	3,849
Receivables	5,247	5,315	7,032	7,471	8,251	10,232	10,754	11,186	11,645	12,132	12,649	13,199	13,784
Inventories	3,354	3,272	3,999	3,795	4,589	6,121	7,337	8,308	9,560	10,544	11,973	13,241	14,807
Other current assets	1,312	928	1,078	966	1,169	1,559	1,869	2,116	2,435	2,686	3,049	3,372	3,771
Operating Current Assets	11,409	10,968	13,889	14,436	16,742	20,785	22,948	24,721	26,880	28,741	31,197	33,495	36,211
Operating Current Liabilities	9,641	9,450	10,386	11,392	14,153	15,135	15,835	16,612	17,478	18,388	19,350	20,356	21,466
Operating Working Capital	1,768	1,518	3,503	3,044	2,589	5,650	7,113	8,109	9,402	10,352	11,848	13,138	14,745
Fixed assets, net	6,826	6,429	6,607	7,823	8,553	9,142	9,615	9,997	10,305	10,553	10,752	10,913	11,043
Other long-term assets	7,331	7,394	6,962	6,612	6,682	7,050	7,333	7,515	8,029	8,474	9,063	9,609	10,252
Other long-term liabilities	2,350	2,255	2,308	2,873	3,563	3,744	3,895	4,054	4,224	4,404	4,595	4,799	5,016
Invested Capital	13,575	13,086	14,764	14,606	14,262	18,097	20,167	21,566	23,512	24,975	27,068	28,861	31,024
Free Cash Flow (FCF):													
NOPLAT	1,919	1,840	2,947	3,469	4,763	5,180	5,714	6,185	7,010	7,632	8,311	9,104	9,860
Change in IC	(9,097)	(489)	1,678	(159)	(344)	3,835	2,071	1,399	1,946	1,463	2,093	1,793	2,163
FCF	11,017	2,328	1,269	3,628	5,107	1,345	3,643	4,786	5,065	6,170	6,218	7,311	7,697
Return on Invested Capital (ROIC):													
NOPLAT	1,919	1,840	2,947	3,469	4,763	5,180	5,714	6,185	7,010	7,632	8,311	9,104	9,860
Beginning IC	22,672	13,575	13,086	14,764	14,606	14,262	18,097	20,167	21,566	23,512	24,975	27,068	28,861
ROIC	8.47%	13.55%	22.52%	23.50%	32.61%	36.32%	31.58%	30.67%	32.50%	32.46%	33.28%	33.63%	34.17%
Economic Profit (EP):													
Beginning IC	22,672	13,575	13,086	14,764	14,606	14,262	18,097	20,167	21,566	23,512	24,975	27,068	28,861
x (ROIC - WACC)	-0.98%	4.10%	13.07%	14.05%	23.16%	26.87%	22.13%	21.22%	23.06%	23.01%	23.83%	24.19%	24.72%
EP	(222.96)	557.08	1,710.76	2,073.92	3,382.99	3,832.58	4,004.35	4,279.33	4,972.35	5,410.68	5,951.09	6,546.38	7,133.29

Schlumberger Ltd

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.62%
Beta	1.12
Equity Risk Premium	5.00%
Cost of Equity	10.22%

ASSUMPTIONS:

U.S. 10 Years Treasury Rate
FastSet 5 Years Adjusted Beta

Cost of Debt:

Risk-Free Rate	4.62%
Implied Default Premium	0.88%
Pre-Tax Cost of Debt	5.50%
Marginal Tax Rate	18%
After-Tax Cost of Debt	4.53%

10-Year Treasury Yield on 10/12/2023

SLB 10Y Corporate Bond

Market Value of Common Equity:

Total Shares Outstanding	1,416
Current Stock Price	58
MV of Equity	82,553

MV Weights

86.50%

Market Value of Debt:

Short-Term Debt	1,632
Current Portion of LTD	
Long-Term Debt	10,594
PV of Operating Leases	657
MV of Total Debt	12,883

13.50%

Market Value of the Firm

95,436

100.00%

Estimated WACC

9.45%

Schlumberger Ltd

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	34.17%
WACC	9.45%
Cost of Equity	10.22%

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
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DCF Model:

Free Cash Flow (FCF)	3,627.68	5,107.27	1,345.14	3,643.46	4,785.96	5,064.67	6,169.78	6,217.92	7,310.65	7,697.40
Continuing Value (CV)										131,512.01
PV of FCF	3,314.49	4,263.49	1,025.96	2,539.02	3,047.25	2,946.31	3,279.33	3,019.60	3,243.75	58,352.16
Value of Operating Assets:	85,031.36									
Non-Operating Adjustments										
- Debt Obligation	(12,883.32)									
- ESOP	(587.02)									
+ Short-term investment	1,239.00									
+ Investment in affiliated companies	1,581.00									
Value of Equity	74,381.03									
Shares Outstanding	1,425.71									
Intrinsic Value of Last FYE	\$ 52.17									
Implied Price as of Today	\$ 50.27									

EP Model:

Economic Profit (EP)	2,073.92	3,382.99	3,832.58	4,004.35	4,279.33	4,972.35	5,410.68	5,951.09	6,546.38	7,133.29
Continuing Value (CV)										102,651.08
PV of EP	1,894.87	2,824.08	2,923.17	2,790.51	2,724.68	2,892.61	2,875.86	2,890.02	2,904.65	45,546.51
Total PV of EP	70,266.95									
Invested Capital (last FYE)	14,764.41									
Value of Operating Assets:	85,031.36									
Non-Operating Adjustments										
- Debt Obligation	(12,883.32)									
- ESOP	(587.02)									
+ Short-term investment	1,239.00									
+ Investment in affiliated companies	1,581.00									
Value of Equity	74,381.03									
Shares Outstanding	1,425.71									
Intrinsic Value of Last FYE	\$ 52.17									
Implied Price as of Today	\$ 50.27									

Schlumberger Ltd

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EPS	\$ 2.21	\$ 3.34	\$ 3.74	\$ 4.01	\$ 4.55	\$ 5.11	\$ 5.67	\$ 6.27	\$ 6.85	\$ 7.65
Key Assumptions										
CV growth of EPS	2.50%									
CV Year ROE	22.03%									
Cost of Equity	10.22%									
Future Cash Flows										
P/E Multiple (CV Year)										11.49
EPS (CV Year)										\$ 7.65
Future Stock Price										\$ 87.85
Dividends Per Share	1.26	1.14	1.72	1.93	2.07	2.35	2.64	2.93	3.24	
Discounted Cash Flows	1.14	0.94	1.29	1.31	1.27	1.31	1.33	1.35	1.35	36.60
Intrinsic Value as of Last FYE	\$ 47.89									
Implied Price as of Today	\$ 46.14									

Schlumberger Ltd

Relative Valuation Models

Ticker	Company	Price	EPS 2023E	EPS 2024E	P/E 23	P/E 24	ROIC	Free Cash Flow	EBIT	Enterprise Value	EV/EBITDA	EV/Sales
HAL	Halliburton	\$38.69	\$3.03	\$3.47	12.77	11.15	14.5%	8.6%	3,003	41,797	10.59	1.78
BKR	Baker Hughes A	\$33.73	\$1.54	\$2.04	21.90	16.53	5.4%	7.4%	1,854	36,954	12.68	1.48
NOV	National Oilwell Varco	\$18.96	\$1.45	\$1.75	13.08	10.83	5.6%	6.0%	255	9,324	16.77	1.03
USAC	USA Compression Partn	\$25.36	\$0.30	\$0.56	84.53	45.29	2.1%	8.4%	172	5,198	12.71	6.52
AROC	Archrock	\$12.38	\$0.77	\$0.95	16.08	13.03	2.6%	9.8%	145	3,589	11.43	3.63
WFRD	Weatherford	\$87.61	\$4.94	\$6.91	17.73	12.68	8.9%	9.4%	439	7,613	9.66	1.54
Average					16.31	12.85	6.5%	8.5%			12.31	2.66

SLB	Schlumberger Ltd	\$58.30	2.21	3.34	26.4	17.5	22.52%	12.9%	3,993	82,553	20.68	2.94
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Implied Relative Value:

P/E (EPS23)	\$	35.97
P/E (EPS24)	\$	42.86
EV/EBITDA	\$	34.70
EV/Sales	\$	52.48

Schlumberger Ltd
Key Management Ratios

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Liquidity Ratios:													
Current Ratio (Current Assets/Current Liabilities)	1.23	1.22	1.25	1.47	1.59	1.72	1.96	2.09	2.28	2.41	2.60	2.77	2.97
Quick Ratio (Cash + Receivables + Investment Securities)/Current Liabilities	1.11	1.13	1.16	1.39	1.52	1.63	1.85	1.97	2.14	2.27	2.45	2.61	2.80
Asset-Management Ratios:													
Total Asset Turnover (Revenue/Total Assets)	0.56	0.55	0.65	0.74	0.80	0.76	0.73	0.70	0.68	0.65	0.63	0.61	0.59
Net Working Capital Turnover (Revenue/Net Working Capital)	13.35	15.10	8.02	11.43	16.66	8.02	6.63	6.05	5.44	5.15	4.70	4.42	4.12
Receivables Turnover (Revenue/Net Receivable)	4.50	4.31	3.99	4.66	5.23	4.43	4.38	4.39	4.39	4.39	4.40	4.40	4.41
Financial Leverage Ratios:													
Debt to Equity (Total Liabilities/Total Shareholder's Equity)	2.48	1.75	1.42	1.39	1.36	1.28	1.19	1.14	1.05	1.00	0.93	0.88	0.82
Equity Multiplier (Total Asset/Total Equity)	3.52	2.77	2.44	2.40	2.37	2.29	2.20	2.14	2.05	2.00	1.92	1.87	1.81
Debt to Asset (Total Liabilities/Total Assets)	0.71	0.63	0.58	0.58	0.57	0.56	0.54	0.53	0.51	0.50	0.48	0.47	0.45
Profitability Ratios:													
Return on Equity (Net Income/Total Shareholder's Equity)	(0.87)	0.13	0.20	0.16	0.21	0.21	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Return on Assets (Net Income / Total Assets)	(0.25)	0.05	0.08	0.07	0.09	0.09	0.09	0.09	0.10	0.10	0.10	0.11	0.11
Gross Profit Margin (Operating Income/Revenue)	0.07	0.12	0.15	0.12	0.14	0.14	0.15	0.16	0.17	0.18	0.19	0.20	0.21
Payout Policy Ratios:													
Dividend Payout Ratio (Dividend/EPS)	(0.12)	0.37	0.27	0.57	0.34	0.46	0.48	0.46	0.46	0.46	0.47	0.47	0.46
Total Payout Ratio ((Divs. + Repurchases)/NI)	(0.12)	0.36	0.26	0.56	0.34	0.46	0.48	0.45	0.46	0.46	0.46	0.47	0.46

Schlumberger Ltd
Long-Term Debt Schedule

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
3.70% Notes due 2024	54									
3.75% Senior Notes due 2024	355									
0.00% Notes due 2024	531									
1.40% Senior Notes due 2025	499	499								
4.00% Senior Notes due 2025	522	522								
1.00% Guaranteed Notes due 2026	635	635	635							
1.375% Guaranteed Notes due 2026	1,061	1,061	1,061							
0.25% Notes due 2027	955	955	955	955						
3.90% Senior Notes due 2028	1,464	1,464	1,464	1,464	1,464					
4.30% Senior Notes due 2029	847	847	847	847	847	847				
2.65% Senior Notes due 2030	1,250	1,250	1,250	1,250	1,250	1,250	1,250			
0.50% Notes due 2031	954	954	954	954	954	954	954	954		
2.00% Guaranteed Notes due 2032	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	
7.00% Notes due 2038	202	202	202	202	202	202	202	202	202	202
5.95% Notes due 2041	112	112	112	112	112	112	112	112	112	112
3.70% Notes due 2043	98	98	98	98	98	98	98	98	98	98
Long-Term Debt	10,594	9,654	8,633	6,937	5,982	4,518	3,671	2,421	1,467	412

Schlumberger Ltd

Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Year 1	318	330	261	292	284	568	510	256	191	165
Year 2	246	259	205	220	244	486	276	200	159	134
Year 3	195	197	162	195	203	246	188	160	128	105
Year 4	165	156	145	167	164	161	152	128	99	79
Year 5	136	134	129	132	127	132	124	92	73	67
Thereafter	558	554	526	471	410	392	332	318	286	262
Total Minimum Payments	1618.0	1630.0	1428.0	1477.0	1432.0	1985.0	1582.0	1154.0	936.0	812.0
Less: Cumulative Interest	319.1	318.1	290.7	281.4	260.7	299.6	242.6	205.4	175.2	154.7
PV of Minimum Payments	1298.9	1311.9	1137.3	1195.6	1171.3	1685.4	1339.4	948.6	760.8	657.3
Implied Interest in Year 1 Payment		71.4	72.2	62.5	65.8	64.4	92.7	73.7	52.2	41.8
Pre-Tax Cost of Debt	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Years Implied by Year 6 Payment	4.1	4.1	4.1	3.6	3.2	3.0	2.7	3.5	3.9	3.9
Expected Obligation in Year 6 & Beyond	136	134	129	132	127	132	124	92	73	67

Schlumberger Ltd

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares): 35
Average Time to Maturity (years): 3.61
Expected Annual Number of Options Exercised: 10

Current Average Strike Price: \$ 69.83
Cost of Equity: 10.22%
Current Stock Price: \$58.30

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Increase in Shares Outstanding:	10	10	10	6						
Average Strike Price:	\$ 69.83	\$ 69.83	\$ 69.83	\$ 69.83	\$ 69.83	\$ 69.83	\$ 69.83	\$ 69.83	\$ 69.83	\$ 69.83
Increase in Common Stock Account:	678	678	678	411	-	-	-	-	-	-
Share Repurchases (\$)	0	0	0	0	0	0	0	0	0	0
Expected Price of Repurchased Shares:	\$ 58.30	\$ 46.51	\$ 37.10	\$ 29.60	\$ 23.61	\$ 18.83	\$ 15.02	\$ 11.98	\$ 9.56	\$ 7.63
Number of Shares Repurchased:	-	-	-	-	-	-	-	-	-	-
Shares Outstanding (beginning of the year)	1,416	1,426	1,435	1,445	1,451	1,451	1,451	1,451	1,451	1,451
Plus: Shares Issued Through ESOP	10	10	10	6	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	-	-	-	-	-	-	-	-	-	-
Shares Outstanding (end of the year)	1,426	1,435	1,445	1,451	1,451	1,451	1,451	1,451	1,451	1,451

Schlumberger Ltd

Valuation of Options Granted under ESOP

Current Stock Price	\$58.30
Risk Free Rate	4.62%
Current Dividend Yield	1.80%
Annualized St. Dev. of Stock Returns	47.00%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
\$38.57 - \$41.47	10	39.82	6.60	\$ 31.33	\$ 313
\$47.55 - \$69.98	2	62.30	2.80	\$ 17.20	\$ 34
\$70.31 - \$79.85	9	74.27	2.00	\$ 11.00	\$ 99
\$80.53 - \$88.77	8	84.44	3.30	\$ 13.31	\$ 106
\$91.28 - \$114.83	6	96.22	1.70	\$ 5.65	\$ 34
				\$	-
				\$	-
				\$	-
				\$	-
Total	35	\$ 69.83	3.61	\$ 19.77	\$ 587