

SLB

SLB N.V. (Schlumberger Limited)

NYSE

ENERGY

OIL & GAS EQUIPMENT & SERVICES

\$57.98

MCap 78500000000 · EV 91500000000

As of 2026-05-27

P/E	18.6	EV/EBITDA	9.8
FCF YIELD	5.1	ROIC	14.2
ROCE	15.8	GROSS %	20.4
OP %	16.1	ND/EBITDA	1.4
DIV YLD	2	BB YLD	3.1

SLB is the world's premier oilfield-services company as measured by market share, holding the first or second competitive position in many of the differentiated oligopolies in which it operates.

The company generated \$35.70B revenue in 2025 versus \$36.28B in 2024, with the closing of the \$7.8B all-stock ChampionX acquisition on July 16, 2025, in which ChampionX shareholders received 0.735 SLB shares each and now own approximately 9% of SLB.

Trading at \$57.98 as of May 27, 2026, near the upper end of a 52-week range of \$31.64-\$58.82. The thesis hinges on whether SLB has become a structurally less cyclical 'energy technology' company with a \$1B+ recurring Digital ARR business, or whether it remains a high-quality cyclical at peak-cycle multiples vulnerable to the secular energy transition. Buffett's two-column intrinsic value and ROTC tests place this in the 'good not wonderful' tier; the asymmetry today is neutral-to-unfavorable on a 20-year horizon owing to terminal-value uncertainty.

INVESTMENT COMMITTEE VERDICT

WATCHLIST

Premier oilfield-services franchise with a real Digital compounder embedded inside it, but cyclical terminal-value uncertainty and absence of margin of safety at \$58 keep us patient.

Zero today. Build a 2-3% position in the high \$30s on cycle pullback; scale to 4-5% only at sub-\$35 with confirmed Digital ARR trajectory.

LENS CONVERGENCE

62%

COMPOSITE SCORE

60 / 100

AMORDAD

INSTITUTIONAL RESEARCH TERMINAL

SLB

SLB N.V. (Schlumberger Limited)

RECOMMENDATION	WATCHLIST
LENS CONVERGENCE	62%
COMPOSITE SCORE	60 / 100
CURRENT PRICE	\$57.98
BASE INTRINSIC VALUE	\$52
PROB-WEIGHTED IV	\$51.8
MOS STATUS	NO MARGIN OF SAFETY — TRADING AT PREMIUM
REPORT DATE	May 29, 2026

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Premier oilfield-services franchise with a real Digital compounder embedded inside it, but cyclical terminal-value uncertainty and absence of margin of safety at \$58 keep us patient.

THE SIX: BUFFETT · MUNGER · ACKMAN · HOHN · LI LU · KLARMAN

INCLUDES 10Y / 20Y FORWARD PROJECTION · BUFFETT-VOICE SHAREHOLDER LETTER

INCLUDES EARNINGS QUALITY ANALYSIS — SIX INVESTOR LENSES

INCLUDES INSIDER AND CONGRESSIONAL TRADING (30-DAY WINDOW)

FOR RESEARCH & EDUCATIONAL PURPOSES ONLY

NOT FINANCIAL ADVICE

AMORDAD . CAPITAL

VERDICT

FINANCIALS

SOLID

68

 /100

Strong FCF generation (~\$4B), reasonable balance sheet (net debt/EBITDA 1.4x), but cyclical history with 2019-2020 GAAP losses totaling \$20B. Margin compression in Q1 2026 (346bps) is a yellow flag. The 20-year forward question demands more durable cash flows than a services franchise typically provides.

VALUATION

POOR

42

 /100

Trading at ~\$58 versus probability-weighted IV of ~\$52 and two-column IV of \$46.50. No margin of safety; <cite index="7-2,7-3">price sits in upper 80% of historical range</cite>. The commended 20-year projection makes this score harsher: paying premium today for a business whose terminal value depends on hydrocarbon demand in 2044 is not Buffett discipline.

MOAT

ADEQUATE

62

 /100

Narrow-to-moderate moat in Digital and Subsea; commodity in pressure pumping. Over the commended 20-year horizon, moat durability is the central question — only the Digital ARR (~3% of revenue) qualifies as a Buffett-grade moat. The rest is scale advantage that erodes if drilling demand structurally declines post-2040.

MANAGEMENT

SOLID

74

 /100

Le Peuch's 7-year tenure has produced disciplined returns-focused capital allocation, real deleveraging, and one defensible large M&A (ChampionX). For the 2044 projection: management has positioned the company correctly for the next decade but cannot control the terminal demand curve.

CATALYSTS

ADEQUATE

58

 /100

Mixed near-term (Middle East drag offset by ChampionX synergies). For the 20-year frame demanded by the analyst, the only catalyst that matters is whether Digital reaches \$5B+ ARR at software-like margins — possible but not yet demonstrated.

KEY STRENGTHS

- 01 World's #1 oilfield services franchise by market share
- 02 Digital ARR of \$1B at 34% pretax margins — genuine software-grade asset
- 03 OneSubsea JV consolidated subsea into rational oligopoly
- 04 Return on tangible capital ~28% (wonderful-tier)
- 05 Disciplined capital return — \$4B+ annually committed
- 06 Le Peuch and team have produced 17% return on retained earnings over 5 years
- 07 ChampionX adds less-cyclical chemicals revenue stream

KEY RISKS

- 01 Global oil demand peaks before 2032, eroding terminal services demand
- 02 Saudi Aramco / ADNOC insource technology, compressing international margins
- 03 Tariff and Middle East operational disruption persists, sustained margin compression
- 04 ChampionX synergy targets (\$400M pretax) under-deliver
- 05 Goodwill impairment cycle repeats (2019-2020 saw \$12B+ written down)
- 06 Energy transition stranded-asset political pressure expands sector discount

MARGIN OF SAFETY — 25% REQUIREMENT

NO MARGIN OF SAFETY — TRADING AT PREMIUM

BASE INTRINSIC

\$52

MOS ENTRY PRICE

\$39

CURRENT PRICE

\$57.98

IMPLIED DISCOUNT

-11.5%

Current price of \$57.98 sits above base intrinsic of \$52 and 49% above the \$39 price required for a 25% margin of safety. Mr. Market is pricing this near 52-week highs <cite index="9-2">(\$31.64-\$58.82 range)</cite>. Klarman would pass; Buffett would wait.

FINANCIALS

FINANCIALS

SOLID

68 /100

Strong FCF generation (~\$4B), reasonable balance sheet (net debt/EBITDA 1.4x), but cyclical history with 2019-2020 GAAP losses totaling \$20B. Margin compression in Q1 2026 (346bps) is a yellow flag. The 20-year forward question demands more durable cash flows than a services franchise typically provides.

METRIC	2019	2020	2021	2022	2023	2024	2025	5Y CAGR	
Revenue	\$32,917	\$23,601	\$22,929	\$28,091	\$33,135	\$36,289	\$35,710	1.4%	
Gross Profit	\$4,892	\$2,580	\$3,548	\$5,278	\$6,755	\$7,560	\$7,280	6.8%	
Gross Margin	14.9%	10.9%	15.5%	18.8%	20.4%	20.8%	20.4%	—	
Operating Income	\$3,389	\$-10,518	\$2,873	\$4,276	\$5,546	\$6,217	\$5,840	9.5%	
Operating Margin	10.3%	-44.6%	12.5%	15.2%	16.7%	17.1%	16.4%	—	
Net Income	\$-10,137	\$-10,518	\$1,881	\$3,441	\$4,203	\$4,461	\$4,180	—	
Net Margin	-30.8%	-44.6%	8.2%	12.2%	12.7%	12.3%	11.7%	—	
Operating CF	\$5,447	\$2,944	\$4,651	\$3,713	\$6,636	\$6,562	\$6,300	2.5%	
CapEx	\$1,724	\$1,116	\$1,141	\$1,618	\$1,939	\$2,606	\$2,500	6.4%	
Free Cash Flow	\$2,702	\$732	\$3,034	\$1,888	\$3,970	\$3,994	\$3,800	5.8%	
FCF Margin	8.2%	3.1%	13.2%	6.7%	12.0%	11.0%	10.6%	—	
Total Debt	\$16,036	\$16,036	\$13,770	\$13,046	\$12,459	\$12,031	\$14,200	-2.0%	
Total Equity	\$12,806	\$12,071	\$12,849	\$13,343	\$16,361	\$16,613	\$18,900	6.7%	
Debt / Equity	1.25	1.33	1.07	0.98	0.76	0.72	0.75	—	
Return on Equity	-79.2%	-87.1%	14.6%	25.8%	25.7%	26.9%	22.1%	—	
Diluted Shares	1,385	1,392	1,401	1,416	1,425	1,421	1,545	1,542	—

<cite index="11-1">Net income attributable to SLB was \$4,461M (2024), \$4,203M (2023), \$3,441M (2022)</cite>. <cite index="11-1">Diluted EPS: \$3.11 (2024), \$2.91 (2023), \$2.39 (2022)</cite>. <cite index="12-7">\$6.6B operating cash flow and \$4.0B FCF in 2024</cite>. 2019-2020 reflect goodwill impairments tied to oil downturn. 2025 share count rises due to <cite index="22-3,22-4">ChampionX stock issuance (~9% dilution)</cite>.

VALUATION

VALUATION

POOR

42

 /100

Trading at ~\$58 versus probability-weighted IV of ~\$52 and two-column IV of \$46.50. No margin of safety; <cite index="7-2,7-3">price sits in upper 80% of historical range</cite>. The commanded 20-year projection makes this score harsher: paying premium today for a business whose terminal value depends on hydrocarbon demand in 2044 is not Buffett discipline.

OWNER EARNINGS

LATEST	\$3,850
PER SHARE	\$2.5
5Y CAGR	19.5

Net Income + D&A + Stock-Based Comp - Maintenance Capex - Working Capital Investment

FY2025 owner earnings \approx \$3.85B = \$2.50/share on ~1,540M diluted shares post-ChampionX. The bulk of capex is maintenance given the asset-heavy nature of the wireline, drilling, and subsea fleet. Owner earnings have grown sharply off the 2020 trough but the 5y CAGR is flattered by base-effect; normalized through-cycle owner EPS is closer to \$2.20.

DCF ASSUMPTIONS

GROWTH RATE	4.5
DISCOUNT RATE	10
TERMINAL GROWTH	1.5

INTRINSIC / SHARE

\$52

10-year DCF: years 1-3 owner EPS growth 6% (ChampionX synergies + Digital ARR scaling); years 4-7 growth 4% (mature international upcycle); years 8-10 growth 2% (energy transition headwind). 10% discount rate reflects above-average cyclical and terminal-value risk in oilfield services. Terminal growth 1.5% — deliberately conservative given hydrocarbon demand uncertainty post-2040. Yields IV ~\$52/share. Current \$57.98 trades at ~12% premium.

SCENARIO ANALYSIS

BEAR

0.3

\$34

-41.4

Global oil demand peaks 2030, capex super-cycle fades by 2028, international margins compress 300bps, Digital ARR growth stalls at \$1.5B. Terminal growth -1% (run-off).

BASE

0.5

\$52

-10.3

International upcycle extends through 2028, ChampionX synergies hit \$400M, Digital ARR reaches \$2.5B by 2030, mid-cycle operating margin 18%, terminal growth 1.5%.

BULL

0.2

\$78

34.5

Multi-decade Middle East mega-project boom, deepwater renaissance, Digital ARR compounds to \$5B+ by 2032 at 80% gross margins, SLB re-rates as energy technology rather than services. Op margin 22%+.

PROBABILITY-WEIGHTED INTRINSIC VALUE

\$51.8

EARNINGS — QUALITY & THE SIX LENSES

EARNINGS — QUALITY, QUANTITY, AND THE SIX LENSES

Earnings are the most-discussed and most-misunderstood number in finance. Each of the six investors approaches earnings differently — Buffett distrusts GAAP and prefers owner earnings, Munger inverts to find what management is hiding, Ackman normalizes to find earnings power, Hohn demands per-share FCF growth, Li Lu judges decades-long durability, Klarman stress-tests against the worst case. Here is what they see.

EARNINGS VERDICT

WATCHLIST

Genuine earnings-quality improvement under current management, but cyclical volatility and insufficient owner-earnings yield at \$58 keep this on the bench.

QUALITY SCORE

65 / 100

 THE OWNER EARNINGS GAP — BUFFETT'S TRUTH TEST

GAAP EPS (LATEST)

\$2.71

OWNER EARNINGS / SHARE

\$2.50

GAP

-0.21

Owner earnings are 8% below GAAP EPS, reflecting maintenance capex requirements exceeding D&A in a fleet-heavy services business. This is honest accounting — the gap is in the right direction (conservative) and modest in magnitude.

HISTORICAL EARNINGS RECORD

YEAR	GAAP EPS	Adjusted EPS	Owner EPS	YoY Growth	Quality
2019	\$-7.32	\$1.47	\$1.55	-350	35/100
2020	\$-7.57	\$0.69	\$0.42	-3	28/100
2021	\$1.34	\$1.34	\$1.75	118	62/100
2022	\$2.39	\$2.18	\$1.30	78	70/100
2023	\$2.91	\$3.04	\$2.55	22	78/100
2024	\$3.11	\$3.40	\$2.55	7	80/100
2025	\$2.71	\$3.10	\$2.50	-13	72/100

AGGREGATE EARNINGS METRICS

EPS 5Y CAGR

18.2

VOLATILITY

OWNER EARNINGS 5Y CAGR

9.5

PREDICTABILITY

HIGH — cyclical exposure
produces 5x+ peak-to-trough
swings

45/100

RETURN ON RETAINED

17.2

✓ EARNINGS GREEN FLAGS

- 01 Owner earnings tracking adjusted EPS reasonably well post-2022
- 02 ChampionX synergy execution credible given track record
- 03 Digital margins genuinely high and growing

⚠ EARNINGS RED FLAGS

- 01 2019-2020 goodwill impairments of \$12B+ indicate prior M&A destroyed capital
- 02 Adjusted EPS consistently above GAAP by 10-15% — moderate but not extreme
- 03 Q1 2026 margin compression of 346bps

QUALITY ASSESSMENT — DETAIL

CASH CONVERSION

Strong on average (~95%) but volatile year-to-year due to working capital swings in long-cycle international projects

ACCRUALS QUALITY

Within normal range; no aggressive accrual patterns detected

SHARE COUNT TREND

Slight increase 2019-2024 (1,385M to 1,421M), then ~9% step-up in 2025 from ChampionX issuance; buybacks now reducing post-2025

NON-RECURRING ITEMS

Significant — \$10B+ goodwill impairments in 2019-2020 are a structural red flag for a 'wonderful business' designation

TAX RATE NOTES

Effective rate 18-22%; international mix supports lower tax burden

RESTRUCTURING FREQUENCY

Recurrent through cycle — 2020, 2023 cost programs

🔍 THE SIX LENSES ON EARNINGS

Six investors. Six distinct frameworks for understanding what these earnings actually mean.

WB

Warren Buffett

OWNER EARNINGS OVER GAAP

"Owner earnings of \$2.50 per share against a \$58 price gives a 4.3% owner earnings yield — below the 10-year Treasury plus 4% hurdle (currently ~8.5%). The 5-year owner earnings CAGR of 9.5% is good but flattered by the 2020 base. Return on tangible capital sits in the high-20s which qualifies as a wonderful-business range, but the cyclical volatility means the through-cycle figure is closer to 18%. This is a good business at the wrong price for an owner-earnings buyer."

CM

Charlie Munger

INVERSION — WHAT IS HIDDEN

"Two giant goodwill impairments in 2019-2020 totaling \$12B+ are the kind of capital destruction I underline in red. Management has since changed and the post-2021 record is materially better, but the institutional memory says: this is a business where M&A discipline matters more than usual and where prior management lit billions on fire. The current management deserves the benefit of the doubt; the prior one does not. Adjusted EPS reliably above GAAP is the standard cyclical-services pattern — I do not love it but I do not condemn it either."

BA

Bill Ackman

EARNINGS POWER, NORMALIZED

"Earnings quality has stepped up materially under Le Peuch. 2023-2024 produced clean, growing earnings with strong cash conversion. ChampionX adds a less-cyclical chemicals stream. The path to \$5-6 EPS by 2028 is credible. Quality score 72-80 in recent years is consistent with a mid-quality compounder, not a top-quartile one. Acceptable but not extraordinary."

Chris Hohn

CH PER-SHARE FCF GROWTH & ROIRE

"Predictability score of 45 is well below what TCI requires. The earnings volatility — from -\$7.57 GAAP EPS in 2020 to +\$3.11 in 2024 — is the structural barrier to inclusion in a quality-focused portfolio. Capital discipline (return of >\$4B annually) is excellent and offsets the volatility partially. Net: respectable earnings quality for a cyclical, insufficient for a quality compounder."

LL

Li Lu

MULTI-DECADE EARNINGS DURABILITY

"Five-year owner earnings CAGR of 9.5% in a cyclical industry that experienced a once-in-a-generation downturn is a respectable record. The honest read: post-2021 earnings are real and growing; pre-2021 earnings included substantial impairments. I would weight the 2022-2025 record heavily and discount the prior period. The current trajectory is consistent with a high-quality cyclical, not a compounder."

SK

Seth Klarman

STRESS-TESTED EARNINGS — WORST CASE

"Earnings volatility is the dominant fact. A business that loses \$7.57 per share in a bad year cannot be valued on a stable earnings multiple. The owner earnings gap is modest (-\$0.21) which is reassuring. Quality score of 65-70 reflects a moderately-clean cyclical, not a Berkshire-grade compounder. At the current price the earnings power does not support the multiple under stress."

EARNINGS SYNTHESIS

THE SIX ON EARNINGS

Earnings quality has improved meaningfully under Le Peuch — 2022-2024 produced clean, growing, cash-converting earnings with quality scores in the 70-80 band. The structural problem is cyclicity: the 2019-2020 trough produced GAAP losses of \$20B+ and the 2026 Q1 margin compression of 346bps reminds us the cycle is not dead. Owner earnings of \$2.50 per share at \$58 = 4.3% yield is insufficient versus the long-bond hurdle. Five-year owner-earnings CAGR of 9.5% qualifies as good capital allocation but not exceptional.

ASYMMETRY CHECK

ABOUT THIS ANALYSIS

+

AMORDAD ASYMMETRY SCORE

17

/100

ASYMMETRY UNFAVORABLE. CAPITAL AT STRUCTURAL RISK.

MODERATE CONSENSUS

0

FAVORABLE

2

NEUTRAL

4

UNFAVORABLE

WB

Warren Buffett

Owner Earnings vs. Permanent Loss

ASYMMETRIC UNFAVORABLE

OWNER EARNINGS YIELD	HURDLE (BOND + 4%)	IMPAIRMENT RISK (10Y)
4.3%	8.5%	18%

At \$57.98 per share with owner earnings near \$2.50 per share, the owner earnings yield comes to roughly four-point-three percent. The ten-year Treasury at approximately four-point-five percent plus my customary four-point spread gives a hurdle of eight-point-five percent. SLB's yield does not clear the hurdle and that alone settles the matter for an owner-earnings buyer. Return on tangible capital at twenty-eight percent is genuinely wonderful, which is why this franchise deserves attention; the two-column intrinsic value at \$46.50 is below the current price, which is why this franchise does not deserve purchase today. There is no insurance float to compensate. There is no special dividend on the way. The permanent-impairment probability over ten years sits near eighteen percent in my judgment — not catastrophic but well above the ten percent ceiling that would qualify this as asymmetric favorable. The driver is not management, which has improved markedly under Le Peuch, but the underlying commodity demand curve which I cannot underwrite with confidence to 2044. Twelve billion dollars of goodwill impairment in 2019-2020 is the kind of historical receipt that demands respect. I will keep SLB on the watchlist at high thirties and let Mr. Market do his work.

CM

Charlie Munger

Inversion Stress Test

ASYMMETRIC UNFAVORABLE

GLOBAL CRUDE DEMAND PEAKS BEFORE 2032 AND DECLINES 1-2% ANNUALLY, STRUCTURALLY SHRINKING SLB'S ADDRESSABLE SERVICES MARKET BY 20-30%

Medium × Serious

NATIONAL OIL COMPANIES (ARAMCO, ADNOC, PETROBRAS) PROGRESSIVELY INSOURCE SUBSURFACE AND DIGITAL CAPABILITY, COMPRESSING SLB INTERNATIONAL MARGINS BY 300-500BPS OVER A DECADE

Medium × Serious

REPEAT OF 2019-2020 GOODWILL CYCLE — ANOTHER LARGE IMPAIRMENT AFTER A FORWARD ACQUISITION CYCLE, DESTROYING \$5-10B OF BOOK EQUITY

Medium × Manageable

DIGITAL ARR AMBITION STALLS AT \$2B (VS. \$5B+ SCENARIO) AS ENTERPRISE SOFTWARE VENDORS SELL DIRECTLY TO OIL CUSTOMERS, REMOVING THE EMBEDDED COMPOUNDER THESIS

Medium × Serious

CLIMATE-POLICY / STRANDED-ASSET POLITICAL PRESSURE FORCES INSTITUTIONAL CAPITAL TO APPLY STRUCTURAL MULTIPLE DISCOUNT TO THE ENTIRE OILFIELD SERVICES SECTOR REGARDLESS OF OPERATIONAL PERFORMANCE

Medium × Manageable

Three Medium-Serious items plus two Medium-Manageable items places this firmly in unfavorable territory by my own framework. None of these is fanciful — each has named historical precedent within the company or sector. The 2019-2020 impairment cycle of more than twelve billion dollars is the dispositive evidence on capital-destruction risk in oilfield services M&A; the Saudi rig demobilization in Q2 2025 ahead of plan is the dispositive evidence on national-oil-company tactical leverage; the persistent stall of Digital revenue at the one billion mark relative to ambitious targets is the dispositive evidence on enterprise software competition. I'd rather own a chocolate company or a candy company or a railroad. The wonderful businesses in the world do not require the owner to underwrite the long-run demand for crude oil. SLB is a high-quality cyclical inside a sector whose terminal narrative is contested by every major energy-transition force currently in motion — political, technological, demographic, and capital. Inverting: I would rather not be the person explaining in 2044 why I bought peak-cycle oil services at the 52-week high in 2026.

BA

Bill Ackman*Concentrated Conviction Asymmetry*

NEUTRAL

BULL CASE (3Y)	BEAR CASE (3Y)	UPSIDE/DOWNSIDE
\$95	\$38	1.9:1

CATALYST

ChampionX synergy realization, Digital ARR doubling to \$2B, potential sum-of-parts disclosure or Digital tracking stock separation

On a three-year horizon I can articulate a coherent bull and bear with specific numbers. Bull case: \$95 share price by mid-2029 on \$5.50 EPS times seventeen-times multiple, predicated on the full \$400 million in ChampionX synergies landing, Digital ARR doubling from the current \$1.0B to \$2.0B, and a modest sector re-rating from ten times EBITDA toward twelve as the market accepts the 'energy technology' framing. Bear case: \$38 share price on \$3.20 EPS times twelve-times multiple, predicated on sustained Middle East drag, ChampionX synergies hitting only half of guided, and Digital growth stalling. The ratio comes to one-point-eight-five to one, which sits below my three-to-one hurdle. The catalyst path is credible and visible within twenty-four months — ChampionX integration milestones, quarterly Digital ARR prints, capital-return pace. The structural problem is that buying at \$58 leaves limited room for multiple expansion if the bull operational case plays out. I would prefer this thesis at \$45 where the ratio improves to roughly three-to-one with the same operational assumptions. At \$58 it is interesting but not concentrated-position material.

CH

Chris Hohn*Moat-Protected Asymmetry*

NEUTRAL

MOAT QUALITY	DISRUPTION RISK	CAPITAL DISCIPLINE
6/10	6/10	8/10

Moat scores 6 of 10 — strong in the Digital and Subsea franchises, average in Well Construction and Reservoir Performance, weak in commodity pressure pumping. SLB holds the number one or two position in many differentiated oligopolies which is a real structural advantage; the aggregate moat across the consolidated entity is narrower than that bullet point suggests. Disruption score 6 of 10 — the energy transition is the binding constraint and the timing is the only debate, not the direction. Capital discipline scores 8 of 10 — over \$4 billion of annual shareholder returns including \$2.4 billion of buybacks for 2026, real deleveraging since 2019, and explicit 'returns-focused capital-light' rhetoric that maps to the right vocabulary. For TCI's portfolio construction, this profile does not qualify as a core compounder. We require moat scores of 8+ with disruption risk under 3 — SLB does not clear either bar. The capital discipline is genuinely impressive and partially offsets the moat and disruption gaps. Net verdict: a respectable peripheral holding at a meaningful discount to today's price, not a concentrated position. We would consider engaging actively to push for a Digital separation or tracking stock — that single corporate action would unlock significant sum-of-parts value and is the kind of activist intervention we are comfortable funding.

LL

Li Lu
Depth-Compounds Asymmetry

ASYMMETRIC UNFAVORABLE

OWN UNDERSTANDING
5/10

MARKET UNDERSTANDING
7/10

INFORMATION EDGE
+-2 pts

Our own understanding depth scores 5 of 10. We have a confident view of SLB's near-term operational mechanics, its segment economics, and the management team's capital allocation discipline. We do not have a confident view of the single variable that dominates the 2044 terminal value, which is the global hydrocarbon demand curve. The honest answer is that the band of plausible 2044 oil demand scenarios — from 65 to 105 million barrels per day — is wider than any responsible projection can collapse. The Digital franchise we understand and like; it is small. The aggregate business we do not understand well enough to invest with conviction. Market understanding depth scores 7 of 10 — sell-side coverage is competent, the consensus narrative is reasonably accurate, and we do not see meaningful mispricing of known facts. Our depth is below the market's depth on the most important question. That is the precise circumstance in which Munger taught us to pass. Circle of competence is sacred and the boundary runs through the middle of this thesis. We do not bet on what we do not understand. Pass — patient capital is itself a position.

SK

Seth Klarman
Explicit Margin of Safety

ASYMMETRIC UNFAVORABLE

CONSERVATIVE IV
\$41

DISCOUNT TO IV
-41.4%

STRESSED DISCOUNT
-55.0%

Conservative intrinsic value built from low-end DCF, no terminal-growth optimism, and stress-tested multiples yields \$41 per share. The current \$57.98 trades at a forty-one percent premium to that figure, not a discount. When I stress each of three critical assumptions individually, the IV falls to a \$34-36 range, deepening the premium to fifty-five percent or more. There is no margin of safety. There is an embedded premium. My framework requires a 33% discount to conservative IV that survives stress on the critical assumptions. SLB at \$58 fails that test by a wide margin. The franchise quality is real; the price is not. I am comfortable concluding no asymmetry — pass — wait. Patience is a position and cash is a position. We have been offered this business in the high thirties as recently as the 2024-2025 cycle low and we will be offered it there again. Buying at the 52-week high while Middle East operations are disrupted and EBITDA margins are compressing 346 basis points year-over-year is not the discipline our investors pay us for.

⚠ STRESS TEST GRID — EIGHT ADVERSITY SCENARIOS

SCENARIO	COMPANY-SPECIFIC EXPOSURE	PRICE IMPACT	RECOVERY (3Y)	TYPE
MULTIPLE COMPRESSION	Sector P/E compresses from current ~19x to 11x as oilfield services re-rates lower on energy-transition narrative. Specific to SLB: forward P/E falls from 19x to 11x on unchanged EPS.	-42%	MEDIUM	TEMPORARY
MARGIN COMPRESSION	Operating margin falls from 16.1% TTM to 11.3% as Saudi rig demobilizations persist, tariff costs accumulate, and ChampionX synergies under-deliver. References specifically the Q1 2026 346bps margin contraction already underway.	-30%	MEDIUM	TEMPORARY
TOP-LINE RECESSION	Revenue declines 25% from \$35.7B 2025 base to ~\$27B as global E&P capex contracts on \$50 oil — comparable to 2020 trough trajectory but less severe than the -36% peak-to-trough recorded then.	-38%	HIGH	TEMPORARY
BLACK SWAN	Specific tail risk: Saudi Aramco renegotiates long-term services contracts post-Jafurah unconventional pause, reducing SLB's Middle East margins by 400bps for three years. References the named Saudi rig demobilization disclosed by Le Peuch June 24, 2025.	-22%	MEDIUM	TEMPORARY

SCENARIO	COMPANY-SPECIFIC EXPOSURE	PRICE IMPACT	RECOVERY (3Y)	TYPE
DISRUPTIVE TECHNOLOGY	Specific threat: enterprise software vendors (Salesforce, Microsoft, Palantir) sell subsurface and production-optimization software directly to NOCs at lower price points, capping SLB Digital ARR at \$1.5B and removing the embedded compounder thesis. Targets the named \$1.0B Digital ARR business that justifies premium valuation.	-18%	LOW	PERMANENT
RATE SHOCK	Risk-free rate sustained at 6%+ for 5 years. SLB carries \$14B in long-term debt including the \$2B May 2026 issuance at 4.55-5.15% coupons. Refinancing risk modest given staggered maturities; equity multiple compression dominant.	-28%	MEDIUM	TEMPORARY
REGULATORY STRIKE	Specific risk: EU or UK climate regulation mandates Scope-3 emissions disclosure for oilfield services, forcing institutional ESG capital to divest; OR sanctions-compliance penalty related to legacy Russia exposure (\$0.6B carrying value at year-end 2024 per 10-K).	-15%	HIGH	TEMPORARY
MANAGEMENT FAILURE	Olivier Le Peuch (CEO since August 2019, age 62) departs under duress before orderly succession. Key-man risk is moderate — bench is deep but Le Peuch is the architect of the 'returns-focused' strategy. CFO Stephane Biguet is comparatively newer.	-12%	HIGH	TEMPORARY

AMORDAD — SIX MINDS. ONE ASSET. THE SHAPE OF THE BET.

MOAT

MOAT

ADEQUATE

62

 /100

Narrow-to-moderate moat in Digital and Subsea; commodity in pressure pumping. Over the commended 20-year horizon, moat durability is the central question — only the Digital ARR (~3% of revenue) qualifies as a Buffett-grade moat. The rest is scale advantage that erodes if drilling demand structurally declines post-2040.

MOAT RATING

 **NARROW-TO-MODERATE**

DURABILITY

10-15 years high confidence; 20+ years uncertain due to energy transition

TRAJECTORY

Strengthening on Digital and Production Systems; structurally challenged at the segment level by long-term hydrocarbon demand questions

SOURCES OF COMPETITIVE ADVANTAGE

SCALE (LARGEST OILFIELD SERVICES FRANCHISE GLOBALLY)

TECHNOLOGY IP (40,000+ PATENTS, 100+ YEARS OF SUBSURFACE DATA)

INSTALLED BASE / SWITCHING COSTS IN LONG-CYCLE INTERNATIONAL PROJECTS

DIGITAL PLATFORM (DELFI) WITH \$1B+ ARR CREATING MODEST RECURRING REVENUE

CUSTOMER RELATIONSHIPS WITH NATIONAL OIL COMPANIES (SAUDI ARAMCO, ADNOC, PETROBRAS)

ANALYST COMMENTARY

<cite index="8-2,8-3">SLB holds the #1 or #2 position in many of the differentiated oligopolies in which it operates</cite>. The moat in subsea (OneSubsea JV consolidation) and digital is widening; the moat in commodity pressure pumping is non-existent. The aggregate is a narrow moat that does not pass Munger's 'inevitable' test over 30 years because the underlying commodity is contested by the energy transition. <cite index="16-1,16-2">Digital ARR reached \$1.0B as of December 31, 2025, up 15% YoY, with pretax operating margin of 34%</cite> — this is the genuinely high-quality slice of the franchise.

MANAGEMENT

MANAGEMENT

SOLID

74 /100

Le Peuch's 7-year tenure has produced disciplined returns-focused capital allocation, real deleveraging, and one defensible large M&A (ChampionX). For the 2044 projection: management has positioned the company correctly for the next decade but cannot control the terminal demand curve.

CHIEF EXECUTIVE

Olivier Le Peuch

<cite index="32-1">CEO since August 2019; joined SLB in 1987 as an electrical engineer with 35+ year tenure</cite>

CAPITAL ALLOCATION

ABOVE AVERAGE. <CITE INDEX="31-1">MANAGEMENT HAS BEEN LAUDED FOR BALANCE SHEET DISCIPLINE, AGGRESSIVELY REDUCING DEBT WHILE RETURNING BILLIONS TO SHAREHOLDERS THROUGH DIVIDENDS AND BUYBACKS</CITE>. <CITE INDEX="35-2">FULL-YEAR 2026 CAPITAL INVESTMENT TARGET ~\$2.5B WITH MORE THAN \$4B RETURNED TO SHAREHOLDERS INCLUDING AT LEAST \$2.4B OF BUYBACKS</CITE>.

INSIDER OWNERSHIP

Low (<0.5% collectively). Reflects mature large-cap norm but no founder-mentality skin in the game. <cite index="2-1">Recent insider selling activity noted across May 2026</cite>.

 PROMISES VS. DELIVERY

Mixed. Hit \$4B shareholder return target in 2025. <cite index="23-12">ChampionX synergies guided at approximately \$400 million within the first three years post-closing</cite> — too early to verify. Saudi demobilization in Q2 2025 surprised guidance.

 CANDOR AND TRANSPARENCY

Above average. Le Peuch's prepared remarks acknowledged <cite index="29-3,29-4,29-5">'a lot of uncertainty this quarter, including OPEC+ announcements, tariff negotiations, and geopolitical escalations,' and that 'the actual activity mix has diverged slightly from the assumptions we used to plan the quarter,' most notably in Saudi Arabia</cite>. That is an unusually direct admission for a CEO.

 5-YEAR CAPITAL ALLOCATION REVIEW

2019: Le Peuch takes over post-\$10B impairment; pivots to 'fit-for-basin' returns-focused strategy. 2020-2022: Survives COVID with aggressive cost-out; debt down from \$16B to \$13B. 2023: Aker Subsea deal closes, formally rebrands as SLB. 2024: \$36.3B revenue peak; ChampionX deal announced. 2025: ChampionX closes (9% dilution for \$7.8B). 2026: <cite index="2-1">\$2B senior notes issued May 7, 2026 (\$500M 4.55% 2031, \$500M 4.80% 2033, \$1.0B 5.15% 2036)</cite>.

CATALYSTS

CATALYSTS

ADEQUATE

58

/100

Mixed near-term (Middle East drag offset by ChampionX synergies). For the 20-year frame demanded by the analyst, the only catalyst that matters is whether Digital reaches \$5B+ ARR at software-like margins — possible but not yet demonstrated.

⚡ CATALYST MAP SUMMARY

Near-term overhangs (Middle East, Saudi rig demobilization, tariff costs) offset by ChampionX accretion and Digital ARR growth. Catalysts are reasonably balanced; no single binary event likely to revalue the franchise materially over next 12 months.

M&A CORPORATE ACTIVITY (24M)

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<input type="text"/>	•	<input type="text"/>

MATERIAL NEWS FLOW (12M)

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—	<input type="text"/>
—	<input type="text"/>
—	<input type="text"/>

FORWARD CATALYSTS TO MONITOR

- 01 ChampionX synergy realization (<cite index="23-12">\$400M annual pretax target within 3 years</cite>)
- 02 Digital ARR scaling toward \$2B+ (currently \$1.0B)
- 03 Resumption of Saudi unconventional Jafurah activity post-tender
- 04 Brazil deepwater Petrobras spending acceleration
- 05 Potential break-up / separation of Digital business at higher multiple

THE SIX



THE SIX MENTAL MODELS

Six master capital allocators evaluate this investment through their own distinct lens — the compounder frame of Buffett, the inversion of Munger, the activist thesis of Ackman, the franchise discipline of Hohn, the depth requirement of Li Lu, and the risk-first absolute return of Klarman.

LENS CONVERGENCE MATRIX

WB
48
WARREN

BA
55
BILL

LL
45
LI

CM
42
CHARLIE

CH
52
CHRIS

SK
38
SETH

WB

Warren Buffett

48/100

BERKSHIRE HATHAWAY

Wonderful businesses at fair prices. Long compounders, low turnover.

Looking out to 2044, this is the central question and I'll answer it plainly: I do not know with high confidence what SLB looks like in 18 years, and that uncertainty alone caps my interest. The wonderful slice — Digital at \$1B ARR growing 15% with 34% margins — would be a \$4-5B run-rate, 80%-gross-margin business by 2044 worth perhaps \$40-60B alone. But the other 97% of revenue depends on hydrocarbon capex in a world where oil demand is plausibly 70-90 million barrels per day rather than today's 103. <cite index="22-8">Le Peuch calls his strategy 'returns-focused, capital-light' which is the right vocabulary</cite>, and the <cite index="16-1,16-2">Digital ARR reaching \$1.0B with 34% pretax margins</cite> is the seed of something genuinely valuable. Return on tangible capital is healthy at ~28%, owner earnings yield is ~5%, but the 20-year terminal value sits inside my circle of competence about as comfortably as a chess match in the dark. At \$58 with no margin of safety against a \$52 base IV, I will admire the franchise from a watchlist and wait for Mr. Market to deliver this at \$35-40, which he reliably does once a cycle.

CM

Charlie Munger

42/100

BERKSHIRE HATHAWAY

Multidisciplinary mental models. Invert, always invert.

Inverting to 2044: how does this destroy capital? Item one — global crude demand peaks 2030 and declines 1.5% annually, removing 25-30% of SLB's addressable market. Item two — Saudi Aramco, ADNOC, and Petrobras insource technology and squeeze service margins as their petroleum engineers mature, exactly as Boeing's customers did. Item three — Digital ambition meets reality: SAP-and-Salesforce sell to oil companies directly and SLB's \$1B ARR caps at \$2B. Item four — a serial acquisition cycle (Cameron, Aker subsea, ChampionX) eventually produces declining ROIC and management resorts to a goodwill write-down repeat of 2019-2020. Item five — energy-transition political risk produces stranded-asset disclosure requirements that force institutional capital to discount the entire sector. None of these is individually fatal. Three of them in combination would be. The 20-year forward picture for an oil services business does not pass my inevitability test. I'd rather own Costco.

BA

Bill Ackman

PERSHING SQUARE

Concentrated positions. Clear thesis. Catalysts. Contrarian.

55/100

On a three-year horizon SLB has an articulate thesis: ChampionX synergies of <cite index="23-12">~\$400M pretax within three years</cite>, Digital ARR doubling to \$2B+, multiple expansion from current ~10x EBITDA to 12x as the market re-rates this as 'energy infrastructure' rather than 'oil services.' Bull case 2029 price: \$95 on \$5.50 EPS × 17x. Bear case 2029 price: \$38 on \$3.20 EPS × 12x. Ratio ~2.5:1 — interesting but not the 3:1 I demand. The commanded 20-year extrapolation is harder: I am not in the business of underwriting commodity terminal value beyond a decade. If forced to put a 2044 number on it: \$120-180 share price range assuming the Digital franchise scales and the company is roughly half oil services / half industrial technology. The asymmetry is real but the 3-year ratio is short of my hurdle and the 20-year horizon is outside my comfort zone.

CH

Chris Hohn

TCI FUND MANAGEMENT

Quality activist. Capital discipline. Pricing power. Secular growth.

52/100

Three-dimensional assessment for the 2044 frame. Moat quality 6/10 — strong in Digital and Subsea (OneSubsea), commodity in pressure pumping; weighted average insufficient for a TCI core holding. Disruption risk 6/10 — energy transition is the binding constraint and the timing is the only debate. Capital discipline 8/10 — <cite index="35-1,35-2">\$4B+ shareholder return commitment for 2026 including at least \$2.4B of buybacks</cite>, real deleveraging, returns-focused M&A vocabulary. By 2044 I would expect this to be a \$50-65B revenue business if oil demand holds, \$25-35B if it does not. The structural rate of FCF growth I require is high single-digit per share over 20 years; SLB might deliver 4-6%. I prefer infrastructure-like assets with regulated or contracted cash flows. SLB is too cyclical and too terminal-value-sensitive to occupy a top-five TCI slot. A peripheral holding at best, and only at a meaningful discount to today's price.

LL

Li Lu

HIMALAYA CAPITAL

Circle of competence. Concentrated compounders. Long-term rationality.

45/100

The 20-year question is the right question and it sharpens the answer: do we genuinely understand the demand curve for hydrocarbons through 2044? The honest answer is no — the band of plausible outcomes for global oil demand in 2044 spans 65 to 105 million barrels per day, a range so wide that any precise SLB projection is false precision. Within my circle of competence I can say: <cite index="8-2">SLB is the world's premier oilfield-services franchise by market share</cite> with genuine scale, IP, and customer relationships; the Digital franchise is the only piece I would underwrite as a 20-year compounder; the rest is high-quality cyclical exposure to a commodity whose terminal demand is contested. I am comfortable saying we do not understand this well enough to make it a concentrated position. At a 30-40% discount to today's price, the margin of safety would compensate for the terminal uncertainty. At \$58, it does not.

SK

Seth Klarman

BAUPOST GROUP

Margin of safety. Capital preservation. Contrarian. Absolute return.

38/100

Conservative intrinsic value, building from low-end DCF and stress-tested multiples: \$38-44 per share. Current \$57.98 sits 30-50% above that range — no discount, an embedded premium. Three critical assumptions stressed: (1) mid-cycle operating margin sustains at 17%+ — under stress falls to 14% and IV drops to \$34; (2) ChampionX synergies hit \$400M — under stress hit \$200M and IV drops to \$40; (3) Digital ARR compounds to \$2.5B by 2030 — under stress stalls at \$1.5B and IV drops to \$36. There is no margin of safety here and the catalyst path requires multiple expansions in a sector with secular demand questions. My discipline says pass — wait. The asymmetry is unfavorable. Patience is a position; cash is a position. I would re-engage in the high \$30s where the discount survives stress, not at the 52-week high.



CONCLUSION OF THE SIX

SYNTHESIS & CLOSING ARGUMENT

The analyst commanded a 20-year forward projection and that command reframes every conclusion. By 2044, SLB will have bifurcated into two visible businesses: a Digital and Production Technology franchise compounding at 8-12% annually toward \$5-8B in revenue at software-grade margins, and a traditional oil services franchise whose 2044 size is bounded above by global hydrocarbon capex and below by terminal-decline scenarios in a band as wide as \$20-50B revenue. Buffett and Munger conclude that the terminal uncertainty

alone disqualifies a concentrated position at premium prices; Li Lu agrees and explicitly invokes circle-of-competence; Klarman cites the absence of margin of safety against any conservative 2044 scenario; Hohn finds the moat insufficient and the cyclical too high for a TCI core holding; Ackman sees a coherent 3-year thesis but the 20-year horizon stretches beyond his activist toolkit. The aggregate verdict is WATCHLIST — this is a high-quality franchise at a fair-to-rich price whose long-horizon terminal value cannot be underwritten with the confidence the six demand. Wait for Mr. Market to offer this in the high \$30s.

THE INVESTMENT COMMITTEE — SLB

FINAL RECOMMENDATION — WATCHLIST

PROJECTION — 10 TO 20 YEAR FORWARD

LONG-HORIZON PROJECTION — THROUGH SIX LENSES

Where will this business stand 10 and 20 years from now? Each investor projects forward through their own mental model — Buffett on compounding durability, Munger through inversion, Ackman on catalysts, Hohn on franchise trajectory, Li Lu on long-arc compounding, Klarman on downside survival.

QUANTITATIVE FORWARD PROJECTION

10-YEAR HORIZON

REVENUE	52000
EPS	5
FREE CASH FLOW	6800

SHARE PRICE RANGE

LOW	MID	HIGH
\$55.00	\$85.00	\$110.00

20-YEAR HORIZON

REVENUE	48000
EPS	6.5
FREE CASH FLOW	7500

SHARE PRICE RANGE

LOW	MID	HIGH
\$50.00	\$100.00	\$160.00

PROJECTION CONFIDENCE — BY FRAMEWORK FIT

WB

45

WARREN

BA

60

BILL

LL

35

LI

CH

40

CHARLIE

CH

50

CHRIS

SK

35

SETH

WB

Warren Buffett

10-YEAR PROJECTION

"By 2036: Revenue \$48-52B (4% CAGR through cycle), owner EPS ~\$4.50, FCF ~\$6.5B, share price range \$65-95 assuming 14-21x owner earnings. Digital ARR \$2.5-3.5B at 35% margins constitutes a \$35B segment value alone. ROTC sustains in mid-20s. The 'wonderful business' question depends entirely on whether Digital crosses from 3% to 10% of revenue mix."

20-YEAR PROJECTION

"By 2044: Two scenarios converge unhelpfully. If oil demand plateaus near 95-100mbd, SLB is a \$55-65B revenue business with \$5.5-6.5B owner earnings and a share price of \$90-140, a 4% per share CAGR from today. If oil demand declines to 75-85mbd, SLB is a \$35-45B revenue business in slow run-off with Digital (\$6-8B revenue) holding most of the equity value, share price \$55-90. The asymmetry over 20 years is roughly neutral. I would not underwrite this concentratedly without a 30%+ entry discount."

CM

Charlie Munger

10-YEAR PROJECTION

"By 2036: Probably grows revenue, probably shrinks margins, probably looks reasonable on a 10-year scoreboard. EPS \$4.00-5.00 range, share price \$60-90. Not catastrophic, not exceptional. The cyclical-and-commodity drag is real."

20-YEAR PROJECTION

"By 2044: I will not own this. The inevitability test fails. The world might still need oil, might not — and I do not bet against a major secular force that has political, technological, and capital tailwinds aligned. Inverting: this is exactly the kind of high-quality second-rate business that compounds at 5-7% for 20 years while a first-rate business compounds at 11-13%. Opportunity cost is invisible but real."

BA

Bill Ackman

10-YEAR PROJECTION

"By 2036: \$50-55B revenue, \$6B+ EPS post-buybacks, share price target \$85-110. The Digital business worth \$30-40B alone in a sum-of-parts. Activist case: separate Digital into a tracking stock or spin at 15-18x revenue. This is a credible 10-year double."

20-YEAR PROJECTION

"By 2044: Too far. My horizon is three to five years. If forced: \$130-180 share price on a sum-of-parts where Digital is a \$60B standalone and Services is a \$40B cash-cow."

CH

Chris Hohn

10-YEAR PROJECTION

"By 2036: Capital returned to shareholders cumulatively ~\$40-45B (more than current market cap), share count down ~25% to 1,150M, EPS \$5.50-6.50, share price \$70-100. The capital discipline is real and that is the dominant lever over a decade."

20-YEAR PROJECTION

"By 2044: Cumulative capital return ~\$90-110B. Share count perhaps 850M. EPS dependent on terminal services demand: \$6-10 range. Share price \$80-160. The wide band is the entire point — TCI prefers narrower bands and would not core-hold this."

LL

Li Lu

10-YEAR PROJECTION

"By 2036: Plausible high-quality cyclical compounding 7-9% in per-share value. Share price \$80-110. We respect the franchise but would not concentrate here."

20-YEAR PROJECTION

"By 2044: We do not pretend to know. Honest answer: pass."

SK

Seth Klarman

10-YEAR PROJECTION

"By 2036: Conservative scenario \$45-55 share price (no multiple expansion, modest EPS growth). Optimistic \$75-90. Skewed-to-downside in a recession scenario which arrives at least twice over a decade."

20-YEAR PROJECTION

"By 2044: \$40-100 share price band is too wide to underwrite. We require both catalyst and margin of safety, and at \$58 we have neither. Wait."

 **KEY ASSUMPTIONS**

- 01 Global oil demand: 90-100mbd in 2036, 75-95mbd in 2044
- 02 International upstream capex grows 2-4% annually through 2032 then plateaus
- 03 Digital ARR compounds at 13-15% to 2032, 8-10% thereafter
- 04 ChampionX synergies \$400M annual run-rate by 2028
- 05 Operating margins normalize at 17-19% through cycle
- 06 Buybacks reduce share count ~1.5-2% annually
- 07 WACC 9-10% (sector premium to risk-free)

 **WATCH LIST — PROJECTION INVALIDATORS**

- 01 Quarterly Digital ARR growth — must hold double digits to validate thesis
- 02 Saudi Aramco activity — bellwether for international cycle
- 03 ChampionX integration milestones — synergy timeline
- 04 Operating margin trajectory — must hold 17%+ post-tariff drag
- 05 Capital return execution — \$4B+/yr commitment must be sustained
- 06 Oil demand data — IEA / OPEC long-term outlook revisions

 **20-YEAR CONSOLIDATED THESIS**

IF BOUGHT TODAY AND HELD

The commanded 20-year forward picture for SLB resolves into a barbell. The Digital franchise — today \$1B ARR at 34% pretax margins — is the genuine compounder embedded inside a cyclical services chassis. If Digital scales to \$5-8B revenue by 2044 at software-grade margins, the Digital piece alone justifies a \$50-80B equity value. The remaining services business is the wild card: under a 'oil demand peaks 2030 and declines slowly' scenario it remains a \$25-35B revenue cash cow; under a benign scenario it grows to \$40-50B. The probability-weighted 2044 share price band is \$50-160 — a 3x spread that violates Klarman's stress discipline, Munger's inevitability test, and Li Lu's circle-of-competence brake. Only Ackman's activist toolkit and Hohn's capital-return arithmetic produce concrete underwritable numbers.

THE FORWARD COMMITTEE — SLB

HORIZON — TWO DECADES

A LETTER FROM WARREN BUFFETT

✉ THE AMORDAD CAPITAL LETTER — BUFFETT TRADITION

A shareholder letter from the AMORDAD CAPITAL Investment Office, written in the tradition of Warren Buffett's annual letters. The brain applies sixty years of Buffett's investing principles — owner earnings, circle of competence, the castle and the moat, the distinction between price and value — to this specific company. The letter takes an independent position. It may endorse, decline, or refuse the stock. Honesty is the entire value.

AMORDAD CAPITAL
INVESTMENT OFFICE — IN THE TRADITION OF WARREN BUFFETT

AMORDAD CAPITAL Shareholder Letter — On the 20-Year Question at SLB

“WATCHLIST”

SHAREHOLDER LETTER — 2026

TO THE SHAREHOLDERS OF AMORDAD CAPITAL

To the Shareholders of AMORDAD CAPITAL:

If the New York Stock Exchange were to close tomorrow and not reopen for ten years, we would not own SLB at \$57.98 — and that single sentence frames everything that follows in this letter. We would gladly own a meaningful piece of the SLB Digital franchise on those terms; we would tolerate the SLB Subsea franchise; we would not, with confidence, underwrite the bulk of an oil services franchise whose 2044 terminal demand is the single most contested question in modern energy economics. The market is open, however, and our job is to assess price against value with the discipline our shareholders are entitled to expect.

The analyst command we received was specific: project this business twenty years forward through the mental models of the six investors whose principles guide this letter. We accept the command and answer it directly. For every dollar of tangible capital employed at SLB today, this business earns approximately twenty-eight cents pre-tax — a figure that places SLB firmly inside the 'wonderful' tier on return on tangible capital, and one that distinguishes it sharply from most large industrial enterprises we examine. That number, however, is a current-snapshot figure. Through the trough of 2020 the same ratio was negative. The question for a twenty-year owner is not what the business earns at peak but what it compounds at through cycle, and on that measure SLB's owner earnings have grown at roughly nine-and-a-half percent

annually over five years — good, not extraordinary, and flattered by a deep base year.

There is no insurance float at SLB and no float-like asset of consequence — the deferred revenue tied to the Digital ARR business is around nine hundred million dollars, modest in proportion, and effectively a zero-cost working capital benefit. We would prefer this letter to be reporting a billion dollars of growing zero-cost float, but it is not, and we will not pretend otherwise.

On inflation durability we grade SLB a B. The evidence is mixed: international contract structures with national oil companies typically index to project costs, the Digital franchise has demonstrated genuine pricing power with thirty-four percent operating margins, but the commodity end of the services business — pressure pumping, certain wireline categories — competes on price and would absorb rather than pass through cost increases. A B is honest; an A would be flattery.

Management under Olivier Le Peuch has, over five years, earned roughly seventeen percent on retained earnings — above our twelve percent threshold for excellent capital allocation and a material improvement on the institutional record before 2019. Three specific decisions stand on their merits. First, the Aker subsea combination into OneSubsea consolidated a fragmented oligopoly and has delivered margin expansion as guided. Second, the ChampionX acquisition closed July 16, 2025 at an all-stock 0.735 ratio, with former ChampionX holders owning approximately nine percent of pro forma SLB, and management has committed to roughly four hundred million dollars of annual pretax synergies within three years — too early to verify, plausible given the integration playbook. Third, the consistent return of capital — more than four billion dollars in 2025 and again committed for 2026, including at least two-point-four billion in buybacks — is exactly the discipline a Buffett-style shareholder demands.

Our two-column intrinsic value check produces an estimate near \$46.50 per share — meaningfully below the current \$57.98 quotation. The probability-weighted intrinsic value across bear, base, and bull scenarios is approximately \$52. Neither figure supports the current price as a margin-of-safety entry. Mr. Market is offering us this franchise near the top of its fifty-two-week range while the Middle East is in operational disruption, Saudi rig activity has been demobilized ahead of guidance, and Q1 2026 EBITDA margins compressed by three hundred forty-six basis points year over year. We have been here before — paying full price for a cyclical at peak sentiment — and we have learned the lesson sufficiently to not repeat it.

Charlie's inversion question applied to this specific business: how does SLB destroy capital between now and 2044? The candidates are not exotic — global crude demand peaking before 2030; national oil customers insourcing technology; another acquisition cycle eventually producing the goodwill writedown that the prior management delivered in 2019-2020 to the tune of more than twelve billion dollars; and political pressure forcing institutional capital to apply stranded-asset discounts to the sector regardless of underlying performance. None of these is individually fatal; in combination, two or three of them would damage the compounding meaningfully.

We will hold SLB on the watchlist. Our entry discipline calls for a price in the high thirties — a level Mr. Market has visited as recently as the 2024-2025 cycle low and will, in our judgment, visit again. We are content to wait. The castle is well-built and the moat is real around the Digital and Subsea keeps; the outer walls — the commodity services exposure — are not the kind of fortification one underwrites for twenty years at premium prices.

The structural shape of this bet is unfavorable, because at \$58 we are paying a premium against a base intrinsic value of \$52 for a high-quality cyclical whose 2044 terminal demand we cannot underwrite with the confidence our discipline requires.

The AMORDAD CAPITAL Investment Office, after the manner of Warren Buffett.

Sincerely,

The AMORDAD CAPITAL Investment Office, after the manner of Warren Buffett

AMORDAD CAPITAL — INVESTMENT OFFICE

This letter is an AI-generated synthesis applying the investing principles of Warren Buffett, Charlie Munger, and the other named investors. It is not investment advice and does not represent the views of any of the named individuals. All figures are derived from publicly available sources and stated assumptions, may contain inaccuracies, and should be independently verified before any investment decision.

INSIDER & CONGRESS SHARES — PAST 30 DAYS

INSIDER AND CONGRESSIONAL TRADING — PAST 30 DAYS

Two of the most informed groups of investors in the world: corporate insiders, who have direct knowledge of their own businesses, and members of the U.S. Congress, who have access to legislative briefings and committee information. When they buy with their own money, the signal deserves attention. When they sell heavily, that deserves attention too. Below: every disclosed transaction in this stock for the past 30 days.



Insider data is loading. If this message persists, the FMP API may be temporarily unavailable.

INSTITUTIONAL OWNERSHIP — FORM 13F

FORM 13F — INSTITUTIONAL OWNERSHIP

Quarterly · 10+ Year History · US Listed

Investment managers with over \$100M in AUM must disclose equity holdings quarterly via SEC Form 13F. This section shows the latest reported institutional ownership: top holders, net share changes, put/call ratios, and aggregate ownership as a percentage of float.



Institutional data is loading. If this message persists, the FMP API may be temporarily unavailable.