

SCHLUMBERGER LIMITED/NV
Form 10-Q
October 24, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2018

Commission file No.: 1-4601

SCHLUMBERGER N.V.

(SCHLUMBERGER LIMITED)

(Exact name of registrant as specified in its charter)

CURAÇAO (State or other jurisdiction of incorporation or organization)	52-0684746 (I.R.S. Employer Identification No.)
42 RUE SAINT-DOMINIQUE PARIS, FRANCE	75007
5599 SAN FELIPE HOUSTON, TEXAS, U.S.A.	77056
62 BUCKINGHAM GATE LONDON, UNITED KINGDOM	SW1E 6AJ

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PARKSTRAAT 83 THE HAGUE,
THE NETHERLANDS 2514 JG
(Addresses of principal executive offices) (Zip Codes)

Registrant's telephone number in the United States, including area code, is: (713) 513-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at September 30, 2018
COMMON STOCK, \$0.01 PAR VALUE PER SHARE	1,384,801,810

SCHLUMBERGER LIMITED

Third Quarter 2018 Form 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

(Stated in millions, except per share amounts)

	Third Quarter		Nine Months	
	2018	2017	2018	2017
Revenue				
Services	\$6,345	\$5,763	\$18,222	\$15,928
Product sales	2,159	2,142	6,414	6,333
Total Revenue	8,504	7,905	24,636	22,261
Interest & other income	36	64	118	172
Expenses				
Cost of services	5,336	4,816	15,414	13,507
Cost of sales	1,988	1,981	5,892	5,836
Research & engineering	177	189	524	595
General & administrative	105	115	330	323
Impairments & other	-	-	184	510
Merger & integration	-	49	-	213
Interest	147	142	434	422
Income before taxes	787	677	1,976	1,027
Tax expense	129	121	348	269
Net income	658	556	1,628	758
Net income attributable to noncontrolling interests	14	11	29	9
Net income attributable to Schlumberger	\$644	\$545	\$1,599	\$749
Basic earnings per share of Schlumberger	\$0.46	\$0.39	\$1.15	\$0.54
Diluted earnings per share of Schlumberger	\$0.46	\$0.39	\$1.15	\$0.54
Average shares outstanding:				
Basic	1,385	1,385	1,385	1,388
Assuming dilution	1,392	1,392	1,393	1,395

See Notes to Consolidated Financial Statements

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SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

(Stated in millions)

	Third Quarter		Nine Months	
	2018	2017	2018	2017
Net income	\$658	\$556	\$1,628	\$758
Currency translation adjustments				
Unrealized net change arising during the period	(47)	75	(128)	49
Marketable securities				
Unrealized loss arising during the period	(12)	(41)	(33)	(66)
Cash flow hedges				
Net gain (loss) on cash flow hedges	4	8	(6)	19
Reclassification to net income of net realized (gain) loss	2	(4)	(2)	4
Pension and other postretirement benefit plans				
Amortization to net income of net actuarial loss	47	40	141	119
Amortization to net income of net prior service (credit) cost	(1)	20	(4)	60
Income taxes on pension and other postretirement benefit plans	(2)	-	(7)	(2)
Comprehensive income	649	654	1,589	941
Comprehensive income attributable to noncontrolling interests	14	11	29	9
Comprehensive income attributable to Schlumberger	\$635	\$643	\$1,560	\$932

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Stated in millions)

	Sept. 30, 2018 (Unaudited)	Dec. 31, 2017
ASSETS		
Current Assets		
Cash	\$ 1,493	\$1,799
Short-term investments	1,361	3,290
Receivables less allowance for doubtful accounts (2018 - \$245; 2017 - \$241)	8,409	8,084
Inventories	4,108	4,046
Other current assets	1,112	1,278
	16,483	18,497
Investments in Affiliated Companies	1,497	1,519
Fixed Assets less accumulated depreciation	11,739	11,576
Multiclient Seismic Data	639	727
Goodwill	25,134	25,118
Intangible Assets	8,930	9,354
Other Assets	5,624	5,196
	\$ 70,046	\$71,987
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 9,419	\$10,036
Estimated liability for taxes on income	1,265	1,223
Short-term borrowings and current portion of long-term debt	3,215	3,324
Dividends payable	701	699
	14,600	15,282
Long-term Debt	14,159	14,875
Postretirement Benefits	957	1,082
Deferred Taxes	1,529	1,650
Other Liabilities	1,853	1,837
	33,098	34,726
Equity		
Common stock	13,058	12,975
Treasury stock	(3,924)	(4,049)
Retained earnings	31,712	32,190
Accumulated other comprehensive loss	(4,313)	(4,274)
Schlumberger stockholders' equity	36,533	36,842
Noncontrolling interests	415	419
	36,948	37,261
	\$ 70,046	\$71,987

See Notes to Consolidated Financial Statements

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SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Stated in millions)

	Nine Months Ended September 30, 2018 2017	
Cash flows from operating activities:		
Net income	\$1,628	\$758
Adjustments to reconcile net income to cash provided by operating activities:		
Impairments and other charges	184	723
Depreciation and amortization ⁽¹⁾	2,637	2,931
Stock-based compensation expense	259	261
Pension and other postretirement benefits funding	(69)	(107)
Earnings of equity method investments, less dividends received	(41)	(52)
Change in assets and liabilities: ⁽²⁾		
Increase in receivables	(114)	(1,049)
(Increase) decrease in inventories	(68)	