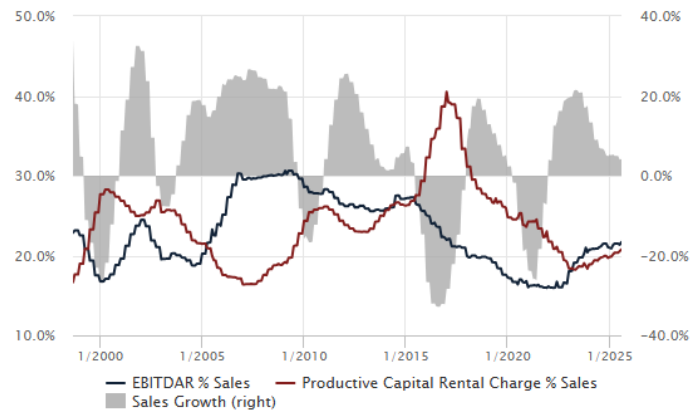
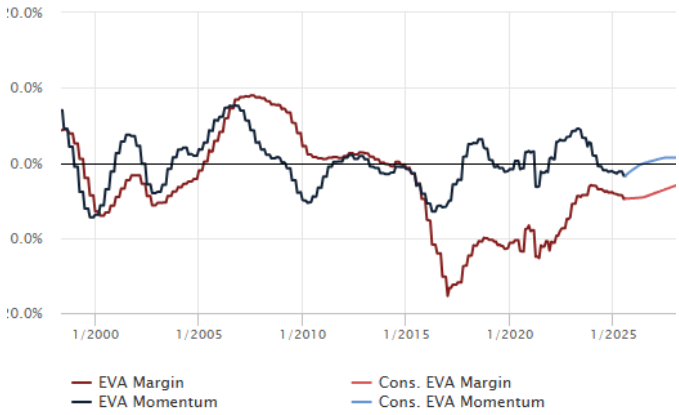
Industry Snapshot: Global Energy Equipment & Services

- **Summary:** On average, Large Cap firms look attractive in the PRVit model, demonstrating strong levels of Risk-Adjusted Profitability and cheap Valuations. EVA Fundamentals for the industry have, however, worsened through the year with aggregate EVA Profitability pressured by contracting Sales growth and worsening asset efficiency. The industry is trading at a discount to the economic price-to-book level.
- **EVA Drivers:** Sales growth has been decelerating since 2023, currently at 4.2%. EBITDAR Margin has seen some recent improvement on lower COGS as a percentage of shares trading around 8-year highs. The Productive Capital Charge (higher is less favorable) has worsened since H2 2024 as net investments as a percentage of sales are at their highest levels in 10 quarters.
- **EVA Fundamentals:** EVA Margin and EVA Momentum have remained pressured since early 2024 and have further worsened by 50 bps in their latest print. Consensus estimates a slow recovery of EVA Fundamentals and EVA Momentum to bottom out and turn positive in Q3 2026.
- **Expectations:** Embedded expectations for growth (Future Value Added, FVA) are low relative to history at a time when Current Value Added (CVA) has further deteriorated. The MVA (Market Value Added) Spread, our price-to-book equivalent, currently trades at a discount of -8.2%, having bounced from the 3-year lows in April of -16.4%.

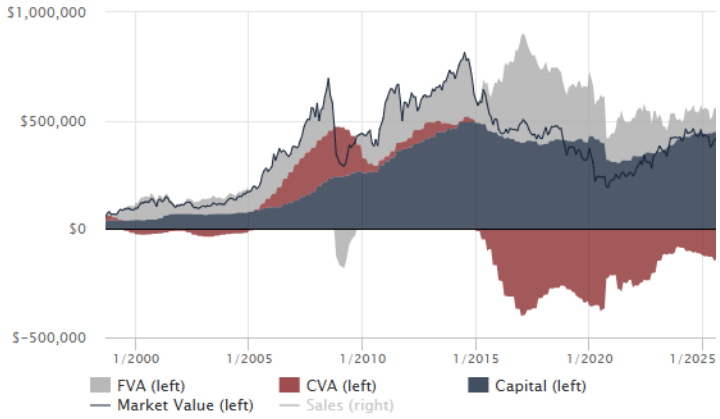
EVA Drivers



EVA Fundamentals



Enterprise Value Components



Future Growth Reliance (FGR)



Gavin Thomson
Global Director of Fundamental Research

ISS EVA Equity Research Team
evaanalytics@iss-stoxx.com

About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. Our experienced team of global analysts offers both fundamental and quantitative company analysis on our +29,000 stock universe.

Visit our website www.EVAexpress.com

Top 10 Largest Firms by Market Cap

- The cohort, on average, looks attractive within the PRVit model as strong Risk-Adjusted Profitability (Quality) is complemented by cheap Valuation levels (lower is more favorable).
- **SUBCY**, **2883 HK**, **002353 CH**, **FTI**, and **TE FP** are rated 'Buy' in the EVA framework.
- **ADNOCDRI UH** and **TE FP** reported positive EVA Fundamentals as of their latest quarter.
- Only **TE FP** achieves an ISS ESG Prime rating (ISS ESG Performance score ≥ 50).

Name	Ticker	Country	Mkt Cap ($mm)	EVA Margin (%)	EVA Momentum (%)	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return Ytd (%)	ESG Perf Score
SCHLUMBERGER LTD	SLB	U.S.	53,510	-4.0%	-0.8%	70	47	47	47	28	-5.6%	43.23
BAKER HUGHES CO	BKR	U.S.	44,149	-5.0%	1.0%	78	56	51	36	30	10.8%	40.21
ADNOC DRILLING COMPANY	ADNOCDRI UH	U.A.E	24,001	19.9%	7.3%	55	96	94	23	89	6.9%	23.21
TENARIS SA -ADR	TS	Luxembourg	21,660	3.4%	-10.2%	76	58	47	24	29	-1.9%	43.59
HALLIBURTON CO	HAL	U.S.	19,025	0.1%	-3.3%	70	40	45	60	20	-16.8%	37.31
TECHNIPFMC PLC	FTI	U.S.	14,865	-4.7%	3.6%	85	67	56	23	33	10.7%	29.47
TECHNIP ENERGIES	TE FP	France	8,602	5.0%	2.2%	83	97	90	8	66	63.3%	50.65
CHINA OILFIELD SERVICES LTD	2883 HK	China	7,680	-7.3%	-0.8%	90	44	40	40	23	6.5%	23.67
YANTAI JEREH OILFIELD SVCS	002353 CH	China	6,653	2.2%	-0.1%	89	81	68	16	64	27.7%	20.46
SUBSEA 7 SA -ADR	SUBCY	Luxembourg	6,160	-5.1%	3.3%	92	69	53	14	18	33.7%	48.10
Average				0.5%	0.2%	79	66	59	29	40	13.5%	35.99

PRVit *is scored 0 to 100 where 100 is the most attractive. Profitability and Quality are both scored 0 to 100 where 100 is the best. Valuation is scored 0 to 100 where 100 is the most expensive.*

Top 10 Highest PRVit Firms

- The cohort, dominated by Chinese firms, has strong Quality (P – R) and cheap Valuation levels, on average.
- **600583 CH** has the highest Quality score and **600339 CH** has the lowest Valuation score.
- Three firms from the Top 10 Largest Firms list also make it to the list of 10 Highest PRVit Firms: **2883 HK**, **SUBCY**, and **002353 CH**.

Name	Ticker	Country	Mkt Cap ($mm)	EVA Margin (%)	EVA Momentum (%)	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return Ytd (%)	ESG Perf Score
OFFSHORE OIL ENGINEERING CO	600583 CH	China	3,486	2.0%	0.7%	100	91	76	4	23	7.0%	
CNOOC ENERGY TECHNOLOGY & SE	600968 CH	China	5,731	1.9%	1.0%	99	85	76	22	38	-2.2%	
ENERFLEX LTD	EFXT	Canada	1,223	1.0%	5.2%	97	83	78	30	16	-3.5%	37.09
COFCO CAPITAL HLDNGS CO LTD	002423 CH	China	4,322	17.9%	4.3%	94	86	98	63	59	1.6%	
SUBSEA 7 SA -ADR	SUBCY	Luxembourg	6,160	-5.1%	3.3%	92	69	53	14	18	33.7%	48.10
CHINA PETROLEUM ENGINEERING	600339 CH	China	2,805	-0.9%	-0.3%	90	33	38	61	9	1.5%	
CES ENERGY SOLUTIONS CORP	CEU.	Canada	1,331	3.3%	-0.8%	90	86	74	17	38	-14.8%	14.20
CHINA OILFIELD SERVICES LTD	2883 HK	China	7,680	-7.3%	-0.8%	90	44	40	40	23	6.5%	23.67
YANTAI JEREH OILFIELD SVCS	002353 CH	China	6,653	2.2%	-0.1%	89	81	68	16	64	27.7%	20.46
ZHONGMAN PETROLEUM AND NATUR	603619 CH	China	1,312	6.0%	0.1%	88	68	84	75	53	6.6%	
Average				2.1%	1.3%	93	73	68	34	34	6.4%	28.70

ESG Performance Score *provides a numerical score from 0 to 100. Prime Status is based on the ESG rating and a sector-specific Prime threshold. The ESG Rating and Performance Scores, however, are comparable across all rated entities. All rated entities with values greater than or equal to 50 are Prime; companies with values less than 50 are not Prime.*

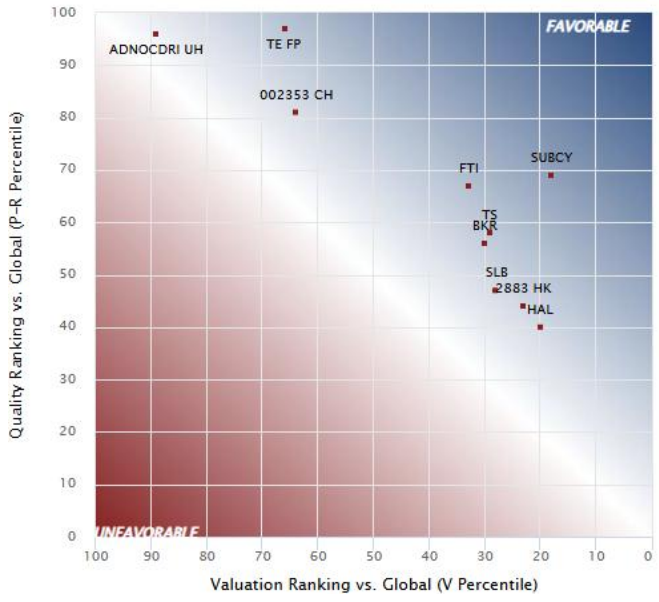
See page 3 for HEAT Maps of the Largest Firms and the Most Attractive Firms.

HEAT Maps

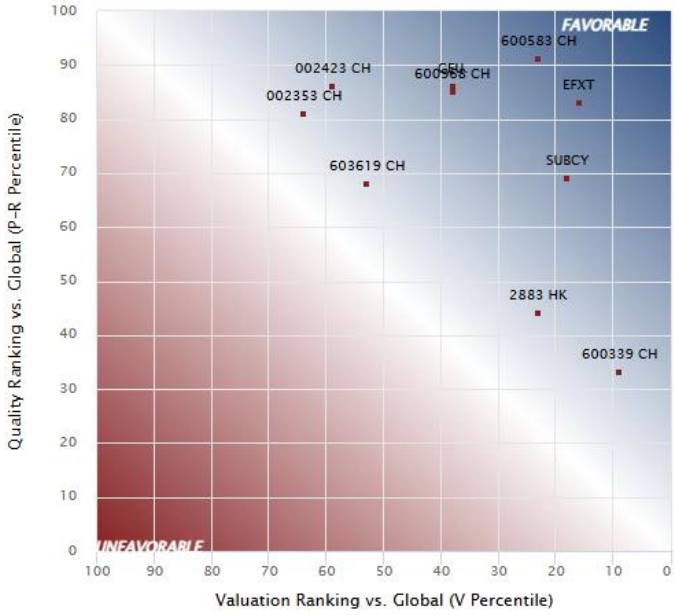
Our HEAT Map shows the visual trade-off between Quality (y-axis) and Value (x-axis). Higher Quality firms will be found at the top of the HEAT Map and cheaper Valuation firms will be further to the right. The companies in the upper-right corner are high-Quality, cheap-Value names with the most attractive PRVit scores.

- The HEAT Map on the left illustrates the largest firms in the industry, individually placed as a function of Quality and Valuation Rankings.
  - **ADNOCDRI UH**, **TE FP**, and **002353 CH** fall in the 'Expensive but Worth It' HEAT Map zone, exhibiting high Quality but at very high Valuation levels.
  - **FTI** and **SUBCY JP** are in the 'Best of the Best: High Quality and Cheap' HEAT Map zone, having strong Quality at low Valuation levels.
  - **HAL** offers 'Attractive Value', having low Quality but cheap Valuation levels.
- The HEAT Map on the right shows the most attractive names of the industry.
  - **SUBCY**, **EXFT**, **CEU.**, **600583 CH**, and **600968 CH** are within the upper right 'Best of the Best: High Quality and Cheap' HEAT Map zone. These firms exhibit strong Quality (P-R) combined with favorable (cheap) Valuation levels.
  - **002353 CH** falls in the 'Expensive but Worth It' HEAT Map zone, exhibiting high Quality but also having a high Valuation premium attached.
  - **600339 CH** offers 'Attractive Value', demonstrating low Quality and cheap Valuation levels.

Top 10 Largest Firms HEAT Map



Top 10 PRVit Firms HEAT Map



About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework.
EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + PV of EVA
If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge
EVA is profit after all costs, including the cost of giving shareholders a decent return.

EVA Margin = EVA / Sales
A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales
An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum
Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)
The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV
Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com (link): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework
EVA for Investors (link): A full introduction to the key EVA concepts and metrics

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Senior Management Team

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Global Director of Fundamental Research

Casey Lea
Executive Director
Global Director of Quantitative Research