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Expo Group Holdings N.V.

Third Quarter 2025 Earnings

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PRESENTATION:

Operator
Good morning all, and thank you for joining us for the Expro Q3 2025 Earnings Presentation. My name is Colin, I'll be coordinating the call today.

[Operator Instructions]
I'd now like to hand over to our host, Sergio Maiworm, Chief Financial Officer. Please go ahead.

Sergio L. Maiworm

Thank you, operator, good morning everyone and welcome to Expro's third quarter 2025 call.

I am joined today by Expro's CEO, Mike Jardon. First, Mike and I will have some prepared remarks. Then we will open it up for questions.

We have an accompanying presentation on our third quarter results that is posted on the Expro website, expro.com, under the Investors section.

In addition, supplemental financial information for the third quarter results is downloadable on the Expro website, likewise under the Investors section.

I'd like to remind everyone that some of today's comments may refer to or contain forward-looking statements.

Such remarks are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

Such statements speak only as of today's date. And the company assumes no responsibility to update forward-looking statements as of any future date.

The company has included in its SEC filings cautionary language identifying important factors that could cause actual results to be materially different from those set forth in any forward-looking statements.

A more complete discussion of these risks is included in the company's SEC filings, which may be accessed on the SEC's website, sec.gov, or on our website, again at expro.com.

Please note that any non-GAAP financial measures discussed during this call are defined and reconciled to the most directly comparable GAAP financial measure in our third quarter 2025 earnings release, which can also be found on our website.

With that, I'd like to turn the call over to Mike.

Michael Jardon

Good morning everyone and welcome to Expro's third quarter call.

I'll begin by reviewing the third quarter 2025 financial results from today's press release. Expro achieved its highest quarterly Free Cash Flow ever and continued to improve its EBITDA margin. We expect a strong fourth quarter and have raised our annual guidance.

Next, I'll cover operational highlights, macro trends, a preliminary 2026 outlook, and key strategic themes. Sergio will provide further details on financials, updated 2025 guidance, and our capital allocation framework.

Let's begin on SLIDE 1. Expro reported quarterly revenue of $411 million and EBITDA of $94 million, representing a 22.8% margin. Adjusted free cash flow was $46 million, or 11% of revenue, which was the highest recorded by the company to date. The financial results reflect ongoing operational efficiency gains relating to margins and cash flow.

This record-breaking free cash flow generation marks a significant milestone for Expro, highlighting the company's successful strategy in improving operational efficiency and maximizing cash conversion. Achieving the highest adjusted free cash flow in the company's history underscores our commitment to financial discipline, creating and returning value to shareholders. Such performance sets a new

benchmark and demonstrates our focus on increasing performance amidst dynamic market conditions.

In the third quarter, Expro also repurchased around 2 million shares for roughly $25 million, achieving our annual target of $40 million ahead of schedule.

We are also raising the 2025 annual guidance for EBITDA and Free Cash Flow to reflect anticipated performance to date and for the rest of the year. Further details will be provided by Sergio later in this call.

Moving to SLIDE 2, Expro's $2.3 billion backlog provides solid revenue visibility and demonstrates the company's diverse portfolio and operations across regions. Securing long-term contracts and delivering cost-effective solutions strengthens customer trust and underpins ongoing growth. Maintaining safety, service quality, and performance highlights Expro's strength. As we look to the future, this strong backlog and steady customer relationships help guide our planning for 2026.

It's important to note that while the backlog is encouraging and supports our strategic planning and visibility on revenue, it isn't a guarantee of future outcomes. Primarily, the backlog acts as a valuable health check for our business, offering insight into its current strength and helping guide informed decisions amid changing market conditions.

As we look ahead, it's important to consider the broader market context shaping our industry and our outlook.

Despite the current softer commodity price environment, the outlook for Expro's core markets remains constructive. We fundamentally believe that oil & gas investments will remain resilient, with continued investment in offshore and international projects supporting demand for our services in Expro's core regions.

Long-term demand for hydrocarbons remains resilient, particularly in non-OECD markets and offshore developments. Upstream investment is expected to remain largely flat globally in 2026. We do see, however, pockets of growth in some international markets. We expect upstream investments to recover later in 2026 and into 2027, with growth led by offshore projects in Latin America, the Middle East, and West Africa, regions where Expro is very well positioned.

Natural gas fundamentals have temporarily softened, but gas remains critical to the global energy mix, and, therefore, supporting long-term demand for Expro's services and technology.

As operators prioritize capital discipline and production optimization, we see sustained demand for our brownfield-focused offerings and digital solutions. The ongoing shift toward decarbonization and increased investment in geothermal and

carbon capture or CCS projects, particularly in Asia-Pacific, ESSA, and North America, positions Expro's sustainable energy business for continued growth.

While macroeconomic risks persist, Expro's diversified portfolio, strategic offshore and international exposure enable us to navigate near-term headwinds and capitalize on emerging opportunities across the full asset lifecycle.

Turning to SLIDE 3, at this stage, it is too soon to provide definitive guidance for 2026. However, our current outlook for Expro suggests that activity levels in 2026 will be largely consistent, if not slightly lower, than those projected for 2025. Preliminary assessments indicate that operational activity will likely increase in the second half of the year, following a slower start during the first quarter where we will have the typical winter season effect from operations in the Northern hemisphere and NOC planning effect.

Although revenue expectations remain relatively flat to slightly down for next year, Expro remains strongly committed to further expanding EBITDA margins and free cash flow generation. Based on our activity outlook and our position today, I am confident in our ability to achieve these objectives.

It should be noted that this outlook is informed by initial discussions with customers and our historical experience across various market cycles. As we are in the early stages of developing the 2026 budget, numerous factors, including continued customer engagement and geopolitical developments, could influence our perspective prior to releasing formal guidance in February alongside our fourth quarter report.

Before turning to our operational update, I wanted to discuss a few themes that make Expro unique and we think are important attributes for investors to consider beyond the broader macro dynamics. **That is also on SLIDE 4.** We believe Expro's future stock performance will also be driven by several company-specific factors that set us apart from peers and position us for sustained value creation. One of our most powerful differentiators is our ability to expand our wallet share with existing customers. By providing additional or enhanced services to customers we already serve, while leveraging the existing cost base, we are able to significantly expand our margins with new technology deployments. This approach not only deepens our customer relationships but also drives incremental profitability and efficiency without the need for increased personnel on board.

Another unique driver is the transformation of our Production Services business. Historically, as a consumer of capital, this segment is maturing into a generator of free cash flow. This evolution reflects both operational discipline and the successful execution of our strategy to optimize asset utilization and drive higher returns from

our installed base. As Production Services continues to scale, we expect it to be a meaningful contributor to our overall financial strength and flexibility.

In addition, Expro's commitment to technology leadership remains a core pillar of our differentiation. Our ongoing investments in technologies, digitalization, and artificial intelligence enable us to deliver innovative, high-value solutions to our customers. This not only enhances our competitive positioning but also supports margin expansion and operational efficiency across our portfolio.

Finally, our disciplined approach to margin expansion and free cash flow generation, combined with a proven track record of integrating value-accretive acquisitions, further distinguishes Expro. By focusing on international and offshore markets and executing on cost efficiency programs like Drive25 and others, we can deliver superior returns and create long-term shareholder value independent of broader market dynamics.

Moving to our operational performance on SLIDE 5…

During this quarter, Expro has consistently demonstrated strong operational performance. We continue to secure new business and remain dedicated to delivering our services safely and efficiently in the field, a commitment validated by our customers and recognized within the industry.

Expro was honored with ENI's "Best Contractor HSE Performance" award for our contributions to the Congo OPT project. This accolade coincided with the first anniversary of our OPT plant operating without a single lost time incident with over 2 million man-hours of activity, underscoring our team's success and highlighting our exemplary standards in safety and operational excellence

We received the OTC Brazil Spotlight on New Technology® award for both the QPulse™ multiphase flow meter and the ELITE Composition™ solution, with the official presentation scheduled at next week's OTC Brazil event.

At the Gulf Energy Awards in Houston, Expro was shortlisted for a record ten technologies across seven categories, further affirming our leadership and innovative capabilities in the sector. Notably, Expro earned the Best Health, Safety and Environmental Contribution in Upstream award for our VIGILANCETM Intelligent Safety and Surveillance Solution.

Our purposeful approach to innovation ensures we address client requirements directly, contributing to industry progress and delivering measurable value.

In addition to these achievements, Expro successfully completed the inaugural deployment of Velonix™, an optimized pipeline pig control technology, for a US midstream client. This implementation resulted in a reduction of approximately 7 million pounds of CO_2 emissions, generated cost savings for the customer, and improved data quality to support accelerated decision-making, further exemplifying Expro's commitment to operational excellence and sustainability.

As detailed in our September 8th press release, Expro has established a new offshore world record for the heaviest casing string deployment, utilizing the advanced Blackhawk® Gen III Wireless Top Drive Cement Head with SKYHOOK® technology. Conducted in the Gulf of America, this milestone sets a benchmark for safe and reliable offshore cementing operations in ultra-deep, high-pressure environments.

These achievements demonstrate how Expro’s technology portfolio delivers a competitive edge, unlocks future revenue opportunities, and supports margin expansion through scalable, differentiated solutions.

Building on these technology milestones, our regional performance this quarter further underscores our commitment to efficient, effective innovation across our global operations.

This quarter we secured a five-year extension with Chevron for subsea services in the Gulf of America. This long-term contract reflects the trust Chevron places in Expro and reinforces our reputation for high-quality service.

In Alaska, we won a significant contract with ConocoPhillips, expanding our well testing leadership and creating new opportunities to deploy our multiphase flow meters and fluid analysis services.

In Congo, we secured a multi-year slickline services contract with Perenco. This contract significantly strengthens our intervention services presence in West Africa and demonstrates our technical expertise.

In the Middle East and North Africa, we secured key Well Flow Management contracts with ADNOC and Petronas. The first contract is for well test services for four packages over two years, while the second contract involves six well test packages and a multiphase pump that will be used as a zero-flaring solution for the well testing activities. These wins enhance our reputation as a trusted partner in unconventional well development and reinforce our commitment to innovative, sustainable solutions.

Turning to the Asia Pacific region, in the second quarter we reported that Expro completed the first rigless conductor driving operation on a client's platform in over a decade, delivered ahead of schedule, demonstrating our commitment to innovative solutions in the region. I am pleased to share that in the third quarter, this Bass Strait campaign received highly positive feedback from NOPSEMA, Australia's offshore safety regulator, and was formally recognized for achieving ALARP (As Low As Reasonably Practicable) safety standards. This recognition reaffirms our dedication to operational excellence and the highest safety protocols. Across every phase, we champion safety through best practices, strict procedures, and continuous improvement, underscoring our robust safety culture and commitment to protecting our workforce and partners.

Across all regions, Expro's operational and technology achievements this quarter demonstrate our ability to deliver value-driven innovation and maintain the highest standards of safety and efficiency. These results position us strongly for continued growth and margin expansion in the quarters ahead.
Before turning over to Sergio I'd like to remind everyone of Expro's value proposition, **on SLIDE 6.**

Expro's long-term strategy is anchored in building a large, diversified, and compelling business mix company with clear market leadership positions. Our overarching goal is to maximize and sustainably generate free cash flow through industry cycles, ensuring resilience and value creation for our campaign. We are also focused on reducing the capital intensity of the business and consistently delivering top quartile performance across our operations.

Second, we see significant opportunities to grow Expro through inorganic, scalable acquisitions. Our approach is to target international and offshore opportunities with adjacent offerings that present strong industrial logic and accretive financial profiles. We have developed a proven blueprint for integrating businesses efficiently and in a timely manner, and our track record demonstrates our ability to create shareholder value through disciplined M&A.

Third, we are high grading our business by leveraging technical leadership. We continue to invest in technologies across our core business segments and are actively scaling our digital capabilities, including artificial intelligence and digitalization. Importantly, we are globalizing the technology platforms acquired through recent M&A, ensuring that innovation and technical excellence remain at the heart of our value proposition.

In summary, Expro's strategy is designed to deliver sustainable growth, operational excellence, and superior returns. By maintaining a disciplined focus on financial performance, pursuing targeted acquisitions, and investing in technology leadership,

we are well positioned to lead our industry and deliver long-term value for our shareholders.

With that, I'll turn the call over to Sergio to review our financial results in detail.

Sergio Maiworm
Thank you, Mike, and good morning again to everyone on the call.

As Mike noted, Expro continues to deliver consistent, and above expectations financial results. In the third quarter, we reported revenue of $411 million.

EBITDA for Q3 reached $94 million with a margin of 22.8%, up about 50 basis points from last quarter and 270 basis points year-over-year. **SLIDE 7** illustrates our quarterly and annual margin growth. We are confident in further margin expansion in 2025 and 2026, with the latter driven by the full impact of Drive25, increased customer wallet share at higher margins, international growth from acquisitions like Coretrax, and ongoing cost optimization and efficiency improvements.

EBITDA margin expansion is not the goal in itself **on SLIDE 8**, but a means to increase free cash flow generation. And in Q3, Expro posted its highest quarterly free cash flow in the Company's history, generating over $46 million on an adjusted basis. We aim to further reduce capital intensity of the business and expect even stronger free cash flow in 2026, both as a percentage of revenue and in absolute terms.

We have increased our 2025 guidance for free cash flow, though we're cautious about Q4 due to potential working capital effects. The Q4 guidance is conservative and already accounts for these factors.

Expro bought back $25 million in shares in Q3, achieving our $40 million goal ahead of time, and we still have $36 million available under the current $100 million repurchase plan.

Turning to liquidity, the Company closed the quarter with $532 million in total liquidity. That includes $199 million in cash in the balance sheet, after accounting for the Revolving Credit Facility repayments and the share repurchases during the quarter.

During the 3rd Quarter of 2025, the company completed a $22 million voluntary prepayment of its Revolving Credit Facility. The voluntary repayment reduced the outstanding drawn balance on the Revolving Credit Facility from $121 million to $99 million, as of September 30th, 2025.

As mentioned before, we are raising our EBITDA and Free Cash Flow guidance for 2025. The details are **on SLIDE 9**.

We now expect our Adjusted EBITDA to be between $350 and $360 million, compared to a notional $350 million plus, before.

We are lowering our Capex guidance. We now expect our capital expenditures for the year to be between $110 and $120 million, whereas before we had approximately $120 million.

Lastly, we are increasing our Free Cash Flow guidance. We now expect our Adjusted Free Cash Flow to also be between $110 and $120 million, compared to the approximately $110 million we were estimating before. As mentioned, the free cash flow guidance is somewhat conservative given the possibility of working capital use in the quarter. It certainly has some upside potential from here.

Now, I'd like to quickly address our segment performance this quarter before finalizing with our capital allocation framework. A reminder that details around our segment performances can also be found in the Appendix of the presentation.

Turning to regional results, for **North and Latin America**, or NLA, third quarter revenue was $151 million, or up $8 million quarter-over-quarter, reflecting higher well construction and well flow management revenue in the Gulf of Mexico, partially offset by lower well intervention and integrity revenue in Argentina.

For **Europe and Sub-Saharan Africa, or ESSA**, third quarter revenue decreased $7 million to $126 million sequentially, primarily driven by lower well flow management and subsea well access revenue in the U.K. and Norway.
Segment EBITDA margin, at 32%, was up 200 basis points sequentially, reflecting higher activity and a favorable product mix.

The **Middle East and North Africa, or MENA**, delivered another solid quarter but slightly lower as compared to Q2 with revenue at $86 million driven by lower well construction and well intervention and integrity revenue in the Kingdom of Saudi Arabia, the UAE and Qatar.

MENA Segment EBITDA margin was 35% of revenues, a decrease of ~100 basis points from the prior quarter reflecting the lower well construction activity.

Finally, in **Asia-Pacific, or APAC**, third quarter revenue was $49 million, a decrease of $8 million relative to the second quarter, primarily reflecting the lower well flow management, well intervention and integrity, and well construction revenue in Malaysia, and lower well construction and subsea well access revenue in Australia, partially offset by higher well construction and well flow management revenue in Indonesia.
Asia-Pacific Segment EBITDA margin at 21% of revenues, decreased ~500 basis points from the prior quarter reflecting decreased activity and mix.

Now I'd like to briefly discuss our capital allocation framework **on SLIDE 10**.

Expro's capital allocation framework is designed to maximize long-term value creation by maintaining a disciplined and balanced approach across four equally important priorities. Our philosophy is that every dollar of capital must be deployed where it can generate the highest risk-adjusted returns, and as such, each of these four areas continuously competes for capital on an ongoing basis.

First, we are committed to investing in our business to drive organic growth with superior return profiles. This includes funding projects and initiatives that enhance our core capabilities, improve efficiency, and support innovation across our service lines. Every investment is rigorously evaluated to ensure it meets our standards for superior returns throughout the business cycle. As a reminder, the vast majority of our capital expenditures are geared towards specific projects with known return profiles. These are **not** speculative investments.

Second, we pursue selective, highly accretive mergers and acquisitions that complement our existing capabilities and customer relationships. Our M&A strategy is focused on opportunities that offer clear industrial logic, scalable technologies and synergies, and the potential to expand our presence in attractive markets. We apply the same disciplined capital allocation criteria to acquisitions as we do to organic investments, ensuring that only the most compelling opportunities receive funding.

Third, we are committed to returning capital to shareholders. Our framework targets the return of at least one-third of free cash flow to shareholders annually, primarily through share repurchases. This commitment reflects our confidence in the company's ability to generate sustainable free cash flow and our focus on delivering direct value to our investors.

Finally, we maintain a fortress balance sheet to ensure financial flexibility and resilience. Preserving a strong balance sheet enables us to navigate market cycles, invest in growth opportunities as they arise, and protect the company's long-term stability.

Importantly, these four pillars - organic investment, M&A, shareholder returns, and balance sheet strength - are not ranked in order of priority. Instead, they are managed dynamically, with each area continuously competing for capital based on the quality of opportunities available. This disciplined, balanced approach ensures that Expro remains agile, resilient, and focused on maximizing value for all shareholders.

With that, I'll turn the call back to Mike for a few closing comments.

Michael Jardon
Thank you, Sergio.

As we conclude our prepared remarks, and before opening up for questions, I'd like to conclude with the following thoughts.

Despite the softer commodity market backdrop in the near term, we continue to see resilient, if not robust, investments in upstream oil and gas in the international markets. We also expect the offshore sector to further recover starting in the second half of 2026 and into 2027 and beyond.

Looking ahead, we remain confident in Expro's ability to deliver resilient performance, even as we navigate a softer market backdrop. Our diversified business mix, disciplined capital allocation, and relentless focus on operational excellence position us to weather industry cycles and continue creating value for our stakeholders.

We expect to finish 2025 on a strong note, with a robust fourth quarter that reflects both the strength of our customer relationships and the successful execution of our strategic initiatives. As we move into 2026, we are well positioned to further expand our EBITDA margin, driven by ongoing cost efficiencies, margin-accretive growth, and the maturation of our Production Services business into a significant free cash flow generator.

Moreover, we anticipate continued growth in our free cash flow generation in 2026, supported by our balanced approach to capital allocation and our commitment to maximizing returns across all areas of the business. We believe these strengths will enable Expro to deliver sustainable, long-term value for our shareholders, regardless of the broader market environment.

We thank our employees, customers, and shareholders for their continued support and look forward to building on our momentum in the quarters and years ahead.

With that, we can open up the call for questions.

QUESTION & ANSWER:

Operator
We would now like to start the Q&A session of today's call. [Operator Instructions] Our first question comes from Ati Modak from Goldman Sachs. Ati, your line is now open.

Atidrip Modak
Hi. Good morning, guys. Just a quick question on the margin expansion comment for 2026 on flat to slightly lower revenue. Can you help us understand what the drivers there are, is it largely the Drive25 initiative, are there other factors that are driving that expectation?

Michael Jardon
No. Ati, thanks for the questions. Thanks for joining us today. I guess the couple of things I try to highlight is, yes, it'll be the full year effect of our Drive25 initiative. If you

recall, although we've changed the total target throughout the year as we've expanded and increased that we really targeted taking out about 50% of that benefit in 2025. So what that the margin expansion from that in 2026, which will help us offset some of the inflationary cost and pressures and those kind of things.

Additionally, we'll continue to internationalize some of the M&As we've made, contracts in particular. And then, the third element really is as we continue to roll-out new technologies, and I think I've highlighted this to you and others before, but you know just to keep an eye on the number of the technologies we have continued to roll-out. We'll continue to get market uptake that helps us expand our wallet share and really helps us position ourselves. It's really a combination of all those.

And frankly, what we have the organization focused on today is, we can't control the activity, the overall activity. We're going to continue to get our fair share. We're going to continue to position ourselves with customers globally, but we're going to stay focused on the things that we can really affect, which is operational efficiency, execution, rolling out new technology, those type of things.

Atidrip Modak
Thank you. That's very helpful. And then on the comment that offshore activity could pick up in the second-half, what are you keeping an eye on? And can you give us any additional sort of regional color in terms of how you're seeing activity play out at the moment?

Mike Jardon
Sure. And I'll start with the one that I think is going to be the laggard. And I think the laggard is probably going to be Asia-Pacific. I think it's the one in 2026 that is, we're seeing some softness here in Q3 and even in Q4 in Asia-Pacific. So I think it's going to be the one I mean, a little bit of a laggard that's not altogether different than how we foresaw 2025 overall. We kind of highlighted early in the year that we felt like Australia was going to be a bit soft overall. But I think going into 2026, and I think what we'll start to see some activity ramp up in the second-half is really it's going to be the golden triangle, it's going to be West Africa, it's going to be Gulf of Mexico those type areas.

I also think that two others to keep in mind is we're starting to see some positive sentiment and some positive commentary in Saudi in particular with the jack-up activity, although we don't generate a lot of activity in the jack-up market in Saudi, I think it kind of goes to the tone and tenor of what's going on in the kingdom. I think that's going to be more constructive. And then I think some of the things we're starting to see out of Mexico is going to be helpful for us as an industry overall. So, those are the ones I would really highlight.

Sergio, anything I missed?

Sergio L. Maiworm

No, Mike. I think that's it.

Atidrip Modak
That's very helpful, guys. Maybe if I can squeeze in one more. The share repurchases you mentioned, you reached ahead of schedule. What does that mean for repurchases for the rest of the year? Will you not do anything? And then what's reasonable to think for 2026?

Sergio L. Maiworm
Yeah. See, that's a great question. We'll continue to evaluate, as we always do, in-line with the capital allocation framework that we laid out on this call as well. We'll continue to look for opportunities to return more capital to shareholders. We adjusted our free cash flow guidance to $110 million to $120 million. So the $40 million that we've already repurchased represent at least a third of that already. So as we continue to see more free cash flow generation, we will continue to evaluate opportunities to repurchase shares. So that is a continuous effort for us, so we will continue to do that.

Michael Jardon
And we still have plenty of room, and we still have plenty of headroom in the pre-authorized amount. So we'll continue to be thoughtful about that here as we kind of see what are the market dynamics, and how we see things playing out for Q4.

Atidrip Modak
Thank you. Appreciate it.

Michael Jardon
Great. Thanks, Ati. Appreciate it.

Sergio L. Maiworm
Thank you, Ati.

Operator
Thank you very much. Our next question comes with Eddie Kim from Barclays. Eddie, your line is now open.

Edward Kim
Yeah. Hi. Good morning. Just wanted to circle back on your comments on 2026 activity levels being consistent, if not slightly lower than 2025 levels. How much activity is likely going to increase in the second half of next year, which implies that first half of next year could be a little softer than normal, even considering typical seasonality. So could you talk about maybe what's driving that softness in the first-half of next year? Is it all being driven by Asia-Pac or is there something else going on there?

Michael Jardon

Sure. No. Hi. Thanks. Eddie, thanks for joining us. Appreciate the question. I guess I would frame it up is, this is – we're just now in the early stages. We're kind of in the first maybe the – if not the top maybe the bottom of the first inning right now in terms of our budget preparation process. So, we're going out to kind of start that bottoms up exercise with our customers and literally look at kind of project by project.

Fundamentally, this is my sense from customer conversations and customer discussions that I've had with kind of trying to understand how do they see their spend for the rest of 2025, and how it goes into 2026. I think they are thoughtful and mindful of some of the things going on today. Commodity pricing, what's happening in the geopolitical sphere. Does the peace agreement in the Middle East hold. Something happen more meaningfully with Russia and the Ukraine, all those kind of things, I think are kind of causing a little bit of a cautious sentiment on them to kind of wait and see how this is.

And then fundamentally how we see kind of going into next year. Yes, you're right. There's some softness in Asia-Pacific, and we as much as I would like to wish it away, we always have a Q1 effect. Northern Hemisphere is slow because of the winter season. Our NOC customers are always historically over the last 30 plus years, my career, they're always a little bit slow getting out of the gate in Q1. That's really kind of what we're seeing.

But as we – we'll get a better sense here over the next eight weeks or so as we go through the budget process. But that's my sense that we're probably talking about a flattish to slightly down 2026. And fundamentally, as I said in the earlier questions, what we've got the organization focused on is we're going to control what we can control, and we can't control how much activity there is, but we can control our service delivery, our ACC performance, the roll-out of our technology continue to enhance efficiency. That's what I want the team to really focus on. And if we see a ramp up inactivity in, the middle of Q2, we'll take it and we'll be ready to be positioned. If it's more like in the Q2, then we'll deal with it that way as well.

Edward Kim
Understood. Thanks for that color, Mike. My follow-up just tailing on those comments. I understand you provide more detailed guidance during the fourth quarter earnings call. But, you mentioned activity levels flat to slightly lower next year. At the same time, you said you expect continued margin expansion. So just putting those two things together, is it fair to assume that EBITDA for next year should be at least similar to the 2025 levels, or how should we think about that just directionally?

Michael Jardon
Yeah. Yeah, I think it's a good way to think about it directionally. I will be very disappointed if we don't expand EBITDA margin in 2026. And what is the activity – and what the overall activity set look like but in terms of an absolute number, but you know, kind of in the range where I think flat to slightly down going into next year, I would think

we should see similar EBITDA numbers. And quite frankly, what we're – and I would say we're more focused on, but what we have a real sense of urgency around is better conversion of that into cash generation.

Edward Kim
Understood. Thanks, Mike. I'll turn it back.

Michael Jardon
Great. Thanks, Eddie.

Sergio L. Maiworm
Thank you, Eddie.

Operator
Thank you very much. [Operator Instructions] Our next question comes Derek Podhaizer from Piper Sandler. Derek, your line is now open.

Derek Podhaizer
Hey. Good morning, guys. I just have a couple of education questions. Maybe we could first start on the production solutions opportunity that you mentioned a number of times on the call. Could you help us understand what types of services you're talking about the technologies and maybe which regions are best suited for production solutions?

Michael Jardon
Sure. No, Derek. Thanks for joining us. And thanks for the question. So it is fundamentally, these are a great example of it is the early pretreatment facility that we put together. We collaborated with ENI on in the Congo. I mean, that really was a facility that helped free gas to the export back, which meant they could actually load it on an FLNG vessels. So that was an enhancement to an existing facility.

We can also have production optimization or production enhancement where we're actually providing in some places like Algeria where we're providing gas recompression, gas reinjection, helping to reduce the flaring opportunities that those things have. This really is existing infrastructure, it can be production facility type things. We don't pursue the big massive epic type projects. What we're really focused on is smaller, modular, kind of accelerated monetization of existing assets.

And those are predominantly for us, very strong presence in the Middle East, strong opportunities for us in West Africa, and then also some that we see here in South America as well. So the good geographic spread that's more brownfield type activity than it is greenfield activity.

Derek Podhaizer
Got it. Okay. That's helpful. And then I know you mentioned those were big consumers of cash, but now you believe this is going to flip the cash generation. So can you maybe help us frame the magnitude of these projects that were consuming cash, but now what it could be when it's generating cash?

Sergio L. Maiworm
Yeah, Derek. Now that's a good question. So we actually embarked on a bunch of these projects over the last few years. So this – the construction of those facility as Mike pointed out, and the investments that we had to make and we had a few of those projects back to back. So you consumed a bit of capital. But now that a lot of these projects are already online, like the OPC project or ENI in the Congo, basically that just becomes an annuity for us.

There's a very low operating cost to continue to operate of the facility and there's just a consistent stream of cash. It's very visible. It's very predictable for us. So as we back up some of these projects that have been concluded and as those projects go from the construction phase into the operations and maintenance phase of that, it just becomes an annuity. And you start back in what, one up or the other. So that actually contributes a lot for to free cash flow generation of the business. Does that make sense?

Derek Podhaizer
Got it. Okay. So, no, that's very helpful. And then just kind of a follow-up to the follow-up. On – back to 2026 that Ati and Eddie were talking about the margin expansion story. Maybe could you help us provide a little bit more color on where we'll see the most impact, whether that's from a region line perspective or a product line perspective, just want to start thinking about kind of the shape of 2026 from a – the product lines or the regions how you report it?

Michael Jardon
Yeah, I mean, it – and again, it's kind of early for me to give too much granularity on what 2026 is going to look like. I think we're going to see, Gulf of Mexico, Gulf of America, I guess from the first call it now, is probably going to be similar, flattish on a year-on-year. We don't see a massive change in kind of what's going to happen with rig

count, those type things. I think they'll continue to move from, magically on Wednesday. The rig frees up, it's going to move to another operator on Thursday, so to speak. So I think Gulf is going to be pretty consistent.

I think South America will have some – can have some particular strengths. I think MENA is going to, again, be solid and probably have a little bit of upside in there. There's been some softness there for us in the last couple of months because of some of the Saudi activity. They had operational issues with a vendor that created some slowness there. So, I think it'll be solid, and I think West Africa will be kind of consistent year-on-year. I don't think we'll start to see some of the impact of the new FID. That's what we'll start to see in kind of the second half of 2026.That's kind of how to frame it up.

And then Asia-Pacific is the one in which I think it's going to continue to be a little bit faster than what we would like to see it. But I think that's just kind of how the customer activity steps are going to be really until Australia in particular kind of get kick that off into more of a drilling phase.

Derek Podhaizer
Got it. Okay. Makes sense. Thanks for the color. I'll turn it back.

Sergio L. Maiworm
Thank you, Derek.

Michael Jardon
Perfect. Thanks, Derek.

Operator
Thank you very much. Our next question comes from Joshua Jayne from Daniel Energy Partners. Joshua, your line is now open.

Joshua Jayne
Thanks for taking my question. I just wanted to dig into the margin question that Derek just asked a little bit incrementally. So when I think about looking into 2026, one of the reasons you highlighted is for potential strength is the Middle East. And just when we think about the margin difference between that region and, you know, something like Asia-Pac, for example, would you expect to be, I guess, a bit on the softer side in 2026? Is that part of what's ultimately driving the margin uplift, or could that or if you have a

higher contribution there moving into 2026? Could that lead margins to expand further than what you're projecting outside of Drive25?

Michael Jardon
No, Josh. It's really a good question. Appreciate the question. It really is going to be – so for us a lot of the driver is going to be the mix, and the mix can be what the geographic mix. We actually see a what the impact of the Middle East is it flat year-on-year? Is there, historically, we've kind of had some single digit growth in the Middle East and obviously, when there's growth in the Middle East for us, it really moves the needle because it has such a high margin profile. But also what the impact of as we roll-out new technologies or we continue to expand our customer wallet, those generally come with higher margins, they're more accretive. That really is a mix that has an impact on us that – it's a little bit more difficult for us at this point in time to really kind of predict what's going to happen there.
And then the other element I know we've kind of been cautious on Mexico activity because we don't have a massive amount of Mexico activity with Pemex. But we're actually going to see some – we'll start to see some activity in 2026 with non-Pemex operations, and that'll be a positive as well. So long answer said. It depends – but a lot of it depends on the mix. And we'll start to continue to accelerate technology roll-out and those type of things and we'll start to continue to expand our presence in some places like the Middle East.

Joshua Jayne
Okay. Thanks for that. And then one technology question, one release that I thought was pretty interesting over the course of – over the course of Q3. You highlighted the launch of your remote clamp installation system. So it was deployed in Q4 of last year and then deployed again in Q2 of 2025? Maybe just use that as a sample of when I think about a technology like that, how ultimately scalable do you see something like that? And when you could really see acceleration of a product like that taking hold in the market? Is that something that happens in 2026, more in 2027, maybe just a timeline when we see announcements of successful deployment once and then a second one and just moving forward?

Michael Jardon
So and again, Josh, it's a good perceptive question. The remote clamp installation simplistically just allows us to robotically install clamp on completion. When you're running completion strength, you don't – you have no hands on, you have no personnel, nobody's in the red zone. No hands are in there. And as we have moved from concept to field trial to commercial installation, our operators are extremely pleased with this. We

increased the speed at which we can run completions into our control lines and it's all clamped on those.

More importantly, you don't have people with sort of hands in the red zone or they're physically in the red zone, it reduces, they almost completely eliminates the risk of having an HSE incident. So I think that's one that we'll continue to get more and more uptake from customers on it. We've had really, really good support in the North Sea. I think it's one we'll be able to continue to accelerate. We'll start to see that more installations in 2026 and really ramp-up as we go into 2027.

Joshua Jayne
Thanks. I'll turn it back.

Michael Jardon
Great. Thanks, Josh.

Operator
Thank you very much. We currently have no further questions. And this will conclude the Q&A. And this will conclude today's call. We'd like to thank everyone for joining. You may now disconnect your lines.