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Expo Group Holdings N.V.

Fourth Quarter | Full Year 2025 Earnings

CORPORATE SPEAKERS:

Michael Jardon

Chief Executive Officer

Sergio L. Maiworm

Chief Financial Officer

Dave Wilson

Vice President-Investor Relations

PARTICIPANTS:

Atidrip Modak

Goldman Sachs & Co. LLC, Analyst

Edward Kim

Barclays Capital, Inc., Analyst

Colby Sasso

Daniel Energy Partners, Analyst

Derek Podhaizer

Piper Sandler & Co., Analyst

Joshua Jayne

Daniel Energy Partners, Analyst

PRESENTATION:

Operator

Good morning or good afternoon, all. Thank you for joining us for the Expro Q4 2025 Earnings Conference Call. My name is Carly. I'll be conference call coordinator today.

[Operator Instructions]

I'll now hand over to our host, Dave Wilson, Investor Relations. The floor is yours.

Dave Wilson

Thank you, operator. Good morning, everyone and welcome to Expro's fourth quarter call for the year ended 2025. I'm joined today by Mike Jardon, CEO; and Sergio Maiworm, CFO. Both Mike and Sergio will have some prepared remarks, after which we'll open the call for questions. As part of today's call, we have an accompanying presentation and supplemental financial information on our fourth quarter and full year results. Both of these are posted on the Expro website, expro.com under the Investors section.

Before we begin today's call, I'll remind everyone that some of today's comments may refer to or contain forward-looking statements. Such statements are not guarantees of future performance and are subject to risks and uncertainties that

Fourth Quarter 2025 Earnings

could cause actual results to differ materially from those expressed or implied by such statements. These statements speak only as of today's date, and the company assumes no responsibility to update such forward-looking statements.

The company has included in its SEC filings cautionary language, identifying important risk 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 can be found on the SEC website at sec.gov or on our website, again, 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 measures in our fourth quarter and full year 2025 earnings release, which was issued this morning and can also be found on our website.

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

Michael Jardon

Good morning, everyone, and welcome to Expro's fourth quarter call. I'll begin by reviewing the fourth quarter and full year 2025 financial results from today's press release. Next, I'll cover Expro's strong backlog, the macro environment and our current outlook for the year ahead as well as give some input on some guidance. We will conclude with operational highlights for the quarter. Sergio will then provide some further details on our financial performance and address the company's ongoing capital allocation framework.

So let's begin on slide number 3. For the year 2025 marked another year with several successes for the company. We delivered on expanding margins, cost efficiencies, higher free cash flow generation, a strong balance sheet, technology deployments, and not least of all, returning cash to shareholders.

The company generated just over \$1.6 billion of revenue and \$353 million of adjusted EBITDA, representing a 22% margin. This financial performance was within the guidance ranges previously provided. Additionally, it represents the progress we have made in expanding our margins, moving us closer to our longer-term goal of EBITDA margins at 25%.

The key metric that registered above the guidance range was adjusted free cash flow, which came in at \$127 million for the year, more than doubling the amount generated in 2024. Going forward into 2026 we expect another sequential increase in the amount of free cash flow that the company can generate.

Fourth Quarter 2025 Earnings

For the quarter the company reported quarterly revenue of \$382 million and adjusted EBITDA of \$88 million, representing a 23% margin in the quarter. Adjusted free cash flow for the quarter was \$28 million or 7% of revenue. These quarterly and annual financial results reflect the ongoing operational efficiency gains, technological product advancements and their impact on margins and cash flow and the continued impact of our globalization strategy.

Moving to slide 4, Expro's \$2.5 billion backlog reflects a \$196 million increase during the fourth quarter. Our current backlog provides robust revenue visibility heading into 2026 and reinforces the strength of our diverse portfolio and operations across our geographic regions. Within our backlog are long-term contracts which provide a solid base and some stability in our revenue generation. One such recent example was a four-year \$380 million contract for a customer in North Africa. This achievement represents one of Expro's largest single customer award, and I'll address this a little bit more detail in some of my comments later on.

Now, as we've mentioned before, this level of backlog is encouraging and supports our strategic planning and visibility on revenue, but it does not represent a guarantee of future outcomes. Rather, we view our backlog as a reasonableness test and health check for our business, one that offers insight into the business going forward. As we look to the year ahead, we consider the evolving market landscape which continues to shape demand, investment and opportunity across the sector. Global demand for oil and gas remains resilient, supporting long-term investment, particularly in the international and offshore markets to which Expro is well positioned.

We believe the current macro environment will result in a modest recovery in upstream investment with growth concentrated in international and offshore projects, particularly deepwater developments. This will be supportive of demand for Expro's well construction, well flow management, subsea and digital solutions while brownfield optimization and production enhancement requirements from our customers continue to provide prospects for our well intervention, production optimization and digital offerings. Expro's diverse service portfolio, strong international footprint, technology differentiation and operational efficiency position us to capture opportunities across our geographic segments. To summarize, Expro maintains a cautiously constructive outlook for 2026 and beyond, allowing us to continue supporting customers throughout the full well life cycle of their assets.

Turning to slide 5, we are providing our 2026 financial guidance based upon what we currently see in the global market. For the year, projected revenue for 2026 look to be at similar levels to 2025, and although revenue expectation remains relatively flat this year, Expro remains strongly committed to further expanding EBITDA margins and free cash

Fourth Quarter 2025 Earnings

flow generation. We plan to achieve this with a full year benefiting from our Drive 25 initiative, our increased capital efficiency and further improving our wallet share with existing customers. To that end, we expect our 2026 CapEx to be similar to that of the 2025 level.

Looking more near-term and specifically at our first quarter guidance, you will notice that we expect our first quarter results to be impacted by the normal seasonal factors that we experience almost every year in our business. Activity and revenue levels for the first quarter are projected to decline from fourth quarter due to the winter season in the northern hemisphere, where the UK and Norwegian North Sea as well as the US Gulf activity tends to be lower due to ongoing winter storms and rougher than normal seas, which makes it harder to operate in the offshore environment.

Additionally, the seasonal dip is due to some customers' CapEx and operational spend that tend to be lower at the start of their annual budget cycles, which tends to be the case with most of our NOC customers. To be clear, the lower level of projected revenue and margins for the quarter is due to the normal seasonality of our business and not representative of our overall expectations for the year.

Overall, based on our activity outlook and our position today, I'm confident in our ability to achieve these 2026 objectives.

Before turning to our customary technology highlights, I want to revisit a few themes that set Expro apart and that we think are important attributes for investors to consider. You see these on slide number 6.

Due to our exposure across the well lifecycle, we see opportunities to expand our wallet share with existing customers. We can do this by providing additional or enhanced services to customers, leveraging our installed base to help expand margins, especially with the deployment of new technologies. Another theme central to Expro is our commitment to technology and innovation. While the rate of technology adoption varies greatly among customers, geographic regions and the different parts of the well life cycle, its importance cannot be overstated. Without technology and innovation, we think it is very difficult to remain competitive or relevant in this industry. We put a lot of emphasis on this as we know it creates value for both our customers as well as our shareholders.

Additionally, our global footprint enables us to leverage technologies internally developed or acquired through M&A in one geographically to then deploy them to another geography where we operate. For example, our acquisition of Coretrax in 2024. That business was primarily in roughly 18 countries at the time of the acquisition. But now we're deploying those technologies that we've acquired across roughly 31 countries.

Fourth Quarter 2025 Earnings

Moving to our customer technology highlights for the quarter on slide 7. During the fourth quarter, Expro continued to deliver safe and reliable performance to our customers across our global portfolio. We secured several major contract wins, advanced key technology deployments and demonstrated our commitment to safety for both our employees as well as our customers.

While there have been several notable operational achievements and customer successes for the quarter, I will just quickly highlight four.

This quarter Expro secured one of the company's largest single customer awards, a four year \$380 million contract across multiple fields in North Africa for production optimization and well management services.

Also during the quarter, the company successfully deployed its proprietary extended range drilling for XRD Spider, is the first and only 1,250 ton spider of its kind. This innovative technology supports drilling, tripping and landing string operations significantly reducing tool change-outs. Consequently, it saves substantial rig time and minimizes red zone exposure, thereby enhancing both operational efficiency and safety. Expro plans to deploy the XRD Spider to more customer operations and expand the fleet in accordance with customer demand.

In Australia, Expro successfully supported a major operator in delivering one of the region's largest offshore campaigns, completing multiple subsea wells with zero QHSE incidents. The campaign involved integrating subsea, well testing and sampling capabilities, resulting in over 2,200 man-days of activity in which we received job performance reviews scores of 100%.

In Indonesia, our CaTS ATX system enabled real-time wireless down-hole data and remote valve control during drill stem testing. This product offering again demonstrates Expro's commitment to innovation and risk reduction in well operations.

Before moving on, I'd like to address another geography that has been topical as of late, and that is Venezuela. Having lived and worked earlier in my career in Venezuela, I'm intimately aware of the geological reservoir and production challenges in the country. These high technology and challenging conditions are where the Expro's solutions approach really shines. While we don't currently see any near-term opportunities in the country, we do believe we are well-positioned should opportunities arise in the future. Expro has operated in Venezuela for many years previously, still having a facility and some stranded equipment in the country related to both our Tubular Running Services as well as our well flow management product lines. For now, we will stay engaged with our customers that may have opportunities there to develop, but also realize that this will take time and a significant amount of industry investment in order to mature these opportunities.

Fourth Quarter 2025 Earnings

Before turning over to Sergio, I'd like to remind everyone of Expro's long-term strategic pillars, these that we adhere to drive value for our shareholders we see on slide number 8. Expro's long-term strategy is to build a large, diversified company with a compelling business and product mix and market leadership positions. We are striving to build a company that is able to generate healthy levels of free cash flow, which will be used to achieve our various capital allocation goals, which Sergio will expand on in his comments later on.

One of these strategic pillars is our commitment to continually improving the company's financial profile. The avenues used to achieve this goal are our relentless focus on margin expansion and free cash flow generation. Our ability to drive cost efficiencies and reduce capital intensity and our ability to return cash to shareholders, all backed by a strong balance sheet.

Another pillar is our technical leadership and innovation. We continually develop and deploy new technologies into the market across our global footprint. This footprint also enables us to globalize technologies that we have acquired through acquisitions and then implementing those technologies in one geography location to another.

Finally, Expro looks to grow through inorganic, scalable acquisitions. We seek opportunities to target international and offshore opportunities that have adjacent product offerings and are accretive to the company's financial position. We have made several successful and accretive acquisitions and have developed a proven blueprint for integrating acquired businesses in an efficient and cost-effective manner.

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 to everyone on the call. As Mike noted, Expro executed well on its financial results for both the quarter and full year. While annual revenue was at the lower end of guidance, the free cash flow generated surpassed expectations and exceeded the high end of guidance.

Specifically to Q4, our adjusted EBITDA was \$88 million, with a margin of 23.1%, up about 30 basis points from last quarter and 10 basis points year over year. For the year 2025, adjusted EBITDA was \$353 million with a margin of 22%, up 170 basis points year over year. Slide 9 illustrates our annual margin growth for the past few years. We remain confident that we will experience further margin expansion in 2026, driven by a full year impact of our Drive 25 cost efficiency initiative, increased customer wallet share at higher margins and continued international growth resulting from previous acquisitions like Coretrax.

Fourth Quarter 2025 Earnings

Moving to slide 10. Longer term EBITDA margin expansion is not the goal in and of itself, but rather a means of increasing free cash flow generation, and in Q4, Expro posted its quarterly free cash flow generation of \$28 million on an adjusted basis, bringing in full year 2025 free cash flow generated to \$127 million, which again was above the high end of the \$110 million and \$120 million guidance and more than doubled the amount of generated in the prior year. Along those lines, we expect even stronger free cash flow in 2026, both as a percentage of revenue and in absolute terms as we plan to further reduce the capital intensity of the business, holding 2026 projected CapEx relatively flat.

Turning to liquidity, the company closed the quarter with \$551 million in total liquidity. That includes \$198 million in cash on the balance sheet. After accounting for the voluntary prepayment on the revolving credit facility, which totaled \$20 million during the quarter. This voluntary repayment reduced the outstanding drawn balance on the revolving credit facility from \$99 million to \$79 million as of December 31, 2025 further enhancing the company's net cash position.

Before turning to our segment performance, I do want to reiterate and summarize our financial outlook for 2026 as Mike previously addressed in slide 5. Overall, we're cautiously optimistic with our 2026 outlook, recognizing the seasonal impacts on our projected first quarter results with noticeable improvement in the subsequent quarters, with a stronger back half leading to a good start for 2027.

Any anxiety over the flattish revenue guidance should be viewed in conjunction with projected sequential increases in adjusted EBITDA, EBITDA margins and free cash flow generation. The achievements will continue us on the path of one of the strategic pillars that Mike just mentioned, that of continued financial improvements, which we believe will ultimately translate into increased shareholder value.

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

Turning to regional results, for North and Latin America or NLA, fourth quarter revenue was \$130 million or down \$21 million quarter over quarter, reflecting lower subsea well access and well construction revenue in the US, where projects have shifted into 2026, offset by higher well intervention integrity revenues in Argentina. Segment EBITDA margin at 24% was flat as compared to prior quarter.

Fourth Quarter 2025 Earnings

For Europe and Sub-Saharan Africa or ESSA, fourth quarter revenue decreased \$10 million to \$116 million sequentially, primarily driven by lower subsea well access and well construction revenue in Angola and Central and West Africa, partially offset by higher wealth management revenues in Bulgaria. Segment EBITDA margin at 34% was up approximately 220 basis points sequentially, reflecting a favorable product mix.

The Middle East and North Africa or MENA delivered another solid quarter sequentially higher as compared to Q3 with revenues at \$93 million driven by an increase in well flow management revenue in Algeria and Saudi Arabia. MENA segment EBITDA was 39% of revenues, an increase of 400 basis points from the prior quarter, reflecting the higher well flow management activity and more favorable activity mix.

Finally, in Asia-Pacific or APAC, fourth quarter revenue was \$43 million, a decrease of \$6 million relative to the third quarter, primarily reflecting the lower well flow management activity in Indonesia and India, lower well construction revenue in Australia and offset by higher subsea well access activity also in Australia. Asia-Pacific segment EBITDA margin at 16% of revenues decreased approximately 400 basis points from the prior quarter, reflecting decreased activity and mix.

Now, I'd like to briefly revisit Expro's capital allocation framework on slide 11. Expro's capital allocation framework is designed to maximize long-term value creation by maintaining a disciplined and balanced approach across four equally important capital deployment 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. As a consequence, you may appear that priorities shift and they are, but only to those that we believe will generate the highest risk adjusted return.

One of our capital priorities is to continue to invest in our business to drive organic growth with superior return profiles. This includes funding projects and initiatives through CapEx deployments that enhance our core capabilities, improve efficiency and support technology innovation across our service lines. Every organic 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 that meet our standards. I would reiterate these are not speculative investments. Another area where we can deploy capital is inorganic growth opportunities. 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 applied the same disciplined capital allocation criteria to acquisitions as we do to organic investments, ensuring that only the most compelling opportunities receive funding. The company has a successful track record of executing on this strategy.

We're also 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, particularly over the long term.

During the fourth quarter, we were unable to repurchase as many shares as we intended, causing the total percentage of free cash flow returned to shareholders for the year to come just short of 32%. Finally, maintaining a strong fortress balance sheet ensures that we have the financial flexibility and resilience to act on our other capital allocation priorities. Additionally, preserving a strong balance sheet enables us to navigate market cycles in growth opportunities as they arise and protect the company's long term stability. Importantly, these four priorities constitute our capital allocation framework, organic investments, M&A, shareholder returns and balance sheet strength, and again, are not ranked in a set order of priority. Instead, they're managed dynamically with each area continuously competing for capital based on the quality of the opportunities available. This disciplined, balanced approach ensures that Expro remains agile, resilient and focused on maximizing value for all shareholders.

And 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 for questions, I'd like to conclude with the following comments. I'm excited about what was achieved by Expro's employees in 2025. I'll reiterate, we collectively implemented cost efficiencies as part of our Drive 25 initiative, increased our EBITDA margins, moving closer to our long term goal, successfully deployed new and innovative technologies, generated a high level of free cash flow and returned cash to shareholders and improved the company's net cash position. We executed on multiple priorities that Sergio just referred to in our capital allocation framework.

Fourth Quarter 2025 Earnings

Looking ahead, I'm also excited about what the company plans to achieve in 2026, even in a macro environment where we are cautiously optimistic. We acknowledge a somewhat softer start to the year related to the normal seasonal factors that impact both the industry and Expro. But we expect sequential improvements in the latter quarters, especially as we head into 2027 and beyond. We do expect to generate improved EBITDA margins and free cash flow in 2026 and anticipate executing again across our strategic pillars. I remain confident in Expro's resilience and ability to continue to deliver on operational and financial performance. Finally, we thank our employees, our customers and our 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

Thank you very much. We now open the lines for the Q&A. [Operator Instructions] Our first question comes from Ati Modak from Goldman Sachs. Ati, your line is now open.

Atidrip Modak

Hey. Good morning, guys. Mike, can you talk more about the increase in wallet share comment? It sounded like there's some inherent cross-selling opportunities. What exactly are those opportunities? And is this a little bit more geographical expansion, any color you can provide around it?

Michael Jardon

No, Ati, thanks for joining us and appreciate the question. This really is especially in some of our well construction operations where we're providing TRS services and we're also providing cementation services. We're adding additional services in there. Some of our cure technology is a great example where we're already on the rig, we're already running TRS operations, we run our cementation operations, significantly reduces the waiting on cement cure time, and we use the same personnel that are out there running our TRS services. So, when I say expanding the wallet, it's we're already on the rig, we're already providing services, we provide some incremental services or products to our customers that help drive efficiency for them and we're utilizing the same what we call installed base, but really the same personnel on the ground. So, it's something that we can do across geographies, we're doing similar things in well construction. We're also doing that across our well flow management product lines as well.

Atidrip Modak

That's very helpful. And then as we think about the EBITDA range you provided for 2026, what are the puts and takes that you're focused on? Whether it's activity wise or idiosyncratic to you as you think about the bottom and the high end of the range?

Mike Jardon

Yeah. I mean, I guess how I would frame it out, Ati, is the market's going to do what the market's going to do this year. We're going to maintain our market share. We're going to expand our customer wallet, exactly how many offshore floating assets are going to be operational in Q3 and Q4 that can always ebb and flow. We're just really focused on laser focused on making sure that even if we're in a flattish climate, we can still expand our margins and that's really kind of what our guidance is framed up to give. It's not that we look at a massive step up in activity in the second half of the year. It's more around the visibility we see today and that's why we've given the guidance range that we have in there.

Atidrip Modak

Got it. Appreciate that.

Operator

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

Edward Kim

Hey, good morning. Just staying on the full year 2026 guidance, EBITDA of \$365 million at the midpoint, which reflects a modest improvement year on year. Just wanted to better understand the market assumptions behind that guide. is the guidance sort of, I guess, valid at Brent in the kind of \$60 to \$70 range for the year? And could there even be further upside if the commodity prices firm up from here? And on the flip side, if market conditions were to deteriorate, is there an oil price at which you expect operators might maybe push back or delay some programs? I know there's a lot in there, but any color there would be helpful?

Michael Jardon

Sure. No. Eddie, thanks for joining us and really, really good question. It's one that we talk a lot about internally. I guess how I would try to frame it up for you is, you know, our

Fourth Quarter 2025 Earnings

activity set is really based on what we're seeing with current commodity prices. I still think we've got a range here where even if commodity prices were to be compressed a little bit more, I don't know that, we're so active in offshore deep water projects that have a long investment cycle and our customers are not going to throttle that down significantly here in the short term. But I do think that we're cautious on how we're viewing the total activity set this year. I do quite frankly think that there could be some potential things are going to ramp up more. We've heard some positive commentary from the drilling guys and those kind of things. It really depends on how some of that activity translate into turning to the right, so to speak.

So I think there could be some upside in the back end of the year. We're not going to rely on that. We're going to get our fair share. We're going to stay focused on technology rollouts and those kind of things. We'll kind lose that. We'll kind of look at that as upside potentially, I guess is how I would frame it up. But we are laser focused on even if we're in a situation in 2026 and I hope I'm wrong, but even if we're in a situation in 2026 where we're in a flattish revenue climate, even slightly down, meaning the market is flat to slightly down, we're still going to be able to expand our margins modestly and we're going expand our cash generation as well. That's what we're really focused on.

Edward Kim

Got it. Got it. That's very helpful color. Thank you. And just wanted to touch on the offshore activity inflection. As you mentioned, it was kind of growing, maybe consensus or optimism about an activity inflection back half of this year into 2027. Just from a regional perspective, could you talk about which regions you expect will sort of drive the recovery and which you expect or remain flattish or maybe take longer to ramp up?

Michael Jardon

Sure. No, so I think one of the -- and it's something we've been consistent about talking about for a number of quarters. I think the subsea tree outlook has continued to be very positive and very strong and very robust. You look at the order backlog that some of our peers are adding in, that's been quite positive. That's a good leading indicator of what's to come. But those are things when they add backlog today, those aren't trees that are going to be installed tomorrow. Those are trees that are going to be installed 9 months, 12 months, 18 months down the road. So, I think that's been a good set of breadcrumbs that's been laid out there. And it's one of the reasons why we've been consistent. We think the second half of this year is more robust, especially going into 2027. And I think you're going to see this -- the US Gulf is probably going to be flattish here in 2026, I think good potential as we go into 2027 for some expanded investments. South America is going to be strong. West Africa is always the one that it's going to take a little bit more

Fourth Quarter 2025 Earnings

time to ramp up. But that's the one that that will really kind of help start to move the needle when that happens.

So, I think West Africa in particular is why we're going to start to see the 2027 and beyond. That's what we're going to start to see more of a real inflection point and those are bigger projects. Those are multi-rig campaigns. Those are significant drill and complete operations.

Edward Kim

Right. Right. Got it. Great. Thanks for all that color. I'll turn it back.

Michael Jardon

Thanks, Eddie. Appreciate it.

Operator:

Thank you very much. [Operator Instructions] Our next question comes from Colby Sasso from Daniel Energy Partners. Colby, your line is now open.

Colby Sasso

Hi. Hello. I just wanted to ask, given the current administration has been favorable to pushing deals through, we've had other meaningful deals announced in the offshore space a few weeks ago. I'm curious, seeing the increased transactions go through, has that changed your strategy at all or maybe could you update on the surrounding stocks given M&A that you've done and they haven't done anything in a while?

Michael Jardon

Sure. No, Colby, it's a great question. I mean, I think it's -- yes, the current administration is probably more amenable to M&A and those type of things. Quite frankly, the things that we have an appetite in, we have an interest in -- they're going to have a global nature, they're going to have a global presence, and we don't have a significant concern around our ability for those that go through antitrust or those kind of things. So, for us as a company, the type of things we're interested in and looking at aren't really being influenced heavily by whether the administration is more or less amenable.

I think there continues to be -- there's still over the last five or six years, there still has only been handful of consolidation of size in the services space, whether that was ours back in 2021 or what Patterson has done. It's nice to see the rig and the Valaris transaction here. I think that's a good move for the industry. I think we'll continue to see

Fourth Quarter 2025 Earnings

those type of things happen and we are working on those kind of things every day of the week because it really is about helping us become more relevant to our customers, helping them more solutions and more efficiencies and those type of things. And we're absolutely convinced if we're more relevant to our customers, that we're going to become more relevant to our shareholders as well.

So, it fits in, but it's something we continue to work really, really hard on because we have a great platform. We're offshore, we're international, we have touch points with our customers all the way from exploration through appraisal through development, through production, all through P&A. So we have a lot of flexibility and latitude on type of things that would fit into our portfolio and that we could help drive value with.

Colby Sasso

Thanks for the color. And just another follow-up. One of the themes of the last two quarters of larger operator calls have been increased need for exploration offshore. Any thoughts on what you're seeing in the areas geographically that could surprise to the upside over the next couple of years? And how do you see yourself taking advantage of what you're seeing and hearing?

Michael Jardon

No, Colby, it's a great question. It's a really perceptive question. So kudos for you for picking up on that. Our customers, yes, we're having more and more exploration project discussions. Part of that's because they need to add more and more into their portfolio for future production and future reserves. We provide a lot of services in the exploration and activity set. So whether it's well construction or it's well flow management, when we start flowing these wells back to evaluate the reservoirs or it's being able to help provide the connectivity in a subsea application from the rig to the seafloor. So it's a great opportunity for us. We play a lot of those kind of services and I think as we see more and more of that translate into activity, I think we'll continue to see more exploration opportunities. And that means more exploration revenue and dollars for us.

So, we've been really over the course of the last really since 2012, there hasn't been a lot of meaningful exploration activity going on globally. So, I'm excited to see that potential. We'll see how much of it translates into 2026. I think more of it we're going to see in 2027.

Colby Sasso

Thank you so much for the color. I will turn it back.

Michael Jardon

Thanks, Colby.

Operator

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

Derek Podhaizer

Hey, good morning, guys. Just wanted to go back to the conversations around the 2026 guidance. So, just going off to the top line revenue here, I know the prior guide was for 2026 to be flat to down. Now the new guidance is flat to up. So, I was hoping you could help us understand some of the puts and takes there, why your outlook has improved, maybe from a regional standpoint and then just thinking about how the guidance ties to the implied sequential growth on the top line second, third, fourth quarter because it looks pretty meaningful?

Michael Jardon

Yeah. And Derek thanks for joining. I guess what I would -- we're more and I kind of alluded to it in one of the earlier questions. We are laser focused on if the market grows 2% or 5% or 10%, we will absolutely get our fair share of projects. We have a very high bid win rate. We have great customer relationships. So what the market does, we're going to benefit from that as well as anybody else. And I don't want to say we don't have any control over that, but the timing of somebody adding a rig in Angola or the timing of additional rigs and activity in the US Gulf, we're not going to have an influence over that, but we're going to be able to provide those services. So it's not so much that our view has become more positive or more negative. What I have the organization focused on is execution, service delivery, HSE performance, continuing to win our fair share of activity and fundamentally driving more efficient operations.

We expanded margins in 2025 and we expanded cash flow generation significantly in 2025 because we were focused on the things we could control and we're going to do that again in 2026 and even if the market is flat to slightly down, that's not to say I think it's going to be slightly down. My message is, even if the market is under a little bit more pressure, we will still expand our margins and expand our cash flow generation. So, really that's a little bit of a subtle difference, but it's much more around I want my team and myself to focus on what we can control. And if the market grows, that's fantastic. We'll have some upside potential to what our forecast looks like going forward.

Derek Podhaizer

Fourth Quarter 2025 Earnings

Yeah, that makes sense. And appreciate the color. Maybe just a follow-up there. Could you maybe break down the geographies, where do you see maybe the points of strength as we work second, third, fourth quarter? Maybe you can rank order them just your geographic regions.

Michael Jardon

Sure. So I do think that for us Middle East, North Africa is going to be solid this year. We're going to have some projects that will deliver in the fourth quarter that we're already actively engaged in. So I think that's going to give us some -- that's part of the reason why we see and anticipate a solid Q4. South America we've got some similar projects and activity that's going to happen there as well. I suspect that, when we do a look back on 2026, I would be very surprised if there's not some surprise to the upside in the US Gulf. I think for operators access to those reservoirs, the carbon advantaged nature of it, the ability to get access to rigs that are working for one operator today and I come to another operator tomorrow. So I think that's going to be another one. It could be strong, strong potential.

I would probably put Asia-Pacific is continuing to be just because of the cycle time and some of the, where they're at in the sequence of activity in places like Australia, I think that's going to be more of a 2027 phenomenon. I kind of view Asia-Pacific in that same kind of context. It's going to be a little bit more of a laggard than the others.

And then, West Africa is one in which I think by the time we're talking in 2027, it's going to be quite robust and it's really for me it's the transition of does that start to happen in the third quarter of 2026 or the middle of the fourth quarter or the end of the fourth quarter, I think that's just a little bit more of a timing for when they take delivery of rigs and when they really kind of start solid drilling and completions activity.

Derek Podhaizer

Got it. Very helpful. I'll turn it back.

Michael Jardon

Thanks, Derek. Appreciate you participating.

Operator

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

Joshua Jayne

Thanks. Good morning. Apologize if you covered this earlier. I just wanted to hit on pricing quickly. So we've been in this period, I guess, over the last 24 months where we saw a pretty sharp acceleration in rig rates and then things have come off, but I would say stabilized over the last six months. How does potentially a tightening rig rate environment frame your pricing conversations and allow customers to see some more value in a lot of the things that you offer? Maybe you could just elaborate on that a little bit.

Michael Jardon

Sure. Josh, thanks and appreciate that. I guess how I would frame it up is I think it's been a -- I think the pricing climate we have had, although we're not getting we don't have a lot of ability to raise prices right now. I think there's not been downward pressure on pricing. And I think a lot of it has been the rig guys and the rig rates and those kind of things. They really kind of -- they kind of set the tone, so to speak. They kind of set expectations for customers. And so the fact that those guys have been extremely disciplined, they've demonstrated a willingness they're going to stack rigs or they're going to retire or those kind of things before they're going to move rigs down materially. I think that's been helpful and constructive.

Our prices aren't indexed or directly correlated to the rigs, but I think it kind of sets an expectation or a tone within the space and within the sector. So I think as we're seeing consolidation with those guys and we're seeing more demand for those rigs, you know, hopefully we go back to a climate which there's actually some discussions around rising rig rates and I think that kind of conversely starts to set some of the opportunities there as well. I think the other flip side for us is really around as we expand and roll out new technology, our new technology, especially the ones that help us a lot, that allow us to expand our wallet share, those typically come at more of a premium because we're generally out there servicing it with the same crews we have, who are already running services. So when you add incremental services, that's what helps us expand the wallet share and also really kind of helps us expand the margin.

So, at the same time, we're very disciplined on we're going to roll out technology at the right rate. We are pricing expectations; we have value creation expectations. When you run cure technologies in an offshore application, you save almost 24 hours of rig time not waiting on cement, we have a value expectation of the time savings and we're not going to try to increase the technology adoption rate by lowering our prices. We're going to stay disciplined. We'll take a longer period of time because over the course of the

Fourth Quarter 2025 Earnings

next couple of years, rig rates will rise, things will tighten, and you get an opportunity to price things only once. So we're going to be disciplined about that.

Joshua Jayne

Thanks for that. And then just one if I may. And again, if you covered this already, apologies. Understanding that offshore Venezuela isn't and projected to be something massive. I'm just curious, as things calm down geopolitically within that country, how does that potentially open up areas like Colombia or Trinidad or Guyana, just given the geographical proximity to those areas, any thoughts there?

Michael Jardon

Yeah, no, it's -- and Josh, thanks for bringing it up. I commented in the prepared remarks earlier that for myself having lived and worked in Venezuela, my kids spent a number of years growing up and going to school in Venezuela. I'm really, really excited to see the opportunities that are going to happen in country. It's going to be interesting. It's going to be unique because you're going to have land opportunities. You're going to have shallow water, Lake Maracaibo opportunities, you're going to have potentially deep water offshore. There's FPSOs, there's infrastructure that already exist with Guyana and what's going to happen in Suriname. I mean, I think it's tremendously positive. I'm really excited about it and especially for us as a company because we're really, really good at the high technology component, the things that are difficult producing environments or difficult drilling environments, that's where we really can shine.

So, I'm super excited about it for us. The question is when is that going to happen? It's not the question of if there's an opportunity, it's when is it going to materialize. So, no, I think it's fantastic. I think it will really provide a real growth engine for the industry because of the close linkage between Guyana, Suriname, Trinidad, even in the French Guyana. I think it's a great opportunity. So I'm super excited about as you can probably pick up.

Joshua Jayne

Understood. Thanks for taking the questions. I appreciate it.

Michael Jardon

All right.

Operator

Thank you very much. We currently have no further questions, so I'd like to hand back to the management team for any closing remarks.

Dave Wilson

Hey, everybody, thanks for joining us today. And this is Dave Wilson, if you have any follow up calls, please reach out to me. Again, appreciate your participation. Thank you.

Operator

As we conclude today's call, we'd like to thank everyone for joining. You may disconnect your lines.