

Weatherford International (WFRD)

FQ3 2026 Earnings Review
Period ended 2026-09-30
Reported 2026-10-20

Stronger financial resilience and cash generation, not broad-based earnings acceleration

1 | KEY RESULTS VS. CONSENSUS

Metric	Reported	Consensus	vs. Cons.
Revenue	\$1.14 billion	\$1.14 billion	0.0%
Adjusted EBITDA	\$254 million	\$249.8 million	+1.7%
Operating Income (vs. Year Ago)	\$153 million	\$178 million	-14%
Diluted EPS (vs. Year Ago)	\$1.66	\$1.12	+48.2%
SEGMENT REVENUE			
Drilling and Evaluation (vs. Year Ago)	\$331 million	\$346 million	-4.3%
Well Construction and Completions (vs. Year Ago)	\$450 million	\$468 million	-3.8%

2 | GUIDANCE AND OUTLOOK

Q4 guidance is \$1.280 billion-\$1.330 billion revenue and \$270 million-\$290 million adjusted EBITDA. Implied full-year EBITDA is \$980 million-\$1.000 billion, its midpoint down approximately 0.9% from July. Full-year adjusted free cash flow conversion was raised from the mid-to-high 40% range to the high 40% range. No Middle East recovery is built into the near-term outlook. The mid-20% margin target has no firm timetable; management indicated approximately 3-4 years without revenue growth.

3 | EARNINGS ANALYSIS

IMPROVEMENT WAS NOT UNIFORM. Differentiation was cash realization and resilience, not a strong revenue environment. DRE's \$32 million sequential EBITDA increase exceeded the company's \$31 million improvement; DRE margin reached 27.2%, helped by MPD capital sales. WCC, the largest segment, deteriorated despite revenue growth: EBITDA fell to \$100 million, margin to 22.2% from 24.7%. PRI revenue was \$314 million; EBITDA improved to \$73 million. Q3's unusually strong incremental margin should not be extrapolated.

EARNINGS QUALITY REQUIRES QUALIFICATION. EPS growth overstates recurring operating improvement: the tax provision fell to \$4 million from \$52 million while operating income declined. Asset-disposition gains of \$15 million, versus \$7 million sequentially, were not excluded from adjusted EBITDA; \$15 million of share-based compensation, versus \$10 million a year earlier, was. Adjusted free cash flow of \$155 million included \$8 million of disposition proceeds, a 61.0% conversion. A \$181 million year-to-date working-capital swing exceeded the \$95 million operating-cash-flow improvement, while EBITDA declined.

MARGIN BASELINES MATTER. The outlook was a cash-conversion upgrade rather than an operating-earnings upgrade. Q4 midpoint margin falls to 21.5%, reflecting work shifted into Q3, Venezuela startup costs and lower bailment-sale margins. Regional product shipments do not establish a field-service recovery. Management measures 2027 margin expansion against full-year 2026, not the second-half exit rate.

BALANCE SHEET IS STRONGER. Total debt was \$1.480 billion and total cash \$1.198 billion; net leverage was 0.28x. The pending October 30 redemption of \$236 million of notes cuts gross debt and coupon expense, not immediately net debt. Q4 capital expenditure rises to \$70 million-\$80 million. Growth-related working capital and Mexican customer concentration remain risks.

OFFSHORE OPPORTUNITY HAS LIMITS. MPD installations support recurring spares, maintenance and operating services, but the remaining drillship installation opportunity is finite. NCS's at least \$15 million cost-synergy target extends to approximately March 2028; recognizing the full run rate throughout 2027 would be aggressive.

GROWTH TRANSITION REMAINS INCOMPLETE. Venezuelan purchase orders and hiring improve visibility, but startup spending precedes cash returns. Management's preliminary 2027 growth expectations are not formal guidance. The transition to a more cash-generative technology and services portfolio is credible but incomplete; temporary margin peaks and unquantified synergies should not be capitalized.

4 | KEY READ-THROUGHS

SAUDI CONTRACT EXITS SHOULD NOT BE MISTAKEN FOR DISAPPEARING INDUSTRY DEMAND

Arabian Drilling (2381), SLB (SLB) | Positive | Potentially substantial for Arabian Drilling's land business; smaller at SLB's consolidated level

Weatherford's Saudi contract exit is not disappearing drilling demand. Arabian Drilling's additional 8 rigs carry approximately SAR 2 billion of backlog over 5 years, with revenue expected from Q4 2026. Redeployment aids utilization; its 11-rig agreement protects incumbent activity rather than adding capacity. SLB's commitments support Saudi gas delivery capacity but are procurement obligations, not SLB revenue.

MPD ADOPTION SUPPORTS HIGH-SPECIFICATION DRILLSHIP COMPETITIVENESS

Noble Corporation (NE) | Positive over the medium term, with material near-term execution qualifications | Potentially high

MPD improves tender eligibility and reliability, benefiting Noble through contracted days and utilization before dayrates. Approximately 70% of drillships have or are installing systems, with potential penetration of 85%-90%. Yet Noble's marketed floater fleet was only 61% contracted in Q2, and Brazil suspensions contributed to a guidance reduction.

VENEZUELA IS MOVING FROM POLITICAL OPTIONALITY TO OPERATIONAL EXECUTION

Maurel & Prom (MAU), Chevron (CVX) | Positive | High relative exposure for Maurel & Prom; smaller at Chevron's consolidated level

Weatherford's 46-unit pumping award and purchase orders support field rehabilitation, not merely political optionality. Artificial lift and interventions can restore existing production before new drilling matures. Maurel & Prom's Venezuelan working-interest production was 8,558 barrels per day over the first 9 months, approximately 22% of its group total. Venezuela sits outside consolidated sales; value depends on investment earnings and cash monetization.

UAE RESILIENCE IS MORE BANKABLE THAN UNCONTRACTED REGIONAL RECOVERY UPSIDE

ADNOC Drilling (ADNOC DRILL), Arabian Drilling (2381) | Positive for ADNOC Drilling's earnings visibility; negative for aggressive offshore recovery timing assumptions | Moderate for ADNOC Drilling; potentially material within Arabian Drilling's offshore segment

UAE operating continuity supports ADNOC Drilling's contracted revenue; it maintained approximately \$5 billion of full-year revenue guidance. Conversely, Arabian Drilling's offshore suspensions reduced Q2 revenue by SAR 122 million, approximately 16% of quarterly revenue. Three rigs had returned by August; remaining reactivations need verification; the timing risk stands.