Company Chair's Statement

The past year was an eventful one in the life of the Company. We saw continued growth in our core energy markets, with particular strength in the offshore and international segments of the global oil and gas sector, coupled with a slight slowdown in the North American onshore activity during the second half of the year.

Hunting hosted a very successful Capital Markets Day at the London Stock Exchange in September, which was well received by all our stakeholders.

On the governance front, our board succession plan, developed over the past three years, continued to be implemented in a thoughtful, orderly fashion.

Hunting 150

The Company will be celebrating its 150th anniversary during 2024. This is a great milestone, reflecting the adaptability, culture and resilience of the business. As Hunting looks forward, I am convinced that these pillars position the Company strongly for the future.

Market backdrop

During the year, the macro-economic background for energy markets continued to improve overall. There is growing recognition that the transition to lower emission energy sources requires low-cost, innovative technologies, which are starting to be introduced. However, oil and gas will continue to play a vital role in the energy mix for many decades to come.

Furthermore, geopolitical events during the past couple of years have demonstrated the importance of energy security and energy resilience. The refocus on offshore projects that drove higher demand for both Hunting's OCTG and Subsea products, reflects improved confidence in the longer-term demand for oil and gas to power the global economy.

These projects are capital intensive, with lead times of more than five years between project launch and first production, but they offer significantly higher volumes and more stable field production levels than would be typical of an unconventional, onshore well.

Most forecasters agree that offshore and international markets will continue to strengthen in the coming years, while onshore North America will also remain a growth area, but at a slightly slower pace. As noted in last year's report, we believe we are still in the early stages of a multi-year upcycle for the energy sector.

Financial performance

With continued market strengthening, coupled with Hunting's focus on quality and productivity improvements, Hunting has delivered a strong increase in revenue and profitability in the year.

Revenue grew 28% from $725.8m in 2022 to $929.1m in 2023. This increased volume improved utilisation of fixed assets. Supply chain issues that developed during the pandemic were largely resolved. Importantly, Hunting's technology, product quality, and service support provided a solid competitive edge as our customers recognised the higher value of our products and services.

Hunting also saw its strategy to develop its adjacent, non-oil and gas markets rewarded during the year. Non-oil and gas revenue grew strongly year-on-year to $75.9m (2022 – $47.6m), with the percentage of our total sales increasing from 7% in 2022 to 8% in 2023.

Company Chair's Statement continued

The organisational focus on these sectors, set out in the Capital Markets Day, should ensure a sharp focus, which will facilitate ongoing growth.

We will closely monitor national policy decisions, such as the Inflation Reduction Act in the US, that will underwrite large capital outlays in support of decarbonisation efforts around the globe.

EBITDA nearly doubled in the year from $52.0m in 2022 to $103.0m in 2023. With the increase in utilisation across the Group, better pricing secured on certain products, along with broad-based improvements to operating efficiencies, our EBITDA margin increased to 11% from 7% in the prior year.

The Group's adjusted profit before tax, therefore, increased from a profit of $10.2m to $50.0m, and on this basis the Board is recommending a Final Dividend of 5.0 cents per share (2022 – 4.5 cents), which takes total declared dividends to 10.0 cents per share for the year (2022 – 9.0 cents), or an 11% increase. In 2023 the statutory profit before tax was $50.0m, compared to a loss before tax of $2.4m in the prior year, which in 2022 included adjusting items for impairments and legal fees totalling $12.6m.

Hunting 2030 Strategy

During the year, a great deal of time and effort was invested in the Company's maiden Capital Markets Day, but the return on that investment will pay dividends well into the future. The event showcased the scope of our international operations, the breadth of our product and technology portfolio, and our international management team. It provided an opportunity for Hunting to articulate its strategy for growth, while also laying out performance targets and the metrics that will track the successful implementation of that strategy.

Developing the materials for the Capital Markets Day involved a significant effort on the part of our global management team. Likewise, the Board participated in several review stages and offered input on both strategic messaging and key metrics to drive our investment case. I want to recognise the hard work of all those involved in making the day a great success.

Board succession and refreshing

I want to close with a few comments about governance and stewardship. Three years ago, the Nomination Committee developed a succession plan with the help of an external consulting firm. We began by mapping the talent and expertise of our existing Directors to the strategic plan that had been developed with management.

We examined critical gaps that would need to be addressed in our succession planning. We also developed a profile for future Directors that emphasised key market knowledge and international experience. Hunting's operations are global, with facilities in North America, EMEA and Asia Pacific, led by an international management team. In addition, knowledge of key markets (both current and future), M&A experience, and strategic planning experience, among other senior executive skills, were judged to be important. From this, a schedule for Director succession was established and the Nomination Committee launched a well-considered search process. Stuart Brightman joined the Board in January 2023, as part of this ongoing refreshing, bringing vital manufacturing and international experience to the Board profile.

In January 2024, Margaret Amos was appointed a Director. Margaret brings with her a background in aerospace from her career at Rolls-Royce, and her experience with a JV start-up in India, brings valuable knowledge of adjacent markets and geographies specific to the future needs of the Board.

I'm pleased to say that, while the process of board succession planning is ongoing, at this juncture, we have added tremendous expertise and experience to Hunting's Board.

As long planned, I will be stepping down from my role as Company Chair at the 2024 Annual General Meeting in April, having completed my nine-year term.

It has been a great honour to serve on the Hunting Board, to work with my fellow Directors, to assist and challenge a capable management team and to be part of a dynamic Company.

I leave my role with the knowledge that I will be succeeded by an even more capable Company Chair in Stuart Brightman. Stuart's strong operational and financial background, his years of managing global businesses, his understanding of the industry and his governance experience from serving in both executive and non-executive Director roles, provide him with the skills and experience to wisely lead the Board into a very bright future.

I am grateful to shareholders for their support during my tenure. I am also very grateful to Richard Hunting, who retired in 2022, for his steadfast support and friendship in both the transition and during his time on the Board.

John (Jay) F. Glick
Company Chair

29 February 2024

Revenue

$929.1m
(2022 – $725.8m)

Dividend per share declared

10.0 cents
(2022 – 9.0 cents)

> "It has been a great honour to serve on the Hunting Board, to work with my fellow Directors, to assist and challenge a capable management team, and to be part of a dynamic Company."

Chief Executive's Report

The year was one of significant improvement in Hunting's financial results, with the Company delivering a 28% increase in revenue and a near doubling of EBITDA to $103.0m. These impressive results have been delivered by Hunting's differentiated product portfolio and geographical spread of operations.

The Company's first Capital Markets Day ("CMD") in September 2023 provided the senior leadership team with an opportunity to launch our resilient long-term strategy, which is aimed at delivering growth and strong returns to 2030 in a sustainable and responsible way. Key areas that were covered included the Company's participation in the energy transition, its capital allocation policy and opportunities for growth.

The CMD enabled Hunting to showcase its compelling technology and product offering, which covers many critical areas of the global energy industry. The Company is also making good progress in developing energy transition revenue opportunities, particularly in the tangential markets of geothermal energy and carbon capture and storage. Hunting has a number of readily available technologies and products to supply this emerging sector including OCTG, premium connections, accessories, valves, couplings and subsea components to support both onshore and offshore projects.

Further, Hunting is driving growth in other non-oil and gas markets, such as aviation, commercial space, defence, medical and power generation, which require quality-assured products, supported by high-end manufacturing capabilities. These ambitions will deliver growth in the performance of the Company, given the market fundamentals being reported for energy, as well as in other industries that need our skills.

Hunting has a diversified product portfolio and strategically located operations, which have enabled us to deliver an impressive set of results for 2023.

Market overview

Taken as a whole, activity levels across the oil and gas industry increased in 2023 as illustrated by the year-on-year increase in industry capital expenditures and average rig counts.

North America land activity was more subdued than anticipated, with a 21% decline in the US land rig count year-on-year. Our Perforating Systems product line was most impacted by this decline, but still delivered record international sales, as onshore activity in Argentina, Saudi Arabia and South East Asia grew.

Despite geopolitical tensions in the Middle East, activity levels continued to increase following the exit from the COVID-19 pandemic for many countries. There has also been a softening in commodity prices during the year as natural gas prices receded, with the supply issues driven by the invasion of Ukraine by Russia in 2022 abating.

In summary, the global industry, while being volatile in the year, continued to be an engine for growth particularly in offshore and international markets, which has driven growth in the Group's revenue and profitability in the year.

Chief Executive's Report continued

Operational review

Our global OCTG product line has been a significant driver of the Company's growth and enhanced profitability in the year. Our North American premium connection business had an excellent year, as we added new clients and as our TEC-LOCK™ semi-premium connection reported market growth in key shale basins. Our OCTG results in Canada have been strong as our strategic move to work with third-party threading companies provided an opportunity to grow profitability in-country on lower capital intensity. Our US Manufacturing accessories business has performed well this year, with strong well completion business in Guyana and Brazil being a key factor in this success. Increased opportunities from major oilfield service companies continue to provide growth opportunities in international markets.

This year we have also seen an increase in activity in our EMEA OCTG businesses, largely in relation to the Tubacex order for Brazil. This led to the Netherlands facility being close to full capacity during the period as this order was progressed, with our Aberdeen facilities also providing support to this contract. The OCTG facility in the Netherlands also completed a number of orders for geothermal applications in the year as projects accelerated across Europe.

Our Asia Pacific OCTG businesses have enjoyed a significant improvement year-on-year, driven by large orders in China and India, and an uptick in Middle East activity. Momentum in the Asia Pacific region continues to be strong.

Improvements continue in the performance of our Advanced Manufacturing group, driven by increased opportunities in non-oil and gas sectors as well as traditional sales to oilfield service OEMs. The Electronics business unit reported strong oil and gas sales, underpinned by an easing of supply chain constraints relating to microchips reported in 2022 and in the early part of the current year. The Dearborn business unit reported increases in non-oil and gas revenue as aviation, commercial space, defence, medical and power generation sales accelerated in the year.

Hunting's presence within the subsea sector of the oil and gas industry has been steadily growing following the acquisition of RTI Energy Systems in August 2019, now called Subsea Spring, and the acquisition of Enpro Subsea in February 2020. These businesses, together with our Subsea Stafford hydraulic valves and couplings business, are key growth pillars of the Hunting 2030 Strategy. Our Subsea businesses continue to benefit from the improved outlook for offshore work in international markets driven by strong activity in Guyana and, more recently, in new frontier areas like the Turkish sector of the Black Sea. Confirming this trend is the steady momentum we are seeing in Enpro, with the backlog for this business now the largest since its acquisition with both international and Gulf of Mexico opportunities.

Within our Other Manufacturing product group, the well intervention product line has shown significant improvement year-on-year as client capex needs for pressure control equipment, predominantly in international markets, have improved.

The overall picture for 2023 for the Company has been one of considerable improvement year-on-year. International market activity has continued to pick-up as the impact of the economic downturn following the COVID-19 pandemic has receded. This increase in market activity is reflected in the Group's improved results for the year and the record sales order book seen at the year-end. This order book predominantly comprises OCTG, Subsea and Advanced Manufacturing orders, which underlines the broad-based nature of the recovery in the global oil and gas market, but also highlights Hunting's diverse energy and non-oil and gas portfolio.

Delivering the Hunting 2030 Strategy

The Group has made advances in the year in delivering its Hunting 2030 Strategy, with the most significant strategic initiatives detailed in the following pages.

EBITDA

$103.0m

(2022 – $52.0m)

EBITDA margin

11%

(2022 – 7%)

> "I am really proud of the hard work and dedication of the team during 2023, as their performance enabled us to deliver a strong set of results for the year."

Chief Executive's Report continued

HUNTING 2030 OBJECTIVE	STRATEGIC INITIATIVES DELIVERED IN 2023	PRODUCT GROUP
Retain focus on global oil and gas opportunities, specifically growing our subsea and offshore businesses	**$91m contract award with Cairn Oil and Gas, Vedanta Limited** On 30 May 2023, the Company announced a record contract that management estimates to be worth up to $91m with Cairn Oil and Gas, Vedanta Limited, for the supply of Hunting's SEAL-LOCK XD™ premium connection along with OCTG. The contract is for an estimated 100 wells and is to extend up to three years for Cairn's operations in Rajasthan, India. This order supports management's belief that international market sentiment remains extremely strong as governments and countries address the challenges of energy security, the development of domestic supply and post-COVID economic recovery.	OCTG
	Launch of new technology The Group continues to develop and introduce new technology to clients. Research and development initiatives focus on increasing in-field safety, while also delivering completion efficiencies and lowering drilling and development costs for clients. With approximately one-quarter of North American horizontal wells relying exclusively on oriented perforating techniques, Hunting launched the H-4 Perforating System™ during the year, first to the US onshore and then in Q4 2023 to customers in Canada. This cutting-edge system incorporates patented self-orienting tandems, plug-and-play rapid arming perforating guns, and a modular RF-Safe switch to improve firing and positioning accuracy during a well completion procedure as well as in-field safety. Hunting Titan has also been developing orienting tools for near-vertical holes, which include the north-seeking gyroscope tool. The surface testing of the tool was completed in November, with sales commencing in Q1 2024.	Perforating Systems
	Opening of threading facility in India, with joint venture partner Jindal SAW In Q2 2023, the Company completed the construction and commissioning of its new threading facility at Nashik Province, India, with its joint venture partner, Jindal SAW Ltd. The official opening of the facility took place in September 2023. Hunting's precision engineered premium connection technology will be applied to Jindal SAW's premium seamless casing and tubing.	OCTG
	Increased revenue and sales order book from Subsea Technologies The Subsea Technologies operating segment was formed on 1 January 2023, which was formerly part of the North America operating segment. The segment completed a number of significant orders in the year, especially in Guyana, as investment in offshore projects increased. Revenue increased 43% to $98.6m, with an EBITDA margin of 14% compared to 5% in 2022. The Spring business had a number of material order wins for its titanium stress joints in the year for floating production, storage and offloading vessels in Guyana and the Turkish area of the Black Sea. The segment ended the year with an order book of $152.2m, including a strong backlog for Enpro.	Subsea
Develop a global position in the energy transition sector. **Increase our position in high value, non-oil and gas industries**	**Ten-year strategic alliance signed with Zhejiang Jiuli Hi-Tech Metals Co. Ltd** On 5 June 2023, the Company announced a ten-year strategic alliance with Zhejiang Jiuli Hi-Tech Metals Co. Ltd ("Jiuli"), for the supply of corrosion resistant alloys ("CRA") for OCTG, geothermal and carbon capture, usage and storage ("CCUS") applications. The partnership brings together Hunting's SEAL-LOCK™ premium connection technology with Jiuli's CRA, such as duplex/super duplex and high nickel-based alloys, for downhole casing and production tubing applications, which meet some of the harshest well conditions in the traditional oil and gas industry as well as the emerging CCUS and geothermal markets. The partnership also adds to Hunting's existing OCTG product portfolio and enables the supply of the widest range of premium OCTG for its client base, within the international oil and gas and energy transition markets, as projects accelerate in the key areas of North America, Middle East, Africa and Asia Pacific. CCUS and geothermal are two end-markets that Hunting is pursuing as part of its strategy to become a key supplier to these sectors by providing project developers with critical supply channels and the premium connections required for these increasingly challenging technical projects, which operate in demanding sub-surface environments. All these end-markets are expected to show robust demand and growth in the medium and long term.	OCTG
	Collaboration agreement with CRA-Tubulars B.V. On 13 July 2023, Hunting announced a collaboration agreement with CRA-Tubulars B.V., to further develop the Company's presence in energy transition markets. The collaboration provides the Company with access to novel titanium composite tubing technology, which is showing strong potential in CCUS project applications. The technology has won awards within the Shell 'Game Changer' technology programme, and Hunting is exploring the use of the technology alongside its SEAL-LOCK™ premium connection technology. The collaboration agreement includes exclusive marketing, distribution and manufacturing rights for oil and gas and carbon capture and storage markets in North America for a period of five years.	OCTG

Chief Executive's Report continued

HUNTING 2030 OBJECTIVE	STRATEGIC INITIATIVES DELIVERED IN 2023	PRODUCT GROUP
Increased focus on the long-term sustainability of the Group	**Restructuring and operational efficiency** Hunting is continuing to drive stronger internal operational efficiencies throughout its global footprint, which will lower operating costs and lower the Company's carbon footprint. During the year, Hunting Titan closed its Oklahoma City operating site and transferred the manufacture of perforating systems to the Group's Pampa, Texas, and Monterrey, Mexico, facilities. A distribution centre has been retained in Oklahoma City to continue to service clients in the Mid-Continent Region of the US. Within the EMEA operating segment, the manufacturing and assembly operations of the Group's main well testing site are to be transferred from the Netherlands to Dubai in 2024, which will lead to the closure of a facility at Velsen-Noord, with activities in the Netherlands to be merged into a single location. Sales, engineering and service support functions will be maintained in the Netherlands to support European clients. Hunting is building a new larger, higher efficiency facility in the Jebel Ali Freezone, Dubai, UAE. The facility will be purpose-built on a 14,000 square metre plot, which will include a 3,700 square metre custom-built warehouse, yard, and office space. This strategic move aims to support the growing manufacturing needs of the well testing and process systems business, as well as to reinforce existing regional product lines such as perforating systems, well intervention equipment, OCTG, and Organic Oil Recovery. Hunting will be in a position to capitalise on the increasing opportunities and strong market outlook in the Middle East and fulfil its growth plans for the region. Hunting will retain a single facility in Velsen-Noord to support oil and gas and energy transition clients across Europe. In January 2024, further consolidation of our footprint and cost base in the UK continued as the Enpro operations were transferred to the existing Badentoy, Aberdeen facility.	Perforating Systems OCTG Other Manufacturing
	Disposal of exploration and production assets During 2023, the Group has completed a disposal process of all but one of its US onshore and offshore oil and gas producing assets, which are held by Hunting's wholly-owned subsidiary, Tenkay Resources, Inc ("Tenkay"). The assets have been sold on an asset-by-asset basis to a variety of third parties. In addition, the Group has negotiated the transfer of the majority of the non-producing assets and respective future plug and abandonment liabilities, which have reduced Hunting's possible exposure to future decommissioning costs. At the year-end, Tenkay retains a working interest in the South Timbalier 34 asset, which is expected to complete plug and abandonment early in 2024.	Other Manufacturing
	Scope 1 and 2 reporting assurance and commencement of scope 3 emissions assessment In the year, we completed a process to independently assure our scope 1 and 2 greenhouse gas emissions ("GHG"), and in September 2023, we began the process of assessing our scope 3 GHG emission inventories. This process started in Q3 2023 at our Hunting Titan operating segment, which currently represents around 23% of the Group's scope 1 and 2 carbon footprint and is considered to be a major component of our overall footprint. In 2024, this assessment will be extended to the Group's Subsea Technologies, EMEA and Asia Pacific operating segments to further improve the accuracy of our total GHG footprint. This will enable the Group to develop and publish a credible carbon reduction plan by mid-2025.	All
	Non-oil and gas diversification/increase our position in high value non-oil and gas industries The Group has ended the year with a strong non-oil and gas sales order book with orders for medical, military and commercial space sectors. OCTG orders for geothermal applications into Europe increased, with the Netherlands facility increasing its sales of geothermal connections to $4.2m in the year.	Advanced Manufacturing OCTG Other Manufacturing

Chief Executive's Report continued

Group financial summary

Hunting reports a 28% increase in revenue in the year as market activity accelerated, with revenue for the year increasing to $929.1m, compared to $725.8m in 2022. Revenue in H1 2023 was $477.8m (H1 2022 – $336.1m) and in H2 2023 was $451.3m (H2 2022 – $389.7m) as lower oil and gas prices, especially in H2, led to more subdued North American onshore activity. However, there was an increase in international offshore activity reported across many regions through the year. Non-oil and gas revenue increased 59% in the year from $47.6m in 2022 to $75.9m, driven by sales in our Electronics and Dearborn businesses in the medical and defence sectors as well as geothermal sales by the Netherlands OCTG business.

Group EBITDA was $103.0m in 2023 (2022 – $52.0m), which reflects the improved market conditions seen in the year. With increased volumes leading to better facility utilisation, and targeted price increases taking effect, the Group's EBITDA margin increased from 7% in 2022 to 11% in 2023. The Group's improved efficiency is demonstrated by the increase seen in EBITDA per average employee from $25k in 2022 to $44k in 2023. EBITDA in H2 2023 was $54.3m with a margin of 12% compared to $48.7m in H1 2023 with a margin of 10%.

Hunting Titan, which operates a short-cycle business, generated revenue of $259.2m, which was marginally lower than $266.0m in 2022, driven by the lower US onshore rig count. This was offset by the continued adoption of the H-3 Perforating System™ and the adoption of the H-4 Perforating System™ introduced later in the year; strong demand for its Pre-Loaded Gun offering; increased sales of instruments and detonating cord; and record international sales. EBITDA for the year was $21.9m (2022 – $24.7m).

The North America operating segment has reported excellent results in the year as demand for premium connections and completion accessories accelerated. Revenue within the operating segment increased by 33% in the year to $374.7m, compared to $280.7m in 2022, with a significant increase in international activity, specifically the supply of well completion packages to South America, contributing significantly towards this favourable result. EBITDA for the year was $54.2m compared to $26.7m in 2022, a significant increase of 103%.

The newly formed Subsea Technologies operating segment reported an increase of 43% in revenue to $98.6m compared to $69.0m in 2022. A particular area of impressive growth has been within the Subsea Spring business unit, which won a number of large orders for its steel and titanium stress joints ("TSJs") for offshore projects in Guyana and more recently in the Turkish area of the Black Sea. EBITDA was $13.7m compared to $3.4m in 2022, with an EBITDA margin of 14% (2022 – 5%).

The EMEA operating segment reported a year-on-year increase in revenue as international activity levels continued to improve. Overall revenue was $88.2m in the year, compared to $71.5m in 2022, a 23% increase. EBITDA was $1.7m compared to a $2.1m loss in 2022, due to an increase in activity within our OCTG businesses in relation to the Tubacex order for Brazil. Activity levels across the Middle East continued to increase during the year, resulting in higher sales of pressure control equipment and increased revenue from Hunting Titan perforating products.

The increase in international drilling activity and the growth in energy markets across the Asia Pacific region have been the core drivers of growth for the Asia Pacific operating segment's impressive performance in 2023, with revenue increasing by 96% to $157.6m from $80.4m in 2022. EBITDA was $11.5m (2022 – $(0.7)m) with a margin of 7% (2022 – (1)%). The significant order secured with CNOOC in 2022, for the supply of OCTG with Hunting's SEAL-LOCK XD™ premium connection, contributed significantly towards the revenue growth seen in the year.

The Company ended the year with a record sales order book of $565.2m compared to $473.0m at the end of 2022, which underpins our confidence in the future profitability of the Company.

Operating profit for the year was $61.0m (2022 – $2.0m) and, as there were no adjusting items impacting operating profit, adjusted operating profit for the year was also $61.0m (2022 – $14.6m).

The Group's profit before tax for the year was $50.0m (2022 – $2.4m loss), with adjusted profit before tax unchanged at $50.0m (2022 – $10.2m).

Deferred tax assets of $83.1m, related to our US businesses were recognised, validating the confidence we have in the continued return to profitability for these trading entities. This has contributed to the large increase in statutory profitability and earnings per share.

Diluted earnings per share were, therefore, 70.0 cents (2022 – 2.8 cents loss per share), with adjusted diluted earnings per share 20.3 cents (2022 – 4.7 cents), an increase of 332% in the year.

Working capital has increased to $415.9m from $362.8m, with the increase in inventories supporting our record sales order book at the year-end.

This, in part, led the Company to reporting year-end total cash and bank of $(0.8)m compared to a total cash and bank position of $24.5m at the end of 2022.

Hunting is focused on converting profit into cash flow and increasing its working capital efficiency This focus was reflected in our cash generation in H2 2023, which was $50.9m.

The Group's net assets at the end of the year were $957.1m compared to $846.2m at the end of 2022, demonstrating the strengthening of our balance sheet, providing financial stability. The Group's return on average capital employed was much improved at 6% (2022 – 1%) at the end of the year.

The Company paid an Interim Dividend of 5.0 cents per share in October and the Board are recommending a Final Dividend of 5.0 cents per share, bringing the Total Dividend for the year to 10.0 cents per share, an increase of 11% over 2022 and in-line with the Hunting 2030 Strategy to increase dividends annually by at least 10%.

Our employees continue to be our most important asset and it was good to receive their feedback in the employee engagement survey conducted this year.

As part of the Board's deliberations, which included reviewing the impact of inflation and interest rate increases on the cost-of-living, base salary increases were implemented across the Group in Q1 2024 to assist our workforce.

Chief Executive's Report continued

I am really proud of the hard work and dedication of the team during 2023, as their performance enabled us to deliver a strong set of results for the year. The Company's overall profitability and efficiency improved in 2023 and we are confident that it is on an achievable pathway to meet the targets set out at the CMD.

ESG and sustainability

We have continued to make good progress during 2023 in increasing our disclosed sustainability information.

Our safety and quality-assurance performance has again delivered excellent outcomes, demonstrating our focus and rigour in these critical areas.

In the year, we also completed our second employee engagement survey, which recorded a strong improvement in our scoring. Our people remain our most important asset and the Board are pleased that our workforce is aligned with our long-term strategic goals.

Finally, our published carbon and climate data has also improved as new procedures have been introduced to contain and reduce our impact on the environment.

Outlook

The global outlook for energy in the year ahead will be driven by similar themes to those reported in 2023.

Geopolitical tensions and potential supply disruptions are a continuing threat to the oil and gas supply/demand balance, and while commodity prices trended lower in the past year, it is likely that they will remain in a range that supports sustained activity levels during 2024.

Offshore market momentum is poised to continue to increase in the coming years as major development cycles in South America and South West Africa continue to accelerate.

The North American onshore drilling market is likely to be stable during 2024, with the US more focused on oil production. Additional LNG capacity is likely to come onstream later in the year, which will support new natural gas drilling in the second half. Projected growth in international sales should also offset shifts in US onshore market dynamics.

The Middle East will also likely show a continuation of the activity levels reported in 2023. Despite the pause in oil production expansion in Saudi Arabia being announced in recent weeks, natural gas drilling in-country will continue to grow to meet local demand, underpinning steady activity levels in the year ahead.

In India, the Group's facility is shortly to receive its API threading licence which will enable premium threading activities to accelerate. Management sees a positive profit contribution from our joint venture in 2024, given the growth momentum in-country.

Across Asia Pacific, traditional energy demand as well as energy transition initiatives will continue to drive growth, with geothermal opportunities being captured as market activity increases, particularly in the Philippines and Indonesia.

For Hunting, the Group's OCTG product group should deliver another year of growth, as activity in South America continues to increase, coupled with stable activity in the US and Canada.

Our EMEA OCTG operations will continue to support projects in Brazil, while in Asia Pacific, larger tenders continue to be announced, which should lead to new orders being secured.

Hunting's Perforating Systems business will continue to roll-out its leading technology to clients across North America, while continuing to grow internationally where markets such as Argentina present good opportunities due to reduced import tariffs being announced.

Our Subsea Spring and Stafford businesses should also deliver a further year of strong results as orders for ExxonMobil and other major operators across South America continue to be progressed. The Enpro business should also support this growth profile given the orders secured in the second half of 2023.

Hunting will continue to drive its non-oil and gas diversification through the Advanced Manufacturing businesses. Momentum remains strong, with opportunities in aerospace and defence being pursued, supporting our 2030 strategic objectives.

In summary, the Board sees a further year of growth ahead, given our diverse, international product offering, with management remaining comfortable with current market guidance.

On behalf of the Board

Jim Johnson
Chief Executive

29 February 2024

Return on average capital employed

6%

(2022 – 1%)

Net assets

$957.1m

(2022 – $846.2m)

"The balance sheet remains strong to ensure the Company's financial stability and long-term sustainability."

Market Summary

2023 was a year of energy market growth, despite geopolitical and other economic volatility. With the ongoing conflict in Ukraine and new tensions in the Middle East, coupled with an increase to the cost-of-living, oil and gas markets have shown resilience as multiple factors impacted commodity prices.

The performance of the Group during 2023 has been underpinned by a broad-based strengthening of activity within the global oil and gas sector, driven by post-pandemic investment in many areas of the energy industry following many years of insufficient investment. Investment in long-term international offshore projects has seen strong growth in the year, particularly in South America and Asia Pacific, which has led to an increase in exploration and production drilling and equipment purchasing that has benefited a number of the Group's key product lines including OCTG, Subsea and Advanced Manufacturing.

The US onshore drilling market was constrained by spending discipline and reported a flat year-on-year capital investment profile as gas drilling reduced in the year across the US, following two years of strong growth.

While this has led to flat results within our Perforating Systems product group, when comparing 2023 and 2022 performance, the increase in international sales and the delivery of new technology to our clients, particularly in respect of the launch of the H-4 Perforating System™, helped the Hunting Titan operating segment significantly outperform the US onshore market.

Energy security continued to be high on political agendas as governments continued to seek to secure alternative energy sources and store sufficient quantities of natural gas. Other short-term solutions included expanding oil and coal-fired power generation, and pursuing new renewable energy projects.

The year ended with COP28 where a global commitment was reached to transition away from fossil fuels over time while tripling renewable energy capacity and doubling energy efficiency by 2030 to ensure the Paris Agreement commitment to limit global temperature increases to 1.5°C is met.

In summary, the market environment for energy, while it has been volatile, has trended strongly towards growth in the year, and the market for the energy service industry has been robust, which led to a 28% increase in Group revenue and a 98% increase in EBITDA.

Market Summary continued

Commodity prices

The WTI crude oil price is a material market indicator for the Group, as short- to medium-term investment decisions of our clients are driven by prevailing commodity prices. During 2023, the average WTI crude oil price was $78 per barrel, which is 17% lower than the $94 per barrel reported in 2022. Key inputs to this outcome include a normalising of the global supply/demand profile following the price shocks seen in 2022 when Russia invaded Ukraine in February 2022. In addition, the global economic outlook became increasingly volatile from Q2 2023 onwards as higher inflation and global interest rates hampered economic growth, following the strong recovery seen in 2021 and 2022. The WTI crude oil price traded between $94 and $67 per barrel in the year as these various factors played out.

The Henry Hub natural gas price reported a much more challenging year in 2023, following exceptionally strong pricing throughout 2022 as natural gas demand from Europe, also driven by the conflict in Ukraine, supported activity across the US. The average price for natural gas was $2.66 per mmBtu in 2023, which compares with $6.54 per mmBtu in 2022, or a decline of 59% year-on-year.

The combination of the above factors led to volatile industry sentiment across the year, as companies across all levels of the oil and gas supply chain grappled with fast moving investment decision making. However, many global economies continued to exit from the impact of the COVID-19 pandemic and increased capital investment in oil and gas exploration and production drilling, which in turn supported new equipment purchasing across many of the Group's product lines. In 2023, total drilling investment increased 11% compared to 2022 increasing from $190.6bn to $212.5bn in the year.

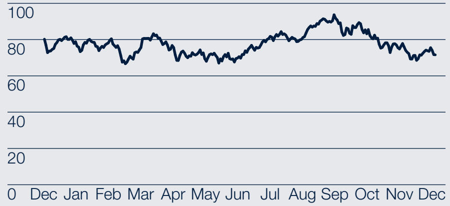
Offshore drilling investment grew at a faster pace than onshore drilling investment. In the year, offshore drilling grew 28% from $53.5bn in 2022 to $68.3bn in 2023, with the majority of this increase due to buoyant international markets. Onshore drilling investment grew 5% in the year from $137.1bn in 2022 to $144.2bn in 2023.

The investment in exploration and production drilling, noted above, supported the continued strengthening of activity across the global energy industry, despite the macro-economic and geopolitical headwinds faced by operators. This investment has enabled an overall increase in the average global rig count to be reported, with offshore rigs increasing by 9% in the year, while onshore rig counts increased 3%, primarily due to the increases reported within international markets. The offshore rig count, therefore, averaged 207 active units throughout 2023 compared to 189 units in 2022. The onshore rig count averaged 1,560 active units throughout 2023 compared to 1,517 units in 2022.

Within North America (being the US and Canada), the average onshore rig count declined 4% to average 845 units, while the offshore rig count increased by 4 units to average 20 active units. Within international markets, the average onshore rig count increased by 77 units to average 715 units, while the offshore rig count increased by 14 units to average 187 active units.

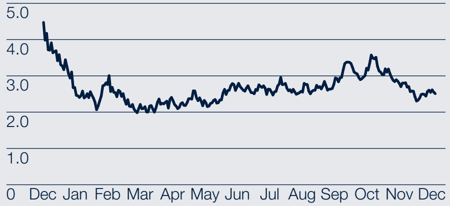
Commodity prices

WTI crude oil price
$ per barrel



Source: FT.com

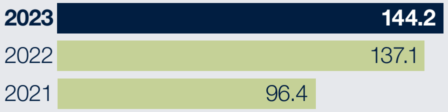
Henry Hub natural gas price
$ per mmBtu



Source: FT.com

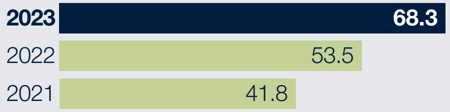
Drilling capital investment

Global onshore capital investment
$bn



Source: Spears and Associates Drilling and Production Outlook – December 2023

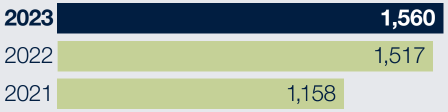
Global offshore capital investment
$bn



Source: Spears and Associates Drilling and Production Outlook – December 2023

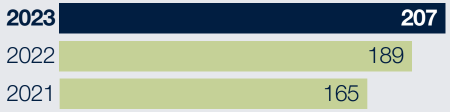
Rig counts

Global onshore average rig count
#



Source: Spears and Associates Drilling and Production Outlook – December 2023

Global offshore average rig count
#



Source: Spears and Associates Drilling and Production Outlook – December 2023

Market Summary continued

Energy transition

The global energy landscape is experiencing a transformation as efforts are made to mitigate the effects of climate change and improve energy security by shifting towards cleaner, more sustainable energy options. COP28 saw a global pledge to accelerate climate action, which commits all signatory countries to move away from carbon energy sources to address the worst effects of climate change.

Amid this global shift towards sustainable energy sources and energy reliability, the role that geothermal energy is expected to play in the global energy mix will increase as it can be used for both power and heat generation and is not carbon intensive like oil and gas. In 2023, installed geothermal capacity comprised approximately 15.9 gigawatts (2022 – 14.6 gigawatts). Until 2030, a compound annual growth rate ("CAGR") of over 10% is expected for geothermal power, with industry expenditures projected to exceed $85bn between 2022 and 2030.

Geothermal energy is also going through a technology step change from conventional geothermal to high-tech "unconventional geothermal" developments as wells are drilled deeper. Geothermal wells use traditional energy products and services and this provides opportunities for Hunting to cross-sell OCTG and Perforating System products.

Carbon sequestration, the process of capturing and storing carbon dioxide, will also form a vital part of the global solution to reduce carbon emissions and reach Net Zero, and is the primary route to decarbonising the oil and gas industry.

There are strong legislative drivers supporting CCUS projects such as the Inflation Reduction Act in the US.

CO_2 leakage is one of the biggest concerns for CCUS wells. This, combined with the need to withstand cryogenic temperatures, means that the wells require the use of higher chrome content and high corrosion resistant alloys. OCTG demand for high chrome content is expected to double year-on-year to 2026.

Other non-oil and gas

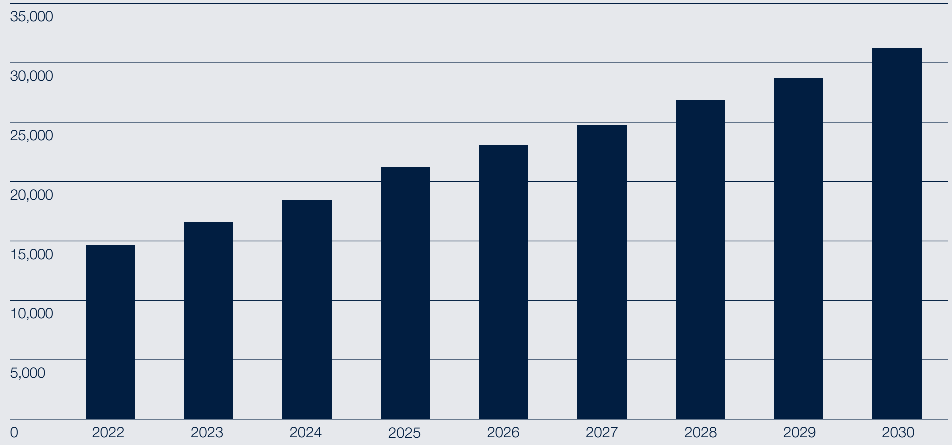
Defence, medical and commercial space markets are seeing impressive growth, presenting a number of opportunities for the Company to diversify its revenue streams.

The medical electronics market was estimated at $82bn in 2020 and is expected to hit $248bn by 2030, poised to grow at a CAGR of 11.8% to 2030.

The US Department for Defense Budget for 2024 totals $842bn, an increase of 9% from the 2023 budget of $773bn and the commercial space market, which was approximately $280bn in 2010, is expected to increase from $474bn in 2022 to $1.0tn by 2030 according to McKinsey & Company.

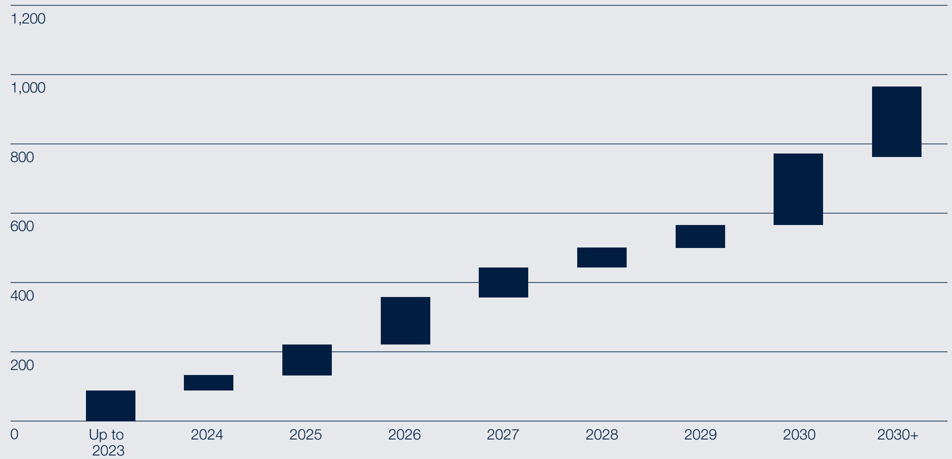
Hunting expects to benefit from increasing its share of these markets as well as benefiting from the ongoing expansion in the markets themselves.

Projected global geothermal capacity
MW



Source: Wood Mackenzie

Planned CCUS capacity additions by year of announced start-up
mmtpa



Source: Wood Mackenzie

Product Review

Perforating Systems

Hunting's Perforating Systems technology platform and manufacturing and distribution presence across North America has maintained a market-leading position in this region for many years. The development of intellectual property has formed a cornerstone of the Group's strategy to maintain this market position and in 2023, Hunting retained 185 patents over its Perforating Systems technologies.

With the introduction of the H-3™ and H-4™ Perforating Systems over the past few years, the Group has launched more efficient and higher precision perforating technologies for its clients.

The Group is now seeking to deploy perforating systems, energetics charges, detonation cord, instruments and other components to international markets, with strong growth anticipated in South America, the Middle East and China, where modern perforating techniques are being adopted in unconventional resource developments.

Introduction and market overview
The Group's Perforating Systems business has faced trading headwinds during 2023 as the US onshore rig count weakened throughout the year. The low point in this rig count was reached in November 2023, with 616 active units in operation, this being a reduction from 779 units at the start of the year, which represents a decline of 21% in 2023.

In Canada the rig count has been more stable throughout the year, averaging 175 in the year, which is broadly flat compared to 2022.

Group financial performance
Due to these market conditions, revenue from this product line decreased by 3% to $243.8m in 2023, compared to $251.9m in 2022. Within this, international revenue grew by 33% as efforts to globalise the Group's technologies accelerated.

EBITDA for the product line was $25.1m compared to $27.3m in the prior year, giving an EBITDA margin of 10% in 2023 compared to 11% in 2022. The introduction of the H-4 Perforating System™ occurred later in 2023. It is aimed at a higher tiered market, which is expected to benefit revenue and profit margins as production ramps up in 2024.

The Perforating Systems sales order book at the year-end was $12.7m, compared to $18.7m at the 2022 year-end. Perforating Systems does not carry a large order book as the business operates a 'manufacture to stock' model and is, therefore, a short cycle business overall.

Intellectual property
Intellectual property based on the Group's Perforating Systems product group totalled 185 patents and 34 trademarks covering 50 products and components.

Product Review continued

Technology
The Group has continued to rollout the H-3 Perforating System™ to clients in the year and to support the evolving perforating practices in the US, the H-4 Perforating System™ was launched in H2 2023. The H-4™ is a self-orienting system that improves shooting accuracies.

Hunting also launched the Perf+ shooting panel, which provides further system integration between the gun and associated firing systems. The Group sees further technology integration in the future as in-field operating efficiencies continue to be pursued.

The Group is also planning to introduce a new high temperature switch, which can operate at 400ºF, as more complex unconventional resource plays are pursued.

North America
To improve manufacturing margins and increase efficiencies, it was announced in August 2023 that the Oklahoma City operating site would be closed, with production transferred to the Monterrey and Pampa facilities, following investment in new production equipment at these locations. The Group has maintained a distribution centre in Oklahoma to service clients in the area.

In Canada, the Group invested in Pre-Loaded Gun manufacturing capacity at the Grand Prairie facility and intends to introduce this offering to clients in 2024.

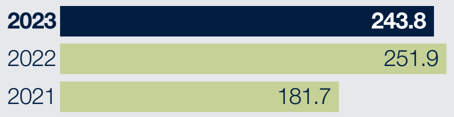
Both of these improvements are expected to benefit margins in 2024.

International
During the year, and as part of the short- to medium-term strategy for the Group to increase its international sales of perforating products globally, Hunting increased component sales into Argentina and Mexico, as onshore unconventional resources are developed. The Group's E-SUB™ perforating gun saw good demand in Saudi Arabia, and is also seeing growth across Asia Pacific.

Hunting 2030 Strategy
The Group's strategy for its Perforating Systems product lines is twofold:

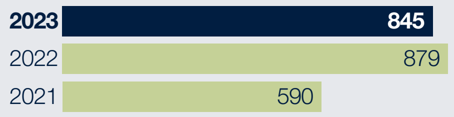
(1) to lead the further integration of perforating technologies and firing instrumentation, to enable increased safety and cost efficiencies to be captured within its core North America market; and
(2) internationally, the Group will pursue a strategy of growth, through the sales of both systems and components, which align with the individual needs of clients.

Perforating Systems – revenue
$m



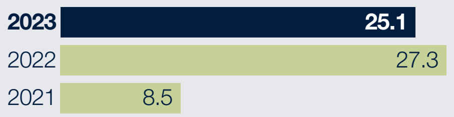
Source: Company

North America onshore average rig count
#



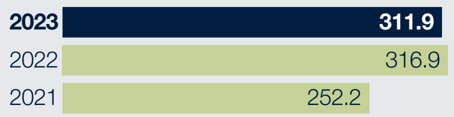
Source: Spears and Associates Drilling and Production Outlook – December 2023

Perforating Systems – EBITDA
$m



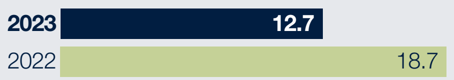
Source: Company.
Non-GAAP Measure see NGM C

North America footage drilled
mft



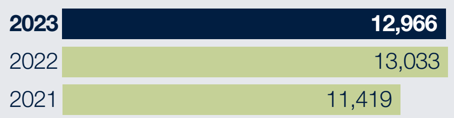
Source: Spears and Associates Drilling and Production Outlook – December 2023

Perforating Systems – sales order book
$m



Source: Company

US frac jobs
#



Source: Spears and Associates Drilling and Production Outlook – December 2023

OCTG

Hunting's OCTG product group comprises sales from the Group's three major premium and semi-premium connection families: SEAL-LOCK™, WEDGE-LOCK™ and TEC-LOCK™ and associated accessories. These connections are applied to many oil and gas wells and are directly applicable to geothermal and carbon capture projects.

Introduction and market overview
Hunting's OCTG offering has made strong progress during 2023 in all major regions across the Group. This has been driven by the continuation of the broad-based recovery in activity, predominantly led by resurging offshore and international drilling and development expenditures. During the year, global oil and gas capital investment increased by 11% from $190.6bn in 2022 to $212.5bn. Global offshore oil and gas capital investment has increased 28% to $68.3bn in the year, while international capital investment has increased 24% to $93.1bn. This industry investment has driven the Group's OCTG sales growth in the year.

Group financial performance
Revenue from the Group's OCTG product lines totalled $395.8m in 2023, compared to $258.8m in 2022. This has been primarily driven by OCTG contract wins within Asia Pacific for CNOOC and Cairn Oil and Gas (Vedanta), in addition to well completion work for ExxonMobil and Schlumberger in South America.

EBITDA for the product line was $46.7m compared to $16.2m in the prior year, giving an EBITDA margin of 12% in 2023 compared to 6% in 2022.

The OCTG sales order book at the year-end was $222.0m compared to $196.5m at the 2022 year-end, which represents an increase of 13% in the year.

North America
Hunting, including Hunting Titan OCTG, reported good activity throughout the US and Canada in the year, with revenue increasing by 26% from $157.8m in 2022 to $198.5m in 2023. Strong sales of the TEC-LOCK™ semi-premium connection were reported in the US and robust sales of the TKC4040™ connection in Canada. The product group continued to work with Chevron Gulf of Mexico in the year, utilising Hunting's SEAL-LOCK™ premium connection. Sales of the Group's WEDGE-LOCK™ connection also increased in the year, as more offshore projects were sanctioned. While there was some softening in demand in the second half of the year in the US due to the declining onshore rig count, the Group reports increased revenue in the year across the region, compared to 2022. A region of strong growth in the year has been South America, where activity in Brazil, Guyana and Suriname have provided a range of opportunities for OCTG and supporting accessories manufacturing. Of note has been the success in Guyana, where well completion activity for offshore developments accelerated in the year.

Asia Pacific and EMEA
The Group's Asia Pacific and EMEA OCTG product groups reported an increase in revenue from $101.0m in 2022 to $197.3m in 2023, an increase of 95%. Activity in the North Sea has been subdued; however, the Group's EMEA facilities were busy providing threading services

Product Review continued

for Tubacex, for offshore projects in Brazil, with this work expected to continue for at least the next two years.

Elsewhere in Europe, energy transition sales, totalling $4.2m have been secured in the year, for clients in the Netherlands. The Group's OCTG activities across the Middle East comprise sales into Kuwait, Egypt and Saudi Arabia. In Saudi Arabia, accessories manufacturing, coupled with perforating systems sales, have supported performance in the year.

In May 2023, the Group announced a $91m three-year contract with Cairn Oil and Gas, Vedanta Limited, for Hunting's SEAL-LOCK™ premium connections. The contract is in support of a 100 well programme in Rajasthan. The Group also substantially completed the major CNOOC contract in the year, which was awarded in August 2022.

Through the Jindal Hunting Energy Services joint venture, the Group commissioned its premium threading facility in Nashik province, India, in September 2023. The state-of-the-art facility has three threading lines and has an annual capacity of 60,000 tonnes of OCTG. The facility provides the Group with early mover opportunities in the country, given the government's local content requirements. In addition, during the year, the Group captured work via Jindal SAW, including premium threading and accessories manufacturing contracts. The Group's Asia Pacific operating segment has also captured sales in Africa and South East Asia for OCTG and accessories manufacturing.

Supply chain
Hunting has entered into two key partnerships in 2023 to secure important raw materials for its energy transition growth ambitions.

The Group has secured a 10-year strategic alliance with Jiuli in China to provide corrosion resistant alloy ("CRA") OCTG, which is key to geothermal and carbon capture projects. This high-value OCTG is rapidly being adopted due to the temperature cycling in these projects. The Group also entered into an agreement with CRA-Tubulars to commercialise its novel titanium composite tubular technology, which is also seeing promise in energy transition projects, given its lower weight and novel mechanical properties.

Hunting 2030 Strategy
As a major pillar of the Hunting 2030 Strategy, the Group will continue to develop its premium connection and OCTG technologies for oil and gas and energy transition applications in the coming years.

Within the Group's oil and gas markets, strong growth is anticipated in South America as developments in Argentina, Brazil and Guyana continue to accelerate.

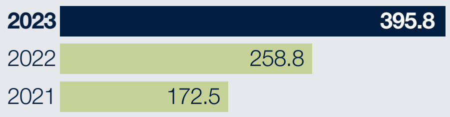
Across Africa, key growth areas include Namibia, Angola, Gabon and Nigeria. In the Middle East opportunities in Northern Iraq, Kuwait and Oman continue to be pursued.

Energy transition opportunities are most likely to be delivered from North America, with the US government support providing strong incentives for decarbonisation projects to be accelerated.

Short-term opportunities lie with geothermal project, while carbon capture and storage projects are more towards the end of the decade.

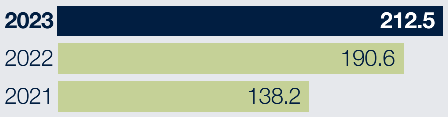
Outside of the US, opportunities in Europe and Asia Pacific, in particularly Indonesia and the Philippines, for geothermal projects are accelerating.

OCTG – revenue
$m



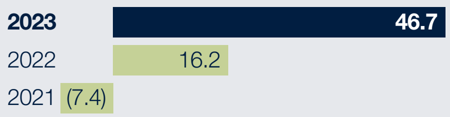
Source: Company

Global drilling capital investment
$bn



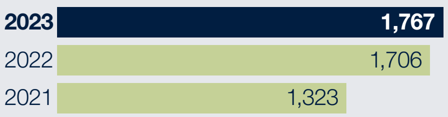
Source: Spears and Associates Drilling and Production Outlook – December 2023

OCTG – EBITDA
$m



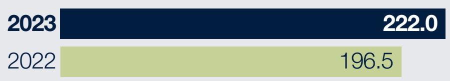
Source: Company.
Non-GAAP Measure see NGM C

Global average rig count
#



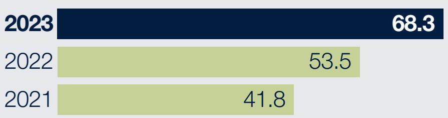
Source: Spears and Associates Drilling and Production Outlook – December 2023

OCTG – sales order book
$m



Source: Company

Global offshore capital investment
$bn



Source: Spears and Associates Drilling and Production Outlook – December 2023

Product Review continued

Advanced Manufacturing

Hunting's Advanced Manufacturing product lines serve oil and gas, aviation, commercial space, defence, medical and power generation markets. Hunting's expertise is driven by its manufacturing know-how and precision engineering skills for high-value, critical applications as well as high temperature and pressure electronics applications.

The Electronics and Dearborn business units, which comprise the majority of Hunting's Advanced Manufacturing offering, form the foundation of the Group's non-oil and gas sales strategy, which is one of the core pillars of the Hunting 2030 Strategy. Hunting's offering of complex, high-precision engineered products provides clients with components that are used in important mission-critical applications. The businesses attract blue chip clients, based on these skillsets and know-how and this forms the basis of our sales diversification strategy.

Introduction and market overview

Hunting's Advanced Manufacturing offering reported good progress within in its core energy markets as well as non-oil and gas markets, including aviation, medical devices, naval and power generation end-markets. The Electronics business continued to report a strong oil and gas revenue profile, driven by its expertise in MWD / LWD downhole tools and printed circuit board ("PCB") assemblies as well as manufacturing switches for Hunting Titan throughout the year. Non-oil and gas sales have increased as more defence-related work was captured with clients including Cubic and Textron in the US. The Dearborn business unit has also been successful in developing its non-oil and gas sales, in the sectors noted above, and has developed a strong non-oil and gas sales order book in the year.

Advanced Manufacturing markets, therefore, are based on oil and gas capital investment, which continues to be the foundation of both the Electronics and Dearborn business units. In addition, a further market indicator is the overall level of defence spend by North America and European governments. Both these end-markets are likely to see robust growth to the end of the decade.

During the year, global industry capital investment increased by 11% from $190.6bn in 2022 to $212.5bn. Global offshore capital investment has increased 28% to $68.3bn in the year, while international capital investment has increased 24% to $93.1bn. This industry investment has driven the Group's Advanced Manufacturing sales growth in the year, coupled with strong defence and medical markets.

Group financial performance

Revenue from the Group's Advanced Manufacturing product lines totalled $112.1m in 2023, compared to $75.1m in 2022. $48.1m of Electronics revenue related to the oil and gas sector, which includes revenue from work for Hunting Titan, and $8.3m was related to non-oil and gas markets, and were predominantly medical and defence-related sales. Dearborn's revenue of $14.0m related to the oil and gas sector, while $42.7m related to non-oil and gas sectors. Further detail on the performance of the business units is noted below.

Product Review continued

EBITDA for the product group was $10.7m compared to $0.9m in the prior year, giving an EBITDA margin of 10% in 2023 compared to 1% in 2022.

The Advanced Manufacturing sales order book at the year-end was $161.5m compared to $137.6m at the 2022 year-end, which represents an increase of 17% in the year.

Advanced Manufacturing – Electronics
During 2023, the Electronics business unit reported a strong ramp up in client orders, as activity levels across the oil and gas sector increased, with the demand for MWD/LWD tools improving throughout the year.

Sales accelerated throughout the year as supply chain constraints eased. However, the business has spent the year, encouraging clients to place orders early, given that certain components remain on a 52+ week delivery time scale. During the year, the business installed new equipment, which enabled volumes to be accelerated through the facility, but also to enable the business to manufacture heavier assemblies that had previously been completed by other vendors. This new equipment also enables other PCB applications to be pursued as part of the wider Hunting 2030 Strategy to diversify its total revenue streams to other high-value end-markets.

The Electronics business has seen strong order flows from Halliburton, Schlumberger and Baker Hughes in the year, as well as Hunting Titan as a key internal customer. As noted above, the business unit has been successful in progressing defence-related sales growth, which is likely to grow strongly in the medium term as defence budgets are increased by Western governments.

Progress has also been made in the area of medical devices, where sales have reached $4.3m in 2023.

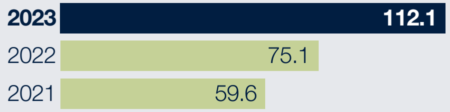
Advanced Manufacturing – Dearborn
The performance and productivity within the Dearborn business unit has improved dramatically from Q2 2023, following the easing of some labour issues that impacted production in 2022. The business also benefited from large increases in facility throughput in the year. In the early part of the year, the business commissioned new equipment. These factors meant that it outperformed management's expectations during the year.

The business continued to complete work for clients such as Halliburton and other international energy services groups in the year. The real success of the business unit in the year has been the increase in its non-oil and gas sales, as well as its total sales order book, to end-markets such as commercial space, defence and power generation.

The business increased work with Solar Turbines in the year for turbine shafts, with Pratt and Whitney for engine shafts; with Blue Origin for accumulator cylinders; as well as SpaceX, where the Group manufactures pistons for rocket landing legs.

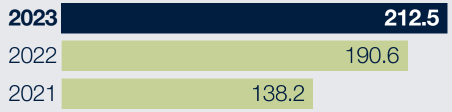
Hunting 2030 Strategy
The Group's non-oil and gas sales, including the Advanced Manufacturing product group, have increased 59% in the year from $47.6m in 2022 to $75.9m in 2023. This result demonstrates strong progress in the past year and keeps Hunting on track to deliver a meaningful diversification by 2030.

Advanced Manufacturing – revenue
$m



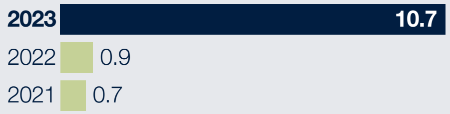
Source: Company

Global drilling capital investment
$bn



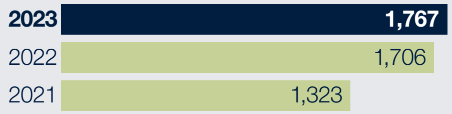
Source: Spears and Associates Drilling and Production Outlook – December 2023

Advanced Manufacturing – EBITDA
$m



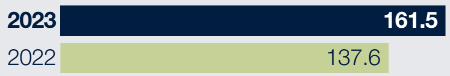
Source: Company.
Non-GAAP Measure see NGM C

Global average rig count
#



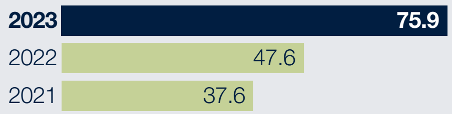
Source: Spears and Associates Drilling and Production Outlook – December 2023

Advanced Manufacturing – sales order book
$m



Source: Company

Non-oil and gas revenue (including Advanced Manufacturing)
$m



Source: Company

Subsea

The Group's Subsea product offering comprises three sub-groups: (i) hydraulic valves and couplings, manufactured by the Stafford business unit; (ii) titanium and steel stress joints, manufactured by the Spring business unit and; (iii) flow access modules and flow intervention systems, manufactured by the Enpro business unit.

Offshore drilling and production capital investment has grown strongly in the past two years, as operators have re-evaluated the long-term, stable production and investment profiles offered by deepwater developments. Further, the offshore segment of the industry has shifted to a business model where end-user operators are more willing to interact with equipment providers further down the supply chain, which has provided opportunities for Hunting to bring its novel technologies into main stream deepwater field developments. This has been an area of success for the Group's titanium stress joint offering, where Hunting has engaged directly with operators ahead of contracts being awarded in South America and the Turkish area of the Black Sea.

Introduction and market overview

The Group's Subsea businesses have reported healthy growth during 2023, as new contract wins coupled with strong investment in offshore projects led to a notable increase in revenue and EBITDA in the year.

Momentum within the Stafford business has been driven by the demand for subsea trees, which is a critical component of deepwater field developments and is a useful market indicator of the ongoing demand for the Group's hydraulic valves and couplings.

The Spring business has seen huge success in rolling out its titanium stress joint technology to Floating Production, Storage and Offloading ("FPSOs") vessels. The investment by clients, such as ExxonMobil, in this technology application has driven the increase in the Subsea sales order book.

The Enpro business started the year slowly, but from mid-year has won a number of large orders as offshore-focused clients have accelerated developments globally.

Global offshore capital investments have increased 28% from $53.5m in 2022 to $68.3m in 2023, with international growth being a key driver in the year.

Group financial performance

Based on this market environment, revenue in the year totalled $98.6m in 2023, compared to $69.0m in 2022, as strong momentum was reported within the Stafford business unit, with the Spring business unit continuing to progress its larger orders for South America. As noted above, the Enpro business had a slower H1 2023, but its performance improved in the second half of the year, as new orders were commenced.

Product Review continued

EBITDA for the product group was $13.7m compared to $3.4m in the prior year, giving an EBITDA margin of 14% in 2023 compared to 5% in 2022.

The order book closed 2023 at a very healthy $152.2m, up from $105.1m at the end of 2022, principally due to another large order for titanium stress joints booked during the year.

Intellectual property
Intellectual property, patents and trade marks totalled 186 in the year, covering 11 product lines across the three major business units noted above.

North America
The Stafford and Spring businesses are both located in Houston, Texas, but service international offshore markets and customers, ranging from South America to West Africa as well as the Gulf of Mexico.

The Stafford business has seen strong demand for its hydraulic coupling and valves in the year from a range of international clients, including Baker Hughes, TechnipFMC and ExxonMobil.

The Spring business has also seen the development of a strong relationship with ExxonMobil in recent years, as the business's titanium stress joints have become the preferred technology for application to FPSOs in Guyana. The business completed stress joints for vessels bound for the YellowTail and Uaru developments, with these contracts to be completed during 2024 and 2025. Work on the Whiptail project will continue into 2026 after being awarded in Q4 2023.

In October 2023, the Group also secured an order with Subsea7 for titanium stress joints, which are to be applied to an FPSO in the Black Sea. This is a new client in a new region for Hunting and the management team is delighted that the Group's stress joint technology is seeing wider adoption.

Europe, Middle East and Africa
Enpro Subsea's Flow Access Modules have seen solid order wins during H2 2023, with clients including Shell and LLOG. These contracts are for the Gulf of Mexico and West Africa.

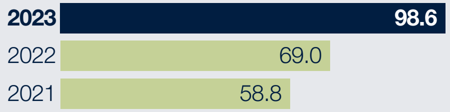
Hunting 2030 Strategy
Subsea is a key area for growth for the Group to the end of the decade, with the industry moving to more modular development plans, along with more standardisation of field designs. This is to ensure total project costs are contained.

The approach of operators to engage with a wider number of suppliers within the offshore supply chain provides opportunities for the Group to leverage its technology and service offering into large, turnkey projects, as demonstrated with the success with ExxonMobil since 2021.

As part of the Hunting 2030 Strategy, the Group will invest in new technologies to build the scale of Hunting's subsea product offering, and to capitalise on the renewed interest in offshore projects.

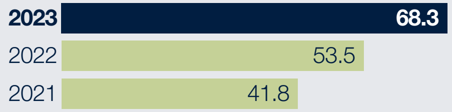
Hunting sees acquisition opportunities in this sub-segment of the market, to increase the scale and products offered by the Group.

Subsea – revenue
$m



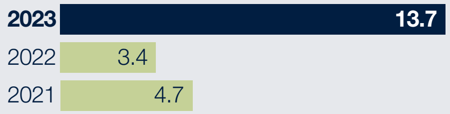
Source: Company

Global offshore capital investment
$bn



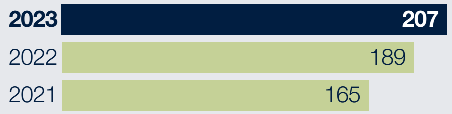
Source: Spears and Associates Drilling and Production Outlook – December 2023

Subsea – EBITDA
$m



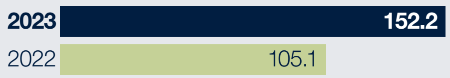
Source: Company.
Non-GAAP Measure see NGM C

Global offshore average rig count
#



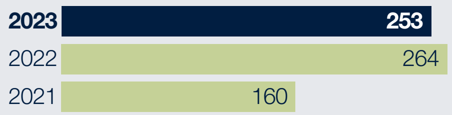
Source: Spears and Associates Drilling and Production Outlook – December 2023

Subsea – sales order book
$m



Source: Company

Global subsea tree demand
#



Source: Rystad Energy

Other Manufacturing

Hunting's Other Manufacturing product group includes the Group's well intervention and well testing offerings, along with trenchless and organic oil recovery businesses.

The well intervention business is serviced from the Group's North America, Europe and Asia Pacific operations.

The Group's European well testing business is also incorporated into this product group, given its differing business model and profile to the other products groups. This business is more focused on European and Middle East markets.

Hunting's Trenchless business unit, which sells drill stems, connections and drill pipe, is also part of the Other Manufacturing product group and forms part of the Group's non-oil and gas sales.

The organic oil recovery business is focused across EMEA, commercialising a licenced technology to optimise reservoir performance and recovery rates and extend the life of the well.

The Group's exploration and production assets also formed part of this product group and, as noted elsewhere, were disposed of in the year, leaving one asset at year-end.

Introduction and market overview
Hunting's Other Manufacturing revenue is predominantly based on oil and gas capital investment, which reported good growth in the year, supporting the sales growth noted below.

Sales of well testing and well intervention equipment have increased in the year, as broad-based investment across the industry increased.

During the year, global industry capital investment increased by 11% from $190.6bn in 2022 to $212.5bn.

Hunting's Trenchless business units reported good sales growth as 5G roll out across the US increased demand for its connections, drill stems and drill pipe.

Product Review continued

Group financial performance
Revenue from the Group's Other Manufacturing product lines totalled $78.8m in 2023, compared to $71.0m in 2022.

EBITDA for the product line was $6.8m compared to $4.2m in the prior year, giving an EBITDA margin of 9% in 2023 compared to 6% in 2022.

The Other Manufacturing sales order book at the year-end was $16.8m, which compares to $15.1m at the 2022 year-end, and represents an increase of 11% in the year.

Well intervention
2023 has seen a notable increase in the sale and rental of well intervention equipment globally. The product line has seen good revenue growth across North America and Europe, benefiting the US Manufacturing and Aberdeen facilities.

Well testing
In the year, the well testing business delivered another year of revenue growth, in-line with the increase in capital investment across the industry.

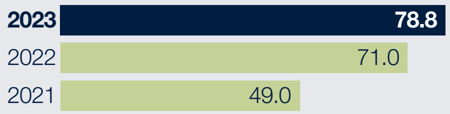
Given the focus on the Middle East for this product line, in August 2023 it was announced the two facilities in the Netherlands were to be combined into a single facility, with well testing assembly to be transferred to Dubai, once the new, larger manufacturing facility has been completed.

Organic oil recovery
The product continued to make progress in 2023, with new trials and field pilots being agreed or commenced by an increasing number of major international energy businesses.

Trenchless
The Trenchless business reported another solid year, supported by the ongoing rollout of 5G across North America. Sales of connections, drill stems and drill pipe have growth compared to 2022, with the outlook for 2024 also strong.

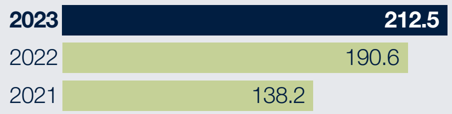
Exploration and production
As noted above, the Group sold all but one of its remaining onshore and offshore assets in the year to streamline Hunting's business profile. The assets were disposed of at net book value, with Hunting being released from future plug and abandonment liabilities.

Other Manufacturing – revenue
$m



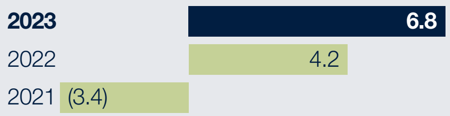
Source: Company

Global drilling capital investment
$bn



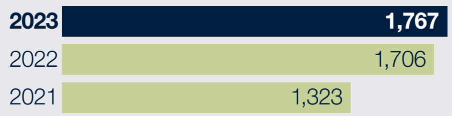
Source: Spears and Associates Drilling and Production Outlook – December 2023

Other Manufacturing – EBITDA
$m



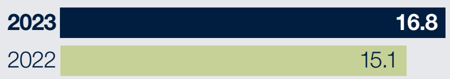
Source: Company.
Non-GAAP Measure see NGM C

Global average rig count
#



Source: Spears and Associates Drilling and Production Outlook – December 2023

Other Manufacturing – sales order book
$m



Source: Company

Operating Segment Review

Hunting Titan

		2023	2022
Market indicators*			
US onshore – average rig count	#	**670**	705
Canada onshore – average rig count	#	**175**	174
Revenue			
Perforating	$m	**93.7**	106.1
Energetics	$m	**70.0**	69.7
Instruments	$m	**72.4**	70.7
Perforating Systems	$m	**236.1**	246.5
OCTG	$m	**6.1**	3.5
Advanced Manufacturing	$m	**8.0**	7.8
External revenue	$m	**250.2**	257.8
Inter-segment revenue	$m	**9.0**	8.2
Segment revenue	$m	**259.2**	266.0
Profitability			
EBITDA**	$m	**21.9**	24.7
EBITDA margin	%	**8**	9
Operating profit	$m	**12.7**	10.3
Adjusting items	$m	**–**	5.6
Adjusted operating profit**	$m	**12.7**	15.9
Adjusted operating margin	%	**5**	6
Other financial measures			
Inventory	$m	**140.5**	122.6
Capital investment**	$m	**3.1**	3.9
Operational			
Headcount (year-end)	#	**622**	656
Headcount (average)	#	**647**	595
Operating sites	#	**4**	5
Service and distribution centres	#	**14**	12
Operational footage	kft²	**659**	651

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

Introduction
The Hunting Titan operating segment focuses predominantly on the US and Canadian onshore drilling and completion markets, but also services international markets from its operating sites in the US.

Hunting Titan has a network of distribution centres throughout the US and Canada from which the majority of the segment's sales are derived. Hunting Titan also utilises the global manufacturing footprint of the wider Group to assist in meeting customer demand and, during the year, the Electronics business unit, which is part of the North America operating segment, continued to manufacture switches on behalf of Hunting Titan.

Segment performance
Hunting Titan's revenue streams are divided into four sub-groups: (i) perforating; (ii) energetics; (iii) instruments; and (iv) advanced manufacturing and OCTG. Perforating gun sales decreased by $12.4m in the year while energetics sales remained flat at $70.0m reflecting the slower US market. This was offset by an increase in instrument sales of $1.7m compared to 2022.

Segment revenue was down 3% in 2023 at $259.2m (2022 – $266.0m), as the decline in the average WTI crude oil price, higher interest rates and the lower average US rig count dampened activity across North America during the year. Offsetting this domestic performance, Hunting Titan's international sales increased from $33.6m in 2022 to $45.0m in 2023, as demand for perforating products increased within Asia Pacific, the Middle East and South America.

EBITDA for the year was $21.9m (2022 – $24.7m) leading to an EBITDA margin of 8% compared to 9% in 2022.

Operating profit for the year was $12.7m (2022 – $10.3m), and given there were no adjusting items in the year, the adjusted operating profit was $12.7m (2022 – $15.9m). In 2022, the adjusting item of $5.6m was in respect of legal fees arising on defending a patent infringement claim.

Given the slower US onshore drilling market, inventory levels within the segment increased from $122.6m in 2022 to $140.5m in 2023.

Hunting Titan recorded capital investment of $3.1m (2022 – $3.9m) mainly relating to new equipment purchases for the Milford and Pampa facilities, including further expansion of detonation cord capacity.

The segment capitalised $2.2m (2022 – $1.0m) research and development costs in the year. This predominantly related to the development of the H-4 Perforating System™ and new energetics charges launched in the year.

Operating footprint and headcount
During the year, the Oklahoma City operating site was closed, following the investment at the Pampa and Monterrey operating sites. The Group retains a distribution centre in Oklahoma City to service clients in the immediate area.

During the year, the Group opened a distribution centre in Grande Prairie, Canada to service clients in this region with its H-4 Perforating System™ and Pre-Loaded Guns.

At the year-end, Hunting Titan operated from four operating sites and 14 distribution centres, located in Canada, Mexico and the US.

Headcount within the segment decreased from 656 in 2022 to 622 in 2023, predominantly due to the facility consolidation noted above.

Operating Segment Review continued

North America

		2023	2022
Market indicators*			
US onshore – average rig count	#	**670**	705
US offshore – average rig count	#	**19**	15
US – total drilling spend	$bn	**102.5**	100.8
Canada onshore – average rig count	#	**175**	174
Canada – total drilling spend	$bn	**16.8**	14.8
Revenue			
OCTG	$m	**192.4**	154.3
Advanced Manufacturing	$m	**104.1**	67.3
Other Manufacturing	$m	**42.8**	34.5
External revenue	$m	**339.3**	256.1
Inter-segment revenue	$m	**35.4**	24.6
Segment revenue	$m	**374.7**	280.7
Profitability			
EBITDA**	$m	**54.2**	26.7
EBITDA margin	%	**14**	10
Operating profit	$m	**34.1**	9.2
Adjusting items	$m	**–**	–
Adjusted operating profit**	$m	**34.1**	9.2
Adjusted operating margin	%	**9**	3
Other financial measures			
Inventory	$m	**107.8**	90.4
Capital investment**	$m	**14.5**	6.3
Operational			
Headcount (year-end)	#	**900**	818
Headcount (average)	#	**868**	760
Operating sites	#	**10**	10
Service and distribution centres	#	**2**	2
Operational footage	kft^2	**1,142**	1,136

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

Introduction
Hunting's North America operating segment incorporates the US and Canada OCTG businesses, and the Dearborn and Electronics businesses which form the majority of the Group's Advanced Manufacturing product lines. The segment generates a large proportion of the Group's non-oil and gas sales, which includes the Advanced Manufacturing group and the Trenchless business unit that services the telecommunications sector, which is reported under 'Other Manufacturing'.

Segment performance
Revenue within the North America operating segment is derived from three primary product groups being: (i) OCTG, which incorporates premium connection and accessories manufacturing; (ii) Advanced Manufacturing, which incorporates the Electronics and Dearborn business units; and (iii) Other Manufacturing, which incorporates well intervention and trenchless sales.

The segment's OCTG revenue has benefited from strong well completion sales into Guyana and Brazil during the year, as offshore developments have accelerated throughout the period. Sales of the Group's TEC-LOCK™; SEAL-LOCK™ and TKC4040™ connections have been strong as activity in North and South America has strengthened in the year, leading to a $38.1m increase in revenue in 2023 compared to 2022.

The Electronics business reported good growth, as traditional oil and gas sales, as well as medical device, other non-oil and sales and inter-company sales to Titan continued in the year. The Dearborn business reported a strong improvement in performance during 2023, as new equipment was installed and efforts to increase non-oil and gas revenue also were captured. Overall, Advanced Manufacturing revenue increased by $36.8m in the year compared to 2022.

Other Manufacturing revenue, increased by $8.3m, supported by improving well intervention sales and a steady performance from the trenchless business unit.

Overall, segment revenue was up by 33% from $280.7m in 2022 to $374.7m in 2023.

EBITDA for the segment was $54.2m (2022 – $26.7m) as activity increased in all product lines. This has led to an EBITDA margin of 14% compared to 10% in 2022. Operating profit and adjusted operating profit for the year were $34.1m (2022 – $9.2m), as there were no adjusting items in either year.

Inventory levels within the segment increased from $90.4m in 2022 to $107.8m, as new orders were commenced, particularly within the Electronics and US Manufacturing businesses.

The North America operating segment recorded capital investment of $14.5m (2022 – $6.3m) mainly relating to new equipment purchases and upgrades at the segment's Dearborn and US Manufacturing businesses.

The segment spent $4.1m (2022 – $4.3m) on research and development in the year, including spend to support the development and qualification of premium connections for application to geothermal and carbon capture projects.

Operating footprint and headcount
During the year, the operating footprint of the segment remained unchanged, with ten operating sites and two distribution centres at year-end. With the increase in activity reported across most product lines, the headcount within the segment increased from 818 in 2022 to 900 in 2023, predominantly within the Dearborn and US Manufacturing (OCTG) sites.

Operating Segment Review continued

Subsea Technologies

		2023	2022
Market indicators*			
Global offshore – average rig count	#	**207**	189
Global offshore – total drilling spend	$bn	**68.3**	53.5
Revenue			
Stafford – Couplings and valves	$m	**42.1**	34.1
Spring – Stress joints	$m	**49.1**	25.0
Enpro – Flow access modules & Flow intervention systems	$m	**7.4**	9.9
External revenue	$m	**98.6**	69.0
Inter-segment revenue	$m	**–**	–
Segment revenue	$m	**98.6**	69.0
Profitability			
EBITDA**	$m	**13.7**	3.4
EBITDA margin	%	**14**	5
Operating profit (loss)	$m	**8.0**	(8.1)
Adjusting items	$m	**–**	7.0
Adjusted operating profit (loss)**	$m	**8.0**	(1.1)
Adjusted operating margin	%	**8**	(2)
Other financial measures			
Inventory	$m	**25.4**	18.3
Capital investment**	$m	**1.2**	0.9
Operational			
Headcount (year-end)	#	**196**	155
Headcount (average)	#	**180**	149
Operating sites	#	**3**	3
Operational footage	kft²	**188**	188

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

Introduction
The Subsea Technologies operating segment was formed on 1 January 2023 and comprises three business units: (i) Stafford, which manufactures hydraulic valves and couplings; (ii) Spring, which manufactures titanium and steel stress joints; and (iii) Enpro which manufactures flow access modules and flow intervention systems.

These businesses occupy different parts of the offshore / subsea equipment supply chain, with customers ranging from tier one OEMs to exploration and production companies.

The segment operates from three facilities, two being located in the US and one in Scotland, UK.

Segment performance
With the increase in global offshore drilling spend noted on pages 24 and 25, revenue with the Subsea Technologies operating segment has increased 43% in the year, from $69.0m in 2022 to $98.6m in 2023.

The Stafford business unit has reported an $8.0m increase in revenue in the year, supported by new deepwater developments being progressed globally. The business reported record levels of sales in October and November 2023, which were similar to revenue reported in 2014, supporting the view that offshore investment is a key area of development for the global energy industry.

The Spring business unit has continued to grow its market share in the supply of steel and titanium stress joints for application to Floating Production, Storage and Offtake vessels and in the year revenue nearly doubled from $25.0m in 2022 to $49.1m in 2023.

The Enpro business unit reported a slow 2023, with revenue decreasing by $2.5m in 2023 compared to the prior year. However, a number of new orders were received in H2 2023, with the unit finishing the year with the largest backlog in its history.

EBITDA for the segment was $13.7m (2022 – $3.4m) as key contracts were progressed and operating efficiencies were improved on the back of increased volumes and stronger pricing. This has led to an EBITDA margin of 14% compared to 5% in 2022.

Operating profit for the year was $8.0m (2022 – $8.1m loss). The adjusted operating profit was $8.0m (2022 – $1.1m loss), with 2022 including a $7.0m adjustment for impairment of goodwill in Enpro.

Inventory levels within the segment increased from $18.3m in 2022 to $25.4m, as new orders were commenced, particularly within the Spring business unit.

During the year, the Subsea Technologies operating segment recorded capital investment of $1.2m (2022 – $0.9m) mainly relating to new equipment purchases at the Stafford facility.

Operating footprint and headcount
During the year, the operating footprint of the segment remained unchanged. The segment's Westhill operating site was merged into the Group's Badentoy, Aberdeen facility to save overhead costs, in January 2024.

Headcount within the segment increased from 155 in 2022 to 196 in 2023, reflecting the higher activity levels reported across the operating segment.

Operating Segment Review continued

EMEA

		2023	2022
Market indicators*			
Europe – average rig count	#	**96**	74
Europe – spend	$bn	**15.8**	14.1
North Sea – average rig count	#	**30**	30
North Sea – spend	$bn	**14.5**	13.0
Middle East – spend	$bn	**21.8**	19.0
Revenue			
OCTG	$m	**46.5**	32.4
Perforating Systems	$m	**7.7**	5.4
Other Manufacturing	$m	**32.5**	31.5
External revenue	$m	**86.7**	69.3
Inter-segment revenue	$m	**1.5**	2.2
Segment revenue	$m	**88.2**	71.5
Profitability			
EBITDA**	$m	**1.7**	(2.1)
EBITDA margin	%	**2**	(3)
Operating loss	$m	**(2.3)**	(6.0)
Adjusting items	$m	**–**	–
Adjusted loss**	$m	**(2.3)**	(6.0)
Adjusted operating margin	%	**(3)**	(8)
Other financial measures			
Inventory	$m	**28.1**	23.6
Capital investment**	$m	**2.4**	0.7
Operational			
Headcount (year-end)	#	**270**	247
Headcount (average)	#	**261**	226
Operating sites	#	**7**	7
Operational footage	kft²	**279**	236

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

Introduction

Hunting's EMEA operating segment comprises businesses in the Netherlands, Norway, Saudi Arabia, UAE and UK. The segment provides OCTG (including threading, storage and accessories manufacturing) in the Netherlands, Saudi Arabia and the UK. In the UAE the Group operates an equipment assembly function for well testing and intervention products as well as a global sales office for all of the Group's product lines and operates a service and distribution function in Norway. The Group's operations in Saudi Arabia are through a 65% joint venture arrangement with Saja Energy.

Segment performance

Revenue within the EMEA operating segment is derived from three primary product groups being: (i) OCTG, incorporating premium connection and accessories manufacturing; (ii) Perforating Systems, supporting the sales of products on behalf of Hunting Titan; and (iii) Other Manufacturing, which incorporates well intervention, well testing and organic oil recovery sales.

OCTG revenue has benefited strongly from the Tubacex contract, which is for an offshore, deep water project in Brazil. Within OCTG revenue, $4.2m of sales have been derived from energy transition / geothermal projects, which were completed for clients in the Netherlands. OCTG accessories revenue has also increased in Saudi Arabia as activity in the country increased throughout the year. Overall, OCTG revenue has increased by $14.1m in 2023 compared to the prior year.

Sales of Perforating Systems have also increased in the year, as demand for Hunting Titan's components increased across the Middle East and in Norway. Revenue from this product group increased $2.3m in the year.

Other Manufacturing, which includes well intervention sales and rental in addition to well testing and organic oil recovery sales have increased by $1.0m during the year to $32.5m. This includes $1.0m of non-oil and gas revenue for the sale of trenchless products.

EBITDA for the segment was $1.7m (2022 – $2.1m loss) as the activity noted above increased across most product lines. This has led to an EBITDA margin of 2% compared to (3)% in 2022.

The operating loss and adjusted operating loss narrowed to $2.3m loss (2022 – $6.0m loss). There were no adjusting items in either year.

Inventory levels within the segment increased from $23.6m in 2022 to $28.1m, as new orders were commenced, particularly in respect of the Tubacex contract.

During the year, the EMEA operating segment recorded capital investment of $2.4m (2022 – $0.7m) mainly relating to new equipment purchases at the segment's Badentoy facility.

Operating footprint and headcount

During the year, the operating footprint of the segment remained unchanged, with seven operating sites at the year-end.

In August 2023, the Group announced the consolidation of facilities in the Netherlands from two to one operating sites. Well testing assembly is being transferred to the UAE, where a new larger facility is currently being built and will be opened towards the end of 2024.

The headcount within the segment increased from 247 in 2022 to 270 in 2023.

Operating Segment Review continued

Asia Pacific

		2023	2022
Market indicators*			
Far East – spend	$bn	**24.8**	17.5
Middle East – spend	$bn	**21.8**	19.0
Revenue			
OCTG	$m	**150.8**	68.6
Other Manufacturing	$m	**3.5**	5.0
External revenue	$m	**154.3**	73.6
Inter-segment revenue	$m	**3.3**	6.8
Segment revenue	$m	**157.6**	80.4
Profitability			
EBITDA**	$m	**11.5**	(0.7)
EBITDA margin	%	**7**	(1)
Operating profit (loss)	$m	**8.5**	(3.4)
Adjusting items	$m	**–**	–
Adjusted operating profit (loss)**	$m	**8.5**	(3.4)
Adjusted operating margin	%	**5**	(4)
Other financial measures			
Inventory	$m	**29.2**	19.3
Capital investment**	$m	**2.2**	2.6
Operational			
Headcount (year-end)	#	**346**	309
Headcount (average)	#	**324**	301
Operating sites	#	**3**	3
Operational footage	kft^2	**540**	531

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

Introduction
Hunting's Asia Pacific operating segment covers three operating facilities across China, Indonesia and Singapore and services customers predominantly in Africa, Asia Pacific, India and the Middle East.

In Singapore, Hunting manufactures OCTG premium connections and accessories and well intervention equipment. The Group's Indonesia facility also completes threading and accessories work. In China, the Group operates from a facility in Wuxi, which has OCTG threading and perforating gun manufacturing capabilities.

Segment performance
Revenue within the Asia Pacific operating segment is derived from two primary product groups being: (i) OCTG, which incorporates premium connection and accessories manufacturing; and (ii) Other Manufacturing, which incorporates well intervention manufacturing.

Revenue increased significantly in 2023, growing by 96% to $157.6m, from $80.4m in 2022. This is primarily due to OCTG product revenue which has grown strongly during 2023, following the significant CNOOC order win which was secured in August 2022, followed by a $91m order from Cairn Oil and Gas, Vedanta Limited, which is a three-year contract, and was announced in May 2023. Both contracts utilises China-sourced OCTG, with Hunting applying its SEAL-LOCK™ premium connection technology to this pipe.

EBITDA for the segment was $11.5m (2022 – $0.7m loss) due to a combination of the increased activity, pricing and operating leverage. This has led to an EBITDA margin of 7% compared to (1)% in 2022.

Operating profit and adjusted operating profit for the year was $8.5m (2022 – $3.4m loss), as there were no adjusting items in either year.

Inventory levels within the segment increased from $19.3m in 2022 to $29.2m, as new orders were commenced, particularly in respect to the CNOOC and Cairn Oil and Gas contracts.

During the year, the Asia Pacific operating segment recorded capital investment of $2.2m (2022 – $2.6m) mainly relating to new equipment purchases at the segment's Singapore and Wuxi facilities.

Operating footprint and headcount
During the year, the operating footprint of the segment remained unchanged, with three operating sites at year-end.

The headcount within the segment increased from 309 in 2022 to 346 in 2023, in support of the large OCTG orders secured during the year.

India joint venture
The segment has Group oversight of the Jindal Hunting Energy Services joint venture in India, in which Hunting holds a 49% interest. In September 2023, a state-of-the-art premium connection threading facility was opened in Nashik Province, which has capacity for 60,000 metric tonnes of OCTG per annum.

Group Financial Review

The Group delivered strong operational performance in 2023 reporting growth in revenue, operating profit and earnings, following a return to profitability in 2022. This was driven by heightened industry activity and was achieved despite more subdued commodity prices during the year, demonstrating the robust demand for the Group's diverse portfolio of products.

Financial performance measures

The following are financial key performance indicators as identified on page 12.

	2023 $m	2022 $m
Revenue	**929.1**	725.8
EBITDA (NGM C)	**103.0**	52.0
EBITDA margin[i]	**11%**	7%
Adjusted profit before tax[ii] (NGM B)	**50.0**	10.2
Adjusted diluted earnings per share – cents[ii] (NGM B)	**20.3c**	4.7c
Free cash flow[iii] (NGM P)	**(0.5)**	(60.4)
Total cash and bank (NGM K)	**(0.8)**	24.5
Dividend per share declared – cents (NGM Q)	**10.0c**	9.0c
Sales order book (note 23)	**565.2**	473.0

Financial performance measures derived from IFRS

	2023 $m	2022 $m
Operating profit	**61.0**	2.0
Profit/(loss) before tax	**50.0**	(2.4)
Diluted earnings/(loss) per share – cents	**70.0c**	(2.8c)
Net cash inflow/(outflow) from operating activities	**49.3**	(36.8)

i. EBITDA as a percentage of revenue.
ii. Results are presented on a statutory basis as reported under UK adopted International Financial Reporting Standards. Adjusted results reflect adjusting items determined by management, which are described in Non-GAAP Measures ("NGM") on pages 239 to 244.
iii. Free cash flow in 2022 has been restated to include capital investment and intangible asset investment, see NGM P for further details.

Group Financial Review continued

Group revenue increased by 28% in 2023 to $929.1m, from $725.8m in 2022, buoyed by market momentum, notably in South America and Asia Pacific where drilling activity improved.

All operating segments delivered growth in revenue, with the exception of Hunting Titan where demand for Perforating Systems was impacted by a reduction in the North American rig count. There was particularly strong growth in the North America and Asia Pacific operating segments where demand for the Group's OCTG products accelerated in response to the increased activity in these regions. The newly formed Subsea Technologies operating segment benefited from growth in offshore drilling activity and the continued progress in sales of its titanium and steel stress joints. Additionally, in North America the Group's Advanced Manufacturing businesses reported strong revenue growth including the expansion of non-oil and gas sales, which now account for 8% of total Group revenue, up from 7% in 2022.

Gross margin improved by one percentage point, increasing to 25%, primarily from improvements in the Advanced Manufacturing and Subsea product groups.

With increased efficiencies and improved operating leverage, operating expenses as a percentage of revenue improved from 23% to 18%, and EBITDA nearly doubled compared to 2022, and at $103.0m (2022 – $52.0m) represents an EBITDA margin of 11%, up from 7% in 2022.

The Group's activities were further streamlined in 2023 with the disposal of Hunting's legacy oil and gas production assets, together with the closure of the Oklahoma manufacturing facility in the US. In 2024, further efficiencies will be gained with the consolidation of facilities in the Netherlands.

The improvement to EBITDA has driven operating profit performance, and also the adjusted diluted earnings per share, which at 20.3 cents, compared to 4.7 cents in 2022, improved by 332%.

Cash generation has been a focus as revenue growth through 2022 and 2023 has placed demands on increased levels of working capital. This focus can be seen in the cash performance of the Group in the second half of 2023. While working capital (NGM E) increased during the year from $362.8m in 2022 to $415.9m, it has reduced by $30.0m during H2 2023.

The Company's definition of free cash flow has been revised in 2023 and now includes capital investment and intangible asset investment. Free cash outflow in 2023 was $0.5m, compared to a $60.4m outflow in the prior year. Of note was the $59.0m inflow delivered in the second half of the year. Total cash and bank finished the year at $(0.8)m, following the movements noted above. There is more work to do to further improve our working capital efficiency and overall cash generation, and this is a priority for 2024.

The balance sheet at the end of 2023 was strong. There was an increase in non-current assets following continued capital and intangible asset investment in the Group of $34.6m (2022 – $22.0m) to support the growth outlook.

As part of the year-end procedures and following detailed analysis, the Group has recognised $83.1m of previously unrecognised deferred tax assets in the US, driven by the increased forecast profitability across the US businesses.

Whilst capital employed was up, profitability grew by a greater extent, resulting in an improvement in return on average capital employed from 1% in 2022 to 6% in 2023 (NGM S).

Operating results
Summary Group operating results

	2023 $m	2022 $m
Revenue	**929.1**	725.8
Cost of sales	**(701.4)**	(554.4)
Gross profit	**227.7**	171.4
Selling and distribution costs	**(49.3)**	(46.1)
Administrative expenses	**(119.8)**	(124.9)
Net operating income and other expenses	**2.4**	1.6
Operating profit	**61.0**	2.0
Adjusting items[i] (NGM A)	**–**	12.6
Adjusted operating profit[i] (NGM B)	**61.0**	14.6
EBITDA (NGM C)	**103.0**	52.0
Diluted earnings/(loss) per share – cents (note 10)	**70.0c**	(2.8)c
Adjusted diluted earnings per share – cents[i] (NGM B)	**20.3c**	4.7c

i. Results are presented on a statutory basis as reported under UK adopted International Financial Reporting Standards. Adjusted results reflect adjusting items determined by management, which are described in Non-GAAP Measures ("NGM") on pages 239 to 244.

Cash returns to shareholders also increased during the year to $15.0m (2022 – $13.6m) and, following the strong performance of the Group in the year, the Board has proposed an increase in the full year dividend of 11% to 10.0 cents per share.

Hunting is well positioned for 2024 and beyond, with a record sales order book of $565.2m at the year-end, compared to $473.0m in 2022, following material OCTG and Subsea order wins. It is expected that $444.5m of the order book will be recognised as revenue in 2024.

Revenue
Revenue for 2023 increased by 28% to $929.1m (2022 – $725.8m) reflecting the accelerated industry activity during the year, particularly in South America, as drilling in Guyana and Brazil expanded, and in Asia Pacific, where drilling in India and the Middle East gathered momentum. Performance was particularly strong within the North America, Subsea Technologies and Asia Pacific operating segments driven by growth in the OCTG, Subsea and Advanced Manufacturing product lines, partially offset by some softness in Hunting Titan's perforating system sales, due in part to a reduction in the North American rig count. There was also growth in non-oil and gas revenue of 59% from $47.6m in 2022 to $75.9m in 2023.

Gross profit
Gross profit for the year increased to $227.7m compared to $171.4m in 2022 driven by higher revenue and facility utilisation, leading to a better absorption of overheads. Gross margin was 25% in the year (2022 – 24%) as product mix, increased pricing and higher utilisation of facilities provided a healthier drop through to profit.

Group Financial Review continued

Operating profit
Following the charges for selling and distribution, administration, and other net operating income and expenses totalling $166.7m (2022 – $169.4m), operating profit in 2023 was $61.0m compared to $2.0m in 2022.

Selling and distribution costs increased by $3.2m to $49.3m (2022 – $46.1m) reflecting the increased level of activity across the Group. Administrative expenses were down from $124.9m in 2022 to $119.8m in 2023. 2022 included $12.6m relating to one-off adjusting items, see below. Excluding these items, the 7% increase in administrative expenses reflects further investment in support functions and infrastructure to underpin the growth agenda.

Profit/(loss) before tax
Net finance expense amounted to $10.4m (2022 – $1.7m) with the higher expense reflecting the interest paid on the utilisation of the Asset Based Lending ("ABL") facility during the year.

The Group's share of associates' and joint ventures' results in the year was a loss of $0.6m, reduced from a loss of $2.7m in 2022, reflecting an improved performance within Rival Downhole Tools. With the mobilisation of the joint venture with Jindal SAW during the year, the Group's share of associates' and joint ventures' results will be presented within operating profit and EBITDA from 1 January 2024.

Following these charges, the Group's profit before tax was $50.0m (2022 – $2.4m loss).

Taxation
The tax credit for the year was $69.0m (2022 – $1.3m charge) resulting in an effective tax rate ("ETR") of (138)% compared to (54)% in 2022. The adjusted ETR provides a more meaningful comparison of the year-on-year position, which is discussed below. The Group's ETR is significantly different to that which might be expected when applying the weighted average tax rate of 23% to the profits made by the Group. The main driver of this difference relates to an adjusting tax credit of $83.1m that arose from the recognition of previously unrecognised deferred tax assets in the US. Due to the increased profitability in the region, the criteria for the recognition of the deferred tax assets was met in the period.

Profit/(loss) for the year
Following the tax, the profit for the year was $119.0m (2022 – $3.7m loss), with a profit of $117.1m (2022 – $4.6m loss) attributable to Hunting's shareholders.

Earnings/(loss) per share
Diluted earnings per share were 70.0 cents, up from a 2.8 cents loss per share in 2022. There were 167.3m (2022 – 170.1m) weighted average Ordinary shares in issue, inclusive of all dilutive potential Ordinary shares.

Non-GAAP profit measures
The Board continues to monitor the Group's progress using adjusted profitability measures and reviews and approves the adjusting items proposed by management, as the Group believes these adjusted measures aid the comparison of the Group's operating performance from one period to the next. The Group's adjusted trading results have been highlighted throughout this review, with reconciliations between the statutory and adjusted results detailed in NGM B. The definition and calculation of a range of other NGMs including EBITDA, total cash and bank, working capital, free cash flow and ROCE can be found on pages 239 to 244.

EBITDA of $103.0m nearly doubled compared to $52.0m in 2022, demonstrating the increased strength of global energy markets and the overall demand for the Group's diverse product portfolio. As a result, EBITDA margin improved to 11% (2022 – 7%). The definition and calculation of EBITDA is shown in NGM C.

There were no adjusting items impacting operating profit in 2023. Therefore, adjusted operating profit and adjusted profit before tax were the same as the corresponding statutory results.

In 2022, following the annual review of goodwill, an impairment charge of $7.0m was recognised in relation to Enpro Subsea. Hunting also incurred legal fees of $5.6m defending a claim made by a competitor against the Group relating to a patent infringement. These adjustments, which impacted operating profit, totalled $12.6m. For further information, please see NGM A.

Adjusted operating profit in 2022 was $14.6m after adding back the adjusting items of $12.6m, which equated to an adjusted profit before tax of $10.2m. Adjusted operating margin in 2023 was 7% compared to 2% in 2022.

There was one adjusting item in 2023 relating to the tax credit of $83.1m in relation to the recognition of US deferred tax assets in the year. As detailed in NGM D, the adjusted tax charge for the year was, therefore, $14.1m, with an adjusted ETR of 28% (2022 – 13%).

The impact on diluted earnings per share of the adjustment to the tax charge was a reduction of 49.7 cents per share to 20.3 cents (2022 – 4.7 cents) for the year.

Revenue
$929.1m
(2022 – $725.8m)

Operating profit
$61.0m
(2022 – $2.0m)

"With revenue growth combined with increased efficiencies and improved operating leverage, EBITDA nearly doubled to $103.0m."

Group Financial Review continued

Operating segment, product line financial data and sales order book

The Hunting business is organised and managed by segment but has a consistent product structure that runs across the organisation.

In order to provide better insight and visibility, management has provided additional information for revenue and EBITDA by product group, which clarifies the relationship between Hunting's operating segments and key product groups.

The Group's sales order book has increasingly become a more meaningful measure for shareholders to monitor the Company's trading outlook.

Management therefore presents below the sales order book of the Group, as at 31 December 2023, by operating segment and product group to assist in the outlook for the medium term.

The sales order book comprises the value of all unsatisfied orders from customers and is expected to be recognised as revenue in future periods. The sales order book represents the aggregate amount of the transaction price allocated to partially or fully unsatisfied performance obligations, as defined in IFRS 15 Revenue from Contracts with Customers (note 23).

The Group sales order book continued to grow and was a record $565.2m at 31 December 2023, up 19% from $473.0m at 31 December 2022, following several material order wins within the Subsea and OCTG product groups.

The sales order book comprises 2% Perforating Systems (2022 – 4%); 39% OCTG (2022 – 42%); 29% Advanced Manufacturing (2022 – 29%); 27% Subsea (2022 – 22%) and 3% Other Manufacturing (2022 – 3%).

Of this order book, approximately 79% is expected to be recognised as revenue in 2024, 10% during 2025 and 11% from 2026 onwards, underlying the changing profile of Hunting's revenue visibility.

Detailed commentary on the financial performance of each operating segments can be found on pages 50 to 54.

Detailed commentary on the financial performance of Hunting's product groups can be found on pages 40 to 49.

Segmental operating results

	2023				2022			
	Revenue $m	**EBITDA[i] $m**	**Adjusted operating result[ii] $m**	**Sales order book $m**	Revenue $m	EBITDA[i] $m	Adjusted operating result[ii] $m	Sales order book $m
Hunting Titan	**259.2**	**21.9**	**12.7**	**20.3**	266.0	24.7	15.9	33.0
North America	**374.7**	**54.2**	**34.1**	**298.8**	280.7	26.7	9.2	251.7
Subsea Technologies	**98.6**	**13.7**	**8.0**	**152.2**	69.0	3.4	(1.1)	105.1
EMEA	**88.2**	**1.7**	**(2.3)**	**31.1**	71.5	(2.1)	(6.0)	35.1
Asia Pacific	**157.6**	**11.5**	**8.5**	**142.8**	80.4	(0.7)	(3.4)	110.4
Inter-segment elimination	**(49.2)**	**–**	**–**	**(80.0)**	(41.8)	–	–	(62.3)
	929.1	**103.0**	**61.0**	**565.2**	725.8	52.0	14.6	473.0

i. EBITDA is a non-GAAP measure, see NGM C.
ii. Results are presented on a statutory basis as reported under UK adopted International Financial Reporting Standards. Adjusted results reflect adjusting items determined by management, which are described in NGM A.

Results by product group

	2023			2022		
	Revenue $m	**EBITDA[i] $m**	**Sales order book $m**	Revenue $m	EBITDA[i] $m	Sales order book $m
Perforating Systems	**243.8**	**25.1**	**12.7**	251.9	27.3	18.7
OCTG	**395.8**	**46.7**	**222.0**	258.8	16.2	196.5
Advanced Manufacturing	**112.1**	**10.7**	**161.5**	75.1	0.9	137.6
Subsea	**98.6**	**13.7**	**152.2**	69.0	3.4	105.1
Other Manufacturing[ii]	**78.8**	**6.8**	**16.8**	71.0	4.2	15.1
	929.1	**103.0**	**565.2**	725.8	52.0	473.0

i. EBITDA is a non-GAAP measure, see NGM C.
ii. Other Manufacturing now includes the previously disclosed Well Intervention product group.

Group funding

The Group's primary source of funding is through the $150.0m Asset Based Lending ("ABL") facility, which is in place until February 2026.

An accordion feature of up to $50.0m has also been agreed and providing there is lender support to do so at the appropriate time, this feature allows the Company to increase the total facility quantum to $200.0m.

The ABL was drawn down during 2023 due to investment in working capital to support the increased activity. The closing ABL borrowing position was $44.9m and, together with bank overdrafts of $1.4m, was offset by $45.5m of cash held across the Group. Of this cash holding, $24.3m is in China.

Sales order book

$565.2m

(2022 – $473.0m)

"The Group sales order book grew by 19% and was a record at 31 December 2023."

The collateral reporting cycle for the period ending 30 November 2023, which determined availability under the ABL facility at 31 December 2023, delivered applicable asset values amounting to $151.1m (2022 – $158.0m). The difference between the total facility quantum available to the Group under the ABL (i.e. $150.0m) and the applicable asset values was $1.1m (2022 – $8.0m). This suppressed availability represents the amount of over collateralisation provided by the Group and means that the entire $150.0m remains available for utilisation by the Group.

It is management's view that the ABL remains resilient and continues to provide a strong foundation on which the strategic growth aspirations of the Group may be established.

Further details relating to the ABL and the other facilities, as well as information on the Group's financial risk management are disclosed in note 30.

Consideration of the likelihood that the Group will require access to the facilities, or any other sources of external funding, to support our existing operations in the next 12 months are covered in the going concern assessment on page 107.

Cash flow

After adding non-cash share-based payment charges back to EBITDA, the resulting cash inflow in 2023 was $116.5m (2022 – $61.9m).

The outflow relating to working capital in 2023 was $55.0m (2022 – $86.6m) reflecting the continued growth in activity across the Group. Hunting is measuring balance sheet efficiency using working capital as a percentage of annualised revenue.

Summary Group cash flow statement

	2023 $m	2022[i] $m
EBITDA (NGM C)	**103.0**	52.0
Add: share-based payment expense	**13.5**	9.9
	116.5	61.9
Working capital movements (NGM M)	**(55.0)**	(86.6)
Lease payments	**(10.4)**	(8.0)
Net interest and bank fees paid	**(7.3)**	(2.9)
Net tax paid	**(9.1)**	(3.9)
Capital investment (NGM N)	**(23.7)**	(16.4)
Intangible asset investment	**(10.9)**	(5.6)
Proceeds from asset disposals	**1.9**	9.0
Net gains on asset disposals	**(1.7)**	(2.8)
Legal fees to defend patent infringement claim	**–**	(5.6)
Other operating and non-cash movements (NGM O)	**(0.8)**	0.5
Free cash flow (NGM P)	**(0.5)**	(60.4)
Investment in associates and joint ventures	**(1.6)**	(3.5)
Dividends received from associates	**0.6**	–
Dividends paid to equity shareholders	**(15.0)**	(13.6)
Net purchase of treasury shares	**(8.7)**	(7.7)
Net cash flow	**(25.2)**	(85.2)
Foreign exchange	**(0.1)**	(4.5)
Movement in total cash and bank (note 26)	**(25.3)**	(89.7)
Opening total cash and bank	**24.5**	114.2
Closing total cash and bank (NGM K)	**(0.8)**	24.5

i. Free cash flow in 2022 has been restated to include capital investment and intangible asset investment, see NGM P for further details.

Whilst significant progress was made in the second half of 2023, with working capital reducing by $30.0m, our closing ratio as a percentage of annualised revenue of 46% is slightly down on the position at the end of 2022 of 44% (NGM E).

Supporting measures of working capital have also been a focus. Inventory days moved from 159 days at 31 December 2022 to 175 days at 31 December 2023 (NGM F), reflecting inventory build in support of both the current order book, and in Titan for future orders. Receivables days have increased slightly to 89 days compared to 84 days at 31 December 2022 (NGM G) reflecting the changing product mix, with OCTG typically having slightly longer payment terms than Perforating Systems. Payables days have remained consistent moving from 50 days to 49 days (NGM H). In addition, Hunting has reduced its payments on account to suppliers from $23.7m in 2022 to $12.4m at the end of 2023, and increased its advances from customers from $8.8m in 2022 to $31.0m at the end of 2023.

During the year, the Group's leasing arrangements gave rise to cash payments of $10.4m (2022 – $8.0m), with the majority of the increase attributable to a one-off payment made to exit a lease for a surplus property in Canada.

Group Financial Review continued

Net interest and bank fees paid in the period were higher at $7.3m (2022 – $2.9m), mainly due to interest paid on the borrowings under the ABL facility. 2022 included $3.0m relating to ABL fees paid, which were capitalised on the balance sheet.

Net tax payments of $9.1m were made in 2023 (2022 – $3.9m), reflecting the Group's improved operating results during the year.

We continued to invest in the business with capital investment in the year totalling $23.7m (2022 – $16.4m). Hunting Titan spent $3.1m, mostly on new plant and machinery; $14.5m was in North America, with $6.1m spent by Dearborn and $4.5m spent by US Manufacturing on new machines and upgrades; $1.2m was in Subsea Technologies on new machines; $2.4m was in EMEA, $2.2m by Asia Pacific; and $0.3m centrally.

Intangible asset investments in the year were $10.9m (2022 – $5.6m), with $7.0m incurred on software and the continued roll out of the D365 ERP system, and $2.2m by Hunting Titan on internally generated technology.

Proceeds from the disposal of assets totalled $1.9m (2022 – $9.0m). In 2022, net proceeds comprised a net $5.0m received following the sale of a property in Casper, Wyoming and a net receipt of $2.4m to exit the leased property at Benoi Road in Singapore.

Gains on asset disposals of $1.7m (2022 – $2.8m) relate to gains on the disposal of property, plant and equipment including the disposal of legacy oil and gas exploration and development assets.

Legal fees of $5.6m were paid in 2022 to defend the Group against a patent infringement claim made by a competitor. There were no corresponding fees in 2023.

The resulting free cash outflow was $0.5m, compared to a free cash outflow in 2022 of $60.4m.

During the year, the Group made a further investment in Cumberland Additive totalling $1.6m, following the $1.6m invested in 2022. In 2022, the Group also invested $1.9m in the joint venture with Jindal SAW in India to support the development of the new threading facility which opened in the second half of 2023. Hunting also received a $0.6m distribution from an associate during 2023.

There were increased returns to shareholders in 2023 with dividends paid to Hunting PLC shareholders amounting to $15.0m (2022 – $13.6m).

During the year, 2.9m Ordinary shares (2022 – 2.1m Ordinary shares) were purchased as treasury shares through Hunting's Employee Benefit Trust for a total consideration of $9.0m (2022 – $7.9m). These shares will be used to satisfy future awards under the Group's share award programme. This was offset by $0.3m (2022 – $0.2m) received on the disposal of treasury shares.

Overall, the Group recorded a net cash outflow of $25.2m (2022 – $85.2m), which was predominantly driven by the absorption of cash into working capital, as noted above.

As a result of the above cash outflows and $0.1m foreign exchange losses (2022 – $4.5m), total cash and bank was $(0.8)m (NGM K) at the year-end (31 December 2022 – $24.5m).

Summary Group balance sheet

	2023 $m	2022 $m
Property, plant and equipment	**254.5**	256.7
Right-of-use assets	**26.2**	26.0
Goodwill	**154.4**	155.5
Other intangible assets	**40.8**	35.7
Investments in associates and joint ventures	**20.5**	20.1
Working capital (NGM E)	**415.9**	362.8
Taxation (current and deferred)	**82.7**	4.0
Provisions	**(7.5)**	(8.9)
Other net assets	**3.0**	4.3
Capital employed (NGM J)	**990.5**	856.2
Total cash and bank (NGM K)	**(0.8)**	24.5
Lease liabilities	**(28.7)**	(30.6)
Shareholder loan from non-controlling interest	**(3.9)**	(3.9)
Net debt (note 26)	**(33.4)**	(10.0)
Net assets	**957.1**	846.2

Balance sheet

Property, plant and equipment was $254.5m at 31 December 2023 (2022 – $256.7m) following additions of $23.1m and other items of $2.7m, offset by depreciation of $27.2m and disposals of $0.8m. Capital investment during the year was made to support the growth agenda.

Right-of-use assets totalled $26.2m at 31 December 2023 compared to $26.0m at 31 December 2022.

Goodwill was largely unchanged at $154.4m (2022 – $155.5m) with impairment and foreign exchange movements totalling $1.1m.

Other intangible assets increased by $5.1m to $40.8m at 31 December 2023. Additions of $10.9m on internal development of new products at Hunting Titan as well as on software and IT data centres, and favourable foreign exchange movements of $0.8m were offset by amortisation charges of $6.6m.

Investments in associates and joint ventures increased by $0.4m, reflecting a further investment in Cumberland Additive of $1.6m, offset by the Group's share of associates' and joint ventures' losses for the period of $0.6m and the receipt of a $0.6m distribution. The Group's share of post-tax profit of its material associate, Rival Downhole Tools, was $1.4m in 2023 (2022 – $1.6m loss).

Working capital (NGM E) increased by $53.1m to $415.9m, in-line with the growth in activity in the business. Inventory levels grew by $58.8m to $380.9m but inventory provision levels remained broadly flat at $52.5m supported by the growth outlook.

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Net tax assets on the balance sheet were $82.7m at 31 December 2023 compared to $4.0m in the prior year. Net tax assets have risen significantly as a result of the recognition of previously unrecognised deferred tax assets in the US, reflecting improved profit expectations in the region.

As a result of the above changes, capital employed in the Group increased by $134.3m to $990.5m. The return on average capital employed was 6% in 2023 compared to 1% in 2022 (NGM S).

Net debt (note 26) at 31 December 2023 was $33.4m (31 December 2022 – $10.0m), a significant improvement on the position reported at half year of $82.3m due to strong cash generation in the second half. The closing position is a result of working capital outflows reflecting the strong trading environment and increased sales order book, as described above. Net debt includes $28.7m of lease liabilities, which have decreased by $1.9m during the year due to lease payments being made.

Dividend

A Final Dividend of 5.0 cents per share (2022 – 4.5 cents) has been proposed by the Board, making the total dividends declared for the year ending 31 December 2023 10.0 cents per share (2022 – 9.0 cents per share), an increase of 11% over 2022. Subject to shareholder approval at the 2024 Annual General Meeting, the Final Dividend will be paid on 10 May 2024. This distribution will amount to an estimated cash return of $7.9m (2022 – $7.1m).

The dividend will be paid in Sterling with the Sterling value of the dividend payable per share fixed and announced approximately two weeks prior to the payment date, based on the average spot exchange rate over the three business days preceding the announcement date. The dividend will be paid to those shareholders on the register at the close of business on 12 April 2024, with an ex-dividend date of 11 April 2024.

Bruce Ferguson
Finance Director

29 February 2024