

# CORE LABORATORIES NYSE-CLB

RECENT PRICE **111.01** P/E RATIO **39.2** (Trailing: 29.1, Median: 24.0) RELATIVE P/E RATIO **2.19** DIV'D YLD **2.0%** **VALUE LINE**

|                                    |                                                                                                                                                     |                                                                   |                                                                                           |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>TIMELINESS</b> 3 Raised 10/2/15 | High: 12.9 19.9 46.4 77.8 73.2 59.7 92.1 120.3 143.2 200.0 221.0 134.9                                                                              | Low: 7.9 10.7 18.7 36.6 24.3 30.2 57.4 82.7 94.7 108.2 109.9 87.3 | Target Price Range<br>2018 2019 2020<br>320<br>200<br>160<br>120<br>100<br>80<br>60<br>40 |
| <b>SAFETY</b> 3 New 8/18/06        | <b>LEGENDS</b><br>— 20.0 x "Cash Flow" p sh<br>... Relative Price Strength<br>2-for-1 split 7/10<br>Options: Yes<br>Shaded area indicates recession |                                                                   |                                                                                           |
| <b>TECHNICAL</b> 3 Raised 11/6/15  |                                                                                                                                                     |                                                                   |                                                                                           |
| <b>BETA</b> 1.00 (1.00 = Market)   | <b>2018-20 PROJECTIONS</b>                                                                                                                          |                                                                   |                                                                                           |
|                                    | Price                                                                                                                                               | Gain                                                              | Ann'l Total Return                                                                        |
|                                    | High 225                                                                                                                                            | (+105%)                                                           | 21%                                                                                       |
|                                    | Low 150                                                                                                                                             | (+35%)                                                            | 10%                                                                                       |
| <b>Insider Decisions</b>           |                                                                                                                                                     |                                                                   |                                                                                           |
|                                    | D J F M A M J J A                                                                                                                                   |                                                                   |                                                                                           |
| to Buy                             | 0 0 2 0 0 0 0 1 0                                                                                                                                   |                                                                   |                                                                                           |
| Options                            | 0 0 0 0 0 0 0 0 0                                                                                                                                   |                                                                   |                                                                                           |
| to Sell                            | 0 0 0 0 0 1 0 0 0                                                                                                                                   |                                                                   |                                                                                           |
| <b>Institutional Decisions</b>     |                                                                                                                                                     |                                                                   |                                                                                           |
|                                    | 4Q2014                                                                                                                                              | 1Q2015                                                            | 2Q2015                                                                                    |
| to Buy                             | 178                                                                                                                                                 | 209                                                               | 160                                                                                       |
| to Sell                            | 176                                                                                                                                                 | 149                                                               | 163                                                                                       |
| Hlds(000)                          | 46623                                                                                                                                               | 47752                                                             | 45321                                                                                     |
|                                    | Percent shares traded                                                                                                                               |                                                                   |                                                                                           |
|                                    | 30                                                                                                                                                  |                                                                   |                                                                                           |
|                                    | 20                                                                                                                                                  |                                                                   |                                                                                           |
|                                    | 10                                                                                                                                                  |                                                                   |                                                                                           |
|                                    | % TOT. RETURN 9/15                                                                                                                                  |                                                                   |                                                                                           |
|                                    | THIS STOCK VL ARITH. INDEX                                                                                                                          |                                                                   |                                                                                           |
|                                    | 1 yr.                                                                                                                                               | -30.5                                                             | -4.0                                                                                      |
|                                    | 3 yr.                                                                                                                                               | -14.8                                                             | 37.9                                                                                      |
|                                    | 5 yr.                                                                                                                                               | 19.7                                                              | 68.4                                                                                      |

| 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015                                  | 2016  | © VALUE LINE PUB. LLC             | 18-20 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------------------------------|-------|-----------------------------------|-------|
| 5.03  | 5.22  | 5.67  | 5.63  | 7.27  | 8.16  | 9.38  | 12.39 | 14.54 | 16.96 | 15.13 | 17.46 | 19.06 | 21.17 | 23.80 | 24.87 | 18.95                                 | 18.90 | Revenues per sh                   | 33.75 |
| .49   | .53   | .65   | .43   | .76   | .86   | 1.01  | 2.15  | 3.00  | 3.59  | 2.99  | 3.69  | 4.37  | 5.13  | 5.92  | 6.48  | 3.65                                  | 3.75  | "Cash Flow" per sh                | 8.40  |
| .25   | .29   | .30   | .12   | .30   | .49   | .64   | 1.54  | 2.44  | 3.00  | 2.44  | 3.00  | 3.82  | 4.54  | 5.28  | 5.77  | 2.95                                  | 3.00  | Earnings per sh <sup>A</sup>      | 7.50  |
| --    | --    | --    | --    | --    | --    | --    | --    | --    | .60   | .58   | .89   | 1.00  | 1.12  | 1.28  | 2.00  | 2.20                                  | 2.30  | Div'ds Decl'd per sh <sup>B</sup> | 2.75  |
| .32   | .51   | .44   | .30   | .41   | .21   | .37   | .53   | .52   | .67   | .38   | .61   | .63   | .67   | .79   | .84   | .60                                   | .65   | Cap'l Spending per sh             | .90   |
| 3.46  | 3.91  | 4.15  | 3.98  | 3.95  | 3.63  | 4.16  | 1.55  | 1.35  | 3.44  | 6.08  | 6.36  | 3.74  | 3.93  | 3.62  | 2.01  | NMF                                   | NMF   | Book Value per sh <sup>C</sup>    | 6.90  |
| 60.36 | 64.42 | 66.41 | 64.83 | 55.77 | 52.40 | 51.55 | 46.45 | 46.13 | 46.04 | 45.97 | 45.52 | 47.63 | 46.35 | 45.10 | 43.64 | 42.00                                 | 41.00 | Common Shs Outst'g <sup>D</sup>   | 40.00 |
| 37.7  | 40.2  | 31.9  | 50.7  | 20.9  | 22.3  | 22.5  | 20.0  | 21.1  | 18.3  | 18.3  | 25.0  | 27.0  | 25.9  | 29.1  | 28.3  | Bold figures are Value Line estimates |       | Avg Ann'l P/E Ratio               | 25.0  |
| 2.15  | 2.61  | 1.63  | 2.77  | 1.19  | 1.18  | 1.20  | 1.08  | 1.12  | 1.10  | 1.22  | 1.59  | 1.69  | 1.65  | 1.64  | 1.49  |                                       |       | Relative P/E Ratio                | 1.55  |
| --    | --    | --    | --    | --    | --    | --    | --    | --    | 1.1%  | 1.3%  | 1.2%  | 1.0%  | 1.0%  | 1.0%  | 1.2%  |                                       |       | Avg Ann'l Div'd Yield             | 1.5%  |

| CAPITAL STRUCTURE as of 9/30/15                       |  | 483.5 | 575.7  | 670.5  | 780.8 | 695.5 | 794.7 | 907.6  | 981.1  | 1073.5 | 1085.2 | 795   | 775   | Revenues (\$mill)       | 1400  |
|-------------------------------------------------------|--|-------|--------|--------|-------|-------|-------|--------|--------|--------|--------|-------|-------|-------------------------|-------|
| Total Debt \$428.0 mill. Due in 5 Yrs \$206.0 mill.   |  | 16.0% | 23.5%  | 28.0%  | 30.0% | 29.8% | 31.2% | 30.1%  | 32.2%  | 33.4%  | 34.5%  | 25.5% | 26.5% | Operating Margin        | 33.0% |
| LT Debt \$428.0 mill. LT Interest \$12.5 mill.        |  | 16.4  | 17.3   | 19.5   | 21.8  | 23.8  | 23.1  | 23.3   | 21.8   | 24.2   | 25.3   | 27.5  | 29.0  | Depreciation (\$mill)   | 35.0  |
| (Total interest coverage:15.0x)                       |  | 35.6  | 82.7   | 119.0  | 143.6 | 113.6 | 144.9 | 184.7  | 216.1  | 242.8  | 257.5  | 125   | 125   | Net Profit (\$mill)     | 300   |
| Leases, Uncapitalized: Annual rentals \$21.8 mill.    |  | 32.3% | 29.8%  | 30.5%  | 31.2% | 33.4% | 30.5% | 22.7%  | 24.9%  | 25.0%  | 23.0%  | 22.5% | 25.0% | Income Tax Rate         | 25.0% |
| Pension Assets-12/14 \$47.5 mill. Oblig. \$59.3 mill. |  | 7.4%  | 14.4%  | 17.7%  | 18.4% | 16.3% | 18.2% | 20.3%  | 22.0%  | 22.6%  | 23.7%  | 16.5% | 18.3% | Net Profit Margin       | 23.1% |
| Pfd Stock None                                        |  | 83.7  | 136.7  | 122.7  | 146.3 | 284.1 | 69.9  | 143.3  | 156.4  | 168.1  | 169.9  | 125   | 150   | Working Cap'l (\$mill)  | 400   |
| Common Stock 42,366,187 shs. as of 10/22/15           |  | 86.1  | 300.0  | 300.0  | 238.7 | 209.1 | --    | 223.1  | 234.0  | 267.0  | 356.0  | 425   | 425   | Long-Term Debt (\$mill) | 425   |
| MARKET CAP: \$4.7 billion (Mid Cap)                   |  | 214.3 | 71.8   | 62.1   | 158.2 | 279.4 | 289.5 | 177.9  | 182.2  | 163.3  | 87.6   | d20.0 | d115  | Shr. Equity (\$mill)    | 275   |
| CURRENT POSITION                                      |  | 13.2% | 23.0%  | 33.2%  | 37.0% | 24.8% | 52.7% | 47.4%  | 53.0%  | 57.5%  | 59.2%  | 32.5% | 42.5% | Return on Total Cap'l   | 44.0% |
|                                                       |  | 16.6% | 115.1% | 191.4% | 90.8% | 40.7% | 50.1% | 103.8% | 118.6% | 148.7% | 294.0% | NMF   | NMF   | Return on Shr. Equity   | NMF   |
|                                                       |  | 16.6% | 115.1% | 191.4% | 73.3% | 31.2% | 36.3% | 77.9%  | 89.5%  | 112.8% | 192.3% | NMF   | NMF   | Retained to Com Eq      | NMF   |
|                                                       |  | --    | --     | --     | 19%   | 23%   | 27%   | 25%    | 25%    | 24%    | 35%    | 75%   | 77%   | All Div'ds to Net Prof  | 37%   |

**BUSINESS:** Core Laboratories, N.V. is a leading oilfield services provider with 70 offices in over 50 countries. Operates in three segments: Reservoir Description (41% of 2014 revenue, 44% of operating income), Production Enhancement (48%, 47%), and Reservoir Management (11%, 9%). Revenue 72% from services, 28% from product sales. Sales outside the U.S.: 52% in '14.. Employs about 4,400. Clearbridge Inv. owns 11% of stock; Vanguard, 7.0%; three other institutions own a combined 17%; Officers & Directors, 1.0% (3/15 Proxy). President, CEO, and Chairman of the Supervisory Board: David Demshur. Inc.: The Netherlands. Addr.: Strawinskylaan 913, Tower A, Level 9, 1077 XX Amsterdam, The Netherlands. U.S. Tel.: 713-328-2101. www.corelab.com.

**Core Laboratories has hit another bump in the road to recovery in the oil patch.** The main problem is in North America, where a falling rig count and nearly fully spent customers' budgets are pointing to a very weak ending to 2015. We now estimate fourth-quarter earnings will decline nearly 60%, on a 35% drop in revenues. Full-year revenues and profits are headed for steep dropoffs, too.

**The drilling business ought to pull out of its tailspin and firm up eventually—as it always has—but the timing is uncertain.** Core Lab is one of the more bullish proponents of a near-term oil-price recovery; however, the industry's comeback is proving drawn out. Concerns about a large amount of oil coming from Iran, perhaps as soon as 2016, have outweighed positive factors, such as unimpressive spare global capacity, steady depletion, and rising demand. China's slowdown is another worry. Overall, customers have been unwilling to commit extra resources to drilling new wells. That being the case, we have reduced our full-year 2016 earnings estimate by \$1.00 a share. On the bright side, performance could strengthen as the year wears on, setting up for a better showing in 2017.

**In the meantime, Core Laboratories is working harder to preserve its edge.** The company enjoys top-notch margins among service providers by catering to customers looking to go the extra mile in terms of employing science and research in their wells. There are still drillers around the globe with good projects prepared to do just that, although they are fewer in number these days. Nevertheless, the company's ability to sell its innovative designs as a boost to productivity is helping to keep internal returns high, even during these lean times.

**Free cash flow is being used to buy back stock.** Cash left over after dividends and capital expenditures has proven sufficient to drive the share count to a 17-year low. Subdued business conditions may cause the dividend to increase at a slower pace, though.

**The medium-yielding shares offer good 3- to 5-year recovery potential, although they do not stand out for the coming months (Timeliness: 3).**

*Robert Mitkowski, Jr. November 6, 2015*

|                                                                                                                                                                                  |                                                                                                                                                                                                         |                                                                |                                            |                              |     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------|------------------------------|-----|
| (A) Diluted earnings. Excludes per-share non-recurring gains, '09, 9¢. Next earnings report due mid- to late January. Earnings may not sum due to changes in shares outstanding. | (B) Includes special dividends. Dividends normally paid late Feb., late May, Aug., and Nov. Per-share special dividends '08, 50¢; '09, 37.5¢; '10, 65¢. Dividends subject to 15% Dutch withholding tax. | (C) Intangibles of \$175 mill. at 12/31/14, or \$4.02 a share. | (D) In millions, adjusted for stock split. | Company's Financial Strength | B++ |
|                                                                                                                                                                                  |                                                                                                                                                                                                         |                                                                |                                            | Stock's Price Stability      | 40  |
|                                                                                                                                                                                  |                                                                                                                                                                                                         |                                                                |                                            | Price Growth Persistence     | 85  |
|                                                                                                                                                                                  |                                                                                                                                                                                                         |                                                                |                                            | Earnings Predictability      | 85  |