

Core Laboratories Inc.

Q3 2025 Earnings Call

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CORPORATE PARTICIPANTS

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Core Laboratories Inc. — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

John Daniel

Daniel Energy Partners — Analyst

PRESENTATION

Operator

Good day and welcome to the Core Laboratories Q3 2025 Earnings Call.

All participants will be in the listen-only mode.

Should you need assistance, please signal a conference specialist by pressing the * key, followed by 0.

After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press *, then 1 on a touch-tone phone. To withdraw your question, please press *, then 2.

Please note, this event is being recorded.

I would now like to turn the conference over to Larry Bruno, Chairman and CEO. Please go ahead.

Larry Bruno — Chairman and CEO, Core Laboratories Inc.

Thanks, Danielle (phon). Good morning in the Americas, good afternoon in Europe, Africa, and the Middle East, and good evening in Asia Pacific.

We'd like to welcome all of our shareholders, analysts, and most importantly, our employees to Core Laboratories's third quarter 2025 earnings call.

This morning, I'm joined by Chris Hill, Core's Chief Financial Officer, and Gwen Gresham, Core's Senior Vice President and Head of Investor Relations.

The call will be divided into six segments. Gwen will start by making remarks regarding forward-looking statements. We'll then have some opening comments, including a high-level review of important factors in Core's Q3 performance. In addition, we'll review Core's strategies and the three financial tenets that Core employs to build long-term shareholder value.

Chris will then give a detailed financial overview and have additional comments regarding shareholder value. Following Chris, Gwen will provide some comments on the Company's outlook and guidance.

I'll then review Core's two operating segments, detailing our progress and discussing the continued successful introduction and deployment of Core Lab's technologies, as well as highlighting some of Core's operations, recent client interactions, and major projects worldwide.

Then we'll open the phones for a Q&A session.

I'll now turn the call over to Gwen for remarks on forward-looking statements.

Gwen Gresham — Senior Vice President, Corporate Development & Investor Relations, Core Laboratories Inc.

Before we start the conference this morning, I'll mention that some of the statements that we make during this call may include projections, estimates, and other forward-looking information. This would include any discussion of the Company's business outlook.

These types of forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to materially differ from our forward-looking statements. These risks and uncertainties are discussed in our most recent annual report on Form 10-K, as well as other reports and registration statements filed by us with the SEC. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Our comments also include non-GAAP financial measures. Reconciliation to the most directly comparable GAAP financial measures is included in the press release announcing our third quarter results. Those non-GAAP measures can also be found on our website.

With that said, I'll pass the discussion back to Larry.

Larry Bruno

Thanks, Gwen.

Moving now to some high-level comments about our third quarter 2025 results.

Core continued to execute its strategic plan of technology investments targeted to both solve client problems and capitalize on Core's technical and geographic opportunities.

Third quarter 2025 revenue was up over 3 percent compared to Q2, and Core achieved nice sequential improvement in operating income, operating margins, and earnings per share.

Looking at Reservoir Description in more detail, revenue in the third quarter was up over 2 percent compared to Q2. For the third quarter, ex items, operating margins in Reservoir Description were 13 percent. The segment's financial performance in the third quarter reflects continued demand for rock and fluid analysis across the Company's global laboratory network.

Demand for laboratory services tied to the assay of crude oil and derived products remained steady, as trading patterns somewhat improved following disruptions caused by sanctions. There is still uncertainty in the demand for these assay services due to ongoing international geopolitical conflicts and evolving sanctions. In addition, pending tariffs and supply-demand balance concerns continue to generate volatility in commodity prices.

In Production Enhancement, third quarter revenue was up 6 percent compared to Q2. Ex items, third quarter 2025 operating margins were 11 percent, up from 9 percent in Q2. This sequential improvement in margins reflects continued demand for completion diagnostic services, both onshore and offshore, along with improved international product sales.

In addition to our quarterly dividend, Core Lab returned excess free cash to our shareholders by repurchasing more than 462,000 shares of company stock during the third quarter, equating to approximately 1 percent of Core's outstanding share count and representing a value of \$5 million.

Looking forward, Core intends to use free cash to fund our quarterly dividend, pursue growth opportunities, and improve shareholder value through opportunistic share repurchases.

As we look ahead, Core will continue to execute on its key strategic objectives by, one, introducing new product and service offerings in key geographic markets; two, maintaining a lean and focused organization; and three, maintaining our commitments to returning excess free cash to our shareholders and strengthening the Company's balance sheet.

Now to review Core Lab's strategies and the financial tenets that the Company has used to build shareholder value over our nearly 30-year history as a publicly traded company.

The interests of our shareholders, clients, and employees will always be well served by Core Lab's resilient culture, which relies on innovation, leveraging technology to solve problems, and dedicated customer service. I'll talk more about some of our latest innovations in the operational review section of this call.

While we continue to pursue growth opportunities, the Company will remain focused on its three long-standing, long-term financial tenets, those being to maximize free cash flow, maximize return on invested capital, and returning excess free cash to our shareholders.

I'll now turn it over to Chris for the detailed financial review.

Chris Hill — Chief Financial Officer, Core Laboratories Inc.

Thanks, Larry.

Before we review the financial performance for the quarter, the guidance we gave on our last call and past calls specifically excluded the impact of any FX gains or losses and assumed an effective tax rate of 25 percent. So accordingly, our discussion today excludes any foreign exchange gain or loss for current and prior periods.

Additionally, adjustments which net to a gain of \$4.6 million have been excluded from today's discussion of the third quarter 2025 financial results. You can find a summary of those items in the tables attached to our press release for the third quarter of 2025.

Now looking at the income statement, revenue was \$134.5 million in the third quarter, up \$4.4 million, or over 3 percent, compared to the prior quarter and flat year over year. The sequential improvement is primarily associated with increased demand for our laboratory analytical services and completion diagnostic services in international regions.

Of this revenue, service revenue, which is more international, was \$101.1 million for the quarter, up 5 percent sequentially, and up over 2 percent year over year. As mentioned early, sequentially, we saw an increase in international service revenue for both our laboratory analytical services and our completion diagnostic services when compared to the second quarter. For the US, service revenue remained flat sequentially and was down almost 4 percent from last year.

Product sales, which is more equally tied to North America and international activity, were \$33.4 million for the quarter, down slightly from last quarter, and down 6 percent year over year.

Our international product sales are typically larger bulk orders and can vary from one quarter to another and were up nicely in the third quarter when compared to the second quarter. However, laboratory instrumentation sales decreased in the third quarter, but coming off a very strong second

quarter. Looking at year over year, the decrease in product sales was primarily due to the lower levels of completion activity in the US onshore market.

Moving on to cost of services, ex items, for the quarter was 74 percent of service revenue, improving from 77 percent in the prior quarter and from 76 percent in the same quarter last year. The year-over-year and sequential improvements in cost of services was primarily due to cost efficiencies and reductions in overall compensation costs associated with actions taken earlier this year.

Cost of sales, ex items in the third quarter, was 88 percent of revenue, compared to 85 percent last quarter, and flat compared to last year. The sequential increase was due to higher absorption of fixed costs on a slightly lower revenue base in the quarter, as well as an increase in the cost of imported steel due to tariffs.

As we continue to focus on cost efficiencies, we anticipate the manufacturing absorption rate in future quarters will be in line with projected product sales.

G&A, ex items, for the quarter was \$10.7 million, a slight increase from \$10.5 million in the prior quarter and \$10 million in the same quarter of the prior year.

For 2025, we expect G&A, ex items, to be approximately \$42 million to \$44 million.

Depreciation and amortization for the quarter was \$3.6 million, decreased slightly compared to \$3.7 million in the last quarter and the same quarter in the prior year.

EBIT, ex items, for the quarter was \$16.6 million, up \$2.1 million from \$14.5 million last quarter, yielding an EBIT margin over 12 percent and expanding 120 basis points sequentially.

Our EBIT for the quarter on a GAAP basis was \$20.9 million, which includes a gain of approximately \$5.2 million associated with the final settlement of insurance claim for our UK facility that was damaged by fire.

Interest expense of \$2.7 million remained flat compared to the prior quarter and decreased from \$3.1 million last year. The decrease in interest expense from last year is due to a lower average borrowings on the credit facility in 2025.

Income tax expense, at an effective rate of 25 percent and ex items, was \$3.5 million for the quarter. On a GAAP basis, we recorded tax expense of \$3.8 million for the quarter at an effective rate of 21 percent.

The effective tax rate will continue to be somewhat sensitive to the geographic mix of earnings across the globe and the impact of items discrete to each quarter. We continue to project the Company's effective tax rate to be approximately 25 percent for 2025.

Net income, ex items, for the quarter was \$10.2 million, an increase of over 15 percent sequentially, but down almost 14 percent from the same quarter last year. On a GAAP basis, we had net income of \$14.2 million for the quarter.

Earnings per diluted share, ex items, was \$0.22 for the quarter, an increase from \$0.19 in the prior quarter and a decrease from \$0.25 last year. On a GAAP basis, EPS was \$0.30 for the third quarter of 2025.

Turning to the balance sheet, receivables were \$110.3 million and decreased approximately \$3.6 million from the prior quarter.

Our DSOs for the third quarter improved to 71 days from 75 days last quarter.

Inventory at September 30, 2025 was \$58.2 million, down \$1.5 million from last quarter-end. Inventory turns for the quarter improved to 2.0, up from 1.9 in the prior quarter.

We continue to focus on managing our inventory to lower levels with improved returns and anticipate inventory turns will gradually improve over time.

And now to the liability side of the balance sheet.

Our long-term debt was \$117 million as of September 30, 2025, and considering cash of \$25.6 million, net debt was \$91.4 million, which decreased \$3.4 million from last quarter. Our leverage ratio was reduced to 1.1 at September 30th, down from 1.27 last quarter-end.

As of September 30, 2025, our debt was comprised of \$110 million in senior notes and \$7 million outstanding under our bank credit facility.

As Larry stated earlier, the Company will remain focused on executing its strategic business initiatives while maintaining a healthy balance sheet.

Looking at cash flow, for the third quarter of 2025, cash flow from operating activities was approximately \$8.5 million. And after paying \$2 million of CapEx for operations, our free cash flow for the quarter was \$6.5 million.

As discussed in prior quarters, the capital expenditures associated with rebuilding our UK facility, which was damaged by fire in February 2024, are covered by the Company's property and casualty insurance and have been excluded in the calculation of free cash flow.

Additionally, we expect CapEx to remain aligned with activity levels and, for the full year 2025, we expect capital expenditures for operations to be in the range of \$11 million to \$13 million.

The forecast for capital expenditures excludes CapEx associated with rebuilding the UK facility.

Core Lab will continue its strict capital discipline and asset-light business model, with capital expenditures primarily targeted at growth opportunities.

Core Lab's operational leverage continues to provide the ability to grow revenue and profitability with minimal capital requirements. Capital expenditures has historically ranged from 2.5 percent to 4

percent of revenue, even during periods of significant growth. That same level of laboratory infrastructure, intellectual property, and leverage exists in the business today.

We believe evaluating a company's ability to generate free cash flow and free cash flow yield is an important metric for shareholders when comparing and projecting companies' financial results, particularly for those shareholders who utilize discounted cash flow models to assess valuations.

I will now turn it over to Gwen for an update on our guidance and outlook.

Gwen Gresham

Thank you, Chris.

Turning to Core Lab's outlook for the fourth quarter, the IEA, the EIA, and OPEC+ continue to forecast growth in crude oil demand between 700,000 and 1.3 million barrels per day in 2025, with a similar level of incremental growth projected for 2026. This growth continues to drive primarily by demand from non-OECD countries, including Asia, India, and emerging markets across the Middle East and Africa.

As noted in the IEA's report published September 16, 2025, crude oil field data shows the natural decline in existing producing fields is accelerating globally and now represents a major long-term supply risk. Addressing steeper decline rates and bringing new fields online will be central to ensuring energy security and maintaining market stability.

As such, according to the IEA, significant annual investment in oil and gas resource development will be required for many years to come. Core Lab's reservoir description and production enhancement technologies are directly aligned with these investment imperatives.

In the near term, potential tariff headwinds, combined with OPEC+ decisions to increase production levels, are contributing to market volatility and lower commodity prices.

Despite the current softness in long-term crude oil demand, fundamentals remain intact.

Core Lab maintains its constructive outlook and continues to see steady activity across committed, long-cycle projects, including deep water along the South Atlantic Margin, North and West Africa, Norway, the Middle East, and certain areas of Asia Pacific. These projects, by nature of their scale and planning cycles, tend to be less reactive to near-term commodity price fluctuations. Core Lab's revenue opportunity on awarded projects will remain somewhat dependent on our clients' geological success rates.

Activity tied to smaller-scale, short-cycle crude oil development projects are expected to remain more sensitive to changes in commodity prices. As a result, changes in crude oil prices are anticipated to have a more immediate impact on drilling and completion activity in the US onshore market.

Geopolitical conflicts, evolving trade and tariff dynamics, and volatile commodity prices continue to create uncertainty in demand for laboratory services tied to the maritime transportation and trade of crude oil and derived products. Despite these headwinds, Core Lab projects Reservoir Description's fourth quarter revenue to be up sequentially.

The US frac spread count continues to trend lower, and the Company anticipates the typical year-end seasonal decline in US onshore completion activity. However, growth in demand for Core's diagnostic services and energetic system product sales in both international and offshore markets may somewhat offset the decline in US onshore activity. As such, Core projects Production Enhancement to be down slightly sequentially.

Core believes that the tariff measures under consideration will not apply to the vast majority of service revenue and product sales provided by the Company.

Core's services account for over 75 percent of the Company's total revenue and are currently not subject to tariffs.

Core's product sales have been less than 25 percent of total revenue and are primarily manufactured in the US. Tariffs on the exported products would not apply to approximately 50 percent of these product sales, as they are consumed in the US drilling and completion markets.

Certain raw materials imported and consumed in production enhancements, US product manufacturing and service businesses are attracting import tariffs. We continue to take steps to mitigate the impact of tariffs.

In summary, Reservoir Description's production—Reservoir Description's fourth quarter revenue is projected to range from \$88 million to \$90 million with operating income of \$11 million to \$12.3 million.

Production Enhancement's fourth quarter revenue is estimated to range from \$44 million to \$46 million with operating income of \$2.9 million to \$3.7 million.

Core's fourth quarter 2025 revenue is projected to range from \$132 million to \$136 million, with operating income of \$14 million to \$16.1 million, yielding operating margins of approximately 11 percent. EPS for the fourth quarter is expected to range from \$0.18 to \$0.22.

The Company's fourth quarter 2025 guidance is based on projections for underlying operations and excludes gains and losses in foreign exchange.

Our fourth quarter guidance assumes an effective tax rate of 25 percent.

With that, I'll turn it back over to Larry.

Larry Bruno

Thanks, Gwen.

First, I'd like to thank our global team of employees for providing innovative solutions, integrity, and superior service to our clients. The team's collective dedication to servicing our clients is the foundation of Core Lab's success.

Looking at the macro, as Gwen mentioned, even after assessing current and near-term economic headwinds, the IEA, EIA, and OPEC projections continue to point to growth in global crude oil demand in 2025 and beyond. The various estimates show growth in demand of between 0.7 million and 1.3 million barrels per day for 2025, with similar additional demand growth projected for 2026.

In addition to the forecasted growth in demand, new production will need to be brought online to offset the natural decline from existing producing fields. Combined, these trends will require continued investment in the development of onshore and offshore crude oil fields.

US tight oil production has been, by far, the largest component of non-OPEC oil production growth since 2010. Continued growth in global oil demand, combined with constrained, incremental US oil production growth, supports the thesis that the balance of future supply growth must increasingly rely on discoveries and field developments outside the US.

In summary, the current forecast suggests a multiyear cycle in which US onshore production growth slows and future growth in global supply will be driven by capital investment in international, conventional, offshore fields and unconventional opportunities in the Middle East. These trends support increased demand for Core Lab's services across the globe, particularly for Reservoir Description.

The most recent EIA short-term energy outlook for US oil production is 13.5 million barrels per day in 2025, and the agency currently projects production to remain essentially flat in 2026, with only nominal growth in US production over this time frame.

Of particular note, during the third quarter, the IEA pivoted from earlier projections on the need for investment in new oil and gas production, stating that, in addition to continued investment in existing fields, more than 45 million barrels of oil production from new conventional oil fields must be added by 2050 just to maintain current production levels. Any growth in demand would add to that number.

The IEA now states that significant annual investment in oil and gas resource development will be required for many years to come, as the natural decline in existing producing fields is accelerating globally.

The new IEA analysis, published in September, the agency's global field-by-field data show that steeper natural declines now dominate supply risk. The IEA quantified this risk, stating that oil output would fall approximately 8 percent per year from natural decline. Nearly 90 percent of upstream CapEx since 2019 has gone just to offset declines, not to meet continuing demand growth.

Additionally, the IEA sees 20-year average project lead times, and they conclude that delayed or inefficient development of new production will further compound the supply risk. Directionally, these IEA revisions and the need for increased investment in oil and gas projects align with Core Lab's long-standing view that the decline curve never sleeps and always wins.

Along with new exploration, appraisal, and development programs, disciplined, data-driven optimization of existing reservoirs is the fastest, lowest-risk path to supply reliability and operator returns, a scenario that Core Lab is uniquely positioned to deliver through its reservoir description and production enhancement technologies.

With Core Lab's expanding opportunities across international markets, such as with unconventional plays in the Middle East and emerging onshore and offshore deepwater conventional

plays in a number of regions, including along the South Atlantic Margin, the Company continues to enhance its portfolio of innovative offerings for our growing global client base.

Now let's review the third quarter performance of our two business segments, turning first to Reservoir Description.

For the third quarter of 2025, revenue came in at \$88.2 million, up over 2 percent compared to Q2.

For Q3, operating income for Reservoir Description, ex items, was \$11.6 million, up from \$10.8 million in Q2, yielding operating margins of 13 percent with incremental margins of 41 percent.

While demand for Reservoir Description lab services remained strong in several regions across our global network, ongoing international geopolitical conflicts, along with sanctions, continued to produce headwinds that impact the demand for laboratory services tied to the trade and transportation of crude oil and derived products. The demand for these services did rebound some in the third quarter as trading patterns continue to realign.

Now for some operational highlights from Reservoir Description.

In the third quarter of 2025, Core Lab completed Phase I of a major reservoir fluid study in the Middle East. This analytical program addressed a critical challenge of crude oil stability by determining how natural pressure depletion impacts asphaltene behaviour.

As pressure drops across producing reservoirs, asphaltenes can precipitate from some crude oils. These solid particles can then clog pore throats, impair permeability, and even obstruct production tubulars. Consequently, asphaltene precipitation has significant implications for both production efficiency and infrastructure integrity.

As reservoirs mature, a decline in pressure will destabilize the delicate balance of pressure, volume, and temperature, or PVT, that governs the thermodynamic behaviour of the crude oil. This disruption can cause costly formation damage in the subsurface, leading to reduced production rates and other operational issues.

The operator engaged Core Lab to deploy its proprietary, full-visualization PVT laboratory technologies alongside Core's advanced, near-infrared, and high-pressure microscopy detection techniques. Combined, these technologies enabled precise measurement of asphaltene onset pressures and depositional behaviours under a range of reservoir and production conditions.

Concurrently, Core Lab designed and executed advanced laboratory core flood experiments to quantify permeability impairment as the laboratory system pressure was reduced to below critical asphaltene precipitation thresholds. These laboratory results form the essential hard data inputs into dynamic reservoir models that will allow the client to mitigate risk as they develop pressure maintenance strategies for the field.

This project is now progressing into Phase II, which will assess the feasibility of pressure maintenance and solvent injection programs aimed at permeability restoration and reducing formation damage. Throughout the life cycle of oil fields, Core Laboratories's measurements and interpretations help our clients maximize hydrocarbon production from their assets.

Moving now to Production Enhancement, where Core Lab's technologies continue to help our clients maximize their well completions and improve production.

Revenue from Production Enhancement for Q3 came in at \$46.3 million, up 6 percent compared to Q2.

Third quarter operating income for Production Enhancement, ex items, was \$4.9 million, yielding operating margins of 11 percent, up from 9 percent in Q2.

In the US, diagnostic services benefitted from increasing demand, as complex US land completion designs like trimul-fracs and extended lateral-length horizontal wells become more and more common.

Core's expansive portfolio of completion products also saw increased demand in international markets.

Now for some operational highlights from Production Enhancement.

In the third quarter of 2025, a national oil company engaged Core Lab's Production Enhancement team after experiencing nearly two months of costly downtime due to a stuck, heavyweight drill pipe in a well from offshore West Africa. The operator deployed Core's proprietary dual-end severing tool, which is engineered for high-efficiency pipe recovery operations, particularly in scenarios where conventional drill pipe and casing cutters are not up to the task. Core Lab provided the operator with extensive assembly and field application procedures and training and real-time guidance to determine the optimal deployment position within the well bore for maximum effectiveness.

Core's proprietary tool works by using precisely timed energetic events that are sequenced to generate two equal and opposing shock fronts. This technology focuses the energy outward toward the drill string and severs the drill collar.

As a result of Core Lab's proprietary technologies and unmatched client service, the drill pipe was successfully recovered, and well operations were restored.

Also in the third quarter, one of Canada's most active heavy oil operators needed to identify which boreholes in the multilateral wells were contributing the most oil to overall production. This is a key challenge in optimizing completions in low-temperature heavy oil reservoirs.

Having successfully used Core Lab's SPECTRACHEM water tracers in previous multistage fracturing operations, the operator again turned to Core's engineering team for a solution using chemical tracers to assess oil production from these challenging complex wells.

The operator deployed Core's unique FLOWPROFILER Engineered Delivery System or EDS. These oil tracers were placed into each lateral leg, allowing the operator to monitor produced oil concentrations and generate a precise production contribution profile. The operator found the diagnostic results to be of high value and is now including Core's FLOWPROFILER EDS oil tracers as a standard evaluation technology for future projects.

That concludes our operational review. We appreciate your participation, and Danielle will now open the call for questions.

Q&A

Operator

Thank you. We will now begin the question-and-answer session. To ask a question, you may press *, then 1 on your touch-tone phone. If you are using a speakerphone, please pick up your handset up before pressing the keys. If at any time your question has been addressed, and you would like to withdraw your question, please press *, then 2.

The first question comes from John Daniel from Daniel Energy Partners. Please go ahead.

Larry Bruno

Yeah. Good morning, John.

John Daniel — Daniel Energy Partners

Good morning. Hopefully, you can hear me okay.

Larry Bruno

Yeah.

John Daniel

Well, first question is on the transaction you all just did. If you could elaborate on maybe what some of the opportunities might be for similar size transactions globally?

And this is a sidebar comment. I thought it was an interesting way you structured the purchase price, where a lot of it's on the back end in terms of an earnout. It's a pretty neat way to do that. So just any colour on those opportunities.

Larry Bruno

Yeah, I'll let Chris fill in a lot of sort of the details on that. But just a little background there, John. So I think you know I came to Core Lab now 26 or so years ago through a similar sort of tuck-in technology acquisition and so have a pretty good model for that. Core Lab did a series of those private company acquisitions. They offer technological advantages. They offer geographic advantages.

And as you and some of other folks have heard us say before, everybody's got hockey stick projections on how their business is going to play out over the next few years. Well, we think it's a good approach to have them participate in that the need to deliver that hockey stick, if they're going to be rewarded for that hockey stick.

So yeah, so I think that, that approach makes sense. And I think we'll look at—we're always looking at similar acquisitions. And, Chris, any colour you might want to add on the Solintec acquisition?

Chris Hill

No. I think the way we did structure that may be a little unique from what you normally see. We would love to structure most transactions like that, but it takes two parties to agree on what those terms look like. So we are very happy with the acquisition, and then it's kind of a win-win, if we end up paying that earn-out, for both the seller and us.

Larry Bruno

And I think I would add to that, that Solintec has a long, multi-decade history in Brazil, and we are really glad to have them part of the Core Lab family.

John Daniel

Okay. Well, thank you. I guess that this—my follow-up question, a bit unrelated to the M&A market. But you guys do a really good job of kind of travelling the globe and seeing your customers, and I think you alluded to going to Asia-Pac in the third quarter.

I'm curious. When you sit down and talk with those folks—obviously, without naming names—but like when they look into their crystal ball, two to three to four years from now, are they suggesting to you higher activity? Lower activity? Any colour would be appreciated.

Larry Bruno

Yeah. Higher activity and it's across the board. I'd say it's Middle East is still leading the pack. South Atlantic Margin and West Africa, I would say, are in the second position.

And then recently here in the Asia-Pac, we're seeing some sort of, I'll call it—they've been on the drawing board for a while, but finally getting closer to getting kinetic, if you will, on some exploration programs. And with those, for us, there's some work tied to exploration, but we really hope our clients are geologically successful because it's when they get into appraisal and development, that's really kind

of the wheelhouse, particularly for Reservoir Description, and then eventually into production, and that plays out into our Production Enhancement group.

But it's clearly rising, in our perspective here, that activity levels over the next few years should be going up, and I think we have even more confidence into the trends that we've been describing over the last year or so, saying that, hey, there is a wave coming of more international investment.

And I think it's tied to a realization that the production from US land has largely absolved the rest of the world from having to bring new production on, and that, that phase—

John Daniel

Right.

Larry Bruno

—that 15-year cycle from 2010 to 2025, look, there's still going to be a lot of oil and gas produced in the US. But the growth that has covered a lot of the decline around the rest of the world, that's starting to come to an end.

John Daniel

Okay. That's very helpful. Thank you for including me.

Larry Bruno

Yeah. Thanks, John. Appreciate the call.

Operator

As a reminder, if you have a question, please press *, 1.

Seeing that there are no further questions, I would like to turn the conference back over to Larry Bruno for closing remarks.

Larry Bruno

Okay. Thanks, Danielle. We'll wrap up here. I think we've got a pretty busy earnings release morning going on here, so probably a little bit of people juggling phones.

In summary, Core's operational leadership continues to position the Company for improving client activity levels in the coming quarters and years. We have never been better operationally or technologically positioned to help our global client base optimize their reservoirs and to address their evolving needs. We remain uniquely focused and are the most technologically advanced, client-focused, reservoir optimization company in the oil field service sector.

The Company will remain focused on maximizing free cash and returns on invested capital. In addition to our quarterly dividend, we'll bring value to our shareholders via growth opportunities, driven by both the introduction of problem-solving technologies and new market penetration.

In the near term, Core will continue to use free cash to repurchase shares and strengthen its balance sheet, while always investing in growth opportunities and evaluating various methods to increase shareholder value.

So in closing, we thank and appreciate all of our shareholders and the analysts that cover Core Lab.

The executive management team and the board of Core Laboratories give a special thanks to our worldwide employees that have made these results possible. We're proud to be associated with our continuing achievements.

So thanks for spending time with us, and we look forward to our next update. Goodbye for now.

Operator

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.