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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. And welcome to the Weatherford International Third Quarter 2023 Earnings Call. (Operator Instructions) As a reminder, this event is being recorded today.

I would now like to turn the conference over to Mohammed Topiwala, [Vice President] (corrected by company after the call) Investor Relations and M&A. Sir, you may begin.

Mohammed Topiwala - *Weatherford International plc - Vice President of IR and M&A*

Welcome everyone to the Weatherford International third quarter 2023 conference call. I'm joined today by Girish Saligram, President and CEO and Arun Mitra, Executive Vice President and CFO.

We will start today with our prepared remarks and then open it up for questions. You may download a copy of the presentation slides corresponding to today's call from the website's Investor Relations section.

I want to remind everyone that some of today's comments include forward-looking statements. These statements are subject to many risks and uncertainties that could cause our actual results to differ materially from any expectation expressed herein. Please refer to our latest Securities and Exchange Commission filings for risk factors and cautions regarding forward-looking statements.

Our comments today also include non-GAAP financial measures. The underlying details and a reconciliation of GAAP to non-GAAP financial measures are included in our third quarter earnings press release, which can be found on our website.

As a reminder, today's call is being webcast and a recorded version will be available on our website's Investor Relations section following the conclusion of this call.

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

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Thanks, Mohammed, and thank you all for joining the call. We delivered another quarter of solid results, driven by strong operational execution in a mixed market environment. As always, I want to start by thanking the 18,000-plus members of our One Weatherford team for their passion for our customers and business. Everything we have achieved is a result of their spirit, tenacity and commitment.

Third quarter revenue increased 3% sequentially and 17% year-on-year, driven by international growth across most regions. While we continue to be an internationally levered business, I want to highlight what our North American team has achieved.

Historically, North America has been a margin challenge region for us. And we have driven a strong focus on improving profitability in the past couple of years through operational improvements, commercial focus, facility consolidation and exiting certain businesses.

Despite the obvious weakness in North America over the past year, our margin performance in this region has actually increased on a year-over-year revenue decline. And that is a very tangible proof point of the through cycle resilience of our operating strategy.

This quarter yet again witnessed solid margin performance with adjusted EBITDA of $305 million, representing 23.2% margin. We have talked about the first on margin and cash several times. And while this is another of those first, it is still an intermediate step towards our goal of mid-20s EBITDA margins.

We generated adjusted free cash flow of $137 million in the quarter. While lower than the second quarter, it is higher than what we had guided towards as we had anticipated some significant collections headwinds in specific geographies, but the rest of the company came together to deliver superior performance. We also continue to build inventory for a higher product sales fourth quarter.

As you saw in our announcement yesterday, we now have a $550 million credit facility in place. And I want to thank our banking partners for their support and engagement. We have consistently said that ours is a journey of improvements in our capital structure and getting this facility with dramatically improved terms and the revolver of $300 million is a capstone event. Our net leverage is now at 0.9x, and I think that speaks for itself.

Over the past 3 years, we have spent a fair amount of time on these calls on capital allocation and our actions and results demonstrate our commitment to actioning our priorities.

Moving to some of our commercial highlights during the third quarter. For our Drilling and Evaluation segment, KCA Deutag awarded us a 1-year contract to provide MPD systems and services in Norway. And Transocean has commissioned us to provide and install an MPD system on their ultra-deepwater rig, the Deepwater Aquila.

For our well Construction and Completion segment, Qatar Energy awarded us a 5-year contract to provide Liner Hanger systems for its onshore and offshore wells. And Chevron Angola awarded us a 2-year contract for conventional TRS for its offshore deepwater operations.

For our Production & Intervention segment, Aramco awarded us a 3-year contract for the supply and maintenance of drilling and fishing jars in addition to a 2-year contract extension for comprehensive intervention services.

We were awarded a 5-year digital solutions contract by Pertamina Hulu Rokan in Indonesia to provide integrated well monitoring services and our industry-leading Foresite(R) Edge Solution. And finally, Ecopetrol awarded us a 2-year contract to provide integrated products and services, including artificial lift, completions, drilling tools and intervention services.

This quarter also witnessed several noteworthy technology milestones for each of our segments. Starting with DRE, we deployed the WEL-Core(TM) Stabilizer Lost Circulation Material in oil-based drilling fluid using an engineered approach to reduce downhole losses and enhance drilling efficiencies. We also deployed new high-performance shale and clay inhibitor WEL-Hib(x), designed to improve drilling by mitigating the impact of drilling fluids on formations while increasing well productivity.

In WCC, we deployed our new V3 Pack Off Stage Tool, which offers a more reliable and robust sealing system aimed at enhancing wellbore integrity. We also deployed the first combination of 16-inch Two Stage Cementing tool and Annulus Casing Packer, in a Geothermal application for the Eavor-Loop in Germany, simplifying the well construction process and improving wellbore integrity.

In PRI, we further enhanced our ForeSite suite of offerings by launching ForeSite(R) ReGenX-i, the energy industry's first regenerative variable speed drive for rod-lift systems that harnesses untapped energy through recycling otherwise wasted power and reduces emissions.

We deployed our Endura Dual String Section Mill for a major operator in the Middle East. And our new AlphaV single trip cased hole exit system in the North Sea for Equinor, both aimed at improving operational efficiency by reducing run time. The examples demonstrate how we continue to innovate and expand the breadth of our portfolio to create meaningful value for our customers every step of the well life cycle.

Now let's turn to our view on the markets. For North America, it continues to be a challenging period despite strong commodity prices as continued capital discipline by both public and large private E&Ps, Asset sales and consolidation in U.S. shale, especially in the Permian, were a headwind to incremental rig and well activity.

We believe we are close to a bottom. And as we move into 2024, we expect activity to improve slightly with growing energy demand and strong energy prices, supportive for both E&Ps and service companies across the well life cycle. Further, improving production outlook provides additional opportunities for us to help customers meet their production targets. However, as we have discussed, the situation is significantly different for both international and offshore markets, where we see continued strength, leading to double-digit activity growth in 2024.

In the Middle East, the investment thesis of our major customers remains intact and shows no signs of wavering. While onshore activity remains strong, we see an acceleration in offshore activity across the region, which is forecasted to grow in the mid to high teens next year. Needless to say, the most significant risk is geopolitical, not economic or otherwise.

In Latin America, E&P CapEx and activity growth is expected to grow in the high single-digits, led by offshore, particularly deepwater. We also see regional pockets of growth in Sub-Saharan Africa, Asia Pacific offshore and several other areas where we remain well positioned.

As we have said before, our focus will be on revenue quality and pricing versus volume as we continue to prioritize driving margin expansion and cash generation. The digital ecosystem that runs throughout our portfolio has proven to be a differentiator as well as a force multiplier for driving operational efficiencies and performance across the well cycle.

On November 7, we will host our 19th Annual Forward Digital Conference with customers, technology partners and technical experts. We look forward to a robust discussion on the increasing role of digitalization and automation in the sector and how Weatherford's digital technology supports safe, efficient and optimized operations for our customers.

As we look forward into Q4 and to 2024, we are cognizant of the uncertainties stemming from geopolitical and macroeconomic concerns. However, we continue to be constructive on the near to midterm outlook, both in terms of market fundamentals and operator demand, along with our proven ability to execute and deliver margin growth and cash generation.

With that, I'd like to hand it over to Arun.

Arunava Mitra - *Weatherford International plc - Executive VP & CFO*

Thank you, Girish. Good morning, and thank you, everyone, for joining us on the call. I'll begin with our consolidated results and then move into our segment results, liquidity and cash flows.

We had a strong quarter with revenue of $1.31 billion, which grew 3% sequentially and 17% year-over-year. North America revenues improved 2% sequentially, driven mostly by our Canadian business and international growth was underpinned by strong performance in the Middle East, North Africa, Asia regions.

Our operating income was $218 million in the third quarter of 2023 compared to $201 million in the second quarter of 2023 and $121 million in the third quarter of 2022. Net income was $123 million compared to an $82 million second quarter and $28 million third quarter of 2022. Adjusted EBITDA for the quarter was $305 million, which translated to 23.2% adjusted EBITDA margins, an improvement of 39 basis points sequentially and 412 basis points year-over-year.

Now moving into our segment results, Drilling and Evaluation or DRE, revenues of $388 million decreased by $6 million or 2% sequentially, primarily due to lower activity for drilling-related services, partially offset by increased activity in Latin America.

DRE segment adjusted EBITDA of $111 million increased by $5 million or 5% sequentially, helped by a change in mix, mainly in managed pressure drilling and wireline. Well Construction and Completion or WCC revenues of $459 million increased by $19 million or 4% sequentially, mainly due to higher activity in Middle East, North Africa and Asia regions.

WCC segment adjusted EBITDA of $119 million increased by $10 million or 9% sequentially, primarily due to higher cementation products and liner hanger activity. Production and Intervention or PRI revenues of $371 million increased by $5 million or 1% sequentially, mainly due to higher international pressure pumping activity, partially offset by lower intervention service and artificial lift activity in Latin America.

PRI segment adjusted EBITDA of $86 million increased by $5 million or 6% sequentially, primarily due to higher fall-through for international pressure pumping and artificial lift activity primarily in North America.

Turning to cash flows and liquidity. Our adjusted free cash flow was $137 million, a strong performance given the seasonal headwinds and lower collections during the quarter, which impacted our overall net working capital performance in the quarter. As good as our overall journey has been in improving our net working capital efficiency, I am excited about the opportunities to further improve.

We continue to make improvements in internal processes across billings, collections management and inventory management, which are key performance drivers.

We generated operating cash flows of $172 million, down $29 million sequentially. CapEx was $42 million this quarter compared to $36 million in the second quarter of 2023. We closed the third quarter of 2023, with total cash of approximately $946 million, up $24 million sequentially. Improving the company's balance sheet efficiency and de-risking the company on a through-cycle basis has been a key priority.

We have announced a credit facility with total aggregate commitments amounting to $550 million with a 5-year maturity. Under this facility, we have expanded our borrowing capacity from $45 million to a $300 million revolver with additional $250 million capacity for performance letters of credit.

The SOFR benchmark component of the LC facility has been eliminated and the covenants tied to the facility now give us more degree of freedom on capital allocation. As we have done so far, our immediate priority will be to continue addressing the overall debt structure. We have made tremendous progress on that front, repaying $147 million of gross debt since the end of the second quarter of 2023, bringing our total year-to-date debt prepayments to $368 million and now with approximately $1.88 billion total debt, it is the lowest gross debt level the company had since 2007.

For the 6.5% senior secured notes now below $250 million, we will continue to execute on our capital allocation priorities that remain unchanged. We continue to have opportunities to invest in the company in terms of technology, infrastructure and CapEx. And that still leaves us with significant cash flow to improve capital structure.

The credit facility underscores our significant progress in strengthening our balance sheet as it provides us with greater flexibility to improve our overall capital structure in sync with the scale of the business. I am very pleased and proud of the team for this remarkable achievement in securing this facility.

Turning to our outlook for the fourth quarter 2023, we expect consolidated revenues to be up low single-digits sequentially. Across the segments, DRE revenue is expected to be flat to up by low single-digits. WCC is expected to grow by low single-digits and PRI is expected to grow by low to mid-single digits.

Overall, adjusted EBITDA margins are expected to be similar to the third quarter margins. More importantly, they are now expected to be higher than previously anticipated, putting total year margin expansion of approximately 400 basis points. CapEx is expected to be in the range of $60 million to $65 million and adjusted free cash flow is expected to be greater than $115 million.

To recap, for the full year 2023, this will mark another impressive year of high-teens revenue growth, approximately 400 basis points of adjusted EBITDA margin expansion and a very impressive adjusted free cash flow performance of over $450 million.

I'd like to thank each and every team member of the One Weatherford team that help us consistently deliver on our commitments. Thank you for your time today. I'll now pass the call back to Girish for his closing comments.

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Thanks, Arun. As strong as our performance has been the future looks better. We have laid out a roadmap to achieving mid-20s EBITDA margins and that involves the following elements.

Firstly, we are still in an inflationary environment. And while that creates headwinds on material and labor costs, we believe pricing will be a net positive overall and help offset those headwinds. New technology is an enabler to grow share and expand our presence in white space areas. We have launched several new technologies this year and are excited about the pipeline we have in place.

Next, our fulfillment initiative is a paradigm shift in how we run operations and bring solutions to customers. Driving structural changes in manufacturing, sourcing, logistics and our repair and maintenance operations is an enabler for lower cost and faster cycle times, leading to efficiency and better asset utilization.

Finally, our overall cost infrastructure still represents opportunity for us. While we have taken a lot out in the past few years, the next step is to gain efficiencies through simplification and better technology. These steps will fully unfold over the next couple of years. And our goal will be to continue to demonstrate progress on these quarterly updates.

Our ultimate strategic priority remains financial performance, not only on cash and margins but also on improving the balance sheet. Our results in the third quarter and credit facility announcement are clear outcomes of executing on that priority. The new Weatherford is an organization that is capable of capitalizing on the current cycle while driving long-term value creation.

With that, operator, let's open it up for questions, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question today will come from Luke Lemoine with Piper Sandler.

Luke Michael Lemoine - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Girish, you're less than 200 basis points away from hitting that mid-20% or 25% EBITDA margin target. Could you refresh us on the roadmap to get there? I believe most of this was basically through internal initiatives and some pricing that's already locked in and really wasn't contingent on activity really flexing higher.

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

That's right, Luke. As we just talked about on the call, Luke, it's really 4 components. The first is pricing, which we're really looking at as an offset to the inflationary pressures that we see both labor and material. We continue to see some very strong inflationary headwinds. But we think we've got a constructive pricing environment, especially in the international arena. So we think we'll get a net positive out of that.

The second is technology, so multiple new technology launches that we have announced this year and several more to come. And these help us across the spectrum. The first in capitalizing on where we have opportunity to compete that we don't today. And the second and more exciting is to carve out new opportunities in sort of white space markets, new solutions. Modus(TM) that we announced earlier this year is a great example of that in creating a new segment in our MPD business.

The third is our fulfillment initiative. We are still going through a lot of change in the way we run our manufacturing and sourcing and our overall fulfillment operations, how we deliver to customers. As I've said before, Weatherford was never really designed to be what it is today. So we are sort of starting over, and that, we think, will give us a significant amount of cost efficiency and allow us to deliver better to customer and drive better asset utilization.

And the fourth piece is our cost infrastructure. We still have a lot of inefficiencies, both on the direct cost side as well as our overall support infrastructure. So while we continue to invest in technology and commercial resources, et cetera, we still have opportunity to gain efficiency. So those 4 elements really make up our roadmap.

And then, when you put that in the context of a growth environment and higher activity, those fall-through should enable an acceleration of getting to that. But really, it's more on that, as you said, internal initiatives to help us get there.

Luke Michael Lemoine - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Okay, great. And then, just changing gears, recognizing the near-term focus is still on repaying debt and the shareholder return plan is probably next year. Does the new revolver include any negative covenants or restrictions on share repurchases or total capital returns to shareholders?

Arunava Mitra - *Weatherford International plc - Executive VP & CFO*

Luke, as a matter of fact, it gets -- or eliminates the restrictions, which used to be attached to the prior revolver or the prior facility. The amendment, what it does is introduces a couple of governors, which are liquidity and leverage paced, which we feel very comfortable with. So it gives us much more degree of freedom.

Operator

And our next question will come from Ati Modak with Goldman Sachs.

Atidrip Modak - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Just wondering, so you mentioned some factors on the EBITDA margin expansions. But just any color you can provide on the free cash flow components that you're working on? What has been completed? What's the next 6, 12-month target? What is the last leg to get to your 50% target? Just to understand how things are progressing?

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Yes. Look, Ati, again, we have not explicitly given a time frame or an explicit number on that. But I think directionally, that is where we want to head towards. I think a few different elements on that.

The first is as we pay down debt, taking interest costs out automatically just helps us getting closer. So that's one really important factor. The second is working capital improvements. That's something that we're putting a lot of emphasis on. And it really is all 3 components of it. On the collection side, making sure that we are improving our processes on billing, improving our cycle time there as well as making sure that we are a more rigorous dispute resolution process, all of that to get collections in faster.

On the inventory side, better S&OP mechanisms and again, our overall in fulfillment initiative that I just talked about, that's a big enabler on better inventory management.

On the payable side, that's a long-term journey. Again, as we continue to work with our supply base and our vendors as we are transitioning some of them as we are strengthening relationships with others, making sure we have the right trade-off between the different components of value, which is cost and terms and pushing out our payables to them is another factor.

The next element of it is really CapEx. CapEx is something that we've put a lot of emphasis on in the last few years. And our refreshed view on 3% to 5% of revenue, I think, really shows that we are operating in a much more, what I'll call, asset-lighter type of a mindset. And that's both a combination of efficiency in CapEx operations. But also in terms of the business strategy for specific product lines, pivoting ourselves to much more asset-lighter models, which really give a much higher return and make the company far more exciting in my view.

The final element is really around taxes, et cetera, and that's a little bit of a function of the jurisdictions we operate in. So I'll pass it Arun to add any color on that, but those are really the elements. And we expect, again, on an annual basis to continue to improve that. There will be quarterly fluctuations, but this is probably better to be looked at on an annual basis.

Arunava Mitra - *Weatherford International plc - Executive VP & CFO*

Yes, I totally agree and in terms of -- just to put some numbers around that. As far as working capital efficiency is concerned, our cash conversion cycle in the second quarter of 2022 was 112 days. We were able to get it down to 100 days last quarter. We had some headwinds this quarter. It's back up to 104. But that is the journey we continue on. And we expect to meaningfully drive that number down with all of the components that Girish highlighted. And of course, our interest coverage is going up, interest burden is going down and that automatically helps the conversion.

Atidrip Modak - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

And the stock has done well, obviously here. So as we talk to investors and as you think about the story going forward, how do you frame the narrative? I mean obviously, you've got micro factors. We've got macro factors as well. But just curious how you are seeing the narrative going forward from here, especially in the light of the strong performance so far.

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Yes. Look, Ati, I think it's actually fairly consistent with the way we have portrayed before. The Weatherford story has been one of demonstrating that it's a different company of building that credibility. So I think we are at a point. I will never say that we have achieved it 100% because it's -- we've got to do that quarter in, quarter out. But I think 3 years of consistent performance, I think, allows us to say that we have a track record now of delivering on our results.

The second thing is we are in a very robust cycle for the whole sector, and this is an international company, so it's a great way to play the international leverage. And the last piece of it is when you take those 2 and you look at where our multiple stands today, it still creates at a substantial discount. And we believe that a narrowing of that multiple discount is very much warranted given the track record, given the international leverage, given the improvements that we have made on the capital structure. So that's why we think it is a really good value proposition.

Operator

And our next question will come from Doug Becker with Capital One.

Douglas Lee Becker - *Capital One Securities, Inc., Research Division - Research Analyst*

Girish, your commentary seems to have once again endorse double-digit revenue growth for next year. Just trying, to think about North America probably up only modestly, international, up double-digits. Should we be anchoring more toward the low end of double digits? Or do you see a path to, say, mid -- like a 15% growth in a favorable environment?

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Yes. I think it's too early, Doug, to jump to a specific number on that. And again, we'll give detailed guidance in our Q4 call. But look, I think you've sort of said it yourself, right? North America, I think it's a bit of a wait and see, but hopefully, a modest expansion in somewhere in probably the low single-digits. But the international is where the story is. But international is multiple different regions. We think the Middle East continues to be very robust and we expect to see solid growth in the Middle East. We think Latin America has experienced tremendous growth this year. We think it will be positive next year, but not to the same extent, and then the rest of the geographies. But look, there are a lot of uncertainties as well right now in the macro environment, especially from a geopolitical standpoint. So I think it's a tad bit early to get to specifics on what it is. But I think there's a notion of a much more tepid kind of in North America. But international in double digits, I think is an overall correct thesis.

Douglas Lee Becker - *Capital One Securities, Inc., Research Division - Research Analyst*

Makes sense. And you kind of touched on some initiatives a couple of times during the call. But how would you characterize how far along through this process, would you characterize it? And just any way to think about what this could mean for margins over an extended period of time?

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Yes. Doug, when we started talking about this it's now -- we've been talking about it for about a year, 1.5 years. We've always said it's sort of a 3 to 4-year journey. This is a fairly complicated stuff where we are closing several factories. You are shifting work across the planet. You're creating new supply bases, new logistics channels. You're qualifying vendors. You're getting certifications on quality at different facilities for different product lines, et cetera. So it's a tremendous amount of work. We've got a very rigorous plan around every single transfer around supplier qualification. We have built out a quality function in the company that team is doing a terrific job on, so all of that. I would say we're probably about 1 year, 1.5 years into a 4-year journey. I think what we will start to see is next year some of the initial benefits of that start to come through. And that's what we've alluded to is that we will continue to focus on margin expansion and fulfillment is a part of that. And then the really significant benefits of that, I expect will really start to show up in '25.

Douglas Lee Becker - *Capital One Securities, Inc., Research Division - Research Analyst*

Makes sense. And then just briefly, slipping one more in. Just in terms of the collection issues during the quarter. Just any more color on that and how you expect those to resolve going forward?

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Yes. Look, I'll just say, again, it's -- we have fully anticipated that. It was not so much issues as we knew that we had just some dynamics that would cause relative to Q2 or Q3 that was softer. So we baked that into our guidance. We see that coming back on track in Q4. It was really in Latin America. And we'll have a little bit more specificity in the Q, but nothing that we are unduly alarmed by. And really, what it was is just one of our customers pushing out things a little bit. But we are very confident that we'll get back on track in Q4.

Arunava Mitra - *Weatherford International plc - Executive VP & CFO*

And Doug, just as a reminder that we had a really good quarter in the second quarter. So we were fully anticipating some headwinds in the third quarter. And it came into fruition and we expect to recover in the fourth quarter.

Douglas Lee Becker - *Capital One Securities, Inc., Research Division - Research Analyst*

I guess I'm just a little anxious to get to 25% of revenue and net working capital to be 25% of revenue.

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

You and me both Doug, but these things do take a little bit of time.

Operator

And our next question will come from Jim Rollyson with Raymond James.

James Michael Rollyson - *Raymond James & Associates, Inc., Research Division - Director of Oilfield Services*

And great job again on this quarter. A lot of questions asked and answered, but a couple of follow-ups. Girish, you talked about offshore. And obviously, that's been a popular topic given the growth rate there. We've seen some of your large peers, kind of giving some color on their exposure to offshore. And I'm wondering if you would give us maybe just a hint of kind of where Weatherford stands from a revenue percentage that's tied to offshore these days.

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Yes. Jim, first of all thank you. Look, on offshore, we've never really given a specific number in terms of how we break it out, because it is a bit of a variable and it varies by geography. There's, some changes around our segments, et cetera. But look, I think a couple of things that are relevant. First of all, as we talk about our market-leading product lines, right? We have talked about MPD, cementing products, TRS, intervention services. We've always said that these are both onshore and offshore plays. But the value proposition is even more skewed towards the offshore because of the high-risk element. So we tend to do really well in those businesses, right?

We have talked about several of our contract wins that include these product lines, but also product lines such as drilling. For example, we talked about our win in the Gulf of Thailand with PTTEP a few quarters ago. So we've got multiple different product lines that we play in, our marketing product lines. We've got drilling, we've got completions. We've got multiple different pieces. But we don't break it out explicitly in terms of what it is. Suffice to say, though, look, it is an important part of the business. And we are extremely excited about the continued growth in offshore because we think it does continue to present opportunities for us to grow not just with the natural rate of growth but hopefully create some additional opportunities that we can get a little bit more lift out of.

James Michael Rollyson - *Raymond James & Associates, Inc., Research Division - Director of Oilfield Services*

Yes, that's very helpful color. I appreciate that. And just one follow-up. I noticed the Chevron Angola announcement award in your press release. I'm just curious in light of the recent Chevron news, kind of how you are situated with Chevron as a customer? And if you think there's any potential for that to lead to opportunity down in Latin America, given who they're attempting to buy?

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Look, first of all, Chevron is a terrific customer. As are many of our other customers, this is a terrific win. Again, as you talked about offshore earlier, it really, again, highlights where we've got some true differentiation in our product lines and continue to win with customers. Look, we also have terrific relationships with a lot of other customers. We talked on this earnings call, I think, about 3 or 4 quarters ago about a significant win with Hess, for example.

As we pointed out in our prepared remarks, we do think that there will be continued consolidation that will create some interesting challenges, but also creates a lot of opportunities for us. So we continue to engage in very constructive conversation with all of our customers and look to make sure that we can help serve them as they expand their portfolios and they try to solve new challenges that they come up with in consolidation.

Operator

Our next question will come from Kurt Hallead with Benchmark.

Kurt Kevin Hallead - *The Benchmark Company, LLC, Research Division - Research Analyst*

Yes, I got just a couple of quick follow-up questions for you, right? So given the pipeline of international projects that you already have been awarded, right?

Does that give you conviction that you think your overall international revenue growth to be closer to 15% than the 10%.

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

So Kurt, I will answer it the way I just did a few minutes ago. I think it's way too soon to give a specific number around that. We will provide more color on our guidance when we give our 4Q results and guidance for 2024. But again, I think it's going to be a little bit mixed by region. We think the Middle East is very strong. We think Latin America will continue to grow. We expect to see continued growth in many offshore markets in Asia, in Europe. So it's going to be a bit of a mixed bag. But I think it would be best to wait until our Q4 call to get into specifics on what it is.

Kurt Kevin Hallead - *The Benchmark Company, LLC, Research Division - Research Analyst*

Yes. I appreciate that. And then on the balance sheet elements, what -- in terms of additional debt reduction, what do you expect to achieve in 2024?

Arunava Mitra - *Weatherford International plc - Executive VP & CFO*

See, Kurt, as we mentioned before, in the previous calls, our gross debt and interest coverage is still not there in terms of -- when compared to our scale peers, even larger peers. So we would like to keep going down this path of paying down debt, with a specific focus on senior secured notes and increasing our interest coverage. So we expect to continue doing it in next 6 to 12 months, and hope to have a meaningful conversation with our investors on shareholder returns at that point.

Operator

This concludes our question-and-answer session. I would now like to turn the conference back over to management for any closing remarks.

Girishchandra K. Saligram - *Weatherford International plc - President, CEO & Director*

Great. Thank you, operator. Thank you all for joining the call today. And I look forward to speaking to you again after the fourth quarter to update you on the full year. Thank you.

Operator

The conference has now concluded. Thank you very much for attending today's presentation. You may now disconnect your lines.