

# National Oilwell Varco

## Barclays CEO Energy-Power Conference

**Clay Williams**

President, Chairman, and Chief Executive Officer

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# NOV by the numbers

Global market leader

55K

employees

\$15.6B

market  
capitalization

67

countries

\$20.0B

revenue ttm

880

locations

\$2.2B

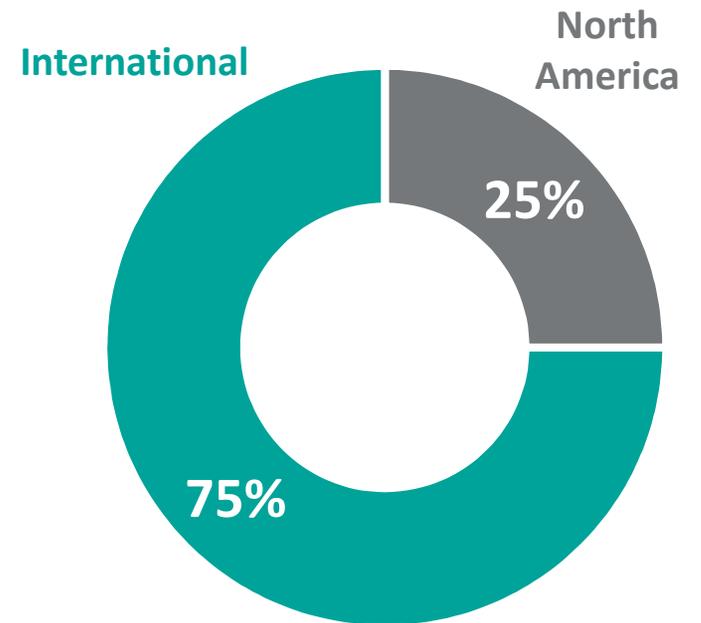
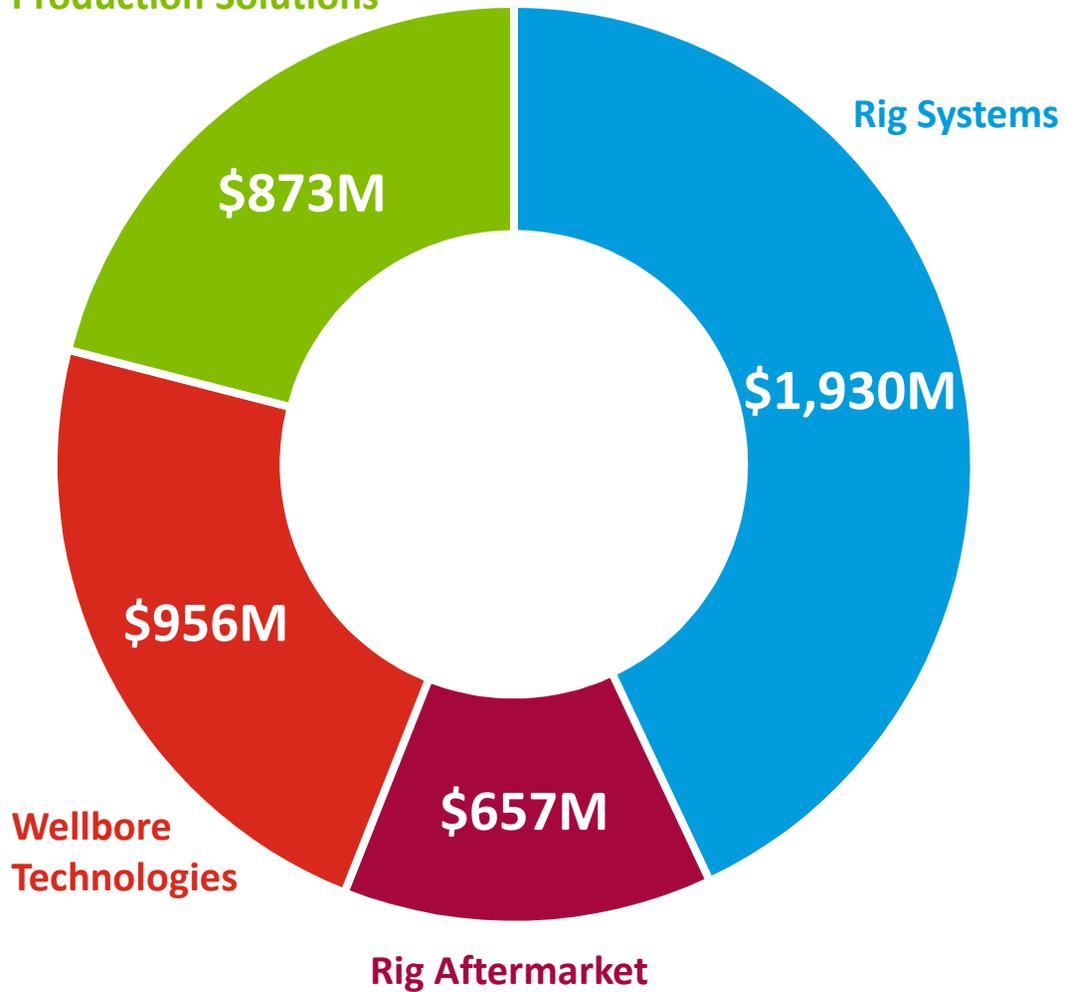
net income ttm

**Note:** net income excludes adjustments and non-recurring items

# NOV in balance

Q2'15 Revenues

**Completion &  
Production Solutions**



# Capital deployment priorities

Trailing three years

\$1.9B

organic growth

\$1.6B

dividends

\$3.0B

m&a

\$2.6B

share repurchase

# A lifecycle business



# National Oilwell Varco

The oilfield's leading technology and equipment provider

**Market leadership** in all we do

**Dependable partner** in high-risk high-cost world

Sustainable **competitive advantage**

Attractive **reinvestment opportunities**

**Entrepreneurial culture**

“The great energy challenge of the future, which will **test all sources**, is meeting the demand growth of a growing world.”

-- *Daniel Yergin*  
Vice Chairman, IHS

Source: “ExxonMobil The Outlook for Energy: A View to 2040”

# By the year 2040

**MORE PEOPLE**

**+2B global population increase<sup>1</sup>**

with

**MORE MONEY**

**+130% larger global economy<sup>2</sup>**

demand

**MORE ENERGY**

**+35% global energy demand<sup>3</sup>**

to grow and thrive

<sup>1</sup> Based on current global population of 7B

<sup>2</sup> Globally GDP per capita +80% from 2010 to 2040. Assumes 2% annual growth for OECD countries and 4.4% for non-OECD.

<sup>3</sup> From 2010 to 2040 but could have more than doubled without assumed efficiency gains

Source: "ExxonMobil The Outlook for Energy: A View to 2040"

**National Oilwell Varco...**

**...decreasing cost and increasing access to critical resources since 1862.**

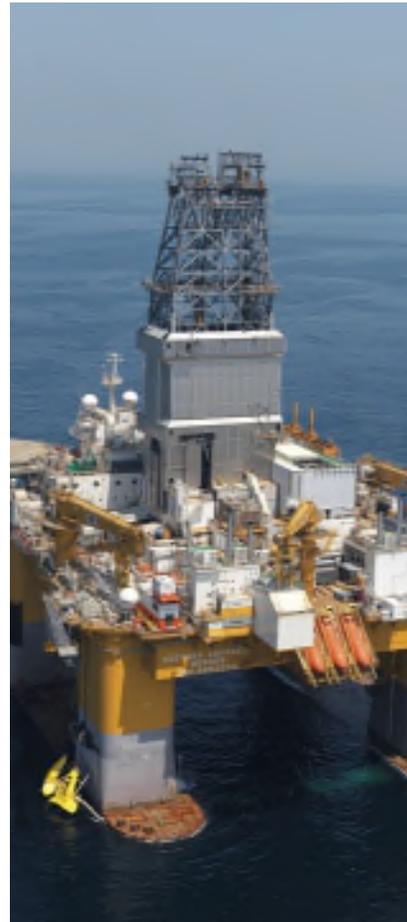
# We serve a growth industry



PROGRESSION OF  
UNCONVENTIONAL  
TECHNOLOGIES



REPLACEMENT OF  
AGING RIG FLEET



DEVELOPMENT OF  
DEEPWATER RIG  
FLEET



BUILD-OUT OF  
FLOATING  
PRODUCTION  
SYSTEMS

# 21<sup>st</sup> century oil

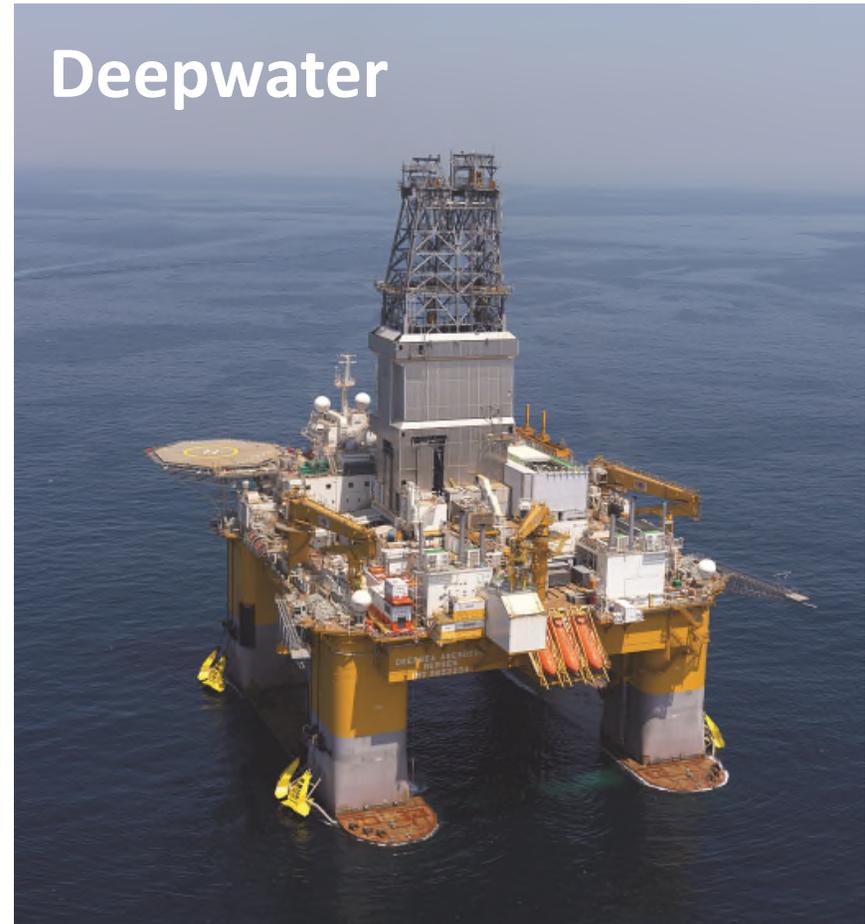
**Unconventionals**



**4.5 MM bbl/DAY**

The image shows a large green industrial rig component being lifted by a crane at an oil field. The rig is complex, with various pipes, valves, and structural elements. The background is a clear blue sky.

**Deepwater**



**8.2 MM bbl/DAY**

The image shows a large offshore oil platform in the ocean. The platform is a complex structure with a tall central tower and various deck levels. It is surrounded by water and has a helipad on the deck. The sky is clear and blue.

Source: "EIA International Energy Statistics, Rystad Energy, and NOV research"



**Equipment uptime**



**Waste management**



**Horizontal drilling**



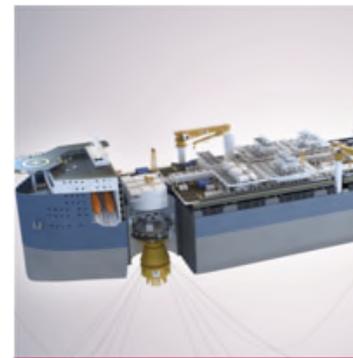
**Hydraulic stimulation**



**Safety**

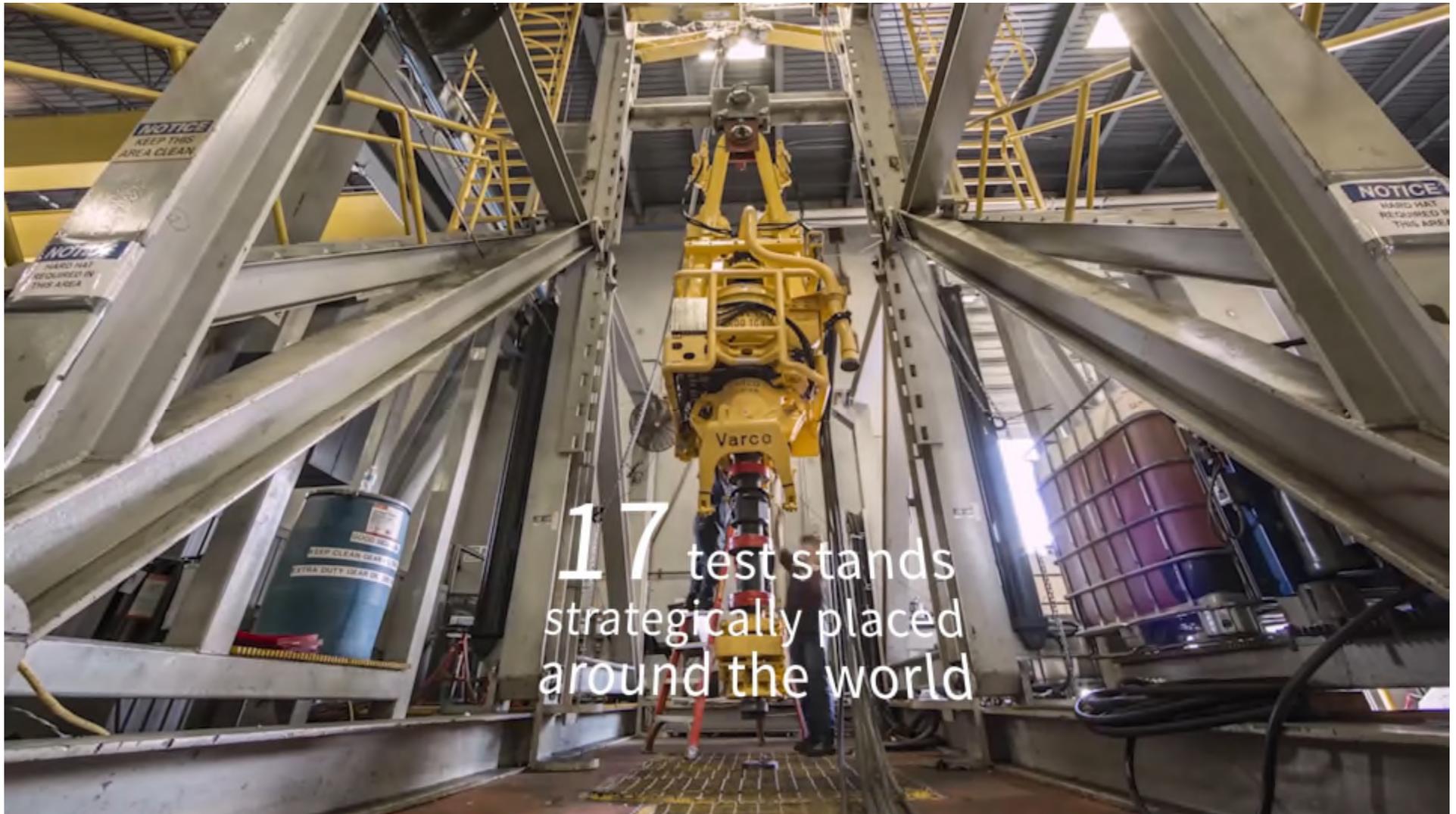


**Corrosion**



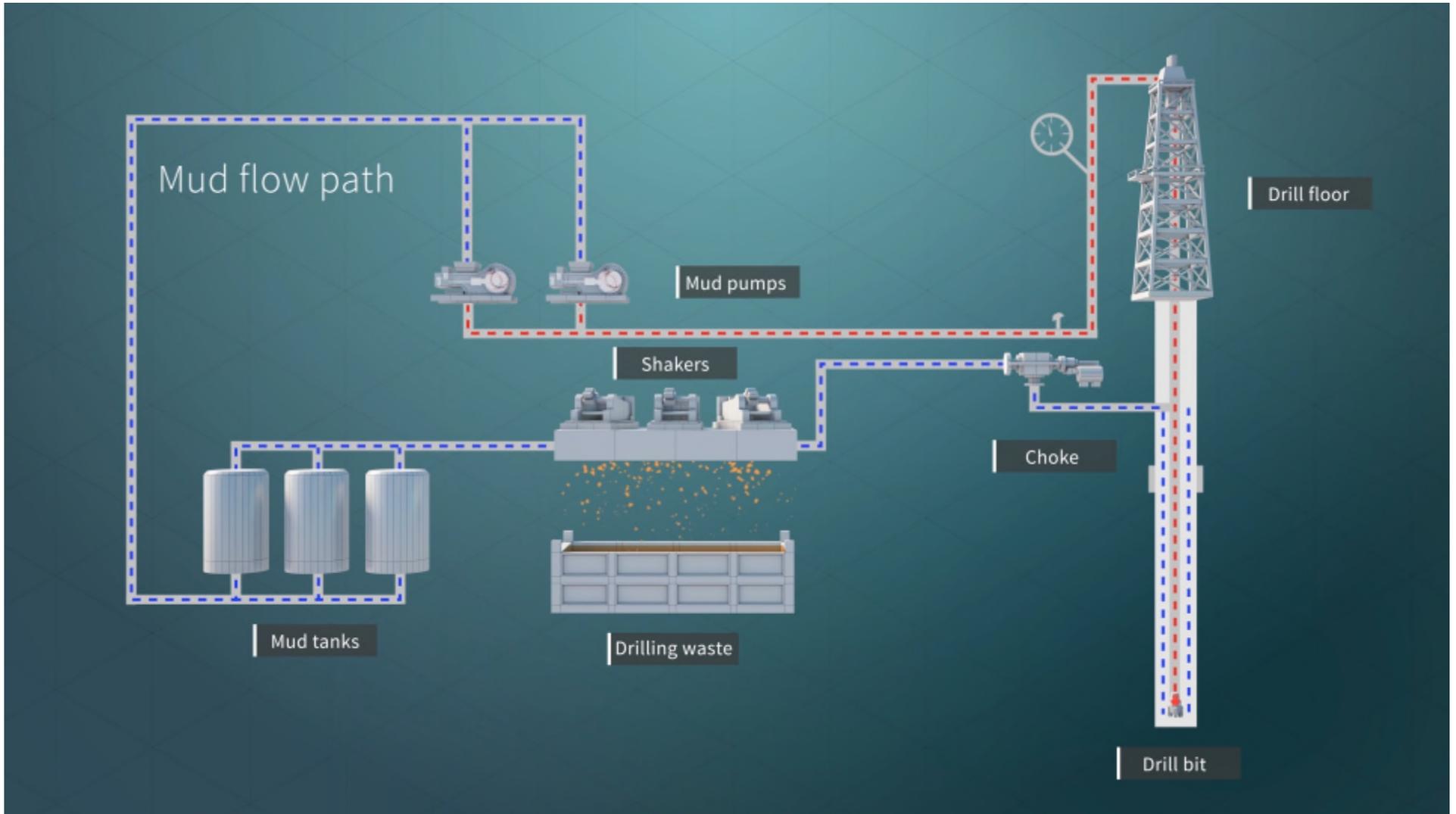
**Complex FPSO build**

# Equipment uptime

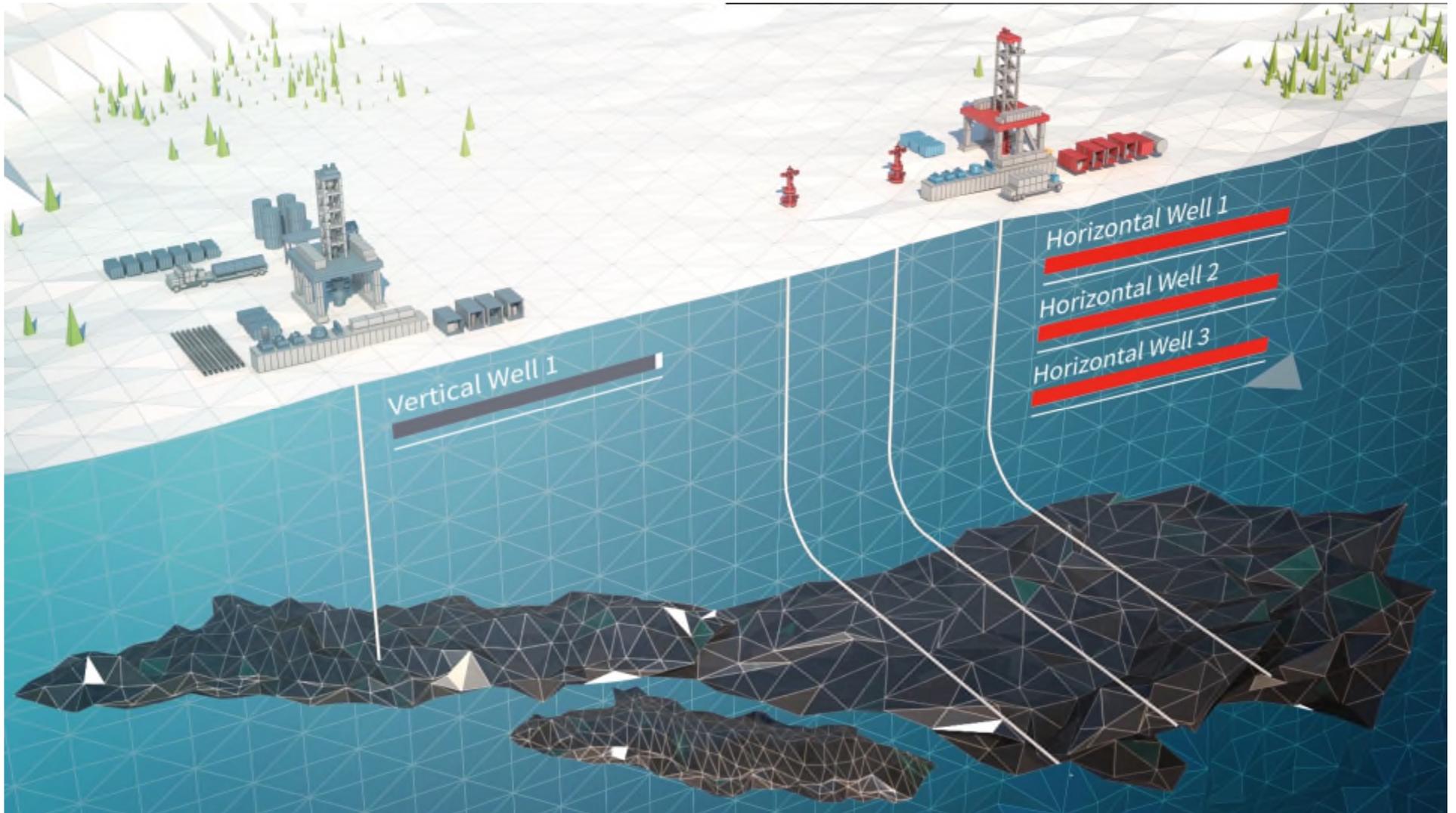


17 test stands  
strategically placed  
around the world

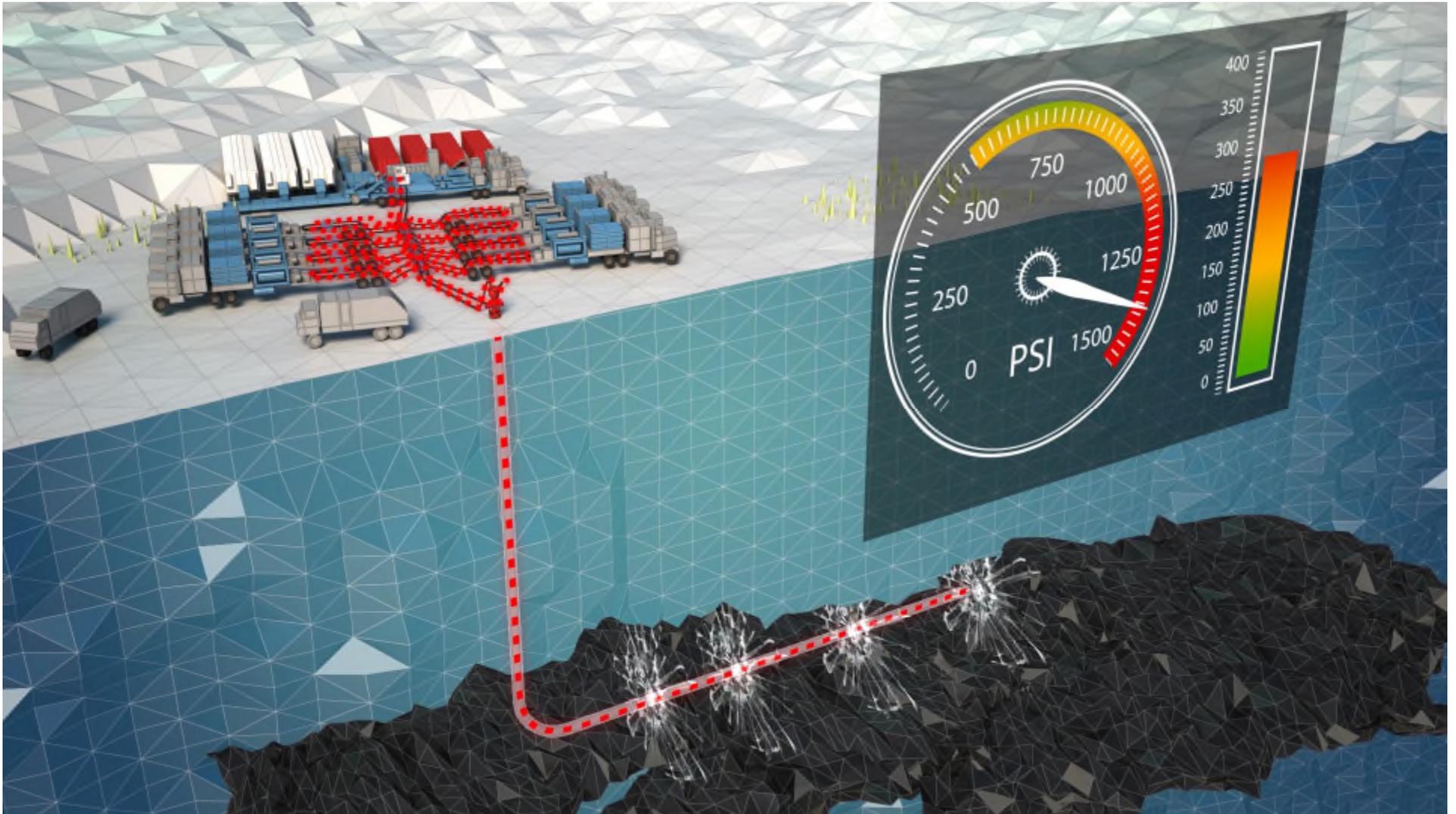
# Waste management



# Horizontal drilling



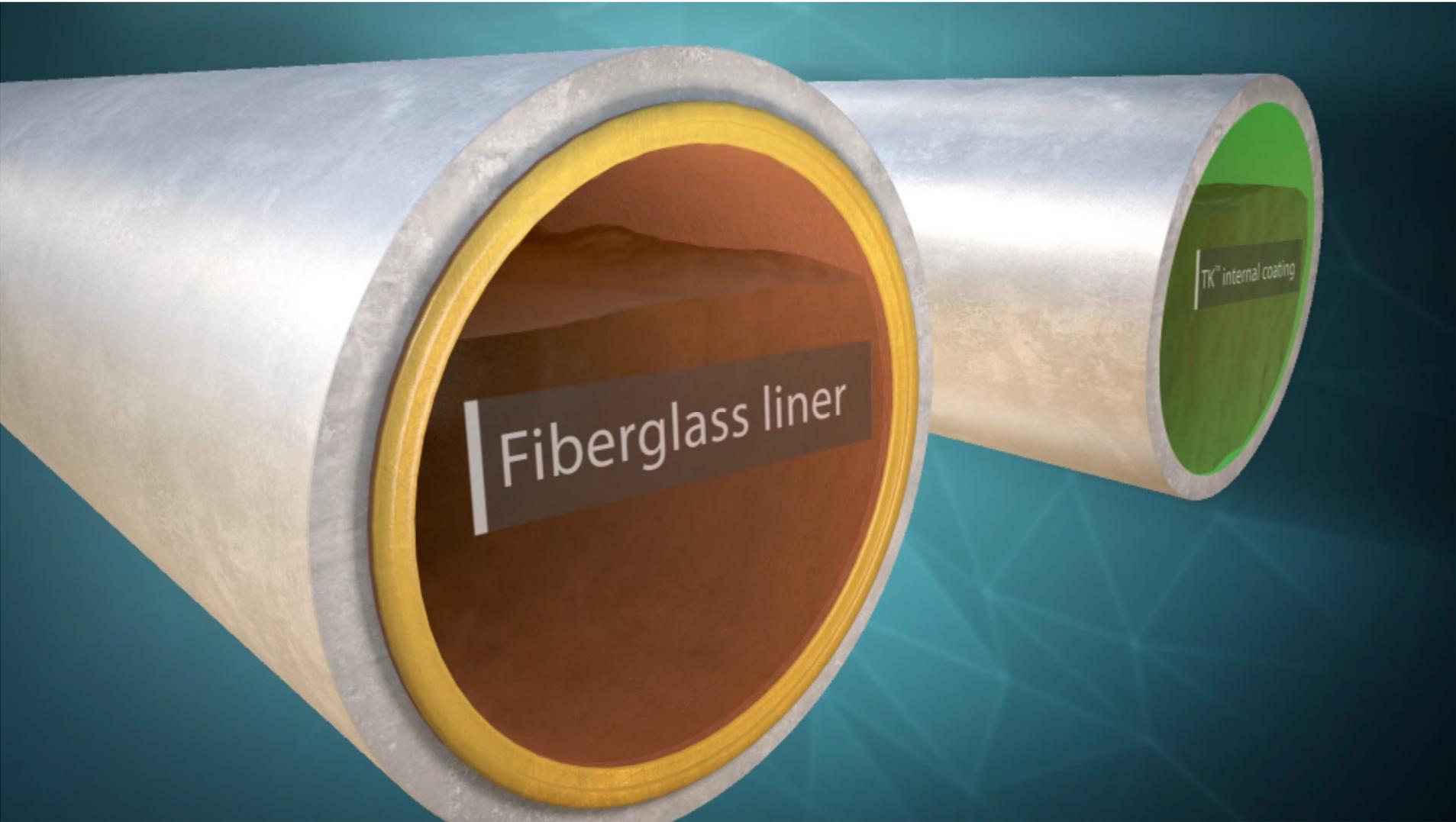
# Hydraulic stimulation



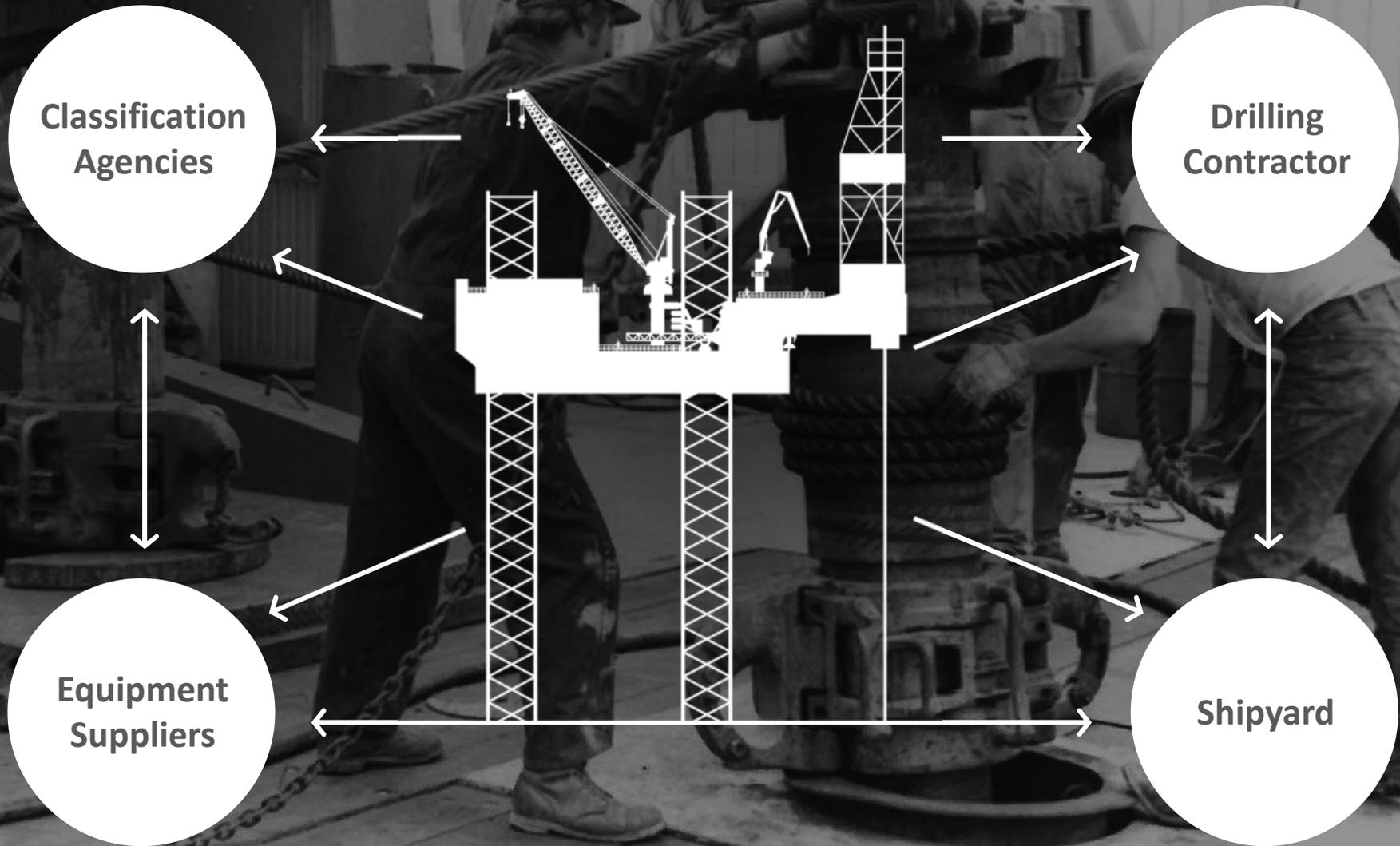
# Safety



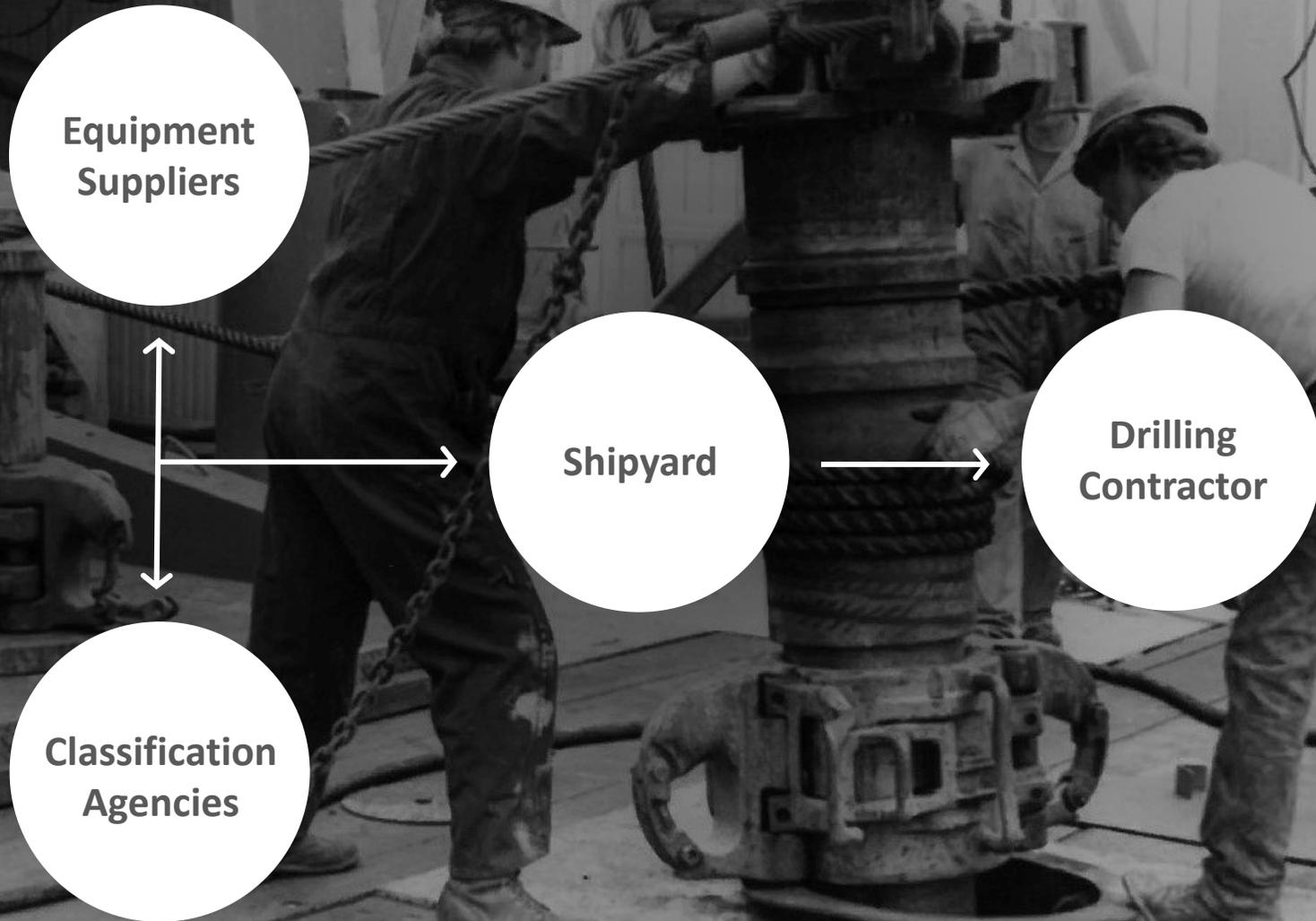
# Corrosion



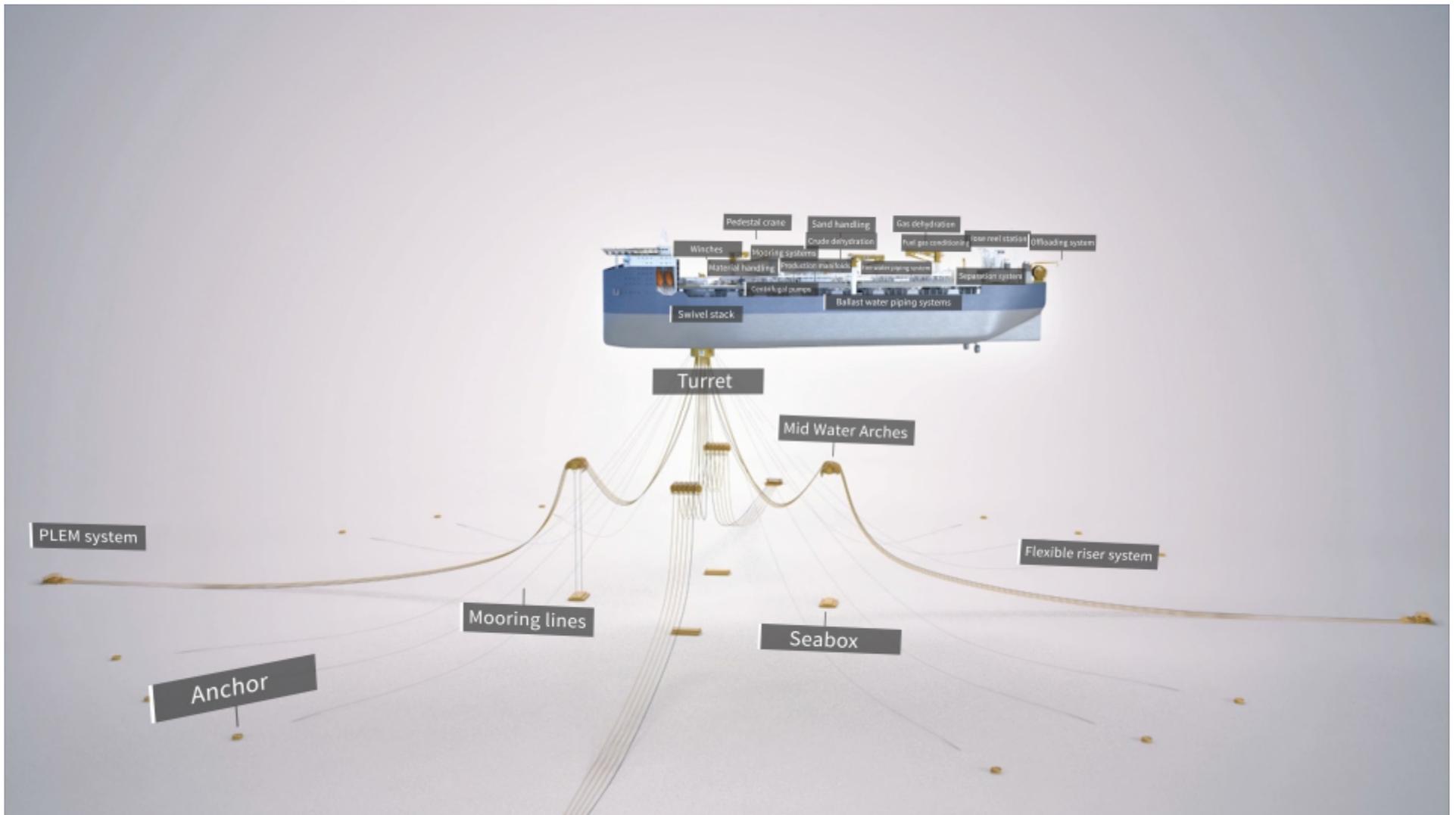
# 1997 rig construction model



# Industrialized rig construction model



# Complex FPSO build



# 21<sup>st</sup> century oil

**Unconventionals**



**4.5 MM bbl/DAY**

The image shows a large green industrial rig component being lifted by a crane at an oil field. The rig is complex, with various pipes, valves, and a large wheel. The background is a clear blue sky.

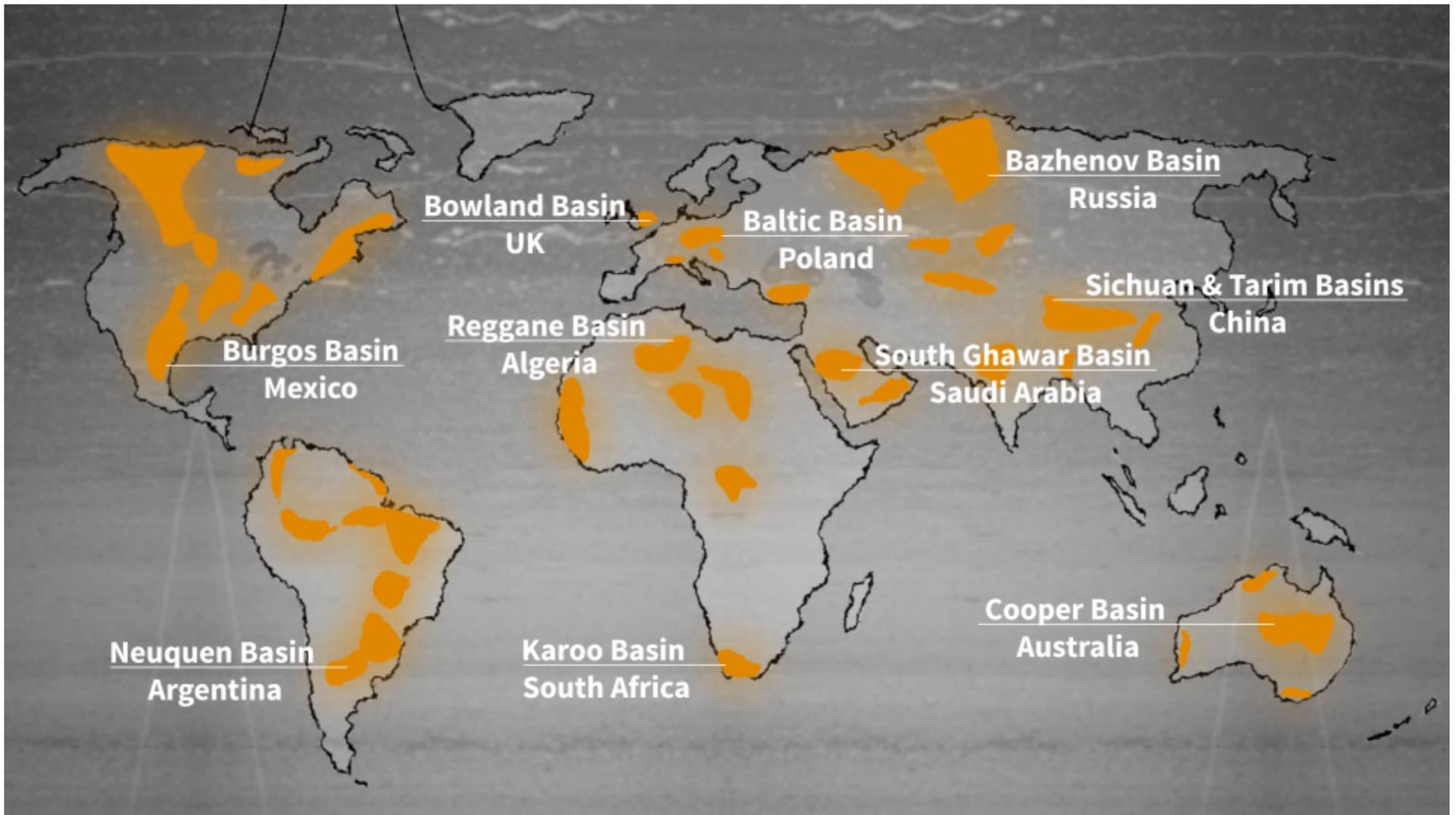
**Deepwater**



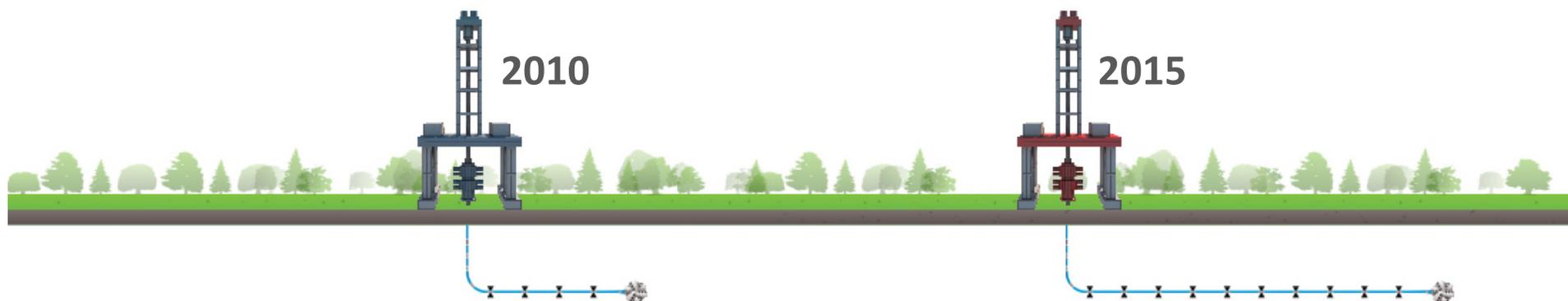
**8.2 MM bbl/DAY**

The image shows a large offshore oil platform in the ocean. The platform is a complex structure with a tall tower and various levels. The ocean is a deep blue, and the sky is a lighter blue.

Source: "EIA International Energy Statistics, Rystad Energy, and NOV research"



# Eagle Ford - improving economics

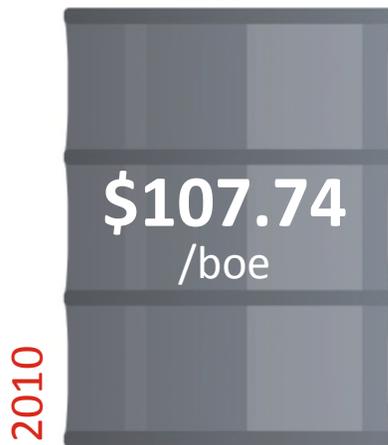


Assumed Well Cost	\$6,453,390	\$6,391,250
Pad Deployment	8%	93%
Drilling Days per Well	28 days/well	11 days/well
Lateral Length	5,356 ft	6,996 ft
Total Measured Depth	13,350 ft	14,800 ft
Frac Stages	16 stages	24 stages
Frac Days per Well	5 days/well	10 days/well
D&C Cost per Foot	\$483.40/ft	\$431.84/ft
<b>EUR</b>	<b>246,560 bbl</b>	<b>557,808 bbl</b>

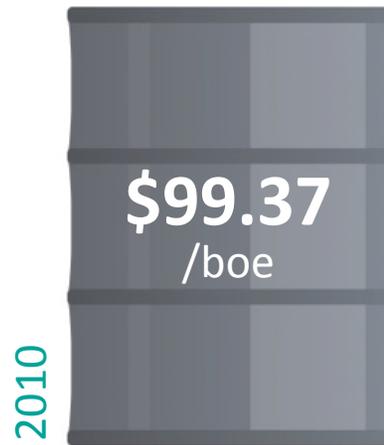
Assumes 20% IRR. Sources – Bloomberg New Energy Finance, Oil Company information, and J.P Morgan research, and PacWest

# Shale cost reductions

## EAGLE FORD



## BAKKEN



## MARCELLUS



Assumes 20% IRR. Sources – Bloomberg New Energy Finance, Oil Company information, and J.P Morgan research, and PacWest

# 21<sup>st</sup> century oil

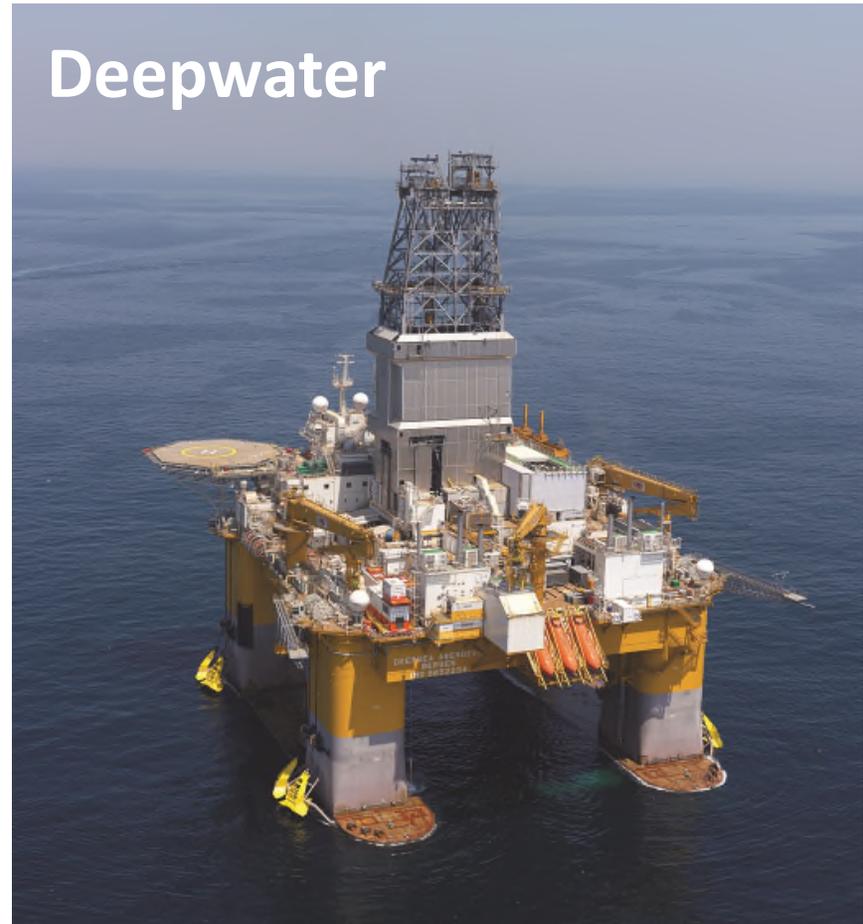
Unconventionals



4.5 MM bbl/DAY

The image shows a large green industrial rig component, possibly a wellhead or valve, being lifted by a crane. The rig is complex, with various pipes, valves, and structural elements. The background is a clear blue sky.

Deepwater



8.2 MM bbl/DAY

The image shows a large offshore oil platform in the ocean. The platform is yellow and white, with a complex structure of pipes, valves, and structural elements. The ocean is dark blue, and the sky is a clear blue.

Source: "EIA International Energy Statistics, Rystad Energy, and NOV research"

# Deepwater cost reductions

## BP MAD DOG 2



Source: BP Investor Presentation

## SHELL APPOMATTOX



Source: Shell Investor Presentation, Natural Gas Intelligence, Wall St. Journal

## TOTAL KAOMBE



Source: Pareto Securities Research

# NOV Turret Moored FPSO



**Proprietary  
design**

**20% less hull  
construction cost**

**25% less mooring  
systems cost**

# Focus on what we can control

Managing NOV to market, reducing cost while advancing long-term strategy

Experienced leadership team

Full-cycle business model

Commitment to operational excellence

Acute focus on cost reduction and efficiency gains

Strong balance sheet enabling opportunistic capital allocation

**= Stronger, more resilient, more dependable partner**

# National Oilwell Varco

The oilfield's leading technology and equipment provider

**Market leadership** in all we do

**Dependable partner** in high-risk high-cost world

Sustainable **competitive advantage**

Attractive **reinvestment opportunities**

**Entrepreneurial** culture

We power the industry  
that powers the world.

