



**NEWS**

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**FOR IMMEDIATE RELEASE**

**NATIONAL OILWELL VARCO ANNOUNCES  
SECOND QUARTER 2015 EARNINGS**

**HOUSTON, TX, July 28, 2015** — National Oilwell Varco, Inc. (NYSE: NOV) today reported that for its second quarter ended June 30, 2015, it earned net income of \$289 million, or \$0.74 per fully diluted share, compared to first quarter ended March 31, 2015 net income of \$310 million, or \$0.76 per fully diluted share. Excluding other items and non-recurring charges from all periods, second quarter net income was \$301 million, or \$0.77 per fully diluted share, compared to \$1.14 in the first quarter of 2015 and \$1.47 in the second quarter of 2014. Second quarter 2015 other items were \$17 million in pre-tax severance and facility closure charges.

Revenues for the second quarter of 2015 were \$3.91 billion, a decrease of 19 percent from the first quarter of 2015 and a decrease of 26 percent from the second quarter of 2014. Operating profit for the quarter, excluding the other items, was \$455 million, or 11.6 percent of sales. EBITDA, excluding other items, was \$627 million, or 16.0 percent of sales, down 45 percent from the prior year.

During the second quarter of 2015, the Company repurchased and retired 8.6 million shares of its common stock at an average price of \$51.73 per share for a total purchase price of \$447 million. Since initiating a share buyback program in September 2014, the Company repurchased 44.7 million shares through the end of the second quarter, or 10.4 percent of its shares outstanding, at an average price of \$57.12 per share.

Ending backlog for the second quarter of 2015 was \$9.03 billion for the Company's Rig Systems segment and \$1.19 billion for the Company's Completion & Production Solutions segment.

Clay C. Williams, Chairman, President and CEO of National Oilwell Varco, stated, "NOV achieved solid results this quarter in the face of the cyclical downturn which has impacted our business. The operating margins delivered by our segments this quarter reflect our focus on reducing costs to become more efficient. We continue to advance our long-term strategies and expect the strength of our balance sheet will allow us to identify investment opportunities arising from this downturn. We are positioning the company to perform well through the downturn and to generate profitable growth in the inevitable upturn, and expect that while 2015 will continue to be challenging, it will afford us the opportunity to make great progress against our strategic plans."

**Rig Systems**

The Rig Systems segment generated revenues of \$1.93 billion in the second quarter of 2015, a decrease of 24 percent from the first quarter of 2015 and a decrease of 19 percent from the second quarter of 2014. Operating profit for this segment was \$395 million, or 20.5 percent of

sales. EBITDA for this segment was \$419 million, or 21.7 percent of sales. Revenue out of backlog for the segment was \$1.70 billion.

Backlog for capital equipment orders for the Company's Rig Systems segment at June 30, 2015 was \$9.03 billion, down 13 percent from the first quarter of 2015, and down 41 percent from the end of the second quarter of 2014. New orders during the quarter were \$313 million.

### **Rig Aftermarket**

The Rig Aftermarket segment generated revenues of \$657 million in the second quarter of 2015, a decrease of nine percent from the first quarter of 2015 and a decrease of 16 percent from the second quarter of 2014. Operating profit for this segment was \$145 million, or 22.1 percent of sales. EBITDA for this segment was \$152 million, or 23.1 percent of sales

### **Wellbore Technologies**

The Wellbore Technologies segment generated revenues of \$956 million in the second quarter of 2015, a decrease of 18 percent from the first quarter of 2015 and a decrease of 34 percent from the second quarter of 2014. Operating profit for this segment was \$47 million, or 4.9 percent of sales. EBITDA for this segment was \$146 million, or 15.3 percent of sales

### **Completion & Production Solutions**

The Completion & Production Solutions segment generated revenues of \$873 million in the second quarter of 2015, a decrease of eight percent from the first quarter of 2015 and a decrease of 23 percent from the second quarter of 2014. Revenues out of backlog were \$538 million. Operating profit for this segment was \$81 million, or 9.3 percent of sales. EBITDA for this segment was \$141 million, or 16.2 percent of sales.

Backlog for capital equipment orders for the Company's Completion & Production Solutions segment at June 30, 2015 was \$1.19 billion, down 18 percent from the first quarter of 2015, and down 44 percent from the end of the second quarter of 2014. New orders during the quarter were \$264 million.

The Company has scheduled a conference call for July 28, 2015, at 8:00 a.m. Central Time to discuss second quarter results. The call will be broadcast through the Investor Relations link on National Oilwell Varco's web site at [www.nov.com](http://www.nov.com), and a replay will be available on the site for thirty days following the conference. Participants may also join the conference call by dialing **1-866-312-4825 within North America** or **1-720-634-2948 outside of North America** five to ten minutes prior to the scheduled start time and asking for the "National Oilwell Varco Earnings Conference Call."

National Oilwell Varco is a worldwide leader in the design, manufacture and sale of equipment and components used in oil and gas drilling and production operations and the provision of oilfield services to the upstream oil and gas industry.

Statements made in this press release that are forward-looking in nature are intended to be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and may involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to documents filed by National Oilwell Varco with the Securities and Exchange Commission, including the Annual Report on Form 10-K, which identify significant risk factors which could cause actual results to differ from those contained in the forward-looking statements.

**NATIONAL OILWELL VARCO, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions, except share data)

|   | June 30,<br>2015 | December 31,<br>2014 |
|---|------------------|----------------------|
|   | (Unaudited)      |                      |
| <b>ASSETS</b>   |                  |                      |
| Current assets:   |                  |                      |
| Cash and cash equivalents   | \$ 2,544         | \$ 3,536             |
| Receivables, net  | 3,476            | 4,416                |
| Inventories, net  | 5,394            | 5,281                |
| Costs in excess of billings   | 1,810            | 1,878                |
| Deferred income taxes   | 381              | 447                  |
| Prepaid and other current assets  | 562              | 604                  |
| Total current assets  | 14,167           | 16,162               |
| Property, plant and equipment, net  | 3,250            | 3,362                |
| Deferred income taxes   | 535              | 503                  |
| Goodwill  | 8,507            | 8,539                |
| Intangibles, net  | 4,257            | 4,444                |
| Investment in unconsolidated affiliates   | 327              | 362                  |
| Other assets  | 182              | 190                  |
|   | \$ 31,225        | \$ 33,562            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                  |                      |
| Current liabilities:  |                  |                      |
| Accounts payable  | \$ 847           | \$ 1,189             |
| Accrued liabilities   | 3,028            | 3,518                |
| Billings in excess of costs   | 1,269            | 1,775                |
| Current portion of long-term debt and short-term borrowings   | 151              | 152                  |
| Accrued income taxes  | 24               | 431                  |
| Deferred income taxes   | 353              | 309                  |
| Total current liabilities   | 5,672            | 7,374                |
| Long-term debt  | 4,154            | 3,014                |
| Deferred income taxes   | 1,976            | 1,972                |
| Other liabilities   | 418              | 430                  |
| Total liabilities   | 12,220           | 12,790               |
| Commitments and contingencies   |                  |                      |
| Stockholders' equity:   |                  |                      |
| Common stock – par value \$.01; 1 billion shares authorized; 386,542,334 and 418,977,608 shares issued and outstanding at June 30, 2015 and December 31, 2014 | 4                | 4                    |
| Additional paid-in capital  | 6,625            | 8,341                |
| Accumulated other comprehensive loss  | (1,119)          | (834)                |
| Retained earnings   | 13,417           | 13,181               |
| Total Company stockholders' equity  | 18,927           | 20,692               |
| Noncontrolling interests  | 78               | 80                   |
| Total stockholders' equity  | 19,005           | 20,772               |
|   | \$ 31,225        | \$ 33,562            |

**NATIONAL OILWELL VARCO, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**  
(In millions, except per share data)

|  | Three Months Ended |          |           | Six Months Ended |          |
|--|--------------------|----------|-----------|------------------|----------|
|  | June 30,           |          | March 31, | June 30,         |          |
|  | 2015               | 2014     | 2015      | 2015             | 2014     |
| Revenue:   |                    |          |           |                  |          |
| Rig Systems  | \$ 1,930           | \$ 2,372 | \$ 2,523  | \$ 4,453         | \$ 4,628 |
| Rig Aftermarket  | 657                | 785      | 719       | 1,376            | 1,535    |
| Wellbore Technologies                                      | 956                | 1,446    | 1,171     | 2,127            | 2,724    |
| Completion & Production Solutions                          | 873                | 1,127    | 948       | 1,821            | 2,129    |
| Eliminations   | (507)              | (475)    | (541)     | (1,048)          | (872)    |
| Total revenue  | 3,909              | 5,255    | 4,820     | 8,729            | 10,144   |
| Gross profit   | 872                | 1,456    | 1,178     | 2,050            | 2,746    |
| Gross profit %   | 22.3%              | 27.7%    | 24.4%     | 23.5%            | 27.1%    |
| Selling, general, and administrative                       | 417                | 511      | 486       | 903              | 984      |
| Other items  | 17                 | 32       | 122       | 139              | 50       |
| Operating profit   | 438                | 913      | 570       | 1,008            | 1,712    |
| Interest and financial costs                               | (26)               | (27)     | (26)      | (52)             | (53)     |
| Interest income  | 2                  | 5        | 5         | 7                | 9        |
| Equity income in unconsolidated affiliates                 | 7                  | 23       | 9         | 16               | 33       |
| Other income (expense), net                                | (30)               | (21)     | (56)      | (86)             | (21)     |
| Income before income taxes                                 | 391                | 893      | 502       | 893              | 1,680    |
| Provision for income taxes                                 | 105                | 284      | 189       | 294              | 523      |
| Income from continuing operations                          | 286                | 609      | 313       | 599              | 1,157    |
| Income from discontinued operations                        | -                  | 11       | -         | -                | 52       |
| Net income   | 286                | 620      | 313       | 599              | 1,209    |
| Net income (loss) attributable to noncontrolling interests | (3)                | 1        | 3         | -                | 1        |
| Net income attributable to Company                         | \$ 289             | \$ 619   | \$ 310    | \$ 599           | \$ 1,208 |
| Per share data:  |                    |          |           |                  |          |
| Basic:   |                    |          |           |                  |          |
| Income from continuing operations                          | \$ 0.75            | \$ 1.42  | \$ 0.76   | \$ 1.51          | \$ 2.70  |
| Income from discontinued operations                        | \$ -               | \$ 0.03  | \$ -      | \$ -             | \$ 0.12  |
| Net income attributable to Company                         | \$ 0.75            | \$ 1.45  | \$ 0.76   | \$ 1.51          | \$ 2.82  |
| Diluted:   |                    |          |           |                  |          |
| Income from continuing operations                          | \$ 0.74            | \$ 1.42  | \$ 0.76   | \$ 1.51          | \$ 2.69  |
| Income from discontinued operations                        | \$ -               | \$ 0.02  | \$ -      | \$ -             | \$ 0.12  |
| Net income attributable to Company                         | \$ 0.74            | \$ 1.44  | \$ 0.76   | \$ 1.51          | \$ 2.81  |
| Weighted average shares outstanding:                       |                    |          |           |                  |          |
| Basic  | 387                | 428      | 407       | 397              | 428      |
| Diluted  | 388                | 430      | 409       | 398              | 430      |

**NATIONAL OILWELL VARCO, INC.**  
**OPERATING PROFIT – AS ADJUSTED SUPPLEMENTAL SCHEDULE (Unaudited)**  
(In millions)

|   | Three Months Ended |               |               | Six Months Ended |                 |
|---|--------------------|---------------|---------------|------------------|-----------------|
|   | June 30,           |               | March 31,     | June 30,         |                 |
|   | 2015               | 2014          | 2015          | 2015             | 2014            |
| <b>Revenue:</b>                               |                    |               |               |                  |                 |
| Rig Systems                                   | \$ 1,930           | \$ 2,372      | \$ 2,523      | \$ 4,453         | \$ 4,628        |
| Rig Aftermarket                               | 657                | 785           | 719           | 1,376            | 1,535           |
| Wellbore Technologies                         | 956                | 1,446         | 1,171         | 2,127            | 2,724           |
| Completion & Production Solutions             | 873                | 1,127         | 948           | 1,821            | 2,129           |
| Eliminations                                  | <u>(507)</u>       | <u>(475)</u>  | <u>(541)</u>  | <u>(1,048)</u>   | <u>(872)</u>    |
| Total revenue                                 | <u>\$ 3,909</u>    | <u>5,255</u>  | <u>4,820</u>  | <u>\$ 8,729</u>  | <u>10,144</u>   |
| <b>Operating profit:</b>                      |                    |               |               |                  |                 |
| Rig Systems                                   | \$ 395             | \$ 501        | \$ 488        | \$ 883           | \$ 952          |
| Rig Aftermarket                               | 145                | 217           | 199           | 344              | 408             |
| Wellbore Technologies                         | 47                 | 269           | 124           | 171              | 493             |
| Completion & Production Solutions             | 81                 | 158           | 108           | 189              | 301             |
| Unallocated expenses and eliminations         | <u>(213)</u>       | <u>(200)</u>  | <u>(227)</u>  | <u>(440)</u>     | <u>(392)</u>    |
| Total operating profit (before other items)   | <u>\$ 455</u>      | <u>\$ 945</u> | <u>\$ 692</u> | <u>\$ 1,147</u>  | <u>\$ 1,762</u> |
| <b>Operating profit %:</b>                    |                    |               |               |                  |                 |
| Rig Systems                                   | 20.5%              | 21.1%         | 19.3%         | 19.8%            | 20.6%           |
| Rig Aftermarket                               | 22.1%              | 27.6%         | 27.7%         | 25.0%            | 26.6%           |
| Wellbore Technologies                         | 4.9%               | 18.6%         | 10.6%         | 8.0%             | 18.1%           |
| Completion & Production Solutions             | 9.3%               | 14.0%         | 11.4%         | 10.4%            | 14.1%           |
| Total operating profit % (before other items) | 11.6%              | 18.0%         | 14.4%         | 13.1%            | 17.4%           |

**NATIONAL OILWELL VARCO, INC.**  
**AS ADJUSTED BEFORE DEPRECIATION & AMORTIZATION SUPPLEMENTAL SCHEDULE (Unaudited)**  
(In millions)

|   | Three Months Ended |                 |               | Six Months Ended |                 |
|---|--------------------|-----------------|---------------|------------------|-----------------|
|   | June 30,           |                 | March 31,     | June 30,         |                 |
|   | 2015               | 2014            | 2015          | 2015             | 2014            |
| Operating profit excluding other items (Note 1):                            |                    |                 |               |                  |                 |
| Rig Systems   | \$ 395             | \$ 501          | \$ 488        | \$ 883           | \$ 952          |
| Rig Aftermarket   | 145                | 217             | 199           | 344              | 408             |
| Wellbore Technologies   | 47                 | 269             | 124           | 171              | 493             |
| Completion & Production Solutions   | 81                 | 158             | 108           | 189              | 301             |
| Unallocated expenses and eliminations                                       | (213)              | (200)           | (227)         | (440)            | (392)           |
| Total operating profit excluding other items                                | <u>\$ 455</u>      | <u>\$ 945</u>   | <u>\$ 692</u> | <u>\$ 1,147</u>  | <u>\$ 1,762</u> |
| Depreciation & amortization:  |                    |                 |               |                  |                 |
| Rig Systems   | \$ 24              | \$ 22           | \$ 23         | \$ 47            | \$ 44           |
| Rig Aftermarket   | 7                  | 7               | 7             | 14               | 13              |
| Wellbore Technologies   | 99                 | 108             | 105           | 204              | 216             |
| Completion & Production Solutions   | 60                 | 53              | 55            | 115              | 108             |
| Unallocated expenses and eliminations                                       | -                  | -               | -             | -                | -               |
| Total depreciation & amortization   | <u>\$ 190</u>      | <u>\$ 190</u>   | <u>\$ 190</u> | <u>\$ 380</u>    | <u>\$ 381</u>   |
| Operating profit as adjusted before depreciation & amortization (Note 1):   |                    |                 |               |                  |                 |
| Rig Systems   | \$ 419             | \$ 523          | \$ 511        | \$ 930           | \$ 996          |
| Rig Aftermarket   | 152                | 224             | 206           | 358              | 421             |
| Wellbore Technologies   | 146                | 377             | 229           | 375              | 709             |
| Completion & Production Solutions   | 141                | 211             | 163           | 304              | 409             |
| Unallocated expenses and eliminations                                       | (213)              | (200)           | (227)         | (440)            | (392)           |
| Total operating profit as adjusted before depreciation & amortization       | <u>\$ 645</u>      | <u>\$ 1,135</u> | <u>\$ 882</u> | <u>\$ 1,527</u>  | <u>\$ 2,143</u> |
| Operating profit % as adjusted before depreciation & amortization (Note 1): |                    |                 |               |                  |                 |
| Rig Systems   | 21.7%              | 22.0%           | 20.3%         | 20.9%            | 21.5%           |
| Rig Aftermarket   | 23.1%              | 28.5%           | 28.7%         | 26.0%            | 27.4%           |
| Wellbore Technologies   | 15.3%              | 26.1%           | 19.6%         | 17.6%            | 26.0%           |
| Completion & Production Solutions   | 16.2%              | 18.7%           | 17.2%         | 16.7%            | 19.2%           |
| Total operating profit % as adjusted before depreciation & amortization     | 16.5%              | 21.6%           | 18.3%         | 17.5%            | 21.1%           |
| Total operating profit as adjusted before depreciation & amortization:      | \$ 645             | \$ 1,135        | \$ 882        | \$ 1,527         | \$ 2,143        |
| Other items   | (17)               | (32)            | (122)         | (139)            | (50)            |
| Interest income   | 2                  | 5               | 5             | 7                | 9               |
| Equity income in unconsolidated affiliates                                  | 7                  | 23              | 9             | 16               | 33              |
| Other income (expense), net   | (30)               | (21)            | (56)          | (86)             | (21)            |
| Net (income) loss attributable to noncontrolling interest                   | 3                  | (1)             | (3)           | -                | (1)             |
| EBITDA (Note 1)   | <u>\$ 610</u>      | <u>\$ 1,109</u> | <u>\$ 715</u> | <u>\$ 1,325</u>  | <u>\$ 2,113</u> |
| Reconciliation of EBITDA (Note 1):  |                    |                 |               |                  |                 |
| GAAP net income attributable to Company                                     | \$ 289             | \$ 619          | \$ 310        | \$ 599           | \$ 1,208        |
| Income from discontinued operations   | -                  | (11)            | -             | -                | (52)            |
| Provision for income taxes  | 105                | 284             | 189           | 294              | 523             |
| Interest expense  | 26                 | 27              | 26            | 52               | 53              |
| Depreciation and amortization   | 190                | 190             | 190           | 380              | 381             |
| EBITDA  | <u>610</u>         | <u>1,109</u>    | <u>715</u>    | <u>1,325</u>     | <u>2,113</u>    |
| Other items   | 17                 | 32              | 122           | 139              | 50              |
| EBITDA excluding other items (Note 1)                                       | <u>\$ 627</u>      | <u>\$ 1,141</u> | <u>\$ 837</u> | <u>\$ 1,464</u>  | <u>\$ 2,163</u> |

**NATIONAL OILWELL VARCO, INC.**  
**OPERATING (NON-GAAP) DILUTED EARNINGS PER SHARE RECONCILIATION (Unaudited)**

|   | Three Months Ended |                |                | Six Months Ended |                |
|---|--------------------|----------------|----------------|------------------|----------------|
|   | June 30,           |                | March 31,      | June 30,         |                |
|   | 2015               | 2014           | 2015           | 2015             | 2014           |
| Net income attributable to Company  | \$ 0.74            | \$ 1.44        | \$ 0.76        | \$ 1.51          | \$ 2.81        |
| Income from discontinued operations   | -                  | (0.02)         | -              | -                | (0.12)         |
| Income from continuing operations   | 0.74               | 1.42           | 0.76           | 1.51             | 2.69           |
| Other items and non-recurring charges:  |                    |                |                |                  |                |
| Other items   | 0.03               | 0.05           | 0.19           | 0.22             | 0.07           |
| Venezuela asset write-down  | -                  | -              | 0.02           | 0.02             | -              |
| Tax exposure  | -                  | -              | 0.17           | 0.17             | -              |
| <b>Operating (non-GAAP) (Note 1)</b>  | <b>0.77</b>        | <b>1.47</b>    | <b>1.14</b>    | <b>1.92</b>      | <b>2.76</b>    |
| Amortization of purchased intangible assets   | 0.16               | 0.14           | 0.15           | 0.30             | 0.29           |
| Operating (non-GAAP) excluding amortization of purchased intangible assets (Note 1) | <u>\$ 0.93</u>     | <u>\$ 1.61</u> | <u>\$ 1.29</u> | <u>\$ 2.22</u>   | <u>\$ 3.05</u> |

**Note 1:** In an effort to provide investors with additional information regarding our results as determined by GAAP, we disclose, as appropriate, various non-GAAP financial measures in our quarterly earnings press releases and other public disclosures. The primary non-GAAP financial measures we focus on, when applicable, are: (i) revenue excluding other items, (ii) operating profit excluding other items, (iii) operating profit percentage excluding other items, (iv) operating profit excluding other items before depreciation & amortization, (v) operating profit percentage excluding other items before depreciation & amortization, (vi) EBITDA, (vii) EBITDA excluding other items, (viii) Operating (non-GAAP) per fully diluted share and (ix) Operating (non-GAAP) excluding amortization of purchased intangible assets per fully diluted share. Each of these financial measures excludes the impact of certain items and therefore has not been calculated in accordance with GAAP. A reconciliation of each of these non-GAAP financial measures to its most comparable GAAP financial measure is included here within.

We use these non-GAAP financial measures internally to evaluate and manage the Company's operations because we believe it provides useful supplemental information regarding the Company's on-going economic performance. We have chosen to provide this information to investors to enable them to perform more meaningful comparisons of operating results and as a means to emphasize the results of on-going operations.

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