

National Oilwell Varco

Scotia Howard Weil 2016 Energy Conference

CLAY WILLIAMS

President, Chairman, and CEO

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The oilfield's leading equipment and technology provider

46K

employees

\$12.5B

market
capitalization

835

locations

\$14.8B

annual revenue

67

countries

\$1.1B

adjusted
net income

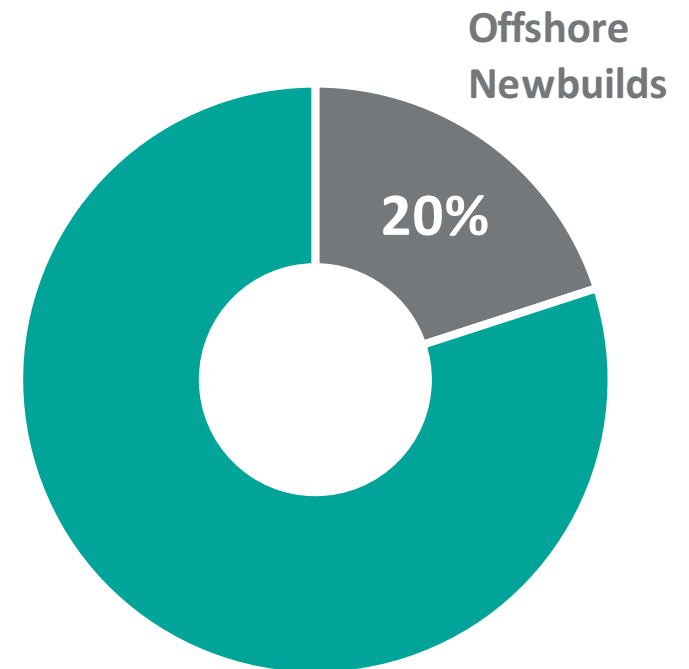
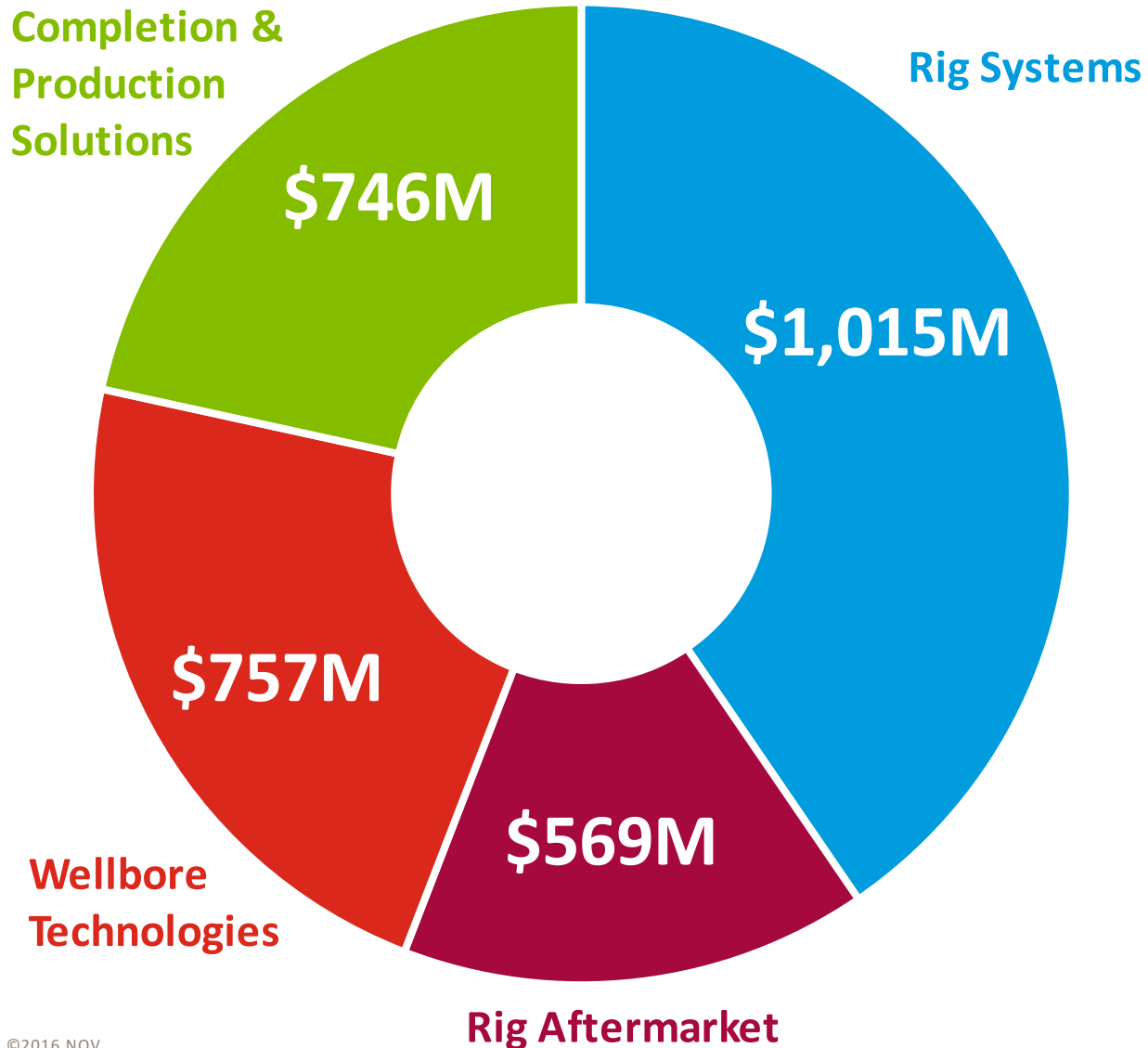
Note: Net income excludes adjustments and non-recurring items

We support wells across their lifecycle



We maintain a business in balance

Q4'15 Revenues



National Oilwell Varco

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Market leadership in all we do

Dependable partner in high-risk high-cost world

Sustainable **competitive advantage**

Resilient free cash flow generation

Attractive **reinvestment opportunities**

Entrepreneurial culture

Focused on what we can control

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

Experienced leadership team

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

Resizing business to meet market demands

32% decrementals on \$6.7B y-o-y revenue decline

~25% headcount reduction

130 facilities closed and/or closing

SG&A -28% y-o-y

Balance sheet optionality allows us to be opportunistic

\$2.1B

cash balance

\$5.5B

working capital

\$1.8B

net debt

\$3.6B

undrawn capacity on revolver

9.1%

net debt to cap

We invest to maximize shareholder returns

Capital deployment trailing three years

\$1.8B	organic growth
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\$1.8B	dividends
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\$2.8B	m&a
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\$3.0B	share repurchase
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We serve a critical industry

By the year 2040

MORE PEOPLE

+2B global population increase¹

with

MORE MONEY

+130% larger global economy²

demand

MORE ENERGY

+35% global energy demand³

to grow and thrive

¹ Based on current global population of 7B

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

³ From 2010 to 2040 but could have more than doubled without assumed efficiency gains

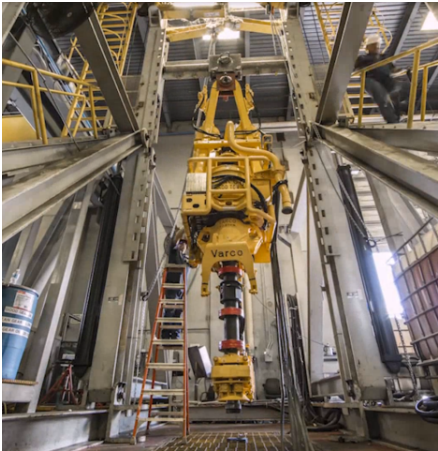
Source: "ExxonMobil The Outlook for Energy: A View to 2040"

“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”

Customer challenges create opportunities



**Equipment
uptime**



**Waste
management**



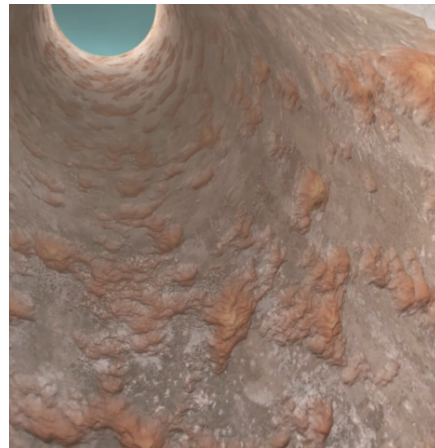
**Horizontal
drilling**



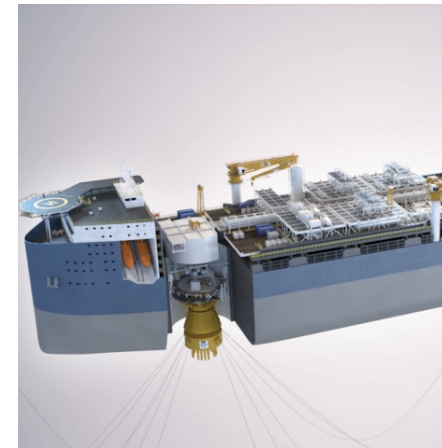
**Hydraulic
stimulation**



**Automation and
safety**



**Corrosion
control**



**Complex
FPSOs**

NOV RIGSENTRY™ remote monitoring



Provides live **predictive** analytics

14 years of data,
6 billion data points

Technique predicted failure
up to 14 days in advance

We help our customers
lower marginal cost.

21st century oil demands new technologies

Unconventionals



4.5 mmbopd

Deepwater

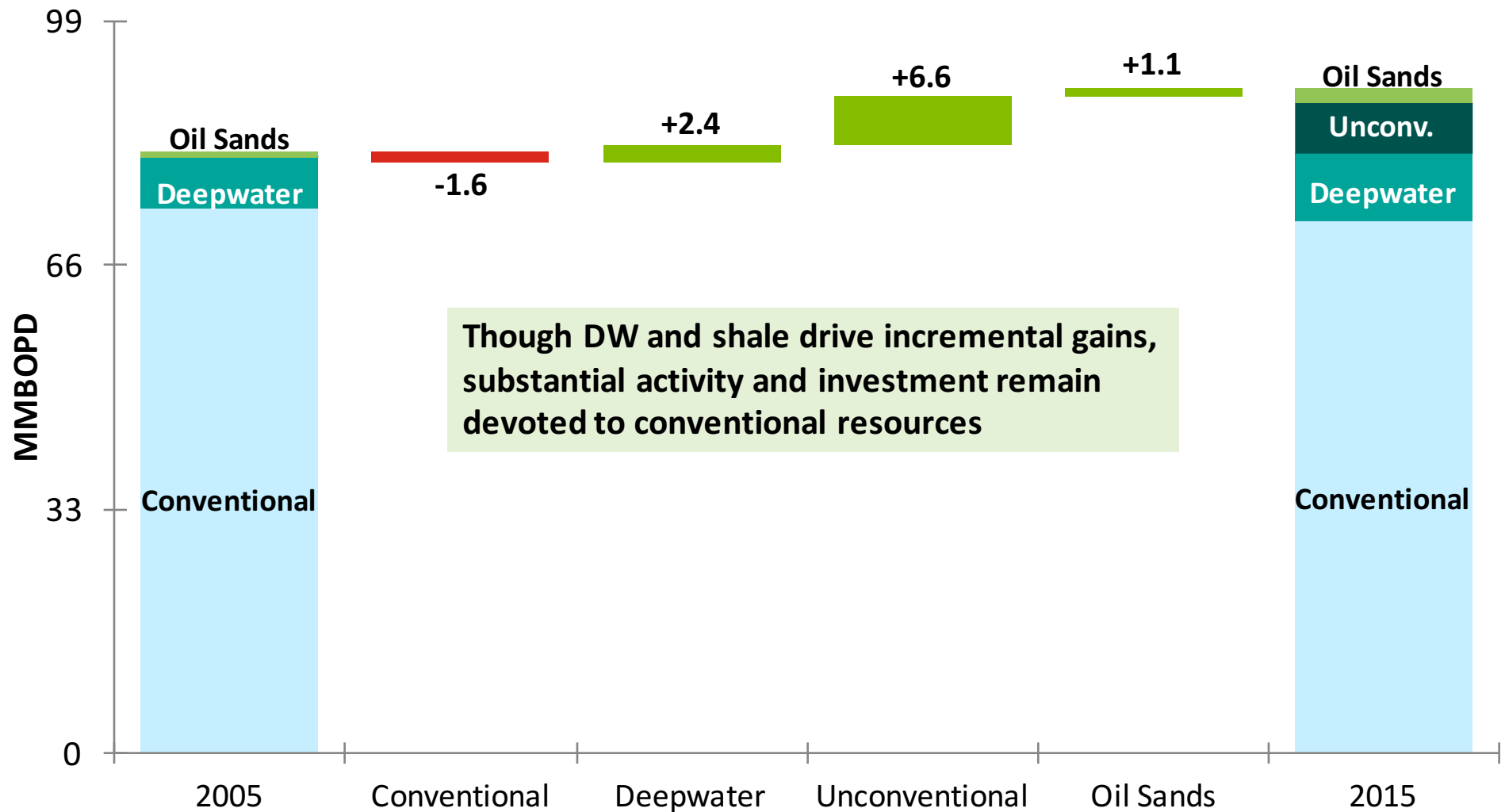


8.2 mmbopd

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

Two sources of incremental production

Incremental World Liquids Production by Type



Source: Rystad Energy, NOV

Shale economics improved dramatically

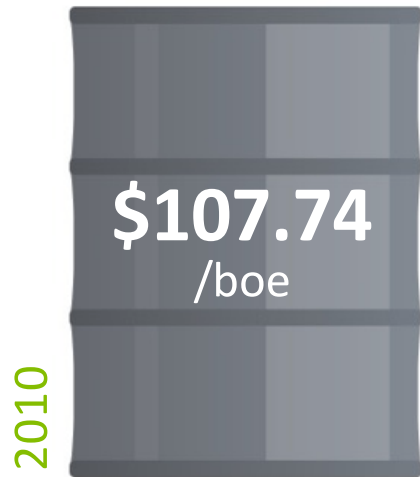


Assumed Well Cost	\$6,453,390	\$6,391,250
Pad Deployment	8%	93%
Drilling Days per Well	28 days/well	11 days/well
Lateral Length	5,356 ft	6,996 ft
Total Measured Depth	13,350 ft	14,800 ft
Frac Stages	16 stages	24 stages
Frac Days per Well	5 days/well	10 days/well
D&C Cost per Foot	\$483.40/ft	\$431.84/ft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

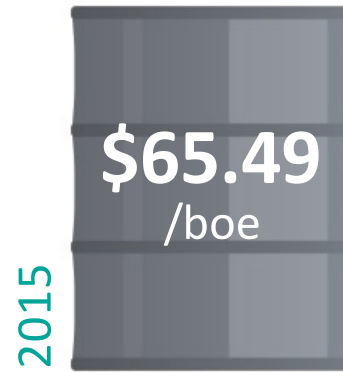
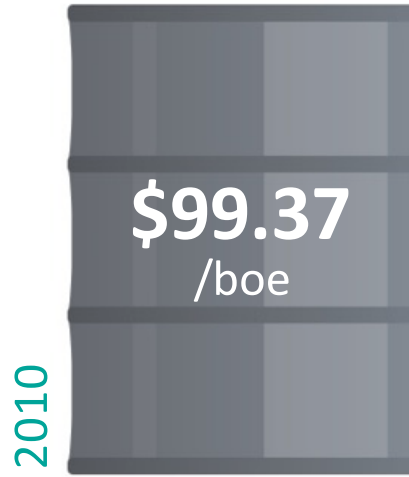
Assumes 20% IRR. Sources: Bloomberg New Energy Finance, J.P.Morgan, PacWest, oil company information, NOV

Shale costs reduced 30%+ in five years

EAGLE FORD



BAKKEN



MARCELLUS



Assumes 20% IRR. Sources: Bloomberg New Energy Finance, J.P.Morgan, PacWest, and oil company information

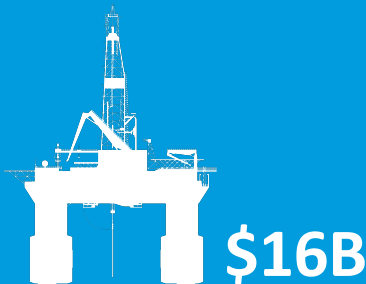
Deepwater cost reductions underway

BP MAD DOG 2



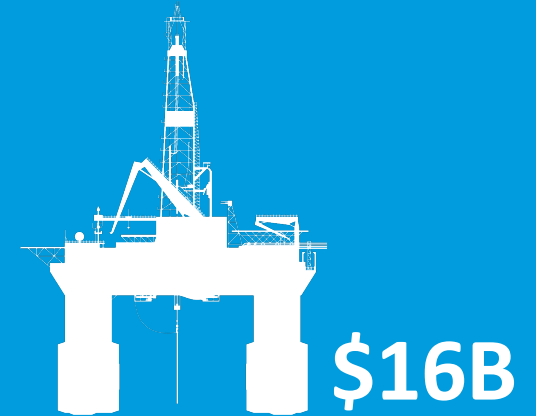
Source: BP

SHELL APPOMATTOX



Source: Shell, Natural Gas Intelligence, WSJ

TOTAL KAOMBO



Source: Pareto

NOV Turret Moored FPSO



**Proprietary
design**

**20% less hull
construction cost**

**25% less mooring
systems cost**

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We power the industry
that powers the world.

