



Q2 2019 Earnings

July 30, 2019

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Q2 2019 Consolidated Financial Results

\$2,132MM Revenue

\$195MM Adjusted EBITDA

10% sequential revenue growth with 29% incremental leverage

“Each of our three business segments improved sequentially, while **company-wide bookings grew for the third consecutive quarter.**”

The increased emphasis on capital discipline from our customer base is driving them to do more with less.

In this environment, **NOV is focused on cutting our cost structure and managing working capital to improve cash flow and return capital,** while we continue to address our customers’ most challenging needs

Q2 2019 Revenues

Wellbore Technologies

\$850MM

Completion & Production
Solutions

\$663MM

Rig Technologies

\$671MM



59%

INTERNATIONAL



61%

LAND

"International" refers to regions outside of the United States and Canada

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Wellbore Technologies

Provides critical technologies consumed in the drilling process

	2Q19	1Q19	Quarterly Variance	Prior Year Variance
Revenue	850	807	5%	7%
Adjusted EBITDA	134	117	15%	1%
Adjusted EBITDA %	15.8%	14.5%	+130 bps	-100 bps

*The segment capitalized on improving international market conditions to post a **14% sequential increase in revenue from international operations.***

Wellbore Technologies

Provides critical technologies consumed in the drilling process

Our Grant Prideco™ drillpipe business recorded a sharp sequential improvement with **international markets accounting for 66% of business unit's revenue, up from 42% in the second quarter of 2018.**

In the third quarter, we expect **further declines in U.S. activity** to offset continued growth in our international operations

Q3 2019 Guidance

Revenues

Decline 1 to 3%

EBITDA

Decremental margins of roughly 10 basis points

Completions and Production Solutions

Provides critical technologies to complete wells and enhance their productivity

	2Q19	1Q19	Quarterly Variance	Prior Year Variance
Revenue	663	581	14%	(10%)
Adjusted EBITDA	52	28	86%	(45%)
Adjusted EBITDA %	7.8%	4.8%	+300 bps	-490 bps
Starting Backlog	1,041	894	16%	20%
Revenue out of Backlog	379	316	20%	(9%)
Orders	548	470	17%	38%
Ending Backlog	1,215	1,041	17%	27%

“Revenue from international markets improved 23%, and revenue from offshore markets rebounded 18% from the bottom we established for our offshore businesses during the first quarter of this year.”

Completions and Production Solutions

Provides critical technologies to complete wells and enhance their productivity

Order inflows improved again this quarter, driven by strengthening offshore markets, resulting in total bookings of \$548MM, **the largest quarterly order intake we've captured since the third quarter of 2014.**

Our Intervention and Stimulation Equipment business grew 16% sequentially despite the smallest contribution from pressure pumping related-equipment sales we've seen in roughly two years.

Looking at the third quarter, **we expect this business segment to execute well on the highest backlog we've had since the first quarter of 2015.**

Q3 2019 Guidance

Revenues

Grow in the upper single digit percentage range

EBITDA

Incremental margins into the mid-to-upper 30% range

Rig Technologies

Designs, delivers, and supports the world's most advanced drilling solutions

	2Q19	1Q19	Quarterly Variance	Prior Year Variance
Revenue	671	603	11%	3%
Adjusted EBITDA	74	56	32%	(12%)
Adjusted EBITDA %	11.0%	9.3%	+170 bps	-190 bps
Starting Backlog	3,142	3,117	1%	54%
Revenue out of Backlog	284	246	15%	3%
Orders	310	271	14%	(85%) ¹
Ending Backlog	3,168	3,142	1%	(10%)

“Increasing offshore project revenues from two large projects booked in Q1 and early Q2 more than offset land revenues that declined due to the completion of two sizeable land projects and fewer land rig sales.”

¹ Orders year-on-year variance calculation includes \$1.8B land rig order booked in Q2 2018. Excluding this order, year-on-year order variance is up 30% in 2Q 2019.

Rig Technologies

Designs, delivers, and supports the world's most advanced drilling solutions

Headlining our order book were orders for the **industry's first two 20K psi blowout preventers and a record jacking system for an offshore wind construction vessel in Europe.**

Aftermarket sales increased nine percent sequentially and achieved 55% of segment revenue as we continue to benefit from our global installed base.

We expect **continued improvements in our aftermarket operations and increasing revenue from offshore projects** to more than offset continued softness in our land capital equipment business in the third quarter.

Q3 2019 Guidance

Revenues

Improve 1 to 3%

EBITDA

Incremental margins in the 40% range

Q2 2019 Notable Achievements

Jacking system order for largest wind turbine installation vessel

The 96 BLM-D130 jacking units will be installed on a wind turbine installation vessel for Belgian offshore construction company, Jan de Null. The vessel's lifting capacity of 48,000 tons makes it the first installation unit suitable for wind turbine generation above 10 MW.



TK liners enter growing European geothermal market

The order for Tuboscope's TK™ glass-reinforced epoxy (GRE) lining products for the Dutch geothermal market expands the application of this market-leading corrosion control system. NOV's product presents a unique solution to cost effectively handling the high temperatures and corrosive nature of geothermal production fluids.



Helping offshore operators achieve zero discharge goals

Notable IOCs operating offshore West Africa awarded NOV multiple contracts for drill cuttings handling systems that utilize the Brandt FreeFlow™ positive pressure system to safely contain and transfer the cuttings in accordance with zero discharge regulations.



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The oilfield's leading equipment and technology provider



35K employees¹



\$8.9B market capitalization²



620 locations



\$8.5B full year 2018 revenue



65 countries



\$910M full year 2018 adjusted EBITDA

¹ Full Time Equivalent workers

² Market Capitalization recorded as of July 30, 2019.

Appendix



Reconciliation of Adjusted EBITDA to Net Income

(Continued on next page)

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2019	2018	2019	2019	2018
Operating profit (loss):					
Wellbore Technologies	\$ (3,295)	\$ 38	\$ 19	\$ (3,276)	\$ 50
Completion & Production Solutions	(1,932)	40	(35)	(1,967)	56
Rig Technologies	(422)	62	31	(391)	80
Eliminations and corporate costs	(79)	(88)	(63)	(142)	(135)
Total operating profit (loss)	\$ (5,728)	\$ 52	\$ (48)	\$ (5,776)	\$ 51
Other items:					
Wellbore Technologies	\$ 3,345	\$ -	\$ (2)	\$ 3,343	\$ (3)
Completion & Production Solutions	1,939	-	11	1,950	3
Rig Technologies	474	-	2	476	6
Corporate	11	-	-	11	(18)
Total other items	\$ 5,769	\$ -	\$ 11	\$ 5,780	\$ (12)
Depreciation & amortization:					
Wellbore Technologies	\$ 84	\$ 95	\$ 100	\$ 184	\$ 189
Completion & Production Solutions	45	54	52	97	108
Rig Technologies	22	22	23	45	43
Corporate	3	3	2	5	7
Total depreciation & amortization	\$ 154	\$ 174	\$ 177	\$ 331	\$ 347

Reconciliation of Adjusted EBITDA to Net Income

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	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2019	2018	2019	2019	2018
Adjusted EBITDA:					
Wellbore Technologies	\$ 134	\$ 133	\$ 117	\$ 251	\$ 236
Completion & Production Solutions	52	94	28	80	167
Rig Technologies	74	84	56	130	129
Eliminations and corporate costs	(65)	(85)	(61)	(126)	(146)
Total adjusted EBITDA	\$ 195	\$ 226	\$ 140	\$ 335	\$ 386
Reconciliation of Adjusted EBITDA:					
GAAP net income (loss) attributable to Company	\$ (5,389)	\$ 24	\$ (77)	\$ (5,466)	\$ (44)
Noncontrolling interests	5	1	2	7	3
Provision (benefit) for income taxes	(373)	5	(10)	(383)	8
Interest expense	25	23	25	50	47
Interest income	(6)	(5)	(6)	(12)	(12)
Equity (income) loss in unconsolidated affiliate	2	1	-	2	(1)
Other (income) expense, net	8	3	18	26	50
Depreciation and amortization	154	174	177	331	347
Other items	5,769	-	11	5,780	(12)
Total Adjusted EBITDA	\$ 195	\$ 226	\$ 140	\$ 335	\$ 386



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