National Oilwell Varco, Inc.
Fourth Quarter and Full Year 2017 Earnings
Conference Call Remarks

LOREN SINGLETARY
Vice President, Investor and Industry Relations

Welcome everyone to National Oilwell Varco's fourth quarter and full-year 2017 earnings conference call. With me today are Clay Williams, our Chairman, President, and CEO, and Jose Bayardo, our Senior Vice President and CFO.

Before we begin, I would like to remind you that some of today's comments are forward-looking statements, within the meaning of the federal securities laws. They involve risks and uncertainty, and actual results may differ materially. No one should assume these forward-looking statements remain valid later in the quarter, or later in the year. For a more detailed discussion of the major risk factors affecting our business, please refer to our latest Forms 10-K and 10-Q filed with the Securities and Exchange Commission.

Our comments also include non-GAAP measures. Reconciliations to the nearest corresponding GAAP measures are in our earnings release available on our website.

On a U.S. GAAP basis for the fourth quarter of 2017, NOV reported revenues of $1.97 billion and a net loss of $14 million or $(0.04) per share. For the full year 2017, NOV reported revenues of $7.3 billion and a net loss of $237 million or $(0.63) per share.

Our use of the term EBITDA throughout this morning's call corresponds with the term "Adjusted EBITDA" as defined in our earnings release.

Later in the call, we will host a question and answer session. Please limit yourself to one question and one follow-up to permit more participation. Now, let me turn the call over to Clay.

CLAY WILLIAMS
Chairman, President, and Chief Executive Officer

Thank you, Loren.

In the fourth quarter of 2017, NOV generated $1.97B in revenue, an increase of 7% sequentially and 16% YOY. EBITDA of $197MM improved $30MM sequentially and roughly doubled from the fourth quarter of 2016 to the fourth quarter of 2017, which marked our sixth quarter in a row of rising EBITDA and rising EBITDA margins, as we continue to pivot to land and unconventional shale technologies, and benefit from cost reductions.

After three extraordinarily difficult years it feels to us that the market is nearing an inflection point. Oil inventories are rapidly approaching normal levels, pushing oil prices up and facilitating the return, in our view, of a geopolitical risk premium. Industry surveys are pointing towards a modest increase in upstream capex, the second such year, following a cumulative two-year drop that nearly halved global upstream capex. This all sets the stage for a brighter outlook for 2018.

Here's what we're seeing in the marketplace as we start the new year:

Number one. It's not clear that oil companies believe higher oil prices, at least not yet. The E&P industry is under tremendous pressure to generate higher ROIC's, and all projects appear to look to West Texas shale as the benchmark. I believe the consensus view is that unconventional oil from the Permian basin carries a roughly $45 breakeven, and there persists fears that oil prices could revisit that level. Therefore, we think E&P price decks against which projects around the world are being judged, including the offshore, are closer to $45/bbl than the spot price of Brent, which is about $70/bbl;

Number two. Our customers are struggling to get bank financing. Banks and their regulators all want to reduce exposure to the oil and gas industry. One critical function of commodity prices is to signal producers whether to produce more or less. If the industry, at the behest of Wall Street, and due to the lack of bank financing, fails to respond to the commodity price signal by failing to produce more, well, then the commodity price will just continue to rise until somebody grows production. In short, the newfound fidelity to capital discipline and lack of bank financing will likely, in my view, result in higher oil prices on down the road.

Number three. The last three years have witnessed a succession of bad breaks: OPEC relinquished its traditional role of swing supplier, at least for a while; Libya and Iraq grew production meaningfully; other large, long-term projects came on-line; Iranian oil returned to the market; and, finally, U.S. shale production continued to grow well into 2015. This all contributed to an oversupply picture that got progressively worse through the first two years of the downturn, but has since turned the corner and is rapidly improving.

Number four. Unconventional shales continue to score well on marginal cost-of-supply, and continue to attract a disproportionate share of incremental capital. Over the past year the rig count in Midland has risen dramatically, while the offshore rig count has fallen. 2018 will see the U.S. break production records dating back to 1970, due to the application of horizontal drilling and hydraulic fracture stimulation to profitably unlock oil and gas from very poor-quality reservoir rocks - shales - and enhance profitability from conventional reservoirs. Within a decade this unconventional shale technology has grown to account for five of six wells spudded in the U.S., and we are confident unconventional shale technology will be adopted elsewhere around the world, too.

In the meantime, it is against this backdrop that we are executing our strategy to pivot our portfolio of businesses to gain more exposure to unconventional shale technologies, while enhancing our considerable offshore offerings. Let me explain our strategic framework, or why this is an attractive way to deploy capital.

Most, but not all, of our businesses provide equipment that enables other oilfield services companies - drillers, well servicing companies, wireline operators, directional drillers, etc. - to execute the well construction plans of E&P companies. These are highly technical, capital-intensive, equipment-consumptive enterprises. Our role as the leading worldwide designer and manufacturer of oilfield equipment boasts several important attributes with respect to long-term returns on capital for our shareholders.

First, in contrast to our customers, our own business model is capital-light, with low fixed-asset intensity. Our factories require low investment and maintenance capex as compared to the sales that they generate.

Second, our broad portfolio of products enables us to redeploy factories and employees and other resources to areas where we see the highest demand, enabling greater efficiency.

Third, our market leadership and global footprint affords us additional economies of scale in procurement, manufacturing, and marketing. Fourth, market leadership provides us with cumulative experience within a particular product area that exceeds our competitors, meaning that we are more likely to have faced and successfully navigated challenges, and that we are a lower-risk purchasing decision for our customers.

Fifth, we serve markets that tend to fragment. The oilfield is entrepreneurial, and we enable our customers to launch new enterprises that, in turn, provide new and better services to the continually evolving E&P industry. In particular, we believe the drive toward local content by many NOC's will prompt more local startups, thereby expanding the market for equipment that NOV provides. As a consequence we avoid excessive customer concentration.

Sixth, our customers generally benefit from fleet standardization to improve their own performance, reliability, and logistics. They are far more likely to standardize on equipment from the market leader, NOV, than from smaller competitors.

Seventh, as market leader, we can better leverage resources and experience to introduce breakthrough technologies to address evolving industry needs. We constantly enhance our technology portfolio through a combination of internal R&D efforts and targeted M&A.

Eighth, as the largest equipment OEM in the oilfield we have available to us unique opportunities to provide aftermarket support of the industry's largest installed base of equipment, a marketplace where switching costs are high and risky.

Finally, ninth, our leading market position offers a platform through which we can introduce new digital products - control systems and predictive analytics and maintenance models based on big data - that further enhance our returns.

Importantly, during downturns such as the present, we take a view on which oilfield technologies will benefit disproportionately in the next upturn. We think the next upturn will see more widespread application of shale technologies to new rocks, both here and abroad, hence our focus on this area through the past three years.

One such area is our Reed Hycalog® business unit within NOV's Wellbore Technologies segment, which accounts for about 20% of the segment's revenue or about 7% of consolidated revenue. Reed Hycalog is the leading independent provider of downhole tools that enable the horizontal drilling required for successful shale programs. It is also at the forefront of providing optimization services based on the industry's only high-speed data telemetry system, IntelliServ® wired drillpipe, that unlocks the benefits of closed-loop automated drilling.

With a legacy of producing drilling bits dating back to the early twentieth century, ReedHycalog's breakthrough contributions such as our patented fixed cutter leaching process is used in virtually every PDC bit manufactured today, and PDC bits are used to drill virtually every horizontal lateral drilled today. Without this technology cutters would fail prematurely in the punishing drilling conditions of long laterals, undercutting the economics of shale programs. More recently our industry-leading iON™ cutter is setting new records in complex horizontal drilling programs.

NOV Reed Hycalog is also the leading provider of other technologies that enable directional drilling service providers to deliver precisely-placed, low-tortuosity wellbores, another key attribute of successful shale programs, including rotary steerables and MWD tools that let smaller directional drillers compete effectively with larger players. Importantly, we do not provide directional drilling services; rather, we provide the toolbox our customers employ to build their businesses, without fear of having to potentially compete with NOV in the service space. We are a safe supplier and partner that brings the advantages of scale, scope and staying power to these scrappy independent customers.

NOV Reed Hycalog works closely with NOV's other units, including our drilling motor business and our drillpipe business to "fine tune" the system performance of NOV bottom hole assemblies. NOV Reed Hycalog also works in concert with our Rig Technologies segment to permit high-speed data from the bottom of the borehole to control the rig via automated software, the essence of closed loop automated drilling. Most importantly it is a great example of how we steadily deploy capital, within the strategic framework I described earlier, to cultivate competitive advantage and drive returns over the cycle.

Turning to NOV's Completion & Production Solutions segment, I'm going to shift gears and focus on a different kind of product which represents a different strategy, one focused on improving the economics of offshore E&P operators, who are the direct customers of our Subsea Production Systems unit. It is one of three offshore focused businesses within the

Completion & Production Solutions segment, and it accounts for about 15% of the segment's revenues currently, or about 5% of consolidated NOV revenue. It develops, designs, and manufactures flexible pipe and water treatment systems for subsea production applications and enjoys considerable technical leadership advantages having delivered over 7,000 process miles of flexible pipe.

Flexible pipes are highly engineered, complex multilayer structures, helically wound and comprised of unbonded layers of steel and composites, which enables them to withstand the demanding pressures and tensile loads required in deepwater production while remaining resistant to the fatigue induced by wave and tidal action. Flexible pipes are quick and easy to lay, even in congested environments, because they are spooled directly off a reel which cuts the installation time to a fraction of the time required to install conventional rigid pipe. This offers a key advantage to E&P operators because construction vessel time is very expensive. Further, project schedules can be affected by weather and other unplanned events, so reducing the installation time required reduces overall project risk.

With all of their oil and gas flowing through a flexible pipe, there is a lot riding on the performance of this technology, so our E&P customer's qualification hurdles are very strict and demanding. NOV's Subsea Production System's unit benefits from years of R&D investment and field experience - something very difficult for new potential entrants to replicate.

While new deepwater field developments are an important end market for flexible pipe, we also sell into tie backs and brownfield projects. The technology opens up the profitable development of smaller deepwater fields, because they can be tied back to regional hub facilities, leveraging an oil company's existing investment. And, as subsea separation and pumping technologies continue to advance, we expect these to drive further demand for flexible pipe.

NOV continues to extend its technical leads in this area, including our proprietary actively-heated flexible pipe, and our OptiFlex™ condition monitoring system. This quarter the Subsea Production System unit executed a contract to install our first proprietary subsea seawater treatment system, the Seabox™, which prepares seawater for injection. This breakthrough technology will help E&P companies achieve higher oil recoveries from deepwater fields through better reservoir pressure maintenance, while eliminating the need for expensive, heavy topside equipment.

The strategic framework I described earlier applies to most, but not all, of NOV's portfolio, and our Subsea Production Systems is an example of a product offering that falls into a somewhat different framework. Unlike NOV's equipment sold to service companies who do the well construction work, this business sells its products directly to E&P operators, and it benefits from a unique set of market dynamics and competitive advantage. Importantly, the unit has performed well through the downturn and offers significant optionality to a recovery in the offshore, which would be enhanced by tightness in construction vessel availability, and further enhanced by continued advancements in subsea pumping and fluid separation. While we believe a robust recovery in the offshore is still some distance out, NOV is uniquely positioned to support a resumption of activity, with market leading technologies that enhance economics for our customers and enhance optionality for our investors.

Finally, before I hand it over to Jose to take you through our financial results, I'd like to take a minute to thank our employees for your excellent performance in 2017. There is no better team in the industry. We have weathered a great deal together and your talent and perseverance and grit have got us to a better place. Thank you for all your hard work and for your continued dedication to taking care of each other and our customers.

Jose?

JOSE BAYARDO
Senior Vice President and Chief Financial Officer

Thank you, Clay.

For the fourth quarter of 2017, NOV consolidated revenue was $1.97B, an increase of 7% or $134MM sequentially. Demand was strong for our short-cycle, consumable product offerings, and customers that deferred taking deliveries of capital equipment in Q3 due to oil prices that dipped into the low $40/bbl range came back to take deliveries. Those customers, while still cautious, reinitiated inquiries and placed orders for additional capital equipment, providing us with our highest level of bookings since the third quarter of 2015. EBITDA improved $30MM to $197MM.

Looking at select line items of the P&L, SG&A decreased $14MM sequentially due primarily to lower insurance, bad debt and incentive compensation expense. In the first quarter, we expect SG&A expense to increase about $7MM, due to the nonrecurrence of certain Q4 credits. Note that most of these changes in SG&A are reflected in the eliminations and corporate costs line item within our segment reconciliation tables. Interest expense decreased slightly, due primarily to the retirement of our $500MM 1.35% Sr. Note in December. Going forward we expect interest expense to decrease another $1MM per quarter from fourth-quarter levels.

Interest income decreased in line with expectations, and other expense increased $8MM, primarily due to greater FX losses. We reported a GAAP loss before income taxes of $145MM and a tax benefit of $130MM for the quarter, which includes the impact of tax reform. The recent tax reform legislation will be a meaningful, long-term benefit to NOV. In addition to enhancing our ability to move cash around the world, we expect the reduction in the U.S. rate, from 35% to 21%, will lower our overall long-term effective tax rate from approximately 30% to the low-to-mid 20% range.

In the fourth quarter, cash flow from operations was very strong, totaling $321MM, and after deducting $65MM in capital expenditures we netted $256MM in free cash flow. NOV continues to be a leader in free cash flow due to our market position, focus on returns, and capital-light business model. For the full year, cash flow from operations was $832MM and capital expenditures were $192MM, providing us with $640MM in free cash flow. Our ratio of free cash flow to sales was 8.8%, best in class for the large cap OFS&E space in 2017.

After retiring our $500MM note, total debt fell to $2.7 billion. At year-end, net debt was $1.275B, debt to cap was 16.1% and our net debt to annualized Q4 EBITDA was 1.6x. One of our goals through this downturn has been to preserve credit metrics that support our investment grade credit rating. This is important for us to:

- Access low-cost capital to opportunistically pursue attractive opportunities; and
- Ensure customers, who trust us with purchase commitments in the 10s if not 100s of millions of dollars, built over multiple years, retain confidence in their counterparty.

In short, strong credit ratings are critical to our business model and strategy, and we have been successful defending our ratings by aggressively managing our cost structure and by generating solid free cash flow through the downturn.

We expect free cash flow in Q1 will decline, due in part to the first meaningful incentive compensation payments we will have made in three years, and by slightly higher capital expenditures, which will increase to the $250MM range for the year. However, we believe we will continue to yield strong free cash flow later in the year, which we expect will be enhanced by improved working capital efficiency.

While we made progress in Q4, our working capital levels have remained frustratingly high through this downturn, as a lack of cash and liquidity among our customers has made it challenging to turn inventory and accounts receivables into cash. Consequently, we are heightening operational focus on this area in 2018 by further tying incentive compensation to improved capital efficiency and working capital performance.

As our cash repatriation flexibility improves with new tax law changes, and our free cash flow grows with our business and our heightened efforts around working capital, we will be focused intently on optimizing capital allocation throughout 2018.

As we think about allocation of capital, we first and foremost seek compelling organic investment opportunities, which will always provide us with the greatest risk-weighted returns if we can appropriately leverage our installed base of equipment, existing manufacturing capacity, global distribution infrastructure, digital platforms, and world-class R&D facilities.

Next on the list of prioritizations is M&A, where we employ an extremely disciplined, returns-focused process. We typically utilize M&A as an opportunistic yet proactive means to accelerate already-defined organic growth initiatives. This means that we are always in position to have an alternate way to achieve said initiatives, significantly reducing the likelihood that we overpay for a transaction.

Excess capital for which we do not have attractive reinvestment opportunities should always be considered for return to shareholders. Increasing our current dividend is one such path and re-initiating a share repurchase program is another. With a modest increase in capital expenditures in 2018 and a constructive M&A environment, we are not quite ready to increase return of capital to our shareholders right now, but depending on how our M&A initiatives play out, such actions may make sense later this year. We will continue to monitor this closely, in consultation with our board, as the year unfolds.

Wellbore Technologies

Turning back to results of our operations. For the fourth quarter of 2017, our Wellbore Technologies segment generated $715MM in revenue, an increase of $22MM. EBITDA increased $13MM to $107MM, or 15% of sales. Sequential EBITDA leverage was a very strong 59% as was year-over-year leverage at 47%. Increasing sales drove better absorption and the depletion of NOV products in customer inventories created pricing power, both of which more than offset the costs of ramping-up our operations and the wage inflation that is taking place across the industry.

Our belief that this segment can continue to outpace global activity levels with strong incremental margins remains intact. The segment's 3% growth outperformed a declining global rig count during the quarter and growth in most every product line more than offset a 9% sequential decline in revenue from our Grant Prideco® drill pipe business. After a 17% sequential improvement from the second to the third quarter, a less favorable mix and lower volumes of drill pipe contributed to the decline in the fourth quarter. Notwithstanding the fall-off in Q4 revenue, bookings were better than anticipated and we continue to see significant improvements in drill pipe supply and demand fundamentals.

Current drill pipe bookings are not yet sufficient to overcome the pace of declining stocks of inventories, but customers remain capital constrained and cautious. However, improving activity levels and day-rates are helping our customers' cash flow and balance sheets, while pent-up demand continues to build. Market dynamics and our introduction of new Delta™ premium connections set this business up for a stronger second half of 2018 and a potentially much more exciting 2019.

Our shorter-cycle consumables businesses, which make up the bulk of the Wellbore Technologies segment, are seeing steadily improving demand. For instance, our drilling motors business realized a 14% sequential improvement from Q3 to Q4 after posting 24% growth from the second quarter to the third. Rapid adoption of our ERT power sections, which provide up to twice the power of conventional motors, is contributing to the strong performance; as is pricing for our drilling motors, which has nearly returned to 2014 levels.

We are also seeing increasing demand for other leading-edge technologies, including our automation and optimization services. As highlighted in the press release, momentum continues to build for our eVolve™ services, with several new jobs secured during the quarter. We also view the purchase of two strings of IntelliServ® wired drill pipe by a major North American drilling company as validation that U.S. operators are increasingly realizing the value offered by our comprehensive suite of high-speed telemetry data and optimization solutions.

Demand around the world for our other offerings within this segment also remains healthy. In our WellSite Services business unit, we received over $30MM in contracts for drilling fluids in Argentina, where we continue to gain share in this growing market. We also saw an increase in demand for capital equipment produced by this unit, receiving orders for seven mud tank systems in North America and a large order of MD Totco RigSense® systems for an operator in North

Africa. The RigSense rigsite information system uses NOV's leading sensor, computer, and data acquisition technologies to provide customers with fast, accurate rig information for drilling operations.

A market environment in which customers strive to implement better physical and digital solutions, drill ever-increasing lateral lengths more quickly at lower costs, and place gun barrel-straight wellbores more precisely and accurately sets the stage for compelling business opportunities within this segment.

Looking at Q1, we anticipate flattish activity levels around the world as operators begin 2018 with conservative budgets. In this environment, we expect to realize 200 to 400 bps of sequential top-line growth with strong incrementals. We expect stronger top-line growth will accelerate later in the year, assuming oil prices hold at current levels or better, given the segment's compelling offering of short-cycle products and technologies.

Completion & Production Solutions
Our Completion & Production Solutions segment generated $690MM in revenue during the fourth quarter, an increase of $8MM sequentially. EBITDA margin decreased by 350 bps to 10.7%. This was a good news, bad news kind of quarter for the segment. Performance of our Subsea and Process and Flow Technologies business units, were a little disappointing; however, the segment delivered strong bookings of more than $500MM for the quarter. We entered 2018 with a total backlog in excess of $1B, a level we haven't seen since the third quarter of 2015.

Our Intervention and Stimulation Equipment business continued to experience strong growth as the pace of deliveries of new pressure pumping equipment accelerated into Q4, allowing the unit to notch an 11% sequential improvement in its top line. As anticipated, the pull-forward effect we experienced earlier in 2017 associated with Tier IV emissions standards dampened demand for new pressure pumping equipment in Q4. However, we were very pleased to book $84MM in new orders that were heavily weighted towards coiled tubing. Headlining the order book were 7 new coiled tubing units, 10 injector heads, and a myriad of coiled tubing support equipment. We also saw growing demand for wireline equipment, with one customer in the Middle East placing an order for 32 sets of wireline pressure control equipment.

Our Process and Flow Technologies business booked close to $100MM of orders, most of which came in near the end of the quarter. While demand improved for our backlog-oriented wellstream processing product line, the timing of those bookings, coupled with softer-than-anticipated demand for book-and-turn products in our production and midstream and industrial pump and mixer businesses, resulted in a sequential decline in Q4 revenue with large decremental margins.

Our Fiber Glass Systems business unit delivered another strong quarter of growth. Revenue increased 8% and bookings exceeded $100MM. The order book included a sizeable order for large diameter pipe, to be used for a large saltwater gathering system in West Texas, and additional Fiberspar® pipe orders for the Middle East. Customer appreciation continues to grow for the corrosion-proof, lightweight, easy-to-install composite pipe solutions this business unit offers.

Our Fiber Glass operation could be the poster child for the "cross-currents" we've been talking about over the past several quarters. We are seeing strong, growing demand from land markets, but almost nonexistent demand from the offshore, which has our marine and offshore backlog at a record low levels.

As previously announced, we encountered challenges associated with manufacturing a new product within our Subsea business unit. The issue related to a buildup of torsional stress that occurred during extended length extrusion runs and, therefore, was not caught during shorter initial test runs. The issue resulted in a shortfall in revenue and excess costs in Q4 and will also impact Q1; however, we are confident we have a solution that will get us back on track later this month.

While we've had challenges related to our offshore businesses, there is some cause for optimism that we are at, or very near, a bottom in activity. We have seen a notable increase in inquiries, and to a lesser extent, orders in our Subsea, Floating Production, and XL Systems businesses. Each of the three offshore business units posted greater than 100%

book-to-bills, albeit off of low levels; and all have seen a pickup in discussions surrounding tiebacks, enhanced oil recovery, and, to a lesser extent, greenfield developments.

Included in our orders was an award to supply several major topside package components for an FPSO redeployment in Malaysia. The project's scope of work requires an integrated approach to refurbish and construct components for the FPSO. We'll do all the fabrication at our facility in Batam, Indonesia and serve as a one-stop shop for an export gas metering skid, inlet separator module, dehydration module, export gas compressor BOP module, triethylene glycol regeneration/flash gas compressor module, high-pressure flare knockout drum skid, and all the interconnecting piping.

Our FPSO strategy has always been about selling equipment. We knew the technology we developed as we invested in our capabilities would be useful for offshore production opportunities beyond building new FPSOs. It is through these investments that we were able to secure this project; and, it is through this project that we will have our best opportunity, to date, to demonstrate how NOV can provide better FPSO solutions.

While more optimism appears to be creeping into the system, and we expect 2018 to see more offshore FID's, we remain very cautious in our outlook for the offshore. Major operators do not yet seem to have the conviction necessary to commit large amounts of long-term capital to offshore reserves when they can make smaller, short-term bets on unconventional resources in North America. We believe near-term FID's will be smaller in scope than typical projects launched five or ten years ago.

Therefore, for the first quarter, we anticipate modest improvements in most businesses offset by challenges that will persist through mid-Q1 in our Subsea business unit, limiting sequential top-line growth to 2 to 3%, with a 100-bps improvement in margin.

Rig Technologies
As we announced in our January 19th press release, we combined our legacy Rig Systems and Rig Aftermarket reporting segments into a single segment called Rig Technologies. During the fourth quarter, our new Rig Technologies segment generated $614MM in revenue, an increase of $104 MM, or 20%, sequentially. EBITDA increased by $30MM to $70MM, or 11.4% of sales.

For those who want to compare our Q4 results to the guidance provided last quarter, we estimate that under the prior structure we would have reported Rig Systems revenue increased $88MM to $419MM and EBITDA increased $16MM to $44MM. Rig Aftermarket revenue increased $24MM to $336MM, and EBITDA increased by $20MM to $89MM. In our aftermarket operations, we experienced our typical, albeit stronger than anticipated, seasonal Q4 improvement in service and repair work. Spare part sales decreased slightly, but bookings increased by 3.5% sequentially.

As noted in our press release, we were awarded additional contracts for condition-based monitoring of BOPs and risers during the fourth quarter. We continue to expand our suite of condition-based maintenance capabilities, and more customers are beginning to recognize the value offered by such services.

On the capital equipment side of the business deliveries that were deferred by customers in Q3 due to the dip in commodities in late Q2 and into early Q3 shipped in the fourth quarter, with customers having a renewed sense of urgency in taking delivery of capital equipment. Deliveries included two Ideal land rigs for a North American drilling contractor, several well service rigs, a jacking system for an offshore windfarm support vessel, and a variety of other capital equipment.

In addition to strong sequential improvement in the P&L, bookings also increased considerably, to $169MM from $84MM in Q3, partially due to bookings that we expected in the third quarter materializing in Q4. Book-to-bill was 59%, the highest ratio posted since the second quarter of 2014. Significant bookings included a subsea BOP stack and meaningful orders across our marine construction and heavy lift product offerings.

We were also awarded two FEED studies, including one for a new platform project. Over the next few quarters, we anticipate seeing more FEED studies to evaluate the economics and feasibility of new projects as major operators appear to be more seriously evaluating new offshore developments. However, we still see very few opportunities for newbuilds outside of the potential for new mid-water, harsh environment semis. Dialogue with our offshore customers continues to focus on upgrades, which include motion compensation systems, enhanced pipe handling, and increased hookload capabilities.

In the North American land market, capital constraints among customers and day rates below $25k are inhibiting newbuild orders; however, opportunity to assist customers in upgrading rigs to achieve Tier I super spec criteria continue. Many contractors have worked through their rigs that are easy to upgrade to such specifications, and we're now seeing opportunities to convert and upgrade high-quality DC rigs, which present a larger per-unit revenue opportunity for NOV.

As we've noted before, we believe day rates north of $25k/day and contracts of longer duration will be required before we see a broad-based resumption of new land rig orders in North America, conditions which could arrive as early as late 2018. In the international markets, tenders continue to push out; however, we could see one awarded as soon as late Q1 or early Q2. While fundamentals are improving and customers are increasingly more optimistic, market conditions for Rig Technologies will remain challenging near-term. For the first quarter, we anticipate segment revenue will decline 10 to 12% from very strong fourth quarter results, with a 100 to 300 bps decrease in margin.

Overall, we're expecting first quarter results to be essentially flat with the fourth quarter of 2017, as cross currents around the world persist. Nevertheless, with oil prices at their highest levels in three years, we are growing increasingly optimistic about the remainder of 2018, particularly the second half. We expect our short cycle land business to continue to outpace drilling activity growth in North America. We are finally seeing more signs of activity returning to international and offshore markets, that set the stage for modest improvements in these areas later in the year.

Our oilfield service customers remain capital constrained and cautious, and our oil and gas operator customers are demonstrating fiscal discipline and restraint; understandable, given the commodity price head-fakes we've all witnessed through this downturn. But the dissipation of the oil inventory overhang and the lack of oilfield investment through the downturn, place this latest oil price move on firmer footing and, if sustained, will bring significant healing to this battered industry in the form of strong cash flows and higher activity levels as the year progresses.

Like Clay said in his initial comments, it feels to us that the market is nearing an inflection point. The many talented and dedicated people at NOV have worked extraordinarily hard over the past few years to best position this organization for that inflection and we are ready for the opportunity.

With that, we'll open it up for questions.