NOV, Inc.
Third Quarter 2025 Earnings
Conference Call Remarks

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Welcome everyone to NOV's third quarter 2025 earnings conference call. With me today are Clay Williams, our Chairman and CEO, Jose Bayardo, our President and COO, and Rodney Reed, 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 third quarter of 2025, NOV reported revenues of $2.18 billion and a net income of $42 million or $0.11 per fully diluted 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 and Chief Executive Officer

Thanks, Amie, and good morning.

NOV executed well in the third quarter. Revenues of $2.2 billion were down just slightly, less than 1% year-over-year and sequentially, despite a challenging macro environment and softening oilfield activity. EBITDA was $258 million, or 11.9% of revenue, up sequentially despite rising tariff and inflationary headwinds. Cost control and strong project execution allowed NOV to lift margins sequentially while increasing free cash flow to $245 million.

Energy Equipment saw strong demand for its growing production-related portfolio, leading to higher backlogs and record revenues from our Subsea Flexible Pipe and our gas-focused Process Systems businesses. These businesses, as well as our Marine Construction and Production & Midstream units, all achieved their highest EBITDA in five years, expanding segment year-over-year margins for the 13th consecutive quarter.

Our drilling activity-driven Energy Products & Services segment once again outperformed underlying global rig count declines of 8% year-over-year, aided by our growing share of efficiency-enhancing downhole technologies, and strong demand for drillpipe, including NOV's proprietary wired drillpipe data telemetry system.

But generally, activity continued to soften. In North America, E&Ps once again trimmed short-cycle oil activity, which is likely to slow further seasonally in Q4. Internationally, the Saudi rig suspensions appear to be behind us and while spending there remains lower, expectations are building for a few more rigs to go back to work in 2026. Elsewhere in the Middle East, demand from the UAE, Qatar, and Kuwait remain healthy as customers continued to invest to meet production goals. Many are pursuing unconventional shale developments. Argentina, Saudi Arabia and the UAE are leading the way, but interest is emerging elsewhere around the globe, as I'll speak to in a moment.

Offshore, our customers expect a meaningful exploration and development drilling ramp to begin in late 2026. Offshore FIDs are expected to pick up over the next few years following a lull in 2025, and our discussions with customers around deepwater FEED studies support this view. Bookings tied to offshore development are already up double digits year-over-year.

Further out, NOV's prospects through the next decade are extraordinarily bright. Why? Step back from the near-term noise created by OPEC quota unwinding, oil oversupply, commodity price pressures, tariffs, inflation, and geopolitical uncertainty, and you will see two major structural shifts that are setting up a powerful decade of opportunity for our company.

First, the globalization of unconventional shale development.

Oil and gas are commodities, and the winners and losers in all commodity industries live and die based on costs - development costs and marginal production costs. The clear winner in the race to lower marginal production costs since about 2012 or so has been North American unconventional shale, which has arguably provided more than 80% of global supply growth since then. It's been the winner of the horse race to lower costs, and, as the winner, it has attracted the most capital. Technology, capital and ingenuity led marginal costs for the shale juggernaut lower and lower, outpacing the marginal cost reductions secured for offshore and other sources of oil and gas, and these competing sources saw capital investment fall sharply through the same period. But as North American shale producers have chipped away at Tier 1 inventory locations, production growth is flattening here and may well be peaking now. And as the mix of lower-quality Tier 2 locations rises, marginal costs per barrel for North American unconventional shales is creeping up, as comments from producers in the past few Dallas Fed surveys note.

After twenty-plus years of refining the technology that enabled the North American shale revolution, these same technologies are now being deployed at scale internationally, because international E&Ps see opportunity to develop lower marginal cost sources of oil and gas elsewhere. The advantage international shales will have at this point is that they will benefit from decades of advancement and several hundred thousand shale wells that have been drilled and experimented with and continuously optimized here in North America, and these learnings will now be applied to new, virgin, international rock. The near-term challenge they have is that they lack the necessary tools and equipment. That's where NOV comes in. Since prosecuting a successful unconventional shale play requires pretty much everything NOV makes, we're pretty excited about this. Recall that the U.S. shale miracle started with

a complete retooling of its land rig fleet and the buildout of a lot of frac, coiled tubing, wireline, completion and production equipment. These tools and technologies are squarely in our wheelhouse and we see the emerging buildout of infrastructure to support international shale development driving demand for us for years to come.

Second, the re-emergence of deepwater and offshore development. After years of second place finishes in the marginal-cost horse race, deepwater is back to winning. Deepwater has quietly but steadily gotten better since 2012. NOV-supplied offshore drilling rigs are drilling more efficiently; higher hookload capacities are enabling more cost-effective casing programs; the standardization of subsea production kit and FPSO designs, have all served to steadily reduce the marginal cost of deepwater barrels and make its economics more compelling. Simply put, we believe that deepwater, broadly, has brought marginal costs below North American shales, and it is now winning the marginal cost horse race. This is a big deal. We believe this inflection, this leadership change, will drive many more investment dollars into deepwater in the coming decade, to satisfy growing global energy demand.

Evidence of this is apparent in exploration success stories in new basins in Guyana, Suriname, Namibia, Senegal, the Eastern Mediterranean, and the Paleogene in the Gulf of America. Industry forecasts call for offshore oil output to rise to roughly 13 million barrels per day by 2026, making deepwater the leading source of incremental supply growth. The pivot in spend has been further helped by the emergence of profitable floating LNG, which adds natural gas as another viable target for offshore E&Ps. NOV's technology portfolio, from subsea flexible pipe and process systems to mooring solutions and rig aftermarket and automation, is critical to enabling this expansion. Customer performance expectations favor selection of NOV technology, providing NOV a strong competitive advantage in deepwater operations.

Finally, I'll stress that this 166-year-old horse race is never over. Innovative North American shale operators have an amazing track record of honing costs to improve competitiveness, but, honestly, all operators in all basins do, and they have to, given the business they're in. But right now we see

deepwater pulling into the lead, and international shales entering the race as a serious contender. We believe these two will define the next decade-plus of oil and gas development, and both depend on the tools, equipment, and technologies that NOV delivers.

Back to the near term, however, as I said we expect market conditions to remain soft through the next few quarters. Tariffs and inflation and uncertainty will continue to weigh on margins in the near term, and global drilling activity is likely to drift lower, but looking further ahead, we see the back half of 2026 and beyond as a period of strengthening demand across both offshore and international land markets.

As deepwater projects ramp and unconventional development expands globally, NOV's technology leadership and global platform will enable us to capture that growth efficiently and profitably. That's why I am so excited about NOV's future.

To my NOV teammates listening this morning, thank you for all that you do to strengthen and improve and lower the marginal costs of the operations of all our customers globally. You've helped build NOV to perform through cycles and to lead in the next phase of global energy development, and I am grateful for the way you get up every day, put your boots on, and make this industry better.

Now let me turn it over to Rodney…

Rodney Reed
Senior Vice President and Chief Financial Officer

Thank you, Clay.

Consolidated revenue was $2.18 billion, down slightly year-over-year and sequentially. Operating profit was $107 million, or 4.9% of sales, Net Income was $42 million, and the Company recorded $65 million within Other Items. Adjusted EBITDA totaled $258 million, representing 11.9% of sales. Sequentially, EBITDA margins improved as strong operational execution and cost controls offset the effects of softening oilfield activity and higher sequential tariff expense.

Free cash flow generation remained robust at $245 million. Over the last nine months, NOV converted 53% of EBITDA to free cash flow and achieved a 95% conversion rate during the quarter, which was the result of strong cash collections on projects and a focus on systematic, structural working capital efficiency improvements.

During the quarter, we repurchased 6.2 million shares for $80 million and paid dividends of $28 million, bringing total capital returned to shareholders year-to-date to $393 million, which includes a supplemental dividend of approximately $78 million paid in the second quarter. During 2025 we expect to significantly exceed our minimum threshold of returning 50% of excess free cash flow to our shareholders.

For the quarter, tariff expense came in just under $20 million, increasing approximately $6 million sequentially. For the fourth quarter, we expect our tariff expense to be around $25 million. We continue to realign our supply chain and execute strategic sourcing initiatives to reduce tariff impacts.

We also remain focused on removing structural costs to improve margins and returns, including consolidating facilities, standardizing internal processes, and rationalizing product lines or regions that don't meet our profitability requirements. These programs are on track to deliver over $100 million in annualized cost savings by the end of 2026, although tariffs and other inflationary impacts remain headwinds.

While we expect the near-term environment to remain choppy, we are executing well, managing what we can control, and positioning NOV well for the future.

With that, I'll turn to segment results.

Energy Equipment

Starting with our Energy Equipment segment, third quarter revenue was $1.25 billion, up 2% from the third quarter of 2024. EBITDA increased by $21 million to $180 million, resulting in a 140 basis point

increase in EBITDA margin to 14.4% of sales, driven by strong execution in our capital equipment businesses, more than offsetting lower aftermarket revenue.

Capital equipment sales accounted for 63% of the segment's revenues in the third quarter of 2025, increasing 20% year-over-year due to strong growth in offshore production equipment. Aftermarket sales and services accounted for the remaining 37% of Energy Equipment revenue with sales declining year-over-year by 19%.

Capital equipment orders of $951 million for the quarter more than doubled sequentially, reaching our second highest quarterly bookings in the last 18 quarters. Orders represented a book-to-bill of 141% for the quarter and a 103% book-to-bill over the trailing twelve months. Continued strength in demand for our offshore related production equipment offerings led the order book with multiple orders for subsea flexible pipe, a mono-ethylene glycol processing module, and our second order for a large, submerged swivel and yoke system for LNG offtake in Argentina. Backlog at the end of the third quarter was $4.56 billion, the highest since we started reporting Energy Equipment as a segment.

Our subsea flexible pipe business had another exceptional quarter with solid year-over-year and sequential revenue growth. The operation also continues to improve profitability due to strong execution on projects. The business delivered record quarterly revenue and bookings with project backlog achieving an all-time high. While the business is performing exceptionally well, our team continues to identify ways to further optimize our manufacturing processes to accelerate production and improve operational efficiencies.

Our Process Systems business continued its strong performance both for offshore production and onshore gas fields, with revenue growing high double digits year-over-year, finishing the quarter with record revenue and EBITDA. Offshore production market forecasts remain robust, which should continue to drive demand for gas processing and produced water treatment opportunities. Additionally, the build out of FLNG and FSRU’s is driving opportunities for our fluid and gas transfer

systems, like the order I previously mentioned for the submersible swivel and yoke system for an FLNG project in Argentina.

Our Marine and Construction business experienced a sharp increase in revenue compared to the third quarter of 2024, driven by a significant increase in progress on crane and cable lay projects, partially offset by lower activity related to Wind Turbine Installation Vessels (WTIVs). The outlook for offshore supply vessels, which provides opportunities for our subsea cranes, remains strong, and we continue to see tenders for cable lay vessels. The fixed wind market remains challenging, however we see the potential for another award later this year or early next year with the continued need for larger newbuild vessels in Europe and Asia. Several countries are still planning to expand offshore wind supply, which could lead to a shortage of WTIVs around the end of the decade, and therefore should drive incremental newbuild demand over the next few years.

Revenue for intervention and stimulation capital equipment fell double-digits year-over-year due to a steep drop in demand for pressure pumping equipment in North America, partially offset by strong and growing demand for coiled tubing and wireline equipment. This growing demand, related to the development of unconventional resources in international markets and to offshore activity, has led to three straight quarters of bookings growth and a trailing twelve-month book-to-bill of over 100%.

Revenue from drilling capital equipment decreased high single digits year-over-year due to market uncertainty and contracting gaps for some offshore drillers. Capital equipment orders improved sequentially, but the demand remains soft as offshore drilling contractors preserve capital while navigating through “white-space” in their contract portfolio. Outlook for offshore drilling appears to be improving for the second half of 2026 and beyond, as Clay mentioned, leading to a more constructive dialogue regarding opportunities to support recent and upcoming tender awards, including higher hook load capacities, crown compensators, managed pressure drilling and BOP upgrades. Additionally, demand for automation and robotics continues to gain momentum for land and offshore rigs due to improved safety and operational efficiencies provided by our ATOM RTX™ robotics packages.

In our drilling aftermarket business, revenues were down significantly compared to the prior year. The decrease is the result of lower spare parts bookings over the last few quarters as customers slowed spending in response to gaps in contracting activity, but we did see a mid-teens percentage increase sequentially in spares bookings which should lead to stronger fourth quarter revenue for the drilling aftermarket business.

For the fourth quarter, we anticipate a less pronounced than usual seasonal increase in our Energy Equipment segment due to timing of capital equipment deliveries. As a result, we expect revenue to decline 2-to-4% year-over-year, with EBITDA in the range of $160 million to $180 million.

Energy Products & Services

Our Energy Products & Services segment generated revenue of $971 million, a 3% decrease compared to the third quarter of 2024, reflecting lower global activity levels and delayed capital equipment orders for infrastructure projects, partially offset by technology-driven share gains. EBITDA was $135 million, or 13.9% of sales.

Higher decrementals resulted from an unfavorable sales mix, pricing pressures in North America and increased tariff expense. We are focused on reducing structural costs, including consolidating facilities and exiting product lines or regions that don't meet our return requirements.

North America represented 57% of segment revenue and grew 7% year-over-year on higher drill pipe sales, compared to a 10% decline in rig count. Segment revenue decreased 15% year-over-year in international markets due to activity declines in the Middle East and Latin America.

For the quarter, the sales mix for Energy Products & Services was 51% services and rentals, 31% capital equipment, and 18% product sales.

Services and rentals revenue declined 4% year-over-year, as demand for our solids control services declined in the mid-teens due to lower international activity. However, increased traction of our efficiency-enhancing technologies in North America as well as in unconventional and tight gas

applications internationally, helped partially offset the impact of an 8% global rig-count decline. In North America, drill bit revenue rose mid-single digits due to market share gains tied to superior performance and reliability, and we realized growing demand for our drill bits, downhole tools, and tubular coatings from the increase in gas directed drilling particularly in high-temperature applications in the Haynesville. Internationally, our downhole drilling motors were deployed in the first unconventional wells drilled by an independent in Bahrain, and rentals of our downhole technologies increased in Argentina supporting unconventional development.

Tubular coating and inspection revenue was down modestly year-over-year, with strong growth in North American coating sales partially offset by lower demand in Latin America and the Eastern Hemisphere.

Capital equipment sales increased 5% year-over-year, supported by mid-teens percentage growth in drill-pipe sales as customers replenished inventories. Drill-pipe bookings reached their highest level since early 2022. However, composite-pipe and tank sales declined primarily due to delays in infrastructure projects affecting timing of orders. Orders for infrastructure projects stepped up late in the third quarter and included an order for two large fuel storage tanks for a data center and 9 miles of 55-inch glass-reinforced plastic pipe in Brazil. The strong order intake for our drill pipe and fiberglass businesses positions us well for improved capital equipment revenues in the fourth quarter.

Product sales decreased in the mid-teens percent range year-over-year with higher downhole-tool sales into Asia more than offset by fewer international bulk sale deliveries. Additionally, we are seeing an increasing number of international customers changing their preference from purchasing to renting drill bits, more in-line with the predominant customer preferences in North America.

Looking to the fourth quarter, we expect a modest sequential pickup in capital equipment sales from our Energy Products & Services segment to be more than offset by softer market conditions. As a result, we expect fourth-quarter segment revenue to decline 8-to-10% year-over-year, with EBITDA between $120 million and $140 million.

With that, I'll turn the call over to Jose.

JOSE BAYARDO
President and Chief Operating Officer

Thank you, Rodney.

NOV executed well during the third quarter in a challenging market environment. While we expect near-term activity levels to remain soft, we also believe that growing demand, natural decline rates, and a decade plus of underinvestment in exploration will drive a meaningful recovery, potentially beginning as soon as late 2026. We have a very constructive view regarding the industry's, and NOV's, outlook over the medium to longer term as a result of the market backdrop, and how we are positioning the Company.

We remain sharply focused on improving operational efficiencies while positioning NOV to capitalize on key secular trends including offshore production supplanting U.S. unconventional resources as the dominant incremental source of global oil supply, accelerating activity in international unconventional basins, natural gas becoming the fuel of choice for power generation, and the application of technology to drive efficiencies. These trends are driving actions we see from our oil and gas operator customers and are driving how we invest in and position our business.

Clay highlighted that we provide many of the critical tools, equipment, and technology required to meet the growing needs of our customers. NOV has a unique, but broad portfolio of solutions and serves multiple end markets that often move through cycles at different rates. The diversity in our business along with our technology and service-driven market leadership are intentional and strategic, and provide operational and financial resilience.

Let me explain what I mean.

In 2023 and 2024, NOV generated roughly $1 billion in adjusted EBITDA, and we expect that we'll deliver about that same amount in each of 2025 and 2026. While our earnings appear stable at the consolidated level, our mix can change meaningfully from year to year.

Following the pandemic, we realized a rapid recovery in demand for shorter-cycle, activity-driven products and services, particularly in North America. As a result, our Energy Products & Services segment drove our growth and contributed roughly 62% of our adjusted EBITDA in 2023. Since then, we've seen slowing activity in North America which has been offset by growing demand for capital equipment in offshore and international markets. As a result, we expect Energy Equipment's contribution to EBITDA to rise from 38% in 2023 to approximately 55% in 2025, while Energy Products & Services' EBITDA contribution moves to about 45%. While we have seen a sizeable shift in the contributions from our two reporting segments, some of our businesses have realized a greater than 40% increase in their revenues and significantly higher percentage movements in EBITDA, which offset declining activity in North America.

The diversity in our portfolio provides resilience during times when market cycles are out of phase, as we've seen over the last decade. And when, not if, cycles align, likely driven by higher commodity prices and a more sustained global upcycle, the amplitude of NOV's earnings will be materially higher, even without an offshore rig new-build cycle.

While our business is intentionally diverse, we are extremely deliberate about how we position our portfolio and how we compete. Each of our operations leverages NOV's energy expertise driven core competencies in engineering, material science, manufacturing, service delivery, and supply chain management. We also focus on participating in businesses where we can be market leaders and establish, and advance, competitive advantage, often achieved by harnessing our core competencies and world class R&D capabilities.

Additionally, we focus on markets that have high barriers to entry, typically due to complex technological hurdles and the associated capital requirements. Market leadership in high barrier to entry markets enables scale. Scale across multiple product and technology-oriented businesses that can leverage common manufacturing, engineering and supply chain resources, further advances competitive advantage and provides resiliency during market cycles, allowing us to continue investing in innovation regardless of market conditions.

You will find market leadership across our product portfolio. We've pioneered numerous technologies that helped unlock the shale revolution by enabling efficient drilling and completions of ultra long lateral wells. As Clay noted, these technologies are now realizing accelerating adoption in emerging international unconventional markets. We've also pioneered numerous technologies that unlocked major efficiencies associated with the exploration and development of deep-water resources.

Our game-changing leached PDC cutter technology dramatically increased thermal stability and wear-resistance of drill bits, leading to substantially higher rates of penetration and longer run times with fewer trips. While the bulk of the industry now uses our technology, we continue to leverage our material science expertise to further advance cutter technology that drives improvements in rate of penetration and reduces cost. These advances have allowed our ReedHycalog™ drill bit business to gain share in many markets, including the U.S. where its revenue grew 11% year-over-year against an 8% decline in drilling activity.

Another game-changing downhole technology we pioneered was our Agitator™ friction reduction tool, which enables operators to drill farther and faster. We continue to advance our technology to build better fit for purpose versions of the tool, such as our AgitatorZP and our Agitator Rage friction reduction tools. The ZP is a zero pressure drop friction reduction tool that allows customers to maintain maximum flow rates in pressure limited drilling situations. On the opposite end of the spectrum, our Agitator Rage leverages the high-pressure capabilities of super spec drilling and pump packages to produce extreme levels of friction reduction for tight curves, u-turns, and ultra long laterals in the most demanding environments. Revenue from new downhole drilling technology, which includes our latest Agitator offerings, is up over 30% year-over-year, comprising almost 20% of our Downhole Tools business' revenue with more room to run.

Even in areas where many people may not think technology plays a big role, such as in tubulars, innovation drives our market leadership.

After setting the global standard for premium, high torque drill pipe with our XT™ connection that can handle 70% more torque and improve hydraulics with up to a 50% reduction in internal pressure loss in comparison to standard API connections, our engineers developed our Delta™ connection. Delta can handle 20% higher torque than the XT connection for extended length drilling applications and its proprietary design prevents galling, reducing total cost of ownership and enabling up to 50%faster makeup than other premium connections, reducing tripping time. We also recently introduced wear resistant drill pipe to address accelerated body wear in extreme drilling environments and insulated coatings to protect against extreme well temperatures that cause premature failures of bottom hole assemblies.

Additionally, we are a leader in providing subsea flexible pipe for deepwater production. We have won the supplier of the year award from the largest global consumer of subsea flexible pipe two years in a row as a result of our technology, execution, and service. We continuously advance technology that addresses our customers' most pressing needs. This quarter we received an order for our active heated flexible riser system, which combines flexible pipe and heating technology to address flow assurance challenges in environments where heavier oils become even more viscous in cold, deepwater conditions. We also offer our OptiFlex™ condition monitoring system that utilizes embedded fiber-optics to continuously measure temperature and fatigue, and we are undergoing qualification for what we believe is the leading contender to cost-effectively mitigate CO2 stress corrosion cracking, which is a costly issue in Brazil's pre-salt fields. We've been investing in our solution for the CO2 stress corrosion cracking challenge since 2019, reflecting our commitment to invest in critical solutions for our customers throughout the cycle.

I could go on all day covering the technology leadership across our product portfolio, but you probably detect the pattern here – NOV pioneers technologies that provide meaningful advancements for the industry. Then, we continue advancing our technologies allowing us to maintain our competitive advantage and market leadership. While we focus on rapid innovation and continuously improve our products, R&D efforts that drive potentially revolutionary changes (like our CO2 stress corrosion

solution and our industry-first 20,000-psi BOP) take place over longer time periods, sometimes over a decade. An investment horizon that few in this industry have the fortitude to stomach. We continue to be relentlessly focused on several other potentially revolutionary long-term R&D initiatives and would like to highlight a couple of our ongoing efforts to digitize and automate the energy industry.

Over a decade ago, we commercialized wired drill pipe that can transmit data at up to 58,000 bits per second, compared to 5-to-15 bits per second for standard mud pulse telemetry. Since our initial commercialization, we have significantly improved connection reliability, lowered costs, and built a portfolio of advanced sensors and tools that harness the capabilities of real-time broadband data transmission. Additionally, we've invested in a software stack to aggregate, visualize, and contextualize data to drive more value for our customers through better analytics, decision making, and automation.

During the third quarter our Downhole Broadband Solutions team helped a customer drill an important exploration well in the North Sea. Our wired drill pipe technologies enabled advanced geosteering for ultra-long horizontal sections at unprecedented speeds, reaching up to 200 meters per hour; and precision, accessing significantly more reservoir than the customer previously thought possible. The operator stated that a typical exploration well might intersect a few hundred meters of reservoir, but we helped our customer drill a multi-lateral, multi-target exploration well that exceeded 20 kilometers of reservoir exposure. This complex well drilled with leading-edge technology cost a bit more than a conventional exploration well, but it accessed a very large multiple of the amount of reservoir a conventional well would have encountered. Additionally, with the quality and quantity of data collected we helped the customer meaningfully reduce uncertainty and accelerate their timeline from discovery to development.

Lastly, I want to highlight the success we are having with drilling automation. Our NOVOS™ drilling automation system was designed to automate repetitive drilling activities and, more importantly, to serve as a platform that would allow multi-machine control and rig floor automation. Leveraging this platform, we developed our ATOM RTX robotics system, which we commercialized in January 2024 on

a rig working for an IOC in Canada. Our ATOM RTX system completely automates the vast majority of operations without human intervention on the rig floor, significantly improving safety and drilling performance while providing high levels of consistency. We now have a total of six operational robotics packages – three on land and three offshore – and the IOC using our robotics system in Canada recently shared with us that the automated rig is their best performing rig in the region. We are hearing more and more of our customers describe our robotics system as "the next top drive" for the industry, which, by the way, was another revolutionary technology that NOV pioneered for the industry. Excitingly, the backlog for our ATOM RTX system is growing at a healthy clip.

NOV's technology and market leadership, and business diversity, drives operational and financial resilience. This resilience enhances our ability to leverage our core competencies and invest through cycles to further advance our competitive advantage. But none of this would be possible without our fantastic people.

NOV will play a key role in the emergence of international unconventional resource development, and the coming growth of deepwater production. Our technologies, from downhole tools to advanced digital solutions, are developed through intensive collaboration among multidisciplinary teams and close engagement with our customers to improve the efficiencies and lower the marginal cost of energy production. Few organizations outside NOV possess the breadth of capabilities required to commercialize solutions of this complexity. The people of NOV continuously demonstrate a remarkable ability to design, manufacture, and service essential technologies for our clients. Every member of NOV plays an important role in putting customers first and making NOV better every day, and I'd like to thank our team for their dedication and their unwavering focus.

With that we'll open the call to questions.