

# National Oilwell Varco

43<sup>rd</sup> Annual Scotia  
Howard Weil Energy Conference

**Clay Williams**  
President, Chairman, and CEO

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# National Oilwell Varco

The oilfield's leading technology and equipment provider

**MARKET LEADERSHIP** brings competitive advantage

Dependable partner in high-risk high-cost world

Successful spin-off and subsequent reorganization

Record financial results in 2014

Resilient earnings and cash flow

Attractive reinvestment opportunities

# NOV overview



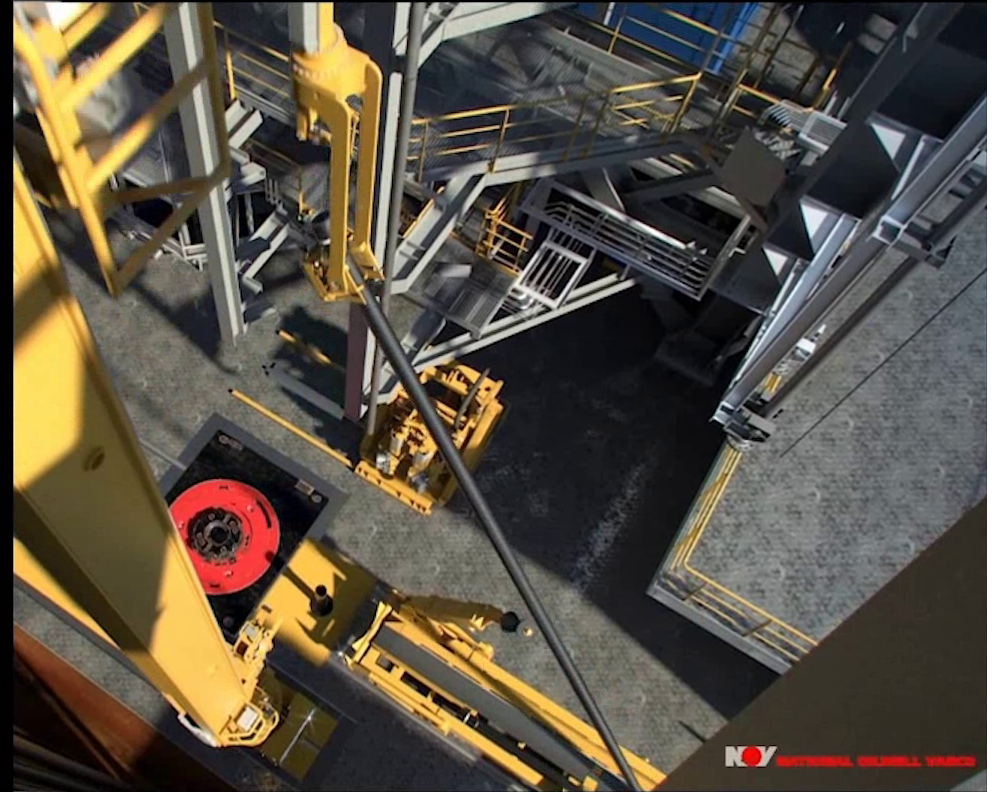


# Supporting innovation and entrepreneurship





# Transforming oilfield technologies



**NOV** NOVUM, OILFIELD, VANCE

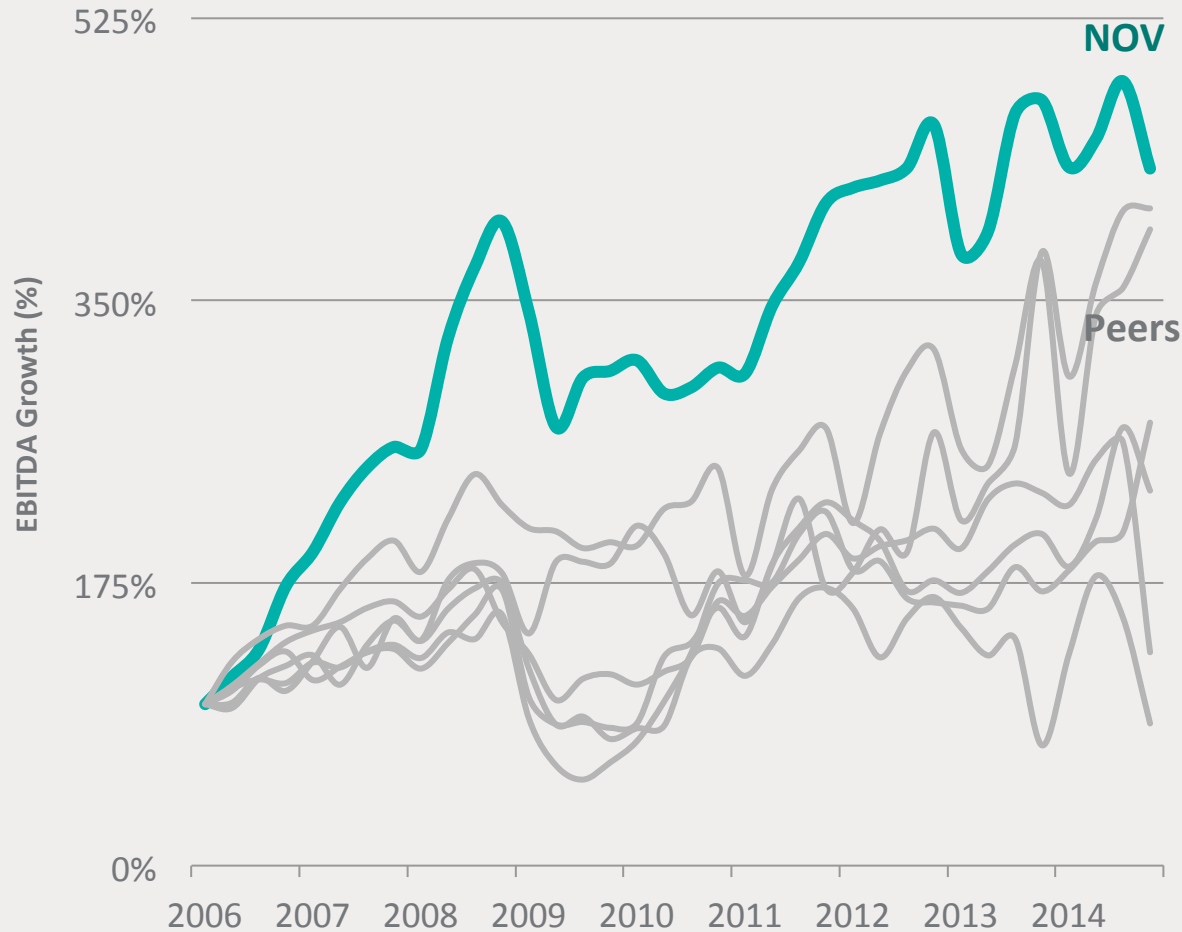


We power the industry  
that powers the world.

# Results reflect our leadership

Best-in-class EBITDA growth

NOV EBITDA Relative to OFS Peers



EBITDA GROWTH  
**4.3X**

Peer group includes SLB, BHI, HAL, WFT, CAM, and FTI



# Sustained long-term energy demand growth

**MORE PEOPLE**

with

**MORE MONEY**

demand

**MORE ENERGY**

to grow and thrive

+2B global population increase<sup>1</sup>

+130% larger global economy<sup>2</sup>

+25% oil production growth  
+65% natural gas production growth<sup>3</sup>

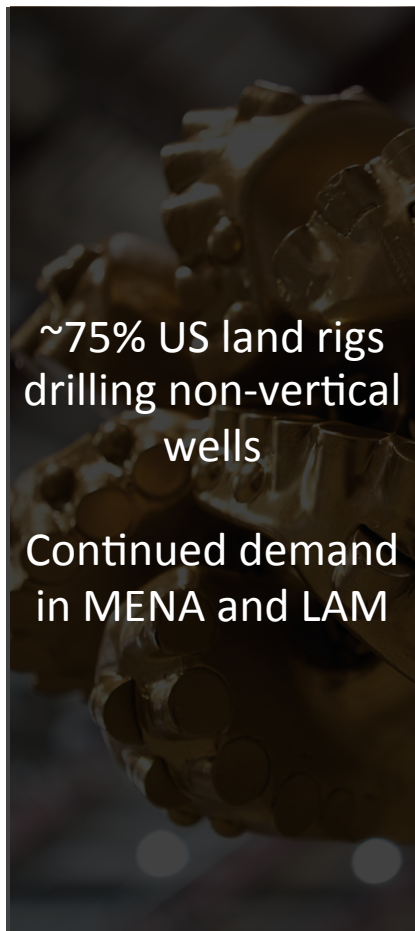
<sup>1</sup> Based on current global population of 7B

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

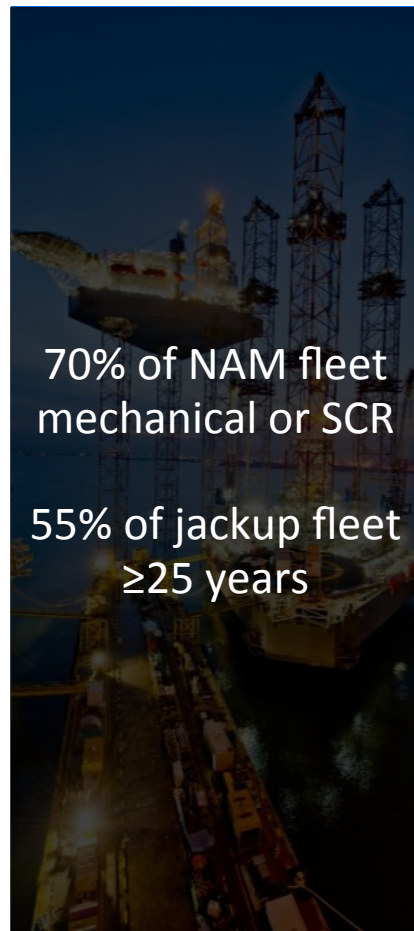
<sup>3</sup> Growth from 2010 to 2040

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

# Demand growth translates into four trends



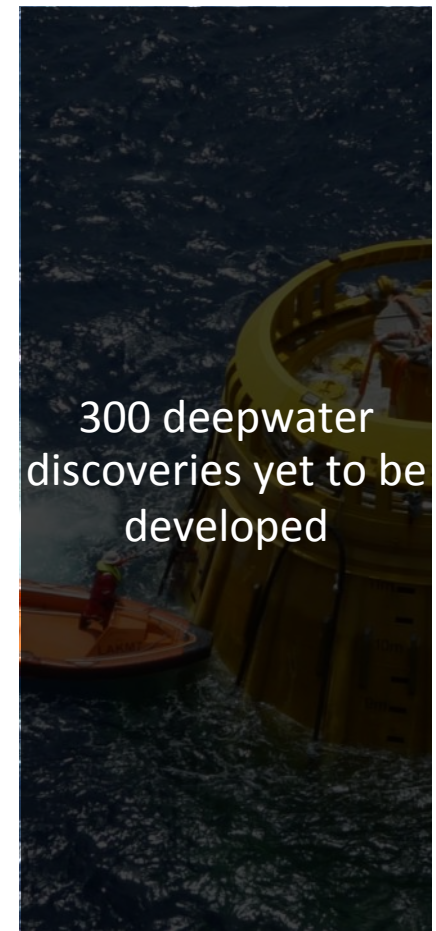
PROGRESSION OF UNCONVENTIONAL TECHNOLOGIES



REPLACEMENT OF AGING RIG FLEET



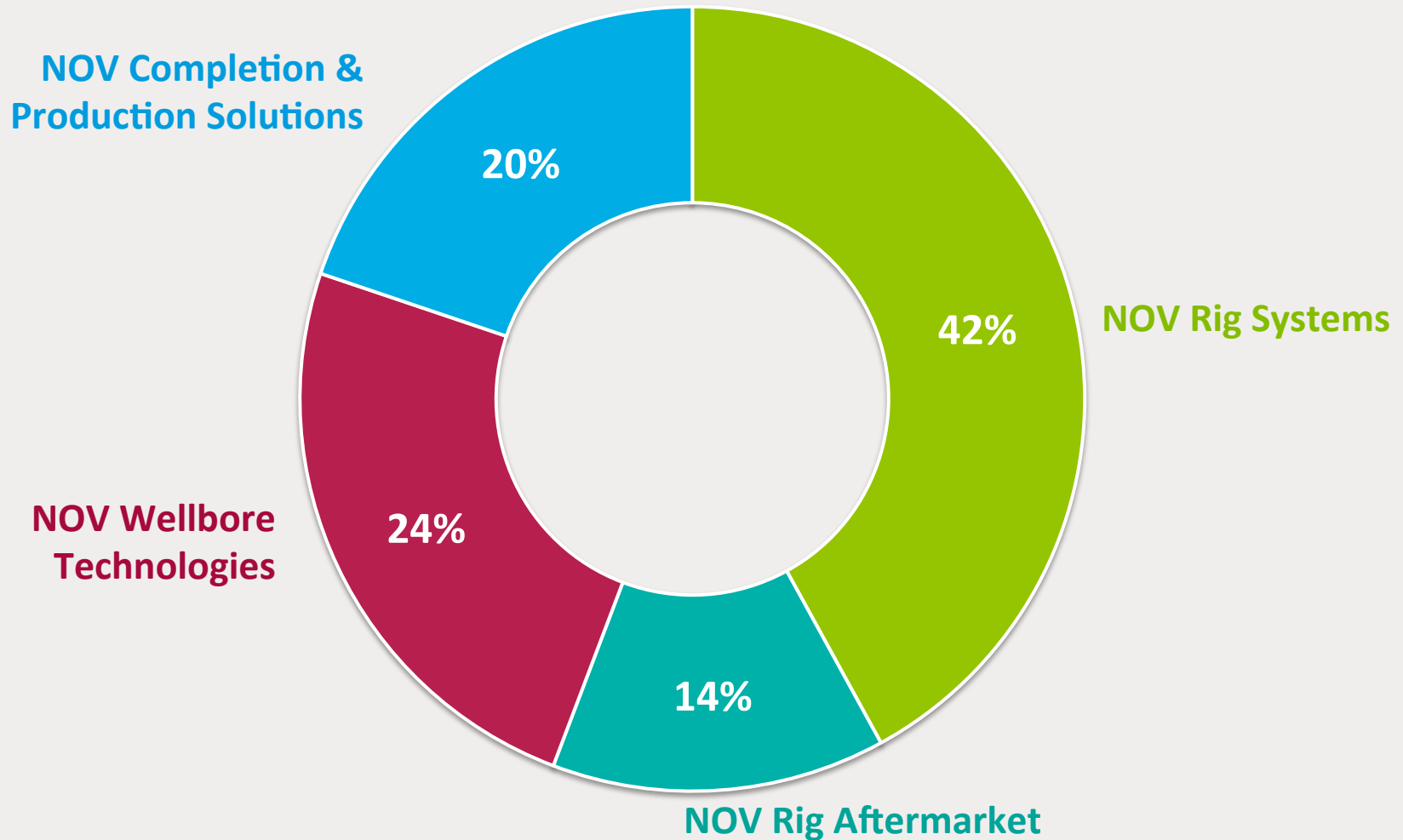
BUILDOUT OF DEEPWATER RIG FLEET



DEVELOPMENT OF FLOATING PRODUCTION SYSTEMS

# Well-balanced to capitalize on four trends

NOV Revenue by Segment (FY'14)







# NOV Rig Systems

**MAKING THE WORLD'S MOST  
ADVANCED DRILLING SOLUTIONS**

Land rigs

Offshore drilling equipment packages

Discrete rig components

**\$9.8B REVENUE, 20.3% OP**



# CONSISTENTLY ON TIME, ON BUDGET



~240 offshore rigs delivered since 2005

Thomas Aanundsen



# Purposeful innovation

Acute focus on cost reduction and efficiency gains in manufacturing processes







# NOV Rig Aftermarket

SUPPORTING THE WORLD'S MOST  
ADVANCED DRILLING SOLUTIONS

Spares

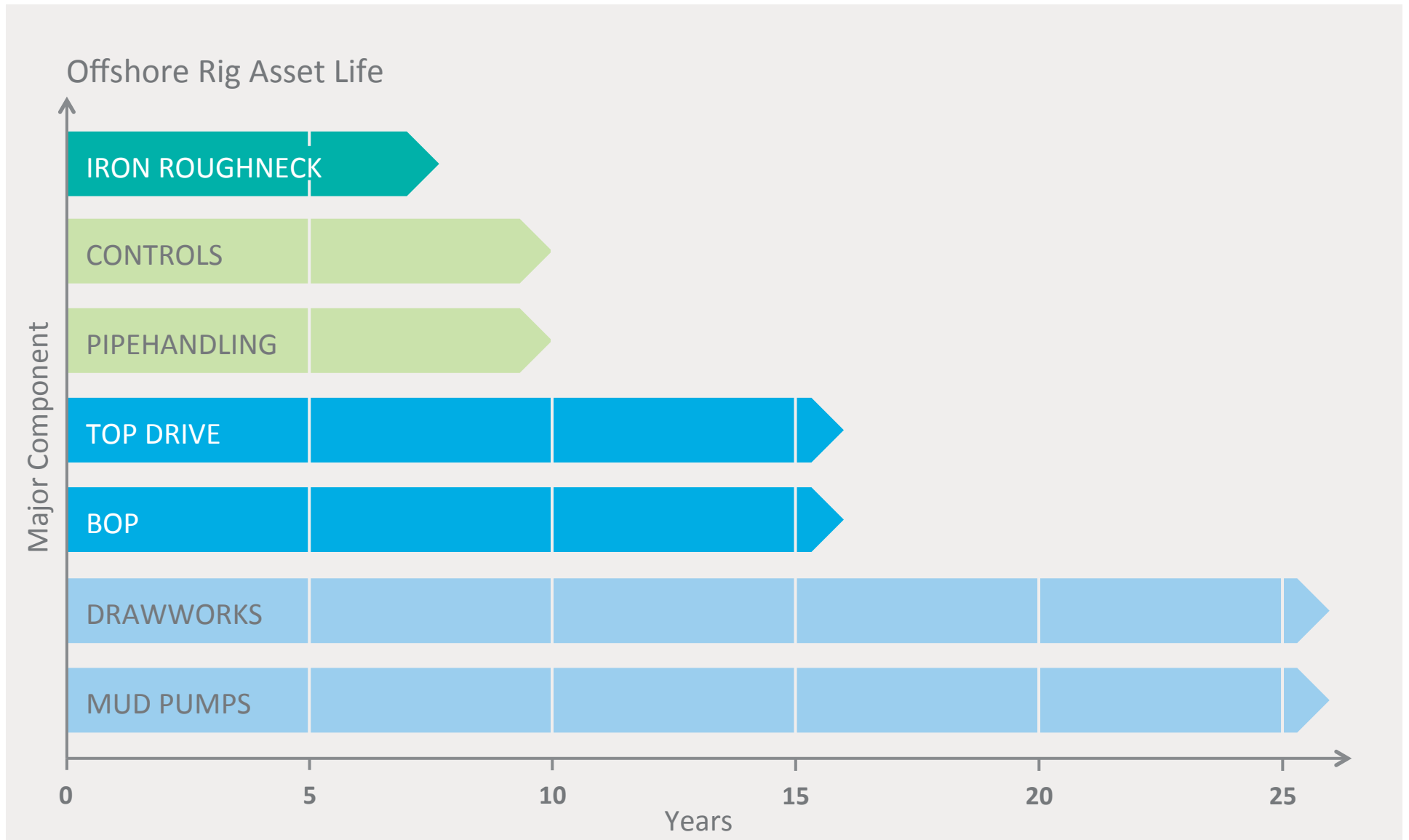
Service

Repair

Training

**\$3.2B REVENUE, 27.4% OP**

# Depreciation is real



# CUMULATIVE SPEND OF DRILLING VESSELS

JACKUP REVENUE

**\$45M**

AT DELIVERY

FLOATER REVENUE

**\$200M**

AT DELIVERY



# CUMULATIVE SPEND OF DRILLING VESSELS

JACKUP REVENUE

**\$82M**

AFTER 25 YEARS

FLOATER REVENUE

**\$371M**

AFTER 25 YEARS



# NOV Wellbore Technologies

IMPROVING DRILLING EFFICIENCY  
AND PRODUCTIVITY

Premium tubulars and services

Downhole technologies

Fluids, solids control, and waste management

Drilling optimization and automation

**\$5.7B REVENUE, 18.2% OP**



# Market-leading technologies





# Driving new levels of efficiency







# NOV Completion & Production Solutions

**INTEGRATING SOLUTIONS FOR  
INCREASED PRODUCTIVITY**

Intervention and stimulation equipment

Onshore production

Offshore production

**\$4.6B REVENUE, 15.1% OP**

# Expanding market applications







# GLOBAL UPSTREAM PROJECTS

64%

OVER BUDGET

73%

DELAYED

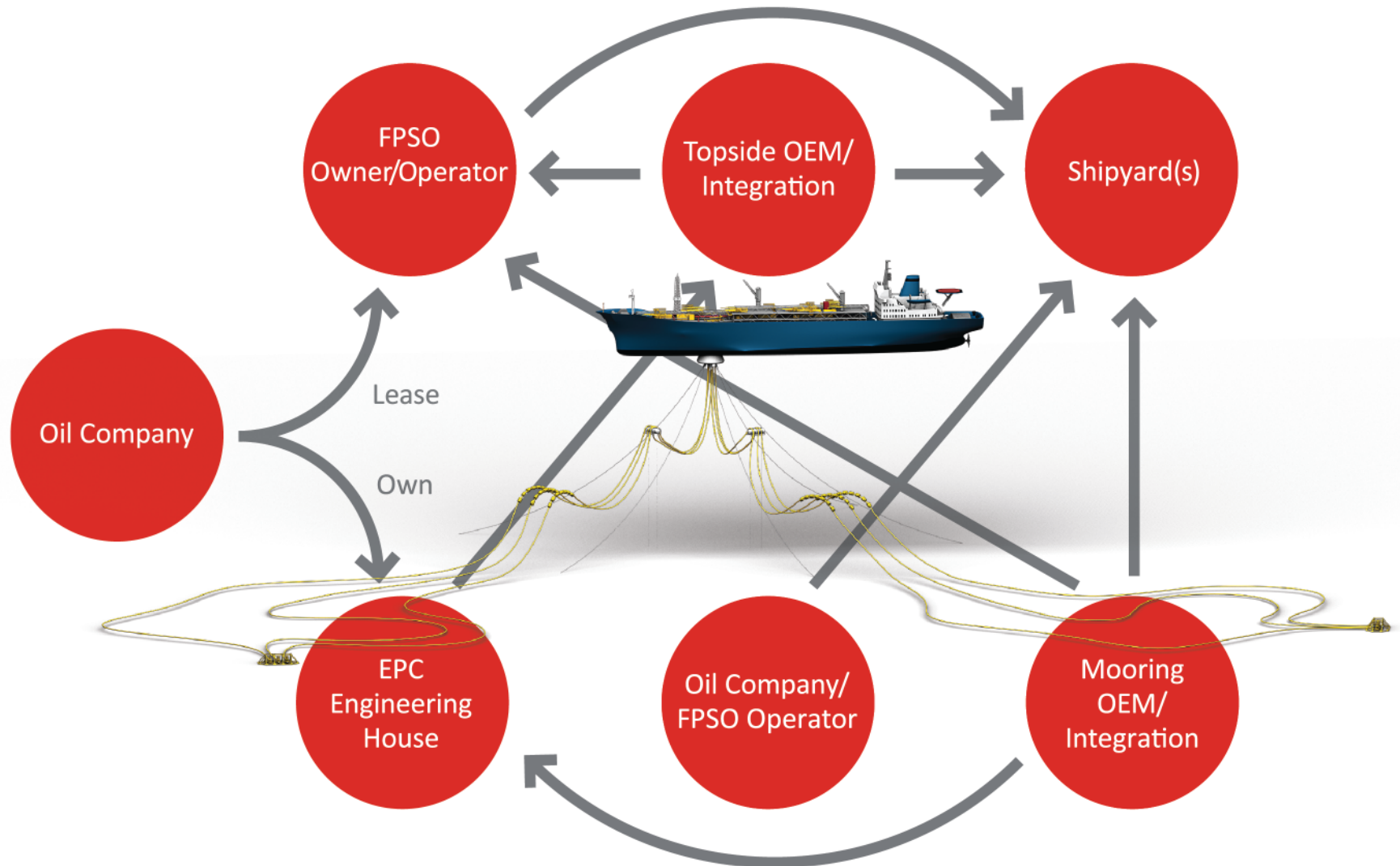
30

LATE FPSOs  
OUT OF 45

1 Source: EY 2014, 'Spotlight On Oil and Gas Mega Projects'; Projects over \$1 billion

2 Source: Douglas Westwood

# FPSO Supply Chain



# 2015: Sharp cyclical downturn

Backlog helps bridge financial results

Strong balance sheet

Manage costs to level of work

Extraordinary opportunities, invest in the future

Vision intact



# Brazil

\$3.5B backlog on 22 floaters

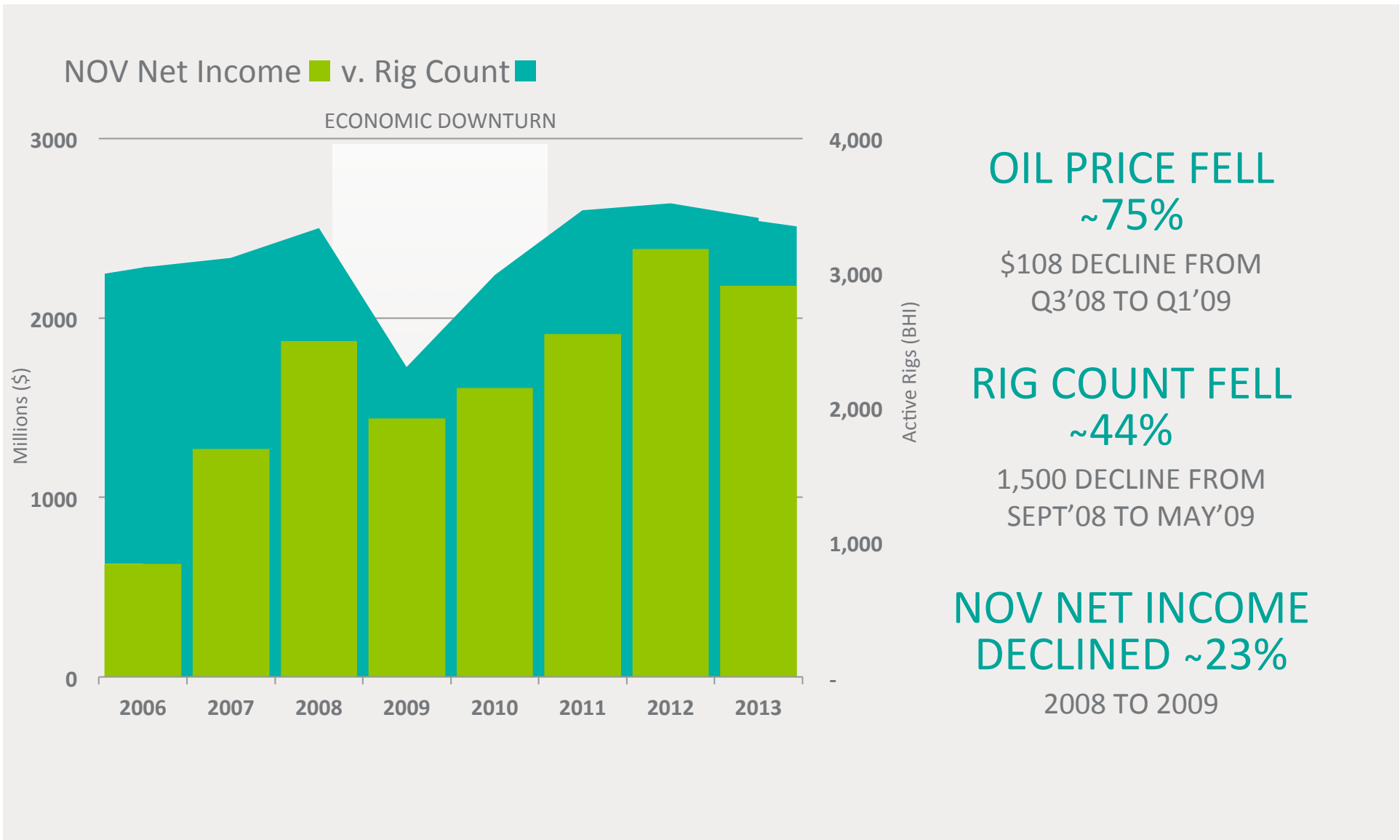
Scandal recently implicated NOV's customers' customer (Sete)

Financing delays will further delay construction

NOV's cash receipts exceed our equipment deliveries

Brazil heavily invested in success of subsalt

# Full-cycle business model shows resiliency



# Continued shareholder value creation

## CAPITAL SOURCE

## CHARACTERISTICS

## CAPITAL RETURN

US CASH FLOW



STEADY (FAIRLY)



DIVIDENDS

REPATRIATED CASH FLOW



VOLATILE



OPPORTUNISTIC BUYBACKS

BALANCE SHEET CAPACITY



OPPORTUNITY-DRIVEN



EXTRAORDINARY SHARE  
BUYBACK



# Focus on what we can control

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

Experienced leadership team

Full-cycle business model with backlog stability

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**

