National Oilwell Varco, Inc.
First Quarter 2017 Earnings
Conference Call Remarks

LOREN SINGLETARY
Vice President, Investor and Industry Relations

Thank you and welcome, everyone to National Oilwell Varco's first quarter 2017 Earnings Conference Call. With me today are Clay Williams, President, CEO and Chairman of NOV and Jose Bayardo, Senior Vice President and Chief Financial Officer.

Before we begin this discussion of NOV's financial results for its first quarter 2017, please note that some of the statements we make during this call may contain forecasts, projections and estimates, including but not limited to comments about our outlook for the Company's business. These are forward-looking statements within the meaning of the federal securities laws, based on limited information as of today, which is subject to change. They are subject to risks and uncertainties, and actual results may differ materially. No one should assume that these forward-looking statements remain valid later in the quarter, or later in the year. I refer you to the latest Forms 10-K and 10-Q NOV filed with the Securities and Exchange Commission for a more detailed discussion of the major risk factors affecting our business. Further information regarding these as well as supplemental financial and operation information may be found within our press release, and on our website at www.nov.com or in our filings with the SEC.

On a U.S. GAAP basis, the first quarter of 2017, NOV reported revenues of $1.74B and a net loss of $122MM or ($.32) per share. Please be aware that our use of the term EBITDA throughout the call this morning, will correspond with the term "Adjusted EBITDA" as defined in our press release. We also use other non-GAAP measures as described in our press release.

Later on this call, we will answer your questions which we ask you to limit to two, in order to permit more participation. Now, let me turn the call over to Clay.

CLAY WILLIAMS
Chairman, President, and Chief Executive Officer

Thank you, Loren. We are pleased to report this morning that, for the first quarter of 2017, National Oilwell Varco posted sequential revenue growth for the second quarter in a row, and posted sequential EBITDA growth for the third quarter in a row. The Company is benefitting from two-and a half years of intense cost reduction, as it capitalizes on the full-fledged recovery underway in NAM.

Throughout the downturn, we have been consistent in our focus on 1.) managing what we can; namely, costs; while 2.) pivoting toward technologies like horizontal drilling and hydraulic fracture stimulation, which we see benefitting disproportionately in the next upturn. Solid results in both areas enabled us to once again outrun declines in offshore markets and rig building during Q1, to post sequential revenue improvement overall. As global oil supply and demand rebalance, and oilfield activity grinds higher, NOV is building escape velocity from the black hole the oil industry has been in since late 2014.

Oil demand has grown nearly every single year since the first commercial well was drilled in Pennsylvania in 1859, making the oil industry, in my view, the ultimate growth industry over the past 158 years. It's fueled an unprecedented improvement in global standards of living, as people figure out that plastics and transportation fuel make their lives a whole, whole lot better.

During each of the many downcycles this industry has endured, those of us engaged in the industry are forced to learn, once again, just how Darwinian the business can be, and we are forced to learn, once again, of the necessity of drastic reductions in our expense base.

Later, during the subsequent upcycles, the world is forced to learn, once again, that double digit reductions in global E&P capex result in diminished supply, and the world is forced to learn, once again, how important petroleum is to the world's economy and standard of living. That big lesson is coming. Last year's E&P capex spending was just 50% of 2014 levels. Forward supply will become a challenge.

The U.S. will continue to play a larger role in the supply of oil. This year it has returned to production growth, plus we've seen lots of overseas barrels stored in tankers offloaded into the U.S. market recently- two factors that led to a reported U.S. inventory increase which, in our view, contributed to oil prices dipping back below $50. Nevertheless, depleting production through the other 80+ million barrels/day of supply, and another year of growing demand—the industry's 159th—will inevitably lead to tightening.

In the meantime, our NAM customers are demonstrating that their economics work, even at current oil prices, in many NAM basins, by putting rigs back to work at an astonishing rate. On average, they added 275 land rigs in the first quarter as compared to the fourth quarter of 2016, more than three rigs per day. At year end, NOV was generating a third of its revenues from North America; in the first quarter that number was 37%.

Offshore, we do not see empirical evidence of economics working for E&P's yet at current oil prices. Major project FIDs remain scarce, we're still yet to see significant tie-back demand for subsea flexible pipe, and the count of offshore rigs under contract declined 3%, or 15 rigs, in the first quarter.

As a result, NOV's offshore-related revenues declined about 9% from the fourth quarter to the first quarter of 2017, and our overall consolidated mix of offshore revenue decreased to 43%, as land revenue mix increased to 57%. Major offshore rig building comprised less than 10% of our consolidated revenue mix in Q1.

As we grind past the cyclical bottom we continue to see cross-currents within our businesses- some rising, some still falling. However, what is very, very encouraging to us is that, for the second quarter in a row, we see more and more corners of our business recovering.

To keep pace with demand, during the first quarter:

- We added a second shift to manufacture our IntelliServ wired drill pipe, as demand for NOV Drilling Automation utilizing wired drillpipe rises;
- We added a second shift to service and reline the downhole drilling motors NOV provides the industry to drill long horizontal wells.
- Our NOV Rolligon pressure pumping manufacturing, service and repair facility has a "NOW HIRING" sign. We are supporting major pressure pumper's repair needs as their demand is exceeding their internal capacity. Sales of centrifugal pumps, valves, seats, rods, flowline and fluid ends was the highest we've seen since the fourth quarter of 2014. And last month we booked another order for another 75,000 HP hydraulic frac spread, our second major frac spread order in the quarter.

After a couple of very, very rough years, we are seeing scarcity return to certain sectors of the oilfield- sectors where NOV plays an important supply role. Strategically we have positioned NOV within the sectors we see as most likely to face scarcity as the upcycle emerges, including horizontal drilling that is growing rapidly in unconventional basins today.

In fact, our Wellbore Technologies Segment is the leading independent provider of critical tools used to drill horizontally and to geosteer wellbores to the most productive few feet within a shale reservoir, the sweet spot. 91% of U.S. rigs today are drilling directionally or horizontally, compared to just 47% of active rigs a decade ago. The sharp growth didn't surprise us: horizontal drilling opens up much more reservoir rock to the wellbore than vertical drilling, which reduces capital cost per barrel of oil developed, and makes each well far more profitable. Therefore, we embarked on a strategy to become the go-to provider of the tools that enable horizontal drilling, in anticipation of growth. Through successive investment in acquisitions and technology, NOV steadily improved its position in the supply of drilling motors, jars, friction-reduction tools, PDC bits, and more recently rotary steerables and MWD, to become a comprehensive supplier of critical horizontal drilling technologies. Today these comprise a little more than one-third of the Wellbore Technologies revenue mix.

Importantly, we do not provide directional drilling services, only the tools that service providers need to deliver precisely-placed, low-tortuosity wellbores, thereby avoiding potential competitive conflicts with our directional drilling customers.

During the first quarter of 2017, Wellbore Technologies shipped nearly 13,000 downhole tools to our North American customers, a 32% sequential increase. We both lease and sell these tools, depending on the needs of our customers, and we continually invest in technology to improve the life and performance of our sophisticated drilling tools.

Last quarter NOV introduced our new Vector™ Series-50 bearing pack, which when coupled with our ERT™ power section delivers a very short bit-to-bend length, a robust design with greater operational life and less aggressive rotation, and tighter curve sections. Last month this new drilling motor configuration helped a very happy customer drill their fastest vertical section yet, and another boosted rates of penetration nearly 20%. This strong performance is enabling us to command a significant premium over conventional drilling motors, and we are adding additional tools to keep up with demand.

Long horizontal drilling presents new and increasing challenges with torque and drag on the drillstring. The driller relies on the weight of the drillstring to press the bit into the formation, but when the pipe bends around a 90-degree curve, and then extends out a mile or two to the bit, the transfer of its weight to the bit becomes very uneven, and the resistance to rotating the drillstring can severely limit the drilling process. So, several years ago NOV introduced a patented tool to combat this challenge by creating an axial oscillation that reduces friction, torque and drag, and enables the smooth transfer of drillstring weight to the bit. The Agitator™ is now used on most horizontal wells today, and during the first quarter we introduced a new and improved tool- the Agitator™ HE- that provides even greater friction reduction to enable our customers to drill even longer laterals faster and more efficiently. Initial tools runs indicate 38% faster rotating ROP and 74% faster sliding ROP.

NOV's ReedHycalog™ bits have a long and proud history of technology advancements in the industry. In fact, every other major bit manufacturer licenses our patented cutter leaching process for their own PDC bits. After introducing new technologies to combat thermal abrasion of cutters, and introducing our Tektonic™ bit line last year, we will be introducing our newest line of 2-, 3-, and 4-D cutters, "Ion", this quarter, which offer superior thermal and impact resistance to drive greater durability and performance.

NOV's competitive advantages within these critical tools are compelling. Cost of failure to our customers is high- premature failure of a downhole tool results in an unplanned round trip of the BHA, a very expensive headache. NOV's reputation as market leader is built on our extensive experience and demonstrated performance. We benefit from manufacturing scale, from purchasing scale, and from sustained investment in leading edge robotics and manufacturing technologies that provide us a cost advantage.

Drilling motors are comprised of a steel rotor encased in an elastomer stator, through which hot and abrasive drilling mud is pumped. We leverage our considerable expertise in elastomer technology over a large revenue base. Elastomer stators wear out over time and the motor must be relined with new elastomer. NOV's reline shops around the world perform this critical aftermarket service for our customers who own their own drilling motor fleets. Internationally, our reline plants benefit from first mover advantage in several key markets that may not be sufficiently large to support a second competitor. Our customers want to get their drilling motors relined and back in service as soon as possible, and having a reline shop nearby, avoiding lengthy and expensive customs transits to export, and then re-import, motors to be relined, gives NOV a sustainable competitive advantage in this marketplace that grows in lockstep with horizontal drilling.

Within the Completion & Production Solutions segment NOV provides a wide variety of fluid process equipment. Nature doesn't provide a clean barrel of oil ready for the pipeline—production engineers must pitch in to do that, to separate water, oil, gas and sand from the wellhead, and then treat each for its intended destination- production, disposal or reinjection. Associated gas, oil-water emulsions, frac fluids flowback, condensate, natural gas dehydration, and hot, salt-saturated, corrosive formation water are just a few of the many challenges production engineers must navigate to deliver a barrel of oil or an Mcf of gas of specified quality into a pipeline system. It has been estimated that the U.S. petroleum industry produces seven barrels of water for every one barrel of oil; this industry separates a lot of chaff from wheat every single day.

Production challenges can change or appear quickly. When a well declines and begins to produce water (called "water breakthrough") the operator must respond with new water separation capabilities at or near the wellhead. Shale wells typically flow back frac fluids at very high rates, with high levels of solids, in initial production, which will decline quickly with falling water production. As the world's supply of oil shifts, as it has done with the advent of NAM shale production, new regions and new types of production bring new production challenges, which require new investment in new production treatment capabilities. It is against this backdrop of shifting production that NOV began to invest in Process & Flow Technologies a few years ago to help our customers more efficiently produce the clean barrel of oil, ready for the pipeline.

Our strategy is built on the strength of NOV's market-leading discrete components, like reciprocating pumps, production chokes, fluid separators, and Moyno progressing-cavity pumps, which we've been making for over 85 years (and which leverage the elastomer know-how I described earlier when I was talking about downhole motors.) In each of these areas NOV benefitted from market leadership, extensive experience, intellectual property and brand recognition. I'll add that many of these products are also sold into industrial markets, which further enhances our scale advantages. Since 2014 we have been combining these into comprehensive processing solutions for our customers, and, with the addition of Fjords processing in late 2016, our portfolio now spans every major processing need, from free water knockouts to vapor recovery and combustion to heater treaters to gas dehydration to sand separation to 2-, 3- and 4-phase separators.

For instance, NOV's patented sand separation technology, the Tore™ Trap, removes solids down to 10 microns, reducing expensive filtration costs, tank cleanouts, and pump wear-and-tear. Our patented Water Wolf technology recovers oil and solids from produced water in a single stage, without expensive filters or chemicals. We've combined these together with pumping solutions to offer a turn-key saltwater disposal system that can recover an additional 20 barrels of oil from every 10,000 barrels of saltwater- oil that was previously reinjected and lost with conventional systems. In short, our strategy provides a simple, comprehensive solution to our customer's saltwater disposal needs, that avoids complex vendor-to-vendor interface risks, while boosting oil recovery and revenue.

Our Fjords acquisition in late Q4 enhanced this offering with its market-leading glycol regeneration technology used to prevent hydrate formation in gas lines, and its unique electrostatic coalescer oil/water separation technology, which removes water droplets out of emulsion and reduces the need for expensive chemicals.

Through selective acquisitions like Fjords and others, NOV has now put together the number two global provider of petroleum processing equipment and technology- unique in our capability to design and fabricate production skids in-house, end-to-end, that fit our customer's footprint and weight constraints, and that utilize market-leading pumps and components which are also engineered and manufactured in-house, through 14 NOV plants around the world.

During the first quarter this business comprised about one-fourth of the Completion & Production Solutions Segment revenues. In addition to oil and gas, it sells to midstream and industrial customers, and also closely supports NOV's floating production business and fiberglass pipe business. Within the group nearly one-third of its revenues are aftermarket related, which also brings OEM competitive advantage and high-switching costs.

So, despite the challenges of the past two years, our business leaders have continued to quietly build and position our businesses for the inevitable upturn. The business groups I described are just two of many examples of high-impact, high-return businesses within the NOV portfolio.

I'm optimistic about our fortunes here at NOV precisely because of the leaders and the teams that comprise these businesses, and the many others across NOV just like them. There's no better organization in oilfield services than NOV, and I am grateful to each and every one of our employees. And like you I am looking forward to better days ahead.

With that let me turn it over to Jose.

JOSE BAYARDO
Senior Vice President and Chief Financial Officer

Thanks, Clay.

To recap our first quarter results, NOV consolidated revenues were $1.74 billion, an increase of 3 percent from the fourth quarter of 2016. Rapidly growing activity levels in the U.S. and Canada led to an 18% increase in revenue within North America, which was partially offset by a 4% revenue decline in international markets.

EBITDA increased $3MM to $105MM, or 6% of sales. The company generated 41% sequential incremental EBITDA margins, excluding the impact of gains from order deletions which occurred in Q4. Operating loss excluding other items was $70MM, a $2MM improvement over the fourth quarter of 2016.

Turning to the balance sheet and cash flow, accounts receivable and inventory reductions of $105MM and $71MM, respectively, were mostly offset by similar declines in current liabilities so working capital, excluding cash and debt, decreased only slightly.

Quarterly cash flow from operations totaled $111MM, and CapEx was limited to $42MM, providing us with $69MM in free cash flow during Q1.

At March 31, 2017, we had a cash balance of $1.5B, $3.2B in total debt and a debt-to-capitalization ratio of 18.7%.

NOV Rig Systems
For the first quarter of 2017, our Rig Systems Segment generated $393 million in revenue, down $33 million, or 8% from the fourth quarter 2016. The continued fall-off in revenue from offshore related projects was partially offset by an $18MM sequential increase from our land rig business. EBITDA was $33MM, a decrease of $24MM from the fourth quarter. Excluding the impact of the order deletions from Q4 results, the Segment posted EBITDA decremental margins of approximately 24%, demonstrating the effectiveness of our ongoing efforts to remove costs and improve efficiencies.

During the quarter, we booked $118 million in orders, an increase of $3MM from last quarter, and we shipped $285 million from backlog, for a book-to-bill of 41% and an ending backlog of $2.3 billion.

Last quarter, we mentioned that we anticipate the land business would underpin much of Rig Systems' future growth. Our recent bookings continue to support that view. 50% of the Segment's Q1 bookings were from land-related orders, up from 43% in Q4 of 2016.

Included in our land order book were orders for 30 high-spec well service rigs for the U.S. market, several TDS11-SA top drives, and a Stand Transfer Vehicle™, which automates the most difficult and dangerous pipe handling requirements and eliminates the need for a derrickman on top of the derrick.

We also booked 16 orders for our NOVOS™ rig operating system, the centerpiece of our automation offering. The system automates common repetitive drilling activities to deliver consistent, repeatable performance and allows the driller to focus on process execution and safety. Our recent orders highlight rising interest in NOV Automation as the industry seeks to push technical limits enabled by automated processes controlled by heuristic algorithms that leverage real-time broadband downhole data transmission to further optimize drilling operations.

Outlook
Customer conversations around newbuild land rig opportunities in the U.S. and international markets continue to progress. We see near-term opportunities with smaller, independent contractors to add more modern rigs to their fleets, but anticipate most larger rig contractors and international players will invest in upgrades to their existing fleet's pressure, torque, and automation capabilities rather than buying new until day rates creep a bit higher, possibly by late 2017 or 2018. We are also actively engaged with certain offshore contractor customers looking to upgrade equipment and add automation capabilities to their rig fleets to position themselves favorably for future contracts.

For the second quarter, we expect Rig Systems Segment revenues to decline another five to ten percent, with revenue out of backlog falling to approximately $260MM. We anticipate decremental margins to be in the mid 20 to 30 percent range.

NOV Rig Aftermarket
For the first quarter, Rig Aftermarket generated $321 million in revenue, down 5% sequentially, and $71 million in EBITDA, down $9M sequentially.

Seasonal declines in service and repair work were in line with expectations as was the sequential increase in spare part revenues, the first we have seen since Q3 '14.

Bookings for spare parts increased for the second quarter in a row, supported by rising levels of rig activity and reactivations in West Texas and Oklahoma. Bookings for land spares were 45% above the recent cyclical low and are now approaching 50% of our total spare part bookings.

NOV is arguably the largest original equipment manufacturer for land rigs globally. So, as the market shifts more to land, we are well-positioned to service, repair, and supply spare parts to that equipment. Additionally, as land rigs become increasingly sophisticated and add NOV's new control systems, automation capabilities, and condition-based monitoring systems, we are best-suited to maintain and support them.

The offshore market also continues to present growth opportunities for Rig Aftermarket. We have now seen three successive quarters of modest improvements in offshore-related bookings, with Q1 10% above our cyclical low. We attribute the increases to our customers' uncomfortably low inventory levels and their need to ensure rigs are in optimal condition for future contracts.

Outlook
We are seeing a steady improvement in near-term market conditions for land and offshore, and in the mid-to-long-term fundamentals for the land market. As a result, we are increasingly confident that our Rig Aftermarket segment bottomed in Q1 and we expect to see a steady improvement over the foreseeable future.

In Q2, we expect Rig Aftermarket revenues to increase slightly with strong incrementals.

NOV Wellbore Technologies
For the first quarter, our Wellbore Technologies Segment generated $555 million in revenue, a 5% increase from the fourth quarter. The segment achieved 75% EBITDA flow-through, resulting in $38 million of EBITDA, an $18M increase over Q4.

Multiple Business Units within Wellbore grew North American revenues in excess of the 36% increase in US and Canadian rig count, which speaks to the strength of and demand for the technologies and services we offer.

Our Drilling and Intervention Business Unit saw a 38% increase in North American revenues, driven by demand for its innovative and industry-leading technologies, like the downhole drilling motor Clay mentioned earlier. When we deliver technology to our customers that enables them to drill gun-barrel straight wellbores faster and more cost effectively, we can command premium prices, grow market share, and ultimately yield higher revenue and margins.

Our Dynamic Drilling Solutions business also delivered sequential quarter growth in North America that meaningfully exceeded the growth in rig count. Rapidly accelerating adoption of our drilling automation and optimization solutions and strong growth in our MWD and our wellsite gas analyzer products supplemented strong activity-led growth from our core drilling and measurement offerings.

Further highlighting the rapid adoption of our drilling automation and optimization businesses is the performance of IntelliServ, which manufactures wired drillpipe used for real-time broadband data transmission. The Business Unit achieved its best quarter ever, and to keep pace with rising demand, we have added a second shift at our manufacturing facility, as Clay mentioned.

Lastly, while our Grant Prideco drill pipe business, as expected, posted another meaningful sequential decline, bookings increased sharply, giving us some confidence that even this later cycle business has now reached a bottom.

The business unit posted a 138% book to bill as demand for our new Delta™ connection has been robust, 5-1/2" drill pipe is becoming increasingly popular, and excess North American drill pipe inventories are being consumed by the rapid increase in drilling activity.

Outlook
In the second quarter, we expect Wellbore Technologies to realize another 5-7% of topline growth as the impact of the recovery in North America will be partially offset by headwinds in the offshore market, by international markets which are trying to regain their footing and by the impact of the Canadian spring breakup. We expect revenue growth to drive strong incrementals through the remainder of 2017 as we improve the utilization of our manufacturing facilities and claw back more pricing.

NOV Completion and Production Solutions
For the first quarter, Completion & Production Solutions generated $648 million in revenue, an increase of 8% from the fourth quarter of 2016. EBITDA increased $8 million to $77 million, or 11.9% of sales. Persistent cross currents between the land and offshore businesses caused meaningful changes in the Segment's product mix, limiting EBITDA flow-through to 17%.

Our Intervention and Stimulation Equipment Business Unit revenues increased 25% on the back of demand for aftermarket service and repair work to support reactivations of pressure pumping and coiled tubing equipment as well as the partial delivery of a large frac equipment order we booked early in the quarter.

The business unit achieved a book to bill in excess of 140% and, as Clay mentioned, its sales of pressure pumping consumables are approaching levels last seen in Q4 of 2014.

Customers rely on NOV's aftermarket parts and components because of our attention to detail and our focus on the items that ultimately increase reliability and value. Small things, like the quality of valve seats, make a huge difference. The technology in our Blue Thunder™ valve seats leverage the same elastomer know-how that resides among our material scientists that Clay referenced to provide unprecedented wear characteristics. Our valves outlast most of our competitors' by at least 2X based on both pounds of sand and number of stages pumped.

We have many examples of how our proprietary innovations improve the performance of our existing products, and our ongoing R&D efforts continue to drive improvements in our offerings. We highlighted the introduction of our condition based monitoring systems for our intervention and stimulation equipment in our press release. Another upcoming differentiated innovation is our next-generation fluid end, which is now in field trials. We believe our new design will achieve a 26% increase in flow area around suction and discharge valves, reducing cavitation and fluid-end washouts, and will achieve a 40% reduction in bore-intersection stress for improved durability. We also believe the new design will improve ease of maintenance significantly. Our discharge flange design allows easy access for impact and torque wrenches and incorporates a two-piece valve retainer that gives line-of-sight confirmation for proper alignment, a feature not currently available with other grooveless fluid ends. All these small details can add up to a meaningful decrease in our customers' total cost of ownership.

In our Fiber Glass Systems Business Unit, we saw a fall-off in revenue as the fourth quarter's high levels of demand for fiberglass pipe equipment from E&P customers looking to exhaust their budgeted spend for the year did not carry into the first quarter. Customers seemed to wait until late in the quarter for new budget approvals and we suspect the slight pullback in commodity prices created some additional hesitation. Notwithstanding these concerns, the business ended the quarter with very strong bookings, in excess of 140% book to bill, driven by orders for West Texas, South Texas and the Middle East. Even though pricing remains somewhat challenged and input costs are increasing, our improvement in bookings are translating into increased volumes and we are now beginning to re-activate additional production lines.

Our Process Flow Technologies group also experienced a slight pull back in its base business, primarily due to a decrease in offshore projects, but this was more than offset by a full quarter contribution from the Fjords transaction completed in late Q4 of 2016.

Our offshore-oriented business units remain challenged as E&P companies continue to direct capital towards shorter-cycle projects instead of longer-cycle offshore opportunities, presenting near-term challenges for our Floating Production and Subsea businesses. Yet even in this environment we are able to capture some attractive opportunities. During Q1, we booked significant orders from two large integrated oil companies for large-diameter conductor casing to be used in projects offshore West Africa. Our local presence in the market positioned us well to secure this business.

Outlook

In the second quarter, we anticipate continued growth in demand for completions-related capital equipment, consumables, and aftermarket service and repair, as well as an increase in our production-related businesses serving onshore projects. Yet we expect this to be mostly offset by the Segment's offshore-oriented businesses as they continue to suffer from deteriorating backlogs, increasingly competitive pricing, and a lack of final investment decisions on major projects. As a result, we anticipate CAPS second quarter revenues to tick up slightly with low incrementals.

Wrap

To wrap things up, NOV has posted sequential revenue growth for two quarters in a row and sequential EBITDA growth for three quarters in a row. We now believe three out of our four operating segments have crossed the abyss of this downturn.

While offshore markets will remain challenged and international markets will likely remain fairly stagnant near-term, a full-fledged recovery is underway in North America.

The oilfield is a capital-intensive industry, and the excess capacity of the valuable technologies we supply is being absorbed at a rapid pace. As Clay said, scarcity is returning to the oilfield.

After two-and a half years of intense cost reductions, continued focus on efficiency improvements, and purposeful investments in products and technologies we believe will benefit disproportionately through this next cycle, the dedicated employees of NOV have this organization extremely well-positioned to capitalize on the recovering market.