



Q2 2018 Earnings

July 27, 2018

Statements made in the course of this presentation that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements, including risk factors, is contained from time-to-time in the Company's filings with the U.S. Securities and Exchange Commission. Any decision regarding the Company or its securities should be made upon careful consideration of not only the information here presented, but also other available information, including the information filed by the Company with the SEC. Copies of these filings may be obtained by contacting the Company or the SEC or through the Company's website.

Q2 2018 Consolidated Financial Results

\$2,106MM Revenue

\$226MM Adjusted EBITDA

\$24MM Net Income

\$0.06 Earnings Per Share

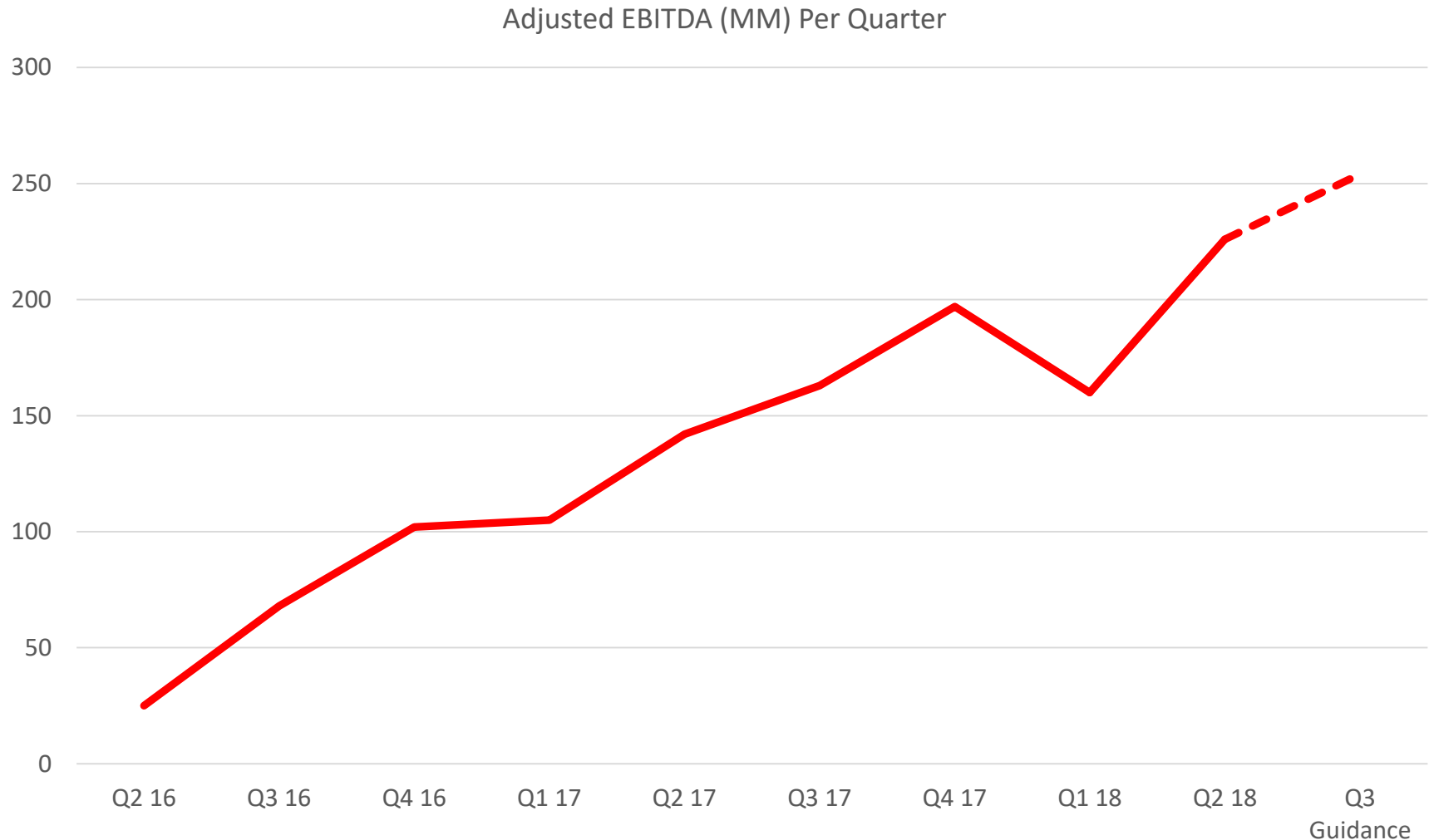
*“We continue our steady march out of the worst
downturn in a generation”*

For reconciliation of all non U.S. GAAP numbers to U.S. GAAP numbers, see tables on pages 18 and 19

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Return to EBITDA¹ Progression in Q2

Well positioned to maintain upward trajectory in 2H 2018



¹ EBITDA corresponds with the term "Adjusted EBITDA" as defined in our 2Q 2018 Earnings Press Release

Q2 2018 Revenues

Wellbore Technologies

\$793MM

Completion & Production Solutions

\$738MM

Rig Technologies

\$651MM



65%

LAND



44%

NORTH AMERICA

"North America" refers to the United States and Canada

Sequential Improvements Across Segments

Wellbore Technologies

+12%

Completion & Production Solutions

+10%

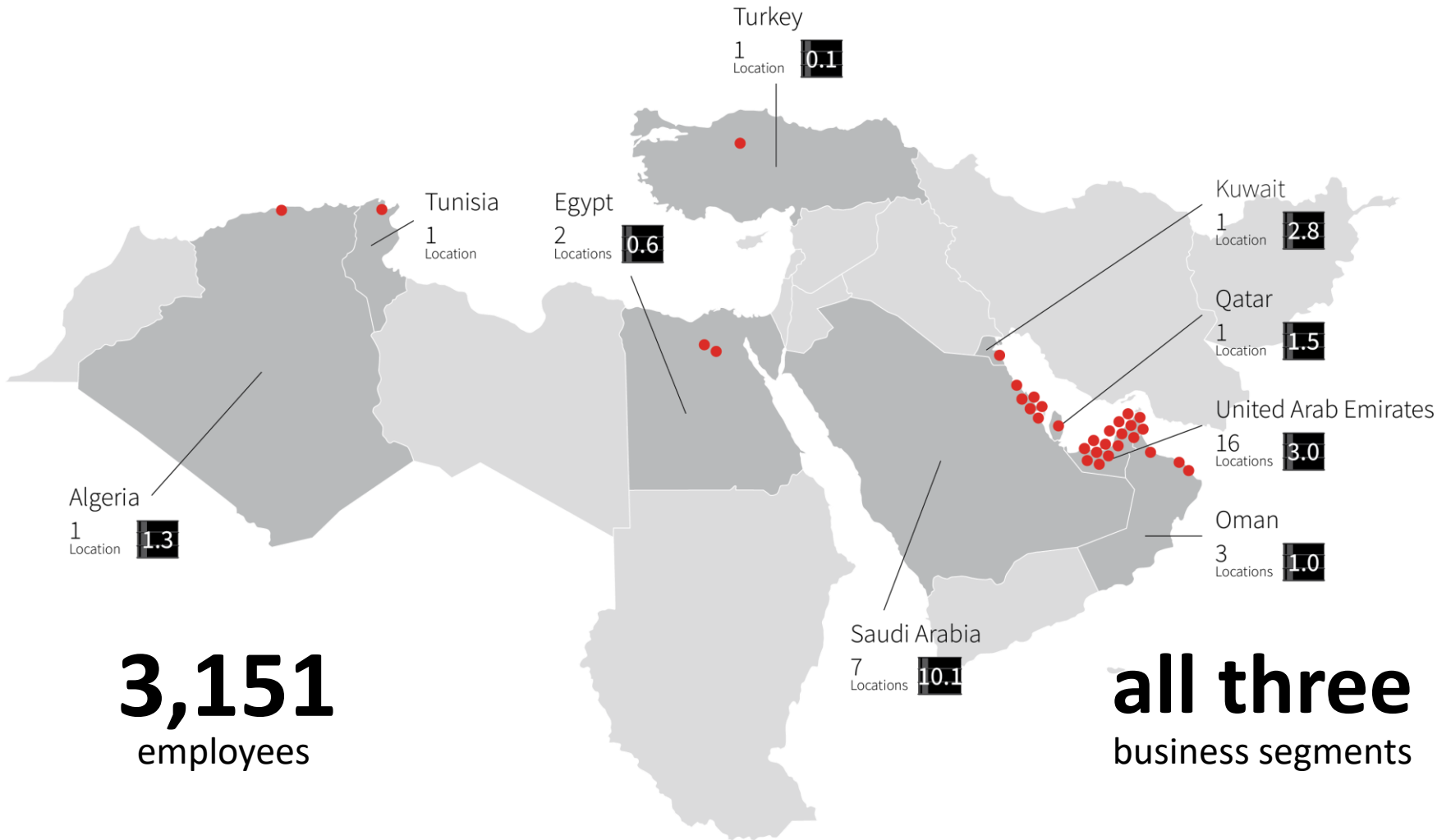
Rig Technologies

+35%

“All three business segments posted double-digit revenue growth sequentially, each benefitting from stronger second quarter demand in most major international markets.”

Building Upon Established Presence in Middle East

Four new facilities in-process in the Kingdom of Saudi Arabia



Countries referenced produce **over 25%** of global oil supply

● NOV facility

■ Barrels of oil produced per day (millions)

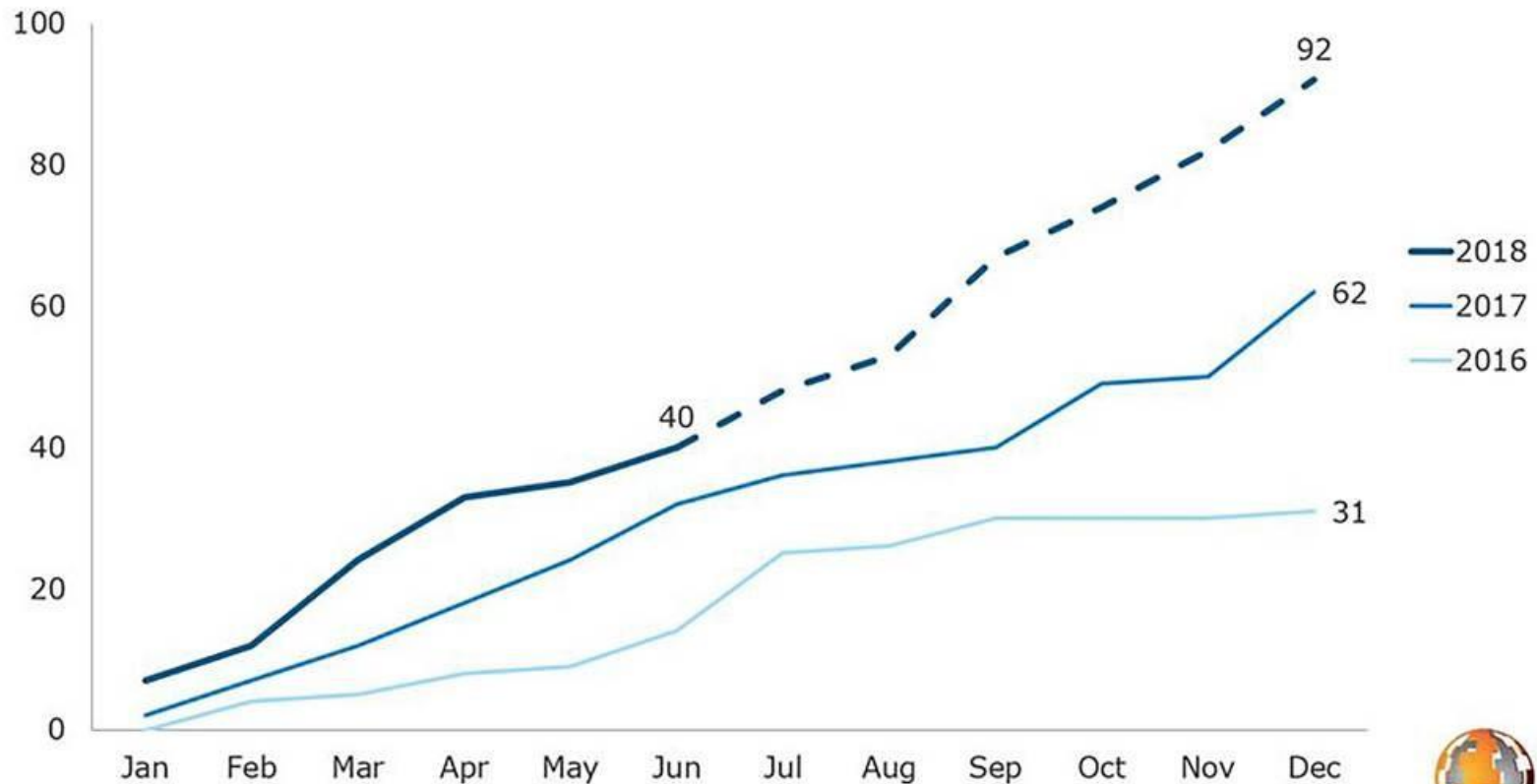
Production statistics refer to 2017 production of crude oil including lease condensate
 Source: U.S. Energy Information Administration
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Offshore FIDs Increasing

Number of offshore projects sanctioned in 1H 2018 has already eclipsed 2016 total

Offshore sanctioning activity, 2016-2018

Count



Source: Rystad Energy DCube July, 2018



Purposeful Innovation That Drives Returns



**PREDICTIVE
ANALYTICS & CBM**



**DRILLING
AUTOMATION**



**DIRECTIONAL
DRILLING TOOLS**



NOVOS



**DEEPWATER
ADVANCEMENTS**



**MULTI-STAGE
COMPLETIONS**

Wellbore Technologies

Provides critical technologies consumed in the drilling process

	2Q18	1Q18	Quarterly Variance	Prior Year Variance
Revenue	793	711	12%	29%
Adjusted EBITDA	133	103	29%	102%
Adjusted EBITDA %	16.8%	14.5%	+230 bps	+610 bps

37%
Incrementals

“Each business unit within the segment experienced robust growth. Demand for our technologies that help customers more efficiently and precisely drill wells meaningfully outpaced growth in activity levels in the U.S., and the Eastern Hemisphere shook off its lethargic start to the year.”

Wellbore Technologies

Provides critical technologies to complete wells and enhance their productivity

Each business unit in the segment experienced **robust growth**, including Drill Pipe

Driven by **technologies** that improve wellbore placement and quality

Drilling Motors
Agitator Tools
Fixed-Cutter Bits
Rotary Steerables
MWD Tools
Optimization Services



Q3 Guidance

Revenue

Mid-to-upper single digit percentage growth

EBITDA

35% to 40% incrementals, in line with Q2

Completions and Production Solutions

Provides critical technologies to complete wells and enhance their productivity

	2Q18	1Q18	Quarterly Variance	Prior Year Variance
Revenue	738	670	10%	13%
Adjusted EBITDA	94	73	29%	(4%)
Adjusted EBITDA %	12.7%	10.9%	+180 bps	-230 bps
Starting Backlog	1,010	1,066	(5%)	34%
Revenue out of Backlog	418	384	9%	6%
Orders	398	324	23%	(21%)
Ending Backlog	955	1,010	(5%)	8%

31%
Incrementals

“Robust demand for capital equipment in North America and strong operational level execution more than offset the ongoing challenges affecting our offshore-focused businesses.”

During the second quarter, the Company had a Backlog FX Adjustment of \$35M

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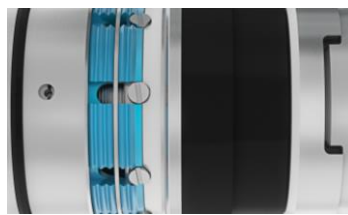
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Completions and Production Solutions

Provides critical technologies to complete wells and enhance their productivity

Industry conditions are improving and driving demand for **new equipment**, as are the technology innovations offered by NOV

Pressure Pumping Equipment
Coiled Tubing Equipment
Wireline Equipment
Fiberglass Composite Pipe
Midstream and Industrial Pumps
Conductor Pipe



Q3 Guidance

Revenue

6 to 7% sequential improvements

EBITDA

Incrementals ticking up to mid-30s% range

Rig Technologies

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

	2Q18	1Q18	Quarterly Variance	Prior Year Variance
Revenue	651	483	35%	19%
Adjusted EBITDA	84	45	87%	83%
Adjusted EBITDA %	12.9%	9.3%	+360 bps	+450 bps
Starting Backlog	2,046	1,888	8%	(12%)
Revenue out of Backlog	276	153	80%	23%
Orders	2,026	201	908%	1534%
Ending Backlog	3,514	2,046	72%	58%

23%
Incrementals

“We posted our third quarter in a row of improving bookings and exited the quarter with our highest backlog since the fourth quarter of 2015.”

The Company agreed with a customer to cancel a long-dated drillship equipment package, resulting in the deletion of \$282 million from the segment's backlog.

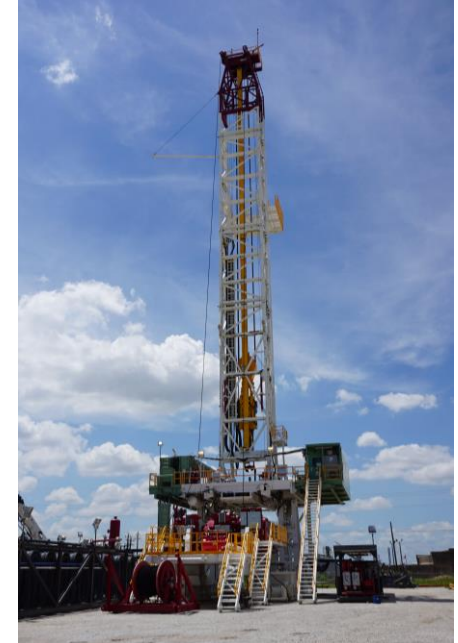
Rig Technologies

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

Third consecutive quarter of improving bookings, excluding the \$1.8B order associated with our Saudi Aramco JV, bookings improved 12%

Largest backlog since Q4 2015 at \$3.5B despite improved progress on offshore newbuilds and the termination of a long-dated drillship contract

Continued NOVOS adoption as our process automation platform expands to offshore in 2018



Q3 Guidance

Revenue

One to three percent growth

EBITDA

Margins falling 100 to 300 bps

Q2 2018 Notable Achievements

More High-Spec Land Rigs Heading To Argentina

NOV sold three AC Ideal™ rigs to Argentinian customers during the quarter, including the first NOVOS™ drilling process automation system in Latin America



Demand for Directional Drilling Tools Growing Globally

NOV continued to expand its supply of directional measurement and steerable technologies into new global markets in the second quarter



Introduced Genesis™ line of coiled tubing units

The latest expansion of NOV's portfolio of intervention and stimulation equipment, the Genesis line brings together design ingenuity and advanced coiled tubing technology



[Read More](#)

The oilfield's leading equipment and technology provider



37K employees



\$16.6B market capitalization



614 locations



\$8.4B revenue run rate



65 countries



\$904M adjusted EBITDA run rate

Revenue and adjusted EBITDA run rates have been annualized based on Q2 2018 Earnings

Employee headcount and market capitalization recorded as of June 30, 2018. Employee headcount includes both full-time and contingent workers

Appendix



Reconciliation of Adjusted EBITDA to Net Income

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2018	2017	2018	2018	2017
Operating profit (loss):					
Wellbore Technologies	\$ 38	\$ (24)	\$ 12	\$ 50	\$ (81)
Completion & Production Solutions	40	27	16	56	35
Rig Technologies	62	6	18	80	19
Eliminations and corporate costs	(88)	(71)	(47)	(135)	(132)
Total operating profit (loss)	\$ 52	\$ (62)	\$ (1)	\$ 51	\$ (159)
Other items:					
Wellbore Technologies	\$ -	\$ (4)	\$ (3)	\$ (3)	\$ (4)
Completion & Production Solutions	-	17	3	3	32
Rig Technologies	-	17	6	6	29
Corporate	-	-	(18)	(18)	-
Total other items	\$ -	\$ 30	\$ (12)	\$ (12)	\$ 57
Depreciation & amortization:					
Wellbore Technologies	\$ 95	\$ 94	\$ 94	\$ 189	\$ 189
Completion & Production Solutions	54	54	54	108	108
Rig Technologies	22	23	21	43	45
Corporate	3	3	4	7	7
Total depreciation & amortization	\$ 174	\$ 174	\$ 173	\$ 347	\$ 349
Adjusted EBITDA:					
Wellbore Technologies	\$ 133	\$ 66	\$ 103	\$ 236	\$ 104
Completion & Production Solutions	94	98	73	167	175
Rig Technologies	84	46	45	129	93
Eliminations and corporate costs	(85)	(68)	(61)	(146)	(125)
Total adjusted EBITDA	\$ 226	\$ 142	\$ 160	\$ 386	\$ 247

The Company discloses Adjusted EBITDA (defined as Operating Profit excluding Depreciation, Amortization and Other Items) in its periodic earnings press releases and other public disclosures to provide investors additional information about the results of ongoing operations. The Company uses Adjusted EBITDA internally to evaluate and manage the business. Adjusted EBITDA is not intended to replace GAAP financial measures, such as Net Income. Other items in the three and six months ended June 30, 2018 were \$0 and a net credit of \$12 million, pre-tax, respectively, primarily from the reversal of certain accruals, partially offset by restructure charges and severance payments. Other items in 2017 consisted primarily of restructure charges for inventory write-downs, facility closures and severance payments.

Reconciliation of Adjusted EBITDA to Net Income

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2018	2017	2018	2018	2017
Reconciliation of Adjusted EBITDA:					
GAAP net income (loss) attributable to Company	\$ 24	\$ (75)	\$ (68)	\$ (44)	\$ (197)
Noncontrolling interests	1	1	2	3	3
Provision (benefit) for income taxes	5	(17)	3	8	(30)
Interest expense	23	26	24	47	51
Interest income	(5)	(4)	(7)	(12)	(8)
Equity (income) loss in unconsolidated affiliate	1	2	(2)	(1)	2
Other (income) expense, net	3	5	47	50	20
Depreciation and amortization	174	174	173	347	349
Other items	-	30	(12)	(12)	57
Total Adjusted EBITDA	\$ 226	\$ 142	\$ 160	\$ 386	\$ 247



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