



Q3 2019 Earnings

October 29, 2019

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Q3 2019 Financial Results

\$2,126MM Revenue

\$262MM Adjusted EBITDA

34% sequential EBITDA growth on a slight revenue decline

“Adjusted EBITDA improved significantly relative to second quarter results due to **accelerating cost reductions, a favorable revenue shift towards higher-margin offshore and aftermarket businesses, and positive project close-out variances.**”

We are pleased to see NOV post its strongest cash flow quarter in more than three years, as our concerted efforts to more efficiently manage working capital are making an impact.”

Q3 2019 Financial Results

\$793MM

Wellbore Technologies

\$728MM

Completion & Production Solutions
\$1.30B Backlog at Quarter End

\$649MM

Rig Technologies
\$3.14B Backlog at Quarter End

112%




Consolidated Book-to-Bill



61%
International

59%
Onshore



QOQ Revenue	Adjusted EBITDA
7% 	16.8%
10% 	11.3%
3% 	16.2%

Wellbore Technologies

Provides critical technologies consumed in the drilling process

	3Q19	2Q19	Quarterly Variance	Prior Year Variance
Revenue	793	850	(7%)	(6%)
Adjusted EBITDA	133	134	Flat	Flat
Adjusted EBITDA %	16.8%	15.8%	+100 bps	+90 bps

Softening demand for the segment's short-cycle products and services in a contracting North American market, coupled with reduced drillpipe deliveries, drove the sequential top-line decline.

Wellbore Technologies

Provides critical technologies consumed in the drilling process

Cost-savings efforts to flex the size of operations with the change in market conditions helped limit decremental margins to approximately 2%

Bookings in our Grant Prideco™ drillpipe business improved 30% as international and offshore orders continued to flow in at a welcome pace.

In the third quarter, **we expect continued capital restraint across North America to result in further declines in U.S. activity**, while international and offshore markets are expected to continue their measured recovery.

Q4 2019 Guidance

Revenues

Decline 5 to 7 percent

EBITDA

Decremental margins limited to approximately 25%

Completions and Production Solutions

Provides critical technologies to complete wells and enhance their productivity

	3Q19	2Q19	Quarterly Variance	Prior Year Variance
Revenue	728	663	10%	(1%)
Adjusted EBITDA	82	52	58%	(17%)
Adjusted EBITDA %	11.3%	7.8%	+350 bps	-220 bps
Starting Backlog	1,215	1,041	17%	27%
Revenue out of Backlog	431	379	14%	(2%)
Orders	535	548	(2%)	44%
Ending Backlog	1,298	1,215	7%	48%

*The segment's second straight quarter of double-digit topline improvement was driven by **increased shipments of fiberglass pipe, processing equipment, and subsea flexible pipe, predominantly for international and offshore markets.***

Completions and Production Solutions

Provides critical technologies to complete wells and enhance their productivity

Order intake remained healthy, and we captured \$535MM in bookings which exceeded shipments by 24%, **providing the segment with its fourth straight quarter of book-to-bill in excess of 100%.**

Looking at the third quarter, **we expect improving international and offshore directed activity to offset the impact of rapidly deteriorating market conditions in the U.S. completions market.**

Q4 2019 Guidance

Revenues

Flat from third quarter levels

EBITDA

Remain in-line with third quarter results

Rig Technologies

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

	3Q19	2Q19	Quarterly Variance	Prior Year Variance
Revenue	649	671	(3%)	2%
Adjusted EBITDA	105	74	42%	35%
Adjusted EBITDA %	16.2%	11.0%	+520 bps	+400 bps
Starting Backlog	3,168	3,142	1%	(10%)
Revenue out of Backlog	246	284	(13%)	(4%)
Orders	221	310	(29%)	46%
Ending Backlog	3,143	3,168	(1%)	(8%)

Aftermarket revenues, which improved 5% sequentially, were more than offset by an 11% decrease in revenues from capital equipment sales.

Rig Technologies

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

While revenue declined, we realized a much more **favorable in our product mix and, when combined with project closeout variances and strong progress in our cost savings initiative**, we realized a \$31MM improvement in EBITDA.

While land rig capital equipment remains challenged in the Western Hemisphere, we continue to see pent-up demand in international markets and **secured an order for two land rigs for the Middle East during the quarter.**

We expect revenues to pick up on land rig sales and service and repair work in the fourth quarter. **EBITDA margins are expected to decline on a less favorable mix and a fall-off in project close-out variances**

Q4 2019 Guidance

Revenues

Improve 4 to 6 percent

EBITDA

Decline between 200 and 400 bps

Q3 2019 Notable Achievements

Awarded offshore wind equipment and design package in Japan

For the second straight quarter, NOV secured an equipment and design order for one of the world's largest offshore wind turbine installation vessels. This vessel, to be built at Japan Marine United, will incorporate a proprietary 2,500-ton telescopic leg crane, which was designed specifically for the offshore wind market



Acquired Denali Inc, a leader in fiberglass-reinforced plastics

The organization, which will be integrated into NOV's Fiber Glass Systems business unit, has over 50 years of experience providing highly engineered, lightweight, corrosion-resistant equipment and services to the petroleum, chemical, power generation, and water markets.



Awarded contract for submerged turret production system

The STP, a unique and flexible torrent mooring system for FPSOs, was ordered by the joint venture between Shapoorji Pallonji Oil and Gas and Bumi Armada Berhad for deployment off the East Coast of India.



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The oilfield's leading equipment and technology provider

35k
Employees¹

\$10.3B
Enterprise
Value²

643
Locations

\$8.6B
TTM Revenue

62
Countries

\$876MM
TTM Adjusted
EBITDA⁴

1. Full time equivalent workers

2. Enterprise value (defined as market capitalization + debt – cash) as of October 29, 2019

3. Locations exclude third-party facilities

4. Adjusted EBITDA is a non-GAAP measure. See appendix for reconciliation to a GAAP measure

Appendix



Reconciliation of Adjusted EBITDA to Net Income

(Continued on next page)

(\$ Millions)	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2019	2018	2019	2019	2018
Operating profit (loss):					
Wellbore Technologies	\$ 42	\$ 40	\$ (3,295)	\$ (3,234)	\$ 90
Completion & Production Solutions	(24)	46	(1,932)	(1,991)	102
Rig Technologies	(110)	58	(422)	(501)	138
Eliminations and corporate costs	(62)	(71)	(79)	(204)	(206)
Total operating profit (loss)	\$ (154)	\$ 73	\$ (5,728)	\$ (5,930)	\$ 124
Other items:					
Wellbore Technologies	\$ 41	\$ -	\$ 3,345	\$ 3,384	\$ (3)
Completion & Production Solutions	79	-	1,939	2,029	3
Rig Technologies	194	-	474	670	6
Corporate	-	-	11	11	(18)
Total other items	\$ 314	\$ -	\$ 5,769	\$ 6,094	\$ (12)
Depreciation & amortization:					
Wellbore Technologies	\$ 50	\$ 95	\$ 84	\$ 234	\$ 284
Completion & Production Solutions	27	53	45	124	161
Rig Technologies	21	20	22	66	63
Corporate	4	4	3	9	11
Total depreciation & amortization	\$ 102	\$ 172	\$ 154	\$ 433	\$ 519
Adjusted EBITDA:					
Wellbore Technologies	\$ 133	\$ 135	\$ 134	\$ 384	\$ 371
Completion & Production Solutions	82	99	52	162	266
Rig Technologies	105	78	74	235	207
Eliminations and corporate costs	(58)	(67)	(65)	(184)	(213)
Total adjusted EBITDA	\$ 262	\$ 245	\$ 195	\$ 597	\$ 631

Reconciliation of Adjusted EBITDA to Net Income

(\$ Millions)	Three Months Ended			Nine Months Ended	
	September 30,		June 30,	September 30,	
	2019	2018	2019	2019	2018
Reconciliation of Adjusted EBITDA:					
GAAP net income (loss) attributable to Company	\$ (244)	\$ 1	\$ (5,389)	\$ (5,710)	\$ (43)
Noncontrolling interests	(5)	3	5	2	6
Provision (benefit) for income taxes	60	29	(373)	(323)	37
Interest expense	25	24	25	75	71
Interest income	(4)	(6)	(6)	(16)	(18)
Equity (income) loss in unconsolidated affiliate	4	2	2	6	1
Other (income) expense, net	10	20	8	36	70
Depreciation and amortization	102	172	154	433	519
Other items	314	-	5,769	6,094	(12)
Total Adjusted EBITDA	\$ 262	\$ 245	\$ 195	\$ 597	\$ 631



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