

NOV Inc.

Third Quarter 2026 Earnings Conference Call Remarks

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Director, Investor Relations

Welcome everyone to NOV's third quarter 2026 earnings conference call. With me today are Jose Bayardo, our Chairman, President, and CEO, 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 2026, NOV reported revenues of \$2.23 billion and a net income of \$90 million or \$0.25 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 Jose.

Jose Bayardo

Chairman, President, and Chief Executive Officer

Thank you, Amie.

Good morning, everyone, and thank you for joining us.



NOV delivered another strong quarter. Our teams continued to execute well and build on the operational momentum we established earlier this year, with improving performance across much of our portfolio.

NOV generated revenue of \$2.23 billion during the third quarter, an increase of 4 percent sequentially and 2 percent year-over-year. Solid incremental margins on the increase in revenue resulted in \$281 million of Adjusted EBITDA.

Over the past several calls, we've talked about two priorities for NOV. First, improving profitability and returns by operating more efficiently, simplifying how we work, and better leveraging the capabilities and scale of the broader NOV organization. Second, positioning NOV to capitalize on attractive growth opportunities where we have durable competitive advantages and provide products and services that drive higher value for our customers. We are making meaningful progress on both fronts.

This quarter, both reporting segments delivered improved margins, reflecting better execution, continued efficiency gains, and the benefits of the actions we've been taking across the company.

At the same time, the industry outlook continues to improve, especially in markets where NOV is particularly well positioned, while years of limited investment have left relatively little excess capacity across important parts of the service and equipment supply chain.

Let me start with the Middle East. As we discussed on our last call, activity in the region had settled into what appeared to be a new operating normal following the disruptions earlier in the year. While takeaway capacity and operating conditions generally improved through most of the third quarter, maritime security continued to deteriorate, creating logistical disruptions and higher costs that affected deliveries of equipment and spare parts, and delayed certain tenders. Despite these challenges, our team in the Middle East delivered sequential and year-over-year growth of over 20 percent during the quarter.

We remain focused first and foremost on the safety of our people and on serving the needs of our customers. I want to thank our employees and our customers in the region, who continue doing critical work to maintain the essential flow of energy to the world in an extraordinarily difficult environment.



As tensions escalated late in the quarter, we began to see some moderation in regional activity, which we expect will continue through at least year-end. While these challenges will likely persist over the medium term, we remain focused on the importance of the region to global energy markets over the long term.

The disruption of Middle East supply has required significant draws on global inventories, and experts suggest that replenishing those inventories while also meeting ongoing demand could take up to two years after flows out of the region normalize.

Rebuilding global inventories will require increased investment, some of which is beginning to take place in other regions as countries and producers seek to strengthen energy security and diversify sources of supply. But there are limits to how far supply can diversify. The Middle East holds roughly half of the world's proven oil reserves and, as Amin Nasser recently put it, "Markets can diversify suppliers. They cannot diversify geology."

That is why we continue to view the Middle East as one of the most important and attractive markets for NOV over the long term.

Maintaining and ultimately increasing production from the region will require significant investment, particularly as unconventional resources become a larger part of the production mix. Economically developing those resources requires many of the same higher-specification drilling, completion, and production technologies that we perfected to help enable the U.S. shale revolution.

We are already seeing increased investment in these technologies as unconventional development expands across the region.

A similar pattern is developing across a number of other international land markets.

In Argentina, we are capitalizing on attractive growth opportunities as development of the Vaca Muerta continues to scale. Our revenue in the country has now grown double digits year-over-year for three consecutive quarters as operators move toward increasingly industrialized development programs.



We are seeing greater demand for higher-performance motors and other drilling technologies, and we are introducing new completion and drill-out solutions to help operators improve efficiency as lateral lengths and completion intensity increase. And, importantly, there is still considerable opportunity for us to help operators improve costs and efficiencies with better equipment and technology.

We are also benefiting from investment in the infrastructure required to support growing production. During the quarter, we secured orders for production and midstream equipment associated with natural gas infrastructure in the Vaca Muerta, illustrating the breadth of NOV's opportunity as development scales.

Argentina is just one example, and we are also capitalizing on opportunities developing in other emerging international unconventional resource markets, including Algeria, Australia, Egypt, and Pakistan. Customers in these countries are increasingly incorporating the technologies we have developed and proven in more mature resource plays.

In Venezuela we are also seeing activity and customer engagement increase with growing inquiries across a range of NOV businesses, including production and midstream equipment, artificial lift and pumping technologies, drilling systems, and digital solutions. While still small, our revenue from Venezuela is growing at a high rate, and we see the potential for it to materially increase given the need to reinvest in the country's asset base.

More broadly, as international development programs scale and become more technically demanding, they require greater technology content, creating a long runway of opportunity for NOV.

North America presents a somewhat different opportunity.

Activity continued to improve during the quarter, led by private operators and the normal seasonal increase in Canada. Public operators remain disciplined with capital and, at least for now, they are not making a broad push to materially increase activity.



We are seeing a similar dynamic among service companies and drilling contractors. For the most part, they remain very disciplined and want to see meaningful sustained improvement in pricing and returns before committing significant capital to their fleets.

Importantly, there is little excess high-specification equipment capacity available today. As a result, we believe even a modest increase in operator activity could tighten the market fairly quickly, improving utilization, pricing, and ultimately the returns required to support broader fleet reinvestment.

Today, we are seeing a few, more agile, private customers begin investing ahead of what they, and we, soon believe will be higher utilization and pricing. During the quarter, we booked the sale of two new 2,000 horsepower high-spec land rigs, a major upgrade to another rig that included a DC-to-AC conversion, and an order for our new TDS-1400 top drive, which provides the higher torque and horsepower required to drill increasingly demanding, ultra-long lateral wells.

At the other end of the spectrum, major operators are helping support selective investments in leading-edge technologies that can structurally improve safety and efficiency, including robotic systems and fully electric well service rigs.

So, while capital-equipment investment in North America remains constrained, the customers who are investing are generally focused on higher-specification solutions that lower total well costs, improve reliability, and enhance safety.

Customers' relentless focus on improving efficiency also continues to drive demand for our shorter-cycle technologies, tools, and services.

For example, our Drill Bit business delivered a record quarter, with particularly strong growth in the Permian, while our Downhole Tools business generated record motor revenues and continued to gain traction with several differentiated drilling technologies. The performance and reliability of these products are helping us deepen penetration with customers and gain share.

Digital is becoming an increasingly important part of that same efficiency equation. During the quarter, we were awarded a contract to provide digital services across more than 30 rigs for a large U.S. operator,



combining electronic drilling recorders and remote monitoring to standardize data capture, improve operational visibility, and support more consistent decision-making across the fleet.

North America remains one of the most important technology markets in the world and an extraordinary proving ground for NOV as customers continue pushing the limits of lateral length, drilling speed, automation, and capital efficiency.

That creates opportunities for us to provide more technology and value on each active rig, and many of the solutions proven in North America will ultimately help us drive growth in the international unconventional markets we just discussed.

Finally, turning to offshore, where we continue to see some of the strongest industry momentum and some of the most attractive opportunities for NOV.

In offshore drilling, contracting activity has accelerated meaningfully this year. Floater contract days awarded year to date have more than doubled compared with the same period last year, utilization remains high, and leading-edge day rates for high-specification rigs are approaching \$500,000 per day – levels that support greater investment in upgrading the existing fleet.

These improving conditions are translating into stronger demand across our drilling equipment and aftermarket businesses.

As rigs prepare for new contracts and return to work, customers need spare parts, recertifications and equipment upgrades, and increasingly they are investing in automation and robotics.

Our offshore aftermarket business strengthened again during the quarter, with spare-parts backlog increasing for the fifth consecutive quarter. We also secured additional upgrade opportunities, including an award to increase a drillship's hookload capacity to over 1,400 tons and add multi-machine control functionality.

We continue to see growing customer adoption of our automation and robotic systems as operators and drilling contractors look to improve safety, consistency, and efficiency.



The longer-term outlook is increasingly promising. The offshore fleet is aging at the same time it is being asked to drill more efficiently in deeper water and in increasingly challenging operating environments. We believe that combination will continue to create attractive aftermarket and equipment-upgrade opportunities and, over time, should increase the need for new high-specification rigs.

The outlook on the production side of the offshore market is, in many respects, even more compelling.

As shown on Slide 7 of the earnings slide deck we posted on our website this morning, offshore investment is expected to remain at very strong levels through the end of the decade.

South America will remain a significant market, led by Brazil, Guyana and Suriname, while investment is expected to increase meaningfully across Africa, Asia, Australia and Europe. Much of that incremental activity is also moving into deeper water, harsher operating environments and more gas-intensive developments, creating a particularly favorable mix of opportunities for NOV.

As Slide 8 illustrates, the median water depth for FPSOs in the development pipeline is approximately 1,400 meters, compared with roughly 420 meters for the active fleet today. They are also increasingly gas intensive. Average gas-handling capacity for the development pipeline is approximately 336 million cubic feet per day, compared with 189 million cubic feet per day for the existing fleet.

Deeper water, greater gas-processing requirements, and increasingly harsh operating environments translate into larger and more sophisticated production systems.

That plays very well to NOV's capabilities that are illustrated on Slide 9.

When we look at both the breadth of the market and the increasingly demanding technical requirements of the projects being developed, we feel very good about the offshore production opportunity over the next several years.

If you look at Slide 10, you can see that there is an important lag between when an offshore development reaches FID and when NOV ultimately receives orders for much of the equipment we supply. As projects move through engineering, contracting and procurement, our orders generally follow FIDs by a few quarters, with the exact timing varying by project and equipment package.



You can see that higher FPSO FIDs in 2022 and 2023 contributed to elevated NOV offshore bookings in the periods that followed. The moderation in FIDs during 2024 and 2025 is reflected in the slightly muted pace of production-equipment bookings we are experiencing in 2026.

Importantly, the investment cycle is turning higher. FPSO project sanctioning is accelerating meaningfully in 2026, and the pipeline for 2027 remains very strong. Consistent with the historical lag shown on Slide 10, we expect those projects to increasingly move into equipment procurement as we progress through 2027 and into 2028.

We are already seeing that development in our sales pipeline, with a growing number of projects moving through engineering, tendering and commercial discussions across our businesses.

Large offshore awards are inherently lumpy, and their timing can move between quarters. But the more important point is that today's bookings largely reflect yesterday's project-sanctioning environment, while the acceleration in FIDs we are seeing today represents a broader opportunity set developing in front of us.

Given the strength of the project pipeline, the increasingly attractive technical requirements of future developments, and NOV's strong positions across many of the critical technologies those projects require, we have growing confidence in a robust offshore production-equipment opportunity over the next several years.

That brings me back to the earnings potential we discussed last quarter.

As a reminder, we looked at the strongest quarterly performance each of our businesses had delivered over the past several years (excluding seasonally strong fourth quarters), annualized those results, and concluded that NOV's portfolio has demonstrated the capacity to generate \$1.5 billion of annual EBITDA.

This was not a forecast with a defined timeline. The point was that none of our businesses needed to achieve performance they had not recently demonstrated. What is needed is a reasonably constructive, broad-based market environment that allows more of them to perform near their potential at the same time.



Our confidence in our ability to achieve, and exceed, this level is increasing, and we see three things moving in our favor.

First, we are beginning to see broader improvement across global energy markets.

Second, we expect a disproportionate share of supply growth to come from areas where NOV is particularly well positioned – including deepwater offshore and international unconventional.

And third, we continue to drive operational efficiencies. We are simplifying how we operate, improving manufacturing productivity, better leveraging our global infrastructure and supply chain, and reducing duplication across the company.

Importantly, our path to \$1.5 billion of EBITDA can be supported by the capacity we already have in place, creating the opportunity to drive attractive incremental earnings, cash flow, and return on capital employed.

The timing will depend on how customer investment develops, and the path will not be perfectly linear. But the improving performance within NOV and the market opportunities we discussed today give us increasing confidence in our ability to demonstrate materially greater earnings power over the coming years.

We have been positioning the company for the market conditions we anticipate ahead, and we are committed to delivering stronger margins, greater cash flow and higher returns.

To the NOV employees listening today, thank you for everything you do to serve our customers, keep one another safe, and make NOV better every day.

Rodney?



Rodney Reed
Senior Vice President and Chief Financial Officer

Thank you, Jose.

Consolidated revenue for the quarter was \$2.23 billion, an increase of 4 percent sequentially and 2 percent year-over-year. Net income was \$90 million, or \$0.25 per fully diluted share. Operating profit was \$142 million, which included \$28 million in pre-tax Other items, and an \$18 million net write down of fixed assets, primarily related to facility closures. Adjusted operating profit was \$188 million or 8.4 percent of sales, and Adjusted EBITDA totaled \$281 million, or 12.6 percent of sales.

During the quarter, we paid dividends of \$32 million and repurchased 0.8 million shares for \$15 million, bringing our total shares repurchased over the past 10 quarters to 44.5 million shares for \$689 million, over 10 percent of shares outstanding. For the full year, we've returned \$242 million to shareholders, excluding the \$32 million supplemental dividend in the second quarter.

Free cash flow for the quarter was a use of \$47 million, as the ongoing conflict in the Middle East delayed certain milestone billings and collections, and our supply chain teams continued to maintain inventory buffers given ongoing disruptions to logistics. We expect a significant improvement in free cash flow with working capital as a percent of fourth quarter annualized revenue to be around 25 percent. We also anticipate our conversion of EBITDA to free cash flow in 2027 will return to the 50 percent range.

Full year 2026 capital expenditures should be between \$340 million and \$360 million, and we forecast our annual effective tax rate to be around 30 percent.

We delivered 35 percent sequential incremental EBITDA margins in the third quarter, after delivering 80 percent incremental margins in the second quarter, due to our improving cost structure and operational efficiencies. Including our fourth quarter guidance, we expect the team will deliver around 7 percent revenue growth from the first half to the second half of 2026, with strong incremental EBITDA margins in the mid 40 percent range, excluding tariff refund benefits.

Moving to our segments, starting with Energy Equipment.



Energy Equipment

Third quarter revenue was \$1.22 billion, flat sequentially and down 2 percent year-over-year. EBITDA increased to \$187 million, or 15.3 percent of sales, a year-over-year improvement of around 90 basis points, driven by strong operational execution and improved margins in backlog.

Capital equipment sales accounted for 63 percent of the segment's revenue, with increased demand for drilling and production equipment partially offsetting the higher contribution of certain offshore projects in the prior year that have been completed. Aftermarket sales and services were 37 percent of segment revenue, essentially flat compared to the prior year, as improving drilling aftermarket activity, offset lower aftermarket revenue from our Intervention and Stimulation equipment business.

Capital equipment orders for the third quarter were \$577 million, a 22 percent increase sequentially, resulting in a book-to-bill ratio of 91 percent. Orders reflected solid demand for offshore production and marine construction equipment. We continue to expect our order intake in the second half of the year to outpace the first half, but anticipate our book to bill ratio will remain below 1 time. However, as Jose discussed, given the robust outlook for offshore FID's, we expect 2027 bookings to meaningfully exceed 2026 and 2025.

Our subsea flexible pipe business achieved its 7th straight quarter of year-over-year revenue, EBITDA and margin growth, supported by strong execution on a higher margin backlog. Outlook for the business remains bright, and we continue to anticipate industry demand for flexible pipe to exceed supply through the end of decade. Additionally, the business is expanding solutions for customers, booking the first award for our proprietary subsea automated pig launcher, which enables remote, automated pipeline inspection, or pigging, without a vessel. As subsea tiebacks lengthen and vessel availability tightens, we see future opportunities for these systems.

Revenue in our Process Systems and Marine Construction businesses declined year-over-year, reflecting higher prior year contribution from projects that were recently completed. Strong execution on higher margin backlog resulted in improved EBITDA margins.



We continue to see strong demand for our processing technologies, mooring and gas offloading equipment, and offshore construction cranes, which drove the majority of the segment's orders this quarter. Looking ahead, as Jose mentioned, we see very positive trends in the offshore development pipeline, with deeper, higher gas and gas condensate reservoirs, and in some cases harsh metocean conditions. These trends expand the need for advanced and larger gas processing equipment, turret mooring systems, and subsea flexible pipe, all of which are critical technologies where NOV has strong competitive advantages.

Our Production and Midstream business unit achieved double digit year-over-year growth, reaching its highest quarterly revenue ever. The business also recorded record orders supporting the build out of pipeline capacity in Argentina and production optimization projects in Oman, Nigeria, and Venezuela. The team also realized over 20 percent growth in North America from higher sales of production chokes and pumps.

Our drilling capital equipment revenue increased double digits both sequentially and year-over-year, led by strong execution from our Saudi rig manufacturing team and improving demand for our latest drilling equipment and automation technologies.

Turning to our aftermarket businesses, revenue from drilling aftermarket increased in the low single-digit percentage range both sequentially and year-over-year, supported by improved spare parts sales and higher service and repair work. Improving day rates and floater utilization are supporting demand for services, repairs, and upgrades. After two straight quarters of year-over-year double digit growth in spare parts bookings, backlog for spare parts increased in the high-teens percent range compared to the third quarter of 2025.

In summary, Energy Equipment continues to deliver strong financial results, with margins expanding for four straight years, and given what we anticipate through year end, we expect that to extend to five years. Additionally, with offshore FID's in 2026 and 2027 expected to exceed 2024 and 2025 by around 50 percent, we anticipate strong bookings in 2027 and 2028, which combined with drilling floater utilization that should reach a 12-year high, positions the segment well for growth.



For the fourth quarter, we expect revenue in our Energy Equipment segment to decrease four to six percent compared to the fourth quarter of 2025, as growth in drilling aftermarket will be more than offset by the completion of certain offshore production related projects. We expect EBITDA to be in the range of \$175 million to \$205 million.

Moving to the Energy Products and Services segment.

Energy Products & Services

Our Energy Products & Services segment generated revenue of \$1.06 billion, an increase of 9 percent both sequentially and year-over-year. Adjusted EBITDA totaled \$153 million, or 14.5 percent of sales. Excluding tariff refund benefits, third quarter EBITDA incrementals were 39 percent sequentially, led by strong performance from our drill pipe, drill bits, fiberglass, and artificial lift businesses.

For the third quarter, the sales mix within Energy Products & Services was 50 percent services and rentals, 32 percent capital equipment, and 18 percent product sales.

The segment's service and rental revenue increased mid-single digits both year-over-year and sequentially.

NOV Digital achieved record quarterly revenue, increasing by double digit percent year-over-year and sequentially from market share gains and growing adoption of our digital completions technologies.

Our ReedHycalog™ drill bit business delivered another strong quarter with revenue growing over 20 percent year-over-year. Growth was led by additional market share gains in U.S. land, where revenue grew 30 percent year-over-year, in addition to greater adoption of higher performance cutters in international unconventional, with revenue growing in Latin America and the Middle East.

Our downhole tools business followed similar trends, delivering low double-digit percent growth year-over-year and sequentially. The business unit benefited from strong year-over-year revenue growth in Latin America and the Middle East from increased rentals of drilling motors supporting our customers' focus on efficiently developing their unconventional resources.



Our WellSite Services business had essentially flat revenues, however EBITDA margins improved both sequentially and against the prior year. The higher margins were the result of accelerating adoption of our iNOVaTHERM™ processing technology which provides more efficient handling of drill cuttings, and increased utilization of TUNDRA™ MAX temperature control systems, as well as exiting lower margin markets.

Capital equipment revenue for the segment increased mid to high teens percentage range year-over-year and sequentially.

Revenue from our Fiber Glass Systems business increased mid-teens percent year-over-year and low double digits sequentially, led by strong demand from oil and gas markets and record sales of our fuel handling products. In the Middle East, we realized strong growth in demand for our spoolable pipe for the build out of production infrastructure. While in the U.S., we significantly increased deliveries for large diameter composite pipe for produced water systems in West Texas. Strong bookings momentum continued, with the business unit achieving its fourth straight quarter of book to bill greater than 100 percent. With a backlog 30 percent higher than last year and demand increasing, we expect to see continued growth for this business.

Our drill pipe business also had a strong quarter with revenue up around 20 percent year-over-year. Trailing twelve-month book-to-bill exceeds 120 percent, with increasing demand for offshore and larger diameter pipe, and backlog improved 50 percent year-over-year.

Product sales increased five percent year-over-year and low teens percent sequentially. Growth was led by increased sales of drill bits and drilling tools in the Eastern Hemisphere and ESP's in the U.S.

In summary, increasing adoption of our digital solutions, higher-performance technologies that enable efficiencies in longer laterals, and improving manufacturing throughput on a growing backlog of capital equipment led to strong top line growth with solid incremental margins.

For the fourth quarter, we expect Energy Products & Services segment revenue to be up 6 to 8 percent year-over-year, with EBITDA in the range of \$140 million to \$160 million.



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

Jose Bayardo
Chairman, President, and Chief Executive Officer

Thanks, Rodney.

Before we open the call for questions, I'll leave you with a few thoughts.

We are seeing a broad recovery across many of our key markets, particularly in areas NOV has strong technology positions and significant opportunities to participate. And, we are pleased with the progress we are making against the two priorities I mentioned at the beginning of the call – improving profitability and positioning NOV to capitalize on attractive growth opportunities.

That combination gives us increasing confidence in our ability to deliver materially stronger earnings, cash flow and return on capital over the coming years.

Our focus remains on execution – serving our customers well and converting the opportunities in front of us into long-term value for our shareholders.

With that, we'll open the call for questions.

