

NOV, Inc.

Fourth Quarter 2020 Earnings Conference Call Remarks

BLAKE MCCARTHY **Vice President, Corporate Development & Investor Relations**

Welcome everyone to NOV's fourth quarter 2020 earnings conference call. With me today are Clay Williams, our Chairman, President, and CEO, and Jose Bayardo, 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 fourth quarter of 2020, NOV reported revenues of \$1.33 billion and a net loss of \$347 million. 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 Clay.

CLAY WILLIAMS **Chairman, President, and Chief Executive Officer**

Thank you, Blake.

The fourth quarter of 2020 was an extraordinarily difficult quarter for NOV, and, unfortunately, we expect to continue to struggle through the next quarter or two until the world gets past the wreckage of Covid. Consolidated revenue declined 4% sequentially and EBITDA fell to \$17 million or 1.3% of sales in Q4. This performance is particularly disappointing in view of the massive cost-out efforts the company enacted last year, indeed, throughout the last six years.

The COVID lockdowns we faced off and on throughout 2020 continue to hinder our operations and those of our customers. Against weak demand for services, low and falling day rates, and significantly reduced cash flows, our oilfield service customers have deferred maintenance, cannibalized equipment, and drawn down stocks of consumables. Against weak and

uncertain commodity prices, OPEC+ production cuts, and lower cash flows, our E&P customers have cut rigs and slow-rolled project approvals.

The offshore rig count was down 37% from the fourth quarter of 2019 and the international land rig count is down 40% YOY. Although NAM drilling has been improving since bottoming in August, it is still down 58% compared to the prior year, which by the way wasn't exactly a robust oil and gas market either. This continues to be a historically bad downturn in an industry that has a lot of experience weathering very, very tough times.

Against this backdrop, our equipment orders have been scarce. While we were pleased to see Rig Technologies report a book-to-bill above one in Q4, that is the only book-to-bill NOV saw above 100% throughout 2020.

Outside of NAM, momentum slowed through the fourth quarter with additional COVID lockdowns, continued project approval delays by customers, and slowing activity in places like Russia, the Middle East, and offshore. All three of our segments see the majority of their revenue come from markets outside NAM: 59% for Wellbore Technologies; 67% for Completion & Production Solutions; and 90% for Rig Technologies. All three rely on capital and consumable sales, which, to varying degrees, tend to be later cycle businesses. While Wellbore Technologies tends to be a little more closely tied to real-time rig activity than the other two, it also relies on later-cycle capital sales of drilling motors, fishing tools, MWD equipment, solids control equipment, and other tools that are subject to destocking and restocking dynamics. Drillpipe is a capital investment by drilling contractors and drillpipe sales by the Wellbore Technologies segment fell sharply in Q4, at very high leverage.

Our team continues to fight passionately and tirelessly to improve performance. We continue to cut costs. I am proud that NOV was able to take out \$700 million in fixed costs during 2020, but our poor fourth quarter results tell us that we must do more. As we enter 2021, we have identified another \$75 million in annual cost reductions that we are executing on right now. And we expect the target to grow as we progress through the year.

We continue to focus on cash flow. Q4 CFFO was \$186 million and free cash flow was \$133 million. For the year, NOV generated CFFO of \$926 million and reduced our net debt by almost \$700 million. We completed the year with a very strong balance sheet- only \$142 million in net debt, with our next major maturity not due until late 2029.

Most importantly, we continue to invest in technology. Last quarter, I spoke to you about our organic R&D efforts which are increasing operational efficiency, improving safety, and reducing the environmental impact of our customer's oil and gas operations. We will be testing our Max digital platform with three E&P customers throughout 2021, all of whom are excited about its potential to drive improvements in their workflows. We will be testing our new low-cost rig floor robotics offering on our research rig later this quarter, and we hope to have a commercial product available by year-end. Our new Ideal eFrac offering will be tested this quarter by a leading NAM pressure pumper with one of their customers. They are seeing significant E&P interest in this technology's ability to reduce both costs and emissions.

These are just three of dozens of new product and technology initiatives NOV has underway to support the critical work that our oil and gas customers do. We remain committed to developing and delivering solutions that provide the world with abundant, reliable, safe energy, the oil and gas that powers the world's global food supply chain, that powers 100% of its air travel, and that helps lift humanity out of poverty. NOV is proud to support this critical industry as we have done for 159 years.

Like you, though, we see powerful social, political, and economic momentum driving the growth of renewable energy, which will one day enable the world to transition to a net zero carbon future. I believe that this is perhaps the greatest economic opportunity of this century. Capitalism will lead to the innovation required to reveal the most efficient solutions, and NOV intends to play a key role.

This morning I'd like to share with you how NOV's competencies align with the emerging energy transition business opportunity, and also illuminate a few things we have been quietly working on for the past few years- ideas I haven't commented on much publicly before. We want to show you how we're thinking about NOV's future in a world that is growing new sources of low-carbon energy.

We are experts in building large, complex machinery with extreme precision that operates in harsh environments, and we do this at scale in remote parts of the world. NOV employs bright, dedicated, imaginative scientists and engineers who are conversant in material sciences, metallurgy, power systems, robotics and a host of other fields. In short, we have a fantastic team with whom to prosecute the business opportunities that are emerging.

So, I asked a few to do that. Several years ago, some of our best and brightest began to explore the renewables landscape to find opportunities where NOV could make money. That team has been steadily growing since and I'm pleased with the ideas they are generating and the products they are developing.

First, though, let me offer some perspectives on the opportunities. Most renewables technologies are not new. You may be surprised to learn that robust, serious, technical and economic discussions about transitioning to new forms of energy actually began more than forty years ago, following the Iranian hostage crisis and the second big oil shock of the 1970's. The economic vulnerability of the West during the Cold War, exposed by the ten-fold increase in oil price through the 1970's, led to some serious hand-wringing about diversifying away from oil, particularly foreign imports.

Strikingly, the list of potential green energy sources from that era is essentially unchanged from today's list of candidates: wind, solar, geothermal, biomass, hydrogen, and fusion. In the past four decades, all have seen their respective technologies progress incrementally, and some have seen significant industrialization. So why then haven't we transitioned to something different yet?

The reason is that all are, at best, imperfect substitutes for the status quo, at least for now, in all categories except GHG emissions. Solar and wind face intermittency challenges, land use issues, and not-in-my-backyard political opposition.

Hydrogen faces storage and transportation challenges from metallurgical hydrogen embrittlement. Biomass faces land use and efficiency challenges. Fusion continues to face technical challenges, and geothermal really only works in geologic hotspots with shallow magma. All face infrastructure hurdles.

I bring these up only because NOV looks at these challenges, and we see opportunities to develop solutions and thus competitive advantage. Our approach to renewables is to look at customer pain points like these and solve them. This is the framework that we are using to think about the renewables opportunity. If NOV can solve bottlenecks, reduce project capital investment, improve uptime, reduce O&M costs, and enable customers to access better resources, then NOV can help foster the unrestrained embrace of renewables by free capitalists, thereby positioning itself to profit from this remarkable business opportunity, and facilitating the global transition.

Our most advanced business opportunities lie in solutions that improve the economics of wind power generation. In a few moments, I'll take you through our portfolio in this area. Before I do, though, I want to note that we are also pursuing other areas where we see potential to add value, including solar, carbon capture, geothermal, biomass, and hydrogen. Most of these are very early stage and years away from contributing meaningfully to our financial results, but I am nonetheless optimistic about the potential contributions they may one day make. I'll add, too, that these have been almost entirely organic thus far, built through the existing business and infrastructure that make up our core oil and gas equipment business today. It's too early to tell which technologies will predominate, and some will fail, so we are engaging across several in a diversified portfolio approach.

Most importantly, we are doing this to make money. Returns on capital are derived from competitive advantage. Therefore, our efforts are focused on creating competitive advantage in this space, by cultivating renewable ideas with high growth potential that can be funded by our traditional oil and gas business, where we will also continue to press better products, services and technologies. That's the long-term plan.

So back to NOV's wind business. Today, our presence in the wind value chain, which stems from our roots in industrial lifting, marine vessel design and construction, is significant and growing.

At ground level, wind is impeded by topography and vegetation. At higher altitudes, wind tends to be more stable, more powerful and more consistent- a better quality resource that improves at higher and higher altitudes. Taller towers access this better resource as well as provide more space for larger areas swept by the blades. Swept area is proportional to accessible energy and it grows exponentially with blade length, increasing torque applied to the generator in the hub, which also must grow larger to facilitate the additional power production. Therefore, taller towers, longer blades, larger turbines and bigger generators deliver significantly better economics to windfarm owners overall, at least to a point. So not surprisingly, tower hub heights have steadily increased and contributed to the competitiveness of wind on a levelized-cost-of-energy ("LCOE") basis. Taller towers are also expanding the geographic regions where wind power "works"- beyond the so-called "wind-belt" of the great plains in the U.S., for instance. More on that in a moment.

The constraint that wind farm developers begin to run into is the fact that towers become exponentially more expensive to construct and transport with height. In 2019, NOV invested in Keystone Tower Systems, a startup that has developed a patented tapered spiral-welding process that enables the automated production of wind tower sections which can significantly decrease production times and reduce costs by 15% or more. Additionally, the technology has potential to be deployed for in-field manufacturing operations, effectively eliminating many of the severe logistical limitations of transporting larger diameter tower sections. Keystone is currently completing construction on its first commercial line within NOV's Pampa, TX facility, and has an order for 100 tower sections from a major wind turbine manufacturer. Upon completion, it will have the capacity to deliver hundreds of towers annually.

Another challenge of the taller towers trend is developing cost-effective, safe methods of tower erection. Current predominant construction methods using crawler cranes are quickly reaching their limit for safe and efficient field use as wind towers increase in height and weight. NOV's system concept, which is built upon the intellectual property, control systems, and experience developed during the design of mobile desert and arctic drilling rigs, utilizes a tower crane in conjunction with a unique mobility system to provide superior lifting characteristics at taller heights to significantly improve the safety, reliability, and efficiency of tall wind tower installation techniques. Such methods are expected to also help reduce ongoing operating and maintenance costs associated with these assets over their 20+ year lives, further improving project economics for windfarm operators.

The U.S. wind belt runs from North Dakota south to West Texas and is defined by the region of the country where the wind resource blows hardest and steadiest, allowing turbines to achieve the highest levels of utilization and electricity output. But this picture changes as towers grow taller and the region of economically viable wind resource grows. It is conceivable to us that the wind belt area can double or triple as NOV and Keystone technologies enable towers to grow taller economically and, consequently, enable power production closer to prime power consumption markets, thereby lowering transmission cost and total capital investment. Frankly, we are excited about the growth potential here. However, all onshore wind farms require a lot of land and sometimes make their neighbors unhappy by spoiling the view, which leads me to offshore wind.

Generally, offshore wind has several advantages over land: higher capacity factors due to generally steadier wind regimes; the ability to use larger turbines without facing the limitations of over-the-road transportation; and an abundance of locations with less NIMBY opposition. This has led the Global Wind Energy Council to forecast 26% CAGR for the offshore wind space through this decade. Considering nearly 40% of the world's population, two-and-a-half billion people, live and consume power within 60 miles of the coast, this makes sense.

However, similar to offshore oil and gas, offshore wind developments also carry increased complexity, higher execution risk, and incremental costs that can challenge project economics. Again, we view these challenges as opportunities to draw upon NOV's unique offshore expertise and provide value to a burgeoning customer base.

NOV has long been a leader in offshore wind construction vessels, on which we can sell as much as \$80 million in equipment. In fact, the majority of the world's 30 GW of installed offshore wind power was put in place with NOV-designed vessels and NOV-supplied equipment. We are presently executing on the construction or upgrade of about half a dozen wind turbine installation vessels and expect demand to continue due to the growing height of offshore towers for the same reasons I explained a moment ago. NOV's proprietary telescoping cranes, jacking systems and deck equipment are all contributing to lower installation costs and better economics for offshore windfarm developers. We landed a contract for the first Jones Act compliant vessel in Q4, and we have several conversations underway with offshore construction firms for additional capacity globally. By year end, I expect that our business in this area will have doubled to more than \$200 million annually, and further growth prospects are excellent, as the 9.6 GW of offshore wind capacity to be installed in 2021 is forecast to more than double by 2025, to more than 21 GW. In order to meet these projections, the world will need to build two to three dozen more installation vessels, capable of installing the new leading-edge 12 MW to 15 MW towers with 500' hub heights, over the next decade or so, according to forecasts from Clarksons.

NOV is also pursuing opportunities in the floating offshore wind market which will require the cranes, winches, mooring systems, cable-lay, ballasting systems, chain connections, and tensioners that we design and provide. NOV has developed a patent-pending Tri-Floater semi-submersible floating wind foundation designed to require less steel than competing offerings that should allow for full quayside construction and turbine installation. We are engaged on a paid design study now utilizing this proprietary floating wind design for a customer in Asia. With a revenue potential north of \$25 million per vessel, and dozens of vessels required to develop a single gigawatt project, NOV's total addressable market in this area is potentially in the billions.

So, to summarize our wind initiatives, NOV is positioning itself as a value-added partner capable of meaningfully reducing project execution risk and overall capital costs. We have a large and growing base of installed capacity in the fixed offshore wind installation vessel market, which we expect to exceed \$200 million annually in revenue for us by year end, along with ongoing aftermarket opportunities; our Keystone team secured an order for 100 towers based on its proprietary technology that we are constructing at our plant in Texas; and NOV's proprietary floating wind technology is under consideration by multiple prospective customers globally, potentially opening up a massive new market in countries lacking expansive shallow waters available for wind development. Suffice to say, I am very optimistic about the opportunity set in the wind area.

Returning to our traditional oil and gas business, despite the near-term challenges we face, I am growing more optimistic about 2021. As Covid-19 vaccines proliferate, I expect lockdowns and economic disruptions to subside and a more normalized level of demand for oil and gas to return. Only then will we realize the true impact of the massive dismantlement that the petroleum industry has undergone: the lack of major project FID's; the diminishment of quick-turn shale productive capacity; increased governmental restrictions on shale development; the lack of offshore exploration; the evaporation of capital for a highly capital-intensive industry; the effect of massive amounts of stimulus and explosive growth in money supplies on commodity prices. I don't recall a time in my professional career that saw more bullish fundamentals. It will

be interesting. Despite our most noble, aggressive, aspirational energy transition scenarios, petroleum remains critical to our way of life, from air travel to feeding mankind. The oil and gas industry will be called upon again to grow.

So, there is a light at the end of the Covid tunnel. The positive financial results reported by some of our larger customers this quarter serve as an early positive signal that conditions should improve over the course of the year for our later-cycle oil and gas businesses. We expect the back half of 2021 to begin to see improved demand and activity for NOV, which may well begin to grow just a little more frantic in 2022 and beyond. In the meantime, NOV remains committed to supporting our customer base around the world wherever and whenever it needs us. Our recent product introductions are evidence of that commitment.

To NOV employees who may be listening, please note the dual challenges of supporting our oil and gas customers, while advancing new and creative solutions to provide lower-carbon sources of energy, will continue to demand your very best. I am proud and grateful that you've never given anything less. Thank you for all that you do. Jose, Blake and I look forward to scaling new heights and new opportunities with you.

With that, I will turn it over to Jose.

JOSE BAYARDO
Senior Vice President and Chief Financial Officer

Thank you, Clay.

NOV's consolidated revenue fell \$57 million, or 4% sequentially, to \$1.33 billion during the fourth quarter of 2020. Our shorter-cycle businesses capitalized on improving drilling activity levels in the U.S. to drive 4% revenue growth in North America despite very light demand for capital equipment sales. International revenue declined 7%, reflecting the different trajectories of rig activity between the eastern and western hemispheres during the quarter. EBITDA for the fourth quarter was \$17 million or 1.3% of sales. Elevated decremental margins were the result of a less favorable product mix, customer order deferrals, which compounded manufacturing facility absorption challenges, and higher expenses associated with pension accounting, environmental accruals and workman's compensation. While we exceeded our \$700 million cost-out initiative target in the third quarter of 2020, our efforts to right-size and improve the efficiencies of the organization continued during the fourth quarter. As Clay mentioned, we've identified and are executing on \$75 million in additional cost-savings initiatives that we expect to complete by year-end 2021, and we expect our target will grow.

During the fourth quarter, we generated \$186 million in cash flow from operations and \$133 million in free cash flow. We ended the year with approximately \$1.69 billion in cash and \$1.83 billion in gross debt, resulting in a net debt balance of only \$142 million, down \$676 million year over year.

For the full year, cash flow from operations was \$926 million and free cash flow totaled \$700 million. The organization's focus on reducing costs, improving capital efficiency, and optimizing cash flow allowed us to reduce net debt by 83% during 2020, further improving what was already a rock-solid balance sheet.

For 2021, we expect to report capital expenditures of approximately \$215 million, with \$82 million of that amount related to completing our rig manufacturing facility in Saudi Arabia. Factoring in the 30% that will be funded by our JV partner, net capex will total \$190 million.

WELLBORE TECHNOLOGIES

Our Wellbore Technologies segment generated revenue of \$373 million in the fourth quarter, an increase of \$12 million or 3% sequentially. Despite the top-line growth, EBITDA fell to \$12 million, or 3.2% of sales, primarily due to an unfavorable shift in product mix and COVID-19-induced shipping cost overruns and delays. As Clay highlighted, offerings from this segment are more short-cycle than our other, more capital equipment-oriented segments, but it is still a product business that is affected by the ongoing de-stocking of customer inventories. Nevertheless, we believe Wellbore Technologies hit a cyclical low during the third quarter of 2020 and we expect steady improvement for the segment as 2021 progresses.

Our Grant Prideco drillpipe business realized a 24% sequential decline in revenue with very high decremental margins. Lower volumes, a significant decrease in the proportion of higher-margin large diameter pipe, and extra costs associated with shipping delays in Asia more than offset the unit's cost reduction efforts, which included reducing its workforce by approximately 25% during the first week of the quarter. Orders improved 84% off the all-time low level realized in the third quarter but were less than half the level achieved in Q4 of 2019. While orders remain light, slightly higher volumes and a more favorable product mix should drive improved results during the first quarter.

Our Tuboscope pipe coating and inspection business realized a 7% sequential improvement in revenue led by a 28% increase in our activity from the OCTG market. The revenue growth was partially offset by declines in higher margin drillpipe coating and Thru-Kote™ sleeve sales resulting in a decrease in EBITDA. We expect higher volumes from improving backlogs and cost controls to drive improved performance from Tuboscope in the first quarter.

Our Downhole Tools business saw a 5% sequential increase in revenue driven by the improving North American rig count, which was partially offset by lower activity in the Eastern Hemisphere. The business realized strong incremental margins from improved absorption and increasing adoption of our proprietary technologies that meaningfully improve operational efficiencies and lower costs for our customers. During the fourth quarter, we saw a significant increase in the number of runs completed by our SelectShift™ downhole adjustable motor, which now incorporates our latest ERT™ power section, allowing for up to 1,000 horsepower to be delivered to the drill bit, further enhancing the motor's ability to

drill single-run horizontal wells. We are also seeing greater customer adoption of our Agitator™ friction reduction tools in international markets and in drilling operations using rotary steerable systems. A major National Oil Company in the Middle East recently completed a 12-1/4 inch directional section using our Agitator tool resulting in a 38% improvement in the rate of penetration relative to nearby offsets. Also, a U.S. operator made our agitator a standard component in their rotary steerable bottomhole assemblies after recognizing the clear performance improvements in curve and lateral sections within their wells in the Haynesville Shale.

Our ReedHycalog drill bit business posted a modest sequential improvement in results with strong growth in North America that was partially offset by declines in international markets. While the international rig count continued to search for bottom during the fourth quarter and projects continued to push to the right, recent customer dialogue has us more optimistic that tenders will advance during the first quarter, creating better prospects for our international operations as we advance through 2021.

Our WellSite Services business generated 17% sequential growth in revenue during the fourth quarter on the meaningful improvement of drilling activity levels across the Western Hemisphere. EBITDA flow-through was limited by declines in higher margin work in the Middle East and offshore markets, price competition, and COVID-19-related logistical and supply chain challenges, which impacted personnel movement and deliveries of capital equipment. Despite these headwinds, we are seeing international tenders advance and increasing absorption of excess industry capacity, which we expect will drive improving market conditions in the second half of 2021.

Lastly, our MD Totco™ business realized high-teens revenue growth during the fourth quarter due to improving demand for the business unit's rig instrumentation and data acquisition systems, and increasing adoption of MD Totco's KAIZEN™ artificial intelligence drilling optimization application and eVolve™ closed loop automated drilling system.

Based on dialogue with our customers, we expect the pace of North American activity growth to moderate in the first quarter, then level off around mid-year. Activity in the Eastern Hemisphere should stabilize but remain sluggish through the first half of the year as operators finalize budgets and work to complete project tenders, which will set the stage for improved international activity in the second half. For the first quarter of 2021, we expect revenue in our Wellbore Technologies segment to increase in the upper single digit percentage range. We also expect an improved mix in product sales and cost controls to result in EBITDA margin expanding approximately 200 to 400 basis points.

COMPLETION & PRODUCTION SOLUTIONS

Our Completion & Production Solutions segment generated \$546 million of revenue in the fourth quarter, a decrease of \$55 million or 9% sequentially. On our last call, we mentioned that then-current customer conversations and early Q4 bookings gave us confidence that orders would likely improve from the low levels witnessed in the third quarter. While

orders did improve 27% sequentially to \$215 million, the resurgence of COVID-19 through the quarter reduced customer conviction, slowed order intake, and led to the segment's fourth straight quarter with a book-to-bill below one. Further deterioration of the segment's backlog created additional absorption challenges and a less favorable product mix, resulting in EBITDA that declined \$35 million to \$28 million, or 5.1% of sales. While we expect order intake to remain sluggish in the early part of 2021, customer conversations have resumed with improved pace and tone, giving us optimism for a much-improved order outlook starting mid-2021.

Our Subsea flexible pipe business saw a revenue decline of 11% sequentially with high decremental margins. Low utilization levels across the industry's manufacturing capacity have resulted in absorption challenges and pricing pressure. While we expect orders to remain light in the first quarter, we believe a number of significant project FIDs will move forward in the first half of 2021, creating opportunities for sizeable bookings in the second half of the year.

Our Process & Flow Technologies business experienced a 4% sequential revenue decline, primarily due to deterioration in the backlog of our APL turret-loading offerings, which is facing similar challenges to what I just described in our subsea business. Our more land-oriented production and midstream operations saw small improvements in demand off very low levels in North America, Argentina, and the Middle East. While demand for our production and midstream offerings appears to have bottomed in Q3 some customers continue to work through excess stocks of inventory, which should run its course in the first half of 2021 and lead to a more constructive operating environment in the second half of the year.

Our Fiberglass Systems business saw revenue decline approximately 19% sequentially due to customers that continue to defer deliveries for offshore scrubbers and limited demand for midstream infrastructure, which has depleted our backlog for large diameter high pressure pipe. The unit realized outsized EBITDA decrementals due in part to ongoing COVID-19-related disruptions in southeast Asia and an increase in epoxy and glass prices from suppliers who are extracting better economics before agreeing to reopen plants that were shuttered in the early phase of the pandemic. We expect oilfield orders in North America to remain limited for much of 2021 but see projects in the Middle East that should advance by mid-year, and we continue to see growing demand for our fuel handling offerings. As a result, we expect our Fiberglass business will bottom in the first quarter and realize stronger demand in the second half of 2021.

Our Intervention & Stimulation Equipment business realized a 9% sequential decline in the fourth quarter. An increase in deliveries of coiled tubing equipment in international markets was more than offset by limited demand for completion equipment in North America. While we anticipate that demand for new-build completions equipment in North America will remain limited over the next several quarters, we are beginning to see green shoots in our aftermarket-related offerings. In Q4, we realized our second quarter in a row of improving demand for replacement coiled tubing strings, and we are engaging in a steadily increasing number of conversations with customers looking to refurbish or upgrade their pressure pumping equipment from Tier II to Tier IV motors with dual-fuel capabilities. We recently received an order from a customer to refurbish 35 pressure pumping units. Additionally, as Clay mentioned, we are seeing growing interest

in our recently introduced Ideal™ eFrac fleet, and for our FracMaxx™ articulating flowline and QuickLatch™ systems, which increase efficiencies and reduce costs of pressure pumping operations. Lastly, we remain encouraged by future potential demand for our completion equipment in international markets as the use of multi-stage stimulation services continues to grow outside North America.

For the first quarter of 2021, we anticipate revenue from our Completion & Production Solutions segment will decline 6-10% sequentially with decremental margins in the mid-30% range.

RIG TECHNOLOGIES

Our Rig Technologies segment generated revenues of \$437 million in the fourth quarter, a decrease of \$12 million or 3% sequentially. Revenue from capital equipment sales declined 7%, partially offset by an increase in aftermarket services. EBITDA declined to \$19 million, or 4.3% of sales. Outsized decremental margins were the result of a less favorable sales mix for both capital equipment and aftermarket operations, where sales of higher margin spare parts declined and revenues from lower margin service work increased. Additionally, the segment incurred extra expenses associated with the logistical challenges of moving 200 service technicians and associated equipment across numerous international borders during a second round of pandemic-related restrictions.

Orders for the segment increased \$133 million sequentially, off the all-time low realized in the third quarter, to \$190 million, yielding a book-to-bill of 105%. Orders from the offshore wind market dominated the order book, which included an award for the design and jacking system for the first U.S.-built Jones Act-compliant offshore wind turbine installation vessel and an order to upgrade an existing vessel to enable it to handle the heavier weights of the next generation of offshore wind turbines. Additionally, subsequent to quarter-end, we received another order for the design, jacking system and cranes for a Europe-based wind turbine installation vessel. As Clay highlighted, the opportunity for our wind business is meaningful, and the outlook is promising.

While orders for rig equipment remain sluggish and capital availability remains constrained among our drilling contractor customers, they are still eager to upgrade the capabilities of their fleets. We continue to have discussions regarding new-build rigs with customers in the Middle East, Latin America and Asia, and in Q4 we received an order from a customer in the Middle East for two 1,000-horsepower land rigs fully-equipped with automated pipe-handling systems, NOVOS™ drilling automation and our Maestro™ Power Management system. In North America, we do not see near-term opportunities for new-build rigs outside of niche applications. However, we continue to have active dialogue with customers regarding upgrades to both hardware and digital solutions. We see strong interest in the rig floor robotics we have under development, and we are seeing holdouts that, up until now, have resisted upgrading to our NOVOS process automation platform come to us saying that their customers are demanding the capabilities NOVOS provides.

Similarly, in the offshore space, we do not expect many newbuilds, but we continue to see an increasing rate of adoption for our digital subscription solutions, including the NOVOS platform, condition monitoring, remote support and automation lifecycle management. More importantly, our offshore drilling contractor customers, several of whom are emerging from their restructuring processes with cleaner balance sheets, are growing more optimistic that offshore activity is at or near a bottom, and we are actively working with them to prepare for reactivations and upgrades.

While customer inquiries have increased since year-end and we are optimistic that offshore activity will improve in the second half of the year, for the first quarter of 2021, we expect results for Rig Technologies to be in-line with the fourth quarter.

With that, we will now open the call up to questions.