

# Joe Rovig

President, Rig Technologies



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# Agenda

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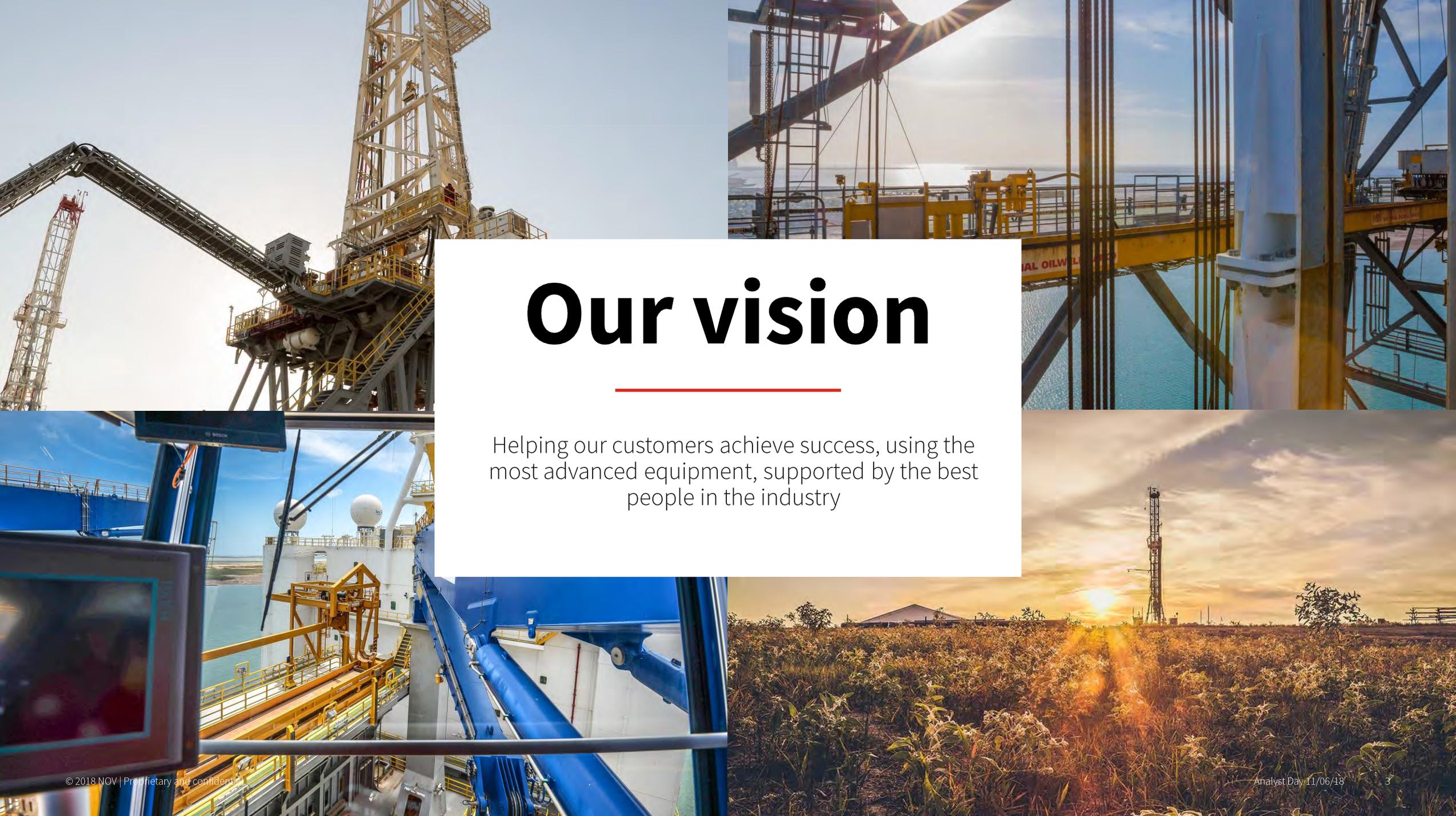
Segment Overview

Financials

Rig Equipment and Aftermarket

Marine and Construction

Impact of Predictive Analytics



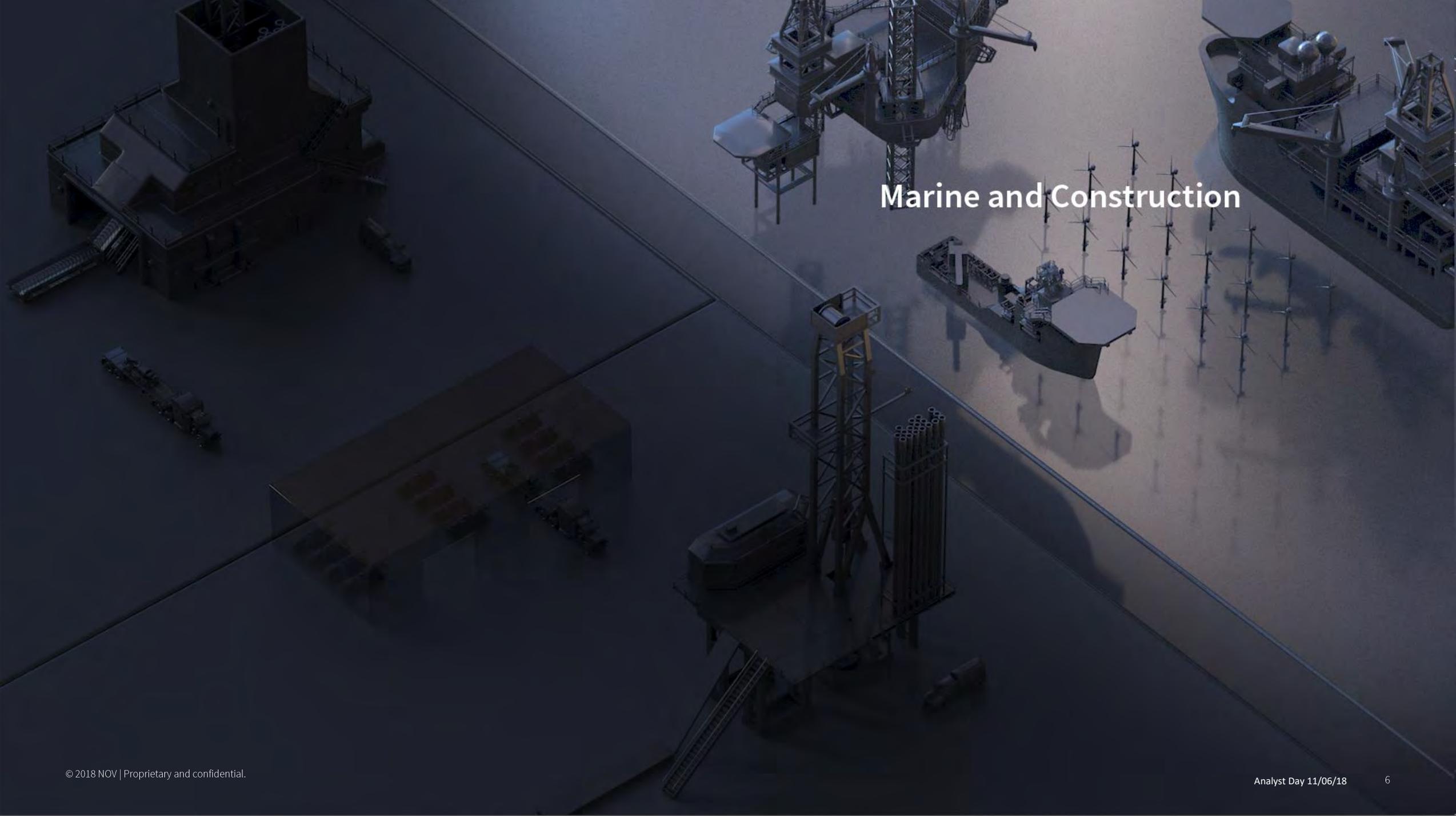
# Our vision

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Helping our customers achieve success, using the most advanced equipment, supported by the best people in the industry



# Rig Equipment



# Marine and Construction

An aerial, isometric view of an industrial complex. The scene is rendered in a dark, monochromatic blue-grey palette. In the upper left, there is a large, multi-story industrial building with a complex roof structure. To its right, a large ship is docked at a pier, with several smaller vessels nearby. In the center, a long, rectangular structure, possibly a warehouse or a large storage tank, is visible. To the right of this structure, a tall, lattice-structured tower or crane stands prominently. In the lower right, another large industrial structure is visible, with a truck parked nearby. The overall scene depicts a busy industrial or maritime facility.

## Aftermarket Operations

# Financial overview

Generational retooling of offshore fleet fueled prior peak earnings

	2014	2015	2016	2017	2018 YTD
Revenue (\$MM)	11,798	8,279	3,110	2,252	2,440
EBITDA (\$MM)	2,666	1,732	316	203	290
Ending Backlog (\$MM)	12,541	6,079	2,488	1,888	3,401

# Value alignment and flexibility throughout the cycle

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Flexibility up and down the cycle  
that aligns with our customers  
success

Up cycle - we win with scalable on  
time and on budget execution

Down cycle - we are experts in  
delivering the next generation of  
technology



An aerial photograph of an industrial facility, likely an oil or gas processing plant. Several tall, white and red drilling rigs are visible, standing prominently against a clear blue sky. The ground is filled with various pieces of equipment, including green and yellow storage tanks, pipes, and structural steel. In the background, there are large industrial buildings and a cityscape under a bright sky. The overall scene depicts a complex and active industrial site.

**Ideally positioned to  
technically dominate a  
traditional recovery upswing**

Data services—commercial  
and available

Automation—commercialized  
and evolving

Remote drill floor

20k

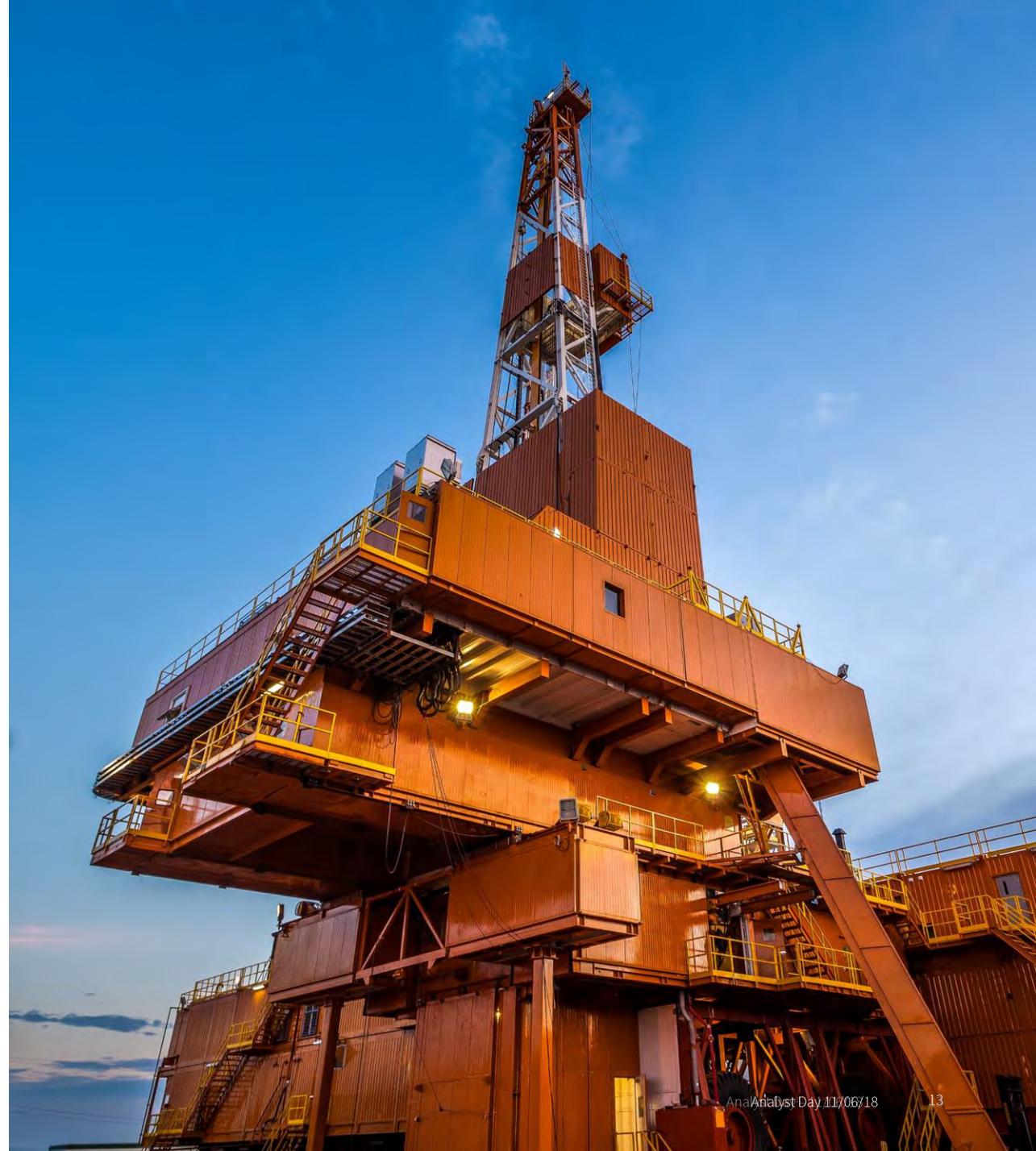
Increased capacity land  
and offshore



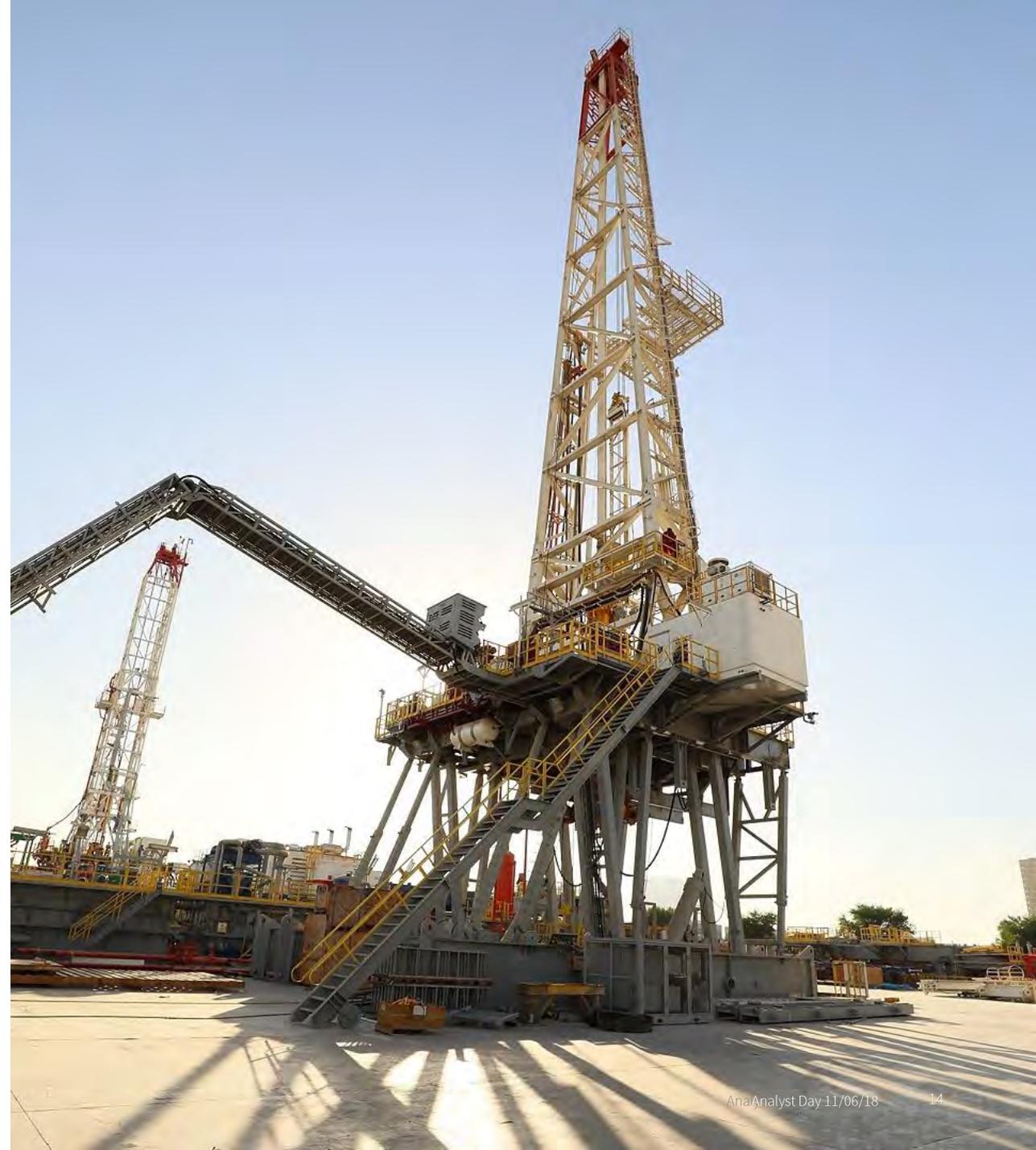
# Quick delivery, high specification land rigs



# Purpose-built rigs you can depend on to perform



# Global service capability



# The most intuitive controls and equipment in the industry



# What is NOVOS?

Intuitive drilling system

Open architecture

Crowdsourced ideas and apps

Foundation for automation, optimization

Provides consistency across entire fleet —  
regardless of driller experience level

Automates repetitive tasks

Optimizes drilling

Process execution and improvement



# **The solution for overwhelming driller tasks**

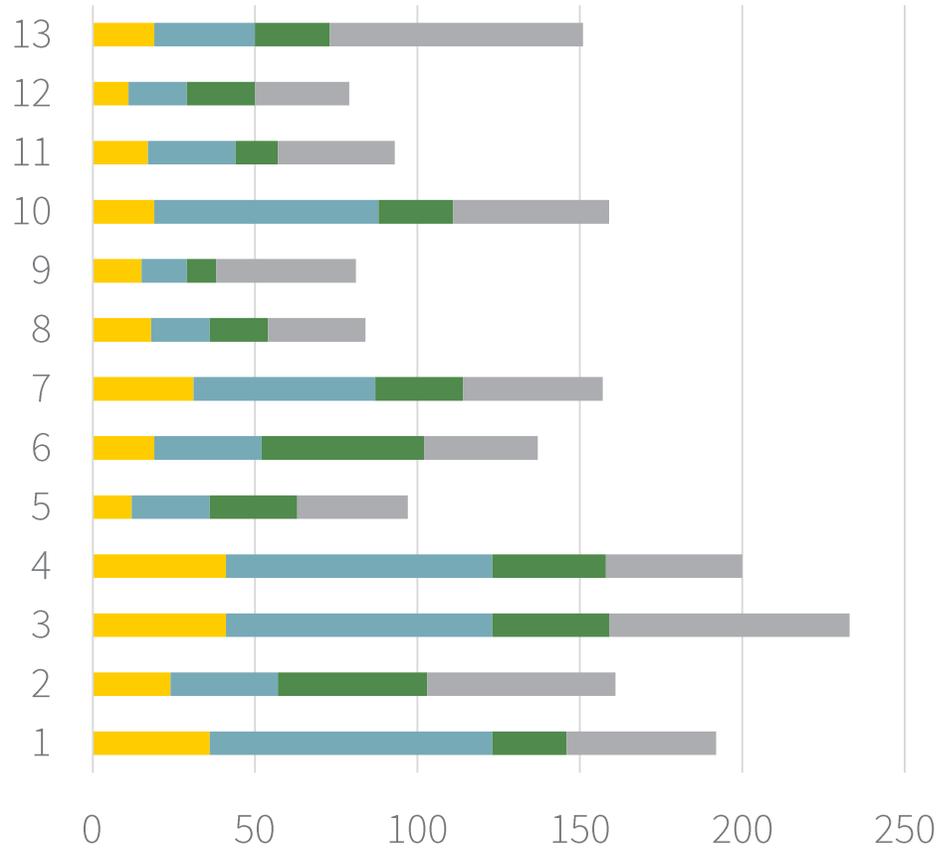
“Did I hoist enough?”  
“What was the survey depth?”  
“How should I tag bottom?”



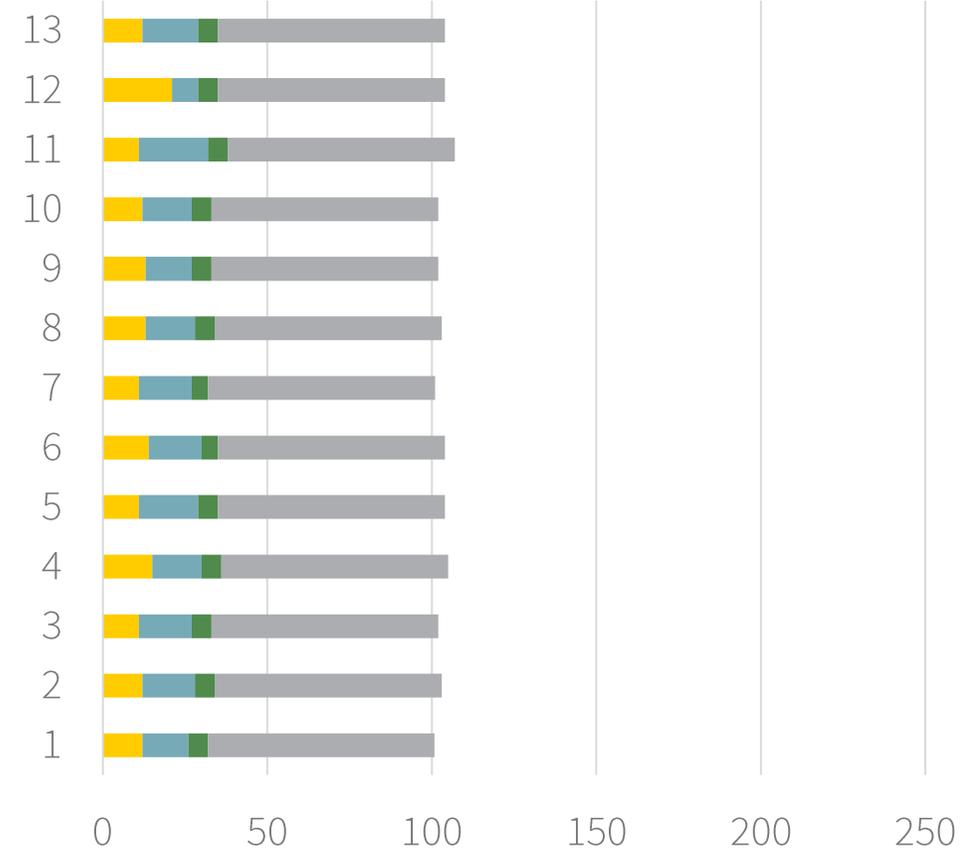


**Consistently improves processes**

# Driller



# Driller + NOVOS



■ Take weight    
 ■ Flow ramping    
 ■ Rotation ramping    
 ■ Lower string

Source: IADC Paper – ART 2017



750

NOVOS-ready control systems

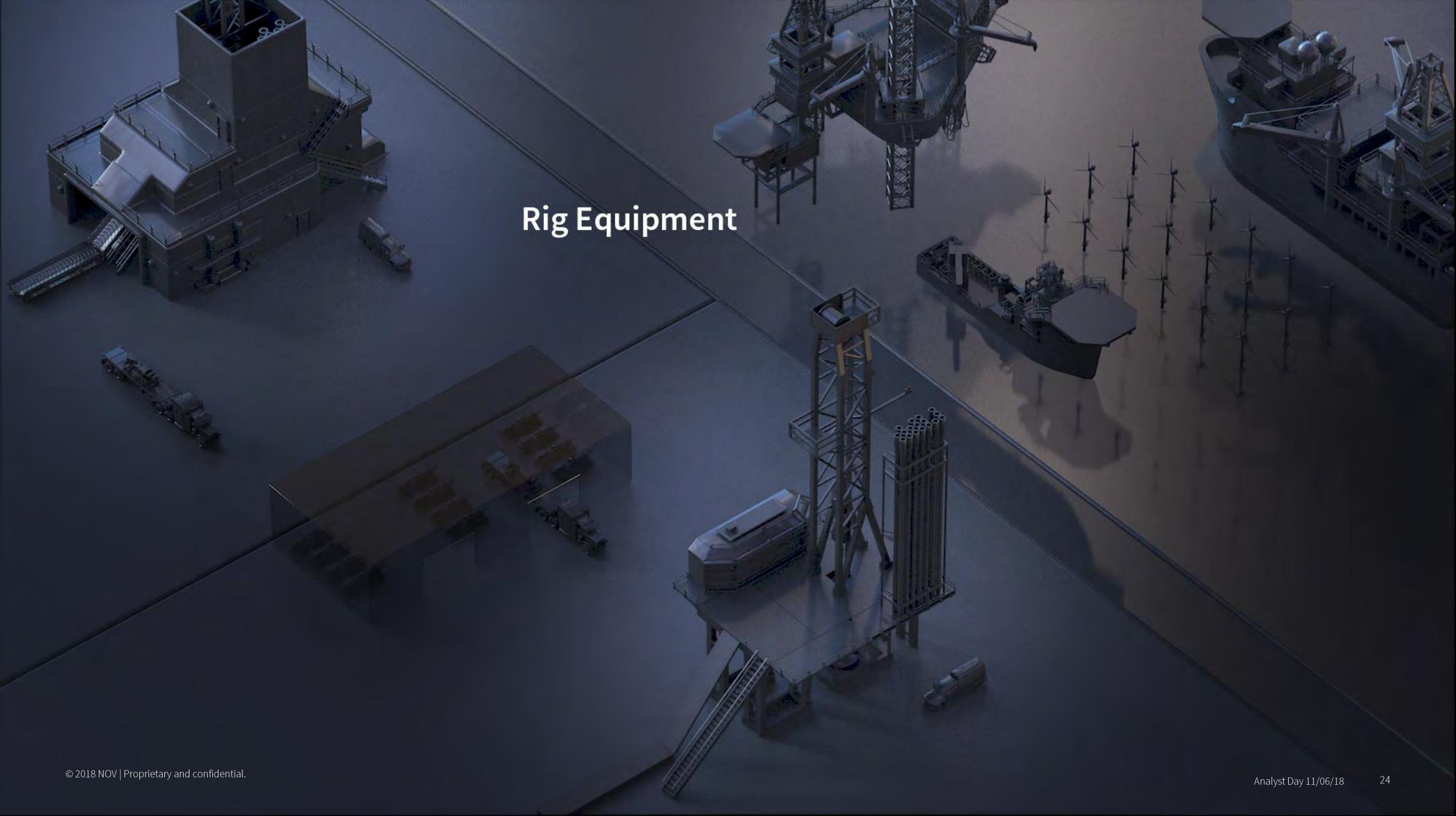
>6k

Days of NOVOS in operation

>2MM

Feet drilled with NOVOS

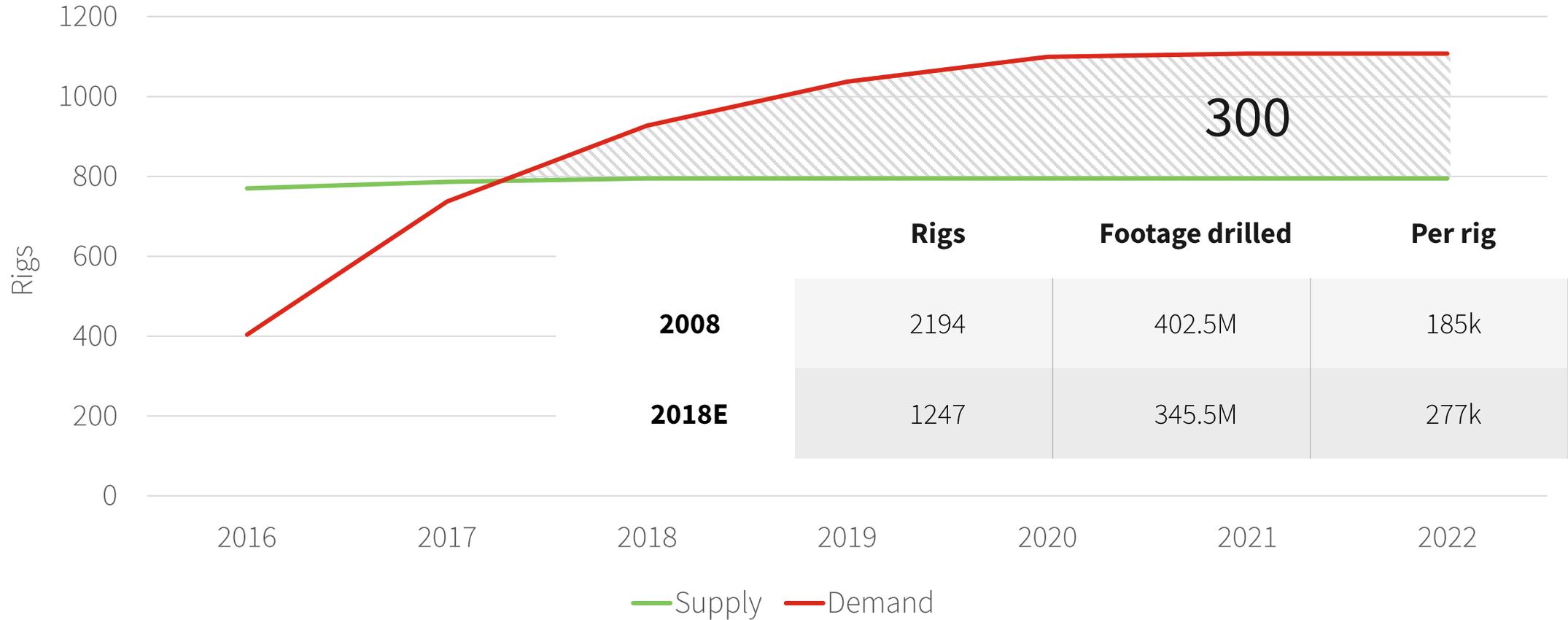
# Rig Equipment



# Land rig market outlook

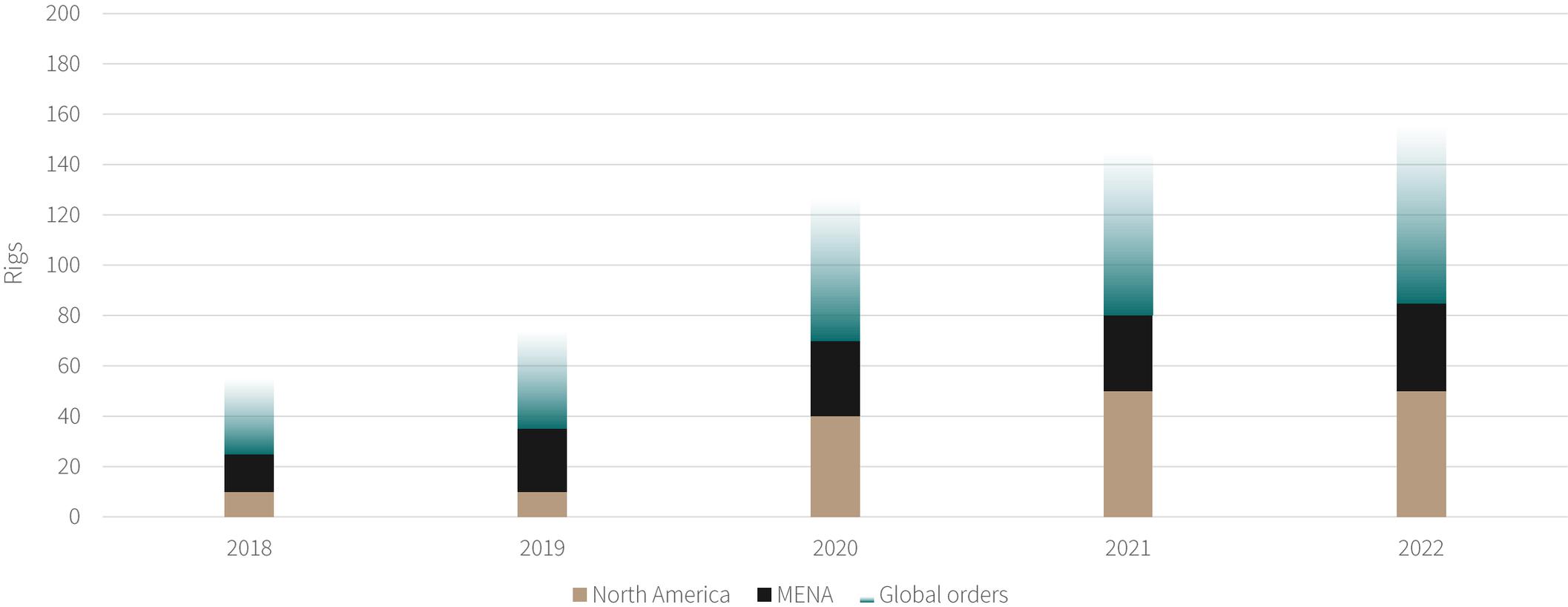
# U.S. tier 1 rigs – Supply/demand balance

Horizontal demand outstrips AC 1500 supply starting in 2018



Sources: Spears & Associates, NOV analysis

# North America and Middle East to add the most rigs



Source: NOV analysis

# Saudi Aramco joint venture

Exporting drilling efficiencies on a global scale

50

land rigs

10

years

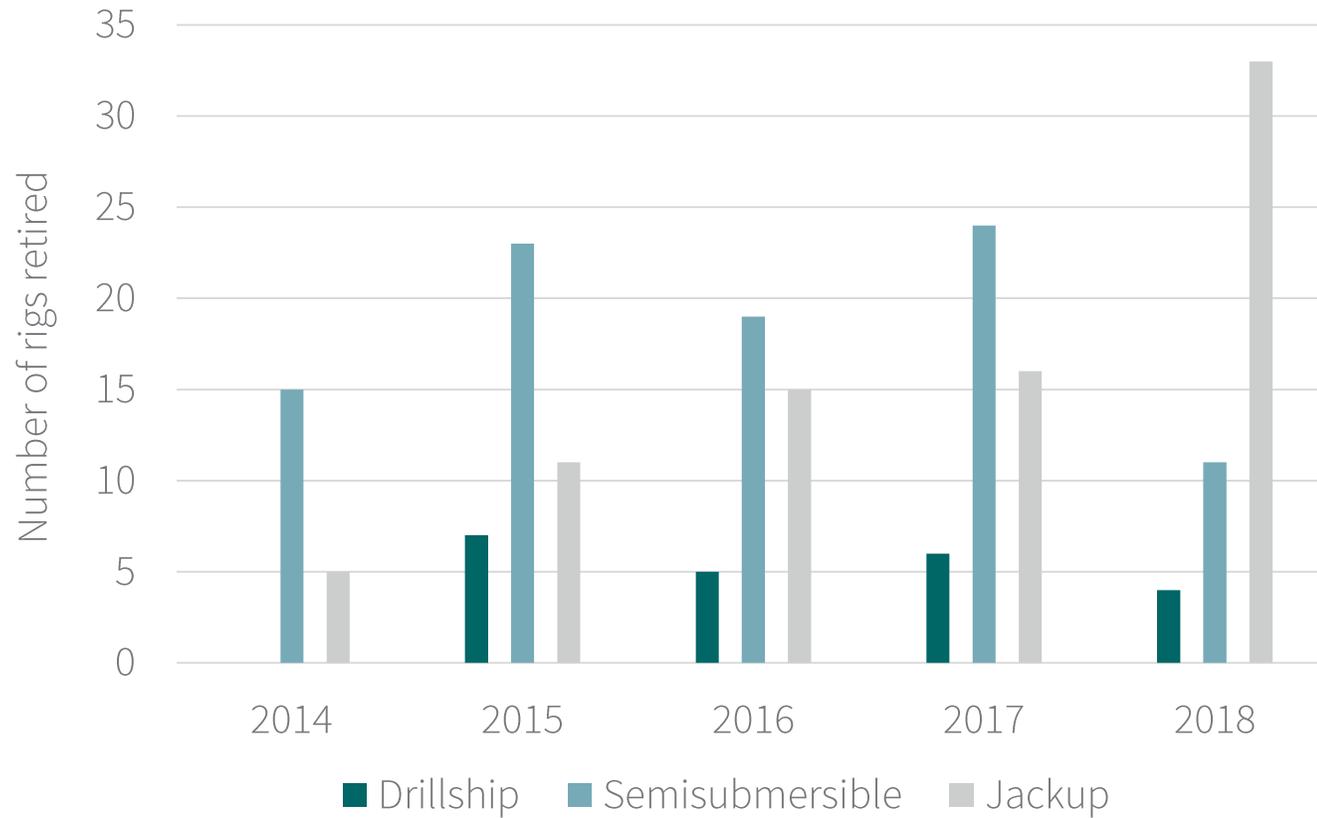
\$1.8B

contract

# Offshore rig market overview

# Offshore rig attrition

2014-2018 YTD

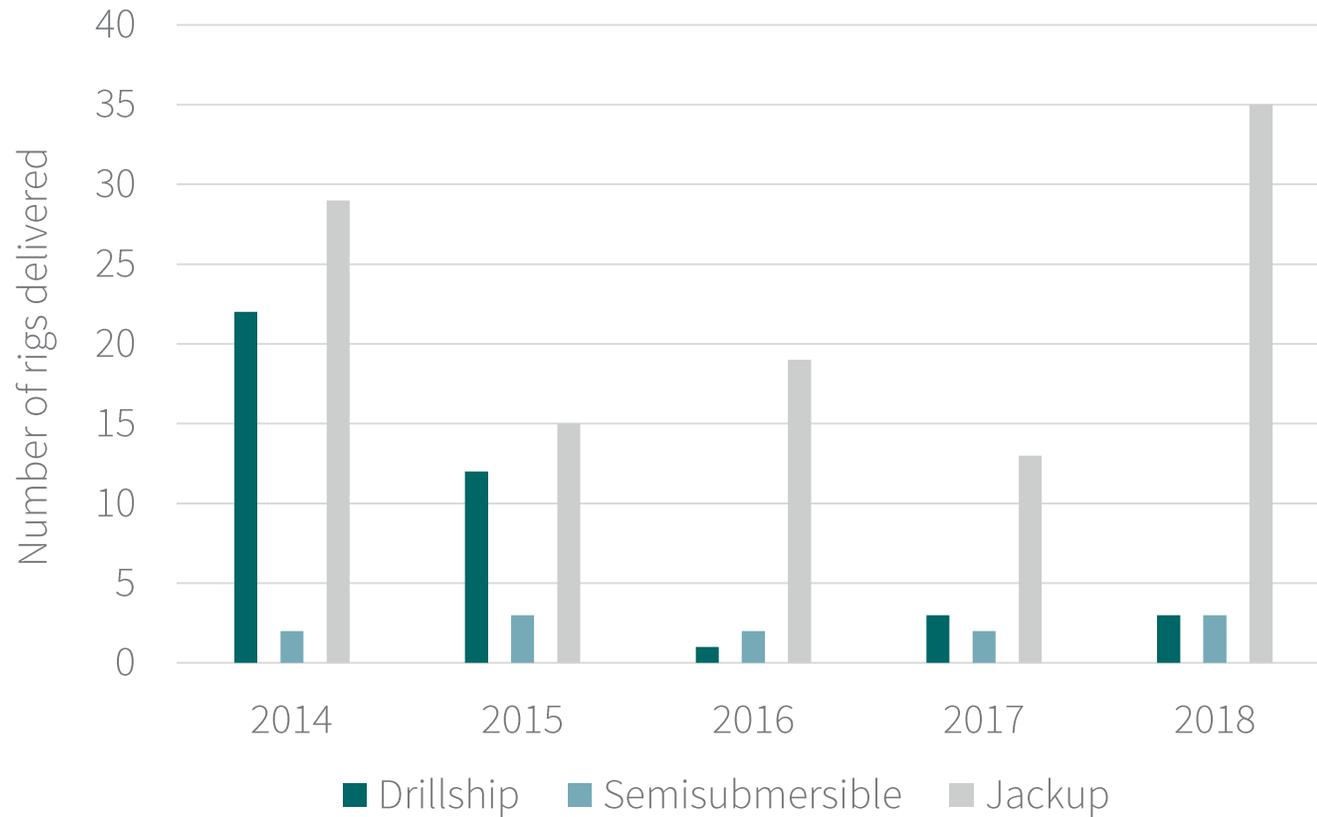


**194**  
Rigs retired

Source: NOV analysis

# Offshore rigs delivered

2014-2018 YTD

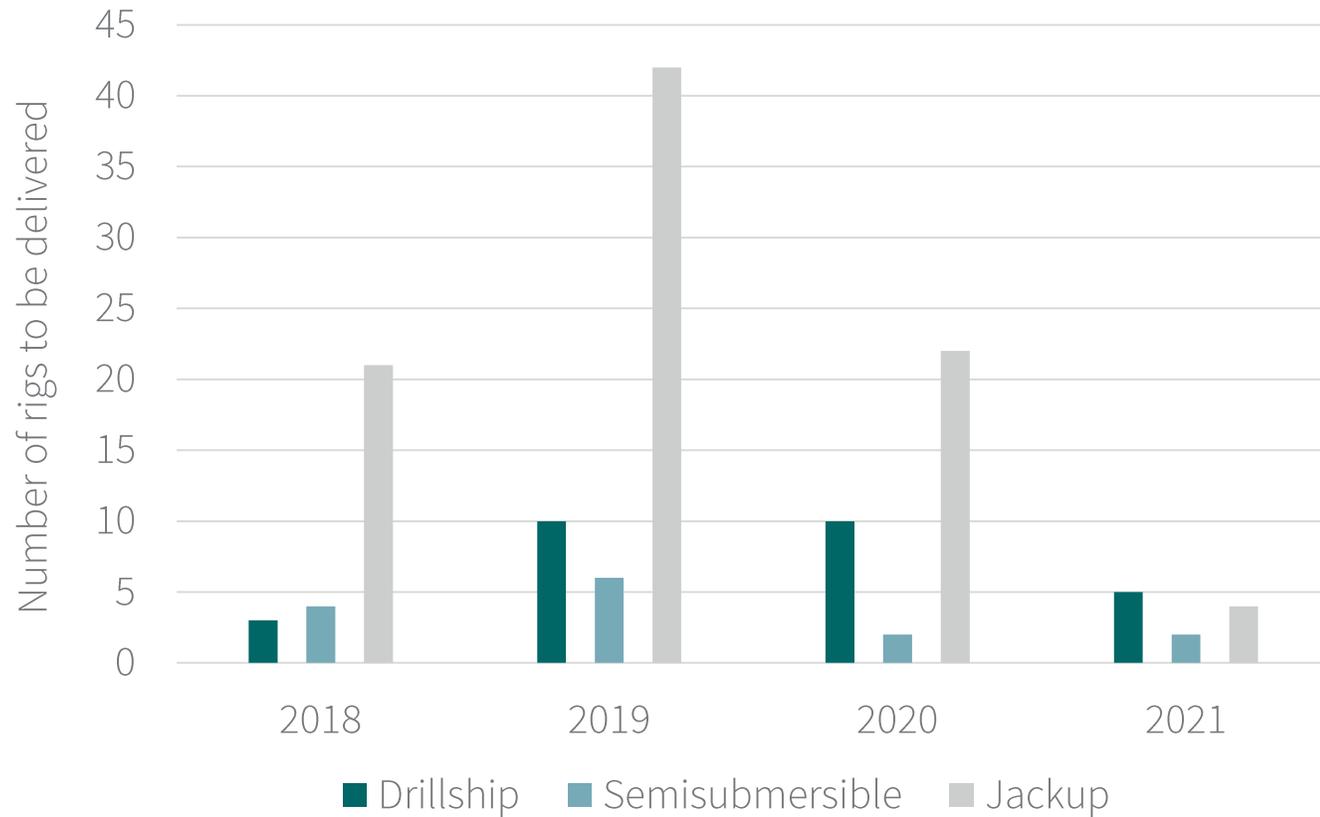


**164**  
Rigs delivered

Source: NOV analysis

# Future offshore rig deliveries

Units under construction/awaiting delivery



**131**  
Future deliveries

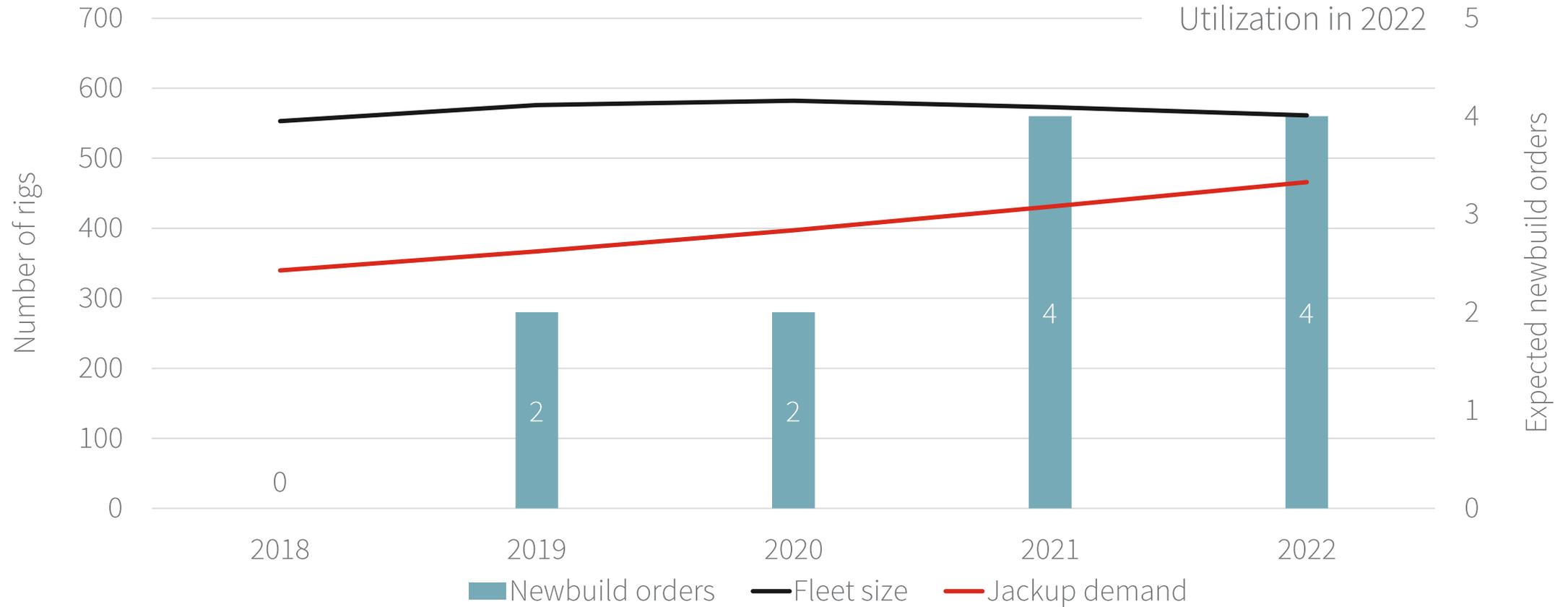
Source: NOV analysis

# Jackups

Newbuild order forecast 2018-2022

# 79%

Utilization in 2022 5



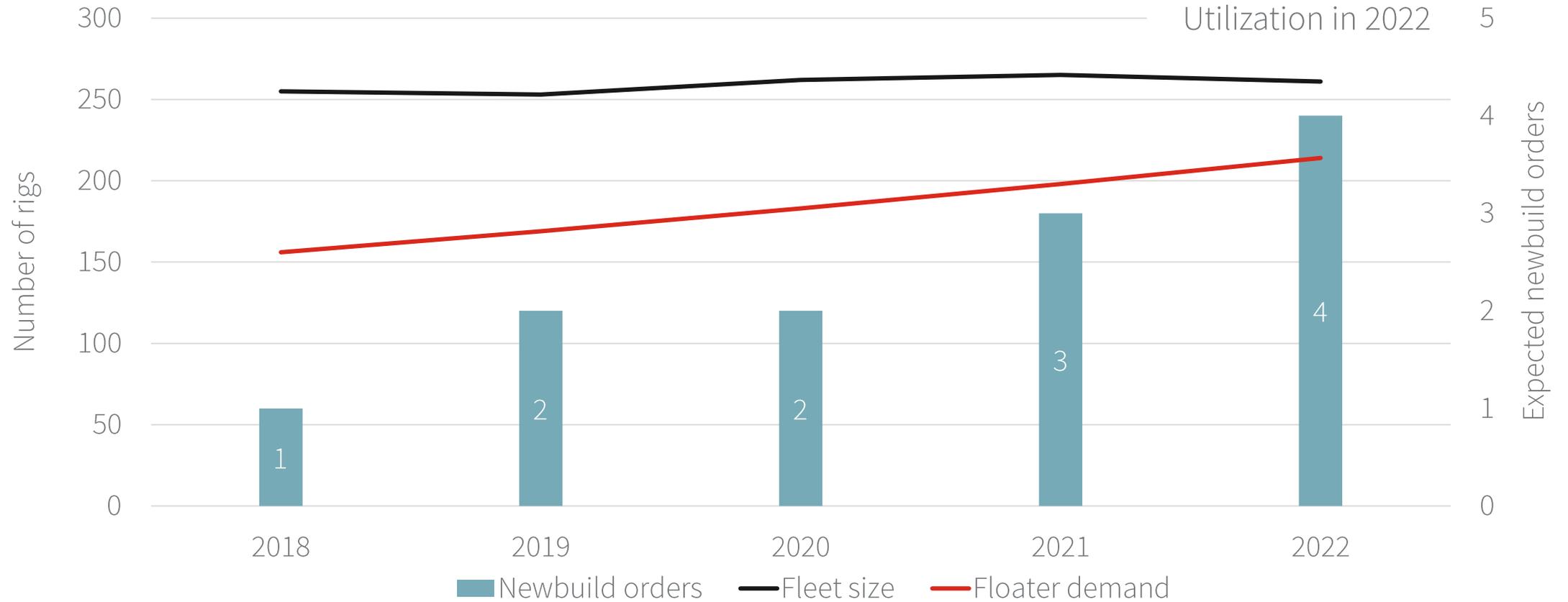
Source: NOV analysis

# Floater

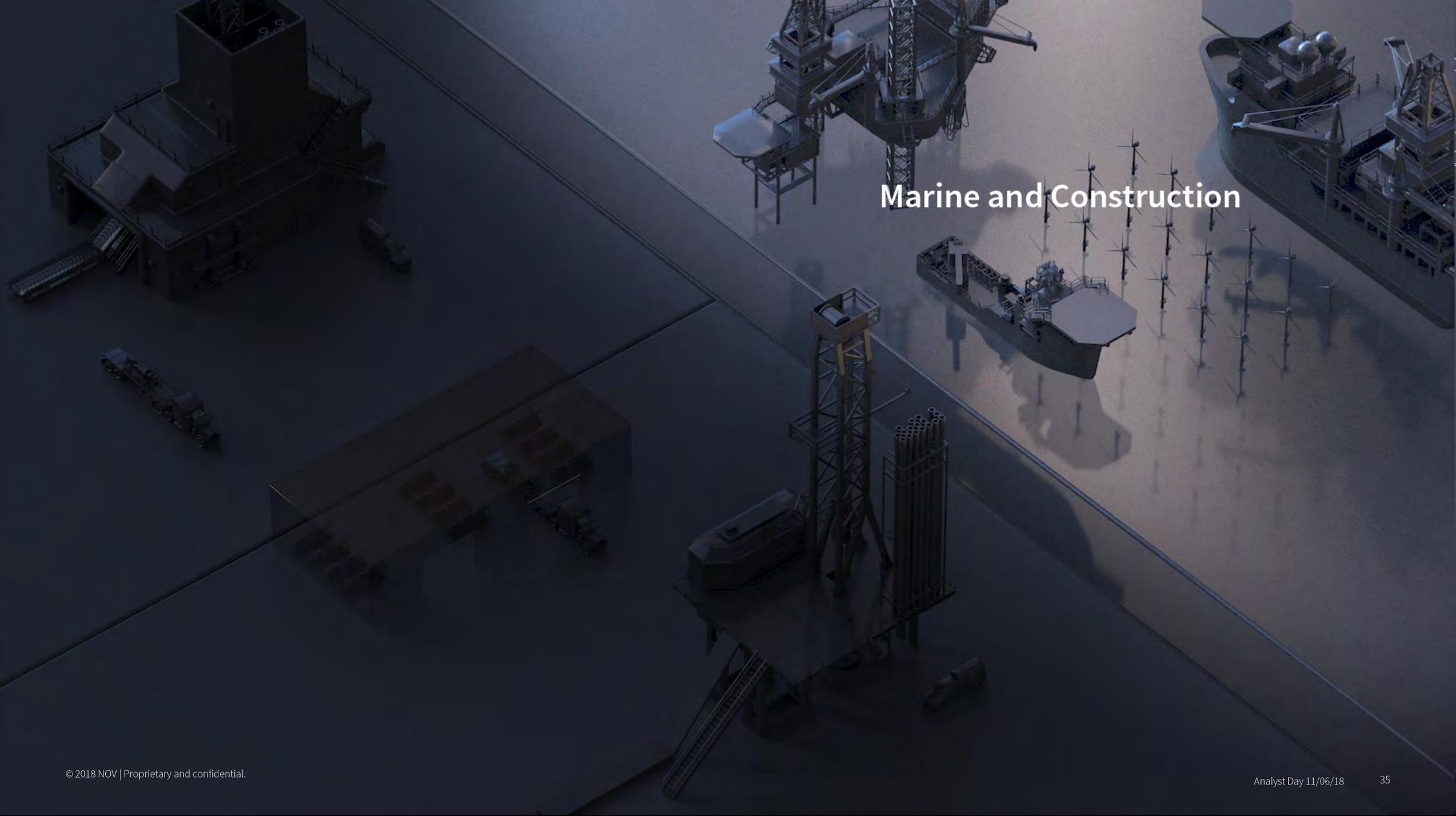
Newbuild order forecast 2018-2022

# 77%

Utilization in 2022

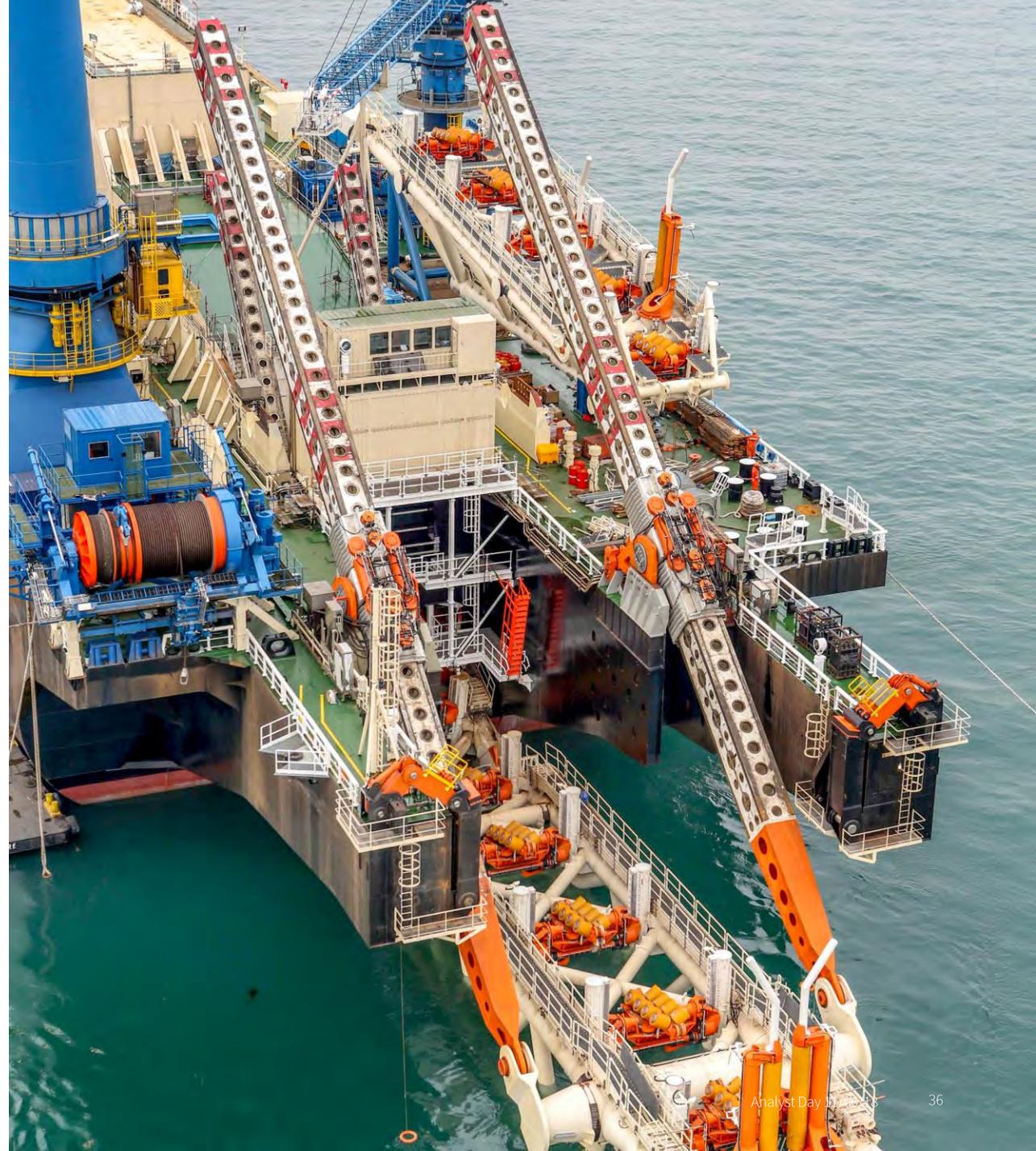


Source: NOV analysis

An aerial, isometric view of an industrial port or offshore construction site. The scene is rendered in a dark, monochromatic blue-grey color palette. In the upper left, there is a large, complex industrial structure with multiple levels and platforms. To its right, a large offshore platform or vessel is visible, featuring a prominent derrick and various support structures. Further right, a large ship with a complex superstructure is docked. In the center-right, a smaller vessel is positioned near a large array of vertical structures, possibly wind turbine foundations or offshore platforms. In the lower center, a tall, slender tower structure stands next to a stack of pipes or materials. The overall scene depicts a busy industrial and marine environment.

## Marine and Construction

# Offshore support vessels and lay systems



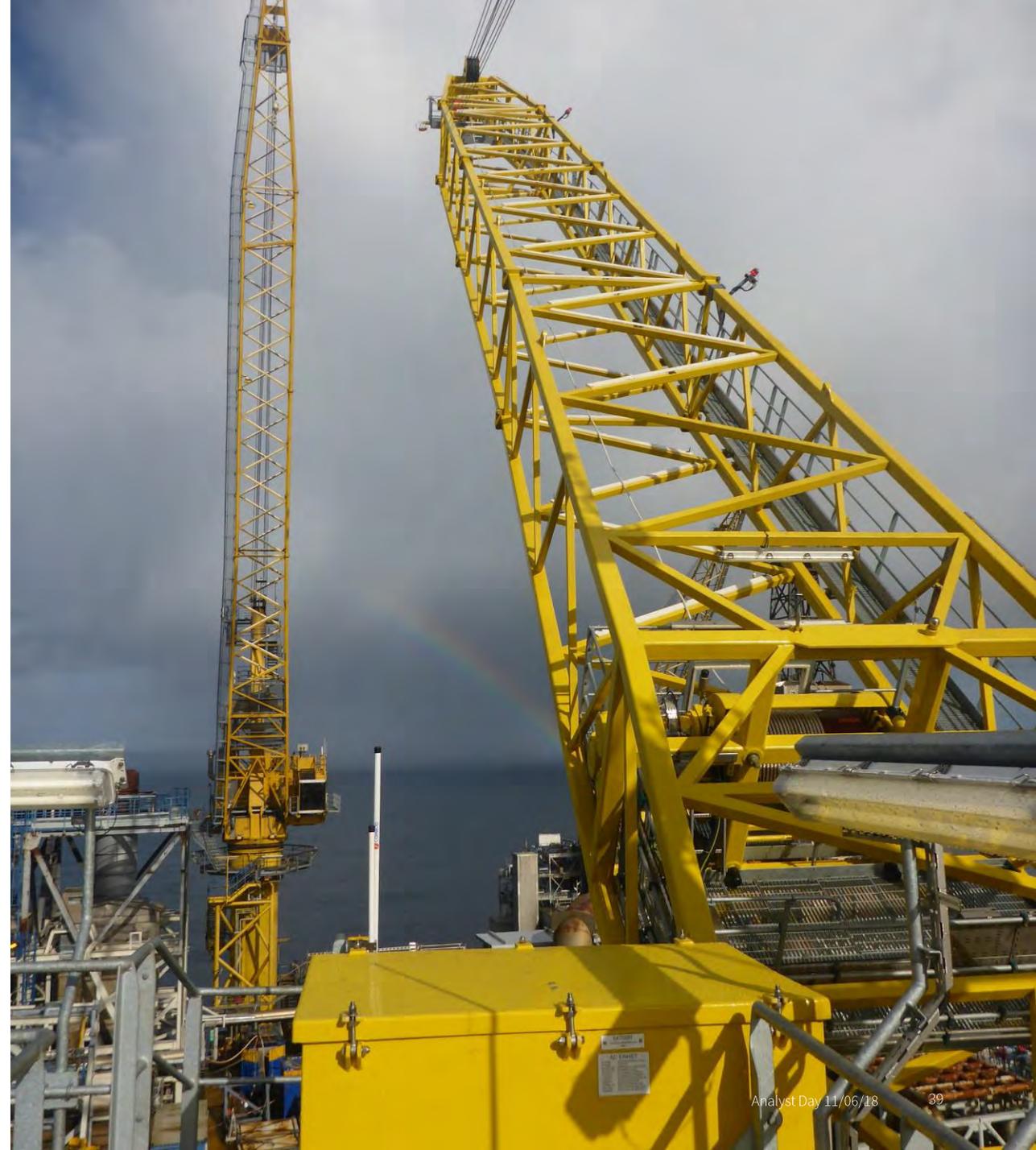
# Offshore wind farms



# Vessel design and naval engineering

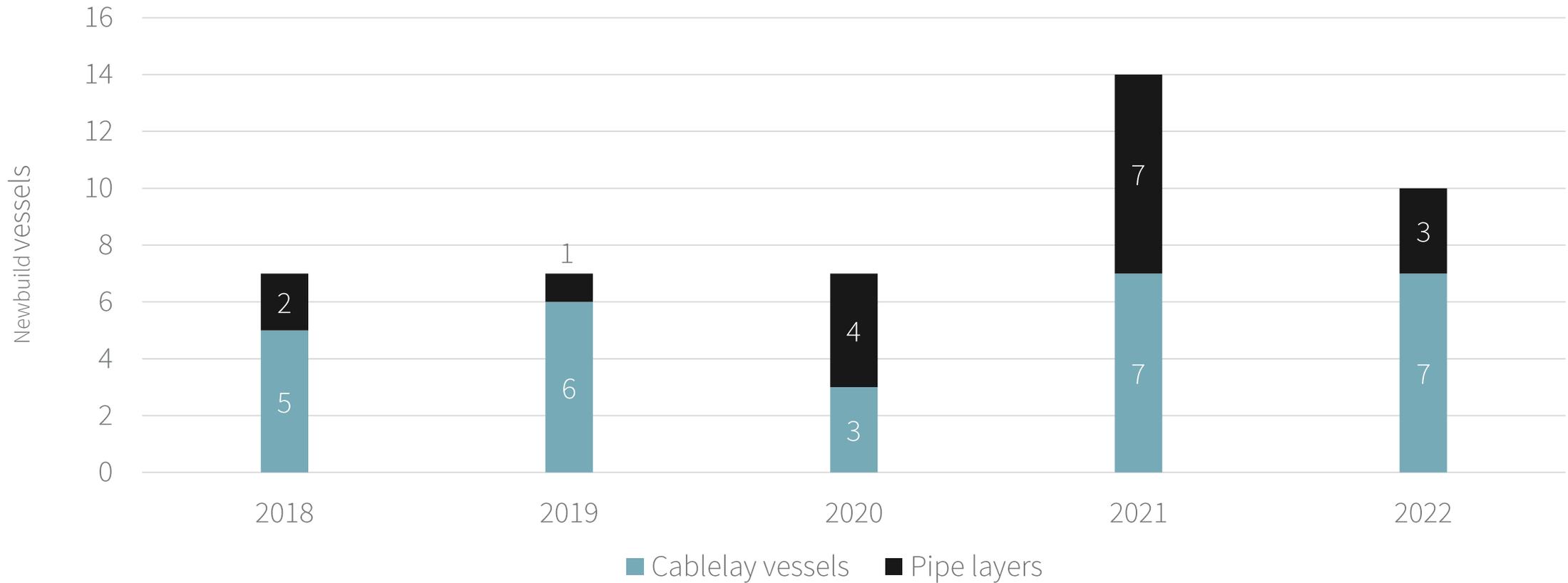


# Oil and gas



# Pipe/cable lay vessels

Newbuild orders per year

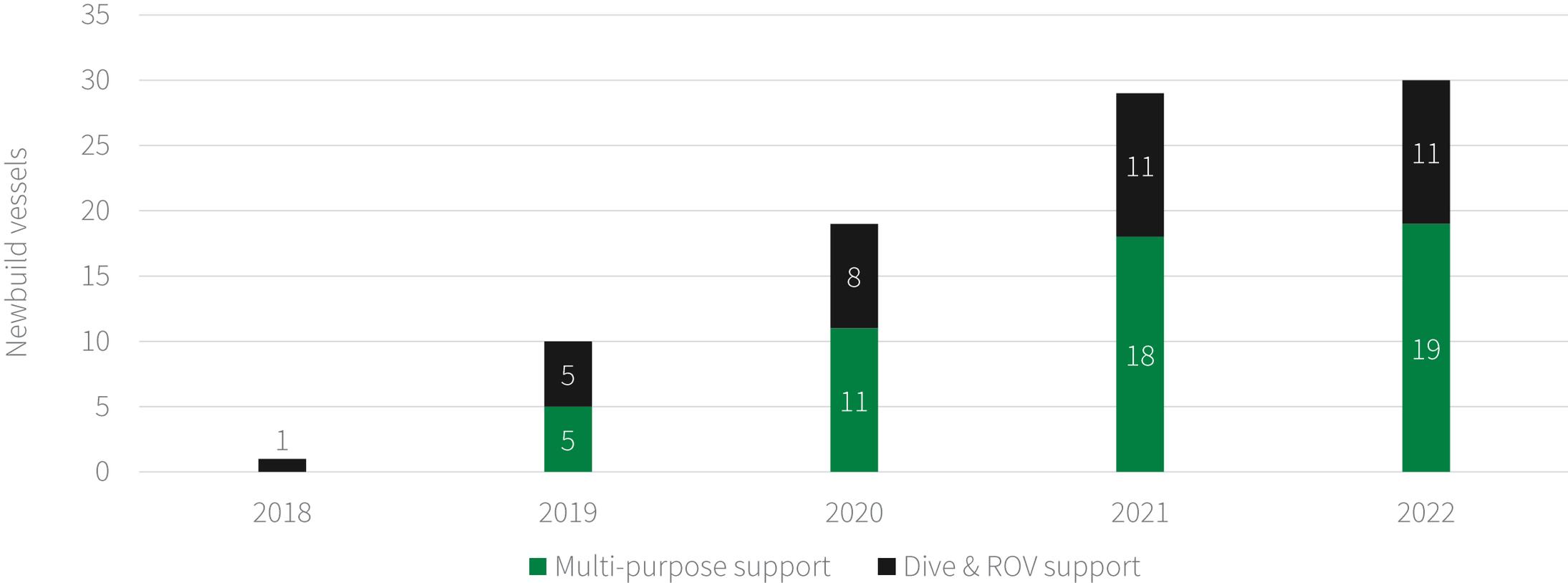


Sources: Clarksons, NOV analysis

# Offshore construction support vessels



Newbuild orders per year

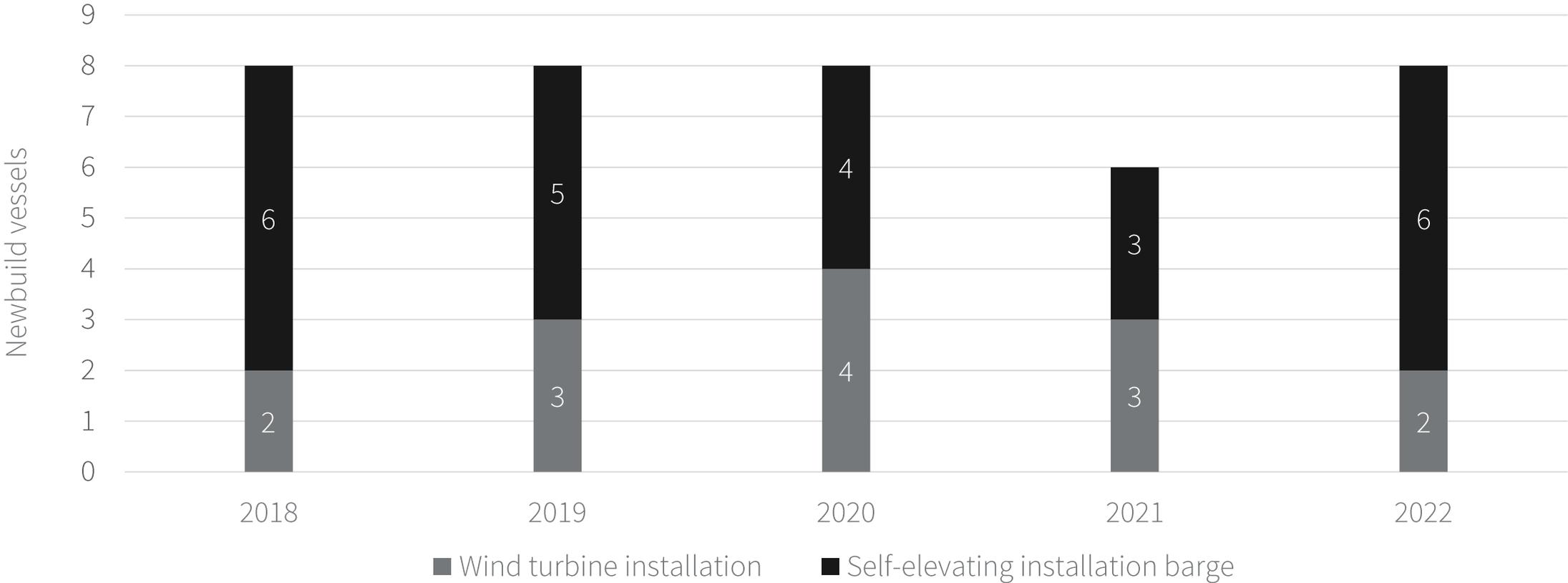


Sources: Clarksons, NOV analysis

# Wind turbine and other self-elevating installation vessels



Newbuild orders per year



Sources: Clarksons, NOV analysis



## Aftermarket Operations

# Rig reactivation opportunity

# Offshore market - reactivations

An unprecedented reactivation cycle lies ahead

## Jackups

## Floater

\$3-5MM

Reactivation revenue  
per rig for NOV

80-140

Estimated market  
reactivations  
through 2022

\$10-40MM

Reactivation revenue  
per rig for NOV

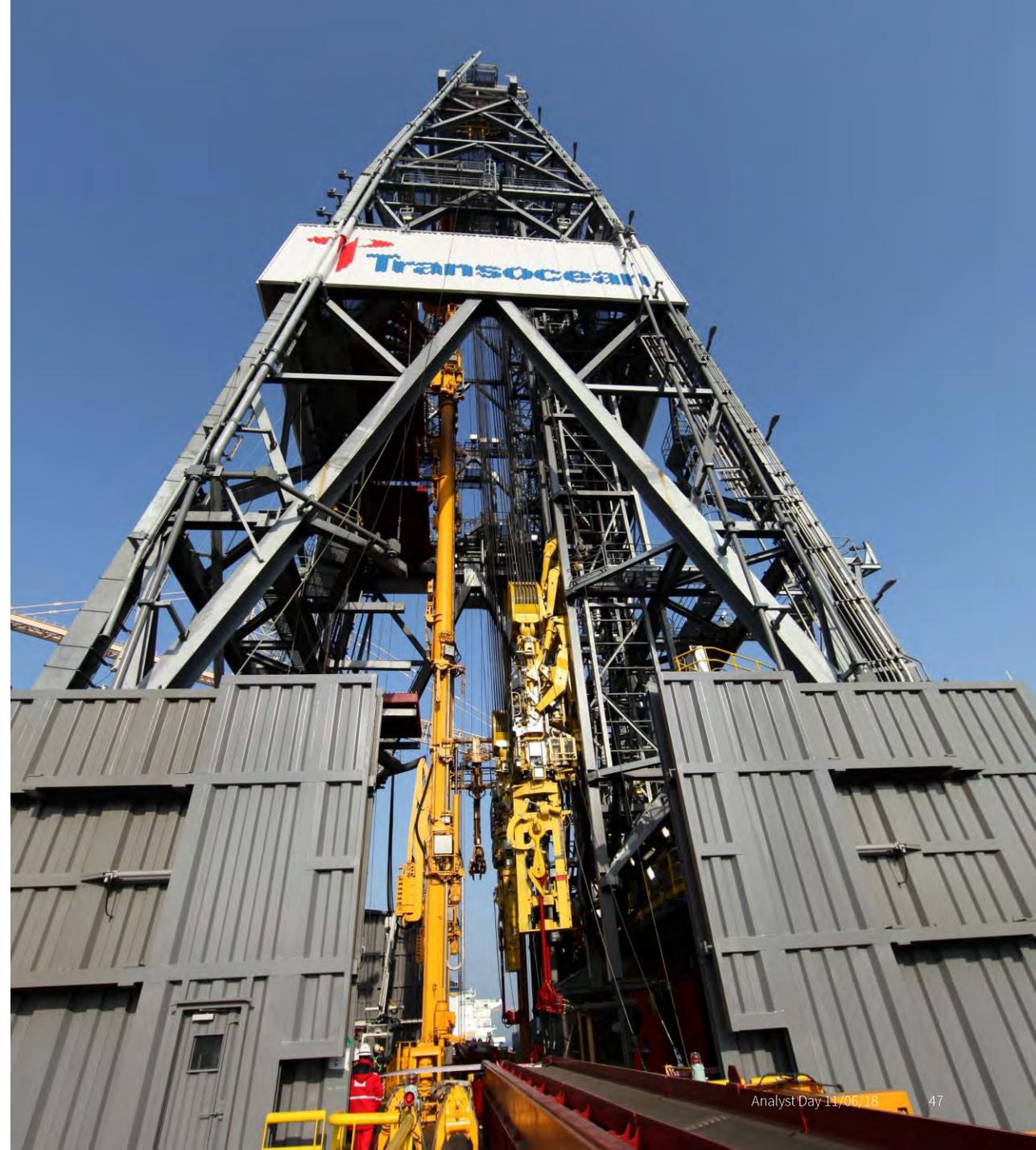
40-65

Estimated market  
reactivations  
through 2022



# Total cost of ownership programs

**Partner with customers to  
review their global spend**



# Use technology to reduce customer's overall spend— continuous recertification



# Maximize equipment maintenance spend with NOV



**Yield better returns and higher performance—surpassing uptime goals**



# Unique competencies we bring in TCO

# OEM engineering expertise



# Leaders in remote support



# Realtime data analytics

The interface displays a 3D model of a wellbore with various components and valves. The model is color-coded, with blue for the main structure and green for internal components. A yellow padlock icon is visible on the model, indicating a locked state. The interface includes a search bar at the top left, a 'VIEW LEGEND' button, and a 'KILL' button on the left side. The 'CHOKE' button is on the right side. The 'KEY PT PRESSURES (PSI)' section shows five pressure points: PT-06 (1655), PT-08 (1391), PT-10 (1534), PT-12 (1473), and PT-14 (1415). The 'WELLBORE' section shows two data points: LMRP (1671 PSI, 59 °F) and STACK (1621 PSI, 73 °F). The '48-HOUR HISTORY' section shows a list of events:

Time	Events
Tue, 14th Aug 2018 12:25:25 GMT	1ST STAGE PUMP RUNNING INDICATOR
Tue, 14th Aug 2018 12:25:14 GMT	SHALE SHAKER OPEN
Tue, 14th Aug 2018 12:25:14 GMT	TRIP TANK CLOSE
Tue, 14th Aug 2018 12:07:12 GMT	SHALE SHAKER CLOSE
Tue, 14th Aug 2018 12:07:12 GMT	TRIP TANK OPEN
Tue, 14th Aug 2018 11:24:08 GMT	LOWER INNER KILL CLOSE
Tue, 14th Aug 2018 11:24:05 GMT	LOWER OUTER KILL CLOSE
Tue, 14th Aug 2018	UPPER INNER KILL CLOSE

# CBM infrastructure



# In-situ inspection and repair



# Class society alignment and continuous certification



# How does NOV make money with TCO?

## Example:

Total spend all 3<sup>rd</sup> parties **\$10MM**

Spend with NOV **\$7MM**

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Customer savings factor **10%**

NOV guarantee **\$9MM**

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They save **\$1MM** (amortize cliff spending)

NOV gains **\$2MM**

*Evaluated over 10 years to capture major overhauls + regular MRO*

*Source: NOV analysis*

# Capital equipment installed base

# Condition Based Maintenance

Service for continuous recert and remote monitoring

Suitable for individual equipment or small suite sets

55

rigs with CBM contracts

17%

of active NOV fleet under contract

5

current unique customers



Mud pumps

6,050



Top drives

2,940



AC Drawworks

563



Iron roughnecks

2,460



Control systems

750



Offshore column rackers

500



Blowout preventers

6,220

(ram or annular)



Riser (ft)

620,000



Offshore cranes

670

# Moving forward

Increased NOC expenditure

Mid-water and harsh environment projects moved forward

Windfarm projects FID approved

Offshore rig demand increases—rig reactivations

Sized the business to market

Expanding scope in Marine and Construction offerings

Continuous and relevant new product development pipeline

Seeing an improving market landscape

Using global footprint to capture profitable local opportunities

Focusing on reducing our customers' operating expense

Using unique technologies to control, monitor, and optimize

Increasing market share through TCO

Emerging offshore rig reactivations

**NOV**