

NOV Inc.

Fourth Quarter and Full Year 2025 Earnings Conference Call Remarks

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Director, Investor Relations

Welcome everyone to NOV's fourth quarter and full year 2025 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 fourth quarter of 2025, NOV reported revenues of \$2.28 billion and a net loss of \$78 million or \$0.21 per fully diluted share. For the full year 2025, revenues were \$8.74 billion and net income was \$145 million or \$0.39 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, and thank you everyone for joining us this morning.

I want to start by recognizing and thanking Clay Williams for his leadership and his lasting impact on NOV. Clay served as NOV's CEO for over 10 years, but he helped build and shape this great organization, and its incredible culture, over nearly 30 years. As CEO, he led this company through some of the most challenging industry cycles, while setting a high standard for integrity, perseverance, and commitment to all of NOV's stakeholders. NOV is the great company it is today due to his exceptional leadership, and all of us wish him the very best in retirement.

Turning to our results, NOV delivered an outstanding fourth quarter to cap off a solid year, executing well in what continued to be a turbulent market environment.

Fourth-quarter revenue improved 5 percent sequentially but decreased 1 percent year-over-year against a global drilling activity decline of 6 percent. EBITDA was \$267MM, up \$9MM sequentially. For the full year, revenue decreased 1 percent to \$8.74 billion and EBITDA exceeded \$1 billion for the third straight year, despite a challenging market environment.

I am proud of the way our team performed and pleased by the demonstrated resilience of our diverse portfolio of market leading technologies.

We achieved a full year book-to-bill of approximately 91 percent on a 15 percent increase in revenue out of backlog and ended the year with a total backlog of \$4.34 billion. 2025 orders were led by demand for offshore production technologies, resulting in our offshore-related backlog growing more than 10 percent during the year, supported by demand for subsea flexible pipe, offshore construction equipment, and processing modules.

Strong demand for offshore equipment and solid execution on our backlog more than offset lower demand for aftermarket parts and services from our offshore drilling contractor customers, leading our



Energy Equipment segment to post its fourth straight year of revenue growth and margin improvement. Energy Equipment's strong performance mostly offset a four percent decrease in revenue from our shorter-cycle, more North America land weighted Energy Products and Services segment.

Rodney will provide more color on operating unit performance, but both segments performed well in a challenging market due to continued efforts to drive additional efficiencies and process improvements. Those efforts enabled us to reach our second consecutive year of converting over 85 percent of our EBITDA to cash, resulting in \$876MM in free cash flow in 2025 and \$1.8B in free cash flow over the last two years.

Today, NOV is entering 2026 in a position of strength. We have strong market positions in almost everything we do, a fortress balance sheet, and we have what I believe is the best team of people in the industry. They believe in our mission to lower the marginal cost of energy production and help deliver reliable, affordable energy to the world. They also take great pride in providing exceptional service for our customers and come into work every day with a continuous improvement mindset.

While NOV is in a strong position, we see additional opportunities to drive value for our shareholders over the coming years. As we look forward, there are two simple, overarching areas of emphasis on which we are focused:

- 1) Continue to drive operational efficiencies; and
- 2) Lean into the many growth avenues we have in front of us.

NOV has done a significant amount of heavy lifting over the last 10 years, actions that were needed to navigate through the repercussions of the November 2014 oil price war, the global pandemic, and the dramatic shift from investments in offshore activity to U.S. shale. Our work included consolidating, repositioning and simplifying our business and improving operational and back-office efficiencies. This work continues today, with our ongoing \$100 million cost out program, multiple facility consolidations, and exiting underperforming product lines and geographic markets. While we are well beyond the low



hanging fruit, we still have opportunities to drive efficiencies, grow margins, and increase return on capital; and we are accelerating the pace and increasing the scope of our efforts.

As we drive efficiency and productivity gains, they are being offset by lower activity levels, tariffs, and inflation. Still, we are driving more change to make the organization better every day and our work is positioning NOV to outperform over the long run.

There are many indications of the progress we are making, with a number of our operations achieving record performance, some of which Rodney will highlight. We also see progress in numerous KPIs we measure and benchmark in our businesses, including cost of quality, which measures warranty, scrap, and rework rates. We've seen significant improvement in this area over the last few years, and today most of our operations are well within the top quartile of performance, benchmarked not only against oilfield equipment companies but also leading industrial manufacturing peers. This also shows up in recognition from our customers, such as our Subsea Flexible Pipe business receiving their top customer's "Best Supplier of the Year" award for the third consecutive year.

We've also driven improvements in health and safety KPIs such as Total Recordable Incident Rate and Lost Time Incident Rate over the last few years. Better HSE performance means our employees return home from work safely and in good health. Additionally, we are convinced that strong HSE performance reflects a culture that has pride, accountability and ownership in its operations, which translates into higher quality, reduced downtime, and better service for our customers.

Another sign of operational and process efficiency is our cash conversion cycle, which has benefited from the work we've done to improve all facets of our operational processes. We exited 2025 with a cash conversion cycle of 119 days and a working capital to revenue run rate of less than 22 percent, down from 143 days and 28.8 percent, respectively, in 2023 – freeing up around \$630MM in cash.

While we will continue to focus on optimizing our portfolio, lowering costs, improving margins, and driving efficiencies to increase return on capital, the actions we are taking also enhance our ability to lean more aggressively into both organic and M&A growth opportunities.



We've always been disciplined in our allocation of capital, but over the past few years we significantly raised the hurdle related to our criteria for acquisitions. In 2025 we did not complete a single acquisition.

It is not that we are no longer interested in pursuing acquisitions, we've just set a much higher standard for them. For us to pursue an acquisition, it should fit within one of three categories:

- 1) Core business technology bolt on – meaning a business or a technology that replaces or supplements a current core offering;
- 2) Direct consolidation opportunities; and
- 3) Larger acquisitions that already have scale, competitive advantage and compelling growth prospects.

Any acquisition must also be accretive to our margins, earnings, cash flow, and return on capital. Also, the more efficient our internal processes are, the better we are able to leverage NOV's global manufacturing, supply chain, marketing, and other functions to improve profitability and grow the acquired business, making our case for investment more compelling.

We expect all of our businesses to be leaders in what they do. We must either be a top three player in the market or have a compelling strategy and path for how we get there. If we do not have an achievable path, we will plan to exit the line of business. Today, we are a top three player in most everything we do. The combination of technology leadership, exceptional service, and scale can be self-perpetuating, driving market leadership and additional growth opportunities. Complacency kills and we will not lose sight of the continuous need to invest in product development and innovation. The success we are having with our new products and technologies is driving increases in market share and additional growth opportunities that become even more compelling with the type of market we see emerging in late 2026 and into 2027.

Our objective is not growth for growth's sake, it is about value creation. We will invest in areas where we have clear competitive advantages, high barriers to entry, technology differentiation, and a high



likelihood of outsized market growth, all of which would be expected to result in investments that are accretive to margins and return on capital, and drive value for our shareholders.

Our market outlook naturally informs how we think about deploying capital, and 2026 will likely continue to provide a challenging market environment. However, our mid-to-longer term outlook is compelling. The current consensus view is that the oil market is currently oversupplied by between two to three million barrels a day. This is due to an oil supply wave coming from OPEC's unwinding of production cuts and from pandemic era non-OPEC FIDs that are now coming online. Despite the excess supply, oil prices are holding up reasonably well due to geopolitical risks and increased storage capacity in Asia. However, with OECD inventories at the high-end of their five-year range and total global inventories that appear to be at their highest levels since 2021, there is downside risk to commodity prices. As a result, we are seeing customers take a cautious approach to the start of 2026, but we expect oil markets will start coming back into balance in the second half of the year, driving higher levels of customer spend and setting up a much healthier market in 2027 and beyond. Overall, we expect global industry spend and drilling activity to decline slightly year-over-year.

In the U.S., we expect activity to be down mid-single-digits year-over-year due primarily to the low activity exit rate from 2025 and further declines in oil-directed activity that will be offset by higher activity in gas basins. Slightly longer term, we expect U.S. short-cycle activity to remain sensitive to price signals, resulting in a modest recovery in activity by late 2026 and early 2027. We believe fiscal discipline among operators, due in part to concerns related to depth and quality of drilling inventories, and the state of the service complex's asset base will constrain activity growth. Capacity has moved overseas and attrition from the wear and tear of equipment operating 24/7 has taken its toll. Any increase in activity levels will likely require a disproportionate amount of demand for capital equipment, creating a compelling market opportunity for NOV. Longer term, we expect U.S. activity to realize modest, but consistent growth to maintain a long production plateau as unconventional basins continue to mature.

In international markets we expect activity will be flat to up slightly in 2026, driven by rigs going back to work in Saudi Arabia, and by the expansion of unconventional activity in international markets. This



increase in unconventional activity throughout the Middle East, Latin America and Australia will continue to drive investments in the high-spec drilling, completion, and production equipment needed to efficiently develop these resources. Almost all of which NOV provides.

Additionally, we see meaningful potential in Venezuela for us to help get the industry back on its feet over the longer term. This will require significant investments in capital equipment. NOV has a long and proud history in the country that began back in 1949. We employed over 450 people there before we had to shut down our operation. Since then, we have continued to sell equipment and spare parts to support a major IOC's Venezuelan operations. And, just over the past several weeks, we've received new orders with a value that exceeds the total amount of revenue we've generated during the past several years while supporting this operator's activity in the country. Given our history operating in the country, we will quickly ramp up support for our customers when it becomes appropriate to do so.

Moving to the offshore markets. First, I'll talk briefly about what we see in the construction space, then cover production and drilling markets.

NOV is a leading provider of critical cranes and deck machinery for drilling rigs, Offshore Support Vessels, or OSVs, cable and pipe lay vessels, and Wind Turbine Installation Vessels, or WTIVs.

Demand for new WTIVs has been soft, impacted by cost inflation, supply chain pressures and higher borrowing costs for developers. While we booked one order in 2025, the outlook for offshore wind has deteriorated, with the latest forecasts for turbine capacity additions through 2030 down over 35 percent since this time last year. As a result, offshore wind contractors are cautious, and there is poor visibility into future orders. However, demand for cable lay vessels, needed to connect power from the still growing number of offshore turbines to shore, has remained solid with two orders in 2025, including one in the fourth quarter. We expect this level of demand to continue through 2026 with longer-term demand contingent on the ultimate pace of offshore wind development.

We are seeing strong demand for our offshore cranes with our operation reaching its highest level of revenue in over 10 years. This demand has been led by operators of OSVs, where the average age of the



global fleet is now almost 20 years, approaching a typical 25-year life and giving us confidence that demand will remain solid over the coming years.

Turning to offshore production and drilling equipment. Industry forecasts suggest 2026 will be another year of lower spending, down low to mid-single digits. While we do not disagree with this view, the market is nuanced, and we believe the offshore market is rapidly nearing the beginning of a strong, extended upcycle.

Over the past decade, the offshore industry has fundamentally changed. Improved project execution, greater standardization, industrialization of infrastructure, and better technology have materially lowered breakeven costs. NOV's drilling and production technologies have contributed to this emerging renaissance. Our automation packages, digital solutions and other equipment have improved drilling efficiencies, and the industrialization we've applied to building gas and fluid processing modules for FPSOs has helped lower costs. Additionally, operators are now benefiting from artificial intelligence using the latest processor chips that enable quicker iterations and better subsurface interpretations, to reduce time, risk and costs associated with deepwater exploration.

All of this has meaningfully improved offshore economics, with break evens in many areas now falling below \$40 per barrel. Lower costs, along with the growing need to offset structural production declines, are increasingly positioning long-cycle offshore barrels to supplant short-cycle North American shale as the source of incremental supply. Supply that is needed to feed the world's growing demand for energy and which will reinvigorate offshore exploration. We are already seeing many IOCs planning to significantly increase their deepwater exploration budgets in the coming years, some by as much as 50 percent.

In the offshore production space, we are leaders in providing most of the critical components, outside of power and compression, for FPSOs and Mobile Offshore Production Units. We also provide mooring and fluid transfer systems and other equipment for FLNG projects.



2025 was a massive year for deliveries of FPSOs, with 15 vessels starting operations, many for projects sanctioned before the pandemic. Only 5 new FPSO FIDs advanced during the year, while others were postponed due to higher costs, supply constraints, and macroeconomic uncertainties. Over the last year, operators and suppliers have been working together to lower up front capital costs by evolving designs of large FPSOs to smaller-to-mid-sized units optimized for average anticipated field production rather than maximum throughput. The projects are now starting to move forward. In 2026 we see the potential for up to 10 FPSO FIDs and expect demand to remain strong with an average of 8 FIDs per year through 2030.

Notably, while we expect the average size of FPSOs to decrease, we see a higher proportion of FPSOs destined for gassier markets and harsher environments, which plays into NOV's strengths in gas and condensate processing and in quick-disconnect turret mooring systems.

Lastly, in offshore drilling markets, we are seeing green shoots with growing indications that the whitespace for our offshore drilling contractors is beginning to shrink. Our customers are seeing an increase in the pace of contracting and the average duration of new contracts is increasing significantly, which we believe reflects building momentum for long-term offshore developments. From September 2025 through January 2026 there have been 59 floater contracts awarded in comparison to only 33 during the same period last year. Additionally, as of year end 2025, public open tenders for all offshore rigs reflected approximately 30 percent more minimum rig days relative to open tenders at year end 2024. That number increases to over 100 percent if you consider only open tenders for floating rigs. While most new contracts are scheduled to begin in 2027, our offshore contract drilling customers typically call us as soon as contracts are signed to begin preparing rigs to go back to work. This drives demand for service and repairs, spare parts, recertifications, and capital equipment upgrades. We've now realized two straight quarters of increased spare part bookings and expect orders to improve further in the second half of the year. We also believe the stage is set for an extended recovery as the call on production from deep water increases, driving the industry to get back to work.



We are extremely excited about NOV's future and the market environment we see unfolding over the next several years. We performed well in 2025, reflecting the strength of the diversity in our portfolio and the great work our team is doing to execute well in a tough environment.

Rodney?

Rodney Reed

Senior Vice President and Chief Financial Officer

Thank you, Jose.

Consolidated revenue for the quarter was \$2.28 billion, an increase of 5 percent sequentially and down one percent year-over-year. Net loss was \$78 million, or \$0.21 per fully diluted share, impacted by a higher effective tax rate from valuation allowances on deferred tax assets and a higher mix of foreign earnings. The Company also recorded \$86 million within Other Items primarily related to the impairment of goodwill and long-lived assets. Adjusted Operating Profit was \$177 million, or 7.8 percent of sales, and Adjusted EBITDA totaled \$267 million, representing 11.7 percent of sales. Sequentially, margins benefitted from strong operational execution, offset by a less favorable mix of business and higher tariff expense.

Our team delivered another strong quarter of free cash flow generation, totaling \$472 million in the quarter. As Jose mentioned, free cash flow was \$876 million for the full year, our second consecutive year with an EBITDA to free cash flow conversion rate of over 85 percent, representing our best two-year Free Cash Flow in 10 years. Working capital as a percent of revenue run rate decreased to 22 percent, our lowest level in 10 years.

We continue to execute on our return of capital program. During the quarter, we repurchased 5.7 million shares for \$85 million and paid dividends of \$27 million, bringing total capital returned to shareholders to \$505 million year-to-date. This includes a supplemental dividend of approximately \$78 million paid in the second quarter. In the past two years, we have returned \$842 million to our shareholders, while



increasing our cash balance by \$736 million. Through our disciplined share repurchase program, our current shares outstanding are at their lowest level in 18 years. Our balance sheet remains strong, with net debt to EBITDA at 0.2X, and we remain committed to our return of capital framework.

For the quarter, tariff expense was \$25 million, increasing around \$8 million sequentially. In the current regulatory environment, we expect our tariff expense to slightly increase in the first quarter, leveling off at a similar amount for the remainder of 2026. We are seeing increased costs in our supply chains from secondary impacts from tariffs, including sizable increases for items like tungsten carbide. We continue to focus on our supply chain and execute strategic sourcing initiatives to reduce tariff impacts.

Our efforts to reduce structural costs, standardize and simplify processes, and upgrade systems to improve productivity are progressing as planned. These programs are on track to deliver over \$100 million in annualized cost savings by the end of 2026, although tariffs and other inflationary impacts remain headwinds.

As Jose mentioned, we expect overall upstream spending to contract slightly from 2025 levels, with reductions in North America being greater than international and offshore markets. We expect this will lead to slightly lower revenue in 2026, with results being more weighted to the second half of the year, and full year EBITDA in line to slightly lower than 2025. Given the strong fourth quarter collections and anticipated timing of progress billings on projects, we expect EBITDA to free cash flow conversion to decrease to between 40 percent to 50 percent for 2026. Capital expenditures for the year should be between \$315 million and \$345 million. Higher expected foreign earnings will likely lead to a higher effective tax rate of around 34 percent to 36 percent.

Turning to segment results.

Energy Equipment

Our Energy Equipment segment fourth quarter revenue was \$1.33 billion, up 7 percent sequentially, and 4 percent year-over-year. Adjusted EBITDA for the fourth quarter was \$180 million, or 13.5 percent of



sales, driven by solid execution on our higher-quality backlog and further strength in our offshore and production-oriented businesses. As Jose mentioned, this represents four years of consecutive revenue and margin growth with annual revenue increasing almost 60 percent over that time.

Capital equipment sales accounted for 63 percent of the segment's revenues in the fourth quarter of 2025, increasing 8 percent sequentially and 15 percent year-over-year led by growth in our subsea flexible pipe, process systems and marine construction business units. Aftermarket sales and services accounted for the remaining 37 percent of revenue, growing six percent sequentially, but declining 12 percent year-over-year, which I will discuss momentarily.

Capital equipment orders for the quarter were \$532 million, and \$2.34 billion for the full year, resulting in a book-to-bill of 91 percent for 2025 and backlog at the end of the year of \$4.34 billion.

Orders during the quarter were led by a newbuild offshore jackup rig equipment package, additional scope on offshore production projects, subsea flexible pipe, subsea cranes, and a cable lay vessel. These bookings reflect the diversity of end-use markets where NOV has leading positions in technologies critical to our customers. We continue to have a constructive outlook on bookings and expect the full year 2026 book-to-bill to be near 100 percent.

Our subsea flexible pipe business delivered another exceptional quarter, achieving its highest quarterly revenue and EBITDA on record for the second consecutive quarter. Backlog since the end of 2023 has doubled while annual shipments have increased around 50 percent. Margins remained robust, driven by better quality backlog and operational execution. Production levels set new records, as the team continues to produce high-quality, on-time deliveries, earning further recognition from customers for reliability, quality, and consistent execution. Another sizeable project was booked in the fourth quarter, and we expect strong bookings in the first quarter of 2026. Given the expectation for growth in greenfield projects, tie-backs and an increased need to replace aging pipes, the outlook for this business remains bright.



Our marine and construction business achieved an upper single digit increase in revenue sequentially and a sizable increase compared to the fourth quarter of 2024, driven by higher revenue from cranes as well as pipe and cable lay systems. During the year, this business has booked orders for critical equipment supporting cable lay, FLNG, FPSO, offshore supply and wind turbine installation vessels. As Jose mentioned, we expect an increase in FPSO and FLNG-related awards, which should drive incremental demand for our gas and liquids processing systems, and our mooring and fluid transfer systems over the next several years.

Our process systems business delivered solid performance during the fourth quarter, with revenue slightly outpacing last quarter's record revenue. Compared to the fourth quarter of 2024, revenue was up more than 40 percent, supported by continued strong activity across offshore production and onshore gas markets, particularly in the Middle East. For the full year, the business delivered more than 30 percent growth, reaching its highest ever revenue and EBITDA. Bookings for the year doubled compared to 2024. During the quarter, the business secured key awards for a gas dehydration unit in Saudi Arabia and expansion of scope of an existing North Sea project. Representing over 40 percent of 2025 business unit bookings, demand for MEG systems remains strong driven by offshore projects and large onshore gas field expansions. Also, the business is seeing increased opportunities for brownfield applications and our produced water technologies.

Our book-to-bill over the past three years in subsea flexible pipe, process systems and marine construction has exceeded 120 percent, with backlog growing nearly 40 percent. These businesses represented over 70 percent of total Energy Equipment bookings for 2025, and we anticipate continued strong demand as momentum builds and FID's increase in offshore markets.

Revenue from our drilling capital equipment business during the fourth quarter experienced a year-over-year decline in the low-teens percent range but notably increased nearly ten percent sequentially. We are encouraged by recent contracting activity among our offshore drilling customers which helped capital equipment orders improve sequentially. We delivered our 14th high specification land drilling rig manufactured in Saudi Arabia and expect a solid cadence of rig deliveries in 2026 and beyond. And, as



previously mentioned, we secured a drilling equipment package for a newbuild jack-up rig being constructed in Saudi Arabia.

Continued engagement with customers as offshore tendering remains active is leading to an increase in demand for select upgrade opportunities including BOP-related equipment, Managed Pressure Drilling and automation and robotics systems. We are having more constructive dialogue around future opportunities, positioning the business to benefit as offshore drilling activity should improve later this year and into 2027.

Revenue for intervention and stimulation capital equipment declined 10 percent year-over-year but increased substantially compared to the prior quarter, driven by solid demand for coiled tubing and wireline equipment. During the quarter, we shipped new coiled tubing equipment to the North Slope and UK, and wireline equipment throughout the Middle East. New orders included two dual-trailer large diameter CTU units with 50k reels and injectors. Even with constrained budgets for our North America customer base, book-to-bill for the year was 94 percent, primarily supporting international markets which more recently represents about 50 percent of the business' total revenue.

Turning to the aftermarket portion of the Energy Equipment segment. In our drilling equipment business, fourth quarter revenue from aftermarket parts and services was down in the mid-teens percentage range year-over-year but increased nearly ten percent sequentially. Spare parts bookings for the fourth quarter were above their trailing 8 quarter average, reaching their second highest level in the past 6 quarters.

Aftermarket revenue for our intervention and stimulation equipment business was down mid-single digit percent sequentially and low double digit percent year-over-year. The year-over-year change was due to lower sales of spare parts and a decrease in rentals, resulting from reduced completion activities in North America, partially offset by higher coiled tubing repair and service activity.

For the first quarter, we expect Energy Equipment segment revenue to increase 3 percent to 5 percent year-over-year, with EBITDA in the range of \$145 million to \$165 million.



Moving on to the Energy Products and Services segment.

Energy Products & Services

Our Energy Products & Services segment generated revenue of \$989 million during the quarter, representing a sequential increase of 2 percent driven by higher sales of the segment's composite solutions, seasonal bulk sales of downhole products, and stabilizing activity in the US and the Middle East.

Compared to the fourth quarter of 2024, segment revenue declined 7 percent, and adjusted EBITDA decreased to \$140 million, or 14.2 percent of sales. The year-over-year decline was driven by lower drilling activity levels in the US, Saudi Arabia and Argentina. Lower volumes, increased tariff expense, and other inflationary pressures more than offset cost control efforts and efficiency improvements resulting in larger than normal EBITDA decrements year-over-year.

In North America, the segment continued to outperform underlying activity levels. Market share gains and increased adoption of new technologies contributed to a modest increase in revenue year-over-year, despite a six percent decline in rig count. Our strong market positions in Saudi Arabia and Argentina hurt our performance in 2025 as drilling activity declined. However, we expect meaningful activity improvements in those markets progressing through 2026.

For the fourth quarter, the sales mix within Energy Products & Services was 49 percent services and rentals, 33 percent capital equipment and 18 percent product sales.

Revenue from services and rentals declined 7 percent year-over-year, driven primarily by softer global activity levels. This decline was partially offset by increased adoption of NOV's wired pipe enabled Downhole Broadband Services (DBS) and continued market share gains across several offerings.

Revenue from NOV's DBS services more than doubled compared to the prior year, driven by increased activity in the North Sea, where the technology is enabling enhanced geosteering and faster drilling in complex, long-lateral wells. During the quarter, a North Sea operator highlighted the value of high-



frequency downhole data in enabling faster and more confident decision-making, crediting the technology with enabling the drilling of a reservoir section that likely would not have been achievable without real-time data transmission.

NOV's drill bit rental business also finished the year strong, capturing additional market share across U.S. land markets and driving a revenue increase of about 20 percent in the region for the full year, compared to 6 percent decline in US rig count.

Across the broader services portfolio, softer activity in Saudi Arabia, North America, and Latin America reduced demand for rentals of downhole tools, solids control services, and tubular inspection operations. These declines were partially offset by growing adoption of our advanced technologies into new markets and higher activity levels in the UAE.

Sales of capital equipment declined in the low single-digit percent range year-over-year but increased at a high single-digit rate sequentially, driven by a recovery in shipments of composite solutions. The year-over-year decline reflected strong shipments of composite pipe for the Middle East and FPSO vessels in the prior year that did not repeat, partially offset by continued strength in demand for fuel handling tanks and large-diameter composite pipe supporting produced water takeaway capacity projects in North America. Our composite business experienced its highest annual revenue in history during 2025, with fourth quarter bookings reaching their highest level in three years, with strong demand from multiple end markets, including fuel handling where orders doubled from 2024. While we expect to see typical first-quarter seasonality, demand remains supported by ongoing investments in infrastructure and offshore developments.

Our tubular products business, which includes drill pipe and large diameter conductor pipe, saw orders for drill pipe in the second half of 2025 significantly outpace the first half, leading to a high single digit revenue increase year-over-year. However, timing of orders for our large diameter conductor pipe led to a year-over-year decline in revenue for this product line, which will also have a negative effect for the first quarter of 2026.



Revenue from product sales increased modestly sequentially during the quarter but declined in the mid-teens percent range year-over-year. The year-over-year decline reflected lower industry activity levels, particularly impacting typical year-end bulk purchasing in the Eastern Hemisphere of our downhole drilling tools and drill bits. Sequentially, strong shipments of completion tools to customers in the Middle East, Argentina, and Europe were offset by lower shipments of fishing tools and drilling tools to Asia.

For the first quarter of 2026, we expect our Energy Products & Services segment to experience a seasonal decline consistent with prior years, translating into revenue that is down six to eight percent year-over-year, with EBITDA between \$105 million and \$125 million.

That sums up our financial results for the quarter and the full year. If we take a step back, our Adjusted EBITDA in 2023 was \$1.00 billion, with 2025 improving about 3 percent to \$1.03 billion despite significant market headwinds. Over that time, North America rig count declined 15 percent, Saudi Arabia rig count declined over 10 percent, and the offshore floater count declined 4 percent. Additionally, changes in trade policies resulted in tariff expense of over \$50 million in 2025. Nevertheless, NOV generated \$1.8 billion in free cash flow during that two-year period, demonstrating the diversity and resilience of our portfolio.

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

Jose Bayardo
Chairman, President, and Chief Executive Officer

Thanks, Rodney.

As we go forward, NOV is in a very strong position. The near-term market environment may become more difficult, but we will further improve our operational efficiencies. We also intend to lean harder into growth opportunities that will generate value for our shareholders and that will be supported by a much more favorable market setup that we expect to emerge later in the year.



I'd like to end by saying thank you to all our employees for delivering another solid year and for the dedication you have to our customers and to our fellow employees. I appreciate your focus on making NOV better every day. Our outlook is bright, thanks to everything that you do.

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

