JOE ROVIG
President, NOV Rig Systems & Aftermarket

Joe previously served in various global leadership positions in Offshore and Aftermarket. Prior to joining NOV in 2002, he worked for two drilling contractors both domestically and internationally.

Who We Are

Leadership

People
Technology
Global
Vertically Integrated
Execution
Sense of Urgency
NOV Rig Systems and Aftermarket

Building Leadership

Value to Customers

1990

2000

Building Leadership the NOV Way

NOV Rig Systems

Expectations from 12/31/2013 through 2019

Aftermarket global infrastructure

Expansion of manufacturing

Acquisitions of premium product companies

Coalescing drilling packages

Revenue Growth

30%

70%

500bps

Op Growth

Margin Improvement

KEY ASSUMPTIONS
CONTINUED BUILD-OUT OF HIGH-SPEC LAND RIGS
RESUMPTION OF FLOATER AND JACKUP ORDERS IN ‘16
MARGIN BENEFIT FROM HIGHER-PRICED BACKLOG AND PROCESS EFFICIENCIES

Acquisitions of premium product companies

CONTINUOUS BUILD-OUT OF HIGH-SPEC LAND RIGS

Expansion of manufacturing

Coalescing drilling packages

Earnings Growth

30%

70%

500bps

Revenues

$8.45B

$2.69B

FY13

FY13

1990

2000

NOVZA 1990-2015
NOV Rig Aftermarket
Expectations from 12/31/2013 through 2019

KEY ASSUMPTIONS
GROWING INSTALLED BASE
200% GROWTH IN NUMBER OF SPS

115% REVENUE GROWTH
130% OP GROWTH
200bps MARGIN IMPROVEMENT

CURRENT GLOBAL MARKET
INDUSTRY-WIDE
JACKUPS 447
FLOATERS 281
LAND RIGS 3,267

Capital Equipment Installed Base

MUDPUMPS
TOP DRIVES
AC DRAWWORKS
6,050
2,940
550

IRON ROUGHNECKS
CONTROL SYSTEMS
OFFSHORE COLUMN RACKERS
2,460
750
500

BLOWOUT PREVENTERS
RISER (FT)
OFFSHORE DRILLING CRANES
6,220
620,000
670
(RAM OR ANNULAR)

GLOBAL FAMILY

Source: RigLogix, Baker Hughes (BH Rig Count excludes Russia and China)
Global Family

20,000 PEOPLE
30+ NATIONALITIES
OUR MANTRA

Purposeful Innovation
Pioneer in Cellular and Lean Manufacturing Processes

Delivering a top drive every day

Purposeful Innovation
Modular BOP Design – Reduced Lead Times

Projecting delivery of 30 subsea stacks in 2014
Purposeful Innovation
Rig Construction - $10M Saved in Each Phase

Service Above All
Worldwide Installation & Commissioning Teams

Drilling Rig Supply Chain
Old Business Model

PHASE I
45 DAYS SAVED

PHASE II
45 DAYS SAVED

Service Above All
Worldwide Installation & Commissioning Teams

Drilling Rig Supply Chain
Old Business Model

950+
I&C PERSONNEL

23
SHIPYARDS

54
ACTIVE PROJECTS
Drilling Rig Supply Chain
Vertical Integration

- Oil Company
- Drilling Contractor
- Shipyard(s)
- NOV Integrated Drilling Package

CONSISTENTLY ON TIME, ON BUDGET
226 offshore rigs delivered 2005 to today, 2015 will be biggest delivery year yet

NOV Land Rigs Booked
NOV TIER 1 LAND RIGS ORDERED
535
2005 - 2014

Source: NOV
Includes complete land rigs, equipment suites, and packages

NOV Rig Systems
Market View
Land Rig Outlook

**AC technology**
**UNCONVENTIONAL** wells
**PAD** drilling
Increased rig **CAPACITY**
**AUTOMATION**
**INTERNATIONAL** growth

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Land Rig of the Future

The next step from Ideal Prime
Increased **ROBOTICS**
Improved **EFFICIENCY**
**REDUCED** non-productive time
**MINIMIZED** flat time

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NOV Jackups Booked

**NOV JACKUPS ORDERED**
2005 - 2014
222

Source: NOV
Jackup Outlook

**NEAR-TERM** industry concerns on Chinese speculative builds

**NATIONAL OIL COMPANY** requirements

Harsh **ENVIRONMENT** needs

Fleet **RENEWAL** continues at slower pace

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**OFFSHORE JACKUP MARKET ADDITIONS**

**PAST**

```
2005 - 2014
195
```

**FUTURE**

```
2015 - 2024
201
```

*Source: IHS, NOV*

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**NOV Floaters Booked**

**NOV FLOATERS ORDERED**

```
2005 - 2014
162
```

*Source: NOV*

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Floater Outlook

**SHORT TERM** capacity issue

Long term **DEMAND CONTINUES**

**MIDWATER** replacement

Specific rig designs - **ARCTIC, 20K**
OFFSHORE FLOATER MARKET ADDITIONS

PAST
137
2005 - 2014

FUTURE
207
2015 - 2024

Source: IHS, NOV

NOV Rig Systems Order Outlook

Bookings

FUTURE

IMPROVED OFFSHORE
EXPECTED 2016

CONTINUED LAND GROWTH
OVER NEXT FIVE YEARS


NOV Rig Systems Revenue Growth

Revenue Growth

FUTURE

REVENUE RECOGNITION
EXPECTED 2016

STEADY LAND GROWTH
OVER NEXT FIVE YEARS

**NOV Rig Systems**

Expectations from 12/31/2013 through 2019

**KEY ASSUMPTIONS**
- CONTINUED BUILD-OUT OF HIGH-SPEC LAND RIGS
- RESUMPTION OF FLOATER AND JACKUP ORDERS IN '16
- MARGIN BENEFIT FROM HIGHER-PRICED BACKLOG AND PROCESS EFFICIENCIES

30% REVENUE GROWTH  
70% OP GROWTH  
500bps MARGIN IMPROVEMENT

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**NOV Rig Aftermarket**

- SPARES
- SERVICES
- REPAIR
- TRAINING

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**Rig Aftermarket Geographical Growth**

- Global Hub
- Regional Hub
- Existing RSA Facility
- New RSA Facility
- Drilling Activity – Land
- Drilling Activity - Offshore

13 NEW FACILITIES
Special Periodic Survey (SPS)

What is an SPS?

Five year
Offshore
Regulatory
Upgrade/
New Equipment
OEM

SPS Recertification Projects

Vessels <25 Years of Age

PROJECTS TRIPLE
OVER NEXT TEN YEARS

DEDICATED TEAM

$1M - $40M
SPS AFTERMARKET OPPORTUNITY

Service Life

Offshore Rig Asset Life

Major Component

IRON ROUGHNECK
CONTROLS
PIPEHANDLING
TOP DRIVE
BOP
DRAWWORKS
MUD PUMPS

CUMULATIVE SPEND OF DRILLING VESSELS

JACKUP REVENUE
$45M
AT DELIVERY

FLOATER REVENUE
$200M
AT DELIVERY
CUMULATIVE SPEND OF DRILLING VESSELS

- JACKUP REVENUE: $82M AFTER 25 YEARS
- FLOATER REVENUE: $371M AFTER 25 YEARS

**Rig Aftermarket Historical Financials**

**NOV Rig Aftermarket**
Expectations from 12/31/2013 through 2019

**KEY ASSUMPTIONS**
- GROWING INSTALLED BASE
- 200% GROWTH IN NUMBER OF SPS

**Rig Aftermarket Growth**

- **AVERAGE MID-TEENS REVENUE GROWTH** YEAR OVER YEAR
- **AVERAGE 27.5% OPERATING PROFIT ANNUALLY**

**Long-term order fundamentals remain STRONG**

**LAND RIG STRENGTH** now and in the future

**INSTALLED BASE** is strong competitive advantage

Mid-teens **REVENUE GROWTH** in Aftermarket

Land and Aftermarket **OFFSETS** Offshore cooling in 2015 - 2016

**115% REVENUE GROWTH**
**130% OP GROWTH**
**200bps MARGIN IMPROVEMENT**