



Johnson Rice
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Forward Looking Statements

The information furnished in this presentation contains “forward-looking statements” within the meaning of the Federal Securities laws. Forward-looking statements include goals, projections, estimates, expectations, forecasts, plans and objectives, and are based on assumptions, estimates and risk analysis made by management of Dril-Quip in light of its experience and perception of historical trends, current conditions, expected future developments and other factors. No assurance can be given that actual future results will not differ materially from those contained in the forward-looking statements in this presentation.

Although Dril-Quip believes that all such statements contained in this presentation are based on reasonable assumptions, there are numerous variables of an unpredictable nature or outside of Dril-Quip’s control that could affect Dril-Quip’s future results and the value of its shares. Each investor must assess and bear the risk of uncertainty inherent in the forward-looking statements contained in this presentation.

Please refer to Dril-Quip’s filings with the SEC for additional discussion of risks and uncertainties that may affect Dril-Quip’s actual future results. Dril-Quip undertakes no obligation to update the forward-looking statements contained herein.

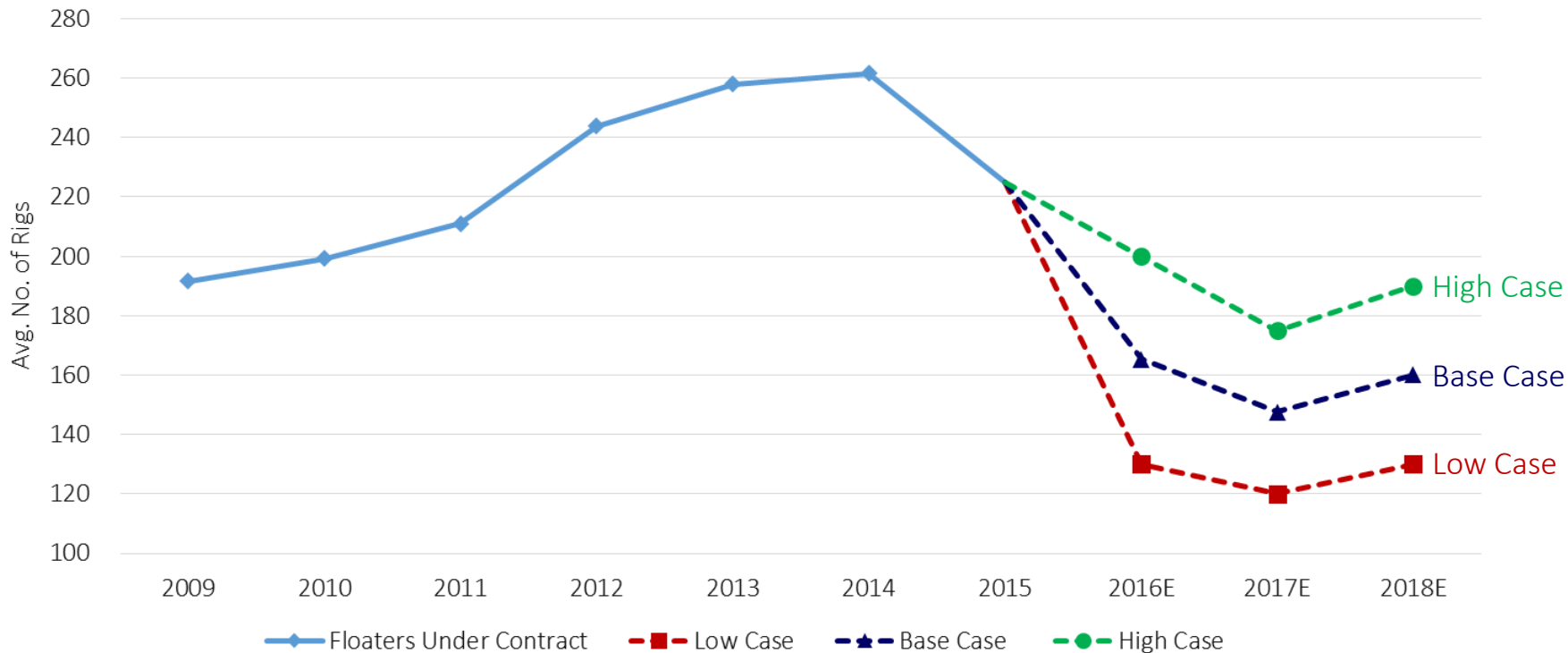


Investment Highlights



- Pure play in world offshore market
- Technologically differentiated products and 1st class service
- Experienced management team
- Superior margins
- Impeccable balance sheet
- Well positioned to navigate the industry downturn

Floating Rigs Under Contract



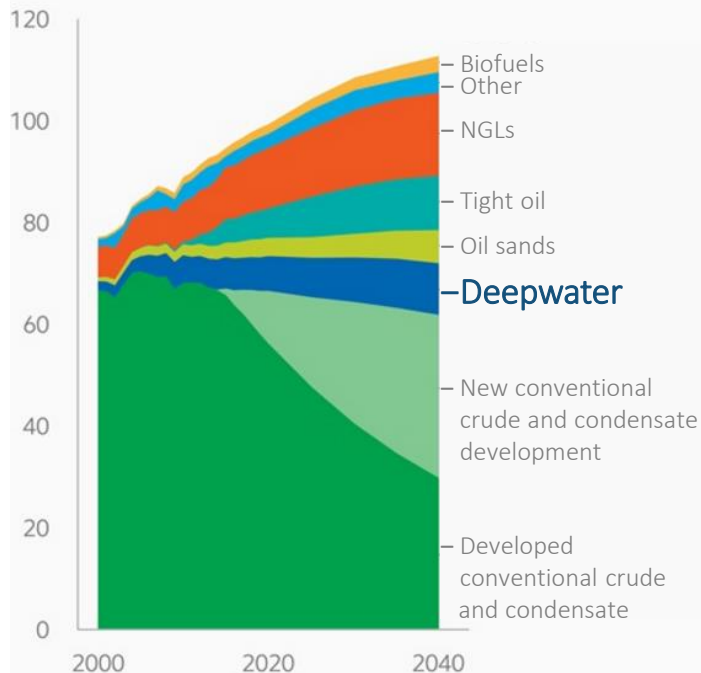
Source: IHS-Petrodata, Company Estimates

Deepwater – Down, but Not Out



Liquids Supply by Type

mmboe/d



Source: 2015 ExxonMobil The Outlook for Energy: A View to 2040

Value in Deepwater

- Essential to meet growing long-term demand
 - Source of significant production and reserve replacement
- ↓ Improving breakeven levels

Declining Costs

- Technological innovation
- Improving reliability
- Project efficiencies
- Rig day rate reductions
- Leveraging existing infrastructure

DRQ – More than Just a Wellhead Company



- 17 internally developed product lines
- Vertically integrated manufacturing operations
- Global manufacturing capability of subsea trees and controls
- High reliability subsea control systems
- Approximately 300 subsea trees installed worldwide
- 19 floating production platforms globally with Dril-Quip Dry Tree Systems or components



DRQ - Setting a Global Standard



- 1st Subsea Wellhead System fully qualified to API 17D, 2nd Edition up to 20,000 psi
- 1st Company to perform a full-scale system level validation test on a Subsea Wellhead System
- 1st Company capable of testing entire Connector product line to API 5C5/ISO 13679
- 1st Company to fully implement Advanced Product Quality Planning (APQP)



Products and Services



SUBSEA EQUIPMENT

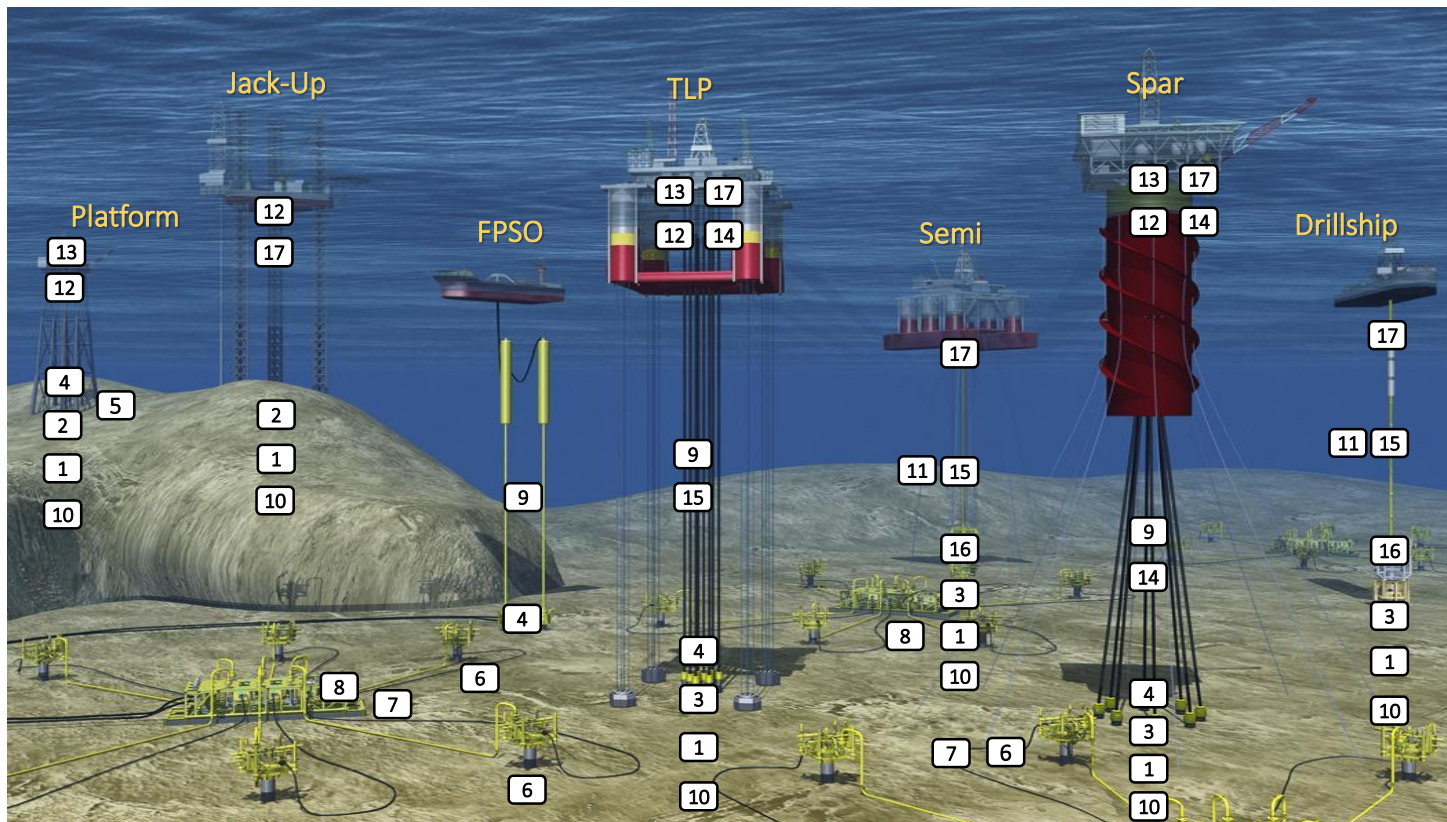
- 1 Specialty Connectors
- 2 Mudline Suspension
- 3 Subsea Wellheads
- 4 Tie-Back Connectors
- 5 Template Systems
- 6 Subsea Trees
- 7 Control Systems
- 8 Subsea Manifolds
- 9 Production Risers
- 10 Liner Hangers
- 11 Completion Risers

SURFACE EQUIPMENT

- 12 Surface Wellheads
- 13 Surface Trees
- 14 Riser Tensioners

OFFSHORE RIG EQUIPMENT

- 15 Drilling Risers
- 16 Wellhead Connectors
- 17 Diverters



SERVICES:

Reconditioning - Rental Tools - Field Installation

Subsea Well Systems



Utilized on all subsea wells drilled with floating rigs

- Subsea Wellheads
- Specialty Connectors
- Liner Hangers

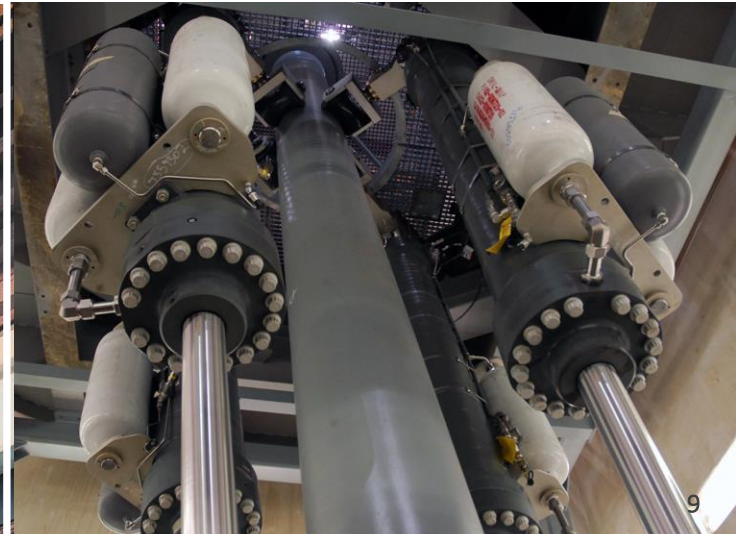


Dry Tree Completion Systems



Utilized by SPARs and TLPs

- Surface Trees
- Surface Wellheads
- Riser Tensioners
- Production Risers
- Tie-Back Connectors
- Subsea Wellheads
- Specialty Connectors
- Liner Hangers



Subsea Completion Systems



Utilized in subsea field developments

- Subsea Trees
- Control Systems
- Subsea Manifolds
- Subsea Wellheads
- Specialty Connectors
- Liner Hangers

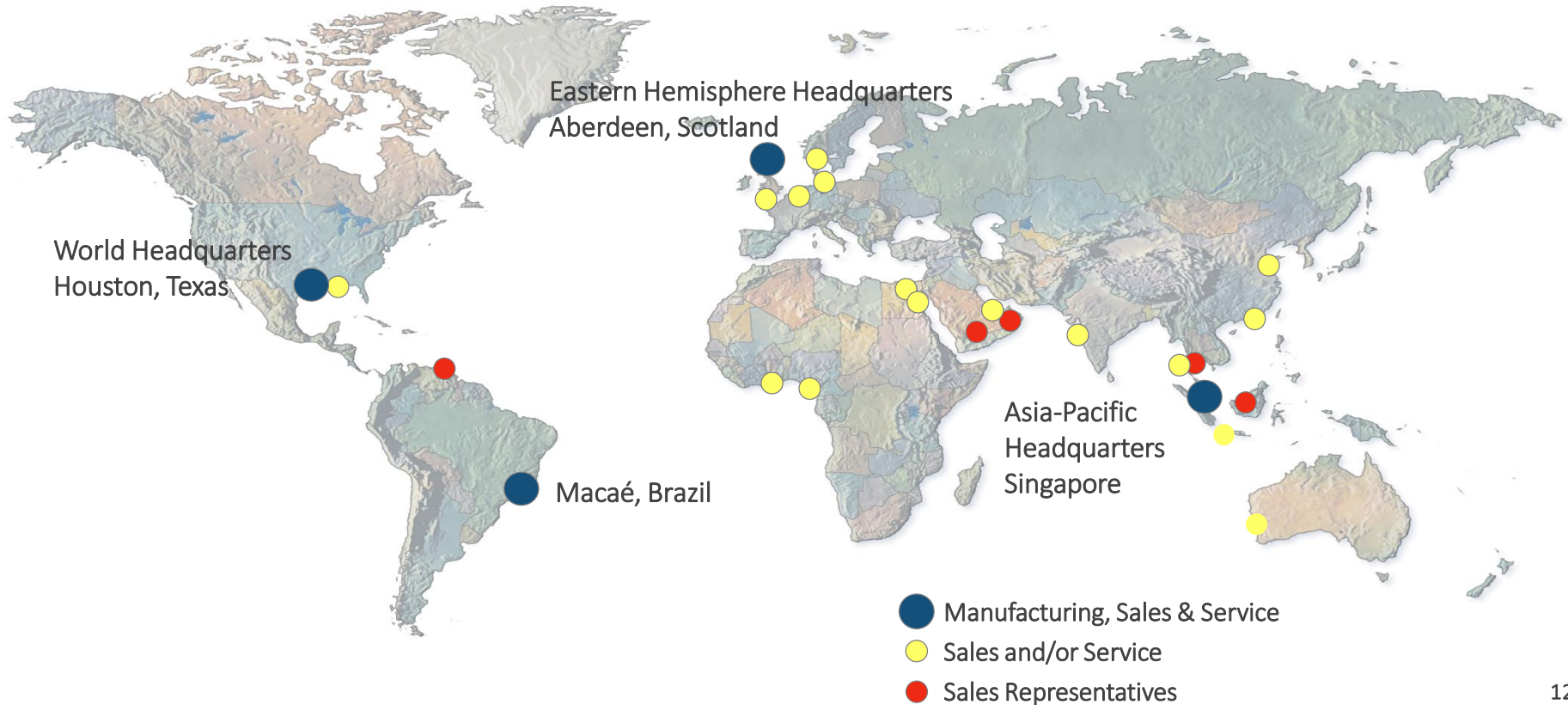


Supporting Leading Offshore Companies



DRIL-QUIP

Located Worldwide To Serve Offshore Markets



Manufacturing Locations



Houston Eldridge (218 acres)



Aberdeen, Scotland (22 acres)

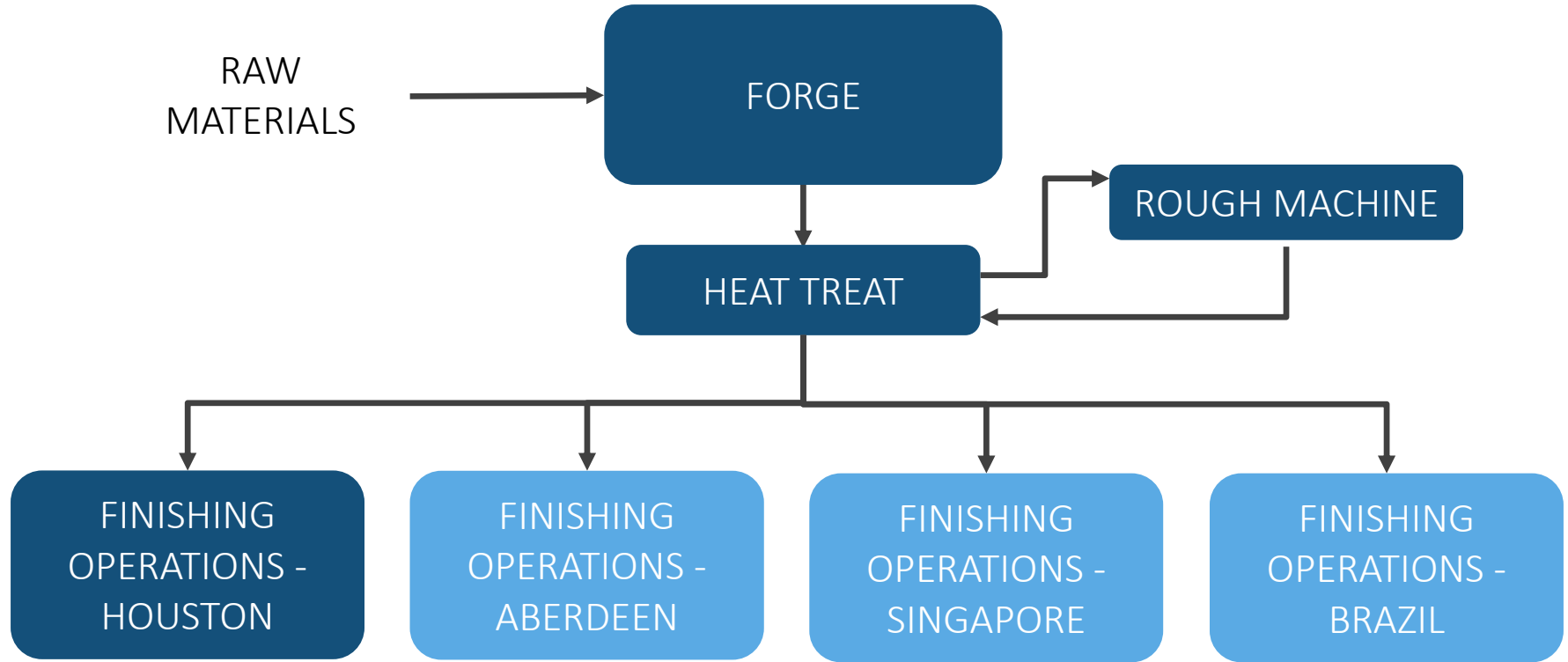


Singapore (11 acres)



Macaé, Brazil (10 acres)

Vertically Integrated Manufacturing



Machinery and Equipment Rebuilding



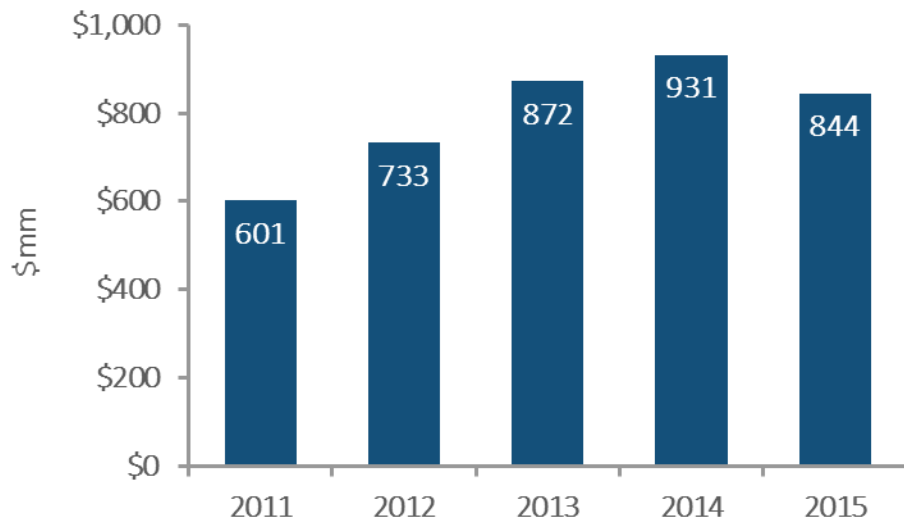
- Purchase used equipment
- Refurbish in-house with new CNC controls
- Purpose-built machine tools
- Resulting in reduced capex and lower depreciation



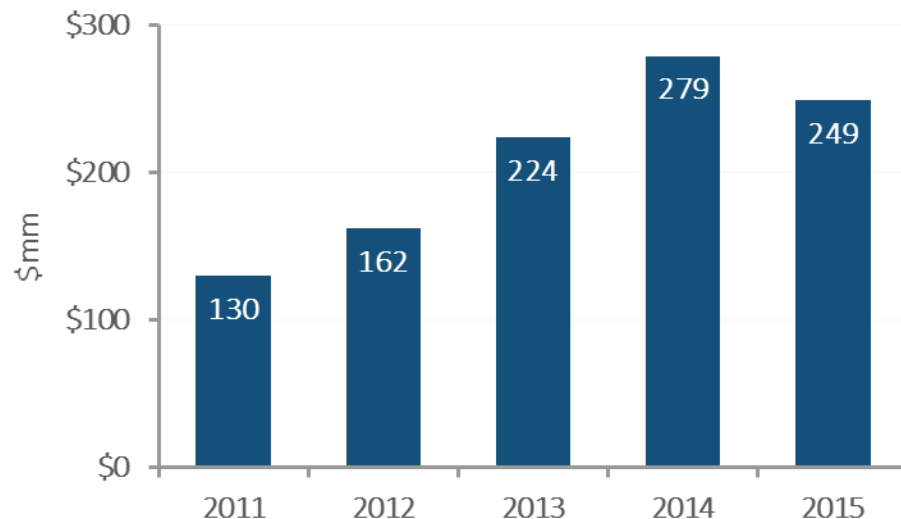
Key Financial Results | Annual



Revenue



Operating Income (EBIT)



Condensed Consolidated Statements of Income

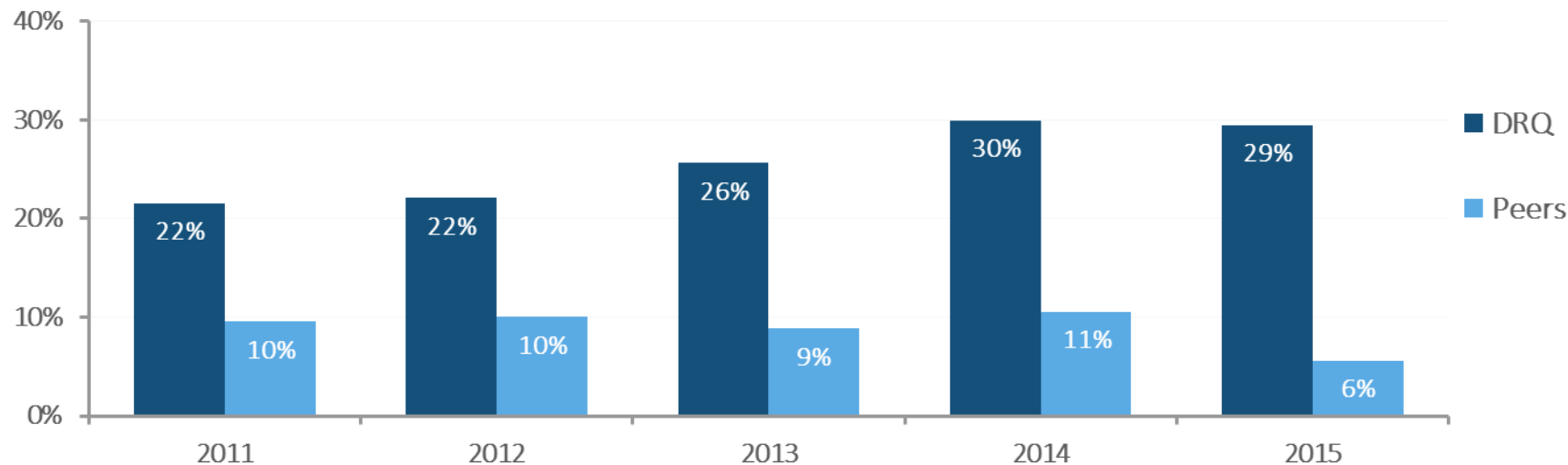


		For the six months ended June 30,	
(\$mm)		2016	2015
Revenue		\$ 309	\$ 441
Costs and expenses:			
Cost of sales	56%	173	55% 243
S,G&A		19	50
Engineering		22	24
Total costs and expenses		214	317
Operating income (EBIT)	31%	\$ 95	28% \$ 124
Earnings per share (diluted)		\$ 1.93	\$ 2.39

Superior Margins vs. Peers*



Operating (EBIT) Margins** (%)



Dril-Quip's first-class margins can primarily be attributed to:

- Keen attention to cost
- Vertically integrated manufacturing
- Low spend on capital equipment

* Peer group includes AKSO, CAM, & FTI

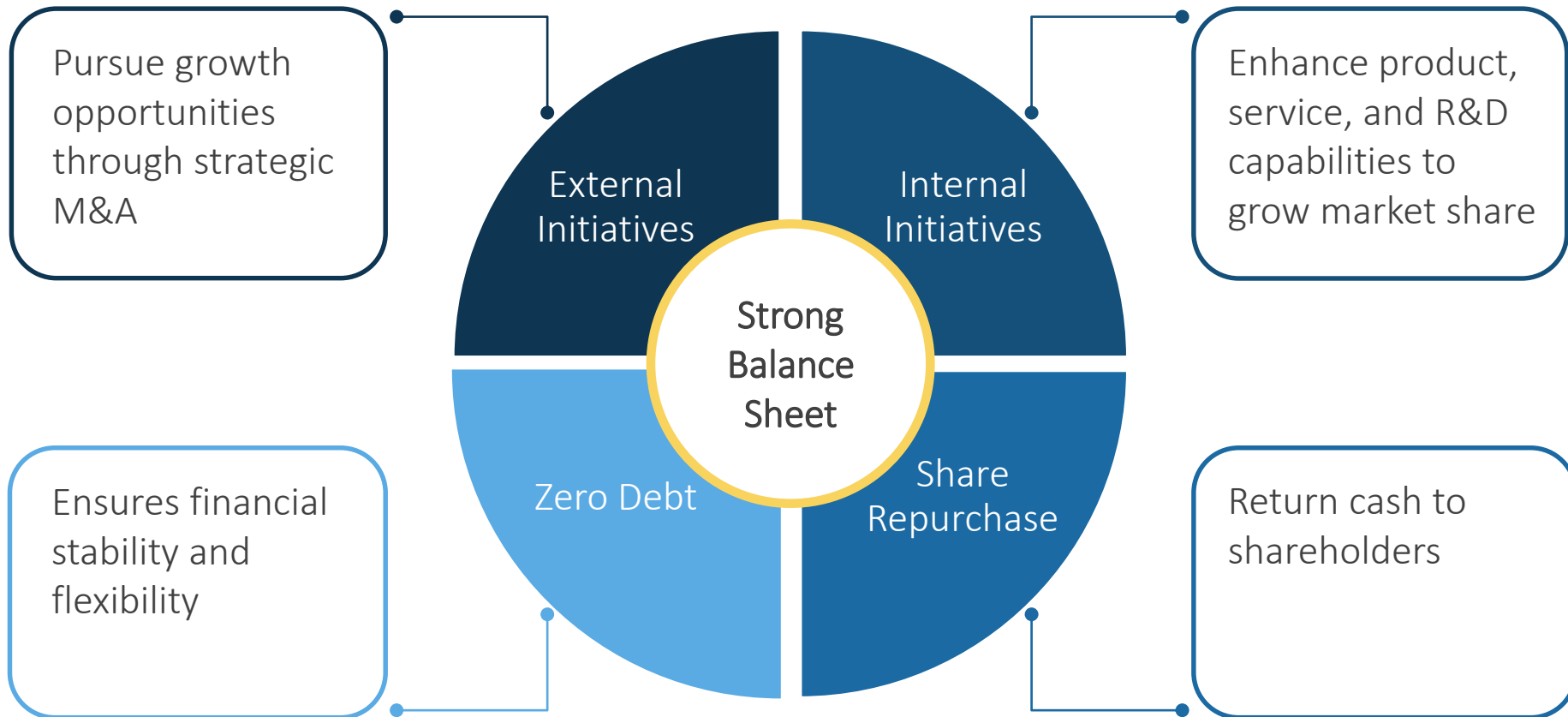
**Operating (EBIT) margin defined as Operating Income divided by Total Revenue

Consolidated Balance Sheet



(\$mm)	June 30, 2016	Dec. 31, 2015
<u>Assets:</u>		
Cash	\$ 492	\$ 381
Other current assets	649	743
Property, plant and equipment, net	294	294
Other assets	13	10
Total assets	<u>\$ 1,448</u>	<u>\$ 1,428</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities	\$ 86	\$ 101
Long-term debt	-	-
Deferred taxes	3	3
Total liabilities	89	104
Stockholders' equity	1,359	1,324
Total liabilities and stockholders' equity	<u>\$ 1,448</u>	<u>\$ 1,428</u>

Forward Focused





WWW.DRIL-QUIP.COM

DRIL-QUIP, Inc.
6401 N. Eldridge Pkwy.
Houston, TX 77041
USA
+1 713 939 7711

DRIL-QUIP (Europe), Ltd.
Stoneywood Park
Dyce, Aberdeen, AB21 7DZ,
Scotland
+44 (0) 1224 727000

DRIL-QUIP Asia Pacific Pte., Ltd
80 Tuas West Drive
Singapore, 638417
+65 68610600

DRIL-QUIP do Brasil, Ltda.
Estrada de Imboassica, 853
CEP 27920-34
Macaé
+55 22 27918950