



Acquisition of Great North Wellhead

July 31, 2023

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Disclaimer | Cautionary Statement



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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, but are not limited to, the impact of actions taken by the Organization of Petroleum Exporting Countries (OPEC) and non-OPEC nations to adjust their production levels, the impact of the COVID-19 pandemic and the effects thereof, the general volatility of oil and natural gas prices and cyclicity of the oil and gas industry, declines in investor and lender sentiment with respect to, and new capital investments in, the oil and gas industry, project terminations, suspensions or scope adjustments to contracts, uncertainties regarding the effects of new governmental regulations, the Company’s international operations, operating risks, the impact of our customers and the global energy sector shifting some of their asset allocation from fossil-fuel production to renewable energy resources, goals, projections, estimates, expectations, market outlook, forecasts, plans and objectives, including revenue and new product revenue, capital expenditures and other projections, project bookings, bidding and service activity, acquisition opportunities, forecasted supply and demand, forecasted drilling activity and subsea investment, liquidity, cost savings, and share repurchases and are based on assumptions, estimates and risk analysis made by management of Dril-Quip, Inc. (“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 Securities and Exchange Commission (“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.

Use of Non-GAAP Financial Measures

Adjusted Net Income, Adjusted Diluted EPS, Adjusted EBITDA and Free Cash Flow are non-GAAP measures. Adjusted Net Income and Adjusted Diluted EPS are defined as net income (loss) and earnings per share, respectively, excluding the impact of foreign currency gains or losses as well as other significant non-cash items and certain charges and credits. Adjusted EBITDA is defined as net income excluding income taxes, interest income and expense, depreciation and amortization expense, stock-based compensation, non-cash gains or losses from foreign currency exchange rate changes as well as other significant non-cash items and items that can be considered non-recurring. Free Cash Flow is defined as cash provided by operating activities less cash used in the purchase of property, plant and equipment. We believe that these non-GAAP measures enable us to evaluate and compare more effectively the results of our operations period over period and identify operating trends by removing the effect of our capital structure from our operating structure and certain other items including those that affect the comparability of operating results. In addition, we believe that these measures are supplemental measurement tools used by analysts and investors to help evaluate overall operating performance, ability to pursue and service possible debt opportunities and make future capital expenditures. These measures do not represent funds available for our discretionary use and are not intended to represent or to be used as a substitute for net income or net cash provided by operating activities, as measured under U.S. generally accepted accounting principles (“GAAP”). Non-GAAP financial information supplements should be read together with, and is not an alternative or substitute for, our financial results reported in accordance with GAAP. Because non-GAAP financial information is not standardized, it may not be possible to compare these financial measures with other companies’ non-GAAP financial measures. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measure can be found in the appendix.

Use of Website

Investors should note that Dril-Quip announces material financial information in SEC filings, press releases and public conference calls. Dril-Quip may use the Investors section of its website (www.dril-quip.com) to communicate with investors. It is possible that the financial and other information posted there could be deemed to be material information. Information on Dril-Quip’s website is not part of this presentation.

DRQ Acquires Great North Wellhead for ~\$80MM¹



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Acquisition of a Leading Provider of Customized Wellheads and Mission Critical Proprietary Completion Solutions Adding to Dril-Quip's Well Construction Portfolio

Compelling Acquisition...



Enhances Product Offering

- Broadens Dril-Quip's offering of mission critical equipment to oil and gas producers globally



Accretive to All Key Financial Metrics

- Expands gross and EBITDA margins immediately
- First year ROIC in excess of Dril-Quip's internal rate of return



Identifiable and Achievable Synergies

- Cost synergies through combined regional supply chains
- Potential for upside via cross-selling and complementary products



Land Wellhead Market Expansion

- Primarily services Canadian market, the 3rd largest proved oil reserve
- Positioned to further service the emerging CCUS market



Preserves Fortress Balance Sheet

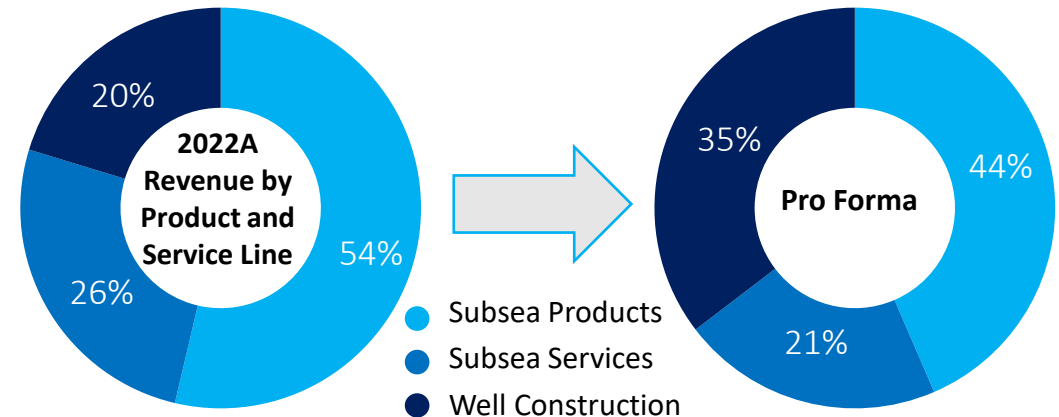
- Pro forma company retains net cash balance and no debt
- Cash consideration enhances accretion and provides value to shareholders



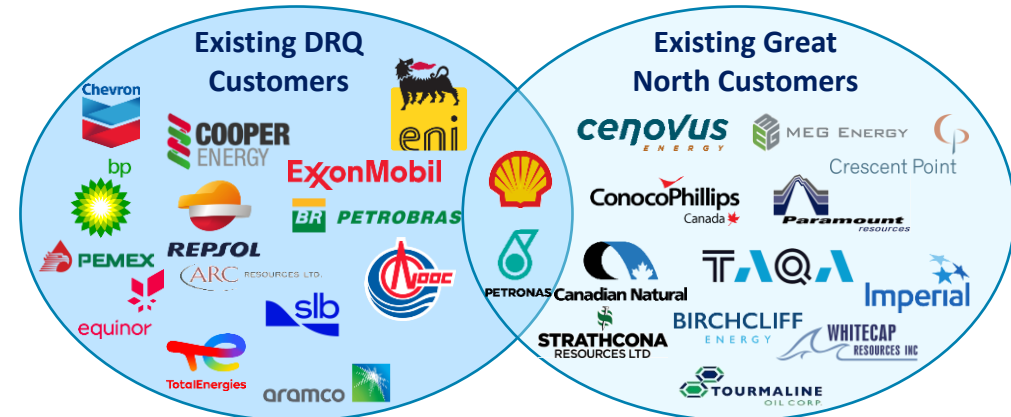
Respected Brand with Significant Market Presence

- Currently controls 20% of the surface wellhead market share in Canada and is the second largest player

...Enhancing Dril-Quip's Current Customer Base and Revenue Profile



Our combined product offerings will be used by major integrated, independent, and foreign national energy companies throughout the world.



Notes:

1. Based upon USD / CAD exchange ratio of 0.76 per Capital IQ as of July 27, 2023

Source: Wall Street Research, bp Statistical Review as of 2021

Transaction & Financing Overview

Great North Background

- Great North is a provider of pressure control and completion solutions, including highly engineered wellhead products, rental solutions, and services
- Founded in 2001, Great North has consistently grown revenue resulting in a recognizable brand with strong customer relationships

Transaction Structure

- Dril-Quip has acquired Great North for ~\$80MM on a cash-free, debt-free basis, subject to customary purchase price adjustments¹
 - Consideration paid in all cash
 - Potential future earn-out payment of up to ~\$23MM to be paid over the course of 2024 and 2025 if certain revenue growth targets are met by Great North¹
- Entirety of the upfront purchase price funded with cash on hand
- Dril-Quip will retain a net cash position at closing with no debt needed to fund the acquisition

Approvals & Timing

- The transaction has been unanimously approved by the Dril-Quip Board of Directors
- Transaction subject to customary purchase price adjustments
- No regulatory approvals required
- Simultaneously signed and closed on July 31, 2023

Key Financial Benefits Include:

✓ Adds Baseline Revenue of ~\$100MM Annually

✓ Adds Baseline EBITDA of ~\$25MM Annually

✓ Expands Peer Leading Gross Margin to ~30%

✓ Identifiable and Achievable Synergies

✓ First Year ROIC Above Dril-Quip's Cost of Capital

Source: Spears and Associates, Wall Street Research

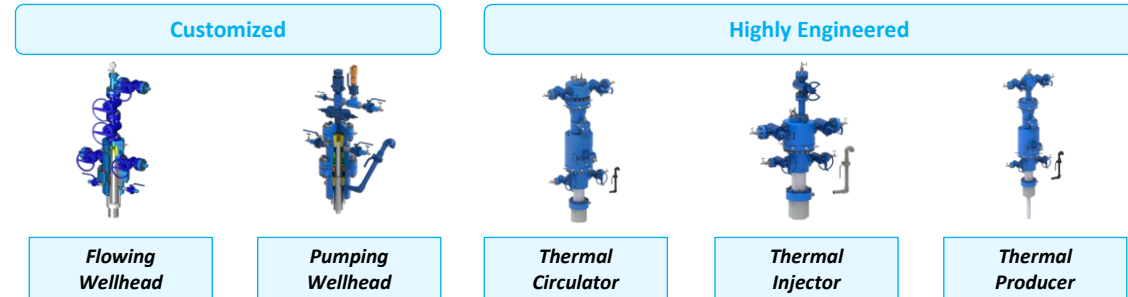
Notes:

1. Based upon USD / CAD exchange ratio of 0.76 per Capital IQ as of July 27, 2023

Mission Critical Wellhead Products & Proprietary Completion Solutions

Wellhead Products: Highly technical, reliable products engineered to meet challenging, diverse drilling conditions

- **Customized:** Wellhead products offered with Great North installation and service
- **Highly Engineered:** Technical, engineered-to-order wellheads used in heavy oil and thermal production locations



Rental Solutions: Comprehensive suite of proprietary completion solutions designed to improve operational efficiency and safety

- **MWFC** is a patented valve-less connector that is adaptable to various well spacing and pump rates, while safely reducing time between fracs
- Proprietary patented dart and frac ball **Launch** technology improve safety with remote operation and increased visibility

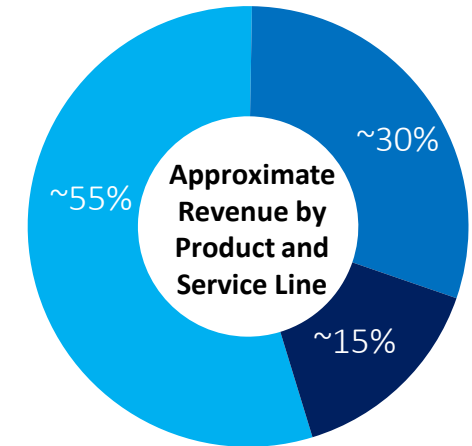


Installation, Maintenance & Service: Completions solutions and services with multiple customer touchpoints to enhance value

- Offers equipment installation and monitoring, along with remanufacturing, replacement, and repair services



GREAT NORTH



- Wellhead Products
- Rental Solutions
- Installation, Maintenance & Service

Great North's solutions represent a small portion of well costs but can significantly impact drilling and completion schedules and result in significant losses for the operator in the event of failure

Value Creation and Synergy Potential

Great North Acquisition Exceeds All Corporate Investment Criteria and Positions the Pro Forma Company as a Market Leader with Significant Potential Synergies

Great North Meets All of Dril-Quip's Stated Guiding Principles...

DRQ Corp. Guiding Principles:

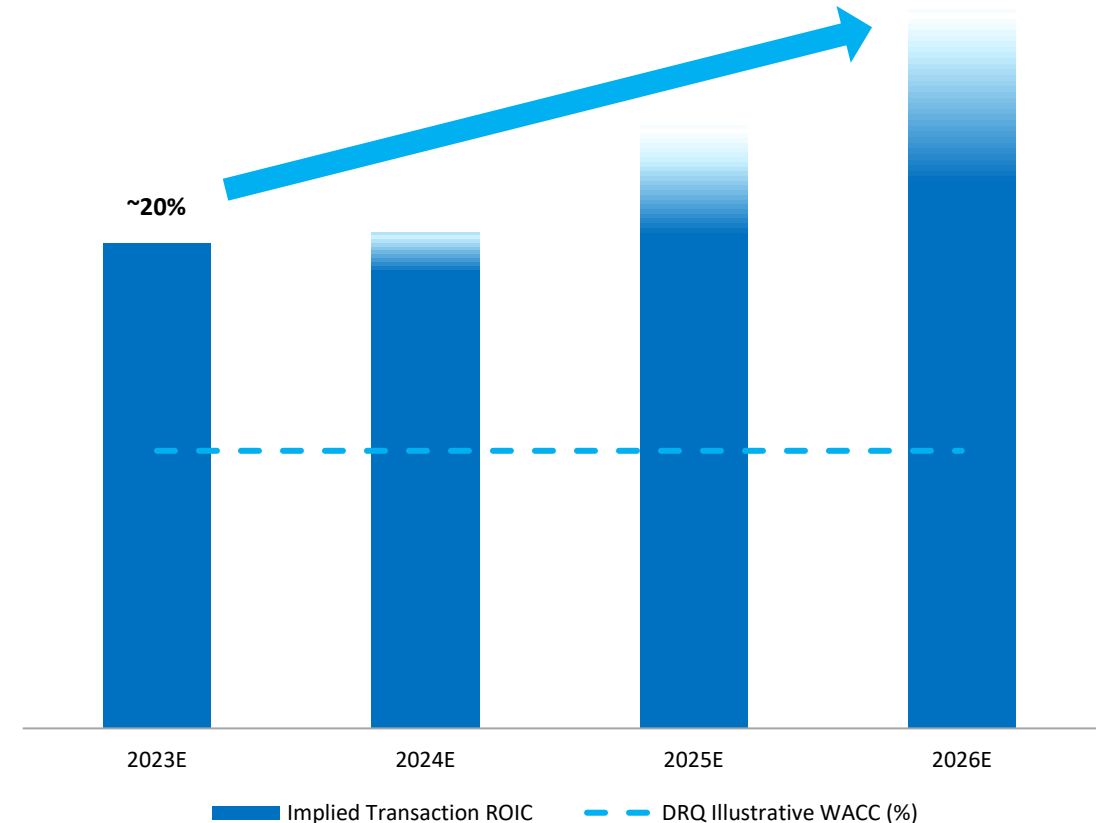
- ✓ Attractive long-term growth in stable markets
- ✓ Recurring revenue streams, resilient EBITDA margins
- ✓ Opex driven (low capital intensity)
- ✓ High quality intellectual property
- ✓ Value-added synergies

Great North Value Proposition

- Revenue synergy opportunities ranging from \$20MM to \$30MM annually
- Growth underpinned by strong through-cycle margins
- Capital-light, scalable business model
- Highly engineered and customized product offerings
- Cost synergies through the combined best-in-class regional supply chains of ~\$10MM annually

...While Delivering Significant Value to Shareholders

Illustrative Return on Invested Capital

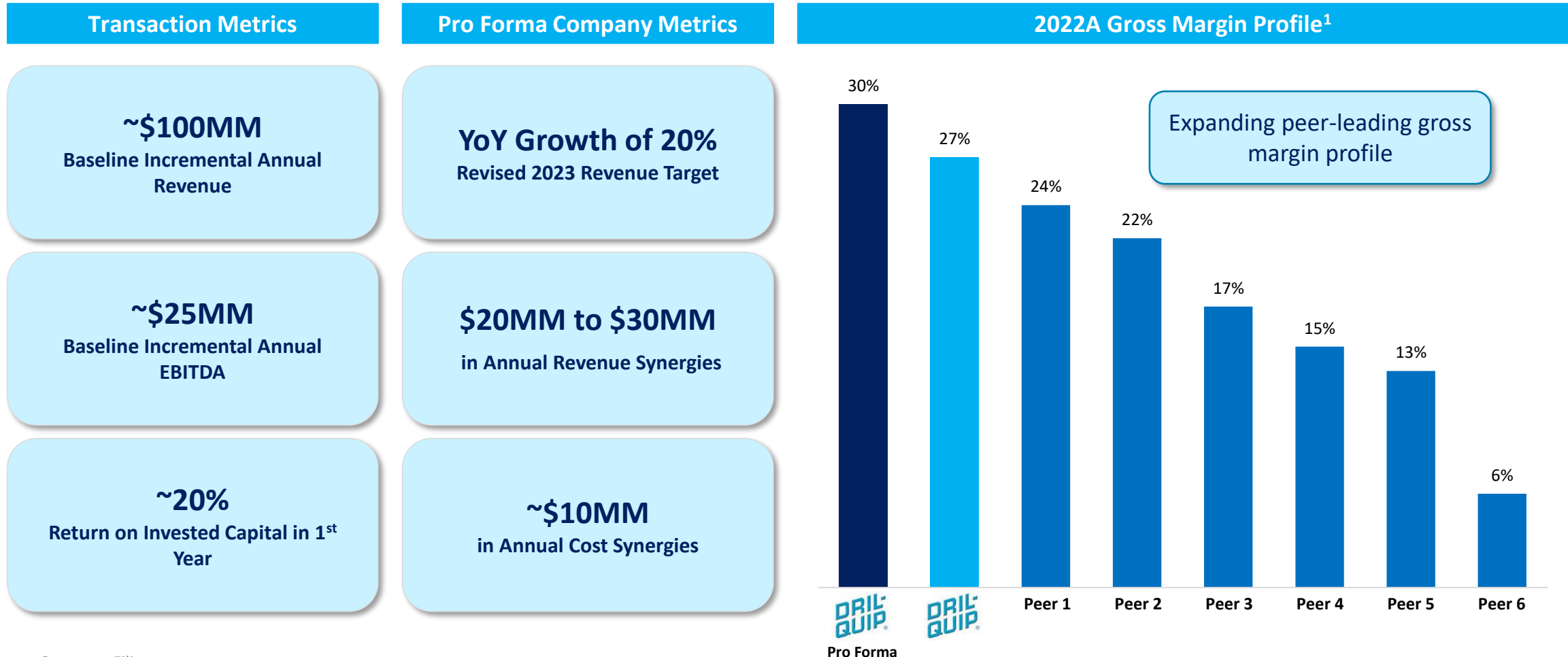


Transaction is Financially Accretive



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Acquisition Provides Meaningful Growth to Better Position the Pro Forma Company to Maintain Cash Position and Peer Leading Gross Margin



Source: Company Filings

Notes:

1. Gross Margin defined as revenue less cost of goods sold divided by revenue as of December 31, 2023

2. Peers include: FTI, HLX, HTG, OII, OIS and XPRO

Strong Balance Sheet with Financial Flexibility



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Overview

- Pro forma company to maintain a strong balance sheet with notable cash position and significant financial flexibility
- Combined company expected to generate meaningful positive free cash flow to further strengthen cash position

Post Transaction, DRQ maintains significant cash position compared to peers

Source: Company Filings

Notes:

1. Represents cash and cash equivalents as of June 30, 2023 and pro forma for subsequent \$17MM in cash received from IRS

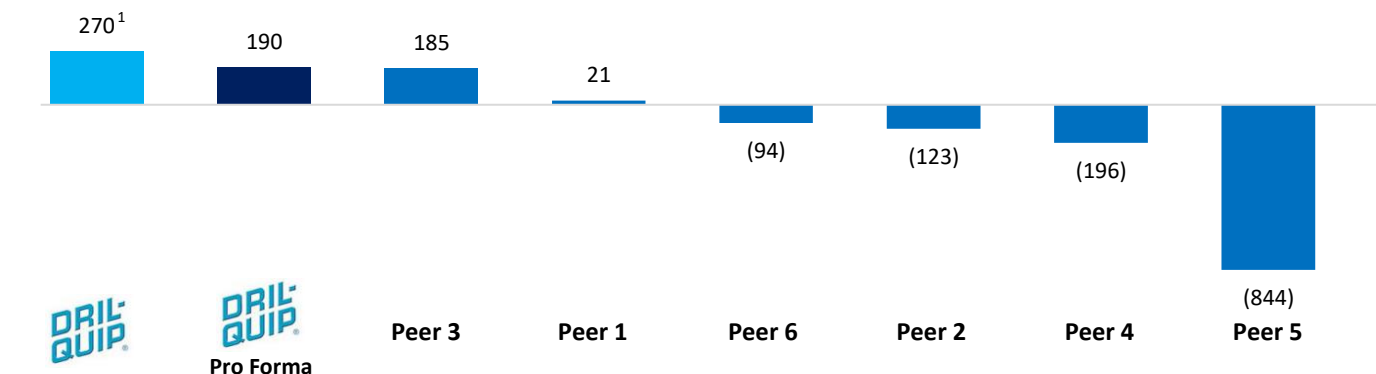
2. Net cash defined as cash plus short-term investments less debt as of March 31, 2023 filings for peers; DRQ represents cash balance as of June 30, 2023 pro forma for subsequent \$17MM in cash received from IRS

3. Peers include: FTI, HLX, HTG, OII, OIS and XPRO

Pro Forma Cash Balance (\$MM USD)



Maintains Flexible and Strong Balance Sheet with a Peer Leading Net Cash Position (\$MM USD)^{2,3}



Compelling Investment Opportunity

Delivering on Key Investor Criteria



EXPANDS Geographic Presence, Customer Base and Product Offering

DRIL-QUIP



DELIVERS Meaningful Synergies and Cross Selling Opportunities



ENHANCES Pro Forma Financial Outlook, Boosting Revenue and Margins Meaningfully



CREATES Substantial Value for Shareholders



MAINTAINS Dril-Quip's Fortress Balance Sheet and Superior Liquidity