



Barclay's CEO Energy-Power Conference

September 2022

the power of 

Disclaimer | Cautionary Statement



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 effects of the COVID-19 pandemic, and the effects of actions taken by third parties including, but not limited to, governmental authorities, customers, contractors and suppliers, in response to the ongoing COVID-19 pandemic, the impact of actions taken by the Organization of Petroleum Exporting Countries (OPEC) and non-OPEC nations to adjust their production levels, 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 on the company's website.

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.

Dril-Quip Investment Highlights



Leading Manufacturer of Highly Engineered Drilling & Production Equipment



Technically Innovative, Environmentally Responsible Products & First-class Service



Strong Financial Position



Results Driven Management Team

Q2 2022 | Revenue Breakdown

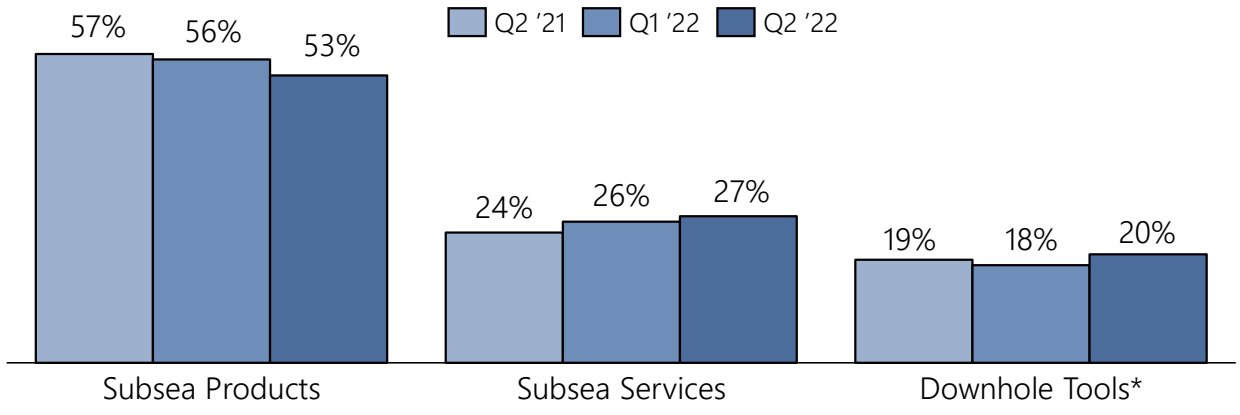


SUBSEA PRODUCTS

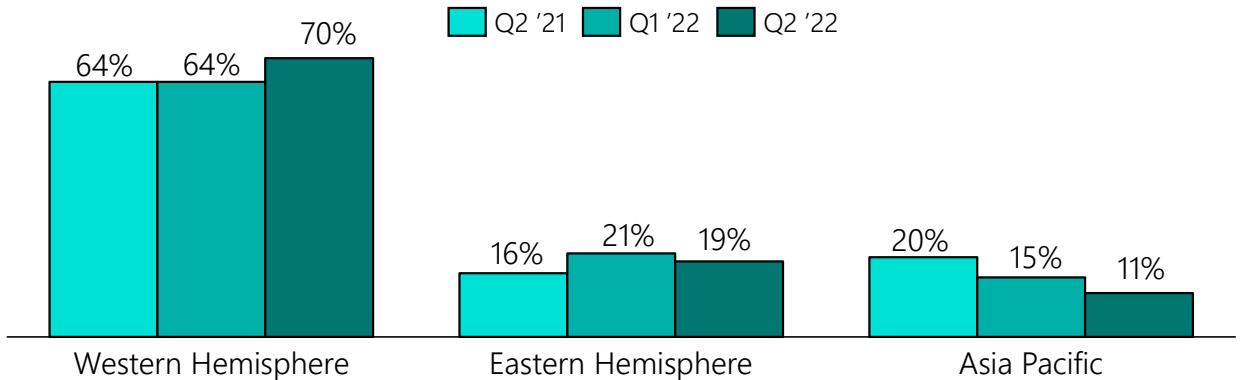
SUBSEA SERVICES

DOWNHOLE TOOLS

Product & Service Revenue Segments



Geographic Revenue Segments

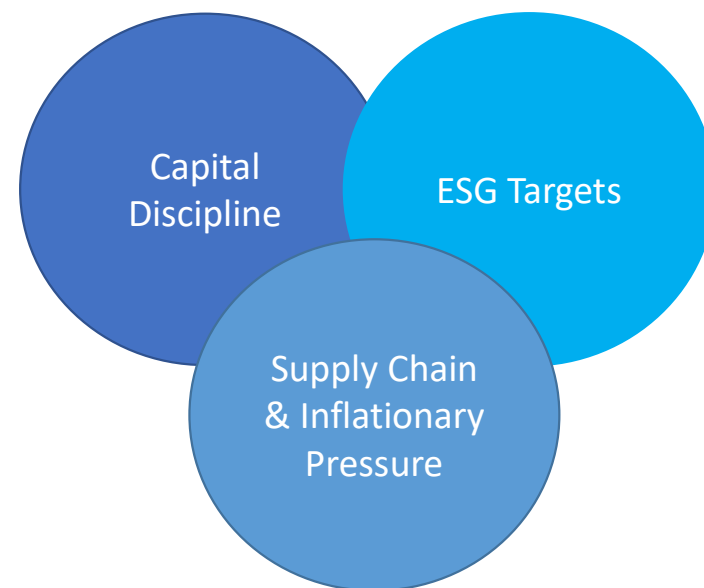
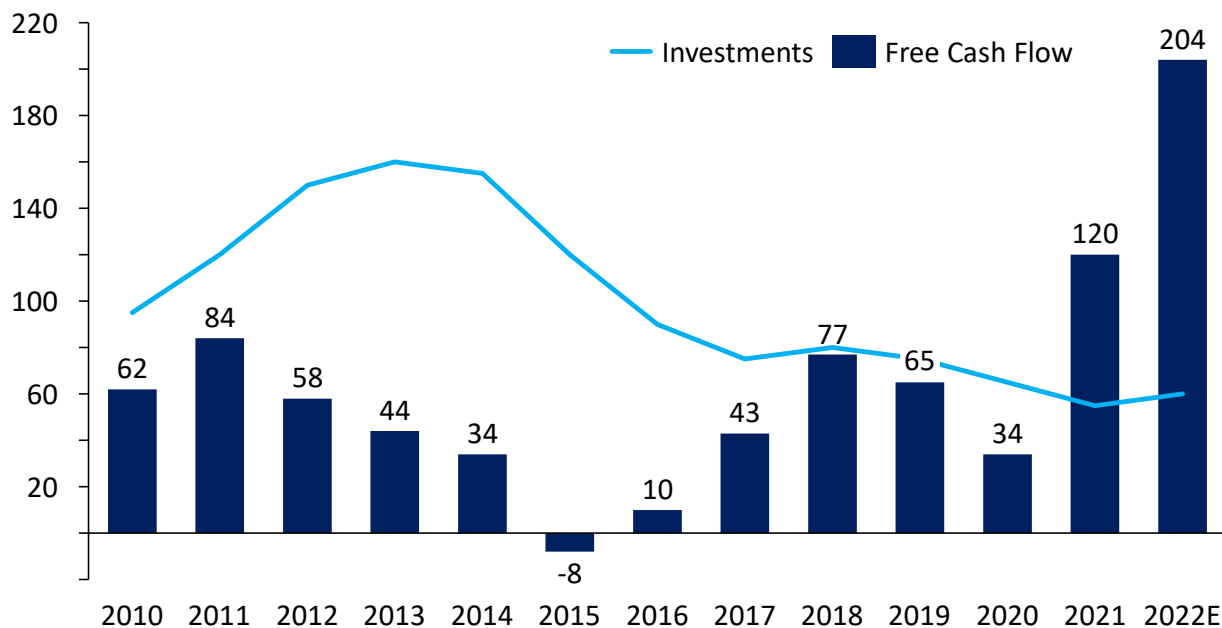


* Includes downhole tools products, leasing and services

Market Environment | Customer Sentiment Outlook



Historical investments and free cash flow from upstream activity for the majors*
Billion USD



Unprecedented confluence of events creating project delay risk despite increasing energy security needs. Redeployment of capital to shareholders and debt reduction were major operator focuses in 2021.

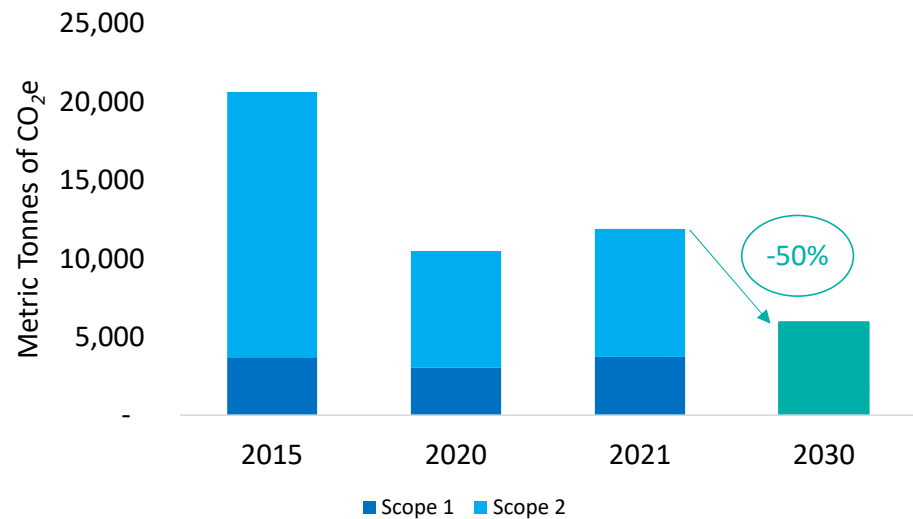
*Includes BP, Chevron, Equinor, ExxonMobil, Shell and TotalEnergies.
Source: Rystad Energy

ESG Update | Decarbonization Targets



- Alignment with the ambitions of the Paris Accord which seeks to limit global warming
- Decarbonization actions include:
 - Switching to renewable electricity across major manufacturing sites
 - Rightsizing of facilities
 - Investing in infrastructure to reduce fugitive emissions
 - Downscaling and evaluating the electrification of our vehicle fleet
- Partnering with key suppliers and customers to find avenues to decarbonize their operations.

Scopes 1 and 2 GHG Emissions & Target



Note: 2015 excludes the now outsourced "Forging Business." Scope 2 emissions reduction between 2015 and 2020/2021 is primarily due to less overall business activity.

Dril-Quip is targeting a > 50% reduction in Scope 1 and 2 emissions to align with the 1.5°C scenario by 2030.

Shifting markets driving change

1 Positive reduction of carbon footprint

- Measurement/audit of carbon footprint across our product portfolio
- Next generation Power of E incorporating Green by Design™

2 Carbon conscious R&D

- Measurement of carbon footprint reduction per project
- Carbon footprint decision metric incorporated across operations
- Green by Design™ innovation philosophy

3 Low Carbon Solutions

- Focus on **CCUS** markets
- Positive impact to carbon footprint through innovative technology application
- Develop adjacent markets to derive value

• eVolving industry

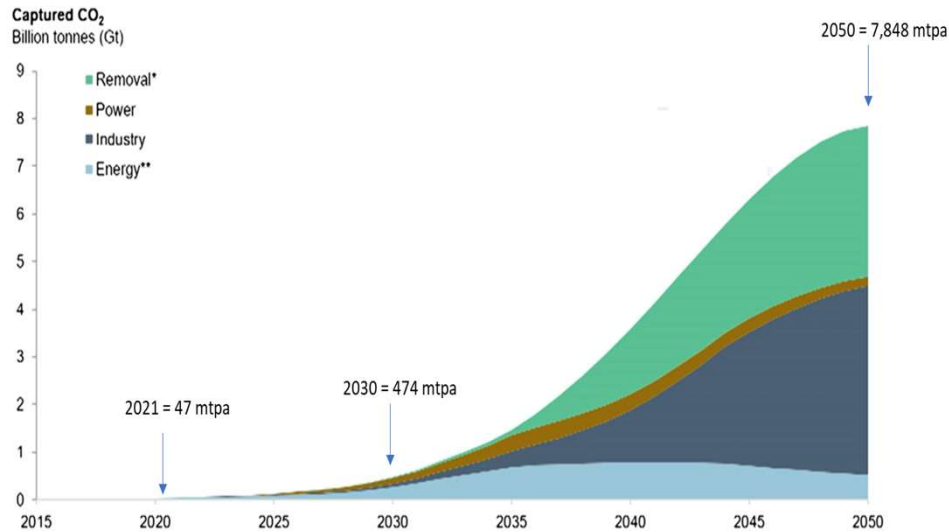
- Less steel/materials
- Less transportation
- Efficient operations
- Effective manufacturing
- Increased competitiveness
- Lower carbon footprint

Helping our customers adapt and adopt to the Energy Transition

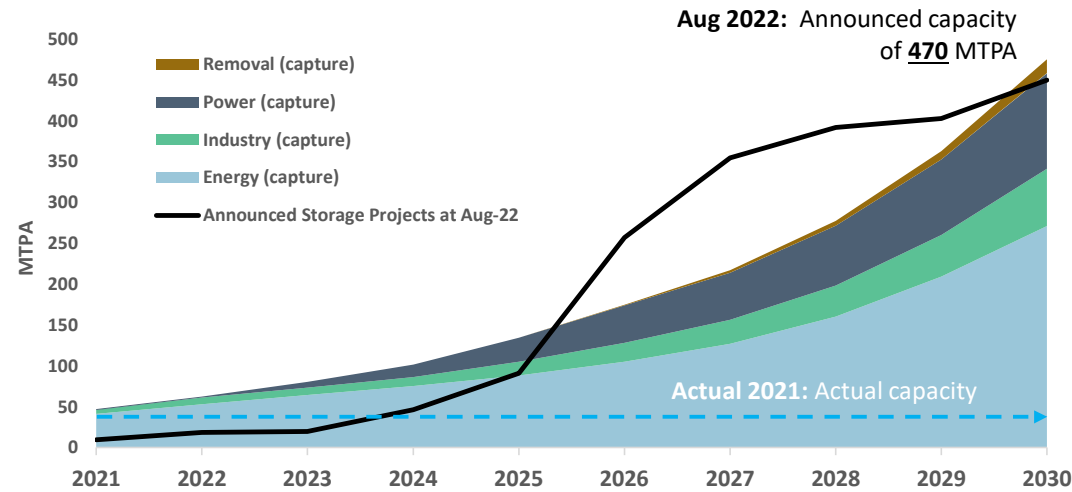
Energy Transition | CCUS Market opportunity



Market Sizing thru 2050



Zoom in through 2030



Significant CO₂ storage capacity needed by 2050 to support 1.6^oC pathway



~7,900 wells needed by 2050 to provide capacity (@1MTPA Average injection rate)



Project pipeline expanding rapidly



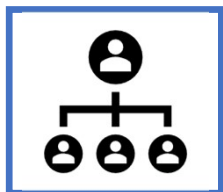
~500 new wells needed by 2030 to keep pace

Data from Rystad Energy



Strategic Growth Pillars

- Continue to execute on collaboration agreements, downhole tools growth and e-Series technology expansion



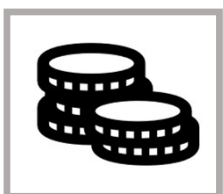
Organizational Alignment

- Streamlined operations and leadership around more focused and integrated product and service lines



Optimized Footprint

- Further transformation of our operational footprint to improve efficiency and reduce excess capacity



Capital Allocation

- Disciplined deployment of capital to generate attractive returns on capital employed

Subsea Products

Wellheads, Connectors & SPS

- Remain Tier 1 wellhead provider
- Execute collaboration & license agreements
- Increase shallow water tree share
- Grow deepwater presence through VXTe monetization

BB11e Wellhead



Downhole Tools

Liner Hangers and Services

- Continue share gains in key markets
- Convert from conventional to expandable liner hangers
- Expand through current and future collaborations
- Increase test & assembly in local markets



XPak De

Subsea Services

Technical Service, Rentals and Rework

- Highly reactive support for equipment installation
- Global network of trained technicians and specialized tooling
- Dedicated facilities for refurbishment and rework

Energy Transition

Expansion into Decarbonization Opportunities

- Wellhead and tree injection offering for CCUS
- Collaborations with integrated providers (i.e. Aker Solutions)
- New technology introduction



SBTe XT

Strategy | Gross Margin Improvement Targets



Transformation initiatives are expected to drive material gross margin improvements over next 24 months.

Capex

- Fund high return internal investments
- Targeted investments for franchise products
- Manufacturing, IT Systems, etc.

Inorganic Growth

- Selective opportunities within energy or energy adjacent

Share Repurchase

- Returning excess cash to shareholders

Priority to organic growth, then attractive acquisitions that drive size and scale while maintaining balance sheet strength.

2022 Outlook | Financial Outlook



2022 Estimated
Product Bookings
Up ~20% from 2021

2022 Estimated
Revenue:
Up ~10% from 2021
levels

2022 Estimated Adj.
EBITDA: 40% to 50%
Incremental margins

2022 Estimated
Capex of
\$15M to \$17M

Targeting
2022 Free Cash Flow*
Margin of ~3 to 5%

*Free Cash Flow = Operating Cash Flow less Capital Expenditures and does not include potential real estate divestures

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