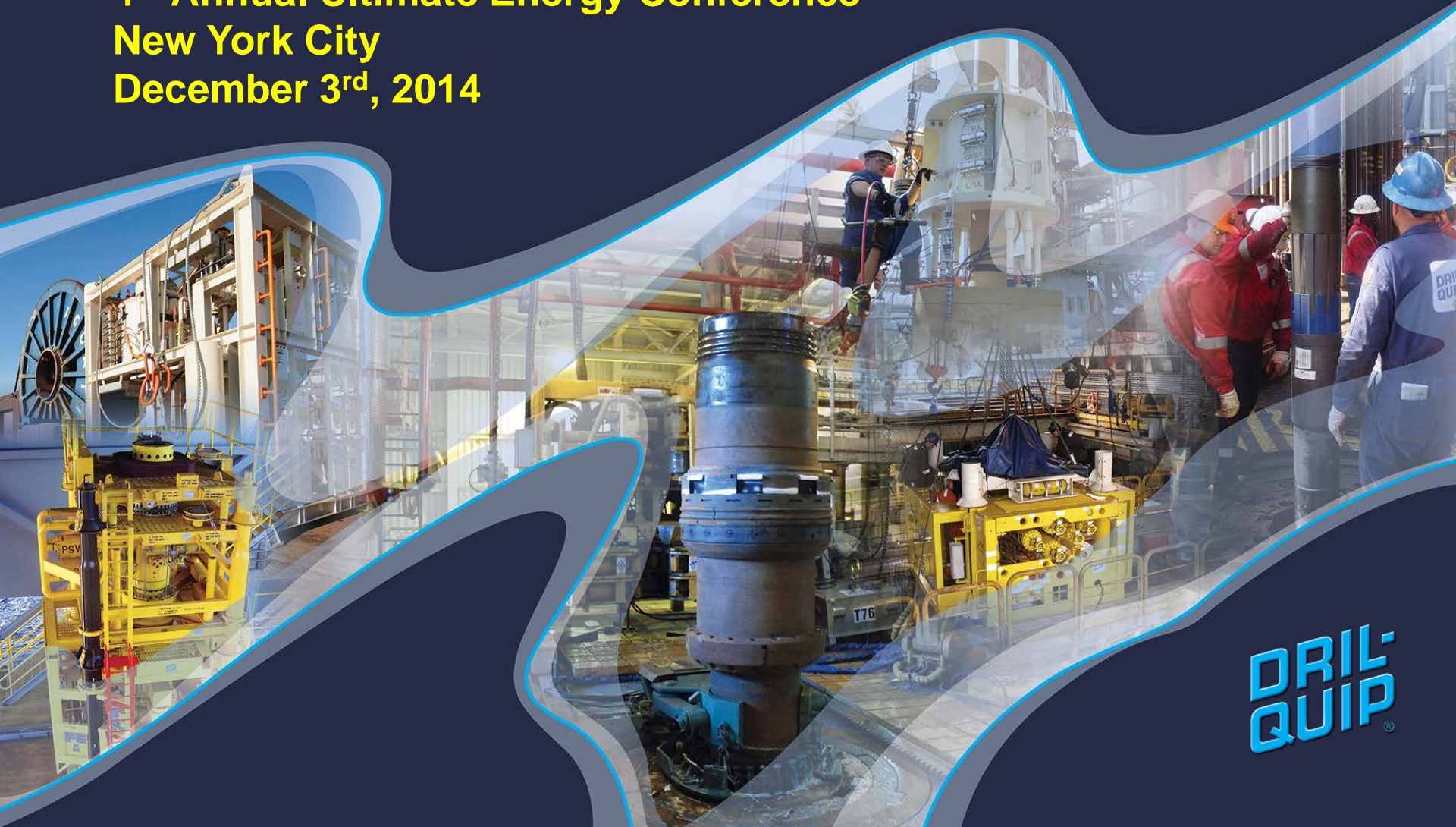


# Dril-Quip, Inc.

**Cowen & Company**  
**4<sup>th</sup> Annual Ultimate Energy Conference**  
**New York City**  
**December 3<sup>rd</sup>, 2014**



**DRIL-  
QUIP®**

# 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.

# DRQ - Investment Highlights



- **Pure play in worldwide offshore market**
- **Deepwater focus**
- **Consistent backlog growth**
- **Superior margins**
- **Strong balance sheet**
- **Positioned for growth**



# Products and Services Summary



## SUBSEA EQUIPMENT

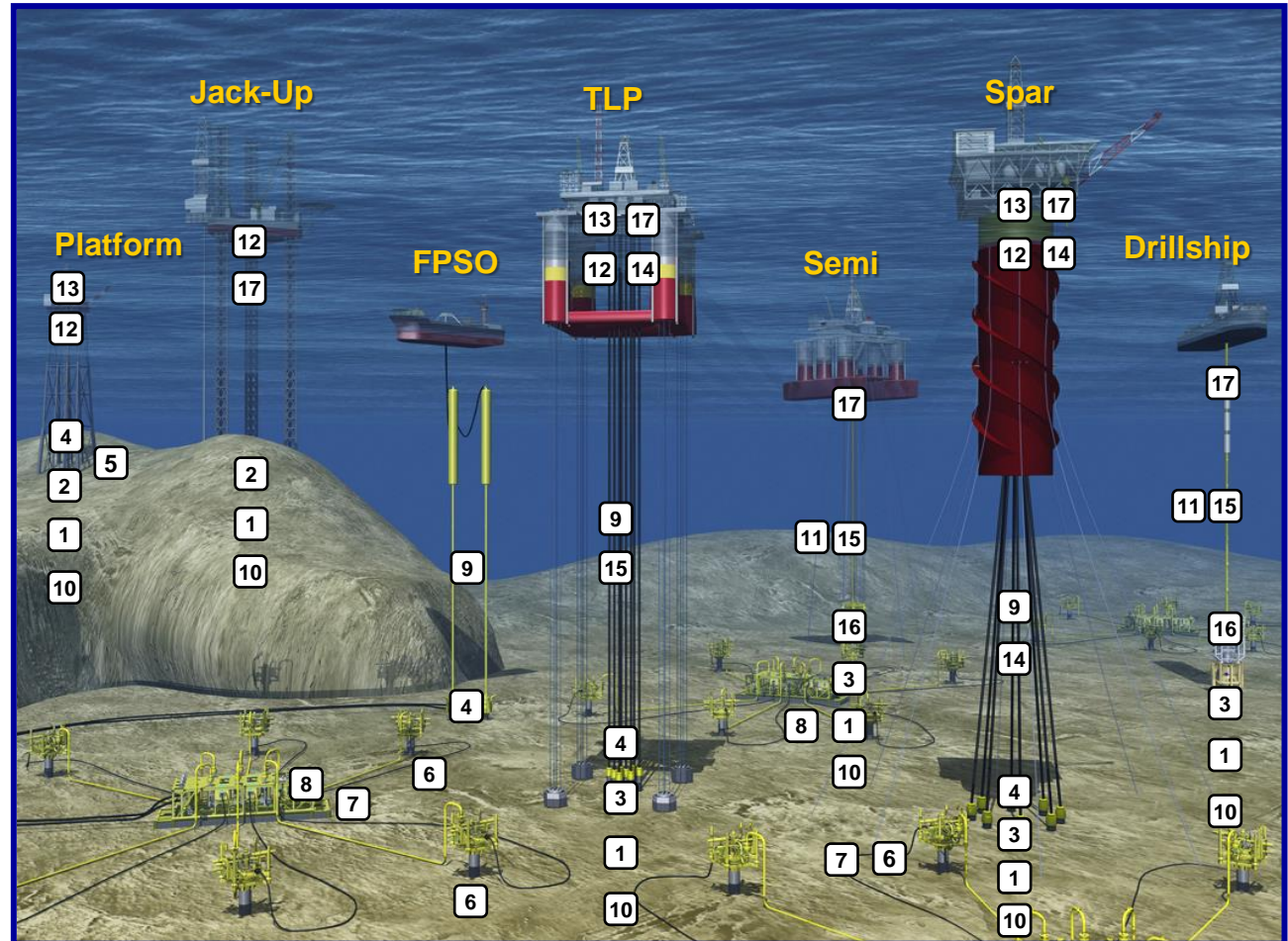
- 1 Specialty Connectors
- 2 Mudline Suspension
- 3 Subsea Wellheads
- 4 Tie-Back Connectors
- 5 Template Systems
- 6 Subsea Trees
- 7 Control Systems
- 8 Subsea Manifolds
- 9 Production Risers
- 10 Liner Hangers
- 11 Completion Risers

## SURFACE EQUIPMENT

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

## OFFSHORE RIG EQUIPMENT

- 15 Drilling Risers
- 16 Wellhead Connectors
- 17 Diversers



SERVICES: Reconditioning - Rental Tools - Field Installation

# Subsea Well Systems



Utilized on subsea wells drilled by 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

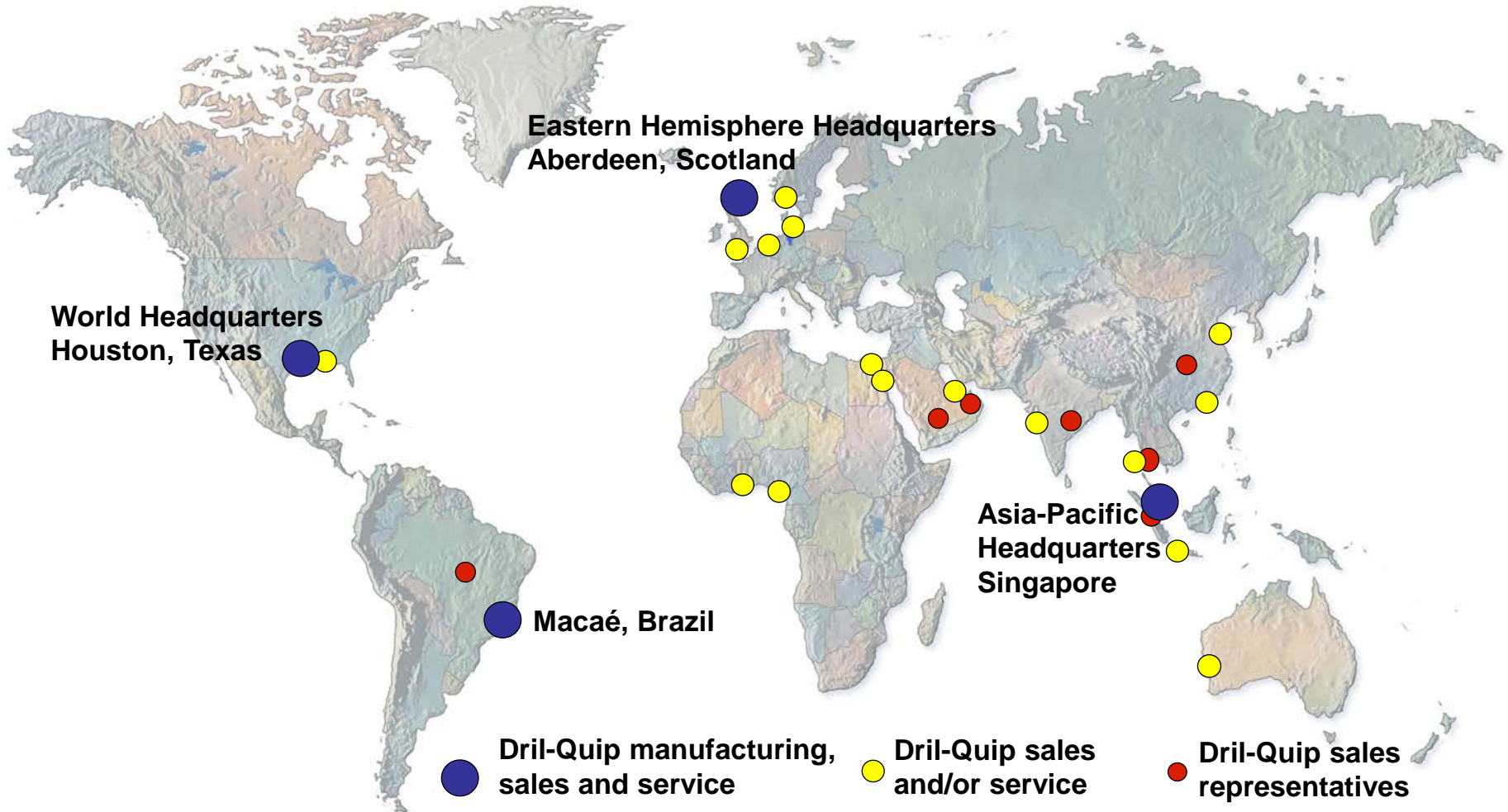
- Subsea Trees
- Control Systems
- Subsea Manifolds
- Subsea Wellheads
- Specialty Connectors
- Liner Hangers



# Strong Global Presence



*Located worldwide to serve key demand centers*





# Suppliers | Offshore Operators



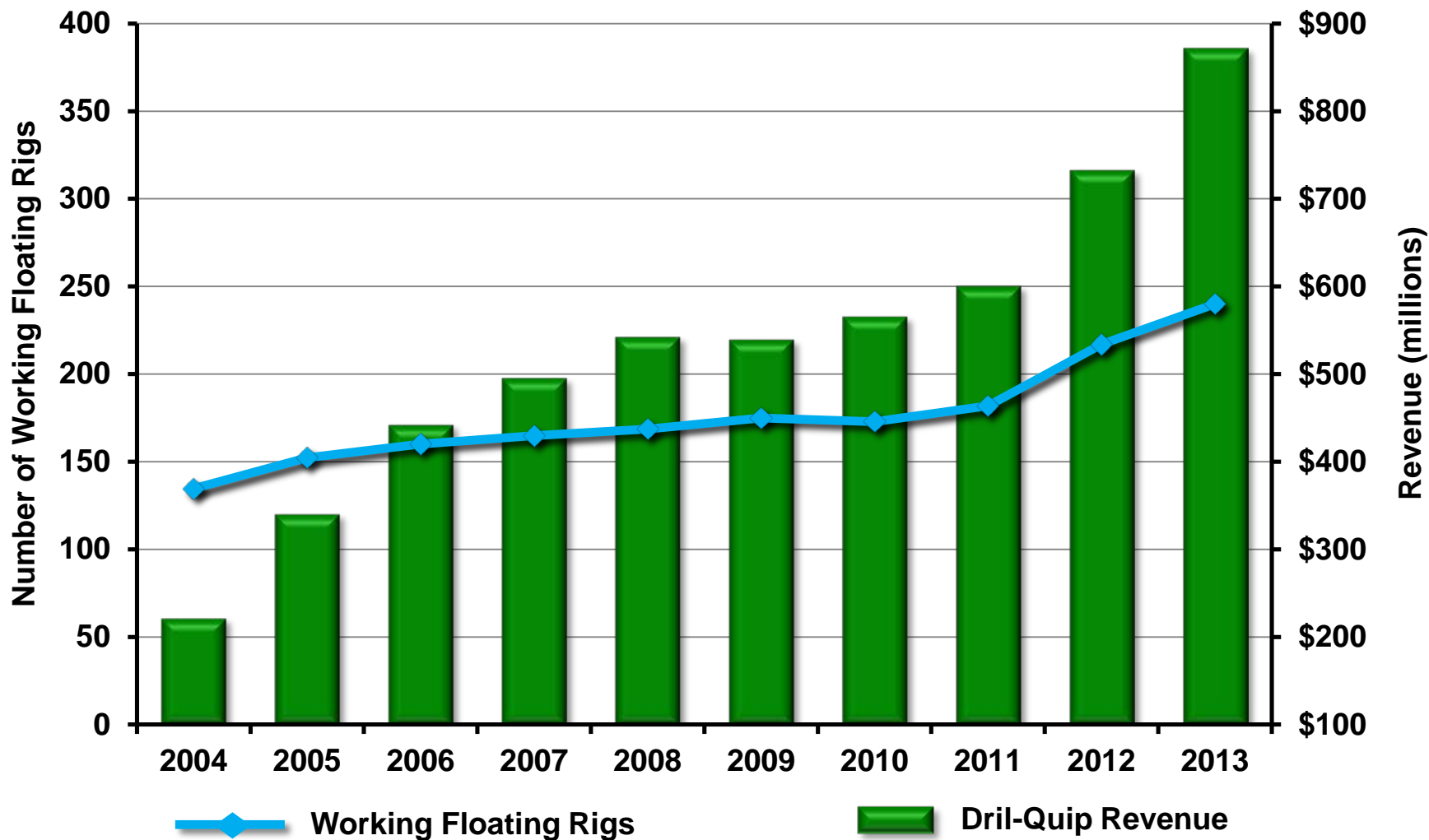
GE Oil & Gas  
Drilling & Production



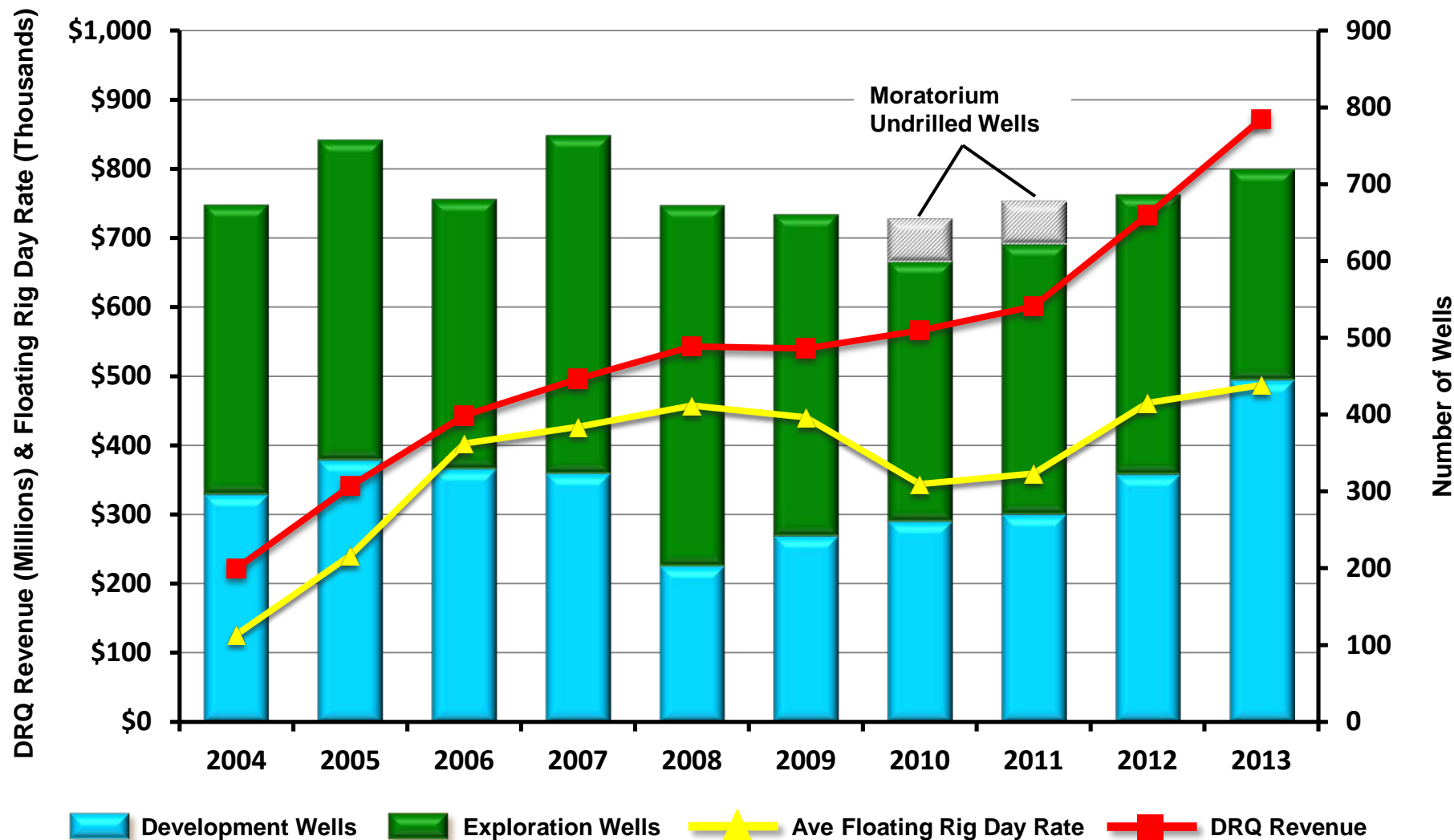
**TOTAL**



# Consistent Track Record of Growth



# DRQ Revenues, Wells Drilled & Day Rates

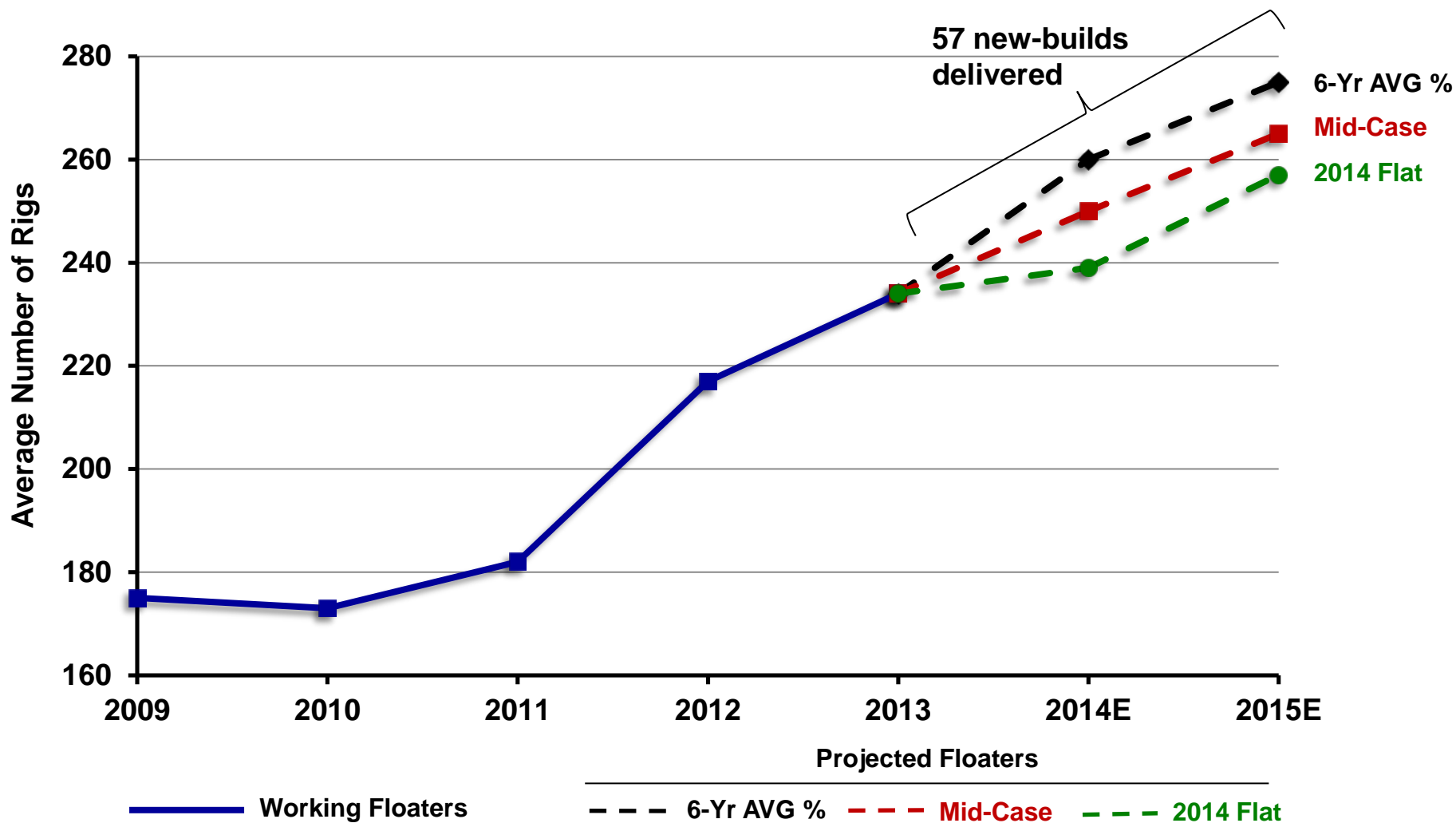


Source: IHS-Petrodata, BofA Merrill Lynch, DRQ Estimates, Quest Offshore Resources



# Working Floating Rig Fleet

2009 - 2015E

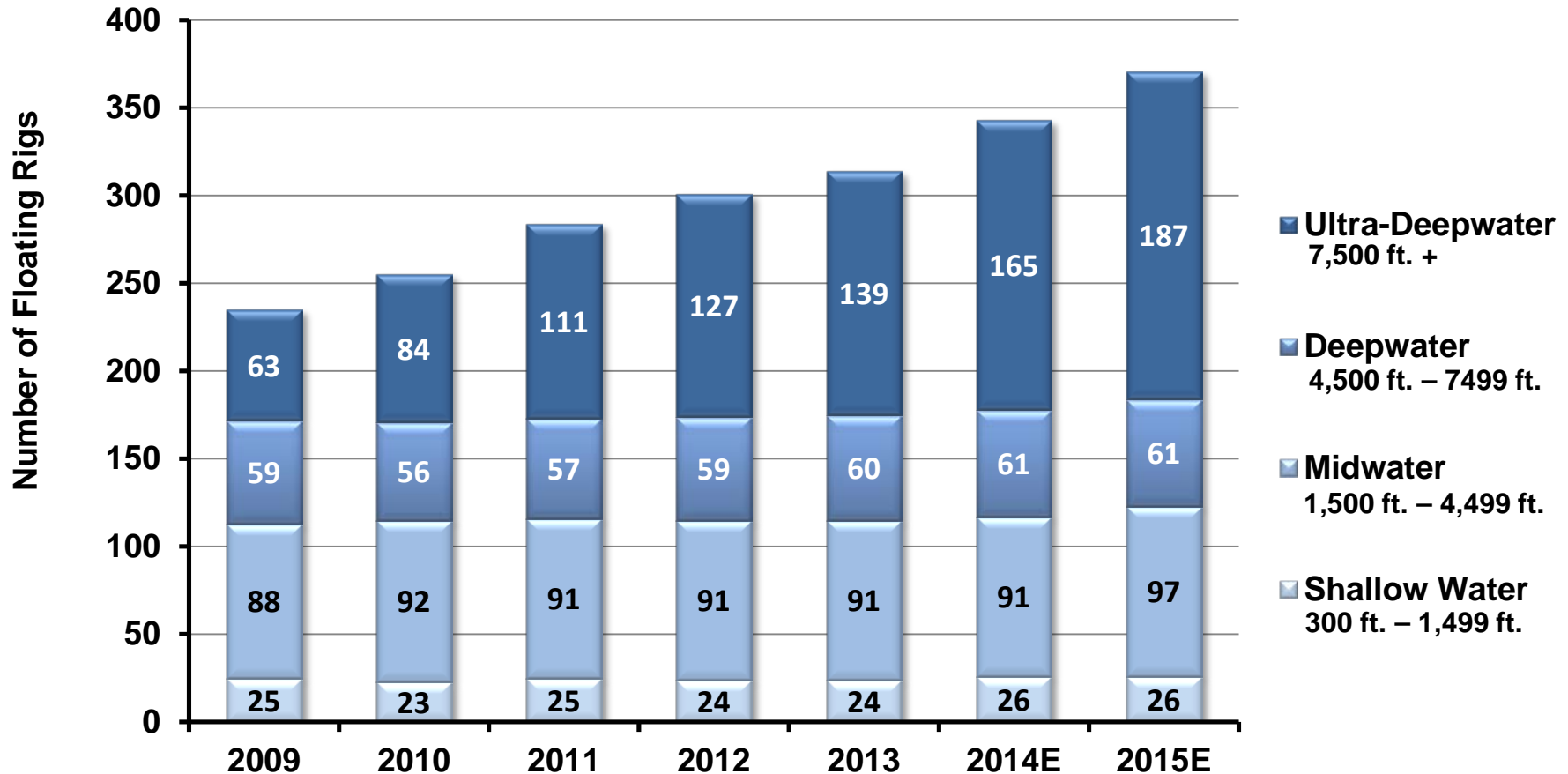


# Floating Rig Fleet by Water Depth

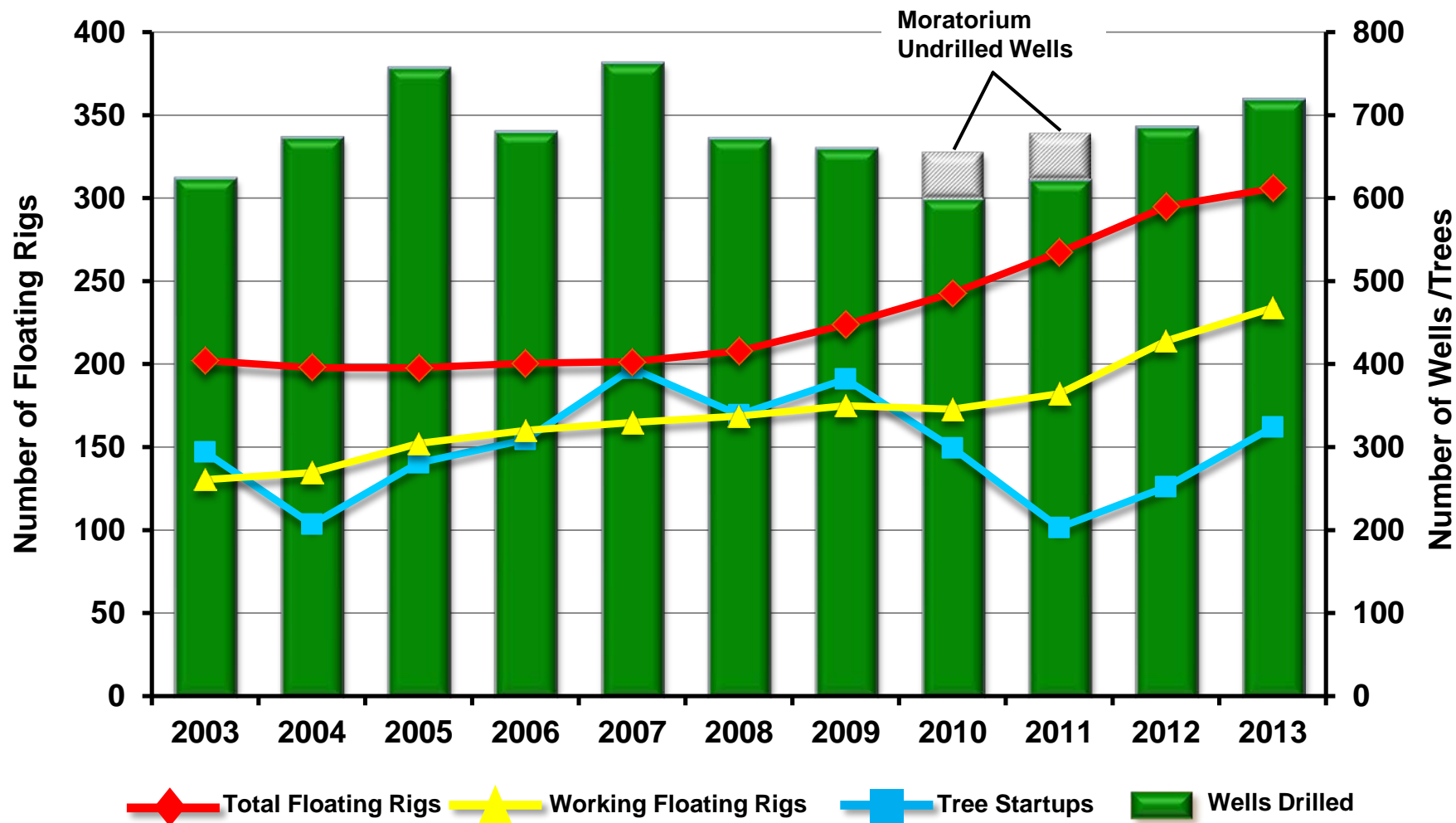
## 2009 – 2015E



*By year end 2015, there will be more ultra-deepwater rigs than shallow, midwater, and deepwater rigs combined.*



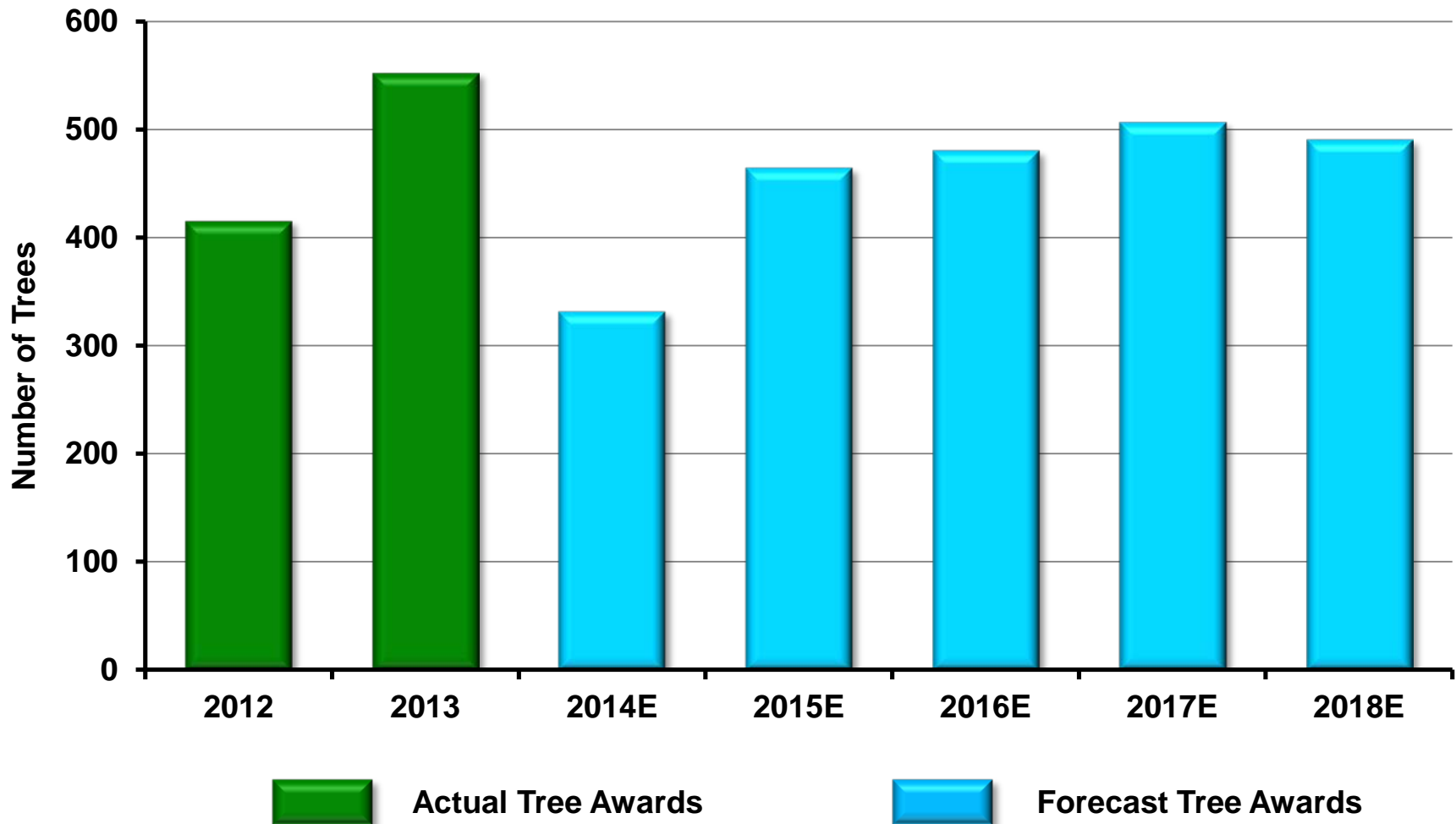
# Floating Rig Drilling Activity



Source: IHS-Petrodata, BofA Merrill Lynch, Quest Offshore Resources

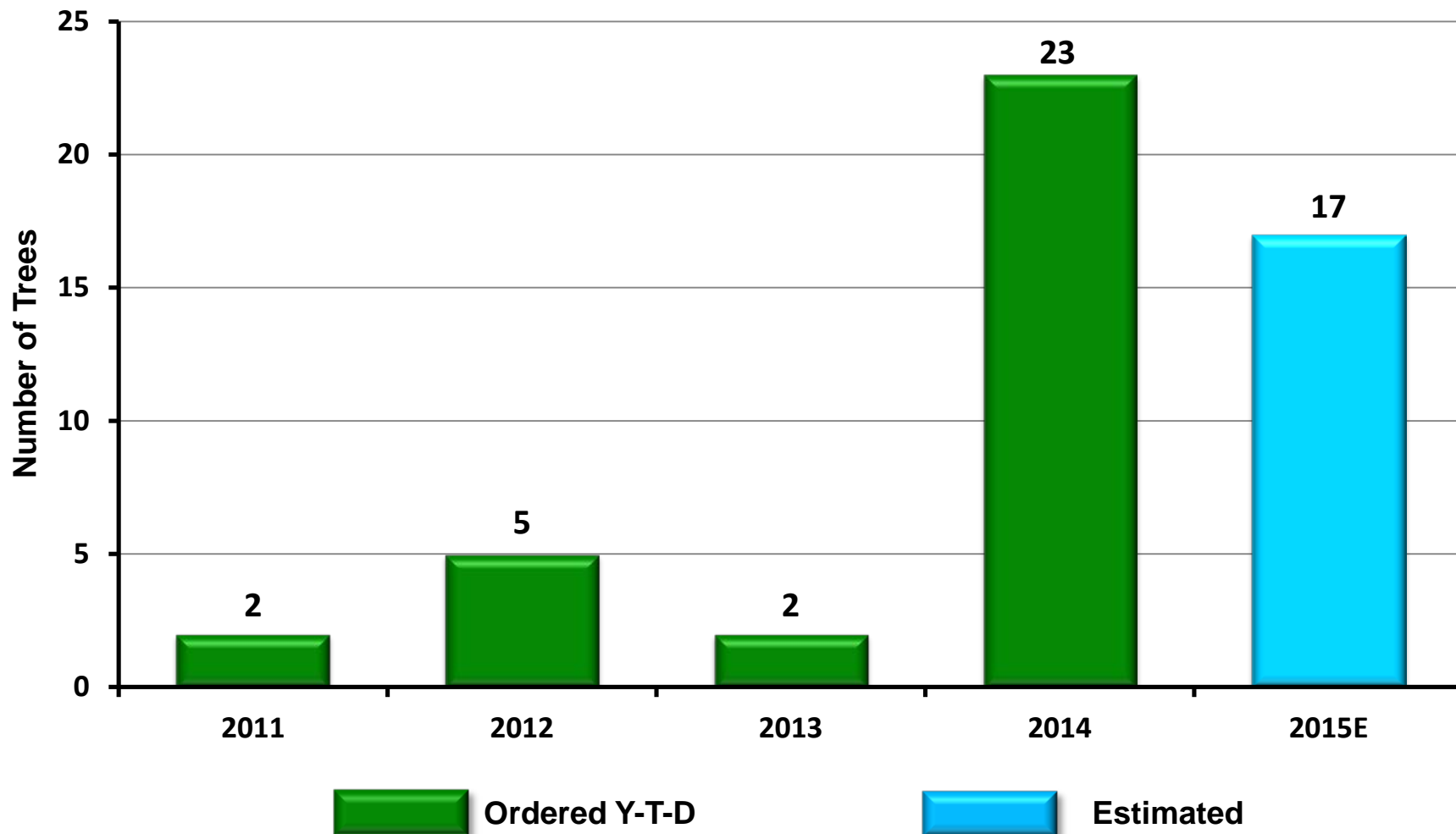


# Worldwide Subsea Tree Awards Forecast

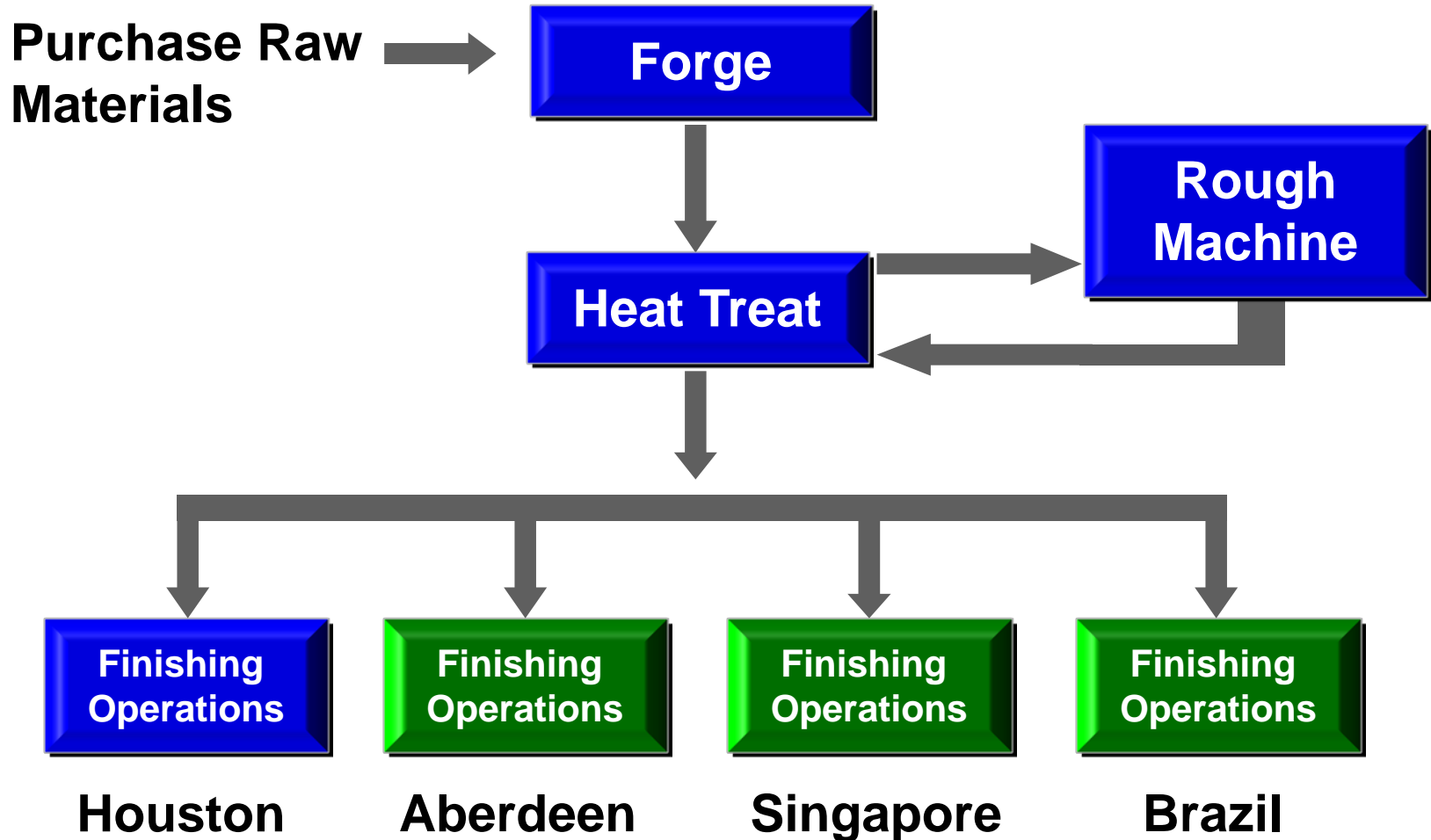


# DRQ - Subsea Tree Orders

2011 – 2015E



# Vertically Integrated Manufacturing





# Machinery and Equipment Rebuilding



- Purchase used equipment
  - Refurbish in-house with new CNC controls
  - Purpose-built machine tools
- Resulting in reduced capital expenditures





# Manufacturing Locations



**Houston Eldridge (218 acres)**



**Aberdeen, Scotland (24 acres)**

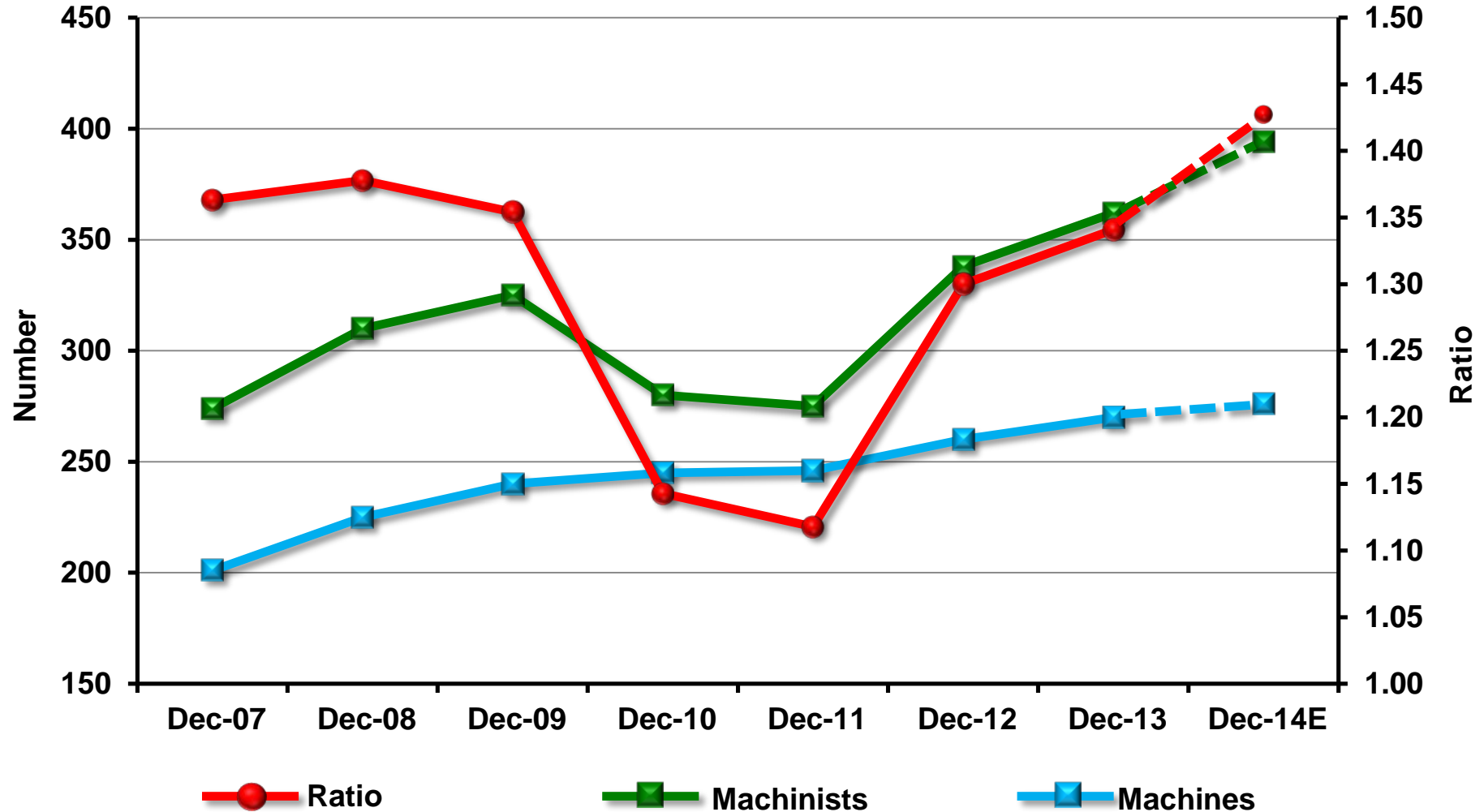


**Singapore (11 acres)**



**Macaé, Brazil (11 acres)**

# Machines and Machinists





# Strong Balance Sheet Offers Flexibility



(Millions of USD)

## Assets

Cash

09/30/14

\$ 315

12/31/13

\$ 384

Other current assets

789

695

Property, plant and equipment, net

310

305

Other assets

15

11

Total assets

\$ 1,429

\$ 1,395

## Liabilities and Stockholders' Equity

Current liabilities

\$ 169

\$ 143

Long-term debt

-

-

Deferred taxes

10

10

Total liabilities

179

153

Stockholders' equity

1,250

1,242

\$ 1,429

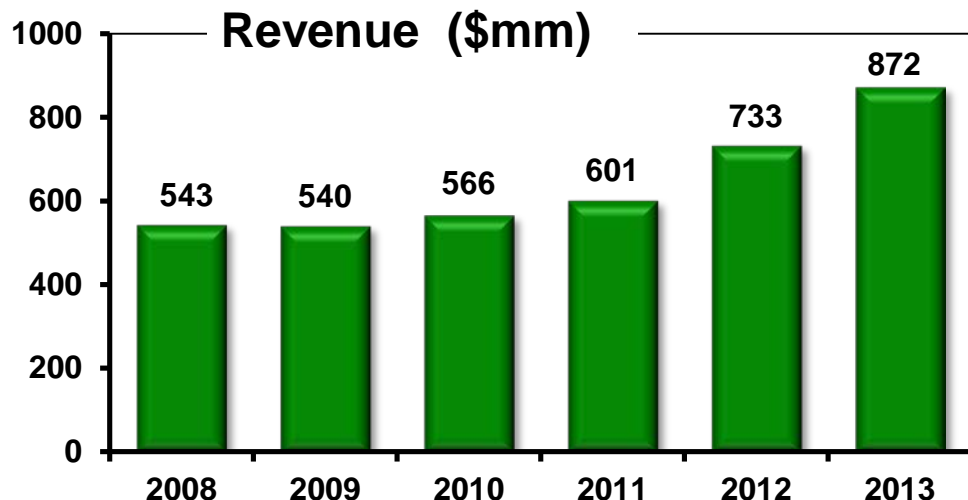
\$ 1,395

# Condensed Consolidated Statements of Income

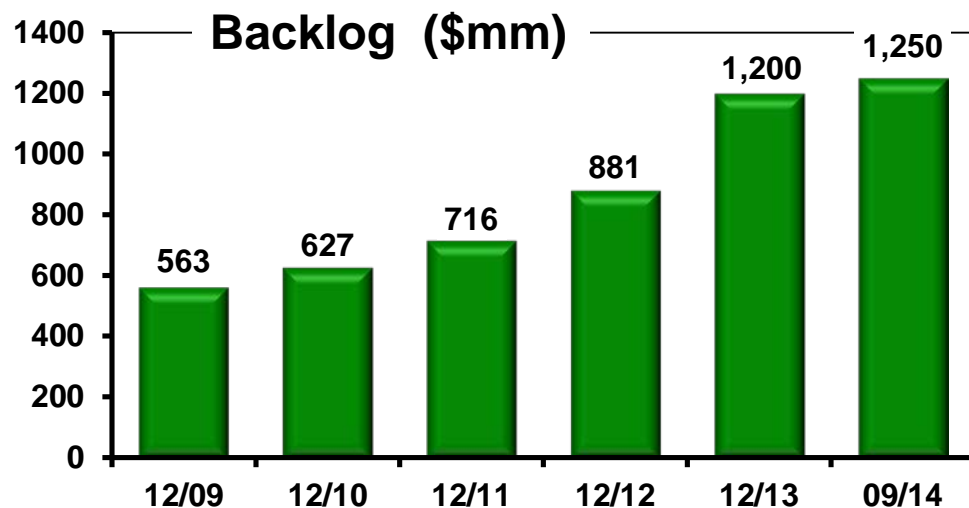


	Nine months ended September 30,			
(000s of US\$)		2014		2013
Revenues		\$ 676,138		\$ 639,910
Cost and expenses:				
Cost of sales	54.9%	371,030	59.6%	381,662
S, G & A		70,300		68,732
Engineering		34,295		29,139
		475,625		479,533
Operating income (EBIT)	29.7%	\$ 200,513	25.1%	\$ 160,377
Earnings per share		\$ 3.70		\$ 3.01

# Revenue and Backlog

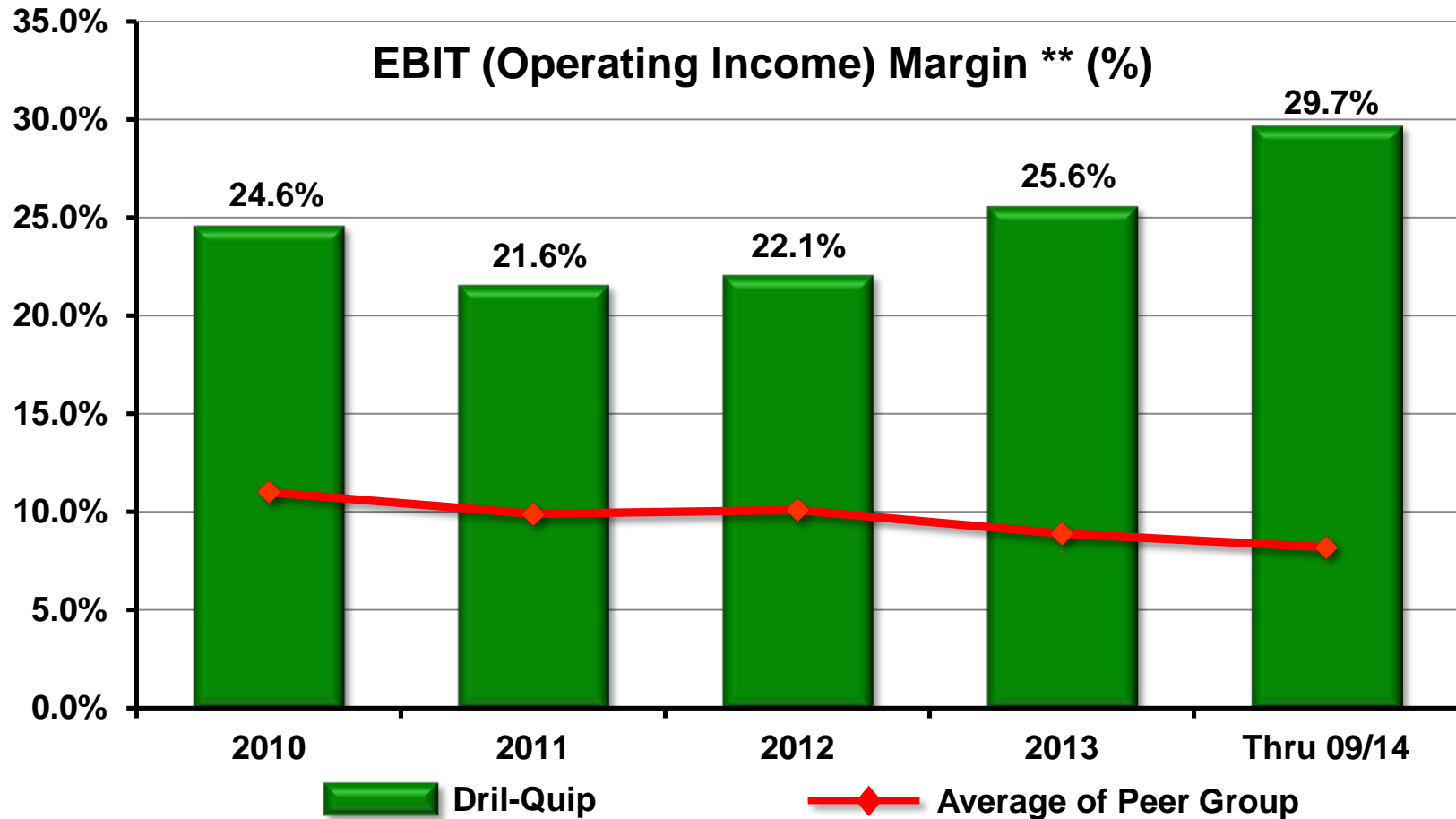


- Consistent revenue and backlog growth through industry cycles



- 1<sup>st</sup> nine mos. 2014 revenue totaled \$676.1 million
- \$1.25 billion backlog at Sept. 30, 2014

# Superior Margins vs. Peers\*



- Superior margins due to:
  - Vertical integration
  - Machine rebuilding

\* Peer group includes AKSO, CAM & FTI

\*\* Represents Operating Income divided by Revenue



# 2014 Planned Capital Expenditures



(Millions of USD)

• Machinery & equipment	\$ 25
• Rental tools	13
• Land, buildings & improvements	8
• Other	<u>4</u>
Total	<u><u>\$ 50</u></u>

# Looking Ahead



- **Continued focus on the growing deepwater offshore sector**
- **Continued commitment to Quality, Health, Safety and Environmental Management Systems**
- **Increase market share of subsea completion systems**
- **Continued focus on our R&D efforts**
- **Optimize our manufacturing production to maximize revenue**

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