



Investor Presentation

Fourth Quarter 2023

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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, 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.



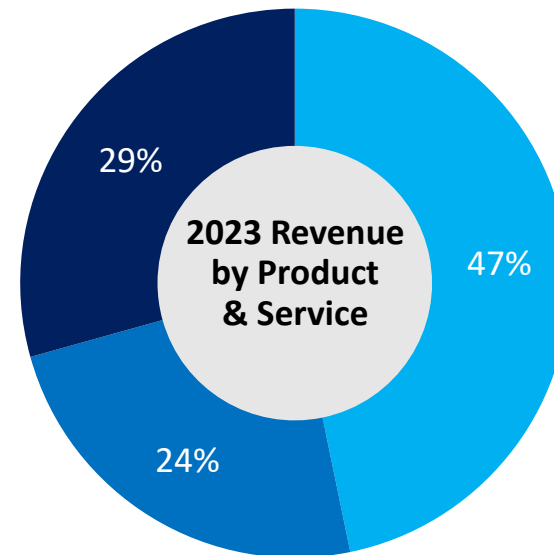
About Us



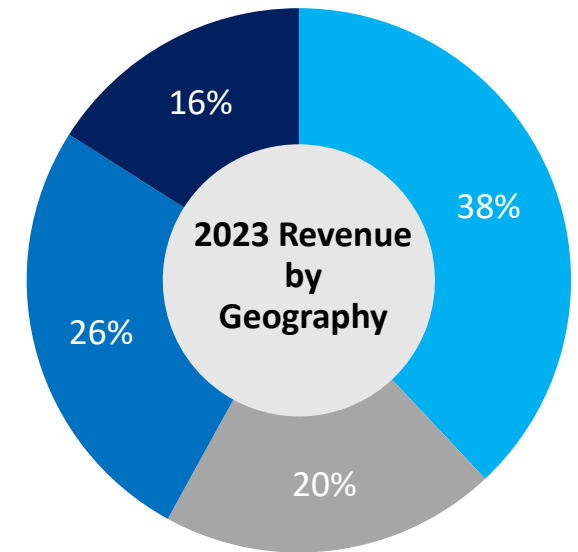
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Dril-Quip, Inc. is a leading developer of innovative technologies for the energy industry, designing and manufacturing best-in-class products for traditional oil and gas, and certain energy transition applications.

\$746 Million	Market Cap ¹
Houston, TX	Headquarters
\$424.1 Million	2023 Revenue
NYSE since 1997	DRQ
Operations	19 Countries
Global Employees	1,731



- Subsea Products
- Subsea Services
- Well Construction

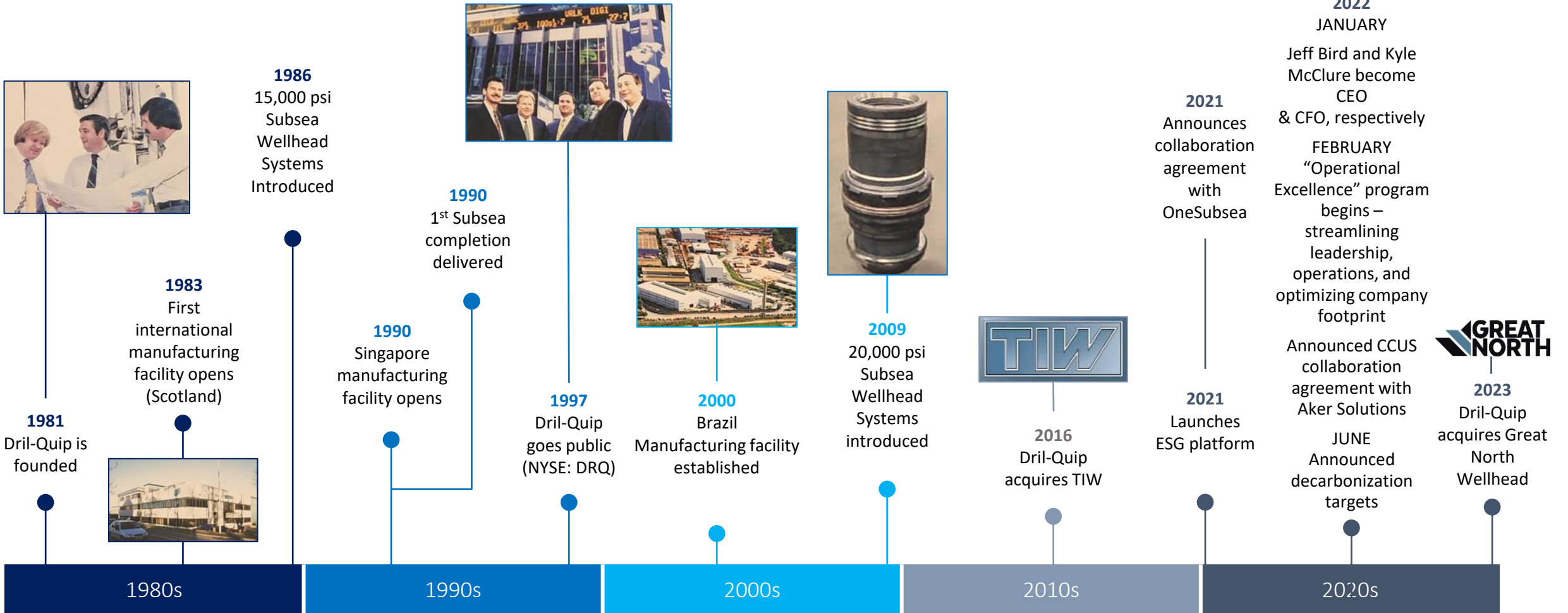


- North America
- Europe/Middle East
- Asia Pacific
- Latin America

Notes:

- ¹As of 02/20/2024
- On July 31st, 2023, Dril-Quip acquired Great North, which contributed \$35 million in North America revenue for the year. Full-year pro forma revenue for 2023 is \$90 million.

Our History | Dril-Quip Over the Years



Dril-Quip provides a balanced investment proposition to growth and value investors, supported by a long history of commanding premium valuation.



Leader in Design & Manufacturing

Manufacturer of highly engineered drilling & production equipment



Footprint in Key Offshore Drilling Markets

Competing in attractive long-term growth markets



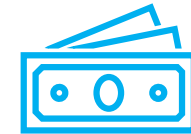
Organizational Alignment

Small, self-contained teams that share a common strategy and control of own destiny



Strong Financial Profile

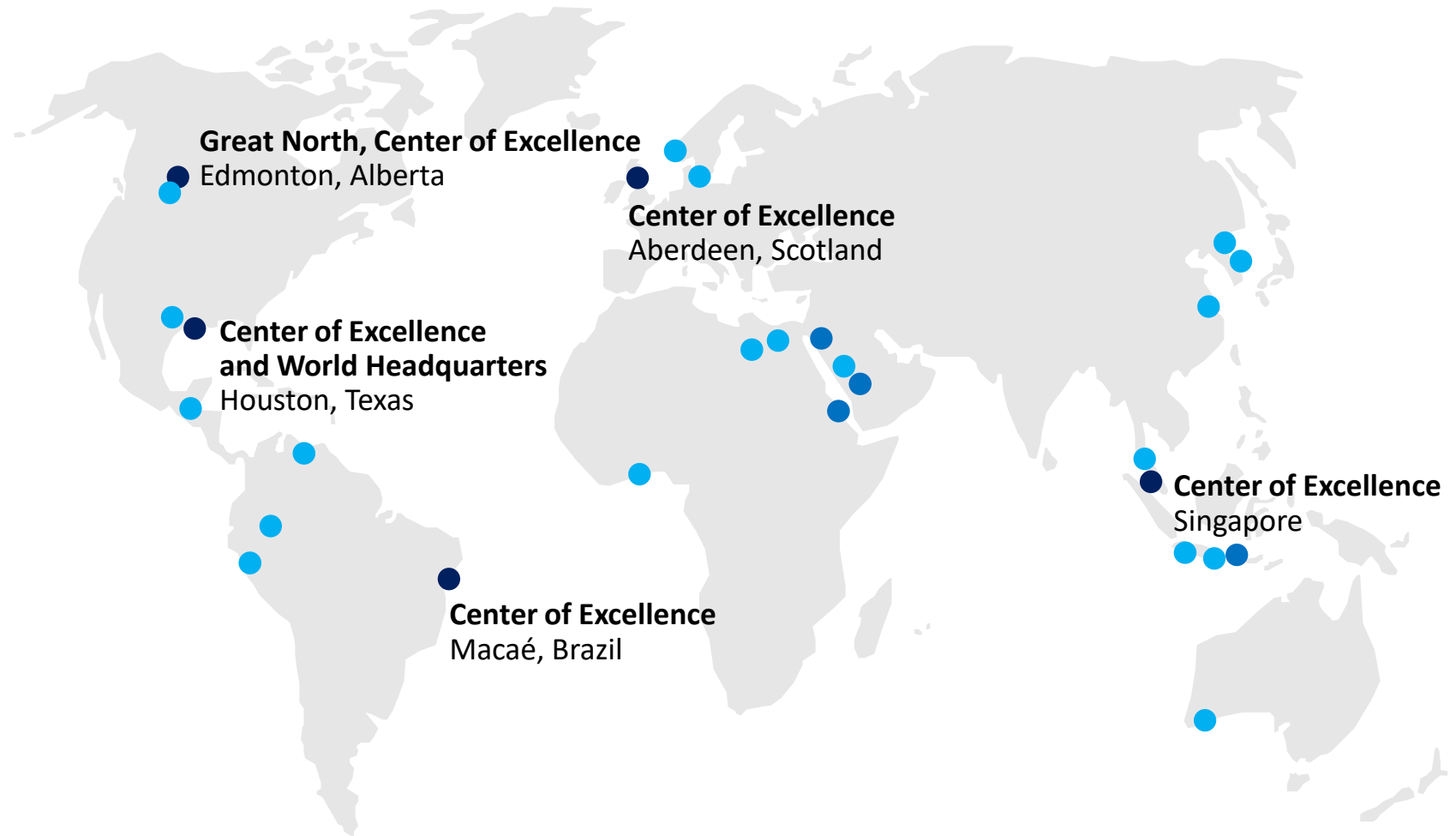
Continued progression on key organic initiatives that will drive profitable growth



Attractive Balance Sheet

One of very few oilfield service companies with balance sheet optionality

Dril-Quip is well positioned to serve the needs of the global energy industry with major manufacturing facilities in the United States (Texas), Canada, Scotland, Brazil and Singapore; and service facilities in Australia, Ecuador, Mexico, Norway, China, Egypt, Saudi Arabia Ghana, and Qatar.



- Engineering, Manufacturing, Sales & Service
- Sales and/or Service
- Sales Representatives

Customers | Extensive Customer Portfolio

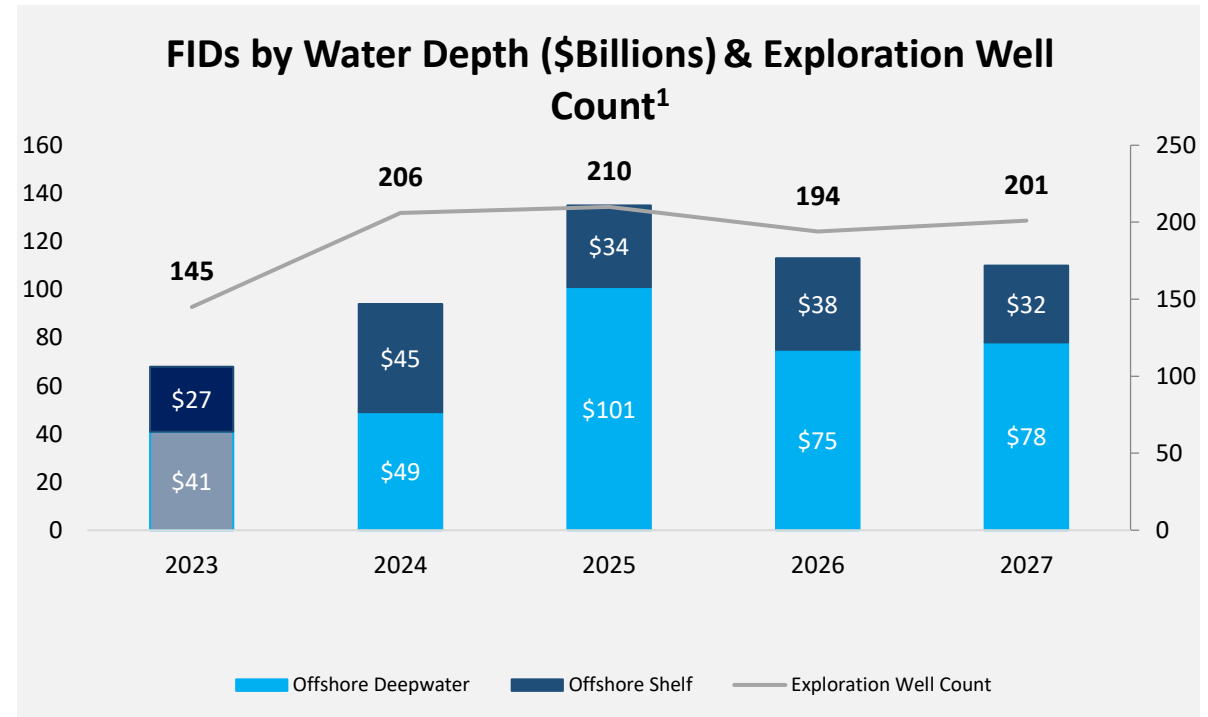


Our products are used by major integrated, independent, and foreign national energy companies throughout the world, and we are known for solving customers' most challenging problems with equipment that performs reliably, safely, and cost-effectively in deepwater, harsh environments, and severe service applications.



Offshore project FIDs are projected to increase substantially from 2023 levels

- Economic breakeven of current projects well below current spot and future prices; small percentage of projects requiring \$60/Bbl pricing or higher
- Trans Mountain expansion will significantly increase Canada's oil export capacity
- Offshore spending expected to outpace onshore, led by deepwater projects in Brazil and West Africa, as well as shallow water projects in Qatar, Norway and Saudi Arabia
- Energy security spurring investment, projects, partnerships, and increased offshore exploration
- Focus on decarbonization supporting R&D and ongoing investment across the space



Notes: ¹Rystad Energy

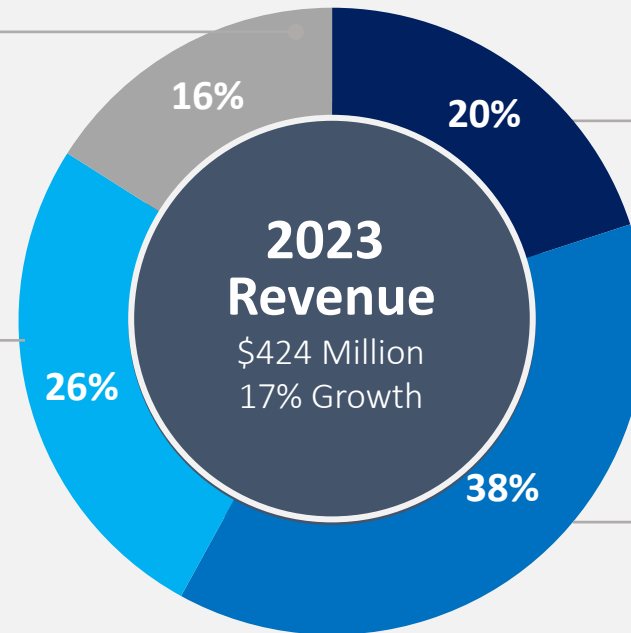
Dril-Quip is well positioned to capitalize on a constructive offshore market with strong growth trends in Brazil, the Middle East, Latin America, and in reemerging markets such as West Africa.

Asia-Pacific

- Represented 16% of total revenue for FY 2023
- Upswing in activity in the regions expected to drive demand for subsea products and well construction

Europe/Middle East

- Represented 26% of total revenue for FY 2023
- Long-term CCUS potential through our partnership with Aker Solutions
- Activity in Norway is seeing an uptick in demand due to energy security concerns

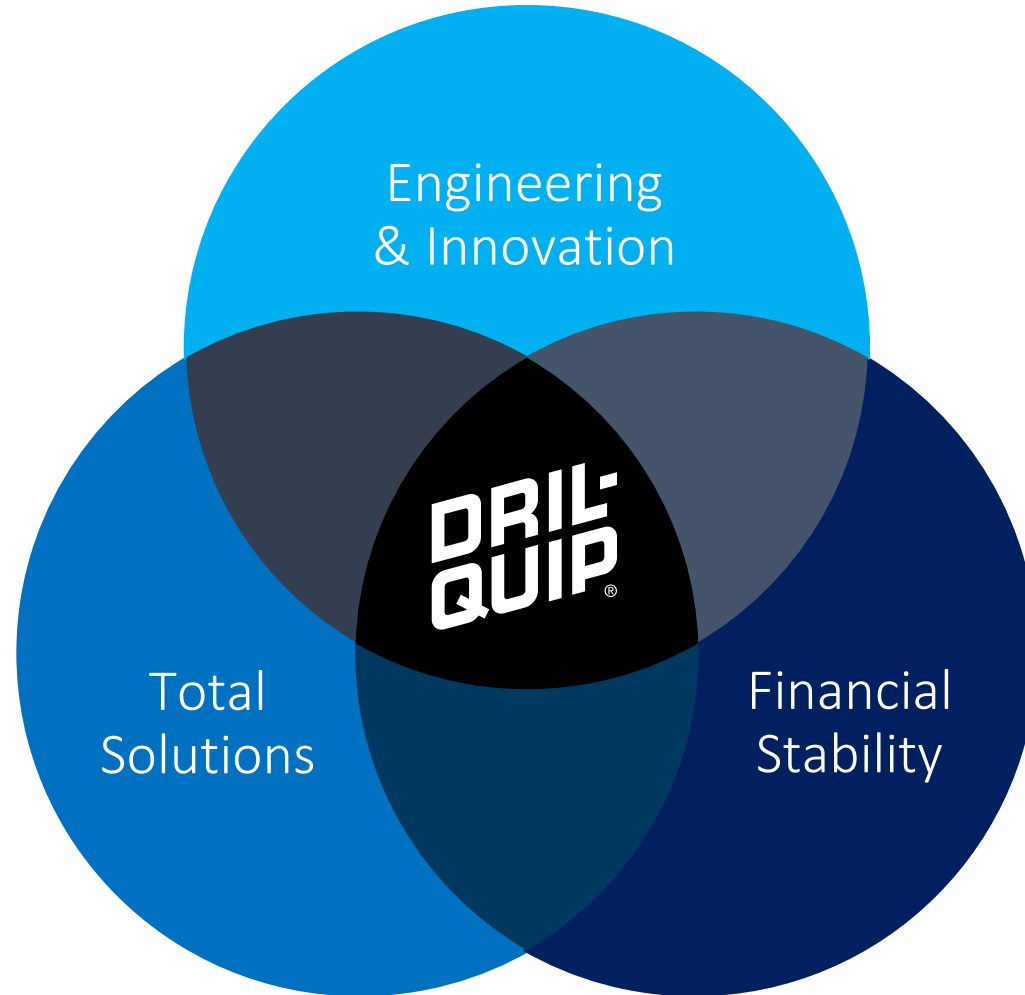


Latin America

- Represented 20% of total revenue for FY 2023
- Strong growth in Brazil from Petrobras, which plans to invest \$78 billion between 2023 – 2027 with plans to drill ~350 wells
- Guyana and Suriname in the early stages of development for DRQ with follow on orders expected in 2024 and beyond

North America

- Represented 38% of total revenue for FY 2023
- Activity in Canada increasing due to Great North acquisition



- **Highly engineered, innovative solutions** designed to withstand the harshest environments, saving customers time and money
- Award-winning drilling and production products and services are utilized to **provide total solutions for field developments**
- Long operating history and a clean balance sheet with zero debt provides **strong financial stability**

Commercial Excellence | Growth Update

Focusing on core growth markets globally.



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Operational Excellence Initiatives | Progress Update



Driving organizational culture of continuous productivity improvement.

Footprint & Business Unit Restructuring

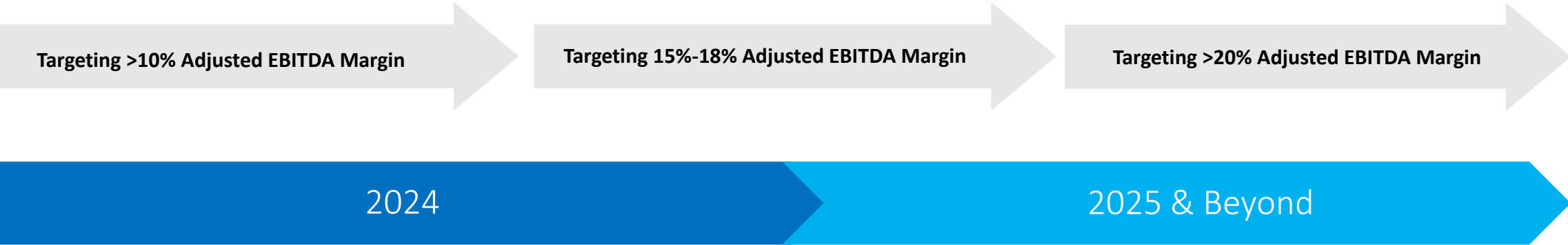
\$5 million expected annual savings

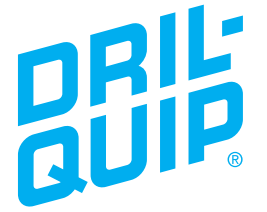
Wellhead Manufacturing Investment

\$10 million expected annual savings

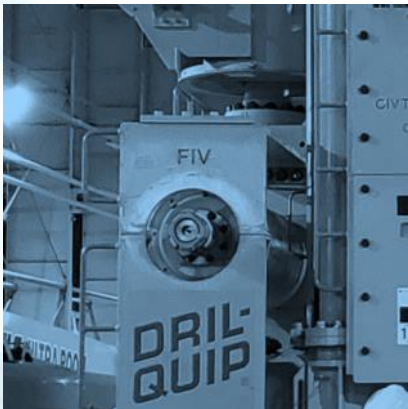
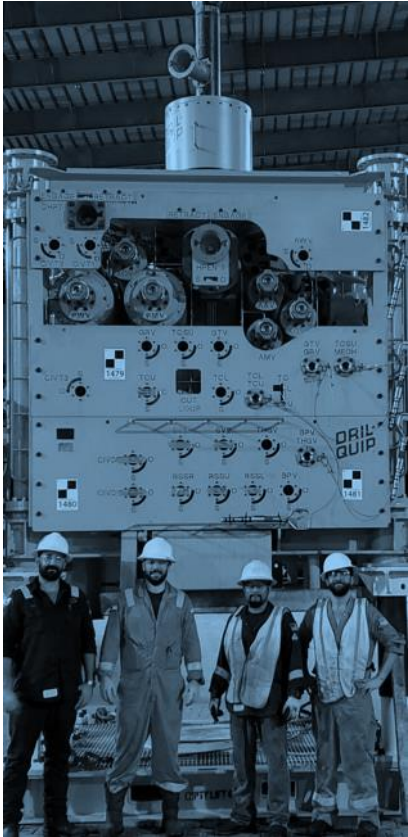
Best Cost Region Supply Chain

\$10 million - \$15 million expected annual savings





Strategic Operating Products & Services



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Dril-Quip strategically streamlined operations and leadership, driving towards more focused and integrated product and service lines.



Subsea Products

*Market leader in subsea wellhead equipment and technology, manufacturing highly engineered, **field-proven products with wide array of deepwater drilling** equipment and technology that meets the requirements for **harsh subsea environments***



Subsea Services

*Provider of **aftermarket support** and technical services with field technicians that support the **full lifecycle management** of regulatory and industry standards, as well as offering client's **comprehensive product training programs***



Well Construction

*Drilling, completions and productions solutions provider for **onshore and offshore** markets, supplying **consumable and rental well construction** products for the global energy market and offering highly experienced personnel with **extensive operational knowledge and engineering expertise***

Business supported by Dril-Quip's expansion into high-growth decarbonization opportunities in our Energy Transition offering longer term.

Robust Product Offering | Equipment



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Wide range of innovative products serving the energy industry, even in the harshest environments.

SUBSEA EQUIPMENT

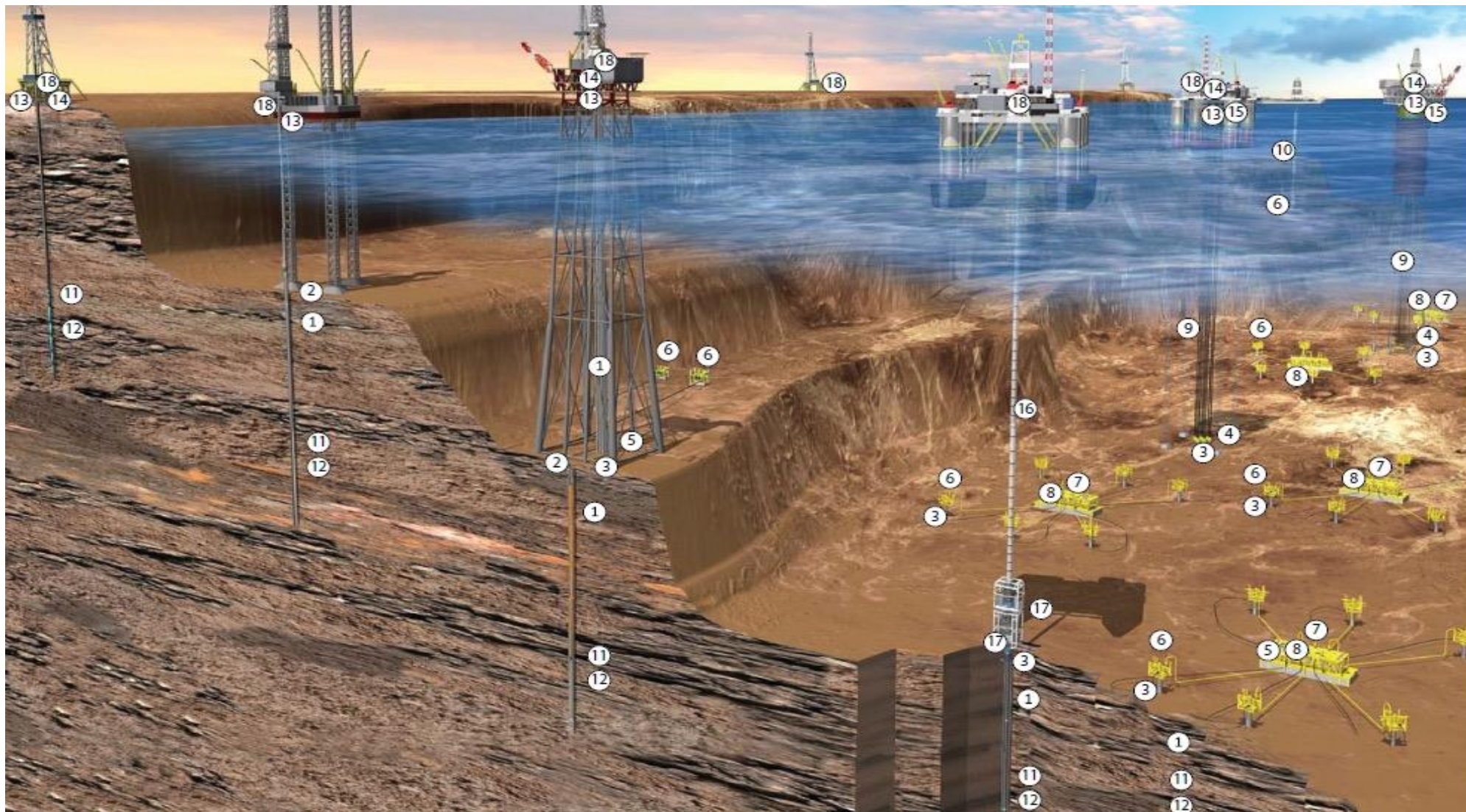
- ① Specialty Connectors
- ② Mudline Suspension
- ③ Subsea Wellheads
- ④ Tie-Back Connectors
- ⑤ Template Systems
- ⑥ Subsea Trees
- ⑦ Control Systems
- ⑧ Subsea Manifolds
- ⑨ Production Risers
- ⑩ Completion Risers
- ⑪ Liner Hangers
- ⑫ Downhole Tools

SURFACE EQUIPMENT

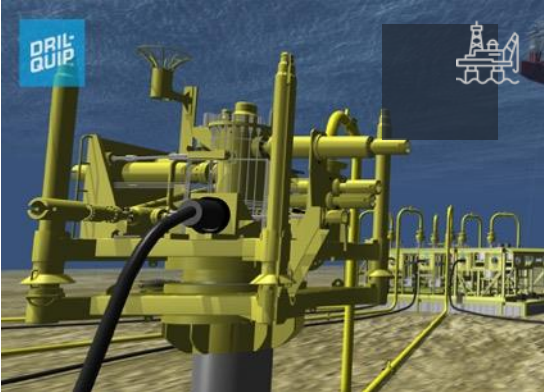

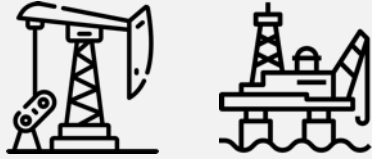


- ⑬ Surface Wellheads
- ⑭ Surface Trees
- ⑮ Riser Tensioners

OFFSHORE RIG EQUIPMENT

- ⑯ Drilling Risers
- ⑰ BOP Stack Connectors
- ⑱ Diversers





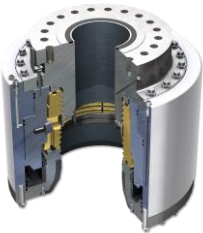
	PRODUCTS & SERVICES	EXPOSURE	PRIMARY MARKETS
SUBSEA PRODUCTS	 <ul style="list-style-type: none"> • Subsea Wellheads • Specialty Connectors & Associated Pipes • Subsea Production Systems • Mudline Hanger Systems • Production Riser Systems • Dry Tree Systems • Subsea Manifolds 		<ul style="list-style-type: none"> • U.S. Gulf of Mexico, Mexico, Brazil, Trinidad & Tobago • United Kingdom, Norway • Saudi Arabia, Ghana • China, Indonesia, Australia
WELL CONSTRUCTION	 <ul style="list-style-type: none"> • Liner Hangers & Expandable Liner Systems • Multi-frac Well Connectors • Conventional Wellhead • Thermal Wellhead • Specialty Well Construction • Completion Packers • Safety & Kelly Valves • Rental & Service 		<ul style="list-style-type: none"> • Canada • Deepwater Gulf of Mexico • Latin America <ul style="list-style-type: none"> – Brazil – Ecuador – Mexico • Saudi Arabia • Namibia
SUBSEA SERVICES	 <ul style="list-style-type: none"> • Technical Advisor Assistance • Leasing of Subsea Equipment • Reconditioning • Storage & Maintenance • Rental Tools 		<ul style="list-style-type: none"> • U.S. Gulf of Mexico, Mexico, Brazil, Trinidad & Tobago • United Kingdom, Norway • Saudi Arabia, Ghana • China, Indonesia, Australia

Manufacturer of highly engineered, field-proven products with a wide array of deepwater drilling equipment and technology that meet the requirements for harsh subsea environments.



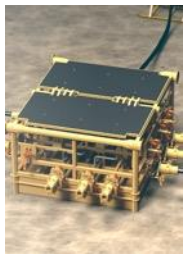
Wellheads

- Field-proven wellhead system specially designed to meet the many challenges of working in shallow or deep-water environments and shallow or ultra-deep well applications



Connectors & Surface Equipment

- Specialty connector suite of products that meet the varying casing challenges faced across well applications
- Solutions focused surface and capital drilling equipment that offer the appropriate balance of technology and economy



Subsea Production Systems

- Innovative drilling and production products providing comprehensive field development solutions
- Production Trees, Manifolds, Connection & Control Systems, Production PLEM's, PLET's, Flowline Jumpers

Initiatives & Accolades

- 673 patents
- Tier 1 wellhead provider
- Executing collaboration agreements
- Targeting shallow water and CCUS opportunities through SBTe offering

Provider of high-level aftermarket support and technical services with field technicians that support the full installation and lifecycle management of regulatory and industry standards, as well as offer industry training programs.



Aftermarket Capabilities

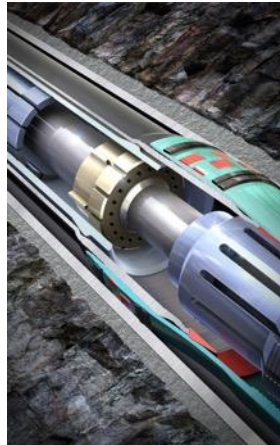
- Partners with customers throughout the lifecycle including full installation, strip-down, inspection, testing, assembly capabilities
- In-house machining capabilities for manufacturing and repairing from the smallest components to full subsea tree blocks
- Comprehensive engineering, project, and back-office support functions for seamless and continuous customer support
- Ability to serve customers and projects in the harshest environments

Initiatives & Accolades

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

Our Business | Well Construction Profile

Well Construction provides solutions for onshore and offshore markets, supplying consumable and rental products for the global energy market and offering highly experienced personnel with extensive expertise.



Expandable Liner Hangers – XPak™ & Big Bore XPak De®

- Features innovative liner top anchor/sealing device, providing unmatched reliability
- Robust system suitable for HTHP and challenging applications
- Established technology with limited competitors

Conventional & Thermal Wellhead Products

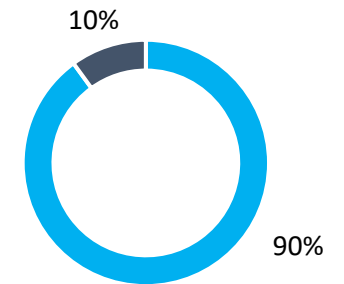
- Technical, engineered-to-order wellheads used in heavy oil and thermal production locations

Rental Completion Solutions

- Multi-Well Frac Connector™
- Missile Frac Solution
- Dart & Frac Ball Launchers

Casing Hardware & Well Services

- Providing accessories to liner hanger operations & long-string cementing
- Well intervention and slot recovery
- Tubular Running Services



■ International Onshore* ■ Deepwater

Initiatives & Accolades

- 388 patents
- Gaining share in key markets (Brazil, Canada, Namibia, US, Mexico)
- Converting from conventional to expandable liner hangers
- Focus on expanding presence in Saudi Arabia
- Integrating Great North into portfolio and expanding reach internationally

*Splits inclusive of Great North Wellhead
2023 Proforma Impact

Helping our customers adapt and transition to a new energy mix, while positioning DRQ to support these long-term, robust opportunities.

Carbon conscious project execution

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

Solutions for carbon capture and storage projects

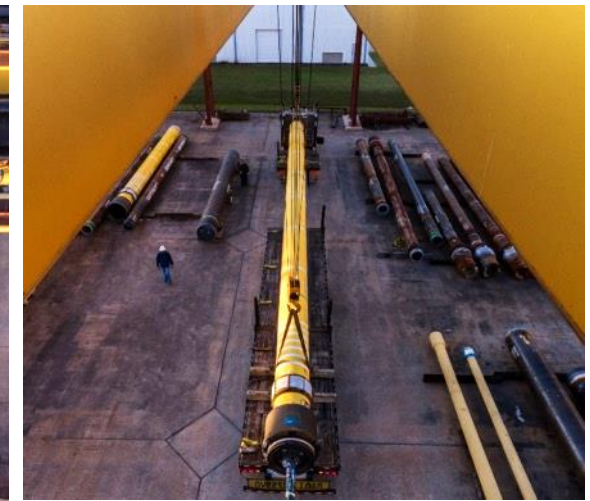
- Existing track record with early mover projects
- Ability to support onshore, offshore and subsea segments
- Evaluating adjacent needs to derive additional value

Geothermal Solutions

- Geothermal sector is set for rapid growth, driven by need for renewable base-load energy sources
- Market share leader in the thermal wellhead market in Canada
- Early project sales from Dril-Quip connector products

eVolving industry

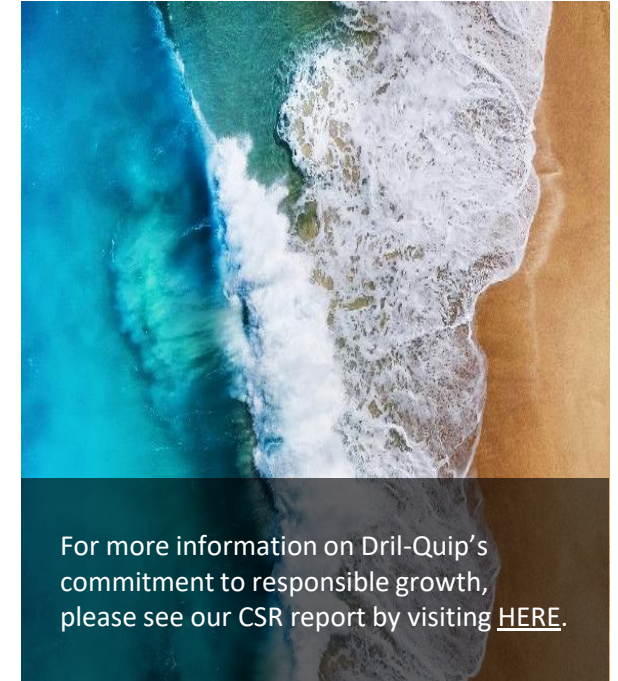
- Less steel/materials
- Less transportation
- Efficient operations
- Effective manufacturing
- Increased competitiveness
- Lower carbon footprint



At Dril-Quip, we believe technological innovation is key to improving energy efficiency and providing people around the world with universal access to reliable, affordable, clean energy. By doing so, we seek to stimulate economic growth and enhance the standard of living for all, improving health and creating employment opportunities globally.

With an “A” rating from MSCI ESG, Dril-Quip’s approach to developing products that align with our commitment to UN Sustainable Development Goals (SDGs) is straightforward:

- We continuously **engage** with customers to understand their strategic priorities around energy efficiency and carbon emission reduction.
- We **invest** heavily in R&D as innovation has been central to technologies we have been bringing to the marketplace since 1981 and incorporate the evaluation of climate change risks and opportunities in our R&D processes.
- We **innovate** based on customer feedback and continuously improve our product portfolio.
- We **empower** customers to minimize health and safety risks while reducing their carbon footprint.
- We **support** our local communities by fostering the availability of clean, affordable energy to all.





Financial Performance



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Recent Highlights | Fourth Quarter & Full Year 2023



Ongoing upcycle in the offshore market continues to create strong demand.

- Secured major subsea production system in Australia for approximately \$40 million
- Awarded 3-year deepwater subsea wellhead contract by CNOOC
- Awarded Hibernia / Exxon Canada diverter systems which provide an application for pressure balanced drilling
- Completed 3 Canadian CCUS appraisal wells
- Closed on the sale of a third Houston property completing the current footprint optimization initiative
- Early Great North international wins in Morocco
- Won a multi-well, multi-year contract to supply Subsea Wellhead Systems in Mexico

Fourth Quarter	Full Year
Q4 Revenue \$126.3 Million +31% YoY	2023 Revenue \$424.1 Million +17% YoY
Q4 Net Income \$1.8 Million +\$2.1 Million YoY	2023 Net Income \$0.6 Million +\$2.2 Million YoY
Q4 Adjusted EBITDA \$16.5 Million +\$6.3 Million YoY	2023 Adjusted EBITDA \$46.5 Million +\$16.7 Million YoY
Q4 Bookings \$122.7 Million +25% YoY	2023 Bookings \$295.4 Million +9% YoY
Q4 Gross Margin 27.4% -381 BPs YoY	2023 Gross Margin 27.3% +73 BPs YoY

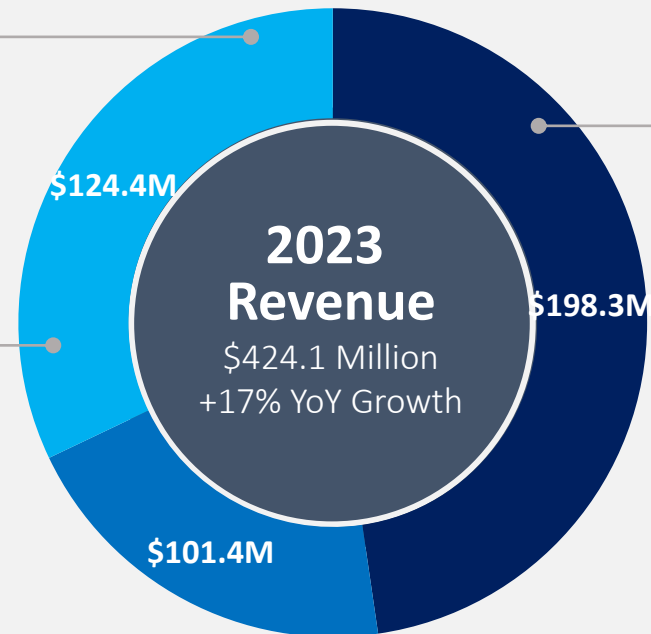
New operating segments effective in 2023 provide better visibility into Dril-Quip’s business and align financial reporting with the Company’s internal operating structure.

Well Construction

- 70% YoY growth
- Includes: Liner Hangers & Expandable Liner Systems, Onshore Wellheads, Specialty Downhole Tools, Safety & Kelly Valves, and Rental & Service

Subsea Services

- 7% YoY growth
- Includes: Technical Advisor Assistance, Leasing of Subsea Equipment, Reconditioning, Storage & Maintenance, and Rental Tools



Subsea Products

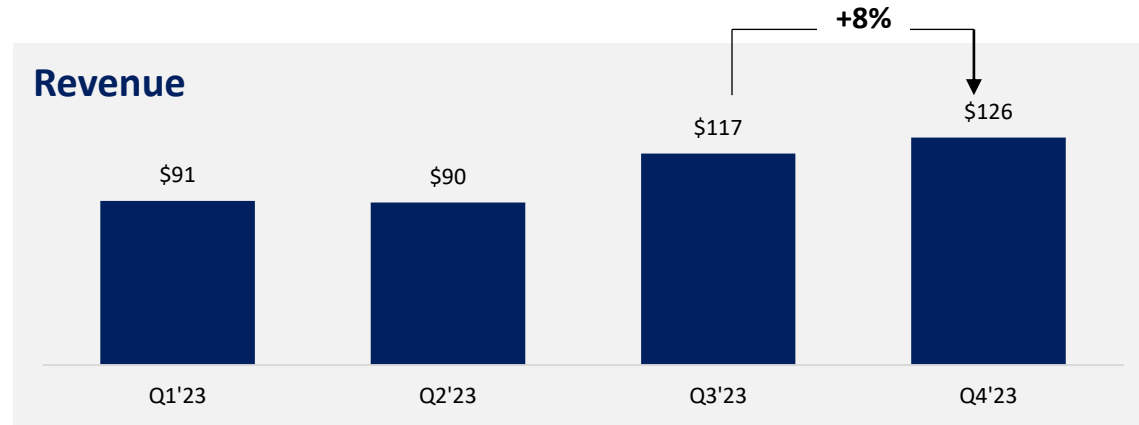
- 2% YoY growth
- Includes: Subsea Wellheads, Specialty Connectors & Associated Pipes, Subsea Production Systems, Mudline Hanger Systems, Production Riser Systems, Dry Tree Systems, and Subsea Manifolds

Note: On July 31st, 2023, Dril-Quip acquired Great North, which contributed \$35 million in Well Construction revenue for the year. Full-year pro forma revenue for 2023 is \$90 million.

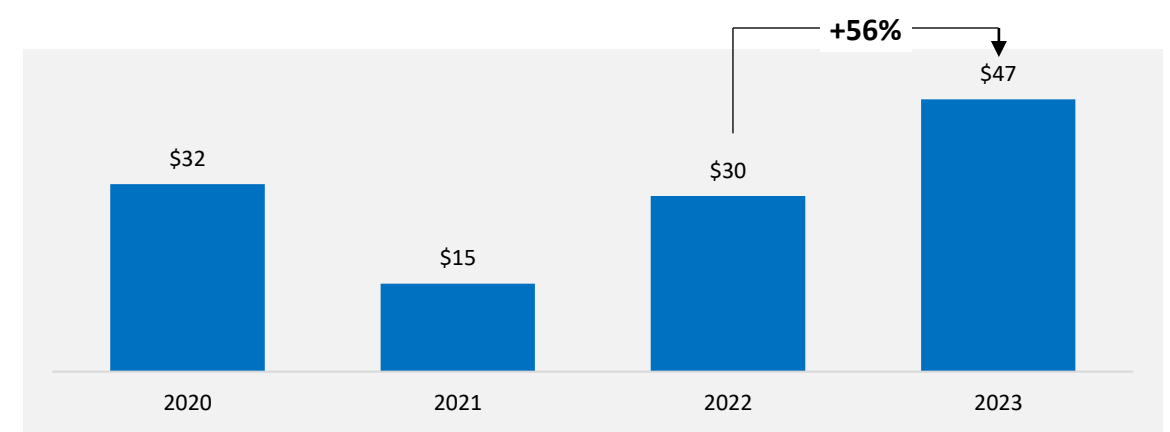
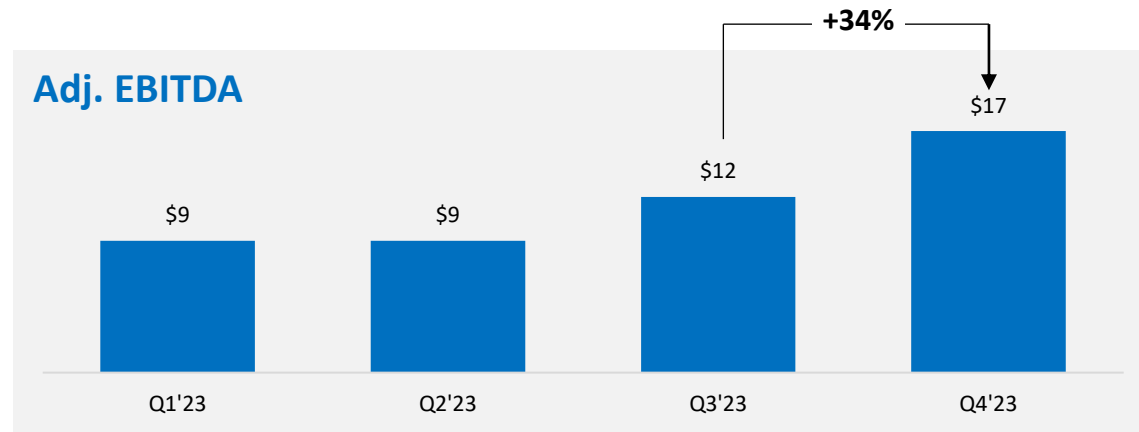
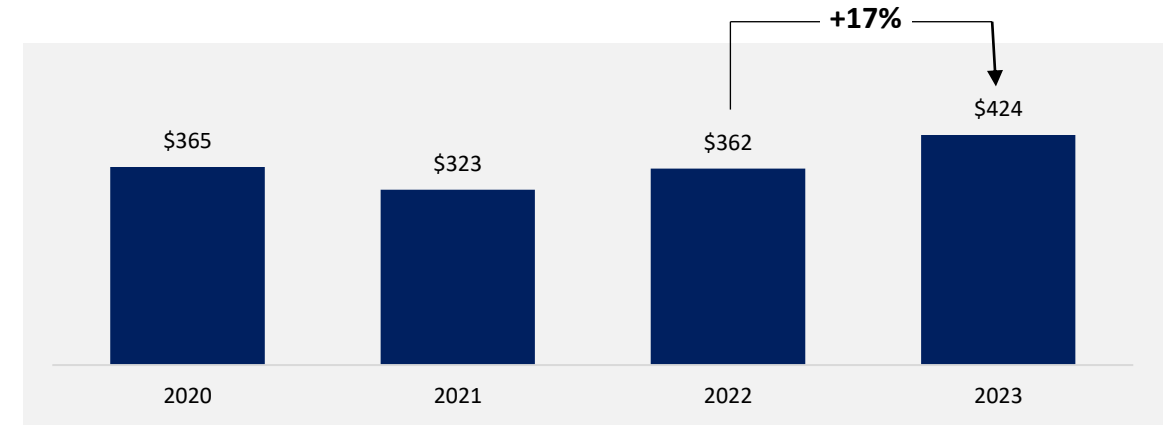
Financial Results | Quarterly and Full Year



Quarter (USD\$ millions)



Full Year (USD\$ millions)

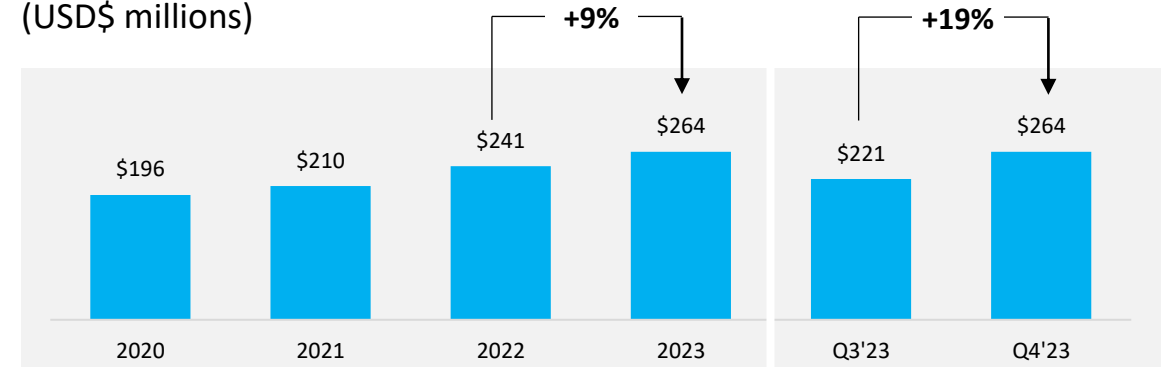


Note: Sum of components may not foot due to rounding. Adjusted EBITDA is a non-GAAP measure. See appendix for reconciliation to GAAP measure.

- Backlog for Q4'23 increased 26% compared to Q3'23 and increased by 15% year-over-year
- Dril-Quip currently has ~70 open MSAs, signing 11 new MSAs within 2023
- Subsea Products book-to-bill ratio of 2.1x for the fourth quarter of 2023
- Beginning Q1 2024, disclosed metrics will change to report Subsea Product bookings only and add regular disclosures regarding master service agreements to reflect the evolving procurement strategies of the energy industry

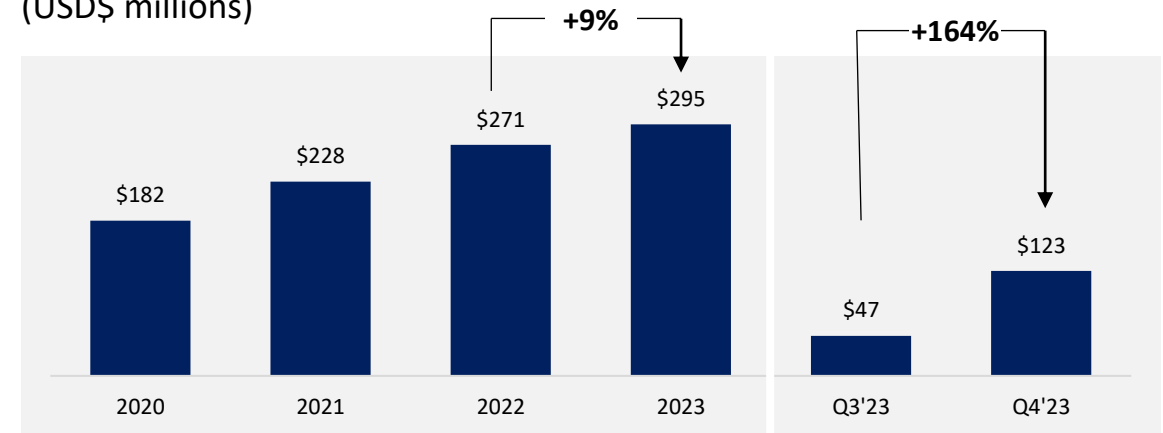
Historical Backlog Trends

(USD\$ millions)



Historical Booking Trends

(USD\$ millions)



Strong balance sheet with ample liquidity and zero debt provides flexibility to support our growth strategy.



1: As of December 31, 2023

Demonstrating financial discipline in the pursuit of high-return opportunities that support long-term growth, while preserving our balance sheet strength and financial flexibility.

1 High Return Organic Investments	2 Disciplined M&A	3 Preserve Financial Flexibility	4 Shareholder Returns
<ul style="list-style-type: none">• Prioritize investment into high ROI projects• Support organic growth initiatives• Manufacturing, R&D, etc.	<ul style="list-style-type: none">• Technology bolt-ons to enhance existing business• Deals of scale that align with selective M&A criteria• Diversifying end-market exposure with energy adjacent opportunities	<ul style="list-style-type: none">• Working capital to support operations growth• Free cash flow generation focused• Continue to maintain strong balance sheet	<ul style="list-style-type: none">• Focused on delivering sustainable, long-term growth• Return cash to shareholders as appropriate

Primary considerations for disciplined M&A



STRATEGIC CRITERIA

- Increases scale of operations
- Expanded geographic footprint
- Aligns with DRQ core competencies



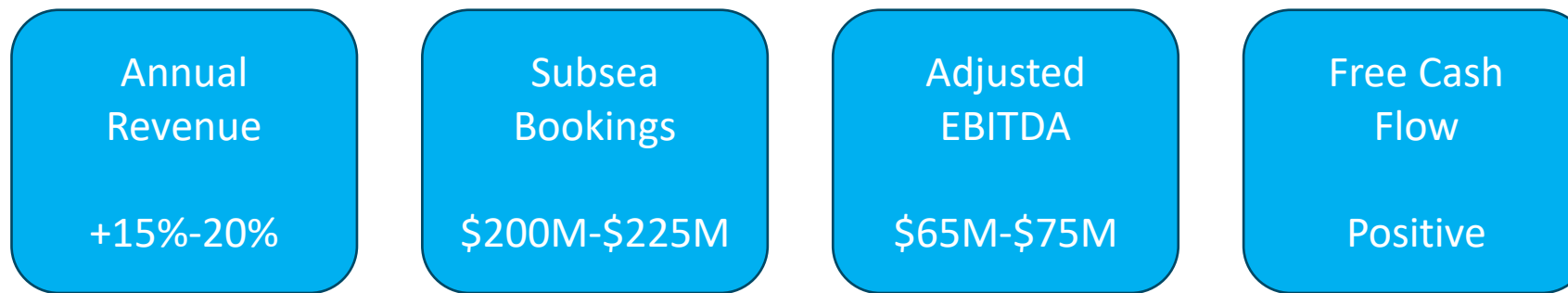
FINANCIAL CRITERIA

- Above average long-term growth projections
- Capable of delivering consistently high margins
- High return on capital



ACQUISITION TARGETS

- Technology bolt-ons to enhance existing business
- Deals of scale that align with selective M&A criteria
- Diversifying end-market exposure with energy adjacent opportunities



Q1 expected to see a sequential decline due to seasonality



Appendix

dril-quip.com | NYSE: DRQ

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Management | Result Driven Management Team



Jeffrey J. Bird
President and
Chief Executive Officer



Kyle F. McClure
Vice President and
Chief Financial Officer



Stephen J. Chauffe
Vice President —
Well Construction



John Mossop
Vice President —
Technology and
Energy Transition



Mahesh R. Puducheri
Vice President —
Chief Human
Resources Officer



Hal Zimmermann
Vice President —
Business Systems



Don M. Underwood
Vice President —
Subsea Products



James C. Webster
Vice President, General
Counsel and Secretary



Bruce Witwer
Vice President —
Subsea Services

Financial Statements | Income Statement



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Dril-Quip, Inc.
Comparative Condensed Consolidated Income Statement
(Unaudited)

	Three months ended		Twelve months ended	
	December 31, 2023	September 30, 2023	December 31, 2023	December 31, 2022
	(In thousands, except per share data)			
Revenues:				
Products	\$ 78,344	\$ 77,603	\$ 271,021	\$ 240,762
Services	33,452	27,214	105,680	79,129
Leasing	14,548	12,427	47,359	42,033
Total revenues	126,344	117,244	424,060	361,924
Costs and expenses:				
Cost of sales	91,687	85,603	308,503	265,935
Selling, general and administrative	29,825	26,993	101,517	94,206
Engineering and product development	2,987	3,061	12,649	11,740
Restructuring and other charges	(130)	2,267	3,245	13,364
Gain on sale of property, plant and equipment	(342)	(1,027)	(8,754)	(20,019)
Acquisition costs	(41)	5,358	6,451	-
Change in fair value of earn-out liability	(2,282)	-	(2,282)	-
Foreign currency transaction loss (gain)	83	1,060	(2,549)	(3,756)
Total costs and expenses	121,787	123,315	418,780	361,470
Operating income (loss)	4,557	(6,071)	5,280	454
Interest income, net	(1,150)	(2,312)	(8,188)	(4,249)
Income tax provision (benefit)	3,863	3,275	12,864	6,327
Net income (loss)	\$ 1,844	\$ (7,034)	\$ 604	\$ (1,624)
Net income (loss) per share				
Basic	\$ 0.05	\$ (0.21)	\$ 0.02	\$ (0.05)
Diluted	\$ 0.05	\$ (0.21)	\$ 0.02	\$ (0.05)
Depreciation and amortization	\$ 8,487	\$ 7,899	\$ 30,324	\$ 29,421
Capital expenditures	\$ 11,585	\$ 5,430	\$ 32,626	\$ 18,866
Weighted Average Shares Outstanding				
Basic	34,306	34,132	34,174	34,237
Diluted	34,539	34,132	34,473	34,237

Dril-Quip, Inc.
Comparative Condensed Consolidated Balance Sheets
(Unaudited)

	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	(In thousands)		
Assets:			
Cash, cash equivalents, and restricted cash	\$ 191,400	\$ 181,072	\$ 264,804
Short-term investments	25,908	8,911	32,232
Other current assets	502,409	519,057	452,988
PP&E, net	217,631	211,806	181,270
Other assets	90,833	86,722	38,657
Total assets	\$ 1,028,181	\$ 1,007,568	\$ 969,951
Liabilities and Equity:			
Current liabilities	\$ 117,703	\$ 106,735	\$ 87,555
Deferred income taxes	10,564	12,114	3,756
Other long-term liabilities	18,654	18,257	6,288
Total liabilities	146,921	137,106	97,599
Total stockholders equity	881,260	870,462	872,352
Total liabilities and equity	\$ 1,028,181	\$ 1,007,568	\$ 969,951

Dril-Quip, Inc.

Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss) and Diluted Earnings (Loss) per Share to Adjusted Diluted Earnings (Loss) per Share

<u>Adjusted Net Income (Loss) and Diluted EPS:</u>	<u>Three months ended</u>					
	<u>December 31, 2023</u>		<u>September 30, 2023</u>		<u>December 31, 2022</u>	
	<u>Effect on net income (loss) (after-tax)</u>	<u>Impact on diluted earnings (loss) per share</u>	<u>Effect on net income (loss) (after-tax)</u>	<u>Impact on diluted earnings (loss) per share</u>	<u>Effect on net income (loss) (after-tax)</u>	<u>Impact on diluted earnings (loss) per share</u>
	(In thousands, except per share amounts)					
Net income (loss)	\$ 1,844	\$ 0.05	\$ (7,034)	\$ (0.21)	\$ (405)	\$ (0.01)
Adjustments (after tax):						
Foreign currency transaction loss	66	-	837	0.02	1,436	0.04
Restructuring and other charges	(103)	-	1,791	0.05	2,738	0.08
Gain on sale of property, plant and equipment	(270)	(0.01)	(811)	(0.02)	(1,777)	(0.05)
Adjusted net income (loss)	\$ 1,537	\$ 0.04	\$ (5,217)	\$ (0.16)	\$ 1,993	\$ 0.06

<u>Adjusted Net Income (Loss) and Diluted EPS:</u>	<u>Twelve months ended December 31,</u>					
	<u>2023</u>		<u>2022</u>		<u>2021</u>	
	<u>Effect on net income (loss) (after-tax)</u>	<u>Impact on diluted earnings (loss) per share</u>	<u>Effect on net income (loss) (after-tax)</u>	<u>Impact on diluted earnings (loss) per share</u>	<u>Effect on net income (loss) (after-tax)</u>	<u>Impact on diluted earnings (loss) per share</u>
	(In thousands, except per share amounts)					
Net income (loss)	\$ 604	\$ 0.02	\$ (1,624)	\$ (0.05)	\$ (128,493)	\$ (3.63)
Adjustments (after tax):						
Foreign currency transaction loss (gain)	(2,014)	(0.06)	(2,967)	(0.09)	660	0.02
Restructuring and other charges	2,564	0.07	10,558	0.31	76,354	2.16
Gain on sale of property, plant and equipment	(6,916)	(0.20)	(15,815)	(0.46)	(3,541)	(0.10)
Adjusted net loss	\$ (5,762)	\$ (0.17)	\$ (9,849)	\$ (0.29)	\$ (55,020)	\$ (1.55)

Dril-Quip, Inc.
Reconciliation of Net Income (Loss) to Adjusted EBITDA

<u>Adjusted EBITDA:</u>	<u>Three months ended</u>		
	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	(In thousands)		
Net income (loss)	\$ 1,844	\$ (7,034)	(405)
Add:			
Interest income, net	(1,150)	(2,312)	(3,378)
Income tax provision (benefit)	3,863	3,275	1,266
Depreciation and amortization expense	8,487	7,899	7,069
Restructuring and other charges	(130)	2,267	3,466
Acquisition costs	(41)	5,358	-
Change in fair value of earn-out liability	(2,282)	-	-
Gain on sale of property, plant and equipment	(342)	(1,027)	(2,249)
Foreign currency transaction loss	83	1,060	1,818
Stock compensation expense	3,173	2,576	2,694
Other	3,041	309	-
Adjusted EBITDA	<u>\$ 16,546</u>	<u>\$ 12,371</u>	<u>\$ 10,281</u>

<u>Adjusted EBITDA:</u>	<u>Year ended</u>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	(In thousands)		
Net income (loss)	\$ 604	\$ (1,624)	\$ (128,493)
Add:			
Interest expense (income), net	(8,188)	(4,249)	212
Income tax provision	12,864	6,327	2,946
Depreciation and amortization expense	30,324	29,421	30,381
Restructuring and other charges	3,245	13,364	96,650
Acquisition costs	6,451	-	-
Change in fair value of earn-out liability	(2,282)	-	-
Gain on sale of property, plant and equipment	(8,754)	(20,019)	(4,482)
Foreign currency transaction loss (gain)	(2,549)	(3,756)	836
Stock compensation expense	10,892	10,363	14,895
Other	3,935	-	1,787
Adjusted EBITDA	<u>\$ 46,542</u>	<u>\$ 29,827</u>	<u>\$ 14,732</u>

Dril-Quip, Inc.
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

<u>Free Cash Flow:</u>	<u>Three months ended</u>		
	<u>December 31, 2023</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	(In thousands)		
Net cash provided by (used in) operating activities	\$ 26,131	\$ 23,234	\$ (17,604)
Less:			
Purchase of property, plant and equipment	(11,585)	(5,430)	(5,154)
Free cash flow	<u>\$ 14,546</u>	<u>\$ 17,804</u>	<u>\$ (22,758)</u>
<u>Free Cash Flow:</u>	<u>Twelve months ended December 31,</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	(In thousands)		
Net cash provided by (used in) operating activities	\$ 7,727	\$ (36,771)	\$ 38,428
Less:			
Purchase of property, plant and equipment	(32,626)	(18,866)	(9,990)
Free cash flow	<u>\$ (24,899)</u>	<u>\$ (55,637)</u>	<u>\$ 28,438</u>



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The text "the power of" is written in a black, italicized, sans-serif font. To its right is a blue circular logo containing a white lowercase letter "e". A trademark symbol (™) is positioned at the top right of the "e" logo.