

Dril-Quip, Inc.

DRIL-QUIP



Scotia Howard Weil
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New Orleans, Louisiana

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**
- **Robust backlog**
- **Superior margins**
- **Strong balance sheet**
- **Experienced management team**
- **Well positioned to navigate industry cycles and exploit opportunities**

Products and Services Summary



SUBSEA EQUIPMENT

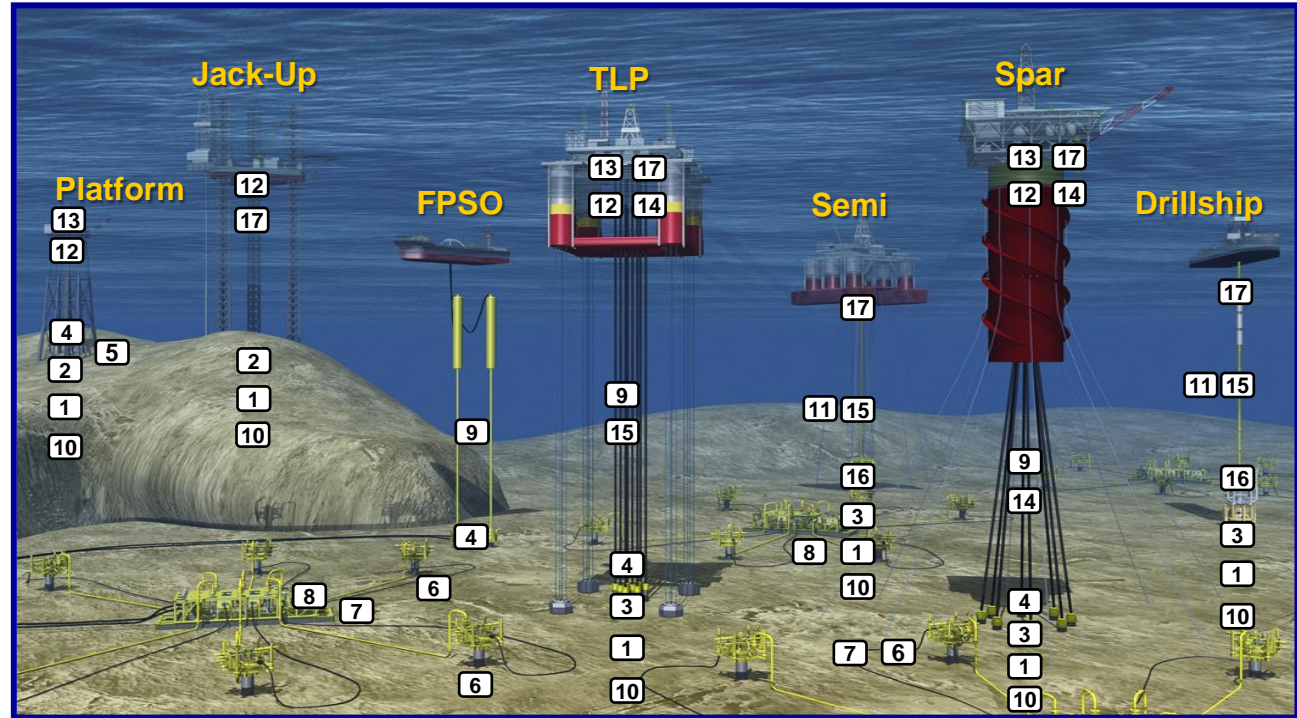
- 1 Specialty Connectors
- 2 Mudline Suspension
- 3 Subsea Wellheads
- 4 Tie-Back Connectors
- 5 Template Systems
- 6 Subsea Trees
- 7 Control Systems
- 8 Subsea Manifolds
- 9 Production Risers
- 10 Liner Hangers
- 11 Completion Risers

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 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

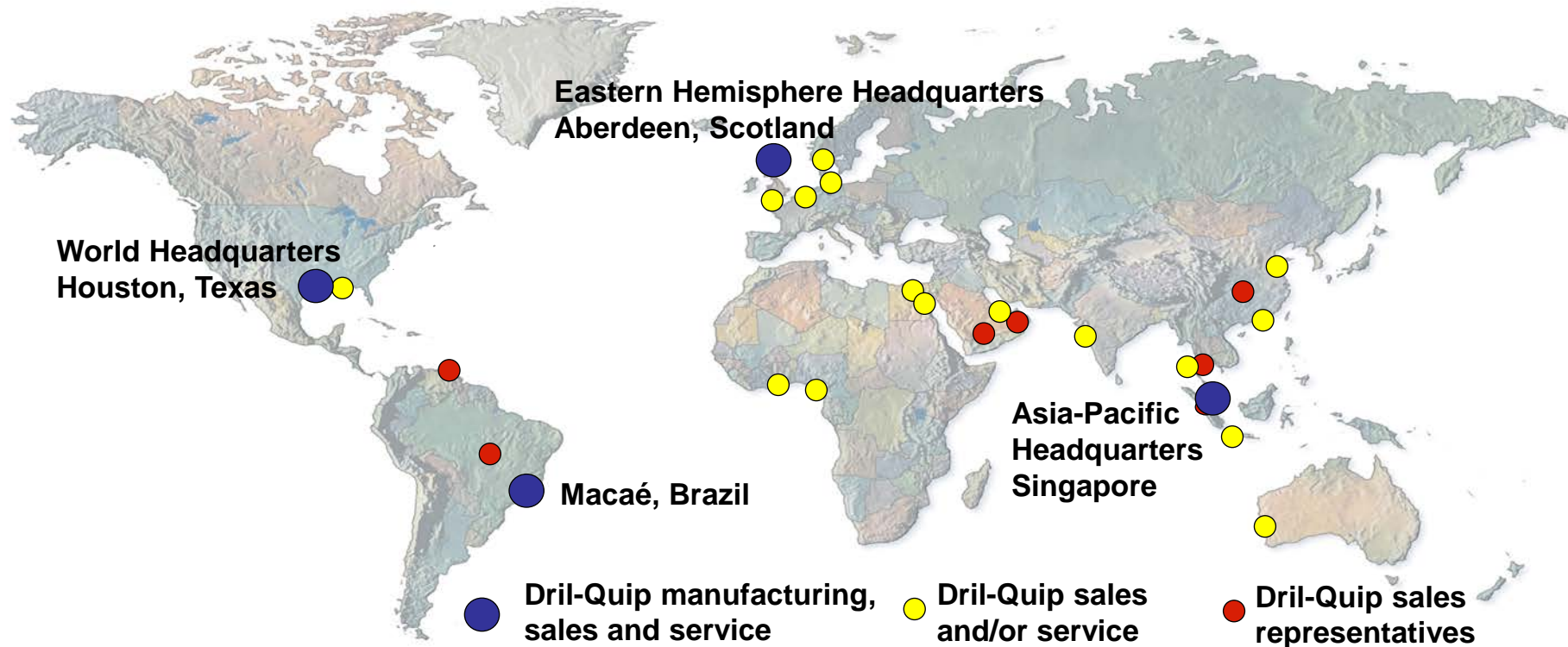
- Subsea Trees
- Control Systems
- Subsea Manifolds
- Subsea Wellheads
- Specialty Connectors
- Liner Hangers



Strong Global Presence



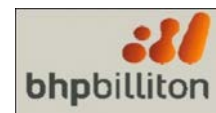
Located worldwide to serve key demand centers



Suppliers | Offshore Operators



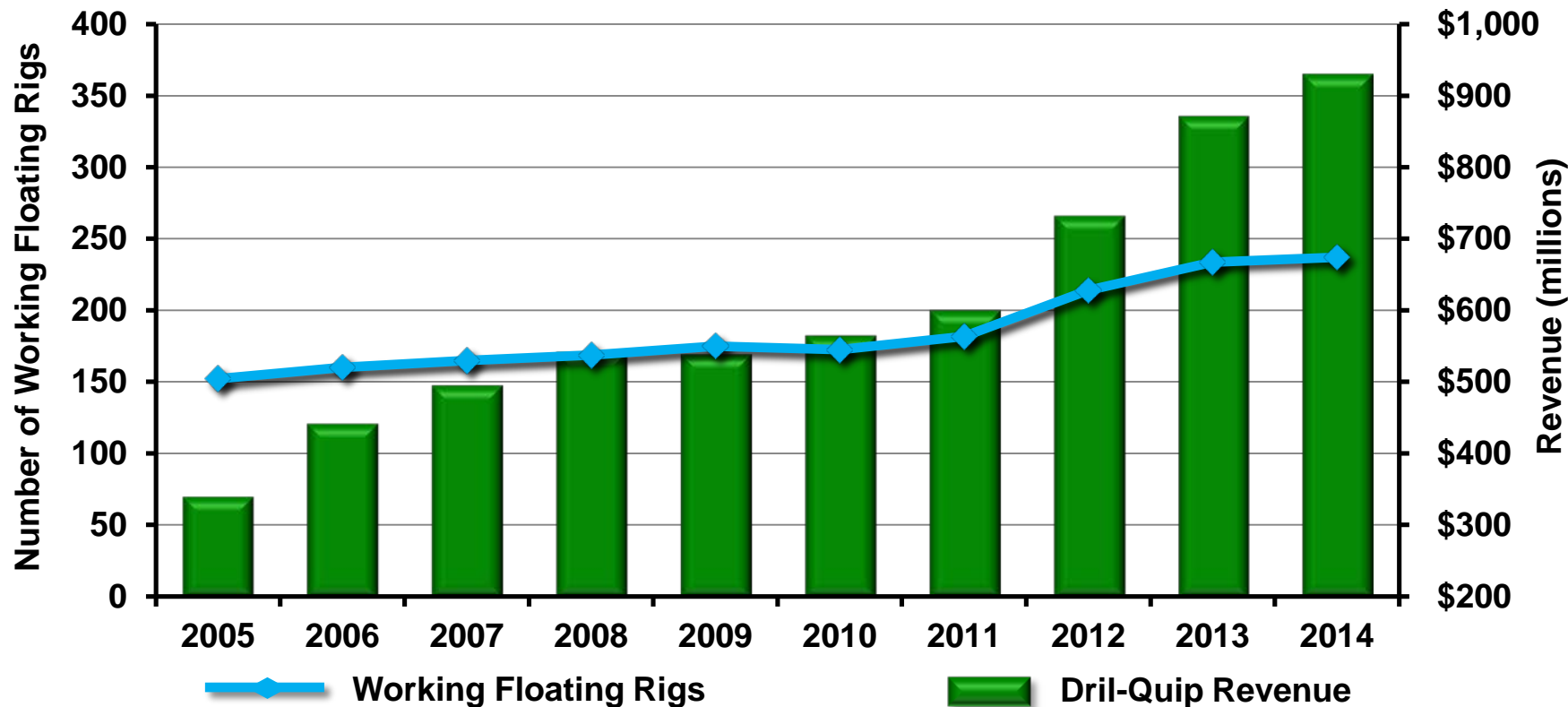
GE Oil & Gas
Drilling & Production



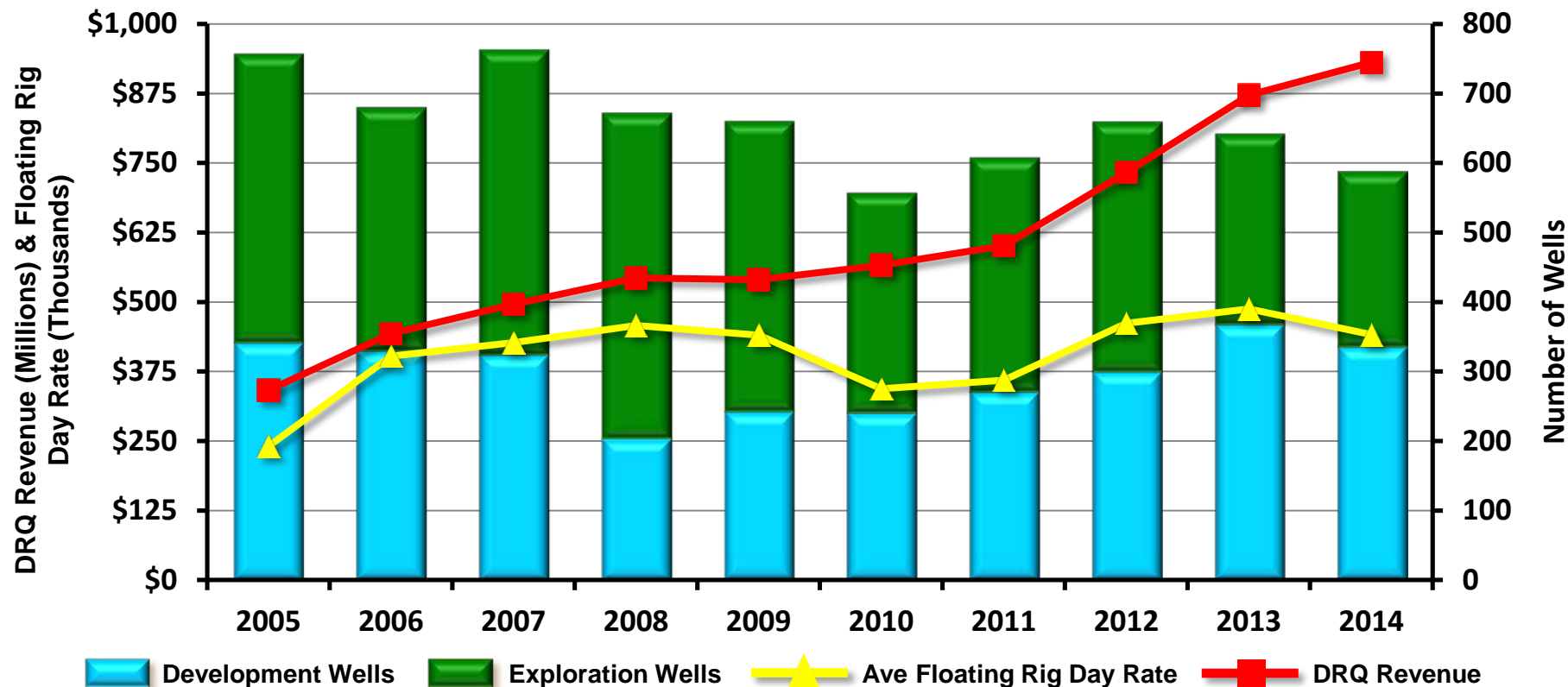
PETROBRAS

ExxonMobil

Consistent Track Record of Growth

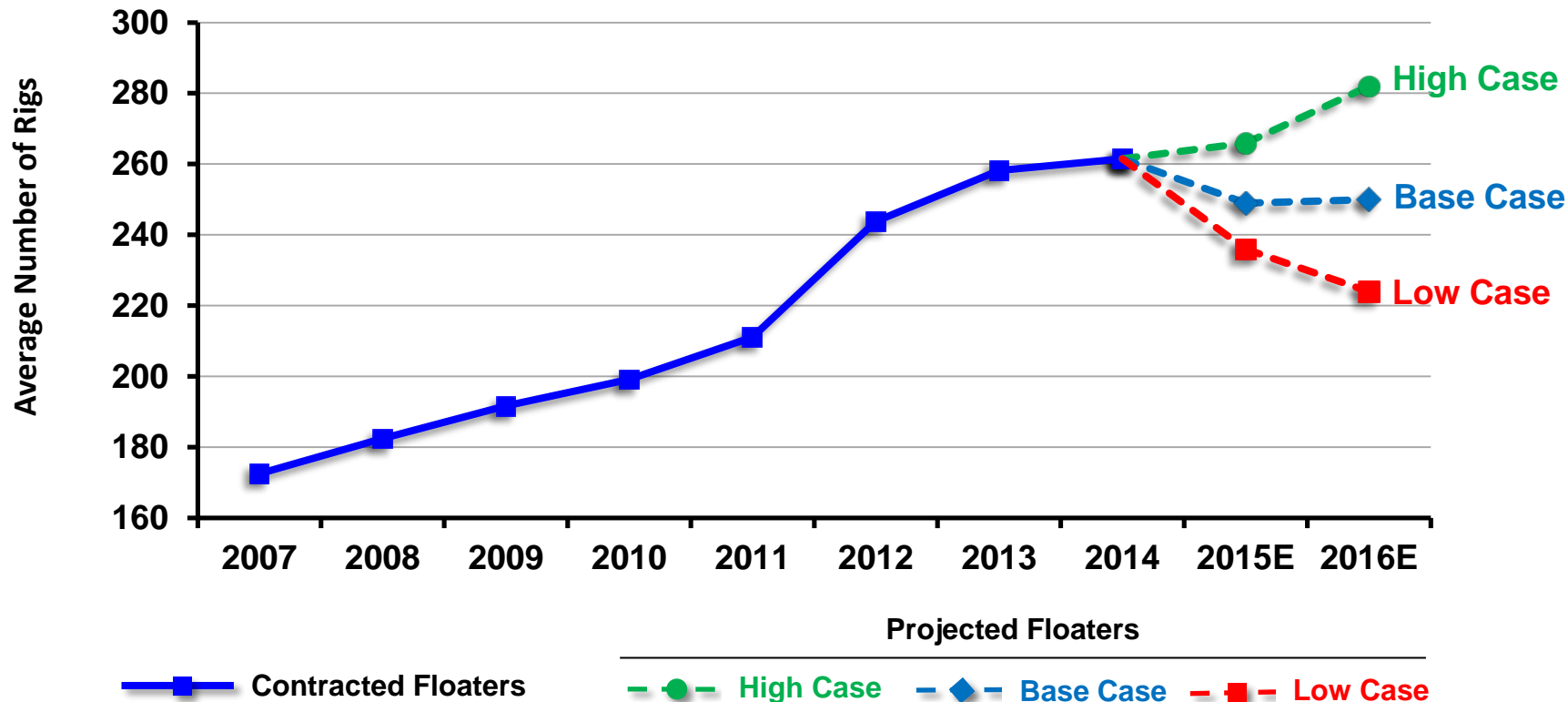


DRQ Revenues, Wells Drilled and Day Rates



Contracted Floating Rig Fleet

2007 – 2016E

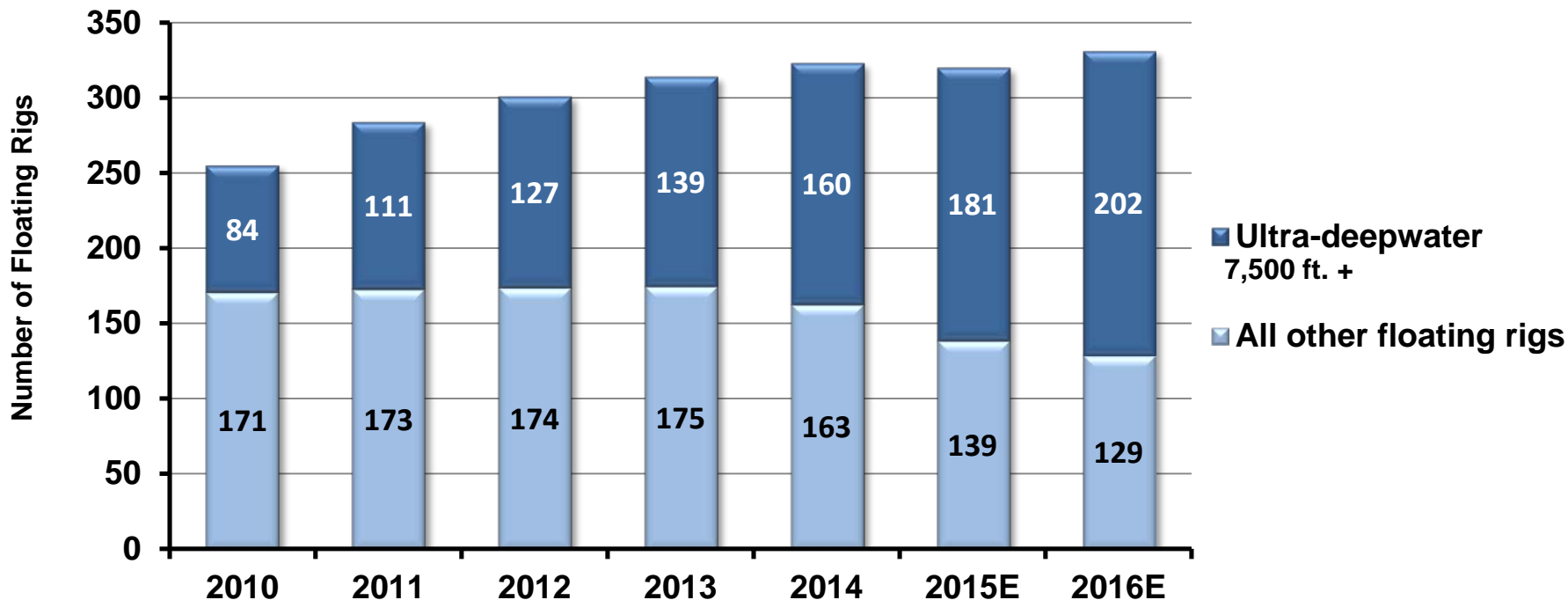


Floating Rig Fleet by Water Depth

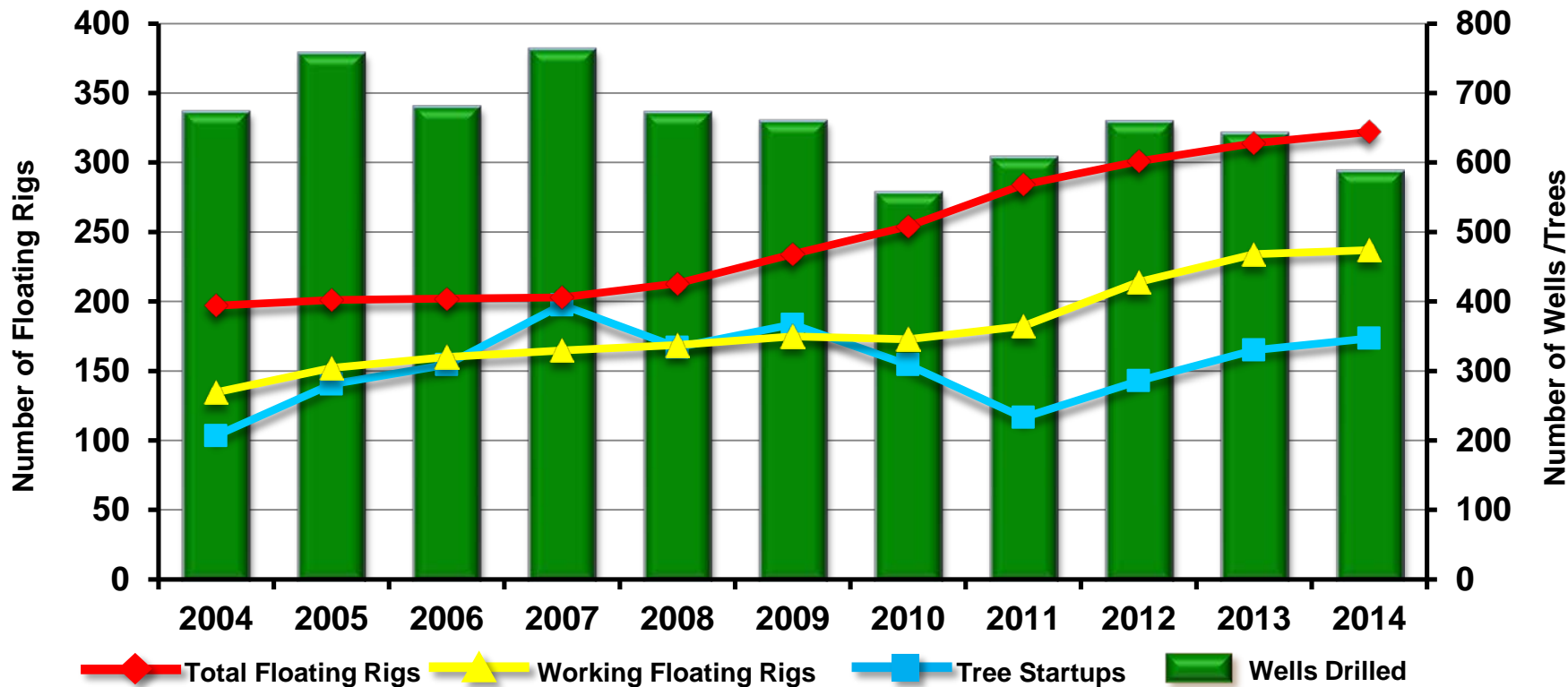
2010 – 2016E



By year end 2015, there will be more ultra-deepwater rigs than all other floating rigs combined.

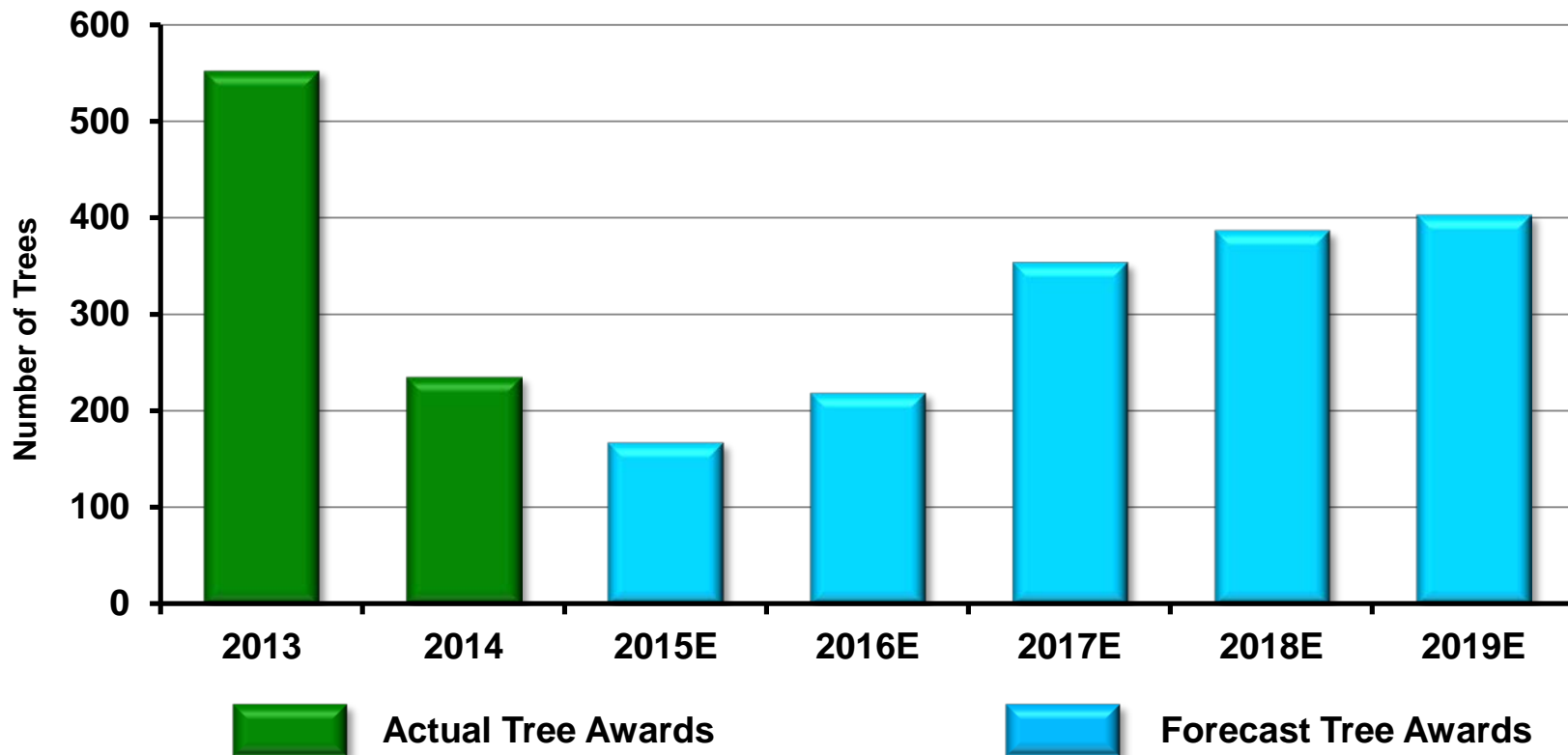


Floating Rig Drilling Activity



Worldwide Subsea Tree Awards

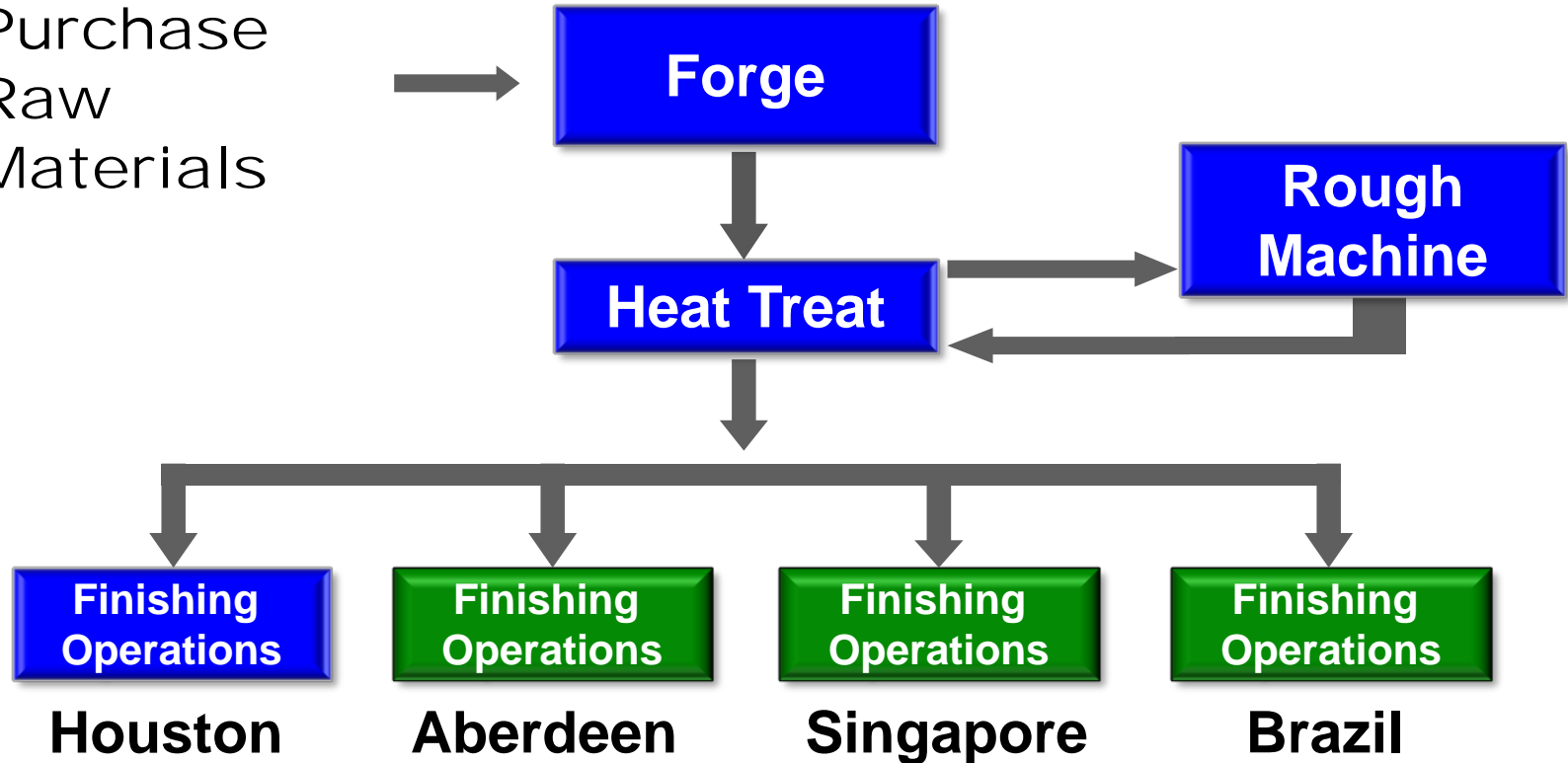
Forecast



Vertically Integrated Manufacturing



Purchase
Raw
Materials



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)

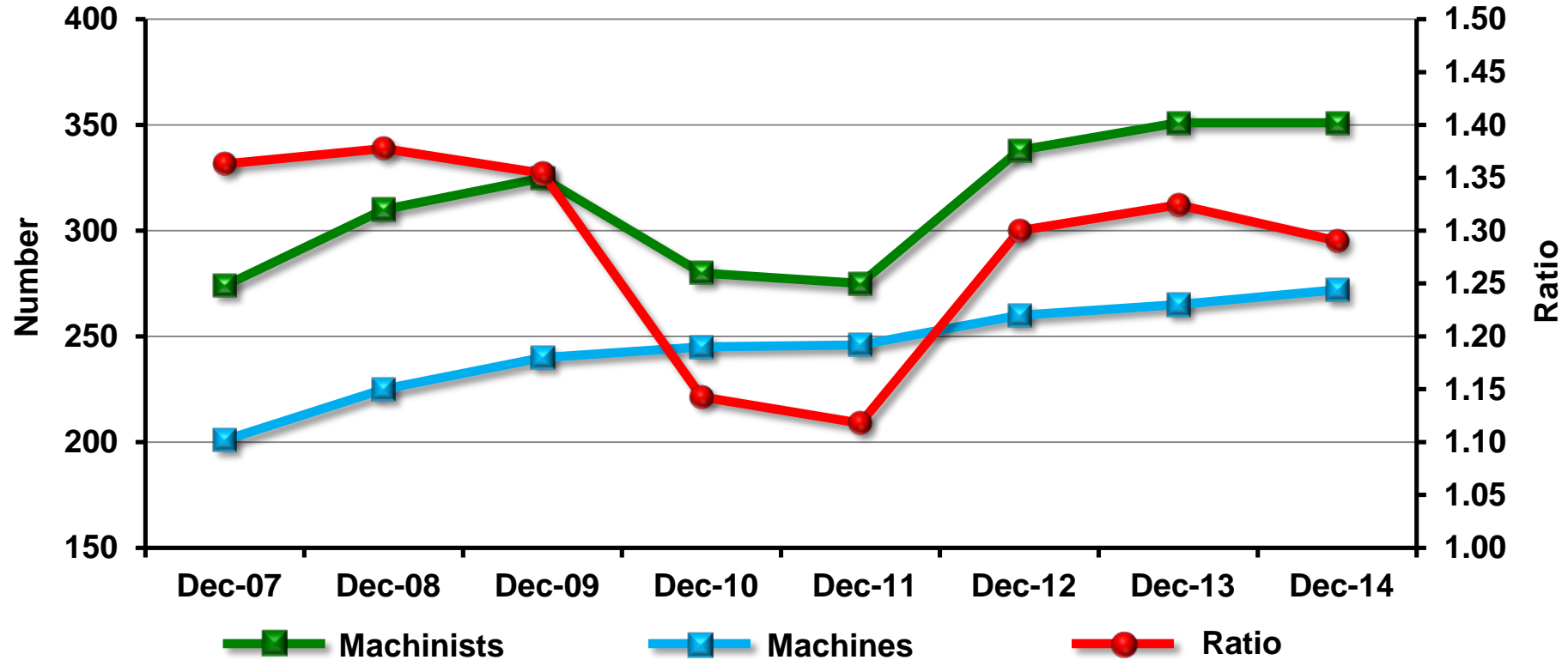


Singapore (11 acres)



Macaé, Brazil (11 acres)

Machines and Machinists



Strong Balance Sheet Offers Flexibility



(Millions of US\$)

Assets

	<u>12/31/14</u>	<u>12/31/13</u>
Cash	\$ 299	\$ 384
Other current assets	828	695
Property, plant and equipment, net	310	305
Other assets	12	11
Total assets	<u>\$ 1,449</u>	<u>\$ 1,395</u>

Liabilities and Stockholders' Equity

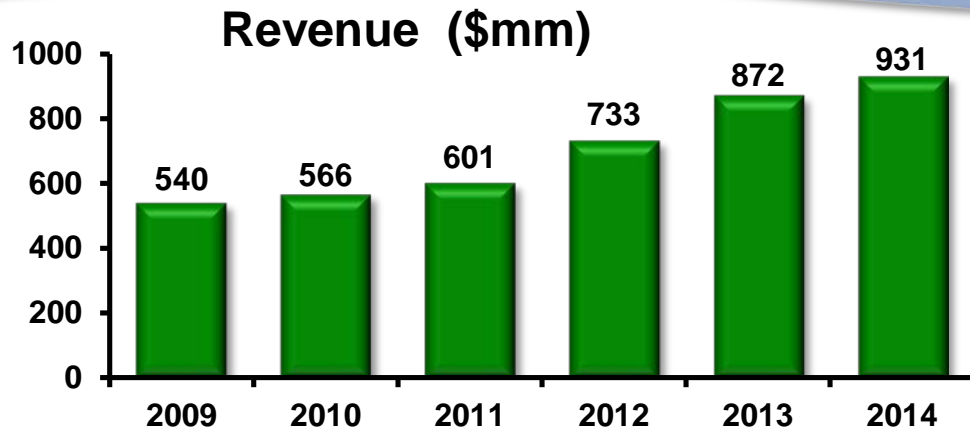
Current liabilities	\$ 199	\$ 143
Long-term debt	-	-
Deferred taxes	5	10
Total liabilities	<u>204</u>	<u>153</u>
Stockholders' equity	1,245	1,242
	<u>\$ 1,449</u>	<u>\$ 1,395</u>

Condensed Consolidated Statements of Income

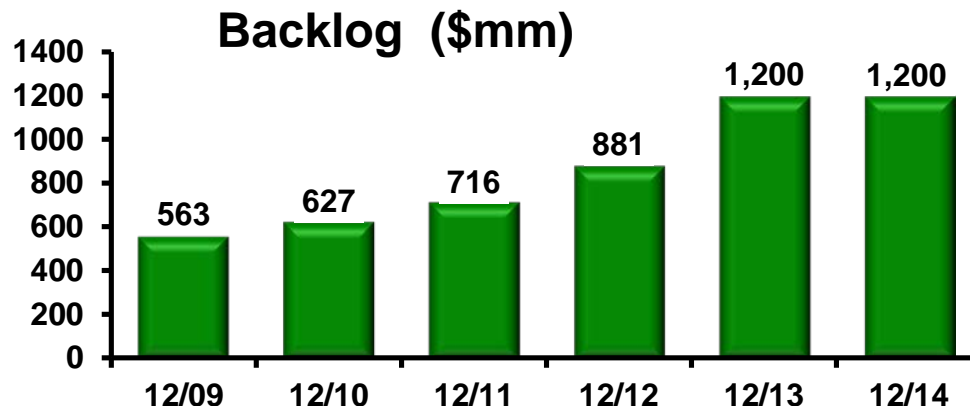


	Year ended December 31,	
<u>(000s of US\$)</u>	<u>2014</u>	<u>2013</u>
Revenues	\$ 930,957	\$ 872,372
Cost and expenses:		
Cost of sales	55.2% 513,527	58.9% 513,906
S, G & A	92,762	94,806
Engineering	45,920	40,115
	<u>652,209</u>	<u>648,827</u>
Operating income (EBIT)	29.9% <u><u>\$ 278,748</u></u>	25.6% <u><u>\$ 223,545</u></u>
Earnings per share	<u><u>\$ 5.19</u></u>	<u><u>\$ 4.16</u></u>

Revenue and Backlog

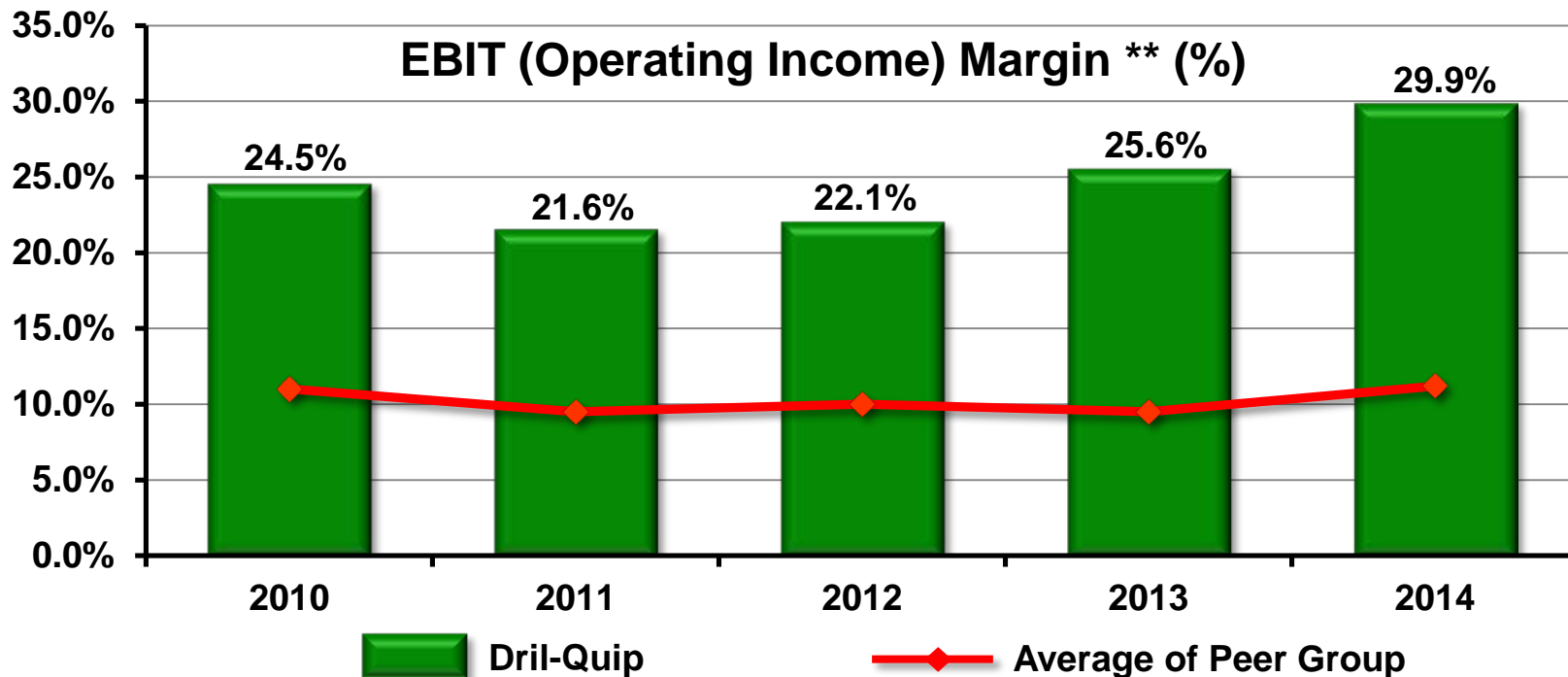


- Consistent revenue growth through industry cycles
- Record 2014 revenues totaled \$931 million



- \$1.20 billion backlog at Dec. 31, 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

Capital Allocation Overview



- **\$200 million in stock buybacks:
4Q 2013 to 4Q 2014**
- **\$300 million cash-on-hand @ 12/31/2014**
- **No long-term debt @ 12/31/2014**
- **\$100 million buyback authorization
@ 03/01/2015**
- **Significant positive cash flow**
- **Maintenance capex approx. \$30 mm/yr**

Looking Ahead



- Use free cash flow and balance sheet to enhance shareholder value through stock repurchases and potential M&As
- Use superior margins to maintain / grow market share
- Leverage engineering resources for new product development and to enhance existing products
- Continue our commitment to QHSE to reduce costs and improve product delivery
- Emerge from current cycle positioned to take advantage of industry turn-around