

Dril-Quip, Inc.



**BARCLAYS
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New York City
September 8, 2015**

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**
- **Technically differentiated products**
- **Superior margins**
- **Strong balance sheet**
- **Experienced management team**
- **Well positioned to navigate industry downturn and exploit opportunities**

DRQ - Things You May Not Know



- 17 product lines internally developed
- Vertically integrated manufacturing operations
- Capability to manufacture subsea trees and controls in Houston, Aberdeen and Singapore
- Approximately 300 subsea trees installed worldwide
- High reliability subsea control systems
- 19 floating production platforms worldwide with Dril-Quip Dry Tree Systems or components

DRQ - Setting a Global Standard



- **First Subsea Wellhead System fully qualified to API 17D, 2nd Edition up to 20,000 psi**
- **First company to perform a full-scale system level validation test on a Subsea Wellhead System**
- **First company capable of testing entire Connector product line to API 5C5/ISO 13679**
- **First company to fully implement Advanced Product Quality Planning (APQP)**

Products and Services Summary



SUBSEA EQUIPMENT

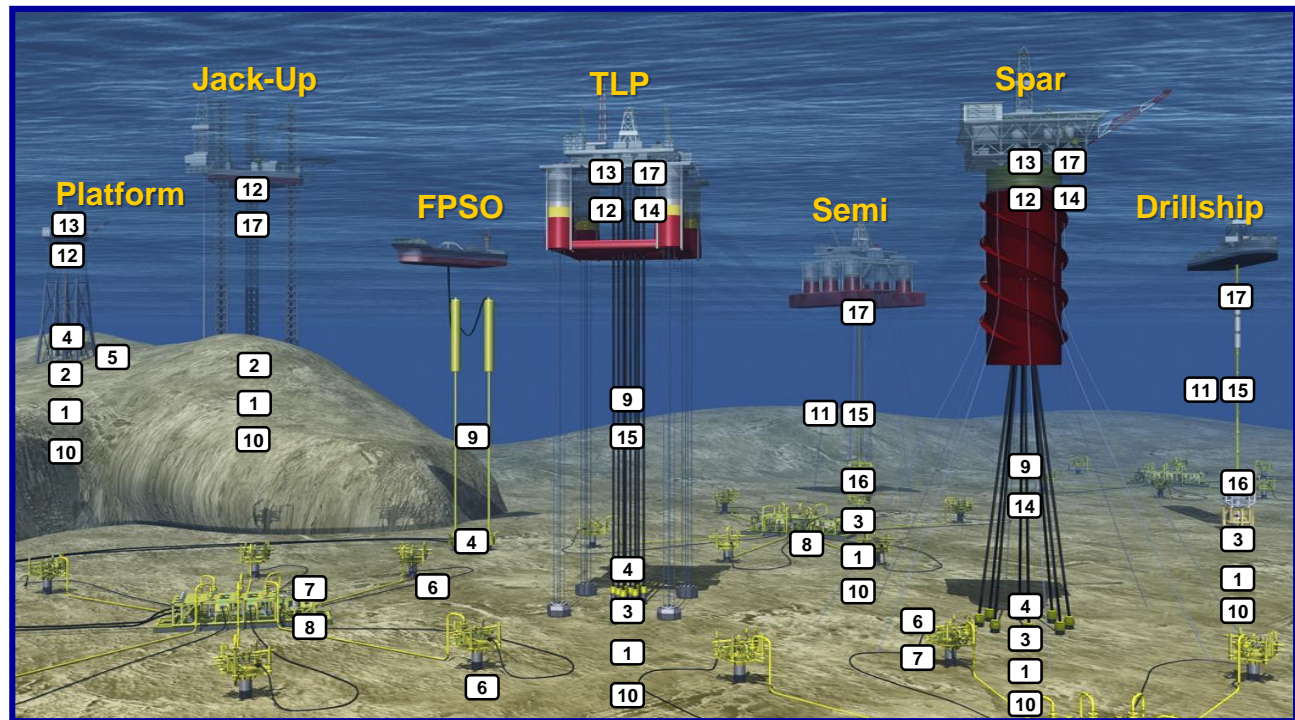
- 1 Specialty Connectors
- 2 Mudline Suspension
- 3 Subsea Wellheads
- 4 Tie-Back Connectors
- 5 Template Systems
- 6 Subsea Trees
- 7 Control Systems
- 8 Subsea Manifolds
- 9 Production Risers
- 10 Liner Hangers
- 11 Completion Risers

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

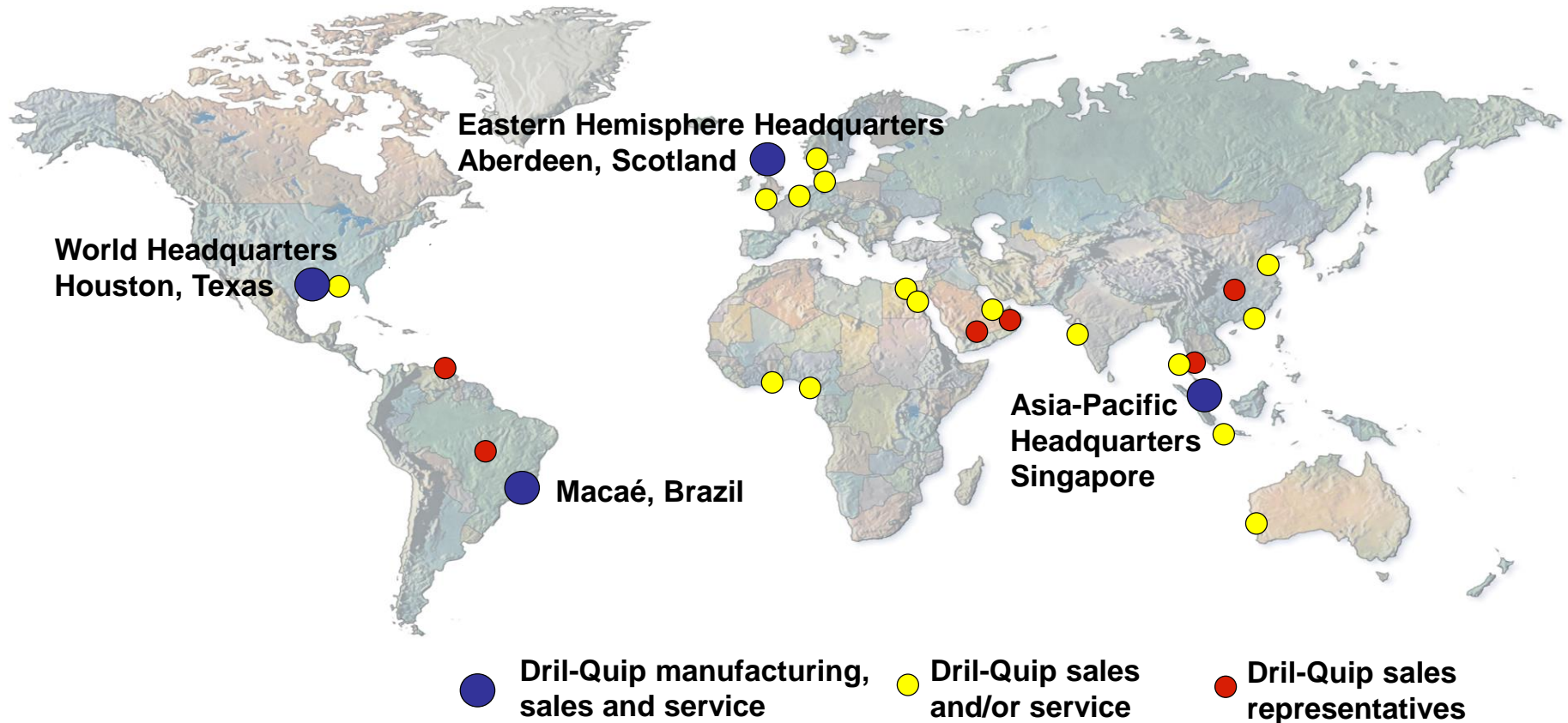
- **Subsea Trees**
- **Control Systems**
- **Subsea Manifolds**
- **Subsea Wellheads**
- **Specialty Connectors**
- **Liner Hangers**



Strong Global Presence



Located worldwide to serve key demand centers



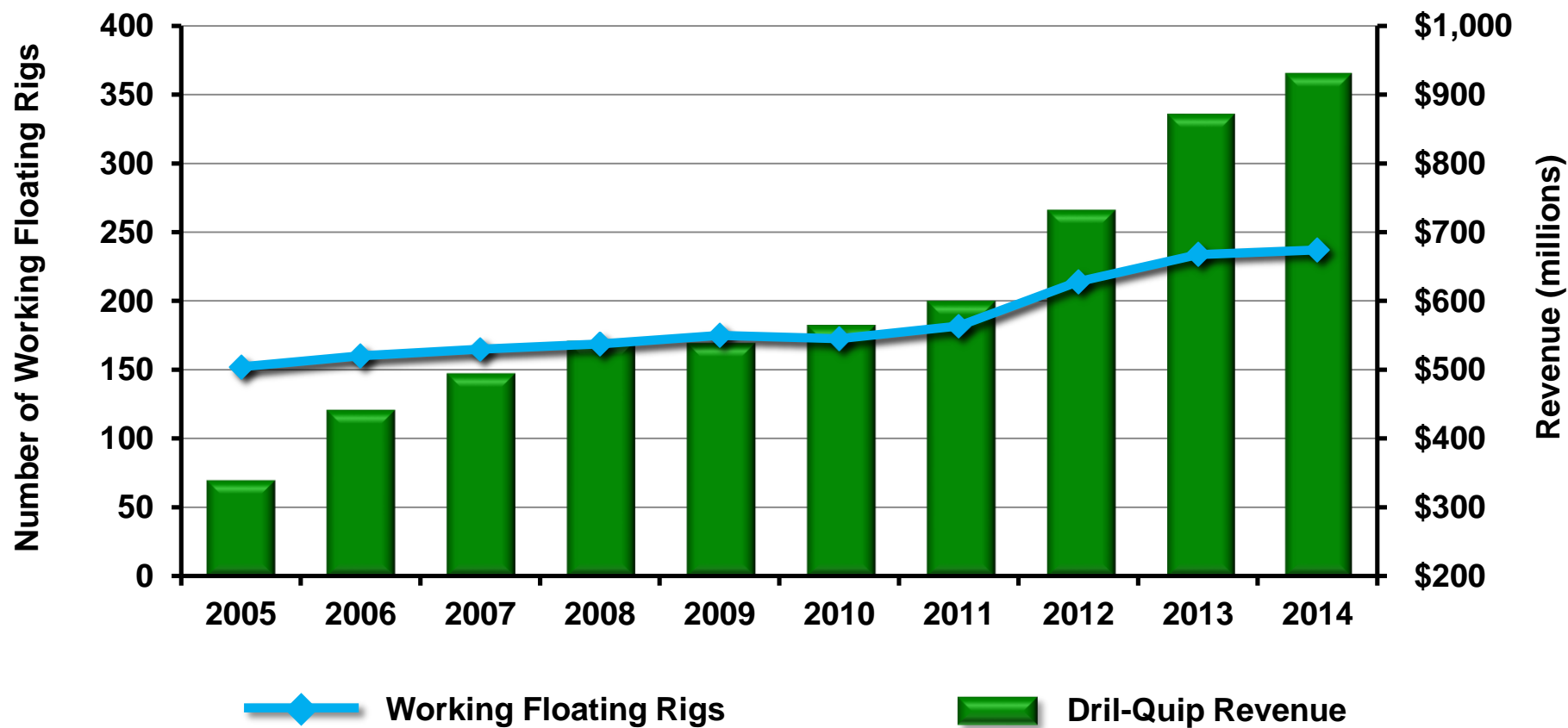
Suppliers | Offshore Operators



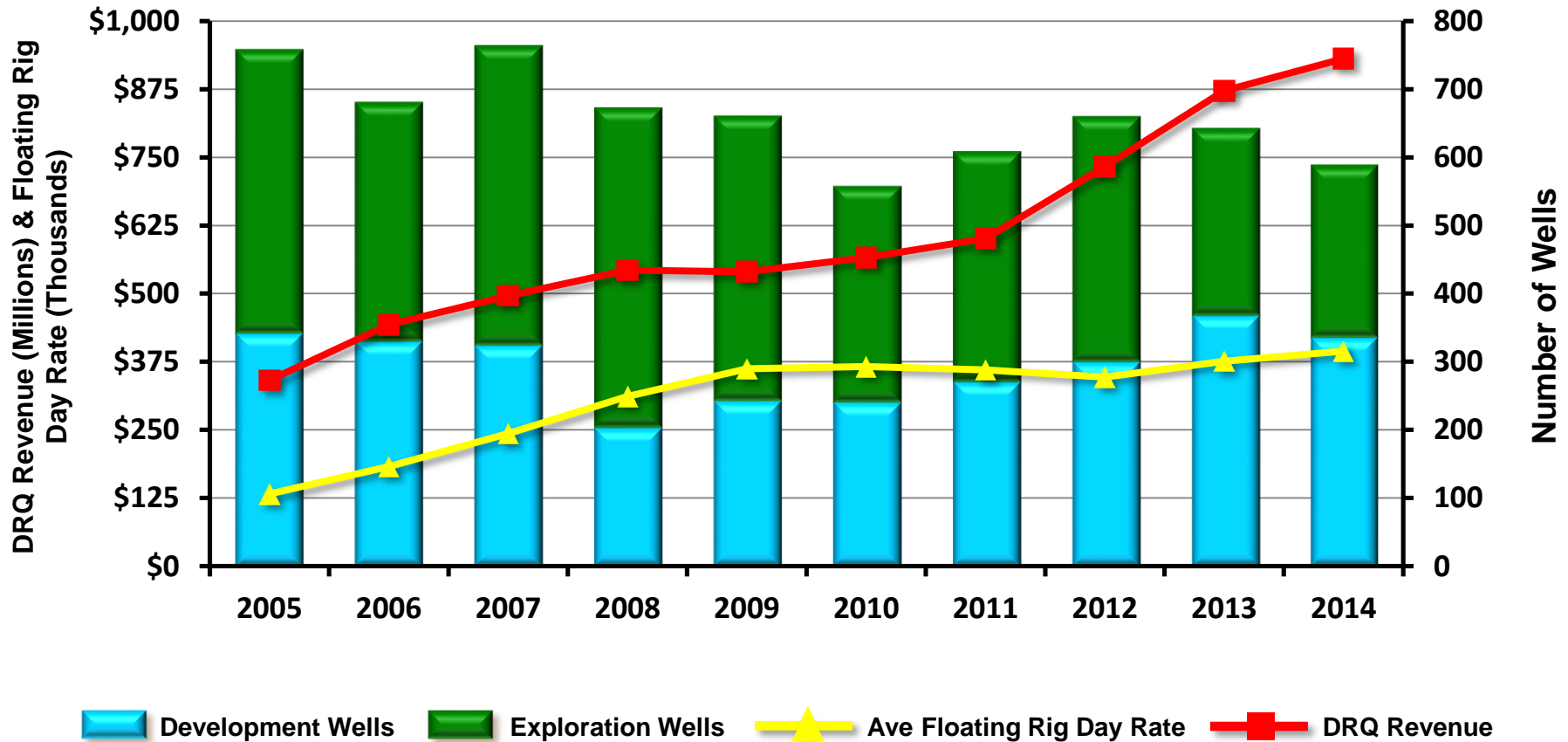
GE Oil & Gas
Drilling & Production



Consistent Track Record of Growth

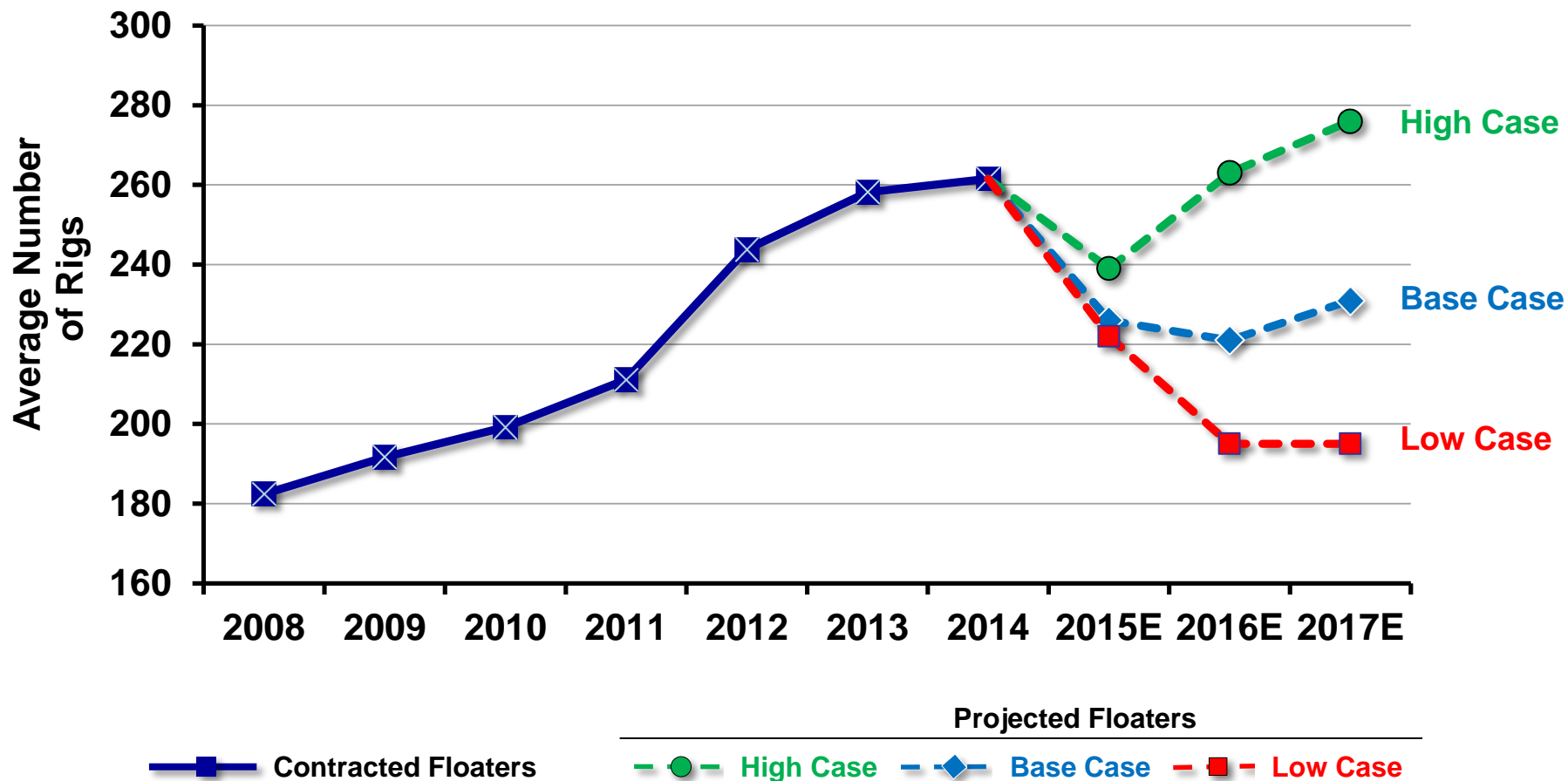


DRQ Revenues, Wells Drilled and Day Rates



Contracted Floating Rig Fleet

2008 – 2017E

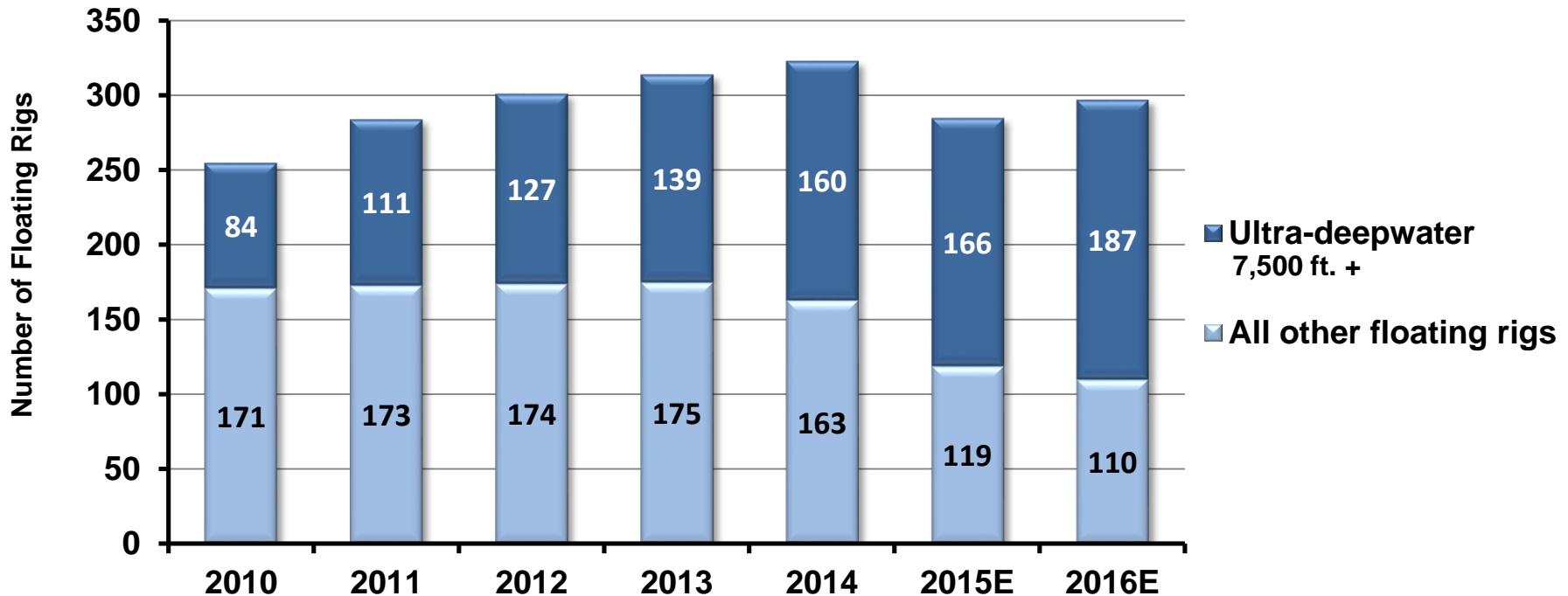


Floating Rig Fleet by Water Depth

2010 – 2016E



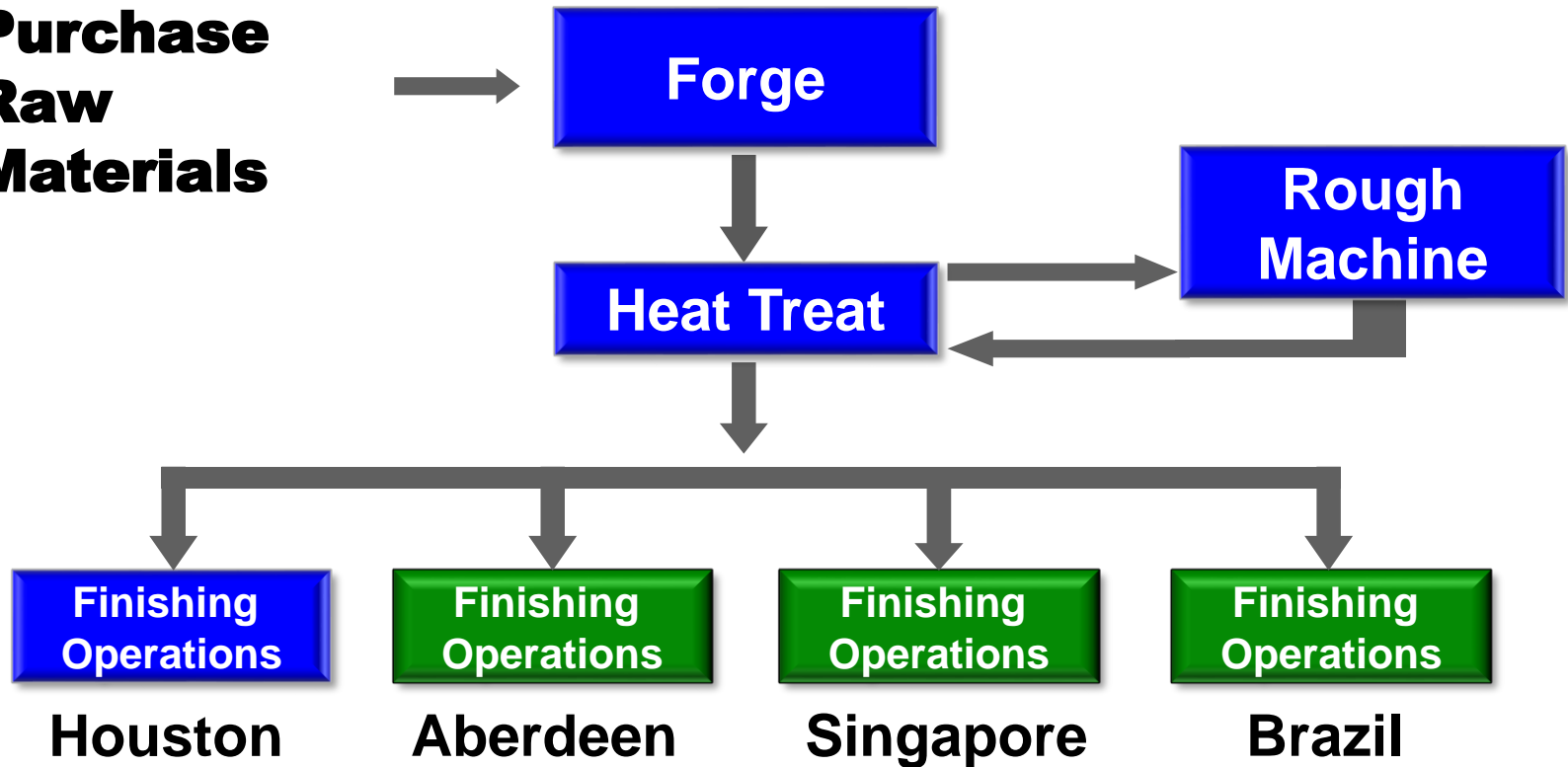
By year end 2015, there will be more ultra-deepwater rigs than all other floating rigs combined.



Vertically Integrated Manufacturing



**Purchase
Raw
Materials**



Manufacturing Locations



Houston Eldridge (218 acres)



Aberdeen, Scotland (24 acres)



Singapore (11 acres)



Macaé, Brazil (11 acres)

Machinery and Equipment Rebuilding



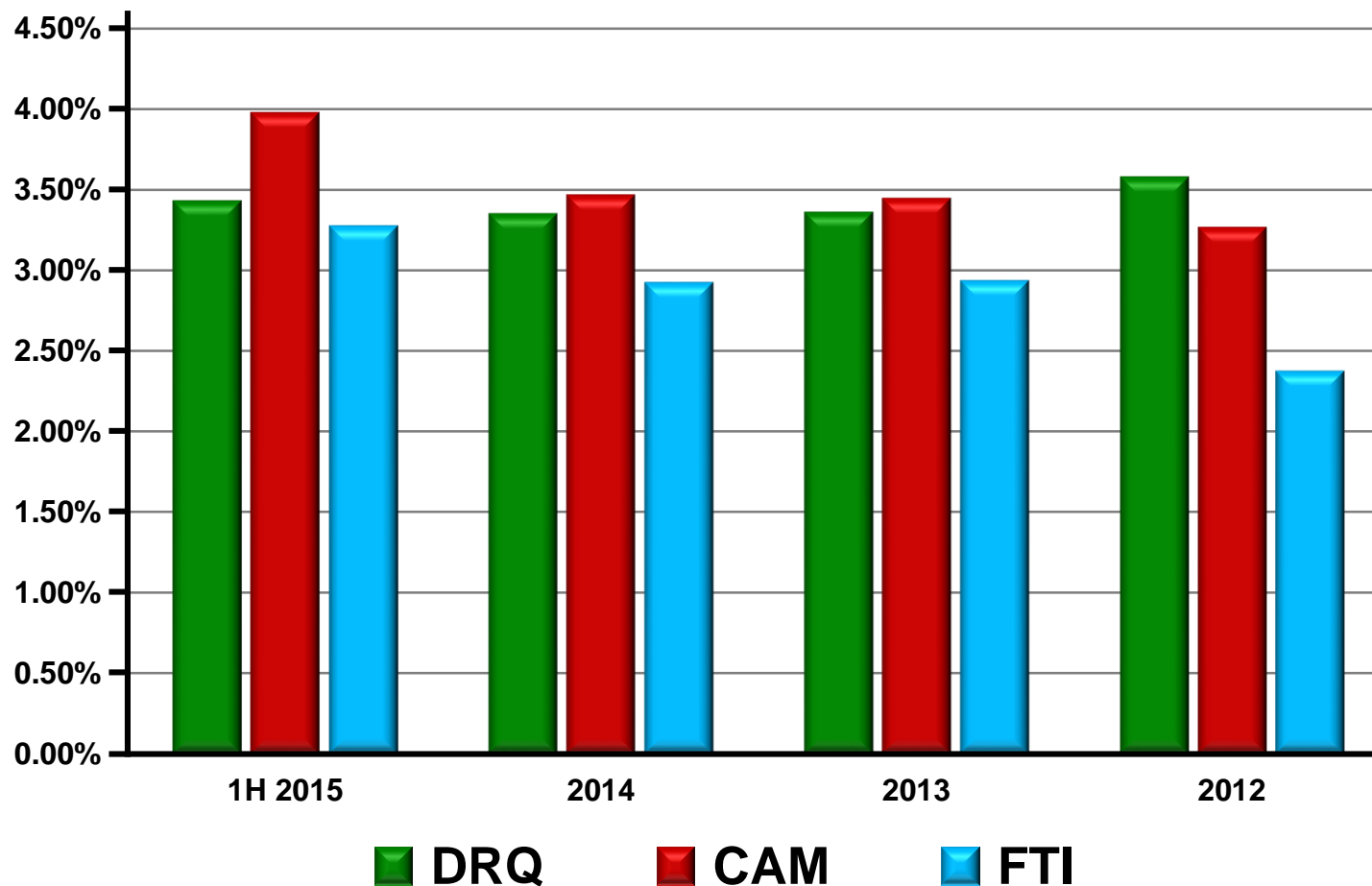
- Purchase used equipment
 - Refurbish in-house with new CNC controls
 - Purpose-built machine tools
- Resulting in reduced capital expenditures



Depreciation as a % of Revenue



DRQ depreciation compares favorably with members of Peer Group



Strong Balance Sheet Offers Flexibility



(millions of US\$)

Assets

Cash

Other current assets

Property, plant and equipment, net

Other assets

Total assets

June 30,
2015

\$ 383

748

302

14

\$ 1,447

Dec. 31,
2014

\$ 299

828

310

12

\$ 1,449

Liabilities and Stockholders' Equity

Current liabilities

Long-term debt

Deferred taxes

Total liabilities

Stockholders' equity

\$ 127

-

4

131

1,316

\$ 1,447

\$ 199

-

5

204

1,245

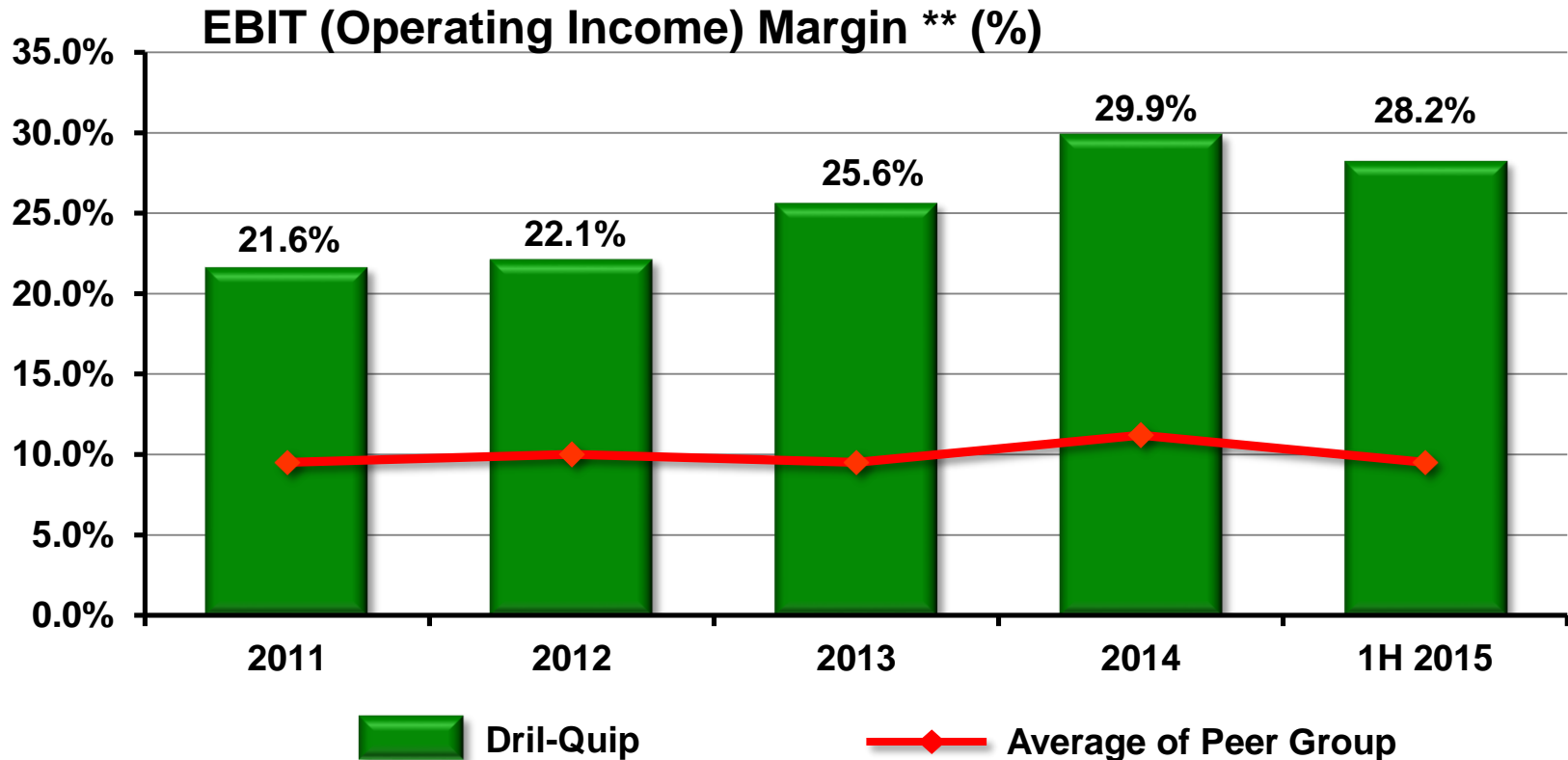
\$ 1,449

Condensed Consolidated Statements of Income



	Six months ended June 30,			
	2015		2014	
<u>(000s of US\$)</u>				
Revenues		\$ 441,278		\$ 434,388
Cost and expenses:				
Cost of sales	55.0%	242,802	54.3%	235,780
S, G & A		50,591		49,455
Engineering		23,613		21,632
		<u>317,006</u>		<u>306,867</u>
Operating income (EBIT)	28.2%	<u>\$ 124,272</u>	29.4%	<u>\$ 127,521</u>
Earnings per share		<u>\$ 2.39</u>		<u>\$ 2.31</u>

Superior Margins vs. Peers*



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

Capital Allocation Overview



- **\$383 million cash-on-hand @ 06/30/2015**
- **\$0 (zero) long-term debt @ 06/30/2015**
- **\$220 million in stock buybacks:
4Q 2013 – 2Q 2015**
- **\$80 million buy-back authorization
remaining @ 06/30/2015**
- **Significant positive cash flow in 2015**

Looking Ahead



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

DRIL-QUIP, Inc.
6401 N. Eldridge Pkwy.
Houston, Texas, 77041
USA
+1 713 939 7711

DRIL-QUIP (Europe), Ltd.
Stoneywood Park
Dyce, Aberdeen, AB21 7DZ,
Scotland
+44 (0) 1224 727000

DRIL-QUIP Asia Pacific Pte., Ltd
80 Tuas West Drive
Singapore, 638417
+65 68610600

DRIL-QUIP do Brasil, Ltda.
Estrada de Imboassica, 853
CEP 27920-34
Macaé, Brazil
+55 22 27918950

