



# Investor Presentation

March 1, 2024

Energy Delivered.™



# Disclosure Statement

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Statements made in the course of this presentation that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time-to-time in the Company's filings with the U.S. Securities and Exchange Commission (SEC). Any decision regarding the Company or its securities should be made upon careful consideration of not only the information here presented, but also other available information, including the information filed by the Company with the SEC. Copies of these filings may be obtained by contacting the Company or the SEC.

In an effort to provide investors with additional information regarding our results as determined by U.S. Generally Accepted Accounting Principles (GAAP), we disclose various non-GAAP financial measures in our quarterly earnings press releases and other public disclosures. We use these non-GAAP financial measures internally to evaluate and manage the Company's operations because we believe it provides useful supplemental information regarding the Company's ongoing economic performance. The non-GAAP financial measures include: (i) earnings before interest, taxes, depreciation and amortization (EBITDA) excluding other costs (sometimes referred to as "EBITDA"), (ii) net income (loss) attributable to NOW Inc. excluding other costs and (iii) diluted earnings (loss) per share attributable to NOW Inc. excluding other costs. Each of these financial measures excludes the impact of certain other costs and therefore has not been calculated in accordance with GAAP. A reconciliation of each non-GAAP financial measure to its most comparable GAAP financial measure can be found in our earnings press release.

# DNOW Investment Highlights

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- Leadership in the energy, industrial and energy evolution markets
- Significantly improved financial results with powerful cash-generation abilities
- Solid balance sheet, debt free\* and \$299M\* in cash
- Total liquidity, including cash, of \$626M\* to fuel organic growth, pursue accretive acquisitions and repurchase shares, opportunistically
- Expanding set of solutions for the energy transition / evolution
- Evolving technology and AI capabilities
- 160-year history of finding solutions for customers

\* As of December 31, 2023

# 2023 Key Results and 2024 Outlook

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- Revenue increased \$185M, or 9%, from 2022
- Operating profit totaled \$140M, driving \$184M in EBITDA\* for the year, a company record high
- Generated \$188M in cash from operating activities, or \$171M of free cash flow for the year
- Share repurchases accumulating to \$57M of the \$80M authorized
- Debt free, \$299M in cash, and total liquidity \$626M at December 31, 2023
- Announced the intent to acquire Whitco Supply, expanding our access to the midstream market

## Outlook

- Full-year 2024 revenue expected to increase 0-5% from 2023; approaching 8% EBITDA\* for full-year 2024
- 1Q24 revenue expected to increase 0-5% from 4Q23; 1Q24 EBITDA\* dollars unchanged from 4Q23, due to reset of payroll taxes and reduced vendor consideration
- Full-year 2024 free cash flow targeted at \$150M

\* Excluding other costs (non-GAAP)

# Strategic Growth Update

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## **Defend and grow market share within core energy markets**

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- Expand wallet share and market share in upstream market
- Expand opportunities in midstream market
- Leverage strengths through Supercenter expansions and enhanced service model

## **Growth from customer investments tied to decarbonization and energy evolution**

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- Provide PVF products for aged infrastructure and industrial air compressors for methane emission reduction projects
- Expand opportunities from customer investments in CCUS and new energy
- Expand opportunities from customer investment in renewable fuels

## **Additional growth through adjacent industrial markets**

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- Targeting chemicals, mining and water markets that align with our pump supplier agreements to expand and diversify markets

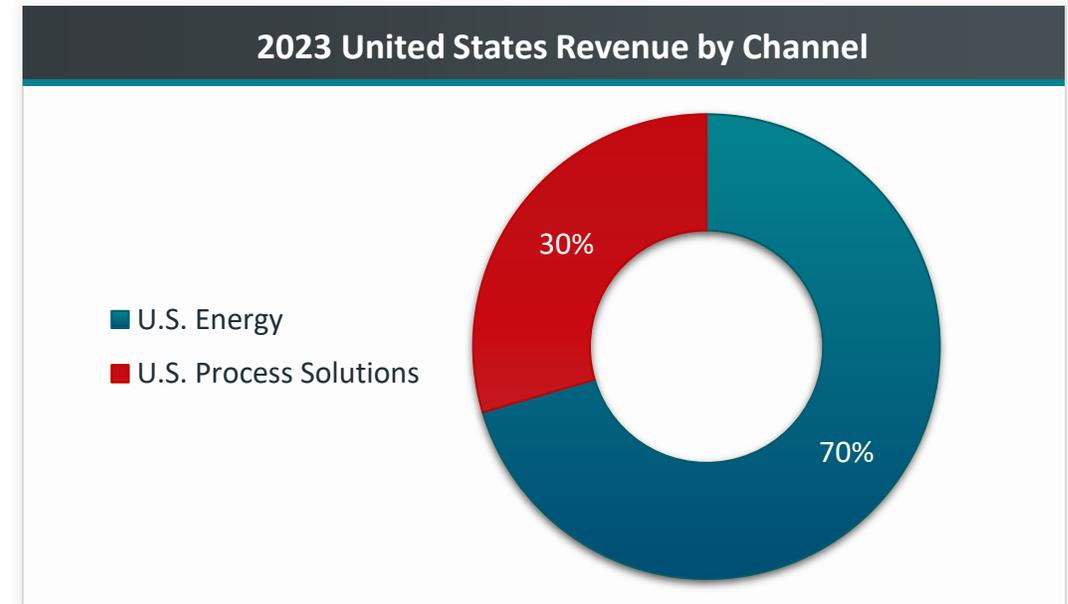
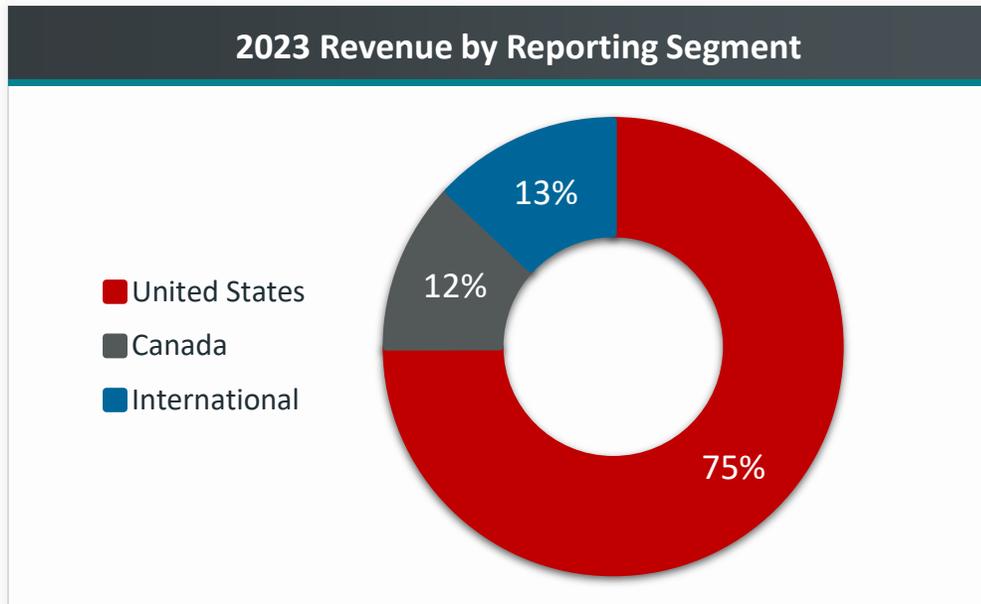
## **Capital allocation to support organic and M&A growth**

- Low CapEx core business
- Announced intent to acquire Whitco Supply expanding midstream opportunities
- Target companies that support our growth strategy

# DNOW At A Glance

NYSE Ticker	DNOW	Locations	165
Countries	18	Employees	2,475

- Operating for more than 160 years
- Comprehensive network of energy centers, customer onsite and process solutions locations complemented with an online commerce channel
- Support major land and offshore operations for key energy producing regions around the world
- Key markets: North America, South America, North Sea, the Middle East, Asia Pacific



# Top Tier Supply Partners and Customers Across the Globe

**Thousands of Suppliers in ~40 countries**

**Supporting Customer Operations in ~80 countries**

**DNOW**  
and affiliated brands



# Providing Value-Added Solutions Across All Channels



## Energy Centers

Global branch network supplying products locally to upstream, midstream and downstream energy customers



Provides wide array of products and value locally in major oil and gas regions



## Customer Onsite And Integrated Supply

On-site model offering customizable products, services and solutions to the energy and industrial markets



Reduces customers' total costs including operating expenses and invested capital



## U.S. Process Solutions

Process, production and fluid handling equipment in the form of engineering, design, installation, fabrication, rental and aftermarket service



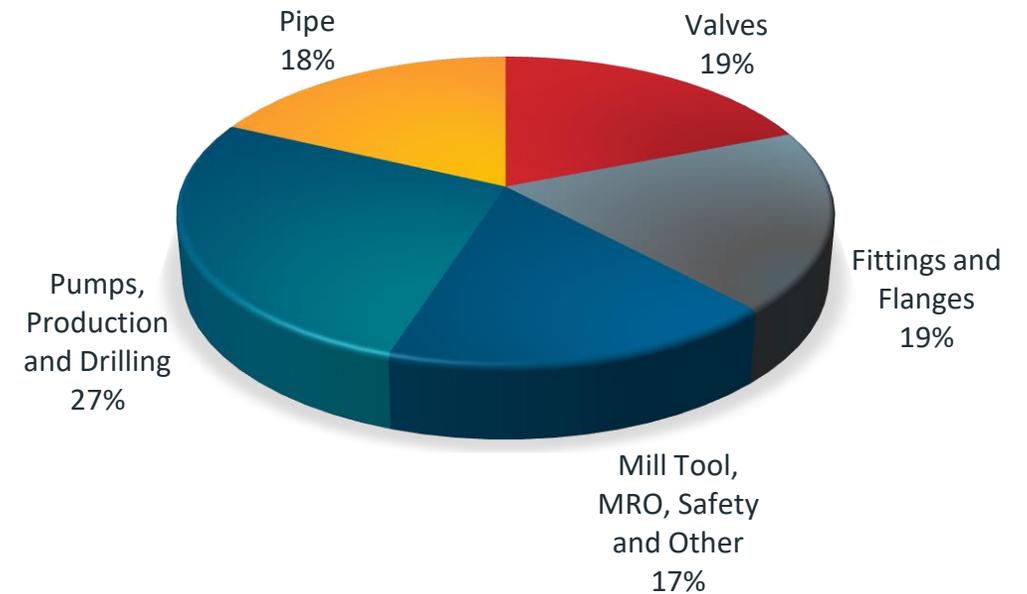
Meets demand for tank battery production facilities, midstream gathering and transmission, downstream and adjacent industrial markets

# Differentiated Value and Product Offerings

- Talent with deep product-application knowledge
- Leveraging technology complemented with an efficient regionalized distribution model to grow market share and drive productivity
- Retaining proximity to customers through offsite, onsite and digital channels



2023 Revenue by Product Line



# Global Operational Presence

**Company Locations**

- Locations
- Supercenters

**Supercenters:**

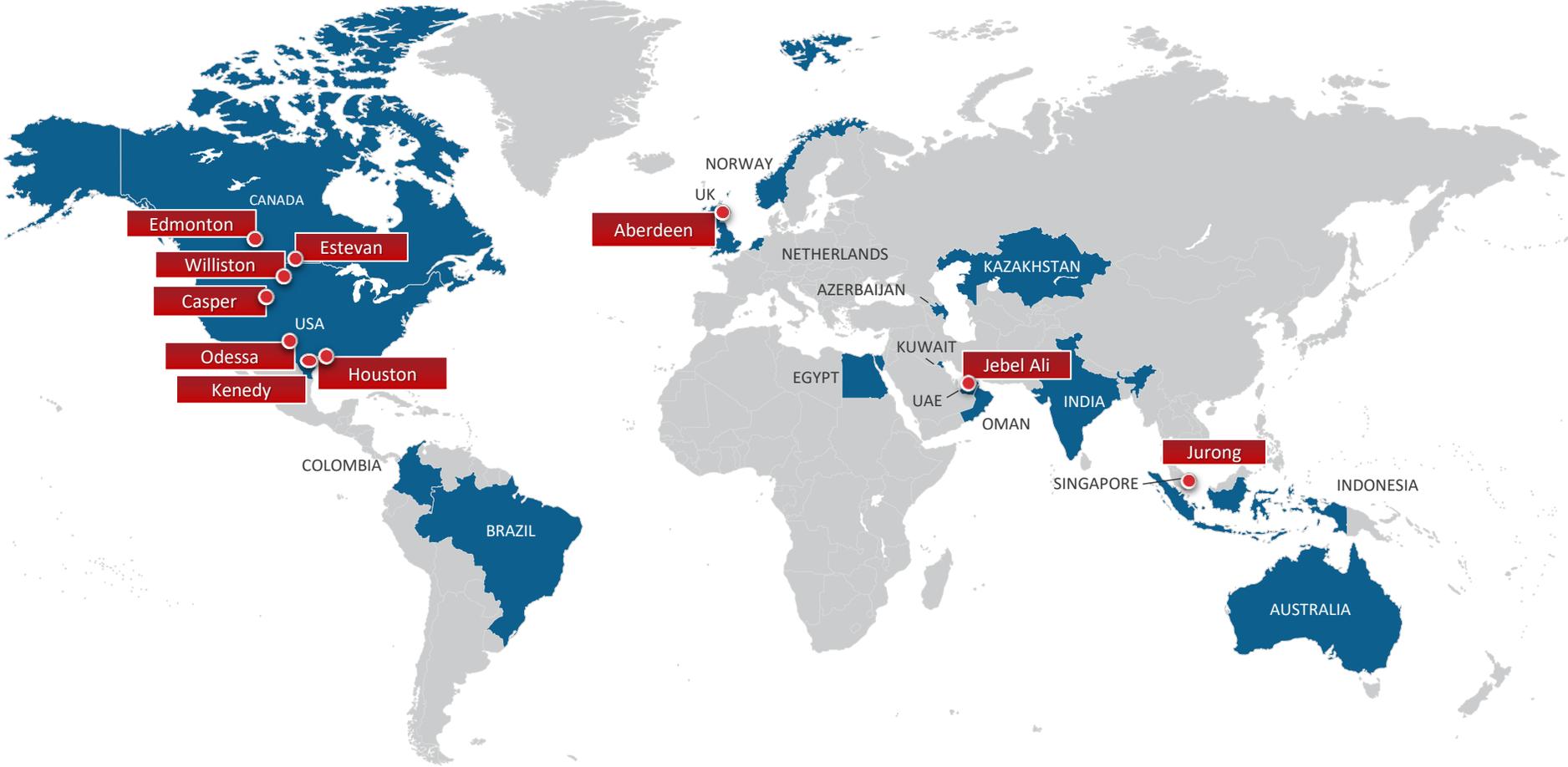
**United States**  
Houston, TX  
Odessa, TX  
Kenedy, TX  
Casper, WY  
Williston, ND

**Canada**  
Edmonton, Alberta  
Estevan, Saskatchewan

**Europe**  
Aberdeen, Scotland

**MENA**  
Jebel Ali, U.A.E.

**Asia**  
Jurong, Singapore

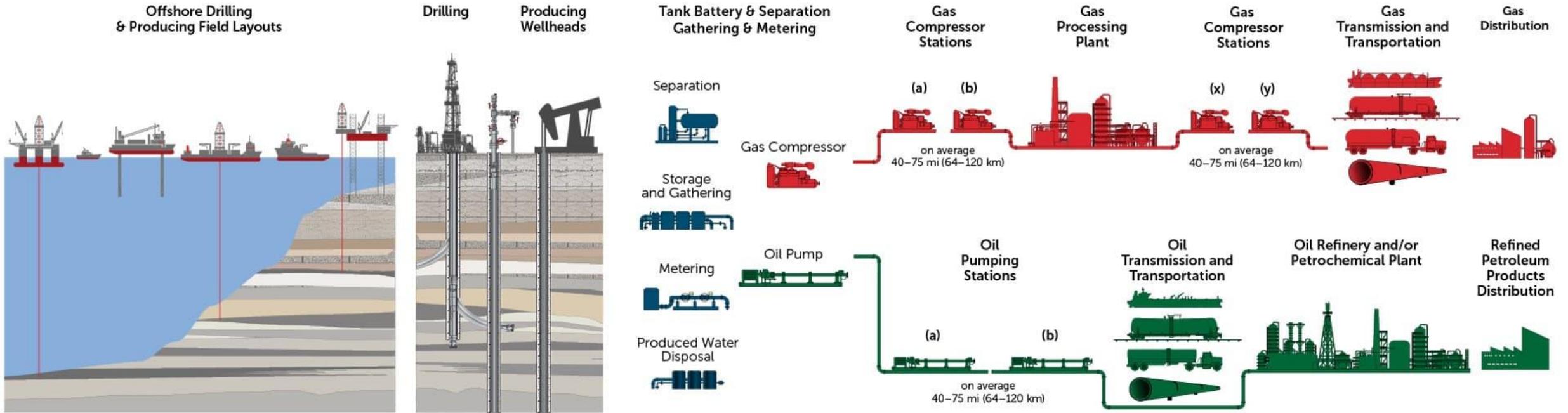


# DNOW is a Critical Link from Drilling to Distribution

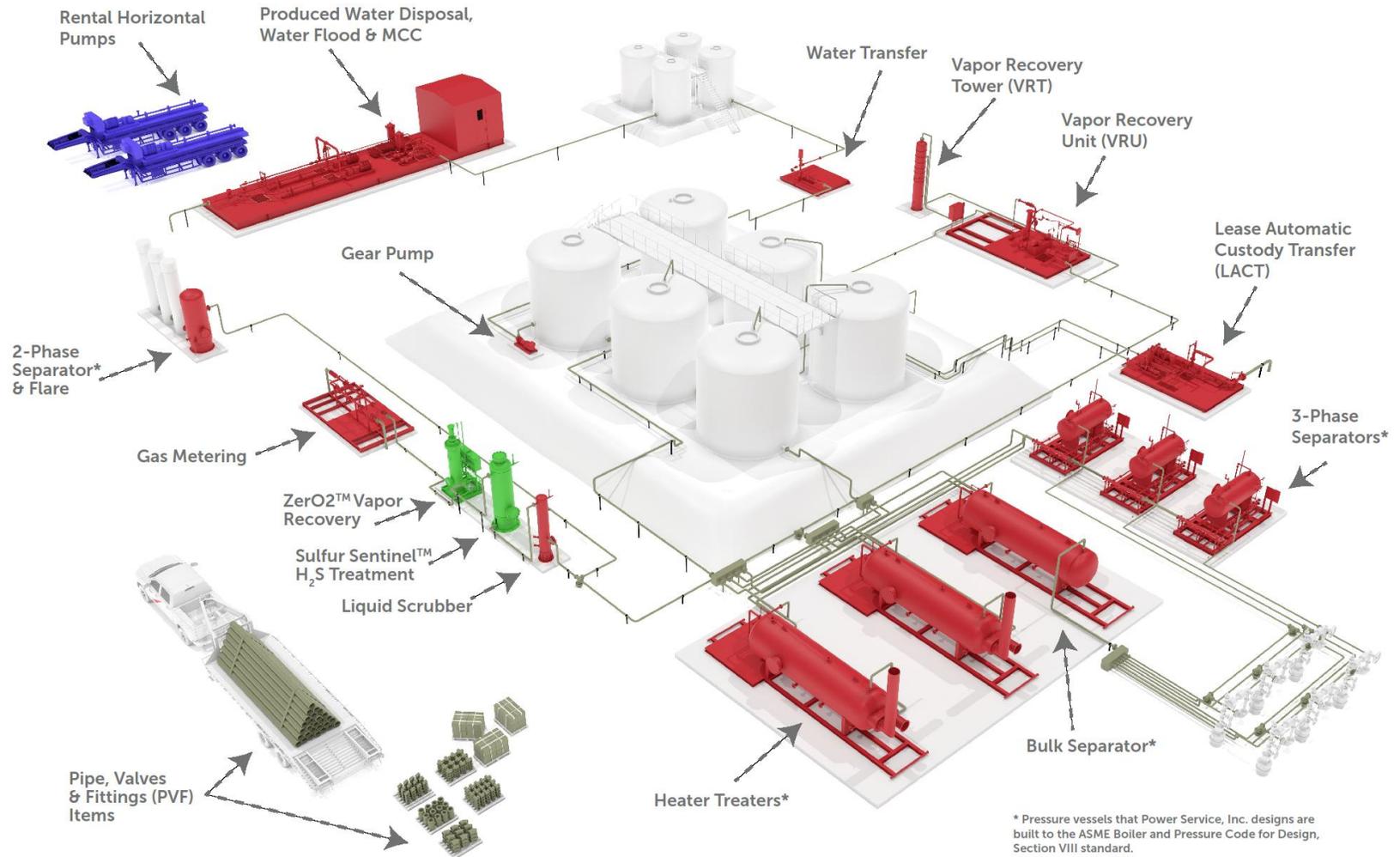
## Upstream

## Midstream

## Downstream / Industrial



# Example Tank Battery Installation



**COLOR LEGEND**

- PS & Odessa PUMPS
- FLEXFLOW
- DNOW ENERGY CENTERS
- ECOVAPOR

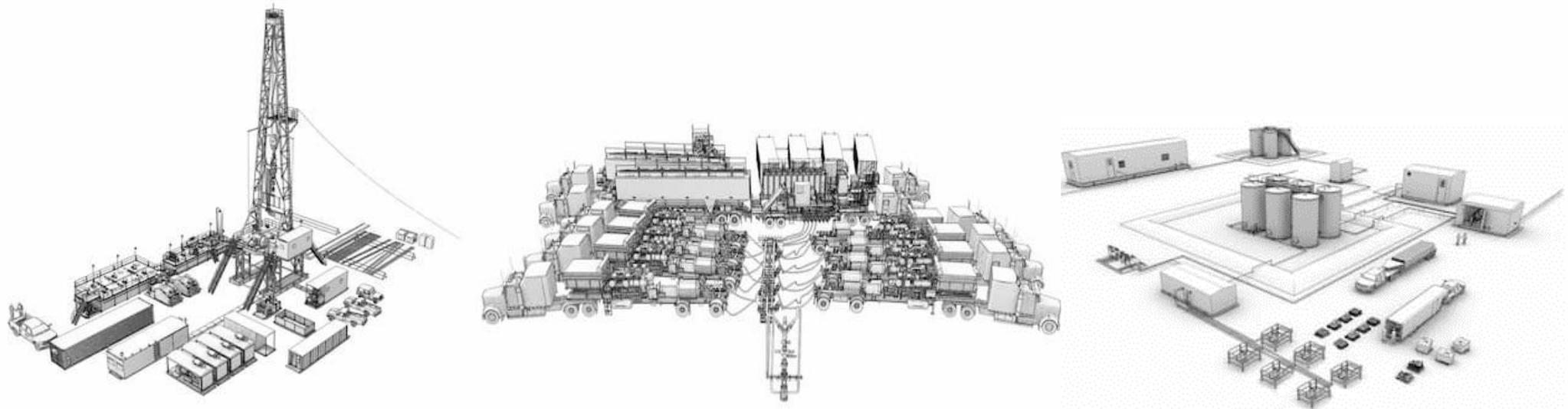
[dnow.com](http://dnow.com)

\* Pressure vessels that Power Service, Inc. designs are built to the ASME Boiler and Pressure Code for Design, Section VIII standard.

DNOW has produced this for general information only, and it is not intended for design or layout purposes.

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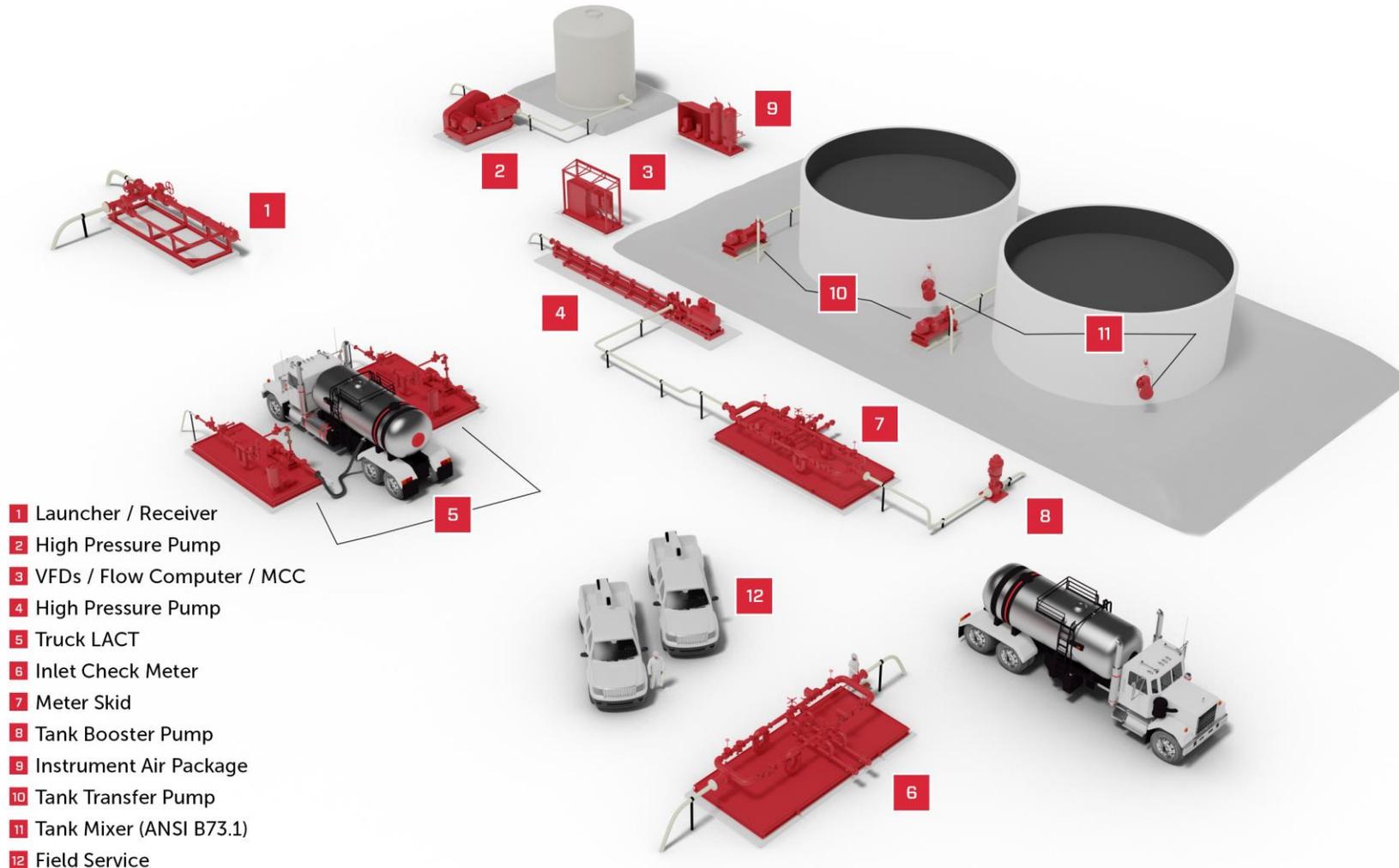
# Timing and Materiality from Drilling to Tank Battery Install



	Drilling	Frac	Tank Battery
Revenue*	\$4,000-\$5,000 per week	Minimal	\$250,000-\$3 million
Time*	8-30 days	10-30 days	25-60 days
Customer	Drilling Contractors	Service Companies	E&P Operators

\*Estimates based on a 6-well pad

# Example Midstream Terminal Opportunities



# ESG Solution Targeting Growing Decarbonization Market

## EcoVapor is a leading emissions and flaring abatement solution within DNOW's process and production equipment product suite

- Established, patented and proven technology, enables operators to achieve ESG objectives of lowering greenhouse gas emissions, with a dual benefit by selling otherwise wasted or flared gas
- Expands addressable markets in oil and gas for new and currently active tank battery separation facilities and growing RNG by providing gas processing capabilities
- The gas that is processed from a single E300 unit running at full capacity removes 16,000 metric tons of CO<sub>2</sub>e per year and the greenhouse gas emissions avoided is equivalent to:
  - Approximately 4 wind turbines
  - Annual emissions of approximately 3,500 gas-powered vehicles
  - Annual emissions from energy use of approximately 2,000 households



1 E300 Unit	
Annual Metric Tons CO <sub>2</sub> e Emissions Saved Per E300 At Full Capacity <sup>(1)</sup>	16,000
 Number of wind turbines	~4
 Gasoline-powered passenger vehicles driven for one year <sup>(2)</sup>	~3,500
 Total households energy use for an entire year <sup>(3)</sup>	~2,000

Source: EPA Greenhouse Gas Equivalencies Calculator.

Note: Emissions saved assumes full capacity of an E300 unit of 300 Mcfd for 365 days.

<sup>(1)</sup> Emission calculator assumptions and calculation validated by Ruby Canyon Environmental

<sup>(2)</sup> U.S. Department of Transportation, EPA. Assumes average annual miles traveled of 11,520 per vehicle.

<sup>(3)</sup> U.S. Census Bureau.

# DNOW Ethos

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- Competitive strength around inspiring, attracting and developing our people
- Fuel the future enabling free cash flow for growth and improved shareholder returns
- Delighting the customer through alignment in common purpose and delivering results that promote a winning partnership

A graphic titled "ETHOS" with a definition and three pillars. The title "ETHOS" is in large, bold, white letters. Below it is the definition: "(noun) 1. the characteristic spirit of a culture, era, or community as manifested in its beliefs and aspirations." Below the definition are three icons: two stylized figures (one red, one grey) with a red star above them; a globe with a red flame-like shape on the right; and a grey "CP" logo with a red star on the right. Below each icon is a pillar of the ethos: "Inspire One Another", "Fuel The Future", and "Delight The Customer". Each pillar has a short description below it. At the bottom of the graphic is the text "We Are DNOW".

**ETHOS**

(noun) 1. the characteristic spirit of a culture, era, or community as manifested in its beliefs and aspirations.

**Inspire One Another**  
Foster an inclusive, people-first culture.

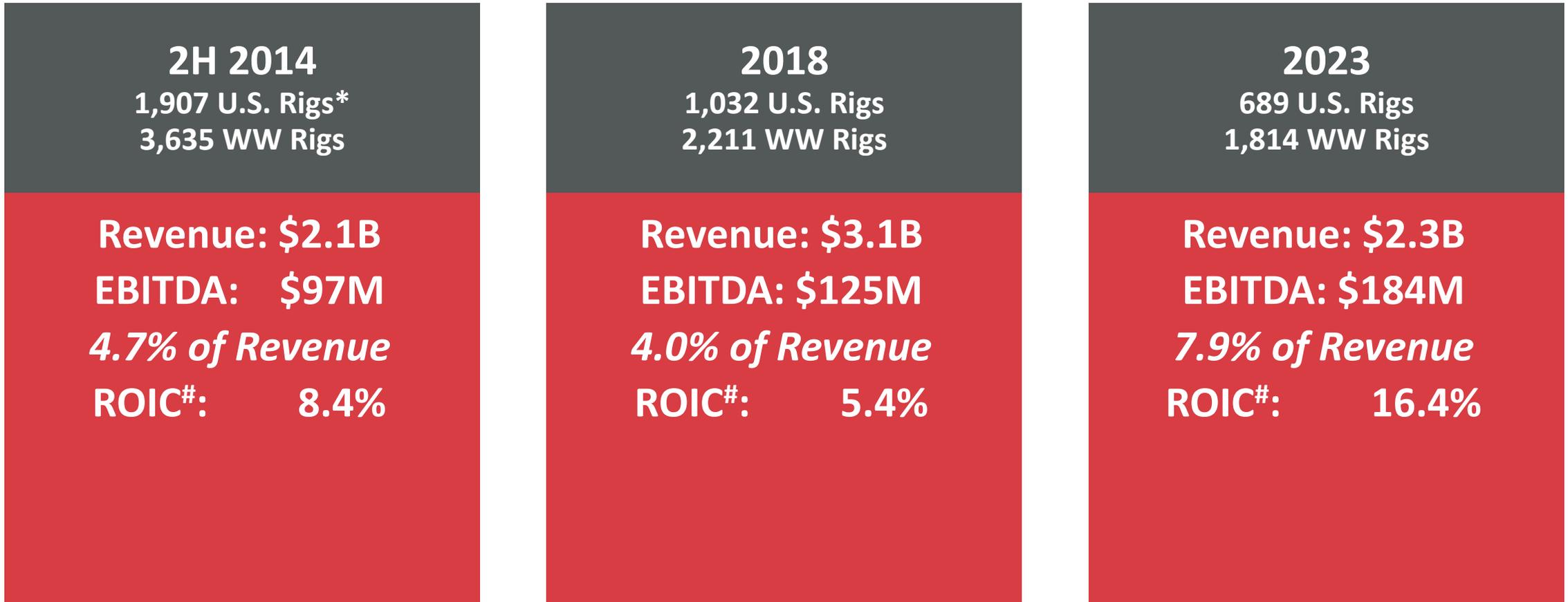
**Fuel The Future**  
Win the market and pursue sustainable growth.

**Delight The Customer**  
Be our customers' most trusted partner.

We Are DNOW

# Significant Improved Earnings

Comparing the past three U.S. rig count cycles



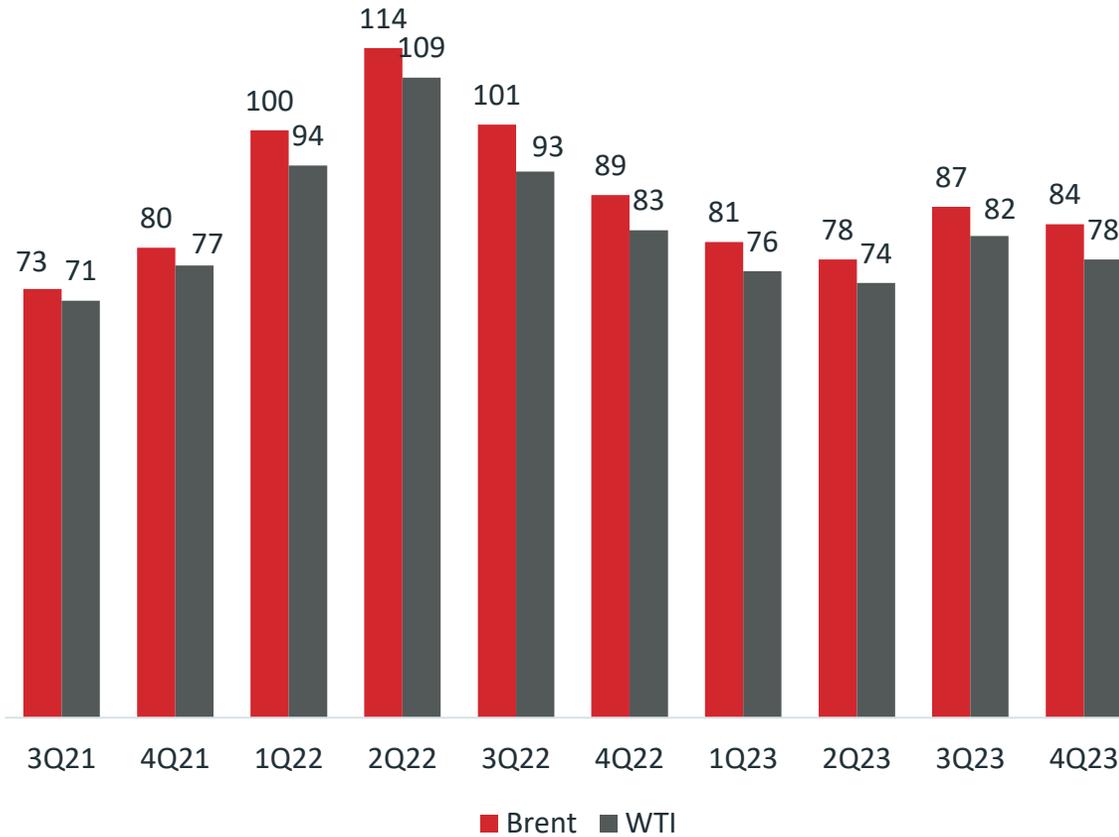
\*Rig values based on Baker Hughes Rig Count

# ROIC calculated using EBITDA excluding other costs, less tax expense divided by long-term debt and non-controlling interests, less cash and cash equivalents

# Key Market Indicators

## Quarterly Average Oil Prices

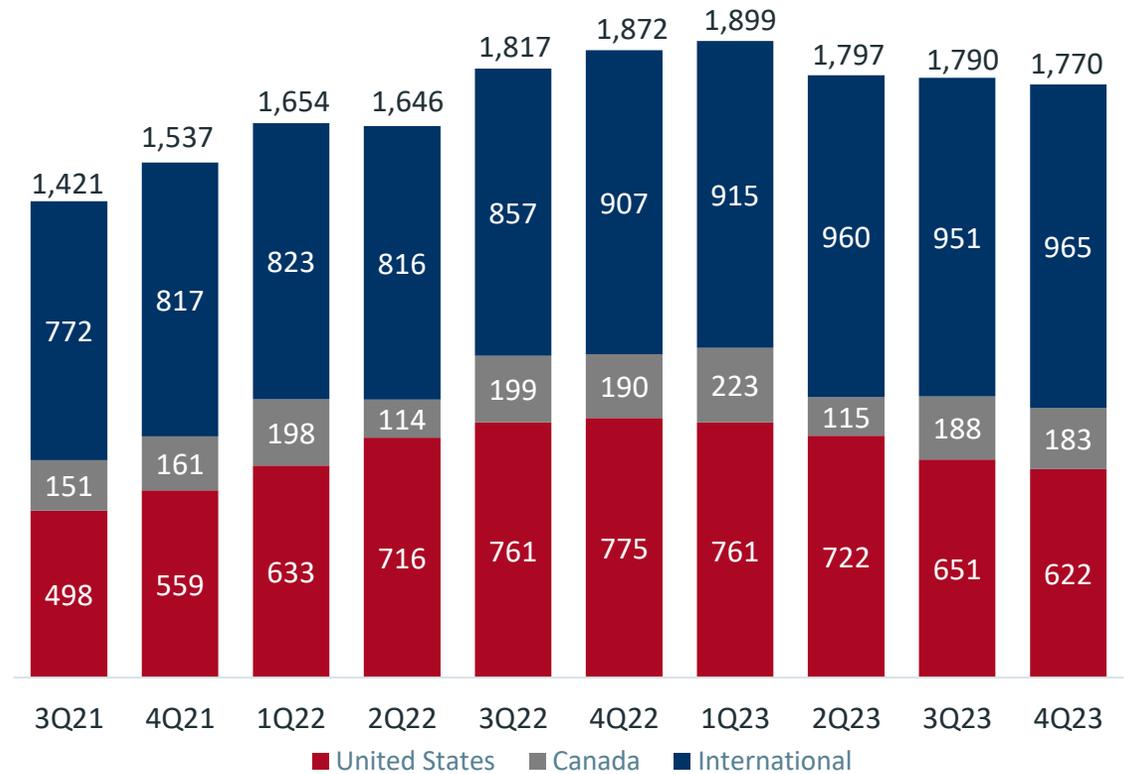
(\$ per barrel)



Source: EIA, Europe Brent and Cushing, OK WTI Spot Price FOB

## Quarterly Average Rig Count

(number of rigs)



Source: Baker Hughes, Inc.

# Key Market Indicators

## WTI/Rig Counts

- WTI avg of \$78 per barrel for 4Q23, lower 5% sequentially
- U.S. avg rig count of 622, lower 4% sequentially
- Canada avg rig count of 183, lower 3% sequentially
- International avg rig count of 965, up 1% sequentially
- Global avg rig count of 1,770, lower 1% sequentially

DNOW annualized revenue per rig at  
**\$1.3M** for 4Q23

## U.S. DUCs\*

- December ended with a DUC count of 4,374 wells in EIA regions
- 4Q23 avg of 4,447 wells, lower 7% sequentially

DUCs are future revenue opportunities for  
DNOW

## U.S. Completions\*

- December ended with a U.S. completions count of 926 wells in EIA regions
- 4Q23 avg of 950 wells, 8% lower sequentially

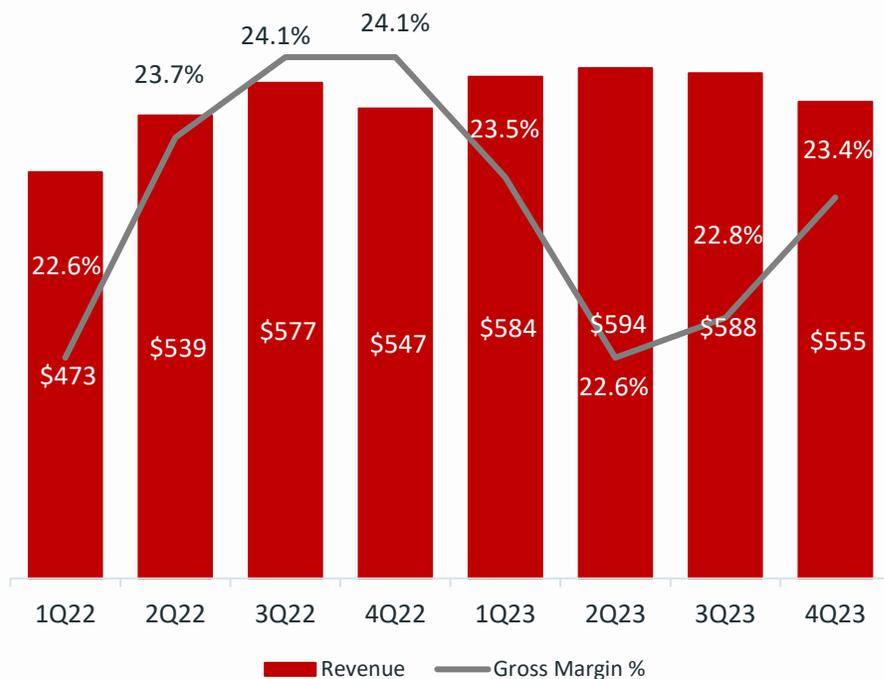
Presents an immediate opportunity for DNOW U.S. as tank batteries and gathering systems are constructed after completions

*\*EIA DPR report released 1/16/2024*

# Selected Quarterly Results

## Revenue & Gross Margin Percent

(\$ in millions)



## Net Income attributable to DNOW Inc. excl. Other Costs (Non-GAAP)

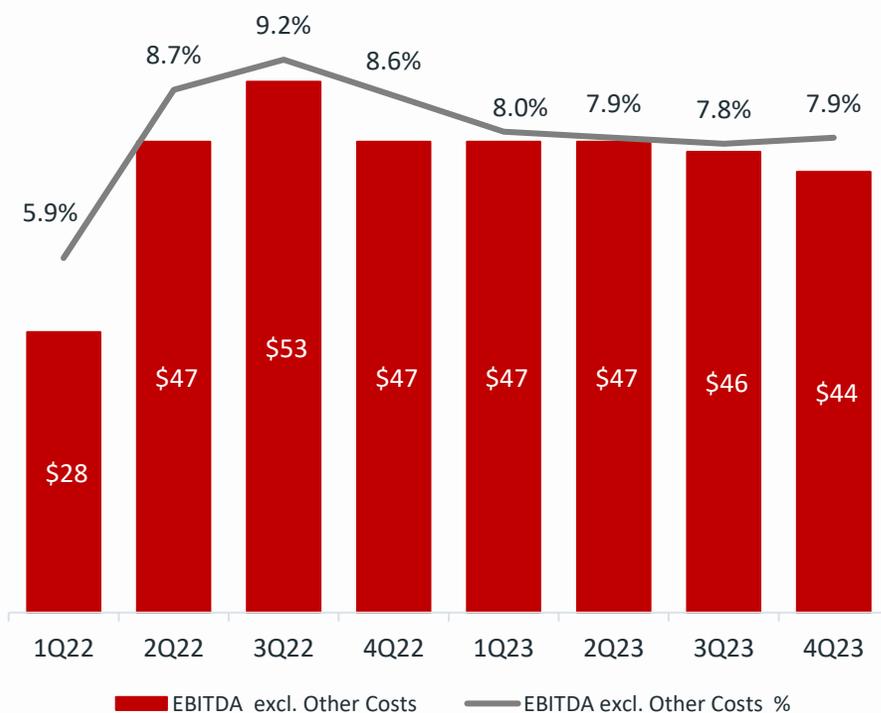
(\$ in millions)



# Selected Quarterly Results

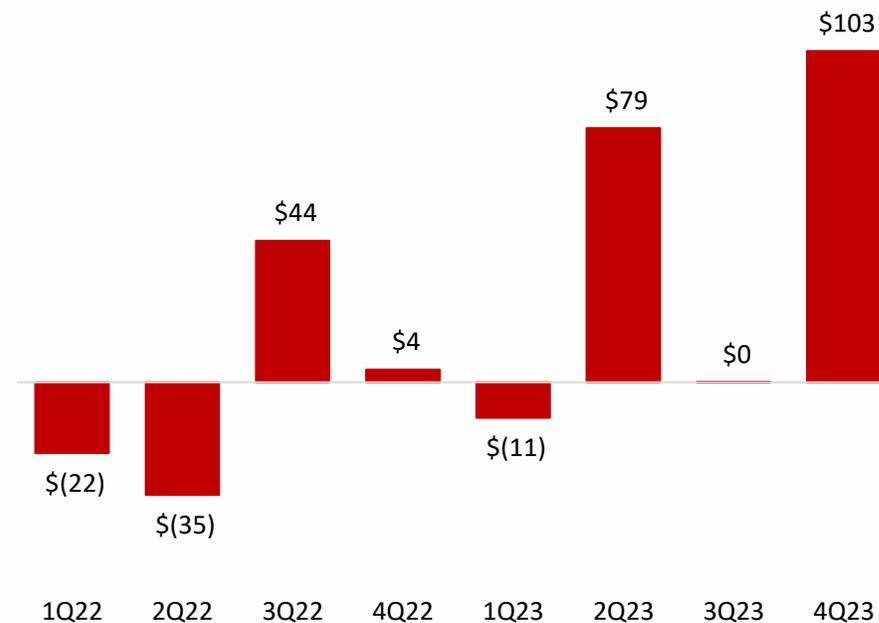
## EBITDA excl. Other Costs (Non-GAAP)

(\$ in millions)



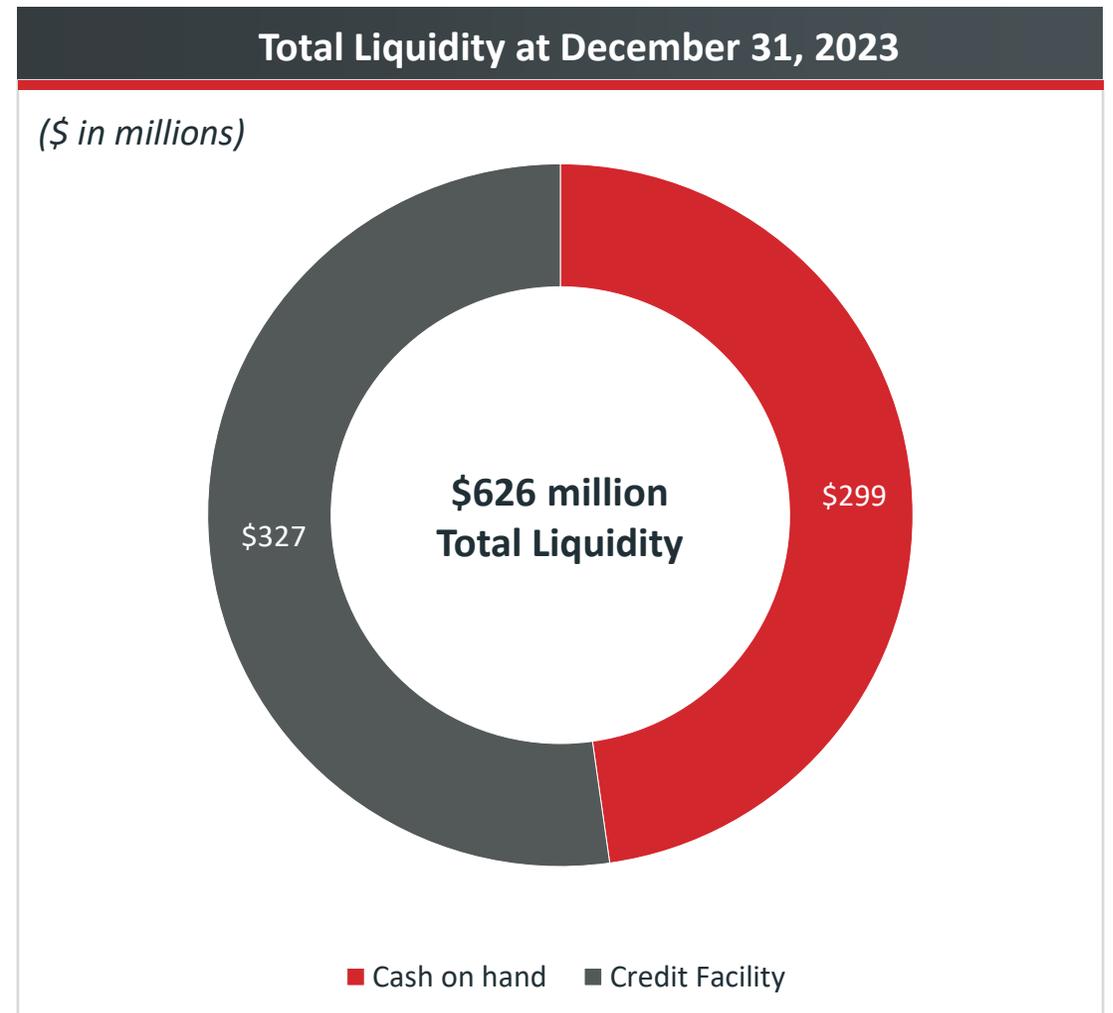
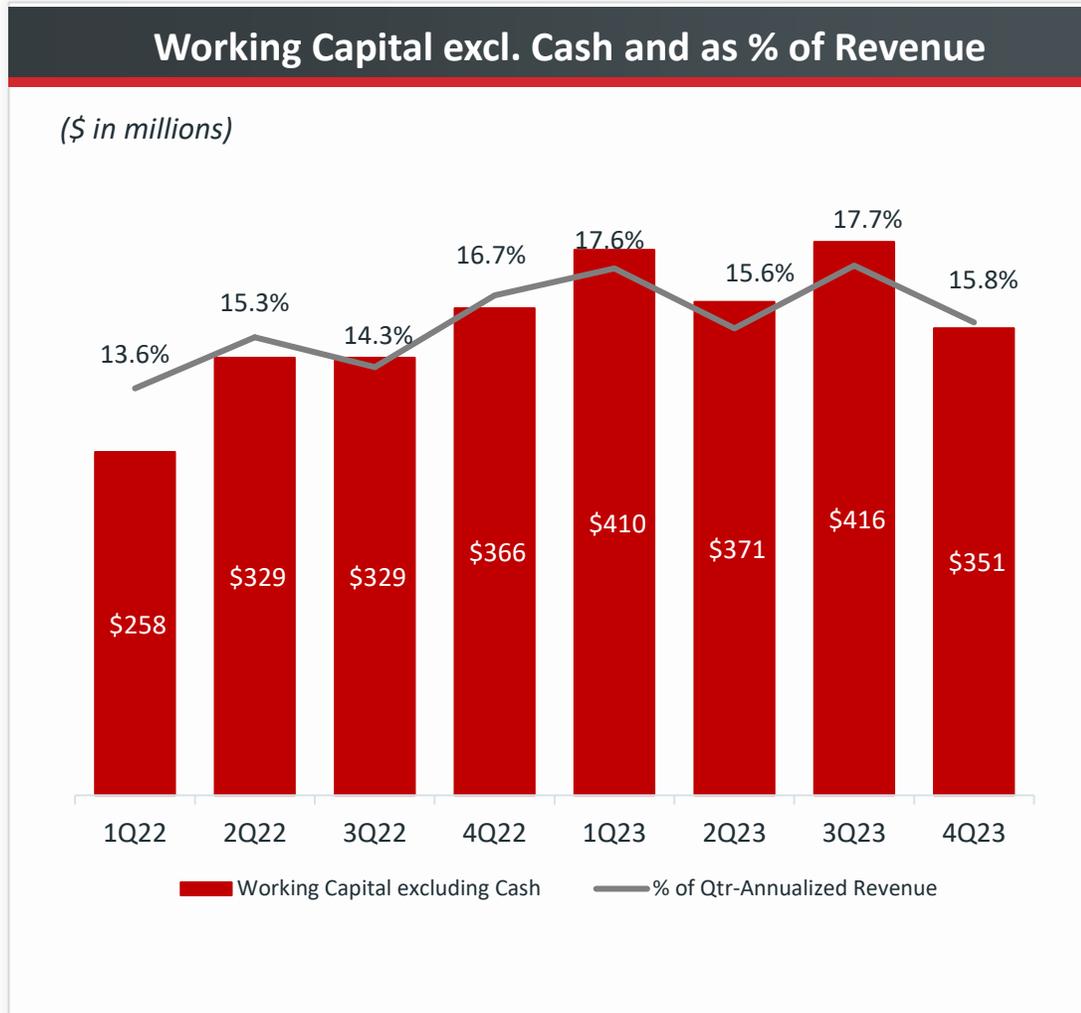
## Free Cash Flow\*

(\$ in millions)



\*Free Cash Flow is defined as net cash provided by (used in) operating activities, less purchases of property, plant and equipment

# Selected Quarterly Results



# Capital Allocation Framework

## Formidable Balance Sheet...

**Working  
Capital  
Efficiency**

Efficient use of working capital  
as a percent of revenues

**No debt**

No interest expense burden

**Ample  
Liquidity**

\$626M in total liquidity



## ... to fund growth and expanded capital allocation program

1. Fund Organic Growth and Efficient Operations
  - Working Capital needs
  - Technology investments
2. Inorganic growth through acquisitions
  - Patient, disciplined approach
  - Targeting margin accretive businesses
3. Return capital to shareholders
  - \$80 million share repurchase authorization underway

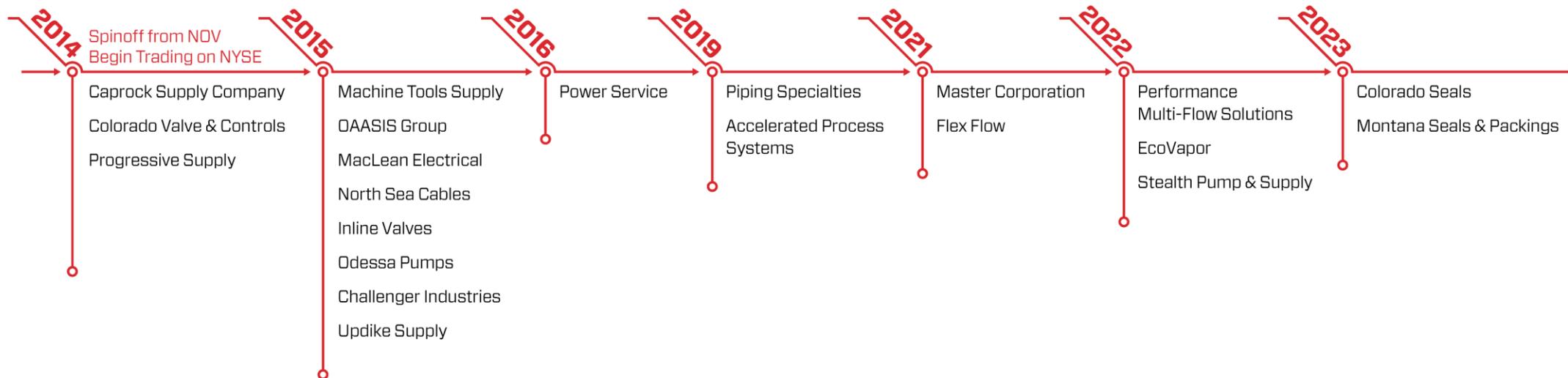
# Driving Growth through Acquisitions

## Clearly Defined Acquisition Strategy

- Acquire value-add solutions with sustainable competitive advantages
- Leverage acquired product lines to gain organic share
- Expand Process Solutions value proposition
- Target end-market diversification



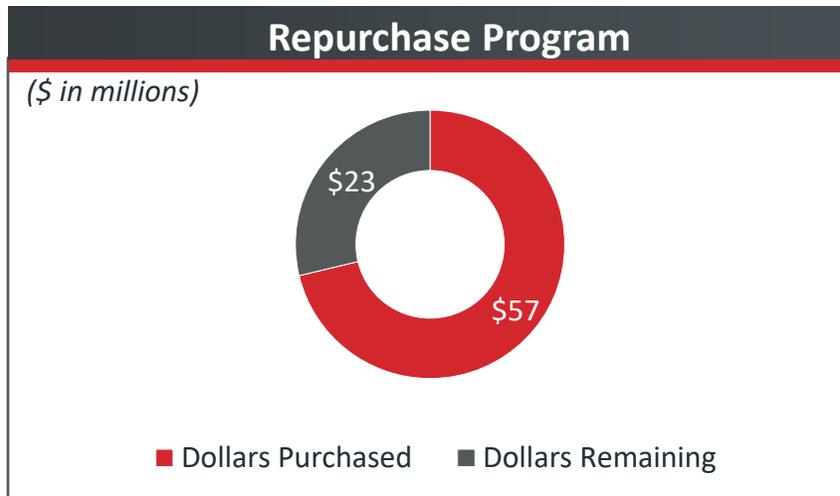
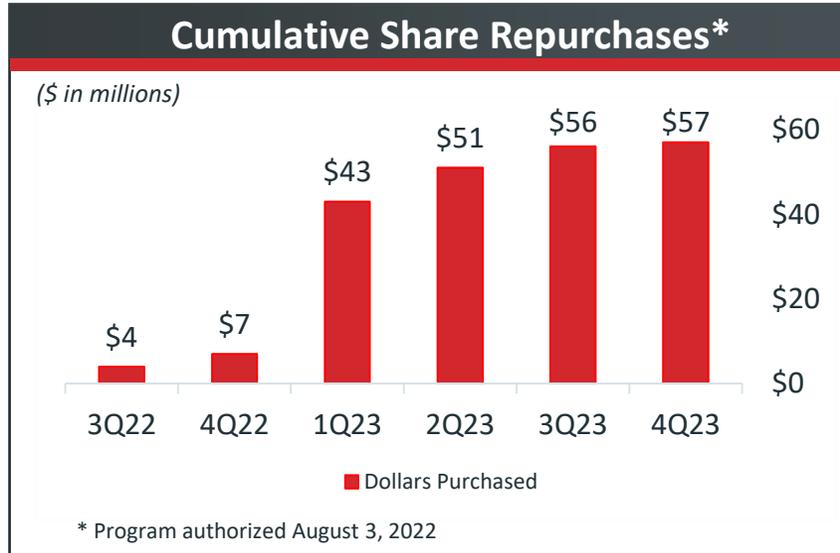
## Track Record of Success



# Share Repurchases

## \$80 million share repurchase program

- Repurchased \$1M of shares during the 4Q23 and \$50M for full-year 2023
- Shares retired at average price of \$10.40 per share in 4Q23
- Program authorized through December 2024



# IT and Systems Technology Investments

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User Adoption on Technology increases to bring more efficiency



Optimize cost and maximize scalability thru cloud platforms

## Boost Productivity:

- Order Management System (OMS+) with growing adoption globally delivering higher internal efficiency
- Advanced Quoting Systems (AQ) to provide improved experience and response rate to customer RFQs
- New Warehouse Mobility Devices to enhance fulfillment processes by providing improved levels of digital security, higher levels of efficiency in warehouses

## Reduce IT service costs and bolster digital foundation:

- Scaling of PVF+ supercenters leveraging ERP inventory management and order management functionality
- Migrating multiple data centers to cloud for application modernization and cost savings
- Combining Process Solutions ERPs to a single cloud solution enhancing workflow functionality and efficiency

# DigitalNOW® Customer Ecosystem

powered by  
**DigitalNOW®**

## Digital suite of products adding to increased customer value

### Digital commerce and eCommerce channel shop.dnow.com

- Digital commerce platform, shop.dnow.com, continues to grow
- Digital revenue comprised of 47% of SAP revenue on customer and project billing mix on larger quarterly sequential revenue
- Growing eBusiness customer implementations and integrations with customer ERP systems
- Focused on growing B2B users and round trip/punchout users
- Central commerce solution to DigitalNOW® customer ecosystem



### eSpec™, powered by DigitalNOW®

- Engineered equipment package product budgeting and configuration tool encompassing 10 product lines
- Enables enhanced customer conversations earlier in the project cycle
- Released 3D and augmented reality features
- Mobile app

**eSPEC™**  
powered by DigitalNOW®



### eTrack™, powered by DigitalNOW®

- Asset, data and material management lifecycle solution
- Enables customers to manage their assets using location finder
- Allows retrieval of documentation and drawings
- Allows customers the ability to schedule field service
- Implementing with several customers capturing hundreds of assets and growing



### AccessNOW™, powered by DigitalNOW®

- Suite of unattended inventory control and intelligent inventory management solution
- Improves inventory integrity, forecasting
- Reduced opex cost leveraging automation and technology
- Added Security and surveillance

**AccessNOW™**

Control - Efficiency - Scalability



# Investor Relations

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*For the most recent investor presentation, please click [here](#)*