



# Investor Relations

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THIRD QUARTER 2022

Energy Delivered.™

# Disclosure Statement

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.

To better align with management's evaluation of the Company's performance and to facilitate comparison of our results to those of peer companies, beginning for the fourth quarter and full-year ended December 31, 2021, EBITDA excluding other costs excludes non-cash stock-based compensation expense. Prior periods presented have been adjusted to conform with the current period presentation.

# Vision

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DistributionNOW will be recognized as the market **Leader in Supply Chain Management** through superior customer service by leveraging the strengths of our employees, processes, suppliers, technology and information.



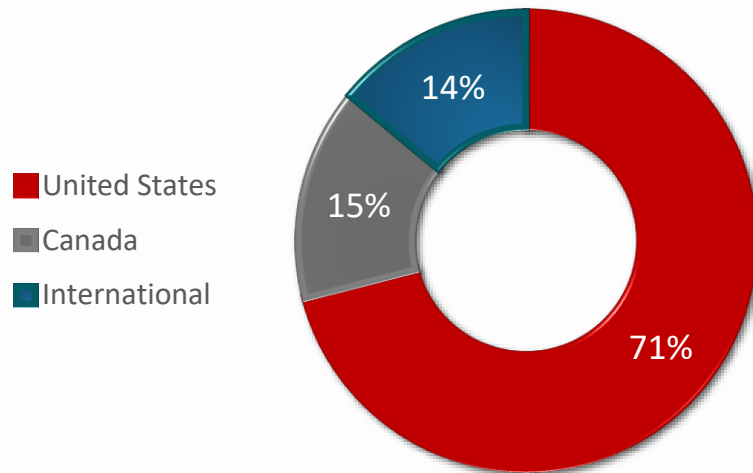
# Driving Supply Chain Efficiency through Speed, Technology and Innovation

NYSE Ticker DNOW  
Countries ~20  
Locations ~170

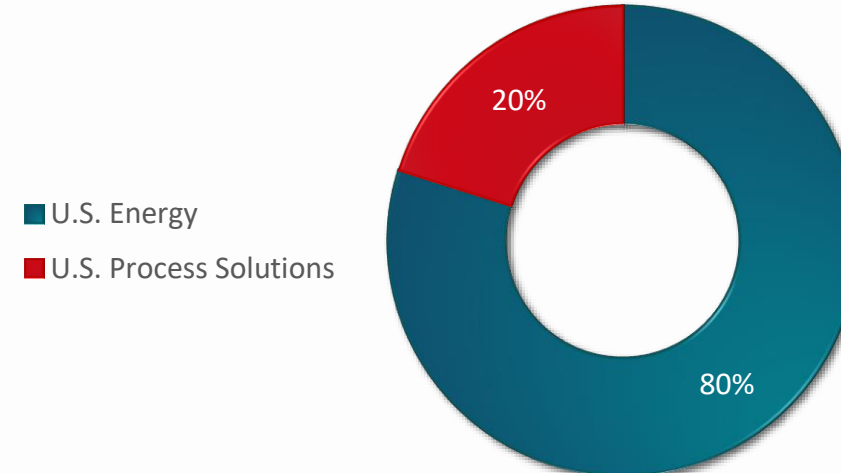
Employees ~2,350  
ERP System SAP™

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

2021 Revenue by Reporting Segment



2021 United States Revenue by Channel



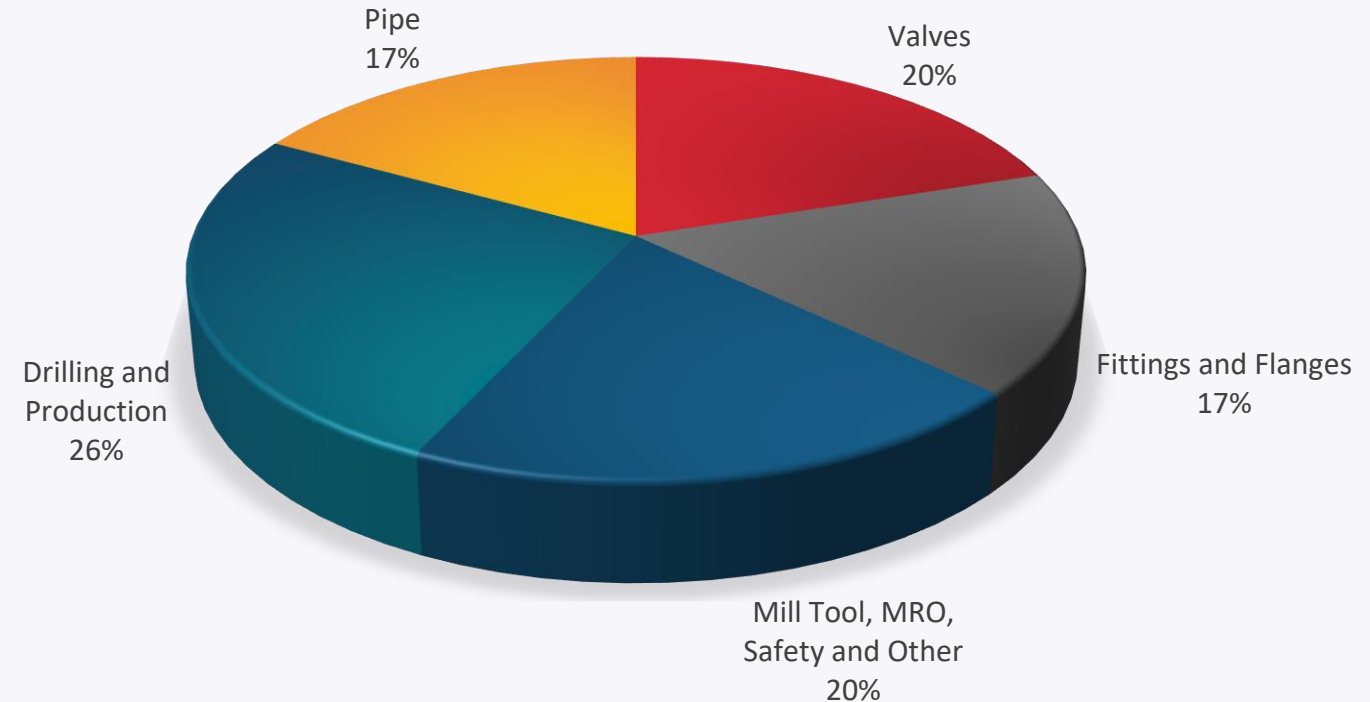
# Comprehensive Product Offering and Balanced Revenue Mix

DNOW carries a comprehensive range of products and services to meet **RAPID and CRITICAL deliveries** to customers in local and remote areas



- Honing our last-mile focus
- Retaining proximity to customers
- Using technology and centralized distribution to drive productivity

2021 Product Mix



# Global Operational Presence and Reach

**Company Locations**

Locations and Reach

Supercenters

**Supercenters:**

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

**Canada**  
Edmonton, Alberta  
Estevan, Saskatchewan

**Europe**  
Aberdeen, Scotland

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

**Asia**  
Jurong, Singapore



# Blue-Chip Suppliers and Customers Across the Globe

Thousands of Suppliers in ~40 countries



DISTRIBUTION  
**NOW**

Supporting Customer Operations in ~80 countries

## Drilling Contractors



## Exploration & Production



## Midstream

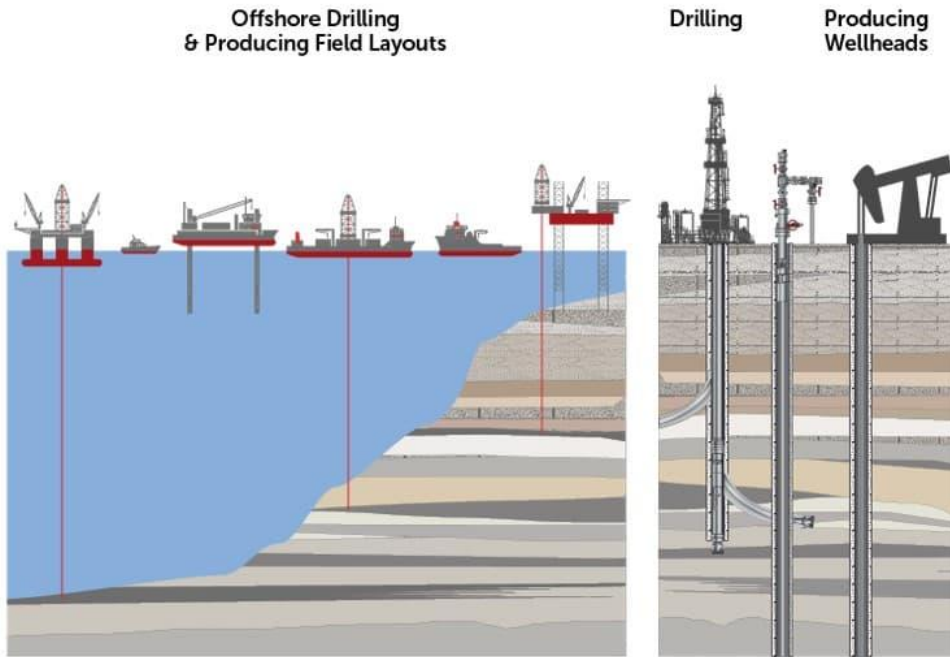


## Downstream, Industrial and Mining

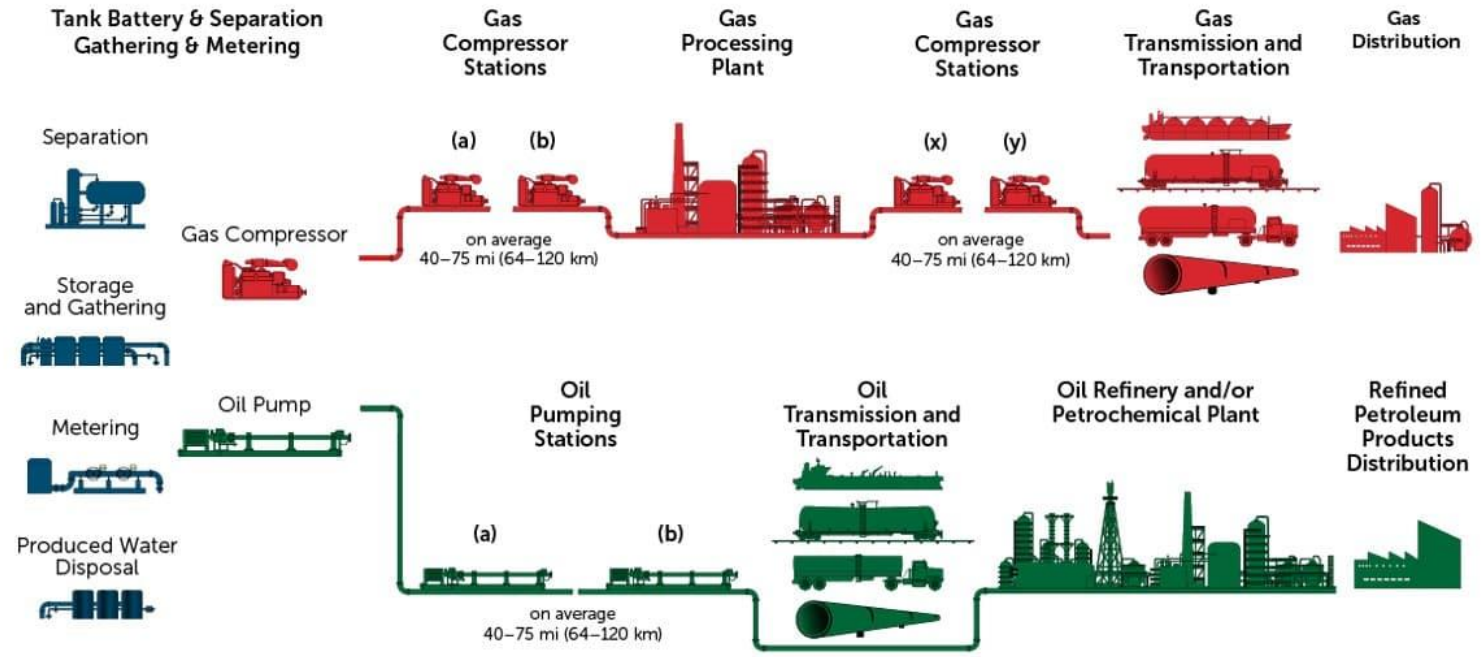


# DNOW is a Critical Link from Drilling to Distribution

## Upstream



## Midstream



# 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 turnkey tank battery production facilities, midstream gathering and transmission

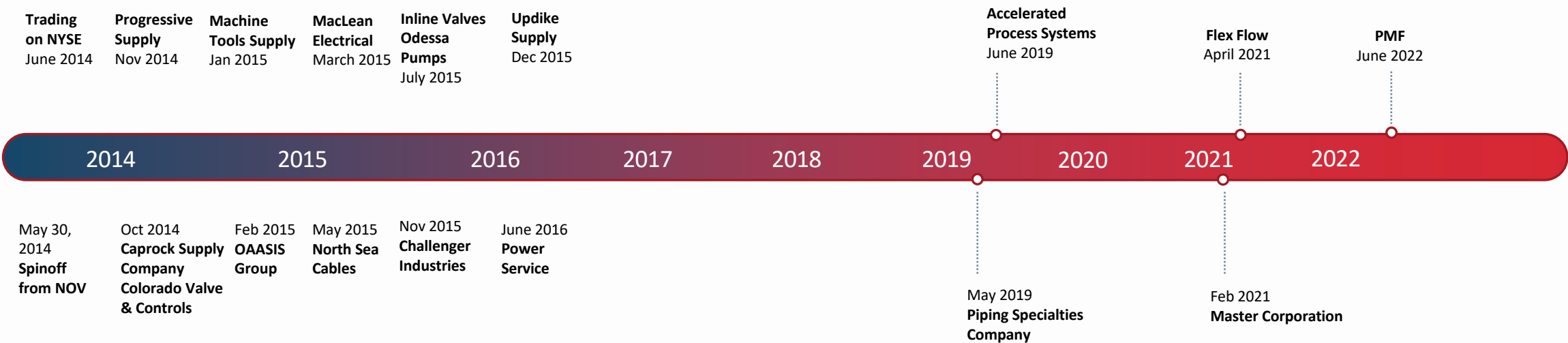
# Driving Growth through Acquisitions

## 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





# Third Quarter 2022

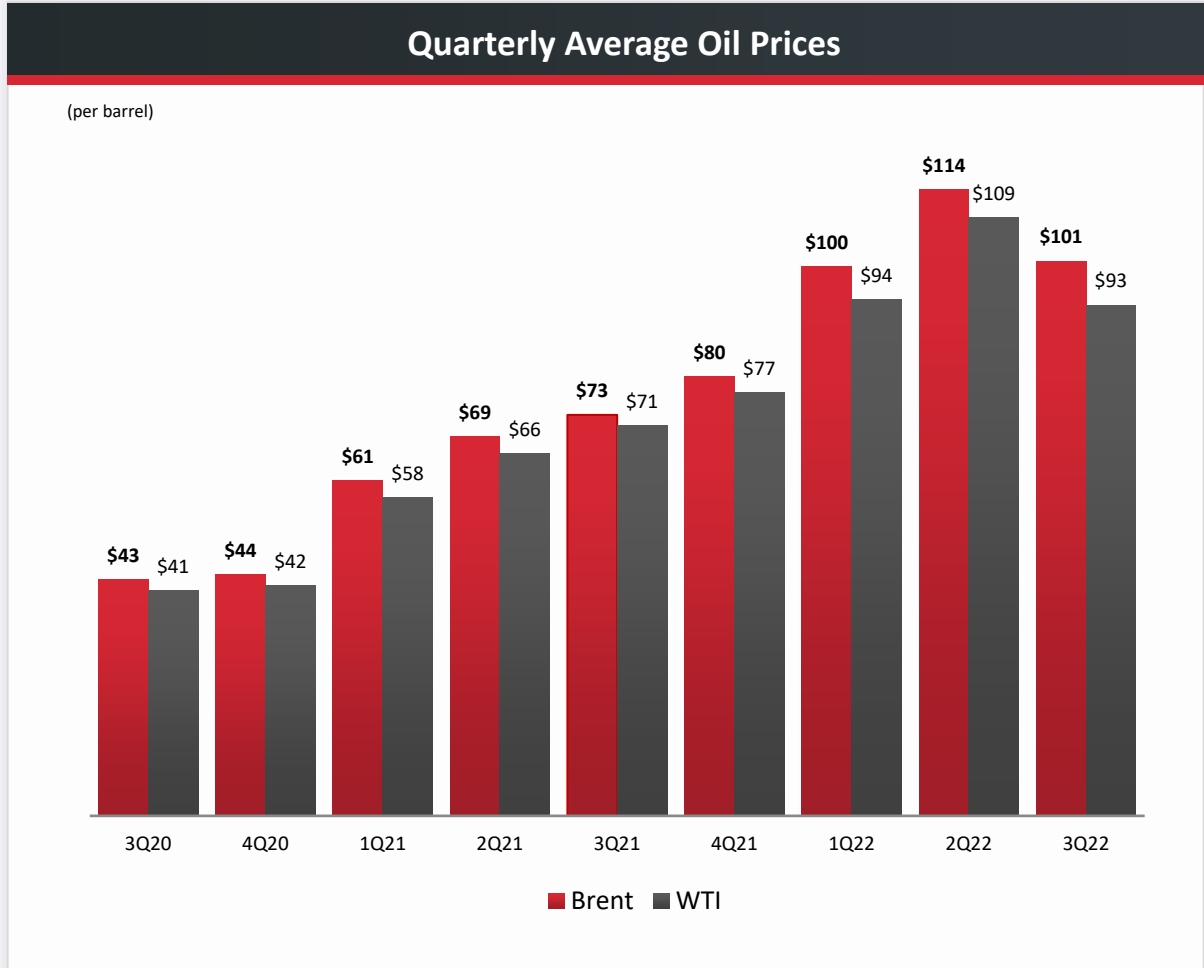
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AT A GLANCE

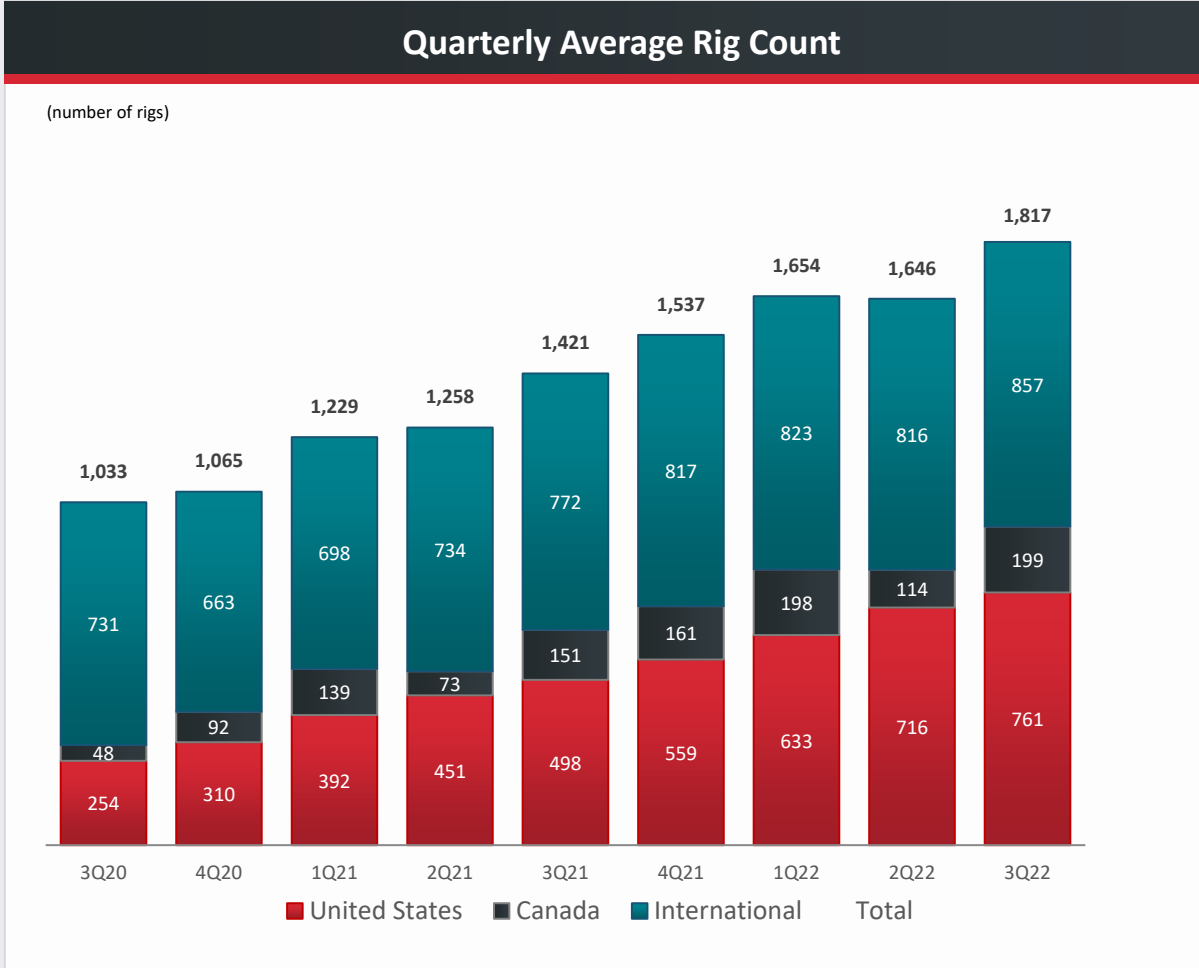
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# Key Market Indicators



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



Source: Baker Hughes, Inc.

# Key Market Indicators

## WTI/Rig Counts

- WTI avg of \$93 per barrel for 3Q22
- U.S. avg rig count of 761, up 6% sequentially
- Canada avg rig count of 199, up 74% sequentially
- International avg rig count of 857, up 5% sequentially



DNOW annualized revenue per rig at  
**\$1.3M** for 3Q22

## U.S. DUCs

- September ended with a DUC count of 4,333 wells in EIA regions
- 3Q22 avg of 4,346 wells, down 2% sequentially



DUCs are future revenue opportunities for  
DNOW

## U.S. Completions

- September ended with a U.S. completions count of 968 wells in EIA regions
- 3Q22 avg of 969 wells, relatively flat sequentially



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

# 3Q22 Investment Highlights

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- Revenue increased to \$577M or 7% sequentially, up 31% year-over-year
- GAAP Net Income attributable to NOW Inc. of \$40M; Net Income\* of \$34M, up \$5M sequentially, and up \$28M year-over-year
- GAAP EPS attributable to NOW Inc. of \$0.35; EPS\* of \$0.30, up \$0.04 sequentially
- EBITDA\* expanded to \$53M or 9.2% of revenue
- Gross margins reached a high of 24.1%
- Warehouse, Selling & Administration (WSA) was 16.5% of revenue, unchanged as a percent of revenue when compared to 2Q22
- Buyback program underway with repurchases of \$4M of shares, or 5% of our \$80M buyback authorization program at an average price of \$10.33 per share
- Free cash flow of \$44 million, total liquidity at the end of the quarter equaled \$635M, including \$267 million in cash and zero debt

\* Excluding other costs (non-GAAP)

# 3Q22 Segment Results

Strong year-over-year performance driven by activity across all segments, excluding FX headwinds and impact from International exits

	3Q21	3Q22	Var.	Var. %
United States	312	435	123	39%
Canada	68	86	18	26%
International	59	56	(3)	-5%
<b>Revenue</b>	<b>439</b>	<b>577</b>	138	31%
United States	4	31	27	
Canada	5	10	5	
International	1	3	2	
<b>Operating Profit</b>	<b>10</b>	<b>44</b>	34	
<i>United States</i>	<i>1.3%</i>	<i>7.1%</i>		
<i>Canada</i>	<i>7.4%</i>	<i>11.6%</i>		
<i>International</i>	<i>1.7%</i>	<i>5.4%</i>		
<i>Operating Profit %</i>	<i>2.3%</i>	<i>7.6%</i>		
<i>% of U.S. Revenue</i>				
<i>U.S. Energy</i>	<i>80%</i>	<i>77%</i>		
<i>U.S. Process Solutions</i>	<i>20%</i>	<i>23%</i>		

## ■ United States

- Revenue growth primarily driven by the strengthening in U.S. drilling and completions activity
- Operating profit improvement driven by revenue growth, coupled with improved product margins

## ■ Canada

- Revenue improved primarily from increase in Canadian rig count
- Operating profit improvement from revenue growth

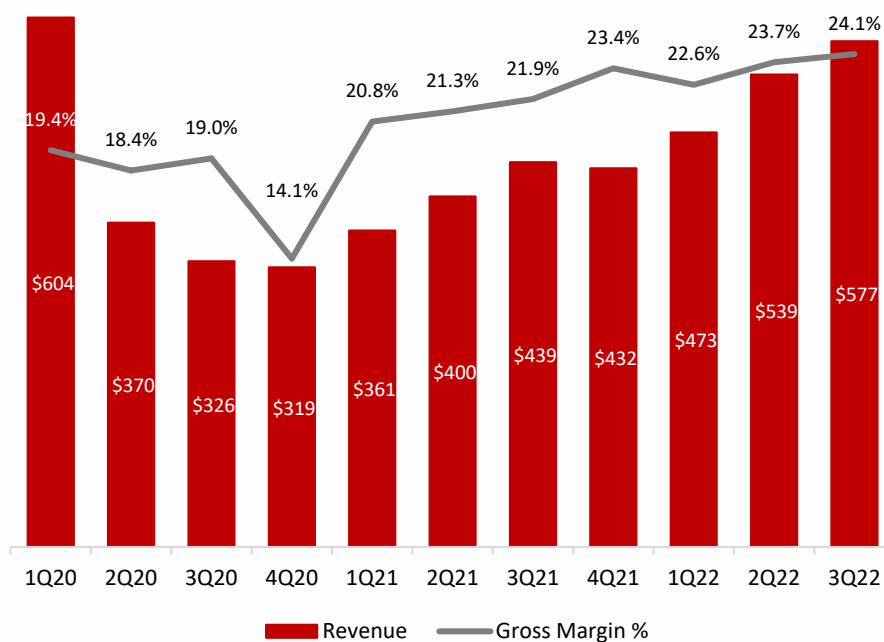
## ■ International

- Revenue decreased due to loss of revenue tied to country exits, in addition to unfavorable foreign exchange rate impacts
- Operating profit improvement driven by operating footprint restructuring and improved operating efficiencies

# Selected Quarterly Results

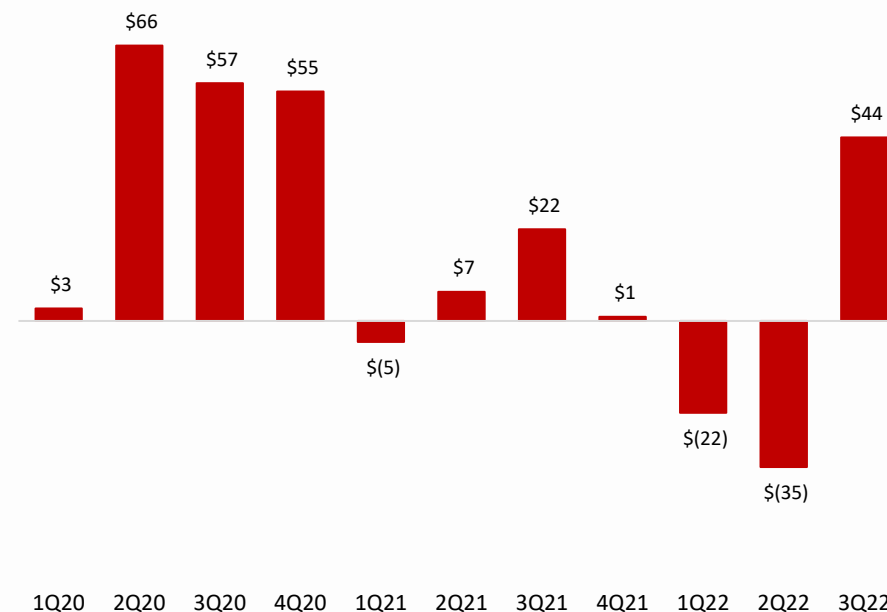
## Revenue & Gross Margin Percent

(\$ in millions)



## Free Cash Flow\*

(\$ in millions)

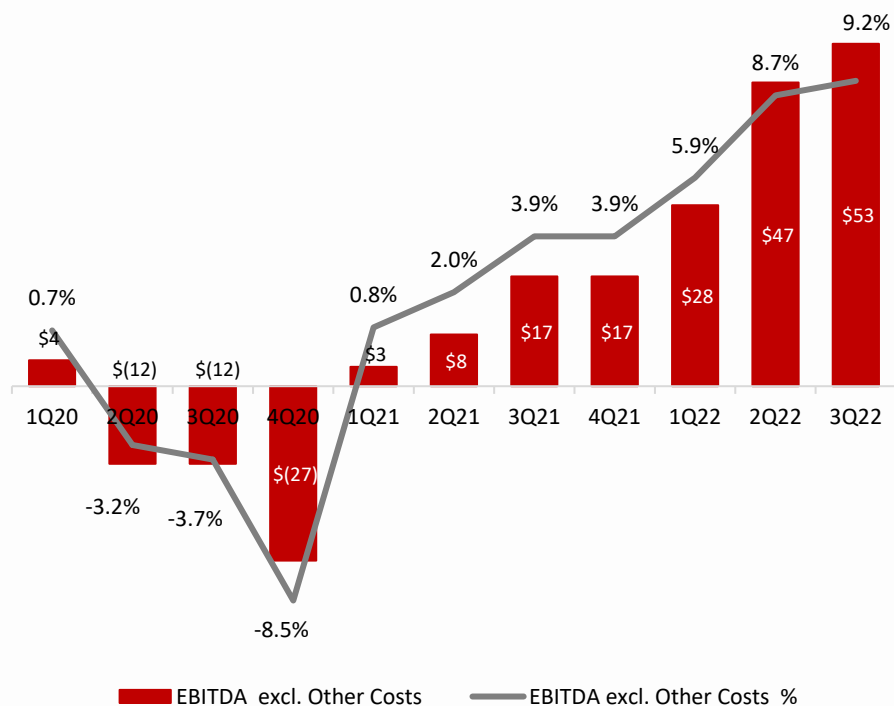


\* Free Cash Flow is defined as net cash provided by (used in) operating activities, less purchases of property, plant and equipment

# Selected Quarterly Results

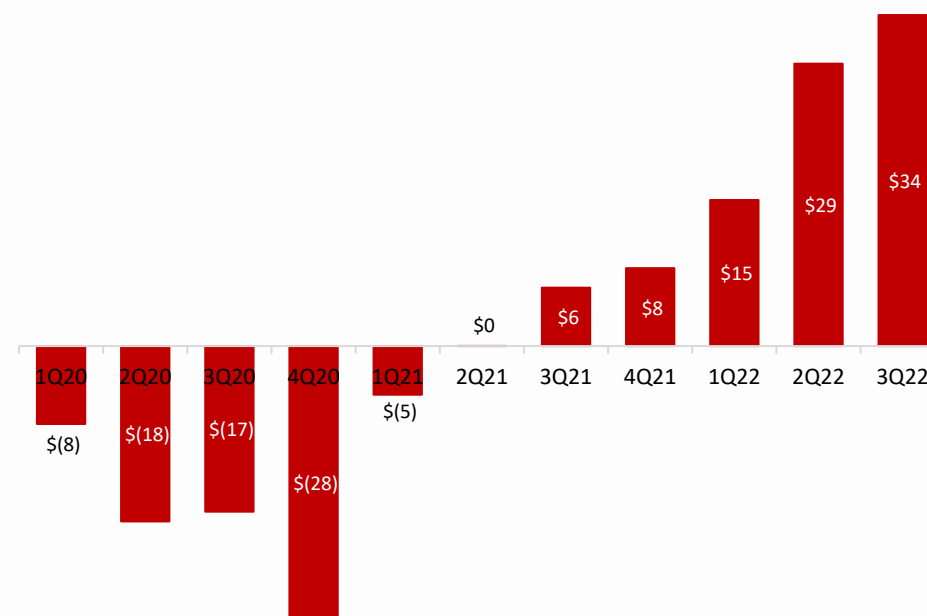
## EBITDA excl. Other Costs (Non-GAAP)

(\$ in millions)



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

(\$ in millions)

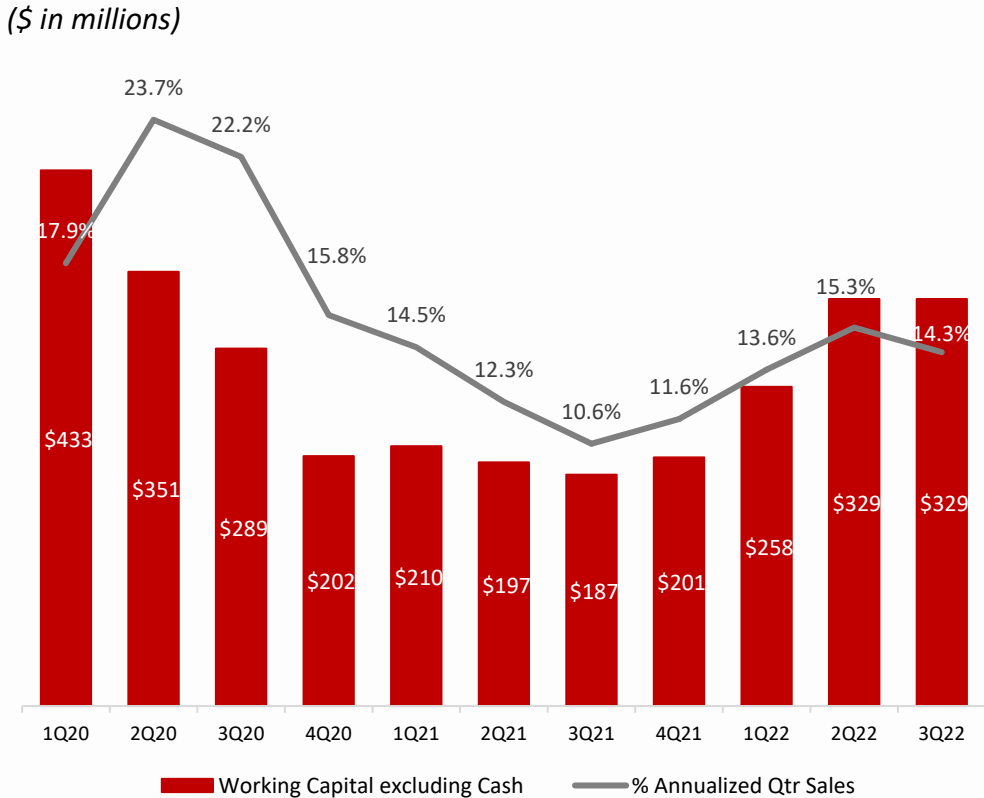


# Select Balance Sheet Metrics

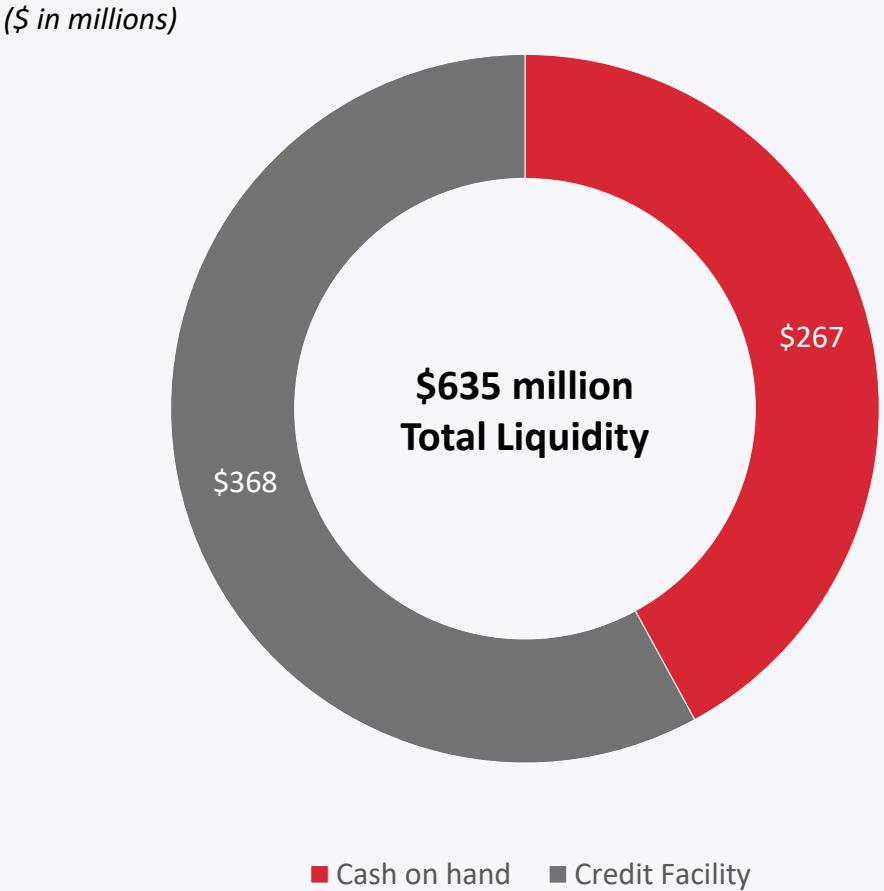
	September 30, 2022	Comments
	(\$ in millions)	
<b>Cash and cash equivalents</b>	\$ 267	
<b>Receivables, net</b>	406	64 DSOs
<b>Inventories, net</b>	361	4.9 Turn rates
<b>Accounts payable</b>	339	71 DPOs
<b>Long-term debt</b>	—	No outstanding debt

# Selected Quarterly Results

Working Capital excl. Cash



Total Liquidity at September 30, 2022



# Capital Allocation Framework

## Formidable Balance Sheet...

### Working Capital Efficiency

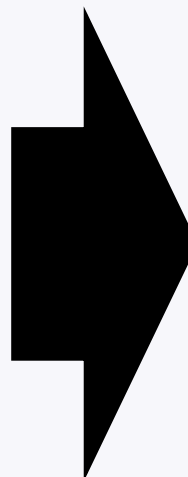
Efficient use of working capital as a percent of revenues

### No debt

No interest expense burden

### Ample Liquidity

\$635M in total liquidity



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

1. Fund Organic Growth
  - Working Capital needs
  - Low capex
  - Technology investments
  - Digital Innovation
2. Inorganic growth through acquisitions
  - Patient, disciplined approach
  - Strategic, less commoditized prospects
  - Targeting margin accretive businesses
  - Seeking end-market diversification
  - Prioritized compared to share repurchase
3. Return excess capital to shareholders
  - \$80 million share repurchase authorization

# Opportunisticly Repurchasing Shares

## \$80 million share repurchase program underway

- Repurchased \$4M of shares during 3Q22
- Shares retired at average price of \$10.33 per share
- Program executed 5% of \$80M plan
- Authorization approved August 2021 through December 2024

### Capital Allocation Strategy



**Organic Growth**



**M&A**



**Share Repurchase**



# Technology and DigitalNOW™

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# IT and Systems Technology Investments

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User Adoption on Technology increases to bring more efficiency



Enterprise WMS increases fulfillment capabilities and efficiencies



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
- Process Analytics allows new automation opportunities to streamline operations further

## Reduce IT service costs and bolster digital foundation:

- Leveraging Enterprise Warehouse Management system across PVF+ facilities that provide warehouse distribution 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 42% of SAP revenue on larger quarterly 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





# Environmental, Social & Governance

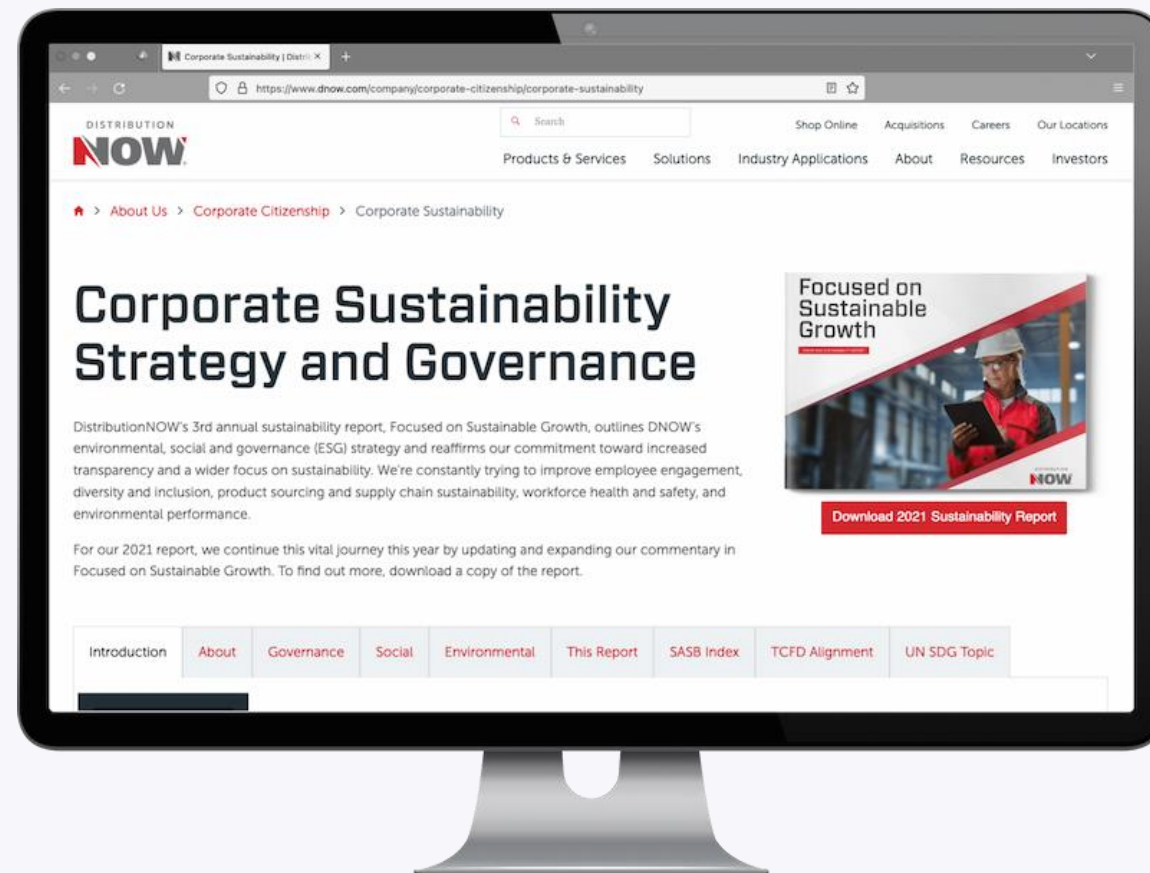
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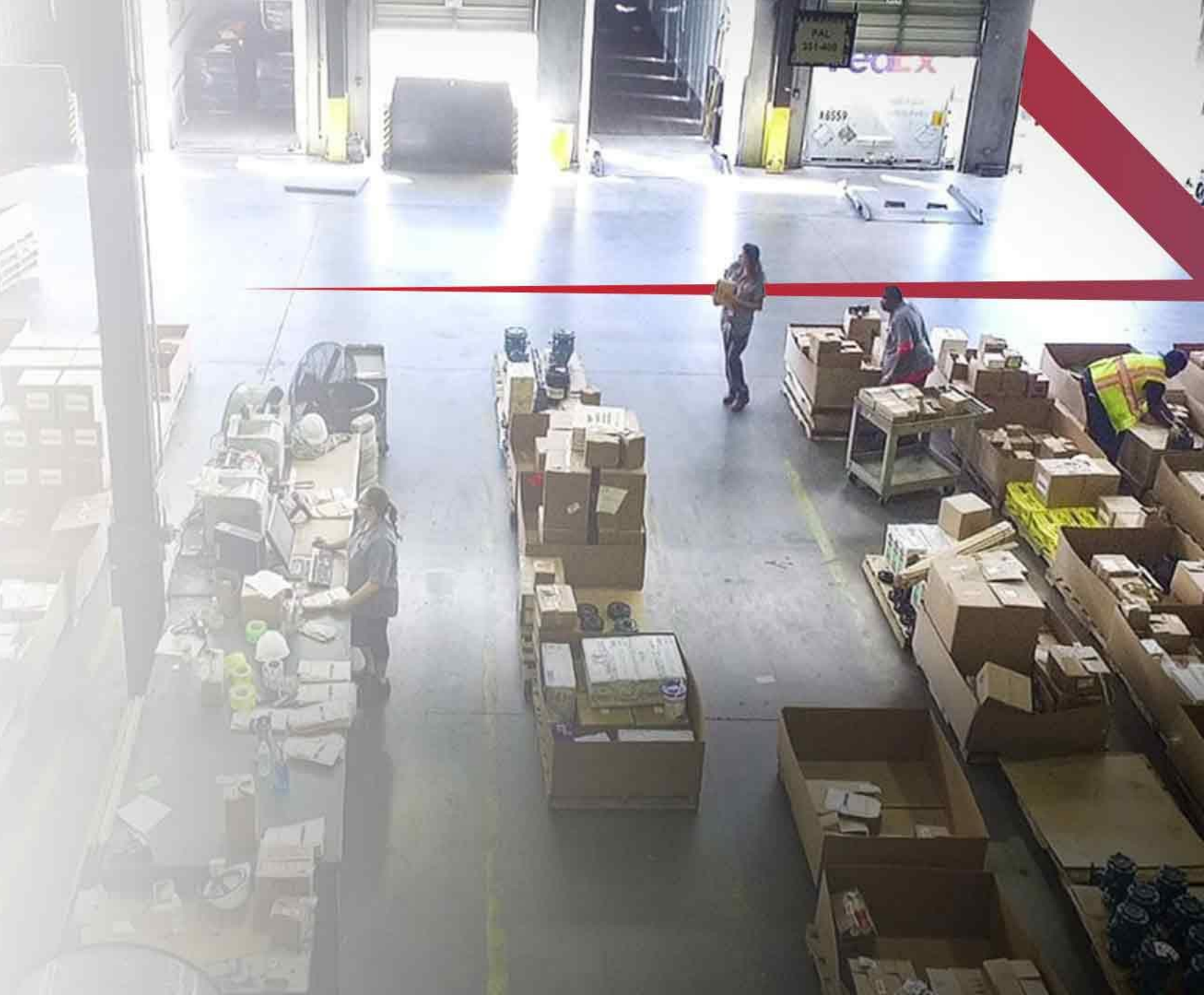
# Sustainability

- Increase ESG reporting transparency to shareholders through our sustainability page, filings and annual reporting
- Released of our 2021 Sustainability Report, *Focused on Sustainable Growth*, our third annual report keeping with our annual commitment
- Report based on SASB (Sustainability Accounting Standards Board), UN SDGs mapping, TCFD (Task Force on Climate Related Financial Disclosures) standards and guidance
- Aligned with business strategy
- Managed by ESG management committee
- Oversight provided by board Environmental, Social, Governance and Nominating Committee



# Appendix

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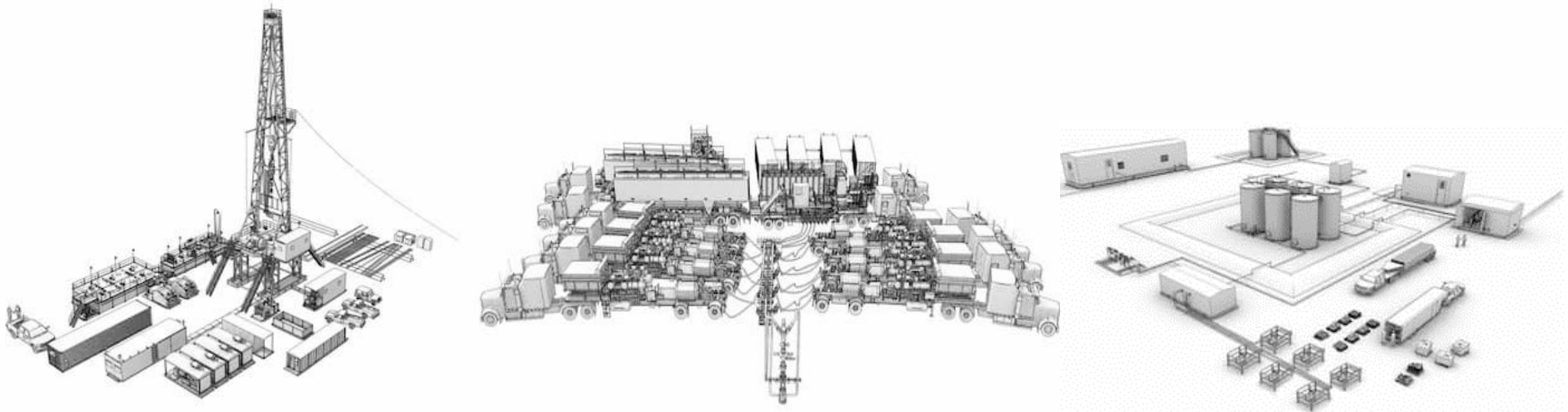


# Pipe Price Trends, U.S. dollar per ton



Source: Pipe Logix

# Timing and Materiality from Drilling to Tank Battery Install

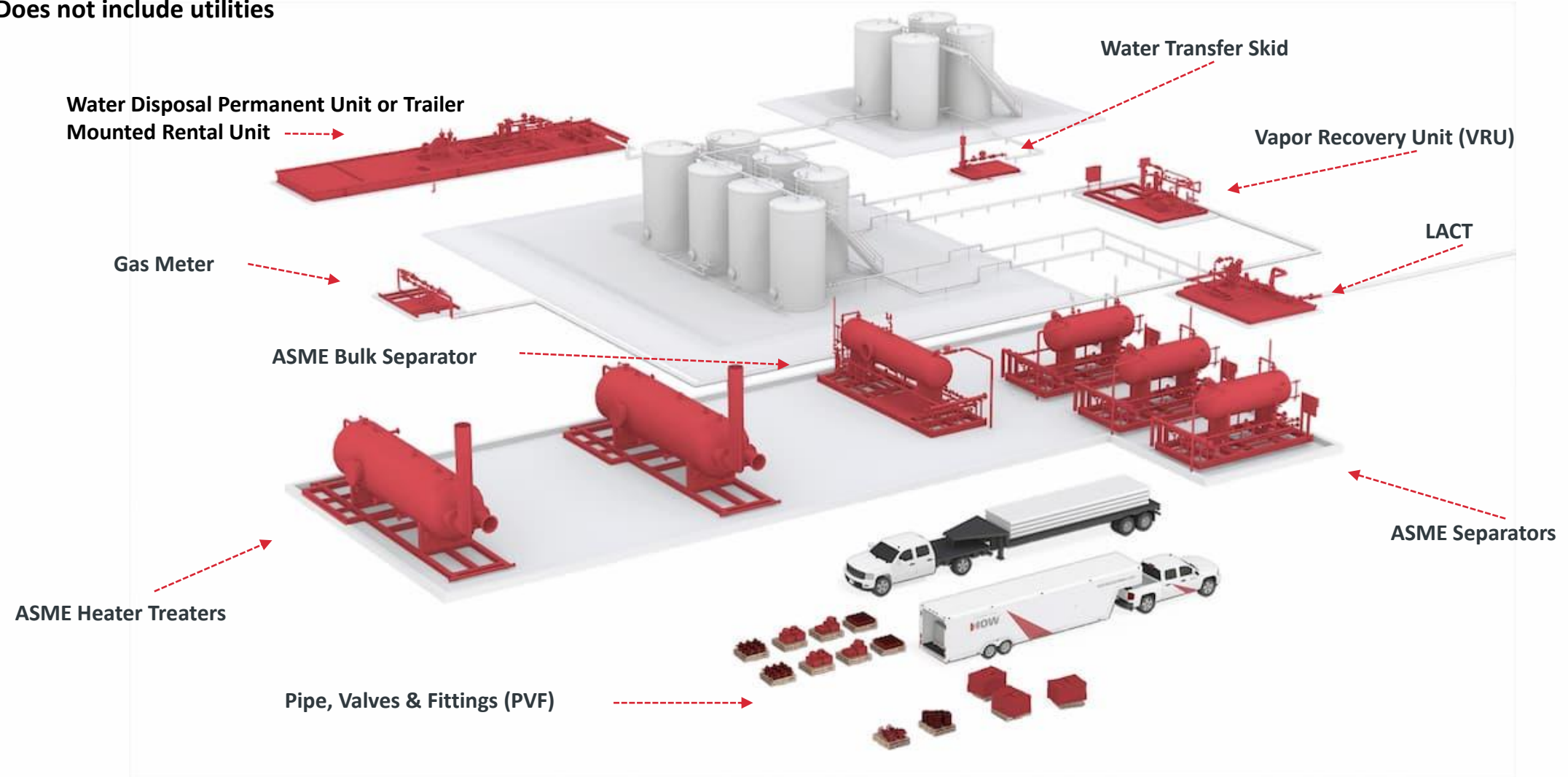


	Drilling	Frac	Tank Battery
Revenue*	\$4,000-\$5,000 per week	Minimal	\$250,000-\$2 million
Time*	20-50 days	30-60 days	30-60 days
Customer	Drilling Contractors	Service Companies	E&P Operators

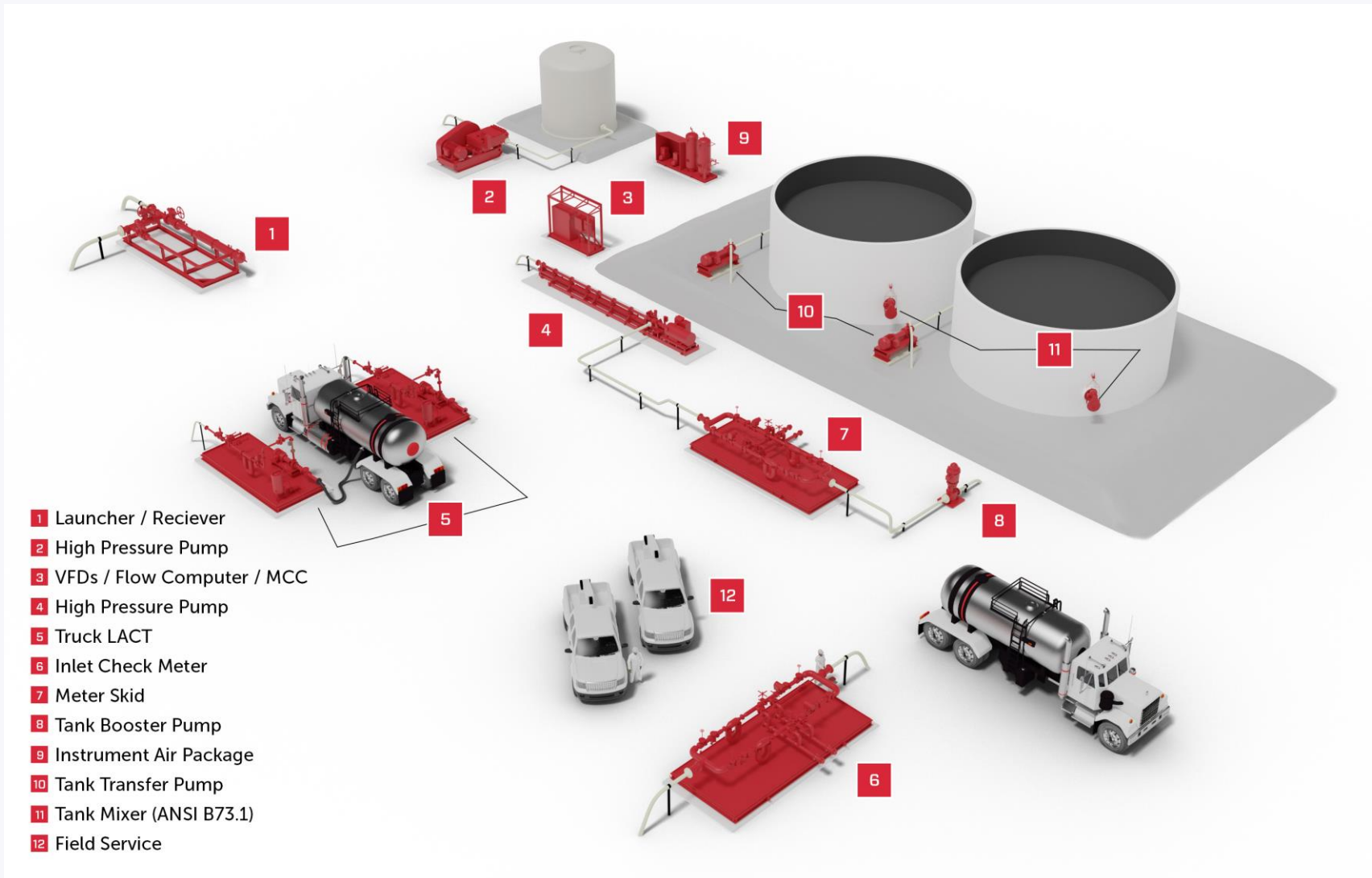
\*Estimates based on a 6-well pad

# Example Tank Battery Installation

Does not include utilities



# Example Midstream Terminal Opportunities





# Investor Relations

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