

Energy Delivered.™

Oilfield Equipment
View Products >

Electrical
View Products >

Pumps
View Products >

Investor Relations

First Quarter 2021

DISTRIBUTION **NOW**

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) excluding other costs and (iii) diluted earnings (loss) per share 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 quarterly earnings press release.

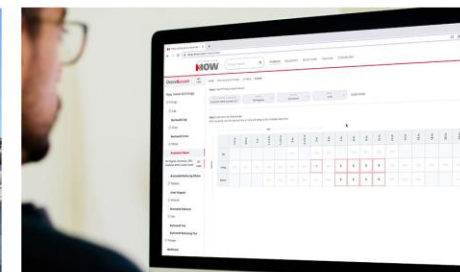
Vision

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.



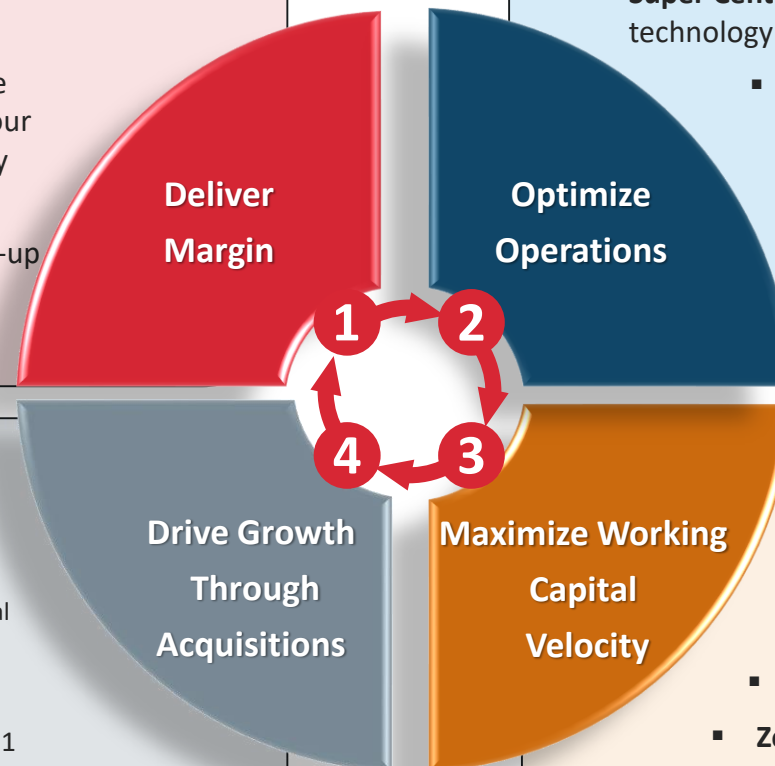
First Quarter Investment Highlights

- Management focused on top line growth by flexing new strategy from a structurally transformed and lower WSA baseline, with more adjustments as needed
- Completed Flex Flow acquisition, second acquisition of 2021
- Improving project positioning through earlier project phase engagement leveraging U.S. Process Solutions using a unified solutions-based offering
- Continue to pursue end market diversification, centralized fulfillment and digitization to better position DNOW to capture market share and improve incremental margins
- Evolving DigitalNOW® customer ecosystem inclusive of expanding eCommerce platform and growing list of digital tools like eSpec™ and eTrack™
- \$374M in cash, zero debt and total liquidity of \$598M



DNOW Strategy to Unlock Value

- **Revenue grew sequentially across all three reporting segments**, driving improving flow-throughs on lowered WSA
- **Gross margins improved** sequentially due to resilient product margins and lower inventory charges
- Headwinds from COVID related restrictions and extreme winter weather resulted in shut downs of a number of our U.S. locations and reduced customer completion activity and plant shut downs
- Higher sequential quarterly revenue resulted from pent-up demand and improvement in market fundamentals



- **Structural change** towards a more centralized fulfillment model with smaller branches and reduced personnel and vehicles, square footage and less inventory focusing on higher turns
- **Super Centers** to direct ship to customers, implementing new warehousing technology to improve efficiencies
 - Focused on **cost transformation** to better adapt to market demand and preserve balance sheet
 - **Leveraging technology and DigitalNOW™ digitalization platform** to enhance employee productivity and increase operational efficiencies
- **Working capital**, excluding cash, was 15% of first quarter 2021 annualized revenue
- **Inventory turns** at 4.6x, a quarterly record high
- **Cash balance** at March 31, 2021 of \$374M
- **Zero debt**

- Completed **Flex Flow acquisition** in April 2021
 - Second acquisition of the year, expanding U.S. Process Solutions capabilities
 - Leading provider of high pressure, high volume horizontal pumping solutions for midstream and upstream markets
 - Highly complementary to Odessa Pumps business
- Completed **Master Corporation acquisition** in February 2021
- **M&A pipeline active**, proactively evaluating opportunities
- Approximately **\$598 million in total liquidity**

1Q21 Key Market Indicators

WTI/Rig Counts

- WTI avg \$58 per barrel for 1Q21
- U.S. avg rig count of 392, up 26% sequentially, down 50% YOY
- Canada avg rig count 139, up 51% sequentially, down 29% YOY
- International avg rig count 698, up 5% sequentially, and down 35% YOY

DNOW annualized revenue per rig at \$1.2M for 1Q21

U.S. DUCs

- March ended with a DUC count of 6,912 wells in EIA DPR regions
- 7,061 1Q21 avg
- Down 7% sequentially
- Down 16% YOY

DUCs are future revenue opportunities for DNOW

U.S. Completions

- March ended with 641
- 580 avg for 1Q21
- Down 3% sequentially
- Down 47% YOY

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

1Q21 Highlights – United States

U.S. Energy

1Q Highlights

- Revenue represents 81% of U.S. segment revenue
- Activity improved as rig count and completions improved, offsetting the impact of the Texas February freeze that shut down customer operation locations and a number of DNOW branches
- Revenue led through supply chain model customers as drilling programs ramped up and workover rigs worked to offset production declines
- Witnessed increased activity from smaller independents with budget resets and improved market fundamentals
- Refinery turnarounds yield improved sequential revenue from PVF, MTS and Safety Services
- Ramp-up in use of our eCommerce system from B2B accounts and working towards additional implementations

U.S. Process Solutions

1Q Highlights

- Revenue represents 19% of U.S. segment revenue
- Fabrication business improved sequentially as activity drove increased orders and shipments
- Tomball facility continues to expand customer base leveraging proximity to Gulf Coast and West Texas customers
- Supplied multiple production vessels for large, consolidating E&P operator in the Permian
- Grew market share revenue by providing large engineered valve order for a soda ash mine surface chemical plant expansion
- Pump aftermarket program continues to expand with increased billable time
- Acquired Flex Flow business in April 2021 expanding pump rental assets for high pressure and high flow rate upstream, midstream and downstream applications
- Acquired Master Corporation in February 2021 expanding our engineering and construction services capability

1Q21 Highlights – Canada & International

Canada

1Q Highlights

- Revenue of \$58M, up \$10M or 21% sequentially
- New location opened in Alberta led to market share gain
- Expanded contractual market opportunity with existing large E&P customer who expanded their working assets through an acquisition
- Grew valve and actuation revenue through wins in midstream projects
- Expanded artificial lift revenue in Saskatchewan to levels not seen since 2014
- Completed eCommerce customer implementations in midstream and mining end markets
- Market enters seasonal break-up period negatively impacting sequential revenue growth

International

1Q Highlights

- Revenue \$51M, up \$4M or 9% sequentially on increased project sales
- Several areas continue to be impacted by elevated COVID restrictions
- MacLean expanded electrical business with large Australia based LNG operator three year contract win
- MacLean expanded valve products sales through EPC for downstream chemical manufacture
- Grew revenue in Brazil with valve and actuation product line on offshore production platform and FPSOs
- Expanded eCommerce implementations with IOC's Australian business unit and a major IOC in Indonesia

IT and Systems Technology Investments

Boost Productivity:

- Order Management System (OMS+) grows with higher adoption globally delivering higher efficiency
- Advanced Quoting Systems (AQ) to provide seamless experience to faster responding quotes (2Q21)
- Process Analytics allows new automation opportunities to streamline operations further

Reduced IT service costs and bolster digital foundation:

- Upgraded Enterprise Warehouse Management system to standardize Distribution Center and branch operations
- Migrating multiple data centers to cloud for application modernization and cost savings
- Upgrading Process Solutions ERP to cloud-based solution to enhance manufacturing functionality and bring more efficiency across business units



User Adoption on Technology increases to bring more efficiency



Optimize run cost and maximize scalability thru cloud platforms



Enterprise WMS increases fulfillment capabilities and efficiencies

DigitalNOW® Customer Ecosystem Expanding

powered by
DigitalNOW®



Digital commerce platform continues to grow

- Digital transactions increase to 37% of SAP revenue and 43% of line items
- Growing customer implementations and integrations with customer ERP systems
- Growing B2B and B2C users
- Central commerce solution to DigitalNOW® customer ecosystem
- Expanding supplier network

Digital suite of products expanding to add customer value



eSPEC™
powered by DigitalNOW®

eSpec™, powered by DigitalNOW®

- Product budgeting and configuration tool expanded to 10 product lines
- Registered users expand, doubling in 1Q21
- Enables enhanced customer conversations earlier in the project cycle



eTRACK™
powered by DigitalNOW®

eTrack™, powered by DigitalNOW®

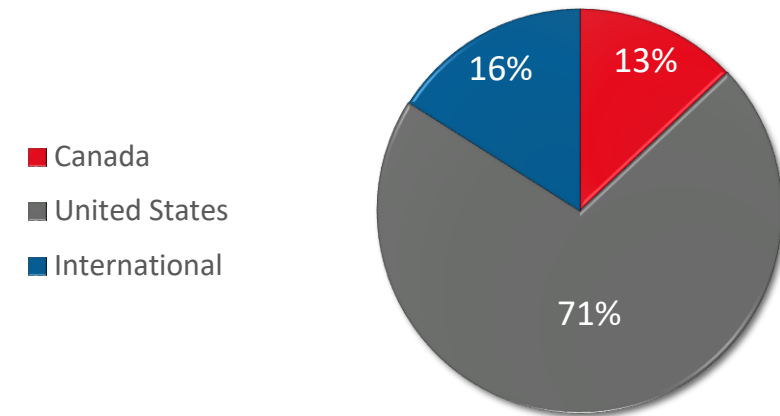
- Asset lifecycle, data and materials management solution
- Empowers customers to
 - Manage their assets using location finder
 - Retrieve documentation and drawings
 - Schedule field service
 - Order parts through our eCommerce platform (future)

Driving Supply Chain Innovation through Speed, Efficiency and Technology

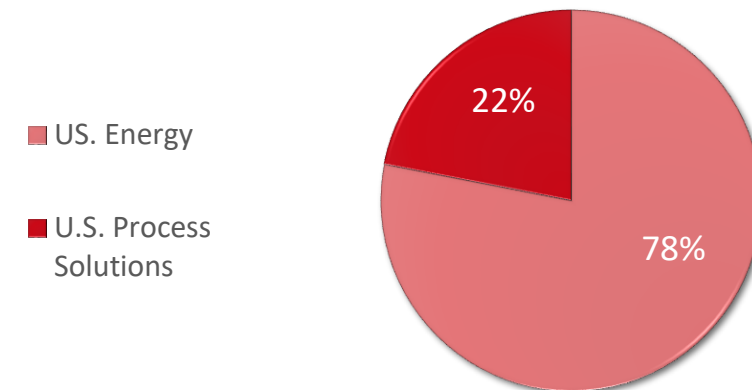
- Legacy 150+ years operating
- Support major land and offshore operations for all the key energy producing regions around the world
- Comprehensive network of energy centers, supply chain services and process solutions locations complemented with an online commerce channel
- Key markets: Europe, Former Soviet Union, Latin America, Middle East, North America, Southeast Asia

| | |
|--------------------|---------------|
| NYSE Ticker | DNOW |
| Countries | 20+ |
| Locations | ~195 |
| Employees | ~2,450 |
| ERP System | SAP™ |

2020 Revenue by Segment

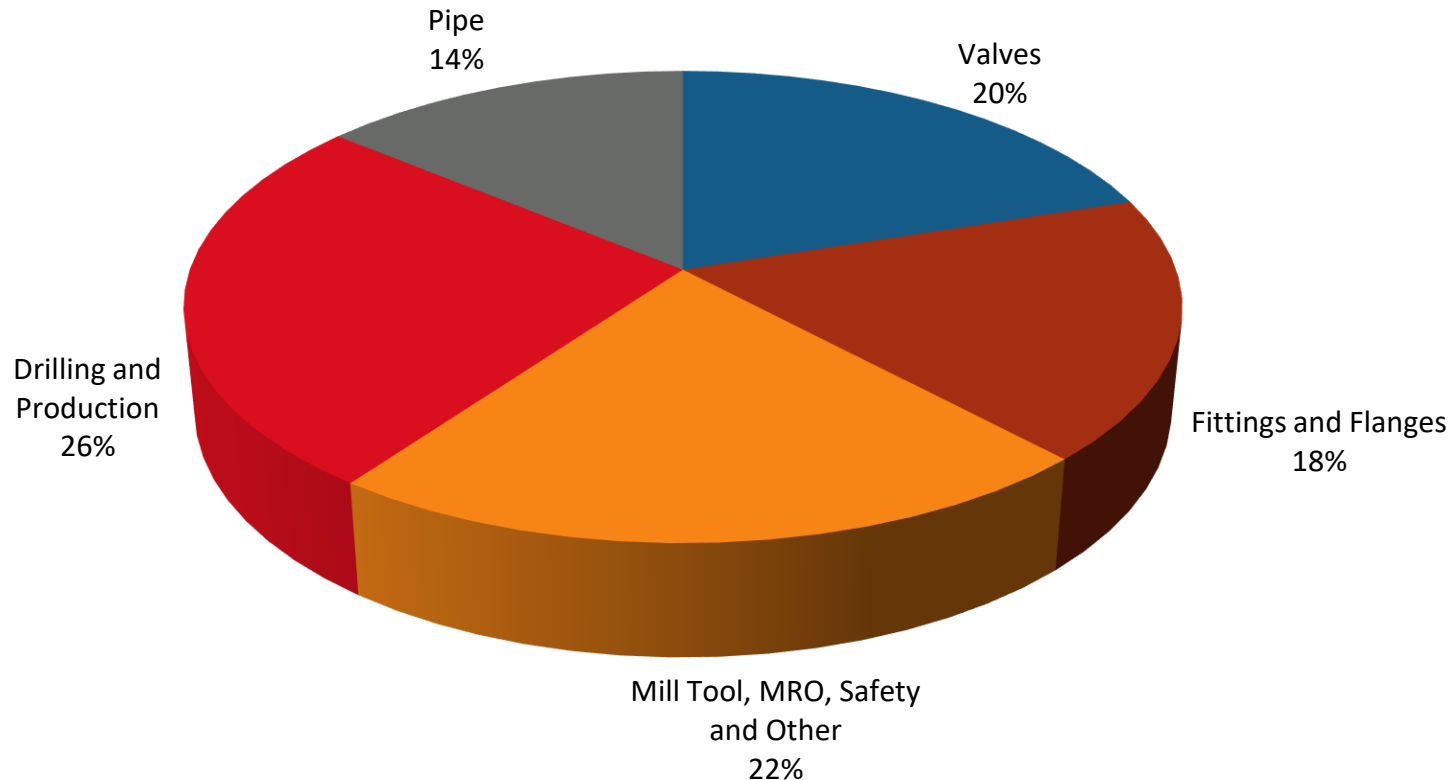


2020 United States Revenue by Channel



Comprehensive Product Offering and Balanced Revenue Mix

2020 Product Mix



DNOW carries a
**broad 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

Global Presence and Reach (blue)

Company Locations

- Locations and Reach
- Distribution Centers

Distribution Centers:

United States

Houston, TX
Beulah, ND
Casper, WY

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

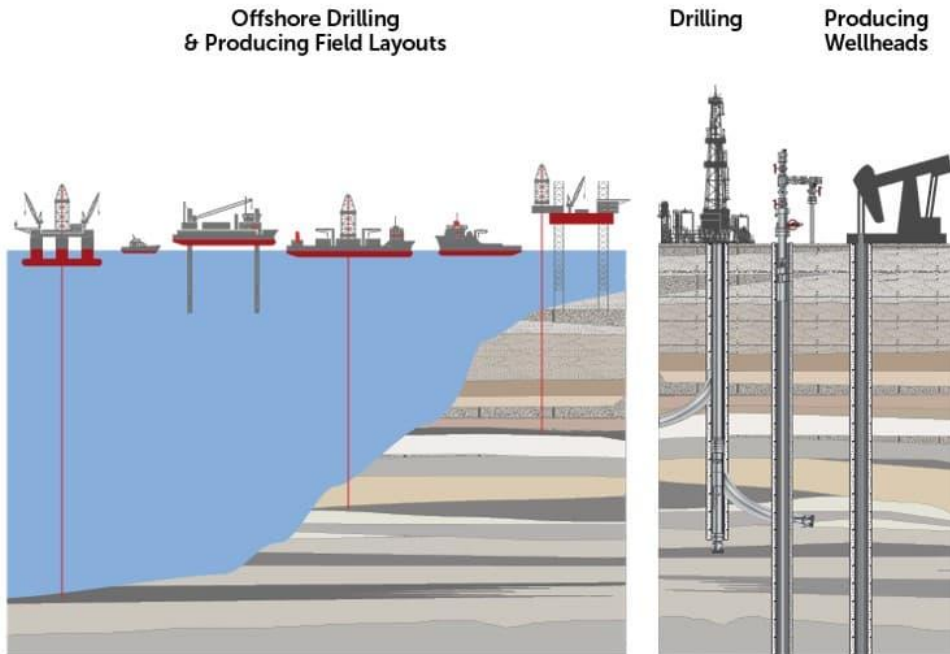


Downstream & Industrial

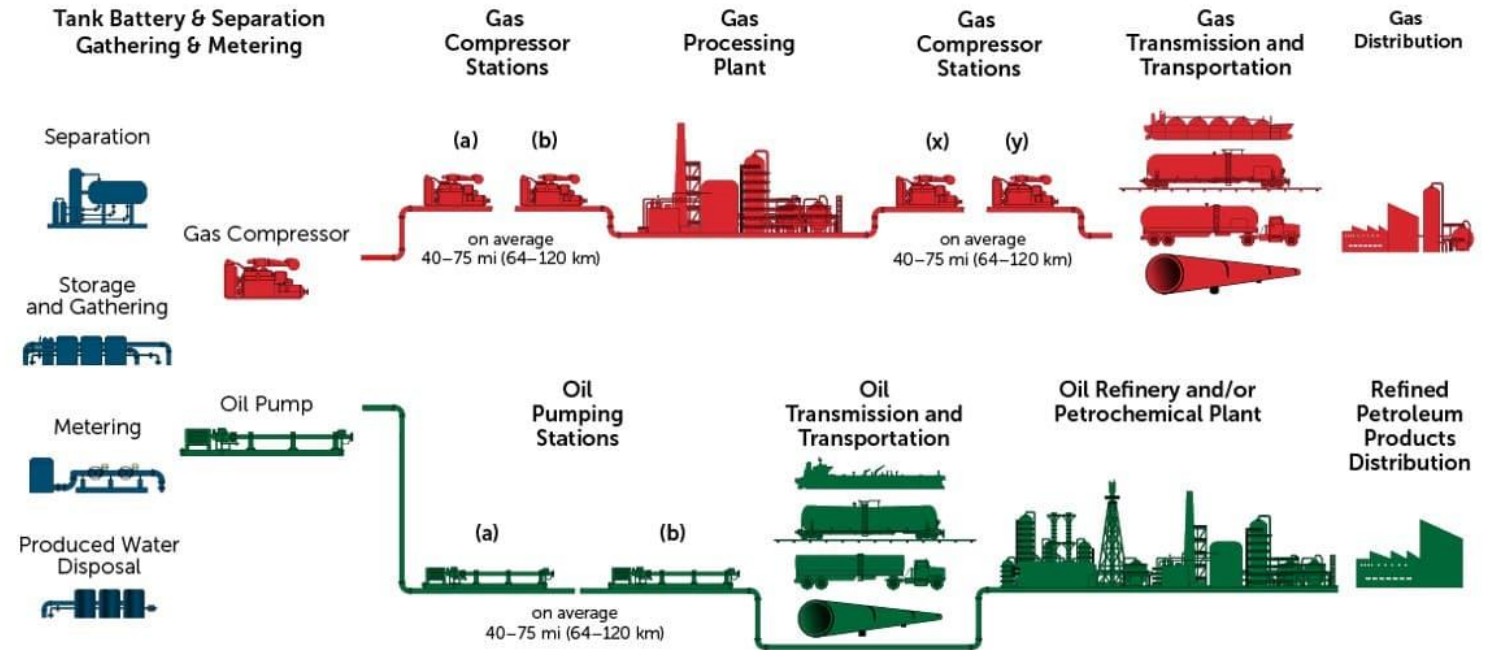


DNOW is a Critical Link from Drilling to Distribution

Upstream



Midstream



Providing Value-Add Solutions Across All Channels



*Global branch network model
supplying products locally to upstream
& midstream energy customers*

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



*On-site model offering customizable
products to upstream and
downstream energy, industrial and
manufacturing markets*

**Reduces customers' total costs
including operational and
invested capital**



*Rotating and process equipment
solutions in the form of engineering,
design, installation, fabrication and
service*

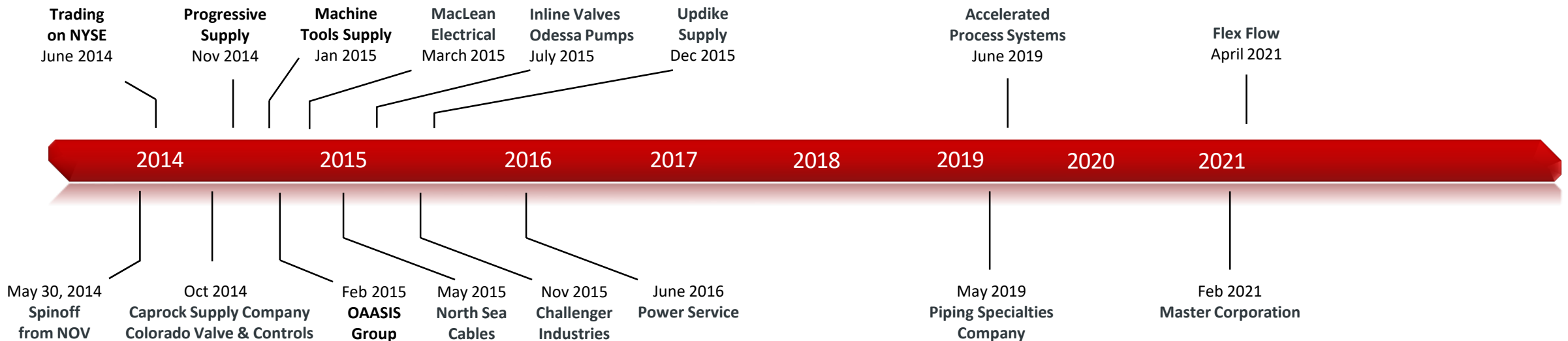
**Meets demand for turnkey
tank battery production
(facilities) solution**

Driving Growth through Acquisitions

Clearly Defined Acquisition Strategy

- Seek high value-add solutions that bring sustainable competitive advantages
- Leverage product lines acquired through acquisitions to gain organic share
- Utilize strong customer relationships that present new opportunities
- Expand Process Solutions value proposition to customers
- Promote cross-selling between U.S. Energy and U.S. Process Solutions

Track Record of Success



Energy Delivered.™



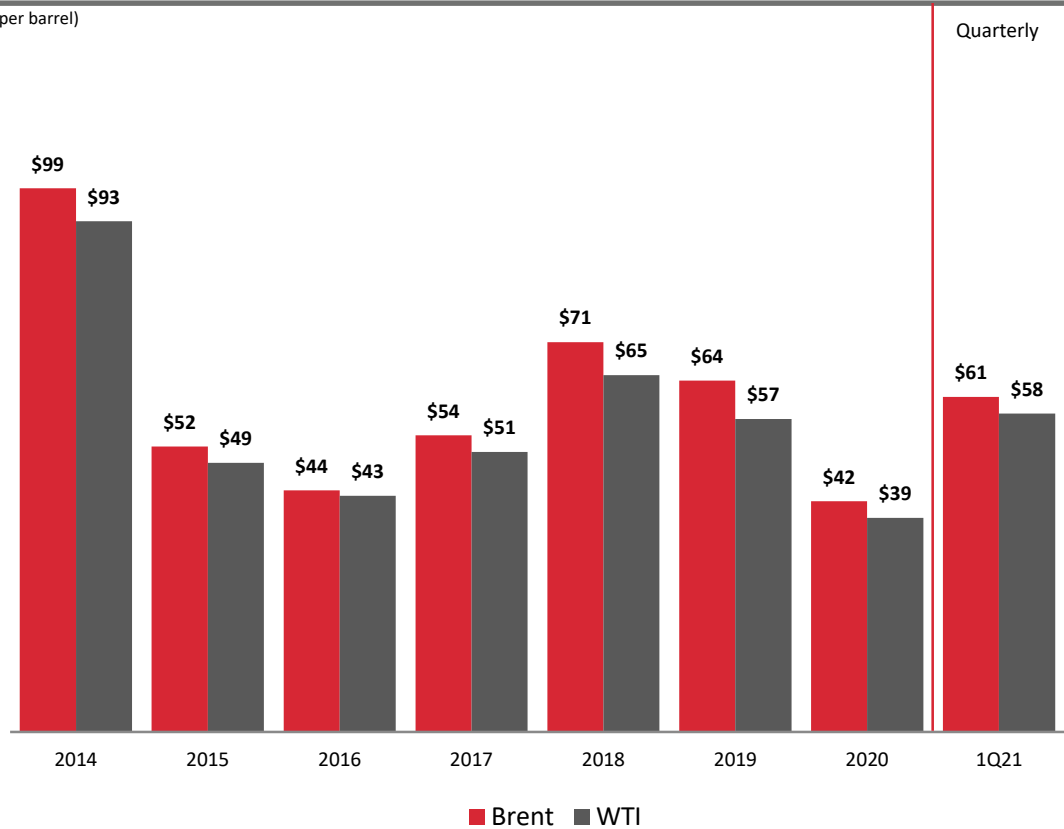
Industry Dynamics

DISTRIBUTION **NOW.**

Key Market Indicators

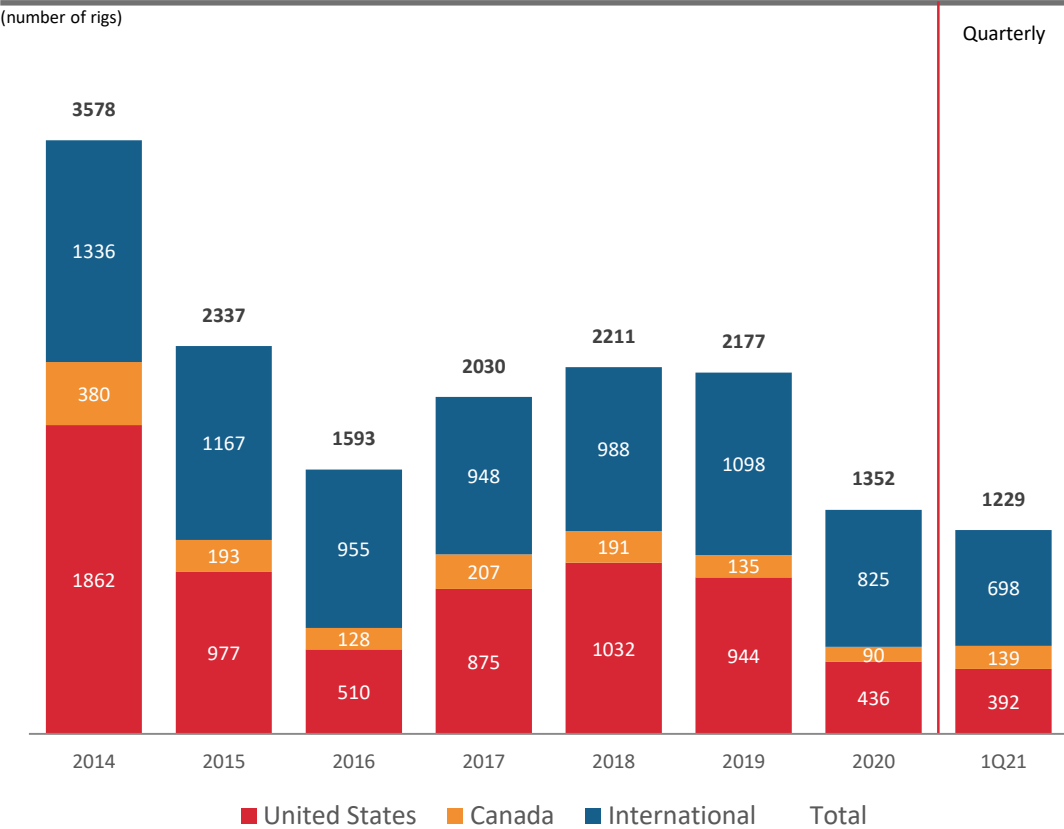
OIL PRICES & RIGS TRENDING

Average Oil Prices



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

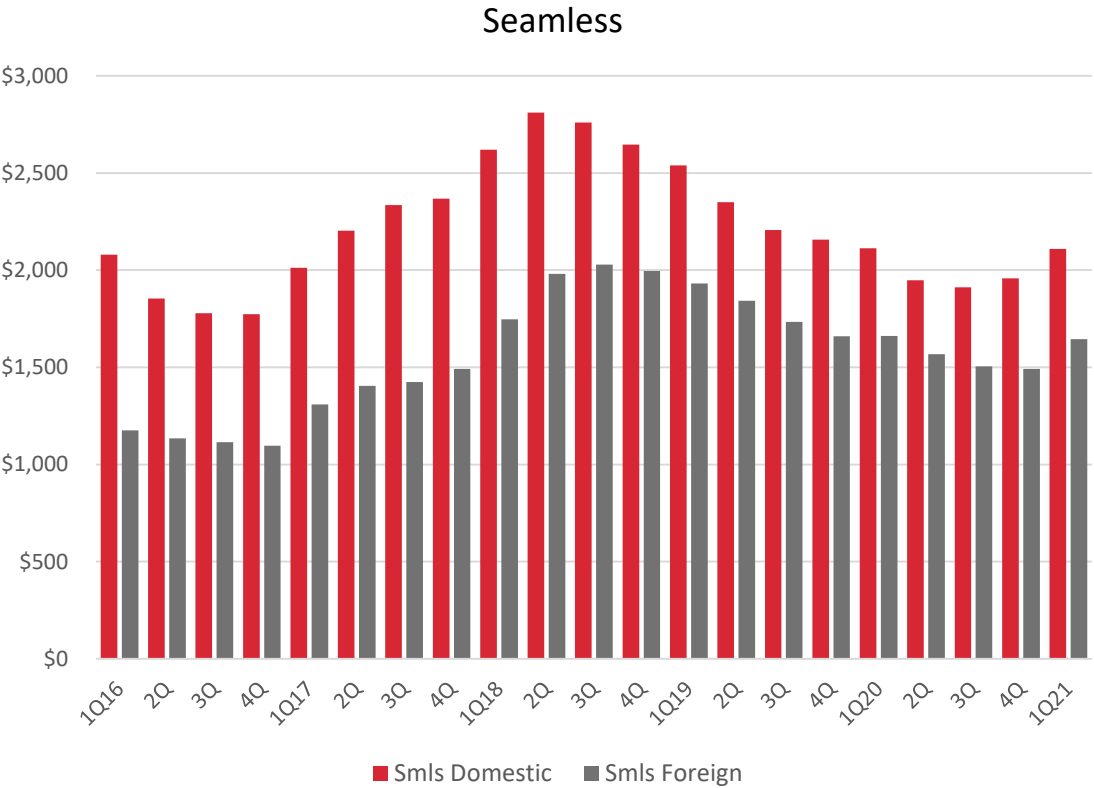
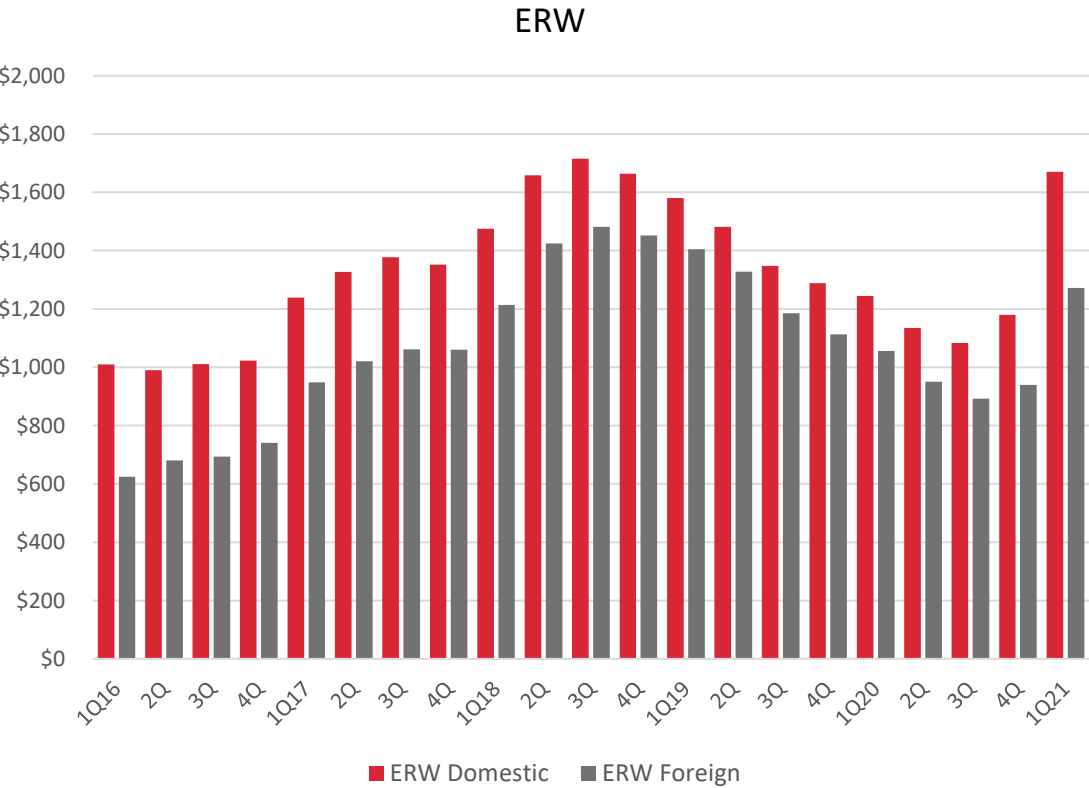
Average Rig Count



Source: Baker Hughes, Inc.

DNOW is positioned to benefit from industry recovery

Pipe Price Trends, U.S. dollar per ton



Source: Pipe Logix

Energy Delivered.™



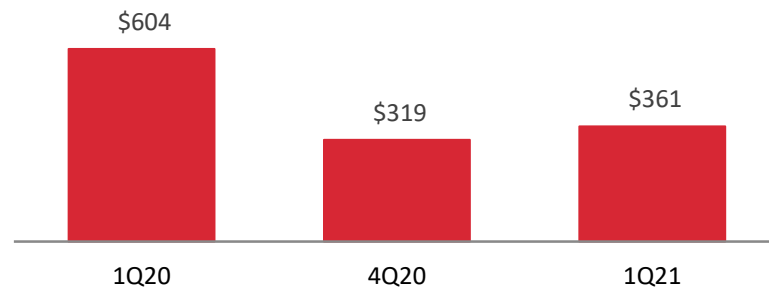
Financial Update

DISTRIBUTION **NOW.**

CFO Highlights: Selected Quarterly Results (Unaudited)

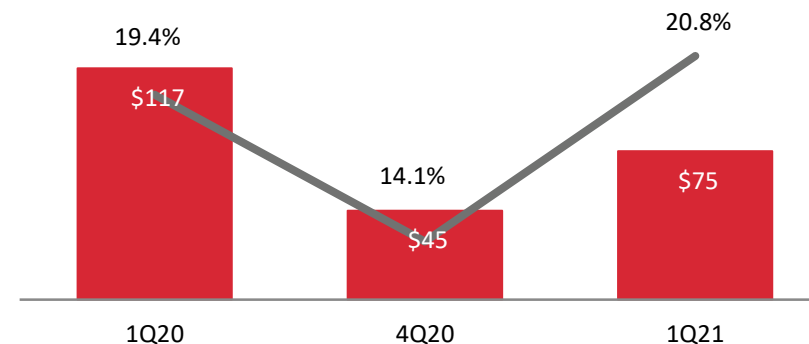
Revenue

(\$ in millions)



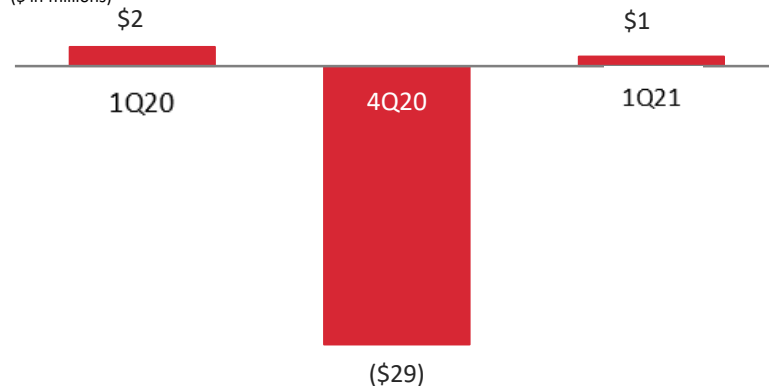
Gross Profit and Margin %

(\$ in millions)



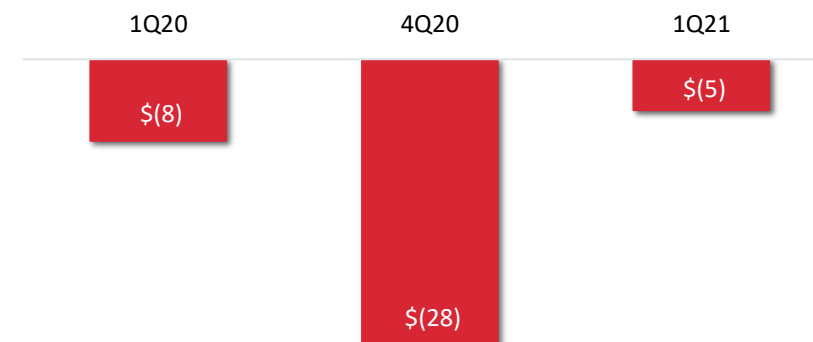
EBITDA Excl. Other Costs (Non-GAAP)

(\$ in millions)



Net Income (Loss) Excl. Other Costs (Non-GAAP)

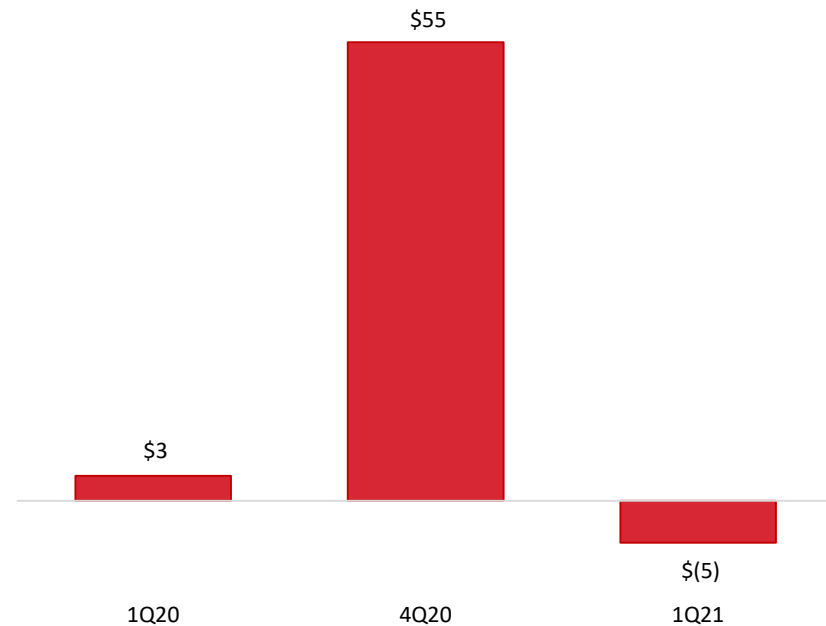
(\$ in millions)



Cash Generation & Working Capital Management

Free Cash Flow

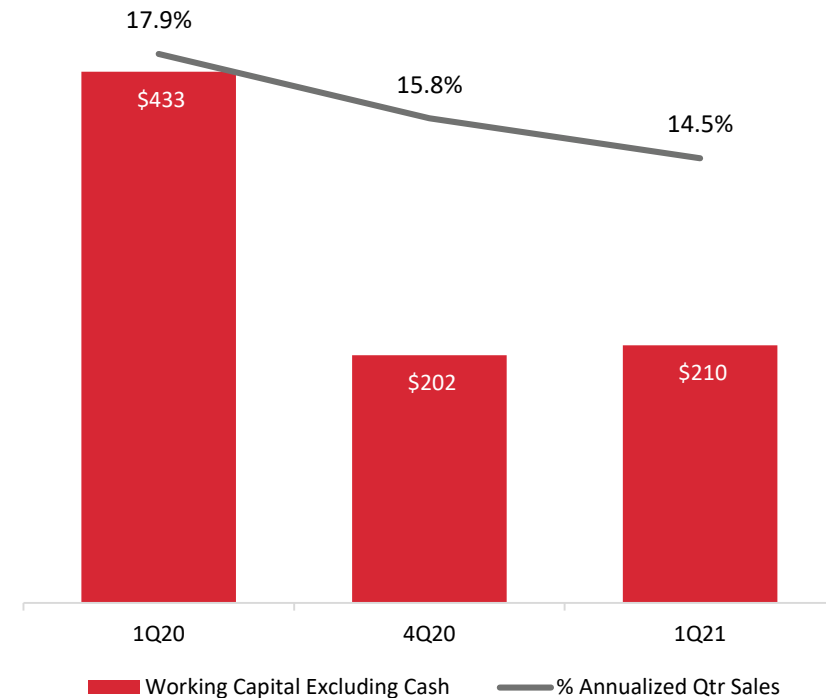
(\$ in millions)



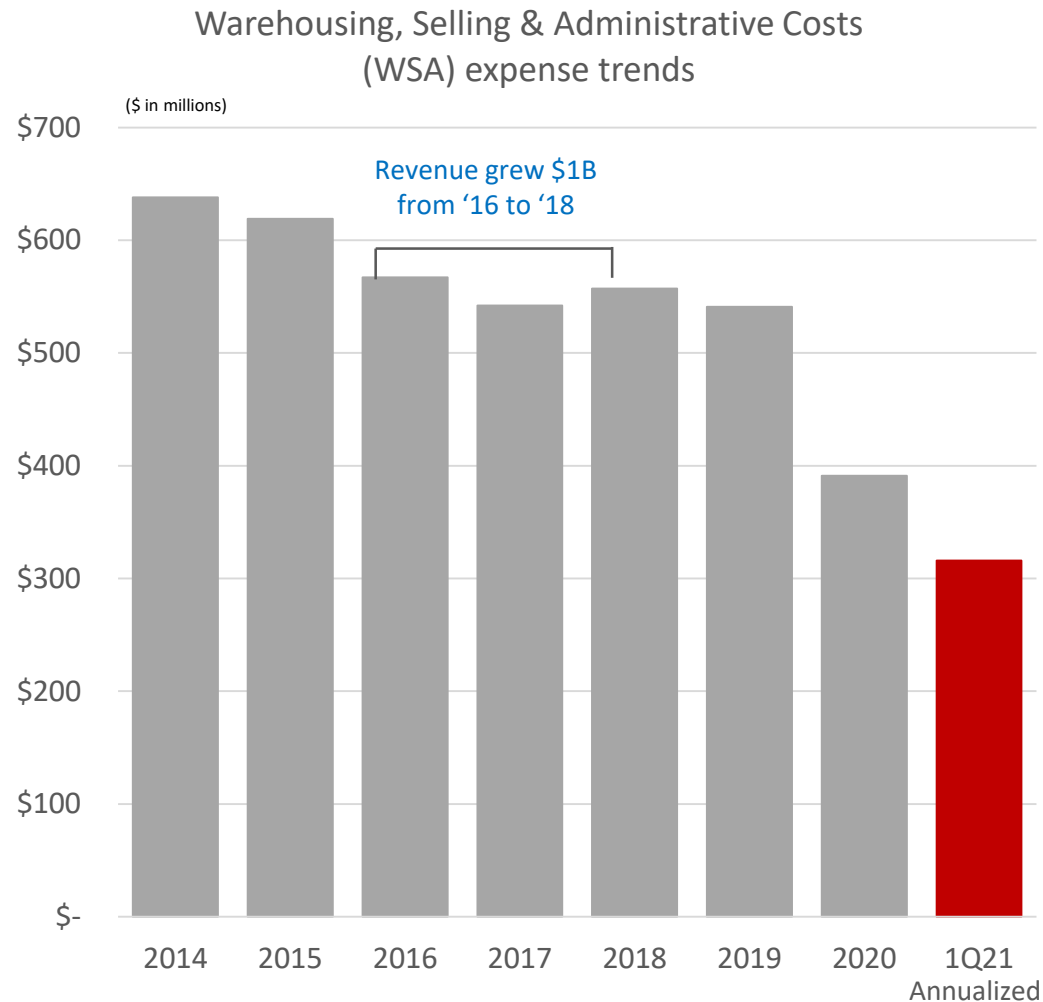
Free Cash Flow ("FCF") is defined as net cash provided by (used in) operating activities, less purchases of property, plant and equipment

Working Capital Excluding Cash

(\$ in millions)



Structural Transformation



1Q21 annualized: Other items, including bad debt, severance and acquisition expenses, as well as WSA for potential acquisitions will influence actual results.

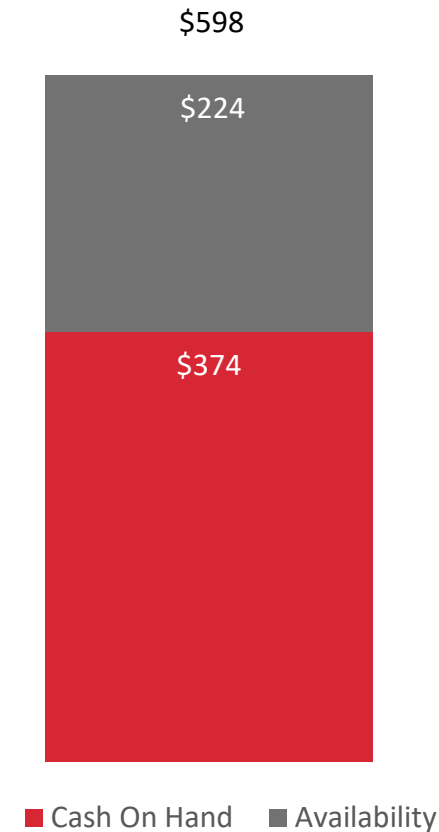
- Implementing consolidation measures combined with redesigning network of facilities to maximize coverage while leveraging the benefits of centralized fulfillment
- Use of digital channel expanding allowing for increased revenue on a lower cost basis
- Efficiency and productivity
 - Deploy technology to augment labor content
 - Designing express centers, supercenters and regional fulfillment network, with a bias towards centralized structure

Liquidity and Capital Resources

- Entered into a five-year \$750 million secured asset based lending facility (ABL) in April 2018.
- No financial maintenance covenants
- Fixed Charge covenant triggers when availability falls below the greater of 12.5% of the borrowing base or \$60 million
- No outstanding borrowings and no draws on the credit facility during the quarter
- Total liquidity was \$598 million, which includes \$224 million in availability under the ABL and \$374 million in cash

Total Liquidity at March 31, 2021

(\$ in millions)



Select Balance Sheet Metrics

| | 1Q21 | Comments | |
|----------------------------------|------------------|----------------------------|------------|
| | (\$ in millions) | | |
| Cash and cash equivalents | \$ 374 | | |
| Receivables, net | 245 | 62 | DSOs |
| Inventories, net | 247 | 4.6 | Turn rates |
| Accounts payable | 200 | 64 | DPOs |
| Long-term debt | – | No outstanding debt | |

Energy Delivered.™



Environmental, Social & Governance

DISTRIBUTION **NOW.**

Response to COVID-19

- Remained connected to our customers communicating impacts on product availability and accessibility, as DNOW designated as an “essential” business
- Corporate COVID-19 response team coordinating policies and guidelines
- Continuous communication through our HSE onsite champions on COVID updates and CDC / WHO information
- Implemented recurring survey to ensure employees have access to necessary PPE and cleaning supplies
- Provided masks, signage and disinfecting cleaners at locations
- Employees working remotely are able to leverage technology to connect with co-workers, customers and suppliers
- Decreased third party access to business locations and increased reliance on video and teleconferencing



Sustainability Report

- Increase ESG reporting transparency to shareholders
- Followed SASB (Sustainability Accounting Standards Board) and TCFD (Task Force on Climate Related Financial Disclosures) standards and guidance
- Aligned with business strategy
- Established ESG management committee
- 2020 sustainability report release targeted for mid-year 2021





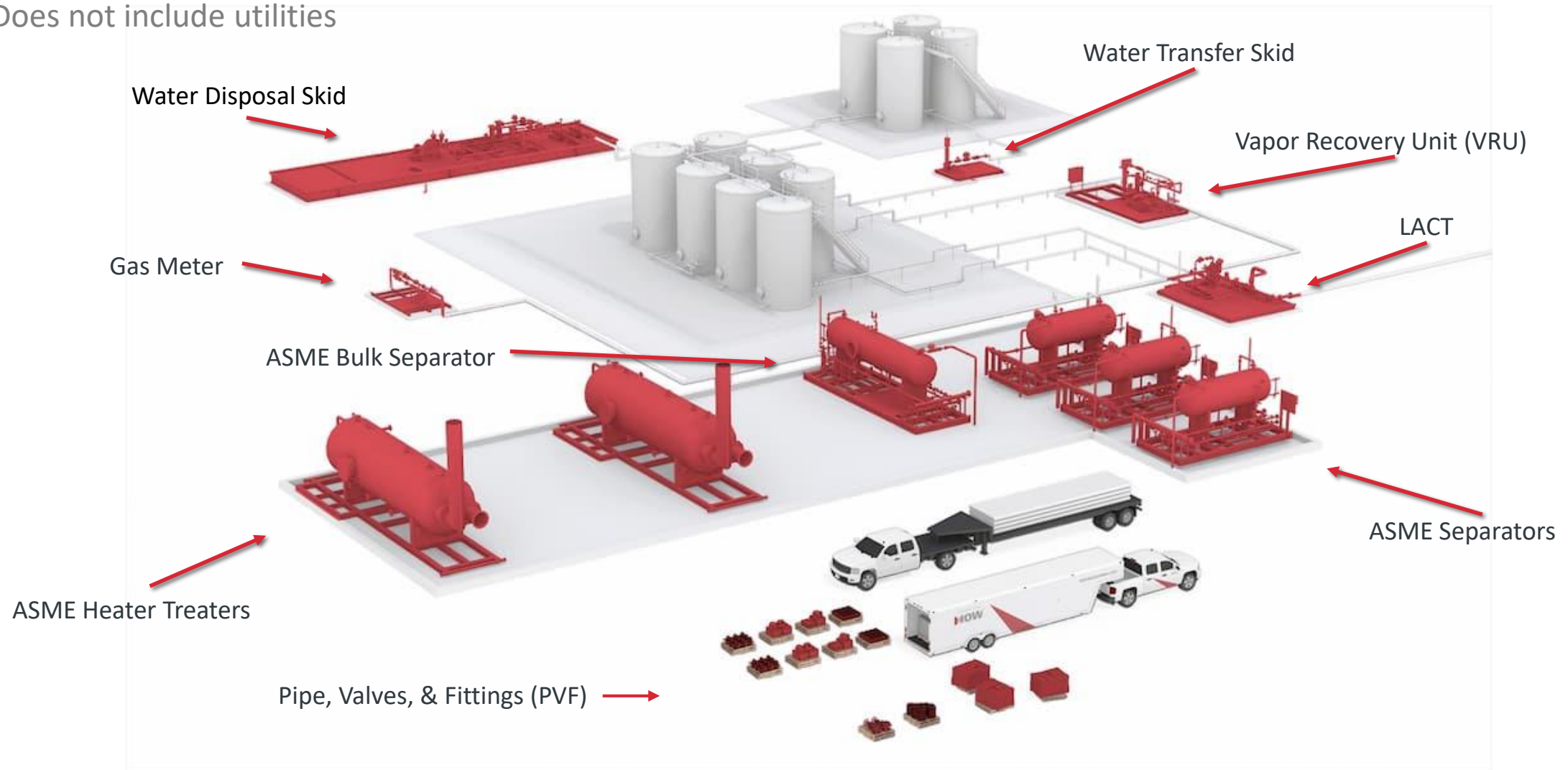
Energy Delivered.™

Appendix

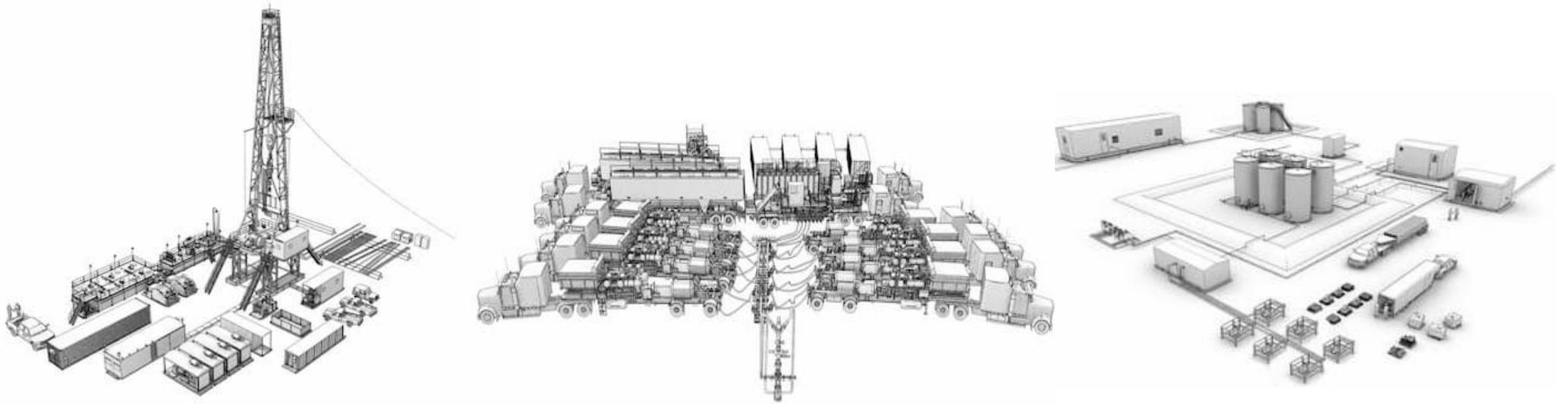
DISTRIBUTION **NOW**

Example Tank Battery Installation

Does not include utilities



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* | 60-90 days | 45-60 days | 45-60 days |
| Customer | Drilling Contractors | Service Companies | E&P Operators |

*Estimates based on a 6 well pad



Investor Relations

Brad Wise, Vice President, Marketing & Investor Relations

ir.distributionnow.com, contact us at: ir@dnow.com

Energy Delivered.™

DISTRIBUTION **NOW**