

Energy Delivered.™

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Investor Relations

Third Quarter 2020

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.



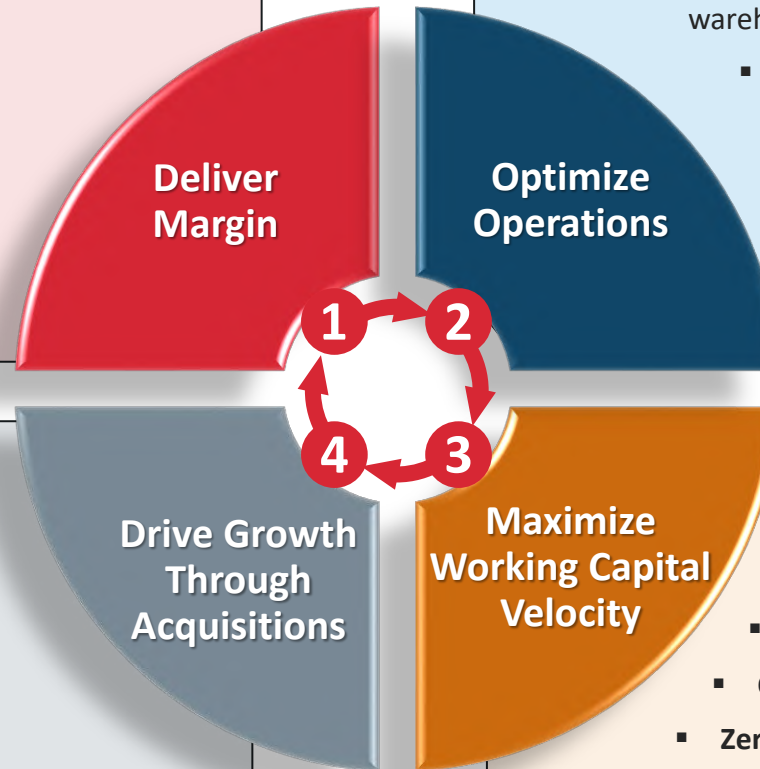
Third Quarter Investment Highlights

- Management focused on preserving cash position and enviable balance sheet with aggressive structural transformation
- Focused on profitable market share gains and end market diversification that align with our strategy
- Investing in DigitalNOW® initiative to position DNOW as a leading digital solution provider for operators and service companies
- Zero debt, \$325 million in cash, total liquidity approximating \$534 million, active M&A pipeline in a period where we expect opportunities to increase
- Proven management team with significant industry experience



DNOW Strategy to Unlock Value

- **Gross margins** improved sequentially due to increased pricing and product mix with favorable impact from lower, but elevated, inventory write downs
- Completed rollout of order management system in U.S. and Canada. Yielding more efficient quote-to-order process **resulting in higher employee productivity**
- Executed **MRO agreements for several offshore and onshore drilling contractors** and a **water infrastructure management operator**
- **Ecommerce customer implementation growth** and users continue adding to digital commerce channel



- **Structural change** towards a more centralized fulfillment model with smaller branches and reduced personnel and vehicles, square footage and inventory
 - **Completed move of La Porte distribution center** to existing warehouse, contributing to cost reduction
 - **Reduced** discretionary and infrastructure **costs** and headcount from 4,400 to 2,550 since the beginning of the year
 - Focused on **cost transformation** to align to market demand and preserve balance sheet
 - **Leveraging technology** to enhance employee productivity and increase operational efficiencies
- **Working capital**, excluding cash, was 22% of revenue in 3Q20
- **Inventory turns** at 3.3x
- **Cash on hand** at September 30, 2020 of \$325M
- **Zero debt**

- **Proactively evaluating M&A opportunities**
 - Continue to evaluate M&A pipeline for growth
 - Highly selective in this environment
 - Approximately \$534 million in total liquidity
 - Divested of non-core, regional lighting business in the UK

3Q20 Key Market Indicators

WTI/Rig Counts

- WTI avg \$41 per barrel for 3Q20
- U.S. avg rig count of 254, down 36% sequentially, down 72% YOY
- Canada avg rig count 48, up 92% sequentially, down 64% YOY
- International avg rig count 731, down 12% sequentially, down 36% YOY

DNOW annualized revenue per rig at \$1.3M for 3Q20

U.S. DUCs

- September ended with a DUC count of 7,592 wells in EIA DPR regions
- 7,670 3Q20 avg
- Down 1% sequentially and down 8% YOY on avg

DUCs are future revenue opportunities for DNOW

U.S. Completions

- September ended with 372
- 342 avg for 3Q20
- Down 29% sequentially on avg
- Down 74% YOY on avg

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

3Q20 Highlights – U.S. Channels

Energy

3Q Highlights

- Revenue of \$180M, sequential decrease of \$13M or 7%
- Combined operational and management structure of legacy U.S. Energy and U.S. Supply Chain Services units
- Several well head hook ups and tank batteries orders tied to DUC completions
- Executed MSAs for regional E&Ps, midstream and water management companies
- Capturing midstream revenue through MRO spend from projects and eCommerce channel
- Expanding electrical products to some of our MRO contract customers

Process Solutions

3Q Highlights

- Revenue \$48M, sequential decrease of \$19M or 28% providing LACTs, SWDs and production equipment to upstream and midstream customers
- Provided crude pumps, meter skids, mixers and rental pumps for large midstream project
- Growth in municipal water market for Odessa Pumps
- Growing aftermarket preventative maintenance program on installed pumps
- Diversified sales into mining industry with mechanical seals, pumps, slurry pumps, underflow mines and soda ash

3Q20 Highlights – Canada & International

Canada

3Q Highlights

- Revenue of \$42M, up sequentially by \$1M or 2%
- Rightsizing of operations and supply chain across the business to match market and cost transformation goals
- Renewed sizable PVF contract and expanded Fiberglass pipe solutions extending our product market opportunities
- Slight uptick in market activity
- Completed several turnarounds and compressor station upgrades in midstream
- Secured several valve and actuation projects for midstream and oil sands sector

International

3Q Highlights

- Revenue \$56M, down 19% sequentially, due to impacts of COVID-19 resulting in lower economic activity and lower offshore activity
- Secured MRO contract with several offshore drillers as well as land drilling contracts in Middle East
- Renewed IOC MRO contract for West Africa
- Secured valve orders for FPSOs in Brazil
- Secured Total Valve Solutions MRO contract for IOC in Egypt
- eCommerce implementations underway for new and renewal MRO agreements
- Rightsizing of operations and supply chain across the business

Technology Investments for Reduced IT Service Costs and to Boost Productivity

Order Management System (OMS) user interface enhancement to our current ERP. Project completed in U.S. and Canada. International complete by end of fourth quarter.

Delivering order management and process efficiencies with new interface

Benefits include:

- Increased response time to customer inquiries
- Faster order to cash processing
- Improved customer service
- Lower transactional error rates
- Result in increased productivity per employee

Targeted Improvements



4x+

Performance increase



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Cost Savings



ERPs, App, Infra

Cloud Migration



24x7x365

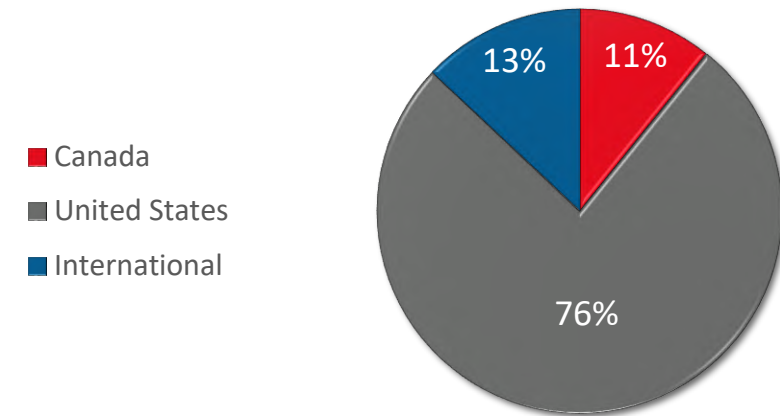
Peace of Mind Support

Driving Supply Chain Innovation through Speed, Efficiency and Technology

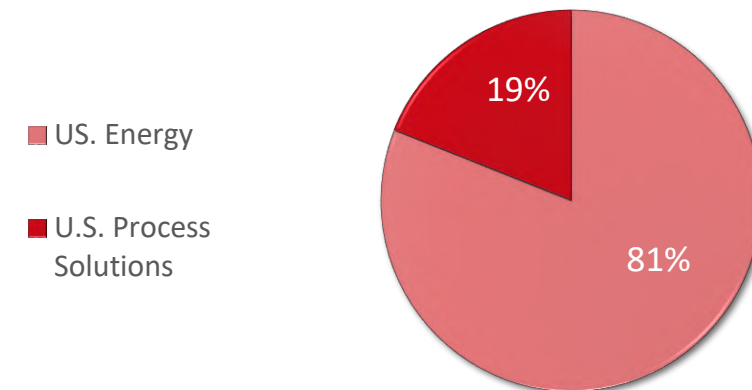
- Legacy 150+ years operating
- Support major land and offshore operations for all the key energy producing regions around the world
- Comprehensive network of energy centers, supply chain services and process solutions locations complemented with an online commerce channel
- Key markets: Europe, Former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

NYSE Ticker	DNOW
Countries	20+
Locations	~200
Employees	~2,550
ERP System	SAP™

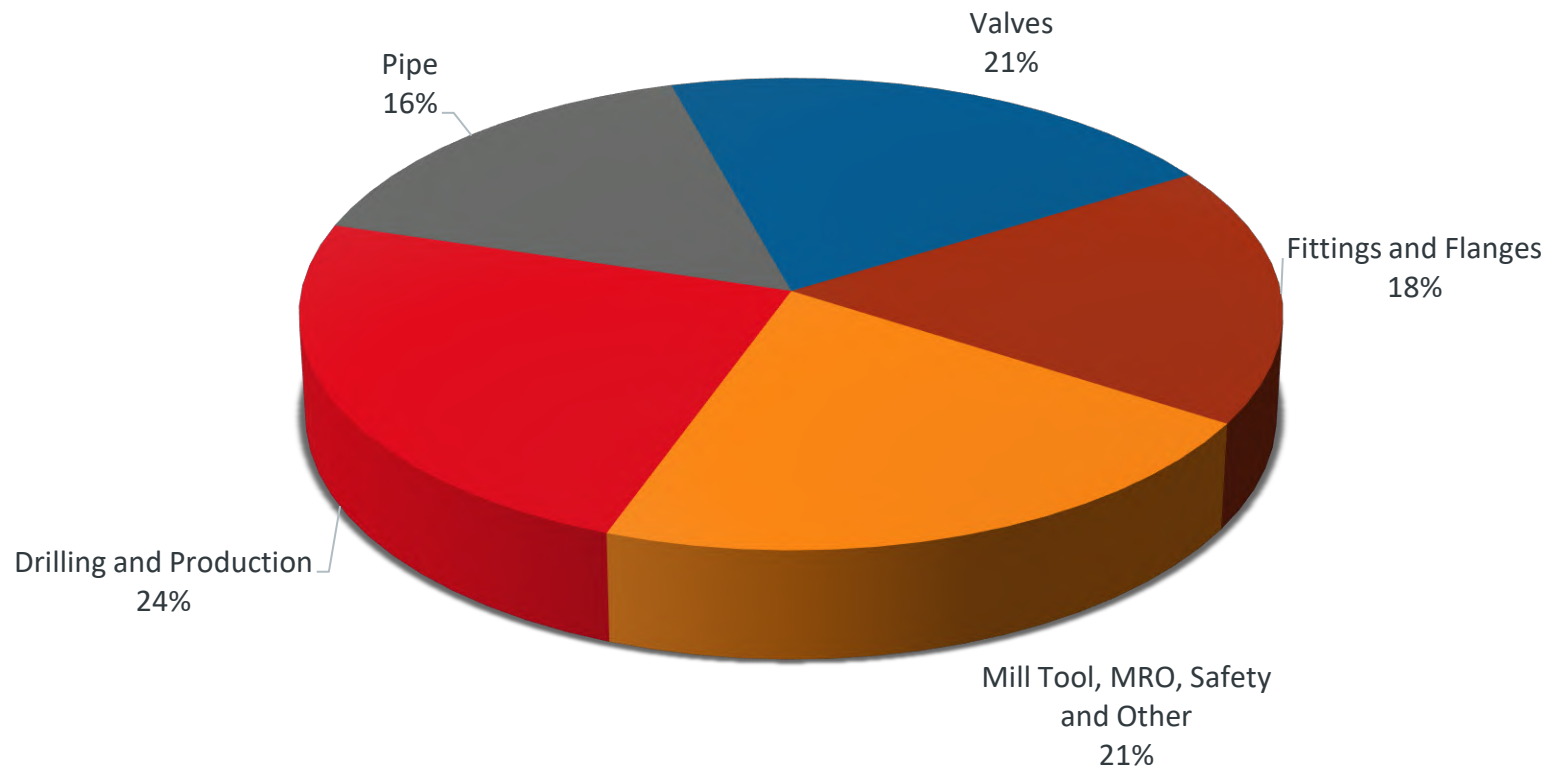
2019 Revenue by Segment



2019 United States Revenue by Channel



Comprehensive Product Offering and Balanced Revenue 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



Supporting Customer Operations in ~80 countries

Drilling Contractors



Exploration & Production



Midstream

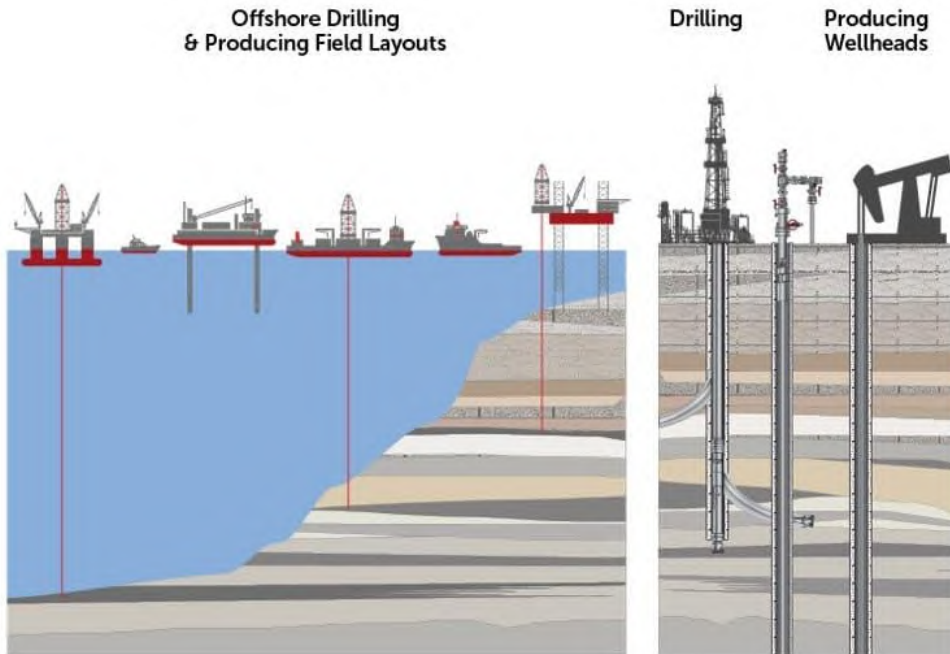


Downstream & Industrial

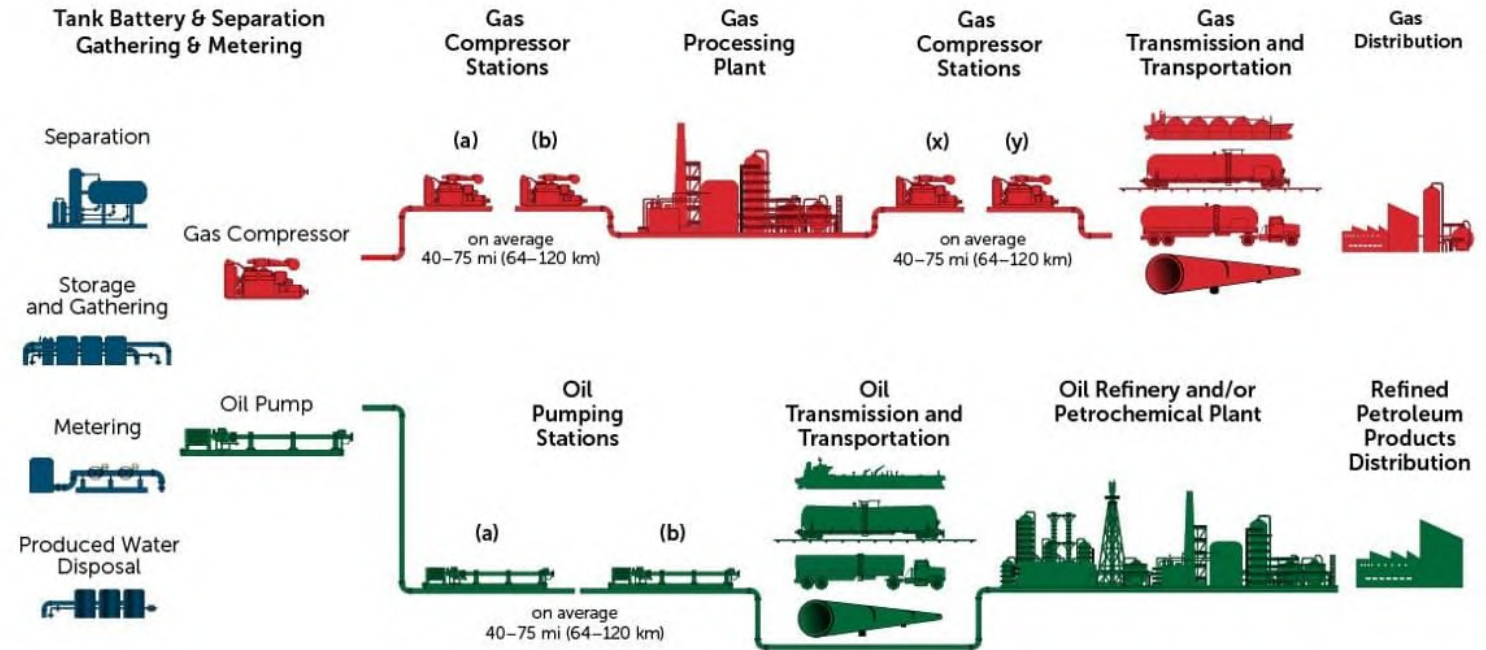


DNOW is a Critical Link from Drilling to Distribution

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*

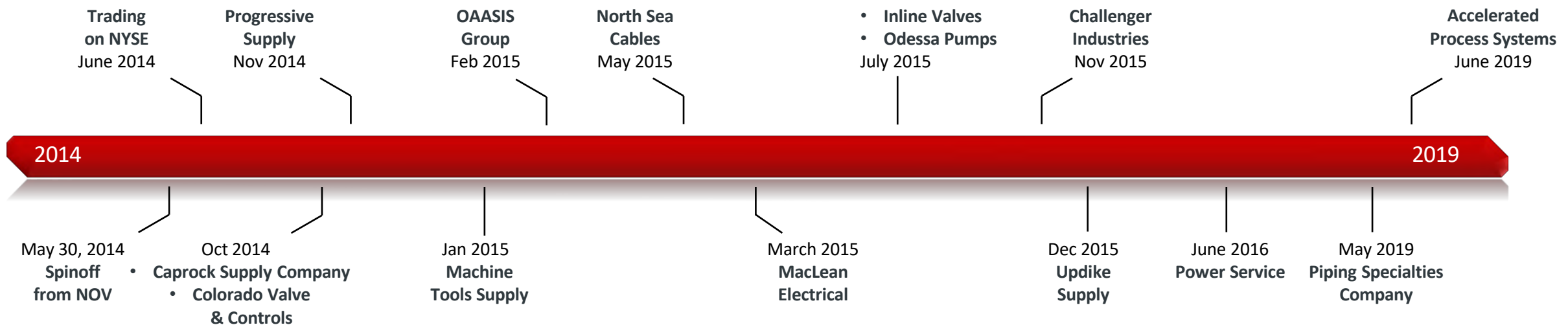
**Meets demand for turnkey
tank battery production
(facilities) solution**

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
- Increase barriers to entry
- Promote cross-selling into Energy Centers and Supply Chain Services

Track Record of Success



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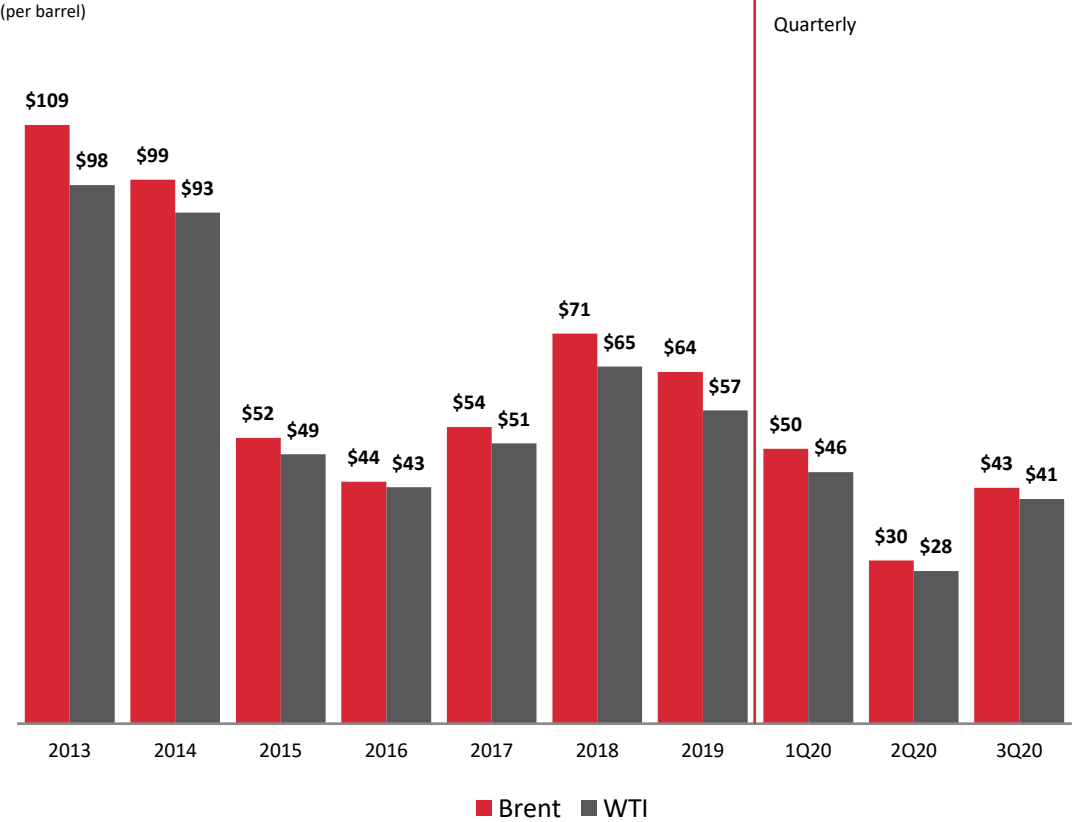
Industry Dynamics

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Key Market Indicators

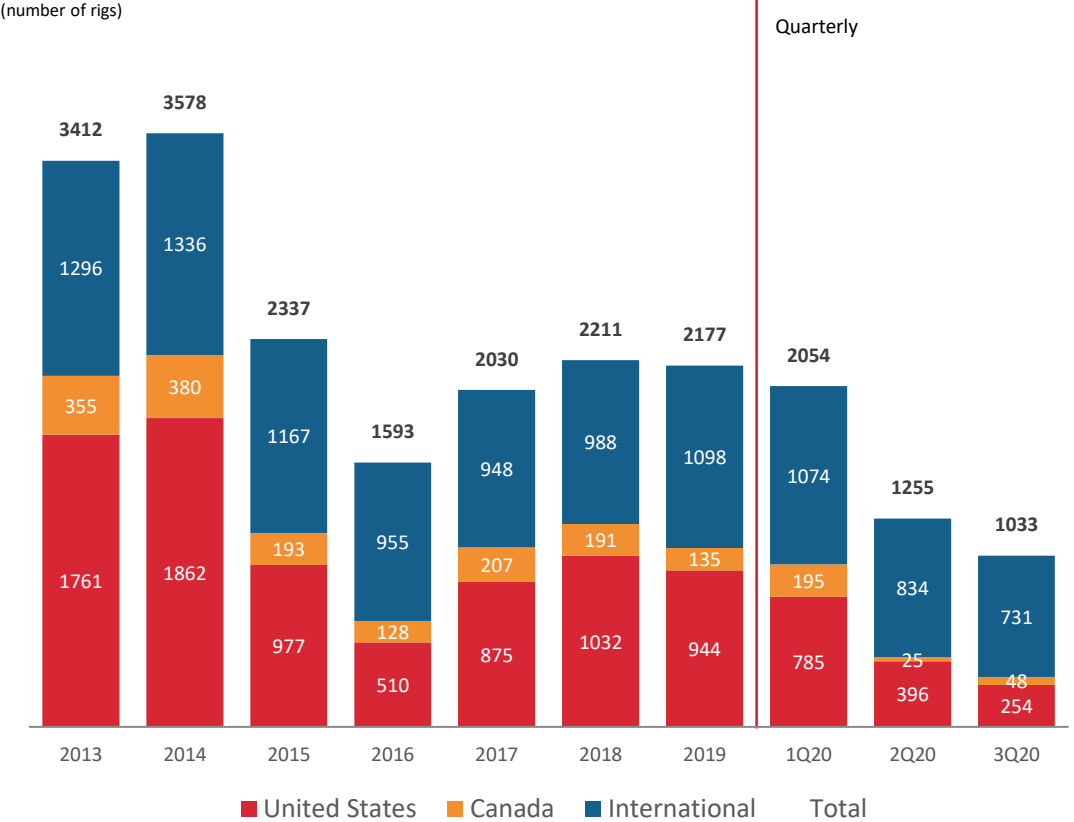
OIL PRICES & RIGS TRENDING

Average Oil Prices



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

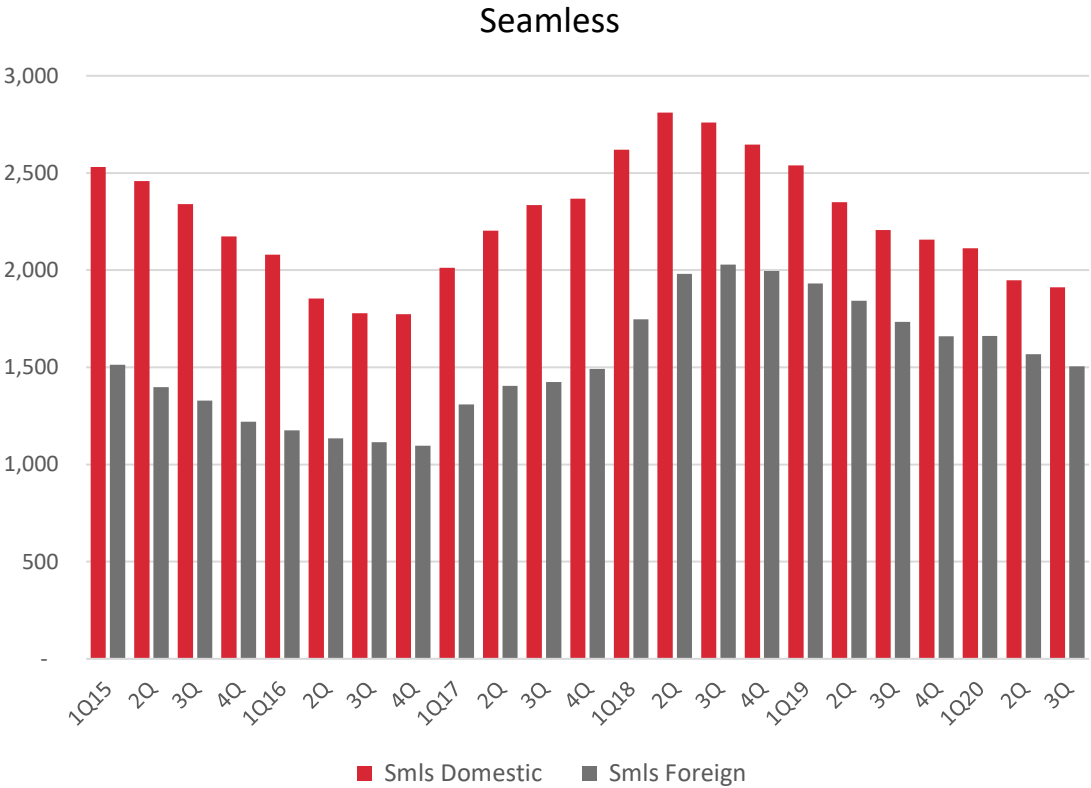
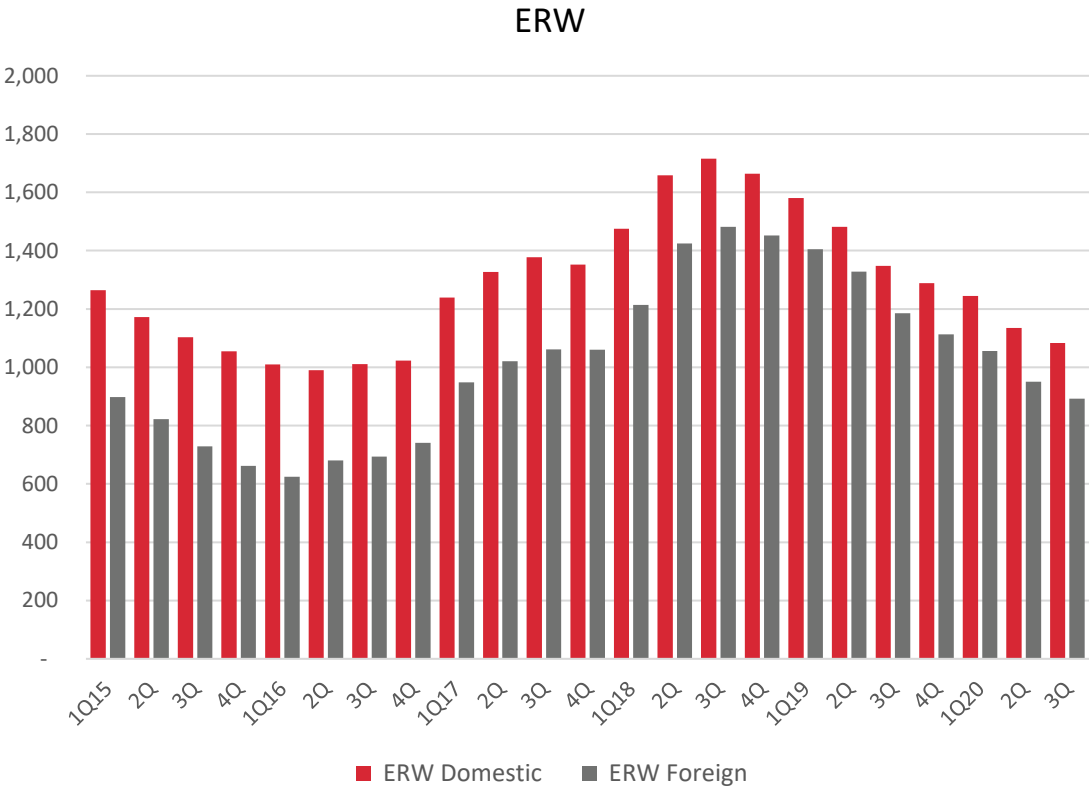
Average Rig Count



Source: Baker Hughes, Inc.

DNOW is positioned to benefit from industry growth

Pipe Price Trends, U.S. dollar per ton



Source: Pipe Logix

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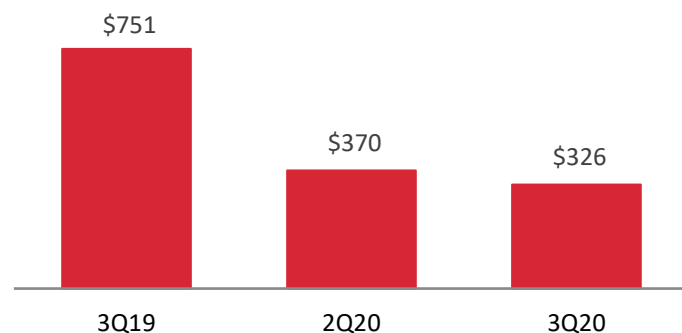
Financial Update

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CFO Highlights: Selected Quarterly Results (Unaudited)

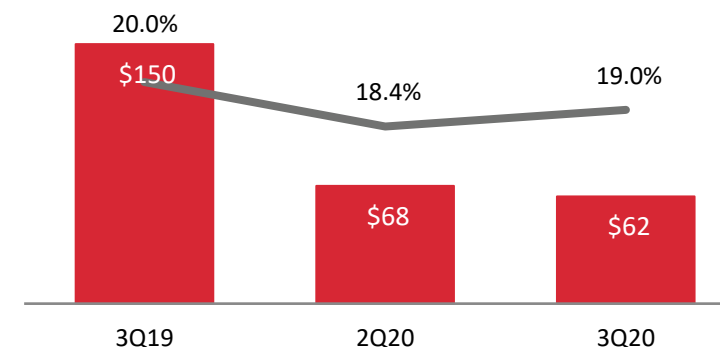
Revenue

(\$ in millions)



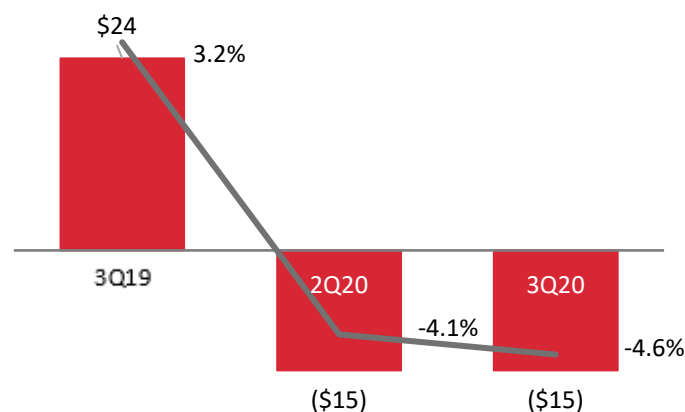
Gross Profit and Margin %

(\$ in millions)



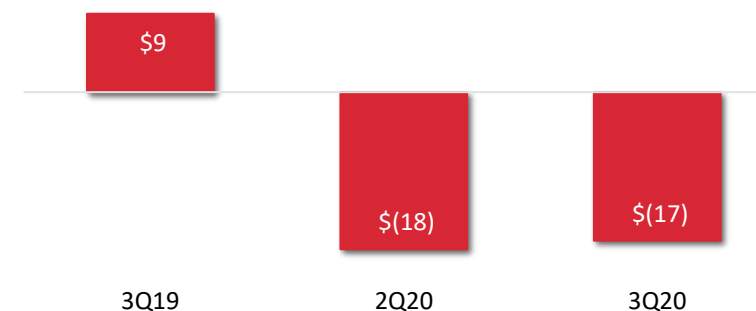
EBITDA Excl. Other Costs (Non-GAAP) and Margin %

(\$ in millions)



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

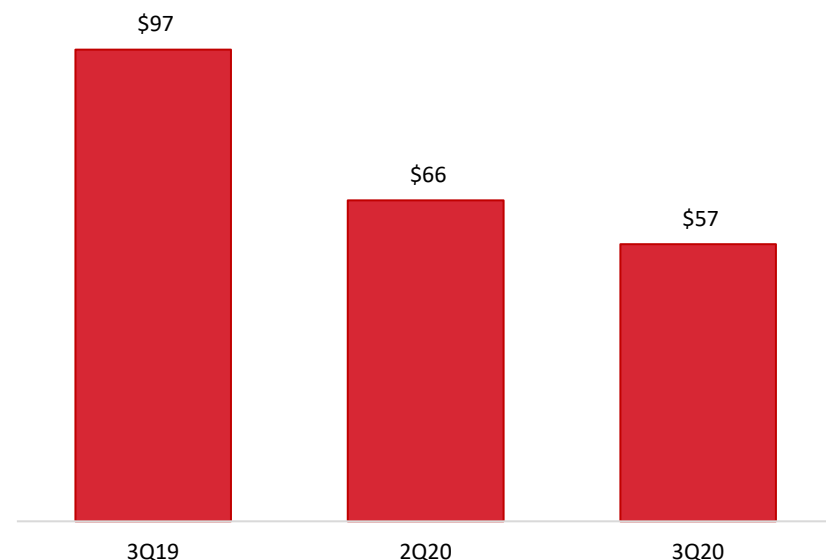
(\$ in millions)



Cash Generation & Working Capital Management

Free Cash Flow

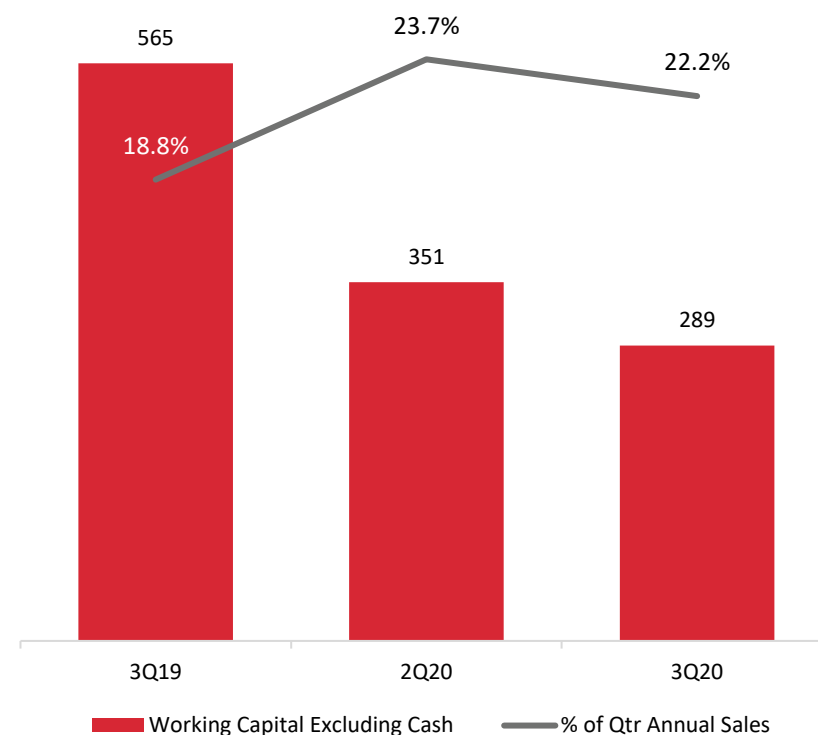
(\$ in millions)



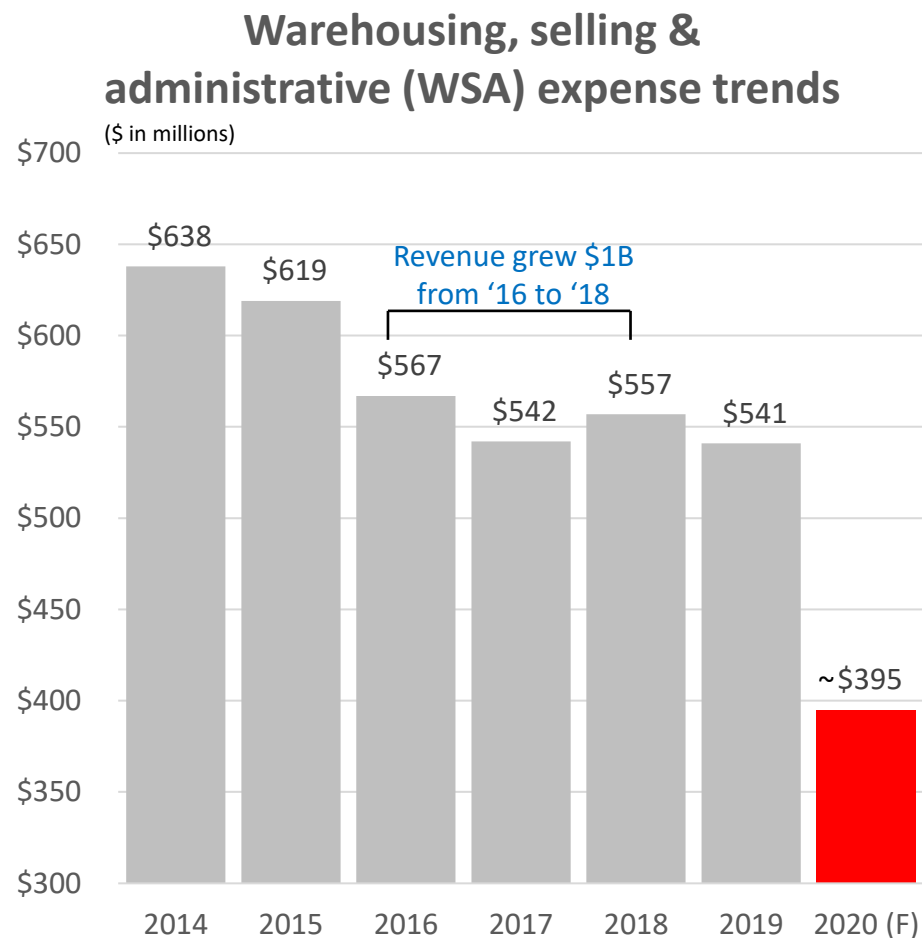
Free Cash Flow ("FCF") is defined as net cash provided by (used in) operating activities, less purchases of property, plant and equipment

Working Capital Excluding Cash

(\$ in millions)



Structural Transformation



The 2020 (F) is a *targeted* WSA value for FY 2020. Other items, including bad debt, severance and acquisition expenses, as well as WSA for potential acquisitions will influence actual results.

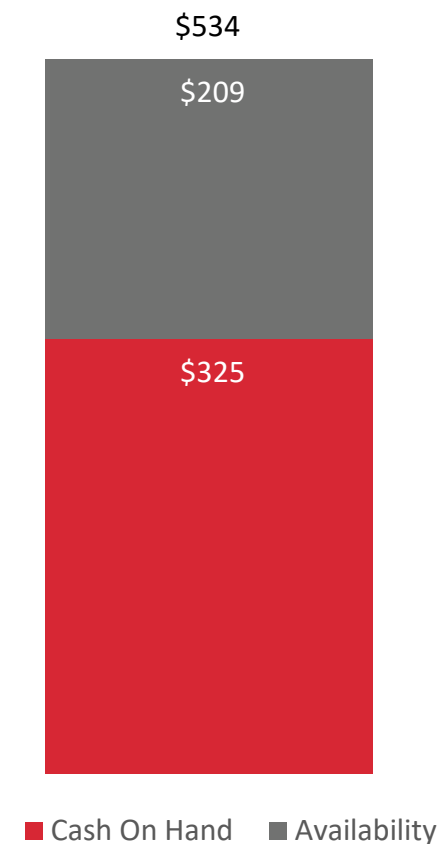
- Headcount reductions approximately 1,850, or 42%, to date since year end
- Implementing consolidation measures combined with facility closures
- Internal benchmarking: compare under-performing locations with top performers, and correct structure/delivery model to drive productivity
- External benchmarking: compare to peer top-quartile performance, including delayering, structural changes
- Efficiency and productivity
 - Deploy technology to augment labor content
 - Find the right hub and spoke balance, with a bias towards centralized structure
 - Eliminate waste and least valuable activity
 - Offshore lower-level back office labor

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 \$534 million, which includes \$209 million in availability under the ABL and \$325 million in cash

Total Liquidity at September 30, 2020

(\$ in millions)



Select Balance Sheet Metrics

	3Q20	Comments	
	(\$ in millions)		
Cash and cash equivalents	\$ 325		
Receivables, net	213	60	DSOs
Inventories, net	318	3.3	Turn rates
Accounts payable	163	56	DPOs
Long-term debt	—	No outstanding debt	

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Environmental, Social & Governance

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ESG 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 monthly 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 vendors
- Decreased third party access to business locations and increased reliance on video and teleconferencing



Released Inaugural 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





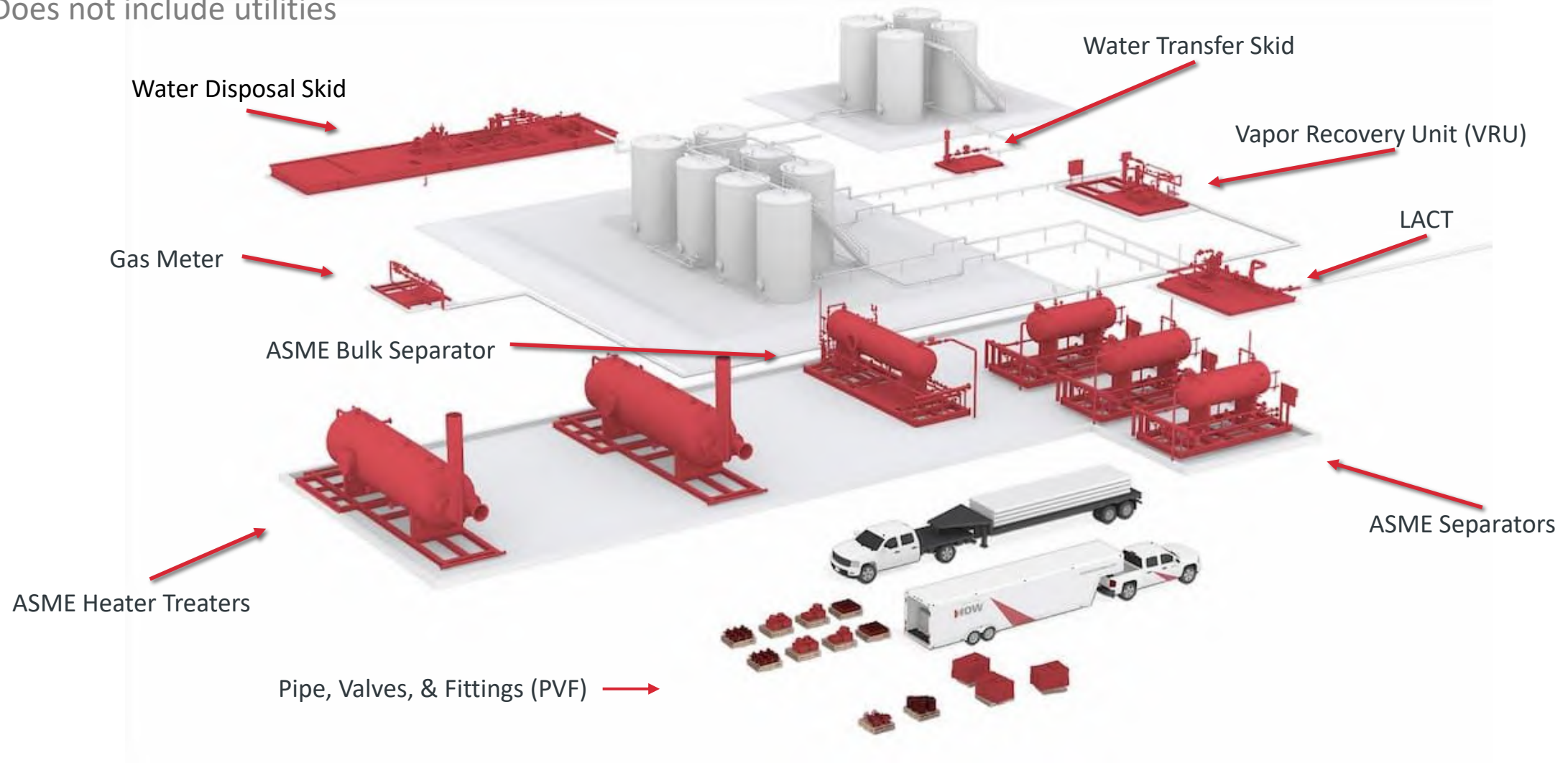
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Appendix

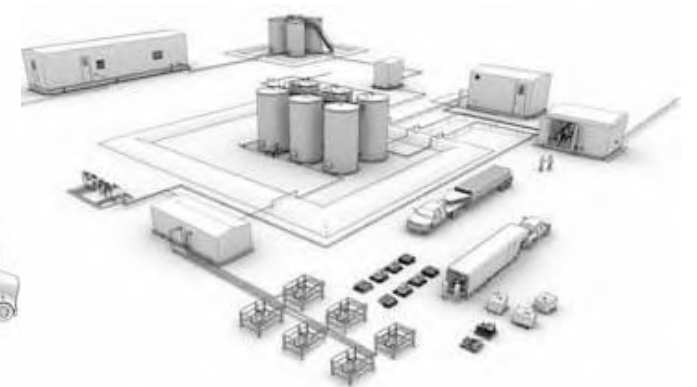
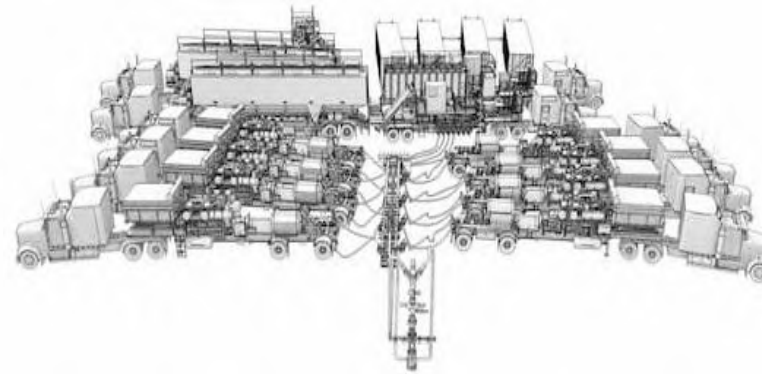
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Example Tank Battery Installation

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

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