



Key Takeaways

THIRD QUARTER 2021

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) 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 earnings press release.

CEO Perspective: Third Quarter Key Takeaways

- Revenue was \$439M, an increase of 10% sequentially and 35% YOY
- U.S. revenue increased 5% sequentially with U.S. Energy contributing 80% and U.S. Process Solutions contributing 20% of U.S. revenue in the quarter
- Canada revenue was \$68M an increase of 33% sequentially
- International revenue was \$59M, an increase of 11% sequentially
- Gross margins improved 60 bps sequentially to a record high of 21.9%, primarily from higher product margins
- Zero debt; \$312M cash balance on September 30, 2021, up 6%
- EBITDA excluding other costs was \$15M, sequential EBITDA flow-throughs of 23%; YOY 27%

3Q21 Revenue increased 10% sequentially and 35% YOY

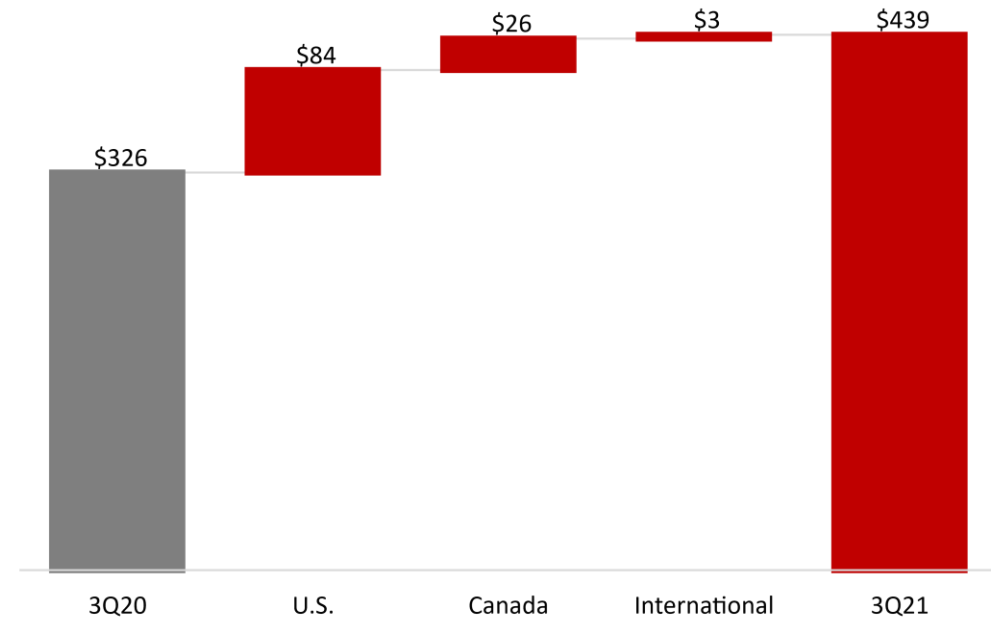
Sequential Revenue

(\$ in millions)



Year Over Year Revenue

(\$ in millions)



3Q21 Key Market Indicators

WTI/Rig Counts

- WTI avg of \$71 per barrel for 3Q21
- U.S. avg rig count of 498, up 10% sequentially
- Canada avg rig count 151, up 107% sequentially
- International avg rig count 772, up 5% sequentially

DNOW annualized revenue per rig at \$1.2M for 3Q21

U.S. DUCs

- September ended with a DUC count of 5,385 wells in EIA DPR regions
- 3Q21 avg of 5,629 wells
- Down 12% sequentially

DUCs are future revenue opportunities for DNOW

U.S. Completions

- September ended with a U.S. completions count of 876 wells in EIA DPR regions
- 3Q21 avg of 857 wells
- Up 6% sequentially

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

3Q21 Highlights – United States

U.S. Energy

- Revenue improved sequentially 5% and contributed 80% of U.S. revenue
- Activity increased during the quarter due to increase in completions leading to increased construction and maintenance spend, centralized tank batteries builds, tie-ins and gathering systems
- Improvement in gross margins driven by line pipe price inflation
- Exited low margin product lines to improve gross margins and reduce associated costs while shifting resources to higher margin product lines
- Progressing on our centralized fulfillment strategy

U.S. Process Solutions

- Revenue improved 7% sequentially and contributed 20% of U.S. revenue
- Revenue increased in the quarter on greater completions activity and improved demand for fabricated engineered equipment and pump packages
- Orders for equipment that help reduce customer's greenhouse gas emissions tied to their ESG emission reduction targets
- Expanded valves sales to the Soda Ash mine market and pump packages to the downstream refining market
- Continue to leverage our eSpec digital engineered package configurator and pricing estimator for engineered equipment packages

3Q21 Highlights – Canada and International

Canada

- Revenue increased sequentially 33% as the market rebounded from traditional seasonal break-up
- Market fundamentals improved with WCS averaging \$57 USD / barrel
- Delivered preassembled kit packages for wellhead hookups and tie-ins to improve supply chain efficiencies and workflow for customers
- Expanding valve and actuation business with wins from multiple EPCs, as well as a number of E&P and midstream operators
- Executed MSA agreements with national EPC company and new PVF agreement with a producer

International

- Revenue increased 11% sequentially on improved activity as COVID related lock downs lessened
- Activity tied to international drilling and projects begin to percolate
- As activity picks up, positioned to capture revenue through existing drilling frame agreements
- Executed a number of MSA frame agreements during the quarter for MacLean International
- Awarded electrical, PPE and MRO product in Iraq, PPE in Kazakhstan, PFF in Russia and valves with an EPC in Indonesia
- Expanded valve sales by leveraging our total valve solutions offering combined with our digital asset management program

IT and Systems Technology Investments

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:

- 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 ERPs to a cloud-based solution enhancing workflow functionality and efficiency



User Adoption on Technology increases to bring more efficiency



Optimize cost and maximize scalability thru cloud platforms



Enterprise WMS increases fulfillment capabilities and efficiencies

DigitalNOW® Customer Ecosystem Expanding

powered by
DigitalNOW®

Digital suite of products expanding to add customer value



eSPEC™
powered by DigitalNOW®

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
- Resulted in several engineered equipment package wins during 3Q21



eTRACK™
powered by DigitalNOW®

eTrack™, powered by DigitalNOW®

- Asset, data and material management lifecycle solution
- Empowers customers to
 - Manage their assets using location finder
 - Retrieve documentation and drawings
 - Schedule field service
- Implementing with several customers capturing hundreds of assets and growing

Digital commerce platform, **shop.dnow.com**, continues to grow

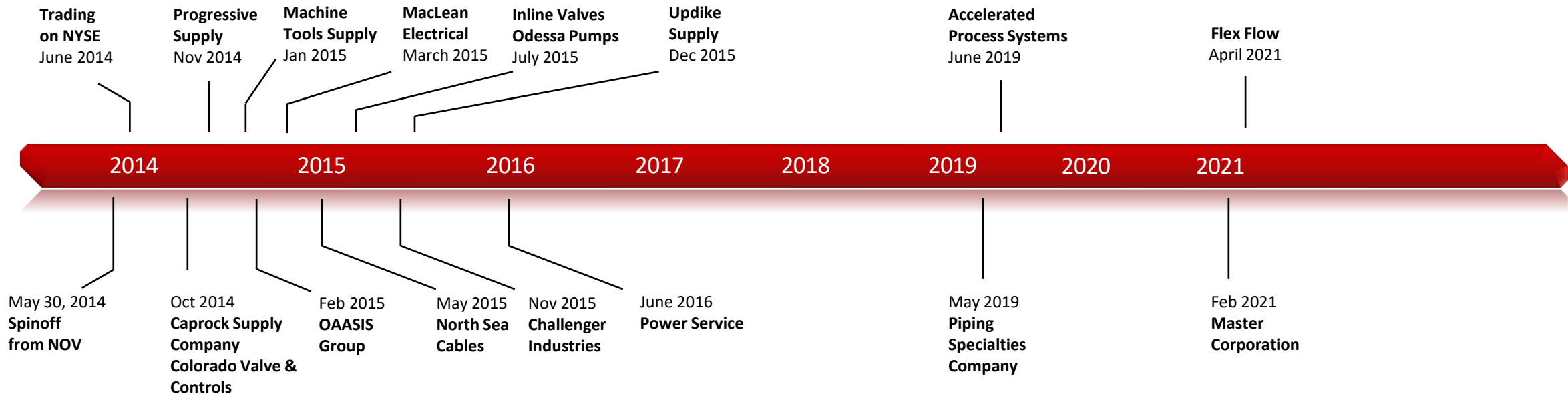
- Digital revenue increased to 44% of SAP revenue
- Growing customer implementations and integrations with customer ERP systems
- Focused on growing B2B users, onboarded numerous new customers in the quarter
- Central commerce solution to DigitalNOW® customer ecosystem

Driving Growth through Acquisitions

Clearly Defined Acquisition Strategy

- Seek value-add solutions with sustainable competitive advantages
- Leverage acquired product lines to gain organic share
- Expand Process Solutions value proposition

Track Record of Success



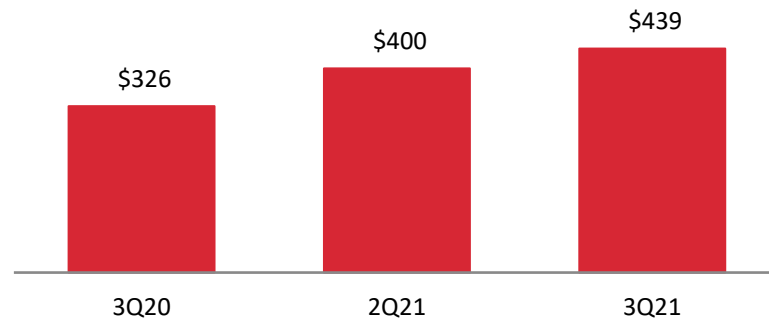
CFO Highlights: Third Quarter Results

- GAAP net income was \$5M and net income excluding other costs (a non-GAAP measure) was \$6M
- EBITDA excluding other costs was \$15M
- Free cash flow of \$22M
- GAAP diluted earnings of \$0.05 per share and diluted earnings excluding other costs of \$0.05 per share
- Working capital, excluding cash, as a percentage of annualized 3Q21 revenue was 10.6%
- Cash conversion cycle was 62 days, an improvement of 9 days sequentially

Selected Quarterly Results (Unaudited)

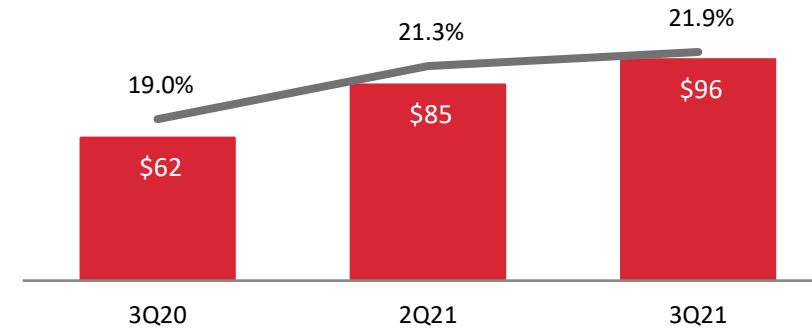
Revenue

(\$ in millions)



Gross Profit and Margin

(\$ in millions)



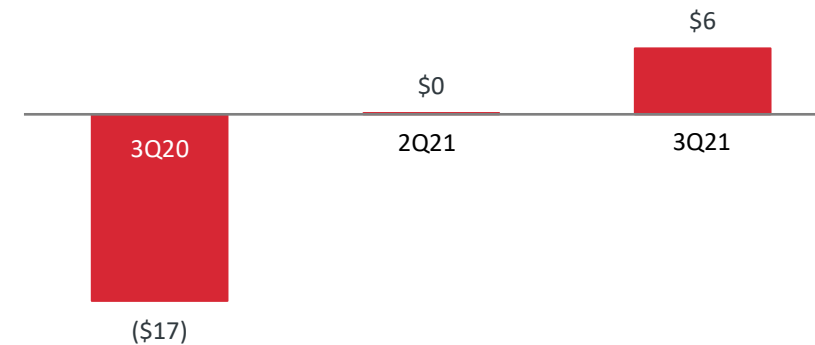
EBITDA excl. Other Costs (Non-GAAP)

(\$ in millions)



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

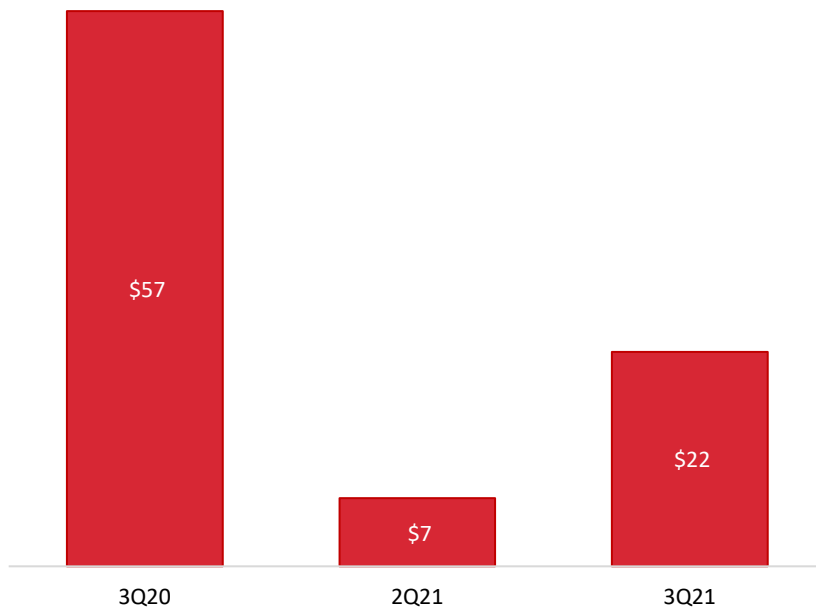
(\$ in millions)



Cash Generation & Working Capital Management

Free Cash Flow

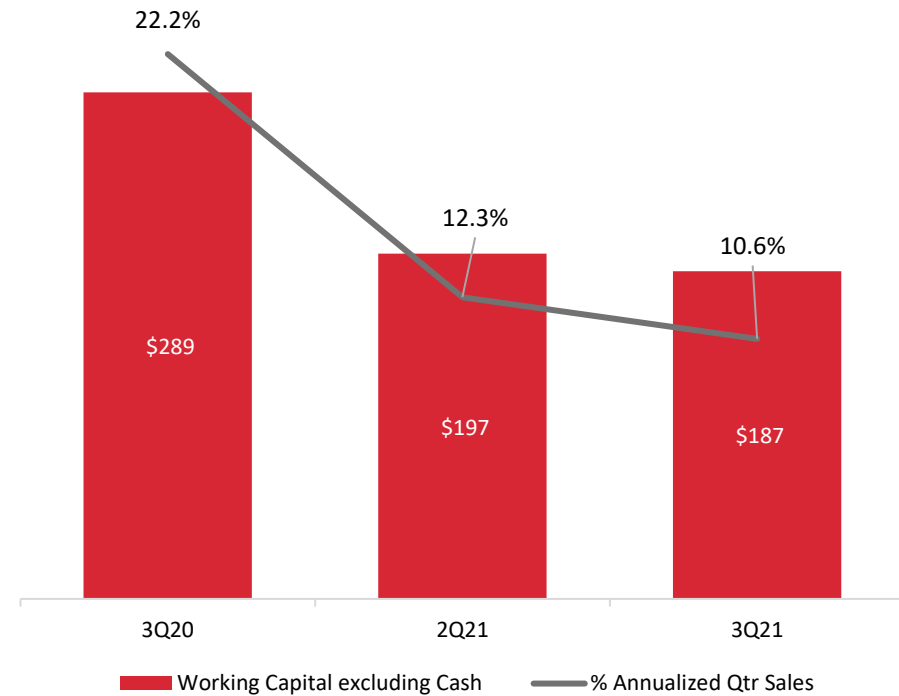
(\$ in millions)



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

Working Capital excluding Cash

(\$ in millions)

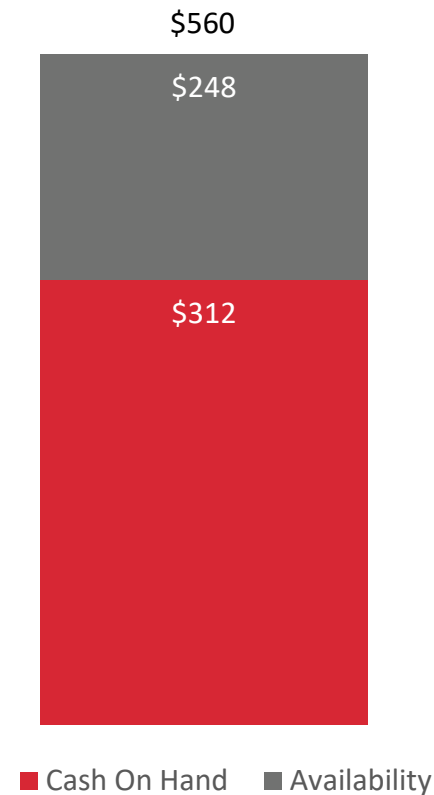


Liquidity and Capital Resources

- No outstanding borrowings
- No draws on the credit facility during the quarter
- Total liquidity equaled \$560M on September 30, 2021, which includes:
 - \$312M in cash on hand
 - \$248M in availability under the ABL

Total Liquidity at September 30, 2021

(\$ in millions)



CEO Wrap-Up

- Earnings power improving as actions taken to scale to market opportunities produce improved financial results
- Guidance for 4Q21 sequential revenue flat to down mid-single-digits, driven by sequential headwinds related to seasonality, customer budget exhaustion and product availability constraints
- Expect a seasonal sequential revenue rebound in 1Q22
- 2021 full-year revenues largely unchanged from full-year 2020; however, full-year 2021 EBITDA improvement over full-year 2020 to be near \$90M due to stronger gross margins and leaner cost structure
- Improving fundamentals to core market signaling the beginning of a 2022 upcycle with operations positioned for improved profitability
- Total liquidity of \$560M, providing ample runway to execute our inorganic growth strategy of opportunities targeting accretive margin businesses