



Investor Relations

FIRST QUARTER 2020

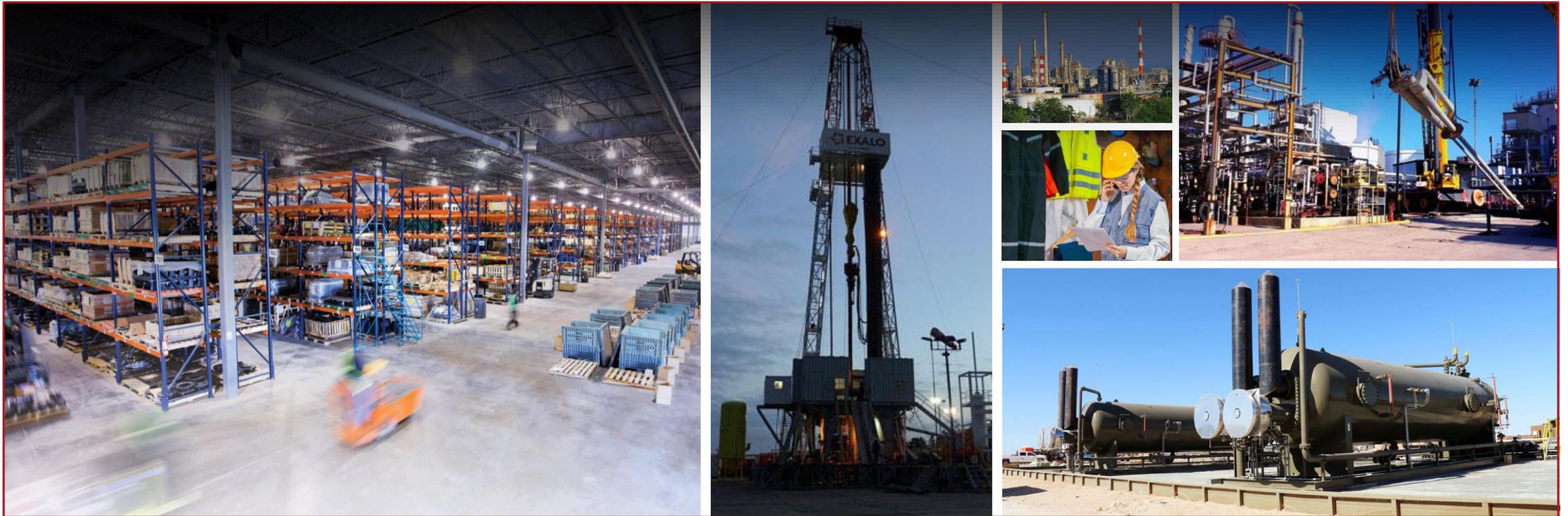
Energy Delivered.™

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 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

- Focused on profitable market share gains that align with our strategy
- Investing in DigitalNOW® initiative to position DNOW as the total digital solution provider for operators and service companies
- Zero debt, total liquidity approximating \$600M, in a period where we expect our M&A pipeline to grow
- Prudent working capital management with working capital excluding cash as a percent of revenue at 18%, beating our historical target of 20%
- Focused on preserving cash position and balance sheet with aggressive structural transformation
- Proven management team with significant industry experience

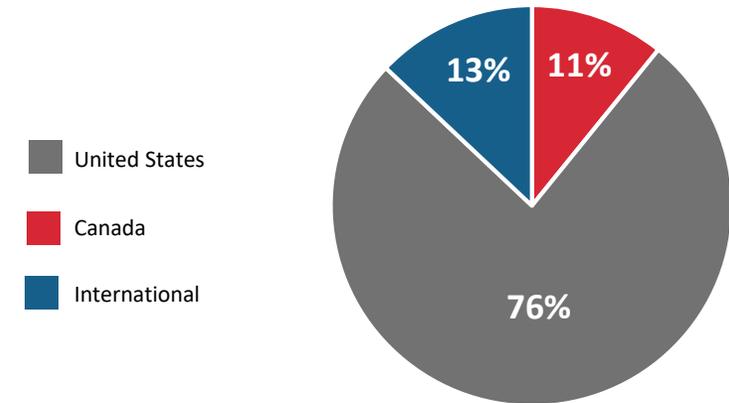


DNOW: One of the Largest Distributors to the Energy Industry

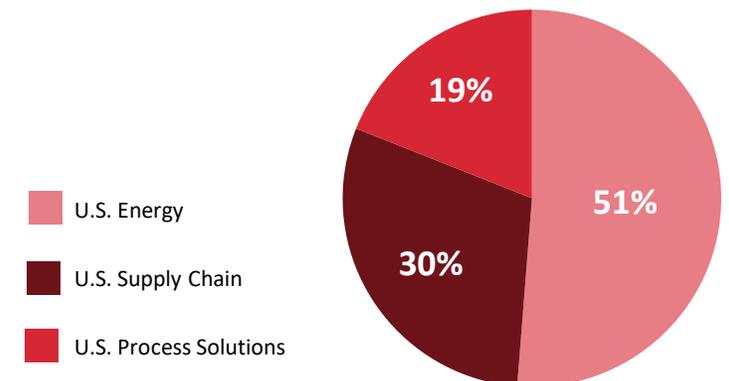
- Legacy 150+ years operating
- Support major land and offshore operations for all the key energy producing regions around the world
- Comprehensive network of energy centers, supply chain services and process solutions locations complemented with an online commerce channel
- Key markets: Europe, Former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

NYSE Ticker	DNOW
Countries	20+
Locations	~220
Employees	~3,150
ERP System	SAP™

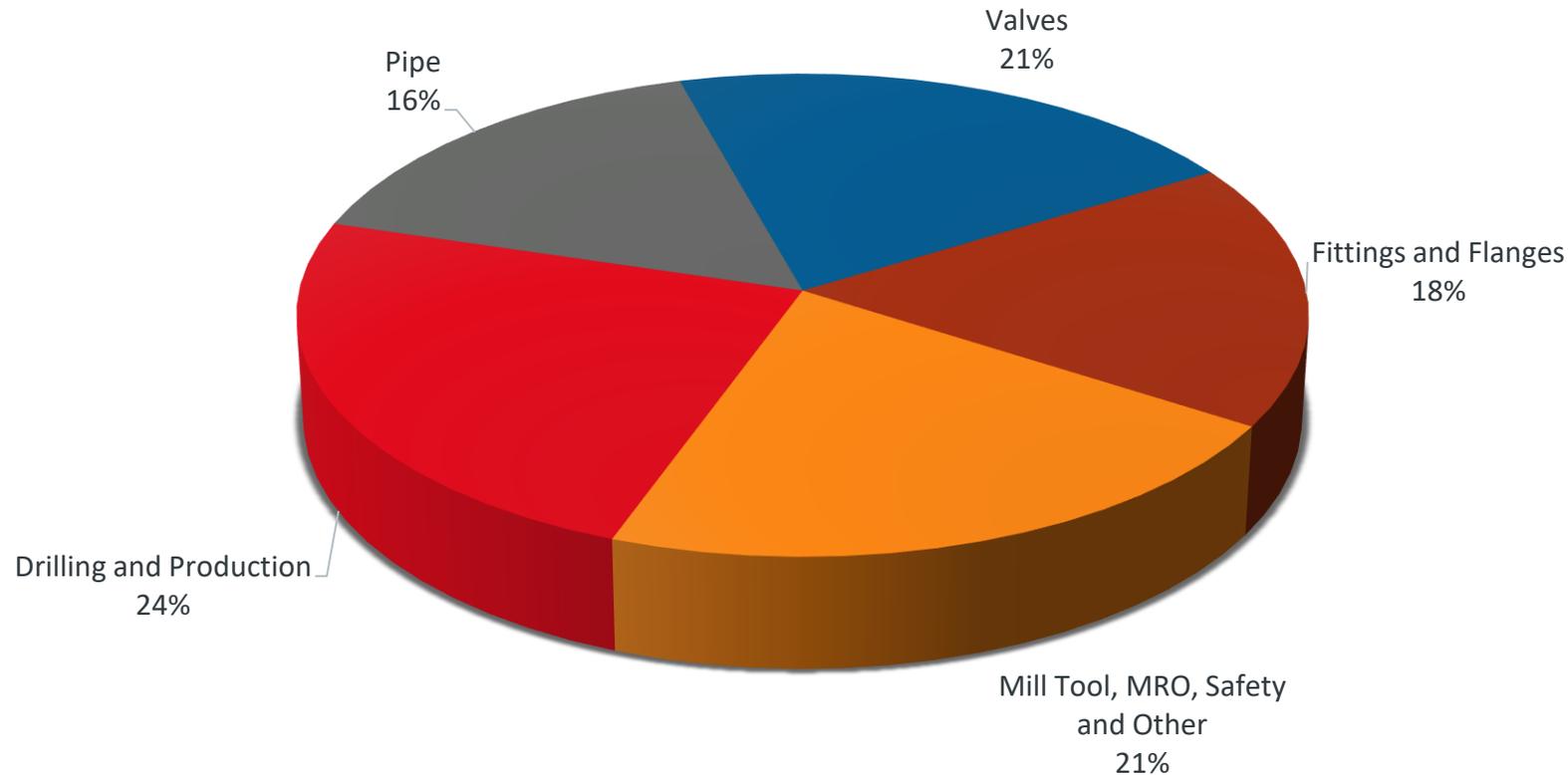
2019 Revenue by Segment



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
- Distribution Centers

Distribution Centers:

United States
Houston, TX
Beulah, ND
Casper, WY
Big Spring, TX

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



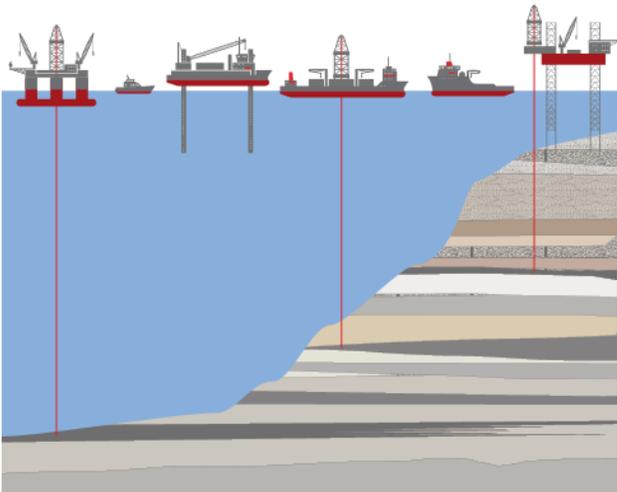
Downstream & Industrial



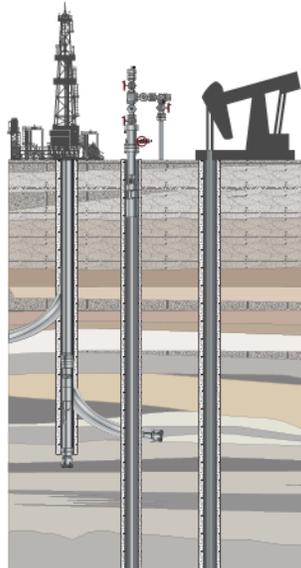
DNOW is a Critical Link from Drilling to Distribution

Upstream

Offshore Drilling & Producing Field Layouts



Drilling Producing Wellheads



Midstream

Tank Battery & Separation Gathering & Metering

Separation



Storage and Gathering



Metering



Produced Water Disposal



Gas Compressor



Oil Pump



Downstream/ Industrial

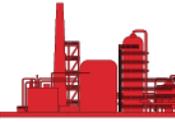
Gas Compressor Stations

(a) (b)



on average 40-75 mi (64-120 km)

Gas Processing Plant



Gas Compressor Stations

(x) (y)



on average 40-75 mi (64-120 km)

Gas Transmission and Transportation



Gas Distribution



Oil Pumping Stations

(a) (b)



on average 40-75 mi (64-120 km)

Oil Transmission and Transportation



Oil Refinery and/or Petrochemical Plant



Refined Petroleum Products Distribution



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

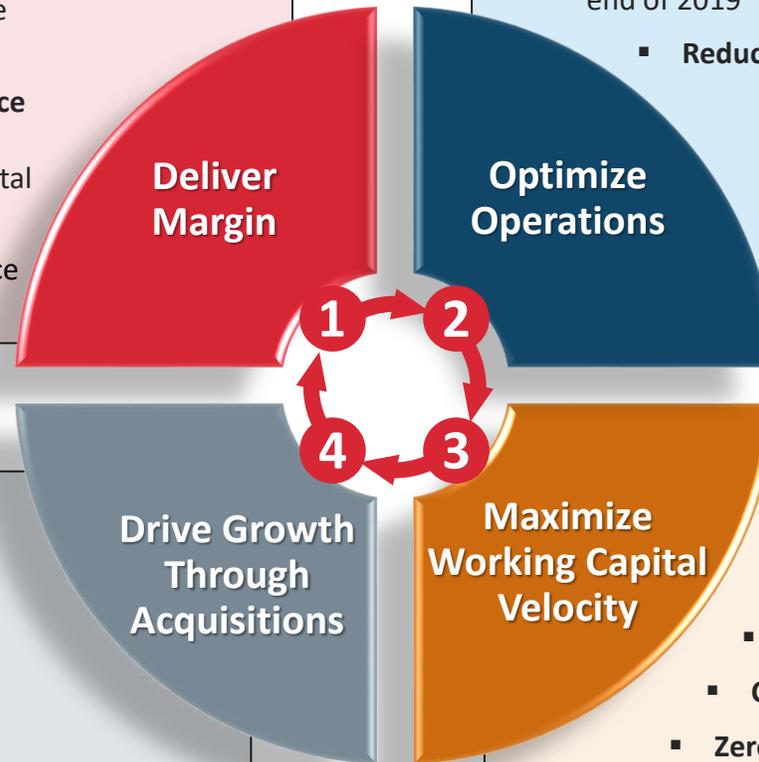
DNOW Strategy to Unlock Value

- Deploying **improved order management system** coupled with **SAP Suite on Hana leveraging Google Cloud** to increase system capability, efficiency, response time, improving the customer order process and reduce IT service costs
- **Developing and deploying DigitalNOW® unified commerce technology consisting of ecommerce and digital tools** to enhance our customer order experience and leverage digital solutions as a service (DAAS)
 - Launched Norway and The Netherlands ecommerce storefronts

- **Scaling and right-sizing locations** reduced to 220 to reflect market demand by consolidating, closing or divesting approximately 25 locations since the end of 2019
 - **Reduced headcount, discretionary and infrastructure costs**
 - Focused on cost transformation to match market demand and preserve balance sheet
 - Focused on leveraging technology to enhance employee productivity and increase operational efficiencies

- **Proactively evaluating M&A opportunities**
 - Continue to evaluate M&A pipeline for growth
 - Highly selective in this environment
 - Approximately \$600 million in total liquidity

- **Working capital**, excluding cash, was 18% of revenue in 1Q20
- **Inventory turns** at 4.5x
- **Cash on hand** at March 31, 2020 of \$202M
- **Zero debt**



Technology Investments for Reduced IT Service Costs

Order Management System (OMS) user interface enhancement to our current ERP. Project under development and will deliver:

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

SAP Suite on Hana and Google Cloud

- Migrated to SAP Suite on Hana and Google Cloud in April
- Increase ERP platform performance leading to overall increase in system capability and reduced IT service costs

Targeted Improvements



4x+

Performance increase



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Cost Savings



ERPs, App, Infra

Cloud Migration



24x7x365

Peace of Mind Support

Investments in Digitalization to Grow Revenue

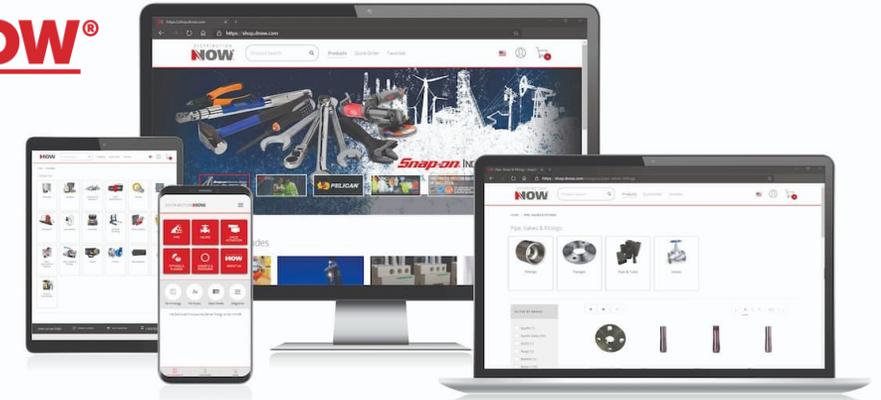
Combination of distribution product, technology and IOT with DNOW's engineering and service offerings enabling access to valuable information that will lower customer's operations and maintenance costs

Ecommerce platform enhancements

- Launched **shop.dnow.com** storefronts in Norway and The Netherlands, along side U.S., Canada, UK and Australia.
- Continued functionality enhancements of our ecommerce platform by growing suppliers, adding customer catalogs and new shipping options

Advanced analytics and custom metric reporting

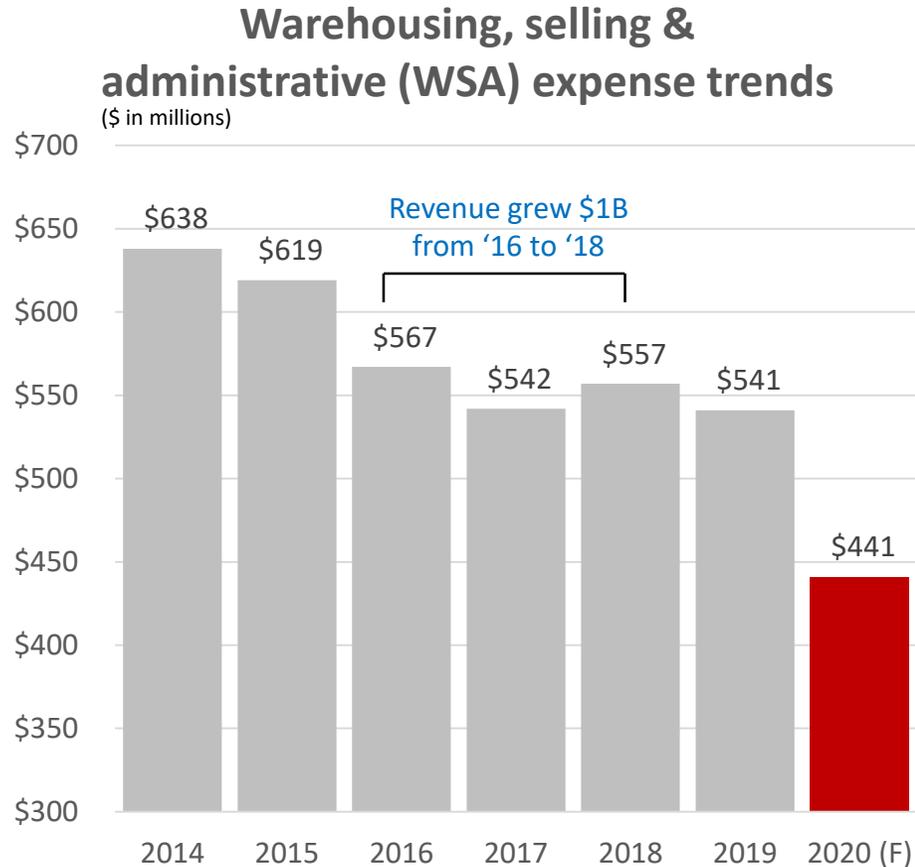
powered by
DigitalNOW®



Ecommerce features at a glance

Your Business	Shop or Browse	Purchase
Spend reporting	160,000+ products	Order on account terms
Order history and tracking	Catalog search	Punchout via ERP integration
Approval workflow	View inventory and lead-times	Electronic purchasing (EDI/XML)
Personalized catalog	Personalized saved carts & favorites	Customized checkout processes
Account pricing	Shop by equipment compatibility	Request a quote
Configurable delivery & pickup options	Shop by your part numbers	Non catalog buy outs
Summary billing	Product details and specifications	Visa / Mastercard

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, with more of the expense savings being realized in the second half of 2020.

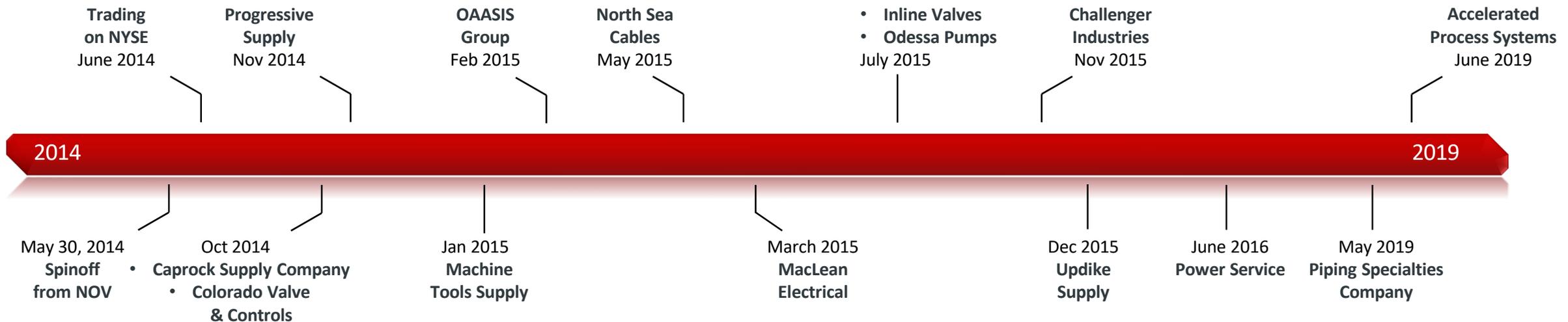
- Headcount reductions exceeding 1,250 since year-end 2019 and 1,450 since June 2019
- Internal benchmarking: compare under-performing locations with top performers, and correct structure/delivery model to drive productivity
- External benchmarking: compare to peer top-quartile performance, including 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

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





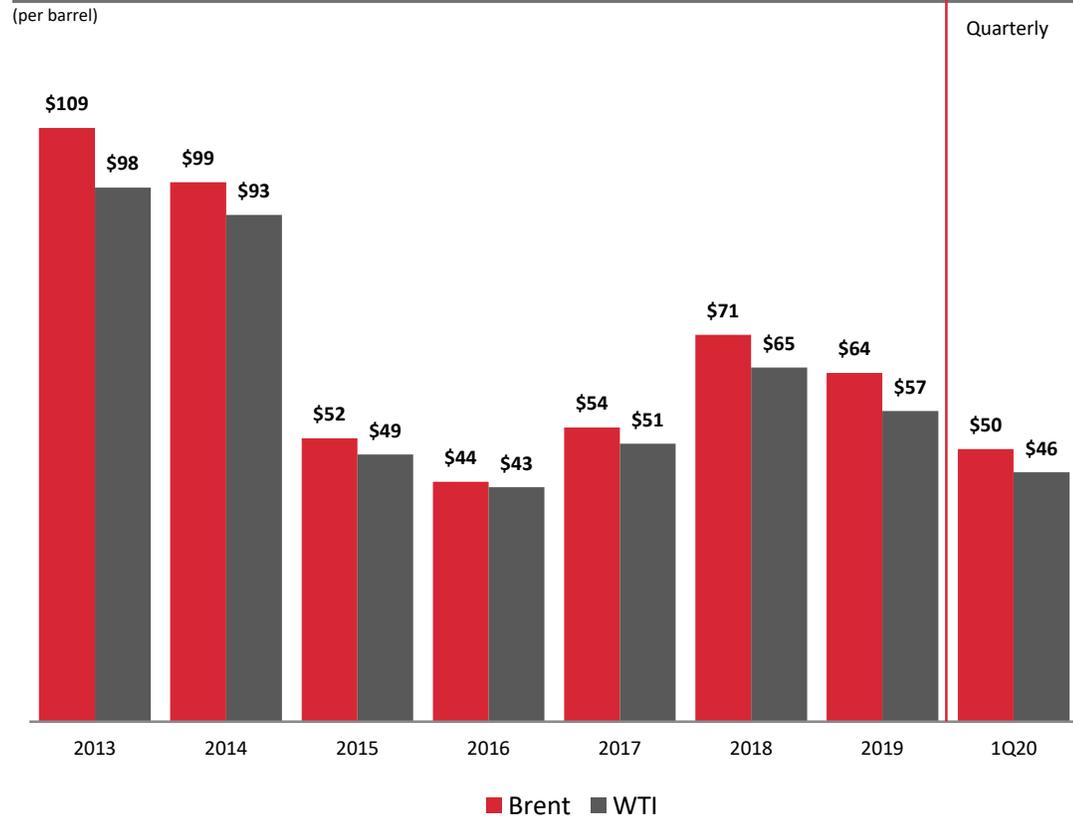
Industry Dynamics

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Key Market Indicators

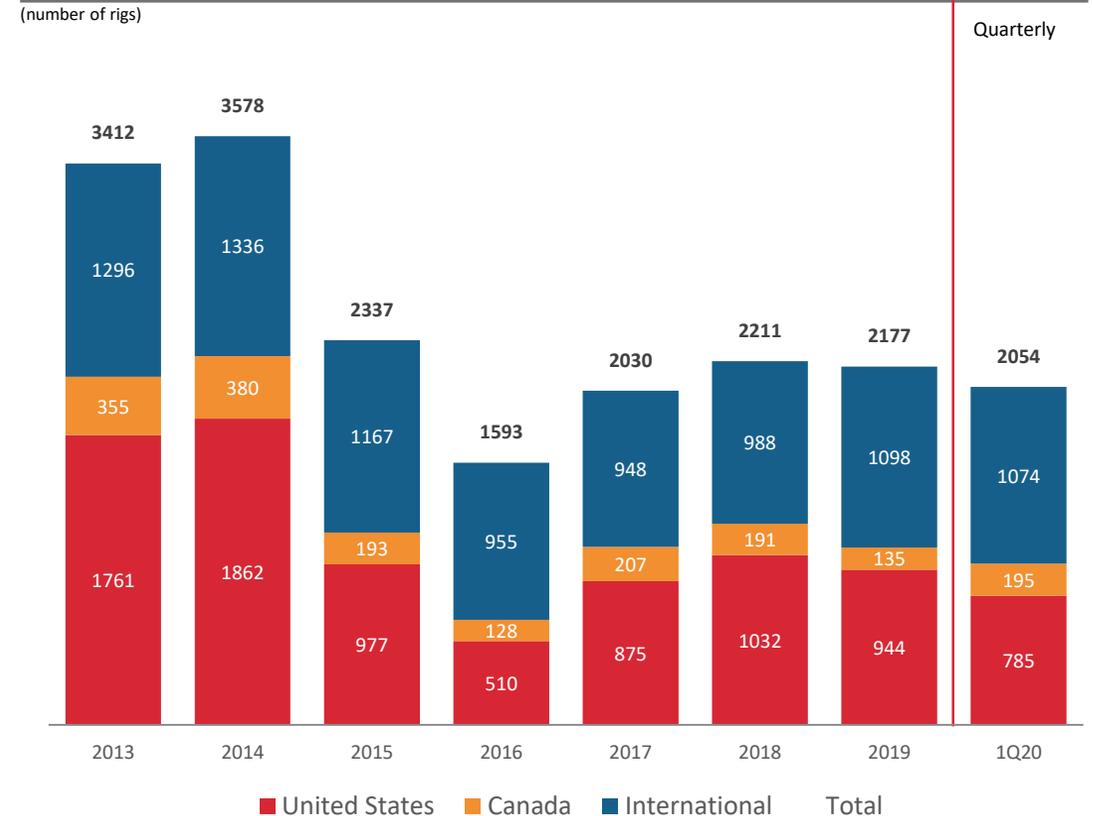
OIL PRICES & RIGS TRENDING

Average Oil Prices



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

Average Rig Count

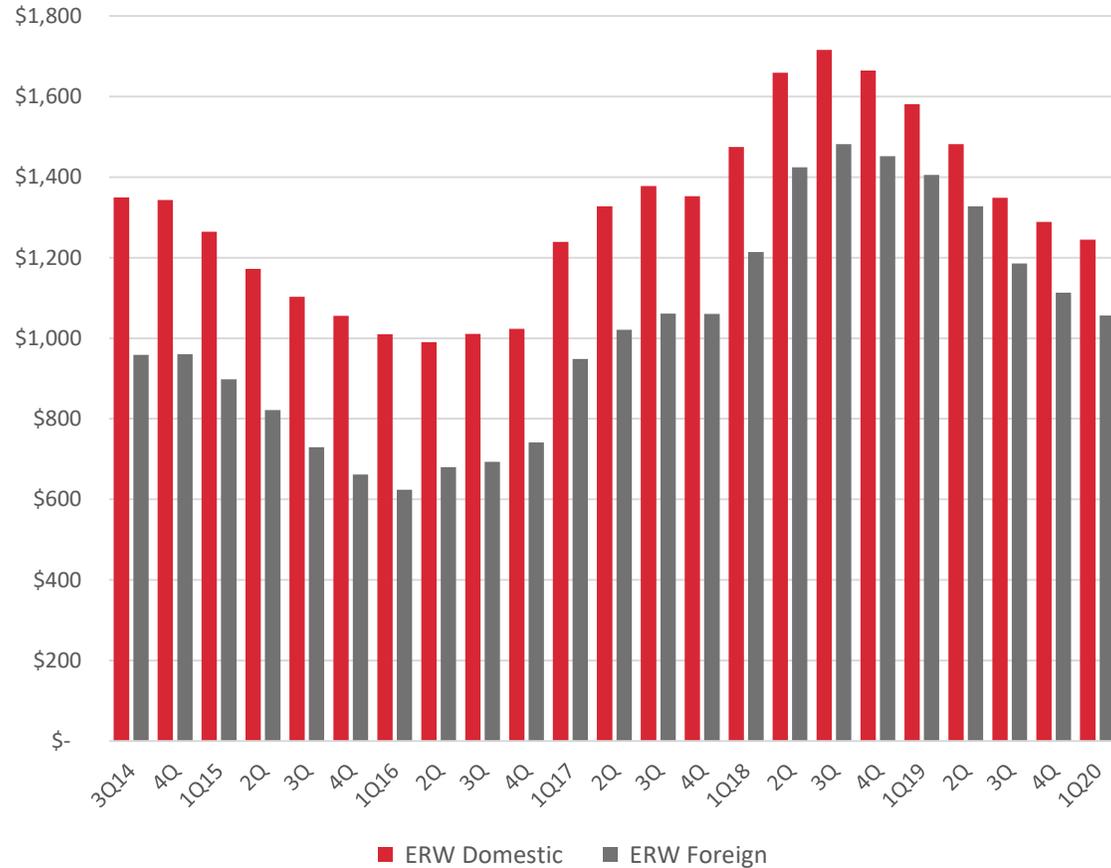


Source: Baker Hughes, Inc.

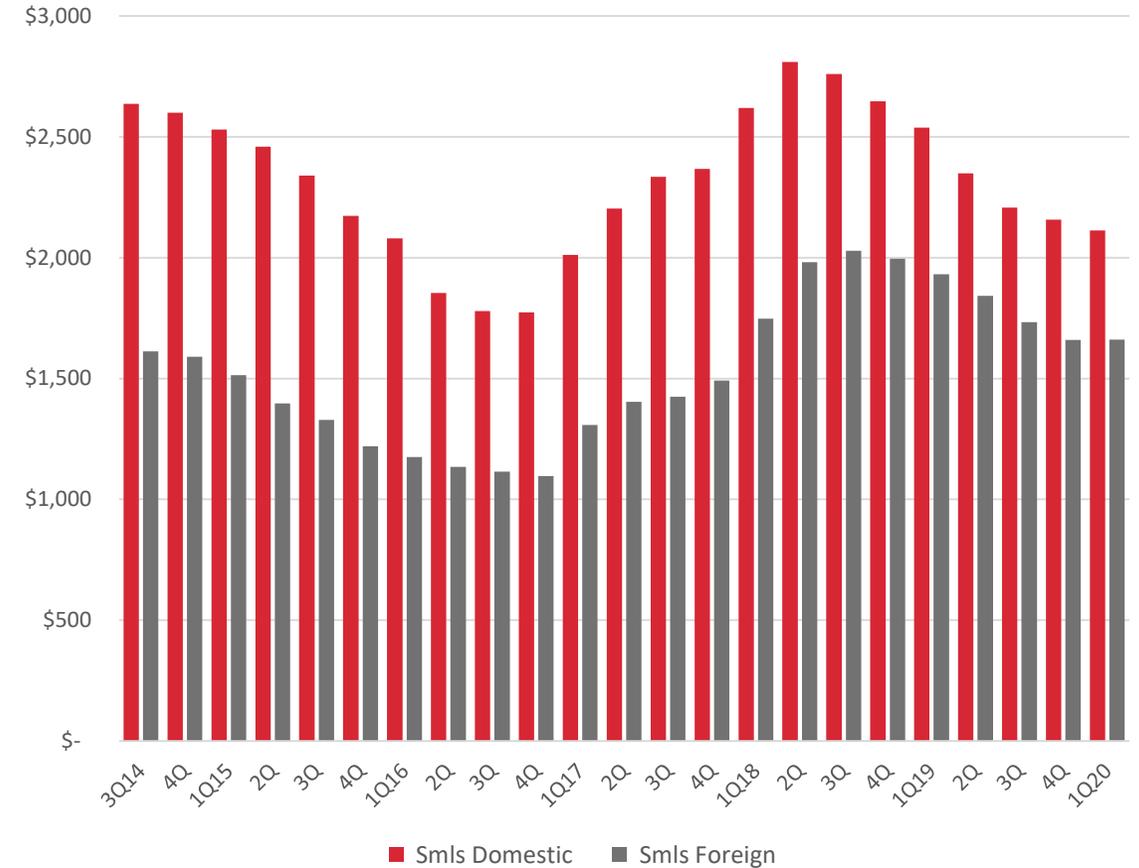
DNOW is positioned to benefit from industry growth

Pipe Price Trends, U.S. dollar per ton

ERW



Seamless



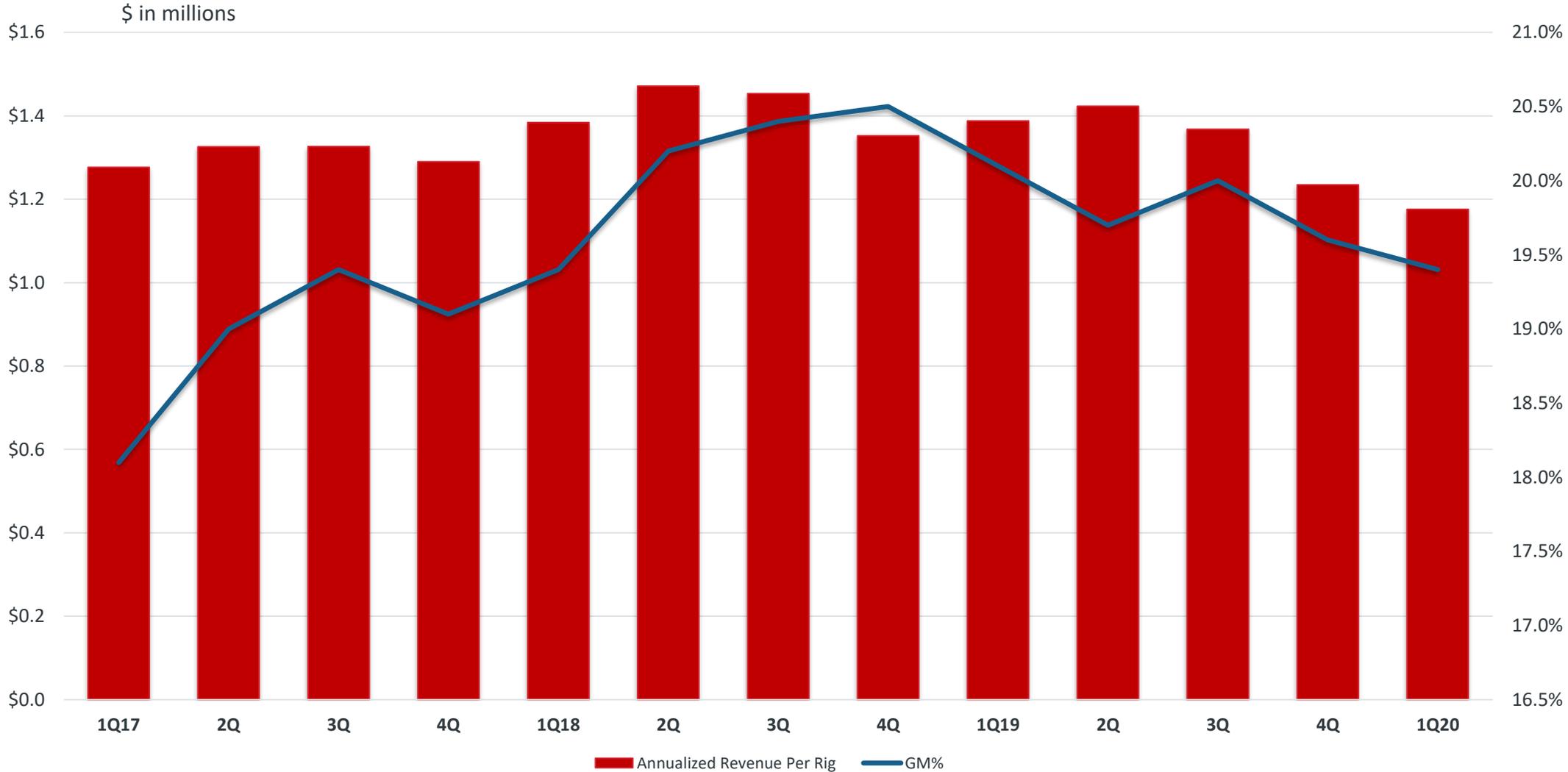
Source: Pipe Logix



Financial Update

Energy Delivered.™

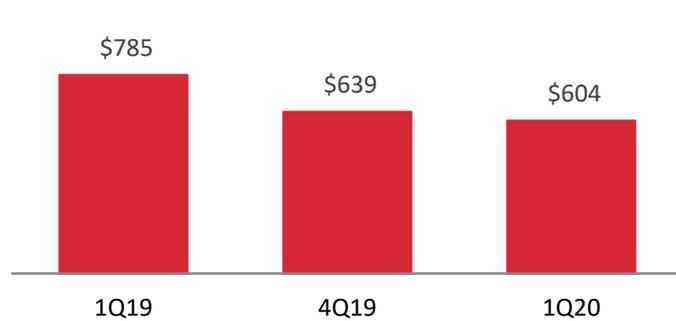
Revenue per Global Rigs and Gross Margins, Trended



CFO Highlights: Selected Quarterly Results (Unaudited)

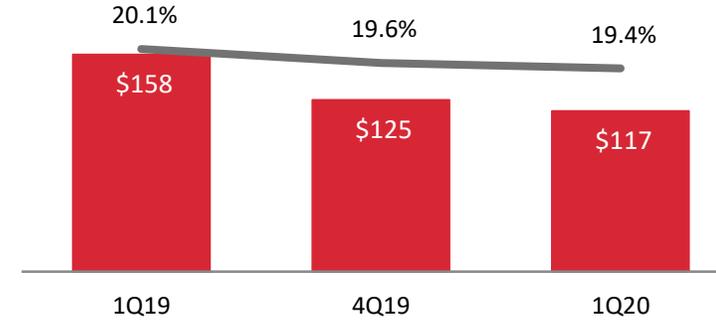
Revenue

(\$ in millions)



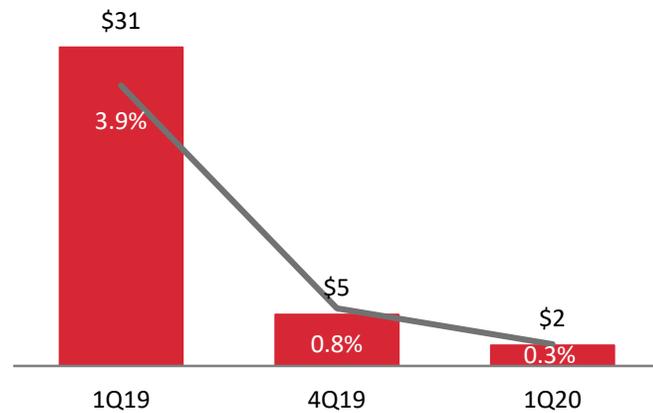
Gross Profit and Margin %

(\$ in millions)



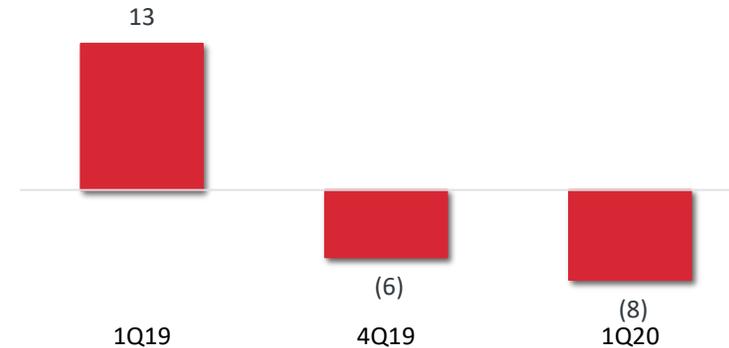
EBITDA Excl. Other Costs (Non-GAAP) and Margin %

(\$ in millions)



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

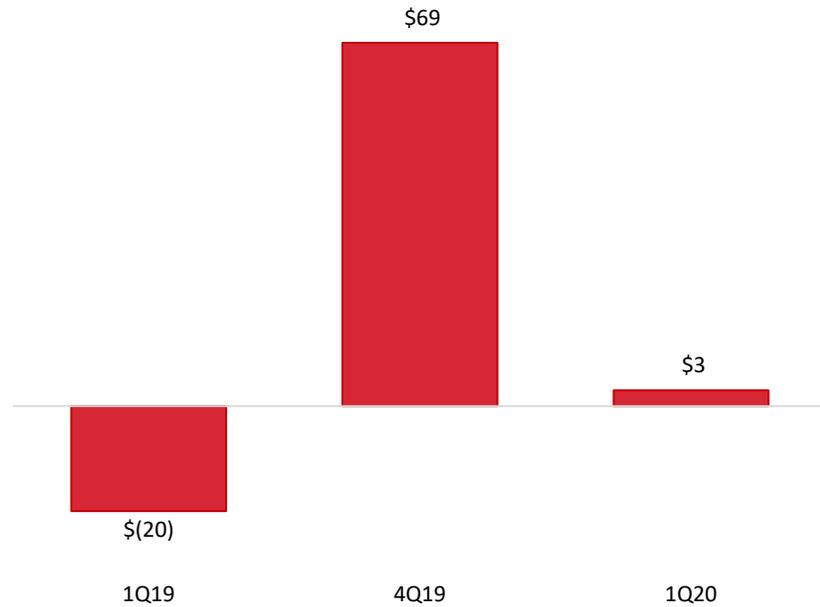
(\$ in millions)



Cash Generation & Working Capital Management

Free Cash Flow

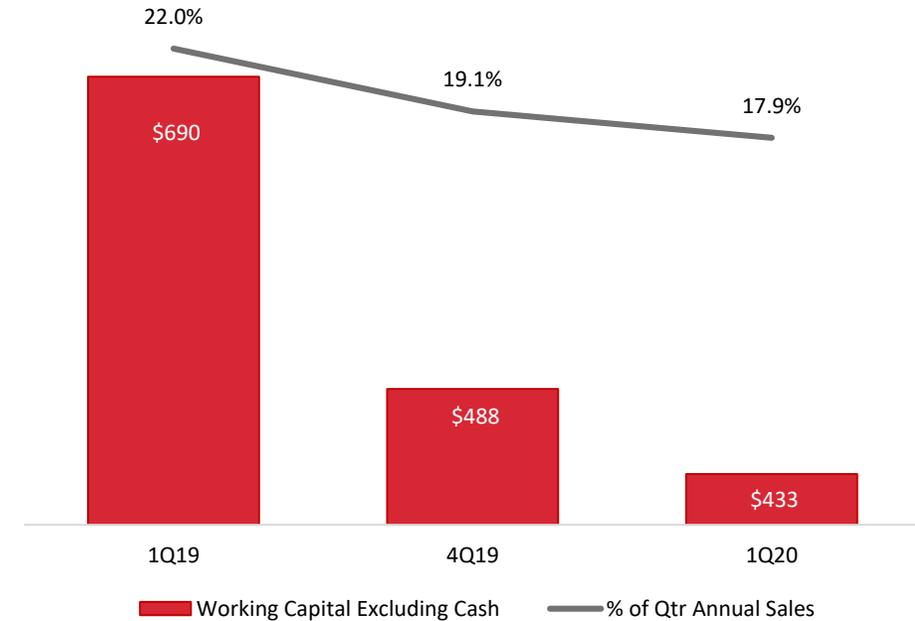
(\$ in millions)



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)



Select Balance Sheet Metrics

	1Q20	Comments
	(\$ in millions)	
Cash and cash equivalents	\$ 202	
Receivables, net	366	55 DSOs
Inventories, net	434	4.5 Turn rates
Accounts payable	258	48 DPOs
Long-term debt	–	No outstanding debt

YOY Revenue and Operating Profit (Loss)

(\$ in millions)

	Unaudited	
	1Q19	1Q20
Revenue:		
United States	\$ 600	\$ 441
Canada	86	78
International	99	85
Total revenue	785	604
Operating profit:		
United States	\$ 19	\$ (204)
Canada	2	(58)
International	2	(71)
Total operating profit (loss)	23	(333)

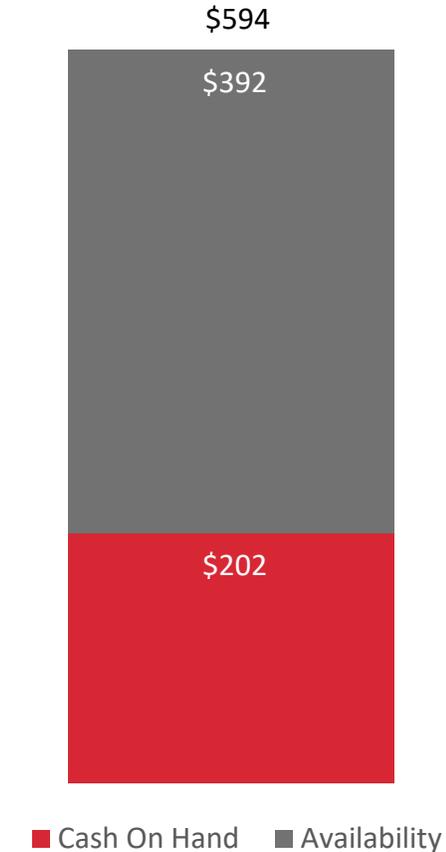
1Q20 operating profit (loss) includes \$320 million in non-cash impairment charges with \$188 million U.S., \$60 million Canada and \$72 million International.

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 \$594 million, which includes \$392 million in availability under the ABL and \$202 million in cash

Total Liquidity at March 31, 2020

(\$ in millions)





Environmental, Social & Governance

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ESG response to COVID-19

- Established crisis business rules
- Remained connected to our customers communicating impacts on product availability and accessibility, as DNOW designated as an “essential” business
- Established a corporate COVID-19 response team to coordinate business activity
- Leveraged network connections to allow working from home to serve customers
- Placed restrictions on domestic and International business travel
- Decreased 3rd Party access to business locations and increased reliance on video and teleconferencing



Environmental

We are committed to working to minimize our impact on the environment through energy management conservation initiatives, air quality improvements, responsible water conservation and recycling where applicable

Energy Management



- Utilizing energy-efficient lighting with motion detection to reduce power consumption
- Using digital tools (Skype, Microsoft Team, etc.) for business and video conferencing to reduce road and air travel

Air Quality



- Facilities with large unpaved driving areas have implemented environmentally-friendly dust control methods to reduce particulate matter (PM) emissions
- Tracking greenhouse gas (GHG) emissions for fleet, modernizing fleet of vehicles for improved fuel efficiency, evaluating new technologies to minimize fleet emissions

Waste Management



- Recycling programs implemented in locations where local waste management providers offer feasible recycling options; includes paper, plastic, cardboard, metal, and wood
- Evaluating implementation of water filling stations to eliminate plastic water bottle waste
- Actively minimizing packaging waste

Water / Wastewater



- DNOW is not a major consumer of water or generator of industrial wastewater
- Many pump repair facilities have implemented water recycling systems to reduce water consumption

Social - Employee and Industry Engagement

Employee Development

- Talent Management
- College Rotational Program (SCMDP)
- HIPO programs
- Leadership Development
- Retain, Attract, Develop (RAD)
- Women's Affinity Group



Employee Engagement

- Employee surveys
- Executive leadership video series and podcasts
- Milestones service awards
- Family appreciation events
- CP1 recognition



Industry Engagement

- Support and funding of industry related associations and scholarships



- PESA Diversity and Inclusion Champions
- Active committee participation with industry trade associations

HIPO: High Potential Employee Development Program, SCMDP: Supply Chain Management Development Program, CP1: Customer Priority One

Social – Social Responsibility

Community Engagement

We engage and support many organizations and groups in the communities where we operate globally.



Governance

We are committed to and recognize the importance of good corporate governance and high ethical standards. DistributionNOW's Code of Business Conduct and Ethical Standards enhances our relationships with key stakeholders, including our people, customers, suppliers, other business partners, shareholders, and local communities around the world.

Core Industry Experience (in years)

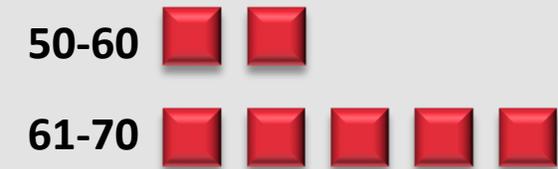


Director Tenure (in years)*



Average Tenure: 5.4 years | * As of January 2019

Age*



Average Age: 64 years | * As of January 2019

Director Independence



Director Diversity



Other Corporate Governance Highlights:

1. 6 out of 7 independent directors
2. Majority voting to elect board members
3. Annual say on pay voting
4. Independent Chair of the Board
5. Independent committee chairs
6. Clawback policy to recover executive compensation

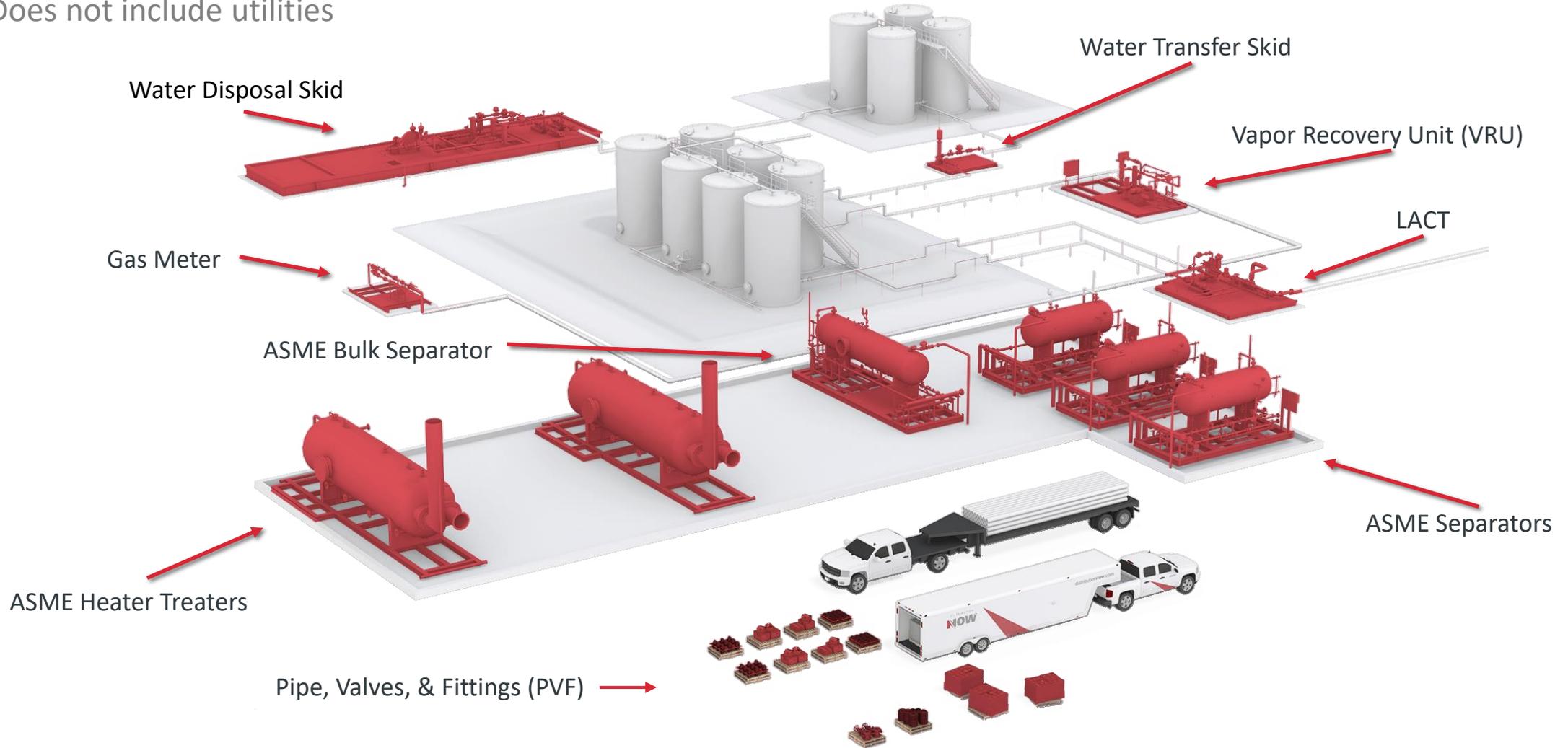


Appendix

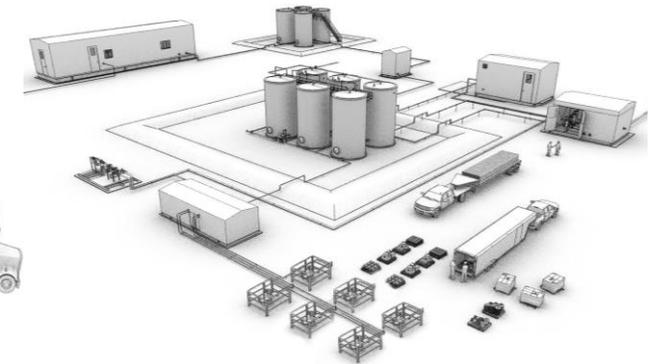
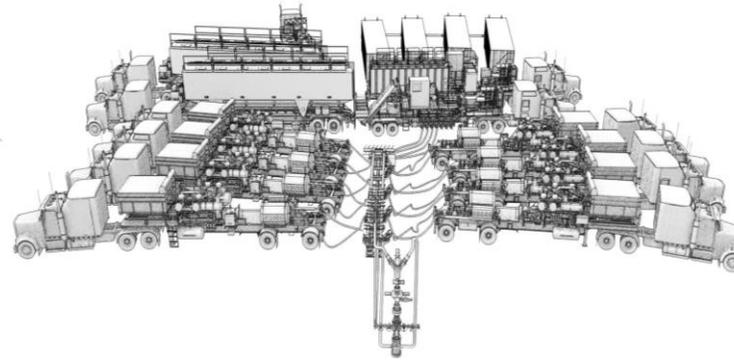
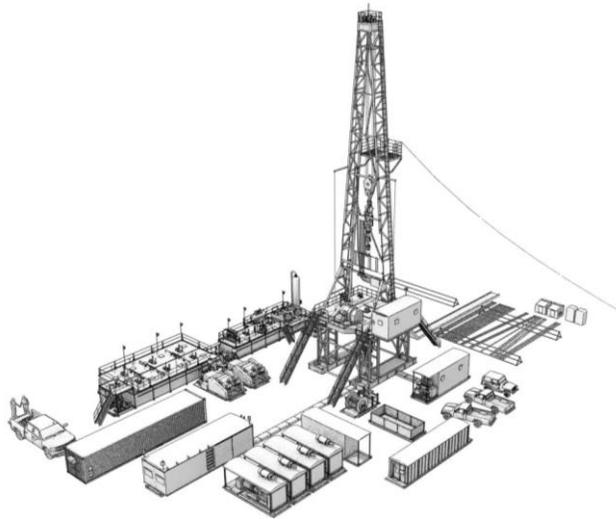
WELLSITE ONSHORE TANK BATTERY EXAMPLE

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*	60-80 days	45-60 days	45-60 days
Customer	Drilling Contractors	Service Companies	E&P Operators

*Estimates based on a 6 well pad



Thank You

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INVESTOR RELATIONS

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