

**D**Now™

# Key Takeaways

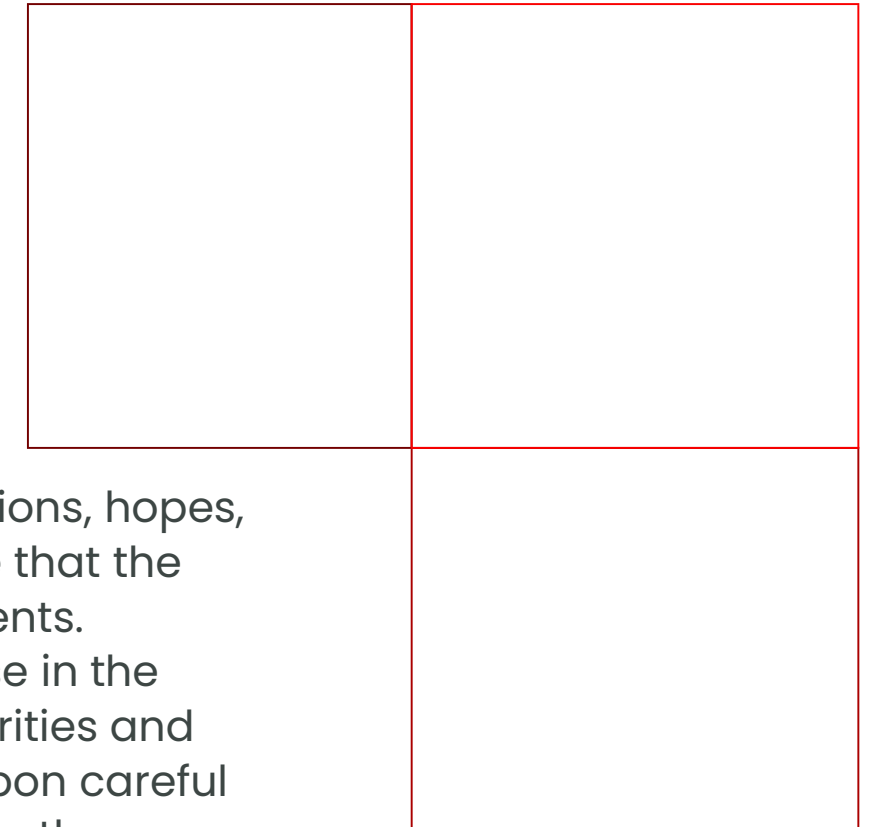
Second Quarter 2024

## 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 DNOW Inc. excluding other costs and (iii) diluted earnings (loss) per share attributable to DNOW 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.



# Key Takeaways

2Q24

- ▶ Revenue of \$633M for the second quarter, up \$70M sequentially, primarily due to a full quarter contribution from the Whitco acquisition, against lower U.S. well completions and low U.S. natural gas prices
- ▶ GAAP Net Income attributable to DNOW Inc. of \$24M for the second quarter; GAAP diluted EPS attributable to DNOW Inc. stockholders of \$0.21 for the second quarter
- ▶ Non-GAAP Net Income\* of \$28M for the second quarter, up \$5M sequentially; Non-GAAP diluted EPS\* of \$0.25, up \$0.04 sequentially
- ▶ EBITDA\* of \$50M or 7.9% of revenue for the second quarter
- ▶ Net cash provided by operating activities of \$21M for the second quarter of 2024; \$102M year to date

\*Excluding other costs (non-GAAP)

# Key Market Indicators

## WTI/Rig Counts

WTI avg of \$82 per barrel for 2Q24

•  
U.S. avg rig count of 603, lower 3% sequentially

•  
Canada avg rig count of 137, lower 34% sequentially due to break up

•  
International avg rig count of 963, flat sequentially

•  
Global avg rig count of 1,703, lower 5% sequentially



**DNOW annualized revenue per rig at \$1.5M for 2Q24**

## U.S. Completions\*

June ended with a U.S. completions count of 909 wells in EIA regions

•  
2Q24 avg of 919 U.S. completions, 4% lower sequentially



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

## U.S. DUCs\*

June ended with a DUC count of 5,452 wells in EIA regions

•  
2Q24 avg of 5,478 wells, lower 1% sequentially



\*EIA STEO report released 7/9/2024

**DUCs are future revenue opportunities for DNOW**

# 2Q24 Segment Results (Year-over-Year)

## United States

- Revenue increased from an acquisition completed in 1Q24; partially offset by the weakening of drilling and completions activity
- Operating profit remained relatively flat primarily due to an increase in expenses related to an acquisition completed in the 1Q24, including transaction related charges for cost of inventory that was stepped up to fair value during purchase accounting, partially offset by the increase in revenue

## Canada

- Revenue lower primarily due to weaker project activity
- Operating profit decreased due to the decline in revenue

## International

- Revenue decline primarily driven by a much stronger 2Q23 project environment
- Operating profit declined due to reduced revenue

	2Q23	2Q24	Var.	Var. %
United States	456	512	56	12%
Canada	66	56	(10)	-15%
International	72	65	(7)	-10%
<b>Revenue</b>	<b>594</b>	<b>633</b>	<b>39</b>	<b>7%</b>
United States	29	28	(1)	
Canada	3	2	(1)	
International	4	3	(1)	
<b>Operating Profit</b>	<b>36</b>	<b>33</b>	<b>(3)</b>	
<i>United States</i>	6.4%	5.5%		
<i>Canada</i>	4.5%	3.6%		
<i>International</i>	5.6%	4.6%		
<i>Operating Profit %</i>	6.1%	5.2%		

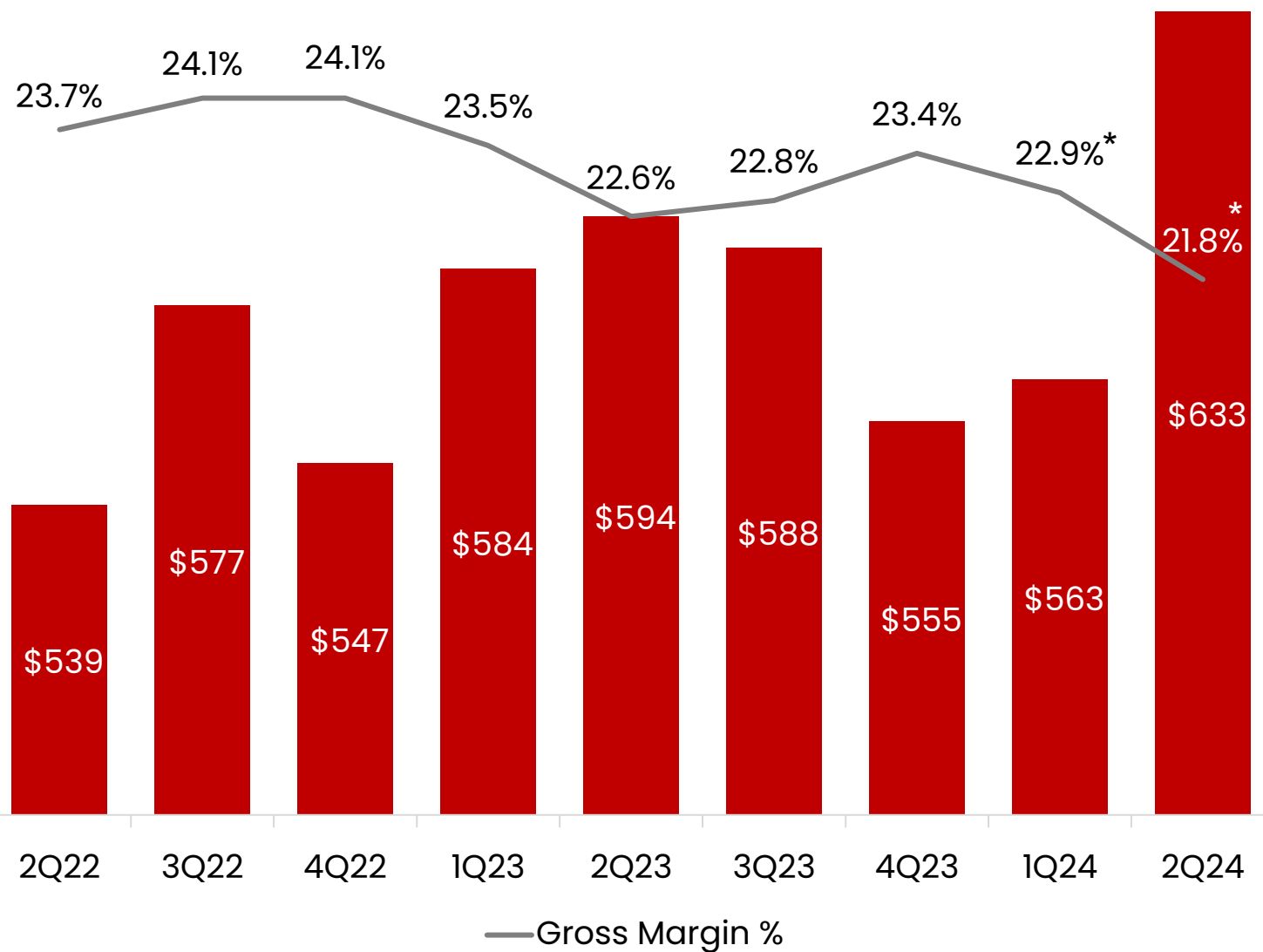
### % of U.S. Revenue

<i>U.S. Energy</i>	71%	74%
<i>U.S. Process Solutions</i>	29%	26%

# Selected Quarterly Results

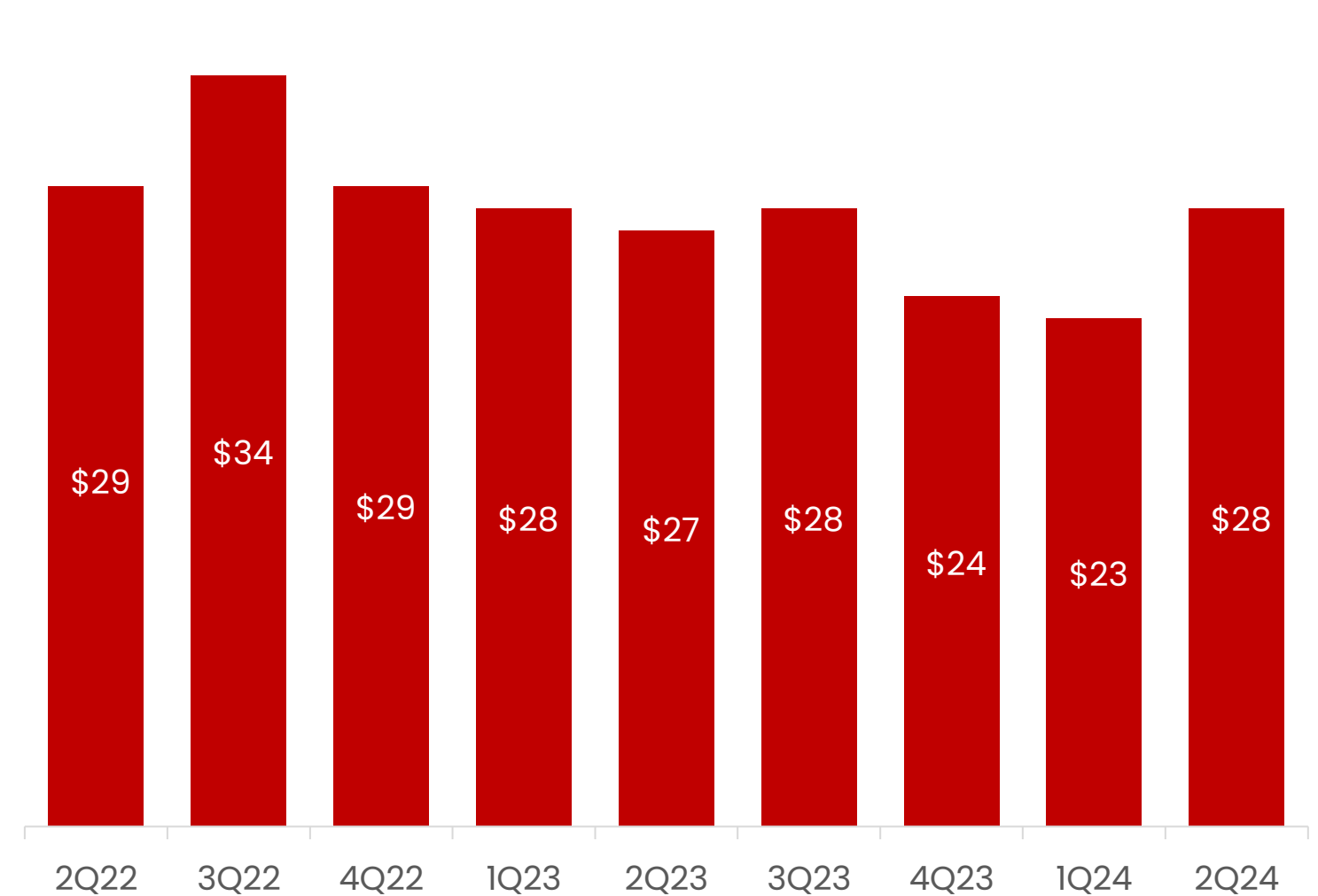
## Revenue & Gross Margin Percent

(\$ in millions)



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

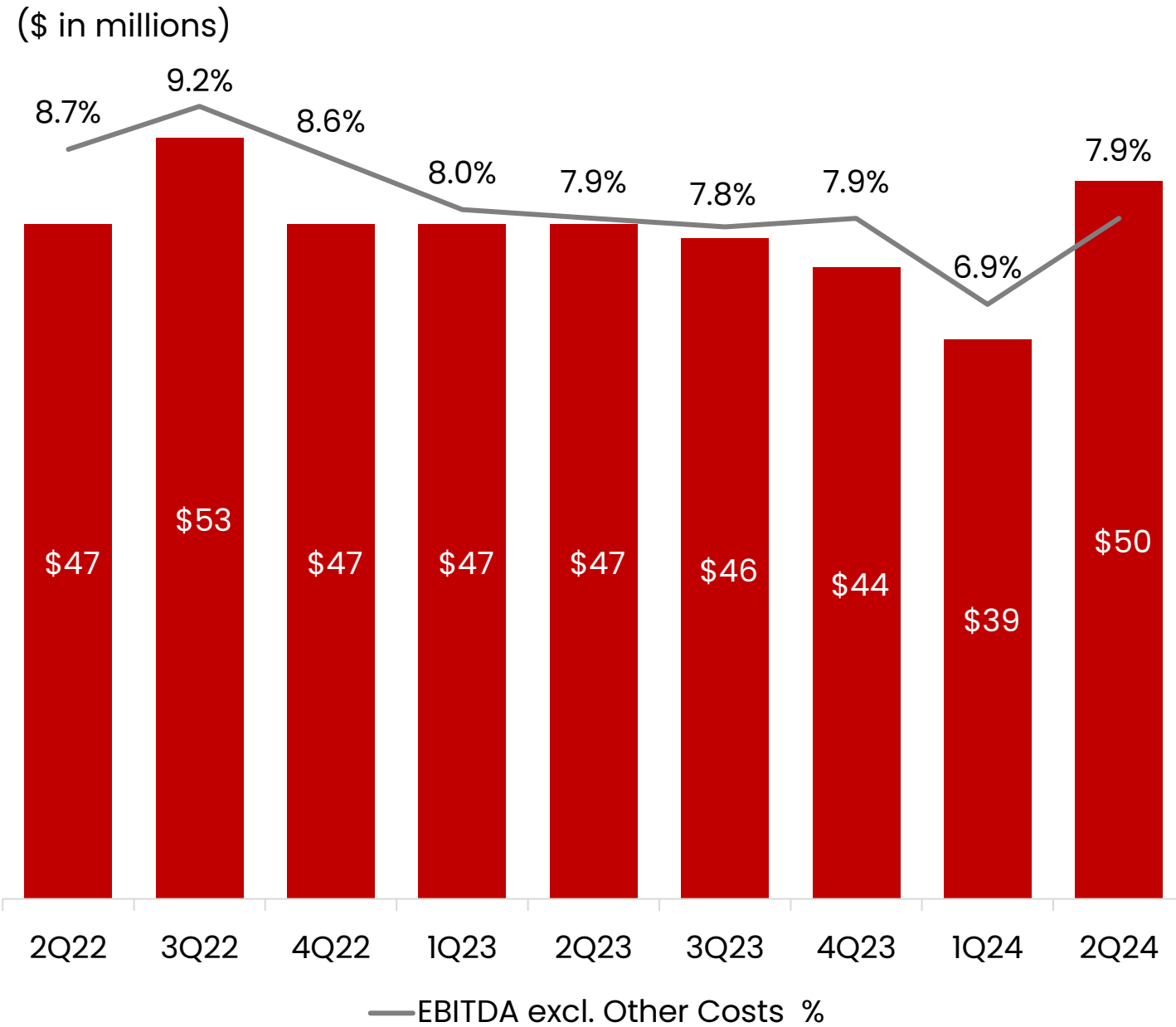
(\$ in millions)



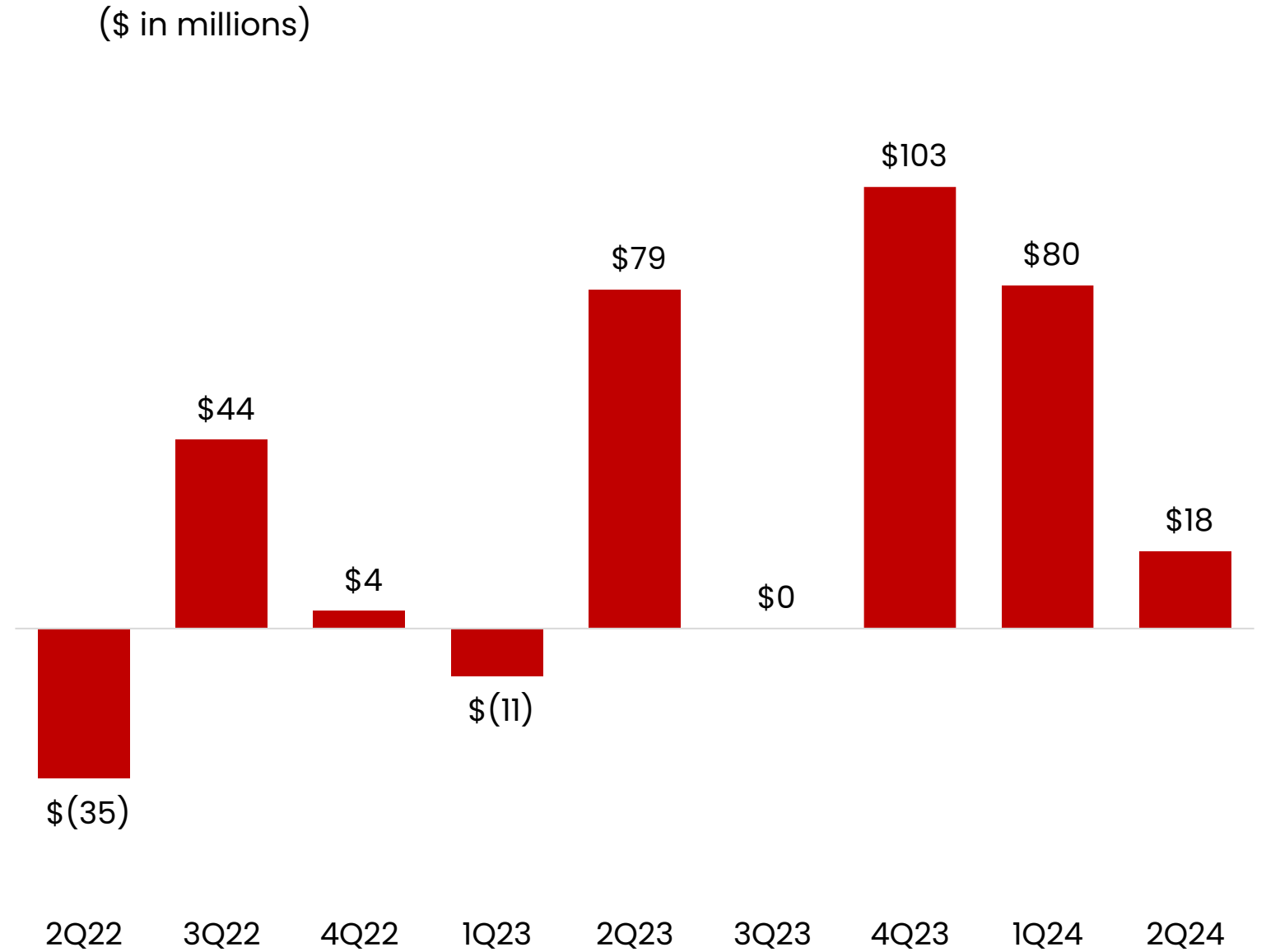
\* Includes charges for cost of inventory that was stepped up to fair value during acquisition purchase accounting for 1Q24 (\$1M) and 2Q24 (\$4M)

# Selected Quarterly Results

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



## Free Cash Flow\*



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

# Selected Quarterly Results

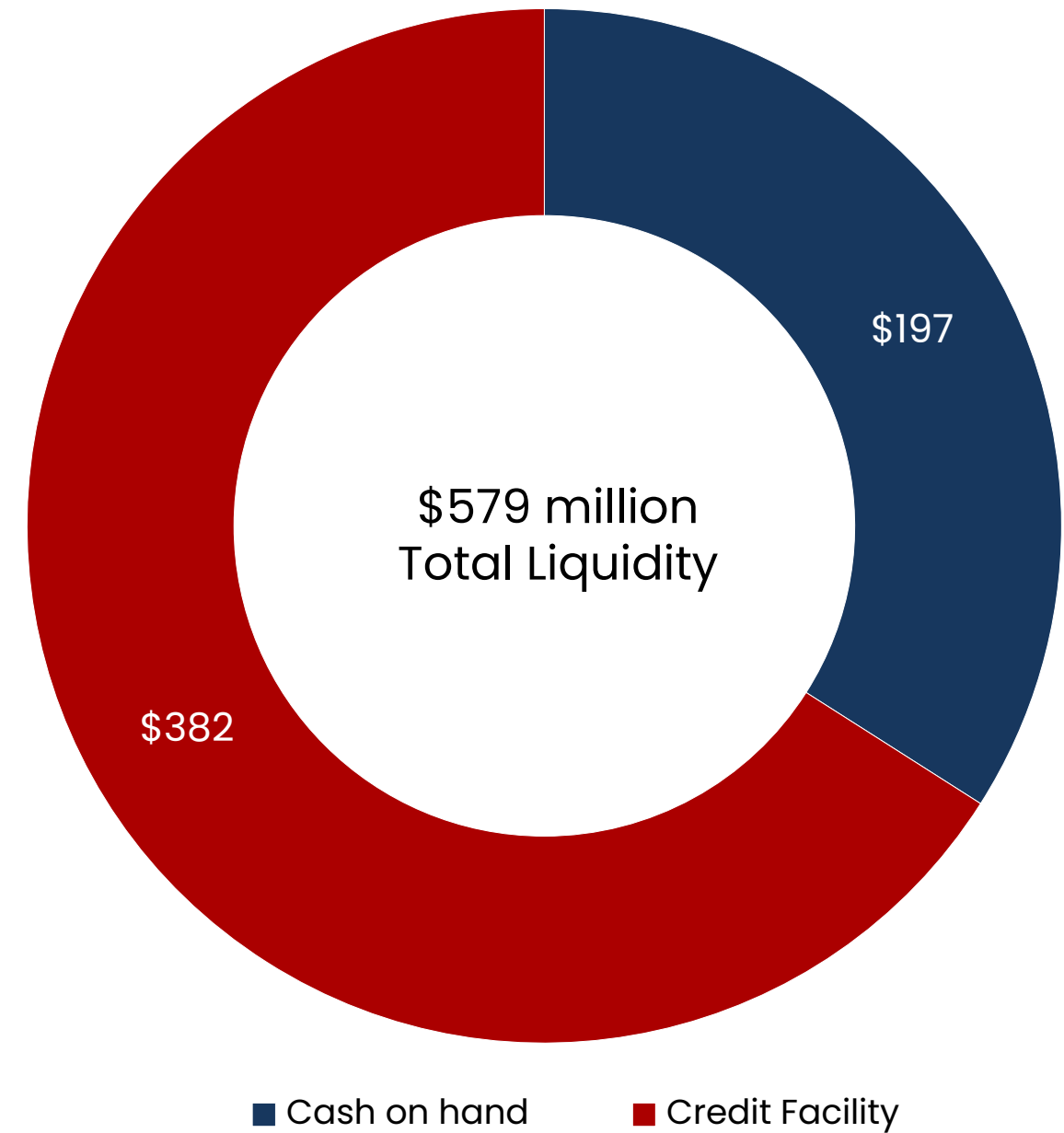
## Working Capital excl. Cash and as % of Revenue

(\$ in millions)



## Total Liquidity at June 30, 2024

(\$ in millions)





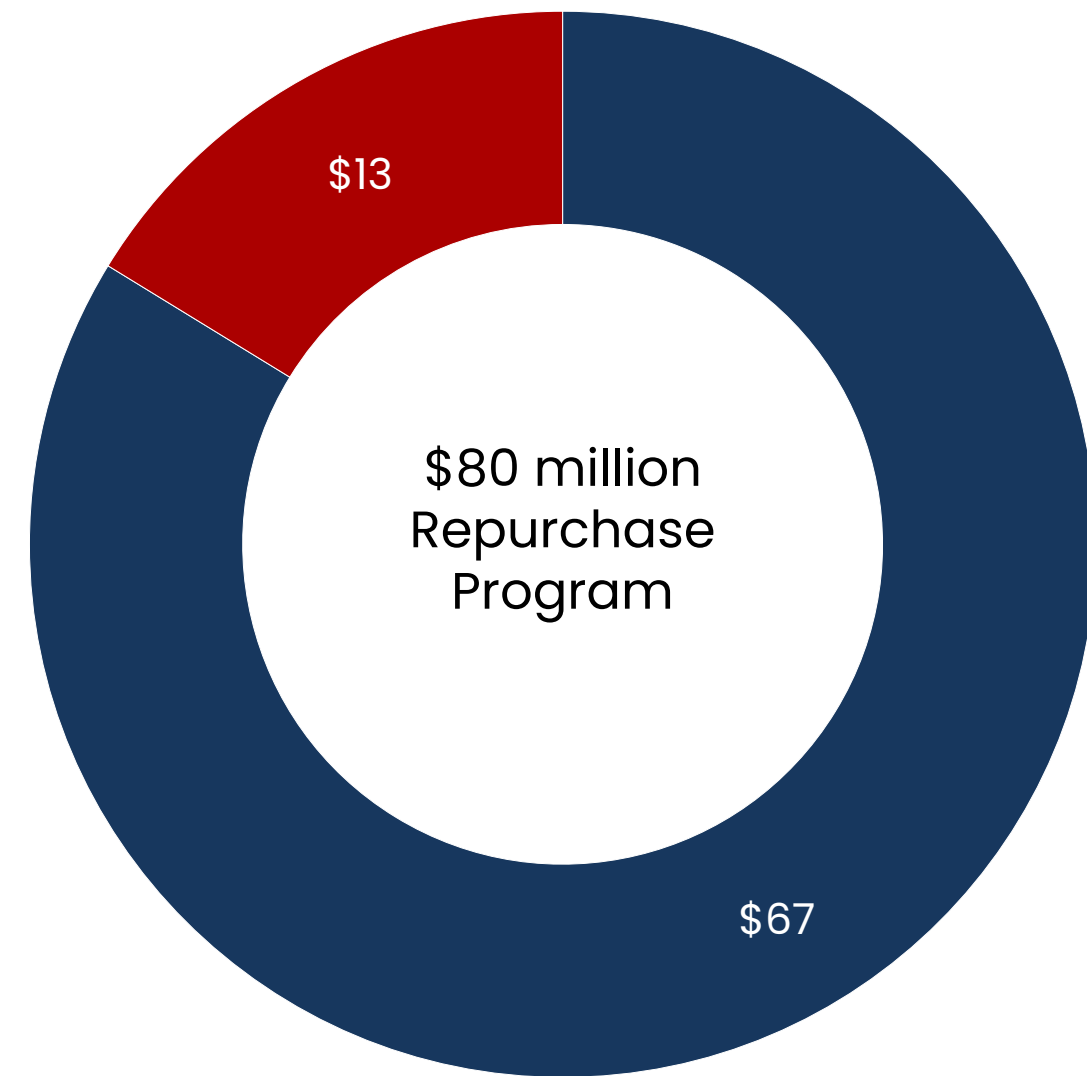
# Share Repurchases

\$80 million share repurchase program

- ▶ Repurchased approximately \$10M of shares during the quarter, with \$67M accumulated through 2Q24<sup>(1)</sup>
- ▶ Program authorized through December 2024
- ▶ We take an opportunistic approach to the repurchase of shares based on working capital requirements and acquisition opportunities

(\$ in millions)

## Repurchase Program



■ Dollars Purchased ■ Dollars Remaining

<sup>(1)</sup> Excludes excise tax on share repurchases

# Wrap-Up

## Outlook

- ◆ Full-year 2024 revenue expected to increase in the low-to-mid single digit percentage range compared to full-year 2023 revenue
- ◆ Full-year 2024 EBITDA as a percent of revenue could approximate 7.0% to 7.5%
- ◆ 3Q24 sequential revenue expected to be flat-to-down 5% from 2Q24 with EBITDA approximating 7% of third quarter revenue
- ◆ Full-year 2024 free cash flow could approach \$200 million
- ◆ Continue to evaluate a number of accretive deals in our M&A pipeline

\*Excluding other costs (non-GAAP)

# Investor Relations

**Brad Wise**

Vice President, Digital Strategy & Investor  
Relations

Contact email: [ir@dnw.com](mailto:ir@dnw.com)

For the most recent investor presentation, please  
[click here](#)

**DNOW**

Run Stronger.