DNOW

Key Takeaways

THIRD QUARTER 2023

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

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3Q23 Key Takeaways

- Revenue of $588M, up 2% year-over-year, compared to a global rig count decline of 1% year-over-year, while the average U.S. rig count has declined 15% from 3Q22 to 3Q23
- GAAP Net Income attributable to NOW Inc. of $35M; GAAP diluted EPS attributable to NOW Inc. stockholders of $0.32
- Non-GAAP Net Income* of $28M; Non-GAAP diluted EPS* of $0.25
- EBITDA* of $46M or 7.8% of revenue
- Gross margins improved 20 bps sequentially to 22.8%
- Warehouse, Selling & Administration (WSA) as a percent of revenue was flat sequentially at 16.5% during the quarter
- Cash flows from operating activities of $4M, with break-even free cash flow given CapEx of $4M in the quarter
- Repurchased $5M in shares during the quarter; $56M accumulated through 3Q23

* Excluding other costs (non-GAAP)

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Key Market Indicators

WTI/Rig Counts

- WTI avg of $82 per barrel for 3Q23, up 12% sequentially
- U.S. avg rig count of 651, lower 10% sequentially
- Canada avg rig count of 188
- International avg rig count of 951
- Global avg rig count of 1,790

DNOW annualized revenue per rig at **$1.3M** for 3Q23

U.S. DUCs*

- September ended with a DUC count of 4,681 wells in EIA regions
- 3Q23 avg of 4,733 wells, lower 4% sequentially

DUCs are future revenue opportunities for DNOW

U.S. Completions*

- September ended with a U.S. completions count of 919 wells in EIA regions
- 3Q23 avg of 950 wells, 10% lower sequentially

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

**EIA DPR report released 10/16/2023*

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3Q23 Segment Results (Year-over-Year)

	3Q22	3Q23	Var.	Var. %
United States	435	448	13	*3%*
Canada	86	68	(18)	*-21%*
International	56	72	16	*29%*
Revenue	**577**	**588**	11	*2%*
United States	31	29	(2)	
Canada	10	6	(4)	
International	3	2	(1)	
Operating Profit	**44**	**37**	(7)	
United States	*7.1%*	*6.5%*		
Canada	*11.6%*	*8.8%*		
International	*5.4%*	*2.8%*		
Operating Profit %	*7.6%*	*6.3%*		
% of U.S. Revenue				
U.S. Energy	*77%*	*70%*		
U.S. Process Solutions	*23%*	*30%*		

- **United States**
  - Increase aided by incremental revenue from acquisitions completed in 4Q22 and 2Q23, partially offset by the weakening drilling and completions activity
  - Operating profit decreased primarily due to a decrease in gross margins
- **Canada**
  - Revenue lower primarily due to decrease in Canadian rig count, combined with unfavorable foreign exchange rate impact
  - Operating profit decreased due to decline in revenue
- **International**
  - Revenue growth due to stronger project activity and increase in international rig count
  - Operating profit decreased primarily due to a decrease in gross margins

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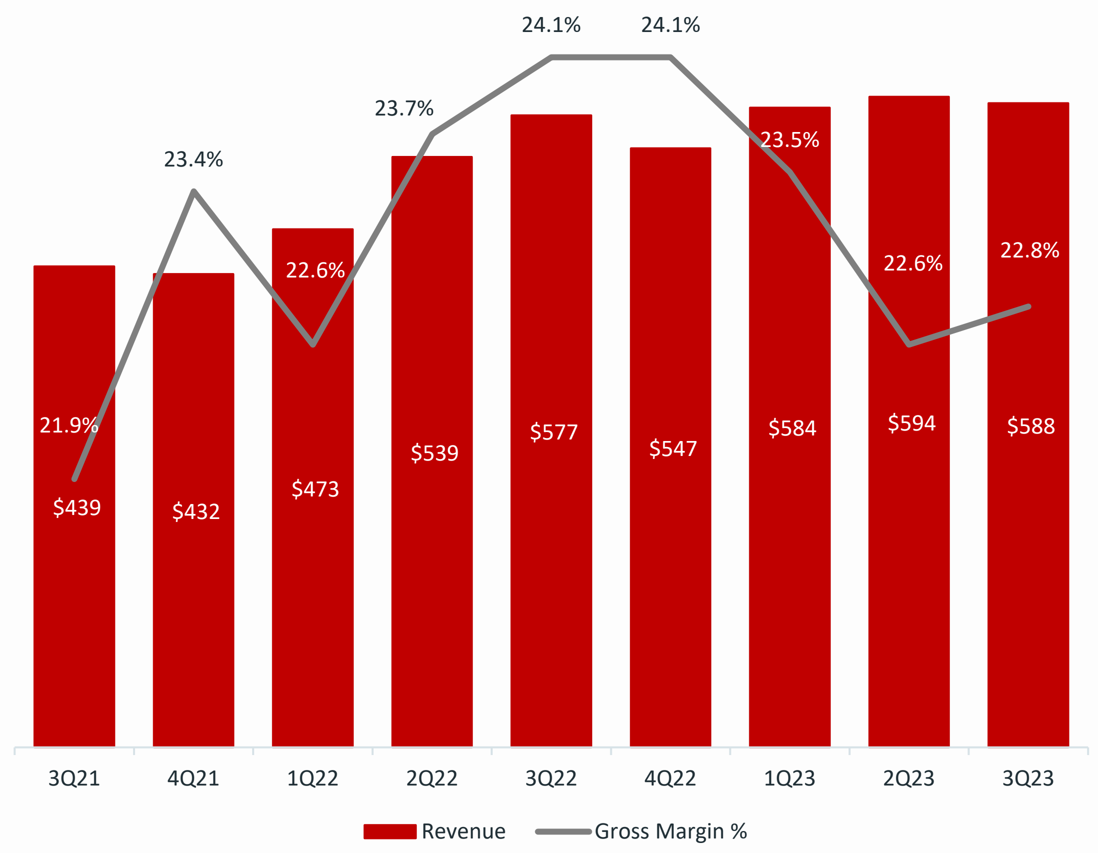
Selected Quarterly Results

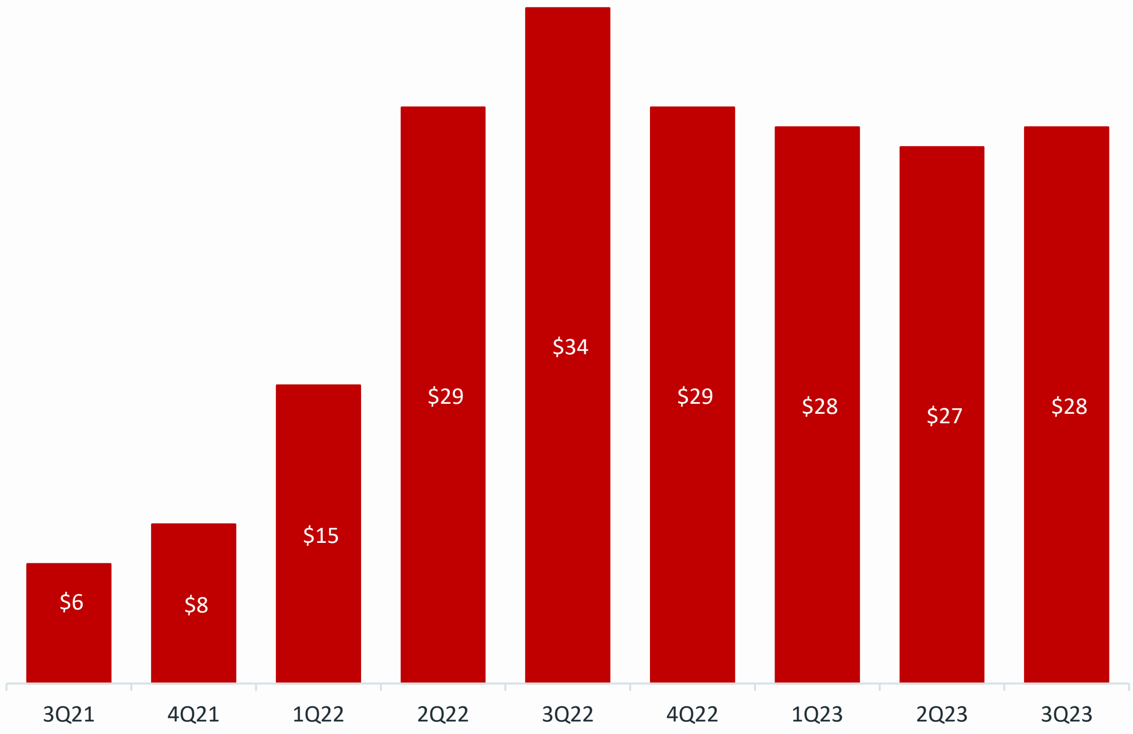
Revenue & Gross Margin Percent

($ in millions)



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

($ in millions)



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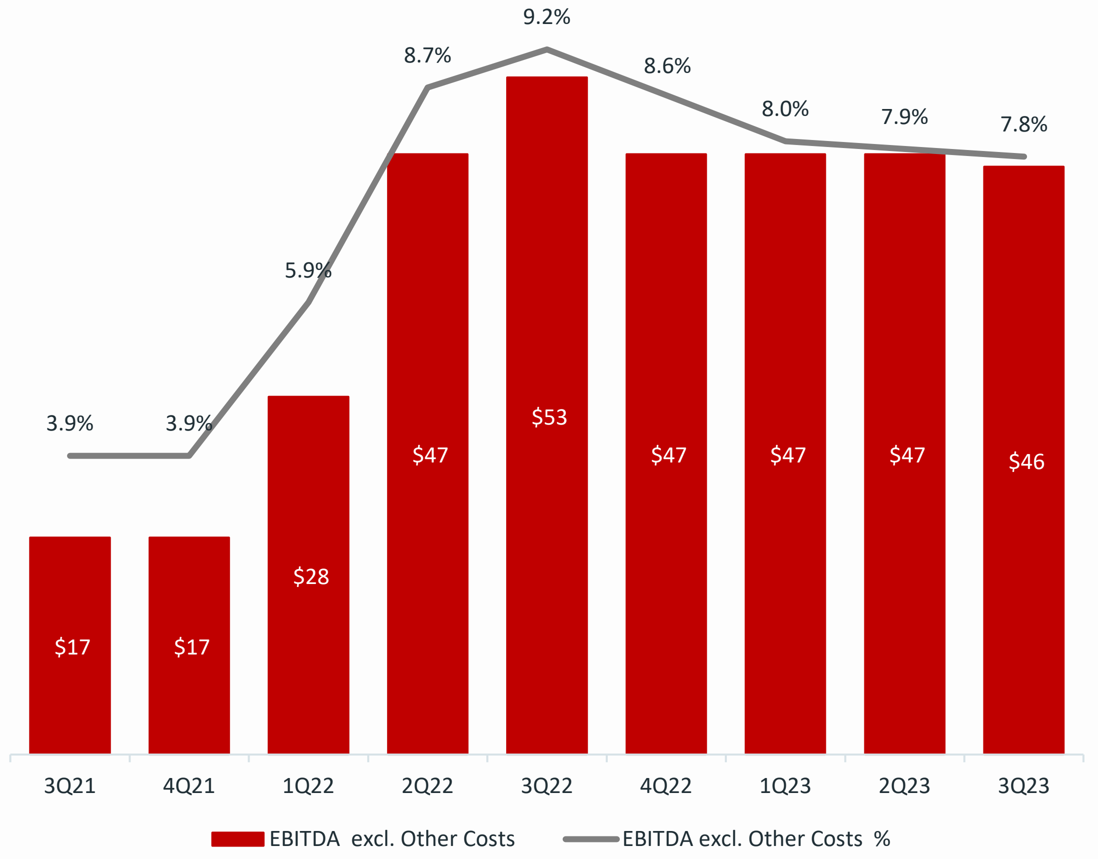
Selected Quarterly Results

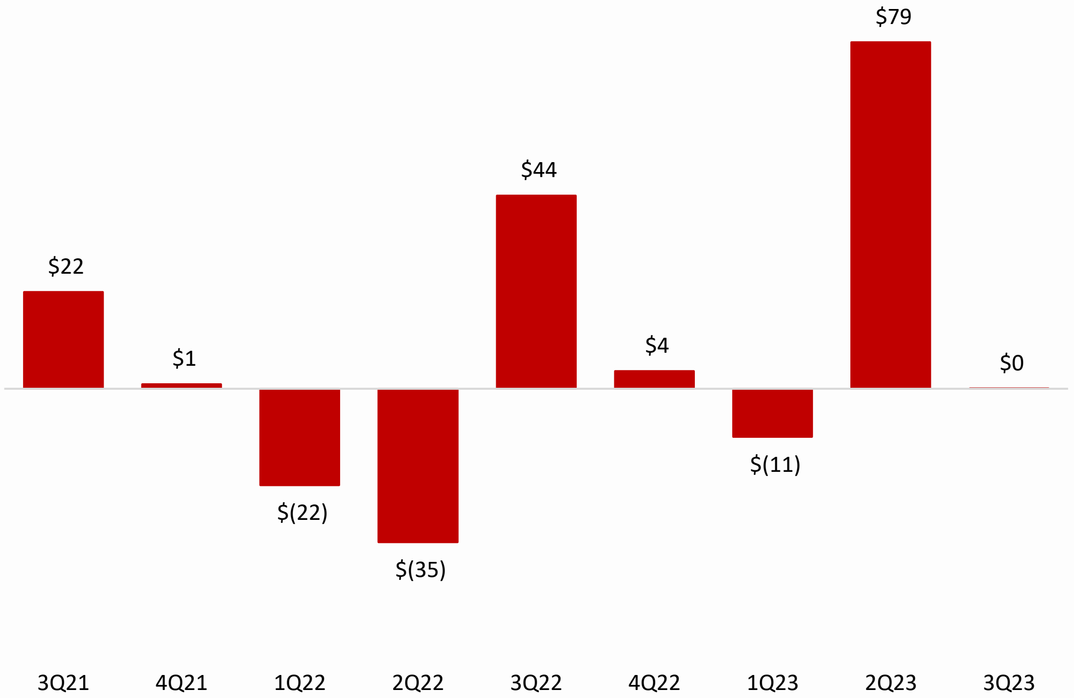
EBITDA excl. Other Costs (Non-GAAP)

($ in millions)



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*

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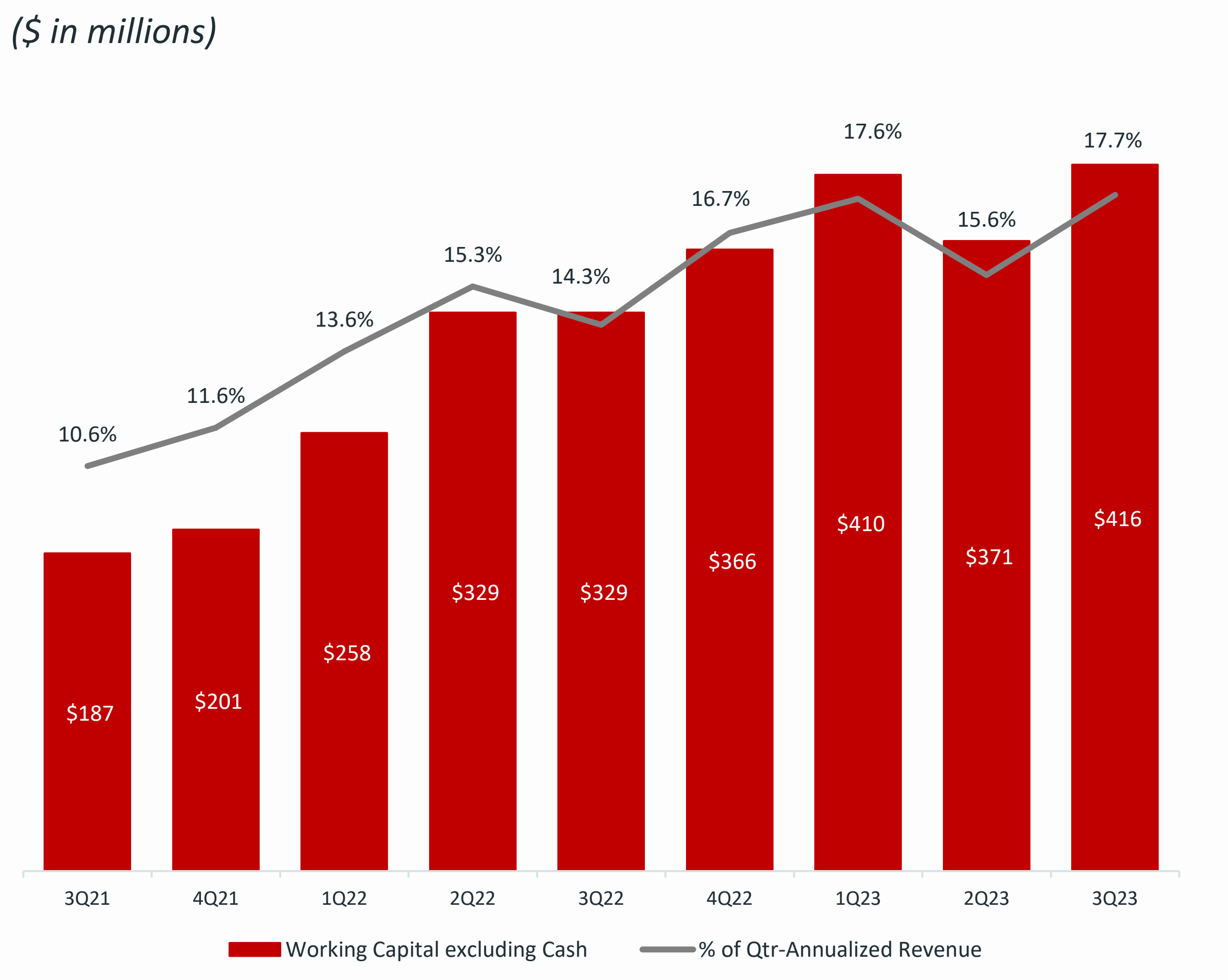
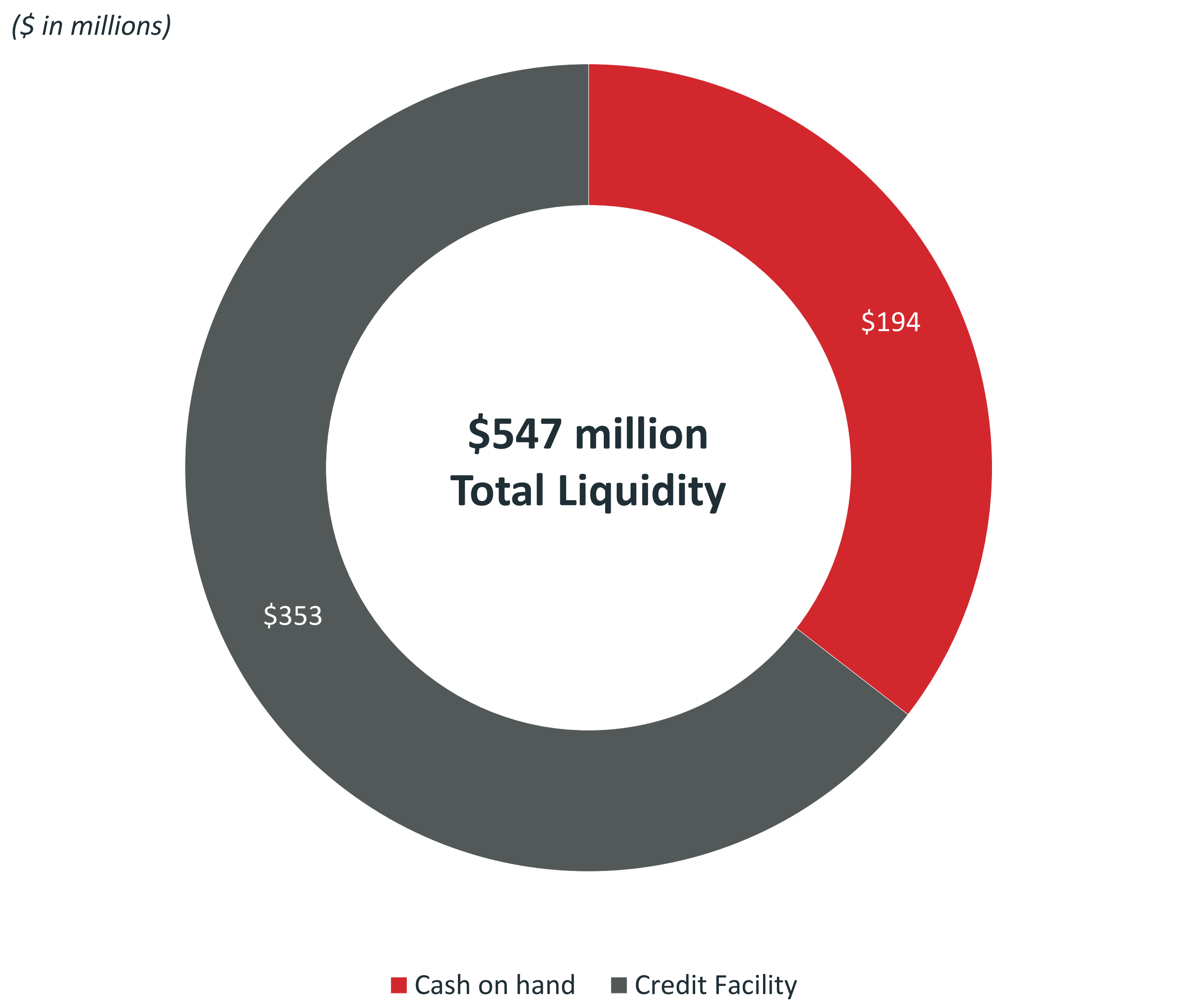
Selected Quarterly Results

Working Capital excl. Cash



Total Liquidity at September 30, 2023



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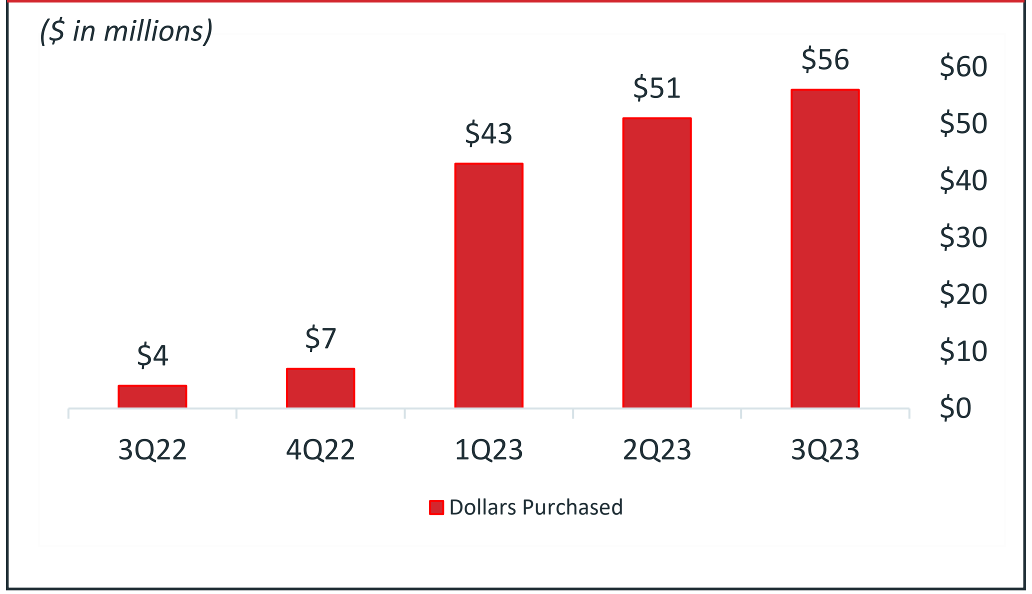
Share Repurchases

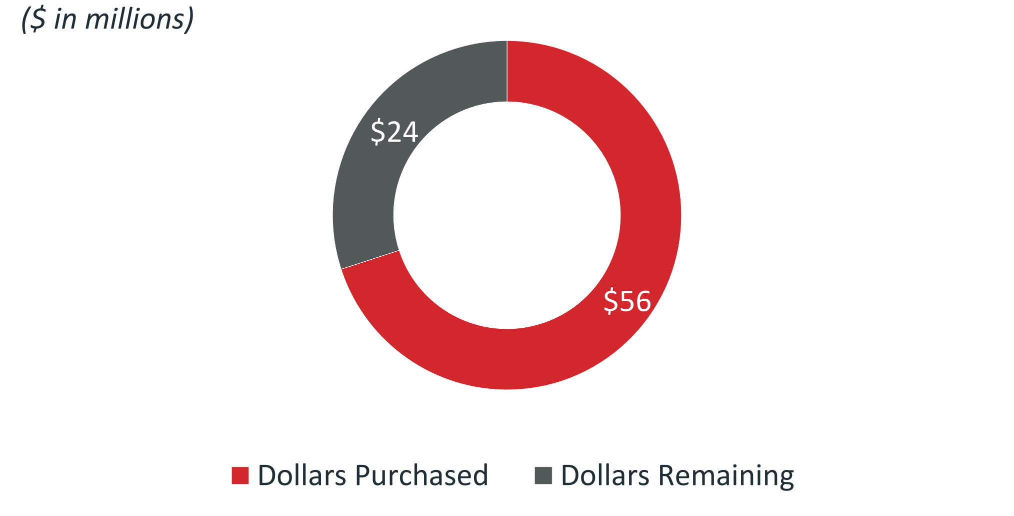
$80 million share repurchase program

- Repurchased $5M of shares during the quarter, with $56M accumulated through 3Q23
- Shares retired at average price of $10.65 per share in 3Q23
- Program authorized through December 2024

Cumulative Share Repurchases



Repurchase Program



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CEO Wrap-Up and Guidance

- 3Q23 revenues were resilient, declining 1% sequentially, despite U.S. rig count declining 10%
- 3Q23 International revenue was flat sequentially and up 29%, compared to 3Q22
- Gross margins improved 20 bps sequentially
- Carbon capture market is gaining traction; DNOW positioning to be vital energy evolution partner
- Repurchased approximately $5M of common stock in the third quarter, accumulating $56M of the $80M authorized
- Debt free, $194M in cash, and total liquidity $547M as we evaluate margin accretive deals in our pipeline

Guidance

- Full-year 2023 revenue to increase approximately 8% compared to full-year 2022 revenue, at the low end of our prior guidance, despite sequential U.S. rig declines in 1Q23, 2Q23 and a 10% reduction in 3Q23 alone
- Full-year 2023 EBITDA* to approximate 2022 absolute dollar levels
- Reaffirm full-year 2023 cash flow from operating activities to approximate $120 million, or $100 million in full-year 2023 free cash flow

* Excluding other costs (non-GAAP)

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