



# Investor Relations

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FIRST QUARTER 2022

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.

To better align with management's evaluation of the Company's performance and to facilitate comparison of our results to those of peer companies, beginning for the fourth quarter and full-year ended December 31, 2021, EBITDA excluding other costs excludes non-cash stock-based compensation expense. Prior periods presented have been adjusted to conform with the current period presentation.



# Vision

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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.



# Driving Supply Chain Efficiency through Speed, Technology and Innovation

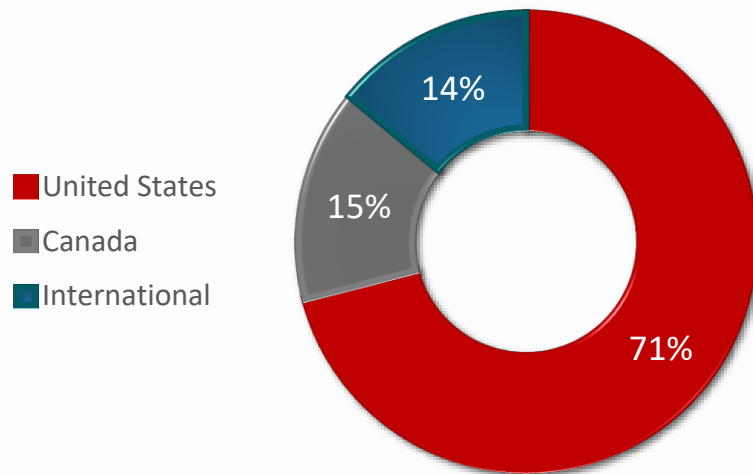
NYSE Ticker  
Countries  
Locations

DNOW  
20+  
~175

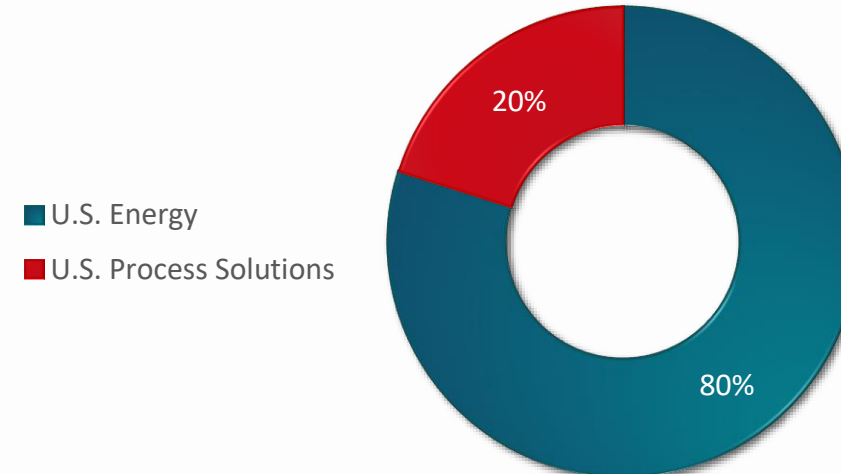
Employees ~2,300  
ERP System SAP™

- Legacy 160 years operating
- Comprehensive network of energy center, customer onsite and process solutions locations complemented with an online commerce channel
- Support major land and offshore operations for all the key energy producing regions around the world
- Key markets: North America, South America, The Netherlands, the Middle East, Asia Pacific, CIS

2021 Revenue by Reporting Segment



2021 United States Revenue by Channel



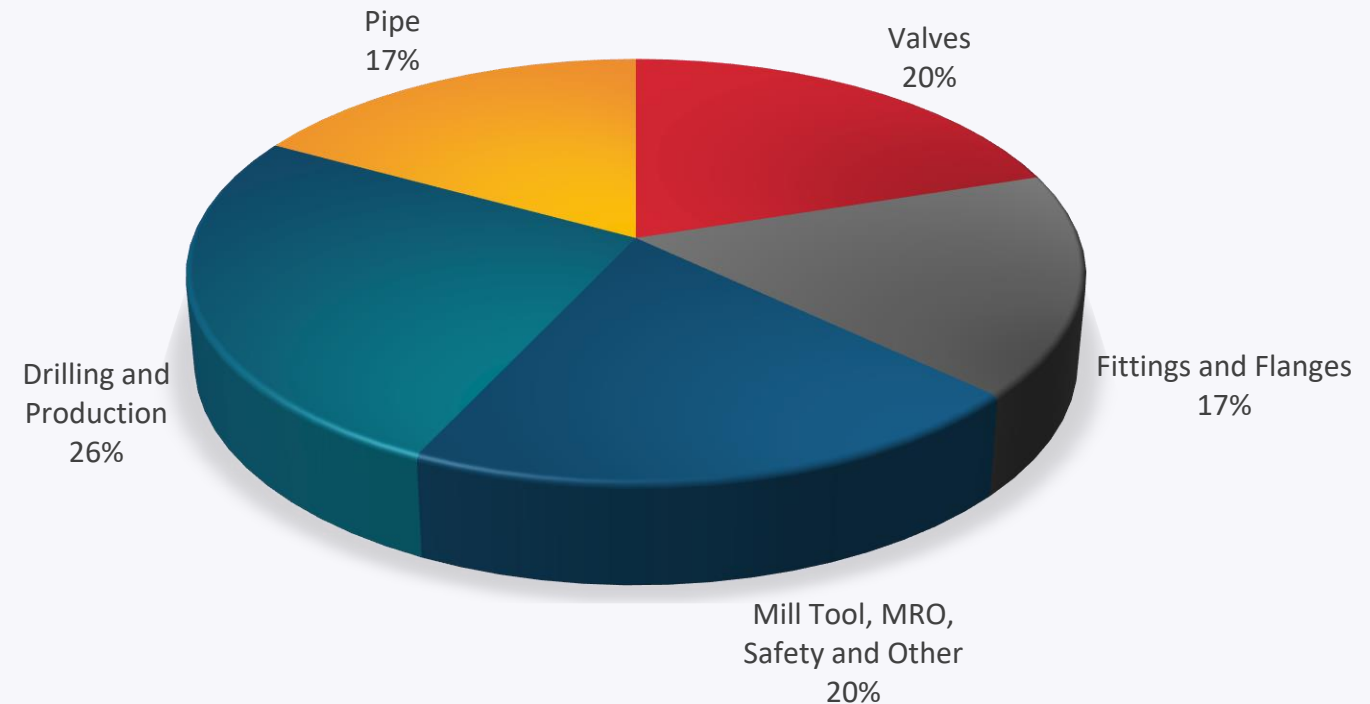
# Comprehensive Product Offering and Balanced Revenue Mix

DNOW carries a **comprehensive 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

**2021 Product Mix**



# Global Operations

## Company Locations

- Locations
- Supercenters

### Supercenters:

#### United States

Casper, WY  
Houston, TX  
Odessa, TX  
Williston, ND

#### Canada

Edmonton, Alberta  
Estevan, Saskatchewan

#### Europe

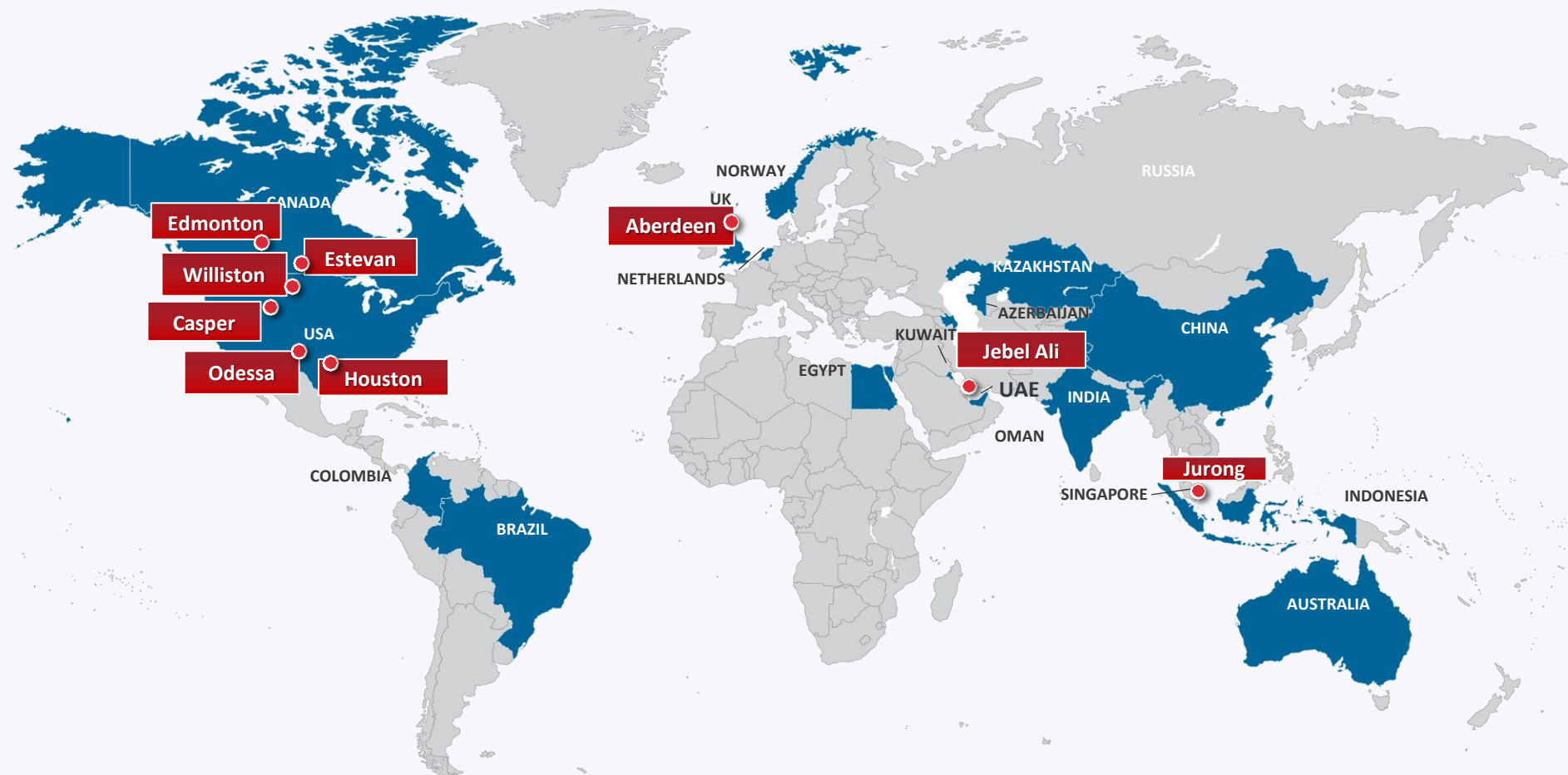
Aberdeen, Scotland

#### MENA

Jebel Ali, U.A.E.

#### Asia

Jurong, Singapore





# Blue-Chip Suppliers and Customers Across the Globe

Thousands of Suppliers in ~40 countries



DISTRIBUTION  
**NOW**

Supporting Customer Operations in ~80 countries

## Drilling Contractors



## Exploration & Production



## Midstream

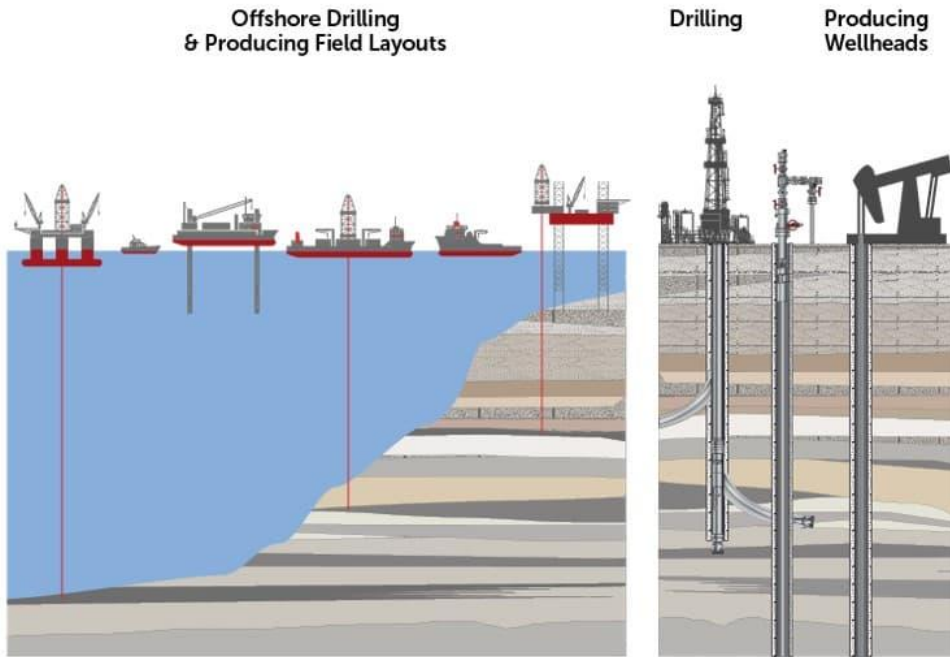


## Downstream, Industrial and Mining

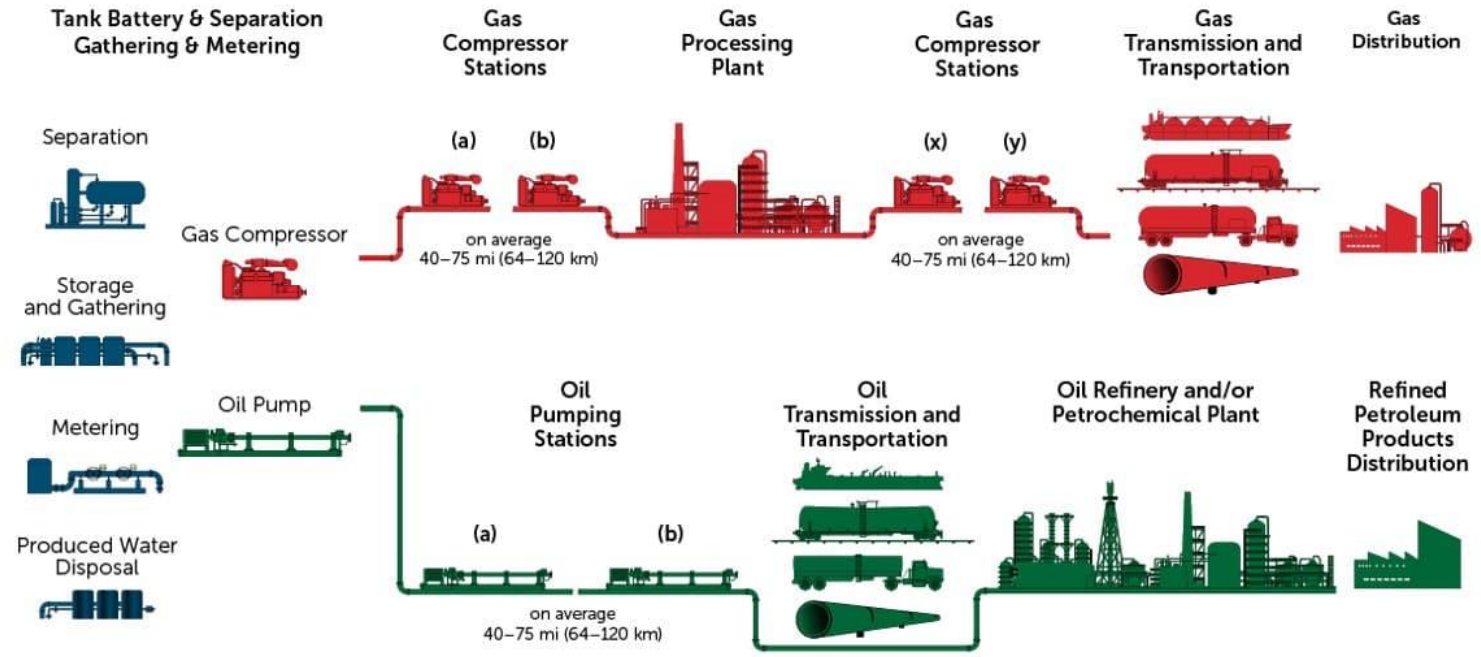


# DNOW is a Critical Link from Drilling to Distribution

## Upstream



## Midstream





# Providing Value-Added Solutions Across All Channels



## Energy Centers

Global branch network supplying products locally to upstream, midstream and downstream energy customers



Provides wide array of products and value locally in major oil and gas regions



## Customer Onsite And Integrated Supply

On-site model offering customizable products, services and solutions to the energy and industrial markets



Reduces customers' total costs including operating expenses and invested capital



## U.S. Process Solutions

Process, production and fluid handling equipment in the form of engineering, design, installation, fabrication, rental and aftermarket service



Meets demand for turnkey tank battery production facilities, midstream gathering and transmission

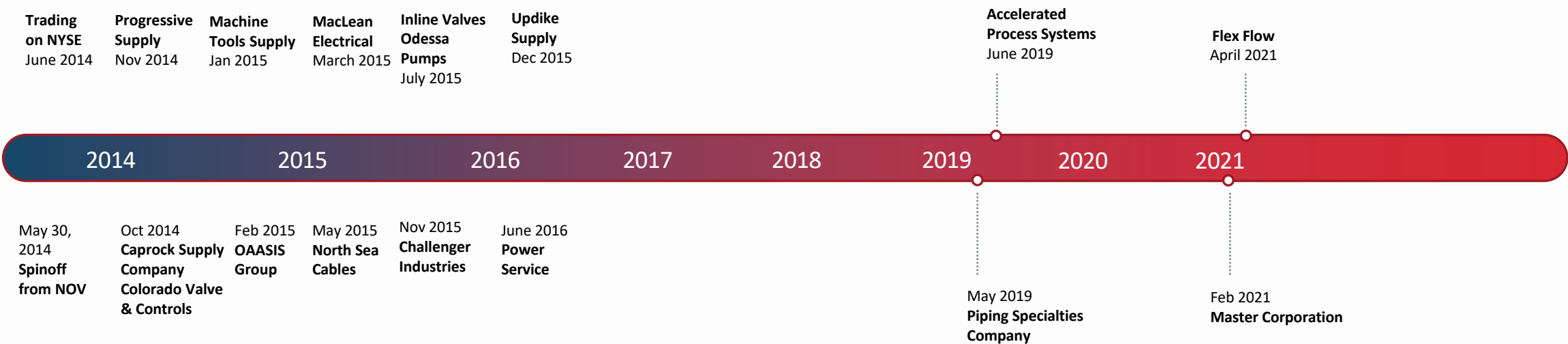
# Driving Growth through Acquisitions

## Clearly Defined Acquisition Strategy

- Acquire value-add solutions with sustainable competitive advantages
- Leverage acquired product lines to gain organic share
- Expand Process Solutions value proposition
- Target end-market diversification



## Track Record of Success





# First Quarter 2022

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AT A GLANCE

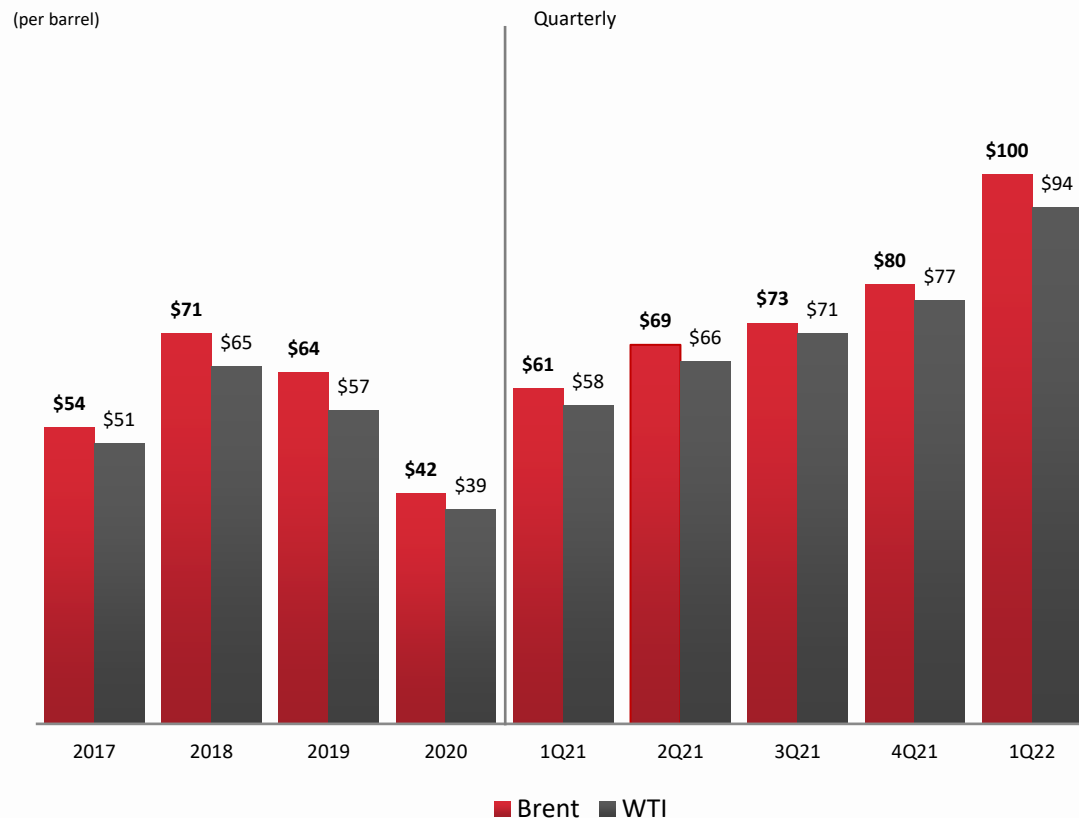
Energy Delivered.™

DISTRIBUTION **NOW**



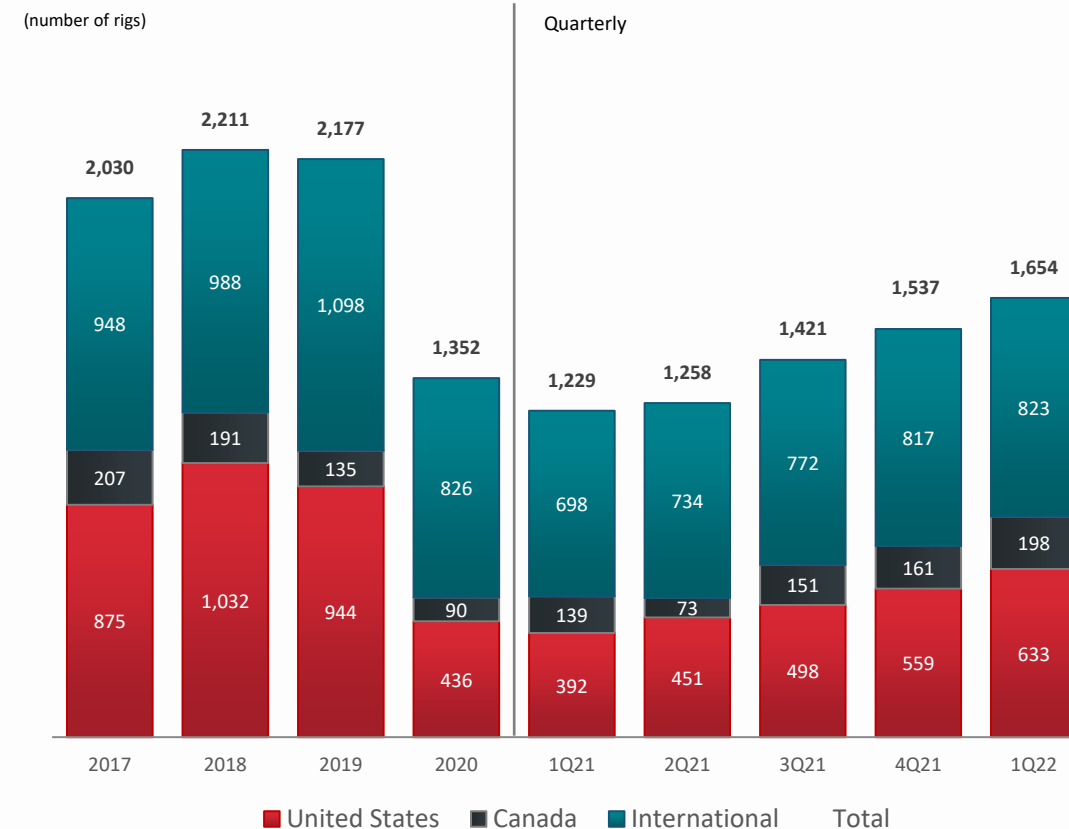
# Key Market Indicators

## Average Oil Prices



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

## Average Rig Count



Source: Baker Hughes, Inc.

# 1Q22 Key Market Indicators

## WTI/Rig Counts

- WTI avg of \$94 per barrel for 1Q22
- U.S. avg rig count of 633, up 13% sequentially
- Canada avg rig count of 198, up 23% sequentially
- International avg rig count of 823, up 1% sequentially



DNOW annualized revenue per rig at \$1.1M for 1Q22

## U.S. DUCs

- March ended with a DUC count of 4,293 wells in EIA DPR regions
- 1Q22 avg of 4,416 wells, lower 10% sequentially



DUCs are future revenue opportunities for DNOW

## U.S. Completions

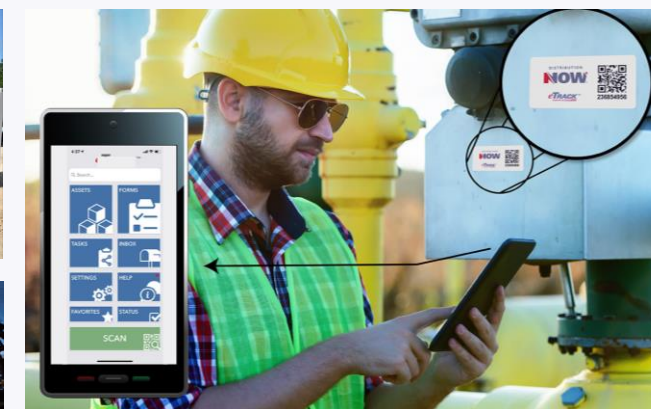
- March ended with a U.S. completions count of 937 wells in EIA DRP regions
- 1Q22 avg of 925 wells, up 3% sequentially



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

# 1Q22 Investment Highlights

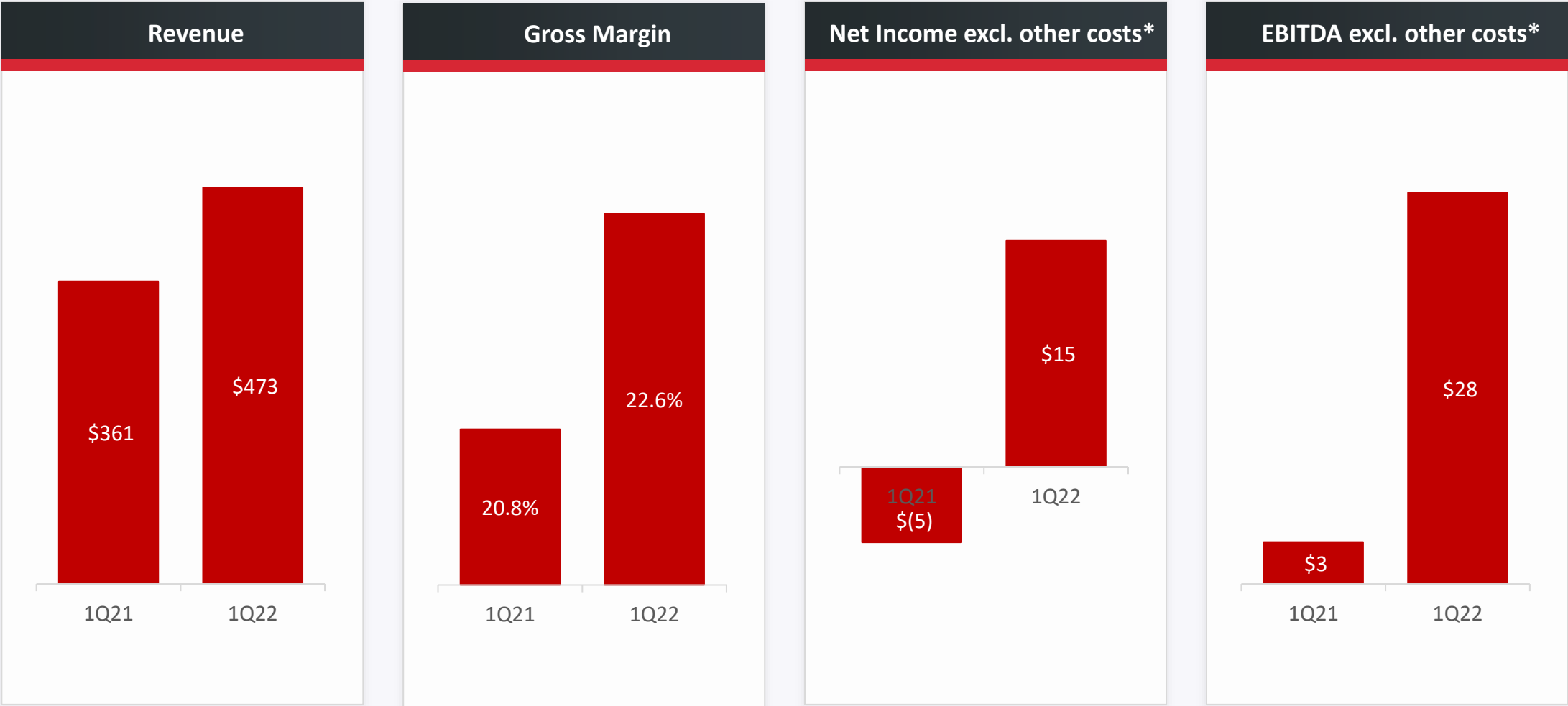
- Reported strong 1Q22 results and raised FY2022 guidance reflecting positive demand and pricing momentum, improved operational execution on stringent cost control
- Underlying demand and growth opportunities poised for continued revenue growth by leveraging improving market fundamentals
- During the quarter, gross margins resilient at 22.6%, above our full year guided range of 21.9%
- Sustaining strong cost management, leveraging productivity gains, technology investments and process improvements
- Cash balance of \$293M and zero debt as of March 31, 2022, with zero interest expense. Working capital increased in the quarter as we further position ourselves to take advantage of growing upstream market opportunity
- Total liquidity of \$582M as we continue to pursue an active pipeline of M&A opportunities to complement our growth strategy





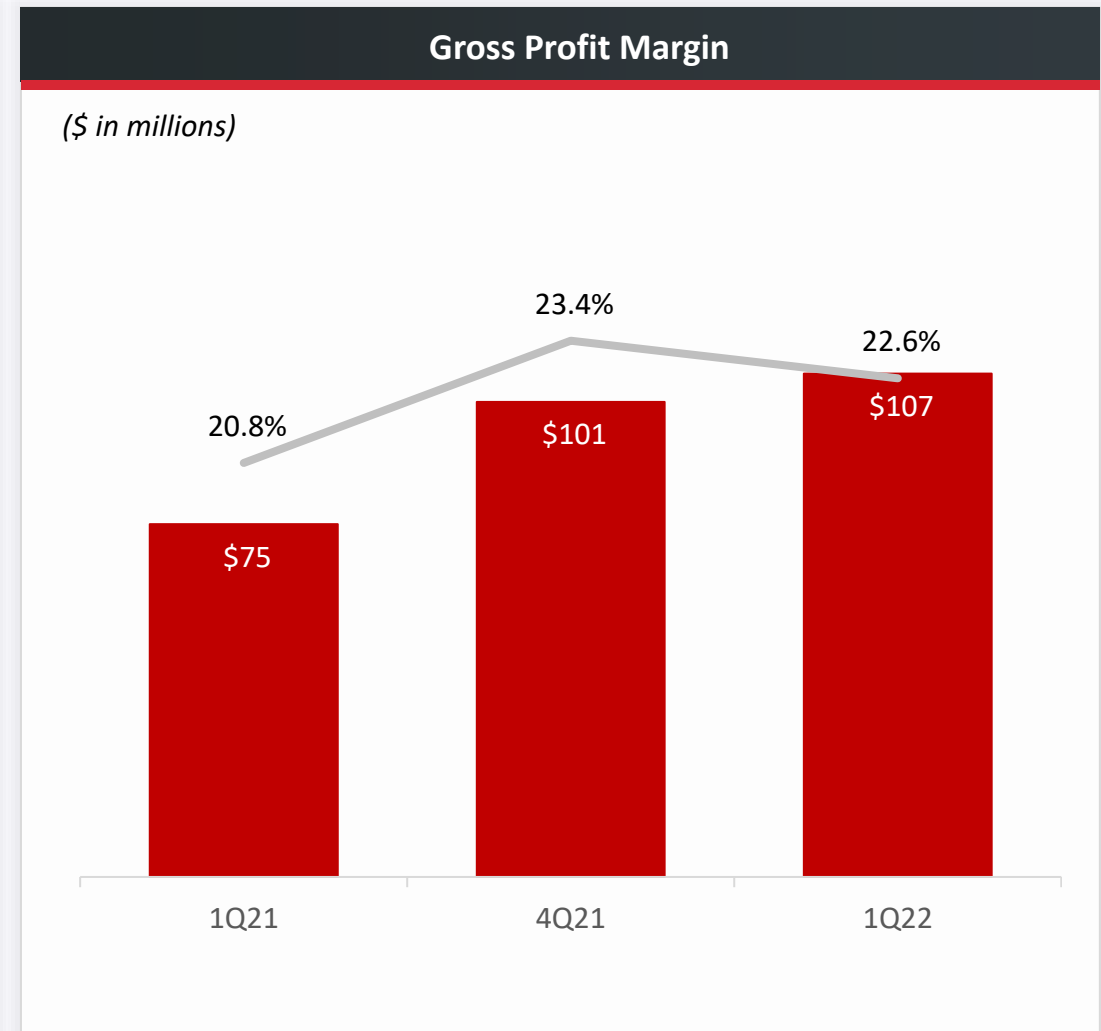
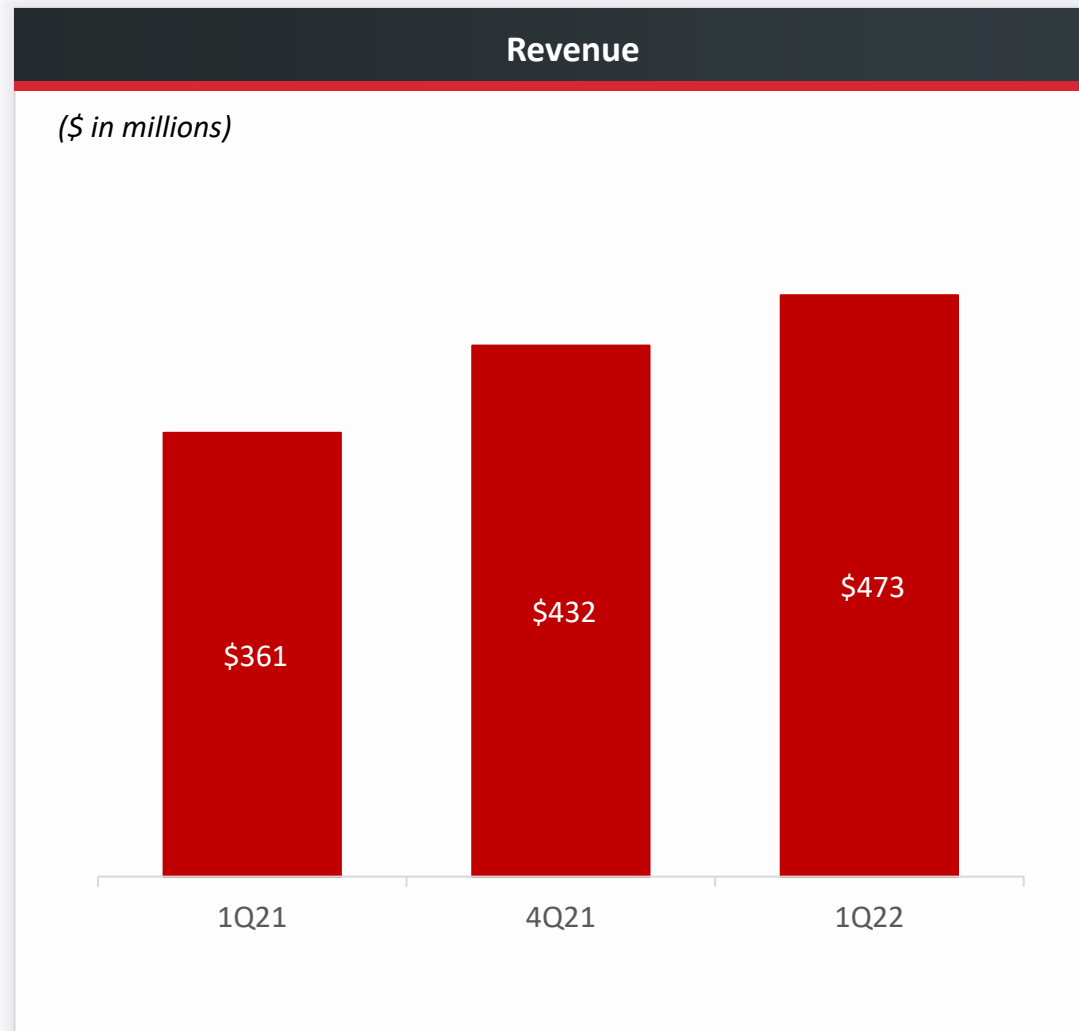
# Significantly Improving Earnings Profile

(\$ in millions)

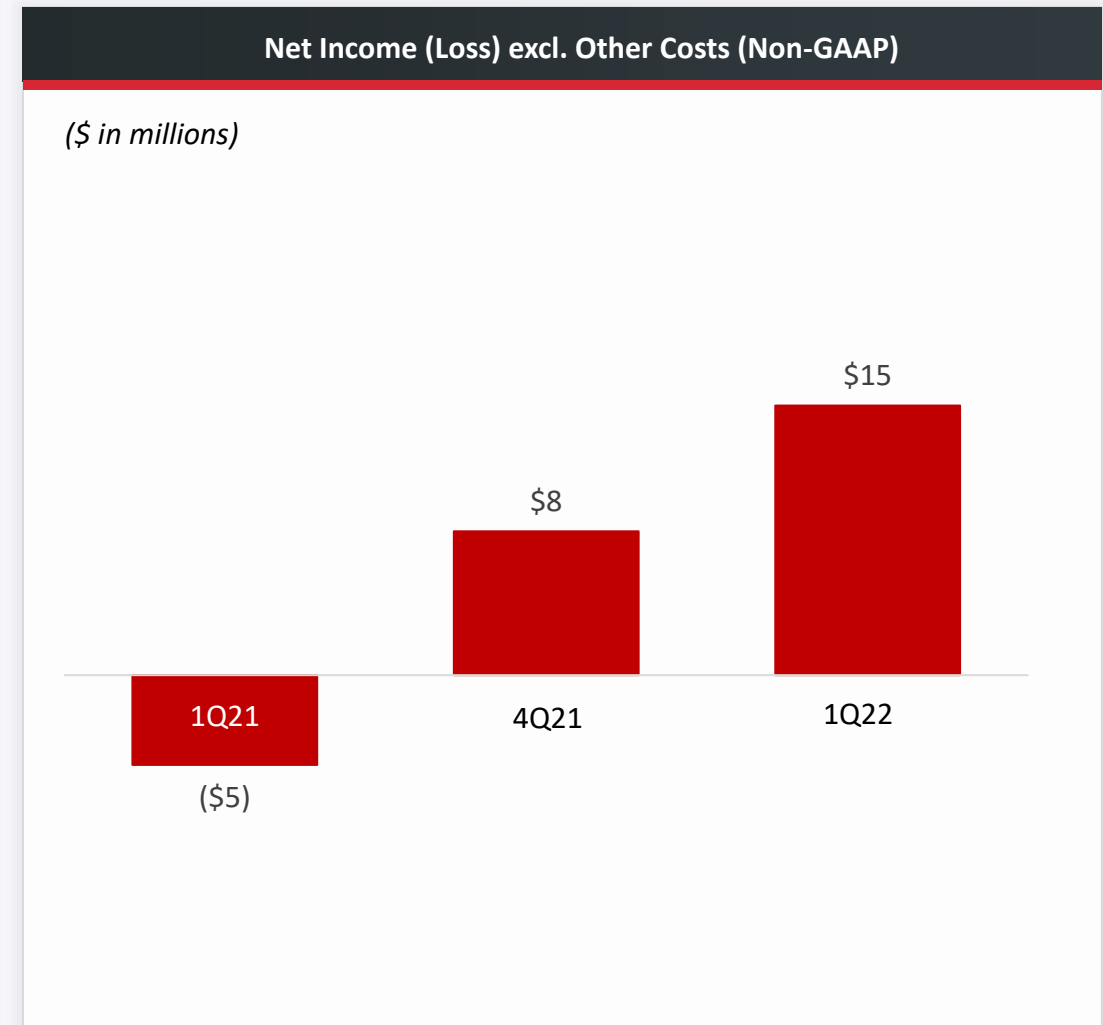
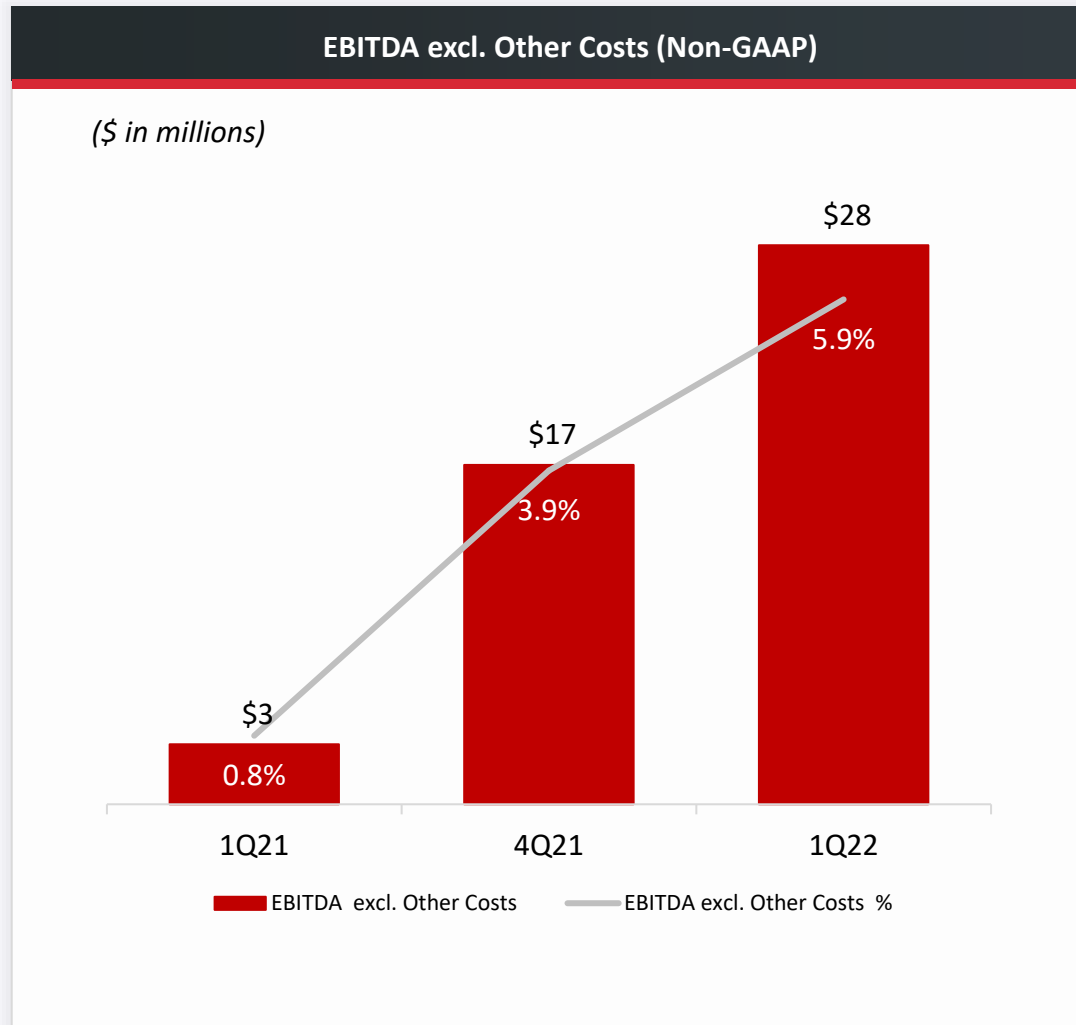


\* Non-GAAP

# Selected Quarterly Results



# Selected Quarterly Results

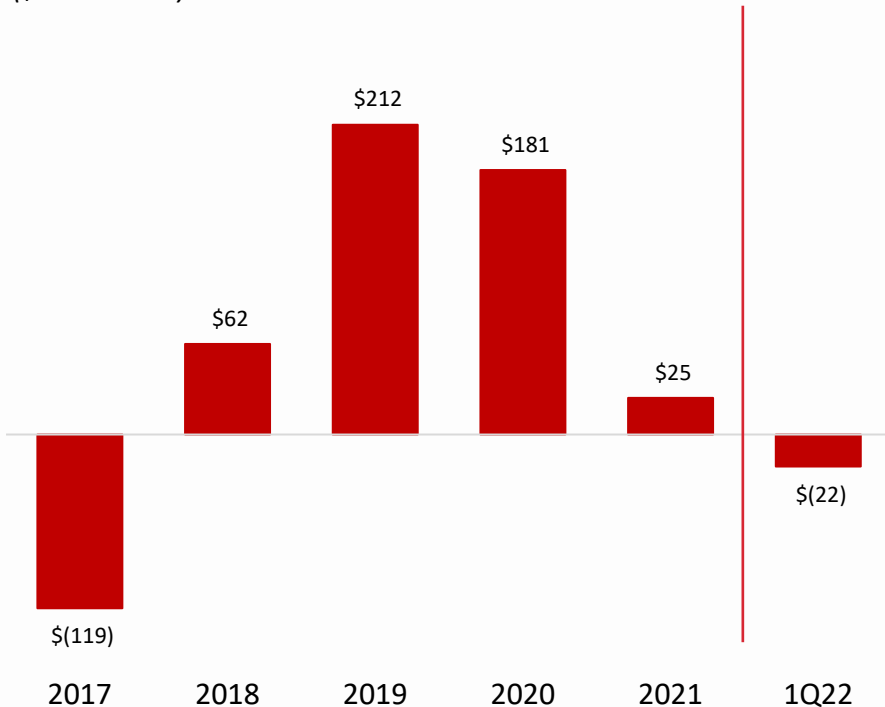




# Working Capital Management

## Free Cash Flow\*

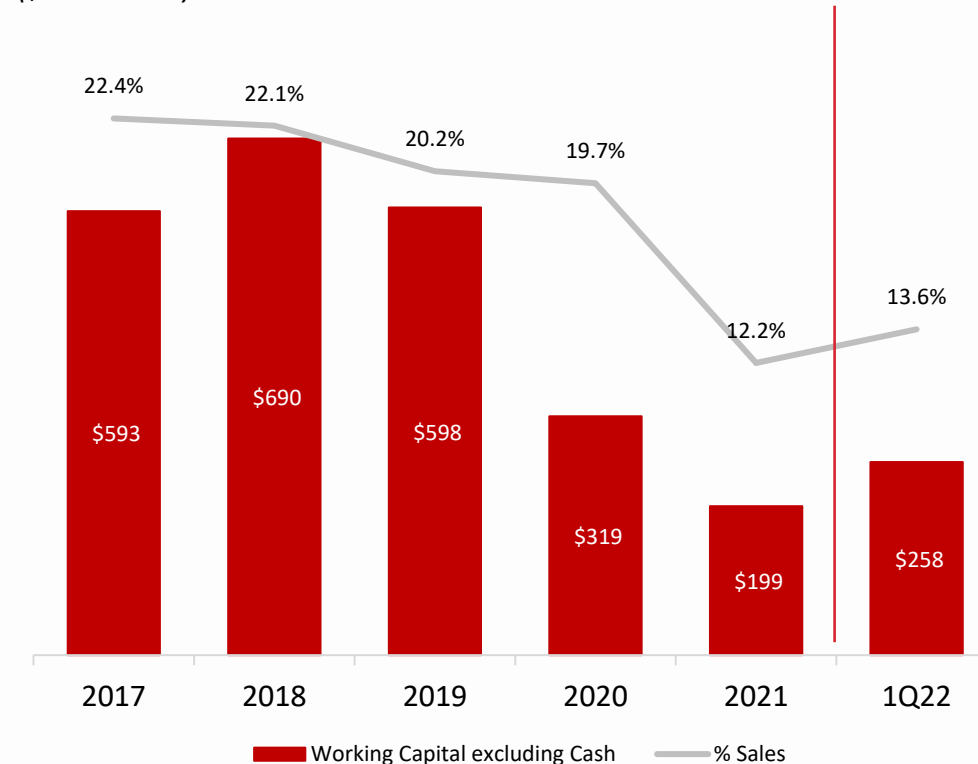
(\$ in millions)



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

## Working Capital excl. Cash

(\$ in millions)

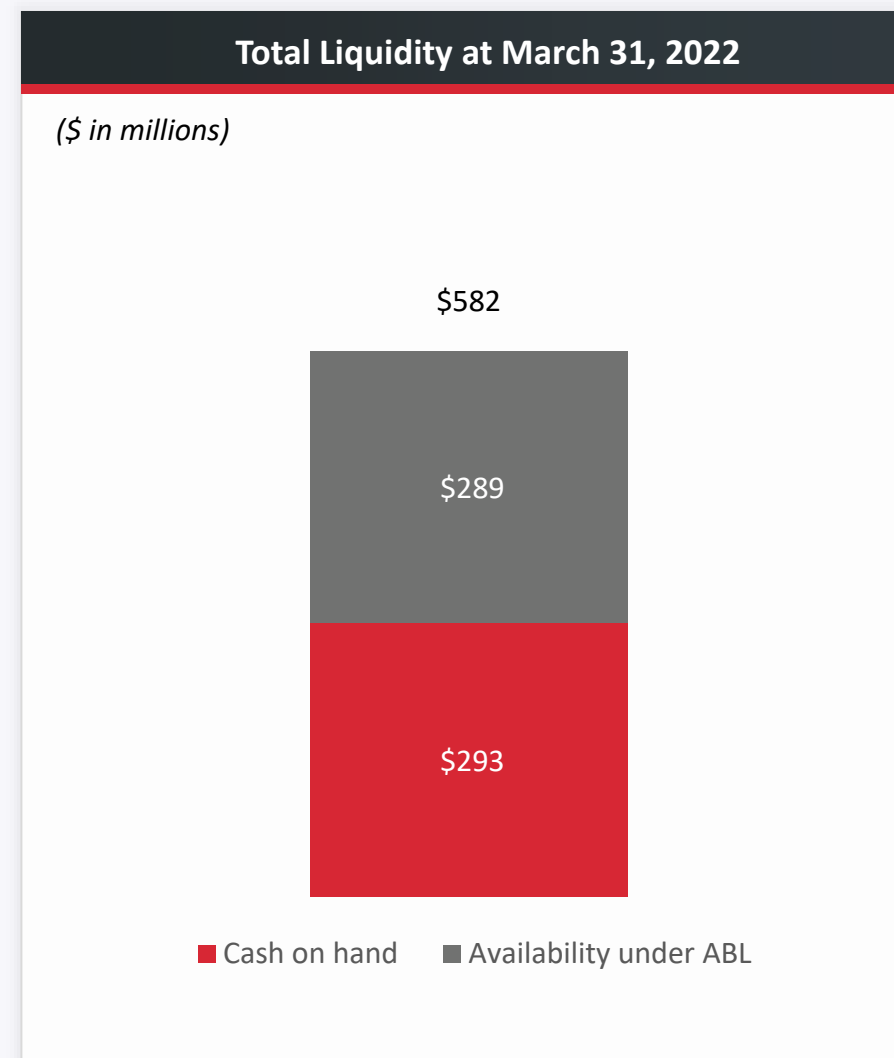


\* Annual periods represent the four-quarter average working capital excluding Cash. Quarterly percent of sales represents annualized quarterly sales

# Liquidity and Capital Resources

- No outstanding borrowings
- No draws on the credit facility during the quarter
- Total liquidity equaled \$582M at March 31, 2022, which includes:
  - \$293M in cash on hand
  - \$289M in availability under the ABL <sup>(1)</sup>
- Credit facility extends to December 2026

<sup>(1)</sup> Excludes pledged cash accounts of \$147M



# Select Balance Sheet Metrics

	March 31, 2022	Comments
	(\$ in millions)	
Cash and cash equivalents	\$ 293	
Receivables, net	341	66 DSOs
Inventories, net	296	4.9 Turn rates
Accounts payable	279	70 DPOs
Long-term debt	—	No outstanding debt





# Technology and DigitalNOW™

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# IT and Systems Technology Investments

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User Adoption on Technology increases to bring more efficiency



Enterprise WMS increases fulfillment capabilities and efficiencies



Optimize cost and maximize scalability thru cloud platforms

## 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:

- Leveraging Enterprise Warehouse Management system across PVF+ facilities that provide warehouse distribution functionality
- Migrating multiple data centers to cloud for application modernization and cost savings
- Process Solutions ERPs to a cloud-based solution enhancing workflow functionality and efficiency

# DigitalNOW® Customer Ecosystem

powered by  
**DigitalNOW®**

## Digital suite of products adding to increased customer value

### Digital commerce and eCommerce channel shop.dnow.com

- Digital commerce platform, shop.dnow.com, continues to grow
- Digital revenue comprised of 42% of SAP revenue, sequentially flat on larger quarterly revenue
- Growing eBusiness customer implementations and integrations with customer ERP systems
- Focused on growing B2B users and round trip/punchout users
- Central commerce solution to DigitalNOW® customer ecosystem



### 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
- Mobile app



### eTrack™, powered by DigitalNOW®

- Asset, data and material management lifecycle solution
- Enables customers to manage their assets using location finder
- Allows retrieval of documentation and drawings
- Allows customers the ability to schedule field service
- Implementing with several customers capturing hundreds of assets and growing



### AccessNOW™, powered by DigitalNOW®

- Suite of unattended inventory control and intelligent inventory management solution
- Improves inventory integrity, forecasting
- Reduced opex cost leveraging automation and technology
- Added Security and surveillance

**AccessNOW™**

Control - Efficiency - Scalability





# Environmental, Social & Governance

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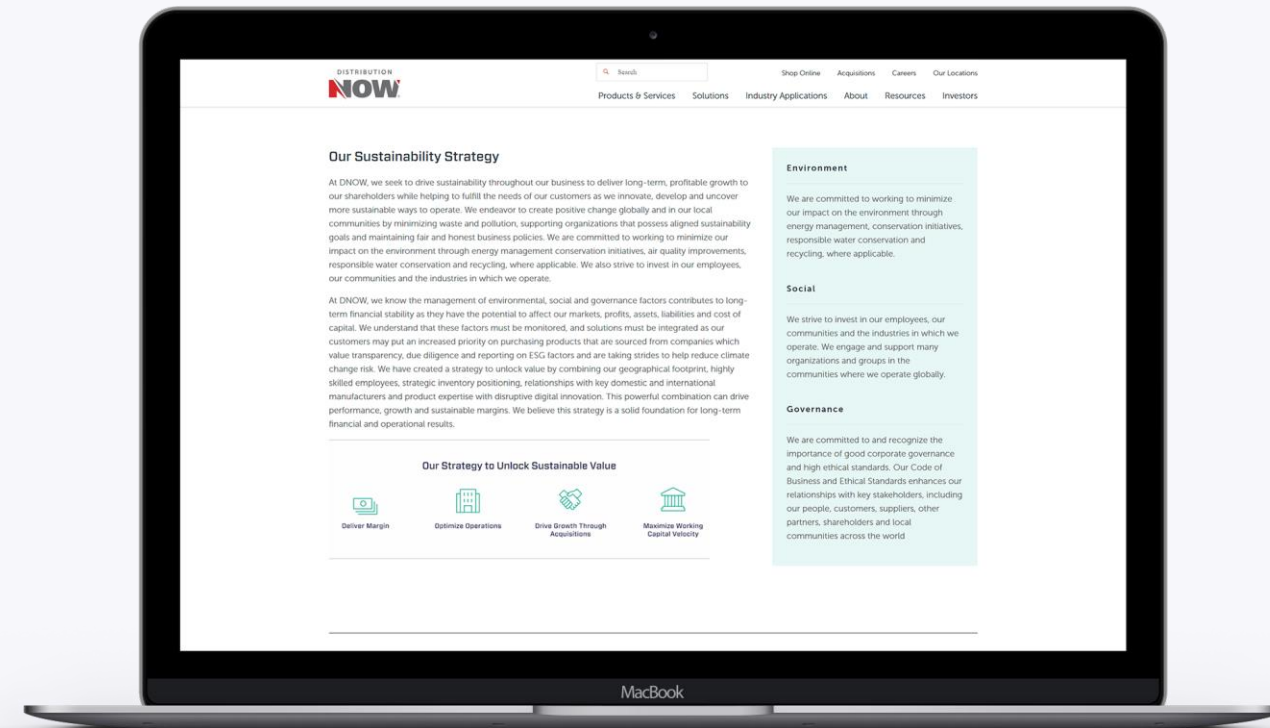
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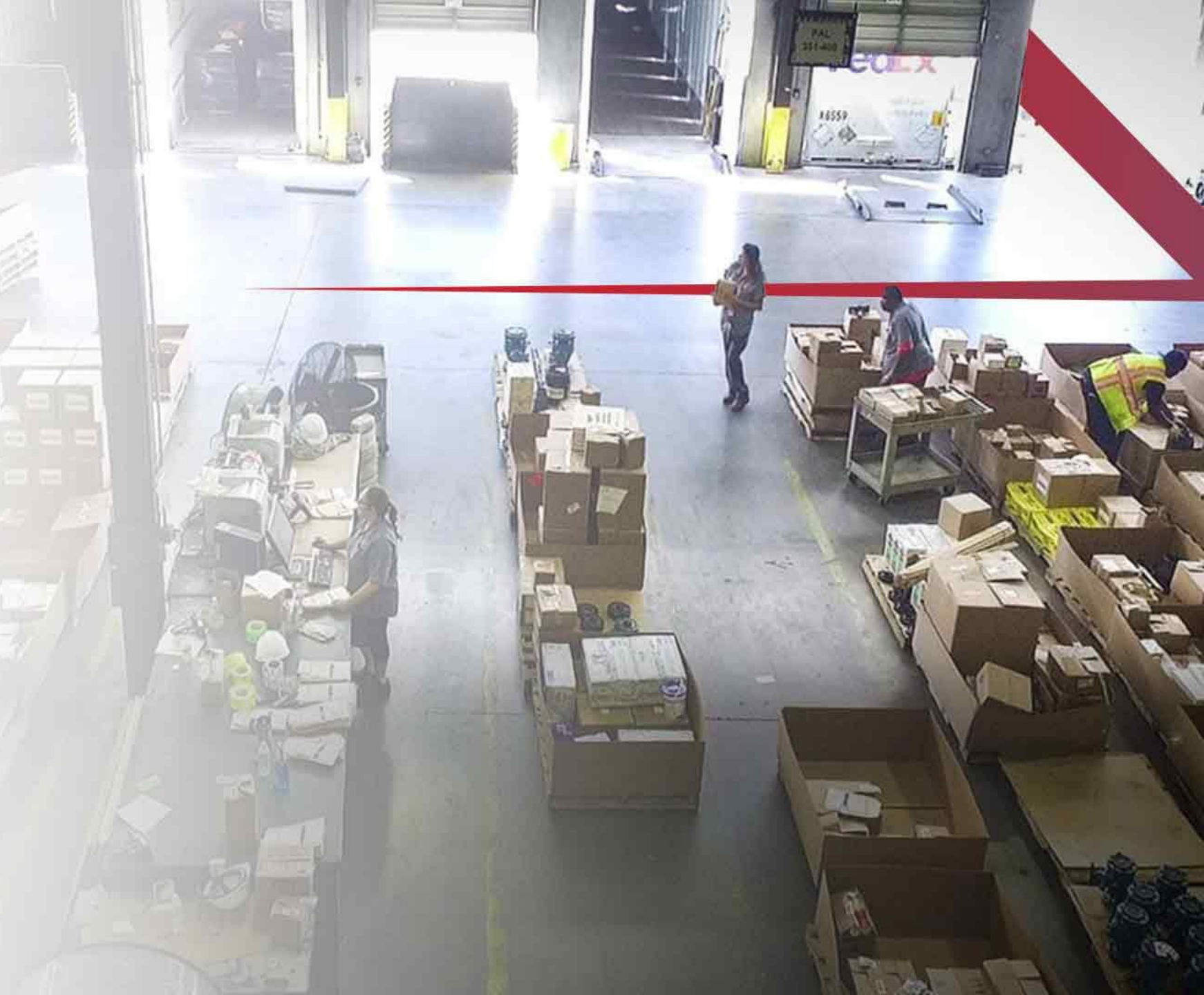
# Sustainability

- Increase ESG reporting transparency to shareholders through our sustainability page, filings and annual reporting
- Release of our 2021 Sustainability Report scheduled for mid-year 2022, our third annual report keeping with our annual commitment
- Report based on SASB (Sustainability Accounting Standards Board), UN SDGs mapping, TCFD (Task Force on Climate Related Financial Disclosures) standards and guidance
- Aligned with business strategy
- ESG management committee
- Oversight provided by board Environmental, Social, Governance and Nominating Committee



# Appendix

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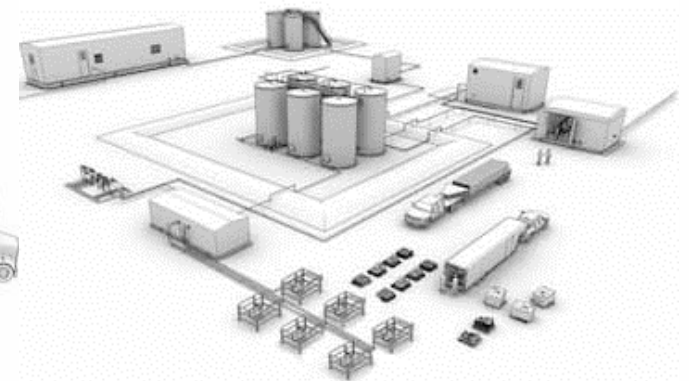
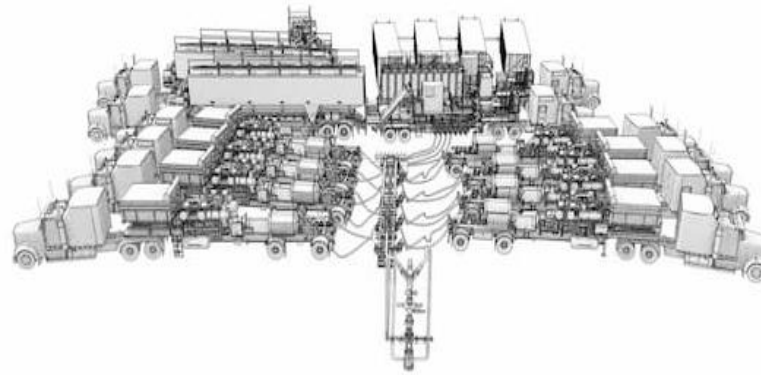


# Pipe Price Trends, U.S. dollar per ton



Source: Pipe Logix

# Timing and Materiality from Drilling to Tank Battery Install



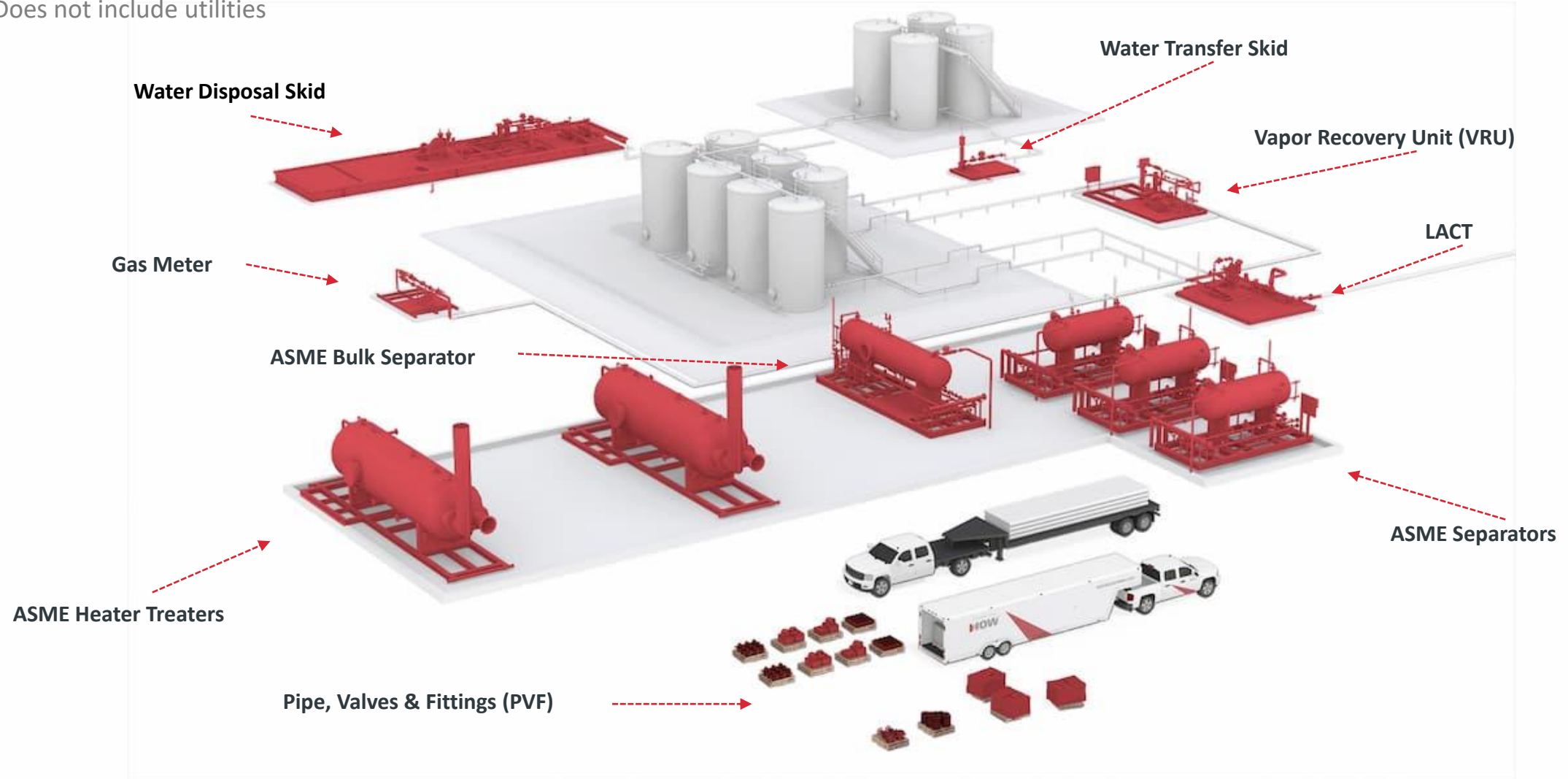
	Drilling	Frac	Tank Battery
Revenue*	\$4,000-\$5,000 per week	Minimal	\$250,000-\$2 million
Time*	20-50 days	30-60 days	30-60 days
Customer	Drilling Contractors	Service Companies	E&P Operators

\*Estimates based on a 6-well pad

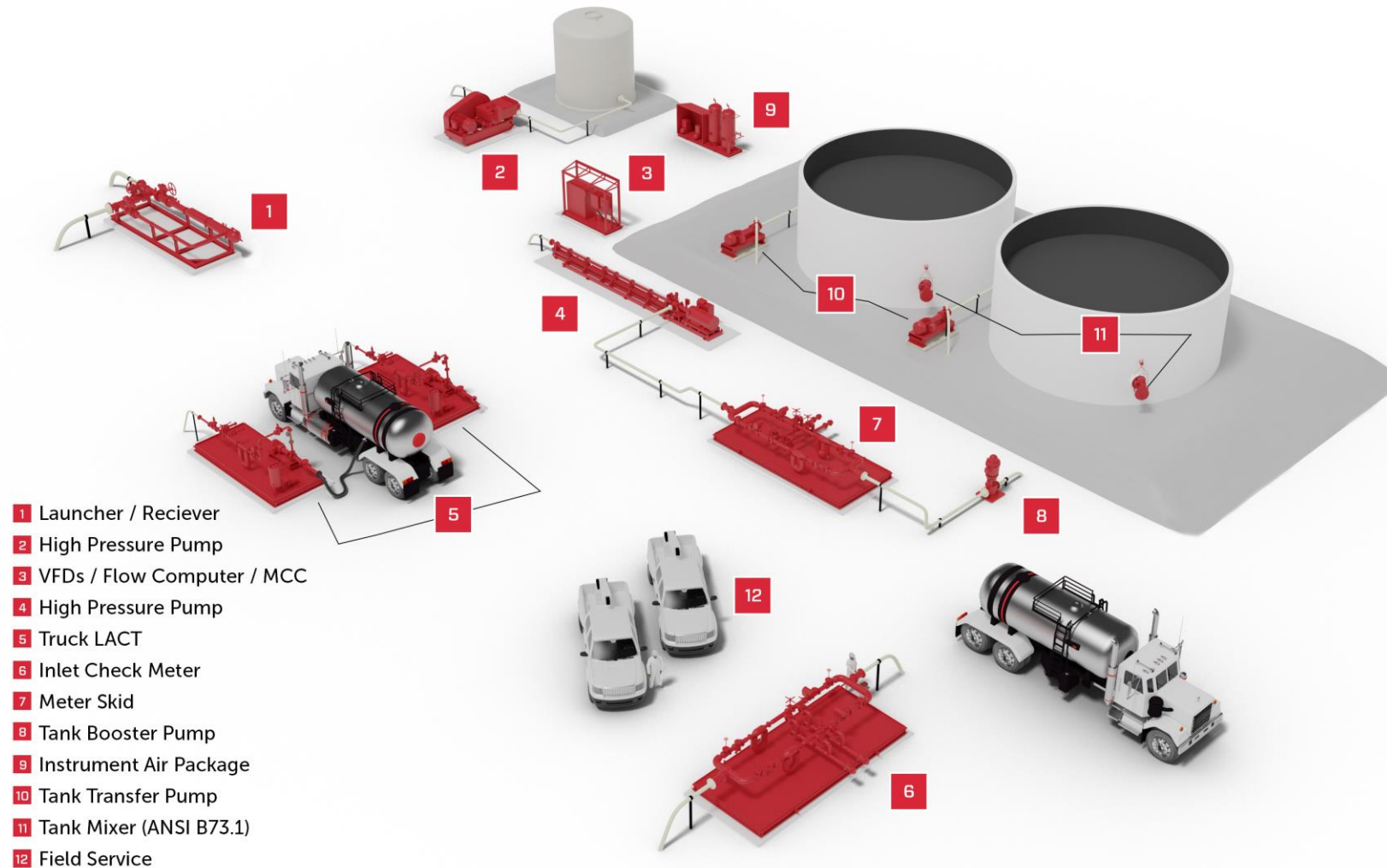


# Example Tank Battery Installation

Does not include utilities



# Example Midstream Terminal Opportunities







# Investor Relations

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Vice President, Digital Strategy & Investor Relations

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