

Investor Relations May 2018

Dan Molinaro

Executive Vice President

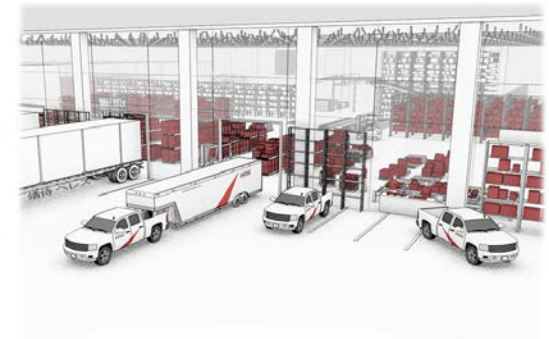
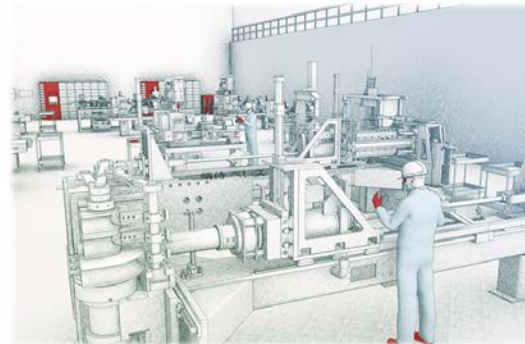
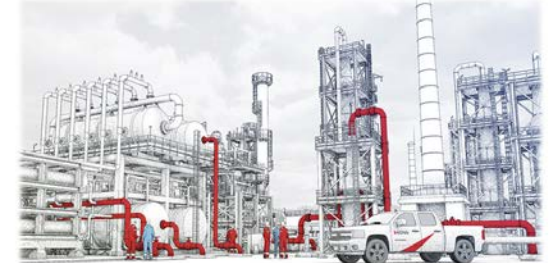
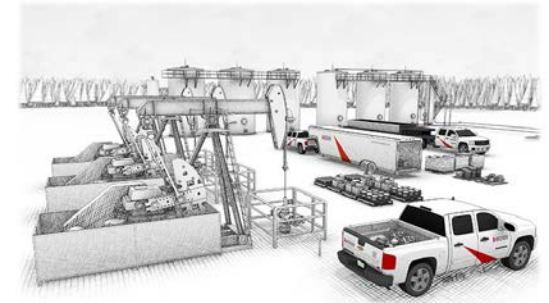
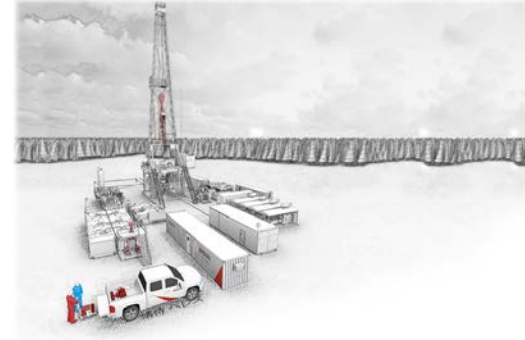
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Statements made in the course of this presentation that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results 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. 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.

- ▼ Increasing revenues in improving market environment
- ▼ Actively leveraging M&A to deliver growth and improved profitability
- ▼ Strict capital allocation strategy focused on high-growth opportunities
- ▼ Strong margin flow-through on revenue improvement
- ▼ Proven management team with significant industry experience



DNOW: One of the Largest Distributors to the Energy Industry



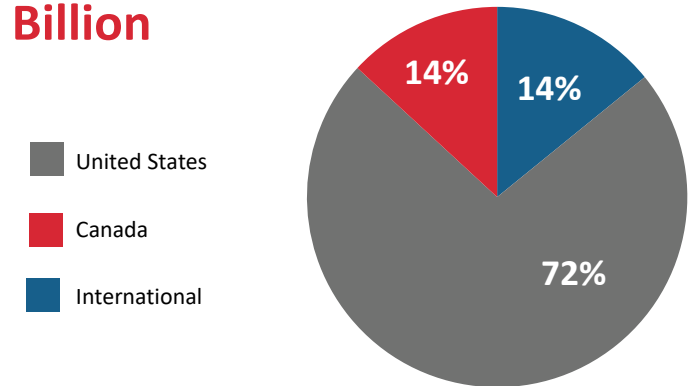
- ▼ Legacy **150+ years** operating
- ▼ Support **major land and offshore operations** for all the **key energy producing regions** around the world
- ▼ **Comprehensive network of energy centers, supply chain services and process solutions locations**
- ▼ **Key markets: Europe, Former Soviet Union, Latin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

| | |
|-------------|--------|
| NYSE Ticker | DNOW |
| Countries | 20+ |
| Locations | ~275 |
| Employees | ~4,500 |
| ERP System | SAP™ |

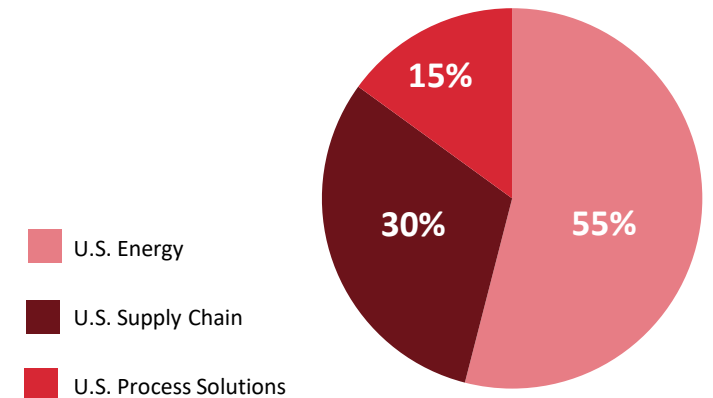


2017 Revenue by Segment

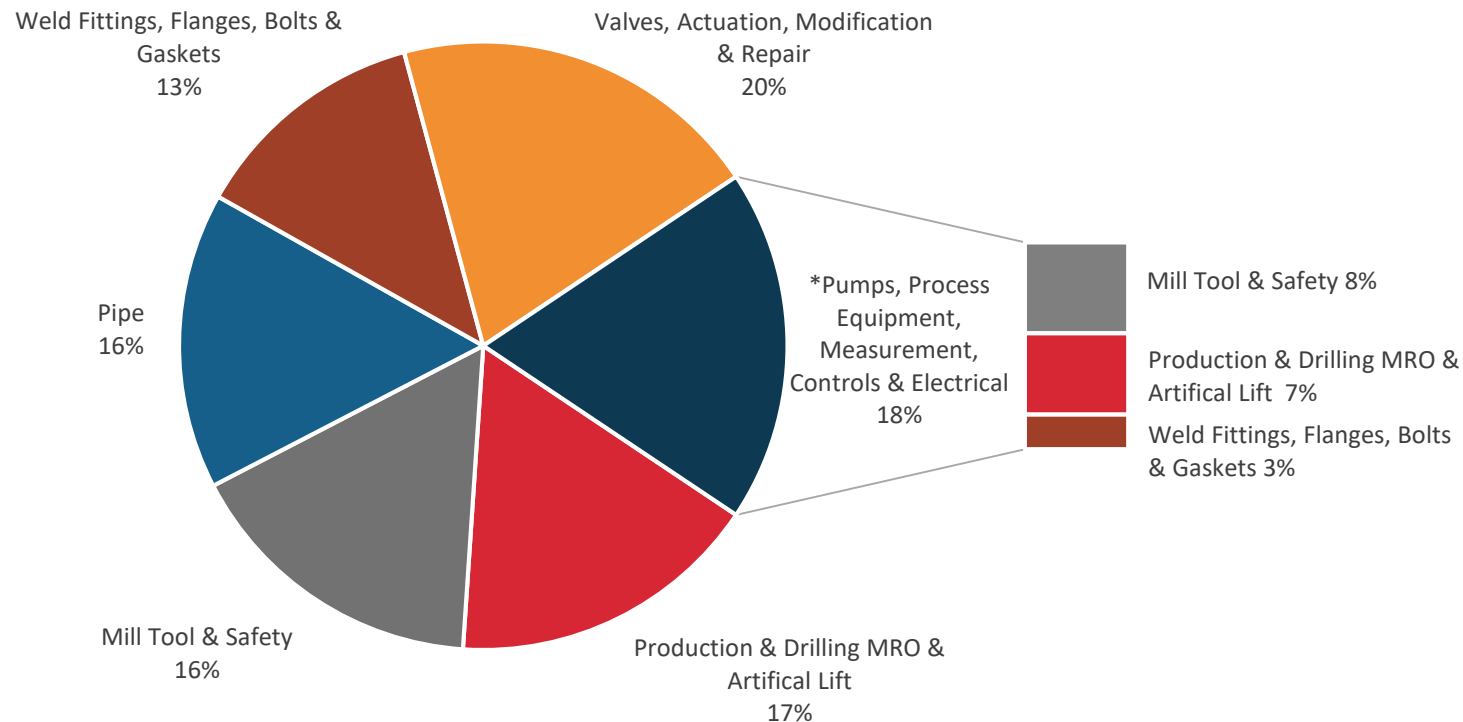
\$2.6 Billion



2017 United States Revenue by Channel



2017 DNOW Product Categories - Revenue



**Category percentage is split out to correlate with historical presentation*

**DNOW carries a
broad range of
products
To meet
RAPID and CRITICAL
deliveries
to customers in
remote areas**

Company Locations

- Locations
- Distribution Centers

Distribution Centers:

United States

Houston, TX
Los Angeles, CA

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



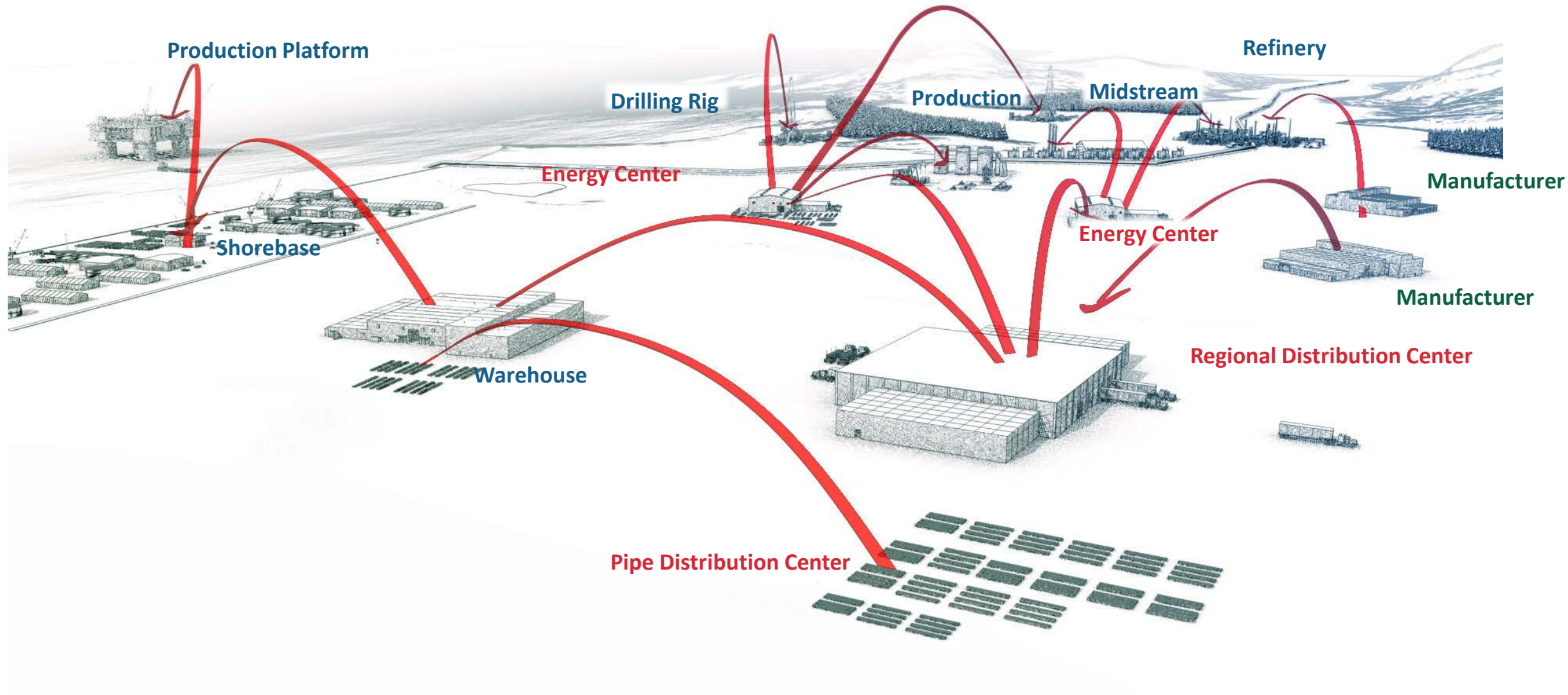
Midstream



Downstream & Industrial



DNOW Plays the Critical Role of Distributor



Providing Value-Add Solutions Across All Channels



U.S. ENERGY

Branch network model supplying products locally to upstream & midstream energy customers



U.S. SUPPLY CHAIN

On-site model offering customizable products to upstream and downstream energy, industrial and manufacturing markets



U.S. PROCESS SOLUTIONS

Rotating and process equipment solutions in the form of engineering, design, installation, fabrication and service

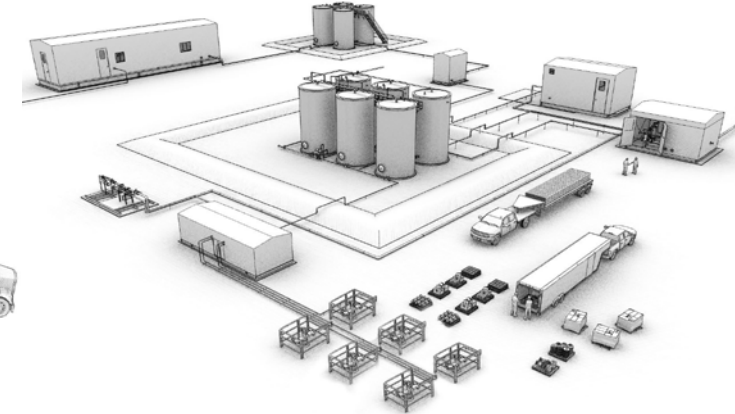
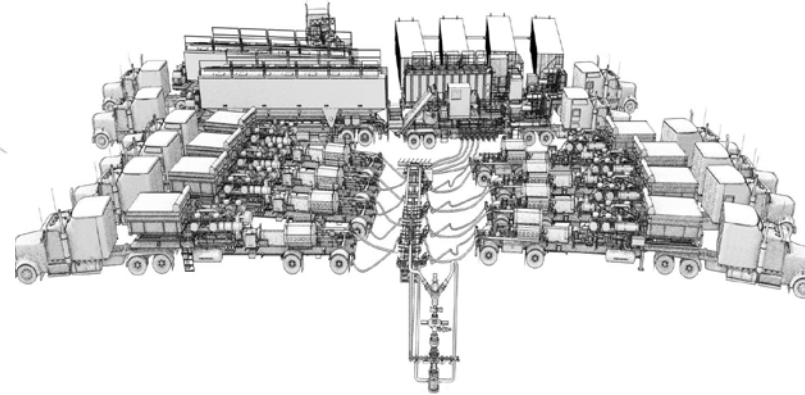
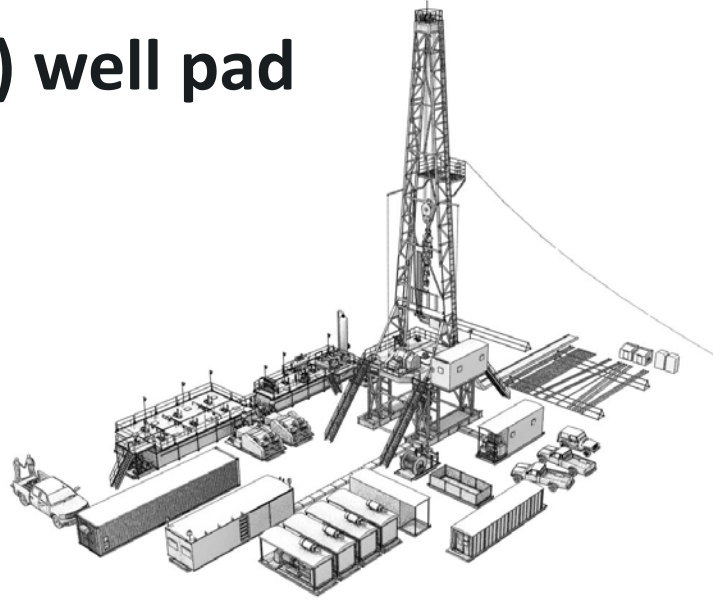
Provides one-stop shop value proposition in major oil and gas regions

Reduces customer's total costs including operational and invested capital

Meets demand for turnkey tank battery production (facilities) solution

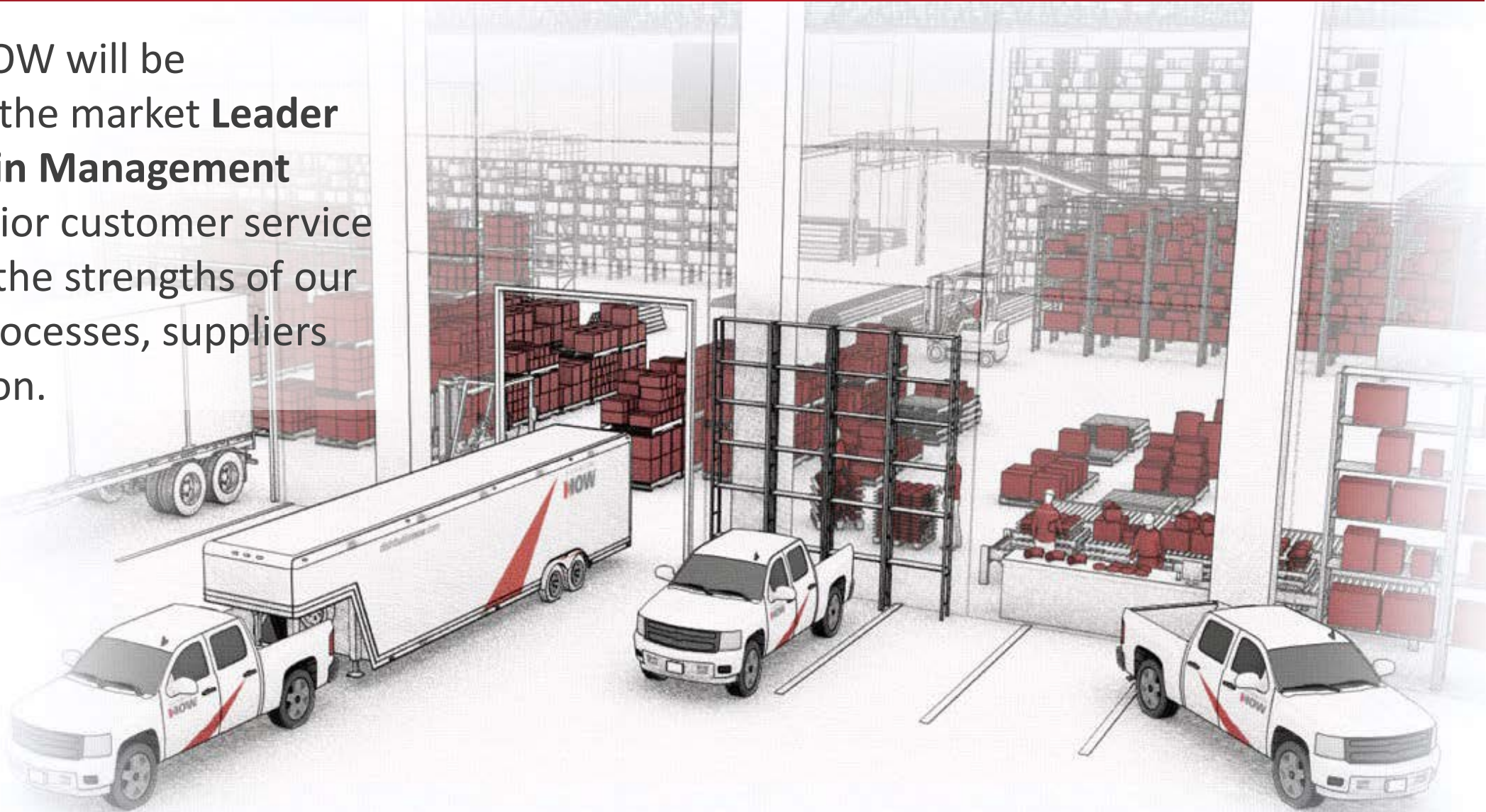
Timing and Materiality from Drilling to Tank Battery Install

Six (6) well pad



| | Drilling | Frac | Tank Battery |
|----------|--------------------------|-------------------|-------------------------|
| Revenue | \$4,000-\$5,000 per week | Minimal | \$250,000-\$1.5 million |
| Time | 60-80 days | 45-60 days | 45-60 days |
| Customer | Drilling Contractors | Service Companies | E&P Operators |

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 and information.



1

Deliver Margin Expansion

Focus investments on highest growth markets & businesses

2

Optimize Operations

Differentiate through high value-add product lines & solutions

3

Drive Growth Through Acquisitions

Maximize synergies and leverage market opportunities; Focus on U.S. Supply Chain and U.S. Process Solutions

4

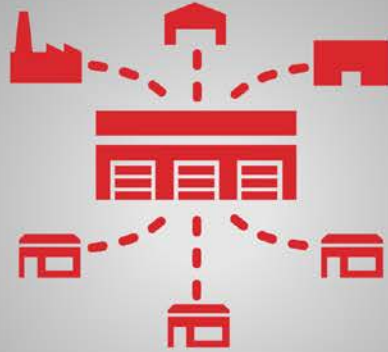
Approach Capital Allocation with Discipline

Allocate capital for organic and inorganic growth





**Using pricing
discipline
and tools**



**Optimizing
distribution
network**

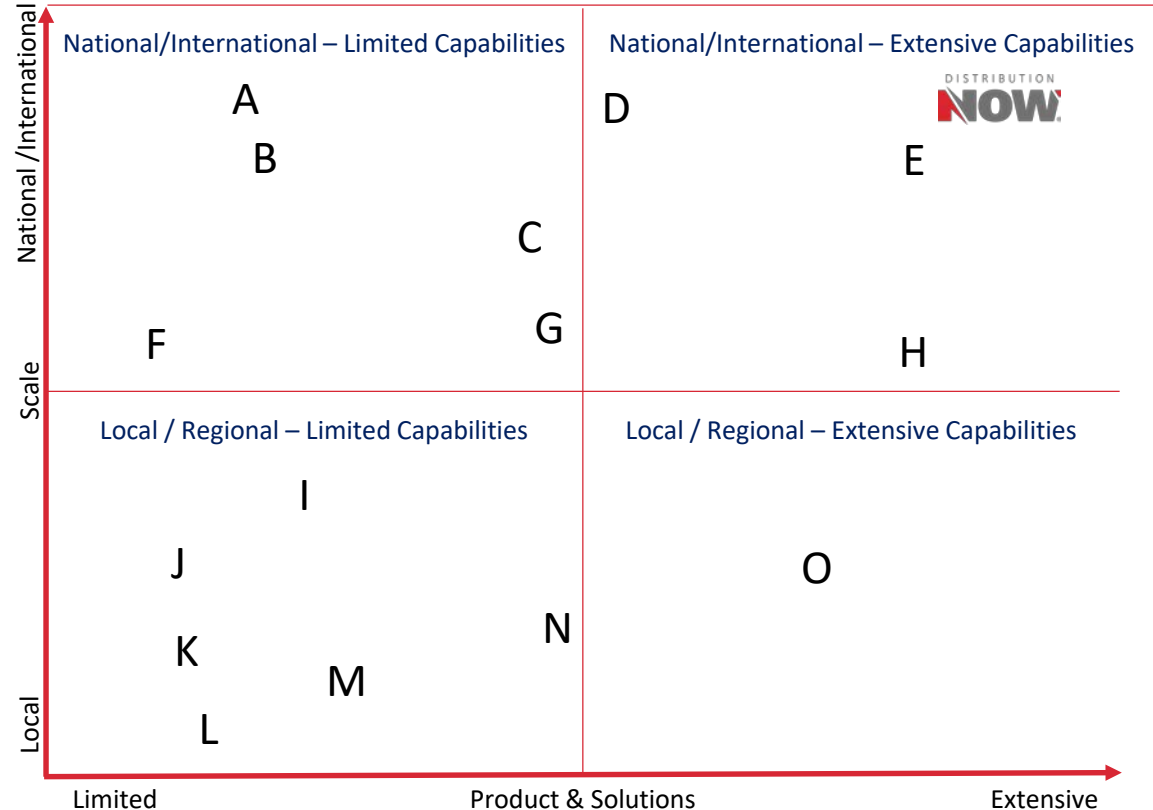


**Growing
with strategic
suppliers**



**Continuing to
tightly manage
expenses**

DNOW's Competitive Landscape



Versus Small, Local Distributors

- ▼ Well Capitalized
- ▼ Cost Savings
- ▼ More Product Breadth
- ▼ Distribution Model
- ▼ Geographic Diversity
- ▼ National/International Accounts Leverage
- ▼ Scalable Credit
- ▼ Tech Platform
- ▼ Quality/Safety
- ▼ Publicly Traded
- ▼ Top-Tier Branded Products

Versus Large National/International

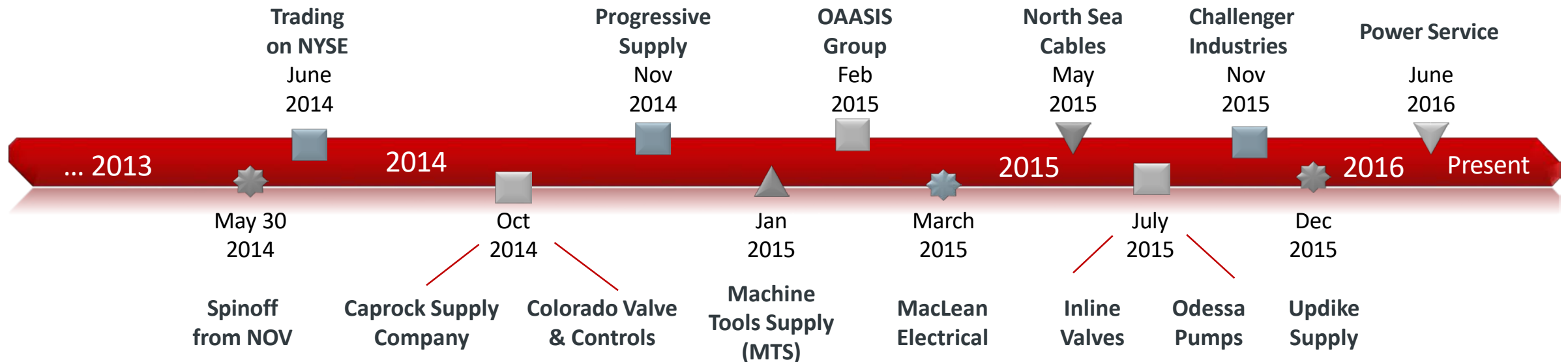
- ▼ Cross Energy Value Chain
- ▼ Flexible Operating Models
- ▼ More Product & Solution Breadth
- ▼ Quality Triple Impact Supplier Program

DNOW is well positioned to compete against both small/local distributors AND large national/international companies

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 operations at higher margins

Track Record of Success



- ▼ Invest in organic and inorganic growth
- ▼ Focus capital on high value-add supply chain services and Power Service offerings
- ▼ Allocate capital to high value-add product lines internationally
- ▼ Continue to conservatively manage debt





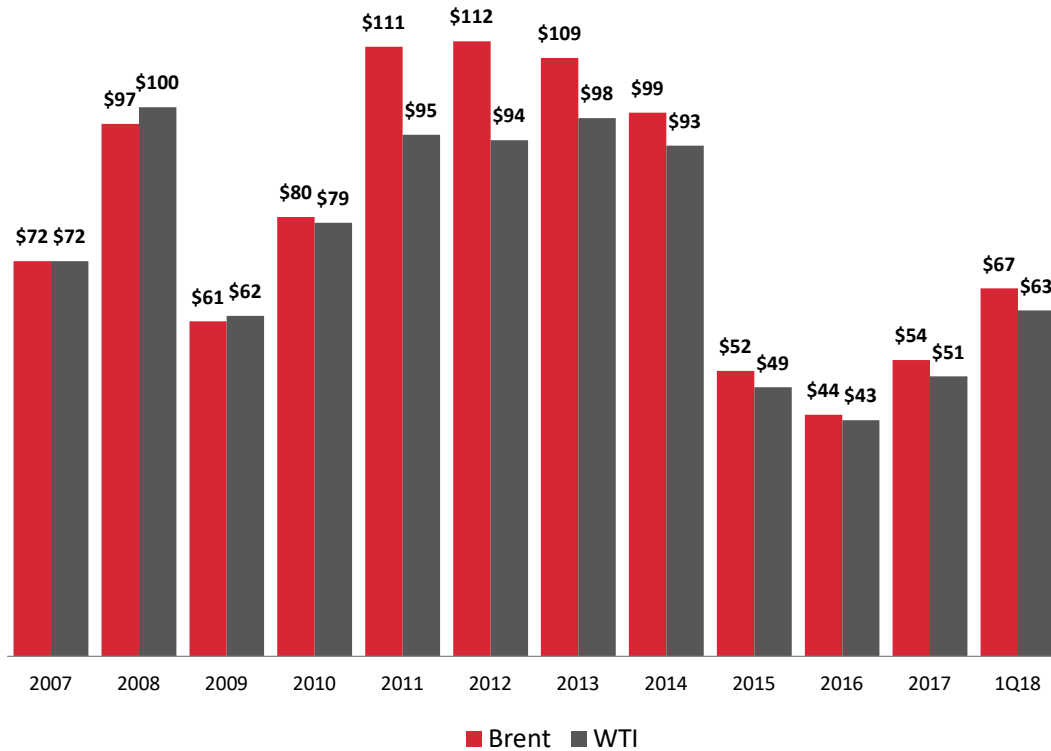
Industry Dynamics



Oil Prices & Rigs Trending Upward

Average Oil Prices

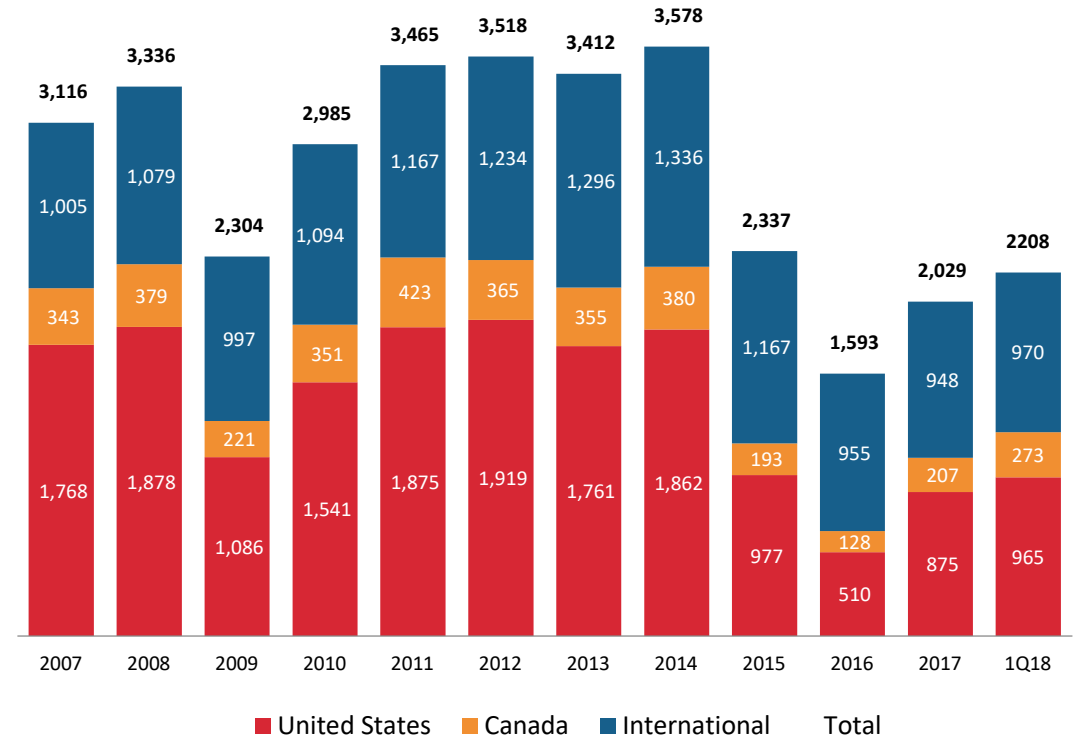
(per barrel)



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

Average Annual Rig Count

(number of rigs)

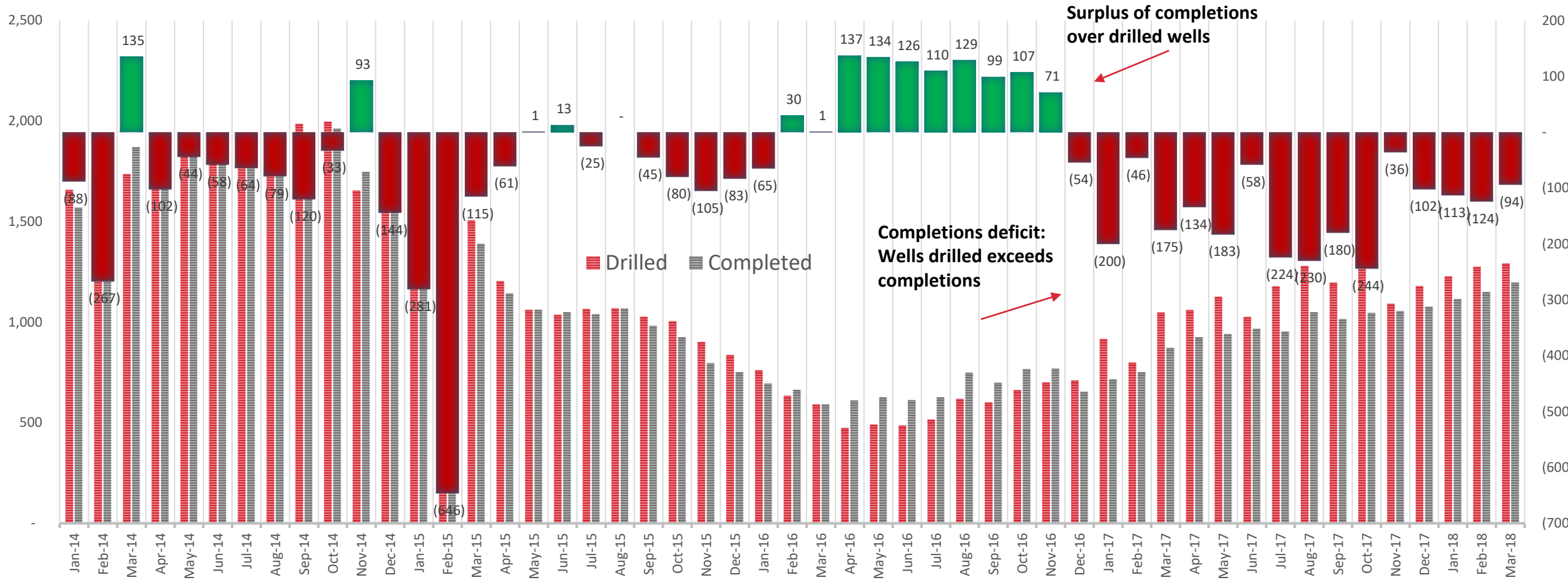


Source: Baker Hughes, Inc.

DNOW is positioned to benefit from industry growth

U.S. COMPLETIONS *DEFICIT* OR *SURPLUS*

SOURCE DATA: WWW.EIA.GOV



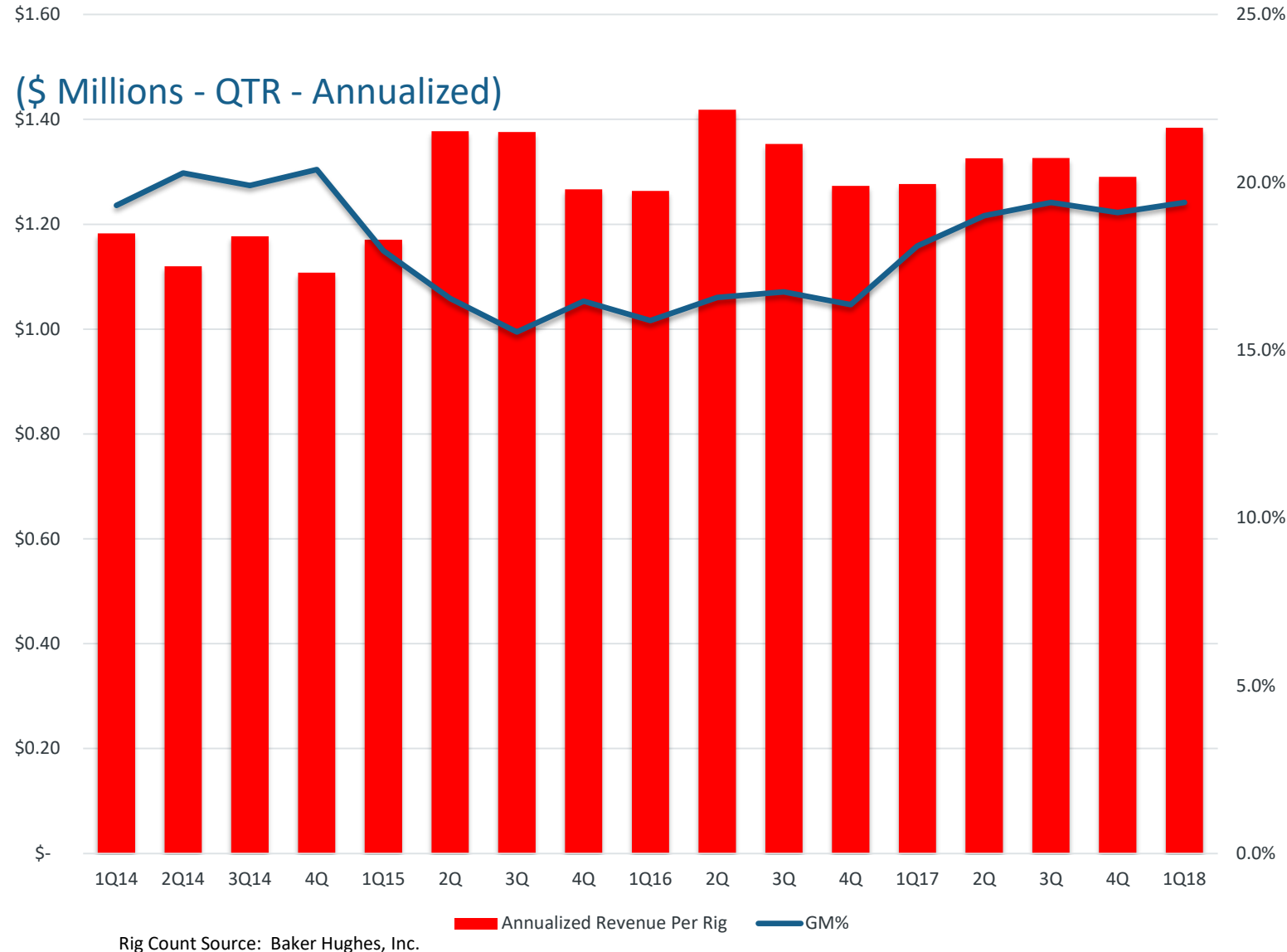
DUCs grow as completions fail to keep pace with wells drilled



Financial Update



Revenue Per Global Operating Rig in Line with Prior Quarters

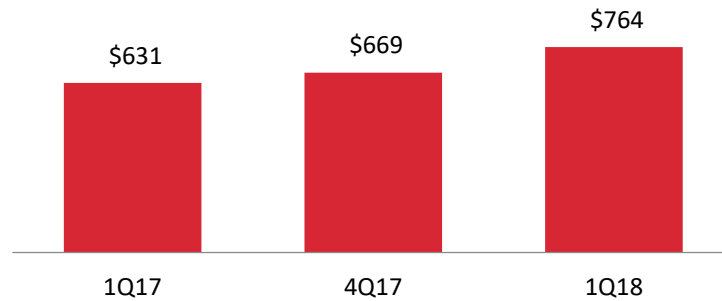


▼ Gross margin of 19.4% was up 130 basis points year-over-year 1Q, a reflection of DNOW's drive to maximize product margins and minimize cost of products

Selected Quarterly Results (Unaudited)

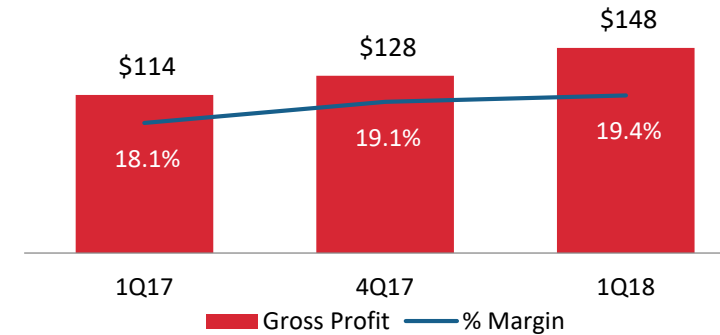
Revenue

(\$ in millions)



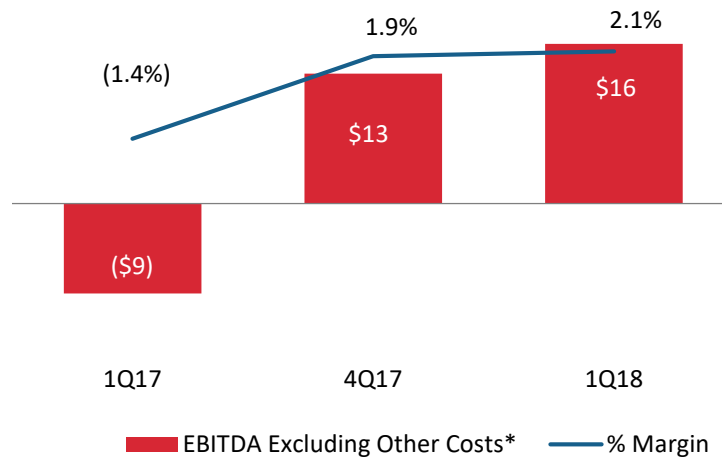
Gross Profit and Margin

(\$ in millions)



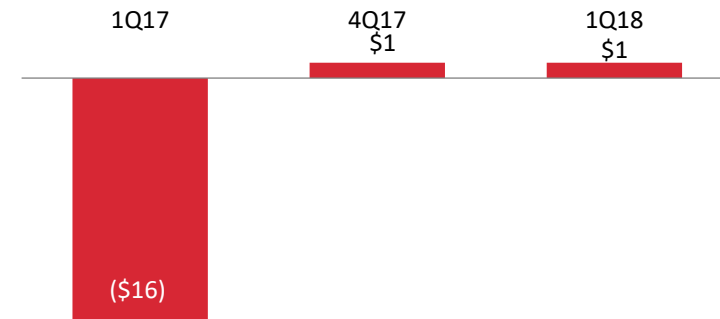
EBITDA Excl. Other Costs (Non-GAAP)* and Margin

(\$ in millions)



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

(\$ in millions)



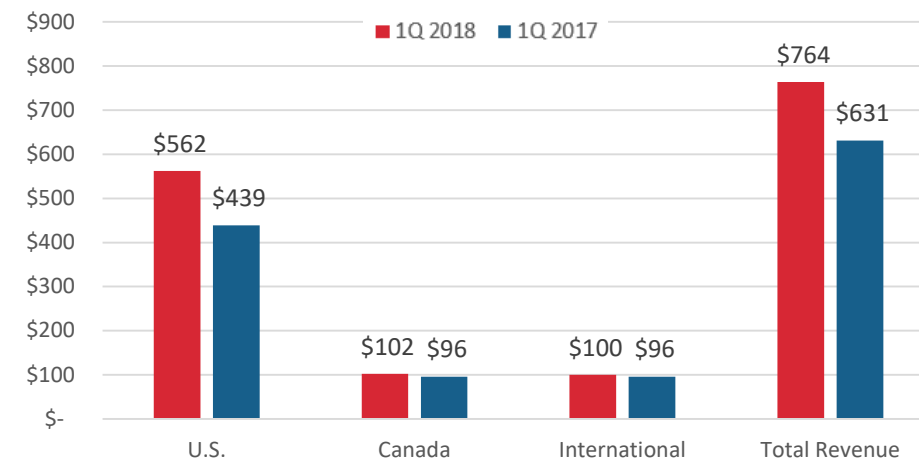
Positive momentum on key metrics

Top-Line YoY Improvement Across All Segments

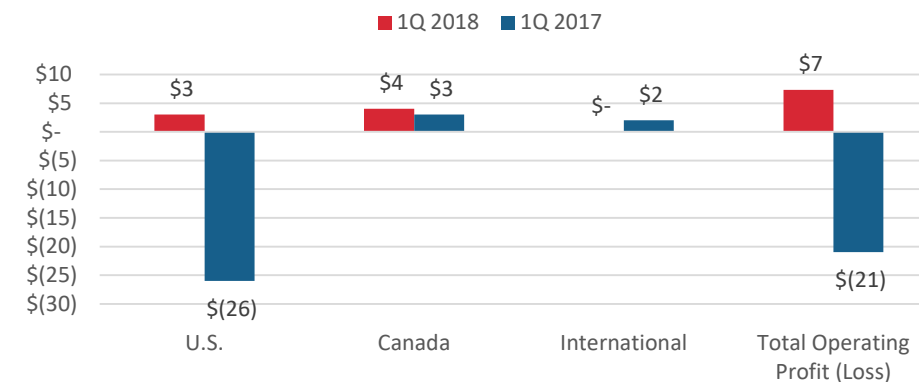
(\$ Millions)

| | Unaudited | |
|--------------------------------------|------------|---------------|
| | 1Q 2018 | 1Q 2017 |
| Revenue | | |
| United States | \$562 | \$439 |
| Canada | 102 | 96 |
| International | 100 | 96 |
| Total Revenue | 764 | 631 |
| Operating Profit (Loss) | | |
| United States | 3 | (26) |
| Canada | 4 | 3 |
| International | - | 2 |
| Total Operating Profit (Loss) | \$7 | \$(21) |

YoY Revenue By Segment



YoY Operating Profit By Segment



Strong YoY revenue performance across all segments

U.S. Energy Centers

1Q Highlights

- Revenue up 27% YoY
- Permian had largest revenue increase with 3 new customers added
- Midstream projects in Mid-continent drove strong growth
- Strong pipe business offset revenue disruptions from nor'easters and trade policy headwinds

Future Drivers

- Capitalize on Permian customer activity
- Closely monitoring tariffs and related downstream impact

U.S. Supply Chain Services

1Q Highlights

- Revenue up 37% YoY
- 19% sequential growth driven by energy, downstream and industrial customers
- Energy customers grew due to large construction projects in Delaware Basin

Future Drivers

- Expect SCS energy decline in future quarters due to:
 - Project-related swings in activity
 - Decrease in turnaround activity
 - Branch restructurings

U.S. Process Solutions

1Q Highlights

- Revenue up 14% YoY
- Power Service largest booking since 2014
- Odessa Pumps added two new midstream customers, active pipeline of quotes
- Permian remains most active region

Future Drivers

- Rising oil prices are expected to lead to increase in well completions, positive indicator for Process Solutions
- Several projects are expected to be awarded or begin in 2Q

Overall U.S. revenues grew 28% YoY; in line with rig count growth

Canada

1Q Highlights

- Revenue up 6% YoY
- Revenue up 20% sequentially due to market slowdown in 4Q and market share growth with two new customers

Future Drivers

- Optimistic for market share gains and growing midstream customers
- However, cautious due to headwinds expected from export pipeline constraints, regulatory environment and predicted decrease in capital spending

International

1Q Highlights

- Revenue up 4% YoY and sequentially
- Gains due to customer contracts in Middle East, EU and Australia
- Partially offset by declines in export sales

Future Drivers

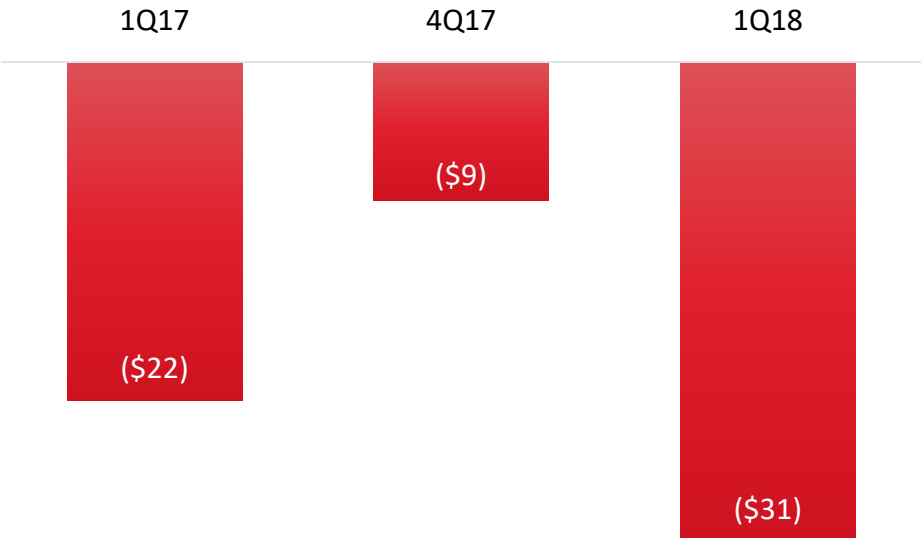
- Optimistic regarding opportunities from:
 - AsiaPac-M.East N.Africa new builds
 - Recent tender out of Europe
 - New electrical and cable frame agreements
 - Uptick in export
- Outlook tempered by uncertainty from Section 232

Optimistic about DNOW's near-term prospects despite market uncertainties

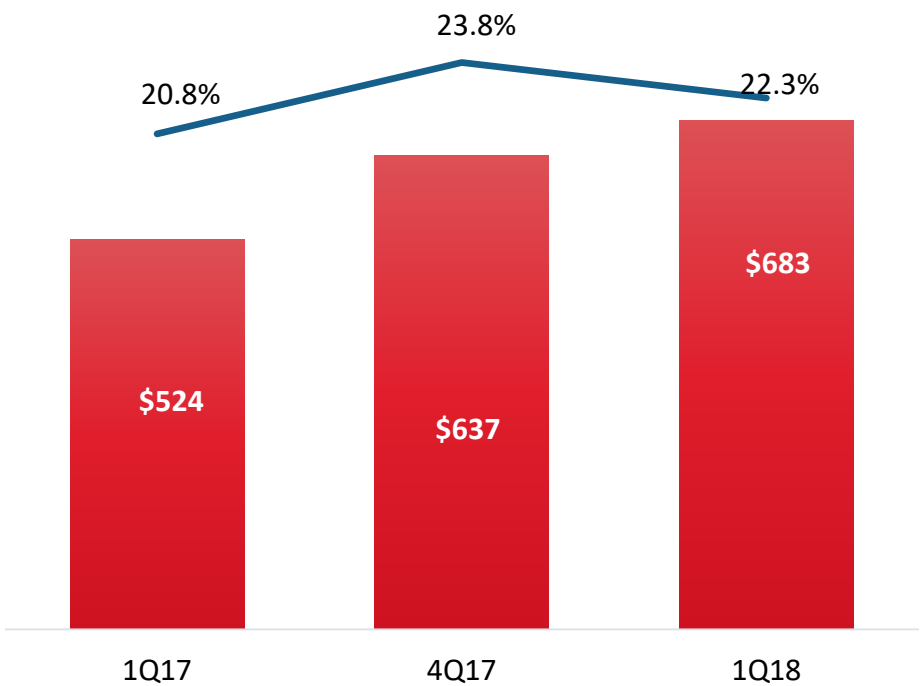
Maintaining Working Capital as a % of Revenue Target

(\$ Millions)

Free Cash Flow



Working Capital Excluding Cash - Quarters



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 % of Qtr Annual Revenue

Higher accounts receivable drive free cash flow usage

(1) In an effort to provide investors with additional information regarding our results as determined by GAAP, we disclose various non-GAAP financial measures in our quarterly earnings press releases and other public disclosures. The non-GAAP financial measures include: (i) earnings before interest, taxes, depreciation and amortization (EBITDA) excluding other costs, (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 of these non-GAAP financial measures to its most comparable GAAP financial measure is included in the schedules herein.

(2) Other costs primarily includes the transaction costs associated with acquisition activity, including the cost of inventory that was stepped up to fair value during purchase accounting and severance expenses which are included in operating profit (loss). For the three months ended March 31, 2018 and 2017, other costs was less than \$1 million in both periods.

(3) EBITDA % excluding other costs is defined as EBITDA excluding other costs divided by Revenue.

(4) Other costs, net of tax, for the three months ended March 31, 2018 and 2017, respectively, included a benefit of \$1 million and expense of \$7 million, after tax, respectively, from changes in the valuation allowance recorded against the Company's deferred tax assets. The Company has excluded the impact of a \$9 million tax charge related to the Tax Cuts and Jobs Act and a \$4 million tax charge related to the write-off of a previously recognized deferred tax asset on its valuation allowance in computing net income (loss) excluding other costs for the three months ended March 31, 2018.

(5) Totals may not foot due to rounding.

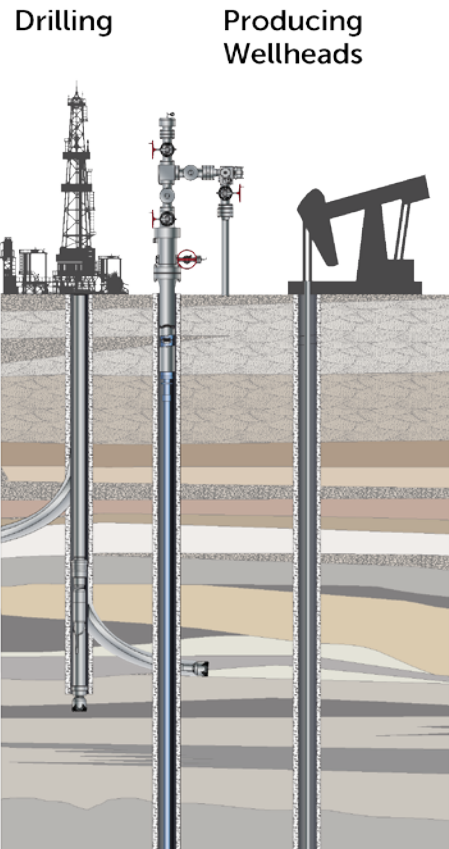
*** See referenced schedules on slide 22**

Appendix

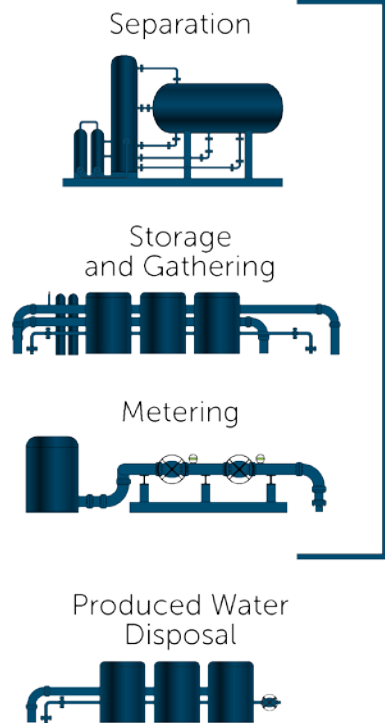


DNOW is a Critical Link from Drilling to Distribution

Upstream



Tank Battery



Midstream

Gas Processing Plant

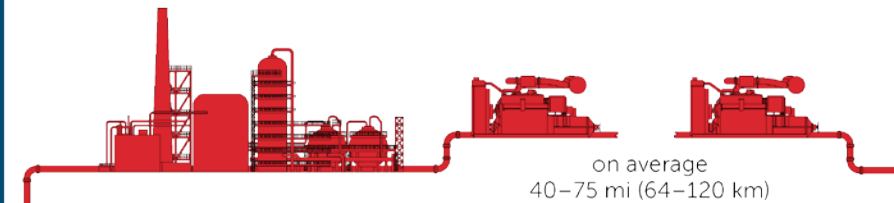
Gas Compressor Station (x)

Gas Compressor Station (y)

Downstream/ Industrial

Gas Transmission and Transportation

Gas Distribution



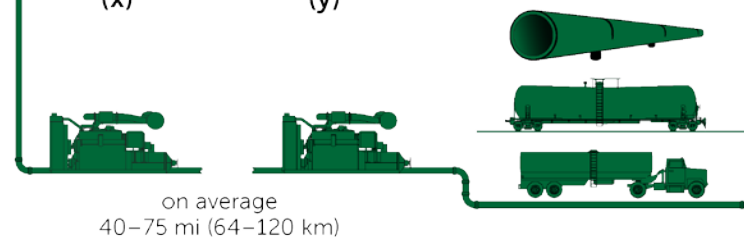
Oil Pump Station (x)

Oil Pump Station (y)

Oil Transmission and Transportation

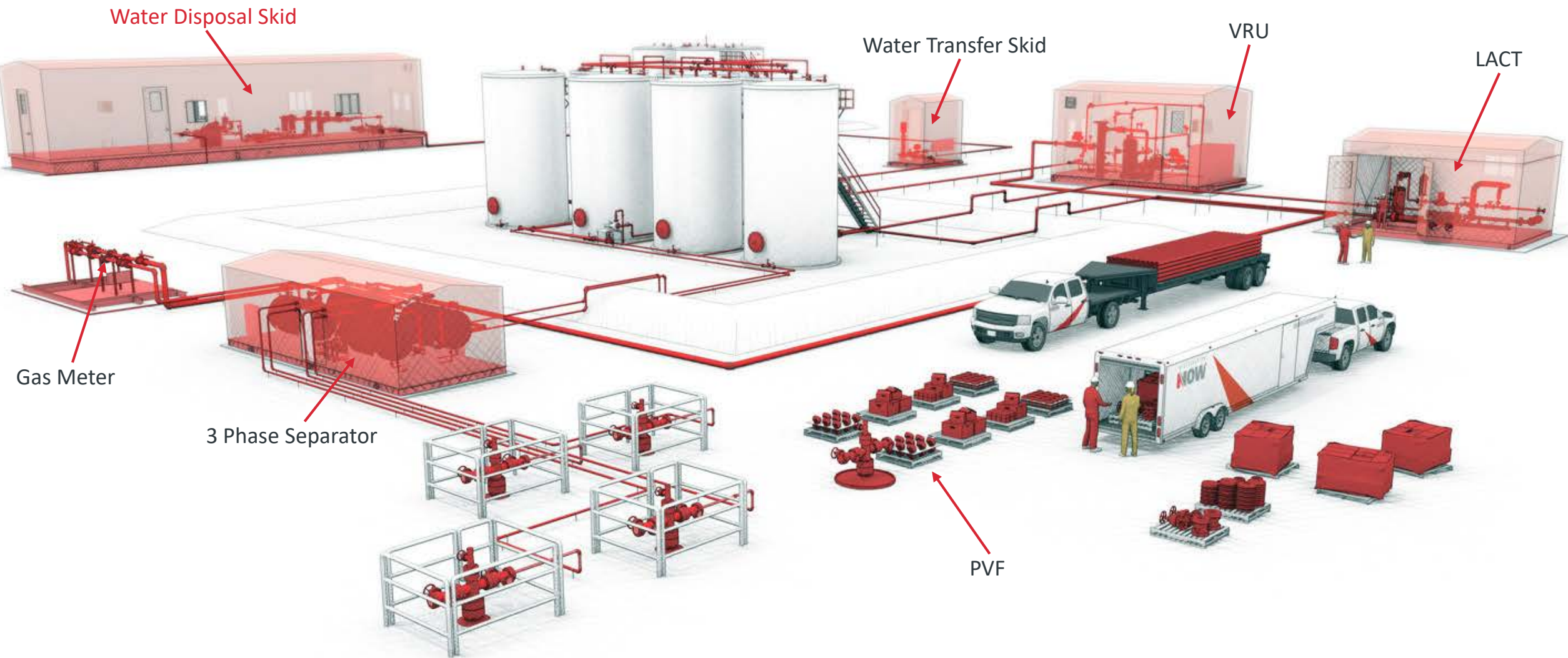
Oil Refinery

Oil Distribution



Tank Battery Installation

Does not include tanks, utilities or pipeline



Thank You

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