



Investor Relations

END OF THIRD QUARTER, 2019

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, (ii) net income excluding other costs and (iii) diluted earnings 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 and information.



Investment Highlights

- Significant cash generation in the period
- Zero debt, total liquidity exceeding \$600M, as we enter a period where we expect our pipeline to grow
- Prudent working capital management with working capital excluding cash as a percent of revenue at 19%, below our target of 20%
- Efficient capital allocation strategy focused on leveraging working capital, increasing inventory turns and generating cash
- Proven management team with significant industry experience

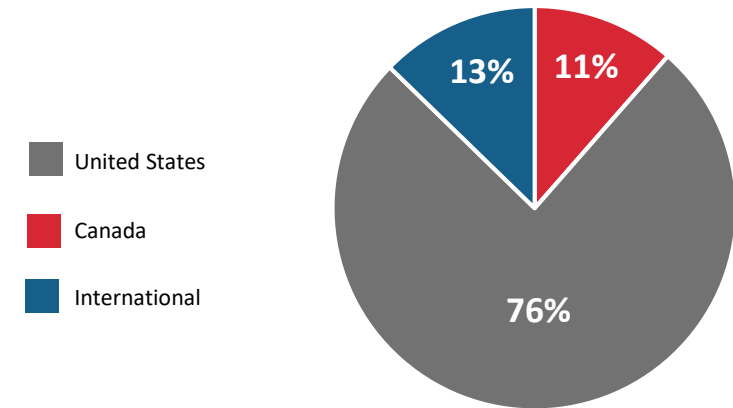


DNOW: One of the Largest Distributors to the Energy Industry

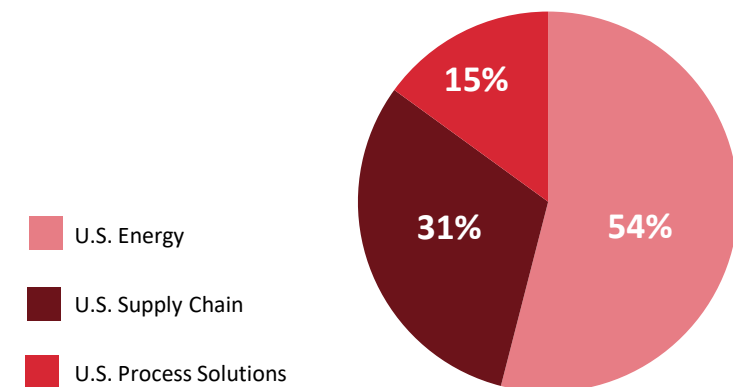
- Legacy 150+ years operating
- Support major land and offshore operations for all the key energy producing regions around the world
- Comprehensive network of energy centers, supply chain services and process solutions locations
- Key markets: Europe, Former Soviet Union, Latin America, Middle East,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

NYSE Ticker	DNOW
Countries	20+
Locations	~255
Employees	~4,500
ERP System	SAP™

2018 Revenue by Segment

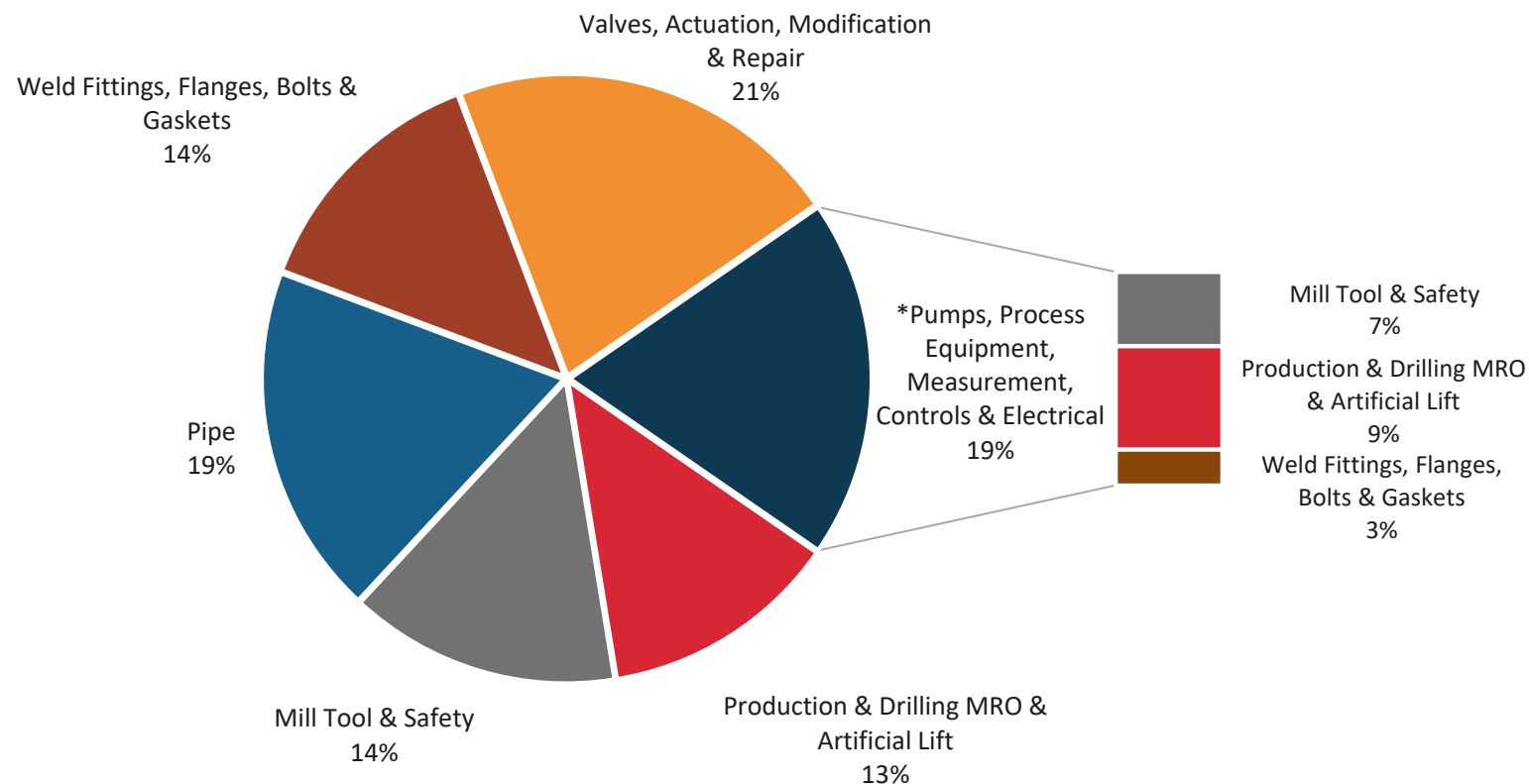


2018 United States Revenue by Channel



Comprehensive Product Offering and Balanced Revenue Mix

2018 DNOW Product Categories Revenue

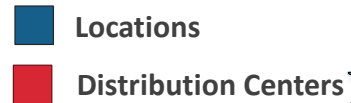


DNOW carries a
**broad range of
products and services**
to meet
**RAPID and CRITICAL
deliveries**
to customers in local and
remote areas

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

Global Presence and Reach

Company Locations



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



DISTRIBUTION
NOW

Supporting Customer Operations in ~80 countries

Drilling Contractors



Exploration & Production



Midstream



Downstream & Industrial

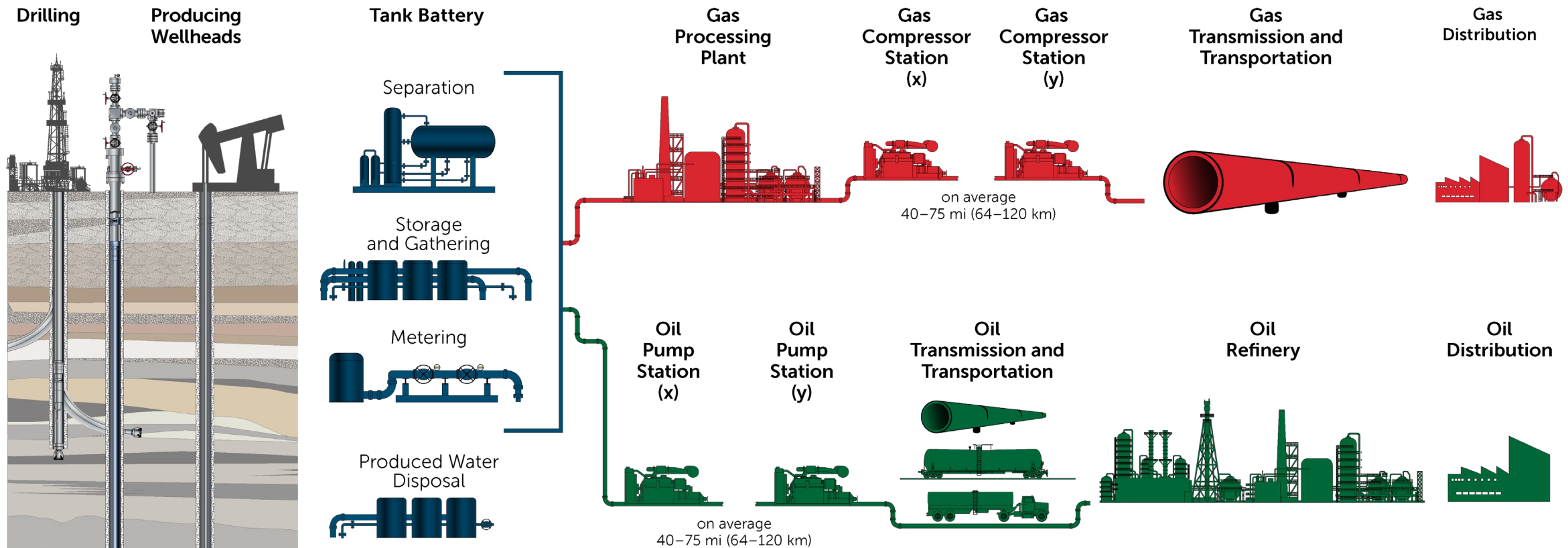


DNOW is a Critical Link from Drilling to Distribution

Upstream

Midstream

Downstream/ Industrial



Providing Value-Add Solutions Across All Channels



*Global branch network model
supplying products locally to upstream
& midstream energy customers*

**Provides one-stop shop value
proposition 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

- Leveraging **improved quoting process**, increasing efficiency, response time and improving pricing discipline
- **Deploying technology to drive efficiencies and productivity** e.g. e-commerce system evolving, customer order process, expedited order processing

Deliver Margin Discipline

- **Scaling and right-sizing locations** to reflect market demand
- **Leveraging suppliers** for market opportunities
- **Supply chain enhancements** by leveraging RDCs to increase branch fill rates, reduce buy-outs and improve inventory turns
- Human capital and recruiting efforts continue to **strengthen our position in key active areas**

Optimize Operations

- **Selectively evaluating M&A opportunities**
 - Integrated two small acquisitions made in 2Q19
 - Continue to evaluate M&A pipeline for growth
- Deepening integrations of acquired companies and delivering **revenue synergies through cross-selling with acquired companies**

Drive Growth Through Acquisitions

Approach to Capital Allocation

- **Working capital**, excluding cash, was 19% of revenue in 3Q19
- **Inventory turns** at 4.4x
- **Cash on hand** at September 30, 2019 of \$113M
- **Zero debt**

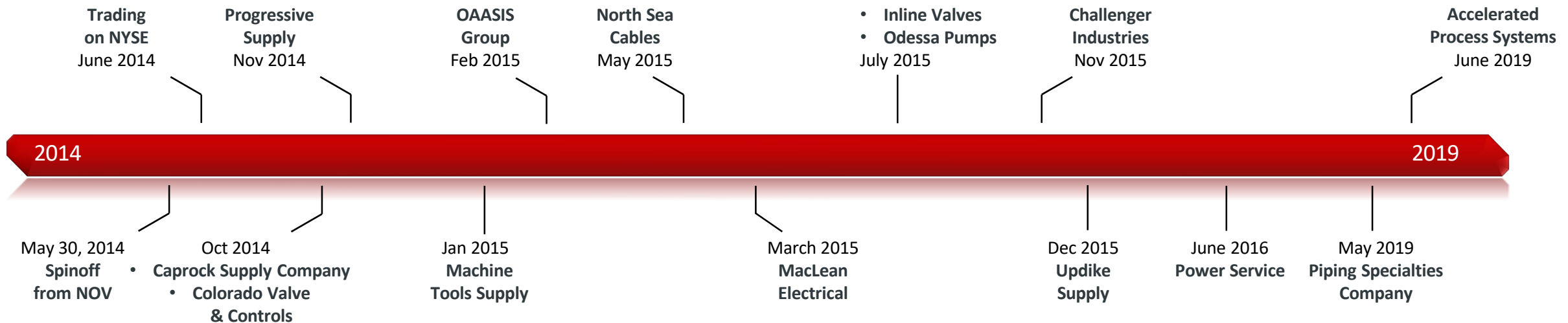


Driving Growth through Acquisitions

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 operations at higher margins

Track Record of Success





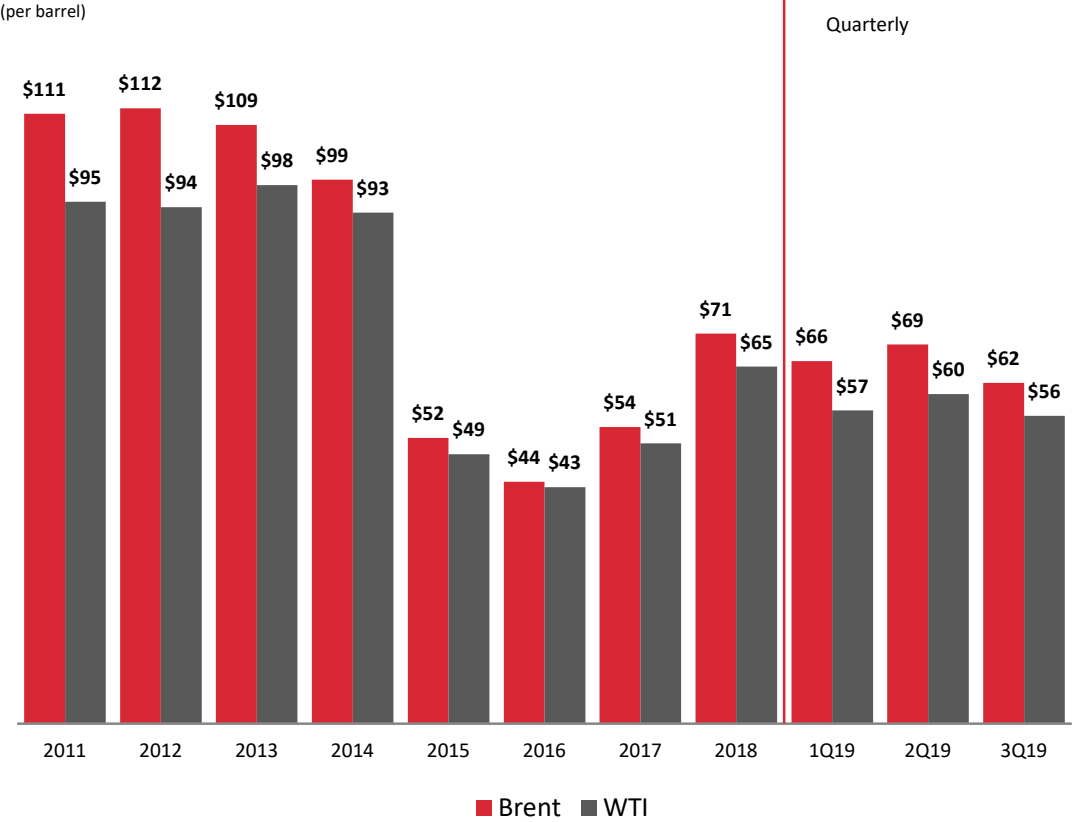
Industry Dynamics

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Key Market Indicators

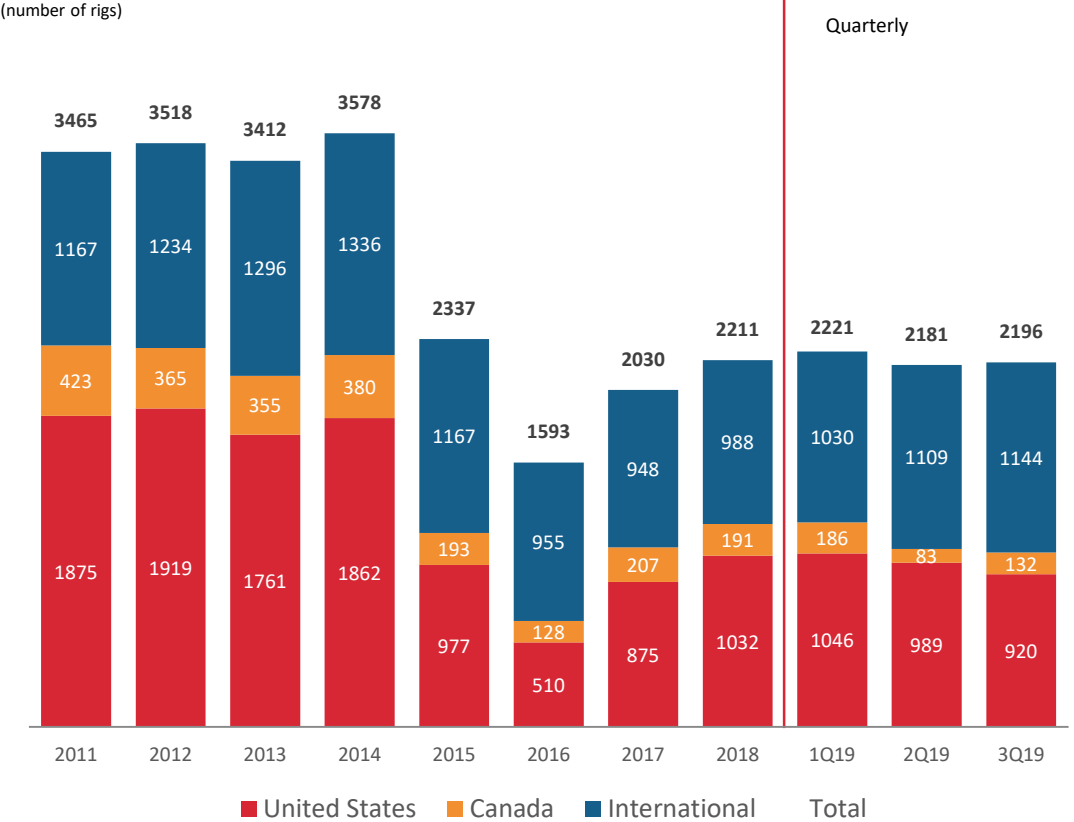
OIL PRICES & RIGS TRENDING

Average Oil Prices



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

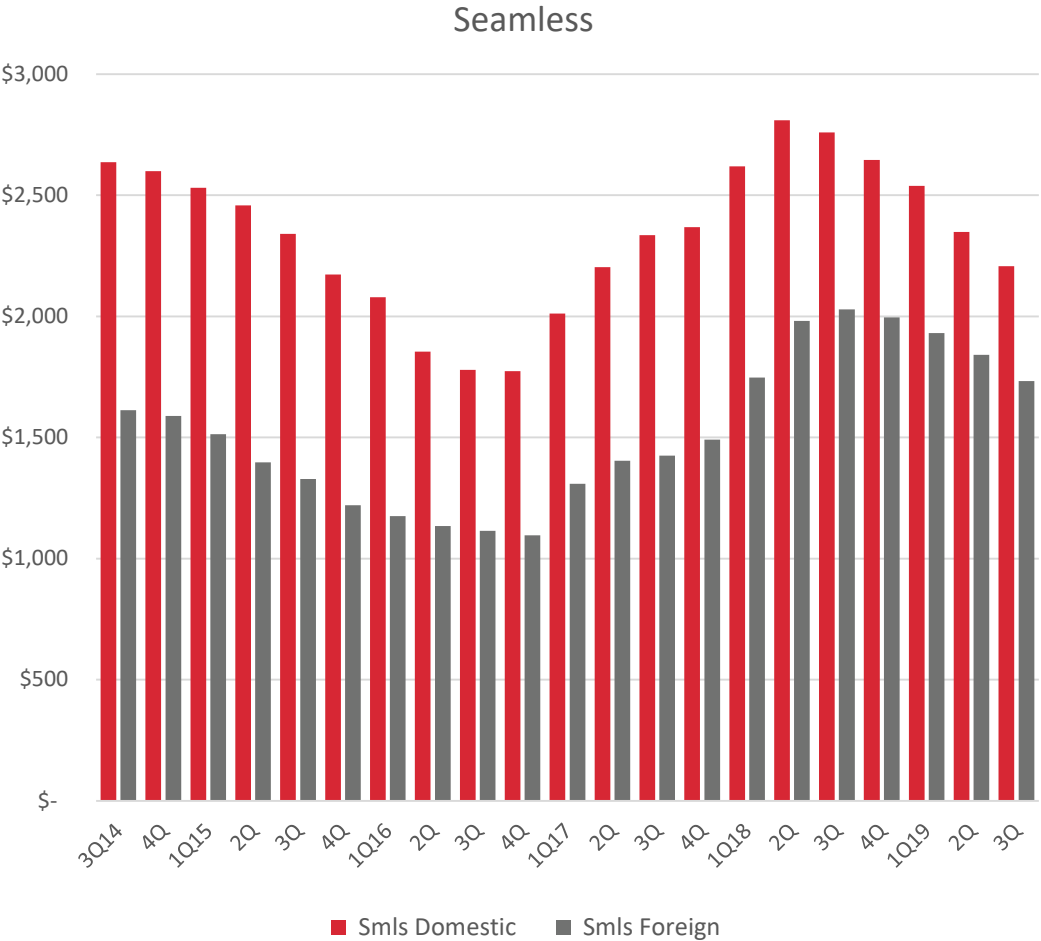
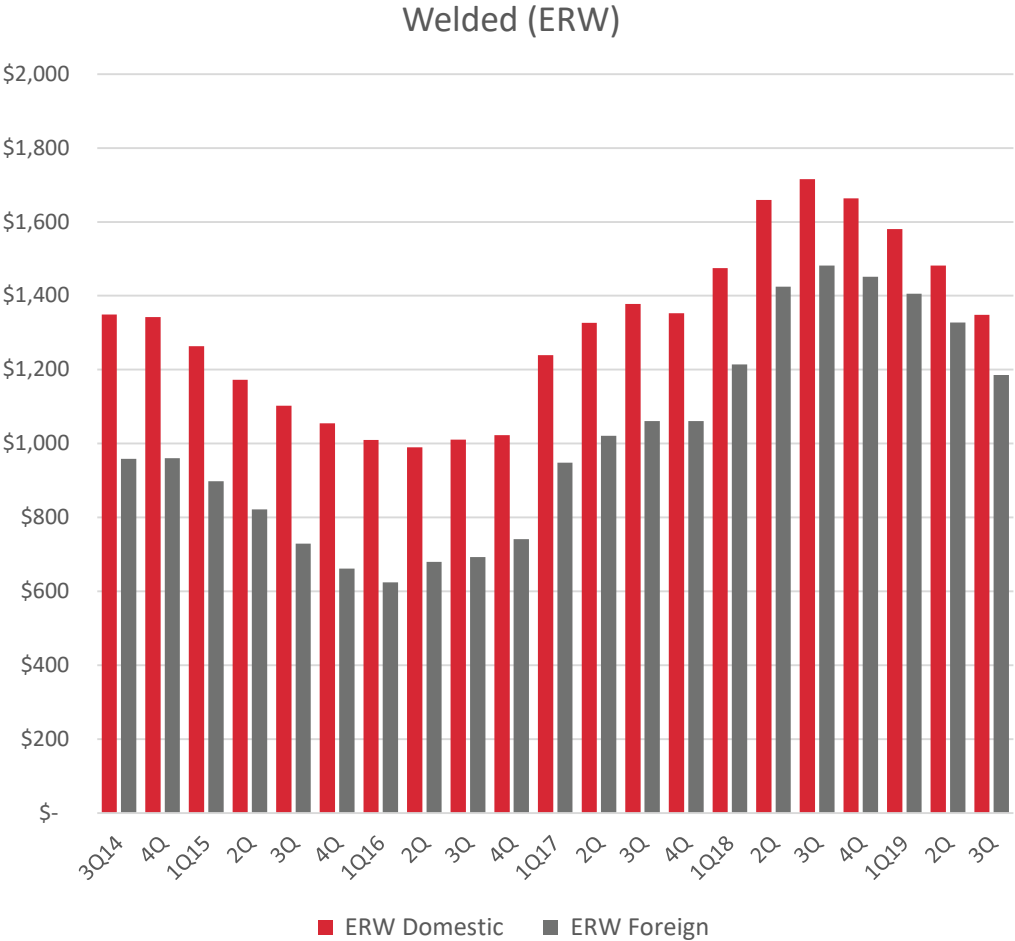
Average Rig Count



Source: Baker Hughes, Inc.

DNOW is positioned to benefit from industry growth

Pipe Price Trends, U.S. dollar per ton



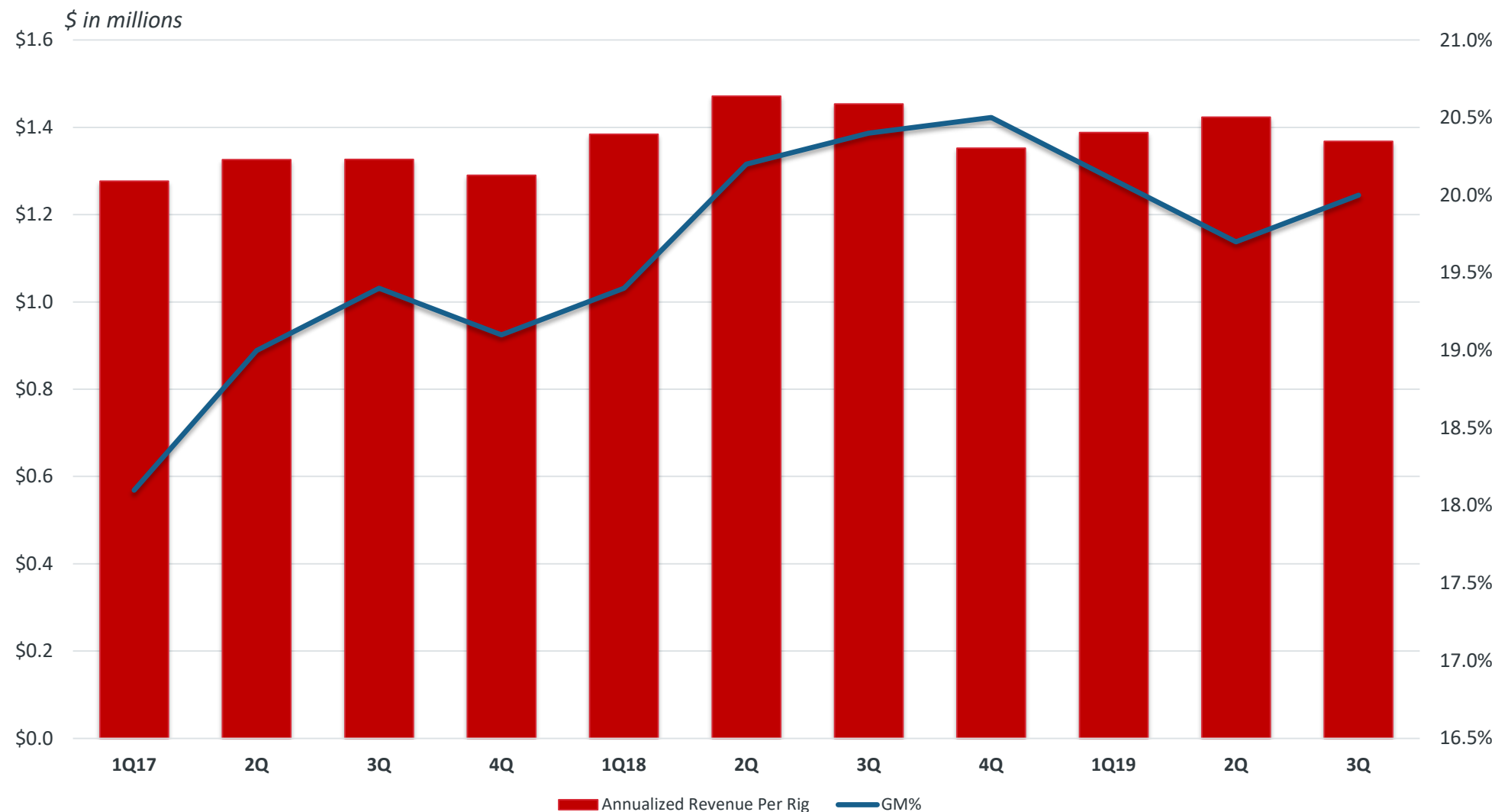
Source: Pipe Logix



Financial Update

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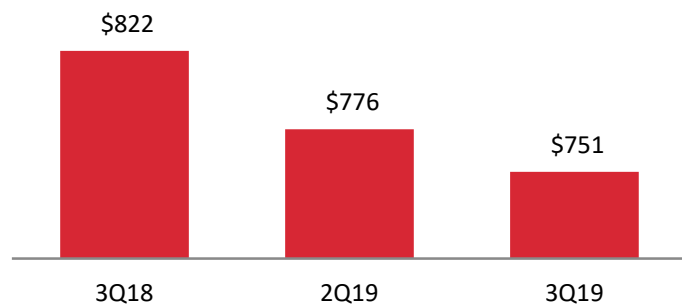
Revenue per Global Rigs and Gross Margins, Trended



CFO Highlights: Selected Quarterly Results (Unaudited)

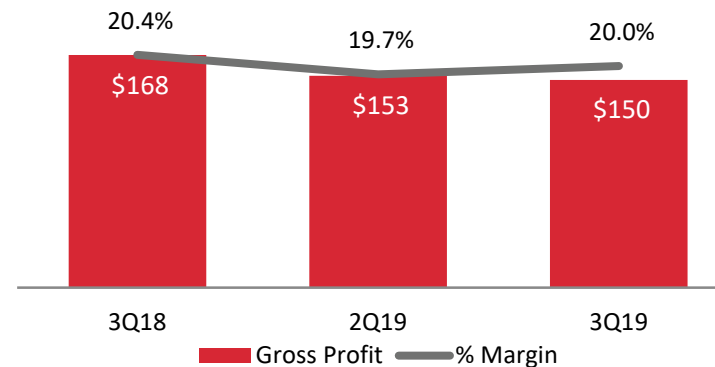
Revenue

(\$ in millions)



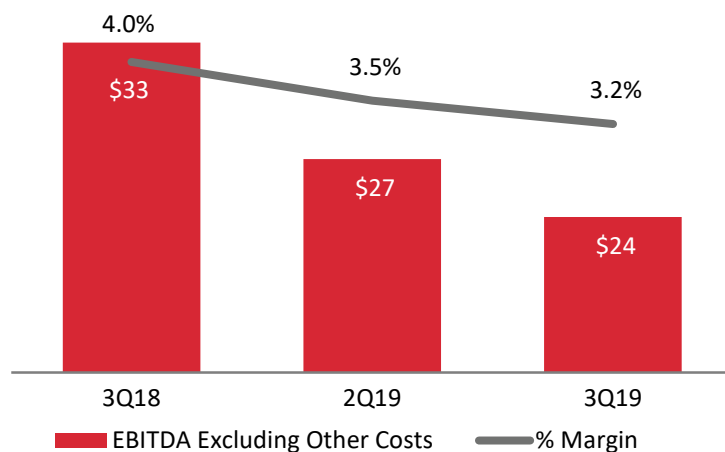
Gross Profit and Margin

(\$ in millions)



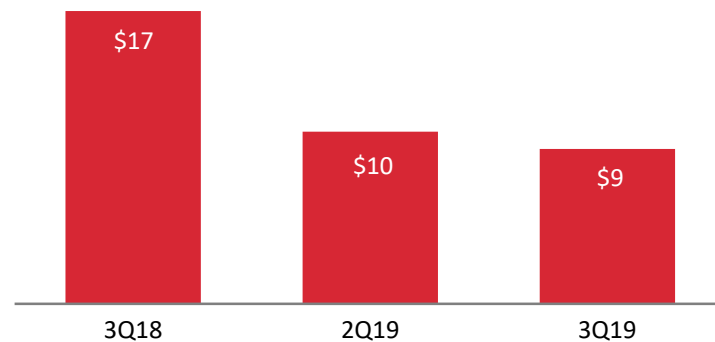
EBITDA Excl. Other Costs (Non-GAAP) and Margin

(\$ in millions)



Net Income Excl. Other Costs (Non-GAAP)

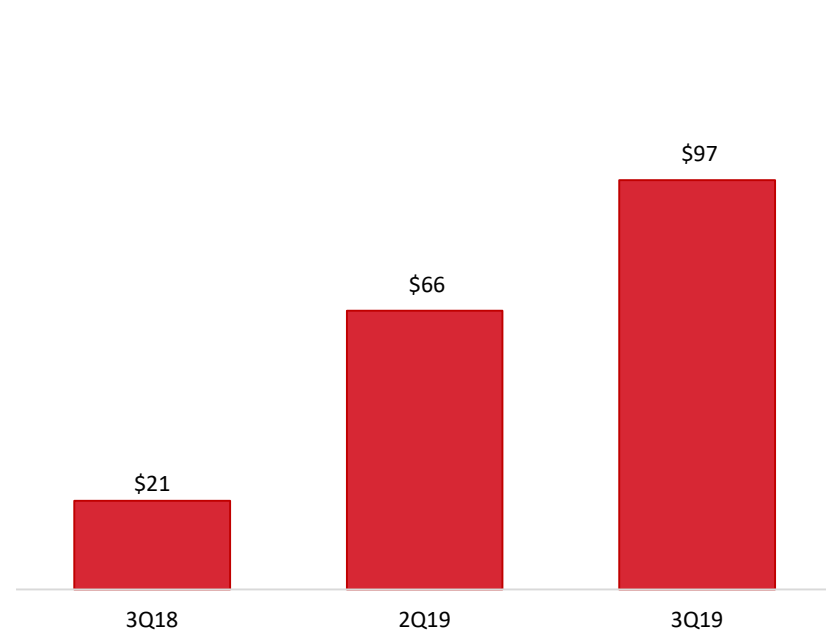
(\$ in millions)



Cash Generation & Working Capital Management

Free Cash Flow

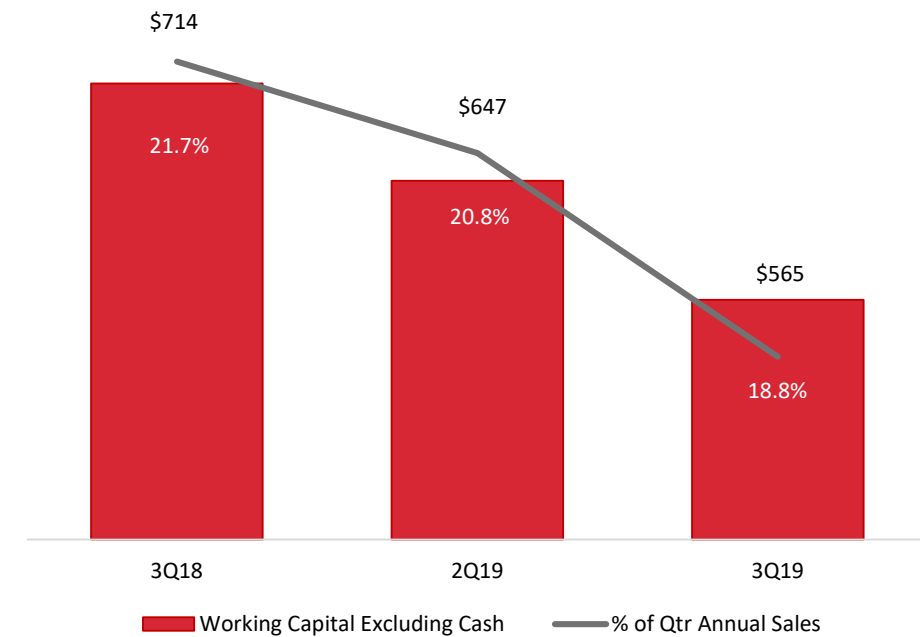
(\$ in millions)



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)



YOY Revenue and Operating Profit

(\$ in millions)

Revenue:

United States

Canada

International

Total revenue

	Unaudited	
	3Q18	3Q19
United States	\$ 630	\$ 567
Canada	93	83
International	99	101
Total revenue	822	751

Operating profit:

United States

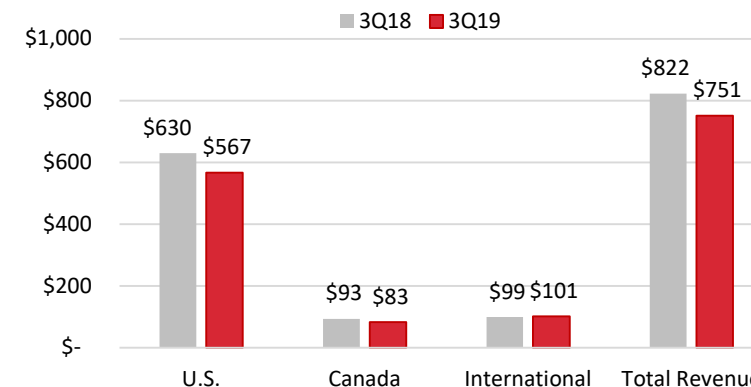
Canada

International

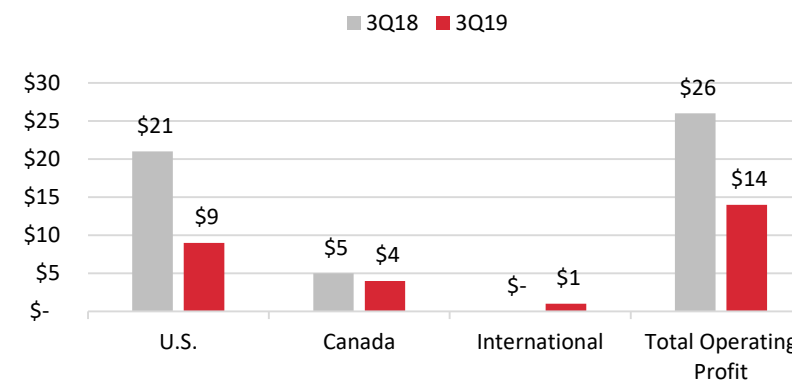
Total operating profit

United States	\$ 21	\$ 9
Canada	5	4
International	-	1
Total operating profit	26	14

YOY Revenue By Segment



YOY Operating Profit By Segment

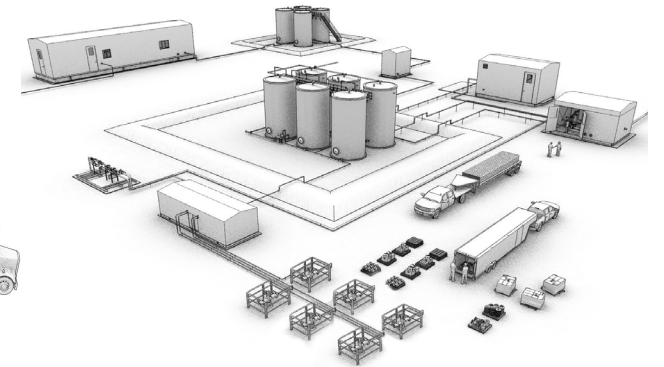
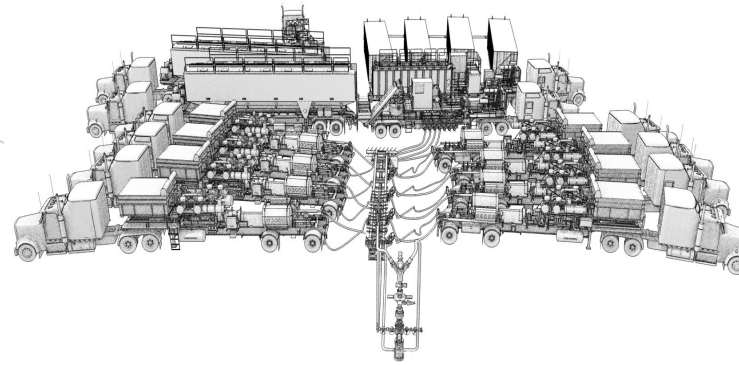
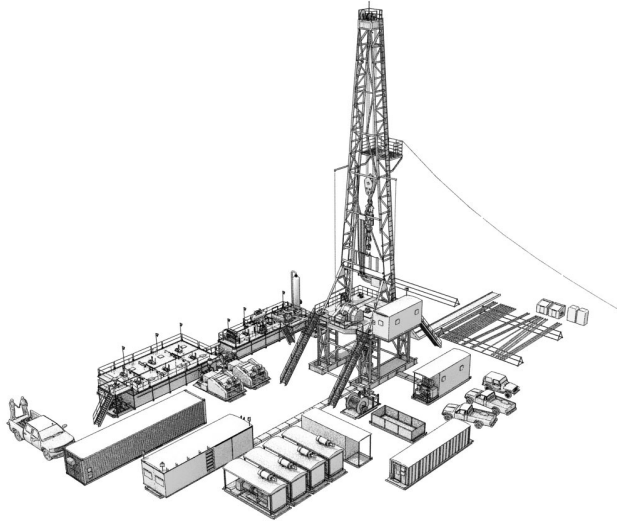




Appendix

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Timing and Materiality from Drilling to Tank Battery Install

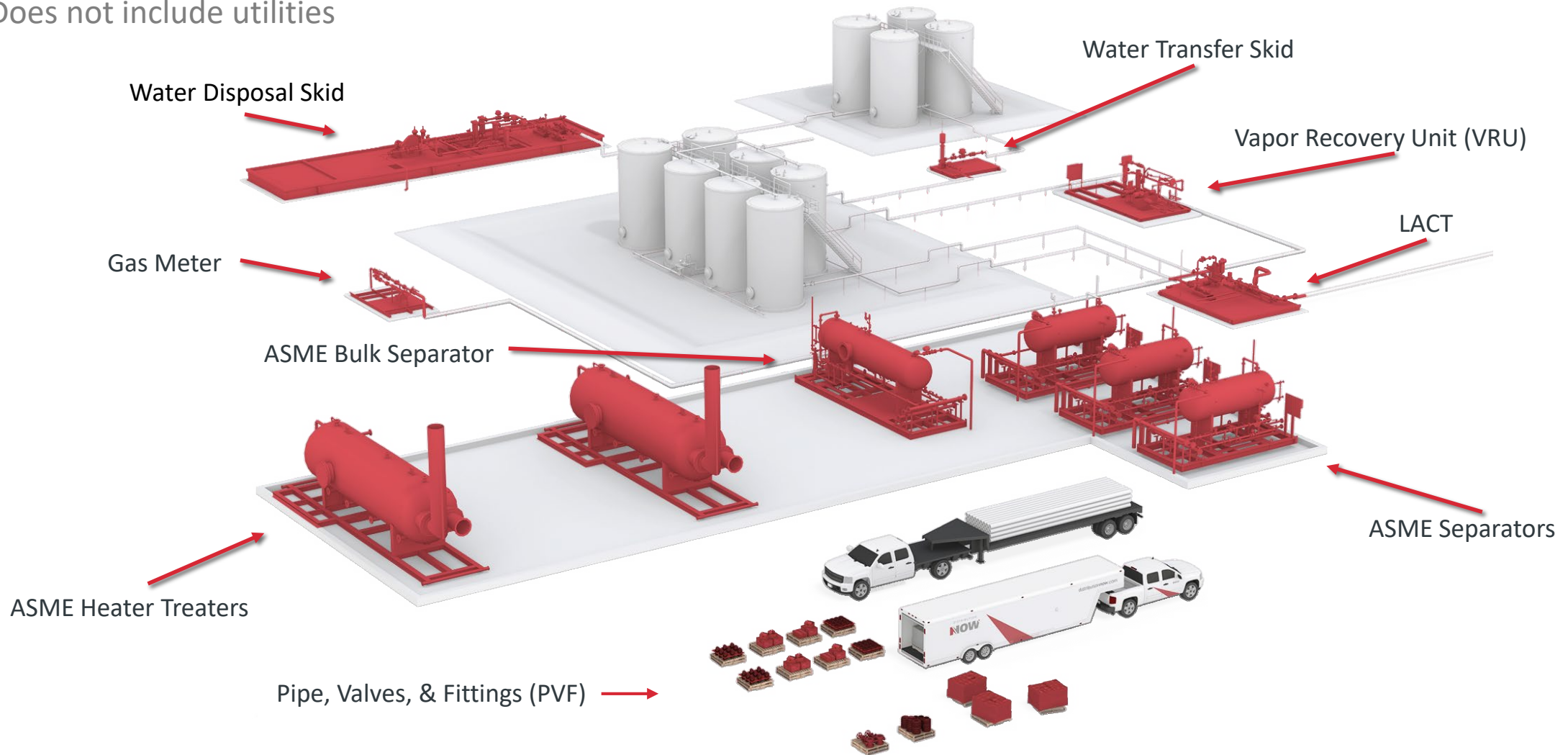


	Drilling	Frac	Tank Battery
Revenue*	\$4,000-\$5,000 per week	Minimal	\$250,000-\$2 million
Time*	60-80 days	45-60 days	45-60 days
Customer	Drilling Contractors	Service Companies	E&P Operators

*Estimates based on a 6 well pad

Example Tank Battery Installation

Does not include utilities



Technology Investments for growth and enhanced productivity

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

DigitalNOWTM platform, a comprehensive suite of digital supply chain management services & solutions.

Projects under development:

- SAP Commerce Cloud
 - Will enable enhanced B2C type eCommerce experience within the B2B market
 - Replace existing shop.dnow.com platform
 - Lead to increase in digital commerce revenue
- SAP Suite on Hana and Google Cloud
 - Increase ERP platform performance leading to increased employee productivity
- Advanced analytics & custom metric reporting
 - Provides customers access to dashboarding of spend history, analysis, and line item detail reporting that enable optimized selection of products yielding to product and inventory standardization and working capital efficiency
 - Lead to increased customer satisfaction and retention



Thank You

IR.DISTRIBUTIONNOW.COM

INVESTOR RELATIONS

CONTACT US AT: IR@DNOW.COM