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NOW Inc., Third Quarter 2016 Review & Key Takeaways

Forward Looking Statements

- 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.

CEO Perspective on 3Q 2016

- **Third Quarter Results**
  - Revenue per global operating rig steady at $1.4M; $1.3M excluding acquisitions completed in the last year
  - Revenues improved by $19M sequentially; EBITDA excluding other costs (a Non-GAAP measure*) improved by $2M in 3Q 2016
  - Net loss for 3Q 2016 of $56M or a loss of $36M excluding other costs (a Non-GAAP measure*)
  - Diluted loss per share for 3Q 2016 was $0.53 or $0.34 excluding other costs (a Non-GAAP measure*)
  - Full quarter of Power Service added $20M incremental revenue sequentially to U.S. segment for 3Q 2016
- **Focus on cost discipline while preparing operations for a modest uptick**
  - Reduced headcount by 143 since 2Q 2016
  - Closed or consolidated 12 branches and onsite locations in 3Q 2016
  - Reduced AR by $15M and inventory by $57M in 3Q 2016
  - $131M cash on hand at Sep. 30, 2016
- **Going forward: Navigating a capricious market**
  - Aligning local operations with market activity levels
  - Improving margins on slow revenue growth
  - Concentrating on synergy gains from acquisitions
  - Balancing need for working capital in an upcycle with a market exhibiting increasing deal flow
  - Maintaining capital allocation discipline

Increased focus on margin improvement and incremental revenue growth

(* See footnotes on last page)

Statement of Operations and Non-GAAP Reconciliations

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($ Millions, Except Per Share Amounts and Percentages)

	Unaudited	
	3Q 2016	2Q 2016
Revenue	$ 520	$ 501
Operating Expenses		
Cost of Products	$ 433	$ 418
WS&A	$ 140	$ 140
Operating Loss	$ (53)	$ (57)
Other Expense	$ (3)	$ (2)
Loss Before Income Taxes	$ (56)	$ (59)
Income Tax Benefit	$ -	$ (15)
GAAP Net Loss	$ (56)	$ (44)

	Unaudited	
	3Q 2016	2Q 2016
GAAP Net Loss	$ (56)	$ (44)
Interest, Net	$ 1	$ 1
Income Tax Benefit	$ -	$ (15)
Depreciation & Amortization	$ 14	$ 13
Other Costs*	$ 1	$ 3
EBITDA Excluding Other Costs (Non-GAAP)*	$ (40)	$ (42)
EBITDA % Excluding Other Costs (Non-GAAP)*	(7.7%)	(8.4%)
GAAP Reported Diluted Loss Per Share	$ (0.53)	$ (0.40)
Other Costs*	$ 0.19	$ -
Diluted Loss Per Share Excl. Other Costs (Non-GAAP)*	$ (0.34)	$ (0.40)

Sequential revenues improved by 4%, but need better pricing to get better margins

(* See footnotes on last page)

Statement of Operations and Non-GAAP Reconciliations

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($ Millions, Except Per Share Amounts and Percentages)

	Unaudited	
	3Q 2016	3Q 2015
Revenue	$ 520	$ 753
Operating Expenses		
Cost of Products	$ 433	$ 636
WS&A	$ 140	$ 153
Impairment of Goodwill	$ -	$ 255
Operating Loss	$ (53)	$ (291)
Other Expense	$ (3)	$ -
Loss Before Income Taxes	$ (56)	$ (291)
Income Tax Benefit	$ -	$ (67)
GAAP Net Loss	$ (56)	$ (224)

	Unaudited	
	3Q 2016	3Q 2015
GAAP Net Loss	$ (56)	$ (224)
Interest, Net	$ 1	$ 1
Income Tax Benefit	$ -	$ (67)
Depreciation & Amortization	$ 14	$ 10
Other Costs*	$ 1	$ 260
EBITDA Excluding Other Costs (Non-GAAP)*	$ (40)	$ (20)
EBITDA % Excluding Other Costs (Non-GAAP)*	(7.7%)	(2.7%)
GAAP Reported Diluted Loss Per Share	$ (0.53)	$ (2.09)
Other Costs*	$ 0.19	$ 1.92
Diluted Loss Per Share Excl. Other Costs (Non-GAAP)*	$ (0.34)	$ (0.17)

Gross margin up 1.2% YoY despite 31% drop in revenue

(* See footnotes on last page)

Revenues Per Global Operating Rig

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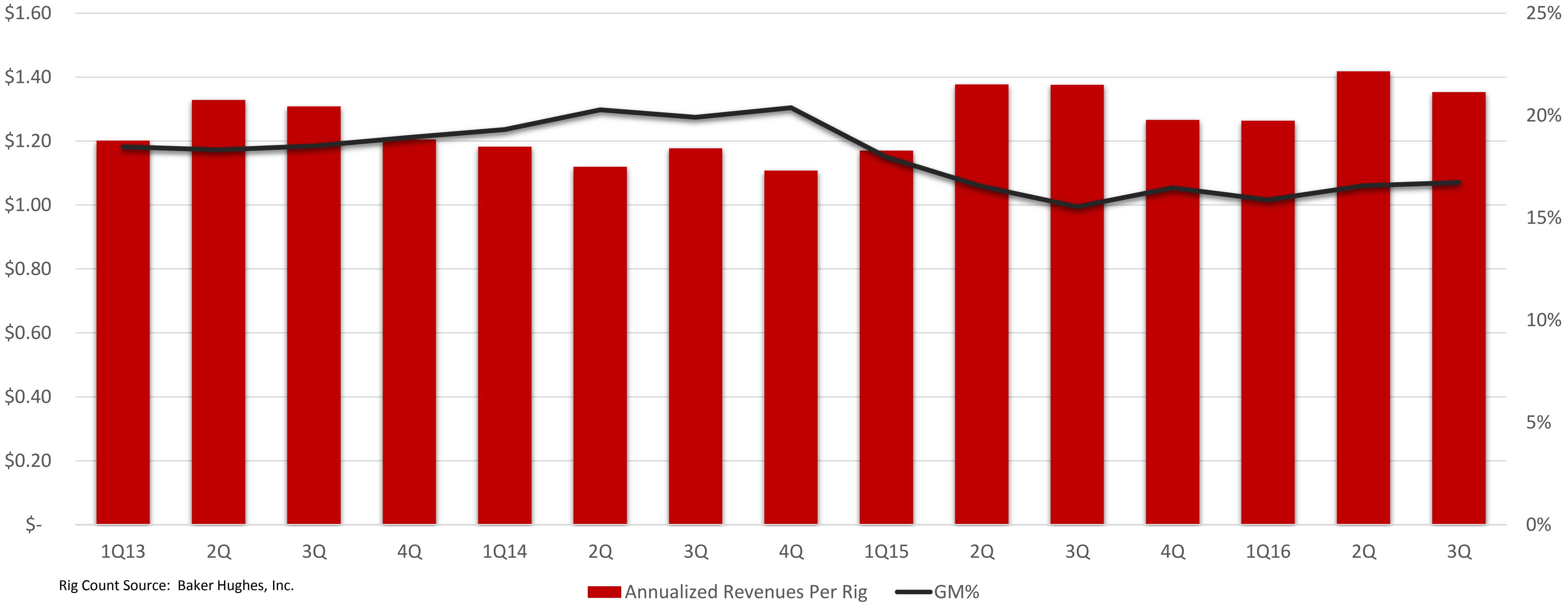
($ Millions - QTR - Annualized)



Rig Count Source: Baker Hughes, Inc.

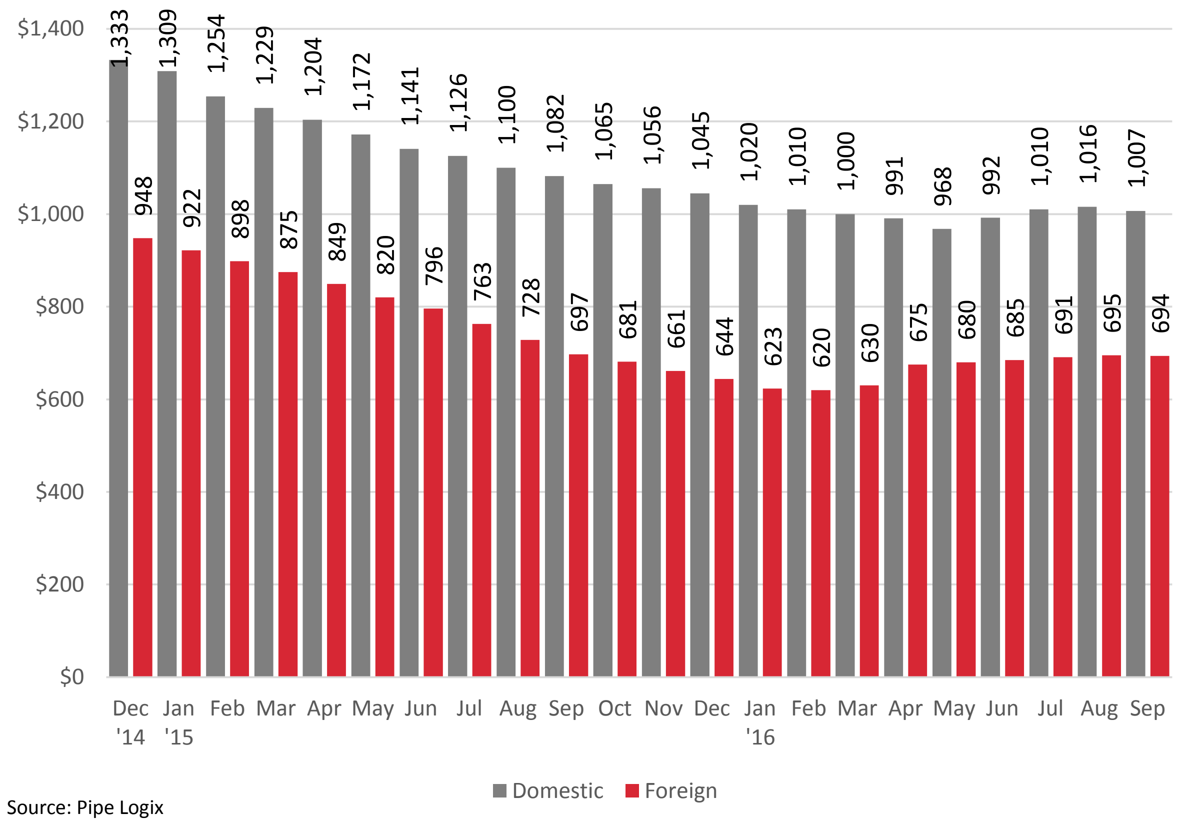
Revenues per rig, steady as she goes

Spears Pipe Logix Report

Line Pipe Pricing

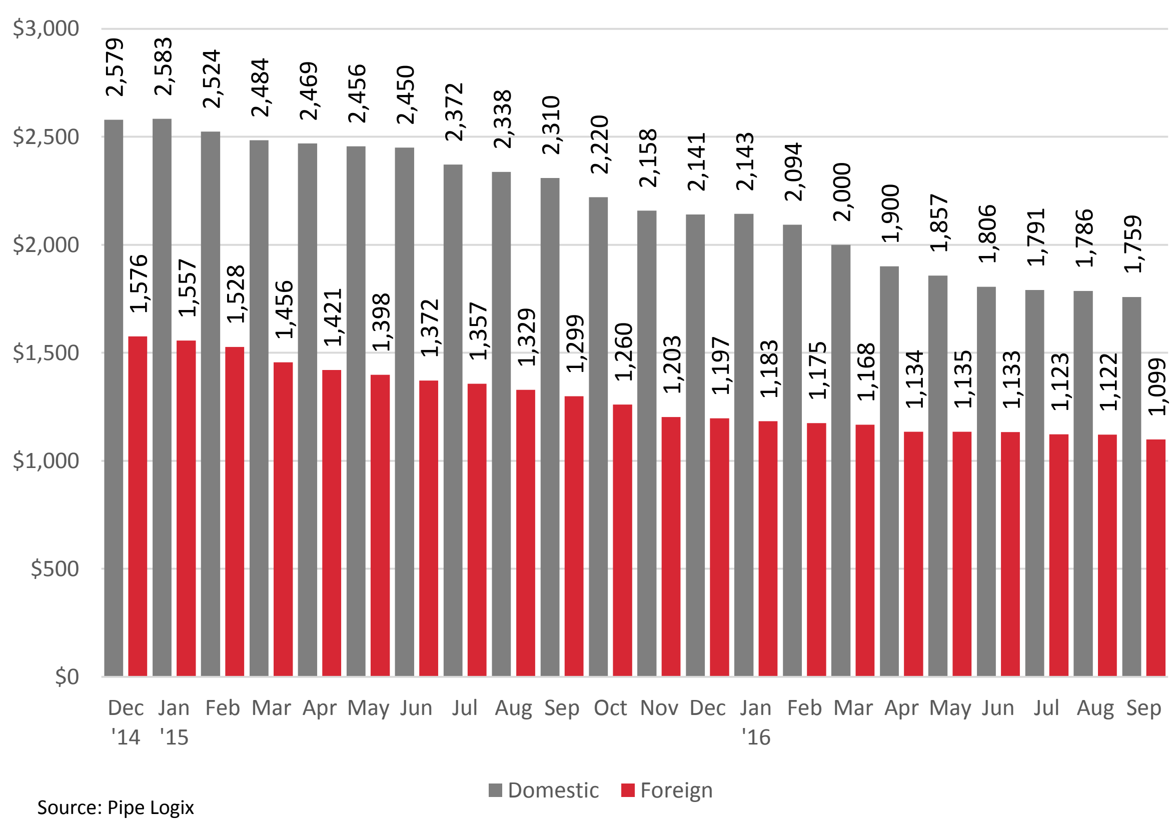
Updated through Sep. 2016

Average of Selected ERW Items - Price ($/ton)



Source: Pipe Logix

Average of Selected Seamless Items - Price ($/ton)



Source: Pipe Logix

Customers continue shift towards import pipe products

Selected Quarterly Results (Unaudited)

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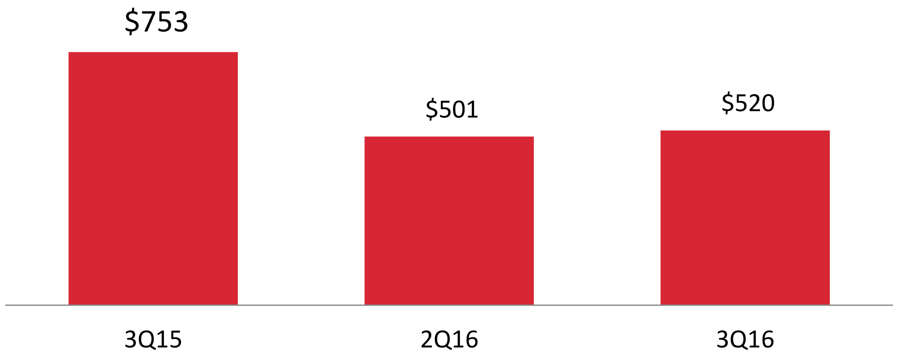
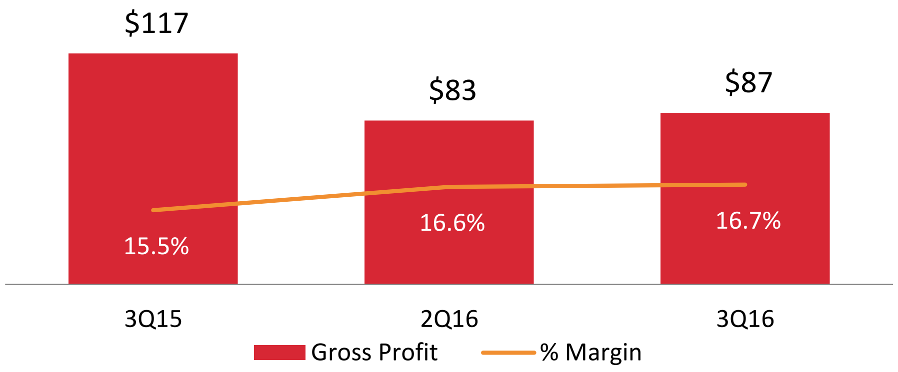
Revenue

($ in millions)



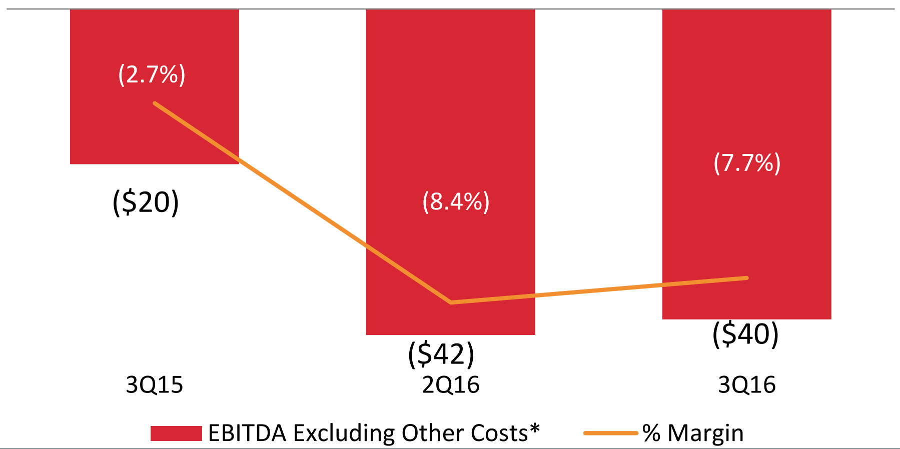
Gross Profit and Margin

($ in millions)



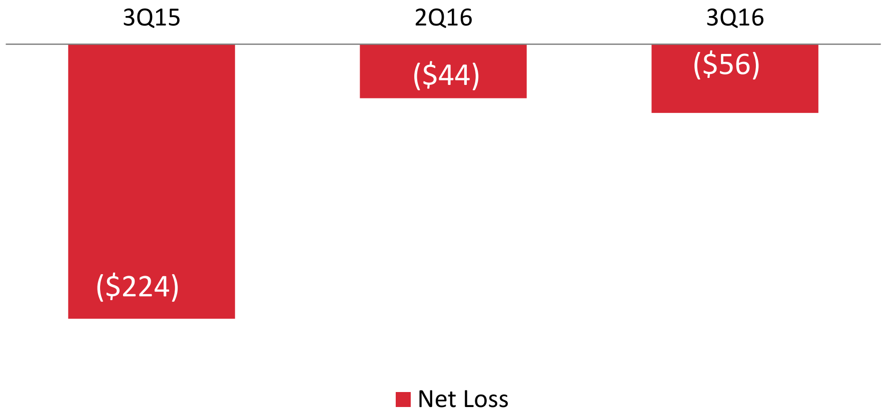
EBITDA Excl. Other Costs (Non-GAAP)* and Margin

($ in millions)



Net Loss

($ in millions)



EBITDA excluding other costs (Non-GAAP)*, improved slightly on revenue gain

(* See footnotes on last page)

Business Segment Results

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($ Millions)

	Unaudited		
	3Q 2016	2Q 2016	3Q 2015
Revenue			
United States	$372	$337	$497
Canada	67	55	94
International	81	109	162
Total Revenue	520	501	753
Operating Profit (Loss)			
United States	(46)	(44)	(294)
Canada	(2)	(8)	2
International	(5)	(5)	1
Total Operating Loss	$(53)	$(57)	$(291)

United States

- The U.S. segment topline improved by 10% sequentially, enabled by an increase of 14% active rigs, incremental revenue from the Power Service acquisition, modest activity increases on U.S. land and continued projects in the midstream and gas utility markets.

Canada

- Canadian revenues for 3Q 2016 were $67M, up $12M sequentially related to a 147% increase in rig count, as well as completion of seasonal break-up, the addition of a new Fiberspar product line and increased sales to midstream and drilling contractor customers.

International

- The International segment declined 26% sequentially in 3Q 2016 as a result of the completion of major projects, such as Wheatstone, Australia, the reduction of capex to major projects as well as maintenance projects, and continued cannibalization of stacked rigs.

U.S. & Canada revenue up; International down on lower activity

Key Industry Indicators

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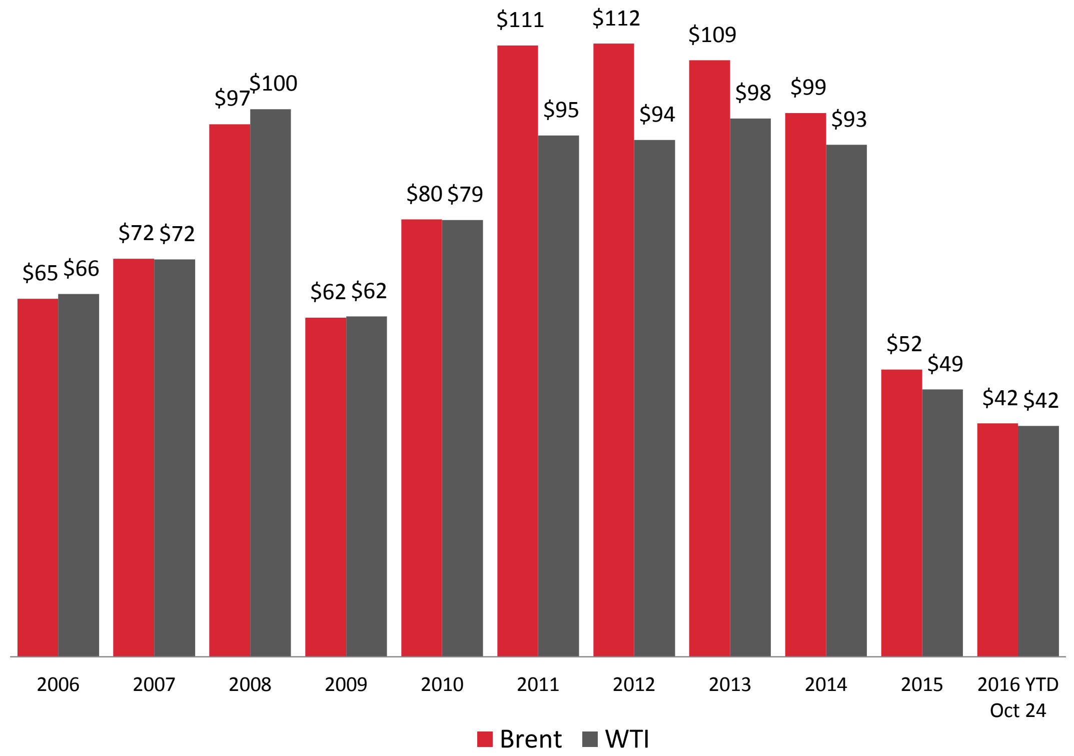
Average Oil Prices

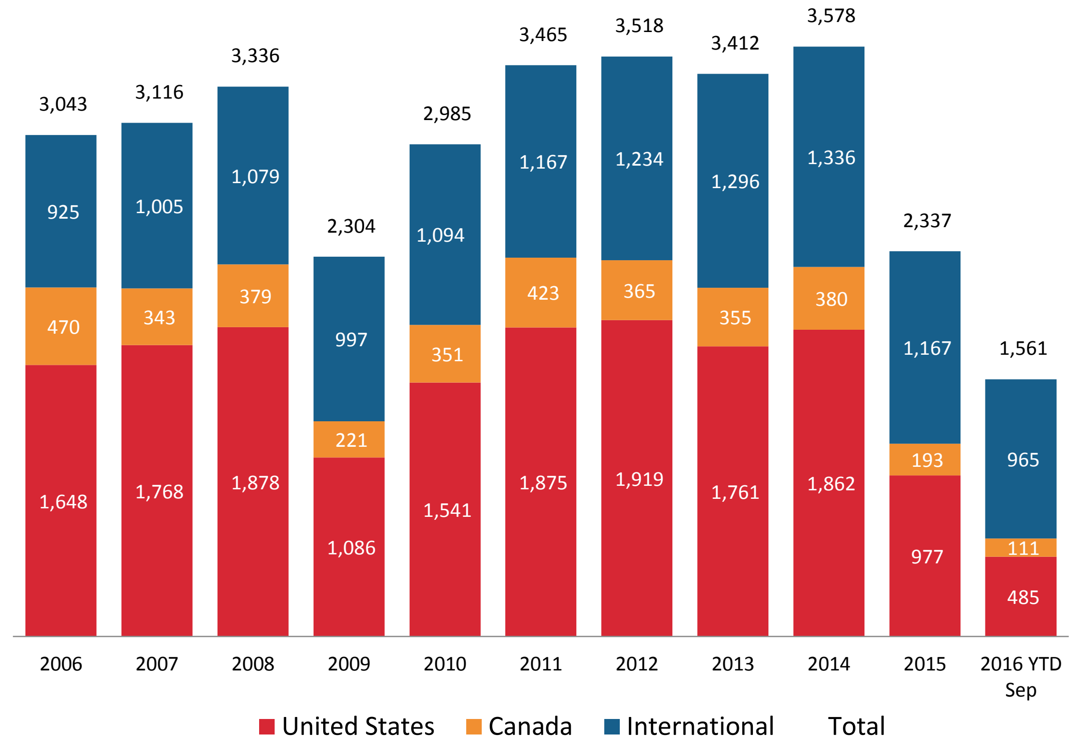
(per barrel)



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

Average Annual Rig Count

(number of rigs)

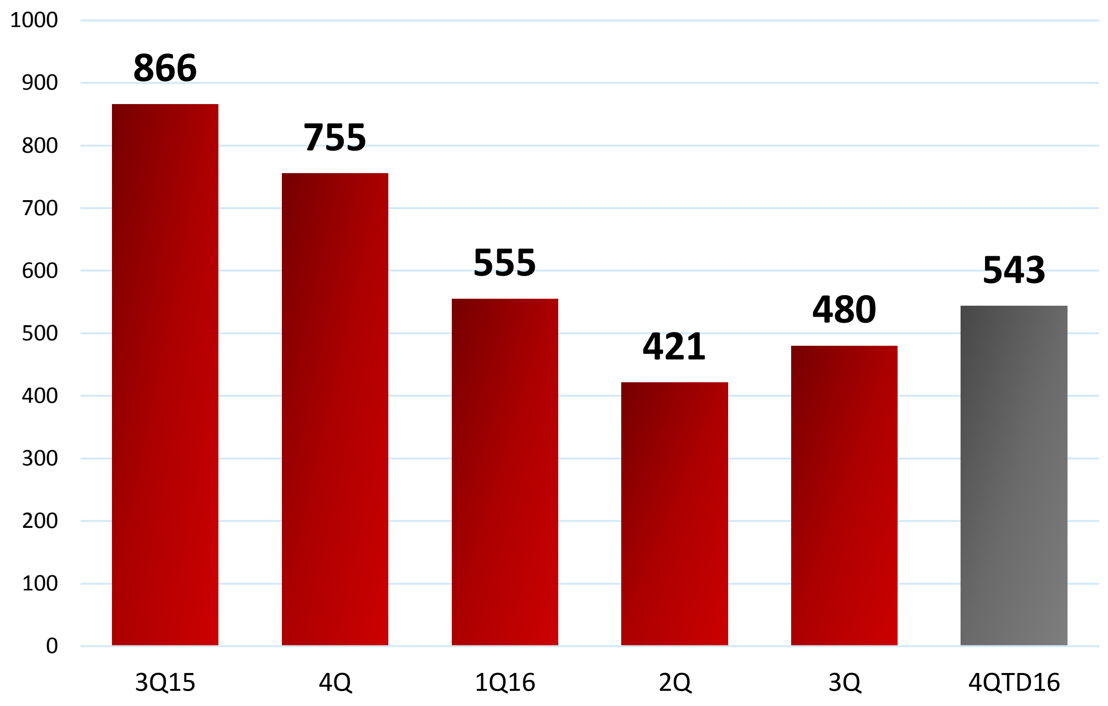


Source: Baker Hughes, Inc.

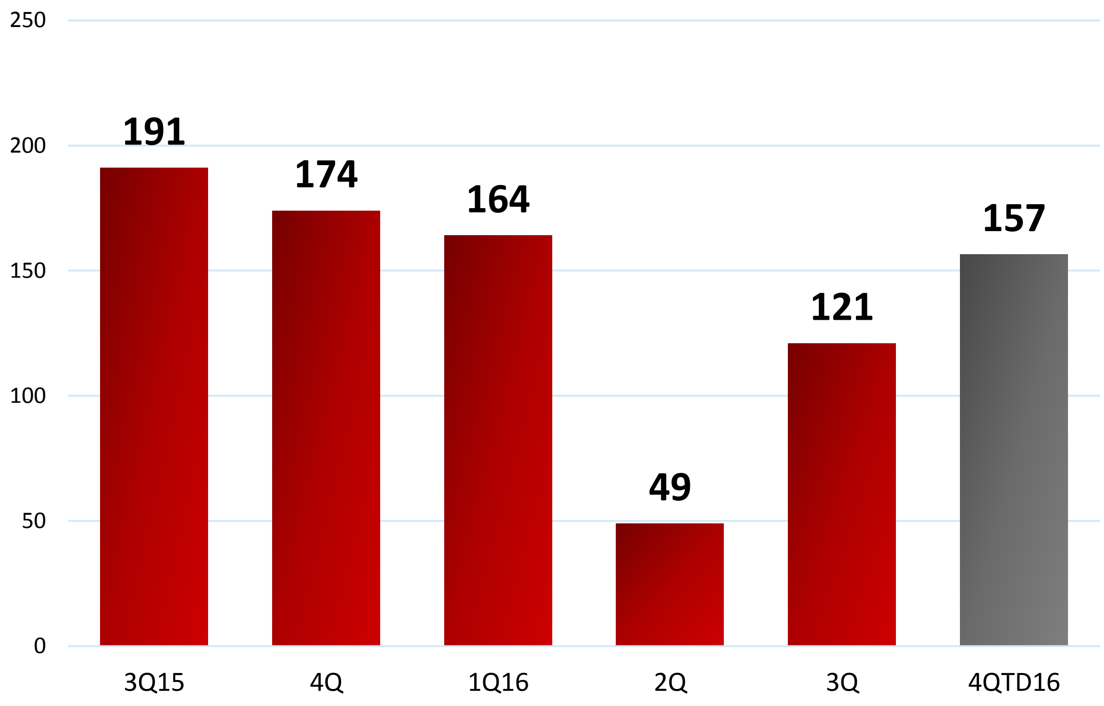
Historically low oil and rig count levels

Key Industry Indicators

Recent U.S. Rig Count Trends



Recent Canada Rig Count Trends

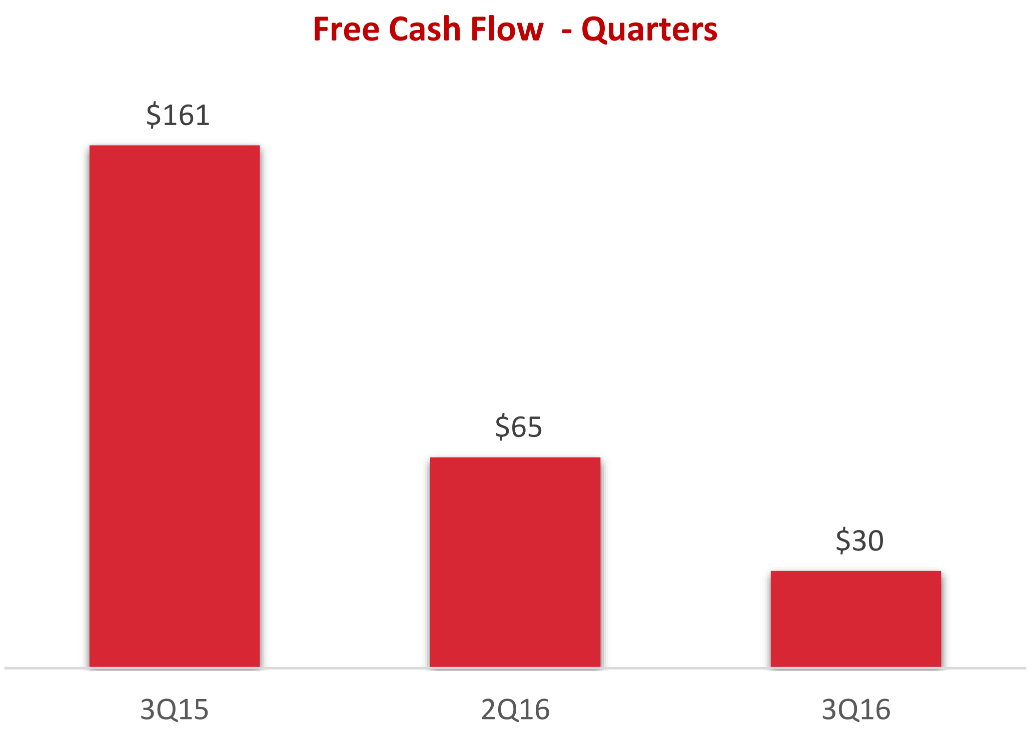


Source: Baker Hughes, Inc., gray bars indicate 4th QTD rig count averages through Oct. 28

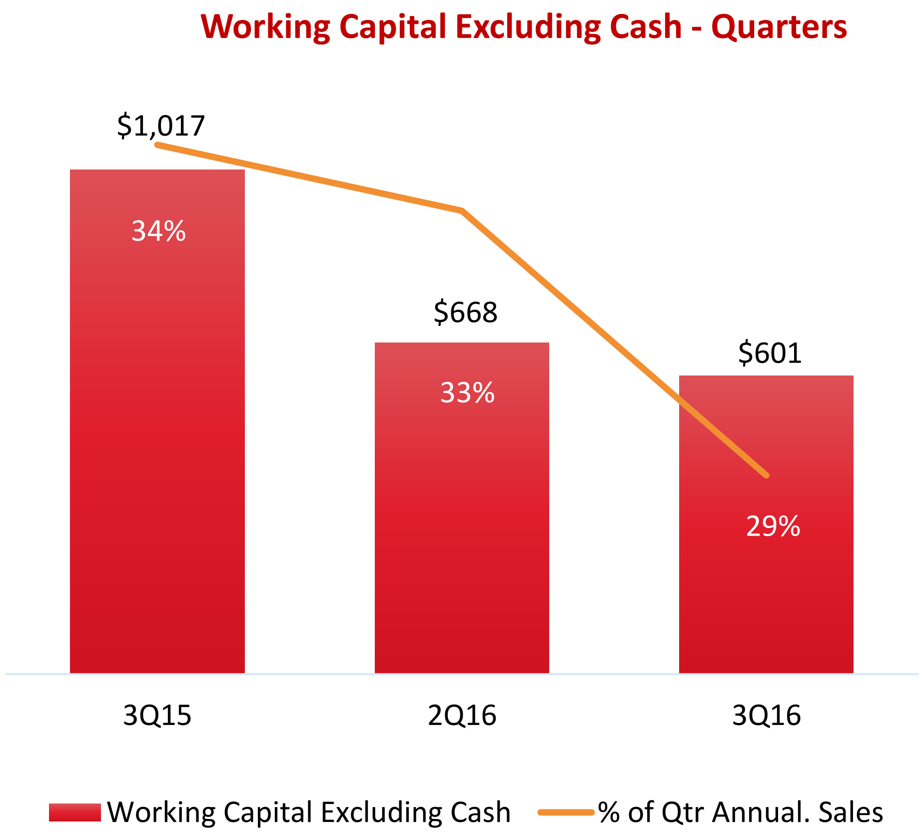
Strengthening U.S. and Canada rig count trends

Cash Generation & Working Capital Excluding Cash

($ Millions)



Free Cash Flow (“FCF”) is defined as Net cash provided by operating activities, less Purchases of property, plant and equipment



Resilient free cash flow as A/R, Inventory & CapEx tightly managed

Working Capital Highlights

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($ Millions, Except DSO's and Inventory Turns)

	Unaudited 3Q 2016	Unaudited 2Q 2016
Current Assets		
Cash & Cash Equivalents	$131	$136
Receivables, Net	339	354
Inventories, Net	532	589
Prepaid & Other Current Assets	22	29
Total Current Assets	1,024	1,108
Current Liabilities		
Accounts Payable	193	205
Accrued Liabilities	95	96
Other Current Liabilities	4	3
Total Current Liabilities	292	304
Working Capital, Excl. Cash	**$601**	**$668**
DSO's	59	64
Inv. Turns	3.3x	2.8x

- On modestly improving revenue, working capital, excluding cash, was $601M at September 30, 2016.
- Sequentially:
  - Debt reduced $35 million, to $145 million, with debt net of cash at $14 million
  - Ongoing improvements in working capital
  - Reduced AR $15M
  - Improved DSO's by 5 days
  - Decreased net inventory $57M
  - Inventory turns improved
- At 29%, WC, excluding cash, as a % of revenue improved, but sights are still set on 25%
  - Continuing to right size inventory for relative geographies and markets
  - Working towards inventory turns of 4x from 3.3x

Gaining on DSO target, but still more improvements to come from working capital

Comparing Current & Previous Downturns

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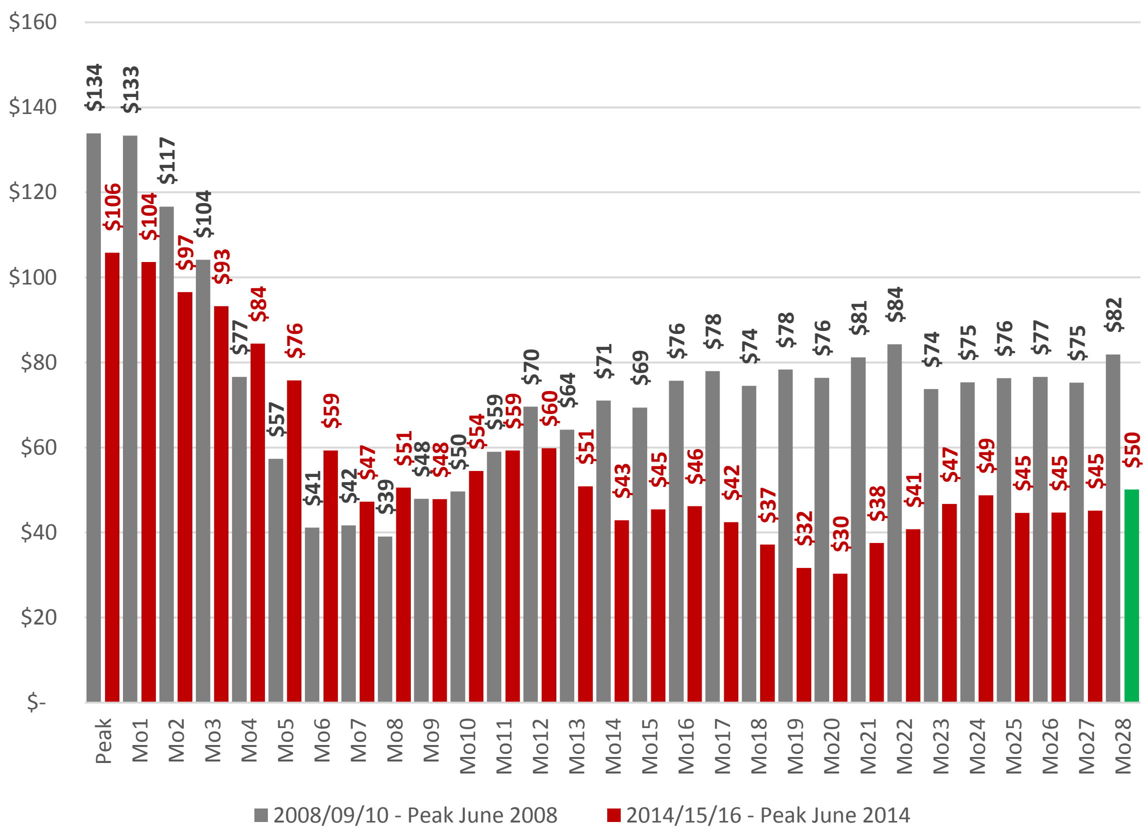
Oil Price & Rig Count Trends

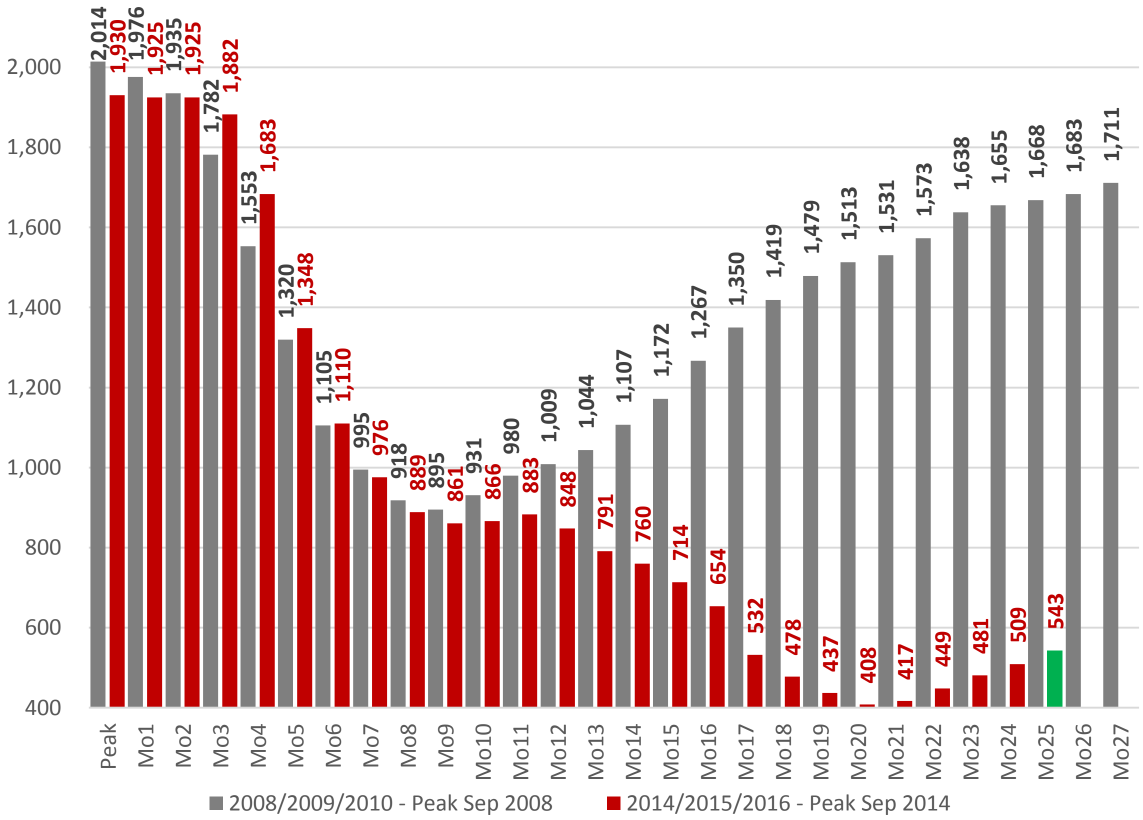
Average Oil Prices - From Peak Month of Last Two Downturns



Source: EIA Cushing, OK WTI Spot Price

Green bars indicate partial month Oct 2016

US Rig Count Trends – From Peak Month of Last Two Downturns



Source: Baker Hughes, Inc.

Oil prices stabilizing and rig count trends improving

EBITDA, Net Income and Diluted EPS Excl. Other Costs Footnotes

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(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 loss excluding other costs and (iii) diluted 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 Earnings Release.

(2) For the three and nine months ended September 30, 2016, 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 related to acquisitions and severance expenses which are included in operating loss. For the three and nine months ended September 30, 2015, other costs additionally includes the estimated goodwill impairment charge of $255 million.

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

(4) Other costs, net of tax, for the three and nine months ended September 30, 2016 and 2015 included expenses of $19 million, $39 million, nil and nil, after tax, respectively, for a valuation allowance recorded against the Company's deferred tax assets; as well as, $1 million, $6 million, $206 million and $215 million, after tax, respectively, in transaction costs associated with acquisitions, including the cost of inventory that was stepped up to fair value during purchase accounting related to acquisitions, and severance expenses, as well as, impairment charges associated with the fair value of goodwill, which are included in operating loss. Other costs, net of tax, for the second quarter of 2016 included $3 million, after tax, in acquisition-related and severance charges and a net $3 million after-tax benefit related to a deferred tax asset valuation allowance release. Other costs, net of tax, was less than $1 million, after tax, for the three months ended June 30, 2016.

(5) Per share amounts may not foot due to rounding.

*** See referenced schedules on slides 3, 4, 5 & 8**