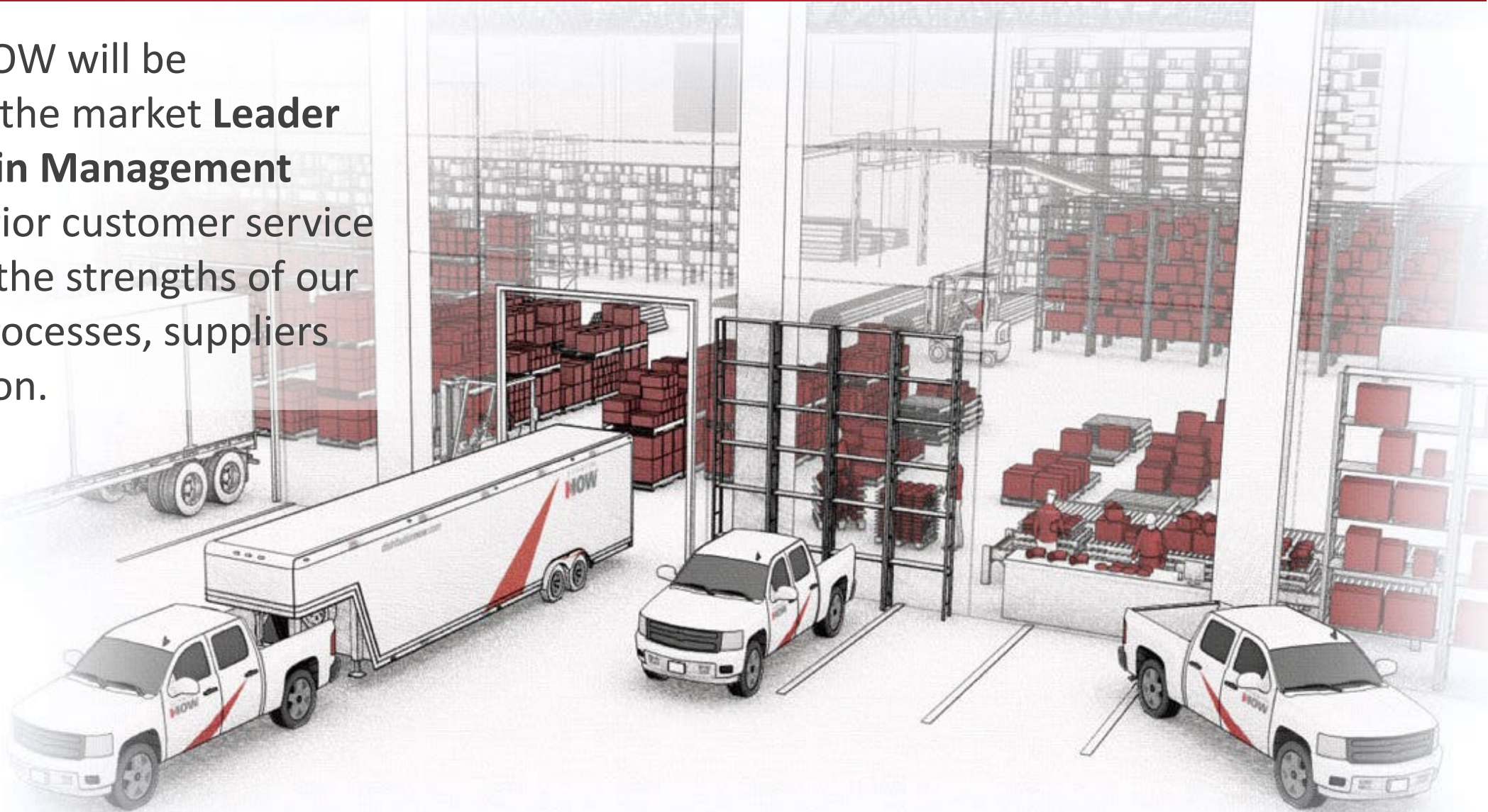


Investor Relations February 2019

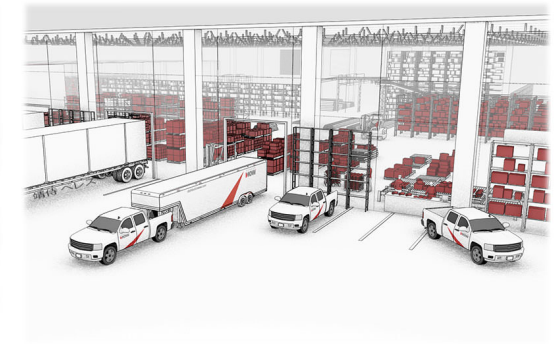
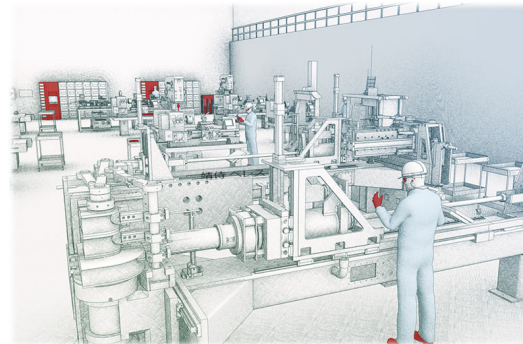
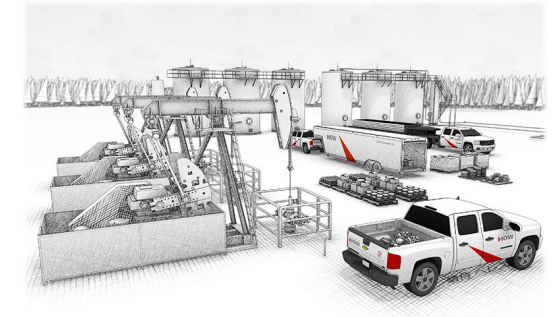
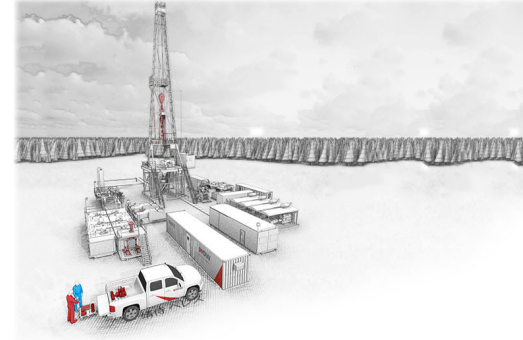
- ▼ Statements made in the course of this presentation that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected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

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

- ▼ Increased revenue from improved market fundamentals
- ▼ 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

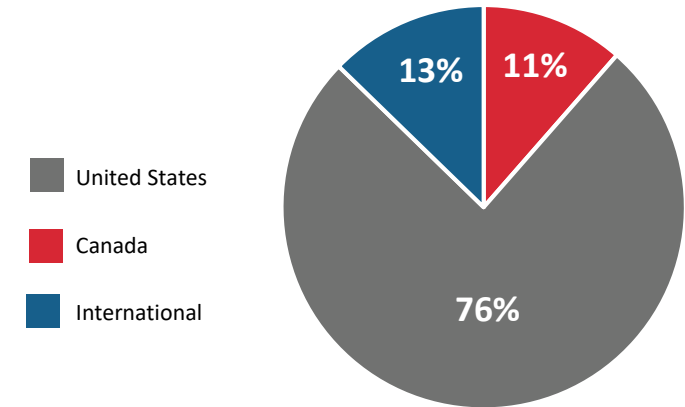


- ▼ Legacy 150+ years operating
- ▼ Support major land and offshore operations for all the key energy producing regions around the world
- ▼ Comprehensive network of energy centers, supply chain services and process solutions locations
- ▼ Key markets: Europe, Former Soviet Union, Latin America, Middle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

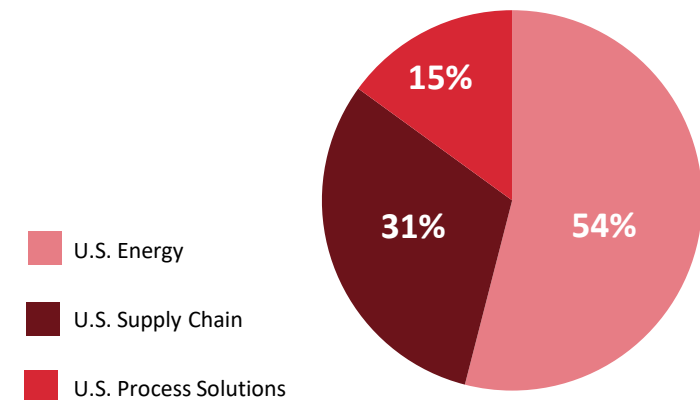
NYSE Ticker	DNOW
Countries	20+
Locations	~265
Employees	~4,500
ERP System	SAP™



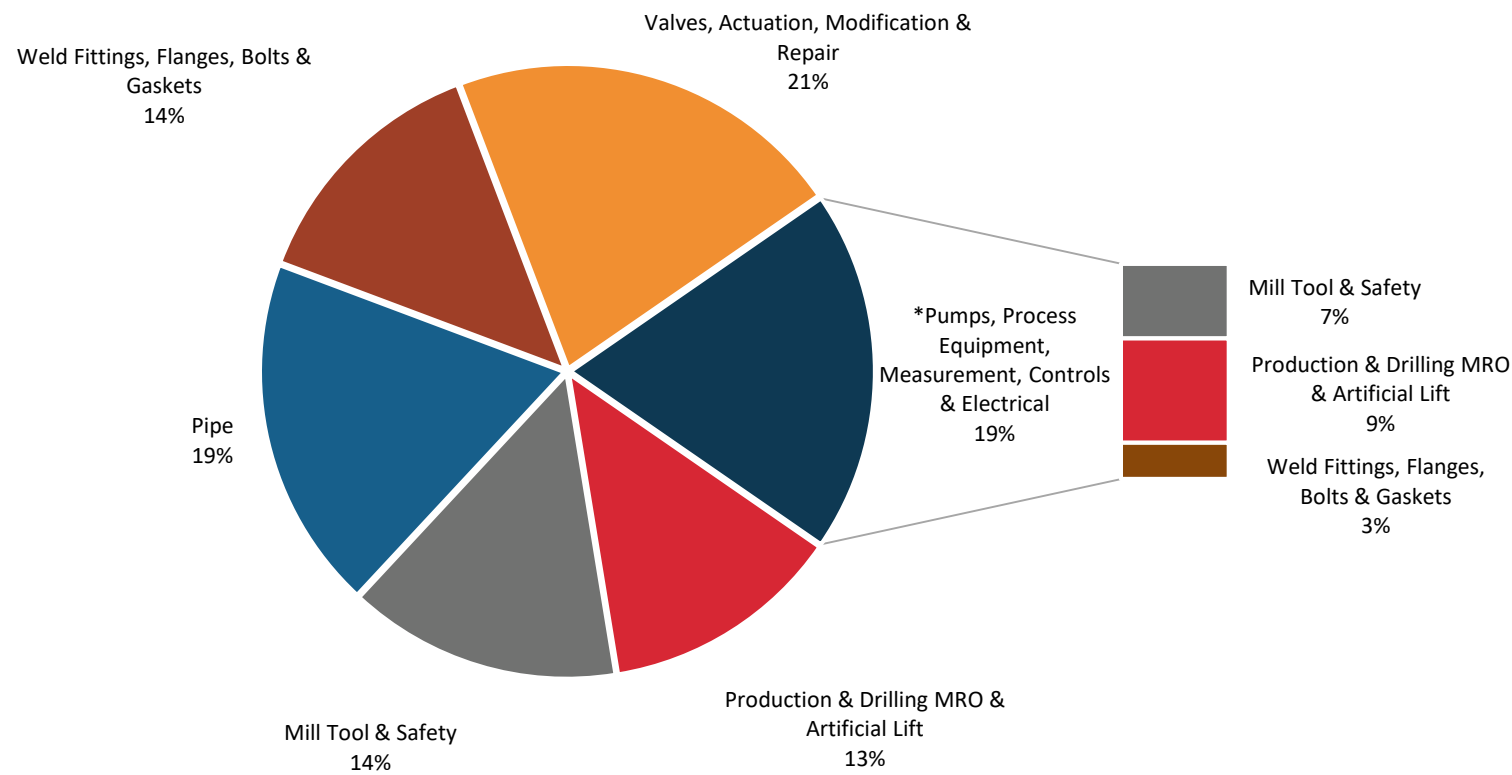
2018 Revenue by Segment



2018 United States Revenue by Channel



2018 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
- Beluah, ND
- Casper, WY
- Big Spring, TX (1Q19)

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



Supporting Customer Operations
in ~80 countries

Drilling Contractors



Exploration & Production



Midstream

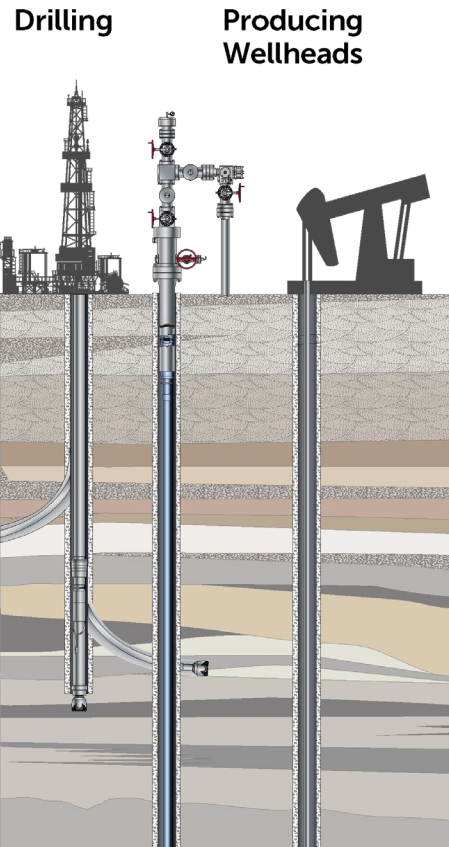


Downstream & Industrial

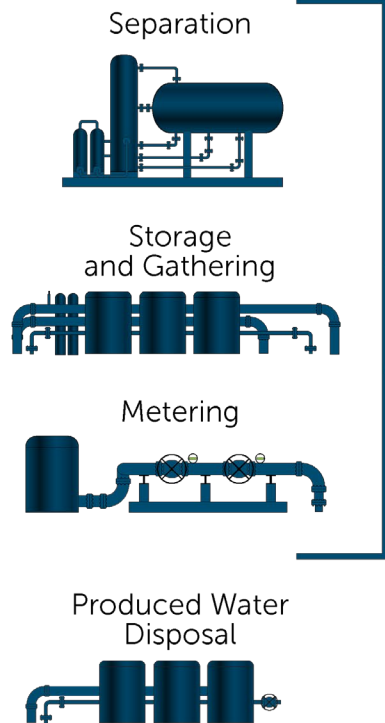


DNOW is a Critical Link from Drilling to Distribution

Upstream



Tank Battery



Midstream

Gas Processing Plant

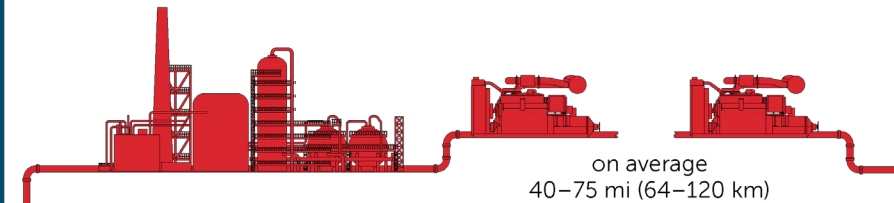
Gas Compressor Station (x)

Gas Compressor Station (y)

Downstream/ Industrial

Gas Transmission and Transportation

Gas Distribution



on average
40–75 mi (64–120 km)

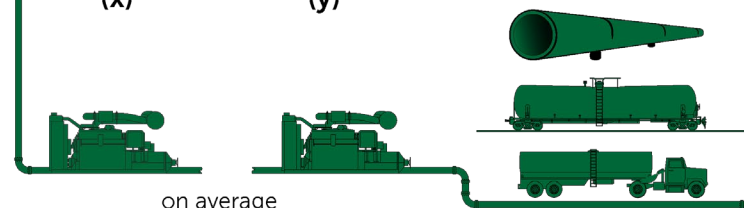
Oil Pump Station (x)

Oil Pump Station (y)

Oil Transmission and Transportation

Oil Refinery

Oil Distribution



on average
40–75 mi (64–120 km)

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**

1

Deliver Margin Discipline

- Using pricing discipline and leveraging technology
- Optimizing distribution network
- Growing with strategic suppliers
- Continuing to tightly manage expenses

2

Optimize Operations

- Scale size and number of locations to match market opportunity
- Maximize regional distribution centers for stock fulfillment strategy
- Invest in and train our human capital
- Leverage suppliers

3

Approach to Capital Allocation

- Invest in organic and inorganic growth
- Focus capital on high value-add Supply Chain Solutions and Process Solutions
- Leverage inventory investment by optimizing DOI
- Allocate capital to high value-add product lines internationally
- Continue to conservatively manage debt

4

Drive Growth Through Acquisitions

- Leverage acquired product lines to gain organic share
- Promote cross-selling into Energy operations at higher margins
- Seek high value-add products and solutions
- Increase barriers to entry



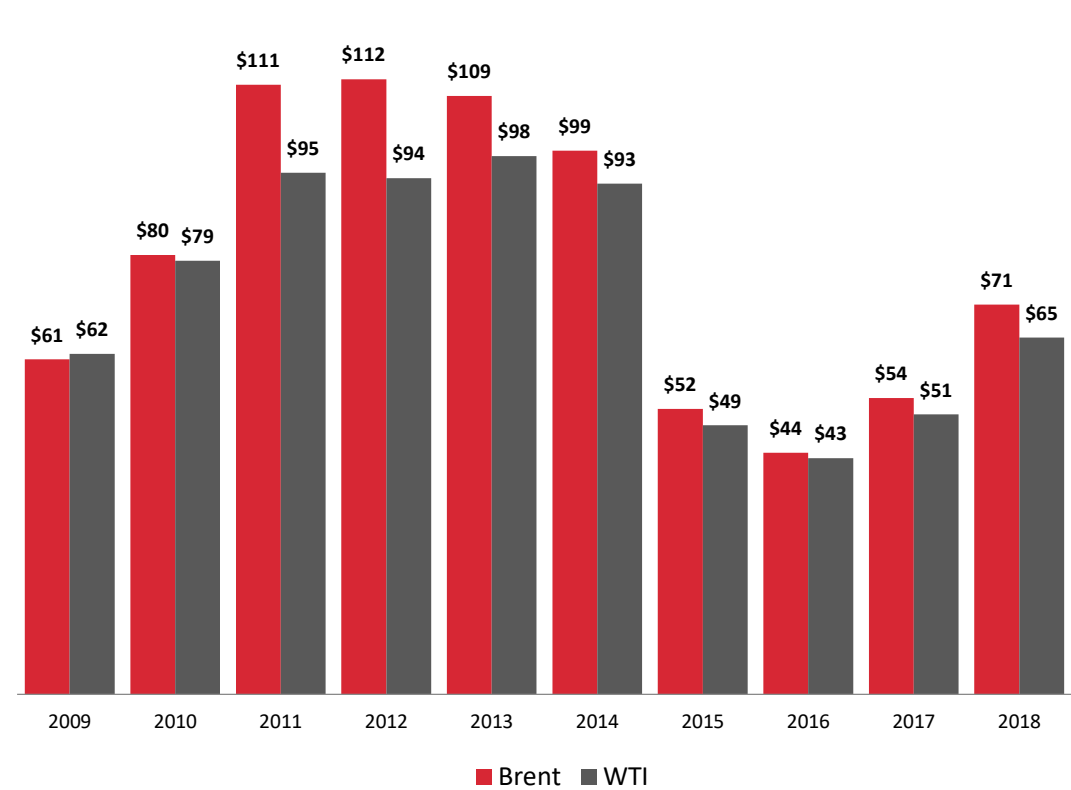
Industry Dynamics



Oil Prices & Rigs Trending Upward

Average Oil Prices

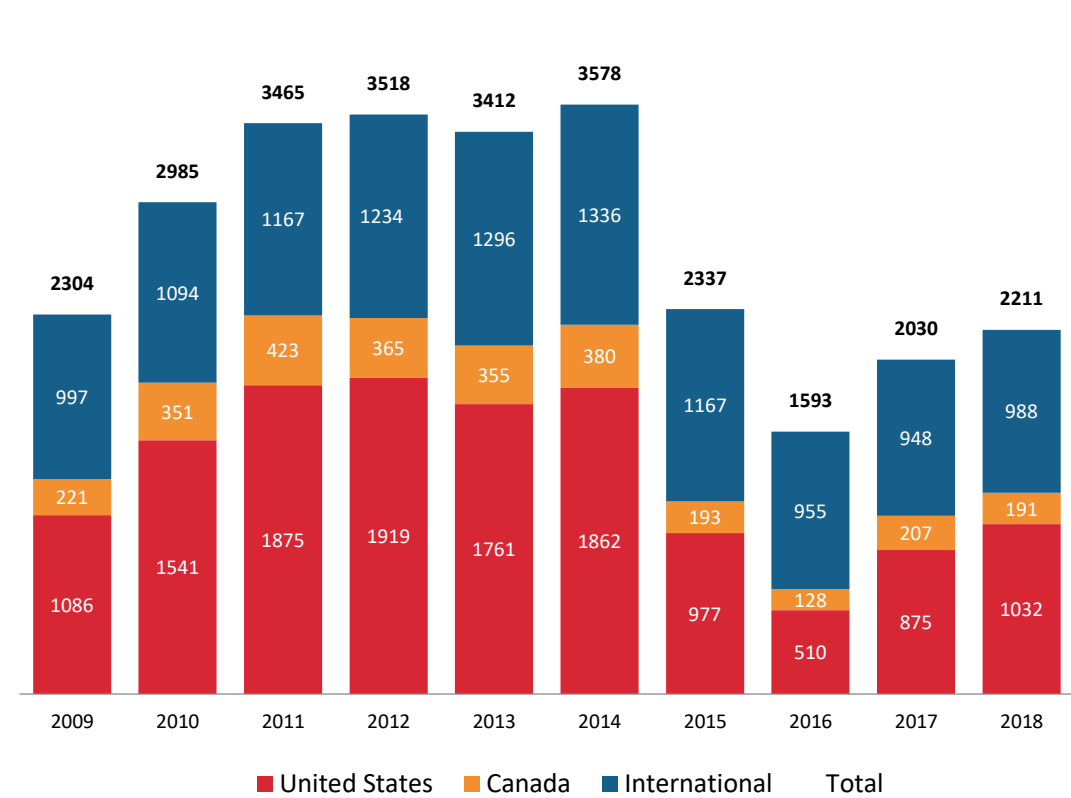
(per barrel)



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

Average Annual Rig Count

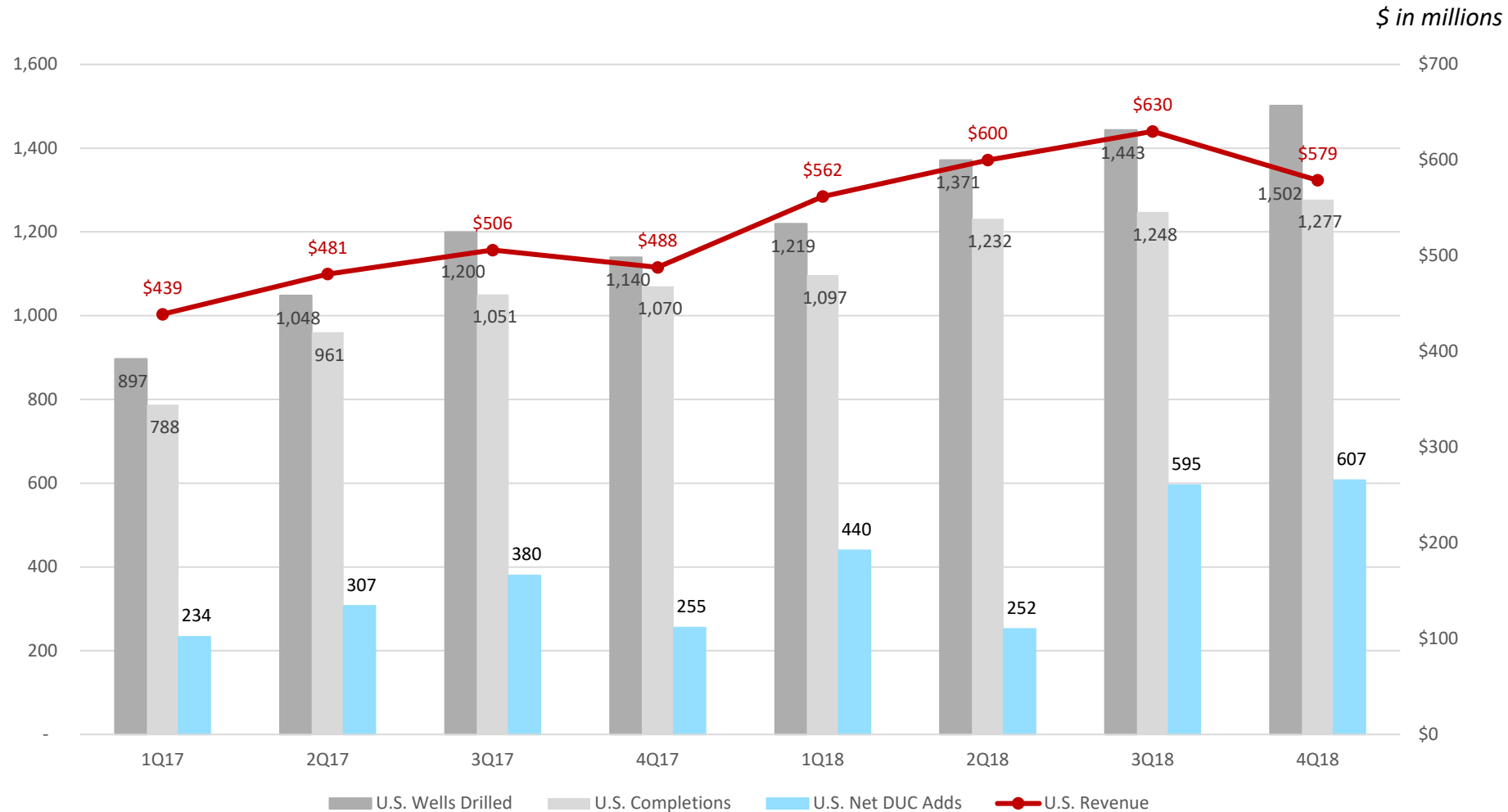
(number of rigs)



Source: Baker Hughes, Inc.

DNOW is positioned to benefit from industry growth

U.S. Revenue, Completions & DUC Trend



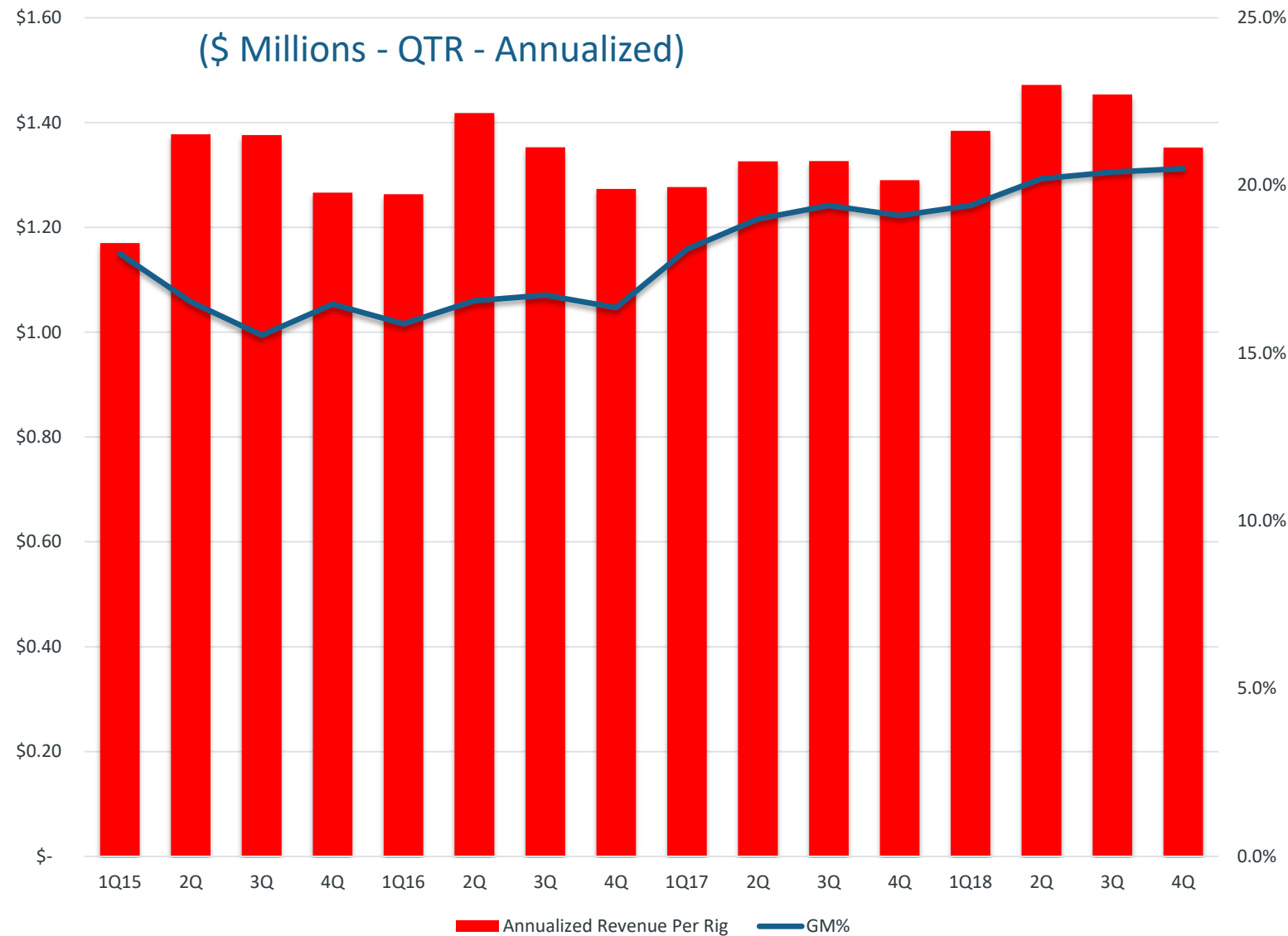
Capturing market opportunity from completions, while DUCs remain future opportunity



Financial Update



Revenue Per Global Operating Rig in Line with Prior Quarters



Rig Count Source: Baker Hughes, Inc.

▼ Gross margin of 20.5% was up 140 basis points year-over-year 4Q 2018, a reflection of DNOW's drive to maximize product margins and minimize cost of products

CFO Highlights: Selected Quarterly Results (Unaudited)

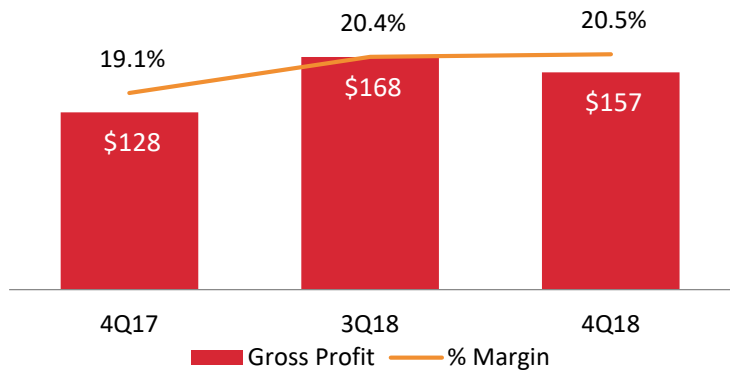
Revenue

(\$ in millions)



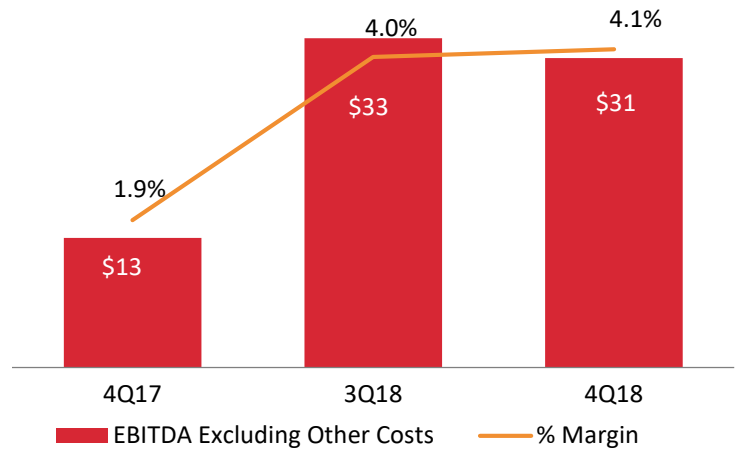
Gross Profit and Margin

(\$ in millions)



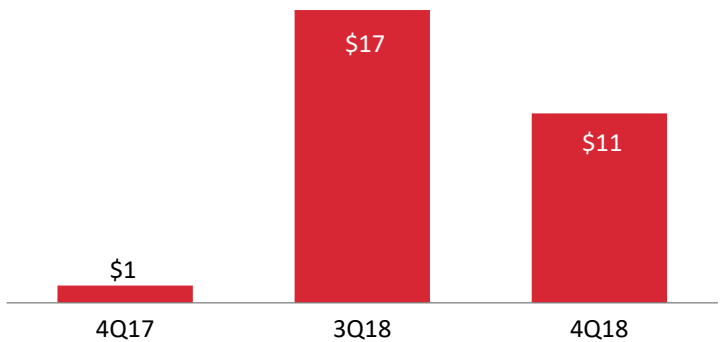
EBITDA Excl. Other Costs (Non-GAAP) and Margin

(\$ in millions)

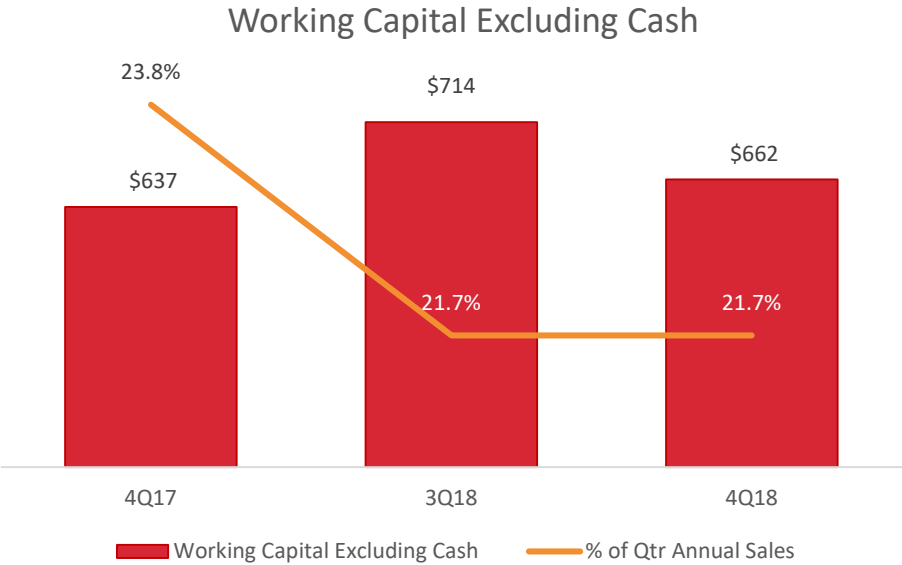
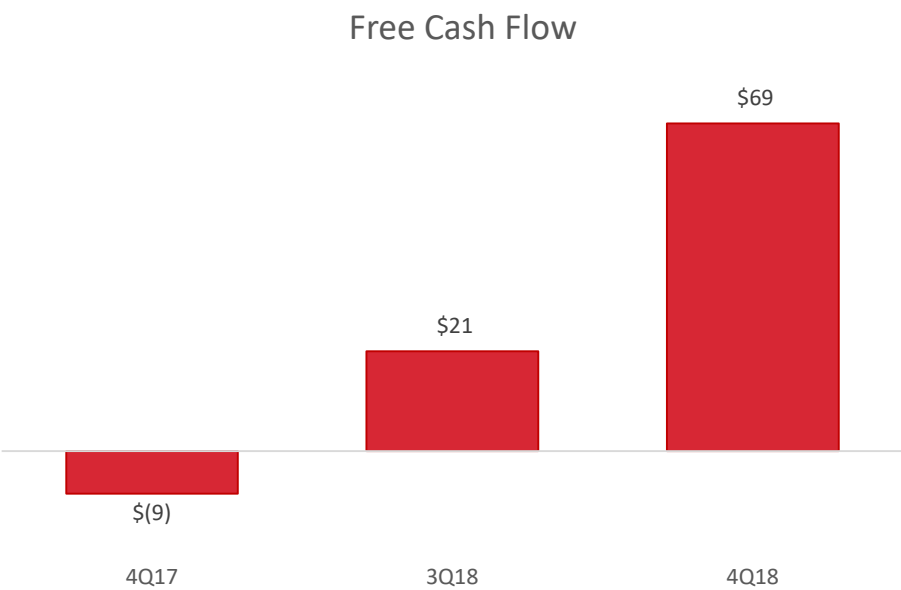


Net Income Excl. Other Costs (Non-GAAP)

(\$ in millions)



(\$ Millions)



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

YOY Improvement in Revenue and Operating Profit

(\$ in millions)

Revenue:

United States

Canada

International

Total revenue

	Unaudited	
	4Q17	4Q18
United States	\$ 488	\$ 579
Canada	85	88
International	96	97
Total revenue	669	764

Operating profit (loss):

United States

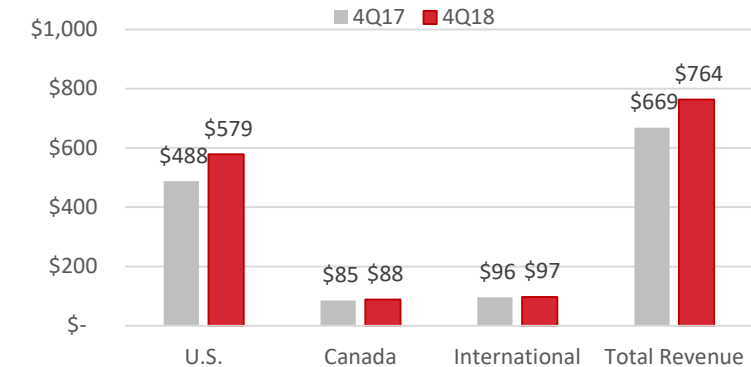
Canada

International

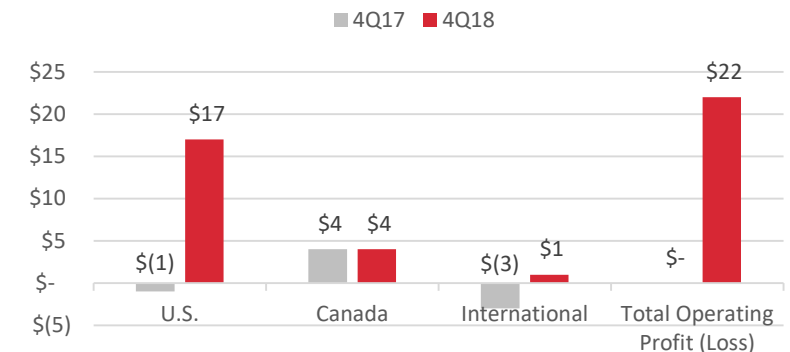
Total operating profit (loss)

United States	\$ (1)	\$ 17
Canada	4	4
International	(3)	1
Total operating profit (loss)	-	22

YOY Revenue By Segment



YOY Operating Profit By Segment

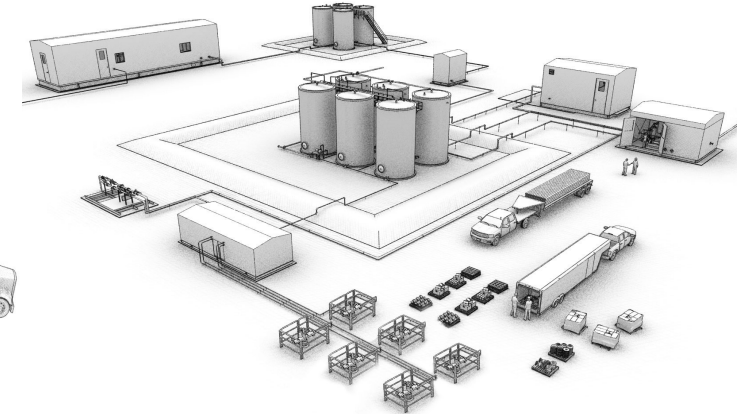
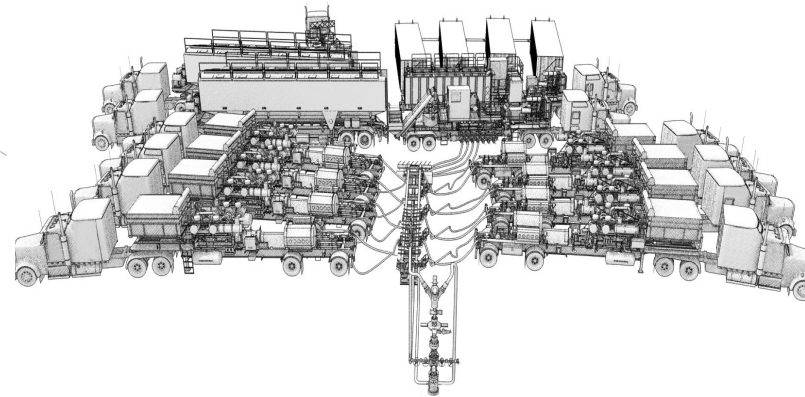
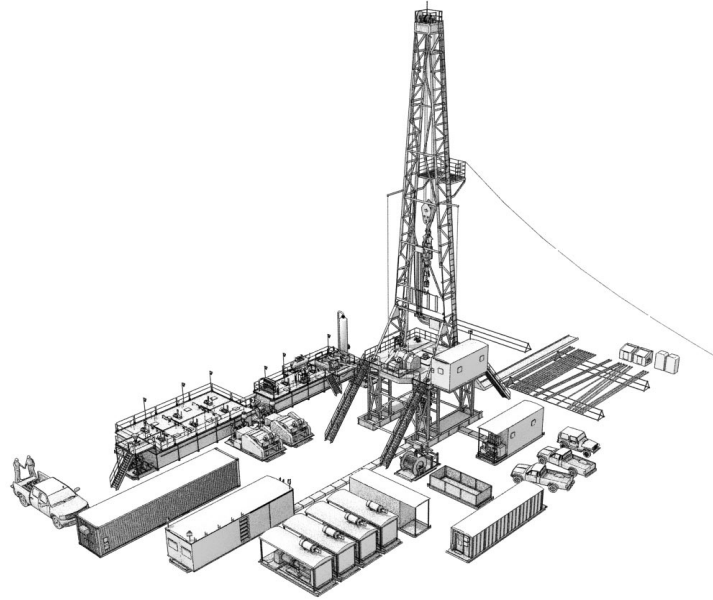


Strong YOY U.S. revenue performance, profit from all three segments

Appendix



Timing and Materiality from Drilling to Tank Battery Install

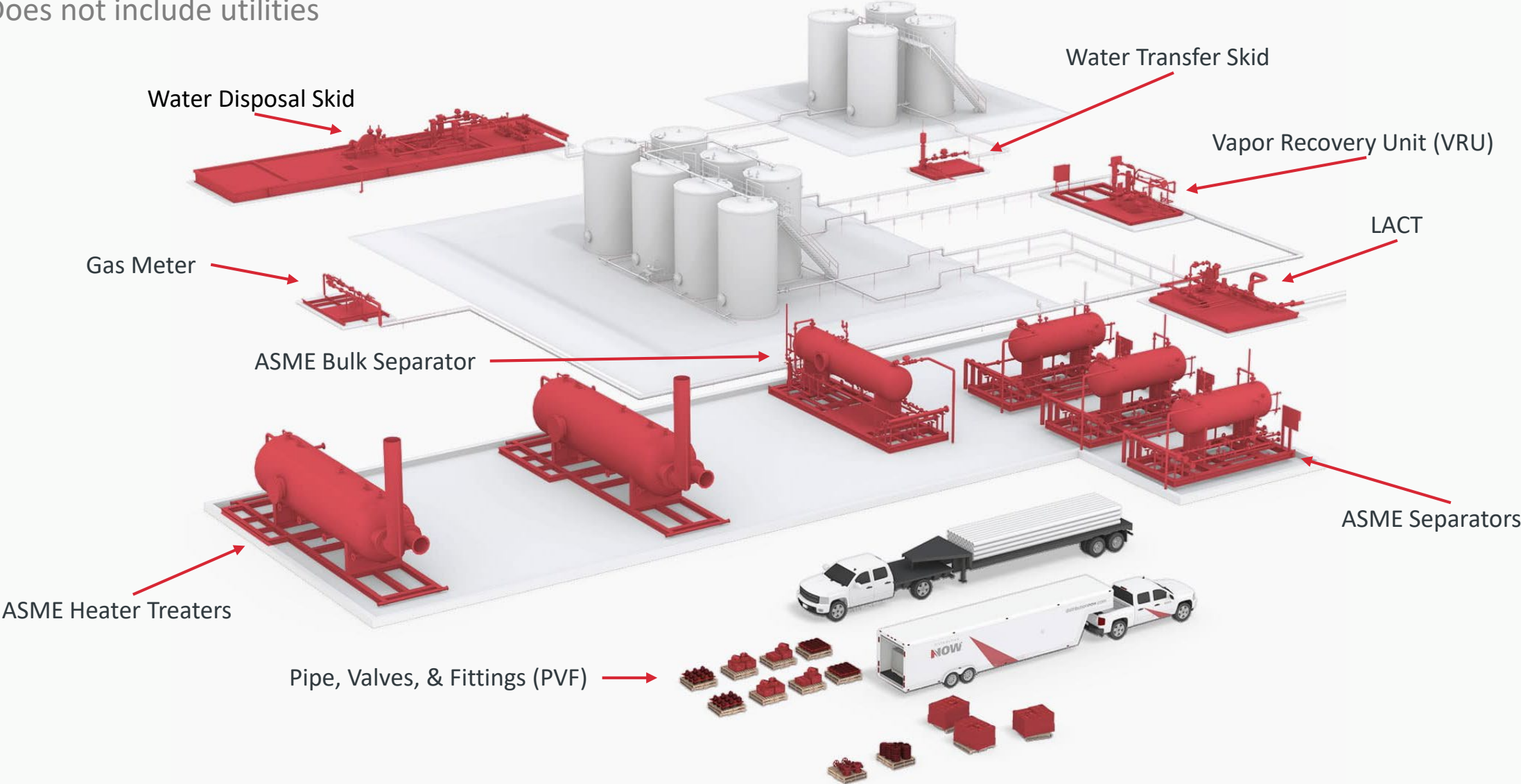


	Drilling	Frac	Tank Battery
Revenue*	\$4,000-\$5,000 per week	Minimal	\$250,000-\$2 million
Time*	60-80 days	45-60 days	45-60 days
Customer	Drilling Contractors	Service Companies	E&P Operators

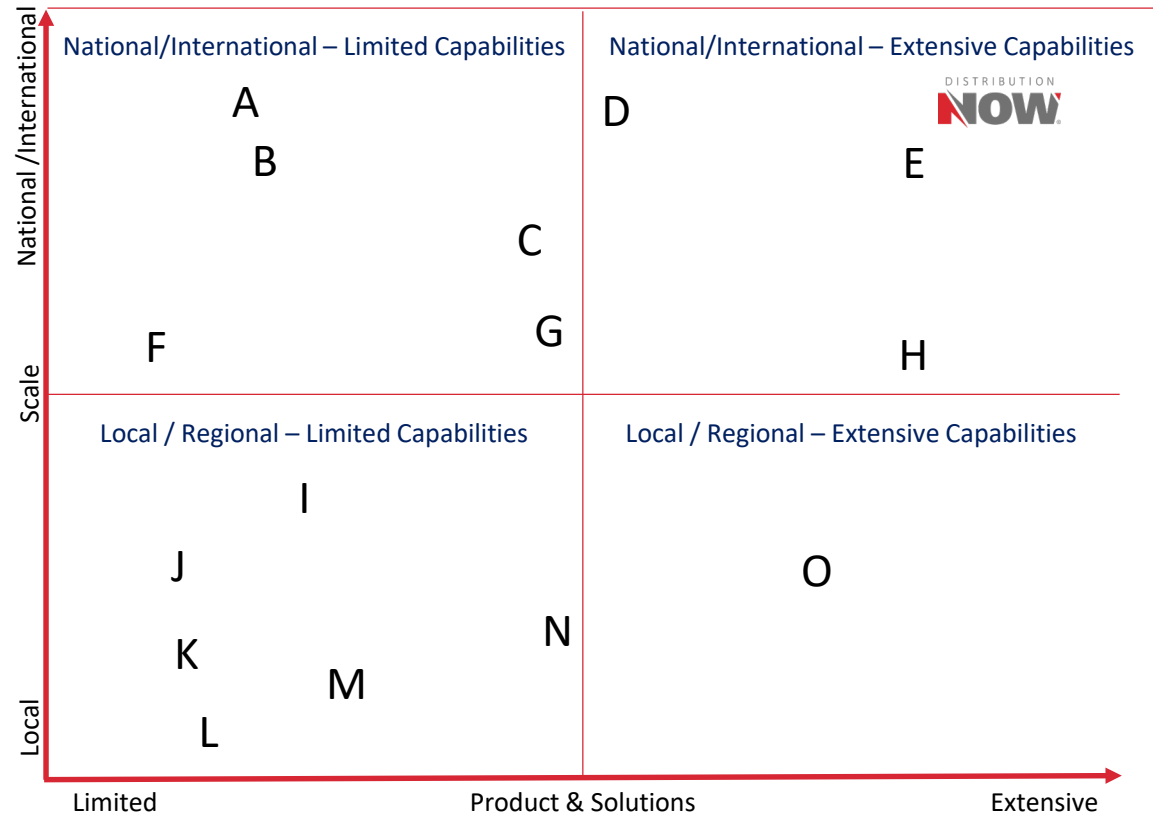
*Estimates based on a 6 well pad

Example Tank Battery Installation

Does not include utilities



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

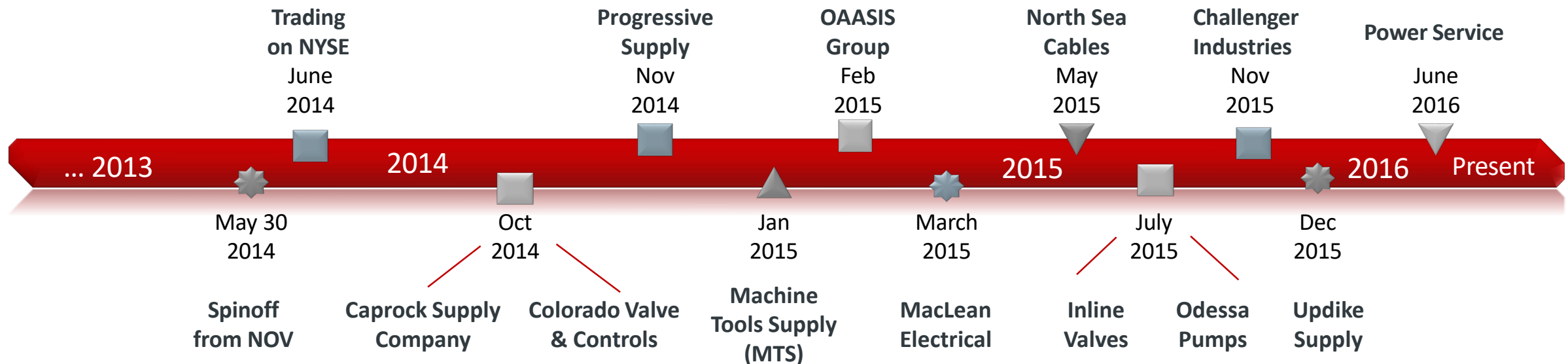
- ▼ Cross Energy Value Chain
- ▼ Flexible Operating Models
- ▼ More Product & Solution Breadth
- ▼ Quality Triple Impact Supplier Program

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



Thank You

Investor Relations
ir@dnw.com
ir.distributionnow.com