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NOW Inc., Fourth 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 4Q 2016

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- **Fourth Quarter Financial Results**
  - Revenue per global operating rig annualized at $1.3M; $1.2M excluding acquisitions made during the last year
  - Revenues improved by $18M sequentially; EBITDA excluding other costs (a Non-GAAP measure*) improved by $9M in 4Q 2016
  - Net loss for 4Q 2016 of $71M or a loss of $31M excluding other costs (a Non-GAAP measure*)
  - Diluted loss per share for 4Q 2016 was $0.66 or $0.29 excluding other costs (a Non-GAAP measure*)
- **Maintained focus on expense management while positioning for future growth**
  - Daily billing growth related to Q3 2016 rig count improvement materialized
  - Achieved $5M WS&A savings through continued headcount reductions and branch consolidations
  - Working capital, excluding cash, improved to 24%, as a percent of revenue
  - AR increased by $15M and inventory decreased by $49M in 4Q 2016
  - $106M cash on hand at December 31, 2016
  - Completed implementation of third part pricing technology
  - Continued integrating prior acquisitions and adopting best practices
- **Going forward: Optimism in the face of an accelerating market**
  - Expect rig count improvements will continue to drive increased facility construction projects with our operator customers
  - Continuing to align local operations with market activity levels – both fortifying or drawing down our position as appropriate

Continued focus on expense management, revenue growth and margin gain

(* See footnotes on last page)

Statement of Operations and Non-GAAP Reconciliations

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($ Millions, Except Per Share Amounts and Percentages)

	Unaudited	
	4Q 2016	3Q 2016
Revenue	$ 538	$ 520
Operating Expenses		
Cost of Products	$ 450	$ 433
WS&A	$ 135	$ 140
Operating Loss	$ (47)	$ (53)
Other Expense	$ (1)	$ (3)
Loss Before Income Taxes	$ (48)	$ (56)
Income Tax Benefit	$ 23	$ -
GAAP Net Loss	$ (71)	$ (56)

	Unaudited	
	4Q 2016	3Q 2016
GAAP Net Loss	$ (71)	$ (56)
Interest, Net	$ 1	$ 1
Income Tax Benefit	$ 23	$ -
Depreciation & Amortization	$ 14	$ 14
Other Costs*	$ 2	$ 1
EBITDA Excluding Other Costs (Non-GAAP)*	$ (31)	$ (40)
EBITDA % Excluding Other Costs (Non-GAAP)*	(5.8%)	(7.7%)
GAAP Reported Diluted Loss Per Share	$ (0.66)	$ (0.53)
Other Costs*	$ 0.37	$ 0.19
Diluted Loss Per Share Excl. Other Costs (Non-GAAP)*	$ (0.29)	$ (0.34)

Sequential revenues begin recovery, but need completions for bigger impact

(* See footnotes on last page)

Statement of Operations and Non-GAAP Reconciliations

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($ Millions, Except Per Share Amounts and Percentages)

	Unaudited	
	4Q 2016	4Q 2015
Revenue	$ 538	$ 644
Operating Expenses		
Cost of Products	$ 450	$ 538
WS&A	$ 135	$ 152
Impairment of Goodwill	$ -	$ 138
Operating Loss	$ (47)	$ (184)
Other Expense	$ (1)	$ (2)
Loss Before Income Taxes	$ (48)	$ (186)
Income Tax Benefit	$ 23	$ 63
GAAP Net Loss	$ (71)	$ (249)

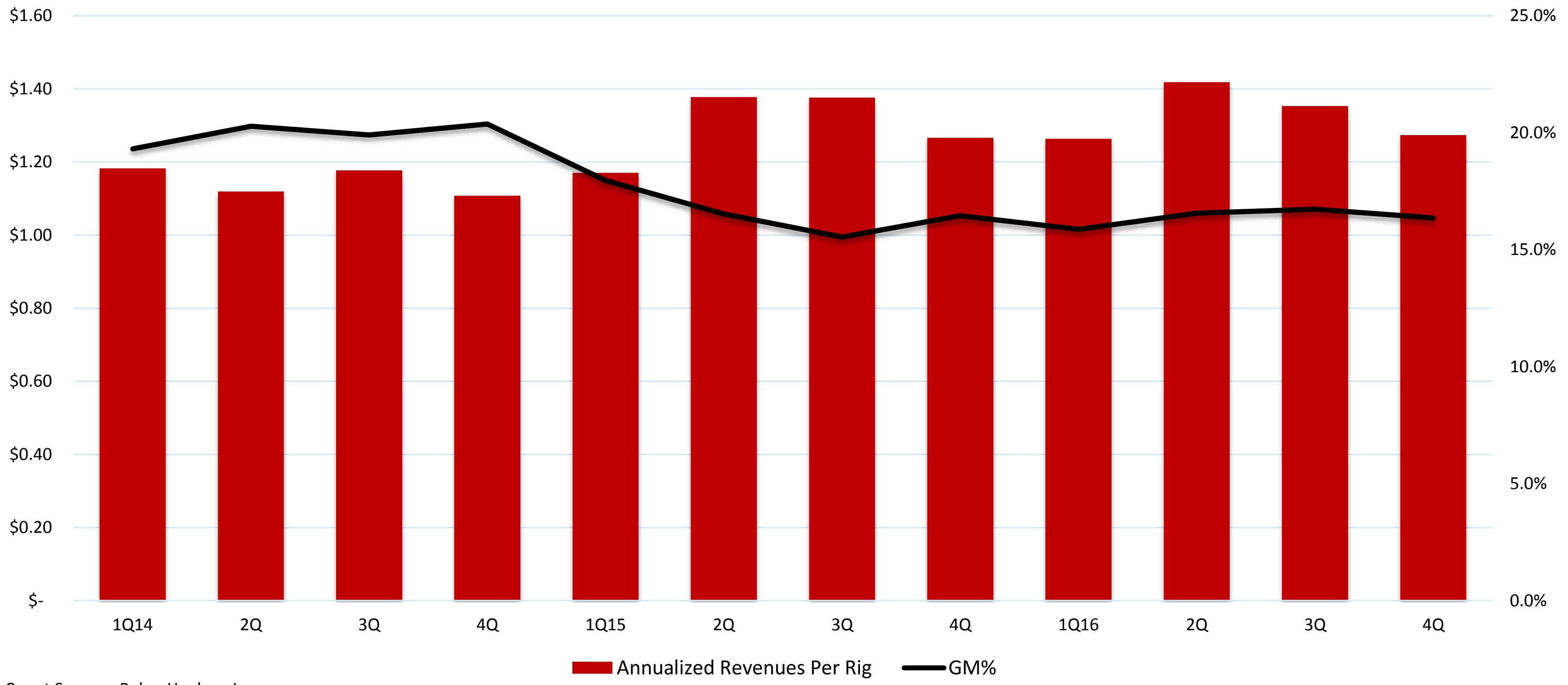
	Unaudited	
	4Q 2016	4Q 2015
GAAP Net Loss	$ (71)	$ (249)
Interest, Net	$ 1	$ 1
Income Tax Provision	$ 23	$ 63
Depreciation & Amortization	$ 14	$ 12
Other Costs*	$ 2	$ 141
EBITDA Excluding Other Costs (Non-GAAP)*	$ (31)	$ (32)
EBITDA % Excluding Other Costs (Non-GAAP)*	(5.8%)	(5.0%)
GAAP Reported Diluted Loss Per Share	$ (0.66)	$ (2.33)
Other Costs*	$ 0.37	$ 2.08
Diluted Loss Per Share Excl. Other Costs (Non-GAAP)*	$ (0.29)	$ (0.25)

Net loss narrowed YoY despite 16% drop in revenue

(* See footnotes on last page)

Revenues Per Global Operating Rig

($ Millions - QTR - Annualized)



Rig Count Source: Baker Hughes, Inc.

Revenues per rig comparable with historical trends

Spears Pipe Logix Report

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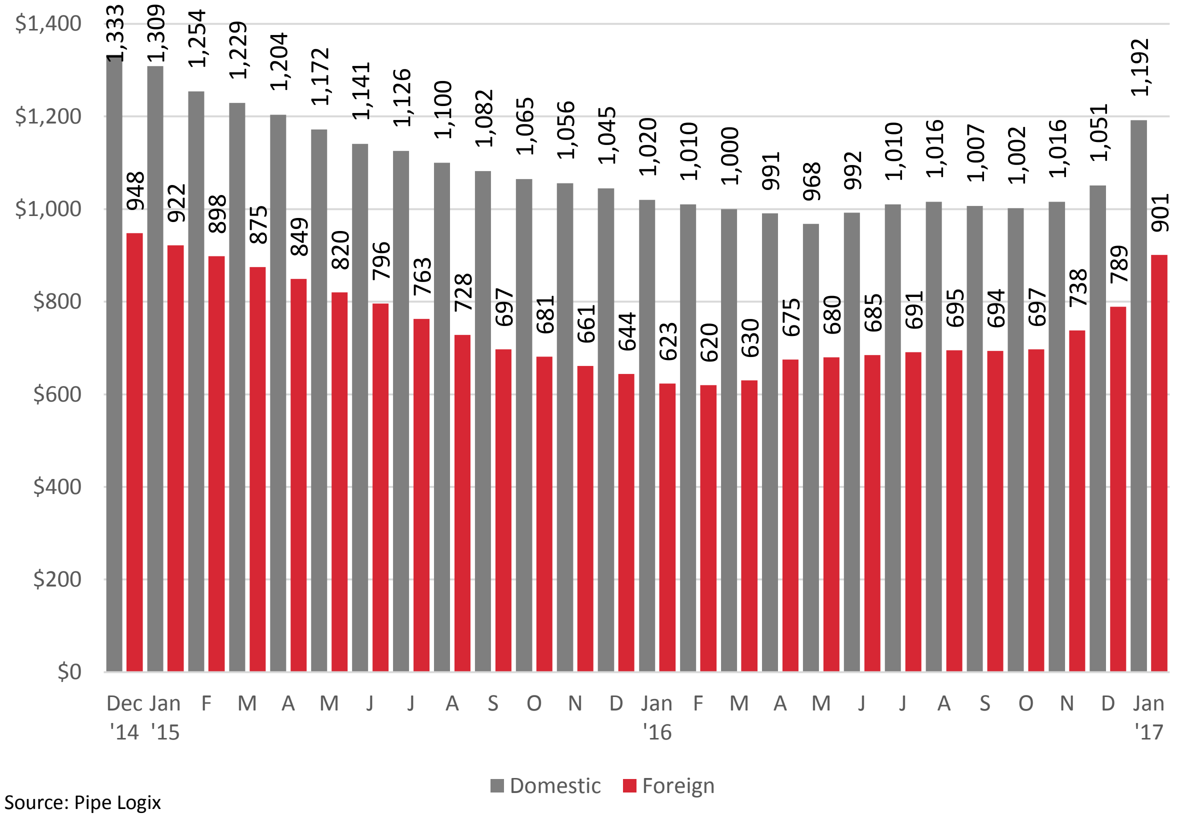
Line Pipe Pricing

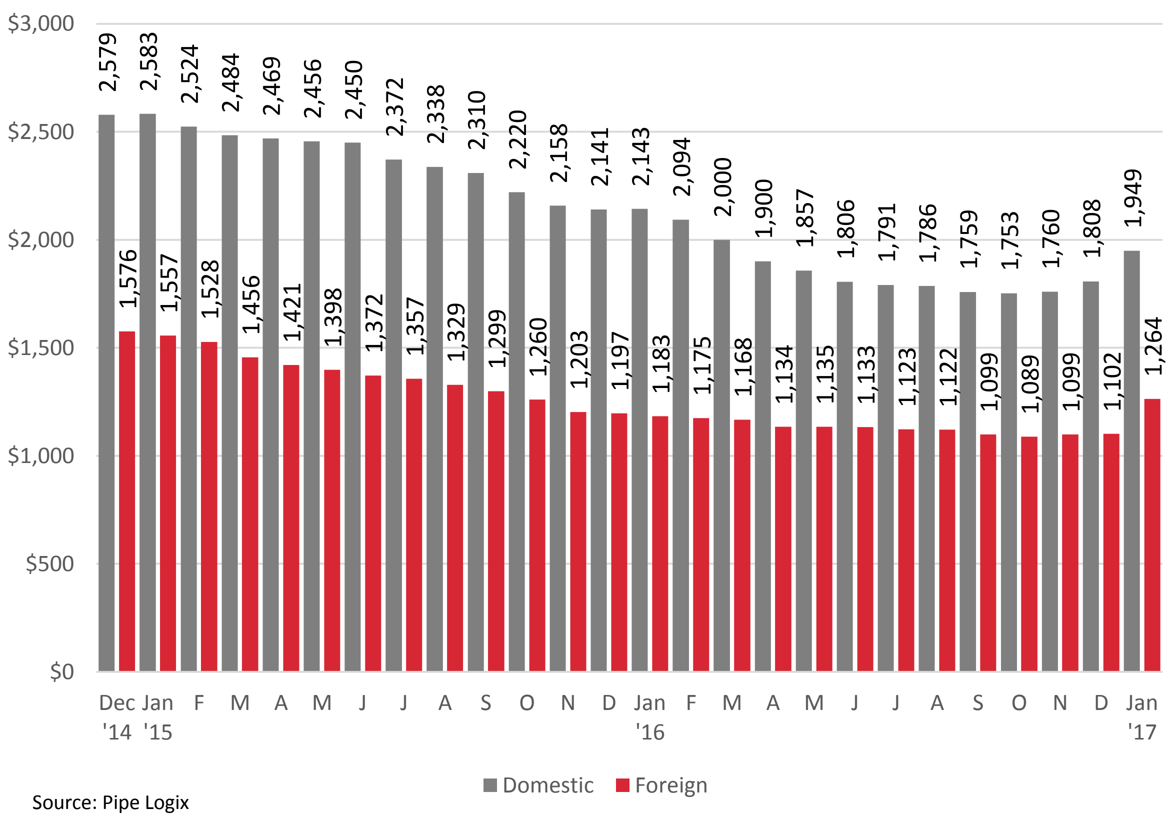
Updated through Sep. 2016

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



Source: Pipe Logix

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



Source: Pipe Logix

Balancing global supplier portfolio to support customer demand

Selected Quarterly Results (Unaudited)

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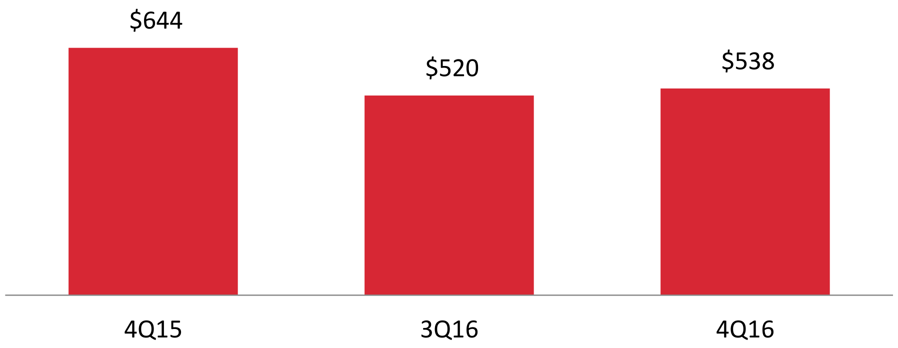
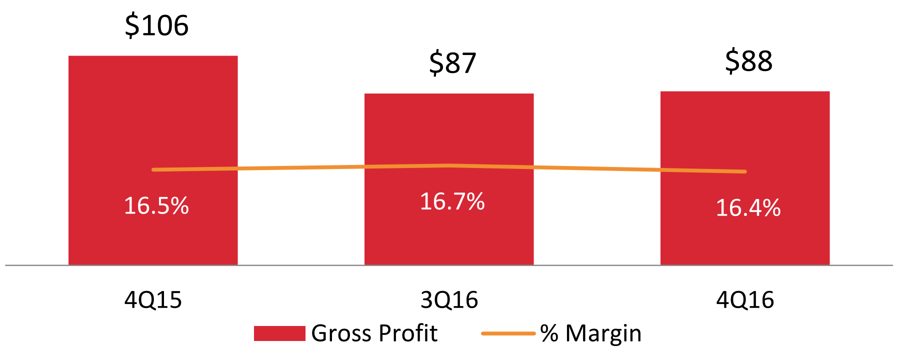
Revenue

($ in millions)



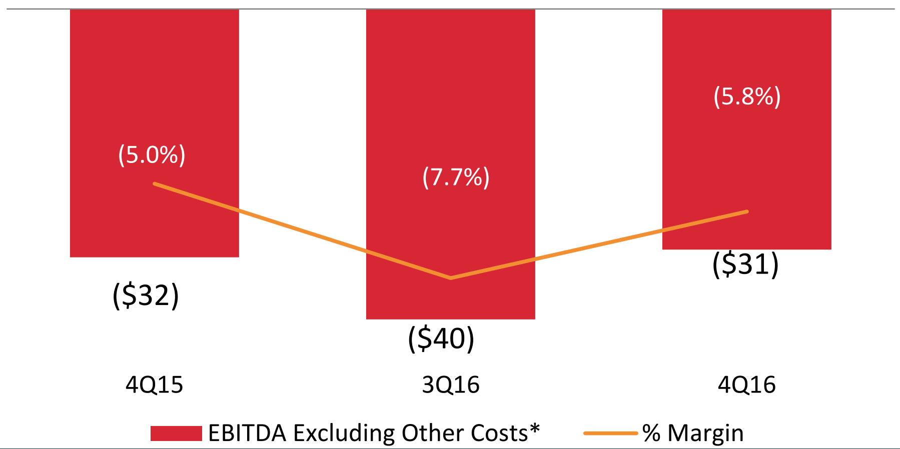
Gross Profit and Margin

($ in millions)



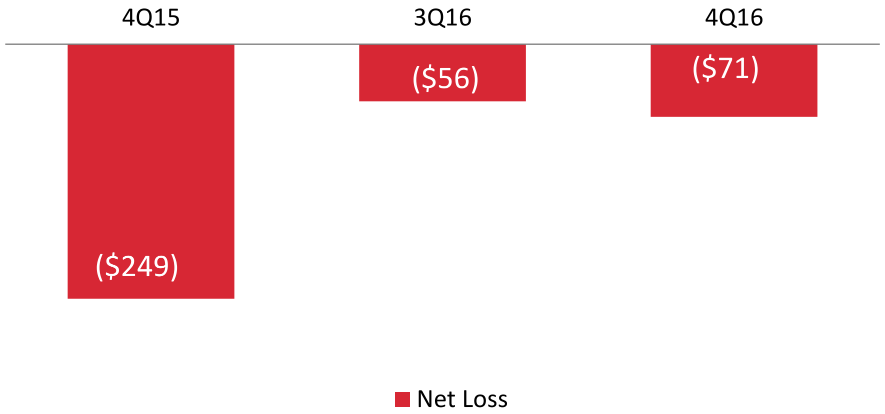
EBITDA Excl. Other Costs (Non-GAAP)* and Margin

($ in millions)



Net Loss

($ in millions)



EBITDA, excluding other costs (Non-GAAP)*, improved seq. and YoY

(* See footnotes on last page)

Business Segment Results

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($ Millions)

	Unaudited		
	4Q 2016	3Q 2016	4Q 2015
Revenue			
United States	$379	$372	$433
Canada	73	67	79
International	86	81	132
Total Revenue	538	520	644
Operating Profit (Loss)			
United States	(43)	(46)	(186)
Canada	(2)	(2)	(1)
International	(2)	(5)	3
Total Operating Loss	$(47)	$(53)	$(184)

United States

- Overall, the U.S. segment topline improved slightly, by 2% sequentially, facilitated largely by increased drilling/construction activities and from our Supply Chain Solutions customers in the STACK/Cana, Delaware basin and Permian along with an initial wave of DUC wells in the Eagleford. These gains were offset by declines in U.S. Energy associated with the seasonal slow-down, winter storms that shut down activity and fewer billing days.

Canada

- For 4Q 2016, Canadian revenues were up 9% sequentially related to increased activity from the rig count uptick, a return to seasonal norms and market share growth. Contrary to this improvement was a decrease in certain project work associated with award timing and an increase in competitors in the market during an upcycle.

International

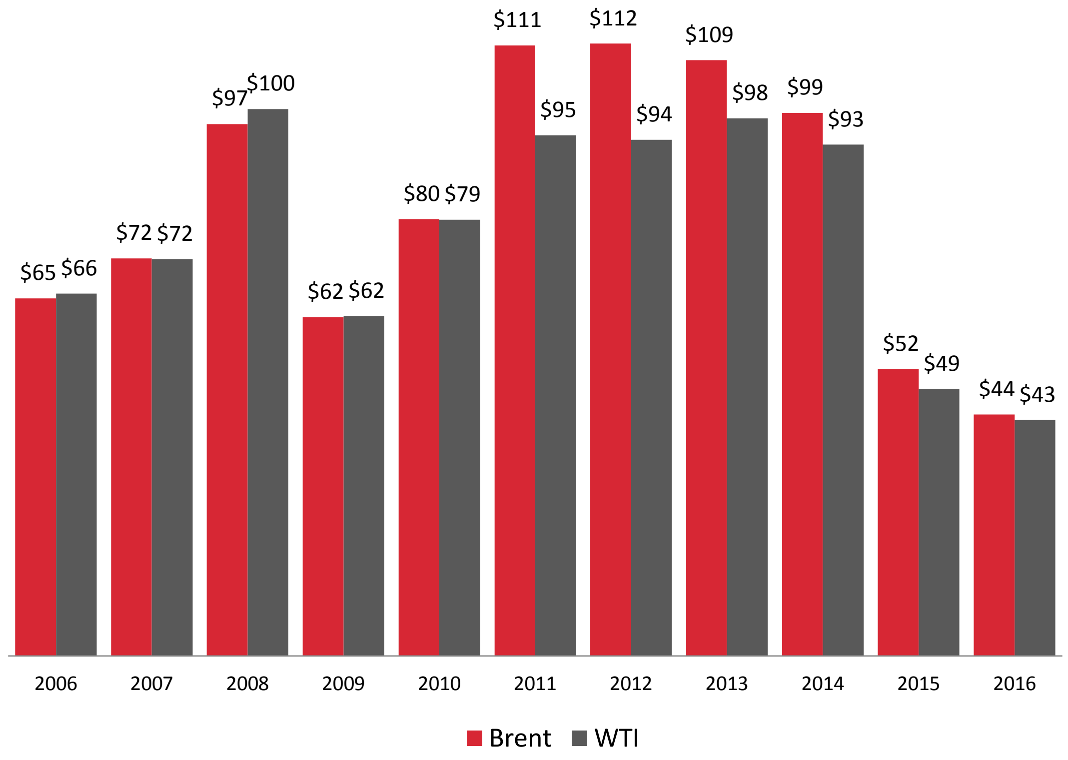
- Improving by 6% sequentially, the International segment was driven by the delivery of the TCO Future Growth Project and an increase in Russia CIS seasonal sales. These gains were partially offset by continued offshore softening and nonrecurring project deliveries.

Revenue across all three reporting segments up on higher activity

Key Industry Indicators

Average Oil Prices

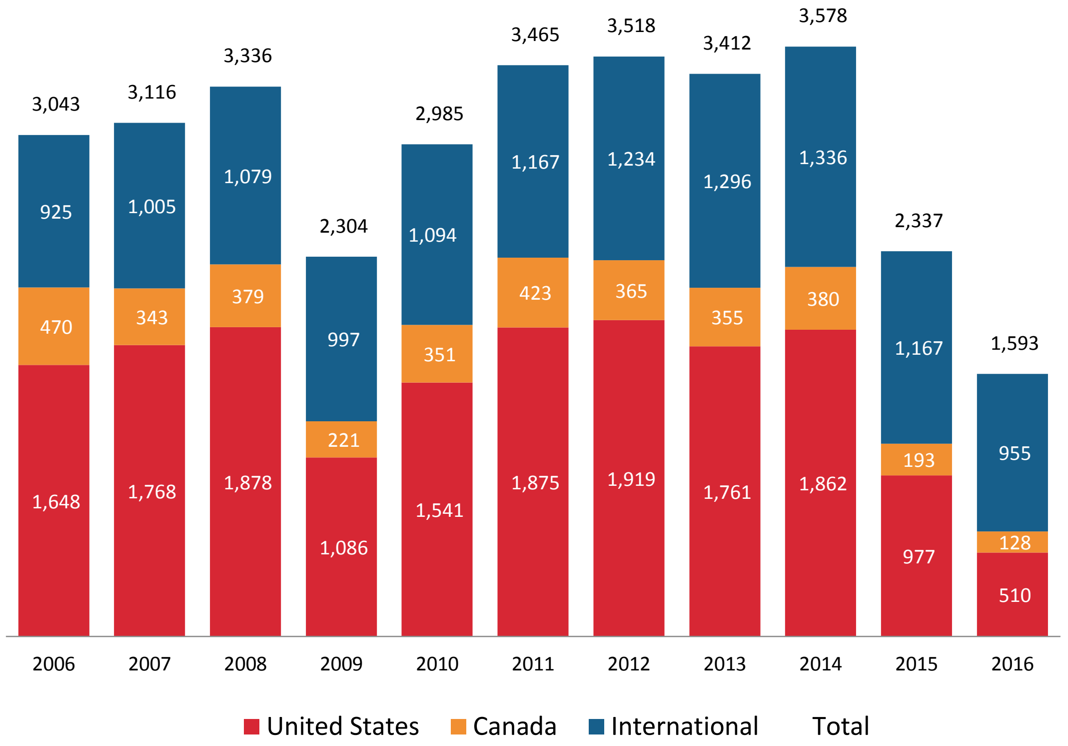
(per barrel)



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

Average Annual Rig Count

(number of rigs)

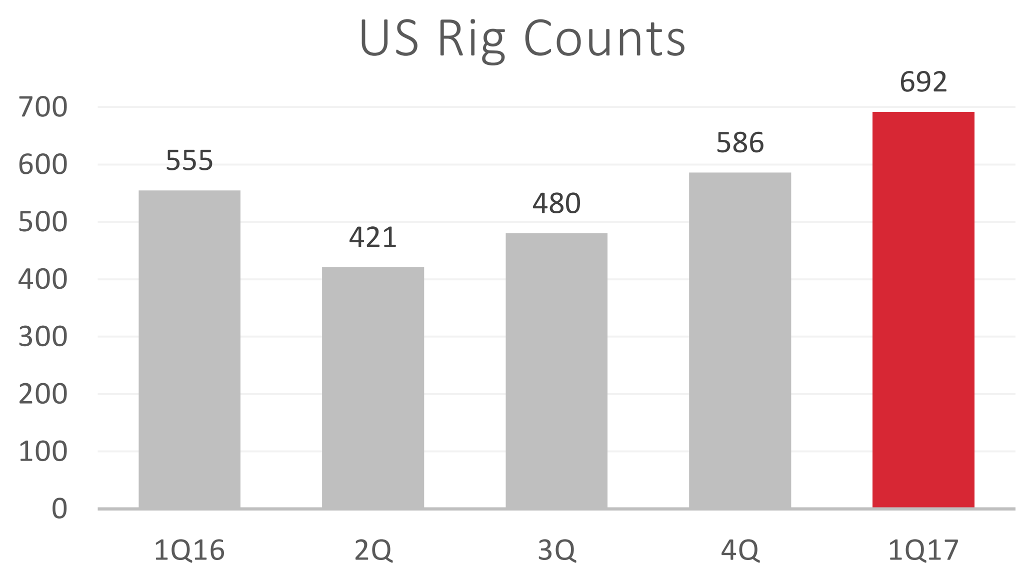


Source: Baker Hughes, Inc.

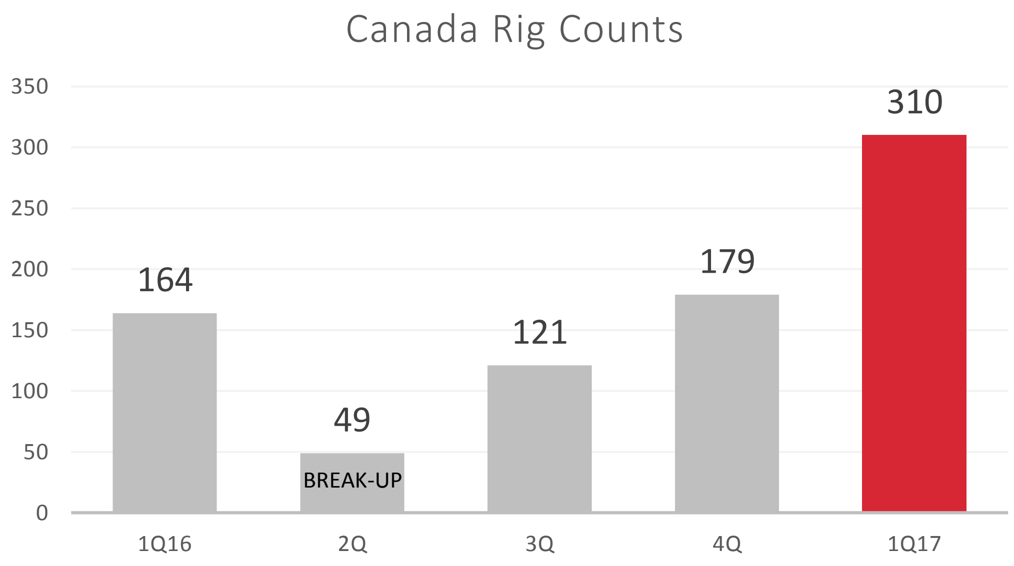
Key industry indicators have encouraging tone and tenor

Key Industry Indicators

Recent U.S. Rig Count Trends



Recent Canada Rig Count Trends

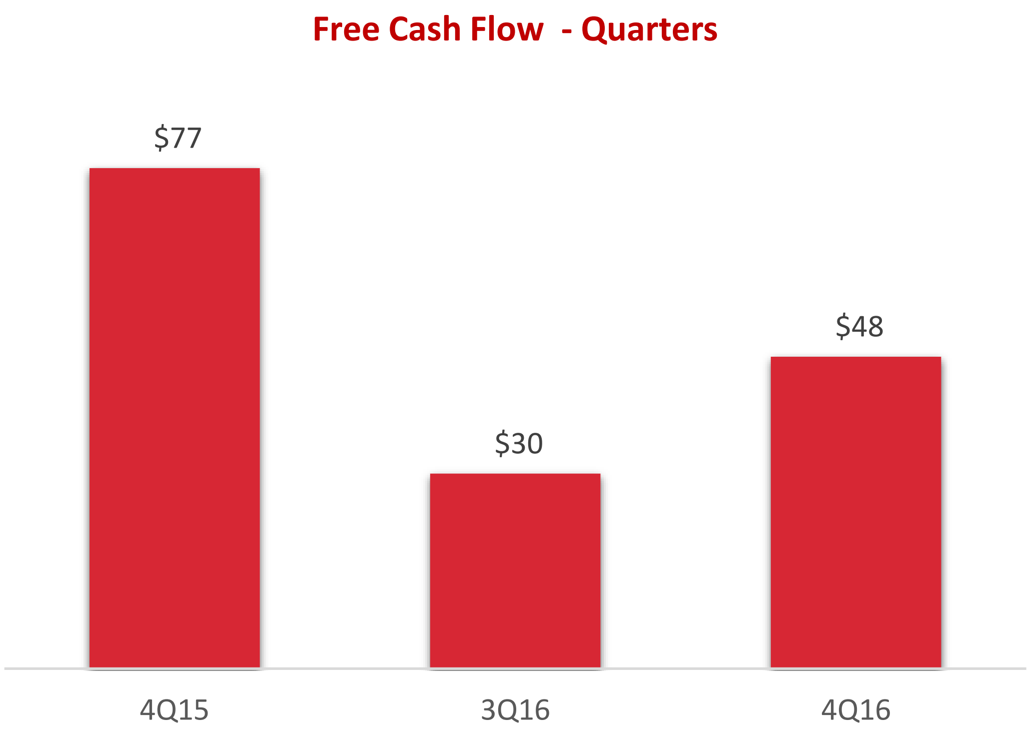


Source: Baker Hughes, Inc. - 1Q17 reflects QTD rig count averages through February 3, 2017

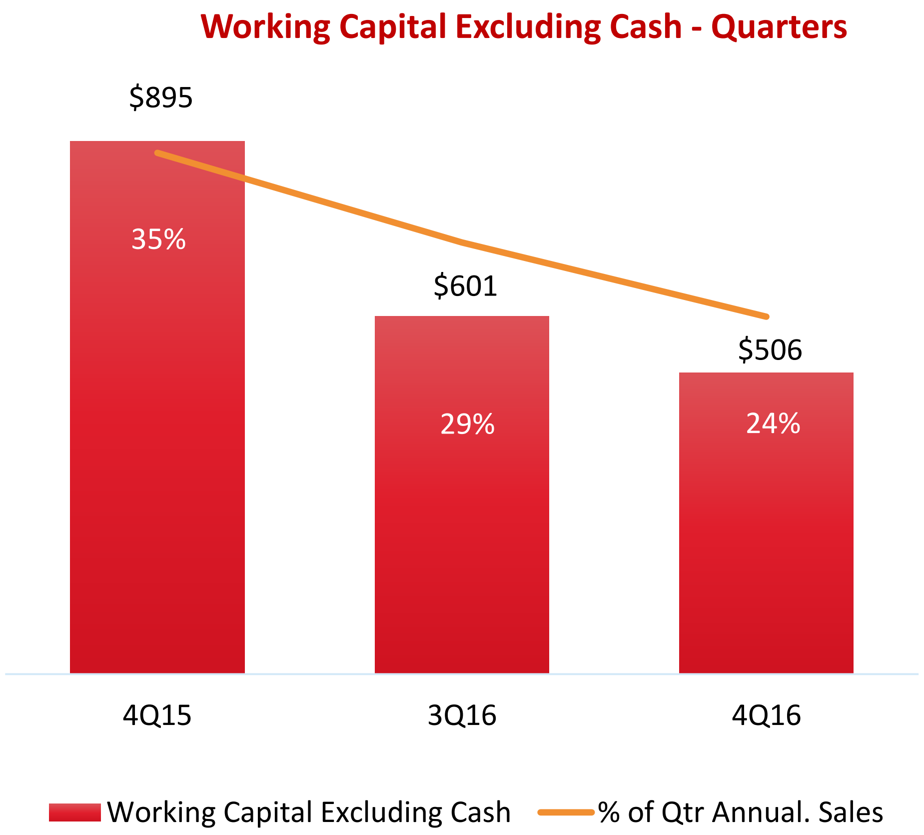
U.S. and Canada rig counts continue positive trajectory

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



Surpassed working capital goal as % of revenue (excluding cash)

Working Capital Highlights

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

	Unaudited 4Q 2016	Unaudited 3Q 2016
Current Assets		
Cash & Cash Equivalents	$106	$131
Receivables, Net	354	339
Inventories, Net	483	532
Prepaid & Other Current Assets	16	22
Total Current Assets	959	1,024
Current Liabilities		
Accounts Payable	246	193
Accrued Liabilities	100	95
Other Current Liabilities	1	4
Total Current Liabilities	347	292
Working Capital, Excl. Cash	**$506**	**$601**
DSO's	60	59
Inv. Turns	3.7x	3.3x

- Working capital, excluding cash, was $506M at December 31, 2016, or 24% of revenues.
  - Continued improvement in this key metric
  - Working towards inventory turns of 4.0x from 3.7x
  - Continuing to right size inventory for relative geographies and markets
- Sequentially:
  - Debt down to 65M, with net cash at $41M
  - Capex static at $1.0M in 4Q16
  - AR increased by $15M due to increased sales
  - DSO's on par with prior quarter
  - Decreased net inventory $49M
  - Inventory turns improved

Positive cash flow with debt down $80M, to $65M, sequentially

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 schedules herein.

(2) For the three and twelve months ended December 31, 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 and severance expenses which are included in operating loss. For the three and twelve months ended December 31, 2015, other costs additionally includes the goodwill impairment charges of $138 million and $393 million, respectively.

(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 twelve months ended December 31, 2016 and 2015, respectively, included expenses of $39 million, $78 million, $129 million and $129 million, after tax, respectively, for a valuation allowance recorded against the Company’s deferred tax assets; as well as, $1 million, $7 million, $93 million and $307 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.

(5) Totals may not foot due to rounding.

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