DISTRIBUTION NOW®

NOW Inc.
First Quarter 2020

KEY TAKEAWAYS

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 (sometimes referred to as “EBITDA”), (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 non-GAAP financial measure to its most comparable GAAP financial measure can be found in our quarterly earnings press release.

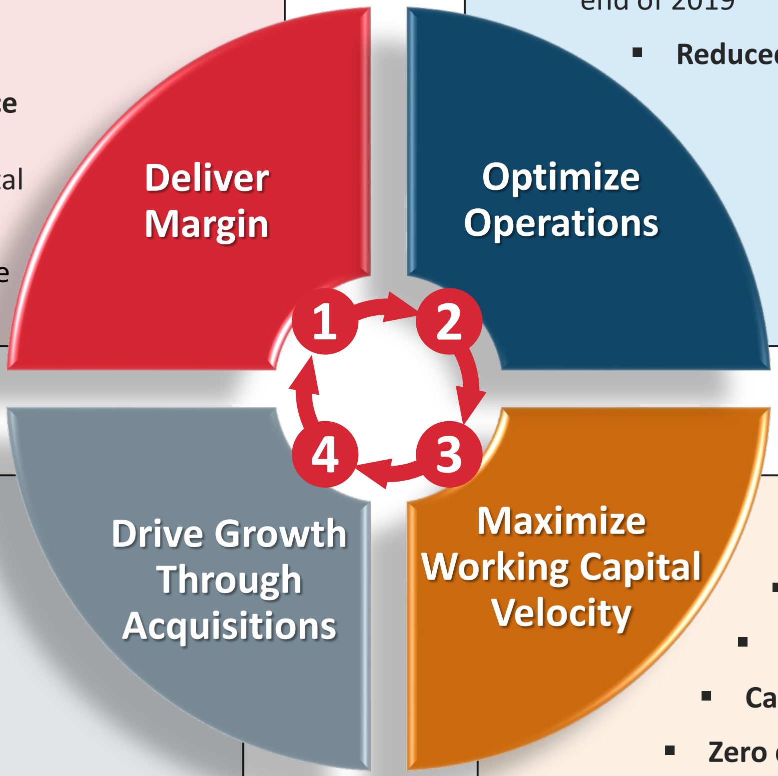
CEO Perspective: First Quarter Key Takeaways

- 1Q20 revenue of $604M, down 5% sequentially and 23% lower YOY resulting from reduced activity due to impacts of COVID-19 and oil demand shock
- U.S. revenue channels: 50% U.S. Energy Centers, 28% U.S. Supply Chain Services, 22% U.S. Process Solutions
- Gross margins declined 20 basis points sequentially, due to inventory charges
- $202M cash on hand and zero debt, credit facility expires in April 2023
- Cash provided by operating and investing activities was $28M
- 1Q20 working capital excluding cash as a percentage of revenue was 18%, beating our historical target of 20%
- Structural transformation was accelerated due to rapid decline of market conditions

ESG response to COVID-19

- Established crisis business rules
- Remained connected to our customers communicating impacts on product availability and accessibility, as DNOW designated as an “essential” business
- Established a corporate COVID-19 response team to coordinate business activity
- Leveraged network connections to allow working from home to serve customers
- Placed restrictions on domestic and International business travel
- Decreased 3rd Party access to business locations and increased reliance on video and teleconferencing

DNOW Strategy to Unlock Value



- Deploying **improved order management system** coupled with **SAP Suite on Hana leveraging Google Cloud** to increase system capability**,** efficiency, response time, improving the customer order process and reduce IT service costs
- **Developing and deploying DigitalNOW® unified commerce technology consisting of ecommerce and digital tools** to enhance our customer order experience and leverage digital solutions as a service (DAAS)
  - Launched Norway and The Netherlands ecommerce storefronts

- **Scaling and right-sizing locations** reduced to 220 to reflect market demand by consolidating, closing or divesting approximately 25 locations since the end of 2019
  - **Reduced headcount, discretionary and infrastructure costs**
    - Focused on cost transformation to match market demand and preserve balance sheet
    - Focused on leveraging technology to enhance employee productivity and increase operational efficiencies

- **Proactively evaluating M&A** opportunities
  - Continue to evaluate M&A pipeline for growth
  - Highly selective in this environment
  - Approximately $600 million in total liquidity

- **Working capital**, excluding cash, was 18% of revenue in 1Q20
- **Inventory turns** at 4.5x
- **Cash on hand** at March 31, 2020 of $202M
- **Zero debt**

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1Q20 Key Market Indicators

WTI/Rig Counts

- WTI avg $46 per barrel for 1Q20
- U.S. avg rig count of 785, down 4% sequentially, down 25% YOY
- Canada avg rig count 195, up 40% sequentially, up 5% YOY
- International avg rig count 1,074, down 3% sequentially, up 4% YOY

DNOW annualized revenue per rig at $1.2M for 1Q20

U.S. DUCs

- March ended with a DUC count of 7,575 wells in EIA DPR regions
- 7,651 1Q20 avg
- Down 3% on avg sequentially, down 9% on avg YOY

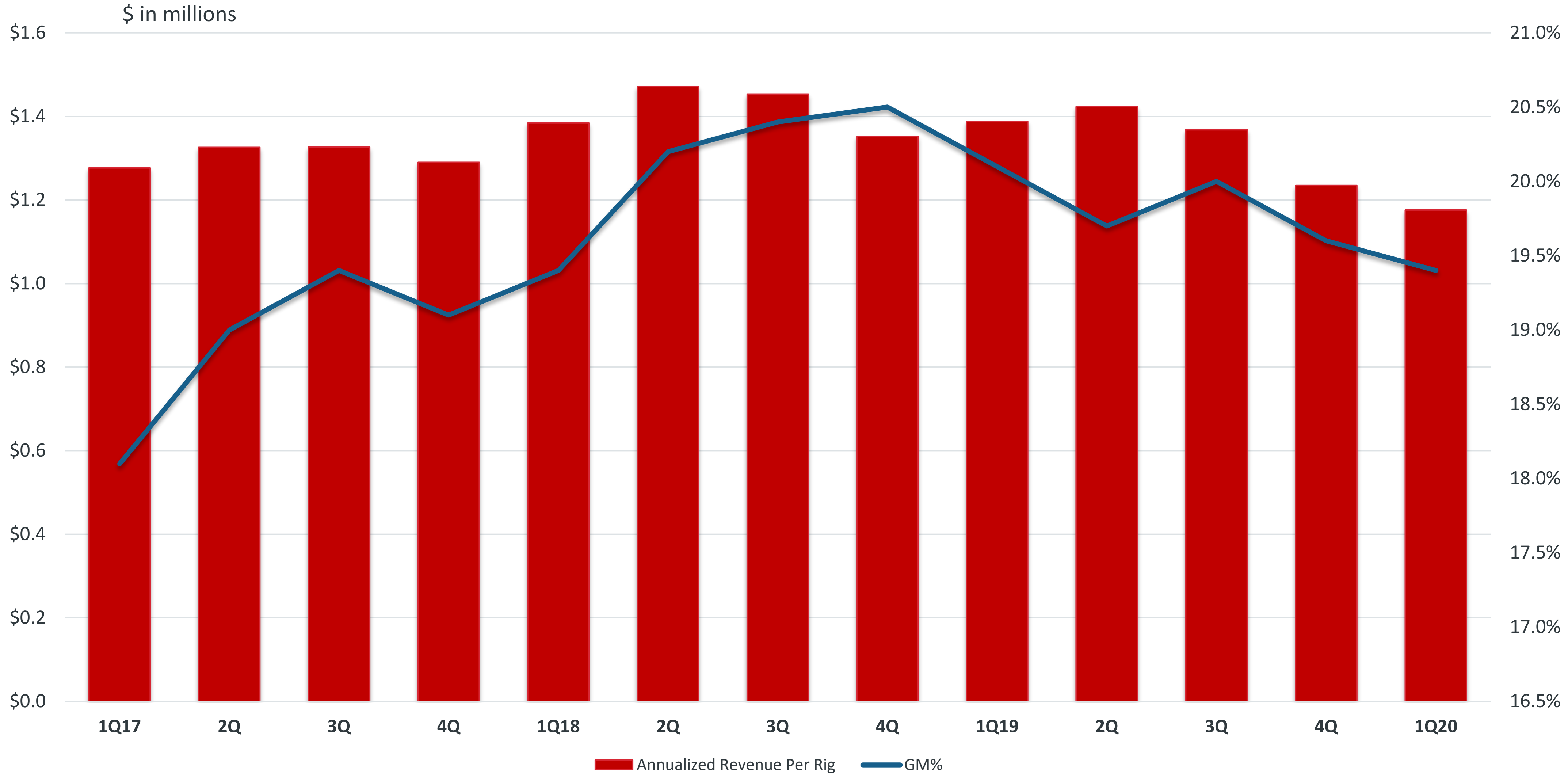
DUCs are future revenue opportunities for DNOW

U.S. Completions

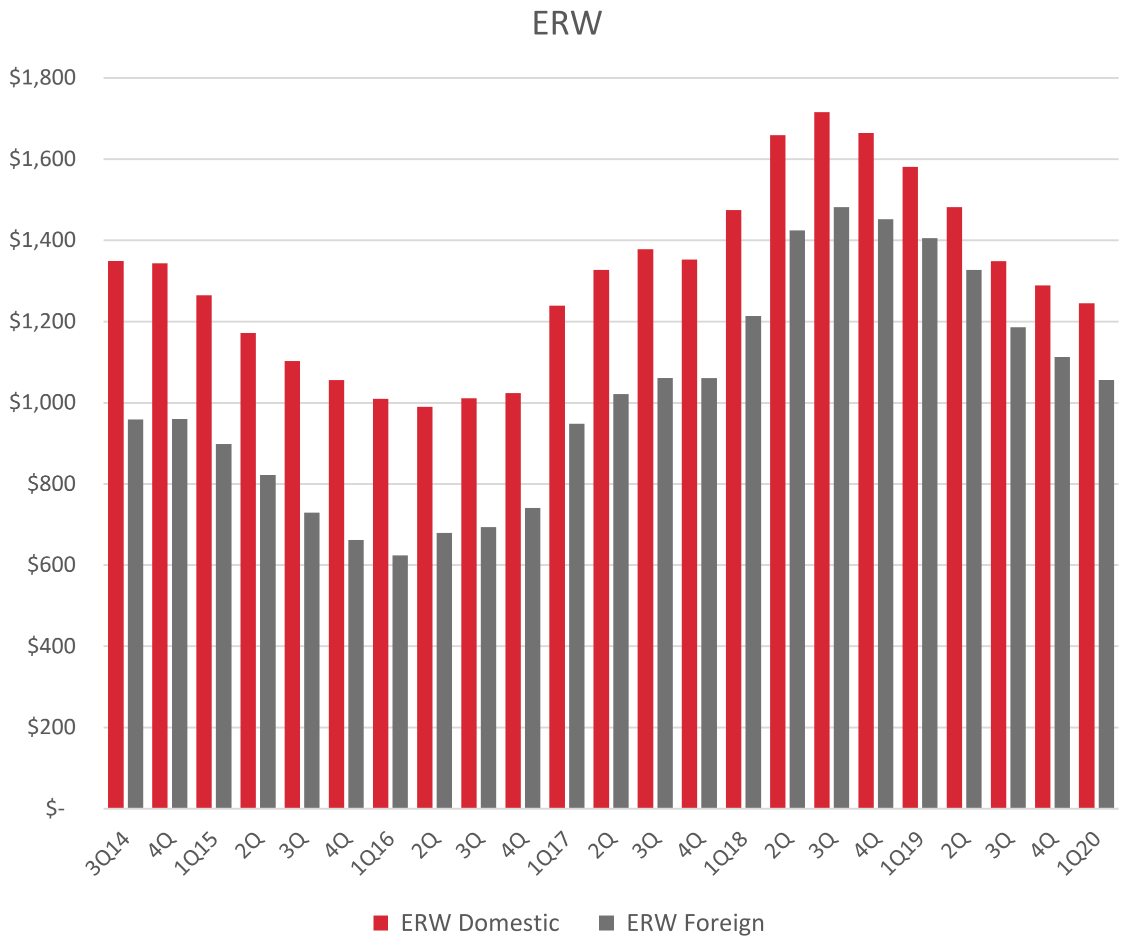
- March ended with 1,070
- 1,077 avg for 1Q20
- Down 12% sequentially on avg
- Down 9% YOY on avg

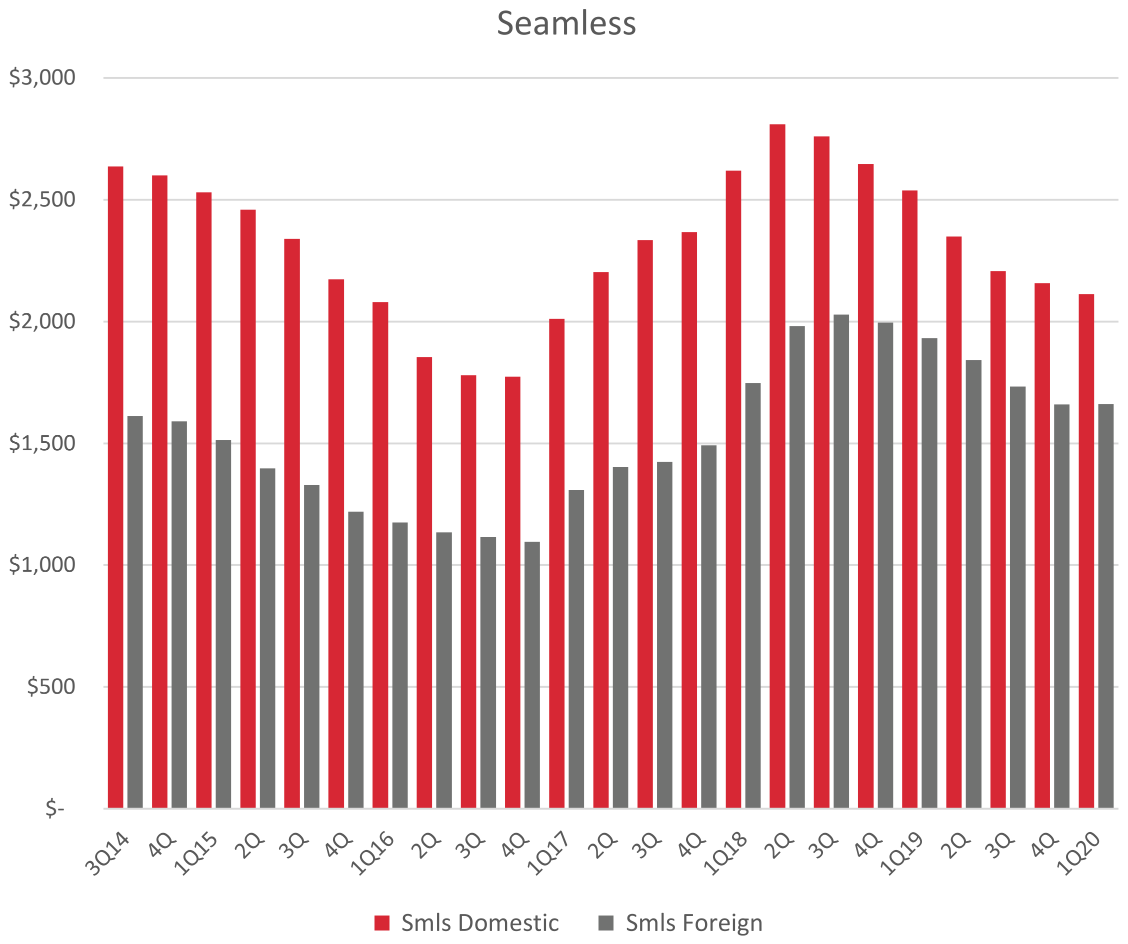
Presents an immediate opportunity for DNOW U.S. sales as tank batteries and gathering systems are constructed after completions

Revenue per Global Rigs and Gross Margins, Trended



Pipe Price Trends, U.S. dollar per ton





Source: Pipe Logix

1Q20 Highlights and Future Drivers – U.S. Channels

U.S. Energy Centers

1Q Highlights

- Revenue essentially flat sequentially, with avg rig count down 4% and avg completions down 12% sequentially
- Active areas include oil and gas plays, artificial lift and midstream gathering for crude oil and liquids transfer
- Steel line pipe lower on lower market demand and pricing pressure, coiled line pipe improved
- Drilling revenue declined as expected with rig count declines

Future Drivers

- Collapse in global oil demand from COVID-19 pandemic leading to lower global E&P capex spend for 2020
- HRC cost decreased $32 per ton in 1Q20, April dropped $120 per ton to settle at $441 per ton according CRU

U.S. Supply Chain Services

1Q Highlights

- Revenue down sequentially
- Two thirds of revenue decline associated with sale of business that closed at end of January
- Top 4 E&P customers D&C expenditures reduced in the quarter
- Activity led by Permian, decrease in Scoop / Stack, Eagle Ford, and Bakken plays
- Downstream segment was impacted to a lesser degree, partially due to some larger orders for COVID-19 supplies.

Future Drivers

- Collapse in global oil demand from COVID-19 pandemic leading to lower U.S. onshore E&P capex spend for 2020

U.S. Process Solutions

1Q Highlights

- Revenue down as average completions down 12% sequentially
- Activity led by Permian, Bakken, Rockies, and Eagle Ford, declines led by Scoop / Stack
- Midstream sector sequential improvement, E&P market decline due to lower completions
- Winning new customers by leveraging Houston based fabrication facility acquired in 2Q19

Future Drivers

- Delays in projects due to COVID-19
- Continue to support aftermarket sales and parts utilizing our service teams for customer maintenance and repair needs

1Q20 Highlights & Future Drivers – Canada & International

Canada

1Q Highlights

- Revenue of $78M, sequential increase of $2M or 3%
- January and February sales rebounded sequentially, activity by mid March declined
- Mix of products sales to upstream and midstream projects
- Viking and unconventional Oilsands plays up as Cardium and Southern Alberta plays lower, followed by flatness in Saskatchewan and Manitoba

Future Drivers

- Reduced customer capex spend in response to COVID-19 pandemic and lack of demand for oil
- Continue to reduce cost, scale working capital and operating footprint to match market demand

International

1Q Highlights

- Revenue $85M, down 10% sequentially, due to project declines, location closures in UK and sale of business in January
- Revenue led by sequential uptick in activity in Australia and export business to West Africa, overshadowed by declines in our UK based projects group
- Increased demand for valves, fittings, fiberglass pipe, electrical and OEM equipment

Future Drivers

- Customer activity and future capex spending impacted by economic shutdowns in response to COVID-19
- Secured long term valve agreement with two international majors for a downstream plant in SE Asian market, and for plant in Egypt
- Awarded Frame Agreement with a major UK EPC for Pipe, Valves, and Fittings
- Launch of Norway and The Netherlands ecommerce storefronts in April to complement existing U.S., Canada, UK and Australian storefronts

Technology Investments for Reduced IT Service Costs

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

SAP Suite on Hana and Google Cloud

- Migrated to SAP Suite on Hana and Google Cloud in April
- Increase ERP platform performance leading to overall increase in system capability and reduced IT service costs

Targeted Improvements

4x+
Performance increase

$$$
Cost Savings

ERPs, App, Infra
Cloud Migration

24x7x365
Peace of Mind Support

Investments in Digitalization to Grow Revenue

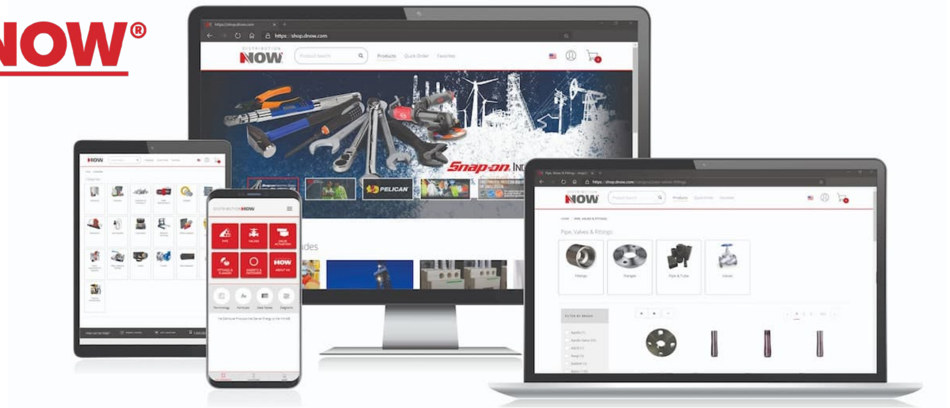
Combination of distribution product, technology and IOT with DNOW's engineering and service offerings enabling access to valuable information that will lower customer's operations and maintenance costs

Ecommerce platform enhancements

- Launched **shop.dnow.com** storefronts in Norway and The Netherlands, along side U.S., Canada, UK and Australia.
- Continued functionality enhancements of our ecommerce platform by growing suppliers, adding customer catalogs and new shipping options

Advanced analytics and custom metric reporting

powered by DigitalNOW®



Ecommerce features at a glance

Your Business	Shop or Browse	Purchase
Spend reporting	160,000+ products	Order on account terms
Order history and tracking	Catalog search	Punchout via ERP integration
Approval workflow	View inventory and lead-times	Electronic purchasing (EDI/XML)
Personalized catalog	Personalized saved carts & favorites	Customized checkout processes
Account pricing	Shop by equipment compatibility	Request a quote
Configurable delivery & pickup options	Shop by your part numbers	Non catalog buy outs
Summary billing	Product details and specifications	Visa / mastercard

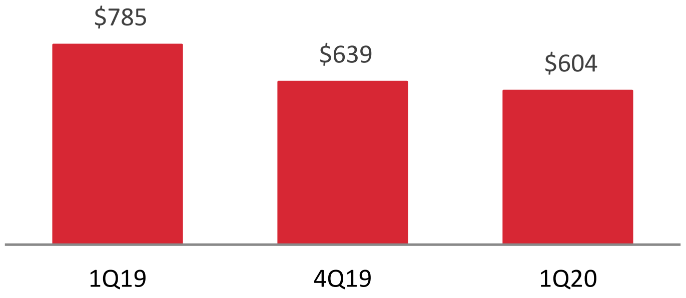
CFO Highlights: First Quarter Results

- GAAP net loss of $331M; net income excluding other costs (a non-GAAP measure) loss of $8M
- Warehousing, selling & administrative expense lowered to $130M, down $4M sequentially
- Operating loss of $333M, due to non-cash impairment charges and revenue decline
- EBITDA excluding other costs was $2M
- This quarter included $9M of inventory and $4M of bad debt charges, not classified as other costs
- GAAP diluted loss per share of $(3.03), with non-GAAP diluted loss per share excluding other costs of $(0.07) per share

CFO Highlights: Selected Quarterly Results (Unaudited)

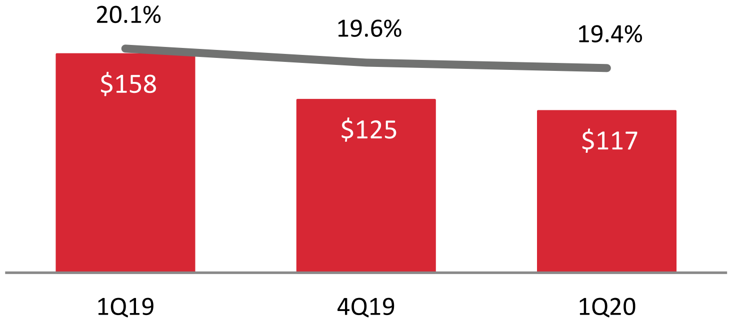
Revenue

($ in millions)



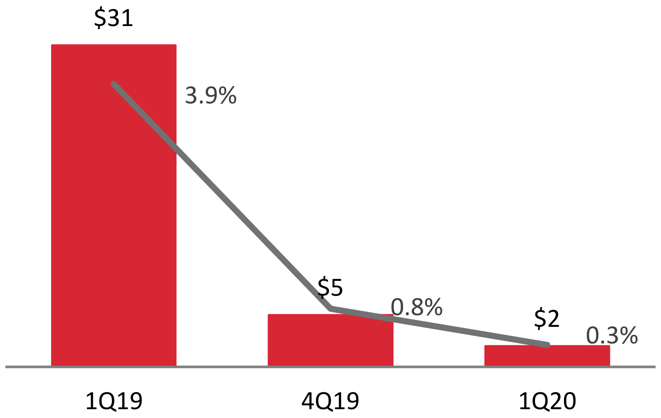
Gross Profit and Margin %

($ in millions)



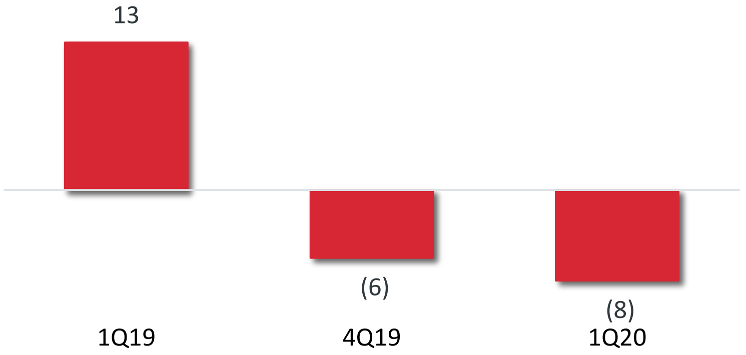
EBITDA Excl. Other Costs (Non-GAAP) and Margin %

($ in millions)



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

($ in millions)



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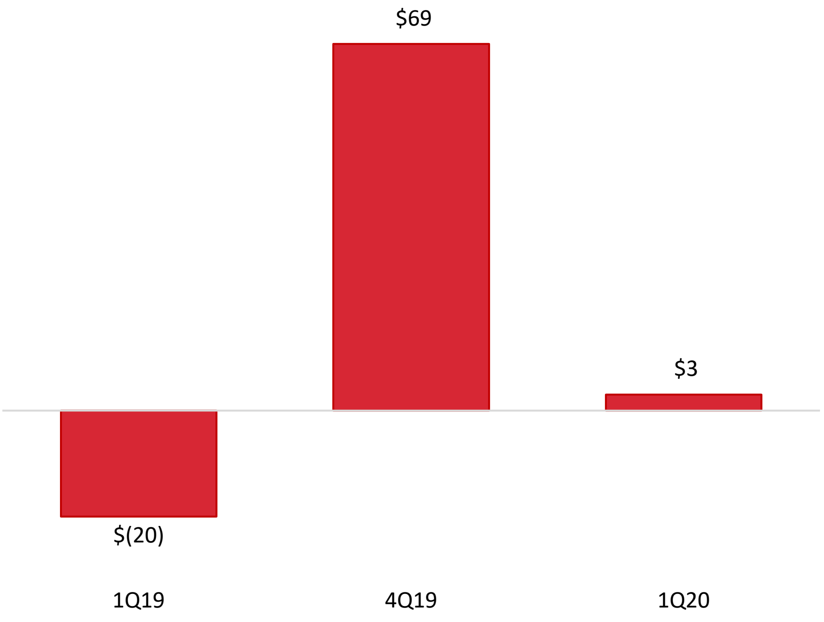
Cash Generation & Working Capital Management

Free Cash Flow

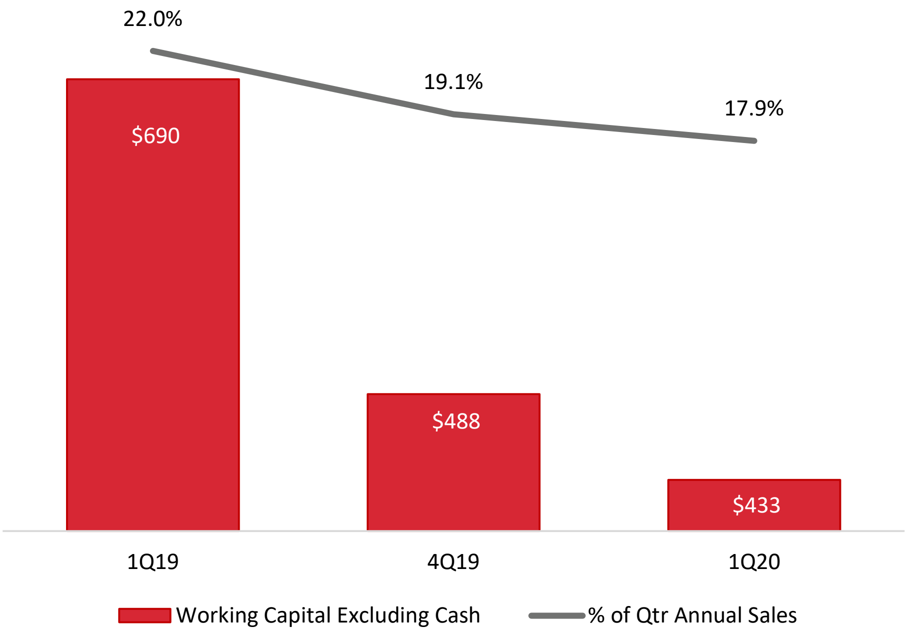
($ in millions)



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)



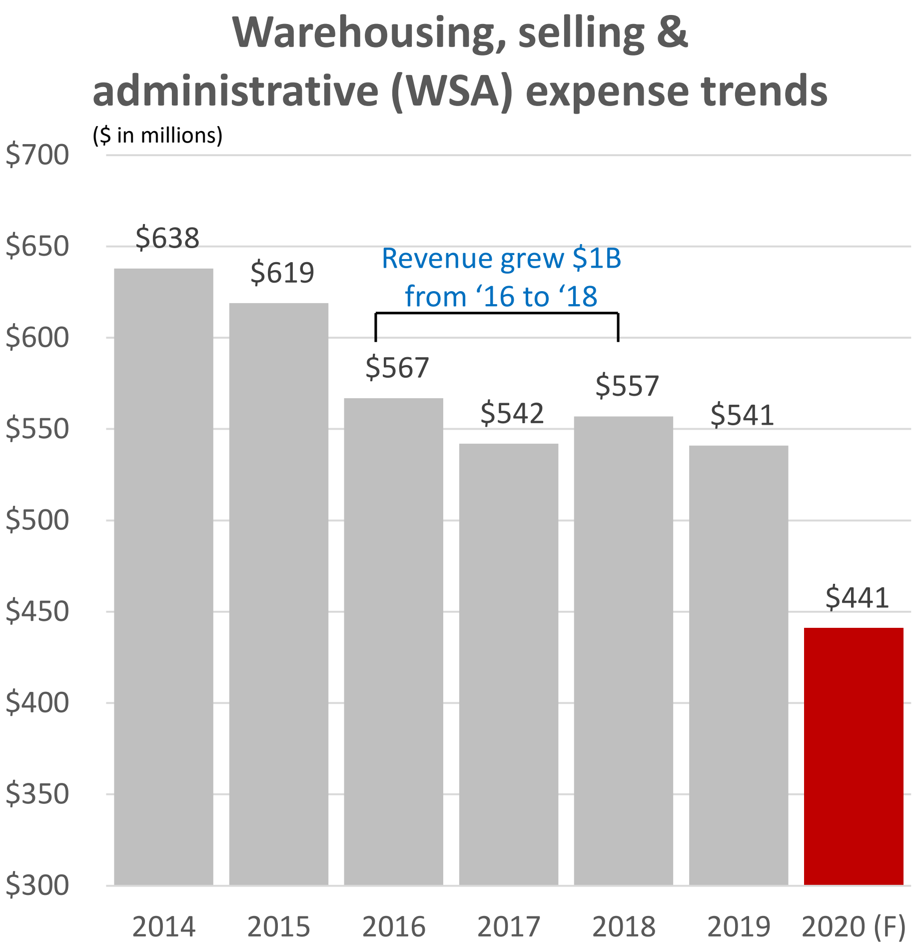
YOY Revenue and Operating Profit (Loss)

($ in millions)

	Unaudited 1Q19	Unaudited 1Q20
Revenue:		
United States	$ 600	$ 441
Canada	86	78
International	99	85
Total revenue	785	604
Operating profit:		
United States	$ 19	$ (204)
Canada	2	(58)
International	2	(71)
Total operating profit (loss)	23	(333)

1Q20 operating profit (loss) includes $320 million in non-cash impairment charges with $188 million U.S., $60 million Canada and $72 million International.

Structural Transformation



The 2020 (F) is a *targeted* WSA value for FY 2020. Other items, including bad debt, severance and acquisition expenses, as well as WSA for potential acquisitions will influence actual results, with more of the expense savings being realized in the second half of 2020.

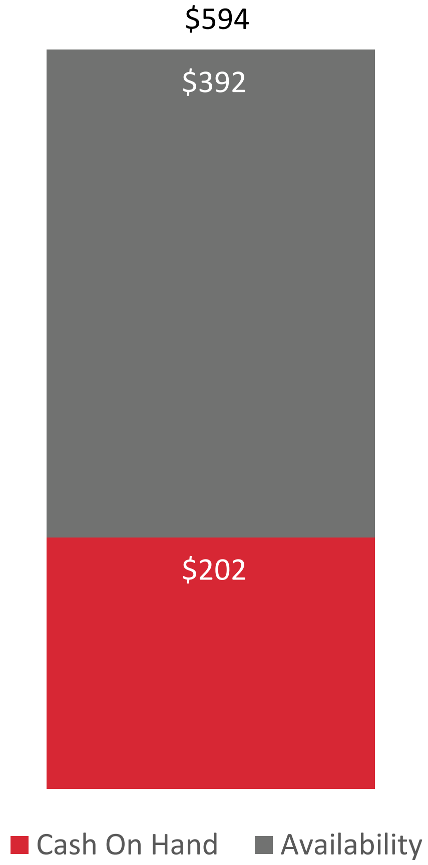
- Headcount reductions exceeding 1,250 since year-end 2019 and 1,450 since June 2019
- Internal benchmarking: compare under-performing locations with top performers, and correct structure/delivery model to drive productivity
- External benchmarking: compare to peer top-quartile performance, including delayering, structural changes
- Efficiency and productivity
  - Deploy technology to augment labor content
  - Find the right hub and spoke balance, with a bias towards centralized structure
  - Eliminate waste and least valuable activity
  - Offshore lower-level back office labor

Liquidity and Capital Resources

- Entered into a five-year $750 million secured asset based lending facility (ABL) in April 2018.
- No financial maintenance covenants
- Fixed Charge covenant triggers when availability falls below the greater of 12.5% of the borrowing base or $60 million
- No outstanding borrowings and no draws on the credit facility during the quarter
- Total liquidity was $594 million, which includes $392 million in availability under the ABL and $202 million in cash

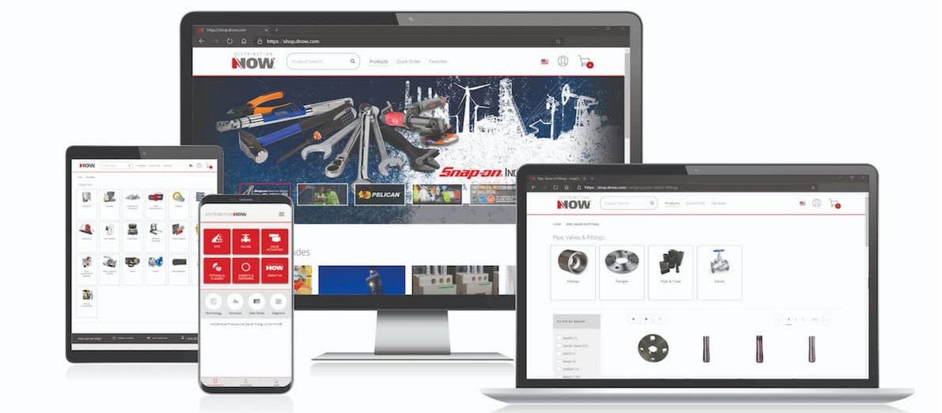
Total Liquidity at March 31, 2020

($ in millions)



CEO Wrap Up: Key Takeaways

- Focused on profitable market share gains that align with our strategy to better position DNOW in the market
- Investing in our DigitalNOW® initiative to position DNOW as the total digital solution provider for operators and service companies
- Management focused on preserving cash position and enviable balance sheet with aggressive structural transformation
- Ended the quarter with $202M in cash and zero debt
- Prudent working capital management with 1Q20 working capital excluding cash as a percent of revenue at 18%, beating our historical target of 20%
- Total liquidity approaching $600M, as we enter a period where we expect inorganic opportunities to increase



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