DISTRIBUTION NOW®

NOW Inc., Third Quarter 2019

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, (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.

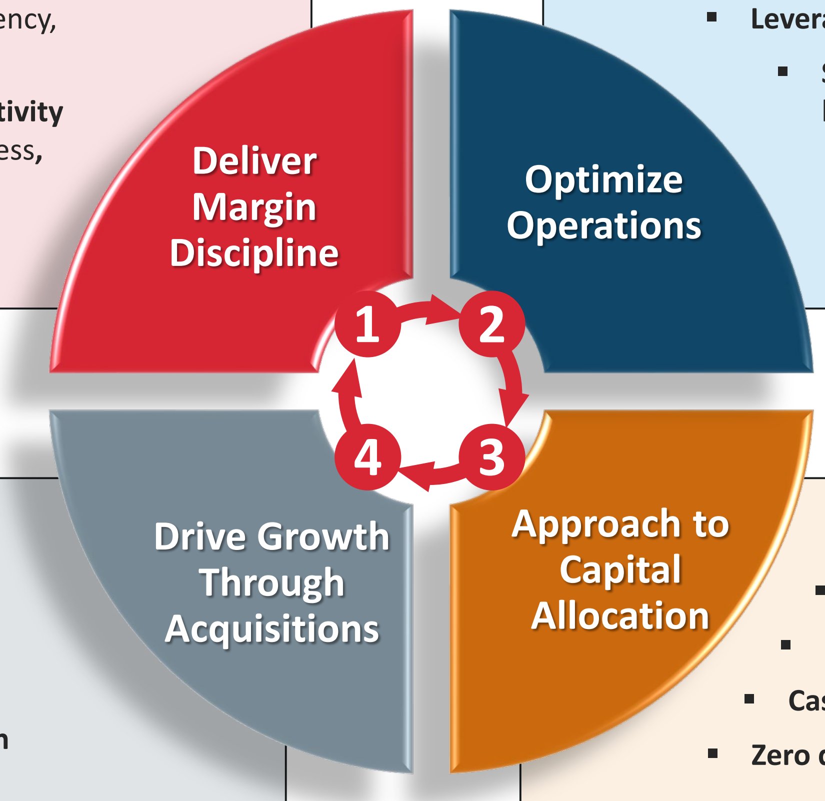
CEO Perspective: Third Quarter Key Takeaways

- Generated $97M of free cash flow in 3Q19, ending with $113M cash and zero debt
- Gross margins improved 30 basis points sequentially in a less active, more competitive market
- Working capital excluding cash as a percentage of revenue at 19%, less than our previously stated target of 20%, proving sound balance sheet execution
- 3Q19 revenue of $751M, down 3% sequentially and 9% lower YOY in a down U.S. land market and muted Canadian market
- U.S. revenue channels: 51% U.S. Energy Centers, 29% U.S. Supply Chain Services, 20% U.S. Process Solutions
- EBITDA excluding other costs was $24M in the quarter

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

- **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**



- **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**

- **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**

3Q19 Key Market Indicators

WTI/Rig Counts

- WTI avg $56 per barrel for 3Q19
- U.S. avg rig count of 920, down 7% sequentially, down 12% YOY
- Canada avg rig count 132, down 37% YOY
- International avg rig count 1,144, up 3% sequentially

DNOW annualized revenue per rig continued at $1.4M for 3Q19

U.S. DUCs

- September ended with a DUC count of 7,740 wells in EIA DPR regions
- 7,927 3Q19 avg
- Down 3.5% on avg sequentially, up 11% on avg YOY

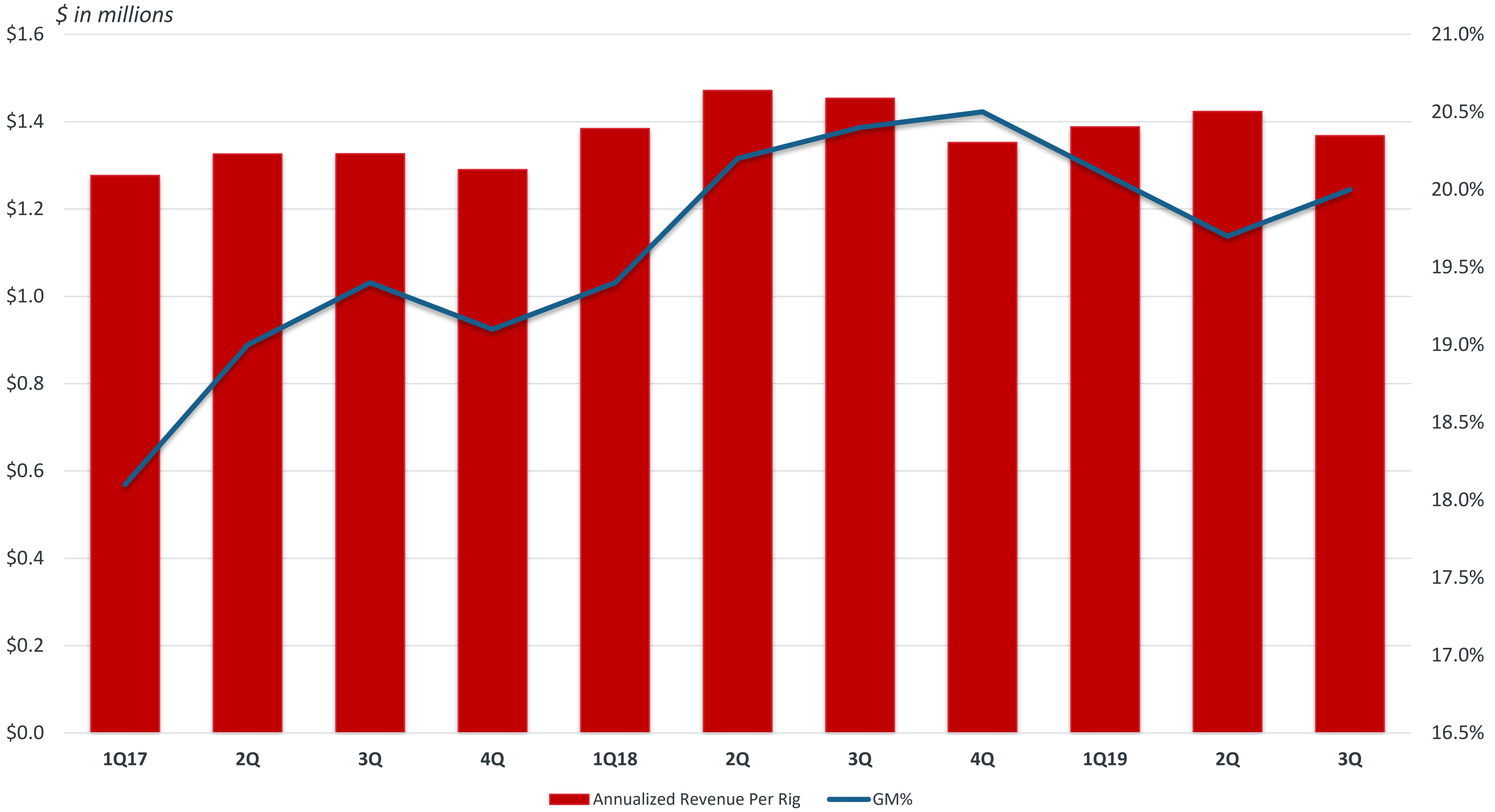
DUCs are future revenue opportunities for DNOW

U.S. Completions

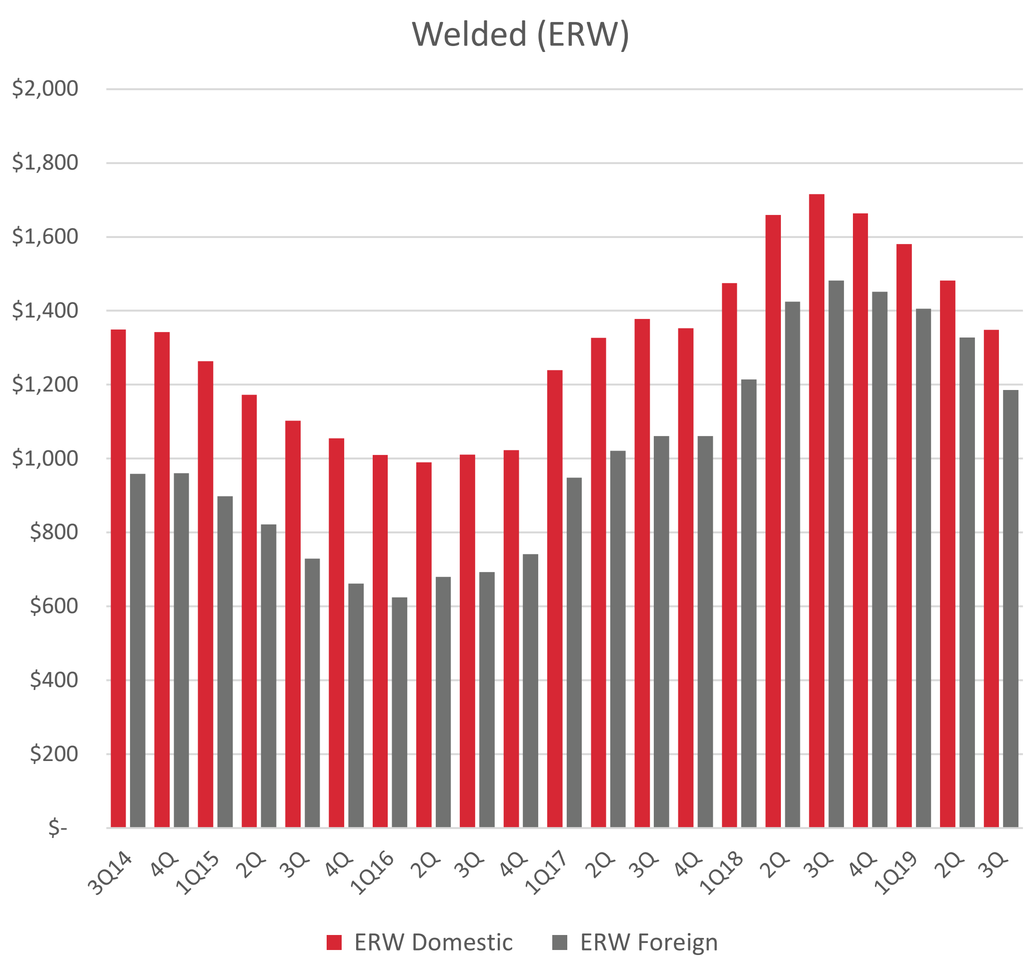
- 1,394 avg for 3Q19
- Flat from 2Q19 avg
- Up 7% YOY avg

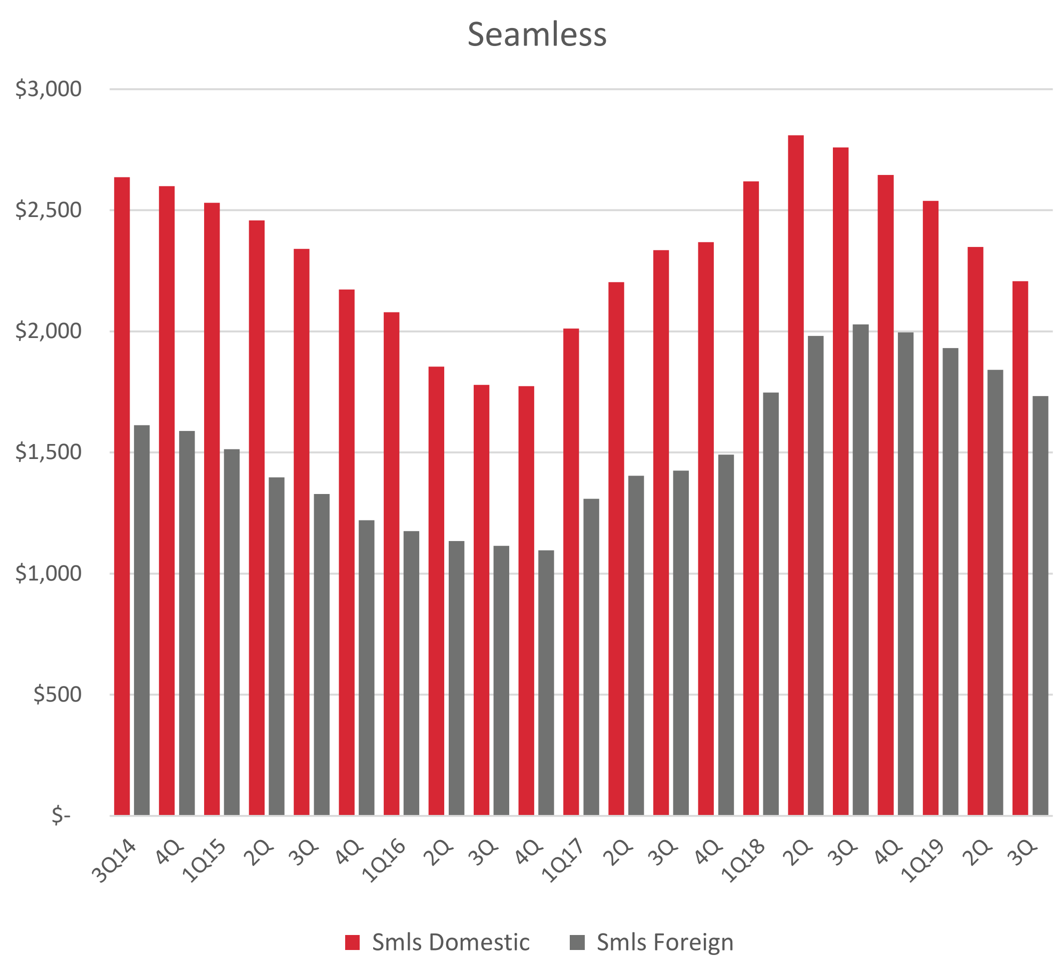
Presents an immediate opportunity for DNOW U.S. sales as tank batteries and gathering systems are constructed after completions

Revenue per Global Rigs and Gross Margins, Trended



Pipe Price Trends, U.S. dollar per ton





Source: Pipe Logix

3Q19 Highlights and Future Drivers – U.S. Channels

U.S. Energy Centers

3Q Highlights

- Revenue down 8% seq with rig count down 7%
- Large midstream customer contact award
- Increase in midstream activity in DJ Basin and Permian
- Line Pipe sales softened with project cycles as HRC replacement costs dipping in the quarter with market signaling oversupply

Future Drivers

- Softening U.S. land rig market and seasonality producing headwinds for 4Q19

U.S. Supply Chain Services

3Q Highlights

- Revenue down 4% sequentially
- Suppressed capex spend with customers due to large acquisition digestion
- E&P activity focused on Delaware basin, Eagle Ford, Powder River and Bakken
- Introduced high pressure fiberglass pipe and services offering to E&P customers

Future Drivers

- Largest customer in continued cost saving mode through remainder of 2019
- See slight rig count declines due to 4Q19 seasonality
- Seeing uptick in New Mexico infrastructure projects for pipeline, LP & HP gas project and water project

U.S. Process Solutions

3Q Highlights

- Revenue down 4% sequentially
- Activity led by Permian, Bakken, Rockies, and Eagle Ford vessel orders, LACTs, pumps and midstream gas and liquid measurement units
- Large pipeline booster pumps package for crude oil pipeline

Future Drivers

- Integrated two acquisitions made in 2Q19
- Continue to leverage U.S. Energy Centers and U.S. Supply Chain Services relationships for geographical growth
- RFQs for fabrication jobs increasing for new Houston facility
- Expanding service technician program for after sale support

3Q19 Highlights & Future Drivers – Canada & International

Canada

3Q Highlights

- Revenue up 12% sequentially from increased market activity exiting spring breakup on increase in well spuds and 59% rig count gain
- Continue to win business in down market with activity in the Cardium and Viking plays
- Political uncertainty driving lower oil and gas investments and tightening access to credit with continued production curtailments in Alberta and continued takeaway capacity constraints

Future Drivers

- Scaling our WSA expense by consolidating and reducing branch footprint by leveraging our RDC to customer direct channel
- Discount of WCS versus WTI impacting export market

International

3Q Highlights

- Revenue up 4% sequentially on increased project activity from EPCs, IOCs and NOCs
- Revenue gains led by project activity in Kazakhstan, North Sea and Australia
- Increase offshore activity in Mexico, Brazil and West Africa
- Asian market remains soft with completions of rig load outs and credit tightening

Future Drivers

- EPC tenders and FID approvals
- Further rig activations and load outs
- Modest increase in rig and offshore activity in the Middle East, Europe, Latin America and Asia
- North Sea E&P customer divestitures

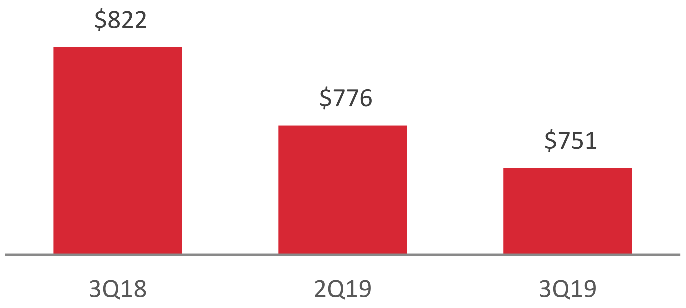
CFO Highlights: Third Quarter Results

- GAAP net income of $10M; net income excluding other costs (a non-GAAP measure) of $9M
- Warehousing, selling & administrative expense of $136M
- Operating profit of $14M, a decrease of $12M YOY due to revenue decline
- EBITDA excluding other costs was $24M
- GAAP diluted earnings per share of $0.09, with non-GAAP diluted earnings per share excluding other costs at $0.08 per share

CFO Highlights: Selected Quarterly Results (Unaudited)

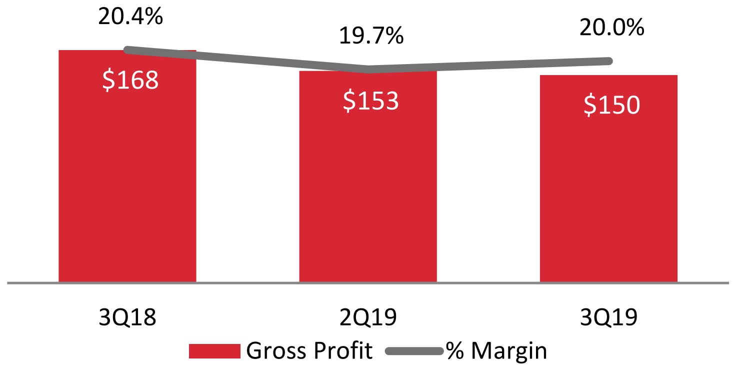
Revenue

($ in millions)



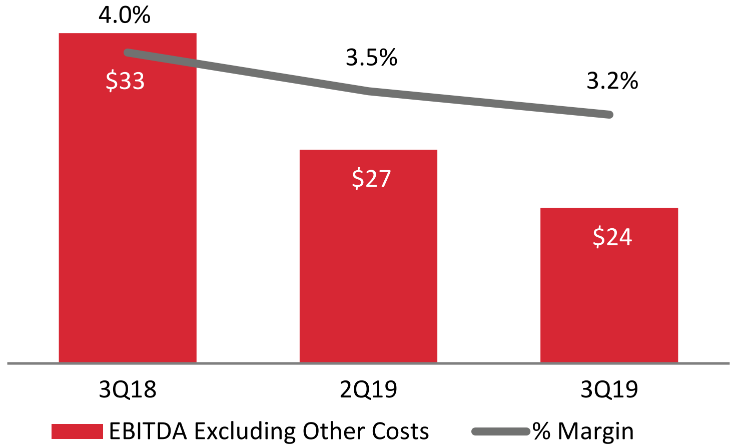
Gross Profit and Margin

($ in millions)



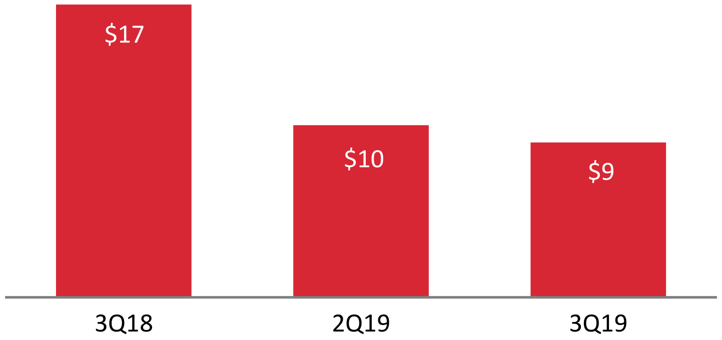
EBITDA Excl. Other Costs (Non-GAAP) and Margin

($ in millions)



Net Income Excl. Other Costs (Non-GAAP)

($ in millions)



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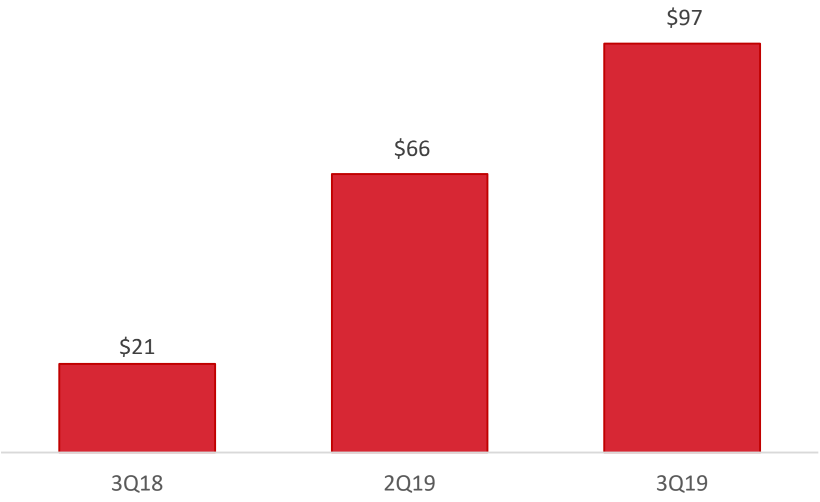
Cash Generation & Working Capital Management

Free Cash Flow

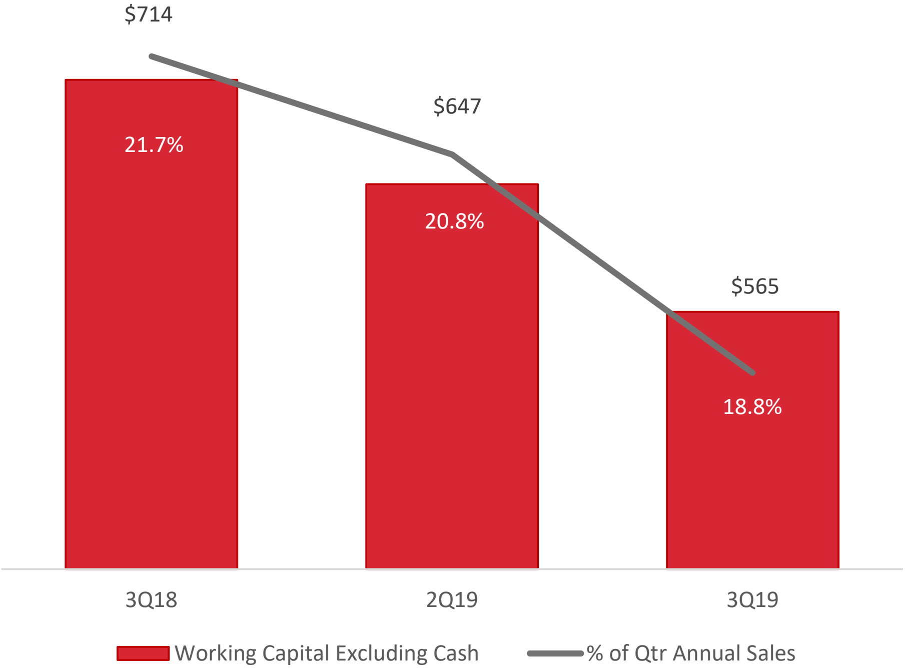
($ in millions)



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)



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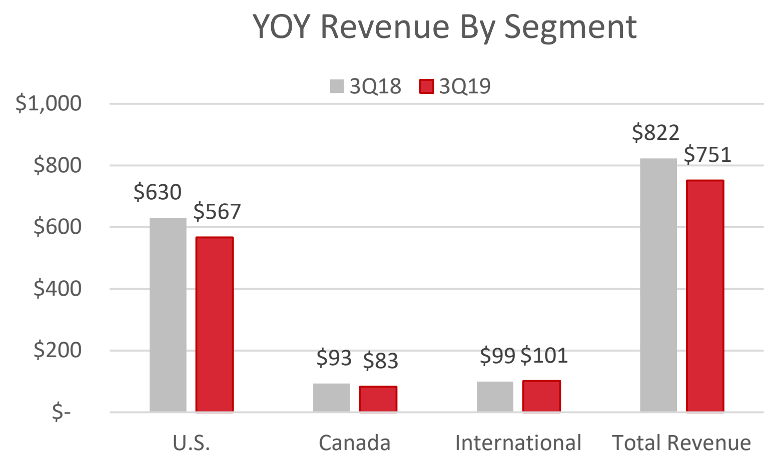
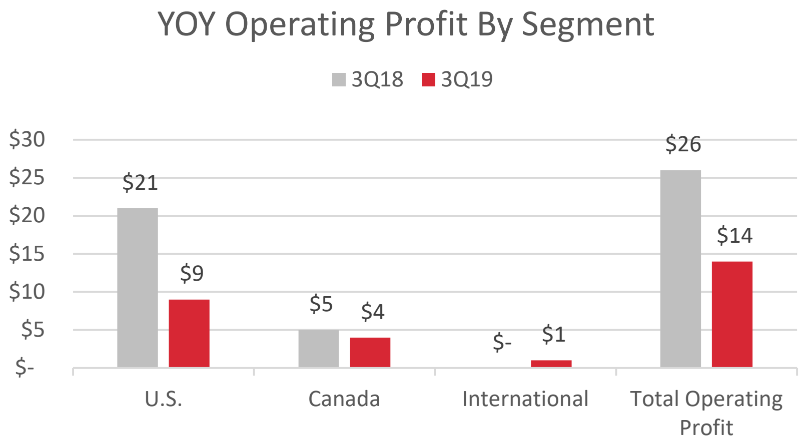
YOY Revenue and Operating Profit

($ in millions)

	Unaudited 3Q18		Unaudited 3Q19	
Revenue:				
United States	$	630	$	567
Canada		93		83
International		99		101
Total revenue		822		751
Operating profit:				
United States	$	21	$	9
Canada		5		4
International		-		1
Total operating profit		26		14





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CEO Wrap Up: Key Takeaways

- Generated $97M free cash flow, ending with $113M in cash and zero debt
- Gross margins improved 30 basis points sequentially in a less active, more competitive market
- Reduced total headcount, branch count, and held WSA flat even after two acquisitions
- Prudent working capital management with working capital excluding cash as a percent of revenue at 19%, below our target of 20%
- Total liquidity exceeding $600M, as we enter a period where we expect our pipeline to grow