DISTRIBUTION NOW®

Key Takeaways

SECOND QUARTER 2021

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 earnings press release.

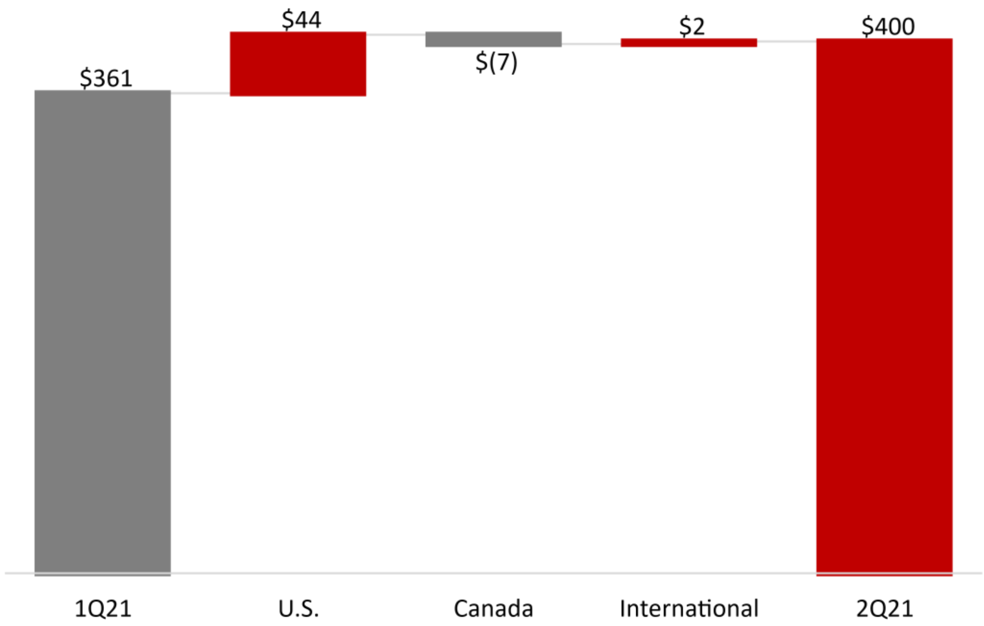
CEO Perspective: Second Quarter Key Takeaways

- 2Q21 revenue was $400M, up 11% sequentially and 8% year over year
- U.S. revenue increased 17% sequentially; U.S. Energy contributed 80% and U.S. Process Solutions contributed 20% of U.S. revenue in the quarter
- Canada revenue lower by 12% sequentially due to seasonal breakup; International increase of 4% sequentially
- 2Q21 gross margins improved 50 bps sequentially to 21.3%, primarily due to reduced inventory charges
- Zero debt; $293M cash balance on June 30, 2021, lower sequentially primarily driven by the acquisition of Flex Flow in the second quarter
- $6M EBITDA excluding other costs, on strong sequential and year over year flowthroughs

2Q21 Revenue up 11% sequentially and 8% YOY

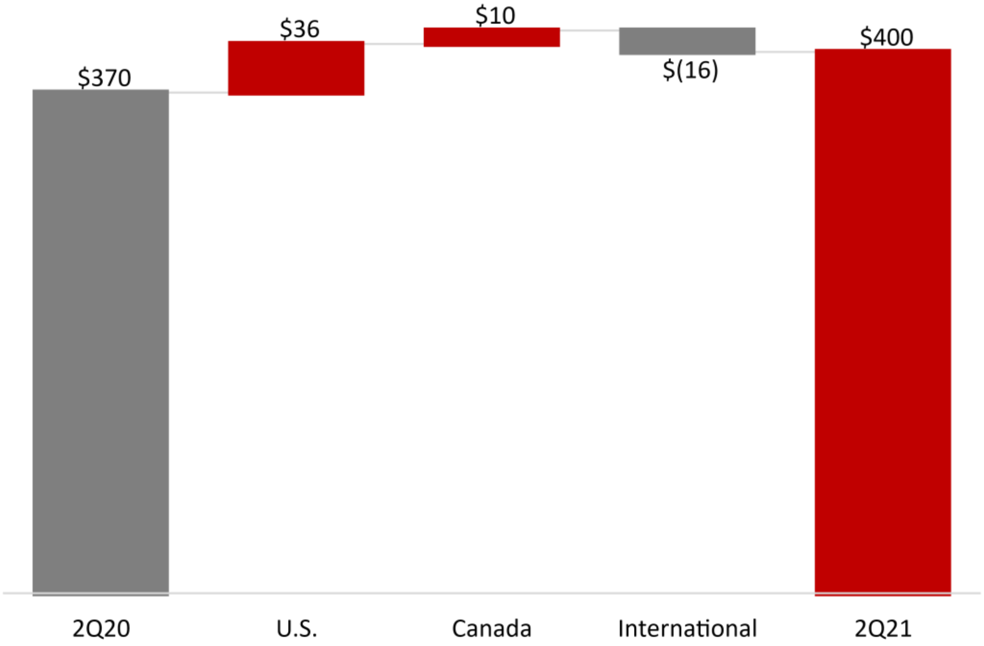
Sequential Revenue

($ in millions)



Year Over Year Revenue

($ in millions)



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2Q21 Key Market Indicators

WTI/Rig Counts

- WTI avg $66 per barrel for 2Q21
- U.S. avg rig count of 451, up 15% sequentially, up 14% YOY
- Canada avg rig count 73, lower 47% sequentially, up 192% YOY
- International avg rig count 734, up 5% sequentially, and down 12% YOY

DNOW annualized revenue per rig at $1.3M for 2Q21

U.S. DUCs

- June ended with a DUC count of 6,252 wells in EIA DPR regions
- 6,520 2Q21 avg
- Lower 11% sequentially
- Lower 26% YOY

DUCs are future revenue opportunities for DNOW

U.S. Completions

- June ended with 818 in EIA DRP regions
- 798 avg for 2Q21
- Increased 19% sequentially
- Increased 121% YOY

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

2Q21 Highlights From Reporting Segments

United States

- Revenue improved sequentially 17%; 80% Energy, 20% Process Solutions
- Growth in drilling and completions activity led to increased activity in Haynesville, Midcon, Bakken, Rockies, Permian and Eagle Ford plays
- Expanded sales with public and private upstream operators in PVF product lines from well tie-ins and gathering lines
- Awarded valve program from E&P operator and PPE for drilling contractor
- D&C driving tank battery facility construction led to improved activity for fabricated engineered packages
- Midstream and downstream activity relatively flat sequentially
- Continue right-sizing operational footprint to the market, while adding sales personnel to targeted end markets

Canada

- Revenue lower sequentially 12% due to seasonal breakup
- Expanded supplier relationships in PVF product lines to strengthen value to customer resulting in project wins
- Project wins leveraging EPC relationships for a top customer
- Awarded artificial lift contract from Top 10 customer
- Extended a key fiberglass contract
- Customer consolidation in drilling market seen as positive towards opportunity to grow share

International

- Revenue improved 4% sequentially
- Activity in Australia from offshore drilling contractor and domestic gas producer
- Increased valve market share with refinery turnaround in Asia
- Expanded electrical cable product line and revenue in Asia with industrial fabricator for vehicle assemblies
- Grew revenue from drilling equipment and consumables sales in the Middle East
- Extended three year electrical MRO agreement with large independent E&P
- Secured three year contact for MRO material for gas producer in North Sea
- Bolstered valve business with offshore Brazilian oil and gas operator

IT and Systems Technology Investments

Boost Productivity:

- Order Management System (OMS+) grows with higher adoption globally delivering higher internal efficiency
- Advanced Quoting Systems (AQ) to provide improved experience and response rate to customer RFQs
- Process Analytics allows new automation opportunities to streamline operations further

Reduced IT service costs and bolster digital foundation:

- Upgraded Enterprise Warehouse Management system to standardize Distribution Center and branch operations
- Migrating multiple data centers to cloud for application modernization and cost savings
- Upgrading Process Solutions ERPs to a cloud-based solution enhancing work flow functionality while bringing more efficiency, target go live is 4Q21

User Adoption on Technology increases to bring more efficiency

Enterprise WMS increases fulfillment capabilities and efficiencies

Optimize run cost and maximize scalability thru cloud platforms

DigitalNOW® Customer Ecosystem Expanding

powered by DigitalNOW®

Digital suite of products expanding to add customer value

Digital commerce platform, *shop.dnow.com*, continues to grow

- Digital revenue increase to 43% of SAP revenue
- Growing customer implementations and integrations with customer ERP systems
- Growing B2B and B2C users
- Central commerce solution to DigitalNOW® customer ecosystem
- Completed platform enhancements

eSPEC™
powered by DigitalNOW®

eSpec™, powered by DigitalNOW®

- Engineered equipment package product budgeting and configuration tool encompassing 10 product lines
- Enables enhanced customer conversations earlier in the project cycle
- Resulted in several engineered equipment package wins during 2Q21

eTRACK™
powered by DigitalNOW®

eTrack™, powered by DigitalNOW®

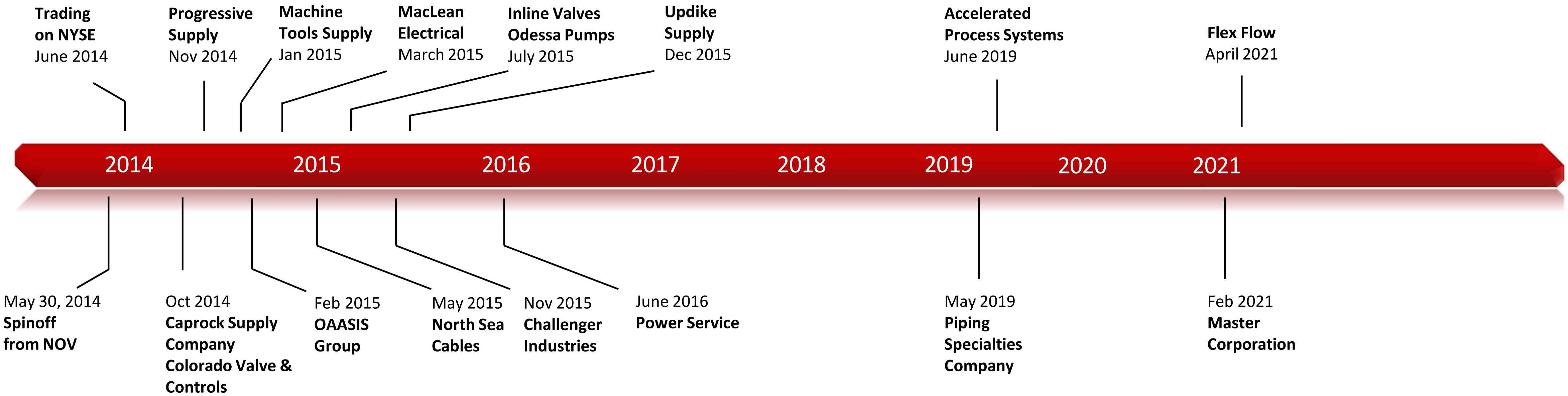
- Asset, data and material management lifecycle solution
- Empowers customers to
  - Manage their assets using location finder
  - Retrieve documentation and drawings
  - Schedule field service
- Implementing with several customers capturing hundreds of assets and growing

Driving Growth through Acquisitions

Clearly Defined Acquisition Strategy

- Seek high value-add solutions that bring sustainable competitive advantages
- Leverage product lines acquired through acquisitions to gain organic share
- Expand Process Solutions value proposition to customers

Track Record of Success



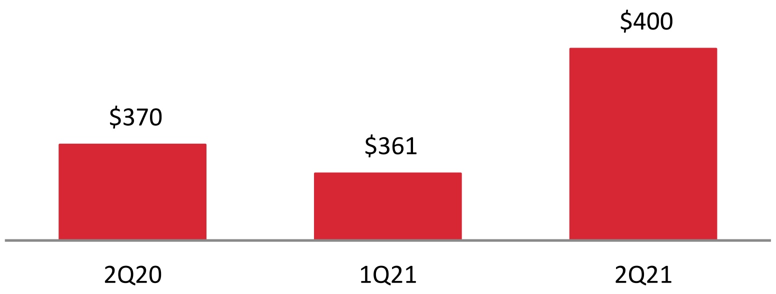
CFO Highlights: Second Quarter Results

- GAAP net loss was $2M and net income excluding other costs (a non-GAAP measure) was nil for the second quarter of 2021
- Warehousing, selling & administrative expense was $85M, up sequentially, half of the increase attributable to 2021 acquisitions, and a $2M 1Q21 non-recurring bad debt recovery credit and resumption of certain discretionary costs
- EBITDA excluding other costs was $6M in second quarter of 2021
- GAAP diluted loss of $0.02 per share, with non-GAAP diluted earnings excluding other costs of $0.00 per share
- Working capital, excluding cash, as a percentage of annualized 2Q21 revenue was 12.3% and cash conversion cycle of 71 days, a 6 day sequential improvement

CFO Highlights: Selected Quarterly Results (Unaudited)

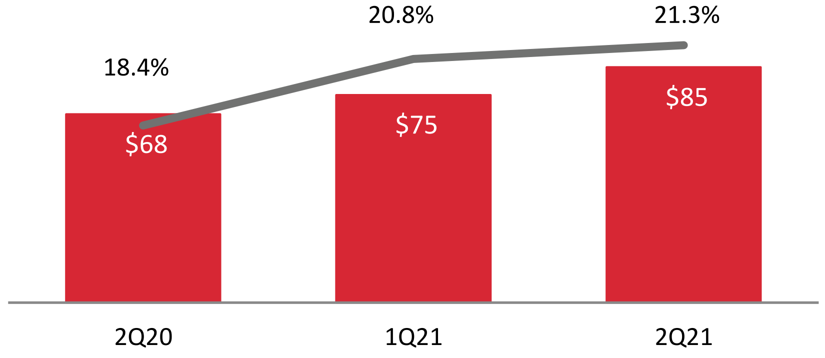
Revenue

($ in millions)



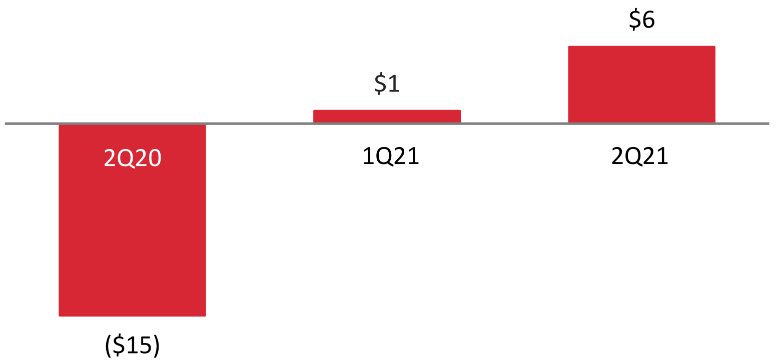
Gross Profit and Margin

($ in millions)



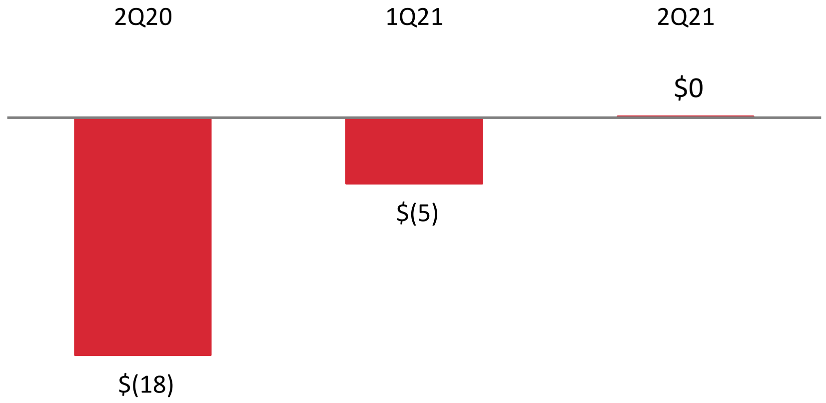
EBITDA Excl. Other Costs (Non-GAAP)

($ in millions)



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

($ in millions)



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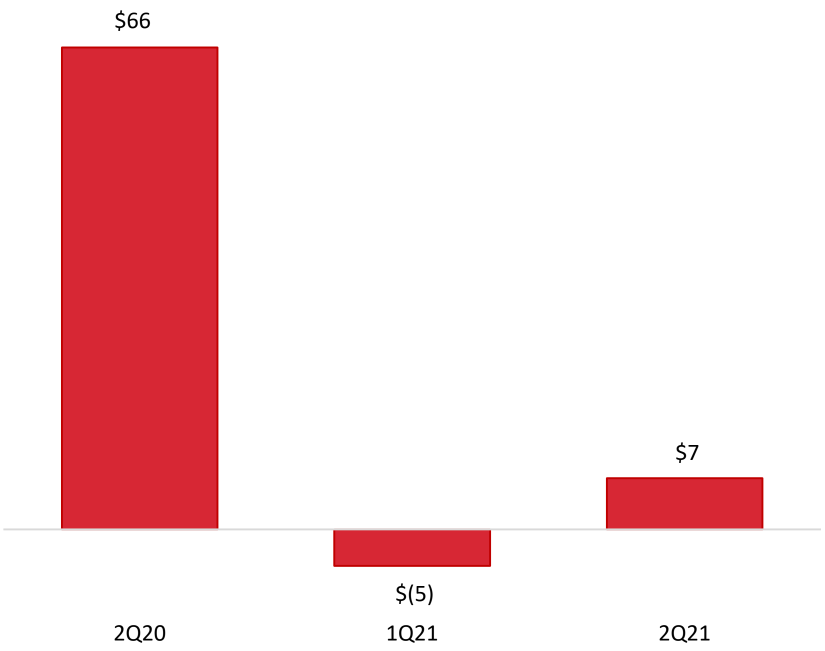
Cash Generation & Working Capital Management

Free Cash Flow

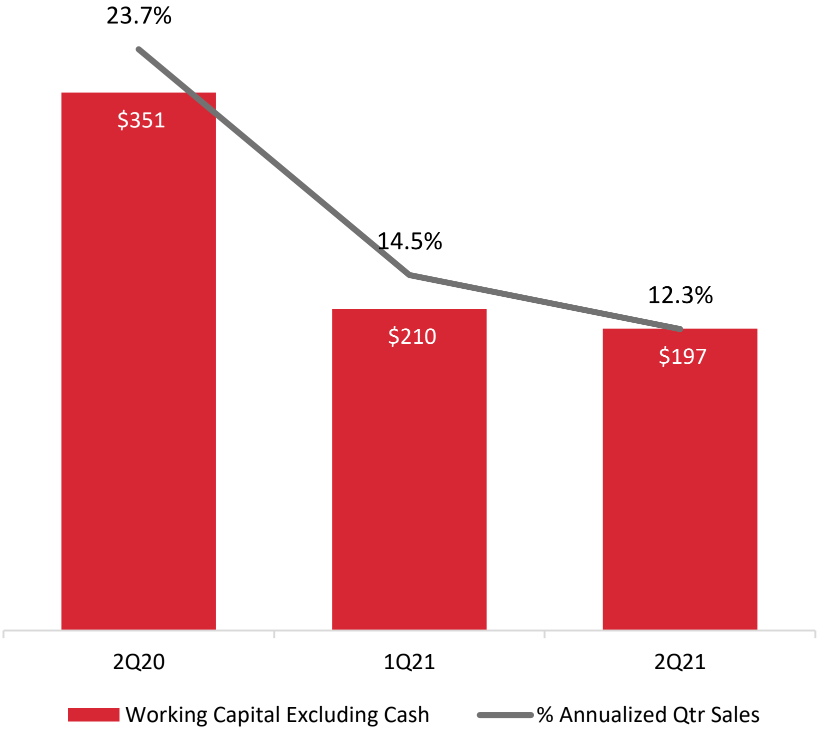
($ in millions)



Free Cash Flow 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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Liquidity and Capital Resources

- Entered into a five-year $750M 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 $60M
- No outstanding borrowings and no draws on the credit facility during the quarter
- Total liquidity was $528M, which includes $235M in availability under the ABL and $293M cash on hand

Total Liquidity at June 30, 2021

($ in millions)

CEO Wrap Up

- Positioned to capture share and grow as fundamentals improve
- Continue to invest in and grow our DigitalNOW® platform and digital customer ecosystem
- Total liquidity of $528M, providing ample runway to execute on our inorganic growth strategy
- Guidance for 3Q21 sequential revenue to improve in the mid-single digits percentage range
- Sequential 3Q21 EBITDA to revenue incrementals on the low end of our historical 10%-15% range as gross margins moderate from 2Q21 record level
- Active pipeline of inorganic opportunities targeting accretive margin businesses with strategic fit

Utility air package used to replace gas pneumatic devices that lower customers GHG emissions, assisting with customer net-zero goals