
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) May 5, 2021

NOW INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36325
(Commission
File Number)

46-4191184
(IRS Employer
Identification No.)

**7402 North Eldridge Parkway
Houston, Texas**
(Address of principal executive offices)

77041
(Zip Code)

Registrant's telephone number, including area code: 281-823-4700

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	DNOW	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On May 5, 2021, NOW Inc. issued a press release announcing earnings for the quarter ended March 31, 2021 and conference call in connection therewith. A copy of the release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

The information contained in this Current Report shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibit is provided as part of the information furnished under Item 2.02 of this Current Report on Form 8-K:

- 99.1 [NOW Inc. press release dated May 5, 2021 announcing the earnings results for the first quarter ended March 31, 2021](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 5, 2021

NOW INC.

/s/ Raymond W. Chang

Raymond W. Chang

Vice President & General Counsel

**Earnings Conference Call**

May 5, 2021

8:00 a.m. CST

1 (800) 446-1671 (North America)

1 (847) 413-3362 (Outside North America)

Webcast: ir.distributionnow.com**NOW Inc. Reports First Quarter 2021 Results**

HOUSTON, TX, May 5, 2021 – NOW Inc. (NYSE: DNOW) announced results for the first quarter ended March 31, 2021.

First Quarter 2021 Financial Highlights

- Revenue was \$361 million for the first quarter of 2021
- Net loss was \$10 million and non-GAAP net loss excluding other costs was \$5 million for the first quarter of 2021
- Diluted loss per share was \$0.09 and non-GAAP diluted loss per share excluding other costs was \$0.04 for the first quarter of 2021
- Non-GAAP EBITDA excluding other costs for the first quarter of 2021 was \$1 million
- Cash and cash equivalents was \$374 million and long-term debt was zero at March 31, 2021

David Cherechinsky, President and CEO of NOW Inc., added, “We are very pleased with the positive results we achieved this quarter, driven by strong 13% sequential revenue growth. We closed our second acquisition this year in April and remain debt free. Without the heavy cost of debt burden, we have plenty of strategic and balance sheet flexibility with ample liquidity to fund organic growth and to pursue additional acquisition opportunities.

Last year, we committed to achieve break-even EBITDA in the first half of 2021 and achieved our goal a quarter early. I am proud of every one of our employees as their contributions drove such strong results.

We will continue to innovate, focus on both legacy and emerging end-markets, invest in our DigitalNOW® technologies and advance a customer order fulfillment migration to improve our competitiveness as we build a compelling suite of solutions we believe will be unmatched in our industry.”

Prior to the earnings conference call a presentation titled “NOW Inc. First Quarter 2021 Key Takeaways” will be available on the Company’s Investor Relations website.

About NOW Inc.

NOW Inc. is one of the largest distributors to energy and industrial markets on a worldwide basis, with a legacy of over 150 years. NOW Inc. operates primarily under the DistributionNOW and DNOW brands. Through its network of approximately 195 locations and 2,450 employees worldwide, NOW Inc. offers a comprehensive line of products and solutions for the upstream, midstream and downstream energy and industrial sectors. Our locations provide products and solutions to exploration and production companies, energy transportation companies, refineries, chemical companies, utilities, manufacturers and engineering and construction companies.

Statements made in this press release that are forward-looking in nature are intended to be “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 and may involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to documents filed by NOW Inc. with the U.S. Securities and Exchange Commission, which identify significant risk factors which could cause actual results to differ from those contained in the forward-looking statements.

Contact:

Mark Johnson

Senior Vice President and Chief Financial Officer

(281) 823-4754

NOW INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In millions, except share data)

	March 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 374	\$ 387
Receivables, net	245	198
Inventories, net	247	262
Prepaid and other current assets	16	14
Total current assets	882	861
Property, plant and equipment, net	89	98
Deferred income taxes	1	1
Goodwill	7	—
Other assets	47	48
Total assets	\$ 1,026	\$ 1,008
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 200	\$ 172
Accrued liabilities	92	95
Other current liabilities	6	5
Total current liabilities	298	272
Long-term operating lease liabilities	22	25
Other long-term liabilities	14	12
Total liabilities	334	309
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - par value \$0.01; 20 million shares authorized; no shares issued and outstanding	—	—
Common stock - par value \$0.01; 330 million shares authorized; 110,255,003 and 109,951,610 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	1	1
Additional paid-in capital	2,053	2,051
Accumulated deficit	(1,218)	(1,208)
Accumulated other comprehensive loss	(144)	(145)
Total stockholders' equity	692	699
Total liabilities and stockholders' equity	\$ 1,026	\$ 1,008

NOW INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In millions, except per share data)

	Three Months Ended		
	March 31, 2021	2020	December 31, 2020
Revenue	\$ 361	\$ 604	\$ 319
Operating expenses:			
Cost of products	286	487	274
Warehousing, selling and administrative	79	130	81
Impairment charges	4	320	1
Operating profit (loss)	(8)	(333)	(37)
Other expense	(1)	—	(8)
Income (loss) before income taxes	(9)	(333)	(45)
Income tax provision (benefit)	1	(2)	(1)
Net income (loss)	<u>\$ (10)</u>	<u>\$ (331)</u>	<u>\$ (44)</u>
Earnings (loss) per share:			
Basic earnings (loss) per common share	<u>\$(0.09)</u>	<u>\$(3.03)</u>	<u>\$ (0.40)</u>
Diluted earnings (loss) per common share	<u>\$(0.09)</u>	<u>\$(3.03)</u>	<u>\$ (0.40)</u>
Weighted-average common shares outstanding, basic	<u>110</u>	<u>109</u>	<u>110</u>
Weighted-average common shares outstanding, diluted	<u>110</u>	<u>109</u>	<u>110</u>

NOW INC.
SUPPLEMENTAL INFORMATION
BUSINESS SEGMENTS (UNAUDITED)
(In millions)

	Three Months Ended		
	March 31, 2021	2020	December 31, 2020
Revenue:			
United States	\$252	\$441	\$ 224
Canada	58	78	48
International	51	85	47
Total revenue	<u>\$361</u>	<u>\$604</u>	<u>\$ 319</u>

NOW INC.
SUPPLEMENTAL INFORMATION (CONTINUED)
U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) TO NON-GAAP RECONCILIATIONS
NET INCOME (LOSS) TO NON-GAAP EBITDA EXCLUDING OTHER COSTS RECONCILIATION (UNAUDITED)
(In millions)

	Three Months Ended		
	March 31,		December 31,
	2021	2020	2020
GAAP net income (loss) (1)	\$ (10)	\$ (331)	\$ (44)
Interest, net	—	—	—
Income tax provision (benefit)	1	(2)	(1)
Depreciation and amortization	6	10	5
Other costs (2)	4	325	11
EBITDA excluding other costs	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ (29)</u>
EBITDA % excluding other costs (3)	0.3%	0.3%	(9.1%)

NET INCOME (LOSS) TO NON-GAAP NET INCOME (LOSS) EXCLUDING OTHER COSTS RECONCILIATION (UNAUDITED)
(In millions)

	Three Months Ended		
	March 31,		December 31,
	2021	2020	2020
GAAP net income (loss) (1)	\$ (10)	\$ (331)	\$ (44)
Other costs, net of tax (4) (5)	5	323	16
Net income (loss) excluding other costs (5)	<u>\$ (5)</u>	<u>\$ (8)</u>	<u>\$ (28)</u>

DILUTED EARNINGS (LOSS) PER SHARE TO NON-GAAP DILUTED EARNINGS (LOSS) PER SHARE EXCLUDING OTHER COSTS RECONCILIATION (UNAUDITED)

	Three Months Ended		
	March 31,		December 31,
	2021	2020	2020
GAAP diluted earnings (loss) per share (1)	\$ (0.09)	\$ (3.03)	\$ (0.40)
Other costs, net of tax (4)	0.05	2.96	0.15
Diluted earnings (loss) per share excluding other costs (5)	<u>\$ (0.04)</u>	<u>\$ (0.07)</u>	<u>\$ (0.25)</u>

- (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 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 of these non-GAAP financial measures to its most comparable GAAP financial measure is included in the schedules herein.
- (2) Other costs primarily included impairment charges, as well as net separation and transaction-related expenses, which were included in operating loss.
- (3) EBITDA % excluding other costs is defined as EBITDA excluding other costs divided by Revenue.
- (4) Other costs, net of tax, for the three months ended March 31, 2021 included an expense of \$1 million from changes in the valuation allowance recorded against the Company's deferred tax assets; and \$4 million related to the impairment charges, as well as net separation and transaction-related expenses. The Company has excluded the impact of these items on its valuation allowance in computing net income (loss) excluding other costs.
- (5) Totals may not foot due to rounding.