
**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 2, 2018

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))

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 2, 2018, NOW Inc. issued a press release announcing earnings for the first quarter ended March 31, 2018 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 2, 2018 announcing the earnings results for the first quarter ended March 31, 2018.](#)

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 2, 2018

NOW INC.

/s/ Raymond W. Chang

Raymond W. Chang

Vice President & General Counsel



NOW Inc. Reports First Quarter 2018 Results

HOUSTON, TX, May 2, 2018 – NOW Inc. (NYSE: DNOW) announced results for the first quarter ended March 31, 2018.

First Quarter 2018 Financial Highlights

- Revenue was \$764 million for the first quarter of 2018, up 21 percent year over year and up 14 percent sequentially.
- Net income was \$2 million for the first quarter of 2018, versus a net loss of \$23 million a year ago. Non-GAAP net income excluding other costs was \$1 million compared to a loss of \$16 million in the first quarter of 2017.
- Diluted earnings per share was \$0.02 for the first quarter of 2018 compared to a loss per share of \$0.21 a year ago. Non-GAAP diluted earnings per share excluding other costs was \$0.01 for the first quarter of 2018 compared to a loss per share of \$0.15 in the first quarter of 2017.
- Non-GAAP EBITDA excluding other costs for the first quarter of 2018 was \$16 million compared to a loss of \$9 million in the first quarter of 2017.
- A \$10 million pre-tax gain from the sale of property was included in the fourth quarter of 2017 results.

Refer to Supplemental Information in this release for GAAP to non-GAAP reconciliations.

Robert Workman, President and CEO of NOW Inc., added, “The impressive results produced in the first quarter signal a great start to 2018. We are focused on strategically growing the business by targeting more lucrative opportunities and continuing to deepen our relationships with customers, while minimizing operating expenses, to deliver value to our shareholders as the market expands.”

Prior to the earnings conference call a presentation titled “NOW Inc., First Quarter 2018 Review & 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 Wilson Export brands. Through its network of approximately 275 locations and 4,500 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:

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Senior Vice President and Chief Financial Officer
(281) 823-4722

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

	March 31, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 80	\$ 98
Receivables, net	496	423
Inventories, net	609	590
Prepaid and other current assets	21	18
Total current assets	1,206	1,129
Property, plant and equipment, net	114	119
Deferred income taxes	2	2
Goodwill	329	328
Intangibles, net	162	166
Other assets	5	5
Total assets	<u>1,818</u>	<u>1,749</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 331	\$ 290
Accrued liabilities	110	103
Other current liabilities	2	1
Total current liabilities	443	394
Long-term debt	175	162
Deferred income taxes	7	7
Other long-term liabilities	1	1
Total liabilities	626	564
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; 108,141,139 and 108,030,438 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	1	1
Additional paid-in capital	2,023	2,019
Accumulated deficit	(728)	(730)
Accumulated other comprehensive loss	(104)	(105)
Total stockholders' equity	1,192	1,185
Total liabilities and stockholders' equity	<u>\$ 1,818</u>	<u>\$ 1,749</u>

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

	Three Months Ended		
	March 31,		December 31,
	2018	2017	2017
Revenue	\$ 764	\$ 631	\$ 669
Operating expenses:			
Cost of products	616	517	541
Warehousing, selling and administrative	141	135	128
Operating profit (loss)	7	(21)	—
Other expense	(4)	(2)	(3)
Income (loss) before income taxes	3	(23)	(3)
Income tax provision (benefit)	1	—	—
Net income (loss)	<u>\$ 2</u>	<u>\$ (23)</u>	<u>\$ (3)</u>
Earnings (loss) per share:			
Basic earnings (loss) per common share	<u>\$0.02</u>	<u>\$(0.21)</u>	<u>\$ (0.03)</u>
Diluted earnings (loss) per common share	<u>\$0.02</u>	<u>\$(0.21)</u>	<u>\$ (0.03)</u>
Weighted-average common shares outstanding, basic	<u>108</u>	<u>108</u>	<u>108</u>
Weighted-average common shares outstanding, diluted	<u>108</u>	<u>108</u>	<u>108</u>

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

	Three Months Ended		
	March 31,		December 31,
	2018	2017	2017
Revenue:			
United States	\$562	\$439	\$ 488
Canada	102	96	85
International	100	96	96
Total revenue	<u>\$764</u>	<u>\$631</u>	<u>\$ 669</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,	2017	December 31,
	2018	2017	2017
GAAP net income (loss) (1)	\$ 2	\$ (23)	\$ (3)
Interest, net	2	1	2
Income tax provision (benefit)	1	—	—
Depreciation and amortization	11	13	12
Other costs (2)	—	—	2
EBITDA excluding other costs	<u>\$ 16</u>	<u>\$ (9)</u>	<u>\$ 13</u>
EBITDA % excluding other costs (3)	2.1%	(1.4%)	1.9%

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

	Three Months Ended		
	March 31,	2017	December 31,
	2018	2017	2017
GAAP net income (loss) (1)	\$ 2	\$ (23)	\$ (3)
Other costs, net of tax (4) (5)	(1)	7	4
Net income (loss) excluding other costs (5)	<u>1</u>	<u>(16)</u>	<u>1</u>

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

	Three Months Ended		
	March 31,	2017	December 31,
	2018	2017	2017
GAAP diluted earnings (loss) per share (1)	\$ 0.02	\$ (0.21)	\$ (0.03)
Other costs, net of tax (4)	(0.01)	0.06	0.04
Diluted earnings (loss) per share excluding other costs (5)	<u>\$ 0.01</u>	<u>\$ (0.15)</u>	<u>\$ 0.01</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 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 profit (loss). For the three months ended March 31, 2018 and 2017, other costs was less than \$1 million in both periods.
- (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, 2018 and 2017, respectively, included a benefit of \$1 million and expense of \$7 million, after tax, respectively, from changes in the valuation allowance recorded against the Company's deferred tax assets. The Company has excluded the impact of a \$9 million tax charge related to the Tax Cuts and Jobs Act and a \$4 million tax charge related to the write-off of a previously recognized deferred tax asset on its valuation allowance in computing net income (loss) excluding other costs for the three months ended March 31, 2018.
- (5) Totals may not foot due to rounding.