
**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) August 3, 2022

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 August 3, 2022, NOW Inc. (the “Company”) issued a press release announcing earnings for the quarter ended June 30, 2022 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 8.01 Other Events

On August 3, 2022, the Board of Directors (the “Board”) of the Company authorized and approved a share repurchase program for up to \$80 million of the currently outstanding shares of the Company’s common stock over a period expiring on December 31, 2024. Under the stock repurchase program, the Company intends to repurchase shares through open market purchases, privately-negotiated transactions, block purchases or otherwise in accordance with applicable federal securities laws, including Rule 10b-18 of the Securities Exchange Act of 1934 (the “Exchange Act”).

The Company may from time to time enter into Rule 10b5-1 trading plans to facilitate the repurchase of its common stock pursuant to its share repurchase program.

The Company cannot predict when or if it will repurchase any shares of common stock as such stock repurchase program will depend on a number of factors, including price, general business and market conditions, and alternative investment opportunities. Information regarding share repurchases will be available in the Company’s periodic reports on Form 10-Q and 10-K filed with the Securities and Exchange Commission as required by the applicable rules of the Exchange Act.

This report contains forward-looking information, as that term is defined under the Exchange Act, including information regarding purchases by the Company of its common stock pursuant to any Rule 10b5-1 trading plans. By their nature, forward-looking information and statements are subject to risks, uncertainties, and contingencies, including changes in price and volume and the volatility of the Company’s common stock; adverse developments affecting either or both of prices and trading of exchange-traded securities, including securities listed on the New York Stock Exchange; and unexpected or otherwise unplanned or alternative requirements with respect to the capital investments of the Company. The Company does not undertake to update any forward-looking statements or information, including those contained in this report.

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 August 3, 2022 announcing the earnings results for the second quarter ended June 30, 2022.](#)
- 99.2 [NOW Inc. press release dated August 3, 2022 announcing share repurchase program](#)
- 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: August 3, 2022

NOW INC.

/s/ Raymond W. Chang

Raymond W. Chang

Vice President & General Counsel

**Earnings Conference Call**

August 3, 2022

8:00 a.m. CT

1 (833) 927-1758 (within North America)

1 (929) 526-1599 (outside of North America)

Access Code: 990303

Webcast: ir.dnow.com**NOW Inc. Reports Second Quarter 2022 Results**

HOUSTON, TX, August 3, 2022 – NOW Inc. (NYSE: DNOW) announced results for the second quarter ended June 30, 2022.

Second Quarter 2022 Financial Highlights

- Revenue was \$539 million for the second quarter of 2022
- Net income was \$26 million and non-GAAP net income excluding other costs was \$29 million for the second quarter of 2022
- Diluted earnings per share was \$0.23 and non-GAAP diluted earnings per share excluding other costs was \$0.26 for the second quarter of 2022
- Non-GAAP EBITDA excluding other costs for the second quarter of 2022 was \$47 million or 8.7 percent of revenue
- Cash and cash equivalents was \$232 million and long-term debt was zero at June 30, 2022
- Raising guidance for full-year 2022 revenue to now increase as much as 30 percent and full-year 2022 EBITDA excluding other costs to approximate 7 percent of revenue
- Expanded capital allocation strategy with Board of Directors authorized \$80 million share repurchase program

David Cherechinsky, President and CEO of NOW Inc., added, “Our great start to 2022 continued into the second quarter with another stellar performance. I am proud of our record EBITDA as a percentage of revenues, reaching 8.7 percent this quarter. These results reflect the transformative two-year journey the entire organization has made, laying the groundwork for making this incredible turnaround indelible. I am honored to serve alongside each of our highly talented women and men for inspiring one another and fostering an inclusive, people-first, customer-centric culture. We are singularly focused on delighting the customer everyday as we win the market and pursue sustainable growth into the future.”

Prior to the earnings conference call a presentation titled “NOW Inc. Second Quarter 2022 Key Takeaways” will be available on the Company’s Investor Relations website.

About NOW Inc.

DistributionNOW is a worldwide supplier of energy and industrial products and packaged, engineered process and production equipment with a legacy of 160 years. Headquartered in Houston, Texas, with approximately 2,300 employees and a network of locations worldwide, we offer a broad set of supply chain solutions combined with a suite of digital solutions branded as DigitalNOW® that provide customers world-class technology for digital commerce, data and information management. Our locations provide products and solutions to exploration and production companies, midstream transmission and storage companies, refineries, chemical companies, utilities, mining, municipal water, manufacturers, engineering and construction companies as well as companies operating in the decarbonization, energy transition and renewables end markets.

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
(In millions, except share data)

	<u>June 30,</u> 2022	<u>December 31,</u> 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 232	\$ 313
Receivables, net	389	304
Inventories, net	331	250
Prepaid and other current assets	17	16
Total current assets	<u>969</u>	<u>883</u>
Property, plant and equipment, net	111	111
Goodwill	79	67
Intangibles, net	13	9
Other assets	30	34
Total assets	<u>\$ 1,202</u>	<u>\$ 1,104</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 290	\$ 235
Accrued liabilities	112	112
Other current liabilities	6	22
Total current liabilities	<u>408</u>	<u>369</u>
Long-term operating lease liabilities	12	17
Other long-term liabilities	5	6
Total liabilities	<u>425</u>	<u>392</u>
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; 110,851,347 and 110,558,831 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	1	1
Additional paid-in capital	2,067	2,061
Accumulated deficit	(1,147)	(1,203)
Accumulated other comprehensive loss	(144)	(147)
Total stockholders' equity	<u>777</u>	<u>712</u>
Total liabilities and stockholders' equity	<u>\$ 1,202</u>	<u>\$ 1,104</u>

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

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2022	2021	2022	2022	2021
Revenue	\$ 539	\$ 400	\$ 473	\$ 1,012	\$ 761
Operating expenses:					
Cost of products	411	315	366	777	601
Warehousing, selling and administrative	89	85	84	173	164
Impairment and other charges	10	—	—	10	4
Operating profit (loss)	29	—	23	52	(8)
Other income (expense)	(1)	(1)	10	9	(2)
Income (loss) before income taxes	28	(1)	33	61	(10)
Income tax provision	2	1	3	5	2
Net income (loss)	<u>\$ 26</u>	<u>\$ (2)</u>	<u>\$ 30</u>	<u>\$ 56</u>	<u>\$ (12)</u>
Earnings (loss) per share:					
Basic earnings (loss) per common share	<u>\$0.23</u>	<u>\$(0.02)</u>	<u>\$ 0.27</u>	<u>\$ 0.50</u>	<u>\$(0.11)</u>
Diluted earnings (loss) per common share	<u>\$0.23</u>	<u>\$(0.02)</u>	<u>\$ 0.27</u>	<u>\$ 0.50</u>	<u>\$(0.11)</u>
Weighted-average common shares outstanding, basic	<u>111</u>	<u>110</u>	<u>111</u>	<u>111</u>	<u>110</u>
Weighted-average common shares outstanding, diluted	<u>111</u>	<u>110</u>	<u>111</u>	<u>111</u>	<u>110</u>

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

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2022	2021	2022	2022	2021
Revenue:					
United States	\$408	\$296	\$ 334	\$ 742	\$ 548
Canada	72	51	82	154	109
International	59	53	57	116	104
Total revenue	<u>\$539</u>	<u>\$400</u>	<u>\$ 473</u>	<u>\$ 1,012</u>	<u>\$ 761</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			Six Months Ended	
	June 30,		March 31,	June 30,	
	2022	2021	2022	2022	2021
GAAP net income (loss) ⁽¹⁾	\$ 26	\$ (2)	\$ 30	\$ 56	\$ (12)
Interest, net	—	—	—	—	—
Income tax provision	2	1	3	5	2
Depreciation and amortization	5	6	4	9	12
Other costs:					
Stock-based compensation	2	2	2	4	4
Other ⁽²⁾	12	1	(11)	1	5
EBITDA excluding other costs	<u>\$ 47</u>	<u>\$ 8</u>	<u>\$ 28</u>	<u>\$ 75</u>	<u>\$ 11</u>
EBITDA % excluding other costs ⁽³⁾	8.7%	2.0%	5.9%	7.4%	1.4%

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

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2022	2021	2022	2022	2021
GAAP net income (loss) ⁽¹⁾	\$ 26	\$ (2)	\$ 30	\$ 56	\$ (12)
Other, net of tax ^{(4) (5)}	3	2	(15)	(12)	7
Net income (loss) excluding other costs ⁽⁵⁾	<u>\$ 29</u>	<u>\$ —</u>	<u>\$ 15</u>	<u>\$ 44</u>	<u>\$ (5)</u>

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

	Three Months Ended			Six Months Ended	
	June 30,		March 31,	June 30,	
	2022	2021	2022	2022	2021
GAAP diluted earnings (loss) per share ⁽¹⁾	\$ 0.23	\$(0.02)	\$ 0.27	\$ 0.50	\$(0.11)
Other, net of tax ^{(4) (5)}	0.03	0.02	(0.13)	(0.11)	0.06
Diluted earnings (loss) per share excluding other costs ⁽⁵⁾	<u>\$ 0.26</u>	<u>\$ —</u>	<u>\$ 0.14</u>	<u>\$ 0.39</u>	<u>\$(0.05)</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) For the three months ended June 30, 2022, Other primarily included approximately \$10 million of impairment and other charges related to the reclassification of accumulated foreign currency translation losses due to the substantial liquidation of certain foreign subsidiaries, as well as, approximately \$2 million in separation and transaction-related charges, which were included in operating profit.

For the six months ended June 30, 2022, Other primarily included approximately \$10 million of impairment and other charges discussed above, as well as, approximately \$4 million in separation and transaction-related charges, partially offset by a benefit of approximately \$13 million related to the decrease of contingent consideration liability, which was included in other income.

- (3) EBITDA % excluding other costs is defined as EBITDA excluding other costs divided by Revenue.

- (4) For the three months ended June 30, 2022, Other, net of tax included approximately \$10 million of impairment and other charges related to the reclassification of accumulated foreign currency translation losses due to the substantial liquidation of certain foreign subsidiaries, as well as, approximately \$2 million in separation and transaction-related charges, partially offset by a benefit of approximately \$9 million from changes in the valuation allowance recorded against the Company's deferred tax assets.

For the six months ended June 30, 2022, Other, net of tax included a benefit of approximately \$13 million from changes in the valuation allowance recorded against the Company's deferred tax assets, as well as, a benefit of approximately \$13 million related to the decrease of contingent consideration liability, partially offset by approximately \$10 million of impairment and other charges discussed above, as well as, approximately \$4 million in separation and transaction-related charges. 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.



NOW Inc. Expands Capital Allocation Strategy with Inaugural Share Repurchase Program Authorization of \$80 Million

Board authorizes repurchase of up to \$80 million of common stock

Company reaffirms continued priority and commitment to its acquisition strategy

Repurchase program adds a highly flexible avenue for the direct return of capital to shareholders

HOUSTON, TX, August 3, 2022 – NOW Inc. (NYSE: DNOW) (“DistributionNOW” or the “Company”), a worldwide leading provider of energy and industrial products and packaged, engineered process and production equipment, announced today that its Board of Directors authorized the Company’s inaugural common stock repurchase program (“repurchase program”) pursuant to which the Company may purchase up to \$80 million of NOW Inc.’s common stock, effective immediately and continuing through December 31, 2024.

David Cherechinsky, President and CEO of NOW Inc., commented, “The continued execution of our strategic business transformation and top line growth initiatives strengthens our confidence in DNOW’s improving cash flow generation capabilities. The authorization of a share repurchase program complements our acquisition strategy and illustrates an expanded commitment to generating attractive full-cycle shareholder returns without deviating from our disciplined approach to balance sheet management. We will apply the same prudent philosophy with each capital allocation decision and take a measured approach to the repurchase of our shares whenever we see an opportunistic disconnect between the intrinsic value and market valuation of our shares.”

The Company achieved record profitability during the second quarter of 2022 and exited the period with zero debt and \$574 million in total liquidity, which includes \$232 million in cash on its balance sheet. This substantial liquidity position and newly transformed earnings profile positioned the Company to establish its inaugural share repurchase program and expands its options for capital deployment, without impacting its continued priority for acquisitions and organic growth opportunities.

Under this program, the Company may from time to time enter into Rule 10b5-1 trading plans to facilitate the repurchase of its common stock pursuant to its share repurchase program. The Company cannot predict when or if it will repurchase any shares of common stock as such stock repurchase program will depend on several factors, including share price, general business and market conditions, and alternative investment opportunities. Information regarding share repurchases will be available in the Company’s periodic reports on Form 10-Q and 10-K filed with the Securities and Exchange Commission as required by the applicable rules of the Exchange Act.

About NOW Inc.

DistributionNOW is a worldwide supplier of energy and industrial products and packaged, engineered process and production equipment with a legacy of 160 years. Headquartered in Houston, Texas, with approximately 2,300 employees and a network of locations worldwide, we offer a broad set of supply chain solutions combined with a suite of digital solutions branded as DigitalNOW® that provide customers world-class technology for digital commerce, data and information management. Our locations provide products and solutions to exploration and production companies, midstream transmission and storage companies, refineries, chemical companies, utilities, mining, municipal water, manufacturers, engineering and construction companies as well as companies operating in the decarbonization, energy transition and renewables end-markets.

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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