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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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

**Date of Report (Date of earliest event reported) February 17, 2021**

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**NOW INC.**

(Exact name of registrant as specified in its charter)

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**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.)

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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.

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## Item 2.02 Results of Operations and Financial Condition

On February 17, 2021, NOW Inc. issued a press release announcing earnings for the quarter and full year ended December 31, 2020 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 February 17, 2021 announcing the earnings results for the fourth quarter and full year ended December 31, 2020.](#)

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: February 17, 2021

NOW INC.

/s/ Raymond W. Chang

Raymond W. Chang

Vice President & General Counsel

**Earnings Conference Call**

February 17, 2021

8:00 a.m. CST

1 (800) 446-1671 (North America)

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

Webcast: [ir.distributionnow.com](http://ir.distributionnow.com)**NOW Inc. Reports Fourth Quarter and Full-Year 2020 Results**

HOUSTON, TX, February 17, 2021 - NOW Inc. (NYSE: DNOW) announced results for the fourth quarter and full-year ended December 31, 2020.

**Fourth Quarter 2020 Financial Highlights**

- Revenue was \$319 million for the fourth quarter of 2020
- Net loss was \$44 million and non-GAAP net loss excluding other costs was \$28 million for the fourth quarter of 2020
- Diluted loss per share was \$0.40 and non-GAAP diluted loss per share excluding other costs was \$0.25 for the fourth quarter of 2020
- Non-GAAP EBITDA excluding other costs for the fourth quarter of 2020 was a loss of \$29 million, which includes the unfavorable impact of \$24 million in non-cash inventory charges
- Included in our fourth quarter results, not considered other costs, was a pre-tax \$24 million non-cash inventory charge, the unfavorable impact approximating \$(0.17) per non-GAAP diluted share
- Cash and cash equivalents was \$387 million and long-term debt was zero at December 31, 2020
- Free cash flow for the fourth quarter of 2020 was \$55 million

David Cherechinsky, President and CEO of NOW Inc., added, "I am very pleased about our stronger than expected fourth quarter and thrilled about emerging from the lowest points in the market downturn with a great deal of flexibility in how we shape our company and expand on our success in the future. The women and men of DistributionNOW are the reason for our enviable position today. The faith and confidence I have in our employees, because of their perseverance through all the trials and tribulations of 2020, their continued patience, their innovation, and their constant focus on our customers, reaffirms my confidence that we are absolutely on the right path to ensure maneuverability in the evolving energy space.

A record cash balance of \$387 million and zero debt, provide a firm financial footing. Couple that with profound cost transformation, buoyed by favorable oil price trends, the completion of our first acquisition of the year, the promise of vaccines, and a hunger for getting back to life as we once enjoyed it, all give us plenty to be excited about as we enter 2021."

Prior to the earnings conference call a presentation titled "NOW Inc. Fourth Quarter and Full-Year 2020 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)*

	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 387	\$ 183
Receivables, net	198	370
Inventories, net	262	465
Assets held-for-sale	—	34
Prepaid and other current assets	14	15
Total current assets	861	1,067
Property, plant and equipment, net	98	120
Deferred income taxes	1	2
Goodwill	—	245
Intangibles, net	—	90
Other assets	48	67
Total assets	<u>\$ 1,008</u>	<u>\$ 1,591</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 172	\$ 255
Accrued liabilities	95	127
Liabilities held-for-sale	—	6
Other current liabilities	5	8
Total current liabilities	272	396
Long-term operating lease liabilities	25	34
Deferred income taxes	—	4
Other long-term liabilities	12	13
Total liabilities	309	447
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; 109,951,610 and 109,207,678 shares issued and outstanding at December 31, 2020 and 2019, respectively	1	1
Additional paid-in capital	2,051	2,046
Accumulated deficit	(1,208)	(775)
Accumulated other comprehensive loss	(145)	(128)
Total stockholders' equity	699	1,144
Total liabilities and stockholders' equity	<u>\$ 1,008</u>	<u>\$ 1,591</u>

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

	Three Months Ended			Year Ended	
	December 31,		September 30,	December 31,	
	2020	2019	2020	2020	2019
Revenue	\$ 319	\$ 639	\$ 326	\$ 1,619	\$ 2,951
Operating expenses:					
Cost of products	274	514	264	1,327	2,365
Warehousing, selling and administrative	81	134	83	391	541
Impairment charges	1	128	—	321	128
Operating profit (loss)	(37)	(137)	(21)	(420)	(83)
Other expense	(8)	(2)	—	(10)	(10)
Income (loss) before income taxes	(45)	(139)	(21)	(430)	(93)
Income tax provision (benefit)	(1)	—	1	(3)	4
Net income (loss)	<u>\$ (44)</u>	<u>\$ (139)</u>	<u>\$ (22)</u>	<u>\$ (427)</u>	<u>\$ (97)</u>
Earnings (loss) per share:					
Basic earnings (loss) per common share	<u>\$ (0.40)</u>	<u>\$ (1.27)</u>	<u>\$ (0.20)</u>	<u>\$ (3.91)</u>	<u>\$ (0.89)</u>
Diluted earnings (loss) per common share	<u>\$ (0.40)</u>	<u>\$ (1.27)</u>	<u>\$ (0.20)</u>	<u>\$ (3.91)</u>	<u>\$ (0.89)</u>
Weighted-average common shares outstanding, basic	<u>110</u>	<u>109</u>	<u>109</u>	<u>109</u>	<u>109</u>
Weighted-average common shares outstanding, diluted	<u>110</u>	<u>109</u>	<u>109</u>	<u>109</u>	<u>109</u>

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

	Three Months Ended			Year Ended	
	December 31,		September 30,	December 31,	
	2020	2019	2020	2020	2019
Revenue:					
United States	\$ 224	\$ 468	\$ 228	\$ 1,153	\$ 2,240
Canada	48	76	42	209	319
International	47	95	56	257	392
Total revenue	<u>\$ 319</u>	<u>\$ 639</u>	<u>\$ 326</u>	<u>\$ 1,619</u>	<u>\$ 2,951</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)*

	<u>Three Months Ended</u>			<u>Year Ended</u>	
	<u>December 31,</u>		<u>September 30,</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
GAAP net income (loss) (1)	\$ (44)	\$(139)	\$ (22)	\$(427)	\$(97)
Interest, net	—	—	—	—	4
Income tax provision (benefit)	(1)	—	1	(3)	4
Depreciation and amortization	5	11	6	28	41
Other costs (2)	11	133	—	345	135
EBITDA excluding other costs	<u>\$ (29)</u>	<u>\$ 5</u>	<u>\$ (15)</u>	<u>\$ (57)</u>	<u>\$ 87</u>
EBITDA % excluding other costs (3)	(9.1%)	0.8%	(4.6%)	(3.5%)	2.9%

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

*(In millions)*

	<u>Three Months Ended</u>			<u>Year Ended</u>	
	<u>December 31,</u>		<u>September 30,</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
GAAP net income (loss) (1)	\$(44)	\$(139)	\$ (22)	\$(427)	\$(97)
Other costs, net of tax (4) (5)	16	133	5	356	123
Net income (loss) excluding other costs (5)	<u>\$(28)</u>	<u>\$(6)</u>	<u>\$ (17)</u>	<u>\$(71)</u>	<u>\$ 26</u>

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

	<u>Three Months Ended</u>			<u>Year Ended</u>	
	<u>December 31,</u>		<u>September 30,</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
GAAP diluted earnings (loss) per share (1)	\$(0.40)	\$(1.27)	\$ (0.20)	\$(3.91)	\$(0.89)
Other costs, net of tax (4)	0.15	1.22	0.04	3.26	1.12
Diluted earnings (loss) per share excluding other costs (5)	<u>\$(0.25)</u>	<u>\$(0.05)</u>	<u>\$ (0.16)</u>	<u>\$(0.65)</u>	<u>\$ 0.23</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 for 2020 included \$321 million of impairment charges and \$18 million in net separation and transaction-related expenses, which are included in operating loss. Other costs for 2020 also included \$6 million in pension expense related to the de-risking of our defined benefit plans which is included in other expense. Other costs for 2019 included \$128 million of impairment charges and \$7 million in separation expenses and transaction costs, approximately half of which are related to the CEO departure, which are 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 2020 included an expense of \$17 million from changes in the valuation allowance recorded against the Company's deferred tax assets; as well as, \$317 million related to the impairment charges of goodwill, intangibles, and other assets, \$17 million in net separation and transaction-related expenses and \$5 million in pension expense related to the de-risking of our defined benefit plans. The Company has excluded the impact of these items on its valuation allowance in computing net income (loss) excluding other costs for 2020.
- (5) Totals may not foot due to rounding.