
**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 5, 2015

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))
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Item 2.02 Results of Operations and Financial Condition

On August 5, 2015, NOW Inc. issued a press release announcing earnings for the second quarter ended June 30, 2015 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 August 5, 2015 announcing the earnings results for the second quarter ended June 30, 2015.

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 5, 2015

NOW INC.

/s/ Raymond W. Chang

Raymond W. Chang

Vice President & General Counsel

Index to Exhibits

99.1 NOW Inc. press release dated August 5, 2015 announcing the earnings results for the second quarter ended June 30, 2015.



NEWS

Contact: Daniel Molinaro
281-823-4941

FOR IMMEDIATE RELEASE**NOW Inc. Announces Second Quarter 2015 Financial Results**

HOUSTON, TX, August 5, 2015—NOW Inc. (NYSE: DNOW) reported for its second quarter ended June 30, 2015 a net loss of \$19 million, or \$(0.18) per fully diluted share, compared to first quarter ended March 31, 2015 net loss of \$10 million, or \$(0.09) per fully diluted share. Excluding \$3 million in acquisition and severance related charges, net loss was \$17 million, or \$(0.16) per fully diluted share.

Also included in our results is a \$7 million charge, the impact approximating \$(0.04) per fully diluted share, resulting from high-steel-content inventory cost adjustments, related to falling steel prices.

The Company's revenues for the second quarter of 2015 were \$750 million, a decrease of 13 percent from the first quarter of 2015. Excluding revenues attributable to acquisitions, sequential revenues declined 17 percent, which was a stronger performance than the global rig count decline of 26 percent from the prior quarter. The price erosion impact of \$11 million we experienced in the first quarter repeated, but did not degrade further sequentially.

As announced earlier this week, the Company closed the acquisition of Odessa Pumps and Equipment, Inc., a distributor of pumps and equipment for the oil & gas and municipal and wastewater markets. The Company also announced that it had entered into an agreement to purchase the business of Challenger Industries, Inc., a pipe, valves and fittings supplier for the downstream, midstream and upstream energy markets. In addition to these two U.S. acquisitions, the Company recently completed an acquisition of a Canadian supplier of valves and actuators.

Robert Workman, President and CEO of NOW Inc., commented, "It's been a challenging first half of the year across the industry. Even though market conditions remain difficult during the second quarter of 2015, we did see some exciting things in our business, including, on the M&A front, the acquisition of a European-based company, building on the Company's product line growth strategies in electrical products. We continued the integration of our previously announced acquisitions and have started to realize benefits to both our revenues and margins.

"Looking forward, we will be steadfast in executing our long-term growth strategy while weathering this downturn. Although we saw some modest growth in rig counts in July, recent oil price declines make the timing of a recovery uncertain. Since the fourth quarter of 2014, we have reduced our quarterly warehousing, selling and administrative expenses by approximately \$28 million, or \$41 million of reductions when excluding acquisitions. We will continue to manage through this cycle, be nimble and position DNOW to achieve our objectives as the market recovers."

United States

Second quarter revenues for the United States were \$496 million, a decrease of 17 percent from the first quarter of 2015 and a decrease of 25 percent from the second quarter of 2014, or a 28 percent decline in revenues excluding acquisitions, outperforming the 51 percent U.S. rig count decline since the second quarter of 2014. Excluding growth attributable to 2015 acquisitions, sequential revenues declined 17 percent, versus a U.S. rig count decline of 34 percent, in the second quarter of 2015.

Canada

Revenues for the second quarter of 2015 for Canada were \$89 million, down 23 percent compared to first quarter 2015 results and down 29 percent from the second quarter of 2014, outperforming the 51 percent Canadian rig count decline since the second quarter of 2014. Canada's sequential revenue decline was driven by a 68 percent rig count decline offset partially by large projects in the western provinces and the implementation of new contracts.

International

International operations generated second quarter revenues of \$165 million, which were up 13 percent from the first quarter of 2015 and flat with the second quarter of 2014. Excluding growth attributable to 2015 acquisitions, sequential revenues were down internationally, primarily from reduced market activity and customer spending, offset by approximately \$30 million impact of the acquisitions.

The Company has scheduled a conference call for August 5, 2015, at 8:00 a.m. Central Time to discuss second quarter results. The call will be broadcast through the Investor Relations link on NOW Inc.'s web site at www.distributionnow.com, on a listen-only basis. A replay of the call will be available on the site for thirty days following the conference. Participants may also join the conference call by **dialing 1-800-446-1671 within North America** or **1-847-413-3362 outside of North America** five to ten minutes prior to the scheduled start time and asking for the "NOW Inc. Earnings Conference Call" or the "DistributionNOW Earnings Conference Call."

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 operates primarily under the DistributionNOW and Wilson Export brands. Through its network of approximately 300 locations and 5,000 employees worldwide, NOW 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.

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

| | June 30, 2015 (Unaudited) | December 31, 2014 |
|---|---------------------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 114 | \$ 195 |
| Receivables, net | 665 | 851 |
| Inventories, net | 892 | 949 |
| Deferred income taxes | 31 | 22 |
| Prepaid and other current assets | 30 | 30 |
| Total current assets | <u>1,732</u> | <u>2,047</u> |
| Property, plant and equipment, net | 143 | 124 |
| Deferred income taxes | 3 | 2 |
| Goodwill | 457 | 346 |
| Intangibles, net | 134 | 73 |
| Other assets | 4 | 4 |
| Total assets | <u>\$ 2,473</u> | <u>\$ 2,596</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 336 | \$ 490 |
| Accrued liabilities | 106 | 125 |
| Other current liabilities | 6 | 5 |
| Total current liabilities | <u>448</u> | <u>620</u> |
| Long-term debt | 80 | — |
| Deferred income taxes | 19 | 10 |
| Other long-term liabilities | 4 | — |
| Total liabilities | <u>551</u> | <u>630</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; 107,178,567 and 107,067,457 shares issued and outstanding, respectively | 1 | 1 |
| Additional paid-in capital | 1,963 | 1,952 |
| Retained earnings | 29 | 58 |
| Accumulated other comprehensive loss | (71) | (45) |
| Total stockholders' equity | <u>1,922</u> | <u>1,966</u> |
| Total liabilities and stockholders' equity | <u>\$ 2,473</u> | <u>\$ 2,596</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, | |
| | 2015 | 2014 | 2015 | 2015 | 2014 |
| Revenue | \$ 750 | \$ 952 | \$ 863 | \$1,613 | \$2,029 |
| Operating expenses: | | | | | |
| Cost of products | 626 | 759 | 708 | 1,334 | 1,628 |
| Warehousing, selling and administrative | 151 | 150 | 163 | 314 | 296 |
| Operating profit (loss) | (27) | 43 | (8) | (35) | 105 |
| Other income (expense) | (2) | — | (4) | (6) | — |
| Income (loss) before income taxes | (29) | 43 | (12) | (41) | 105 |
| Income tax provision (benefit) | (10) | 16 | (2) | (12) | 37 |
| Net income (loss) | <u>\$ (19)</u> | <u>\$ 27</u> | <u>\$ (10)</u> | <u>\$ (29)</u> | <u>\$ 68</u> |
| Earnings (loss) per share: | | | | | |
| Basic earnings (loss) per common share | <u>\$(0.18)</u> | <u>\$0.25</u> | <u>\$ (0.09)</u> | <u>\$(0.27)</u> | <u>\$ 0.64</u> |
| Diluted earnings (loss) per common share | <u>\$(0.18)</u> | <u>\$0.25</u> | <u>\$ (0.09)</u> | <u>\$(0.27)</u> | <u>\$ 0.63</u> |
| Weighted-average common shares outstanding, basic | <u>107</u> | <u>107</u> | <u>107</u> | <u>107</u> | <u>107</u> |
| Weighted-average common shares outstanding, diluted | <u>107</u> | <u>108</u> | <u>107</u> | <u>107</u> | <u>108</u> |

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

| | Three Months Ended | | | Six Months Ended | |
|---------------|--------------------|--------------|---------------|------------------|----------------|
| | June 30, | | March 31, | June 30, | |
| | 2015 | 2014 | 2015 | 2015 | 2014 |
| Revenue: | | | | | |
| United States | \$496 | \$662 | \$ 601 | \$1,097 | \$1,366 |
| Canada | 89 | 125 | 116 | 205 | 316 |
| International | 165 | 165 | 146 | 311 | 347 |
| Total revenue | <u>\$750</u> | <u>\$952</u> | <u>\$ 863</u> | <u>\$1,613</u> | <u>\$2,029</u> |

NOW INC.
SUPPLEMENTAL INFORMATION (CONTINUED)

NET INCOME (LOSS) TO EBITDA EXCLUDING OTHER COSTS RECONCILIATION (UNAUDITED)
(In millions)

| | Three Months Ended | | | Six Months Ended | |
|------------------------------------|--------------------|--------------|-------------|------------------|---------------|
| | June 30, | | March 31, | June 30, | |
| | 2015 | 2014 | 2015 | 2015 | 2014 |
| Net income (loss) (1) | \$ (19) | \$ 27 | \$ (10) | \$ (29) | \$ 68 |
| Interest, net (2) | — | — | — | — | — |
| Income tax provision (benefit) | (10) | 16 | (2) | (12) | 37 |
| Depreciation and amortization | 9 | 6 | 7 | 16 | 10 |
| Other costs (3) | 3 | — | 9 | 12 | — |
| EBITDA excluding other costs | <u>\$ (17)</u> | <u>\$ 49</u> | <u>\$ 4</u> | <u>\$ (13)</u> | <u>\$ 115</u> |
| EBITDA % excluding other costs (4) | -2.3% | 5.1% | 0.5% | -0.8% | 5.7% |

DILUTED EARNINGS PER SHARE (“EPS”) TO DILUTED EPS EXCLUDING OTHER COSTS RECONCILIATION (UNAUDITED)

| | Three Months Ended | | | Six Months Ended | |
|---|--------------------|---------------|------------------|------------------|----------------|
| | June 30, | | March 31, | June 30, | |
| | 2015 | 2014 | 2015 | 2015 | 2014 |
| GAAP diluted earnings (loss) per share (5) | \$(0.18) | \$0.25 | \$ (0.09) | \$ (0.27) | \$ 0.63 |
| Other costs (3) | 0.02 | — | 0.07 | 0.09 | — |
| Diluted earnings (loss) per share excluding other costs | <u>\$(0.16)</u> | <u>\$0.25</u> | <u>\$ (0.02)</u> | <u>\$(0.18)</u> | <u>\$ 0.63</u> |

- (1) We believe that net income (loss) is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to EBITDA excluding other costs. EBITDA excluding other costs measures the Company’s operating performance without regard to certain expenses. EBITDA excluding other costs is not a presentation made in accordance with GAAP and the Company’s computation of EBITDA excluding other costs may vary from others in the industry. EBITDA excluding other costs has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company’s results as reported under GAAP.
- (2) Interest, net was less than \$1 million for all periods presented.
- (3) Other costs primarily includes the transaction costs associated with acquisitions including the cost of inventory that was stepped up to fair value during purchase accounting related to acquisitions and severance expenses which are included in operating profit (loss). Other costs in the quarter ended June 30, 2015 and March 31, 2015 were approximately \$2 million and \$7 million, net of tax, respectively.
- (4) EBITDA % excluding other costs is defined as EBITDA excluding other costs divided by Revenue.
- (5) We believe that diluted earnings (loss) per share is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to diluted earnings (loss) per share excluding other costs. Diluted earnings (loss) per share excluding other costs measures the Company’s operating performance without regard to certain expenses. Diluted earnings (loss) per share excluding other costs is not a presentation made in accordance with GAAP and the Company’s computation of diluted earnings (loss) per share excluding other costs may vary from others in the industry. Diluted earnings (loss) per share excluding other costs has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company’s results as reported under GAAP.