

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

	December 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 116	\$ 98
Receivables, net	482	423
Inventories, net	602	590
Prepaid and other current assets	19	18
Total current assets	1,219	1,129
Property, plant and equipment, net	106	119
Deferred income taxes	2	2
Goodwill	314	328
Intangibles, net	144	166
Other assets	10	5
Total assets	<u>\$ 1,795</u>	<u>\$ 1,749</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 329	\$ 290
Accrued liabilities	110	103
Other current liabilities	2	1
Total current liabilities	441	394
Long-term debt	132	162
Deferred income taxes	6	7
Other long-term liabilities	2	1
Total liabilities	581	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; 108,426,962 and 108,030,438 shares issued and outstanding at December 31, 2018 and 2017, respectively	1	1
Additional paid-in capital	2,034	2,019
Accumulated deficit	(678)	(730)
Accumulated other comprehensive loss	(143)	(105)
Total stockholders' equity	1,214	1,185
Total liabilities and stockholders' equity	<u>\$ 1,795</u>	<u>\$ 1,749</u>

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2018	2017	2016
Revenue	\$ 3,127	\$ 2,648	\$ 2,107
Operating expenses:			
Cost of products	2,497	2,147	1,762
Warehousing, selling and administrative	557	542	567
Operating profit (loss)	73	(41)	(222)
Other expense	(15)	(11)	(8)
Income (loss) before income taxes	58	(52)	(230)
Income tax provision (benefit)	6	—	4
Net income (loss)	\$ 52	\$ (52)	\$ (234)
Earnings (loss) per share:			
Basic earnings (loss) per common share	\$ 0.47	\$ (0.48)	\$ (2.18)
Diluted earnings (loss) per common share	\$ 0.47	\$ (0.48)	\$ (2.18)
Weighted-average common shares outstanding, basic	108	108	107
Weighted-average common shares outstanding, diluted	109	108	107

See notes to consolidated financial statements.

NOW INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income (loss)	\$ 52	\$ (52)	\$ (234)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	41	50	53
Deferred income taxes	(1)	(1)	(2)
Stock-based compensation	16	20	23
Provision for doubtful accounts	2	3	17
Provision for inventory	8	11	36
Other, net	1	(11)	—
Change in operating assets and liabilities, net of acquisitions:			
Receivables	(69)	(64)	102
Inventories	(30)	(110)	190
Prepaid and other current assets	(1)	(2)	4
Accounts payable and accrued liabilities	54	43	22
Income taxes receivable, net	—	—	25
Other assets / liabilities, net	—	(2)	(1)
Net cash provided by (used in) operating activities	73	(115)	235
Cash flows from investing activities:			
Purchases of property, plant and equipment	(11)	(4)	(4)
Business acquisitions, net of cash acquired	—	(4)	(175)
Purchases of intangible assets	—	—	(7)
Proceeds from disposal of assets, and other	2	16	3
Net cash provided by (used in) investing activities	(9)	8	(183)
Cash flows from financing activities:			
Borrowing under the revolving credit facility	503	359	253
Repayments under the revolving credit facility	(533)	(262)	(296)
Other, net	(7)	(3)	(4)
Net cash provided by (used in) financing activities	(37)	94	(47)
Effect of exchange rates on cash and cash equivalents	(9)	5	11
Net change in cash and cash equivalents	18	(8)	16
Cash and cash equivalents, beginning of period	98	106	90
Cash and cash equivalents, end of period	<u>\$ 116</u>	<u>\$ 98</u>	<u>\$ 106</u>
Supplemental disclosures of cash flow information:			
Income taxes paid (refunded), net	\$ 6	\$ 2	\$ (23)
Interest paid	\$ 9	\$ 6	\$ 4

See notes to consolidated financial statements.