



4Q19 Investor Conference Presentation
February 14, 2020

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We Make Energy Flow™

Forward Looking Statements and Non-GAAP Disclaimer

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as “will,” “expect,” “expected,” “looking forward,” “guidance,” “on-track”, “Results in mid-cycle Adjusted EBITDA” and similar expressions are intended to identify forward-looking statements. Statements about the company’s business, including its strategy, its industry, the company’s future profitability, the company’s guidance on its sales, Adjusted EBITDA, gross profit, gross profit percentage, Adjusted Gross Profit, Adjusted Gross Profit percentage, tax rate, capital expenditures and cash from operations, growth in the company’s various markets and the company’s expectations, beliefs, plans, strategies, objectives, prospects and assumptions are not guarantees of future performance. These statements are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, most of which are difficult to predict and many of which are beyond our control, including the factors described in the company’s SEC filings, including (among others) its Current Report on Form 8-K dated February 13, 2020, that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements.

For a discussion of key risk factors, please see the risk factors disclosed in the company’s SEC filings, which are available on the SEC’s website at www.sec.gov and on the company’s website, www.mrcglobal.com. Our filings and other important information are also available on the Investor Relations page of our website at www.mrcglobal.com.

Undue reliance should not be placed on the company’s forward-looking statements. Although forward-looking statements reflect the company’s good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the company’s actual results, performance or achievements or future events to differ materially from anticipated future results, performance or achievements or future events expressed or implied by such forward-looking statements. The company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except to the extent required by law.

Statement Regarding Use of Non-GAAP Measures:

The Non-GAAP financial measures contained in this presentation (Adjusted EBITDA and Adjusted Gross Profit) are not measures of financial performance calculated in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and should not be considered as alternatives to net income or gross profit. They should be viewed in addition to, and not as a substitute for, analysis of our results reported in accordance with GAAP. Management believes that these non-GAAP financial measures provide investors a view to measures similar to those used in evaluating our compliance with certain financial covenants under our credit facilities and provide meaningful comparisons between current and prior year period results. They are also used as a metric to determine certain components of performance-based compensation. They are not necessarily indicative of future results of operations that may be obtained by the company.

Global Leader in PVF Distribution

Largest pipe, valves and fittings (PVF) distributor – TTM Sales of \$3.7B

Industrial Distributor with Diversified Business Mix

- Counter-cyclical cash flow generation & strong balance sheet
- Cash flow generation in modest growth periods
- Balanced portfolio across upstream, midstream & downstream sectors
- Product mix focused on higher margin offerings

Key Role in Global Supply Chains of Energy Companies

- Create value for both customers and suppliers
- Closely integrated into customer supply chains
- Broad footprint with approximately 260 service locations in 20 countries
- Premier quality program, material sourcing & customer service

Balanced Approach to Capital Allocation

- Committed to returning cash to shareholders
- Strong balance sheet with financial flexibility through the cycle

Upstream 30%



Midstream 40%



Downstream 30%



Note: For the twelve months ended December 31, 2019

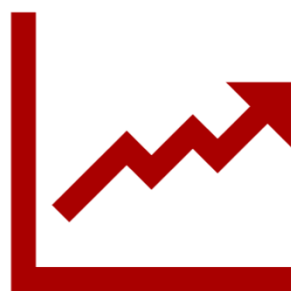
Strategy for Creating Shareholder Value

Grow Market Share



- Provide superior customer service & cost-saving supply chain solutions
- Focus on blue chip customers who demand value-added service and technical expertise
- Leverage market leadership position and global footprint
- Provide multi-channel engagement to capture buying
- Opportunistic M&A

Maximize Profitability



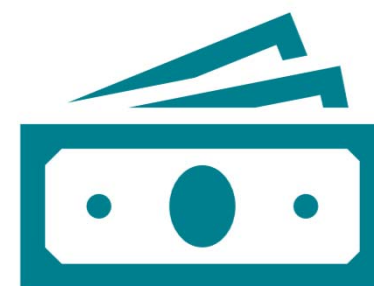
- Focus on higher margin products, end-markets & sales strategies
- Leverage scale & global supply chain
- Expand offering of value-added services to capture enhanced margin
- Focus on controlling costs & operating leverage

Maximize Working Capital Efficiency



- Reduce cash conversion cycle
- Optimize inventory to maximize turnover and margin
- Continual operational efficiency improvements

Optimize Capital Structure



- Optimize capital structure with financial flexibility throughout the cycle
 - Invest for growth
 - Return capital to shareholders
- Target leverage ratio ~2-3x net debt to adjusted EBITDA

Compelling Investment Opportunity

- Market leader in PVF distribution, serving critical function to the energy industry
- Diversified across sectors, regions and customers
- Counter-cyclical cash flow and strong balance sheet
- Differentiated global platform creates customer value
- Organic growth potential via market share gains from expanded multi-year MRO contracts and long-term secular growth from global energy demand
- Proven history of driving continuous productivity improvements
- Industry consolidator with proven success in acquiring and integrating businesses

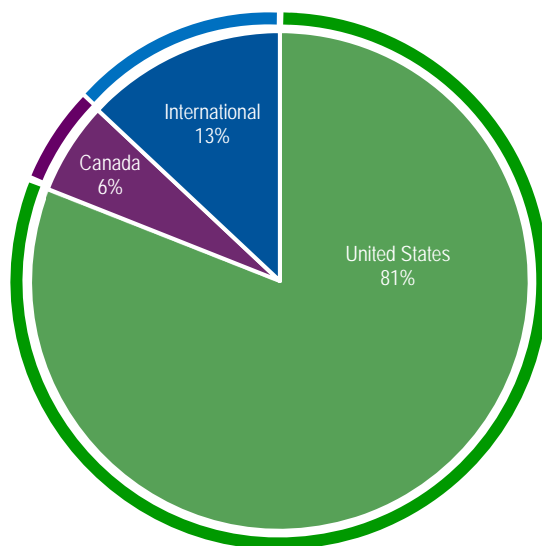
World-class Management Team

with Significant Distribution and Energy Experience

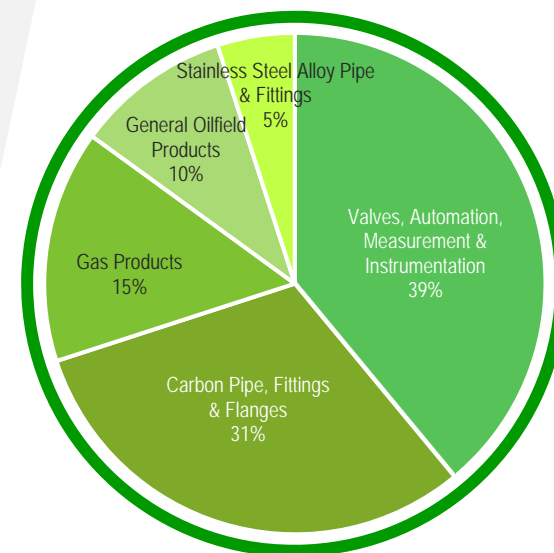


Diversified by Region, Industry Sector and Product Line - Well Positioned Through Cycle

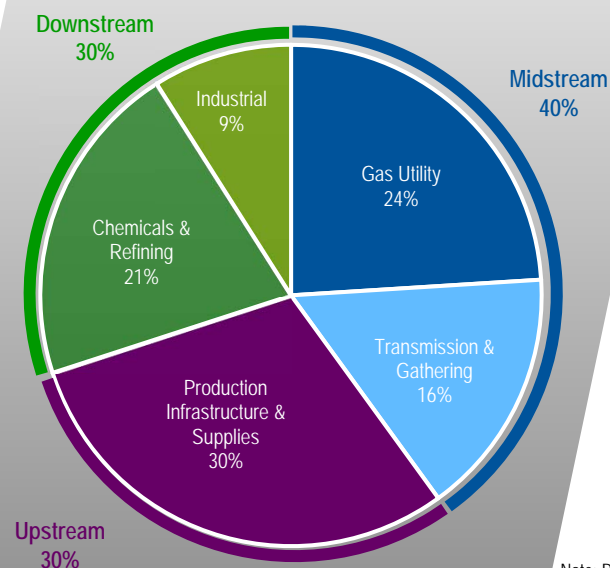
Revenue by Geography



Revenue by Product Line



Revenue by Industry Sector



Note: Percentage of sales are for the twelve months ended December 31, 2019.
Industrial includes metals & mining, fabrication, pulp & paper, power generation and general industrial.

Upstream – Providing Completion Infrastructure to E&P Operators

- Provide well hook-ups via on-site product trailers, above-ground infrastructure PVF products for flow lines & tank batteries
- Serve exploration & production (E&P) operators including Shell, Chevron, Occidental, California Resources Corporation and Canadian Natural Resources
- Primary drivers are customers' capital budgets for well completions & production tank battery upgrades and expansions
- Walk-in counter sales at strategically located branches in active oil & gas production areas
- Located in all major basins - revenue follows basin market activity levels
- Permian basin is our largest upstream position representing 21% of 2019 upstream revenue



Midstream – Providing PVF to Pipeline Infrastructure Customers and Gas Products to Gas Utility Customers

Gas Utilities

- Business drivers:
 - independent of commodity prices
 - integrity projects & pipeline enhancement projects
 - residential & commercial, new & upgrade installations
- Relatively stable, steady growth
- Contracts with 9 of the 10 largest gas utilities in the U.S. based on the number of customers (*e.g.* CenterPoint, PG&E, NiSource, Atmos, Duke, Southern Company Gas)



Transmission & Gathering

- Provide PVF to midstream gathering customers
- Provide PVF bulks & shorts and logistical services to long-haul transmission customers
- Benefit from recent pipeline approvals & modernization projects replacing older pipelines
- Customers include TC Energy, DCP Midstream, Energy Transfer, Williams Partners, Equitable, Enable Midstream Partners

Downstream – Providing PVF to Refining, Chemical & Industrial Customers

Refining

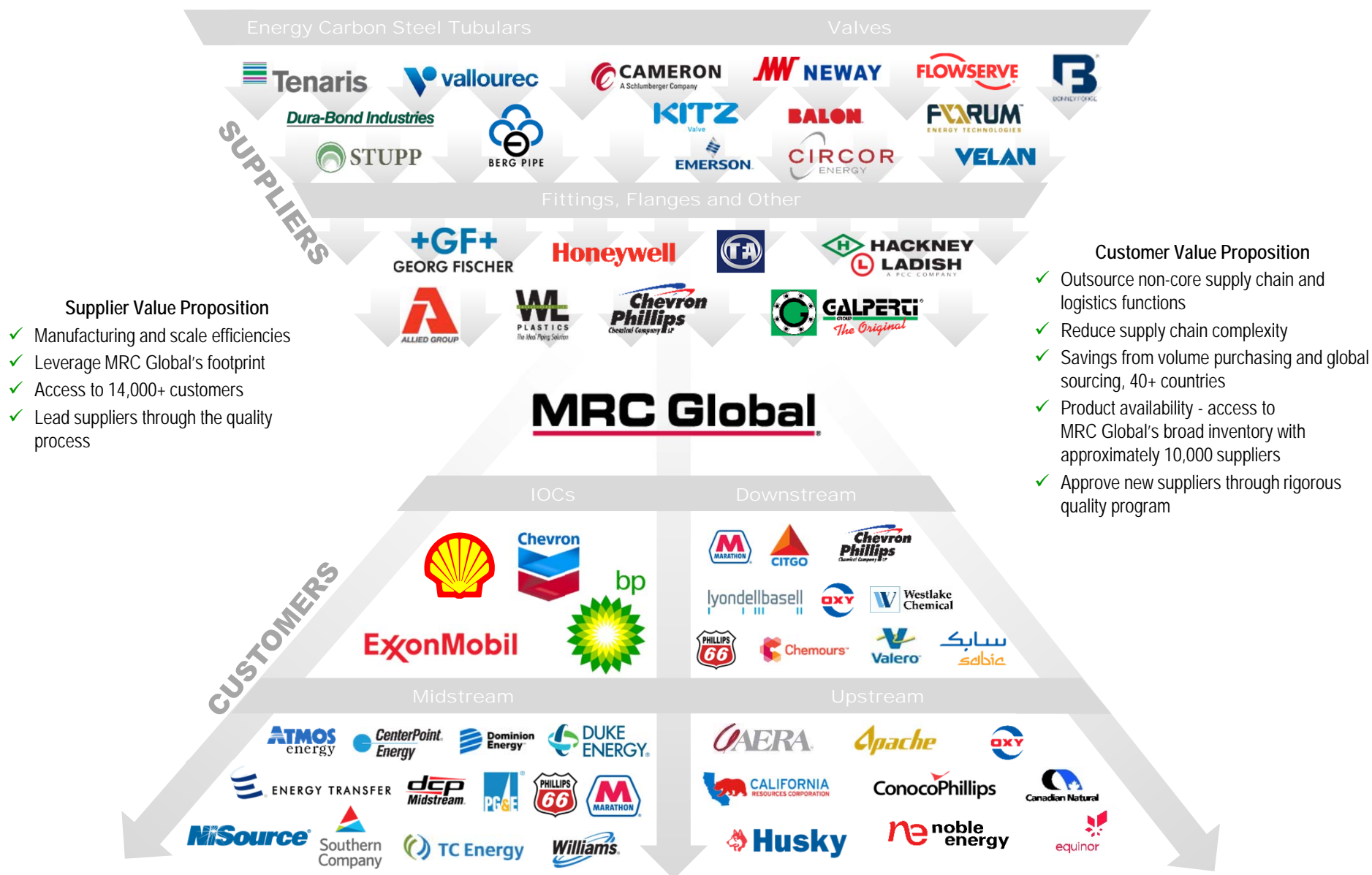
- Recurring MRO revenue from planned & unplanned maintenance
- Provide on-location “zone store” inventory
- Contracts with all of the 10 largest refiners in the U.S. (e.g. Shell, Chevron, Marathon Petroleum Company, Valero, Phillips 66, ExxonMobil)



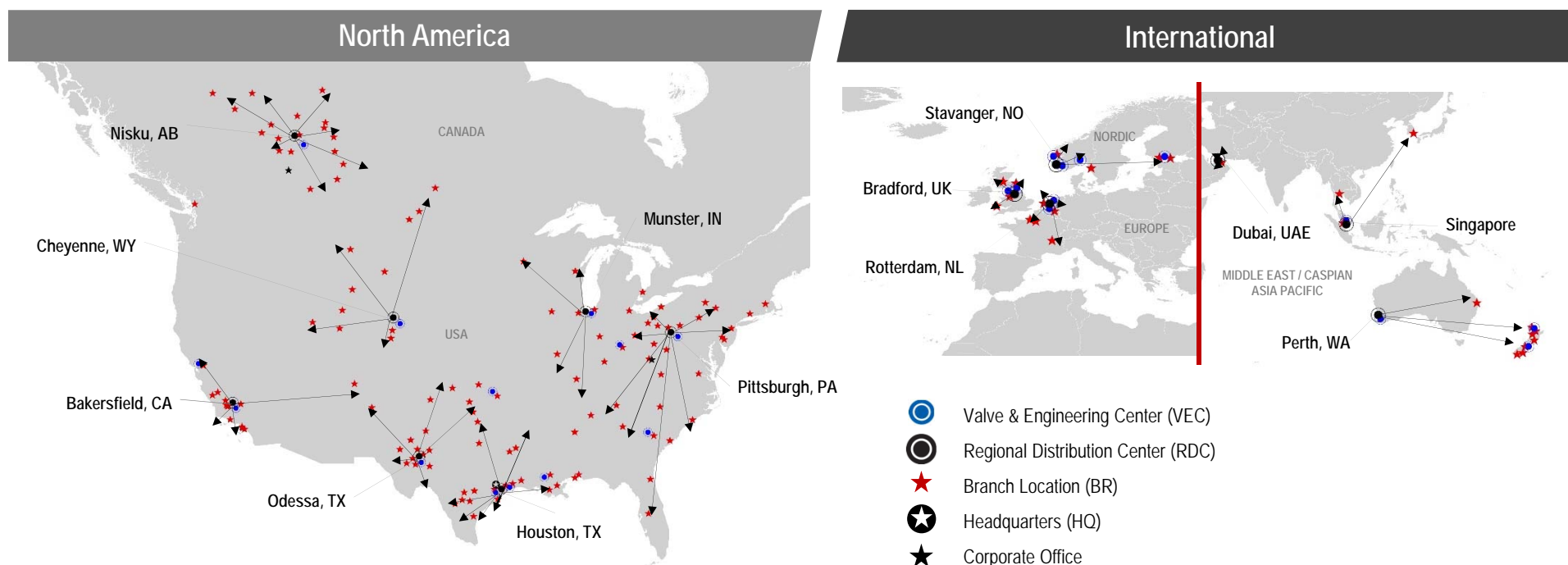
Chemical & Industrial

- Low gas prices provide stable, advantaged feedstock for plastics
- Positioned to benefit from planned U.S. petrochemical projects

MRC Global is a Critical Link Between Its Customers & Suppliers



Global Footprint – Strategically Located in Key Geographies to Deliver Solutions to Customers



North America	As of 12/31/19
Branches	118
RDCs	7
VECs	13
Employees	~2,449

Global	As of 12/31/19
Branches	142
RDCs	13
VECs	25
Countries	20
Employees	~3,227

International	As of 12/31/19
Branches	24
RDCs	6
VECs	12
Countries	18
Employees	~778

MRC Global is committed to responsible governance of the enterprise and its interaction with its stakeholders.

Core Values Drive Actions for All Stakeholders

2018: Top Quartile Safety Performance in a NAW Survey

- 54 distribution companies with over \$1 billion in revenue

Distribution Business Model Allows Expansion of Different Products, Geographies and Industrial Market Sectors

- Model can address climate change initiatives or sentiment negatively impacting traditional energy markets

MRC Global Contributes to a Sustainable Environment

- 76% of 2019 valve sales (\$1.4 billion in 2019) from inventory are “Low-E” valves (prevent fugitive emissions of methane and other greenhouse gases)
- Reduced CO2 vehicle emissions from fleet by approximately 20% from 2013 levels through 2018
- Increased recycling tonnage by 5% from 2017 to 2018

Supplier Quality Process (Processes, Policies, Audits) include steps to:

- Increase ethical behavior in our supply chain
- Avoid improper labor practices
- Encourage sustainability

Programs to Develop Employees and Encourage Diversity

- 36% of Board of Directors from Diversity Groups
- 44% Women in Corporate Functions

For more information:

Governance: [Proxy Statement for our 2019 Annual Meeting of Stockholders](#)

ESG Generally: [2019 Environmental, Social Responsibility & Corporate Governance Report](#)

ESG Policies: [Corporate Social Responsibility](#)

Community Engagement [Community Involvement](#)

End Market Growth Opportunities

UPSTREAM

- Secular growth in oil & gas demand drives E&P capital and maintenance spending
- Steep shale decline curves and manufacturing mentality for shale drilling result in increasing well completions

MIDSTREAM – TRANSMISSION & GATHERING AND GAS UTILITIES

- Gas utilities are investing in multi-year integrity management programs to upgrade old distribution pipes, including steel and cast iron, enhancing the safety of the system.
- Increased production in the U.S. results in increased need for takeaway capacity and processing by transmission and gathering companies, including transportation to growing export terminals

DOWNSTREAM – CHEMICALS & REFINING

- Plant spending and upgrades are being driven by: aging infrastructure, large and low-cost supply of hydrocarbon resources
- Increasing global demand for plastics and low cost, stable feedstock drives petrochemical investment particularly along the US Gulf Coast

Strong Record of Customer Contract Wins and Renewals – Yields Growth Opportunities

1. Renew Existing & Obtain New MRO Contract Customers

- Approximately 55% of sales are from our top 25 customers¹

2. Expand Global Chemical and Valve businesses

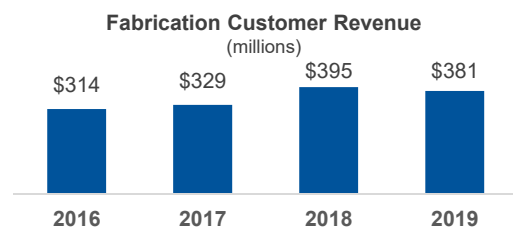
- Target – % of total revenue from valves, automation, measurement and instrumentation 40-42% in 2020 & 45% in 2023

3. Continue to Expand the Integrated Supply Business

- Approx. \$970 million in revenue¹

4. Diversified customer base

- Serve 200+ fabrication customers



Selected Recent Contract Awards and Renewals

Customer	Type/ Scope	Products	Geography
INEOS	Renewal	PVF	U.S.
Chevron – Canada	New	Integrated Supply	Canada
SoCal Gas	New	PFF	U.S.
CenterPoint	New	Integrated Supply	U.S.
Oneok	New	Valves	U.S.
ConocoPhillips	Renewal	PVF	N.A.
Chevron-TCO MRO	Renewal	Valves	KZ
Atmos	Renewal	Integrated Supply	U.S.
People's Gas	Renewal	PVF	U.S.
Phillips 66	Renewal	Valves	U.S.
EnLink Midstream	New	PVF	U.S.
Occidental	Renewal	PVF	U.S.
Valero	Renewal	PVF	U.S.
South Jersey Gas	Renewal	Integrated Supply	U.S.
Enterprise Products	New	PVF	U.S.
Pioneer Natural Resources	New	PVF	U.S.

1. For the twelve months ended December 31, 2019

Houston Operations Complex at La Porte, TX

Supporting Growth & Continued Operational Efficiencies

- More than 620,000 sq. ft. of space to deliver our customers' actuation, modification and product needs
 - Midstream Valve Engineering & Modification Center
 - Regional Distribution Center
 - Valve & Engineering Center
 - Office space for supply chain management, sales, projects, and executive personnel

MRC Global 15

Get the high quality processes and products you have come to expect from MRC Global - **FAST**.

127,000 ft² Valve Engineering & Modification Center **NEW**

The latest addition to the MRC Global Houston Operations Complex at La Porte, TX.

Offers midstream gas transmission & pipeline customers:

- Valve Modifications & Transitions
- Valve Testing
- Coating
- Packing

415,000 ft² Regional Distribution Center

40,000 ft² Valve & Engineering Center

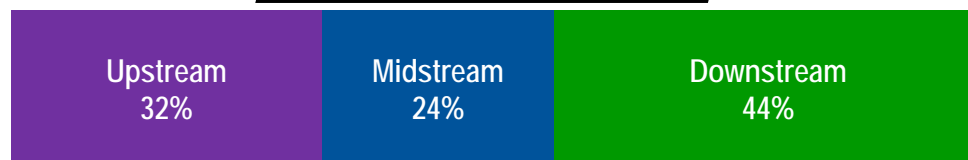
80,000 ft² Office Space



MRC Global's Valve-Centric Strategy

- U.S. oil & gas valve sales were \$5.2B¹ (\$2.6B through distribution)
 - \$2.2B Upstream & Midstream
 - \$3.0B Downstream
- MRC Global's #1 is in U.S. distributed energy valves with ~40% of sales
 - Holder of 3 global, multi-year, valve contracts with IOCs (Shell, Chevron, ExxonMobil)
- Valve, Automation, Measurement & Instrumentation (VAMI) revenue
 - Expected to be 40-42% of total revenue in 2020 & 45% of total revenue in 2023
- Highly technical, complex, long lead-time, global supply chain with value-added services and modifications leads to higher margins

2019 VAMI Sales



1. Source: Valve World Americas, "Market Report", September 30, 2019. Sum of Chemical, Oil & Gas and Refining.

Market Penetration in Midstream Valves: Investment in Value-Added Valve Modification Capabilities

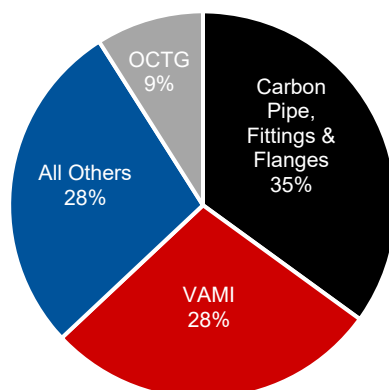
- New midstream Valve Engineering & Modification Center at La Porte complex in-house capabilities:
 - Pipe pup transitions, stem extensions, coatings
 - Differential thermal relief systems
 - Modification services
 - Testing services (e.g. Hydro testing, weld x-rays)
 - Documentation packages
 - Fast track actuation
- Midstream valves market penetration opportunity ~\$100 million over next 2 years
- Higher-margin due to value-added services, supports strategic objective to maximize profitability



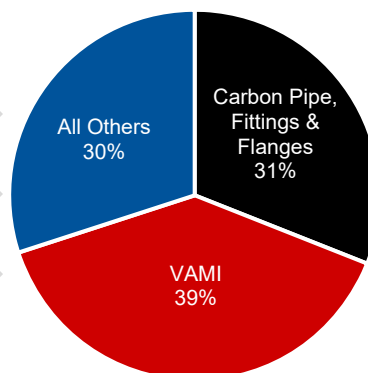
Maximizing Profitability: Expanding Higher Margin Opportunities - Valve Products & Services

Positioning Offerings to Higher Margin Products & Services

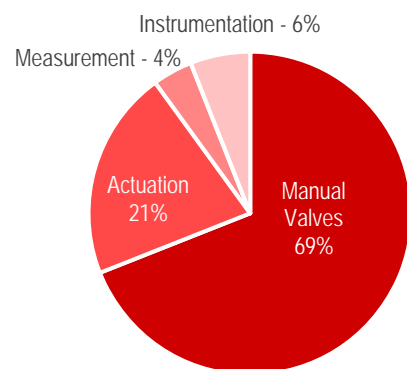
2013 Sales - Product Mix



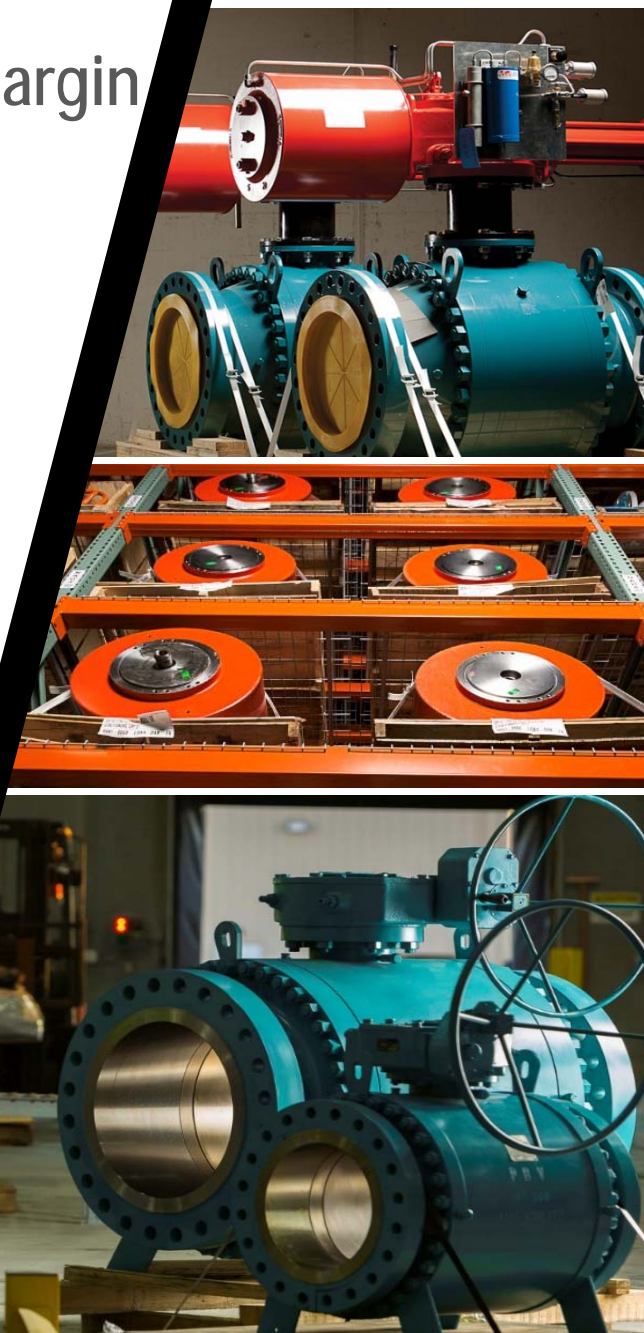
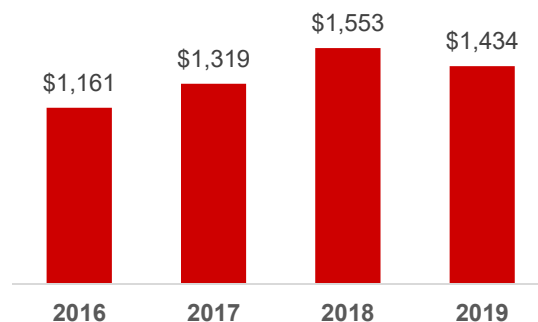
2019 Sales - Product Mix



2019 VAMI Sales

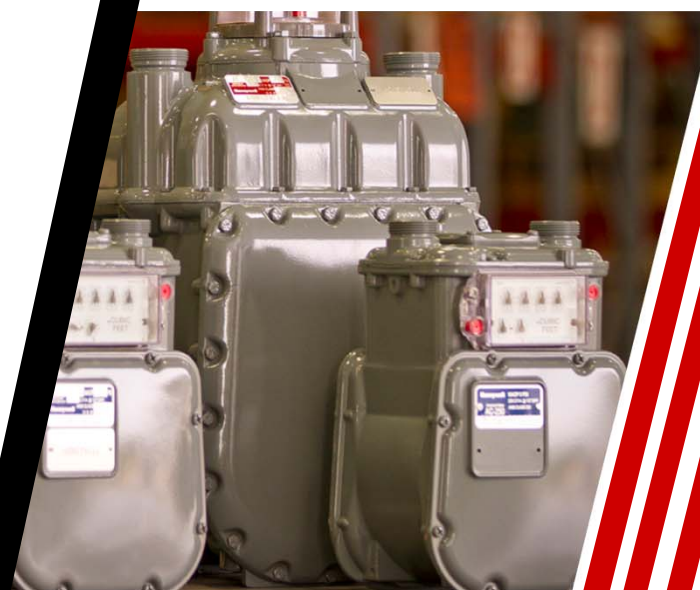
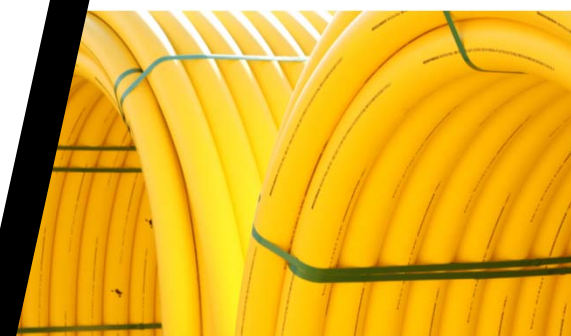
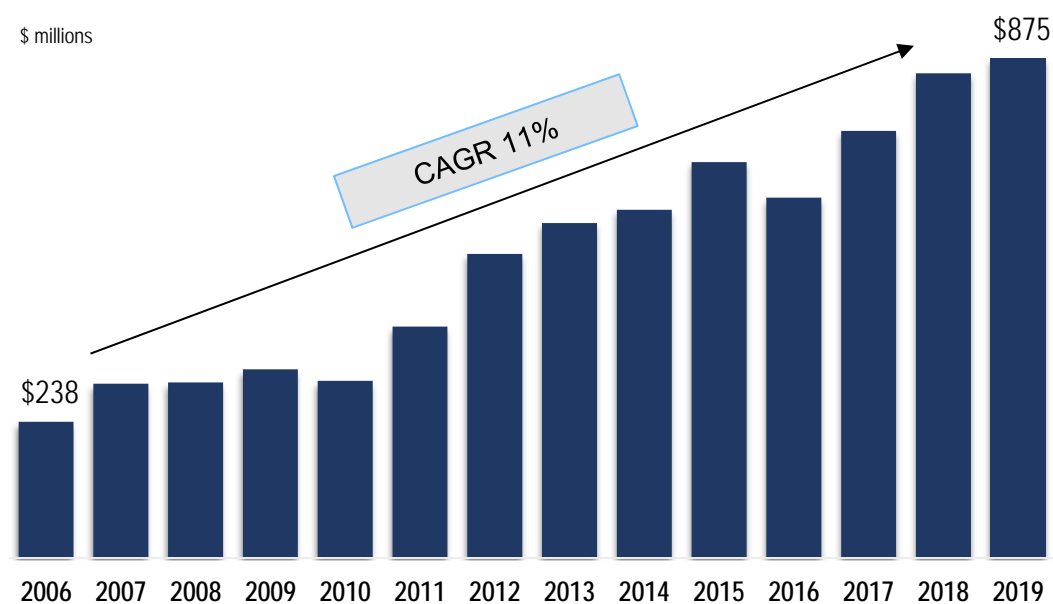


Annual VAMI Sales



U.S. Gas Utility Business

- Largest provider of products & services to U.S. Gas Utilities
- Expect to build a \$1 billion revenue base in 2-3 years
- Contracts with 18 of the top 25 largest gas utilities in the U.S.
- Strong customer relationships – average 19 years under continuous contract



Maximizing Profitability and Working Capital Efficiency

Product Margin Enhancement

- Investment in higher margin products and services:
 - VAMI services - Valve actuation/automation, modification, engineered solutions, traceability, testing, ValidTorque™, ValveWatch®
 - Expanded La Porte - 127,000 ft² valve modification facility in 2019
- Reduction of lower margin products and projects

Working Capital Management

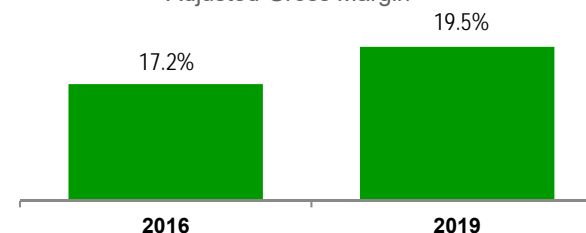
- Target is ~20% working capital to sales ratio
- 2019 – exceeded target
- Investments in working capital are weighted to higher margin products

Actively Managing Costs

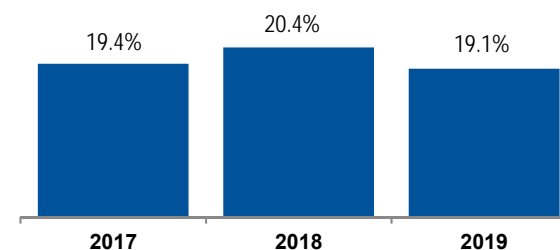
- Reducing SG&A costs by \$25 million/year, excluding adjustments, commensurate with lower revenue expectations
- 2019 & 2018 include \$9 million and \$5 million of severance costs, respectively

Portfolio Optimization

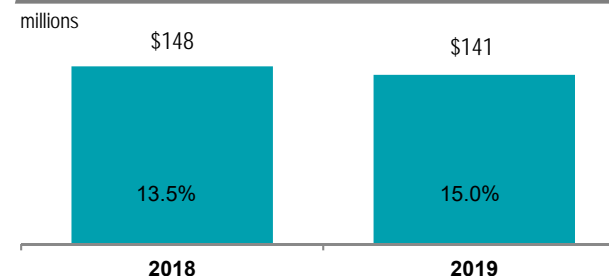
Adjusted Gross Margin¹



Optimizing Net Working Capital²



Actively Managing SG&A Costs



1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

2. Working capital defined as Current Assets (excluding Cash) – Current Liabilities. Sales are on trailing twelve months basis.

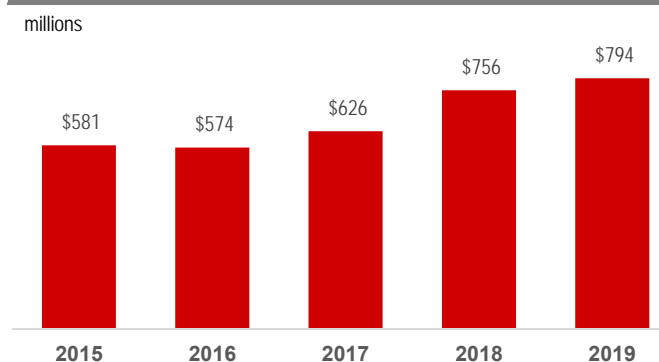
Investing in Technology for Long-Term Growth & Efficiency

MRCGO™ - A Comprehensive Digital Supply Chain Solution for Oil & Gas Pipe, Valve & Fitting Purchases

- End-to-end digital supply chain solution from a single platform
- B-2-B for contract customers allows for easy and efficient ordering
- Customized for each customer's contract terms, part numbers, commonly ordered items
- 2019 results:
 - \$794 million of revenue transacted via e-commerce
 - \$130 million of revenue generated through MRCGO™
 - 80 customers and 175,000 SKUs in MRCGO™



Revenue Generated via E-Commerce
(excluding project revenue)



~30% of the **top 36** customers' TTM revenue or approximately \$588 million was transacted through e-commerce (*e.g.* catalog, EDI)

E-Commerce Platform Capabilities Increase Efficiencies



- Mill Test Reports (MTRs)
- Proof of Delivery (POD)
- Invoices



- Catalog
 - View inventory
 - View price
- Request a quote
- Punchout via your ERP or procurement software
- Electronic purchasing (EDI/XML)



- Order status history
- Expedite a delivery
- View inquiry dashboard
- View inquiry reports



- Online chat
- PVF mobile handbook
- Find a store
- Consult reference materials

E-Commerce Revenue Growth Opportunity



Strategic Capital Decisions Support Growth

Effectively Positioned the Balance Sheet

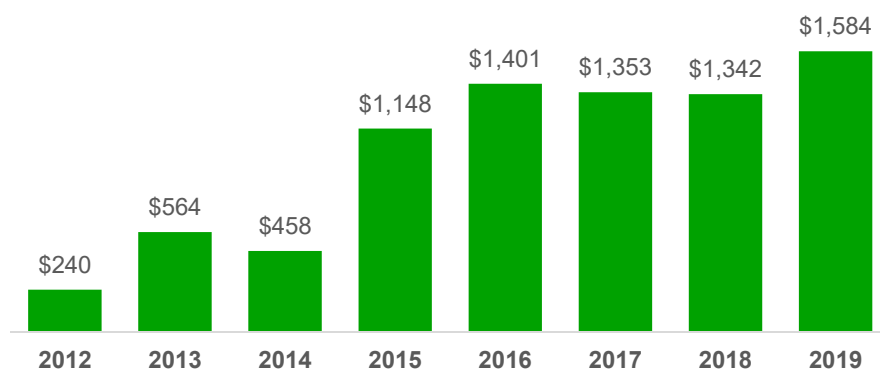
- Advantageous debt agreements with favorable terms, low interest rate and maturities 2022+
- Liquidity of \$483 million at 12/31/19 – sufficient to support business strategy

+ Strong Operating Cash Flow Generation

- CFFO annual average is \$198 million from 2012 to 2019
- Counter-cyclical cash flow generation
- Business consumes/releases ~20% of working capital per change in sales

Cumulative Annual Cash Flow from Operations

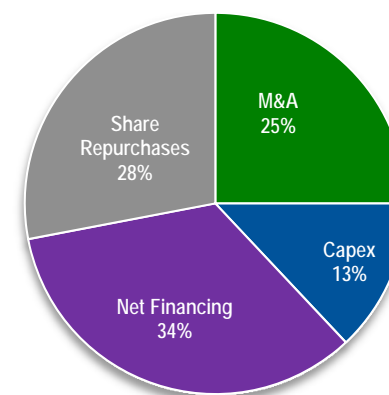
\$1.6 billion CFFO generated through the cycle



= Capital Deployment Opportunities

- Organic growth initiatives - Investments to drive share gains & efficiencies
- Returned \$375 million of cash to shareholders since 2015 through 2019
 - Repurchased 24.2 million shares at an average price of \$15.48 per share
- Most recent \$150 million share repurchase authorization completed in 4Q19

Use of Cash Flow (2013 – 2019)¹



1. Investing and Financing cash flows from 2013 through 2019. Net Financing equals the total issuance less repayment of debt and equity excluding share repurchases. Excludes miscellaneous sources of cash including immaterial asset proceeds.

Capital Allocation Opportunities and Priorities

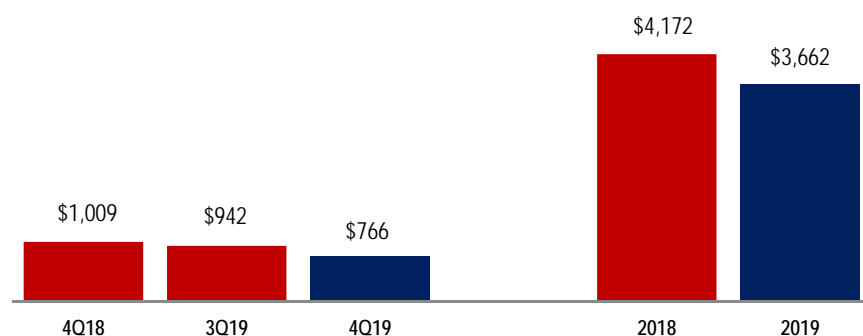
All options are available & evaluated continually



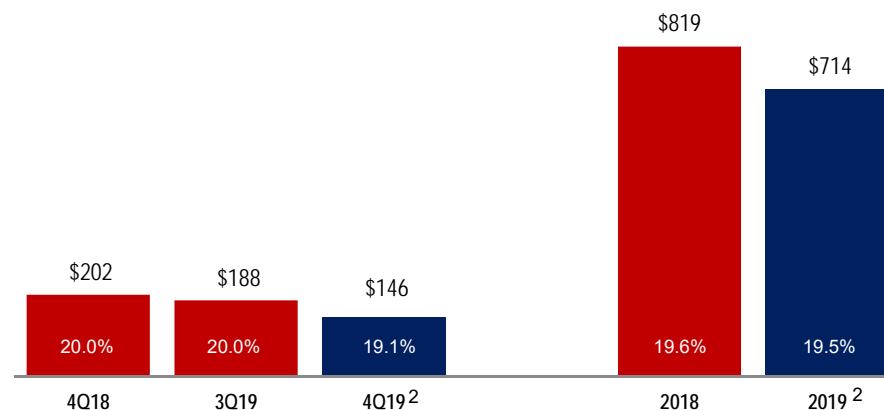
Quarterly & YTD Financial Performance

(\$ millions, except per share data)

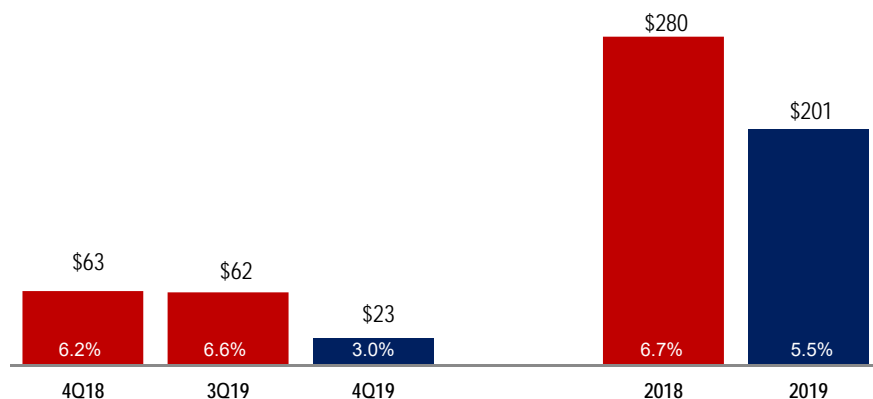
Sales



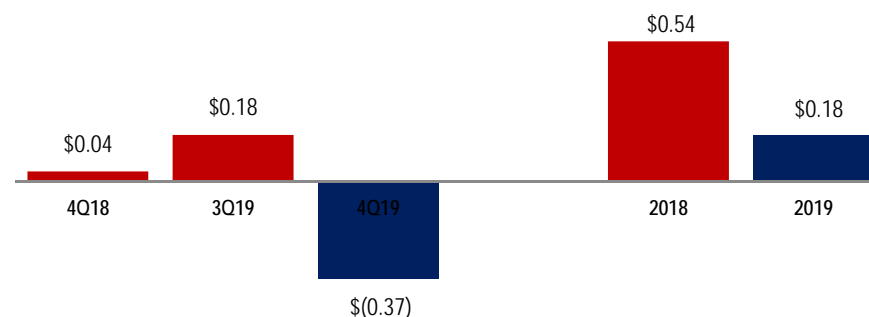
Adjusted Gross Profit and % Margin¹



Adjusted EBITDA and % Margin¹



Diluted EPS



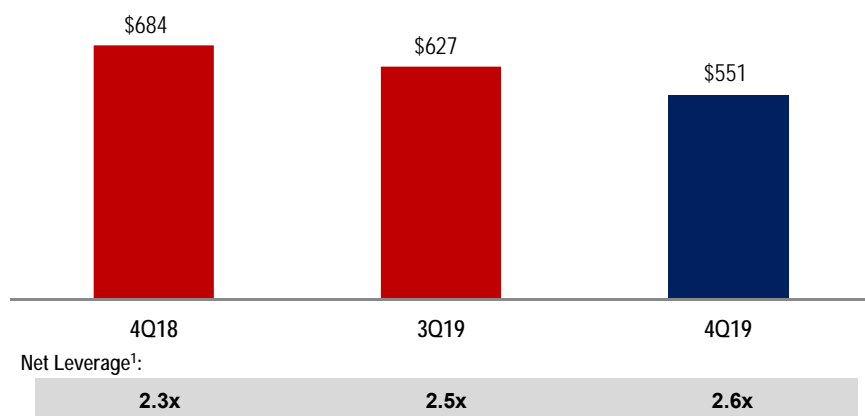
1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

2. Includes \$5 million of non-cash charges (pre-tax) recorded in cost of goods sold in our international segment for excess and obsolete inventory, and \$3 million of charges (pre-tax) recorded in sales for the final settlement of a multi-year customer project, for each of the three months and year ended December 31, 2019. Excluding these charges for the three months ended December 31, 2019 gross profit, as reported would be \$139 million (18.1%) and adjusted gross profit would be \$154 million (20.0%). Excluding these charges for the year ended December 31, 2019 gross profit, as reported would be \$661 million (18.0%) and adjusted gross profit would be \$722 million (19.7%).

Strong Balance Sheet Provides Financial Flexibility

(\$ millions)

Total Debt



Capital Structure

December 31,
2019

Cash and Cash Equivalents	\$ 32
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Total Debt (including current portion):

Term Loan B due 2024 (net of discount & deferred financing costs)	\$ 390
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Global ABL Facility due 2022	161
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Total Debt	\$ 551
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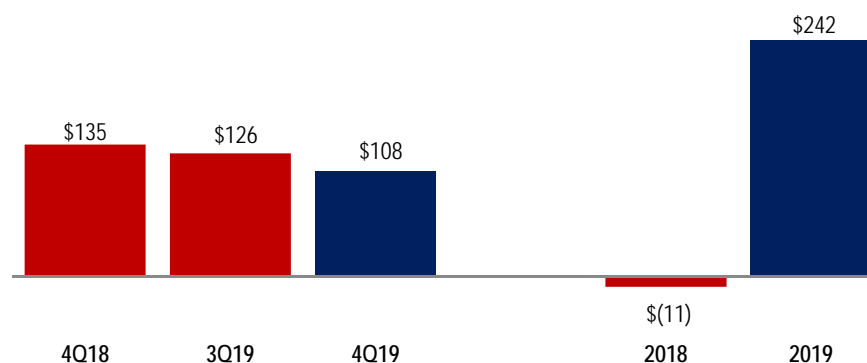
Preferred stock	355
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Common stockholders' equity	642
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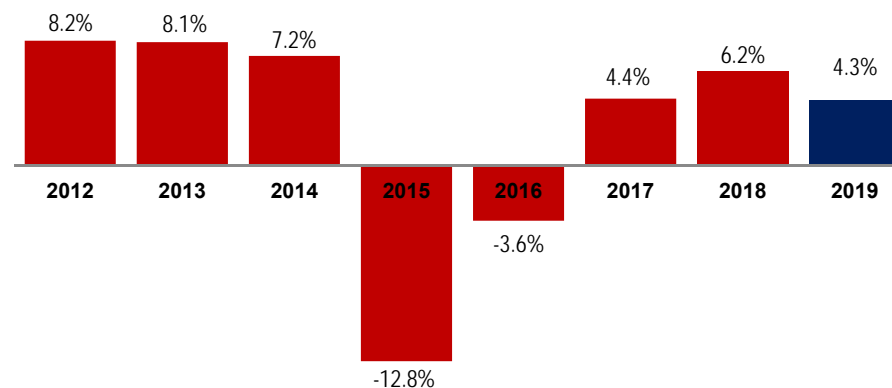
Total Capitalization	\$ 1,548
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Liquidity	\$ 483
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Cash Flow from Operations



Return on Average Net Capital Employed



1. Multiples represent Net Debt / trailing twelve months Adjusted EBITDA. Net Debt is Total Debt less Cash.

2. Return on Average Net Capital Employed is defined as net income plus interest expense after-tax, divided by average net capital employed (debt plus equity & the preferred stock).

Strategy - 4Q19 Accomplishments

Grow Market Share

- Added new customer contracts and awards (*e.g.* Chevron – Canada, INEOS)

Maximize Profitability

- Achieved 40% of revenue from valves in 4Q 2019 and 39% for 2019. On-track to increase valves to 40-42% of total revenue in 2020 and 45% in 2023

Maximize Working Capital Efficiency

- Inventory peaked 2Q19 & reduced by \$97 million from 2Q19 to 4Q19
- Achieved 19.1% of working capital, net of cash, to sales - surpassed target of 20%

Optimize Capital Structure

- Repurchased \$12 million of shares in 4Q19 and \$75 million in 2019
- Reduced net debt by \$83 million in 4Q19 from 3Q19 and \$122 million in 2019 from 2018
- Generated \$108 million cash from operations in 4Q19 and \$242 million in 2019

Appendix

Financial Outlook

(as of February 14, 2020 earnings call)

2020 Outlook	
Revenue	Profitability & Cash Flow
<ul style="list-style-type: none"> 2020 annual – \$3,200 to \$3,700M 	<ul style="list-style-type: none"> Adjusted Gross Profit – 19.6% to 19.8%
By sector	<ul style="list-style-type: none"> LIFO – \$0 to \$10M expense
<ul style="list-style-type: none"> Upstream – down high-single digit percentages 	<ul style="list-style-type: none"> SG&A – \$510 to \$530M
<ul style="list-style-type: none"> Midstream – down mid-single digit percentages 	<ul style="list-style-type: none"> Net income (before preferred stock dividends) \$40 to \$70M
<ul style="list-style-type: none"> Downstream – down mid-single digit percentages 	<ul style="list-style-type: none"> Adjusted EBITDA – \$160 to \$200M
By segment	<ul style="list-style-type: none"> Tax rate – 26 to 28% annual
<ul style="list-style-type: none"> U.S. & Canada – down mid-single digit percentages 	<ul style="list-style-type: none"> Equity based compensation – \$17M
<ul style="list-style-type: none"> International – down low-single digit percentages 	<ul style="list-style-type: none"> Earnings Per Share – \$0.19 to \$0.56
Sequential	
<ul style="list-style-type: none"> 1Q20 – flat 	Cash Flow
	<ul style="list-style-type: none"> Capital expenditures – \$15 to \$20M
	<ul style="list-style-type: none"> Cash flow from operations – \$110 to \$160M

Note: Adjusted Gross Profit and Adjusted EBITDA are non-GAAP measures. For a reconciliation to their closest GAAP measures, see our Current Report on Form 8-K dated February 13, 2020. The foregoing 2020 Outlook contains forward-looking statements. See our Current Report on Form 8-K dated February 13, 2020 for a discussion of these statements and the factors that might impact the various items in the 2020 Outlook.

Impact of Tariffs – Work Closely with Customers to Optimize the Global Supply Chain

In general, inflation is a positive

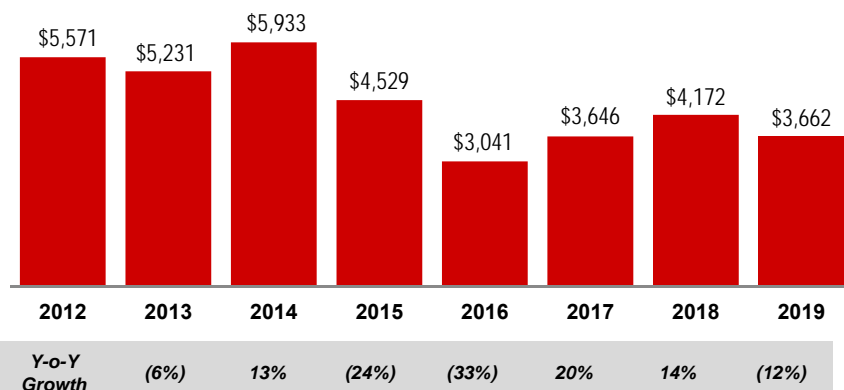
- Multiple tariffs levied from Section 232 and Section 301 directly or indirectly impact all stainless & carbon products including pipe, valves, fittings and flanges
- Various levels of financial impact from minimal to positive – amount of impact dependent on the supplier, market conditions & product group including:
 - Absorption of tariff by manufacturer
 - Pass-through of tariff by distributor
- We manage the supply chain to minimize the impact or have a favorable outcome and we expect the most recent round of tariffs to have minimal impact on the Company
- Our contract structure – percentage mark-up, cost plus pricing with 90 day re-pricing terms
- Revenue impact – higher cost products from inflation result in higher revenue and higher LIFO expense
- Margin dollars impact – more expensive materials with the same percentage mark-up result in more margin dollars

MRC Global proactively manages the supply chain to minimize or optimize the impact of tariffs

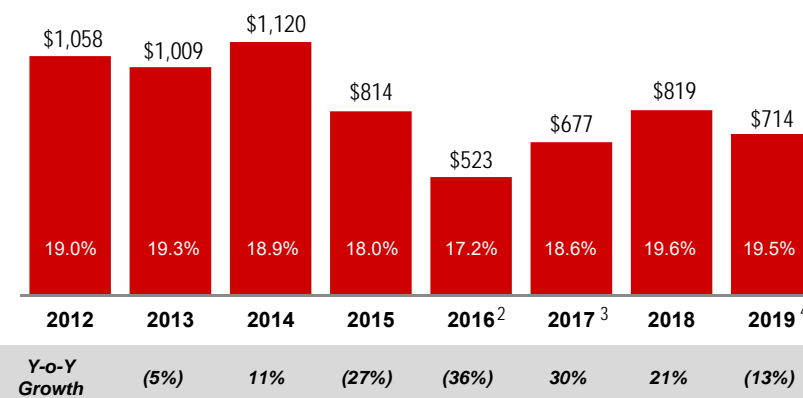
Annual Financial Performance

(\$ millions, except per share data)

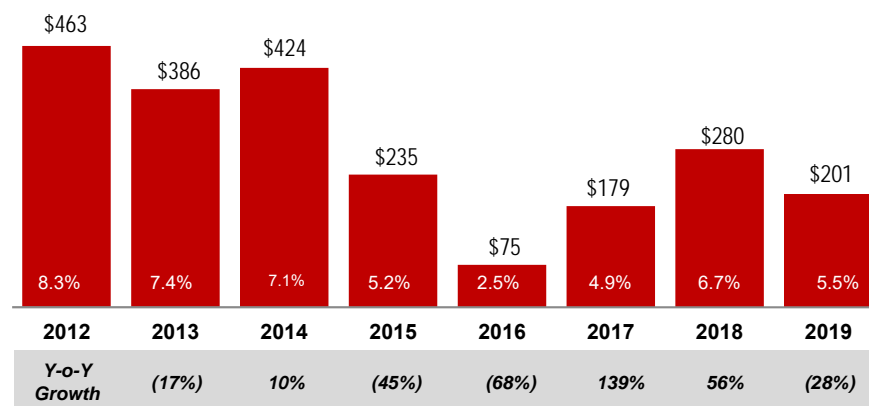
Sales



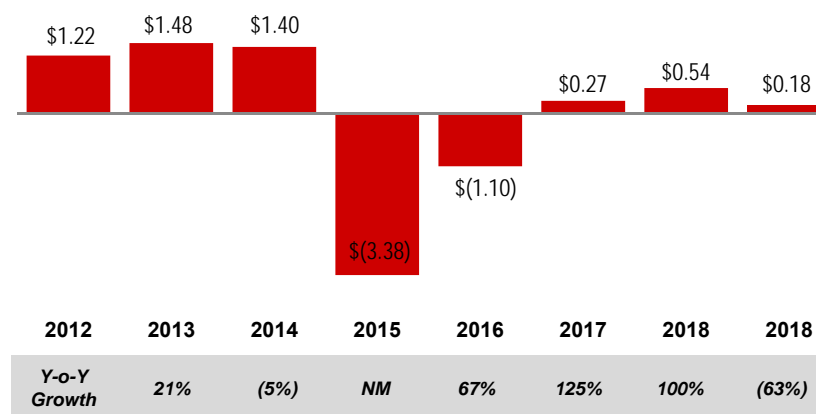
Adjusted Gross Profit and % Margin¹



Adjusted EBITDA and % Margin¹



Diluted EPS

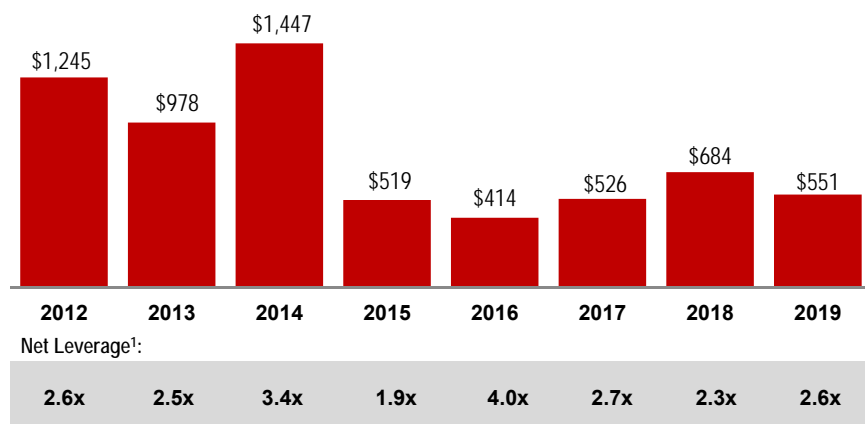


- See reconciliation of non-GAAP measures to GAAP measures in the appendix.
- Includes \$45 million of non-cash charges recorded in cost of goods sold & the international segment for the year ended December 31, 2016. Charges relate to a restructuring of our Australian business and market conditions in Iraq as well as an increase in reserves for excess and obsolete inventory in the U.S. and Canada as a result of the market outlook for certain products. Excluding these charges for the year ended December 31, 2016, gross profit, as reported would be \$513 million (16.9%) and adjusted gross profit would be \$568 million (18.7%).
- Includes \$6 million of non-cash charges recorded in cost of goods sold & in the international segment for the year ended December 31, 2017. Charges are related to reducing our local presence in Iraq. Excluding these charges for the year ended December 31, 2017 gross profit, as reported would be \$588 million (16.1%) and adjusted gross profit would be \$683 million (18.7%).
- Includes \$5 million of non-cash charges (pre-tax) recorded in cost of goods sold in our international segment for excess and obsolete inventory, and \$3 million of charges (pre-tax) recorded in sales for the final settlement of a multi-year customer project, for each of the three months and year ended December 31, 2019. Excluding these charges for the three months ended December 31, 2019 gross profit, as reported would be \$139 million (18.1%) and adjusted gross profit would be \$154 million (20.0%). Excluding these charges for the year ended December 31, 2019 gross profit, as reported would be \$661 million (18.0%) and adjusted gross profit would be \$722 million (19.7%).

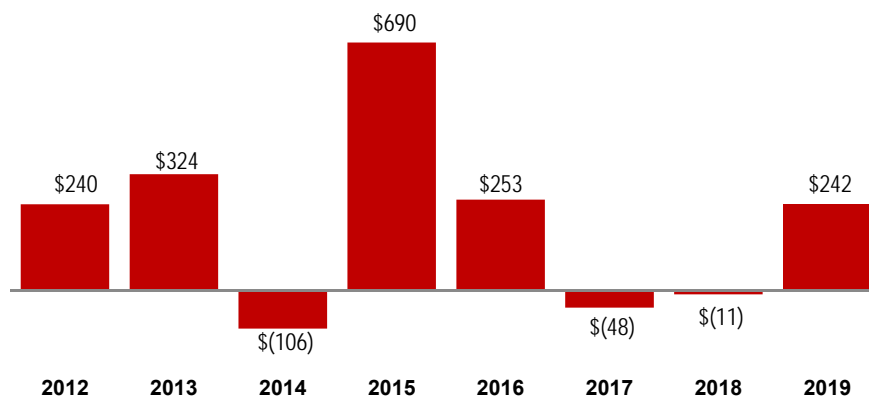
Balance Sheet

(\$ millions)

Total Debt



Cash Flow from Operations

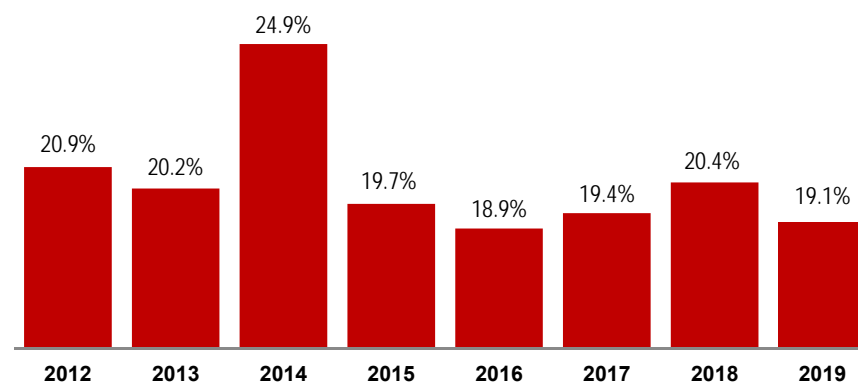


Capital Structure

December 31,
2018

Cash and Cash Equivalents	\$ 32
Total Debt (including current portion):	
Term Loan B due 2024 (net of discount & deferred financing costs)	\$ 390
Global ABL Facility due 2022	161
Total Debt	\$ 551
Preferred stock	355
Common stockholders' equity	642
Total Capitalization	\$ 1,548
Liquidity	\$ 483

Net Working Capital as % of Sales²



1. Multiples represent Net Debt / trailing twelve months Adjusted EBITDA. Net Debt is Total Debt less Cash.

2. Working capital defined as Current Assets (excluding Cash) – Current Liabilities. Sales are on trailing twelve months basis.

Adjusted Gross Profit Reconciliation

	Three months ended			Year ended December 31								Expected for year ending December 31 (mid-point)
(\$ millions)	Dec 31, 2019	Sept 30, 2019	Dec 31, 2018	2019	2018	2017	2016	2015	2014	2013	2012	2020E
Gross profit	\$ 131	\$ 174	\$ 171	\$ 653	\$ 689	\$ 582	\$ 468	\$ 786	\$ 1,018	\$ 955	\$ 1,014	\$ 625
Depreciation and amortization	5	5	6	21	23	22	22	21	22	22	19	22
Amortization of intangibles	9	11	11	42	45	45	47	60	68	52	49	28
Increase (decrease) in LIFO reserve	1	(2)	14	(2)	62	28	(14)	(53)	12	(20)	(24)	5
Adjusted Gross Profit	\$ 146	\$ 188	\$ 202	\$ 714	\$ 819	\$ 677	\$ 523	\$ 814	\$ 1,120	\$ 1,009	\$ 1,058	\$ 680

Note: Adjusted Gross Profit is a non-GAAP measure. For a discussion of the use of Adjusted Gross Profit, see our Current Report on Form 8-K dated February 13, 2020.

Adjusted EBITDA Reconciliation

	Three months ended				Year ended December 31								Expected for year ending December 31 (mid-point)
(\$ millions)	Dec 31, 2019	Sept 30, 2019	Dec 31, 2018		2019	2018	2017	2016	2015	2014	2013	2012	2020E
Net (loss) income	\$ (24)	\$ 21	\$ 10		\$ 39	\$ 74	\$ 50	\$ (83)	\$ (331)	\$ 144	\$ 152	\$ 118	\$ 55
Income tax expense (benefit)	5	8	6		27	21	(43)	(8)	(11)	82	85	64	20
Interest expense	9	10	10		40	38	31	35	48	62	61	113	33
Depreciation and amortization	5	5	6		21	23	22	22	21	22	22	19	22
Amortization of intangibles	9	11	11		42	45	45	47	60	68	52	49	28
Increase (decrease) in LIFO reserve	1	(2)	14		(2)	62	28	(14)	(53)	12	(20)	(24)	5
Inventory-related charges	5	-	-		5	-	6	40	-	-	-	-	-
Supplier bad debt	5	-	-		5	-	-	-	-	-	-	-	-
Goodwill & intangible asset impairment	-	-	-		-	-	-	-	462	-	-	-	-
Change in fair value of derivative instruments	-	-	-		-	(1)	1	(1)	1	1	(5)	(2)	-
Equity-based compensation expense	4	5	3		16	14	16	12	10	9	15	8	17
Severance & restructuring charges	4	5	4		9	4	14	20	14	8	1	-	-
Write off of debt issuance costs	-	-	-		-	1	8	1	3	-	-	-	-
Litigation matter	-	-	-		-	-	3	-	3	-	-	-	-
Foreign currency (gains) losses	-	(1)	(1)		(1)	(1)	(2)	4	3	3	13	(1)	-
Loss on disposition of non-core product line	-	-	-		-	-	-	-	5	10	-	-	-
Insurance charge	-	-	-		-	-	-	-	-	-	2	-	-
Cancellation of executive employment agreement (cash portion)	-	-	-		-	-	-	-	-	3	-	-	-
Expenses associated with refinancing	-	-	-		-	-	-	-	-	-	5	2	-
Loss on early extinguishment of debt	-	-	-		-	-	-	-	-	-	-	114	-
Pension settlement	-	-	-		-	-	-	-	-	-	-	4	-
Other expense (income)	-	-	-		-	-	-	-	-	-	3	(1)	-
Adjusted EBITDA	\$ 23	\$ 62	\$ 63		\$ 201	\$ 280	\$ 179	\$ 75	\$ 235	\$ 424	\$ 386	\$ 463	\$ 180

Note: Adjusted EBITDA is a non-GAAP measure. For a discussion of the use of Adjusted EBITDA, see our Current Report on Form 8-K dated February 13, 2020.