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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: November 1, 2018  
Date of earliest event reported: October 31, 2018**

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**MRC GLOBAL INC.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation)

**001-35479**  
(Commission  
File Number)

**20-5956993**  
(I.R.S. Employer  
Identification Number)

**Fulbright Tower, 1301 McKinney Street, Suite 2300  
Houston, Texas 77010**  
(Address of Principal Executive Offices)

**Registrant's telephone number, including area code: (877) 294-7574**

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 (see General Instruction A.2. below):

- 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))

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 October 31, 2018, MRC Global Inc. (“MRC Global” or the “Company”) issued a press release announcing its financial results for the three and nine months ended September 30, 2018. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 7.01                    Regulation FD Disclosure.**

MRC Global expects the following results with respect to the operations and performance of the Company:

- Sequentially, the Company expects fourth quarter 2018 revenue to be down between 4% and 7% from the third quarter of 2018.
- The Company expects LIFO expense to be approximately \$64 million for the full year 2018.
- The Company expects to have an effective tax rate of 21% for the full year of 2018.
- The Company expects to generate positive cash flow from operations in the fourth quarter of 2018 but negative cash flow from operations for the full year of 2018.
- The Company expects 2019 revenue growth in the low to mid-single digit percentage range as compared to the full year 2018 with a slower start to the year and higher customer spending in the back half of the year.
- The Company expects the reduction in project and low margin revenue to have a positive impact on the 2019 gross profit percentage as compared to the full year of 2018.

The above information, as well as information contained in Exhibit 99.1 referenced under Item 9.01 below, contain 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,” “expects,” “expected,” “believes,” “looking forward,” “guidance” 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 and 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 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.

These risks and uncertainties include (among others) decreases in oil and natural gas prices; decreases in oil and natural gas industry expenditure levels, which may result from decreased oil and natural gas prices or other factors; increased usage of alternative fuels, which may negatively affect oil and natural gas industry expenditure levels; U.S. and international general economic conditions; the company’s ability to compete successfully with other companies in MRC Global’s industry; the risk that manufacturers of the products the company distributes will sell a

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substantial amount of goods directly to end users in the industry sectors the company serves; unexpected supply shortages; cost increases by the company's suppliers; the company's lack of long-term contracts with most of its suppliers; suppliers' price reductions of products that the company sells, which could cause the value of the company's inventory to decline; decreases in steel prices, which could significantly lower MRC Global's profit; increases in steel prices, which the company may be unable to pass along to its customers which could significantly lower its profit; the company's lack of long-term contracts with many of its customers and the company's lack of contracts with customers that require minimum purchase volumes; changes in the company's customer and product mix; risks related to the company's customers' creditworthiness; the success of the company's acquisition strategies; the potential adverse effects associated with integrating acquisitions into the company's business and whether these acquisitions will yield their intended benefits; the company's significant indebtedness; the dependence on the company's subsidiaries for cash to meet its debt obligations; changes in the company's credit profile; a decline in demand for or adverse change in the value of certain of the products the company distributes if tariffs and duties on these products are imposed or lifted; environmental, health and safety laws and regulations and the interpretation or implementation thereof; the sufficiency of the company's insurance policies to cover losses, including liabilities arising from litigation; product liability claims against the company; pending or future asbestos-related claims against the company; the potential loss of key personnel; interruption in the proper functioning of the company's information systems and the occurrence of cyber security incidents; loss of third-party transportation providers; potential inability to obtain necessary capital; risks related to adverse weather events or natural disasters; impairment of our goodwill or other intangible assets; adverse changes in political or economic conditions in the countries in which the company operates; exposure to U.S. and international laws and regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act and other economic sanction programs; risks associated with international stability and geopolitical developments; risks relating to ongoing evaluations of internal controls required by Section 404 of the Sarbanes-Oxley Act; risks related to the Company's intention not to pay dividends; and risks arising from compliance with and changes in laws and regulations in the countries in which we operate, including (among others) changes in tax law, tax rates, interpretation in tax laws and the recently implemented General Data Protection Regulation.

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](http://www.sec.gov) and on the company's website, [www.mrcglobal.com](http://www.mrcglobal.com). Our filings and other important information are also available on the Investor Relations page of our website at [www.mrcglobal.com](http://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.

The information referenced under Item 7.01 (including Exhibit 99.1 referenced under Item 9.01 below) of this Current Report on Form 8-K is being "furnished" under "Item 7.01. Regulation FD Disclosure" and, as such, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information set forth in this Current Report on Form 8-K (including Exhibit 99.1 referenced under Item 9.01 below) shall not be incorporated by reference into any registration statement, report or other document filed by MRC Global pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01                      Financial Statements and Exhibits.**

(d) *Exhibits.*

99.1                      Press release of MRC Global Inc. dated October 31, 2018

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**INDEX TO EXHIBITS**

Exhibit No. Description 

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99.1 [Press release dated October 31, 2018](#)

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**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: November 1, 2018

MRC GLOBAL INC.

By: /s/ James E. Braun  
James E. Braun  
Executive Vice President and Chief Financial Officer

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## MRC Global Announces Third Quarter 2018 Results and \$150 Million Share Repurchase Program

**Sales of \$1.07 billion**  
**Net income attributable to common stockholders of \$18 million**  
**Diluted earnings per common share of \$0.20**  
**Adjusted EBITDA of \$80 million**

Houston, TX – Oct. 31, 2018 – MRC Global Inc. (NYSE: MRC), the largest global distributor, based on sales, of pipe, valves and fittings and related products and services to the energy industry, today announced third quarter 2018 results.

The company's sales were \$1.07 billion for the third quarter of 2018, which were 12% higher than the third quarter of 2017. Net income attributable to common stockholders for the third quarter of 2018 was \$18 million, or \$0.20 per diluted share, compared to net loss attributable to common stockholders of \$(3) million, or \$(0.03) per diluted share for the third quarter of 2017.

Andrew R. Lane, MRC Global's president and chief executive officer stated, "I am very pleased with the quarterly results. This is the third quarter in a row where the Company delivered over \$1 billion in sales and increasing amounts of adjusted EBITDA as increased customer base spending plays out as expected in the second year of the oil and gas recovery. While business remains strong, we expect a typical seasonal decline in the fourth quarter, partially offset by project deliveries that have been pushed to the fourth quarter from the third."

"The adjusted gross profit percentage in the third quarter in excess of 20% was the best quarterly percentage since the first quarter of 2013. Our gross margin and inventory management strategies have contributed to the improvement in our gross profit percentage. Our revenue growth and improved profitability were led by our United States segment with its third quarter adjusted EBITDA percentage of 8.5%, the highest since the third quarter of 2013. We also achieved total incremental adjusted EBITDA of 21% in the third quarter. Our business is performing very well as demand for our products increases and we are well positioned for future growth," Mr. Lane added.

MRC Global's third quarter 2018 gross profit was \$172 million, or 16.1% of sales, an increase from third quarter 2017 gross profit of \$152 million, or 15.8% of sales. Gross profit for the third quarter of 2018 and 2017 reflects an expense of \$26 million and \$13 million, respectively, in cost of sales relating to the use of the last-in, first out (LIFO) method of inventory cost accounting.

Selling, general and administrative (SG&A) expenses were 13.1% of sales, or \$140 million, for the third quarter of 2018 compared to 13.6% of sales, or \$130 million for the same period of 2017. SG&A as a percentage of sales declined due to continued growth in the business and disciplined cost control.

Adjusted EBITDA was \$80 million in the third quarter of 2018 compared to \$56 million for the same period in 2017. Please refer to the reconciliation of non-GAAP measures (adjusted gross profit, adjusted EBITDA) to GAAP measures (gross profit, net income) in this release.

The effective tax rate in the third quarter of 2018 and 2017 was 0% and 40%, respectively. The effective tax rate in the third quarter of 2018 differed from our forecasted rate of 28% primarily as a result of favorable one-time adjustments made during the current quarter to the provisional amounts originally recognized in the fourth quarter of 2017 upon the enactment of the Tax Cuts and Jobs Act of 2017.

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## **Sales by Segment**

U.S. sales in the third quarter of 2018 were \$859 million, up \$100 million, or 13%, from the same quarter in 2017 as our customer base continues to grow. Downstream led the increase with growth of \$54 million, or 29%, driven primarily by large petrochemical project deliveries, followed by upstream, which increased \$49 million, or 30%, due to increased drilling and completion activity, particularly in the Permian Basin. Midstream declined by \$3 million or less than 1% due to non-recurring project work.

Canadian sales in the third quarter of 2018 were \$78 million, up \$1 million, or 1%, from the same quarter in 2017 due to growth in our upstream and downstream businesses partially offset by lower midstream revenue. A weaker Canadian dollar relative to the U.S. dollar had an unfavorable impact of approximately \$3 million.

International sales in the third quarter of 2018 were \$134 million, up \$11 million, or 9%, from the same period in 2017. Our global market reach continues to improve. The increase was primarily due to upstream project activity in Kazakhstan partially offset by non-recurring midstream pipeline project sales in Australia in 2017. Weaker foreign currencies relative to the U.S. dollar had an unfavorable impact of approximately \$3 million.

## **Sales by Sector**

Upstream sales in the third quarter of 2018 increased 26% over the third quarter of 2017 to \$338 million, or 32% of total sales. The increase in upstream sales was primarily in our U.S. and International segments.

Midstream sales in the third quarter of 2018 decreased 3% from the third quarter of 2017 to \$422 million, or 39% of total sales. Sales to gas utility customers were lower by 3% while sales to transmission and gathering customers were down 4% over the same quarter in 2017.

Downstream sales in the third quarter of 2018 increased 23% from the third quarter of 2017 to \$311 million, or 29% of total sales. The increase was across all segments but primarily in the U.S. segment.

## **Balance Sheet**

As of September 30, 2018, cash balances were \$29 million. Debt, net of cash, was \$690 million and excess availability under our asset-based lending facility was \$418 million. Our liquidity of \$447 million is adequate to support our current business and capital needs.

## **Share Repurchase Program**

In October 2018, the board of directors authorized a share repurchase program for common stock of up to \$150 million. The program is scheduled to expire on December 31, 2019. The shares may be repurchased at management's discretion in the open market. Depending on market conditions and other factors, these repurchases may be commenced or suspended from time to time without prior notice.

Mr. Lane commented, "With the recovery in the oil and gas markets continuing, our leading market position and the attractive stock price, the Board has authorized an opportunistic share repurchase program. This will be the third program the Board has authorized since 2015, having previously repurchased \$225 million of shares. The latest \$150 million authorization reflects the Board's confidence in MRC Global's ability to continue to grow as well as return cash to shareholders."

## **Conference Call**

The Company will hold a conference call to discuss its third quarter 2018 results at 10:00 a.m. Eastern Time (9:00 a.m. Central Time) on November 1, 2018. To participate in the call, please dial 412-902-0003 and ask for the MRC Global conference call at least 10 minutes prior to the start time. To access the conference call live

over the Internet, please log onto the web at <http://www.mrcglobal.com> and go to the “Investor Relations” page of the company’s website at least fifteen minutes early to register, download and install any necessary audio software. For those who cannot listen to the live call, a replay will be available through November 15, 2018 and can be accessed by dialing 201-612-7415 and using pass code 13683112#. Also, an archive of the webcast will be available shortly after the call at [www.mrcglobal.com](http://www.mrcglobal.com) for 90 days.

## **About MRC Global Inc.**

Headquartered in Houston, Texas, MRC Global, is the largest global distributor, based on sales, of pipe, valves and fittings (PVF) and related products and services to the energy industry and supplies these products and services across each of the upstream, midstream and downstream sectors. More information about MRC Global can be found on our website [mrcglobal.com](http://www.mrcglobal.com).

*This news release 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” 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, tax rate, capital expenditures and cash flow, 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 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.*

*These risks and uncertainties include (among others) decreases in oil and natural gas prices; decreases in oil and natural gas industry expenditure levels, which may result from decreased oil and natural gas prices or other factors; increased usage of alternative fuels, which may negatively affect oil and natural gas industry expenditure levels; U.S. and international general economic conditions; the company’s ability to compete successfully with other companies in MRC Global’s industry; the risk that manufacturers of the products the company distributes will sell a substantial amount of goods directly to end users in the industry sectors the company serves; unexpected supply shortages; cost increases by the company’s suppliers; the company’s lack of long-term contracts with most of its suppliers; suppliers’ price reductions of products that the company sells, which could cause the value of the company’s inventory to decline; decreases in steel prices, which could significantly lower MRC Global’s profit; increases in steel prices, which the company may be unable to pass along to its customers which could significantly lower its profit; the company’s lack of long-term contracts with many of its customers and the company’s lack of contracts with customers that require minimum purchase volumes; changes in the company’s customer and product mix; risks related to the company’s customers’ creditworthiness; the success of the company’s acquisition strategies; the potential adverse effects associated with integrating acquisitions into the company’s business and whether these acquisitions will yield their intended benefits; the company’s significant indebtedness; the dependence on the company’s subsidiaries for cash to meet its debt obligations; changes in the company’s credit profile; a decline in demand for or adverse change in the value of certain of the products the company distributes if tariffs and duties on these products are imposed or lifted; environmental, health and safety laws and regulations and the interpretation or implementation thereof; the sufficiency of the company’s insurance policies to cover losses, including liabilities arising from litigation; product liability claims against the company; pending or future asbestos-related claims against the company; the potential loss of key personnel; interruption in the proper functioning of the company’s information systems and the occurrence of cyber security incidents; loss of third-party transportation providers; potential inability to obtain necessary capital; risks related to adverse weather events or natural disasters; impairment of our goodwill or other intangible assets; adverse changes in political or economic conditions in the countries in which the company operates; exposure to U.S. and international laws and regulations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act and other economic sanction programs; risks associated with international stability and geopolitical developments; risks relating to ongoing evaluations of internal controls required by Section 404 of the Sarbanes-Oxley Act; risks related to the company’s intention not to pay dividends; and risks arising from compliance with and changes in laws and regulations in the countries in which we operate, including (among others) changes in tax laws, tax rates, interpretation in tax laws and the recently implemented General Data Protection Regulation.*

*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](http://www.sec.gov) and on the company’s website, [www.mrcglobal.com](http://www.mrcglobal.com). Our filings and other important information are also available on the Investor Relations page of our website at [www.mrcglobal.com](http://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.*

**Contact:**

Monica Broughton  
Investor Relations  
MRC Global Inc.  
Monica.Broughton@mrcglobal.com  
832-308-2847

**MRC Global Inc.**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
*(in millions, except shares)*

	September 30, 2018	December 31, 2017
<b>Assets</b>		
Current assets:		
Cash	\$ 29	\$ 48
Accounts receivable, net	674	522
Inventories, net	849	701
Other current assets	44	47
Total current assets	1,596	1,318
Other assets	24	21
Property, plant and equipment, net	142	147
Intangible assets:		
Goodwill, net	485	486
Other intangible assets, net	334	368
	<u>\$ 2,581</u>	<u>\$ 2,340</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Trade accounts payable	\$ 470	\$ 415
Accrued expenses and other current liabilities	131	143
Current portion of long-term debt	4	4
Total current liabilities	605	562
Long-term obligations:		
Long-term debt, net	715	522
Deferred income taxes	99	106
Other liabilities	34	36
Commitments and contingencies		
6.5% Series A Convertible Perpetual Preferred Stock, \$0.01 par value; authorized 363,000 shares; 363,000 shares issued and outstanding	355	355
Stockholders' equity:		
Common stock, \$0.01 par value per share: 500 million shares authorized, 104,947,759 and 103,099,692 issued, respectively	1	1
Additional paid-in capital	1,717	1,691
Retained deficit	(502)	(548)
Less: Treasury stock at cost: 14,622,930 and 11,751,726 shares, respectively	(225)	(175)
Accumulated other comprehensive loss	(218)	(210)
	<u>773</u>	<u>759</u>
	<u>\$ 2,581</u>	<u>\$ 2,340</u>

**MRC Global Inc.**  
**Condensed Consolidated Statements of Operations (Unaudited)**  
*(in millions, except per share amounts)*

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
Sales	\$ 1,071	\$ 959	\$ 3,163	\$ 2,743
Cost of sales	899	807	2,645	2,302
Gross profit	172	152	518	441
Selling, general and administrative expenses	140	130	414	388
Operating income	32	22	104	53
Other expense:				
Interest expense	(10)	(9)	(28)	(24)
Write off of debt issuance costs	-	(8)	(1)	(8)
Other, net	2	-	4	-
Income before income taxes	24	5	79	21
Income tax expense	-	2	15	6
Net income	24	3	64	15
Series A preferred stock dividends	6	6	18	18
Net income (loss) attributable to common stockholders	\$ 18	\$ (3)	\$ 46	\$ (3)
Basic income (loss) per common share	\$ 0.20	\$ (0.03)	\$ 0.51	\$ (0.03)
Diluted income (loss) per common share	\$ 0.20	\$ (0.03)	\$ 0.50	\$ (0.03)
Weighted-average common shares, basic	90.3	94.5	90.6	94.6
Weighted-average common shares, diluted	91.7	94.5	92.4	94.6

**MRC Global Inc.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
*(in millions)*

	<b>Nine Months Ended</b>	
	<b>September 30, 2018</b>	<b>September 30, 2017</b>
<b>Operating activities</b>		
Net income	\$ 64	\$ 15
Adjustments to reconcile net income to net cash used in operations:		
Depreciation and amortization	17	16
Amortization of intangibles	34	34
Equity-based compensation expense	11	12
Deferred income tax benefit	(7)	(13)
Amortization of debt issuance costs	1	3
Write off of debt issuance costs	1	8
Increase in LIFO reserve	48	19
Other	2	1
Changes in operating assets and liabilities:		
Accounts receivable	(156)	(165)
Inventories	(206)	(100)
Other current assets	3	15
Accounts payable	58	127
Accrued expenses and other current liabilities	(16)	(9)
Net cash used in operations	<u>(146)</u>	<u>(37)</u>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(15)	(23)
Proceeds from the disposition of property, plant and equipment	6	-
Net cash used in investing activities	<u>(9)</u>	<u>(23)</u>
<b>Financing activities</b>		
Payments on revolving credit facilities	(808)	(468)
Proceeds from revolving credit facilities	1,004	518
Payments on long-term obligations	(3)	(18)
Debt issuance costs paid	(1)	(7)
Purchase of common stock	(50)	(18)
Dividends paid on preferred stock	(18)	(18)
Repurchases of shares to satisfy tax withholdings	(5)	(3)
Proceeds from exercise of stock options	21	-
Other	(1)	-
Net cash provided by (used in) financing activities	<u>139</u>	<u>(14)</u>
Decrease in cash	(16)	(74)
Effect of foreign exchange rate on cash	(3)	5
Cash -- beginning of period	48	109
Cash -- end of period	<u>\$ 29</u>	<u>\$ 40</u>

**MRC Global Inc.**  
**Supplemental Information (Unaudited)**  
**Reconciliation of Net Income to Adjusted EBITDA (a non-GAAP measure)**  
*(in millions)*

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u> <u>2018</u>	<u>September 30,</u> <u>2017</u>	<u>September 30,</u> <u>2018</u>	<u>September 30,</u> <u>2017</u>
Net income	\$ 24	\$ 3	\$ 64	\$ 15
Income tax expense	-	2	15	6
Interest expense	10	9	28	24
Depreciation and amortization	5	5	17	16
Amortization of intangibles	12	12	34	34
Increase in LIFO reserve	26	13	48	19
Change in fair value of derivative instruments	-	1	(1)	1
Equity-based compensation expense (1)	4	3	11	12
Write off of debt issuance costs (2)	-	8	1	8
Litigation settlement (3)	-	-	-	3
Foreign currency gains	(1)	-	-	(2)
Adjusted EBITDA	<u>\$ 80</u>	<u>\$ 56</u>	<u>\$ 217</u>	<u>\$ 136</u>

**Notes to above:**

- (1) Recorded in SG&A
- (2) Charge (pre-tax) to write off debt issuance costs related to refinancing our senior secured term loan in second quarter 2018. Charge (pre-tax) related to refinancing of our senior secured term loan and our asset based lending facility in third quarter 2017.
- (3) Charge (pre-tax) related to the settlement of litigation with Weatherford Canada Partnership in the second quarter 2017 recorded in Other, net.

The company defines Adjusted EBITDA as net income plus interest, income taxes, depreciation and amortization, amortization of intangibles, and certain other expenses, including non-cash expenses, (such as equity-based compensation, severance and restructuring, changes in the fair value of derivative instruments and asset impairments, including inventory) and plus or minus the impact of its LIFO inventory costing methodology. The company presents Adjusted EBITDA because the company believes Adjusted EBITDA is a useful indicator of the company's operating performance. Among other things, Adjusted EBITDA measures the company's operating performance without regard to certain non-recurring, non-cash or transaction-related expenses. Adjusted EBITDA, however, does not represent and should not be considered as an alternative to net income, cash flow from operations or any other measure of financial performance calculated and presented in accordance with GAAP. Because Adjusted EBITDA does not account for certain expenses, its utility as a measure of the company's operating performance has material limitations. Because of these limitations, the company does not view Adjusted EBITDA in isolation or as a primary performance measure and also uses other measures, such as net income and sales, to measure operating performance. See the Company's Annual Report filed on Form 10-K for a more thorough discussion of the use of Adjusted EBITDA.

**MRC Global Inc.**  
**Supplemental Information (Unaudited)**  
**Reconciliation of Gross Profit to Adjusted Gross Profit (a non-GAAP measure)**  
*(in millions)*

	<b>Three Months Ended</b>			
	<b>September 30, 2018</b>	<b>Percentage of Revenue</b>	<b>September 30, 2017</b>	<b>Percentage of Revenue</b>
Gross profit, as reported	\$ 172	16.1%	\$ 152	15.8%
Depreciation and amortization	5	0.5%	5	0.5%
Amortization of intangibles	12	1.1%	12	1.3%
Increase in LIFO reserve	26	2.4%	13	1.4%
Adjusted Gross Profit	<b>\$ 215</b>	<b>20.1%</b>	<b>\$ 182</b>	<b>19.0%</b>

	<b>Nine Months Ended</b>			
	<b>September 30, 2018</b>	<b>Percentage of Revenue</b>	<b>September 30, 2017</b>	<b>Percentage of Revenue</b>
Gross profit, as reported	\$ 518	16.4%	\$ 441	16.1%
Depreciation and amortization	17	0.5%	16	0.6%
Amortization of intangibles	34	1.1%	34	1.2%
Increase in LIFO reserve	48	1.5%	19	0.7%
Adjusted Gross Profit	<b>\$ 617</b>	<b>19.5%</b>	<b>\$ 510</b>	<b>18.6%</b>

**Notes to above:**

The company defines Adjusted Gross Profit as sales, less cost of sales, plus depreciation and amortization, plus amortization of intangibles, and plus or minus the impact of its LIFO inventory costing methodology. The company presents Adjusted Gross Profit because the company believes it is a useful indicator of the company's operating performance without regard to items, such as amortization of intangibles, that can vary substantially from company to company depending upon the nature and extent of acquisitions of which they have been involved. Similarly, the impact of the LIFO inventory costing method can cause results to vary substantially from company to company depending upon whether they elect to utilize LIFO and depending upon which method they may elect. The company uses Adjusted Gross Profit as a key performance indicator in managing its business. The company believes that gross profit is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to Adjusted Gross Profit.

**MRC Global Inc.**  
**Supplemental Sales Information (Unaudited)**  
*(in millions)*

**Disaggregated Sales by Segment**

<b>Three Months Ended September 30,</b>				
	<u>U.S.</u>	<u>Canada</u>	<u>International</u>	<u>Total</u>
<b>2018:</b>				
Upstream	\$ 213	\$ 59	\$ 66	\$ 338
Midstream	406	11	5	422
Downstream	240	8	63	311
	<u>\$ 859</u>	<u>\$ 78</u>	<u>\$ 134</u>	<u>\$ 1,071</u>
<b>2017:</b>				
Upstream	\$ 164	\$ 58	\$ 47	\$ 269
Midstream	409	14	14	437
Downstream	186	5	62	253
	<u>\$ 759</u>	<u>\$ 77</u>	<u>\$ 123</u>	<u>\$ 959</u>

<b>Nine Months Ended September 30,</b>				
	<u>U.S.</u>	<u>Canada</u>	<u>International</u>	<u>Total</u>
<b>2018:</b>				
Upstream	\$ 580	\$ 180	\$ 187	\$ 947
Midstream	1,253	33	18	1,304
Downstream	710	23	179	912
	<u>\$ 2,543</u>	<u>\$ 236</u>	<u>\$ 384</u>	<u>\$ 3,163</u>
<b>2017:</b>				
Upstream	\$ 463	\$ 169	\$ 140	\$ 772
Midstream	1,134	39	55	1,228
Downstream	548	15	180	743
	<u>\$ 2,145</u>	<u>\$ 223</u>	<u>\$ 375</u>	<u>\$ 2,743</u>

**MRC Global Inc.**  
**Supplemental Sales Information (Unaudited)**  
*(in millions)*

**Sales by Product Line**

<b>Type</b>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2018</b>	<b>2017 (1)</b>	<b>2018</b>	<b>2017 (1)</b>
Line pipe	\$ 186	\$ 201	\$ 556	\$ 517
Carbon steel fittings and flanges	182	143	531	405
Total carbon steel pipe, fittings and flanges	368	344	1,087	922
Valves, automation, measurement and instrumentation	393	338	1,146	987
Gas products	154	131	425	372
Stainless steel and alloy pipe and fittings	48	45	150	136
General oilfield products	108	101	355	326
	<b>\$ 1,071</b>	<b>\$ 959</b>	<b>\$ 3,163</b>	<b>\$ 2,743</b>

**Notes to above:**

(1) \$19 million and \$55 million of sales for the three and nine months ended September 30, 2017, respectively, have been reclassified from gas products to general oilfield products to conform with the current year presentation.



**MRC Global Inc.**  
**Supplemental Information (Unaudited)**  
**Reconciliation of Net Income Attributable to Common Stockholders to**  
**Adjusted Net Income Attributable to Common Stockholders (a non-GAAP measure)**  
*(in millions, except per share amounts)*

	<b>September 30, 2018</b>			
	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Amount</b>	<b>Per Share*</b>	<b>Amount</b>	<b>Per Share</b>
Net income attributable to common stockholders	\$ 18	\$ 0.20	\$ 46	\$ 0.50
Increase in LIFO reserve, net of tax	20	0.22	37	0.40
Adjusted net income attributable to common stockholders	<b>\$ 38</b>	<b>\$ 0.41</b>	<b>\$ 83</b>	<b>\$ 0.90</b>

	<b>September 30, 2017</b>			
	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>Amount</b>	<b>Per Share</b>	<b>Amount</b>	<b>Per Share</b>
Net income attributable to common stockholders	\$ (3)	\$ (0.03)	\$ (3)	\$ (0.03)
Increase in LIFO reserve, net of tax	8	0.08	12	0.13
Adjusted net income attributable to common stockholders	<b>\$ 5</b>	<b>\$ 0.05</b>	<b>\$ 9</b>	<b>\$ 0.10</b>

**Notes to above:**

\* Column does not foot due to rounding.

The Company defines Adjusted Net Income Attributable to Common Stockholders (a non-GAAP measure) as Net Income Attributable to Common Stockholders plus or minus the after-tax impact of its LIFO inventory costing methodology. The Company presents Adjusted Net Income Attributable to Common Stockholders and related per share amounts because the Company believes it provides useful comparisons of the Company's operating results to other companies, including those companies with whom we compete in the distribution of pipe, valves and fittings to the energy industry, without regard to the LIFO inventory costing methodology. The impact of the LIFO inventory costing methodology can cause results to vary substantially from company to company depending upon whether they elect to utilize LIFO and depending upon which method they may elect. The Company believes that Net Income Attributable to Common Stockholders is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly compared to Adjusted Net Income Attributable to Common Stockholders.

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