

## Barclays – CEO Energy - Power Conference

September 4, 2014



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Chairman, President & CEO

**MRC Global**<sup>TM</sup>

## 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” 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, adjusted gross profit, 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.

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).

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### 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.

# Company Snapshot

## By the Numbers

2014 Sales Guidance      \$5.7B - \$5.9B

Employees      4,900+

Locations      400+

Countries

- Operations      20
- Direct Sales      45+  
(>\$100,000)
- All countries      90+

Customers      19,000+

Suppliers      20,000+

SKU's      230,000+

## Industry Sectors

### Upstream



### Midstream



### Downstream/ Industrial



## Product Categories

### Line Pipe / OCTG



### Valves



### Fittings / Flanges



**MRC Global is the largest global distributor of pipe, valves and fittings (PVF) to the energy industry, by sales**

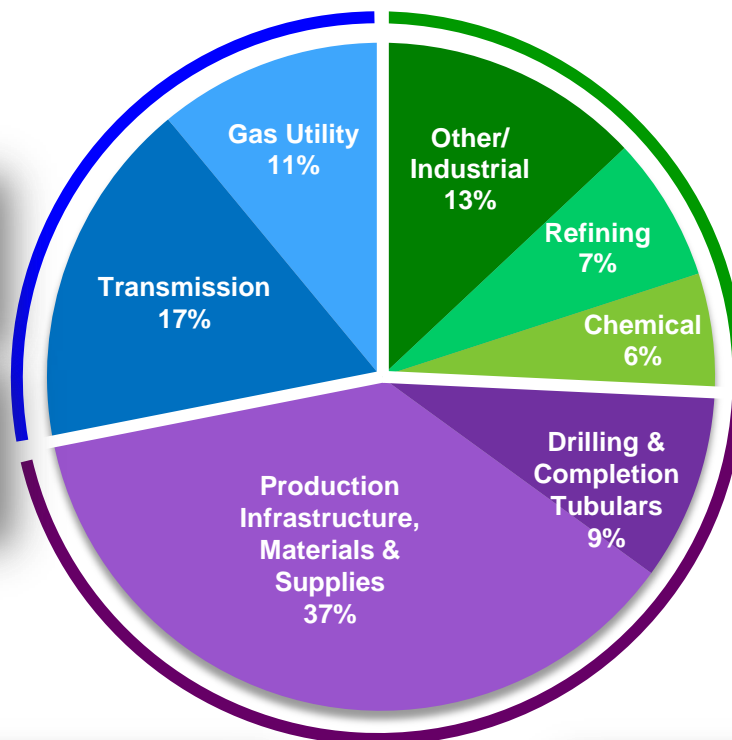


# MRC Global Revenue Diversification by Industry Sector

## 28% Midstream



## Downstream 26%

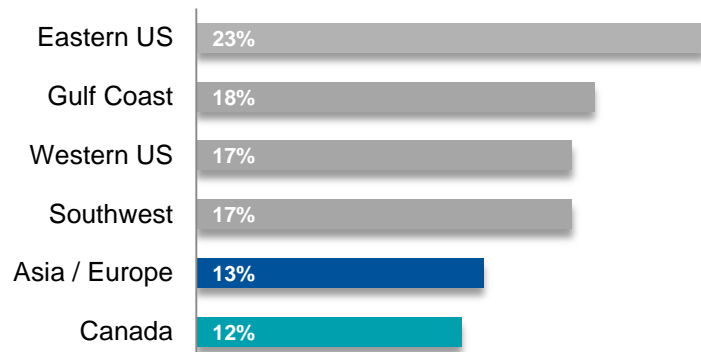


## Upstream 46%



# MRC Global Revenue Diversification

## By Geography



Houston, TX



Edmonton, AB



Bradford, UK



Singapore



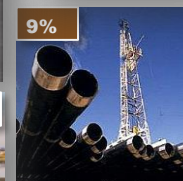
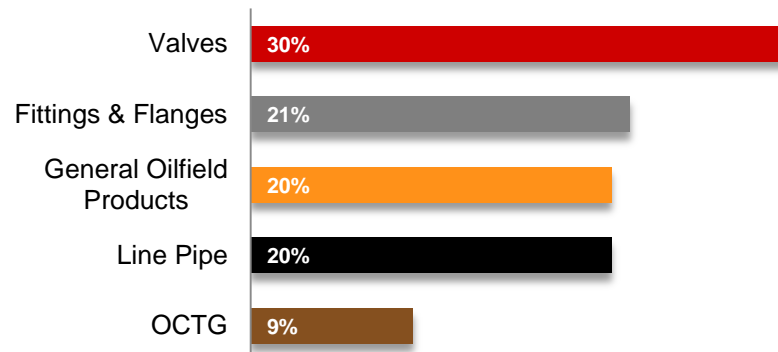
Perth, AU



Stavanger, NO



## By Product Line



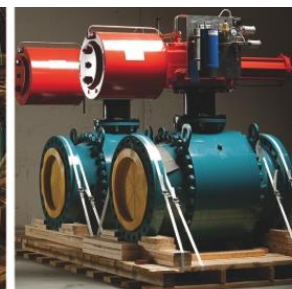
# Why Customers Choose Distribution & MRC Global

## Benefits of MRC Global

- Supplier Registration / Preferred Supplier List
- Global delivery footprint with 1.5 million+ sq.ft. of regional distribution centers
- Approximately \$1.1 billion+ in global inventory
- Global sourcing from 45+ countries

## Integrated Supply Chain Services

- Cost Savings and Efficiencies
- Technical Assistance / Product Recommendation
- Warehouse and Logistics Management
- Inventory Consignment / Just-in-Time Delivery
- Customized IT Solutions



**Generating savings and efficiencies for our customers  
while enabling them to focus on their core competencies**



# Long-Term Supplier & Customer Relationships

## SUPPLIERS

### Energy Carbon Steel Tubular Products

CSI Tubular      JMC  
Wheatland

Tenaris      TMK-  
IPSCO      U.S.  
Steel

### Valves

Balon      Cameron      Flowserve

Kitz      Neway      Velan

### Fittings, Flanges and General Use Products

Boltex      Bonney  
Forge      Chevron  
Phillips  
Chemical

Tube  
Forgings of  
America      WL Plastics

## IOCs



ExxonMobil



**MRC Global™**

## CUSTOMERS

### Downstream

DOW      DuPont      Marathon  
Petroleum

Phillips 66      Valero

### Midstream

Access  
Midstream      AGL  
Resources      Atmos

DCP  
Midstream      NiSource      PG&E      Williams

### Upstream

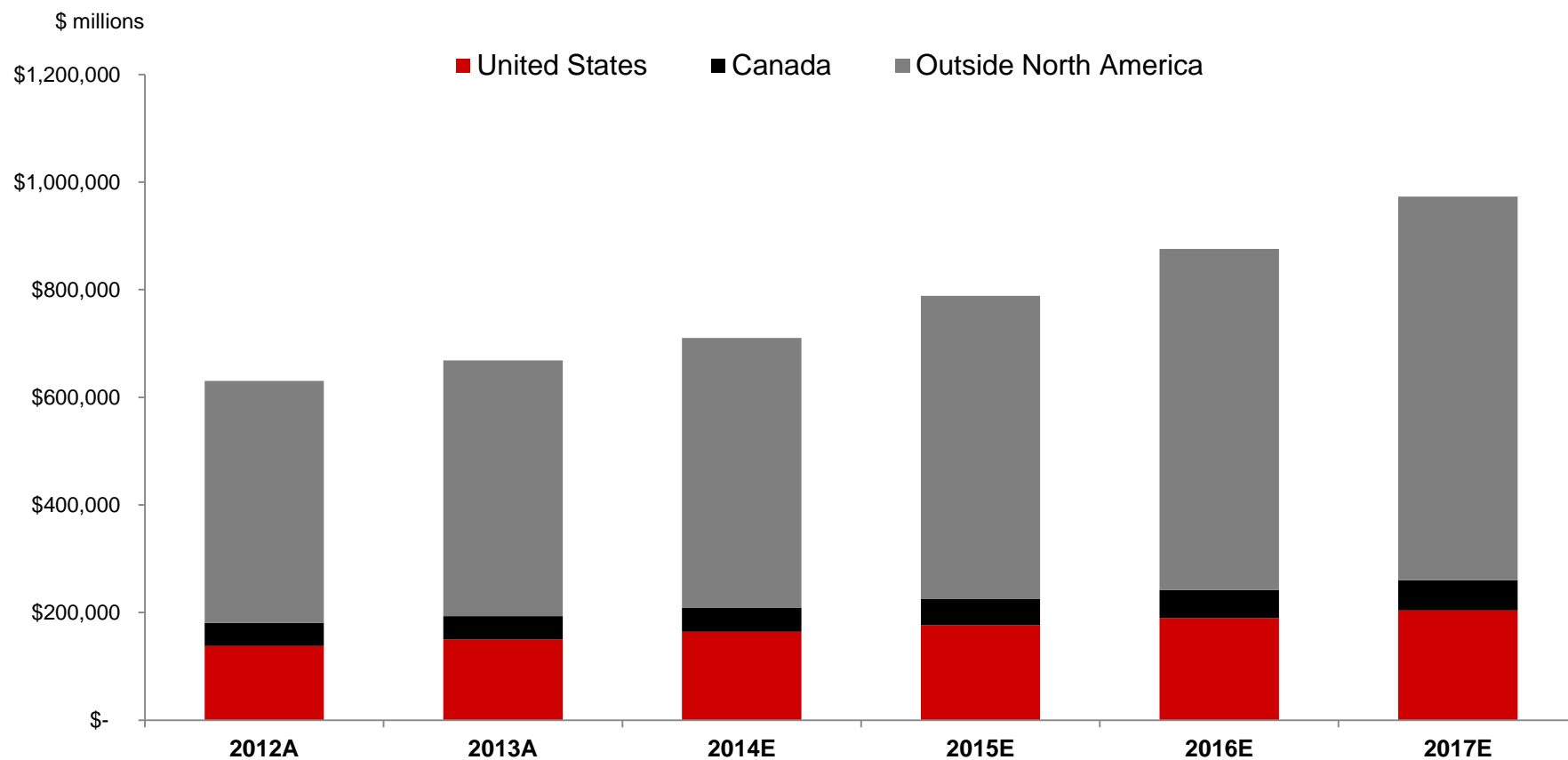
Apache      Anadarko      CNRL

Chesapeake  
Energy      ConocoPhillips      Devon

Hess      Husky  
Energy      Marathon  
Oil      Statoil

**MRC Global plays a vital role in the complex, technical, global energy supply chain**

## Global E&P Spending





## Strategic Objectives

### Execute Global Preferred Supplier Contracts

- **Chevron**
  - Kazakhstan, Future Growth Project, PFF
  - Thailand & Australia, MRO, PVF
- **ConocoPhillips**
  - Lower 48 states & Canada, MRO, PVF

### Organic Growth

- Targeted Growth Accounts: develop the “next 75” customers

#### Customer Mix - Sales<sup>1</sup>

49%	Top 1 - 25
23%	Targeted Growth Accounts
28%	All Other - 19,000+ customers

### Growth from Mergers & Acquisitions

- Add product lines to complete global PVF offerings and geographies for scale and expertise
  - **Stream AS** – Norway
  - **NAWAH/MRC Global/US Steel Tubular Products consortium** – Iraq
  - **MSD Engineering** – Singapore and SE Asia
  - **HypTeck** – Norway

### Rebalance Product Mix to Higher Margin Items

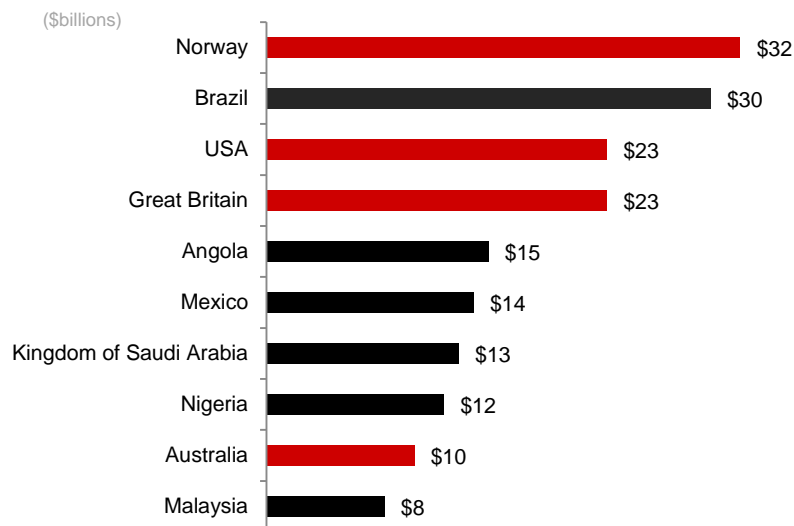
- Focus on valve and valve automation
- Strengthen offerings in stainless & alloy PFF

1. Percentage of sales for the twelve months ended June 30, 2014.

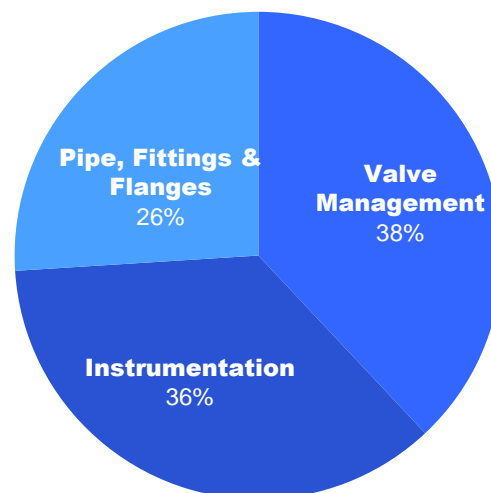
## Strategic Expansion into Offshore

- Top 4 largest offshore markets = \$100 billion E&P spend
- Norway is the largest
- MRC Global revenue mix<sup>1</sup>
  - Pre **Stream** acquisition – approx. 98% onshore, 2% offshore
  - Pro-forma post **Stream** acquisition – approx. 92% onshore, 8% offshore

Top 10 Global Offshore E&P Markets (2012)<sup>2</sup>



Stream 2013 Sales by Product Class



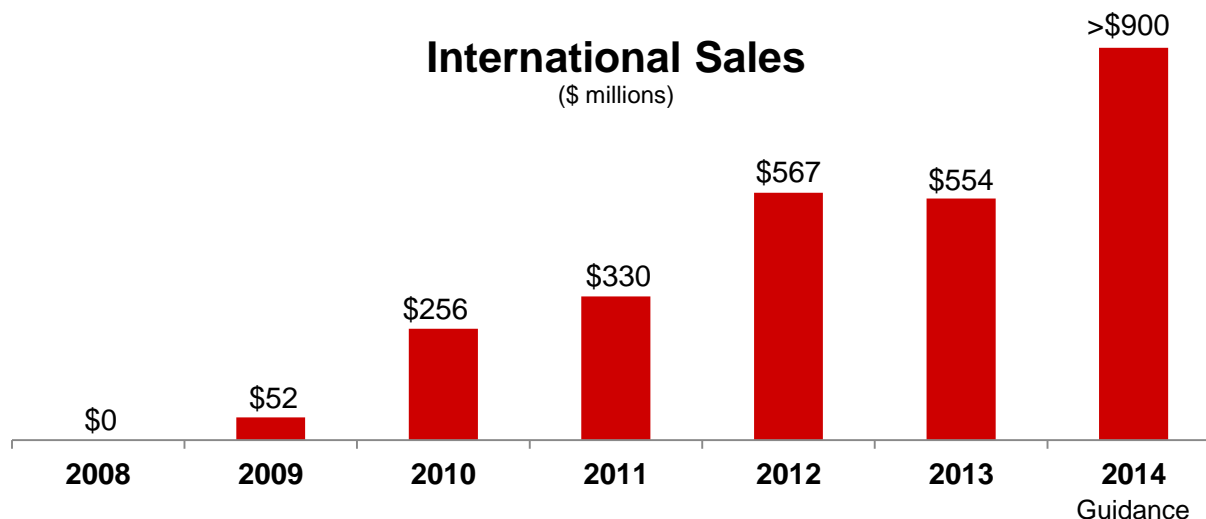
1. For the year ended December 31, 2013

2. Source: Rystad Energy, 2013

# M&A - Track Record of Strategic Acquisitions

## Acquisition Priorities

- International branch platform for “super majors” E&P spend
- Branch platforms/infrastructure for North American shale plays
- Global valve and valve automation
- Global stainless/alloys



Date	Acquisition	Rationale	Region	Revenue <sup>1</sup> (\$ millions)
Jan-14	Stream	International Offshore PVF	Norway	\$ 271
May-14	MSD Engineering	Valve Automation	Singapore & SE Asia	26
Jun-14	HypTeck	International Offshore	Norway	38

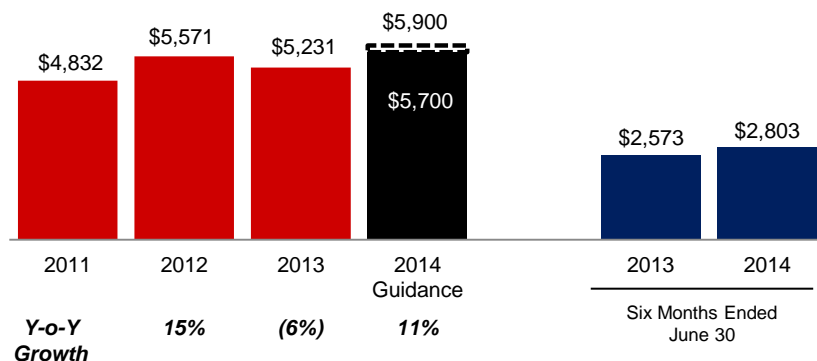
**\$ 335 million**

1. Reflects reported revenues for 2013.

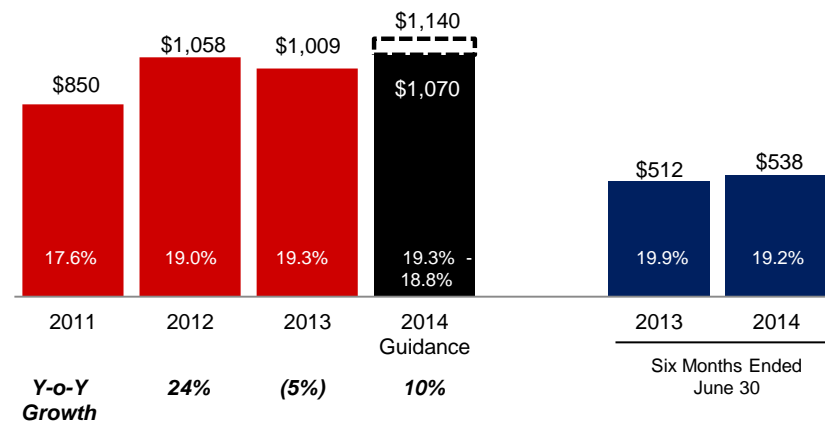
# Financial Metrics

(\$ in millions, except per share data)

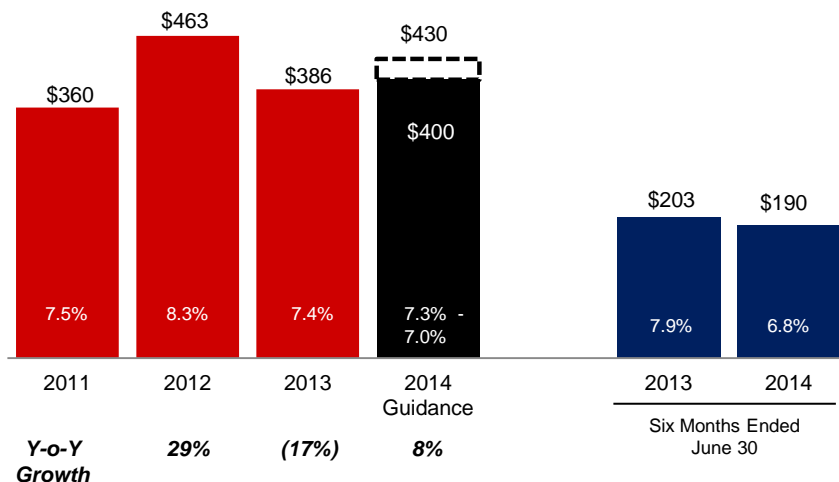
## Sales



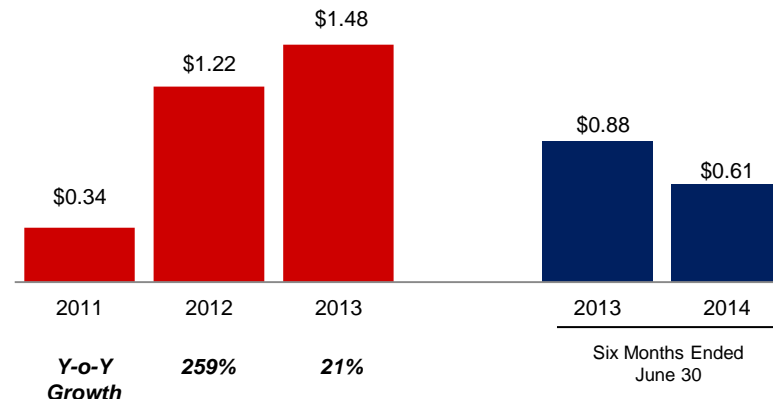
## Adjusted Gross Profit and % Margin



## Adjusted EBITDA and % Margin



## Diluted EPS

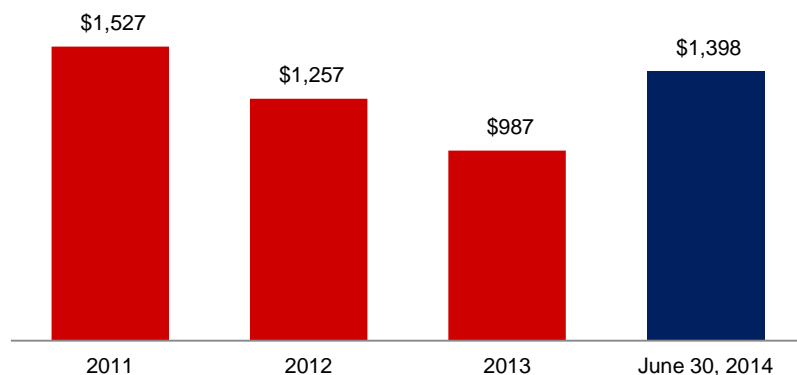




## Balance Sheet Metrics

(\$ in millions)

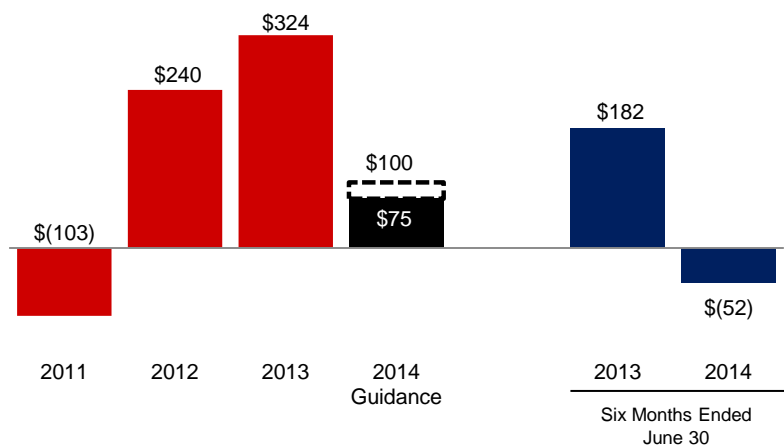
### Total Debt



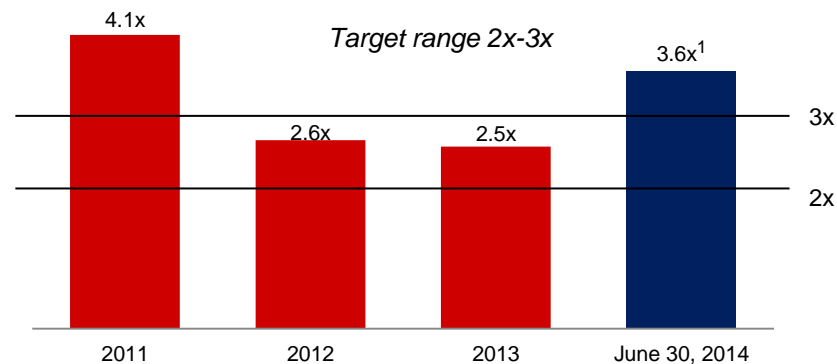
### Capital Structure

	June 30, 2014
<b>Cash and Cash Equivalents</b>	<b>\$ 36</b>
Total Debt (including current portion):	
Term Loan B due 2019, net of discount	784
Global ABL Facility due 2019	614
<b>Total Debt</b>	<b>\$ 1,398</b>
Total Equity	\$ 1,416
<b>Total Capitalization</b>	<b>\$ 2,814</b>

### Cash Flow from Operations



### Net Leverage



1. The net leverage ratio is 3.4x pro forma for the acquisition of Stream, Flangeftit, MSD and HypTeck.

# **Appendix**

## Adjusted EBITDA Reconciliation

(\$ in millions)	Six months ended June 30		Year ended December 31		
	2014	2013	2013	2012	2011
Net income	\$ 62.8	\$ 90.0	\$ 152.1	\$ 118.0	\$ 29.0
Income tax expense	34.0	44.2	84.8	63.7	26.8
Interest expense	30.5	30.5	60.7	112.5	136.8
Increase (decrease) in LIFO reserve	2.1	(15.6)	(20.2)	(24.1)	73.7
Expenses associated with refinancing	-	-	5.1	1.7	9.5
Loss on early extinguishment of debt	-	-	-	114.0	-
Depreciation and amortization	10.5	11.2	22.3	18.6	17.0
Amortization of intangibles	33.9	26.0	52.1	49.5	50.7
Change in fair value of derivative instruments	4.3	(2.4)	(4.7)	(2.2)	(7.0)
Equity-based compensation expense	4.0	4.6	15.5	8.5	8.4
Loss on sale of Canadian progressive cavity pump business	6.2	-	-	-	-
Executive separation expense (cash portion)	-	-	0.8	-	-
Insurance charge	-	-	2.0	-	-
Employee severance	5.0	-	-	-	-
Foreign currency (gains) losses	(3.1)	13.4	12.9	(0.8)	(0.6)
Pension settlement	-	-	-	4.4	-
Legal and consulting expenses	-	-	-	(1.2)	9.9
Joint venture termination	-	-	-	-	1.7
Other expense	-	0.8	3.0	0.6	4.6
<b>Adjusted EBITDA</b>	<b>\$ 190.2</b>	<b>\$ 202.7</b>	<b>\$ 386.4</b>	<b>\$ 463.2</b>	<b>\$ 360.5</b>

## Adjusted Gross Profit Reconciliation

(\$ in millions)	Six months ended June 30		Year ended December 31		
	2014	2013	2013	2012	2011
Gross Profit	\$ 491.6	\$ 490.5	\$ 954.8	\$ 1,013.7	\$ 708.2
Depreciation and amortization	10.5	11.5	22.3	18.6	17.0
Amortization of intangibles	33.9	26.0	52.1	49.5	50.7
Increase (decrease) in LIFO reserve	2.1	(15.6)	(20.2)	(24.1)	73.7
Adjusted Gross Profit	\$ 538.1	\$ 512.1	\$1,009.0	\$ 1,057.7	\$ 849.6