

## Stephens 2014 Fall Investment Conference

November 11, 2014



**Jim Braun**

Executive Vice President & CFO

**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).

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.

## Company Snapshot

### By the Numbers

#### 2014 Guidance:

Sales \$5.90B - \$5.97B

Adjusted EBITDA \$430 - \$450M

Employees 4,800+

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



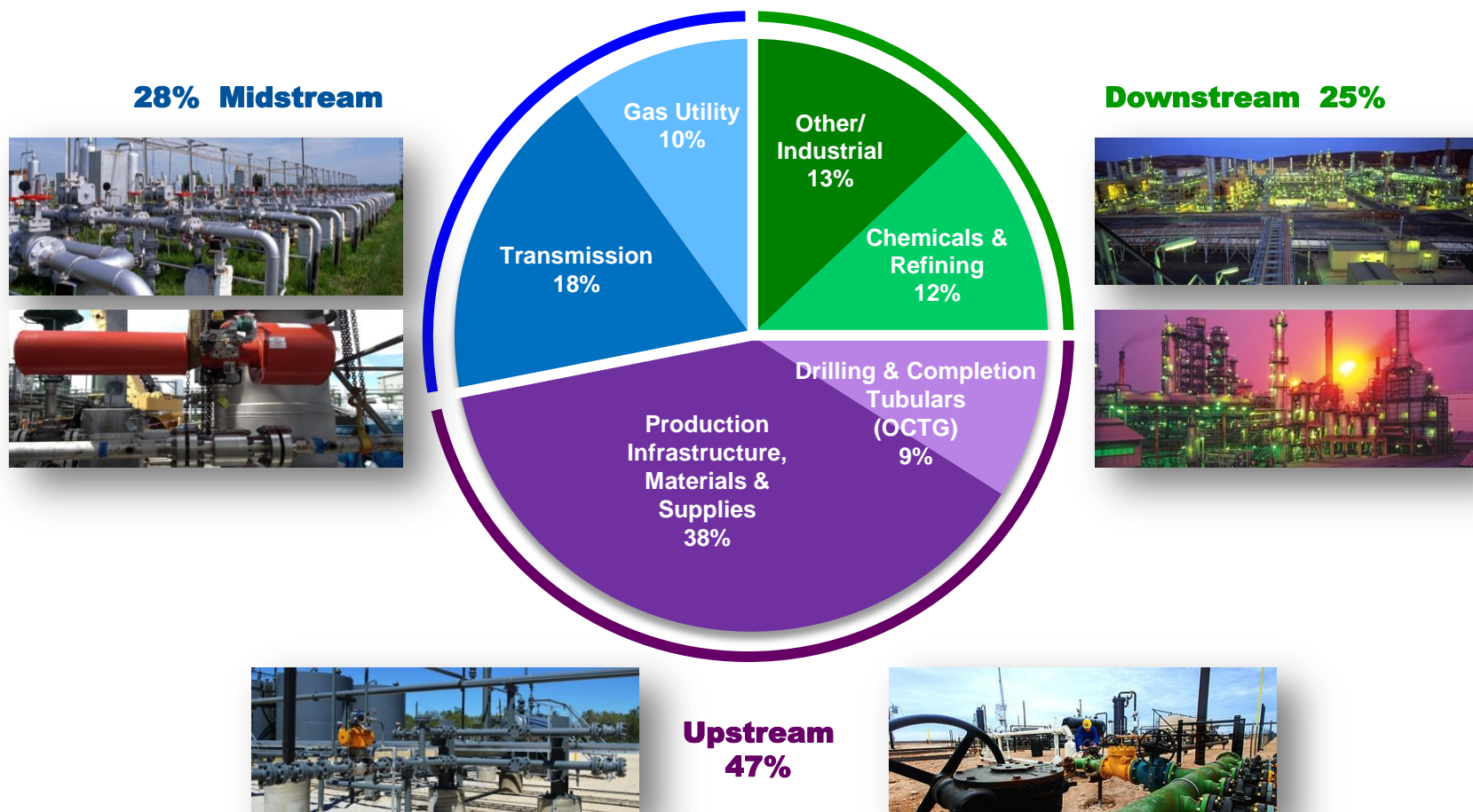
#### Fittings & Flanges



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



## Diversification by Industry Sector - Revenue

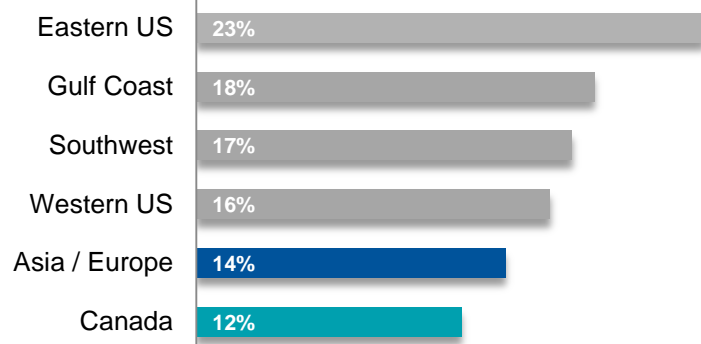


Note: Percentage of sales for the twelve months ended September 30, 2014.

**Diversified Across All Three Major Energy Sectors**

# Revenue by Geography and Product Line

## By Geography



Houston, TX



Edmonton, AB



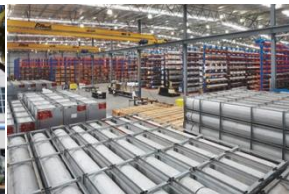
Bradford, UK



Singapore



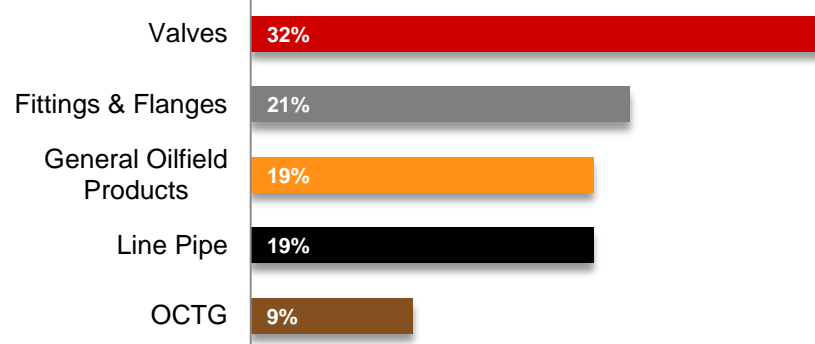
Perth, AU



Stavanger, NO



## By Product Line



Note: Percentage of sales for the twelve months ended September 30, 2014.

**Diversified Across Multiple Geographies -  
Domestically (all shale plays) and Internationally**

# Global Footprint to Serve Customers - North America

Nisku, AB



Cheyenne, WY



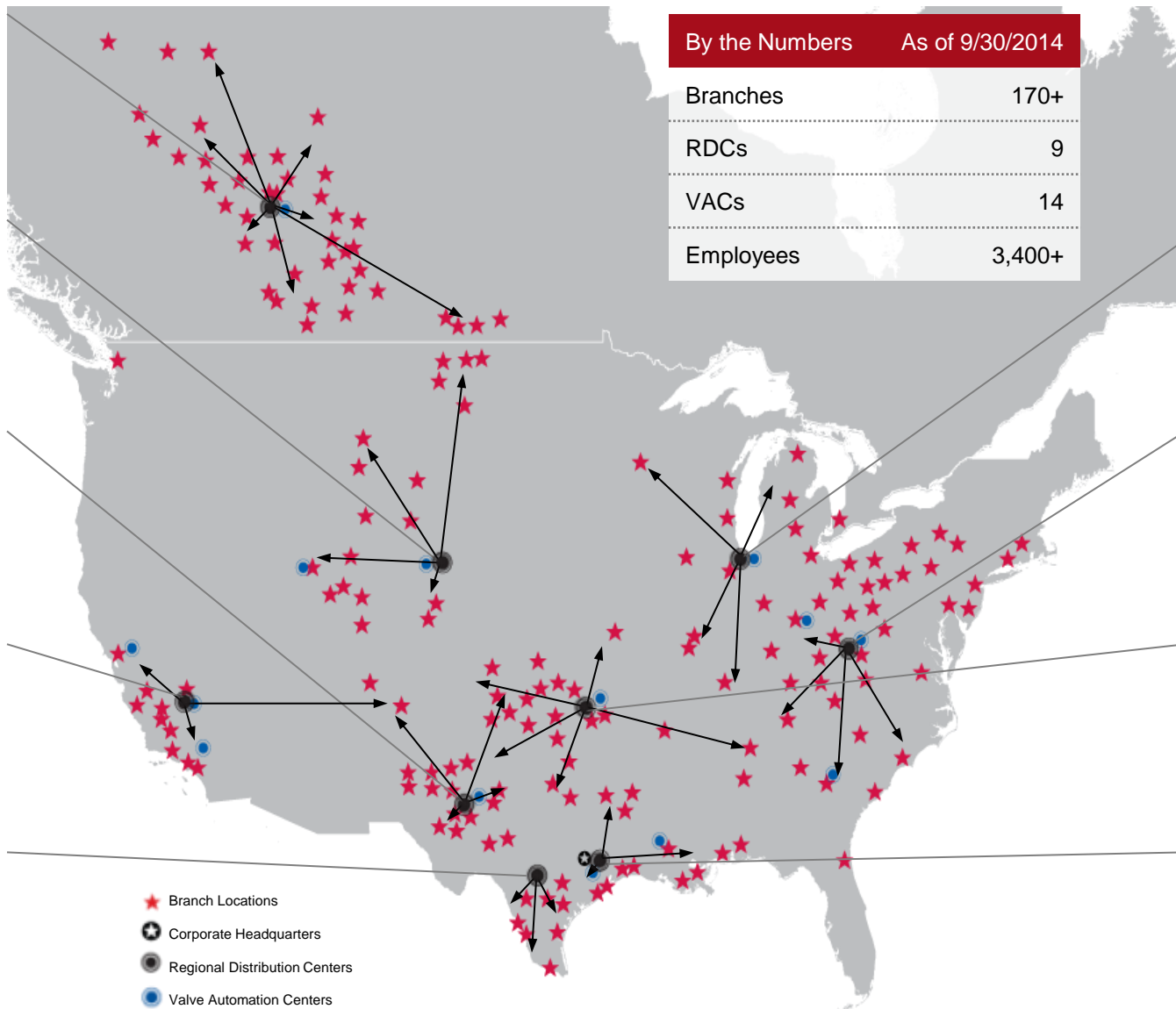
Odessa, TX



Bakersfield, CA



San Antonio, TX



Munster, IN



Nitro, WV



Tulsa, OK



Houston, TX





## Global Footprint to Serve Customers - Europe

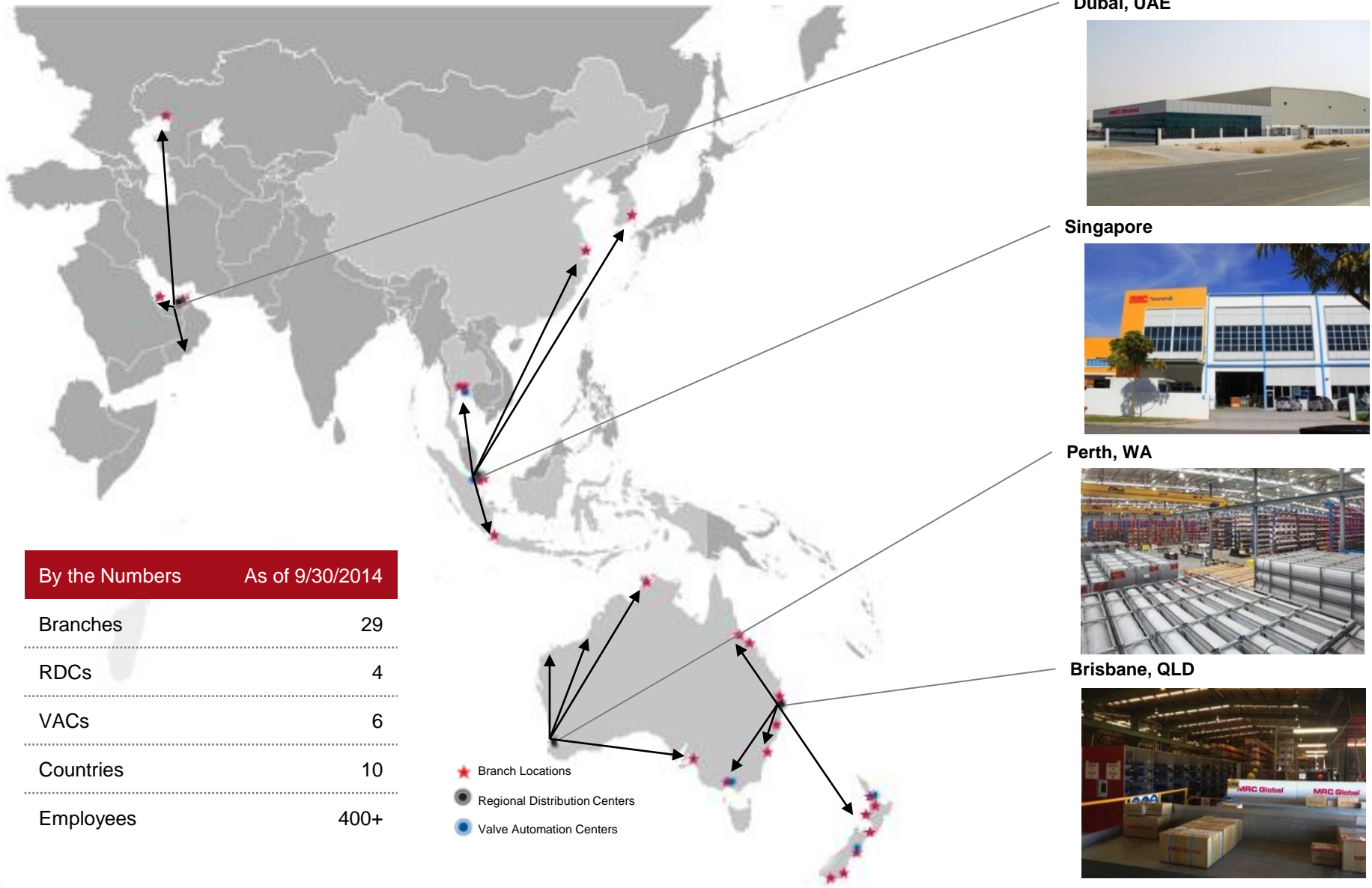


### By the Numbers

As of 9/30/2014

Branches	34
RDCs	3
VACs	15
Countries	8
Employees	900+

# Global Footprint to Serve Customers - Asia Pacific & Middle East



## By the Numbers

As of 9/30/2014

Branches	29
RDCs	4
VACs	6
Countries	10
Employees	400+



# Why Customers Choose MRC Global – Well Positioned

## Benefits of MRC Global

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

**MRC Global is #7 on Industrial Distribution magazine's annual list of the 50 largest industrial distributors<sup>1</sup>, "The Big 50"**

1. Wolseley
2. Wurth Group
3. W.W. Grainger
4. HD Supply
5. Wesco
6. Anixter
7. MRC Global



1. September/October 2014 edition, based on 2013 revenue.

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

## MRC Global is a leading provider of Integrated Supply Services to the Energy Industry



### Integrated Supply Statistics

- Supplying Integrated Supply services *since 1988*
- Accounts for sales in *excess of \$800 million* and growing rapidly
- Employ over *165 personnel* at customer sites
- Providing Integration Services on *over 100 customer sites*
- Managing *over 1.4 million customer part numbers*
- Consignment inventories in *excess of \$35 million at 700 locations*
- Manage customer-owned point of use materials at *over 800 locations*

# 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

Emerson

### Fittings, Flanges and General Use Products

Boltex      Bonney  
Forge      Chevron  
Phillips  
Chemical

Tube  
Forgings of  
America      WL Plastics

**MRC Global™**

## IOCs



ExxonMobil



## 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**



# End Market Opportunities

## MRC Global Revenue Mix by End Market<sup>1</sup>

**Upstream 47%**

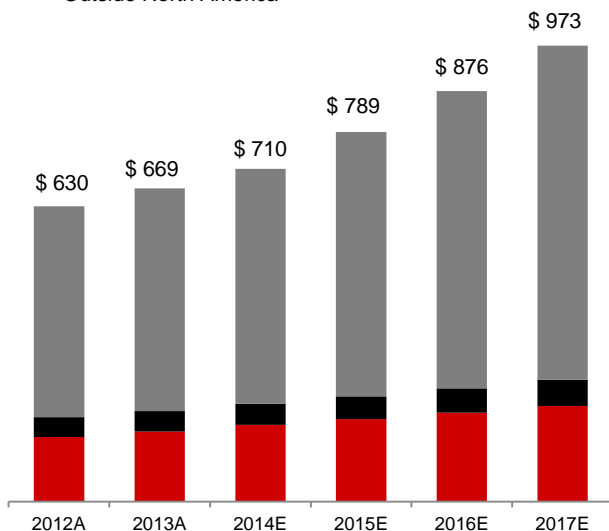
**Midstream 28%**

**Downstream 25%**

## Global E&P Spending<sup>2</sup>

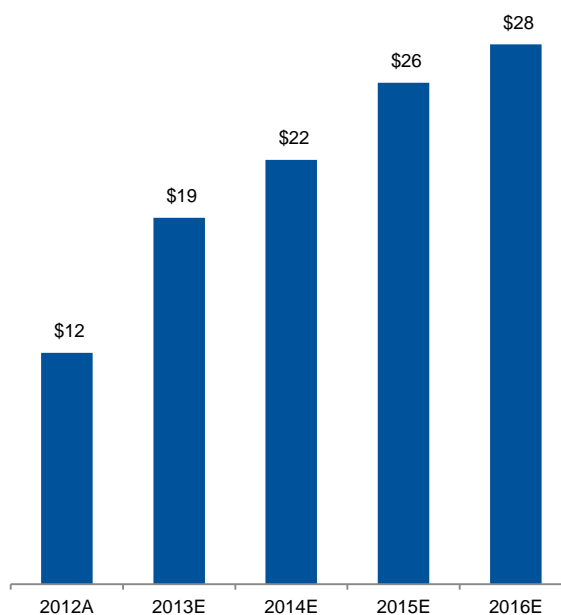
\$ Billions

■ United States  
■ Canada  
■ Outside North America



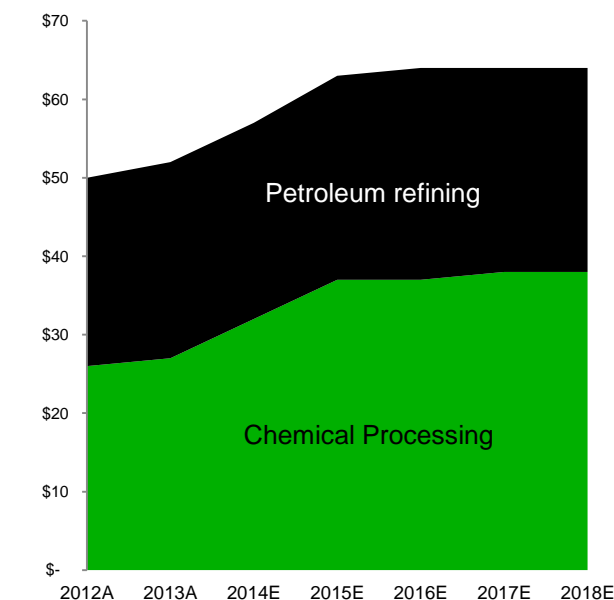
## Large Project Pipeline Spending<sup>3</sup>

\$ Billions



## Petroleum Refining & Chemical Processing Spending in North America<sup>4</sup>

\$ Billions



1. Percentage of sales for the twelve months ended September 30, 2014.
2. Source: Barclays June 2014 E&P Spending Outlook.
3. Source: Stifel "Pipelines: 2015 Spending & Awards Climb; Visibility into Strength Through 2017", September 15, 2014.
4. Source: Industrial Info Resources: August 2014.

## Strategic Objectives

### Execute Global Preferred Supplier Contracts

- Focus on multi-year “Top 25” MRO agreements
- **Chevron**
  - Kazakhstan, Future Growth Project, PFF
  - Thailand & Australia, MRO, PVF
- **ConocoPhillips**
  - Lower 48 states & Canada, MRO, PVF

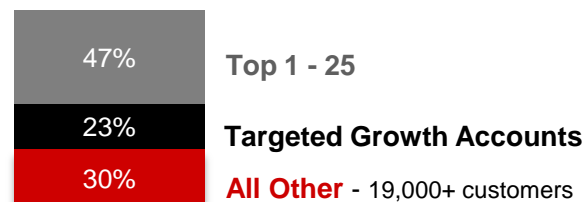
### Growth from Mergers & Acquisitions

- 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

### Organic Growth

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

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



### Rebalance Product Mix to Higher Margin Items

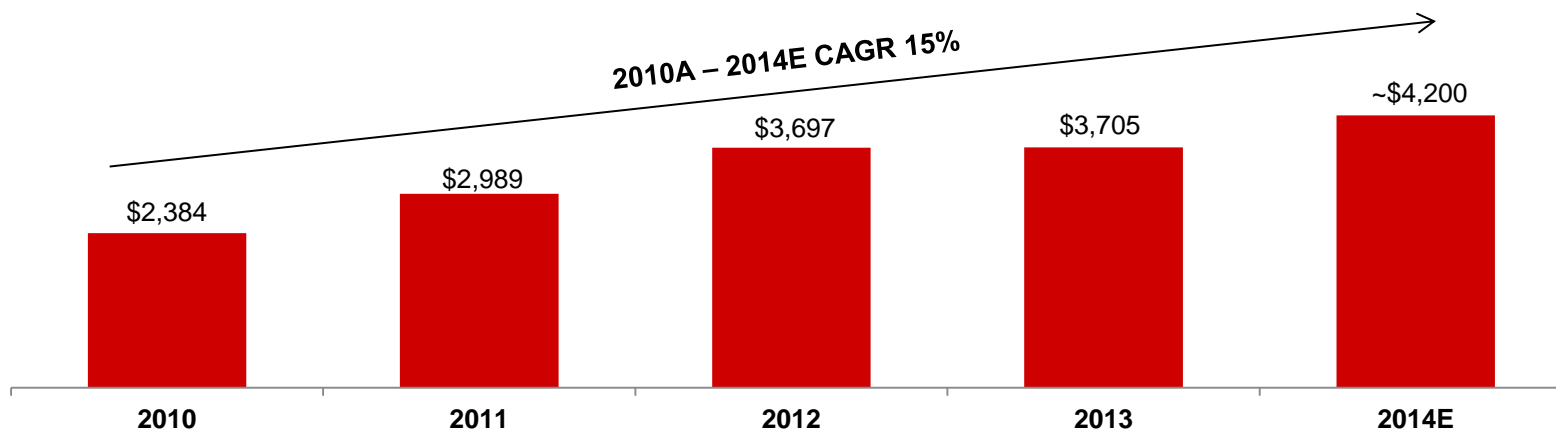
- Focus on valve and valve automation
- Strengthen offerings in stainless & alloy PFF

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

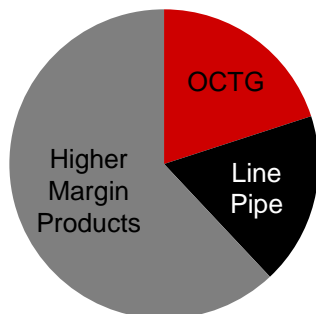
## Strategic Shift in Product Mix to Higher Margin Products

Total Revenue less Carbon Energy Tubulars (OCTG & Line Pipe)

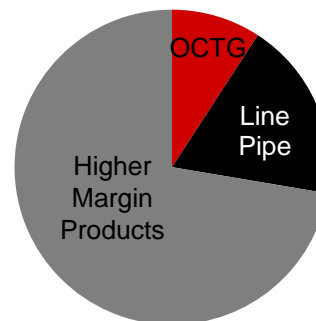
(\$ millions)



2010 Revenue



2014 Revenue



15% CAGR Over Past 4 Years

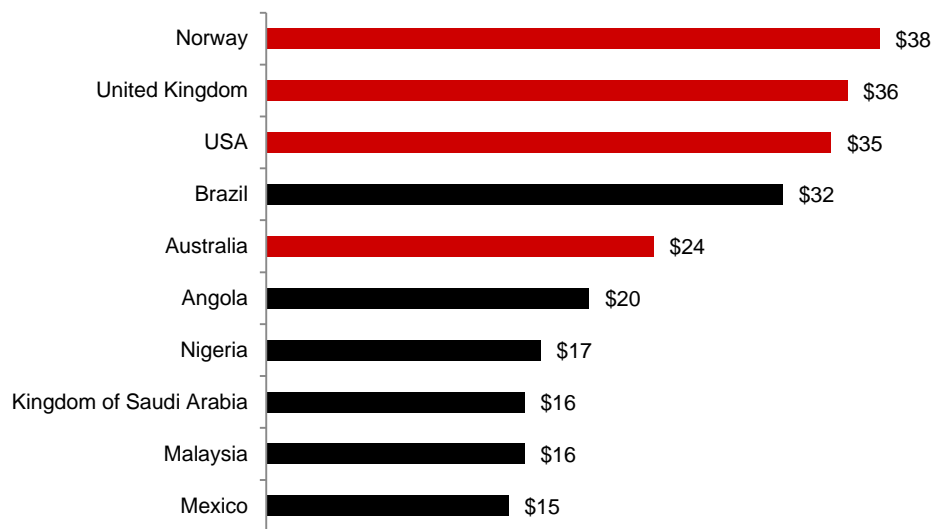


## Strategic Expansion into Offshore Production Platform MRO

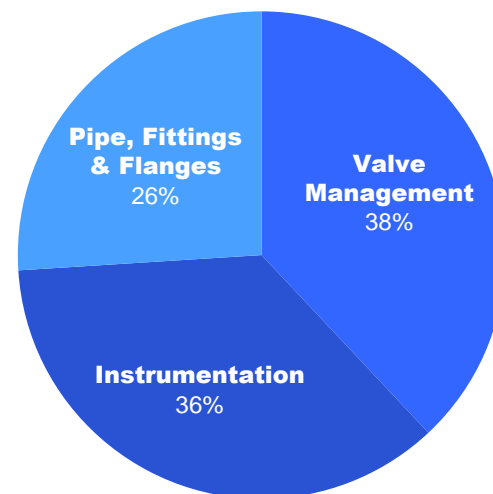
- Top 4 largest offshore markets ~\$140 billion E&P spend
  - Norway is the largest – we are now positioned in 4 of the 5 largest offshore markets
- MRC Global revenue mix
  - Pre **Stream** acquisition – approx. 98% onshore, 2% offshore
  - Pro-forma post **Stream** acquisition – approx. 92% onshore, 8% offshore

### Top 10 Global Offshore E&P Markets (2013)<sup>1</sup>

(\$ billions)



### Stream 2013 Sales by Division

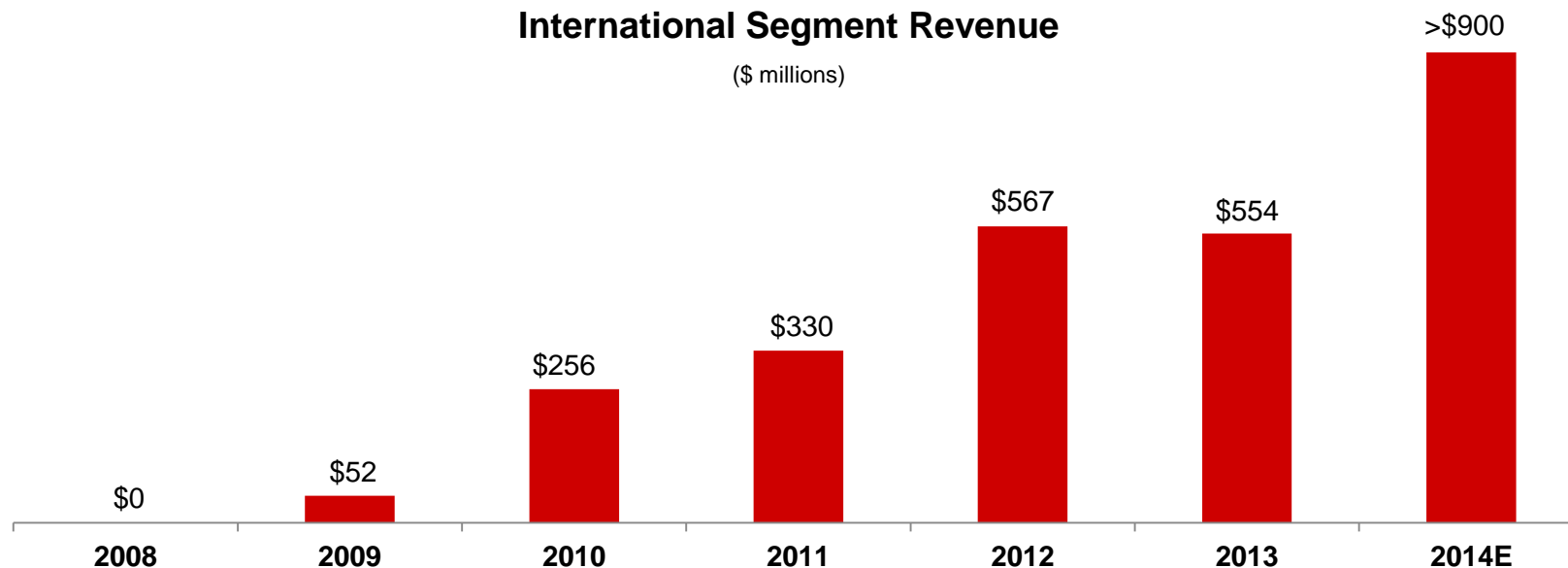


1. Source: Rystad Energy, September 2014

## Building an International Platform

### International Segment Revenue

(\$ millions)



### 2014 International Acquisitions

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.

## Executive Management – September 1, 2014

### Over 30 years average individual experience



**Andy Lane**

Chairman, President & CEO



**Jim Dionisio**

Senior VP  
SCM – Energy  
Tubular Products



**Gary Ittner**

Senior VP  
SCM – Valves,  
Fittings, Flanges,  
Alloys & Oilfield  
Supply



**Rory Isaac**

Senior VP  
Business  
Development



**Jim Braun**

Executive VP  
& CFO



**Dan Churay**

Executive VP  
Corporate Affairs,  
General Counsel &  
Corporate Secretary



**Scott  
Hutchinson**

Senior VP  
North America  
Operations



**Steinar Aasland**

Senior VP  
Europe Region



**John Bowhay**

Senior VP  
Asia Pacific &  
Middle East Region



## **Financial Overview**

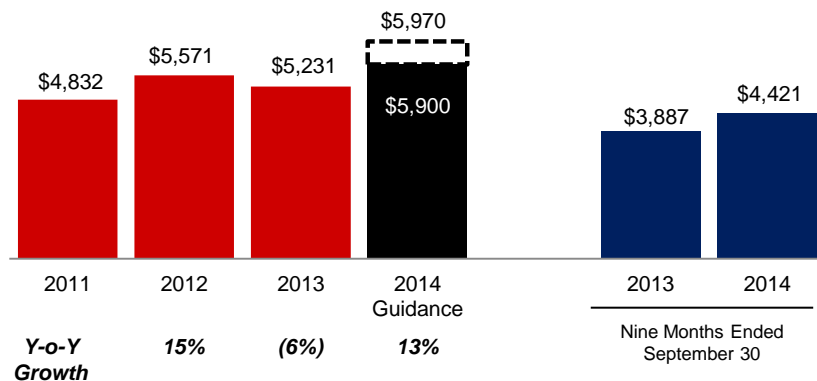
## 3Q 2014 Highlights

- New quarterly company records
  - Revenue \$1.618 billion
  - Backlog \$1.254 billion as of 9/30/14
  - Revenue from valves \$531 million
- 19.0% Adjusted Gross Profit
- \$132 million Adjusted EBITDA (8.2%)
- SG&A cost saving initiatives yield ~\$17 million in annual savings beginning in 4Q 2014
- Early stages - midstream customers pull-through occurring
- Carbon energy tubular pricing improved throughout quarter

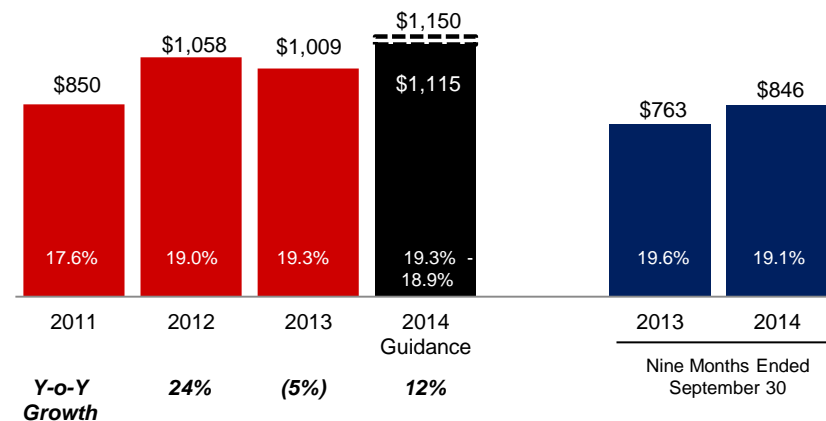
## Financial Metrics

(\$ millions, except per share data)

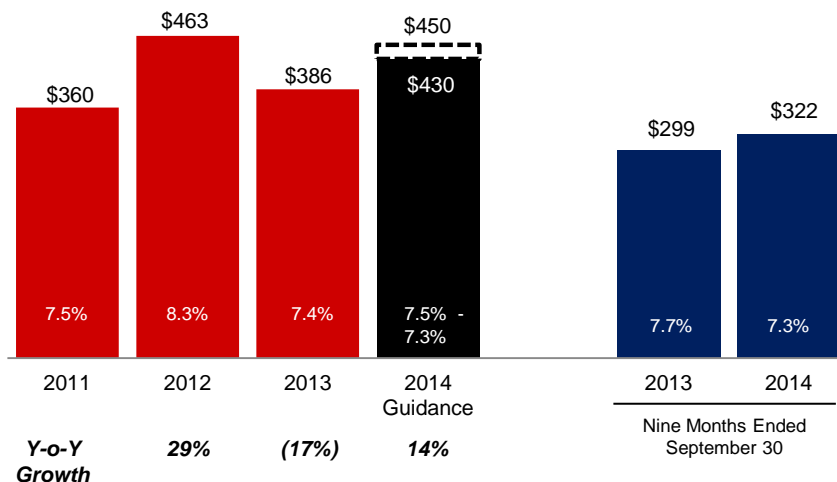
### Sales



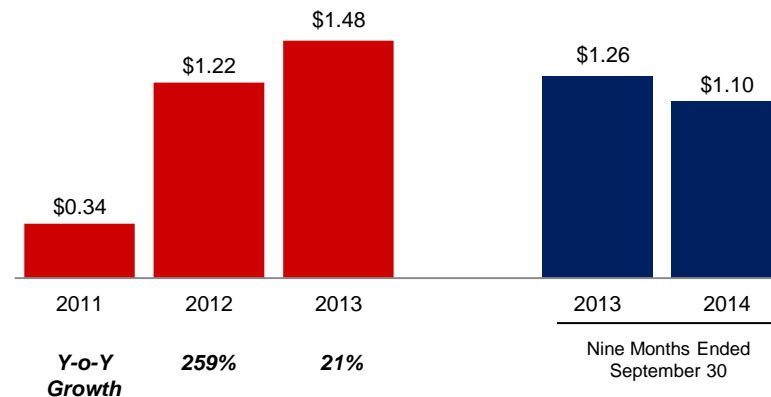
### Adjusted Gross Profit and % Margin



### Adjusted EBITDA and % Margin



### Diluted EPS

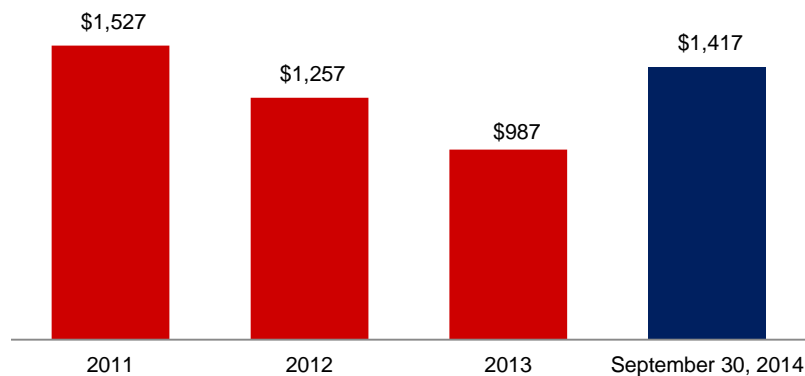




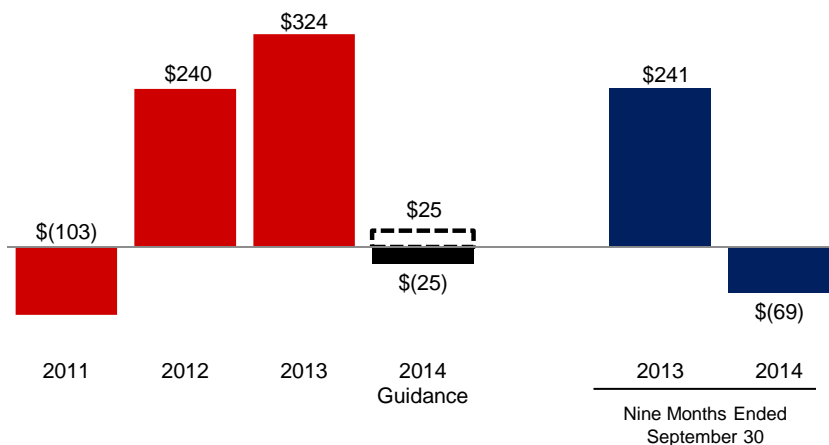
## Balance Sheet Metrics

(\$ millions)

### Total Debt



### Cash Flow from Operations



### Capital Structure

September 30,  
2014

**Cash and Cash Equivalents** **\$ 31**

Total Debt (including current portion):

Term Loan B due 2019, net of discount	782
Global ABL Facility due 2019	632
Other	3

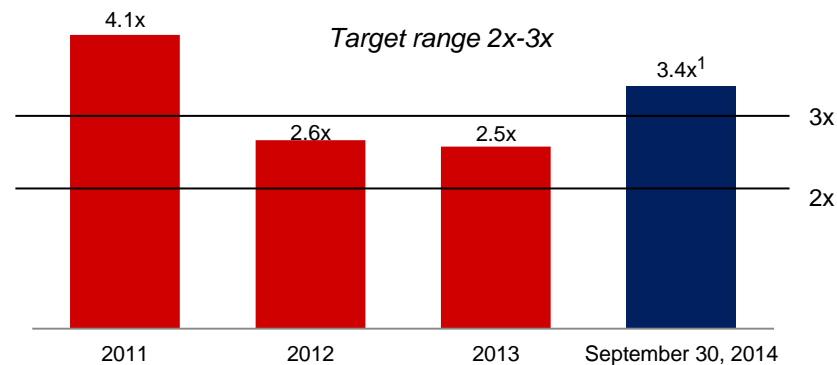
Total Debt **\$ 1,417**

Total Equity **\$ 1,425**

**Total Capitalization** **\$ 2,842**

**Liquidity** **\$ 307**

### Net Leverage



1. The net leverage ratio is 3.25x pro forma for the acquisition of Stream, FlangeFitt, MSD and HypTeck.

## Investment Thesis Highlights

### Macro drivers

- Growth in global energy consumption driving investment
  - Increased global production
  - Need for additional energy infrastructure
  - Expansion of downstream energy conversion businesses

### MRC Global attributes

- Market leader
- Exposed to all sectors of global energy
- Long term global customer & supplier relationships
- Generates strong cash flow from operations over the cycle



Leading global PVF distributor to the energy sector

# **Appendix**

# 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)
Oct-08	LaBarge	Midstream	U.S.	\$ 233
Oct-09	Transmark	International valve platform	Europe and Asia	346
May-10	South Texas Supply	Domestic shale	Eagle Ford Shale - South Texas	9
Aug-10	Dresser Oil Tools Supply	Domestic shale	Bakken Shale - North Dakota	13
Jun-11	Stainless Pipe and Fittings	Projects	Australia / SE Asia	91
Jul-11	Valve Systems and Controls	Valve automation	U.S. Gulf of Mexico	13
Mar-12	OneSteel Piping Systems	International PVF expansion	Australia	174
Jun-12	Chaparral Supply	Domestic shale	Mississippian Lime - Oklahoma / Kansas	71
Dec-12	Production Specialty Services	Domestic shale	Permian Basin / Eagle Ford shale	127
Jul-13	Flow Control Products	Valve automation	Permian Basin / Eagle Ford shale	28
Dec-13	Flangefitt Stainless	Stainless/Alloys	United Kingdom	24
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

**\$ 1.46 Billion +**

1. Reflects reported revenues for the year of acquisition or 2013 for Stream, MSD and HypTeck.



## Adjusted EBITDA Reconciliation

(\$ millions)	Nine Months Ended September 30		Year Ended December 31		
	2014	2013	2013	2012	2011
Net income	\$ 113.0	\$ 128.8	\$ 152.1	\$ 118.0	\$ 29.0
Income tax expense	60.1	65.5	84.8	63.7	26.8
Interest expense	45.4	46.0	60.7	112.5	136.8
Depreciation and amortization	17.1	16.8	22.3	18.6	17.0
Amortization of intangibles	53.2	39.1	52.1	49.5	50.7
Increase (decrease) in LIFO reserve	5.9	(21.2)	(20.2)	(24.1)	73.7
Expenses associated with refinancing	-	-	5.1	1.7	9.5
Loss on early extinguishment of debt	-	-	-	114.0	-
Change in fair value of derivative instruments	1.7	(0.6)	(4.7)	(2.2)	(7.0)
Equity-based compensation expense	7.4	8.6	15.5	8.5	8.4
Loss on sale of Canadian progressive cavity pump business	6.2	-	-	-	-
Severance & related costs	7.5	0.8	0.8	-	-
Cancellation of executive employment agreement (cash portion)	3.2	-	-	-	-
Insurance charge	-	2.0	2.0	-	-
Foreign currency losses (gains)	1.8	12.0	12.9	(0.8)	(0.6)
Pension settlement	-	-	-	4.4	-
Legal and consulting expenses	-	-	-	-	9.9
Joint venture termination	-	-	-	-	1.7
Other expense (income)	-	1.4	3.0	(0.6)	4.6
Adjusted EBITDA	\$ 322.5	\$ 299.2	\$ 386.4	\$ 463.2	\$ 360.5

## Adjusted Gross Profit Reconciliation

(\$ millions)	Nine Months Ended September 30		Year Ended December 31		
	2014	2013	2013	2012	2011
Gross profit	\$ 769.6	\$ 728.8	\$ 954.8	\$ 1,013.7	\$ 708.2
Depreciation and amortization	17.1	16.8	22.3	18.6	17.0
Amortization of intangibles	53.2	39.1	52.1	49.5	50.7
Increase (decrease) in LIFO reserve	5.9	(21.2)	(20.2)	(24.1)	73.7
Adjusted Gross Profit	\$ 845.8	\$ 763.5	\$1,009.0	\$ 1,057.7	\$ 849.6