Capital One Securities, Inc. - 2016 Energy Conference

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MRC Global®
We Make Energy Flow®

MRC Global

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, the impact of changes in oil prices and customer spending, 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, the company’s expectations regarding the pay down of its debt, 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 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.

MRC Global

Global Leader in PVF Distribution

- Largest pipe, valves and fittings (PVF) distributor with ~$3.3B[1] in sales

Key Role in Global Supply Chains of Energy Companies

- Create value for both customers and suppliers
- Closely integrated into customer supply chains
- Volume purchasing savings and capital efficiencies for customer

Differentiated Global Capabilities

- Footprint with ~300 locations in 22 countries
- World-class supplier evaluation program, material sourcing and customer service
- Serve broad PVF needs making it convenient and efficient for customers

Diversified Business Mix

- Strategic focus on maintenance, repair and operations (MRO) contracts
- Balanced portfolio across upstream, midstream and downstream sectors
- Growing international footprint, integrated supply & project business
- Product mix focused on higher margin offerings – expand supply agreements with Cameron, a Schlumberger company. Sold OCTG in 2016

Downstream 32%

Midstream 38%

Upstream 30%

Note: Percentage of sales for the twelve months ended September 30, 2016, excluding OCTG revenue in the upstream sector. The U.S. OCTG business was sold February 2016.
1. For the twelve months ended September 30, 2016

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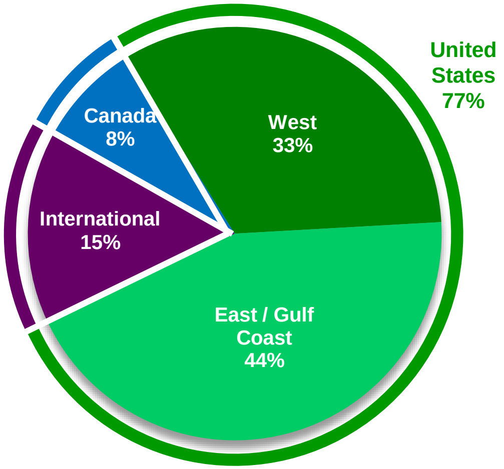
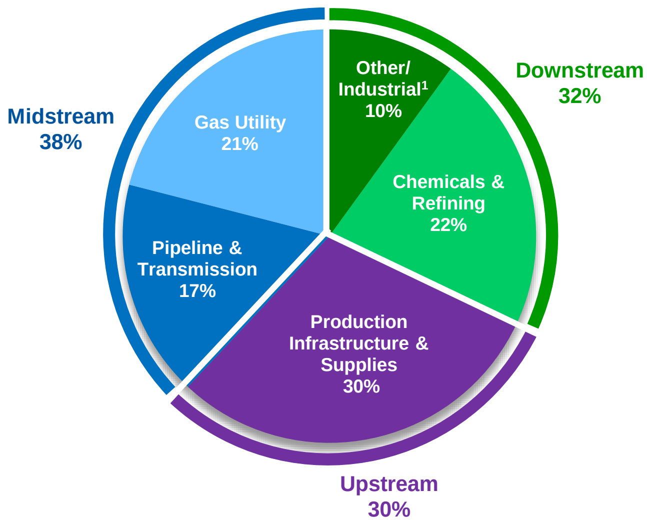
Diversified by Region, Industry Sector and Product Line - Well Positioned Through Cycle

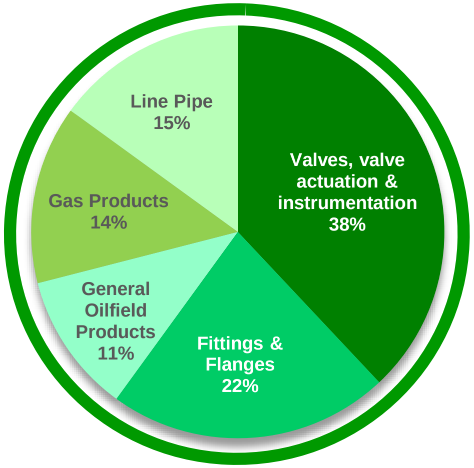
Revenue by Geography



Revenue by Industry Sector



Revenue by Product Line



Note: Percentage of sales for the twelve months ended September 30, 2016, excluding OCTG revenue. The OCTG business was sold February 2016.

1. Other industrial includes: metals & mining, pulp & paper, power generation, general industrial.

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MRC Global is a Critical Partner To Its Customers and Suppliers

SUPPLIERS

Energy Carbon Steel Tubulars

Valves

Fittings, Flanges and Other

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CUSTOMERS

IOCs

Downstream

Midstream

Upstream

Supplier Value Proposition

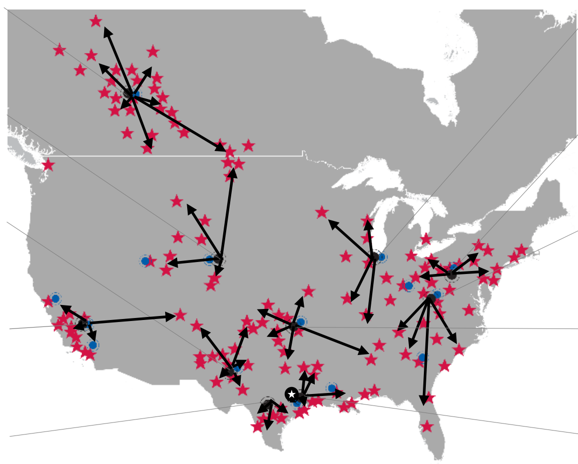
- ✓ Manufacturing and scale efficiencies
- ✓ Leverage MRC Global's footprint
- ✓ Access to 19,000+ customers
- ✓ Lead suppliers through the quality process

Customer Value Proposition

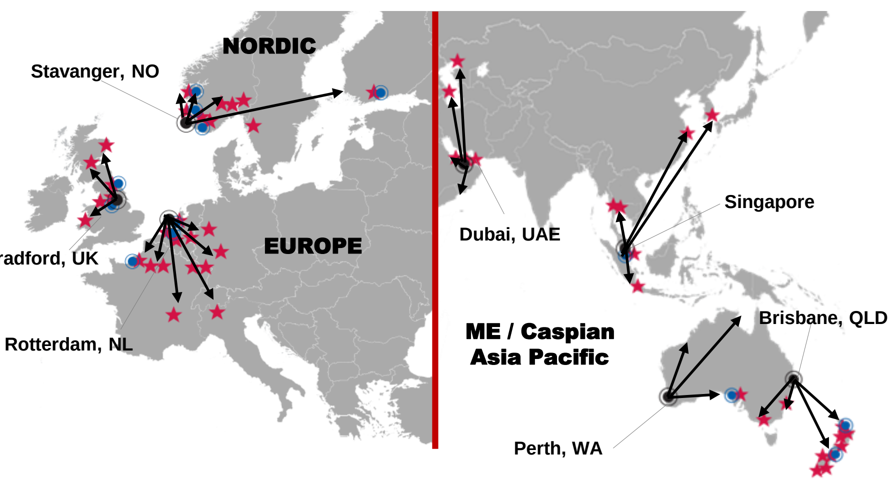
- ✓ Outsource non-core supply chain and logistics functions
- ✓ Reduce supply chain complexity
- ✓ Savings from volume purchasing and global sourcing, 40+ countries
- ✓ Product availability - access to MRC Global's broad inventory with over 13,000 manufacturers
- ✓ Approve new suppliers through rigorous quality program

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

North America



International



North America	As of 9/30/2016
Branches	134
RDCs	10
VACs	15
Employees	~2,500

- Branch Locations
- Corporate Headquarters
- Regional Distribution Centers
- Valve Automation Centers

International	As of 9/30/2016
Branches	54
RDCs	7
VACs	12
Countries	20
Employees	~1,000

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MRC Global's Differentiated Value Proposition

Organic Growth	✓ **Strong record of winning new customers and expanding existing relationships resulting in growth**
Operational Optimization	✓ **Driving enhanced profitability and return on capital through operational efficiencies, disciplined cost management, and portfolio optimization**
Strategic Capital Decisions	✓ **Active balance sheet management and robust cash flow create financial flexibility and capital allocation opportunities**
Global M&A Platform	✓ **Solid history of strategic acquisitions in advantageous geographies, sectors, and product lines as well as a healthy pipeline of opportunities**

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

- **Existing MRO Contract Customers**
  - Expand sales by adding scope, cross-selling products, project activity, and continued account penetration
  - Approximately 50% of sales are from our top 25 customers
- **New MRO Contract Customers**
  - Capitalize on MRC Global's superior customer service and broad offering to win additional MRO contracts
- **"Next 75" Customers**
  - Drive share with targeted growth accounts through focused sales efforts and exceptional customer service
- **Continue to Expand the Integrated Supply Business**
  - Over $700 million in TTM revenue
    - Gas distribution $350 million
    - Refining & Upstream $350 million

Selected Recent Contract Wins and Renewals

Customer	Geography	Term
BASF	North America	3 Years
The Chemours Company	U.S.	5 Years
Chevron Gulf of Mexico	U.S.	Evergreen
Shell	Australia	5 Years
Statoil	Norway	Project
Marathon Oil	U.S.	5 Years
California Resources	U.S.	3 Years
TECO Energy	U.S.	5 Years
SABIC	U.S., Europe & Saudi Arabia	5 Years
Phillips 66	U.S. & Europe	5 Years
Marathon Petroleum	U.S.	3 Years
Canadian Natural Resources	Canada	3 Years

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Expanding Higher Margin Product Offerings Increases Growth Opportunities and Profitability

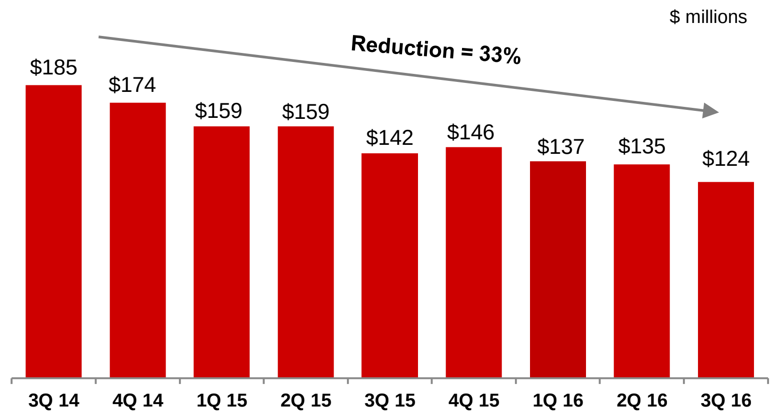
- **Weight product mix to higher margin products - Generate 40% of revenue from valves and technical products** (valves, automation, measurement & instrumentation)
    - Organic growth through expanded product offerings, further penetration of customers and markets with a focus on downstream chemical markets
    - Future M&A targeted toward higher margin products & downstream
- **Expanded higher margin product offerings** from Cameron brand valves, measurement and instrumentation
    - **Valves** – Global Enterprise Distributor Program (EDP) with Cameron for additional valves
    - **Measurement & Instrumentation (M&I)** – Exclusive EDP with Cameron for M&I products in North America
        - Includes 1,300 new SKUs
        - Opportunity to expand to midstream and downstream customers
    - Potential 2017 annual incremental revenue opportunity $125-150 million

Focus on Optimizing Operations

Actively Managing Costs

- Management team with average experience > 30 years; strong track record of actively managing costs
- Successfully executing on cost reduction measures
  - Headcount reductions
  - Hiring & wage freezes
  - Streamline organizational structure
- Reduced headcount by 29% since mid-2014; continue to adjust as market conditions evolve

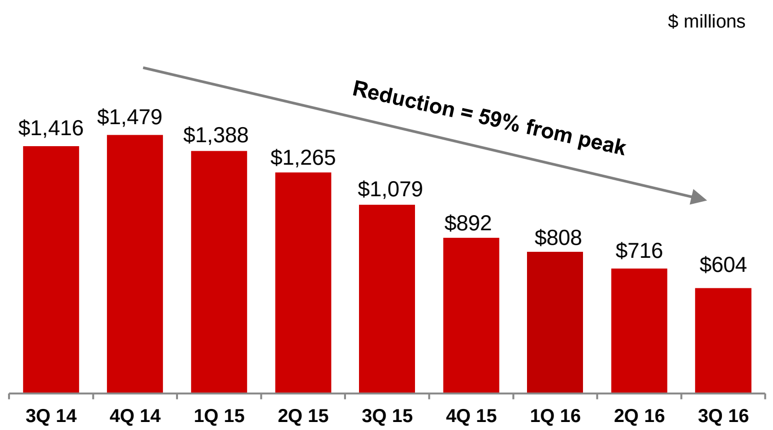
Actively Managing SG&A Costs



Working Capital Management

- Continue focus on optimizing working capital investment
  - Reduced days sales outstanding by seven days since 2014.
  - Generated $920 million in operating cash flow since 2014.

Optimizing Net Working Capital[1]



1. Excludes cash. All periods have been restated to reflect the 1Q 2016 adoption of a new accounting standard, which resulted in the classification of all deferred taxes as non-current.

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Strategic Capital Decisions Support Growth

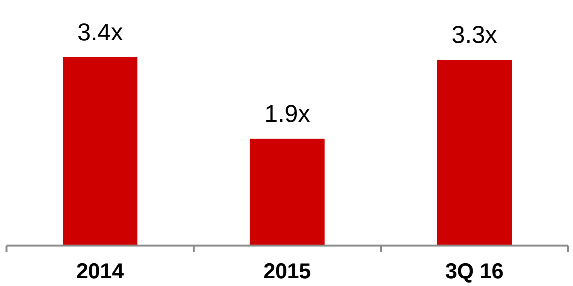
Effectively Positioning the Balance Sheet …

- Significant reduction in total debt from:
  - Strong cash flow generation
  - Perpetual convertible preferred stock issuance
- Advantageous debt agreements with favorable terms, low interest rate and 2019 maturities
- Favorable liquidity position of $688 million

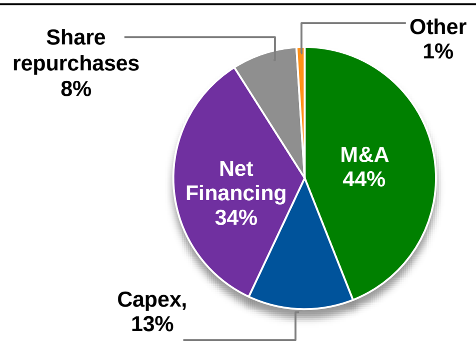
… For Capital Deployment Opportunities

- Organic growth initiatives
  - Investments in products and technology to drive share gains
- Debt repayment
  - Reduced net debt by $974 million in 2015 and $148 million in the nine months ended 9/30/2016
  - Voluntary repayment of $100 million on Term Loan B in November 2016
- Accretive M&A
  - 44% of cash flow deployed on M&A since 2010
- Opportunistic share repurchases
  - Repurchased $100 million through 3Q16
  - Increased authorization to $125 million in November 2016

Net Leverage



Use of Cash Flow (2010 – 3Q 2016[1])



1. Investing and Financing cash flows from 2010 through 3Q 2016. Net Financing equals the total issuance less repayment of debt and equity excluding share repurchases.

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Global Platform For Continued M&A

North American Consolidation

- Merger of McJunkin and Red Man created the largest PVF distributor to energy companies in the world
- Augmented North American platform through seven bolt-on acquisitions and organic growth

+

Global Acquisitions

- Acquired Transmark in 2009 as a platform for international expansion
- Expanded markets served and enhanced product portfolio through several subsequent acquisitions
- Acquired Stream in 2014, which added a differentiated offshore production facility capability and provided expertise to grow in offshore markets

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Differentiated Position

- Global service capability enables expanded relationships with customers and organic growth opportunity
- Diversified across the energy infrastructure complex, serving upstream, midstream and downstream customers

Targeted Sectors

- Continue to target global assets & build scale with a focus on downstream, MRO, alloys & valves

Strategic Acquisitions

Date	Company Acquired	Country	Rev ($million)[1]
Oct-08	LaBarge	U.S.	$ 233
Oct-09	Transmark	Europe and Asia	346
May-10	South Texas Supply	U.S	9
Aug-10	Dresser Oil Tools Supply	U.S	13
Jun-11	Stainless Pipe and Fittings	Australia / SE Asia	91
Jul-11	Valve Systems and Controls	U.S	13
Mar-12	OneSteel Piping Systems	Australia	174
Jun-12	Chaparral Supply	U.S	71
Dec-12	Production Specialty Services	U.S	127
Jul-13	Flow Control Products	U.S	28
Dec-13	Flangefitt Stainless	United Kingdom	24
Jan-14	Stream	Norway	271
May-14	MSD Engineering	Singapore & SE Asia	26
Jun-14	HypTeck	Norway	38
			$ 1.46+ Billion

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

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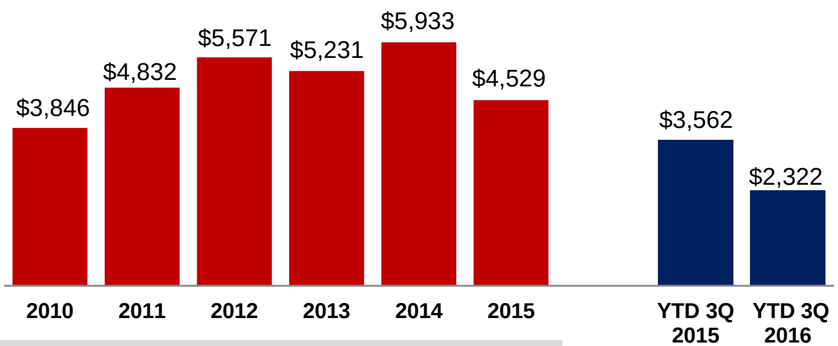
Financial Performance

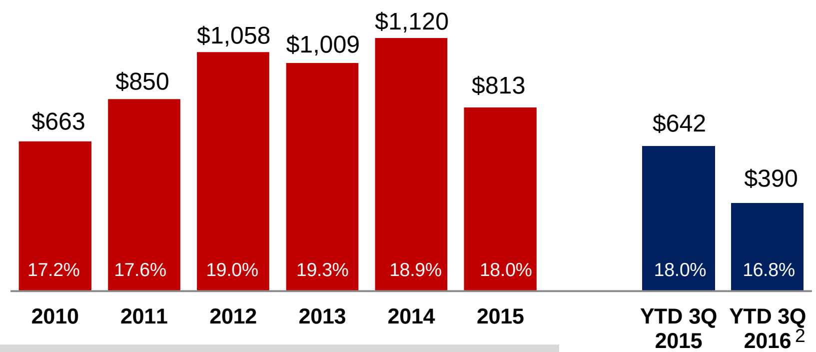
($ millions, except per share data)

Sales



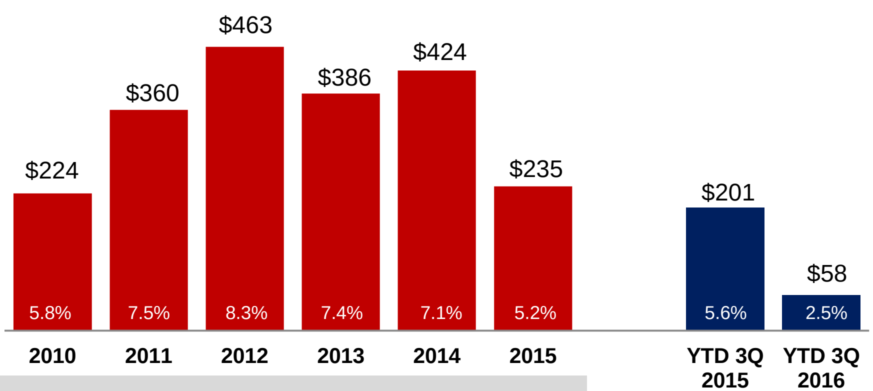
Y-o-Y Growth	*26%*	*15%*	*(6%)*	*13%*	*(24%)*

Adjusted Gross Profit and % Margin[1]



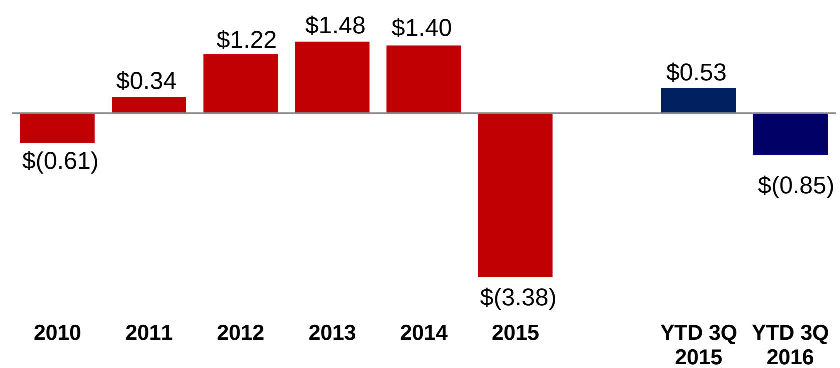
Y-o-Y Growth	*28%*	*24%*	*(5%)*	*11%*	*(27%)*

Adjusted EBITDA and % Margin[1]



Y-o-Y Growth	*61%*	*29%*	*(17%)*	*10%*	*(45%)*

Diluted EPS



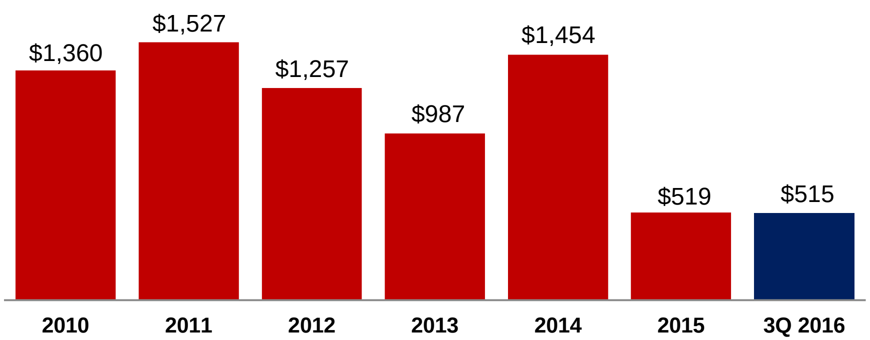
Y-o-Y Growth Diluted EPS	*(156%)*	*259%*	*21%*	*(5%)*	*NM*

1. See reconciliation of non-GAAP measures to GAAP measures in the appendix
2. Includes $45 million of non-cash, pre-tax charges recorded in cost of goods sold related 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 current market outlook for certain products. Excluding these charges, Adjusted Gross Profit would be $148 million (18.7%).

Strong Balance Sheet Provides Financial Flexibility

($ millions)

Total Debt



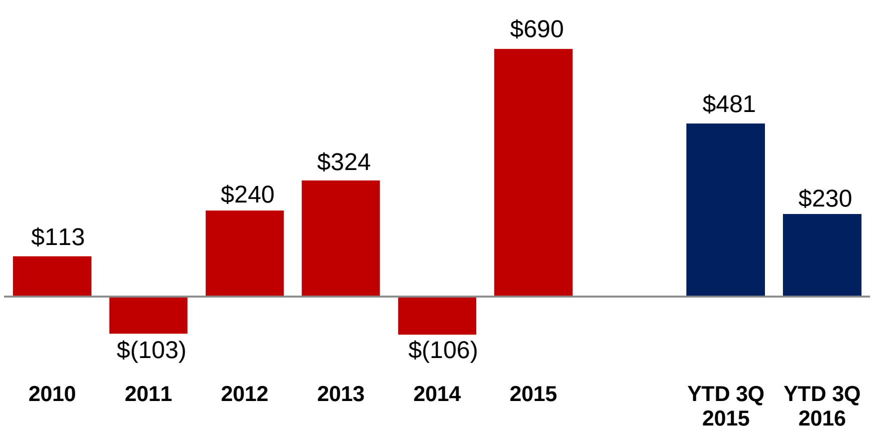
Net Leverage[1]:

2010	2011	2012	2013	2014	2015	3Q 2016
5.8x	4.1x	2.6x	2.5x	3.4x	1.9x	3.3x

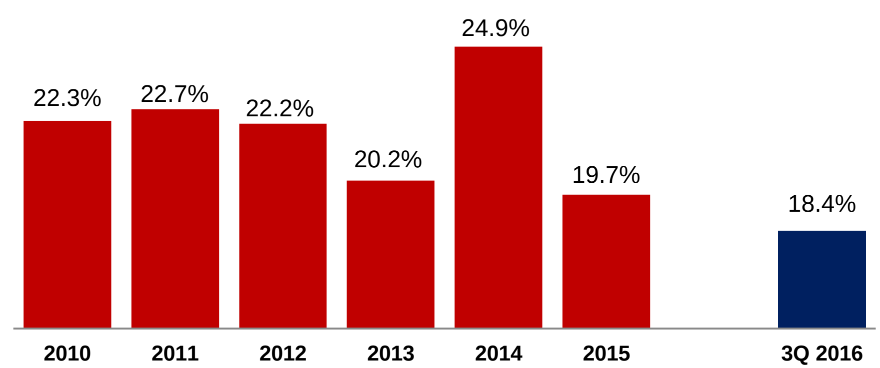
Capital Structure

	September 30, 2016
Cash and Cash Equivalents	**$ 213**
Total Debt (including current portion):	
Term Loan B due 2019, net of discount & deferred financing costs	$ 515
Global ABL Facility due 2019	-
Total Debt	$ 515
Preferred stock	355
Common stockholders' equity	805
Total Capitalization	**$ 1,675**
Liquidity	**$ 688**

Cash Flow from Operations



Net Working Capital as % of Sales[2]

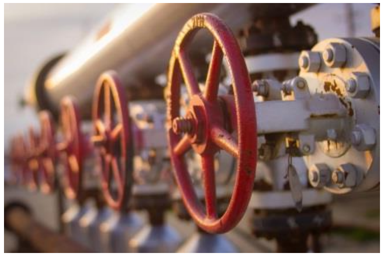


1. Multiples represent Net Debt / trailing twelve months EBITDA.
2. Working capital defined as Current Assets (excluding Cash) – Current Liabilities. Sales are on trailing twelve months basis.

MRC Global

Compelling Long-Term Investment

- Market Leader in PVF Distribution, Serving Critical Function to the Energy Industry
- Diversified Across Sectors, Regions and Customers
- Differentiated Global Platform Creates Customer Value
- Counter-cyclical Cash Flow and Strong Balance Sheet
- Organic Growth Potential from Existing Business, Supported by Long-term Secular Growth from Global Energy Demand
- Proven History of Driving Continuous Productivity Improvements to Deliver Industry Leading Margins
- Industry Consolidator with Proven Success in Acquiring and Integrating Businesses
- World-class Management Team with Significant Distribution and Energy Experience


Appendix

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Pro Forma Revenue excluding OCTG Revenue

($ millions)	Twelve months ended September 30, 2016	Twelve months ended December 31					
		2015	2014	2013	2012	2011	2010
Revenue	$3,289	$4,529	$5,933	$5,231	$5,571	$4,832	$3,846
Less: OCTG revenue	81	311	556	464	715	809	769
Pro forma revenue	**$3,208**	**$4,218**	**$5,377**	**$4,767**	**$4,856**	**$4,023**	**$3,077**

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Adjusted EBITDA Reconciliation

	Nine months ended Sept 30		Year ended December 31					
($ millions)	2016	2015	2015	2014	2013	2012	2011	2010
Net (loss) income	$(65)	$61	$(332)	$144	$152	$118	$29	$(52)
Income tax (benefit) expense	(9)	46	(11)	82	85	64	27	(23)
Interest expense	26	38	48	62	61	113	137	140
Depreciation and amortization	16	15	21	23	22	19	17	17
Amortization of intangibles	35	46	60	68	52	49	51	54
(Decrease) increase in LIFO reserve	(7)	(30)	(53)	12	(20)	(24)	74	75
Inventory-related charges	40	-	-	-	-	-	-	-
Goodwill & intangible asset impairment	-	-	462	-	-	-	-	-
Change in fair value of derivative instruments	-	1	1	1	(5)	(2)	(7)	5
Equity-based compensation expense	9	8	11	9	15	8	8	4
Severance & restructuring charges	12	9	14	7	1	-	1	3
Write-off of debt issuance costs	-	3	3	-	-	-	-	-
Litigation matter	-	-	3	-	-	-	-	-
Foreign currency losses (gains)	1	4	3	3	13	(1)	(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	9	-
Loss on early extinguishment of debt	-	-	-	-	-	114	-	-
Pension settlement	-	-	-	-	-	4	-	-
Legal and consulting expenses	-	-	-	-	-	-	10	4
Provision for uncollectible accounts	-	-	-	-	-	-	-	(2)
Joint venture termination	-	-	-	-	-	-	2	-
Other expense (income)	-	-	-	-	3	(1)	3	(1)
Adjusted EBITDA	**$58**	**$201**	**$235**	**$424**	**$386**	**$463**	**$360**	**$224**

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Adjusted Gross Profit Reconciliation

($ millions)	Nine months ended Sept 30 2016	Nine months ended Sept 30 2015	Year ended December 31 2015	2014	2013	2012	2011	2010
Gross profit	$346	$611	$786	$1,018	$955	$1,014	$708	$518
Depreciation and amortization	16	15	20	22	22	19	17	17
Amortization of intangibles	35	46	60	68	52	49	51	54
Increase (decrease) in LIFO reserve	(7)	(30)	(53)	12	(20)	(24)	74	74
Adjusted Gross Profit	**$390**	**$642**	**$813**	**$1,120**	**$1,009**	**$1,058**	**$850**	**$663**