
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 2, 2018

MRC GLOBAL INC.

(Exact name of registrant as specified in its charter)

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.

Item 2.02 Results of Operations and Financial Condition

On May 2, 2018, MRC Global Inc. (“MRC Global” or the “Company”) issued a press release announcing its financial results for the three months ended March 31, 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 for the 2018 fiscal year:

- The Company expects 2018 revenue to be between \$4,100 million and \$4,400 million.
 - The Company expects revenue in the upstream sector to be up 15-25%, revenue in the midstream sector to be up 10-20% and revenue in the downstream sector to be up 15-25%, in each case, for the full year 2018 as compared to 2017.
 - The Company expects 15-20% revenue growth in the U.S segment and 10-15% revenue growth in the International and Canada segments, in each case, for the full year 2018 as compared to 2017.
 - Sequentially, the Company expects second quarter 2018 revenue to be up in the mid-single digit percentage range from the first quarter of 2018.
 - Given MRC Global’s current mix of products and projects, the Company expects a gross profit percentage of 16.7% to 17.0% and an Adjusted Gross Profit percentage of 19.0% to 19.3% for 2018. Adjusted Gross Profit percentage is a non-GAAP measure that is not necessarily better than gross profit percentage. 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 last-in, first-out (“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.
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The following table reconciles Adjusted Gross Profit and Adjusted Gross Profit percentage (non-GAAP measures) to gross profit and gross profit percentage (GAAP measures):

| | Expected for the Year Ended 2018 | Percentage of Expected Revenue* |
|-------------------------------|---|--|
| Gross profit | \$ 717 | 16.86% |
| Depreciation and amortization | 23 | 0.54% |
| Amortization of intangibles | 44 | 1.04% |
| LIFO expense | 30 | 0.71% |
| Adjusted Gross Profit | <u>\$ 814</u> | <u>19.15%</u> |

* Percentages are based on the midpoint of revenue guidance provided above.

- The Company expects selling, general and administrative expense to be between \$545 million and \$555 million in 2018.
- The Company expects cash from operations to be approximately breakeven in 2018.
- The Company expects to have an effective tax rate of 28-29% for the full year of 2018.
- The Company expects its total capital expenditures for 2018 to be approximately \$25 million.
- Assuming no acquisitions, the Company expects net leverage to decrease in 2018.
- The Company expects equity based compensation expense to be \$14 million in 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 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 certain of the products the company distributes if import restrictions on these products are 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 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.

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 May 2, 2018

INDEX TO EXHIBITS

Exhibit No. Description

99.1 [Press release dated May 2, 2018](#)

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: May 2, 2018

MRC GLOBAL INC.

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



MRC Global Announces First Quarter 2018 Results

Sales of \$1.010 billion
Net income attributable to common stockholders of \$12 million
Diluted earnings per common share of \$0.13
Adjusted EBITDA of \$59 million

Houston, TX – May 2, 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 first quarter 2018 results.

The company's sales were \$1.010 billion for the first quarter of 2018, which were 17% higher than the first quarter of 2017 and 12% higher than the fourth quarter of 2017. All end-markets experienced growth in both comparative periods.

Net income attributable to common stockholders for the first quarter of 2018 was \$12 million, or \$0.13 per diluted share, compared to net income attributable to common stockholders of \$0 million, or \$0.00 per diluted share for the first quarter of 2017.

Andrew R. Lane, MRC Global's president and chief executive officer stated, "The year has started strong with revenue of \$1.01 billion in the first quarter resulting in growth of 17% over the first quarter last year and 12% growth over the fourth quarter of 2017. This is the first quarter in the past ten that revenue has been over \$1 billion. Adjusted EBITDA was also strong at \$59 million, or 5.8% of sales, in the first quarter. With the macroeconomic conditions across all our end-markets improving, our solid customer contract position and the first-class execution our team delivers, we expect our performance to show continued strength in 2018."

"We continued to take advantage of the markets to return cash to shareholders by repurchasing \$30 million of our stock in the first quarter and an additional \$20 million in April to complete our \$100 million authorization," Mr. Lane added.

MRC Global's first quarter 2018 gross profit was \$169 million, or 16.7% of sales, an increase from first quarter 2017 gross profit of \$140 million, or 16.2% of sales. Gross profit for the first quarter of 2018 and 2017 reflect an expense of \$7 million and \$1 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 \$138 million, or 13.7% of sales, for the first quarter of 2018 compared to \$126 million, or 14.6% of sales, for the same period of 2017. While total SG&A costs increased due to higher wages and benefits, increased activity levels and foreign exchange rate movements, SG&A as a percentage of revenue declined due to continued growth in the business.

Adjusted EBITDA was \$59 million in the first quarter of 2018 compared to \$36 million for the same period in 2017. Please refer to the reconciliation of adjusted EBITDA (a non-GAAP measure) to net income (a GAAP measure) in this release.

The effective tax rate in the first quarter of 2018 and 2017 was 28% and 14%, respectively. The effective tax rate in 2018 relative to the U.S. federal statutory rate of 21% is primarily a result of pre-tax losses in certain foreign jurisdictions with no corresponding tax benefit. The effective tax rate in the first quarter of 2017 relative to the U.S. federal statutory rate of 35% was driven by a discrete tax benefit related to the adoption of a new accounting standard.

Sales by Segment

U.S. sales in the first quarter of 2018 were \$806 million, up \$140 million, or 21%, from the same quarter in 2017. All end-markets experienced strong growth with downstream leading, primarily driven by deliveries related to a large ongoing project in Pennsylvania, followed by midstream, driven by an increase in gathering line work, multiple transmission projects and gas utility activity, and finally, upstream, where higher well completion counts, and customer activity drove the increase.

Canadian sales in the first quarter of 2018 were \$78 million, up \$1 million, or 1%, from the same quarter in 2017 as improvements in the midstream and downstream businesses were partially offset by lower upstream revenue driven by a lower rig count. A stronger Canadian dollar relative to the U.S. dollar had a favorable impact of approximately \$3 million.

International sales in the first quarter of 2018 were \$126 million, up \$7 million, or 6%, from the same period in 2017. The increase was primarily due to upstream project activity in Kazakhstan partially offset by non-recurring midstream pipeline project sales in Australia. Stronger foreign currencies relative to the U.S. dollar had a favorable impact of approximately \$11 million.

Sales by Sector

Upstream sales in the first quarter of 2018 increased 23% over the first quarter of 2017 to \$302 million, or 30% of total sales. The increase in upstream sales was primarily in our U.S. segment as a result of increased customer activity and in our international segment as a result of project work.

Midstream sales in the first quarter of 2018 increased 11% from the first quarter of 2017 to \$410 million, or 41% of total sales. Sales to gas utility customers were up by 14% while sales to transmission and gathering customers were up 7% over the same quarter in 2017.

Downstream sales in the first quarter of 2018 increased 21% from the first quarter of 2017 to \$298 million, or 29% of total sales. The U.S. downstream sector increased by \$55 million, or 31%, primarily due to deliveries on a large U.S. project as well as spring turnarounds and growth from new contracts.

Balance Sheet

As of March 31, 2018, cash balances were \$45 million. Debt, net of cash, was \$594 million and availability under our asset based lending facility was \$409 million. During the first quarter of 2018, the company used \$74 million of cash from operations to build working capital in anticipation of higher sales volume in 2018 and in advance of inflationary price increases.

In the first quarter of 2018, we entered into a 5-year interest rate swap on a portion of our LIBOR-based Term Loan B. The interest rate swap effectively fixes the rate on \$250 million notional amount at 6.21%, consisting of a swap rate of 2.71% plus a margin of 3.50%.

Share Repurchase Program Update

In October 2017, the board of directors authorized a share repurchase program for common stock of up to \$100 million. During the first quarter of 2018, the company repurchased \$30 million of its common stock at an average price of \$17.39 per share. Subsequent to the first quarter, in April 2018, the company acquired \$20 million of its common shares, also at an average price of \$17.39, completing the current authorization. Under this program, the company has repurchased 6.1 million shares at an average price of \$16.43.

In total, including both the 2017 and the prior 2015 share repurchase authorizations, the company has purchased 14.6 million shares at an average price of \$15.38 per share. The outstanding share count as of April 27, 2018 is 89.7 million shares.

Conference Call

The Company will hold a conference call to discuss its first quarter 2018 results at 10:00 a.m. Eastern Time (9:00 a.m. Central Time) on May 3, 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 May 17, 2018 and can be accessed by dialing 201-612-7415 and using pass code 13677216#. Also, an archive of the webcast will be available shortly after the call at 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.

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 certain of the products the company distributes if import restrictions on these products are lifted or imposed; 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 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.

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)

| | March 31, | December 31, |
|--|------------------|---------------------|
| | 2018 | 2017 |
| Assets | | |
| Current assets: | | |
| Cash | \$ 45 | \$ 48 |
| Accounts receivable, net | 621 | 522 |
| Inventories, net | 811 | 701 |
| Other current assets | 49 | 47 |
| Total current assets | <u>1,526</u> | <u>1,318</u> |
| Other assets | 21 | 21 |
| Property, plant and equipment, net | 146 | 147 |
| Intangible assets: | | |
| Goodwill, net | 488 | 486 |
| Other intangible assets, net | 357 | 368 |
| | <u>\$ 2,538</u> | <u>\$ 2,340</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 523 | \$ 415 |
| Accrued expenses and other current liabilities | 136 | 143 |
| Current portion of long-term debt | 4 | 4 |
| Total current liabilities | <u>663</u> | <u>562</u> |
| Long-term obligations: | | |
| Long-term debt, net | 635 | 522 |
| Deferred income taxes | 106 | 106 |
| Other liabilities | 36 | 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, 104,006,870 and 103,099,692 issued, respectively | 1 | 1 |
| Additional paid-in capital | 1,695 | 1,691 |
| Retained deficit | (536) | (548) |
| Less: Treasury stock at cost: 13,478,551 and 11,751,726 shares, respectively | (205) | (175) |
| Accumulated other comprehensive loss | (212) | (210) |
| | <u>743</u> | <u>759</u> |
| | <u>\$ 2,538</u> | <u>\$ 2,340</u> |

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

| | Three Months Ended | |
|--|---------------------------|---------------------------|
| | March 31, 2018 | March 31, 2017 |
| Sales | \$ 1,010 | \$ 862 |
| Cost of sales | 841 | 722 |
| Gross profit | 169 | 140 |
| Selling, general and administrative expenses | 138 | 126 |
| Operating income | 31 | 14 |
| Other expense: | | |
| Interest expense | (8) | (7) |
| Other, net | 2 | - |
| Income before income taxes | 25 | 7 |
| Income tax expense | 7 | 1 |
| Net income | 18 | 6 |
| Series A preferred stock dividends | 6 | 6 |
| Net income attributable to common stockholders | \$ 12 | \$ - |
| Basic income per common share | \$ 0.13 | \$ - |
| Diluted income per common share | \$ 0.13 | \$ - |
| Weighted-average common shares, basic | 91.4 | 94.8 |
| Weighted-average common shares, diluted | 92.5 | 94.8 |

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

| | Three Months Ended | |
|---|---------------------------|---------------------------|
| | March 31, 2018 | March 31, 2017 |
| Operating activities | | |
| Net income | \$ 18 | \$ 6 |
| Adjustments to reconcile net income to net cash (used in) provided by operations: | | |
| Depreciation and amortization | 6 | 5 |
| Amortization of intangibles | 11 | 11 |
| Equity-based compensation expense | 4 | 4 |
| Amortization of debt issuance costs | - | 1 |
| Increase in LIFO reserve | 7 | 1 |
| Other | 2 | 2 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (98) | (75) |
| Inventories | (117) | (6) |
| Other current assets | (4) | (1) |
| Accounts payable | 106 | 74 |
| Accrued expenses and other current liabilities | (9) | - |
| Net cash (used in) provided by operations | <u>(74)</u> | <u>22</u> |
| Investing activities | | |
| Purchases of property, plant and equipment | <u>(5)</u> | <u>(11)</u> |
| Net cash used in investing activities | <u>(5)</u> | <u>(11)</u> |
| Financing activities | | |
| Payments on revolving credit facilities | (194) | (14) |
| Proceeds from revolving credit facilities | 307 | 14 |
| Payments on long-term obligations | (1) | (2) |
| Purchase of common stock | (30) | (18) |
| Dividends paid on preferred stock | (6) | (6) |
| Repurchases of shares to satisfy tax withholdings | (5) | (3) |
| Proceeds from exercise of stock options | 5 | - |
| Net cash provided by (used in) financing activities | <u>76</u> | <u>(29)</u> |
| Decrease in cash | (3) | (18) |
| Effect of foreign exchange rate on cash | - | 2 |
| Cash -- beginning of period | 48 | 109 |
| Cash -- end of period | <u>\$ 45</u> | <u>\$ 93</u> |

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

| | Three Months Ended | |
|--|---------------------------|---------------------------|
| | March 31, 2018 | March 31, 2017 |
| Net income | \$ 18 | \$ 6 |
| Income tax expense | 7 | 1 |
| Interest expense | 8 | 7 |
| Depreciation and amortization | 6 | 5 |
| Amortization of intangibles | 11 | 11 |
| Increase in LIFO reserve | 7 | 1 |
| Change in fair value of derivative instruments | (2) | 1 |
| Equity-based compensation expense (1) | 4 | 4 |
| Adjusted EBITDA | \$ 59 | \$ 36 |

Notes to above:

(1) Recorded in SG&A

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 Adjusted Gross Profit (a non-GAAP measure) to Gross Profit
(in millions)

| | Three Months Ended | | | |
|-------------------------------|---------------------------|----------------------------------|---------------------------|----------------------------------|
| | March 31, 2018 | Percentage of Revenue | March 31, 2017 | Percentage of Revenue |
| Gross profit, as reported | \$ 169 | 16.7% | \$ 140 | 16.2% |
| Depreciation and amortization | 6 | 0.6% | 5 | 0.6% |
| Amortization of intangibles | 11 | 1.1% | 11 | 1.3% |
| Increase in LIFO reserve | 7 | 0.7% | 1 | 0.1% |
| Adjusted Gross Profit | \$ 193 | 19.1% | \$ 157 | 18.2% |

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)

Sales by Segment

| | Three Months Ended | |
|---------------|---------------------------|---------------------------|
| | March 31, 2018 | March 31, 2017 |
| U.S. | \$ 806 | \$ 666 |
| Canada | 78 | 77 |
| International | 126 | 119 |
| | \$ 1,010 | \$ 862 |

Sales by Product Line

| Type | Three Months Ended | |
|---|---------------------------|-------------------------------|
| | March 31, 2018 | March 31, 2017 (1) |
| Line pipe | \$ 158 | \$ 146 |
| Carbon steel fittings and flanges | 171 | 123 |
| Total carbon steel pipe, fittings and flanges | 329 | 269 |
| Valves, automation, measurement and instrumentation | 378 | 322 |
| Gas products | 124 | 116 |
| Stainless steel and alloy pipe and fittings | 53 | 41 |
| General oilfield products | 126 | 114 |
| | \$ 1,010 | \$ 862 |

Notes to above:

(1) \$18 million of sales for the three months ended March 31, 2017 have been reclassified from gas products to general oilfield products to conform with current year presentation.

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