

**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): November 4, 2019

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	MRC	New York Stock Exchange

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 7.01 Regulation FD Disclosure.

MRC Global Inc. (“MRC Global”) executive management will make presentations from time to time to current and potential investors, lenders, creditors, insurers, vendors, customers, employees and others with an interest in MRC Global and its business regarding, among other things, MRC Global’s operations and performance. A copy of the materials to be used at the presentations (the “Presentation Materials”) is included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information contained in the Presentation Materials is summary information that should be considered in the context of MRC Global’s filings with the Securities and Exchange Commission and other public announcements that MRC Global may make by press release or otherwise from time to time. The Presentation Materials speak as of the date of this Current Report on Form 8-K. While MRC Global may elect to update the Presentation Materials in the future or reflect events and circumstances occurring or existing after the date of this Current Report on Form 8-K, MRC Global specifically disclaims any obligation to do so. The Presentation Materials will also be posted in the Investor Relations section of MRC Global’s website, <http://www.mrcglobal.com>, for 90 days.

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 Investor Presentation, dated November 4, 2019
- 104 Cover Page Interactive Data File – The cover page XBRL tags from this Current Report on Form 8-K are embedded within the Inline XBRL document.

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor presentation, dated November 4, 2019
104	Cover Page Interactive Data File – The cover page XBRL tags from this Current Report on Form 8-K are embedded within the Inline XBRL document.

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 4, 2019

MRC GLOBAL INC.

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

MRC Global®

3Q19 Investor Conference Presentation
November 4, 2019

Andrew Lane

President & CEO

Jim Braun

Executive Vice President & CFO



We Make Energy Flow™

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," "on-track", "Results in mid-cycle Adjusted EBITDA" 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, 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, including (among others) its Current Report on Form 8-K dated October 31, 2019, 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.

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.

Global Leader in PVF Distribution

Largest pipe, valves and fittings (PVF) distributor – TTM Sales of \$3.9B

Industrial Distributor with Diversified Business Mix

- Counter-cyclical cash flow generation & strong balance sheet
- Cash flow generation in modest growth periods
- Balanced portfolio across upstream, midstream & downstream sectors
- Product mix focused on higher margin offerings

Key Role in Global Supply Chains of Energy Companies

- Create value for both customers and suppliers
- Closely integrated into customer supply chains
- Broad footprint with over 260 service locations in 22 countries
- Premier quality program, material sourcing & customer service

Balanced Approach to Capital Allocation

- Committed to returning cash to shareholders
- Strong balance sheet with financial flexibility through the cycle

Upstream 31%



Midstream 39%



Downstream 30%



Note: For the twelve months ended September 30, 2019

Strategy for Creating Shareholder Value

Grow Market Share



- Provide superior customer service & cost-saving supply chain solutions
- Focus on blue chip customers who demand value-added service and technical expertise
- Leverage market leadership position and global footprint
- Provide multi-channel engagement to capture buying
- Opportunistic M&A

Maximize Profitability



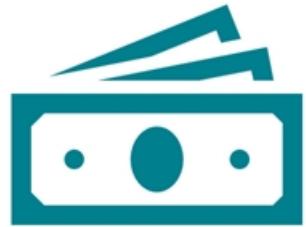
- Focus on higher margin products, end-markets & sales strategies
- Leverage scale & global supply chain
- Expand offering of value-added services to capture enhanced margin
- Focus on controlling costs & operating leverage

Maximize Working Capital Efficiency



- Reduce cash conversion cycle
- Optimize inventory to maximize turnover and margin
- Continual operational efficiency improvements

Optimize Capital Structure



- Optimize capital structure with financial flexibility throughout the cycle
- Invest for growth
- Return capital to shareholders
- Target leverage ratio ~2-3x net debt to adjusted EBITDA

Compelling Investment Opportunity

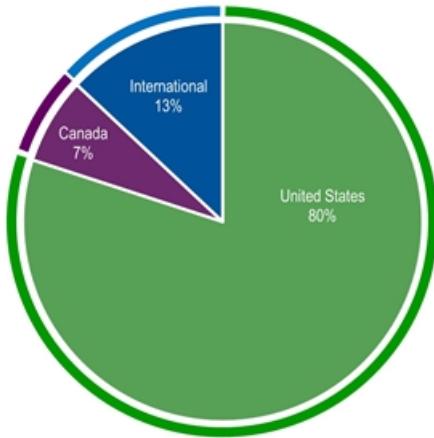
- Market leader in PVF distribution, serving critical function to the energy industry
- Diversified across sectors, regions and customers
- Counter-cyclical cash flow and strong balance sheet
- Differentiated global platform creates customer value
- Organic growth potential via market share gains from expanded multi-year MRO contracts and long-term secular growth from global energy demand
- Proven history of driving continuous productivity improvements
- Industry consolidator with proven success in acquiring and integrating businesses

World-class Management Team
with Significant Distribution and Energy
Experience

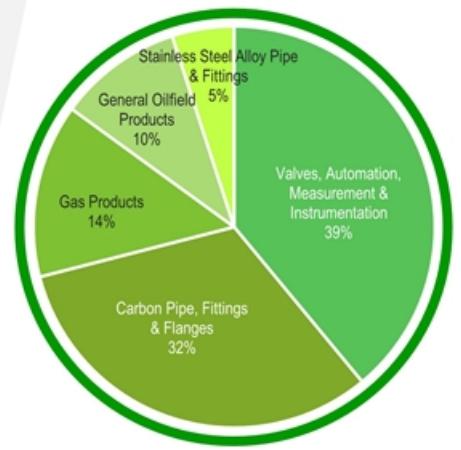


Diversified by Region, Industry Sector and Product Line - Well Positioned Through Cycle

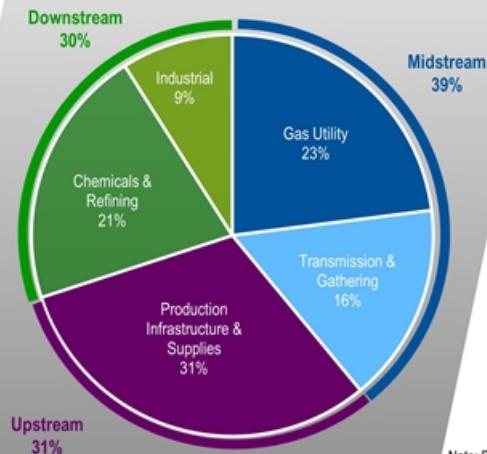
Revenue by Geography



Revenue by Product Line



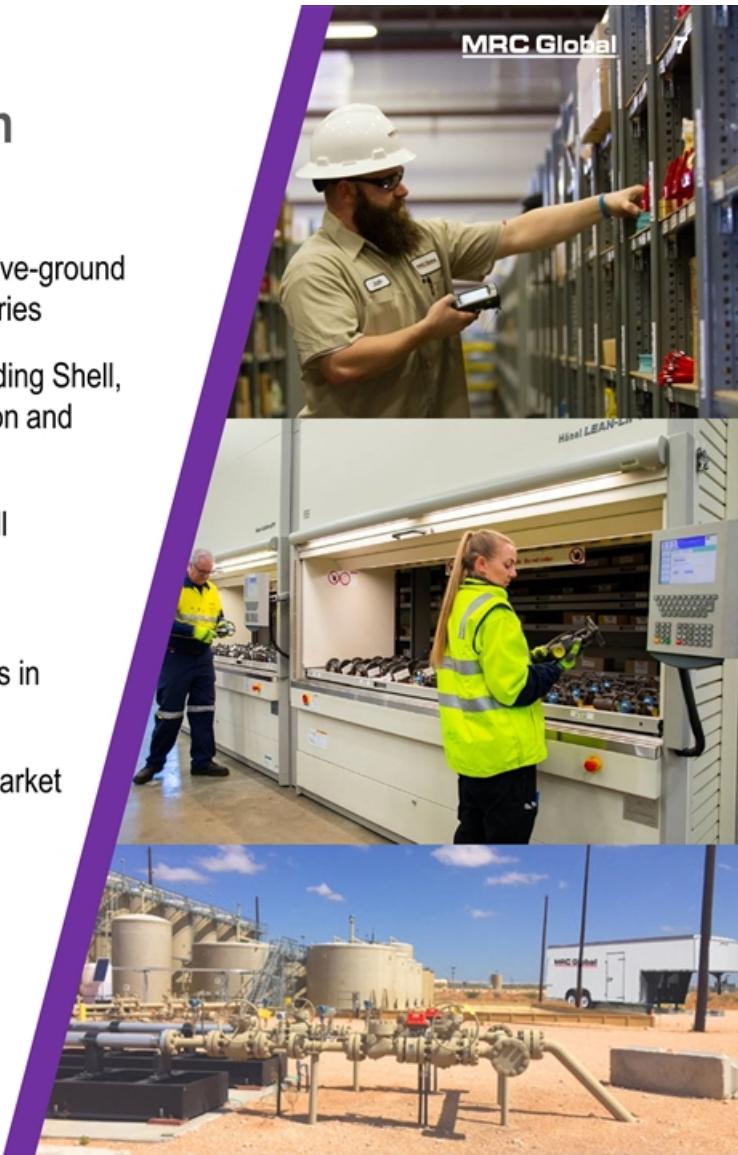
Revenue by Industry Sector



Note: Percentage of sales are for the twelve months ended September 30, 2019.
Industrial includes metals & mining, fabrication, pulp & paper, power generation and general industrial.

Upstream – Providing Completion Infrastructure to E&P Operators

- Provide well hook-ups via on-site product trailers, above-ground infrastructure PVF products for flow lines & tank batteries
- Serve exploration & production (E&P) operators including Shell, Chevron, Occidental, California Resources Corporation and Canadian Natural Resources
- Primary drivers are customers' capital budgets for well completions & production tank battery upgrades and expansions
- Walk-in counter sales at strategically located branches in active oil & gas production areas
- Located in all major basins - revenue follows basin market activity levels
- Permian basin is our largest upstream position representing 23% of total first nine months of 2019 upstream revenue



Midstream – Providing PVF to Pipeline Infrastructure Customers and Gas Products to Gas Utility Customers

Gas Utilities

- Business drivers:
 - independent of commodity prices
 - integrity projects & pipeline enhancement projects
 - residential & commercial, new & upgrade installations
- Relatively stable, steady growth
- Contracts with 9 of the 10 largest gas utilities in the U.S. based on the number of customers (e.g. CenterPoint, PG&E, NiSource, Atmos, Duke, Southern Company Gas)



Transmission & Gathering

- Provide PVF to midstream gathering customers
- Provide PVF bulks & shorts and logistical services to long-haul transmission customers
- Benefit from recent pipeline approvals & modernization projects replacing older pipelines
- Customers include TC Energy, DCP Midstream, Energy Transfer, Williams Partners, Equitable, Enable Midstream Partners

Downstream – Providing PVF to Refining, Chemical & Industrial Customers

Refining

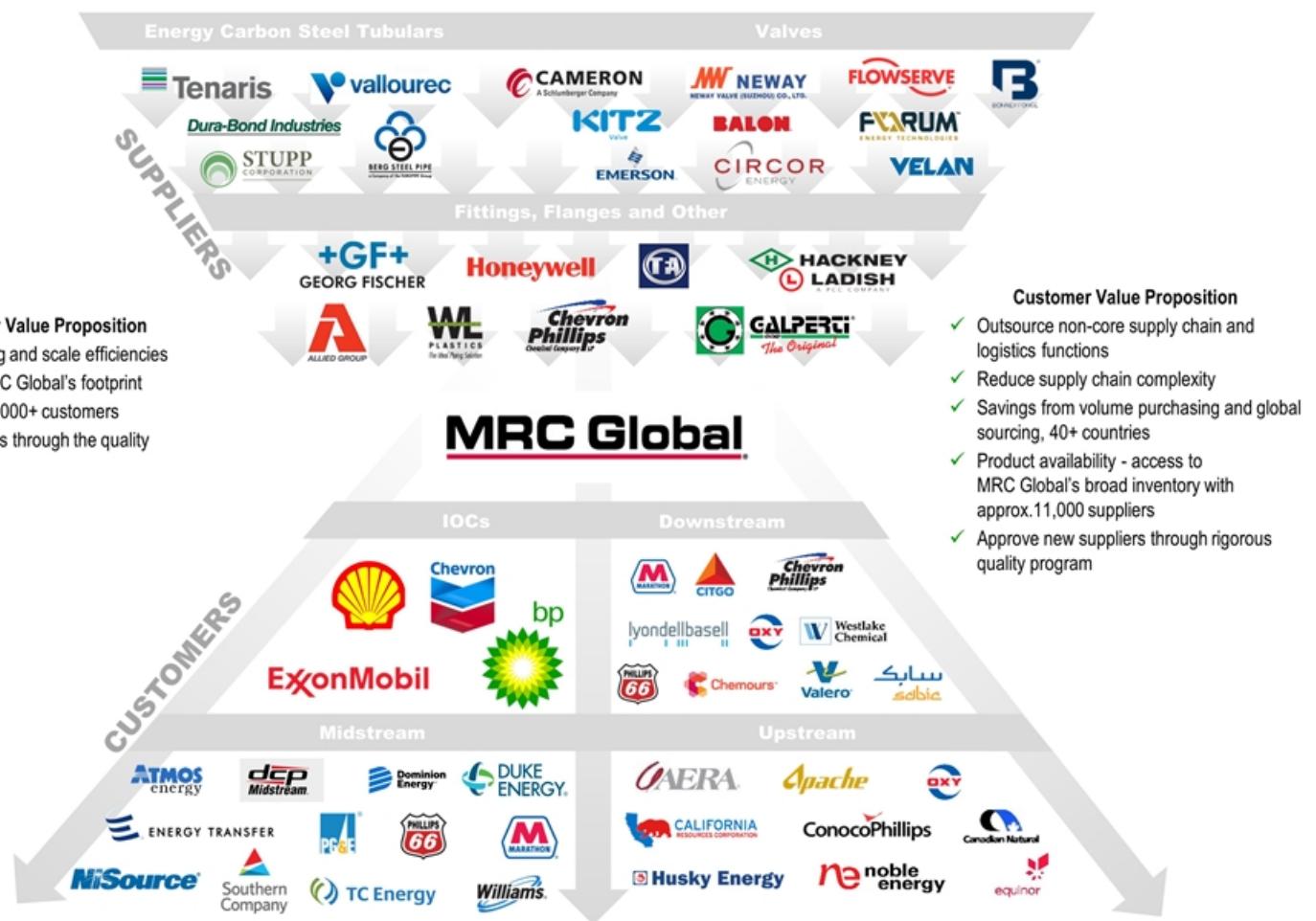
- Recurring MRO revenue from planned & unplanned maintenance
- Provide on-location “zone store” inventory
- Contracts with all of the 10 largest refiners in the U.S. (e.g. Shell, Chevron, Marathon Petroleum Company, Valero, Phillips 66, ExxonMobil)



Chemical & Industrial

- Low gas prices provide stable, advantaged feedstock for plastics
- Positioned to benefit from planned U.S. petrochemical projects

MRC Global is a Critical Link Between Its Customers & Suppliers

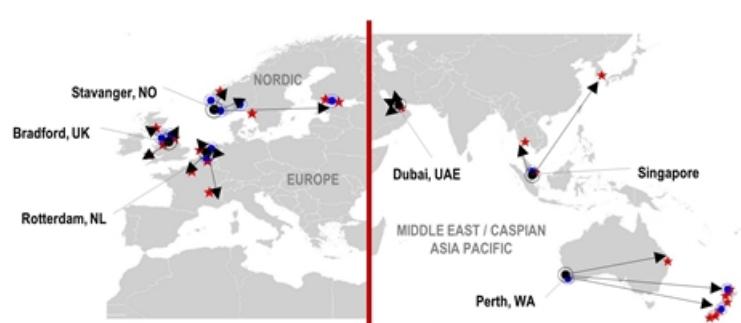


Global Footprint – Strategically Located in Key Geographies to Deliver Solutions to Customers

North America



International



- Valve & Engineering Center (VEC)
- Regional Distribution Center (RDC)
- ★ Branch Location (BR)
- ★ Headquarters (HQ)
- ★ Corporate Office

North America As of 9/30/2019

Branches	118
RDCs	8
VECs	14
Employees	2,564

MRC Global As of 9/30/2019

Branches	142
RDCs	14
VECs	26
Countries	22
Employees	3,370

International As of 9/30/2019

Branches	24
RDCs	6
VECs	12
Countries	20
Employees	806

MRC Global is committed to responsible governance of the enterprise and its interaction with its stakeholders.

Core Values Drive Actions for All Stakeholders

2018: Top Quartile Safety Performance in a NAW Survey

- 54 distribution companies with over \$1 billion in revenue

Distribution Business Model Allows Expansion of Different Products, Geographies and Industrial Market Sectors

- Model can address climate change initiatives or sentiment negatively impacting traditional energy markets

MRC Global Contributes to a Sustainable Environment

- Increasing majority of valve sales (\$1.6 billion in 2018) are “Low-E” valves (prevent fugitive emissions of methane and other greenhouse gases)
- Reduced CO₂ vehicle emissions from fleet by approximately 20% from 2013 levels through 2018
- Increased recycling tonnage by 5% from 2017 to 2018

Supplier Quality Process (Processes, Policies, Audits) include steps to:

- Increase ethical behavior in our supply chain
- Avoid improper labor practices
- Encourage sustainability

Programs to Develop Employees and Encourage Diversity

- 36% of Board of Directors from Diversity Groups
- 44% Women in Corporate Functions

For more information:

Governance: [Proxy Statement for our 2019 Annual Meeting of Stockholders](#)

ESG Generally: [2019 Environmental, Social Responsibility & Corporate Governance Report](#)

ESG Policies: [Corporate Social Responsibility](#)

Community Engagement [Community Involvement](#)

End Market Growth Opportunities

UPSTREAM

- Secular growth in oil & gas demand drives E&P capital and maintenance spending
- Steep shale decline curves and manufacturing mentality to shale drilling result in increasing well completions

MIDSTREAM – TRANSMISSION & GATHERING AND GAS UTILITIES

- Gas utilities are investing in multi-year integrity management programs to upgrade old distribution pipes, including steel and cast iron, enhancing the safety of the system.
- Increased production in the U.S. results in increased need for takeaway capacity and processing by transmission and gathering companies, including transportation to growing export terminals

DOWNTREAM – CHEMICALS & REFINING

- Plant spending and upgrades are being driven by: aging infrastructure, large and low-cost supply of hydrocarbon resources
- Increasing global demand for plastics and low cost, stable feedstock drives petrochemical investment particularly along the US Gulf Coast

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

1. Renew Existing & Obtain New MRO Contract Customers

- Approximately 56% of sales are from our top 25 customers¹

2. Expand Global Chemical and Valve businesses

- Target - 40% of total revenue from valves, automation, measurement and instrumentation

3. Continue to Expand the Integrated Supply Business

- Approx. \$1.0 billion in revenue¹

4. Diversified customer base

- Serve 200+ fabrication customers



¹. For the twelve months ended September 30, 2019

Selected Recent Contract Awards and Renewals

Customer	Type/ Scope	Products	Geography
SoCal Gas	New	PFF	U.S.
CenterPoint	New	Integrated Supply	U.S.
Oneok	New	Valves	U.S.
ConocoPhillips	Renewal	PVF	N.A.
Chevron-TCO MRO	Renewal	Valves	KZ
Atmos	Renewal	Integrated Supply	U.S.
People's Gas	Renewal	PVF	U.S.
Philips 66	Renewal	Valves	U.S.
EnLink Midstream	New	PVF	U.S.
Occidental	Renewal	PVF	U.S.
Valero	Renewal	PVF	U.S.
South Jersey Gas	Renewal	Integrated Supply	U.S.
Enterprise Products	New	PVF	U.S.
Pioneer Natural Resources	New	PVF	U.S.
Marathon Petroleum	Renewal	PVF	U.S.
BP (downstream)	Renewal	PVF	U.S.

Houston Operations Complex at La Porte, TX

Supporting Growth & Continued Operational Efficiencies

- More than **620,000 sq. ft.** of space to deliver our customers' actuation, modification and product needs
 - Midstream Valve & Engineering Center
 - Regional Distribution Center
 - Valve & Engineering Center
 - Office space for supply chain management, sales, projects, and executive personnel

Get the high quality processes and products you have come to expect from MRC Global - **FAST**.

127,000 ft² **NEW**
Midstream Valve & Engineering Center

The latest addition to the MRC Global Houston Operations Complex at La Porte, TX.



Offers midstream gas transmission & pipeline customers:

- Valve Modifications & Transitions
- Valve Testing
- Coating
- Packing

415,000 ft² Regional Distribution Center

40,000 ft² Valve & Engineering Center

80,000 ft² Office Space



MRC Global's Valve-Centric Strategy

- U.S. oil & gas valve market is \$5.2B (\$2.6B through distribution)
 - \$2.2B Upstream & Midstream
 - \$3.0B Downstream
- MRC Global's #1 is in U.S. distributed energy valves with ~40% of market
 - Holder of 3 global, multi-year, valve contracts with IOCs (Shell, Chevron, ExxonMobil)
- Valve, Automation, Measurement & Instrumentation (VAMI) revenue
 - Expected to be 40% of total revenue in 2019 / 2020 & 45% of total revenue in 2022
- Highly technical, complex, long lead-time, global supply chain with value-added services and modifications leads to higher margins

VAMI Sales TTM 9/30/19



Market Penetration in Midstream Valves: Investment in Value-Added Valve Modification Capabilities

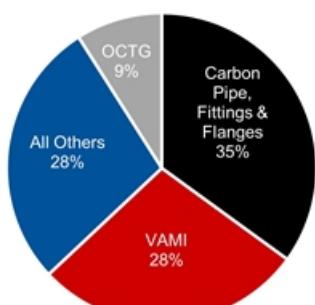
- New expanded modification shop at La Porte complex in-house capabilities:
 - Pipe pup transitions, stem extensions, coatings
 - Differential thermal relief systems
 - Modification services
 - Testing services (e.g. Hydro testing, weld x-rays)
 - Documentation packages
 - Fast track actuation
- Midstream valves market penetration opportunity ~\$100 million over next 2 years
- Higher-margin due to value-added services, supports strategic objective to maximize profitability



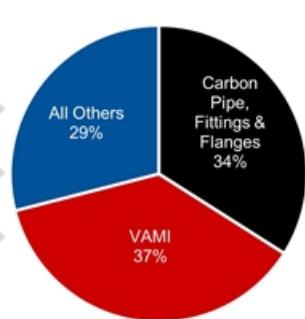
Maximizing Profitability: Expanding Higher Margin Opportunities - Valve Products & Services

Positioning Offerings to Higher Margin Products & Services

2013 Sales - Product Mix



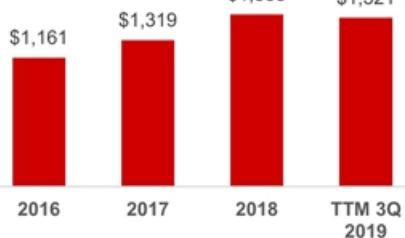
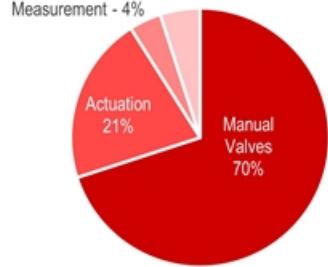
2018 Sales – Product Mix



2018 VAMI Sales

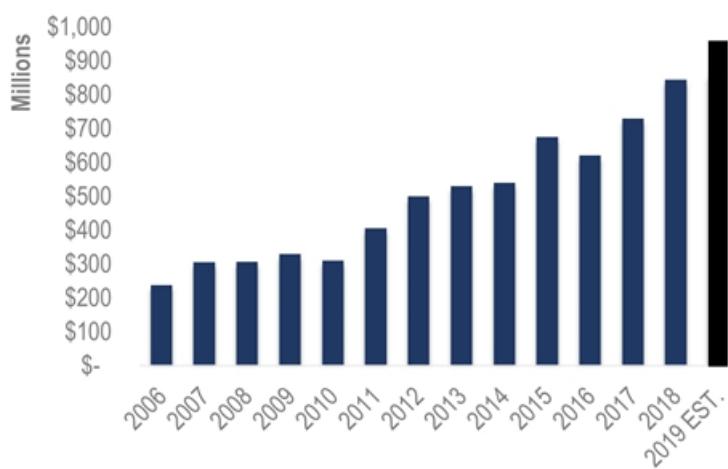
Annual VAMI Sales Growth

Instrumentation - 5%



U.S. Gas Utility Business

- Largest provider of products & services to U.S. Gas Utilities
- Contracts with 18 of the top 25 largest gas utilities in the U.S.
- Strong customer relationships – average 19 years under continuous contract
- Over a decade of CAGR in excess of 8%
- Expect to build a \$1 billion revenue base in 2-3 years



Maximizing Profitability and Working Capital Efficiency

Product Margin Enhancement

- Investment in higher margin products and services:
 - VAMI services - Valve actuation/automation, modification, engineered solutions, traceability, testing, ValidTorque™, ValveWatch®
 - Expanded La Porte - 127,000 ft² valve modification facility in 2019
- Reduction of lower margin products and projects

Working Capital Management

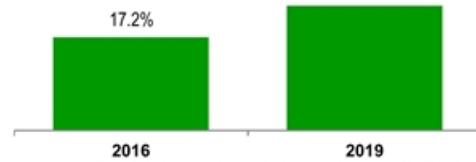
- Target is ~20% working capital to sales ratio
- 2019 – Inventory peaked 2Q and targeting 20% working capital to sales by end of year
- Investments in working capital are weighted to higher margin products

Actively Managing Costs

- Reducing SG&A costs by \$12 million/year, commensurate with lower revenue expectations
- 3Q19 includes \$5 million of severance costs

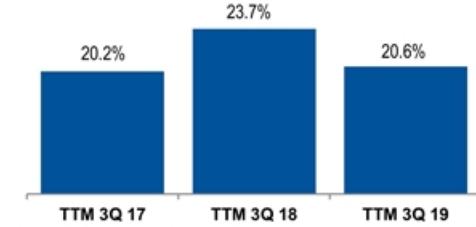
Portfolio Optimization

Adjusted Gross Margin¹



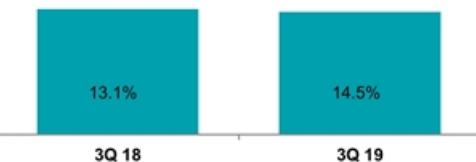
Optimizing Net Working Capital²

Net Working Capital / Sales



Actively Managing SG&A Costs

SG&A Expenses / Sales



1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

2. Working capital defined as Current Assets (excluding Cash) – Current Liabilities. Sales are on trailing twelve months basis.

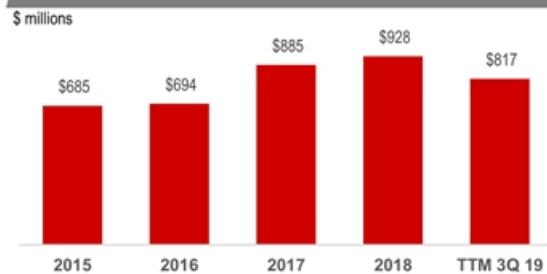
Investing in Technology for Long-Term Growth & Efficiency

MRCGO™ - A Comprehensive Digital Supply Chain Solution for Oil & Gas Pipe, Valve & Fitting Purchases

- End-to-end digital supply chain solution from a single platform
- B-2-B for contract customers allows for easy and efficient ordering
- Customized for each customer's contract terms, part numbers, commonly ordered items
- TTM 3Q 2019 results:
 - \$817 million of revenue transacted via e-commerce
 - \$129 million of revenue generated through MRCGO™
 - 80 customers and 175,000 SKUs in MRCGO™



Revenue Generated via E-Commerce



~29% of the top 37 customers' TTM revenue or approximately \$608 million was transacted through e-commerce (e.g. catalog, EDI)

E-Commerce Platform Capabilities Increase Efficiencies



- Mill Test Reports (MTRs)
- Proof of Delivery (POD)
- Invoices



- Catalog
 - View inventory
 - View price
- Request a quote
- Punchout via your ERP or procurement software
- Electronic purchasing (EDI/XML)



- Order status history
- Expedite a delivery
- View inquiry dashboard
- View inquiry reports



- Online chat
- PVF mobile handbook
- Find a store
- Consult reference materials

E-Commerce Revenue Growth Opportunity



Strategic Capital Decisions Support Growth

Effectively Positioned the Balance Sheet

- Advantageous debt agreements with favorable terms, low interest rate and maturities 2022+
- Liquidity of \$502 million – sufficient to support business strategy

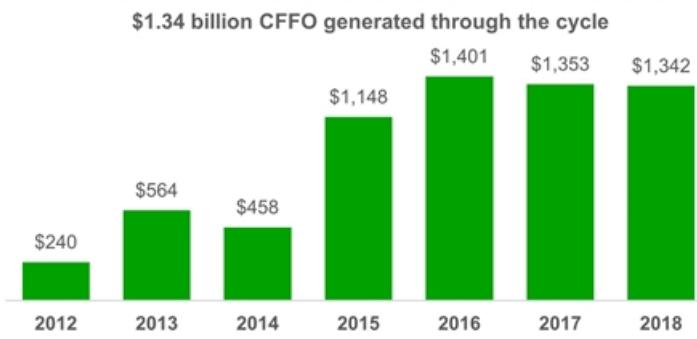
+ Strong Operating Cash Flow Generation

- CFFO annual average is ~\$200 million from 2012 to 2018
- Counter-cyclical cash flow generation
- Business consumes/releases ~20% of working capital per change in sales

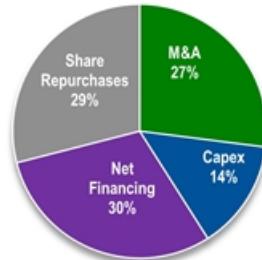
= Capital Deployment Opportunities

- Organic growth initiatives - Investments to drive share gains & efficiencies
- Returned \$363 million of cash to shareholders since 2015 through 9/30/19
 - Repurchased 23.4 million shares at an average price of \$15.49 per share
- Current \$150 million share repurchase authorization has \$12 million remaining
 - \$63 million repurchased in 2019 through 9/30/19
 - \$75 million repurchased in 4Q 2018

Cumulative Annual Cash Flow from Operations



Use of Cash Flow (2013 – 3Q 2019¹)



1. Investing and Financing cash flows from 2013 through 3Q 2019. Net Financing equals the total issuance less repayment of debt and equity excluding share repurchases. Excludes miscellaneous sources of cash including immaterial asset proceeds.

Capital Allocation Opportunities and Priorities

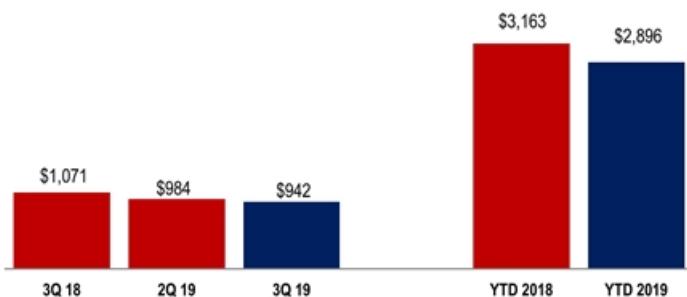
All options are available & evaluated continually



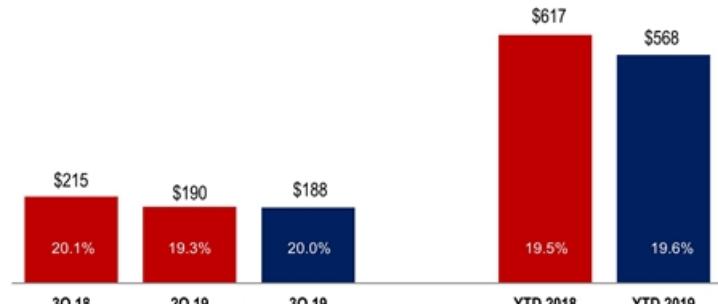
Quarterly & YTD Financial Performance

(*\$ millions, except per share data*)

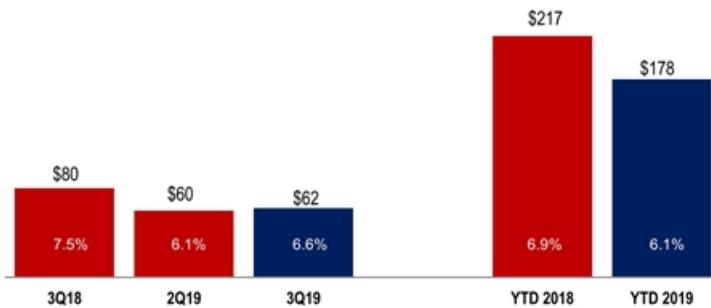
Sales



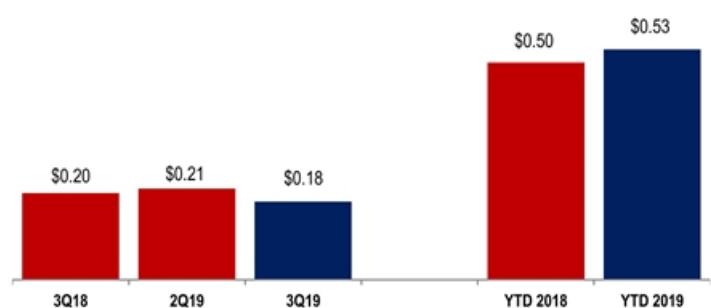
Adjusted Gross Profit and % Margin¹



Adjusted EBITDA and % Margin¹



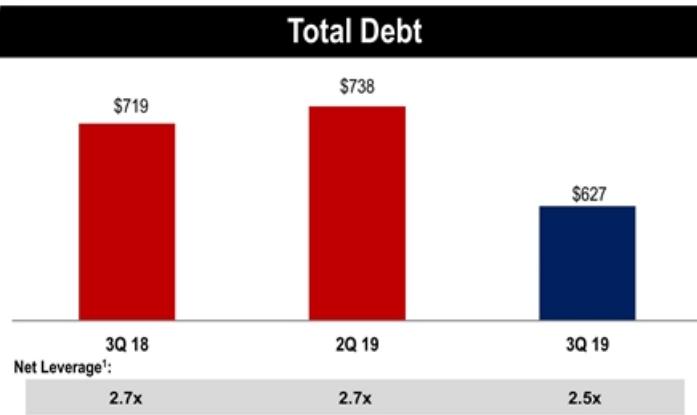
Diluted EPS



1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

Strong Balance Sheet Provides Financial Flexibility

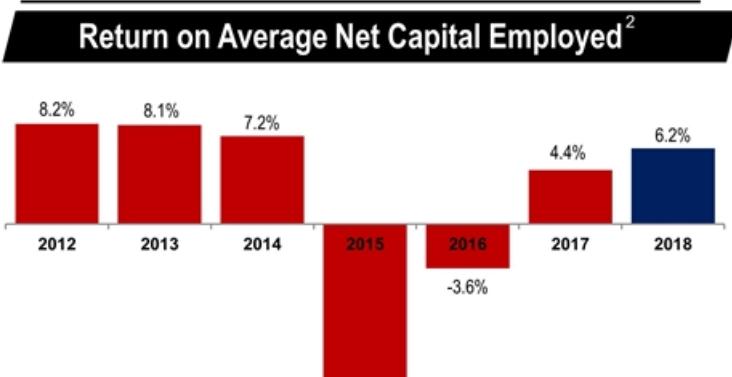
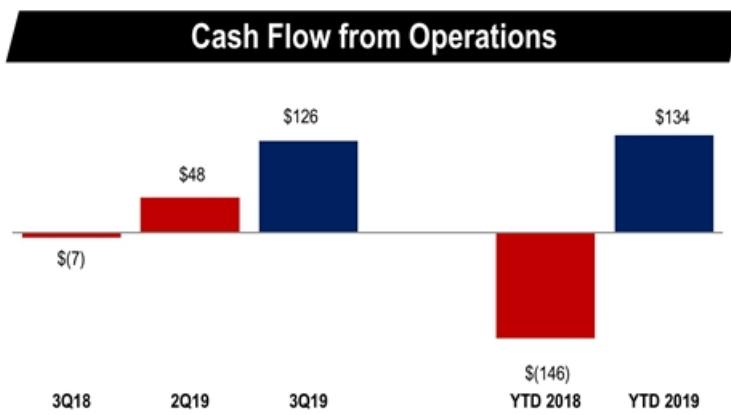
(\$ millions)



Capital Structure

September 30, 2019

Cash and Cash Equivalents	\$ 25
Total Debt (including current portion):	
Term Loan B due 2024 (net of discount & deferred financing costs)	\$ 391
Global ABL Facility due 2022	236
Total Debt	\$ 627
Preferred stock	355
Common stockholders' equity	671
Total Capitalization	\$ 1,653
Liquidity	
	\$ 502



1. Multiples represent Net Debt / trailing twelve months Adjusted EBITDA. Net Debt is Total Debt less Cash.

2. Return on Average Net Capital Employed is defined as net income plus interest expense after-tax, divided by average net capital employed (debt plus equity).

Strategy - 3Q19 Accomplishments

Grow Market Share

- Added new customer contracts and awards (e.g. Oneok, SoCal Gas, CenterPoint)

Maximize Profitability

- On-track to increase valves to 40% of total revenue in 2019 / 2020

Maximize Working Capital Efficiency

- Inventory peaked 2Q19 & reduced by \$56 in 3Q19
- Targeting 20% working capital to sales by end of 2019

Optimize Capital Structure

- Repurchased \$13 million in 3Q19 and \$63 million in YTD 2019 (through 9/30/19)
- Reduced net debt by \$101 million in 3Q19
- Generated \$126M cash from operations in 3Q19

Appendix

Impact of Tariffs – Work Closely with Customers to Optimize the Global Supply Chain

In general, inflation is a positive

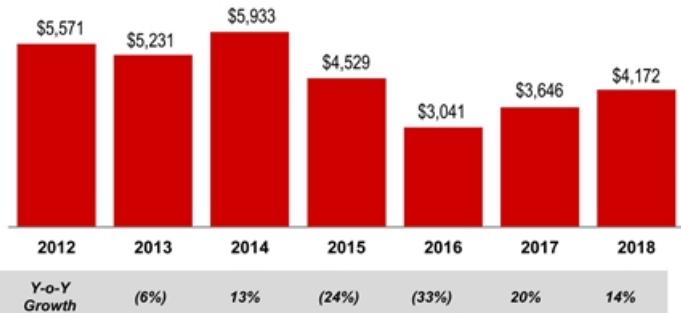
- Multiple tariffs levied from Section 232 and Section 301 directly or indirectly impact all stainless & carbon products including pipe, valves, fittings and flanges
- Various levels of financial impact from minimal to positive – amount of impact dependent on the supplier, market conditions & product group including:
 - Absorption of tariff by manufacturer
 - Pass-through of tariff by distributor
- We manage the supply chain in order to minimize the impact or have a favorable outcome and we expect the most recent round of tariffs to have minimal impact on the Company
- Our contract structure – percentage mark-up, cost plus pricing with 90 day re-pricing terms
- Revenue impact – higher cost products from inflation result in higher revenue and higher LIFO expense
- Margin dollars impact – more expensive materials with the same percentage mark-up result in more margin dollars

MRC Global proactively manages the supply chain to minimize or optimize the impact of tariffs

Annual Financial Performance

(\$ millions, except per share data)

Sales



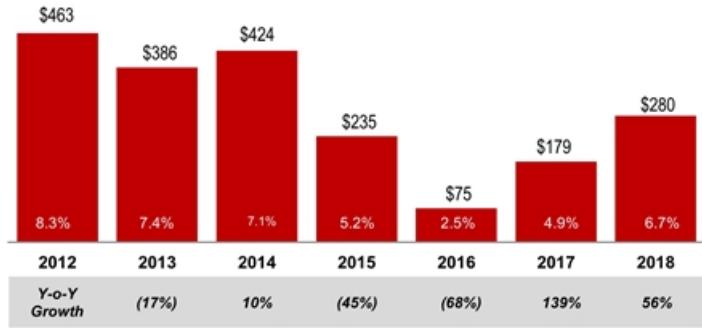
Y-o-Y Growth: (6%), 13%, (24%), (33%), 20%, 14%

Adjusted Gross Profit and % Margin¹



Y-o-Y Growth: (5%), 11%, (27%), (36%), 30%, 21%

Adjusted EBITDA and % Margin¹



Y-o-Y Growth: (17%), 10%, (45%), (68%), 139%, 56%

Diluted EPS



Y-o-Y Growth: 21%, (5%), NM, 67%, 125%, 100%

1. See reconciliation of non-GAAP measures to GAAP measures in the appendix.

2. Includes \$45 million of non-cash charges recorded in cost of goods sold & in the international segment for the year ended December 31, 2016. Charges relate 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 market outlook for certain products. Excluding these charges for the year ended December 31, 2016, gross profit, as reported would be \$513 million (16.9%) and adjusted gross profit would be \$568 million (18.7%).

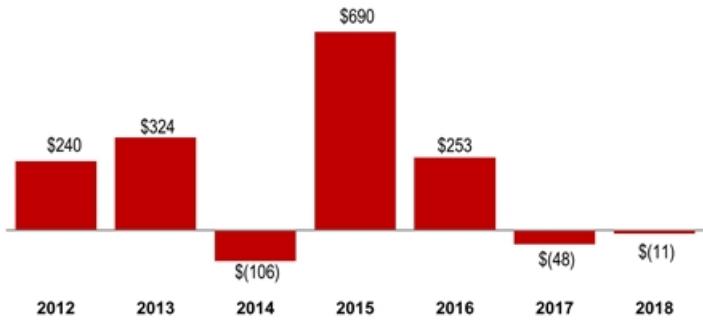
3. Includes \$6 million of non-cash charges recorded in cost of goods sold & in the international segment for the year ended December 31, 2017. Charges are related to reducing our local presence in Iraq. Excluding these charges for the year ended December 31, 2017, gross profit, as reported would be \$588 million (16.1%) and adjusted gross profit would be \$683 million (18.7%).

Balance Sheet

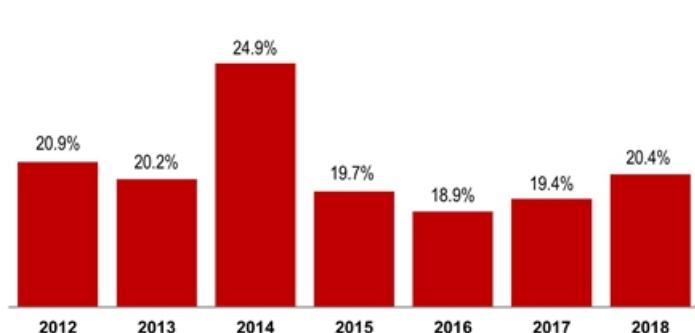
(\$ millions)

Total Debt								Capital Structure	
								December 31, 2018	
Cash and Cash Equivalents								\$ 43	
Total Debt (including current portion):									
Term Loan B due 2024 (net of discount & deferred financing costs)								\$ 393	
Global ABL Facility due 2022								291	
Total Debt								\$ 684	
Preferred stock								\$ 355	
Common stockholders' equity								\$ 692	
Total Capitalization								\$ 1,731	
Liquidity								\$ 492	
Net Leverage ¹ :									
2012	2.6x	2013	2.5x	2014	3.4x	2015	1.9x	2016	4.0x
2017	2.7x	2018	2.3x						

Cash Flow from Operations



Net Working Capital as % of Sales²



1. Multiples represent Net Debt / trailing twelve months Adjusted EBITDA. Net Debt is Total Debt less Cash.

2. Working capital defined as Current Assets (excluding Cash) – Current Liabilities. Sales are on trailing twelve months basis.

Adjusted Gross Profit Reconciliation

	Three months ended			Nine months ended		Year ended December 31						
(\$ millions)	Sept 30, 2019	June 30, 2019	Sept 30, 2018	Sept 30, 2019	Sept 30, 2018	2018	2017	2016	2015	2014	2013	2012
Gross profit	\$174	\$174	\$172	\$522	\$518	\$689	\$582	\$468	\$786	\$1,018	\$955	\$1,014
Depreciation and amortization	5	6	5	16	17	23	22	22	21	22	22	19
Amortization of intangibles	11	11	12	33	34	45	45	47	60	68	52	49
(Decrease) increase in LIFO reserve	(2)	(1)	26	(3)	48	62	28	(14)	(53)	12	(20)	(24)
Adjusted Gross Profit	\$188	\$190	\$215	\$568	\$617	\$819	\$677	\$523	\$814	\$1,120	\$1,009	\$1,058

Note: Adjusted Gross Profit is a non-GAAP measure. For a discussion of the use of Adjusted Gross Profit, see our Current Report on Form 8-K dated October 31, 2019.

Adjusted EBITDA Reconciliation

(\$ millions)	Three months ended			Nine months ended		Year ended December 31						
	Sept 30, 2019	June 30, 2019	Sept 30, 2018	Sept 30, 2019	Sept 30, 2018	2018	2017	2016	2015	2014	2013	2012
Net income (loss)	\$ 21	\$ 24	\$ 24	\$ 63	\$ 64	\$ 74	\$ 50	\$ (83)	\$ (331)	\$ 144	\$ 152	\$ 118
Income tax expense (benefit)	8	8	-	22	15	21	(43)	(8)	(11)	82	85	64
Interest expense	10	10	10	31	28	38	31	35	48	62	61	113
Depreciation and amortization	5	6	5	16	17	23	22	22	21	22	22	19
Amortization of intangibles	11	11	12	33	34	45	45	47	60	68	52	49
(Decrease) increase in LIFO reserve	(2)	(1)	26	(3)	48	62	28	(14)	(53)	12	(20)	(24)
Inventory-related charges	-	-	-	-	-	-	6	40	-	-	-	-
Goodwill & intangible asset impairment	-	-	-	-	-	-	-	-	462	-	-	-
Change in fair value of derivative instruments	-	-	-	-	(1)	(1)	1	(1)	1	(5)	(2)	-
Equity-based compensation expense	5	3	4	12	11	14	16	12	10	9	15	8
Severance & restructuring charges	5	-	-	5	-	4	14	20	14	8	1	-
Write off of debt issuance costs	-	-	-	-	1	1	8	1	3	-	-	-
Litigation matter	-	-	-	-	-	-	3	-	3	-	-	-
Foreign currency (gains) losses	(1)	(1)	(1)	(1)	-	(1)	(2)	4	3	3	13	(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
Loss on early extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	114
Pension settlement	-	-	-	-	-	-	-	-	-	-	-	4
Other expense (income)	-	-	-	-	-	-	-	-	-	-	3	(1)
Adjusted EBITDA	\$ 62	\$ 60	\$ 80	\$ 178	\$ 217	\$ 280	\$ 179	\$ 75	\$ 235	\$ 424	\$ 386	\$ 463

Note: Adjusted EBITDA is a non-GAAP measure. For a discussion of the use of Adjusted EBITDA, see our Current Report on Form 8-K dated October 31, 2019.