

# **J.P. Morgan** **Inaugural Energy Equity Conference**

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## **Andrew R. Lane**

President & CEO

## **Jim Braun**

Executive Vice President & CFO



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**MRC Global**<sup>TM</sup>  
*We Make Energy Flow*<sup>TM</sup>

## Forward Looking Statements and Non-GAAP Disclaimer

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as “will,” “expect,” “expected,” “looking forward,” “guidance” and similar expressions are intended to identify forward-looking statements. Statements about the company’s business, including its strategy, 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](http://www.sec.gov) and on the company’s website, [www.mrcglobal.com](http://www.mrcglobal.com). Our filings and other important information are also available on the Investor Relations page of our website at [www.mrcglobal.com](http://www.mrcglobal.com).

Undue reliance should not be placed on the company’s forward-looking statements. Although forward-looking statements reflect the company’s good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the company’s actual results, performance or achievements or future events to differ materially from anticipated future results, performance or achievements or future events expressed or implied by such forward-looking statements. The company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except to the extent required by law.

## Global Leader in PVF Distribution

- Largest pipe, valves and fittings (PVF) distributor with ~\$4B<sup>1</sup> 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 ~350 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 – sold OCTG in 2016

#### Downstream - 32%



#### Midstream - 37%



#### Upstream - 31%

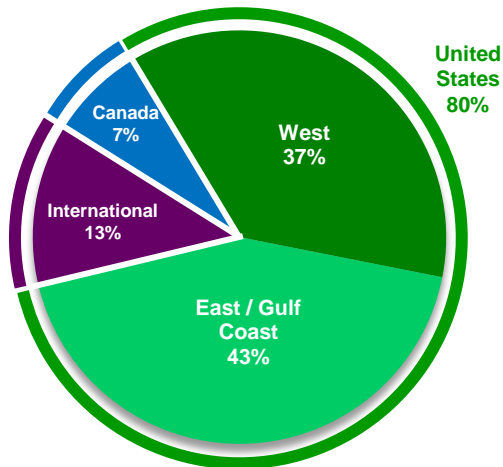


1. For the twelve months ended March 31, 2016

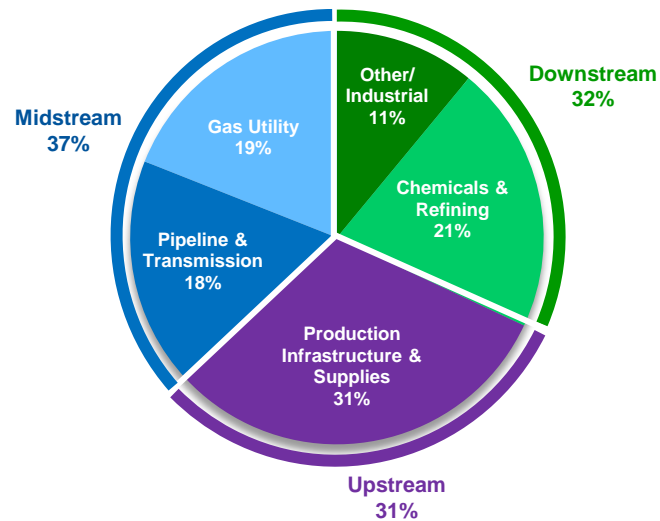
Note: Percentage of sales for the twelve months ended March 31, 2016, excluding OCTG revenue in the upstream sector. The OCTG business was sold February 2016.

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

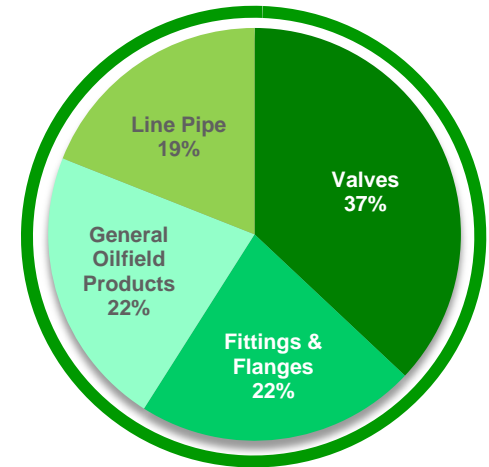
### Revenue by Geography



### Revenue by Industry Sector

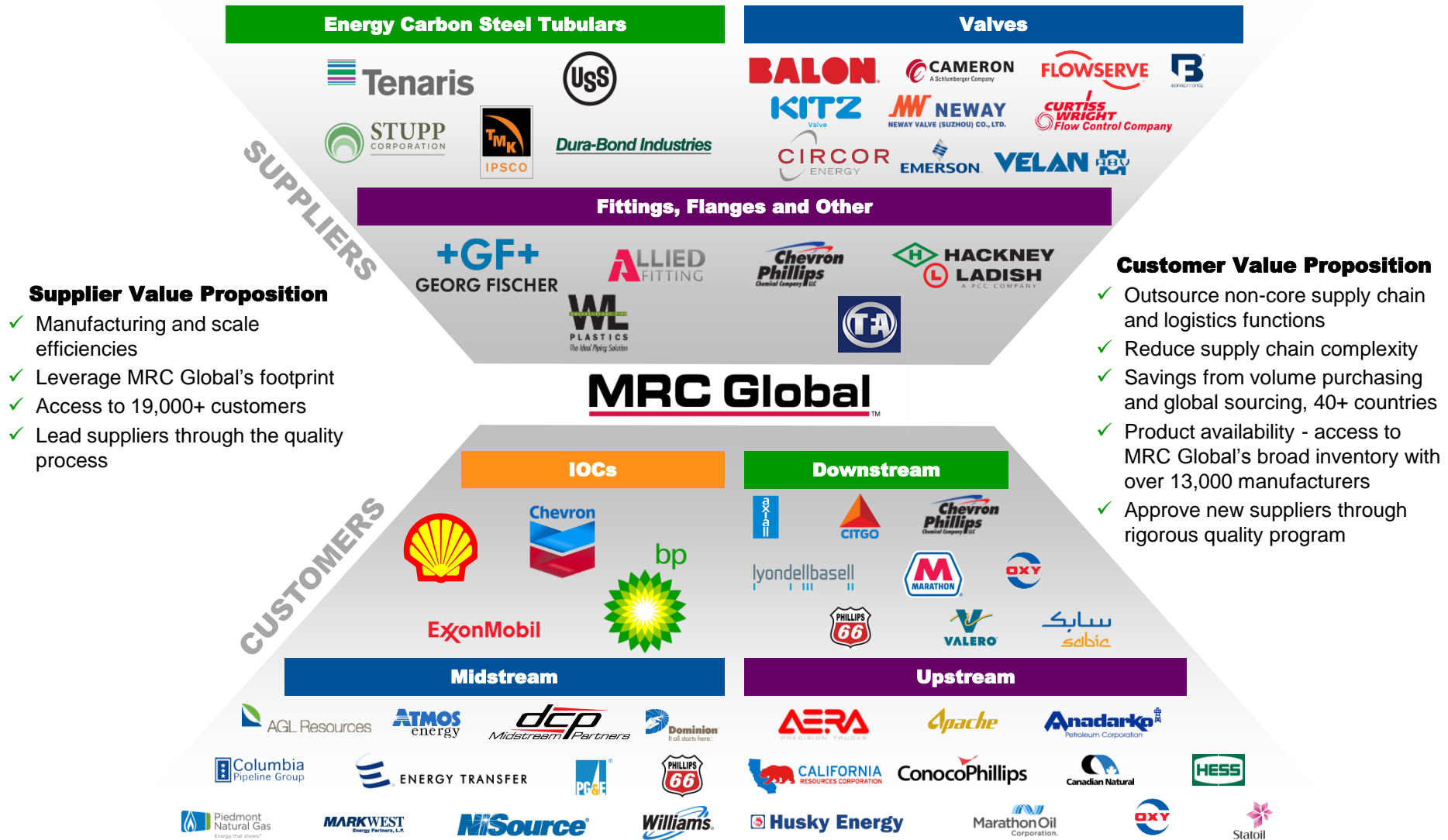


### Revenue by Product Line



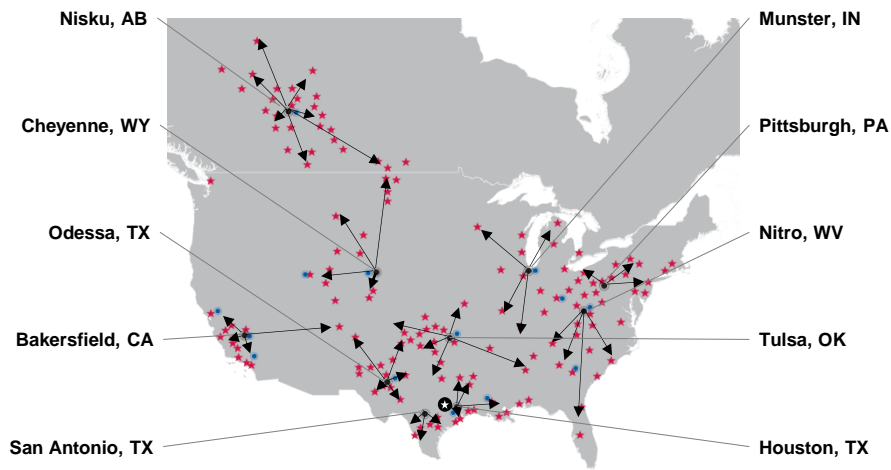
Note: Percentage of sales for the twelve months ended March 31, 2016, excluding OCTG revenue. The OCTG business was sold February 2016.

# MRC Global is a Critical Partner To Its Customers and Suppliers



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

### North America



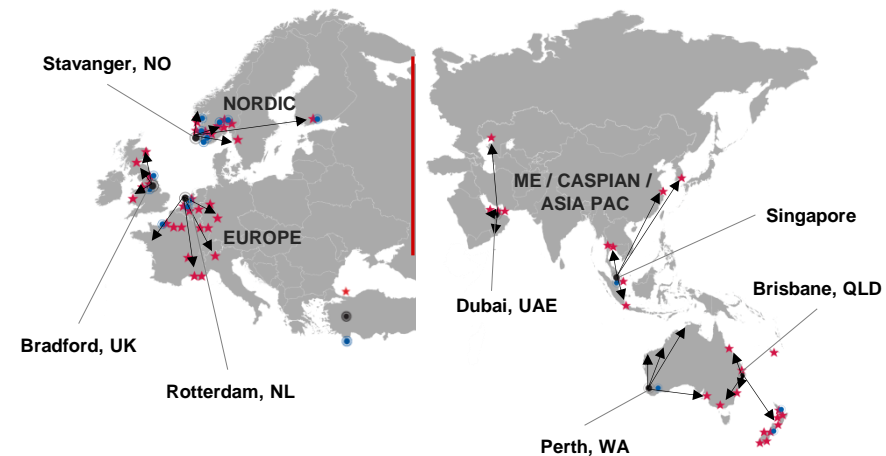
#### North America

As of  
3/31/2016

Branches	146
RDCs	10
VACs	14
Employees	~2,700

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

### International



#### International

As of  
3/31/2016

Branches	51
RDCs	7
VACs	13
Countries	20
Employees	~1,200

## 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 free 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**



## 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 \$750 million in revenue and growing
  - Gas distribution \$400 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

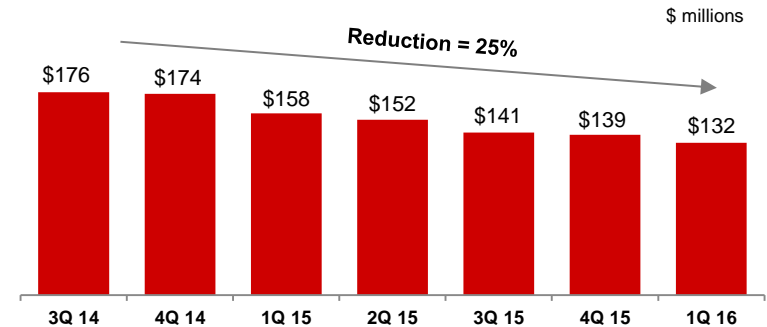


## Focus on Optimizing Operations

### 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 operating costs by 25% since mid-2014; continue to adjust as market conditions evolve

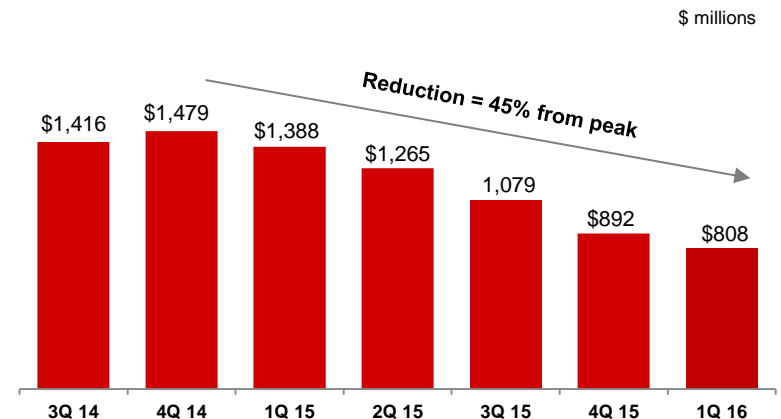
### Actively Managing SG&A<sup>1</sup> Costs



### Working Capital Management

- Continue focus on optimizing working capital investment
  - Reduced days sales outstanding by five days since 2014.
  - Generated \$642 million in operating cash flow since 2013.

### Optimizing Net Working Capital<sup>2</sup>



1. Excludes severance and other non-recurring charges.

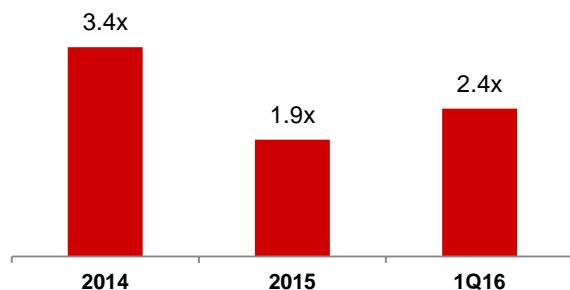
2. Excludes cash. Deferred taxes reclassified to non-current with adoption of new accounting standard.

## Strategic Capital Decisions Support Growth

### Effectively Positioning the Balance Sheet ...

- Significant reduction in total debt from:
  - Strong free cash flow generation
  - Perpetual convertible preferred stock issuance
- Lowest leverage since leveraged buy out in 2007
- Favorable liquidity position of ~\$700 million

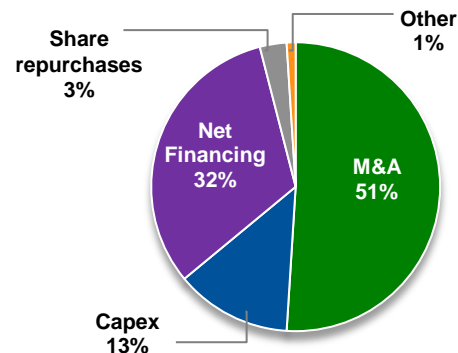
### Net Leverage



### ... For Capital Deployment Opportunities

- Organic growth initiatives
  - Investments in products and technology to drive share gains
- Debt repayment
  - Reduced net debt by \$974 in 2015 and \$54 million in 1Q 2016
- Accretive M&A
  - 50% of cash flow deployed on M&A since 2010
- Opportunistic share repurchases
  - Repurchased \$50 million with another \$50 million available to be deployed

### Use of Cash Flow (2010 – 1Q 2016<sup>1</sup>)



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

## Global Platform For Continued M&A

### North American Consolidation



### Global Acquisitions



### Differentiated Position

### Targeted Sectors

- 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
- 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
- Global service capability enables expanded relationships with customers and organic growth opportunity
- Diversified across the energy infrastructure complex, serving upstream, midstream and downstream customers
- Continue to target global assets with a focus on downstream, MRO, alloys & valves

### Strategic Acquisitions

Date	Company Acquired	Country	Rev (\$million) <sup>1</sup>
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

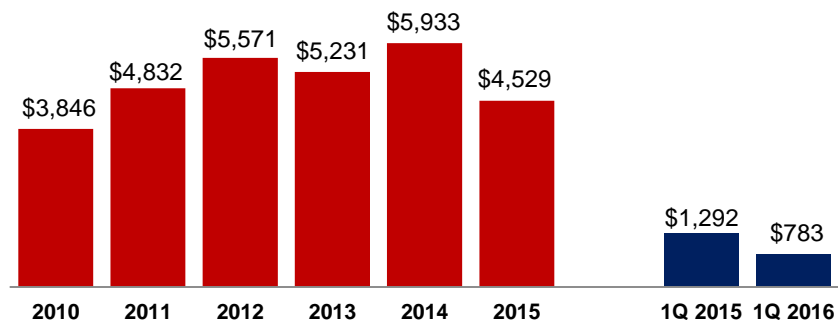
**\$ 1.46+ Billion**

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

## Financial Performance

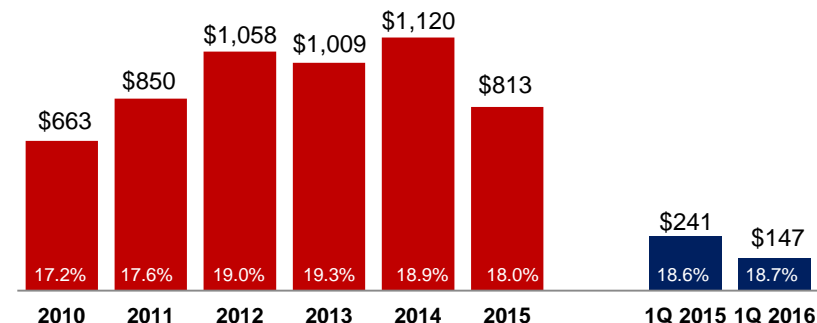
(\$ millions, except per share data)

### Sales



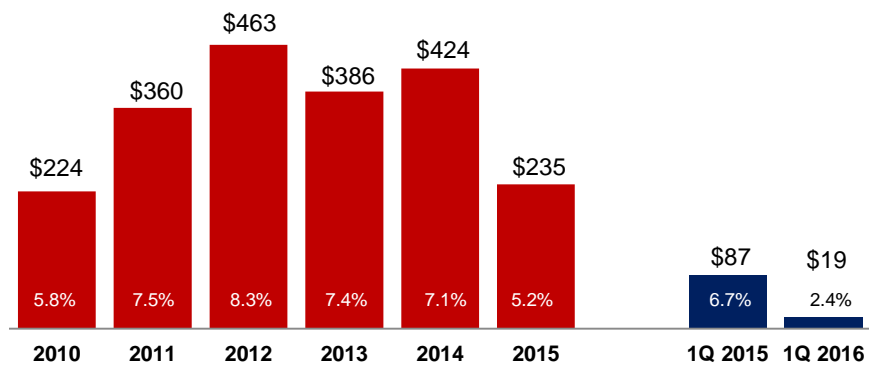
Y-o-Y Growth	26%	15%	(6%)	13%	(24%)
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### Adjusted Gross Profit and % Margin



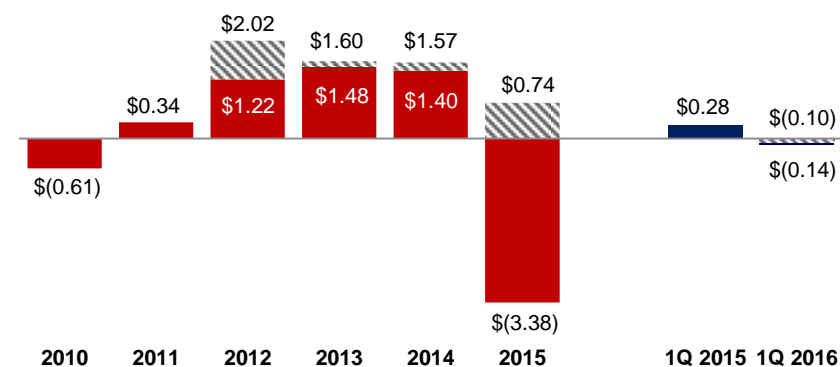
Y-o-Y Growth	28%	24%	(5%)	11%	(27%)
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### Adjusted EBITDA and % Margin



Y-o-Y Growth	61%	29%	(17%)	10%	(45%)
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### Diluted EPS & Adjusted Diluted EPS



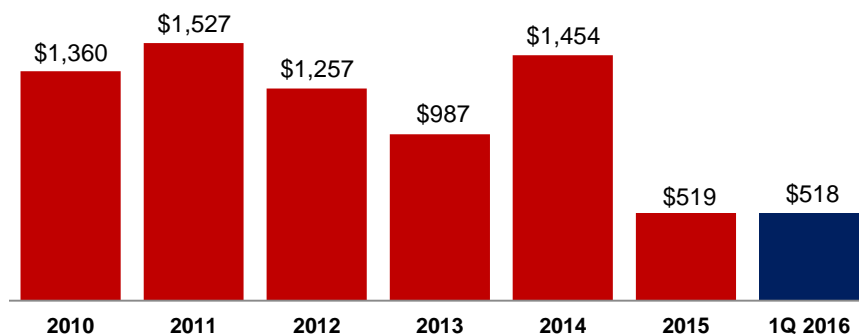
Y-o-Y Growth Diluted EPS	(156%)	259%	21%	(5%)	NM
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Adjusted Diluted EPS Diluted EPS

## Strong Balance Sheet Provides Financial Flexibility

(\$ millions)

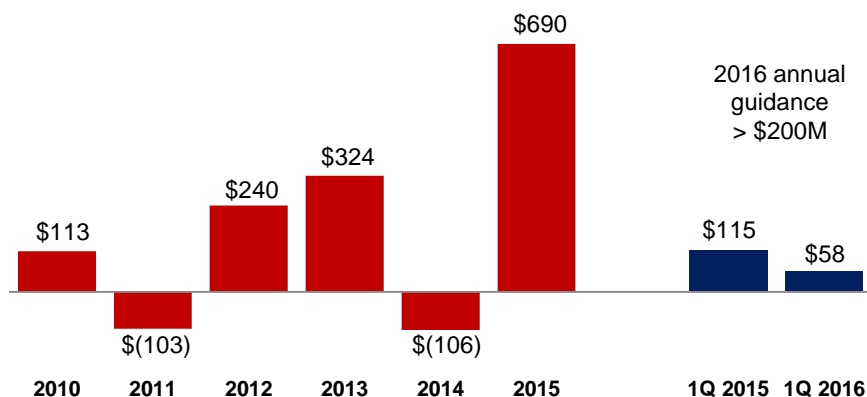
### Total Debt



Net Leverage<sup>1</sup>:

5.8x	4.1x	2.6x	2.5x	3.4x	1.9x	2.4x
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### Cash Flow from Operations



### Capital Structure

March 31,  
2015

Cash and Cash Equivalents	\$ 121
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Total Debt (including current portion):

Term Loan B due 2019, net of discount & deferred financing costs	\$ 518
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Global ABL Facility due 2019	-
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Total Debt	\$ 518
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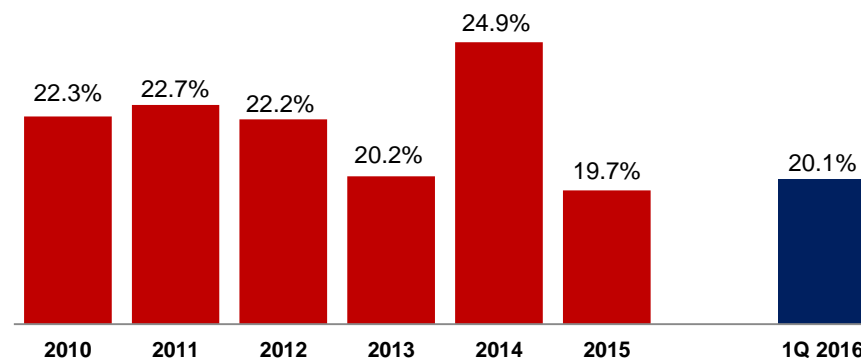
Preferred stock	355
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Common stockholders' equity	922
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Total Capitalization	\$ 1,795
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Liquidity	\$ 708
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### Net Working Capital as % of Sales<sup>2</sup>



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.

## 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



## Pro Forma Revenue excluding OCTG Revenue

(\$ millions)	Twelve months ended	Twelve months ended December 31					
	March 31, 2016	2015	2014	2013	2012	2011	2010
Revenue	\$4,019	\$4,529	\$5,933	\$5,231	\$5,571	\$4,832	\$3,846
Less: OCTG revenue	224	311	556	464	715	809	769
<b>Pro forma revenue</b>	<b>\$3,795</b>	<b>\$4,218</b>	<b>\$5,377</b>	<b>\$4,767</b>	<b>\$4,856</b>	<b>\$4,023</b>	<b>\$3,077</b>

## Adjusted SG&A Reconciliation

(\$ millions)	1Q 16	4Q 15	3Q 15	2Q 15	1Q 15	4Q 14	3Q 14
SG&A	\$ 137	\$ 146	\$ 142	\$ 159	\$ 159	\$ 174	\$ 185
Severance and related charges	5	5	1	7	1	-	3
Cancellation of executive employment agreements	-	-	-	-	-	-	6
Other charges	-	2	-	-	-	-	-
<b>SG&amp;A, as adjusted</b>	<b>\$ 132</b>	<b>\$ 139</b>	<b>\$ 141</b>	<b>\$ 152</b>	<b>\$ 158</b>	<b>\$ 174</b>	<b>\$ 176</b>

## Adjusted Diluted EPS Reconciliation

(\$ millions)	Three months ended March 31		Year ended December 31			
	2016	2015	2015	2014	2013*	2012
Net income (loss) attributable to common stockholders	\$ (0.14)	\$ 0.28	\$ (3.38)	\$ 1.40	\$ 1.48	\$ 1.22
Goodwill and intangible asset impairment	-	-	3.94	-	-	-
Write off of debt issuance costs	-	-	0.02	-	-	0.01
Severance and restructuring charges	0.04	-	0.11	0.06	-	-
Litigation accrual	-	-	0.02	-	-	-
Loss on the disposition of non-core product lines	-	-	0.03	0.08	-	-
Cancellation of executive employment agreements	-	-	-	0.03	-	-
Executive separation expense	-	-	-	-	0.01	-
Insurance charge	-	-	-	-	0.01	-
Expenses associated with refinancing	-	-	-	-	0.03	-
Equity-based compensation acceleration	-	-	-	-	0.03	-
Deferred tax asset adjustment	-	-	-	-	0.03	-
Loss on the early extinguishment of debt	-	-	-	-	-	0.76
Pension settlement	-	-	-	-	-	0.03
<b>Adjusted net income (loss) attributable to common stockholders</b>	<b>\$ (0.10)</b>	<b>\$ 0.28</b>	<b>\$ 0.74</b>	<b>\$ 1.57</b>	<b>\$ 1.60</b>	<b>\$ 2.02</b>

\*Column does not foot due to rounding.

## Adjusted EBITDA Reconciliation

(\$ millions)	Three months ended March 31		Year ended December 31					
	2016	2015	2015	2014	2013	2012	2011	2010
Net (loss) income	\$ (8)	\$ 29	\$ (332)	\$ 144	\$ 152	\$ 118	\$ 29	\$ (52)
Income tax (benefit) expense	(5)	13	(11)	82	85	64	27	(23)
Interest expense	8	15	48	62	61	113	137	140
Depreciation and amortization	5	5	21	23	22	19	17	17
Amortization of intangibles	12	16	60	68	52	49	51	54
(Decrease) increase in LIFO reserve	(3)	-	(53)	12	(20)	(24)	74	75
Goodwill & intangible asset impairment	-	-	462	-	-	-	-	-
Change in fair value of derivative instruments	1	1	1	1	(5)	(2)	(7)	5
Equity-based compensation expense	3	2	11	9	15	8	8	4
Severance & related costs	5	2	14	7	1	-	1	3
Write-off of debt issuance costs	-	-	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)
<b>Adjusted EBITDA</b>	<b>\$ 19</b>	<b>\$ 87</b>	<b>\$ 235</b>	<b>\$ 424</b>	<b>\$ 386</b>	<b>\$ 463</b>	<b>\$ 360</b>	<b>\$ 224</b>

## Adjusted Gross Profit Reconciliation

(\$ millions)	Three months ended March 31		Year ended December 31					
	2016	2015	2015	2014	2013	2012	2011	2010
Gross profit	\$ 133	\$ 220	\$ 786	\$ 1,018	\$ 955	\$ 1,014	\$ 708	\$ 518
Depreciation and amortization	5	5	20	22	22	19	17	17
Amortization of intangibles	12	16	60	68	52	49	51	54
Increase (decrease) in LIFO reserve	(3)	-	(53)	12	(20)	(24)	74	74
<b>Adjusted Gross Profit</b>	<b>\$ 147</b>	<b>\$ 241</b>	<b>\$ 813</b>	<b>\$ 1,120</b>	<b>\$ 1,009</b>	<b>\$ 1,058</b>	<b>\$ 850</b>	<b>\$ 663</b>