MRC Global Announces Second Quarter 2024 Results

Aug 6 2024

HOUSTON, Aug. 06, 2024 (GLOBE NEWSWIRE) -- MRC Global Inc. (NYSE: MRC), the leading global distributor of pipe, valves, fittings and infrastructure products and services to diversified energy, industrial and gas utilities end-markets, today announced second quarter 2024 results.

Net income attributable to common stockholders for the second quarter of 2024 was $24 million, or $0.28 per diluted share, as compared to the second quarter of 2023 net income attributable to common stockholders of $18 million, or $0.21 per diluted share. Adjusted net income attributable to common stockholders for the second quarter of 2024 was $27 million, or $0.31 per diluted share, as compared to the second quarter of 2023 adjusted net income attributable to common stockholders of $22 million, or $0.26 per diluted share.

MRC Global's second quarter 2024 gross profit was $173 million, or 20.8% of sales, as compared to the second quarter 2023 gross profit of $175 million, or 20.1% of sales. Gross profit for the second quarter of 2024 and 2023 includes $1 million and $2 million of expense, respectively, in cost of sales relating to the use of the last-in, first-out (LIFO) method of inventory cost accounting. Adjusted Gross Profit, which excludes (among other items) the impact of LIFO, was $184 million, or 22.1% of sales, for the second quarter of 2024 and was $187 million, or 21.5% of sales, for the second quarter of 2023.

Second Quarter 2024 Financial Highlights:

- Cash flow provided by operations of $63 million for the second quarter and $101 million in the first half of 2024
- Sales of $832 million, a 3% improvement compared to the first quarter of 2024
- Adjusted Gross Profit, as a percentage of sales, of 22.1%, and a new MRC Global record
- Adjusted EBITDA of $65 million, or 7.8% of sales
- Net Debt leverage ratio of 0.4 times, the lowest in MRC Global history

Rob Saltiel, MRC Global’s President and CEO stated, “We achieved sequential growth in revenue, adjusted EBITDA and cash flow from operations in the second quarter, despite slowing activity in the US oilfield and project delays in our DIET sector. We have generated $101 million in operating cash flow through the first half of 2024, and we are tracking well to meet or exceed our annual operating cash flow target of $200 million.

"During the second quarter we repaid our Term Loan B and reduced our net debt to an all-time low of $103 million. We expect to generate significant cash over the next few years, which should further strengthen our balance sheet and provide us flexibility to consider various capital allocation alternatives," Mr. Saltiel added.

Selling, general and administrative (SG&A) expenses were $126 million, or 15.1% of sales, for the second quarter of 2024 compared to $130 million, or 14.9% of sales, for the same period in 2023. Adjusted SG&A for the second quarter of 2024 was $124 million, or 14.9% of sales, excluding $2 million of activism response and facility closure expenses.

Adjusted EBITDA was $65 million, or 7.8% of sales, in the second quarter of 2024 compared to $63 million, or 7.2% of sales, for the same period in 2023.

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Gross Profit, Adjusted Net Income, Adjusted SG&A, Net Debt and Leverage Ratio are all non-GAAP measures. Please refer to the reconciliation of each of these measures to the nearest GAAP measure in this release.

An income tax expense of $12 million was incurred in the second quarter of 2024, with an effective tax rate of 29%, as compared to an income tax expense of $10 million, with an effective tax rate of 29%, for the second quarter of 2023. Our rates differ from the U.S. federal statutory rate of 21% as a result of state income taxes, non-deductible expenses, and differing foreign income tax rates. In addition, the effective tax rate for the three months ended June 30, 2024, was higher than the U.S. federal statutory rate due to foreign losses with no tax benefit.

Sales

The company’s sales were $832 million for the second quarter of 2024, which was 4% lower than the second quarter of 2023 and 3% higher than the first quarter of 2024. As compared to the same quarter a year ago, the Gas Utilities and Production and Transmission Infrastructure (PTI) sectors declined, partially offset by an increase in the Downstream, Industrial and Energy Transition (DIET) sector. Sequentially, company’s sales were up by 3%, due to increases in the Gas Utilities and PTI sectors, partially offset by the DIET sector.

Sales by Segment

U.S. sales in the second quarter of 2024 were $677 million, down $50 million, or 7%, from the same quarter in 2023. The Gas Utilities sector revenue decreased $34 million, or 11%, as customers reduced their own product inventory levels and executed fewer capital projects. PTI sector sales decreased by $25 million, or 11%, primarily due to lower line pipe sales and reduced customer spending levels. DIET sector sales increased $9 million, or 5%, due to mining, refining and chemicals customers' projects and turnaround activity.

Sequentially, as compared to the first quarter of 2024, U.S. sales increased $10 million, or 1%, driven by the U.S. Gas Utilities sector, which increased $22 million, or 8%, driven by increased customer spending due to seasonal increases and normalizing buying patterns. The PTI sector increased $2 million, or 1%, primarily due to a net increase in line pipe shipments for projects. The DIET sector decreased $14 million, or 7%, as a result of less turnaround buying in the second quarter.

Canada sales in the second quarter of 2024 were $33 million, down $5 million, or 13%, from the same quarter in 2023, as a decline in the PTI sector was partially offset by an increase in the DIET sector including a carbon capture project.

Sequentially, Canada sales were up $4 million, or 14%, from the prior quarter with improvement in both the DIET and PTI sectors.

International sales in the second quarter of 2024 were $122 million, up $16 million, or 15%, from the same period in 2023. The increase was driven by the PTI sector primarily in Norway, followed by the DIET sector in Europe including turnaround activity and offshore wind projects.

Sequentially, as compared to the previous quarter, International sales were up $12 million, or 11%, as the PTI and DIET sectors increased. The PTI sector increased as a result of projects in the North Sea while the DIET sector increased due to project and turnaround activity in Europe including offshore wind projects.

Sales by Sector

Gas Utilities sector sales, which are primarily U.S. based, were $287 million in the second quarter of 2024, or 35% of total sales, a decrease of $36 million, or 11%, from the second quarter of 2023.

Sequentially, as compared to the first quarter of 2024, the Gas Utilities sector sales increased $21 million, or 8%.

DIET sector sales in the second quarter of 2024 were $268 million, or 32% of total sales, an increase of $23 million, or 9%, from the second quarter of 2023. The increase in DIET sector sales was across all geographic segments.

Sequentially, as compared to the previous quarter, sales in the DIET sector were down $8 million, or 3%, due to declines in the U.S. segment partially offset by the International and Canada segments.

PTI sector sales in the second quarter of 2024 were $277 million, or 33% of total sales, a decline of $26 million, or 9%, from the second quarter of 2023. The decrease in PTI sales was due to declines in the U.S. and Canada segments partially offset by the International segment.

Sequentially, as compared to the prior quarter, PTI sector sales increased $13 million, or 5%, as all segments improved, driven by the International segment.

Backlog

As of June 30, 2024, the company's backlog was $636 million, a 10% decline from the previous quarter due to large project deliveries in the second quarter and project activity delays.

Balance Sheet and Cash Flow

As of June 30, 2024, the cash balance was $49 million, long-term debt (including current portion) was $152 million, and Net Debt was $103 million. Cash provided by operations was $63 million in the second quarter of 2024. Availability under the company’s asset-based lending facility was $488 million, and available liquidity was $537 million as of June 30, 2024. The company repaid its Term Loan B in its entirety during the second quarter using a combination of its asset-based lending facility and cash. Please refer to the reconciliation of non-GAAP measures (Net Debt) to GAAP measures (Long-term Debt) in this release.

Conference Call

The company will hold a conference call to discuss its second quarter 2024 results at 10:00 a.m. Eastern Time (9:00 a.m. Central Time) on August 7, 2024. To participate in the call, please dial 201-689-8261 and ask for the MRC Global conference call prior to the start time. To access the conference call, live over the Internet, please log onto the web at www.mrcglobal.com and go to the “Investors” page of the company’s website. For those who cannot listen to the live call, a replay will be available through August 21, 2024, and can be accessed by dialing 201-612-7415 and using pass code 13746014#. 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 (NYSE: MRC) is the leading global distributor of pipe, valves, fittings (PVF) and other infrastructure products and services to diversified end-markets including the gas utilities, downstream, industrial and energy transition, and production and transmission sectors. With over 100 years of experience, MRC Global has provided customers with innovative supply chain solutions, technical product expertise and a robust digital platform from a worldwide network of 219 locations including valve and engineering centers. The company’s unmatched quality assurance program offers over 300,000 SKUs from over 8,500 suppliers, simplifying the supply chain for approximately 10,000 customers. Find out more at www.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,” “anticipating,” “intend,” “believes,” "on-track," “well positioned,” “strong position,” “looking forward,” “guidance,” “plans,” “can," "target," "targeted" and similar expressions are intended to identify forward-looking statements.

Statements about the company’s business, including its strategy, its industry, the company’s future profitability, the company’s guidance on its sales, adjusted EBITDA, adjusted EBITDA margin, tax rate, capital expenditures, achieving cost savings and cash flow, debt reduction, liquidity, 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 MRC Global’s control, including the factors described in the company’s SEC filings that may cause the company’s 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 capital and other expenditure levels in the industries that the company serves; U.S.

and international general economic conditions; geopolitical events; decreases in oil and natural gas prices; unexpected supply shortages; loss of third-party transportation providers; cost increases by the company's suppliers and transportation providers; increases in steel prices, which the company may be unable to pass along to its customers which could significantly lower the company's profit; 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 its inventory to decline; decreases in steel prices, which could significantly lower the company's profit; a decline in demand for certain of the products the company distributes if tariffs and duties on these products are imposed or lifted; holding more inventory than can be sold in a commercial time frame; significant substitution of renewables and low-carbon fuels for oil and gas, impacting demand for the company's products; risks related to adverse weather events or natural disasters; environmental, health and safety laws and regulations and the interpretation or implementation thereof; changes in the company's customer and product mix; the risk that manufacturers of the products that the company distributes will sell a substantial amount of goods directly to end users in the industry sectors that the company serves; failure to operate the company's business in an efficient or optimized manner; the company's ability to compete successfully with other companies; 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; inability to attract and retain employees or the potential loss of key personnel; adverse health events, such as a pandemic; interruption in the proper functioning of the company's information systems; the occurrence of cybersecurity incidents; risks related to the company's customers' creditworthiness; the success of acquisition strategies; the potential adverse effects associated with integrating acquisitions and whether these acquisitions will yield their intended benefits; impairment of the company's goodwill or other intangible assets; adverse changes in political or economic conditions in the countries in which the company operates; the company's significant indebtedness; the dependence on the company's subsidiaries for cash to meet parent company obligations; changes in the company's credit profile; potential inability to obtain necessary capital; 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; exposure to U.S. and international laws and regulations, regulating corruption, limiting imports or exports or imposing economic sanctions; risks relating to ongoing evaluations of internal controls required by Section 404 of the Sarbanes-Oxley Act; risks related to changing laws and regulations including trade policies and tariffs; and the potential share price volatility and costs incurred in response to any shareholder activism campaigns.

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. MRC Global's filings and other important information are also available on the Investors page of the company's 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.

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MRC Global Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(in millions, except shares)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash	$ **49**	$ 131
Accounts receivable, net	**481**	430
Inventories, net	**509**	560
Other current assets	**38**	34
Total current assets	**1,077**	1,155
Long-term assets:		
Operating lease assets	**195**	205
Property, plant and equipment, net	**80**	78
Other assets	**18**	21
Intangible assets:		
Goodwill, net	**264**	264
Other intangible assets, net	**153**	163
	$ **1,787**	$ 1,886

Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ **378**	$ 355
Accrued expenses and other current liabilities	**105**	102
Operating lease liabilities	**34**	34
Current portion of debt obligations	**-**	292
Total current liabilities	**517**	783
Long-term liabilities:		
Long-term debt	**152**	9
Operating lease liabilities	**175**	186
Deferred income taxes	**45**	45
Other liabilities	**20**	20
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, 109,450,090 and 108,531,564 issued, respectively	**1**	1
Additional paid-in capital	**1,770**	1,768
Retained deficit	**(641)**	(678)
Less: Treasury stock at cost: 24,216,330 shares	**(375)**	(375)
Accumulated other comprehensive loss	**(232)**	(228)
	523	488
	$ **1,787**	$ 1,886

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

	Three Months Ended		Six Months Ended	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Sales	$ **832**	$ 871	$ **1,638**	$ 1,756
Cost of sales	**659**	696	**1,302**	1,402
Gross profit	**173**	175	**336**	354
Selling, general and administrative expenses	**126**	130	**251**	252
Operating income	**47**	45	**85**	102
Other expense:				
Interest expense	**(7)**	(10)	**(15)**	(17)
Other, net	**2**	(1)	**(1)**	(4)
Income before income taxes	**42**	34	**69**	81
Income tax expense	**12**	10	**20**	23
Net income	**30**	24	**49**	58
Series A preferred stock dividends	**6**	6	**12**	12
Net income attributable to common stockholders	$ **24**	$ 18	$ **37**	$ 46
Basic earnings per common share	$ **0.28**	$ 0.21	$ **0.44**	$ 0.55
Diluted earnings per common share	$ **0.28**	$ 0.21	$ **0.43**	$ 0.54
Weighted-average common shares, basic	**85.2**	84.3	**84.9**	84.1
Weighted-average common shares, diluted	**86.4**	85.3	**86.2**	85.4

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

(in millions)

	Six Months Ended	
	June 30, 2024	June 30, 2023
Operating activities		
Net income	$ **49**	$ 58
Adjustments to reconcile net income to net cash provided by (used in) operations:		
Depreciation and amortization	**10**	10
Amortization of intangibles	**10**	10
Equity-based compensation expense	**7**	7
Deferred income tax (benefit) expense	**1**	2
Other non-cash items	**7**	14
Changes in operating assets and liabilities:		
Accounts receivable	**(53)**	(19)
Inventories	**43**	(101)
Other current assets	**(3)**	(9)
Accounts payable	**26**	36
Accrued expenses and other current liabilities	**4**	(18)
Net cash provided by (used in) operations	**101**	(10)
Investing activities		
Purchases of property, plant and equipment	**(14)**	(5)
Other investing activities	**1**	-
Net cash used in investing activities	**(13)**	(5)
Financing activities		
Payments on revolving credit facilities	**(115)**	(497)
Proceeds from revolving credit facilities	**258**	530
Payments on debt obligations	**(295)**	(2)
Dividends paid on preferred stock	**(12)**	(12)
Repurchases of shares to satisfy tax withholdings	**(5)**	(4)
Net cash (used in) provided by financing activities	**(169)**	15
Decrease in cash	**(81)**	-
Effect of foreign exchange rate on cash	**(1)**	(1)
Cash -- beginning of period	**131**	32
Cash -- end of period	$ **49**	$ 31

MRC Global Inc.
Supplemental Sales Information (Unaudited)
(in millions)

Disaggregated Sales by Segment and Sector

Three Months Ended June 30,	U.S.	Canada	International	Total
2024				
Gas Utilities	$ **287**	$ **-**	$ **-**	$ **287**
DIET	**188**	**12**	**68**	**268**
PTI	**202**	**21**	**54**	**277**
	$ **677**	$ **33**	$ **122**	$ **832**
2023				
Gas Utilities	$ 321	$ 1	$ 1	$ 323
DIET	179	4	62	245
PTI	227	33	43	303
	$ 727	$ 38	$ 106	$ 871

Six Months Ended June 30,		U.S.		Canada		International		Total
2024								
Gas Utilities	$	**552**	$	**1**	$	**-**	$	**553**
DIET		**390**		**21**		**133**		**544**
PTI		**402**		**40**		**99**		**541**
	$	**1,344**	$	**62**	$	**232**	$	**1,638**
2023								
Gas Utilities	$	627	$	2	$	1	$	630
DIET		389		9		125		523
PTI		451		69		83		603
	$	1,467	$	80	$	209	$	1,756

MRC Global Inc.
Supplemental Sales Information (Unaudited)
(in millions)

Sales by Product Line

	Three Months Ended				Six Months Ended			
Type		**June 30, 2024**		**June 30, 2023**		**June 30, 2024**		**June 30, 2023**
Line Pipe	$	**129**	$	128	$	**246**	$	269
Carbon Fittings and Flanges		**106**		119		**206**		236
Total Carbon Pipe, Fittings and Flanges		**235**		247		**452**		505
Valves, Automation, Measurement and Instrumentation		**302**		299		**593**		614
Gas Products		**193**		214		**380**		421
Stainless Steel and Alloy Pipe and Fittings		**35**		36		**76**		68
General Products		**67**		75		**137**		148
	$	**832**	$	871	$	**1,638**	$	1,756

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

	Three Months Ended					
		June 30, 2024	**Percentage of Revenue**		**June 30, 2023**	**Percentage of Revenue**
Gross profit, as reported	$	**173**	**20.8 %**	$	175	20.1 %
Depreciation and amortization		**5**	**0.6 %**		5	0.6 %
Amortization of intangibles		**5**	**0.6 %**		5	0.6 %
Increase in LIFO reserve		**1**	**0.1 %**		2	0.2 %
Adjusted Gross Profit	$	**184**	**22.1 %**	$	187	21.5 %

	Six Months Ended					
		June 30, 2024	**Percentage of Revenue***		**June 30, 2023**	**Percentage of Revenue***
Gross profit, as reported	$	**336**	**20.5 %**	$	354	20.2 %
Depreciation and amortization		**10**	**0.6 %**		10	0.6 %
Amortization of intangibles		**10**	**0.6 %**		10	0.6 %
Increase in LIFO reserve		**2**	**0.1 %**		1	0.1 %
Adjusted Gross Profit	$	**358**	**21.9 %**	$	375	21.4 %

Notes to above:

* Does not foot due to rounding

The company defines Adjusted Gross Profit as sales, less cost of sales, plus depreciation and amortization, plus amortization of intangibles, plus inventory-related charges incremental to normal operations 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 which costing 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 Information (Unaudited)
Reconciliation of Selling, General and Administrative Expenses (SG&A) to Adjusted SG&A (a non-GAAP measure)
(in millions)

	Three Months Ended		Six Months Ended	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Selling, general and administrative expenses	$ **126**	$ 130	$ **251**	$ 252
Facility closures (1)	**(1)**	-	**(1)**	-
Non-recurring IT related professional fees	-	(1)	-	(1)
Activism response legal and consulting costs	**(1)**	-	**(4)**	-
Adjusted Selling, general and administrative expenses	$ **124**	$ 129	$ **246**	$ 251

Notes to above:

(1) Charge (pre-tax) associated with a facility closure in our International segment.

The company defines adjusted selling, general and administrative (SG&A) expenses as SG&A, restructuring expenses and other unusual items. The company presents adjusted SG&A because the company believes it is a useful indicator of the company's operating performance. Among other things, adjusted SG&A measures the company's operating performance without regard to certain non-recurring, non-cash or transaction-related expenses. The company uses adjusted SG&A as a key performance indicator in managing its business. The company believes that SG&A is the financial measure calculated and presented in accordance with U.S. Generally Accepted Accounting Principles that is most directly comparable to adjusted SG&A.

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

	Three Months Ended		Six Months Ended	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Net income	$ **30**	$ 24	$ **49**	$ 58
Income tax expense	**12**	10	**20**	23
Interest expense	**7**	10	**15**	17
Depreciation and amortization	**5**	5	**10**	10
Amortization of intangibles	**5**	5	**10**	10
Facility closures (1)	**1**	-	**1**	-
Non-recurring IT related professional fees	-	1	-	1
Increase in LIFO reserve	**1**	2	**2**	1
Equity-based compensation expense (2)	**3**	4	**7**	7
Activism response legal and consulting costs	**1**	-	**4**	-
Write off of debt issuance costs	**-**	-	**1**	-
Asset disposal (3)	**-**	1	**1**	1
Foreign currency losses	**-**	1	**2**	4
Adjusted EBITDA	$ **65**	$ 63	$ **122**	$ 132

Notes to above:

(1) Charges (pre-tax) associated with a facility closure in our International segment.

(2) Charges (pre-tax) recorded in SG&A.

(3) Charge (pre-tax) for an asset disposal in our International segment.

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, restructuring, changes in the fair value of derivative instruments, asset impairments, including inventory, long-lived asset impairments (including goodwill and intangible assets), inventory-related charges incremental to normal operations, 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 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 Net Income Attributable to Common Stockholders to
Adjusted Net Income Attributable to Common Stockholders (a non-GAAP measure)
(in millions, except per share amounts)

	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024	
	Amount	Per Share	Amount	Per Share*
Net income attributable to common stockholders	$ 24	$ 0.28	$ 37	$ 0.43
Facility closures, net of tax (1)	1	0.01	1	0.01
Asset disposal, net of tax (2)	-	-	1	0.01
Activism response legal and consulting costs, net of tax	1	0.01	3	0.03
Increase in LIFO reserve, net of tax	1	0.01	2	0.02
Adjusted net income attributable to common stockholders	$ 27	$ 0.31	$ 44	$ 0.51

Notes to above:

* Does not foot due to rounding

(1) An after-tax charge associated with a facility closure in our International segment.

(2) An after-tax charge for an asset disposal in our International segment.

	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
	Amount	Per Share*	Amount	Per Share
Net income attributable to common stockholders	$ 18	$ 0.21	$ 46	$ 0.54
Non-recurring IT related professional fees, net of tax	1	0.01	1	0.01
Asset disposal, net of tax (1)	1	0.01	1	0.01
Increase in LIFO reserve, net of tax	2	0.02	1	0.01
Adjusted net income attributable to common stockholders	$ 22	$ 0.26	$ 49	$ 0.57

Notes to above:

* Does not foot due to rounding

(1) An after-tax charge for an asset disposal in our International segment.

The company defines adjusted net income attributable to common stockholders (a non-GAAP measure) as net income attributable to common stockholders plus or minus the after-tax impact of items deemed non-standard and plus or minus the after-tax impact of its LIFO inventory costing methodology. After-tax impacts were determined using the company's blended statutory rate. The company presents adjusted net income attributable to common stockholders and related per share amounts because the company believes it provides useful comparisons of the company's operating results to other companies, including those companies with whom we compete in the distribution of pipe, valves, and fittings to the energy industry, without regard to the irregular variations from certain restructuring events not indicative of the on-going business. Those items include goodwill and intangible asset impairments, inventory-related charges, facility closures, severance and restructuring as well as the LIFO inventory costing methodology. The impact of the LIFO inventory costing methodology can cause results to vary substantially from company to company depending upon which costing method they may elect. The company believes that net income attributable to common stockholders is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly compared to adjusted net income attributable to common stockholders.

MRC Global Inc.
Supplemental Information (Unaudited)
Reconciliation of Long-term Debt to Net Debt (a non-GAAP measure) and the Leverage Ratio Calculation
(in millions)

		June 30, 2024
Long-term debt	$	**152**
Plus: current portion of debt obligations		**-**
Total debt		**152**
Less: cash		**49**
Net Debt	$	**103**
Net Debt	$	**103**
Trailing twelve months adjusted EBITDA		**240**
Leverage ratio		**0.4**

Notes to above:

Net Debt and related leverage metrics may be considered non-GAAP measures. The company defines Net Debt as total long-term debt, including current portion, minus cash. The company defines its leverage ratio as Net Debt divided by trailing twelve months Adjusted EBITDA. The company believes Net Debt is an indicator of the extent to which the company's outstanding debt obligations could be satisfied by cash on hand and a useful metric for investors to evaluate the company's leverage position. The company believes the leverage ratio is a commonly used metric that management and investors use to assess the borrowing capacity of the company. The company believes total long-term debt (including the current portion) is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to Net Debt.

MRC Global

Source: MRC Global