

## Global Hunter Securities - GHS100 Energy Conference

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### **Jim Braun**

Executive Vice President & CFO

### **Monica Schafer**

Vice President, Investor Relations

**MRC Global**<sup>TM</sup>

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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, 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, 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).

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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.

# Company Snapshot

## By the Numbers

2014 Sales  
Guidance \$5.65B

Locations 400+

Countries

- Operations 20
- Direct Sales 45+  
(>\$100,000)
- All countries 90+

Customers 19,000+

Suppliers 20,000+

SKU's 230,000+

## Industry Sectors

### Upstream



### Midstream



### Downstream/ Industrial



## Product Categories

### Line Pipe / OCTG



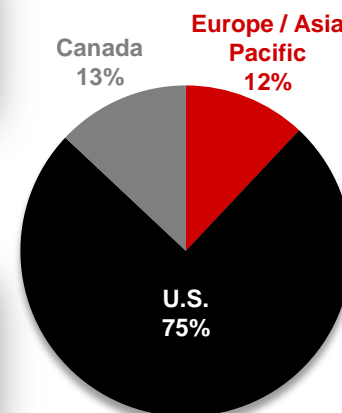
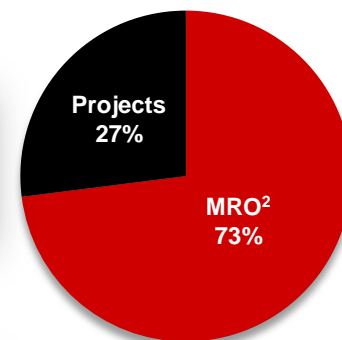
### Valves



### Fittings / Flanges



## Business Model<sup>1</sup>



1. Percentage of sales for the twelve months ended March 31, 2014.

2. MRO revenue generated from broad based contracts covering both ongoing capital and operating needs of customers.

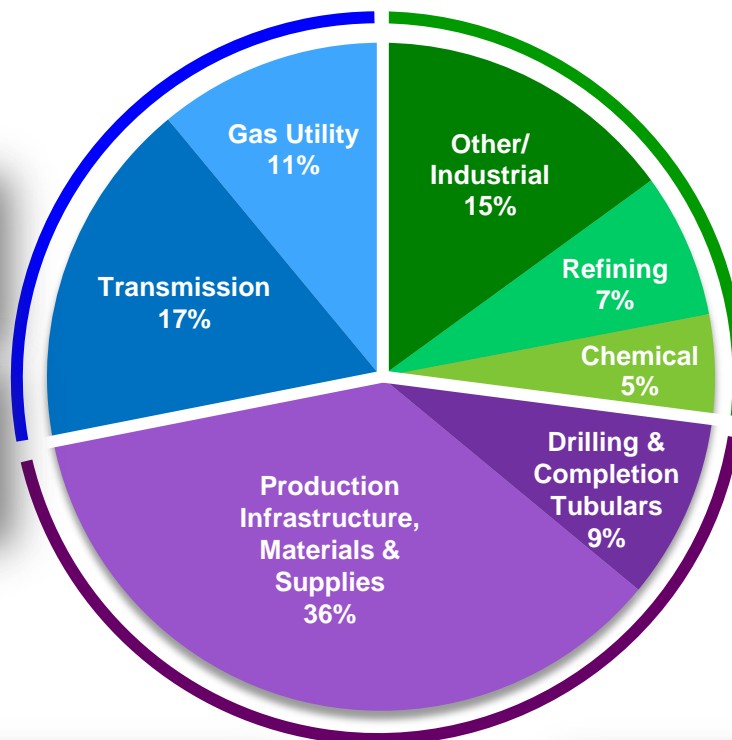


# MRC Revenue Diversification by Industry Sector

## 28% Midstream



## Downstream 27%

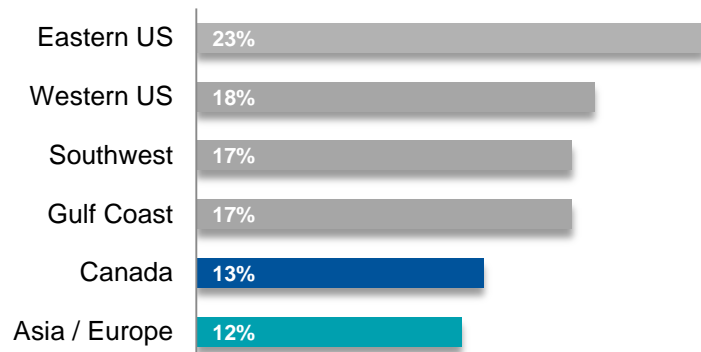


## Upstream 45%



# MRC Revenue Diversification

## By Geography



Houston, TX



Edmonton, AB



Bradford, UK



Singapore



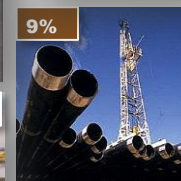
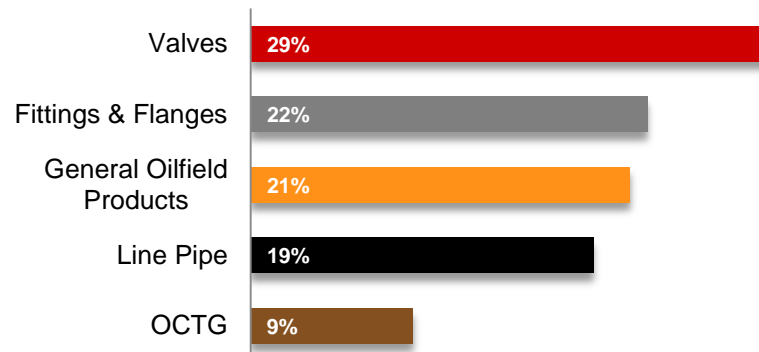
Perth, AU



Stavanger, NO



## By Product Line



# Why Customers Choose Distribution & MRC

## Benefits of MRC

- Supplier Registration / Preferred Supplier List
- Global delivery footprint
- Approximately \$1.1B+ in global inventory
- Global sourcing from 45+ countries

## Integrated Supply Chain Services

- Cost Savings and Efficiencies
- Technical Assistance / Product Recommendation
- Warehouse and Logistics Management
- Inventory Consignment / Just-in-Time Delivery
- Customized IT Solutions



**Generating savings and efficiencies for our customers  
while enabling them to focus on their core competencies**



# Long-Term Supplier & Customer Relationships

## SUPPLIERS

### Energy Carbon Steel Tubular Products

CSI Tubular JMC  
Wheatland

Tenaris TMK-  
IPSCO U.S.  
Steel

### Valves

Balon Cameron Flowserve

Kitz Neway Velan

### Fittings, Flanges and General Use Products

Boltex Bonney  
Forge Chevron  
Phillips  
Chemical

Tube  
Forgings of America WL Plastics

## IOCs



ExxonMobil



**MRC Global™**

## CUSTOMERS

### Downstream

DOW DuPont Marathon  
Petroleum

Phillips 66 Valero

### Midstream

Access AGL  
Midstream Resources Atmos

DCP NiSource PG&E Williams  
Midstream

### Upstream

Apache Anadarko CNRL

Chesapeake ConocoPhillips Devon  
Energy

Hess Husky  
Energy Marathon  
Oil Statoil

**MRC plays a vital role in the complex, technical, global energy supply chain**

## Changing PVF Energy Distribution Landscape



### Decentralized Procurement

- PVF purchasing handled locally
- Separate contracts by product class

### Centralized Procurement

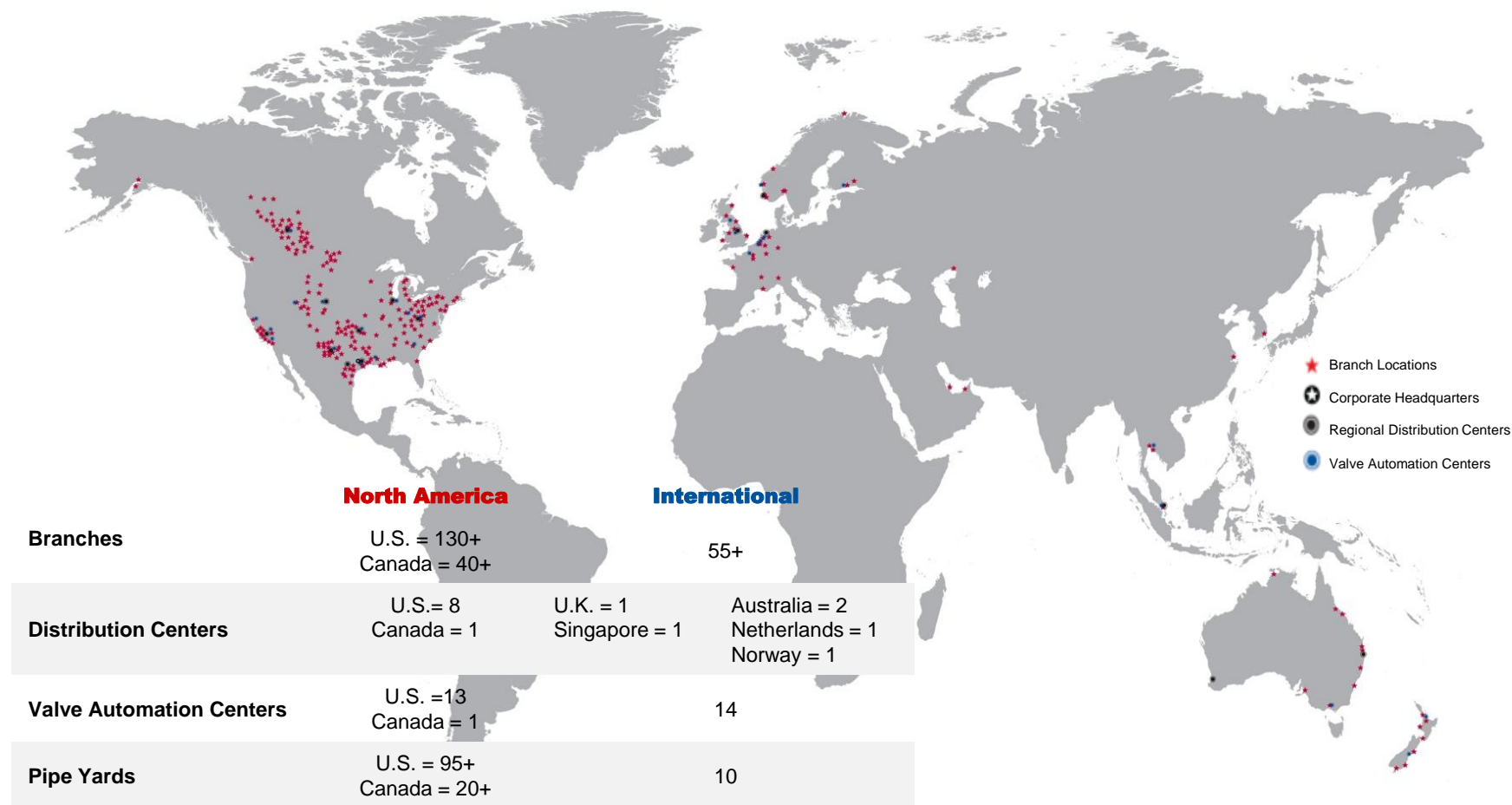
- Purchasing more consolidated
- Contracts by end segment
- Contracts cover PVF
- Customers align with suppliers with size/scale

### Global Procurement

- Global upstream / midstream / downstream PVF contracts



## Where Our Customers Need Us To Be



Leading industrial distributor of PVF globally to the energy sectors

# End Market Opportunities

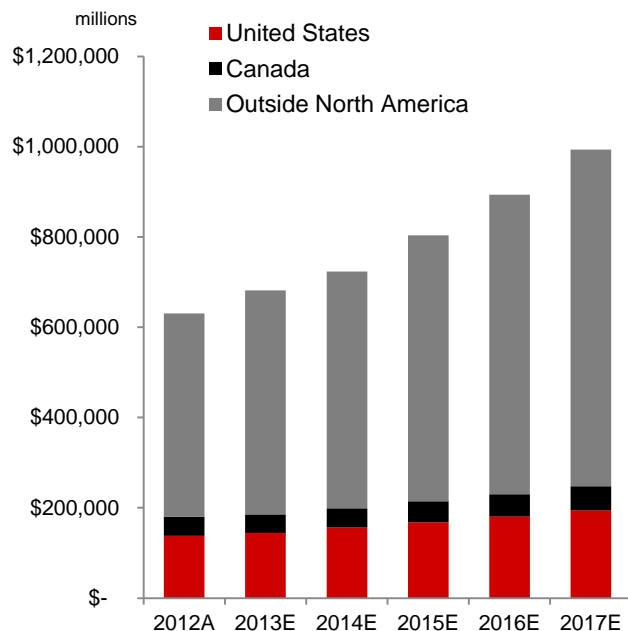
## MRC Revenue Mix by End Market<sup>1</sup>

**Upstream 45%**

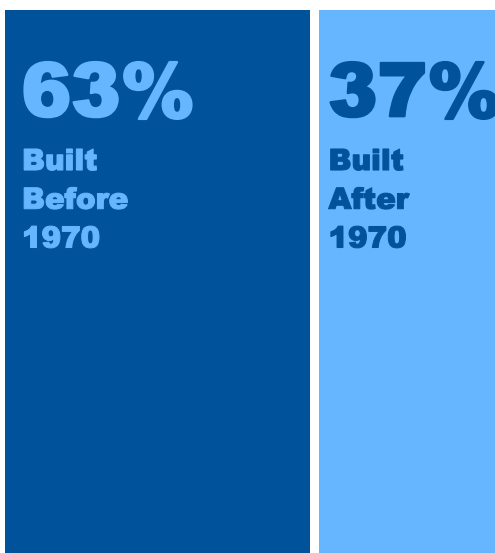
**Midstream 28%**

**Downstream 27%**

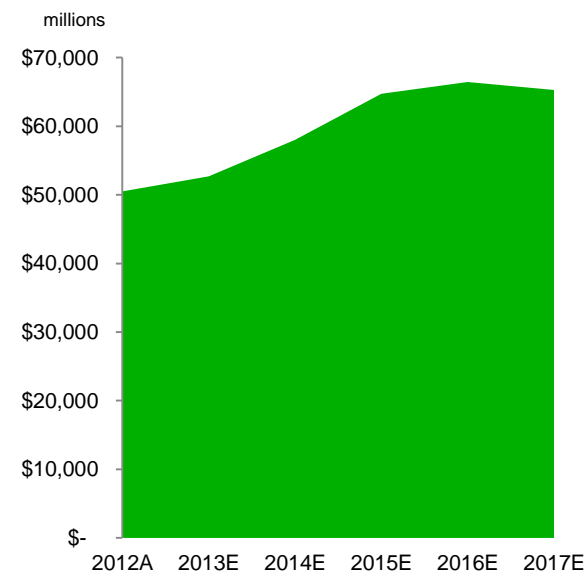
## Global E&P Spending<sup>2</sup>



- > **New North American Shale Infrastructure**
- > **Aging U.S. Infrastructure and New Legislation To Drive Pipeline Replacement and Additional Automated Valve Sales<sup>3</sup>**



## Petroleum Refining & Chemical Processing Spend in North America<sup>4</sup>



1. Percentage of sales for the twelve months ended March 31, 2014.

2. Source: Barclays 2014 E&P Spending Outlook.

3. Source: Pipeline Safety and Hazardous Materials Administration. Wall Street Journal article titled "Gas-Pipeline Operators Sweat Test", September 8, 2011 for the 10 states with the most miles of natural-gas pipeline built before 1970.

4. Source: Industrial Info Resources: October 2013.

# Strategic Objectives

## Execute Global Preferred Supplier Contracts

- **2013:**

- Celanese – Global, PVF
- NiSource – U.S., MRO, PVF
- Williams – U.S., PVF, Midstream
- Chevron Phillips Chemical – U.S., PVF, Downstream
- BP – Global, PFF, Upstream, Projects
- BP – N.A., PVF Downstream and Europe Valves Downstream

- **2014:**

- Chevron – Kazakhstan, PFF Future Growth Project, Thailand & Australia, MRO, PVF
- ConocoPhillips – Lower 48 states & Canada, MRO, PVF

## Strategic Objectives

### Organic Growth

- Targeted Growth Accounts: develop the “next 75” customers

### Customer Mix - Sales<sup>1</sup>

50%	Top 1 - 25
23%	Targeted Growth Accounts
27%	All Other - 19,000+ customers

### Growth from Mergers & Acquisitions

- Add product lines to complete global PVF offerings and geographies for scale and expertise
  - 2013:
    - Flow Control Products – Permian Basin
    - Flangefitt Stainless – UK
  - 2014:
    - Stream AS – Norway
    - NAWAH/MRC/US Steel Tubular Products consortium – Iraq
    - MSD Engineering – Singapore and SE Asia
    - HypTeck – Norway

### Rebalance Product Mix to Higher Margin Items

- Focus on valve and valve automation
- Strengthen offerings in stainless and alloy PFF

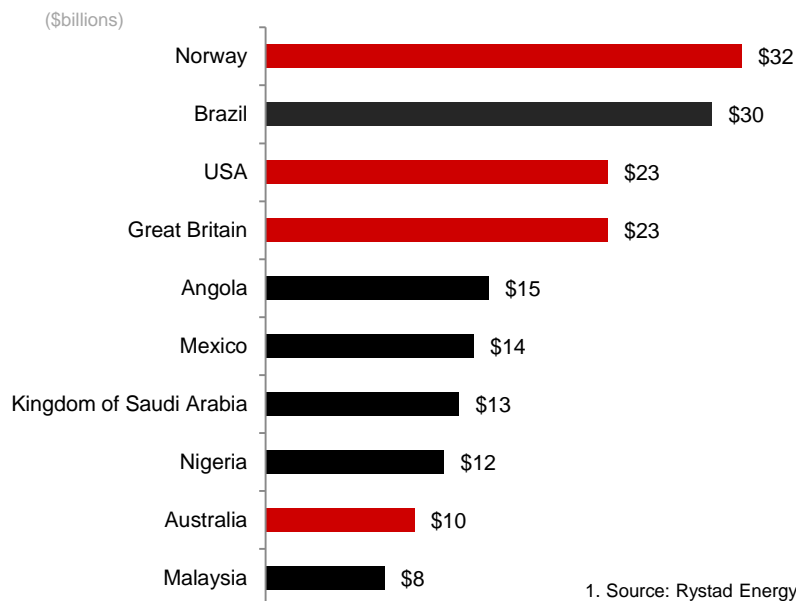
1. Percentage of sales for the twelve months ended March 31, 2014.



## Strategic Expansion into Offshore

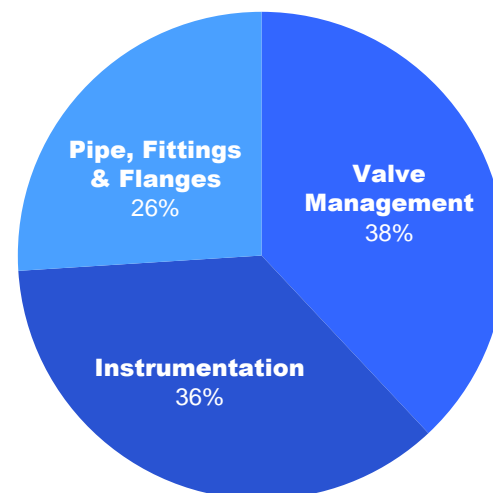
- Top 4 largest offshore markets = \$100 billion E&P spend
- Norway is the largest
- MRC revenue mix
  - Pre **Stream** acquisition – approx. 98% onshore, 2% offshore
  - Post **Stream** acquisition – approx. 92% onshore, 8% offshore

Top 10 Global Offshore E&P Markets (2012)<sup>1</sup>



1. Source: Rystad Energy, 2013

Stream 2013 Sales by Division



# M&A - Track Record of Strategic Acquisitions

## Acquisition Priorities

- International branch platform for “super majors” E&P spend
- Branch platforms/infrastructure for North American shale plays
- Global valve and valve automation
- Global stainless/alloys

Date	Acquisition	Rationale	Region	Revenue <sup>1</sup> (\$ millions)
Oct-08	LaBarge	Midstream	U.S.	\$ 233
Oct-09	Transmark	International valve platform	Europe and Asia	346
May-10	South Texas Supply	Domestic shale	Eagle Ford Shale - South Texas	9
Aug-10	Dresser Oil Tools Supply	Domestic shale	Bakken Shale - North Dakota	13
Jun-11	Stainless Pipe and Fittings	Projects	Australia / SE Asia	91
Jul-11	Valve Systems and Controls	Valve automation	U.S. Gulf of Mexico	13
Mar-12	OneSteel Piping Systems	International PVF expansion	Australia	174
Jun-12	Chaparral Supply	Domestic shale	Mississippian Lime - Oklahoma / Kansas	71
Dec-12	Production Specialty Services	Domestic shale	Permian Basin / Eagle Ford shale	127
Jul-13	Flow Control Products	Valve automation	Permian Basin / Eagle Ford shale	28
Dec-13	Flangefitt Stainless	Stainless/Alloys	United Kingdom	24
Jan-14	Stream	International Offshore PVF	Norway	271
May-14	MSD Engineering	Valve automation	Singapore & SE Asia	26
Jun-14	HypTeck	International Offshore	Norway	38

**\$ 1.46 Billion +**

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

## **Financial Overview**

## 1Q 2014 Highlights

- Stream acquisition closed – January 2014
- Backlog increased

(\$ millions)	3/31/2014	12/31/2013	3/31/2013
U.S.	\$ 625	\$ 470	\$ 456
Canada	88	90	69
International <sup>1</sup>	318	198	163
	\$ 1,031	\$ 758	\$ 688

- SG&A cost saving initiatives

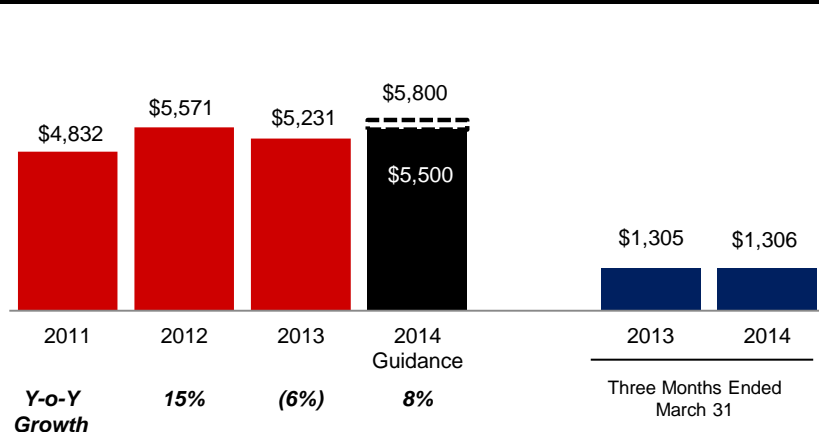
1. Approximately \$96 million of the March 31, 2014 backlog balance pertains to the Stream subsidiary acquired in January 2014.



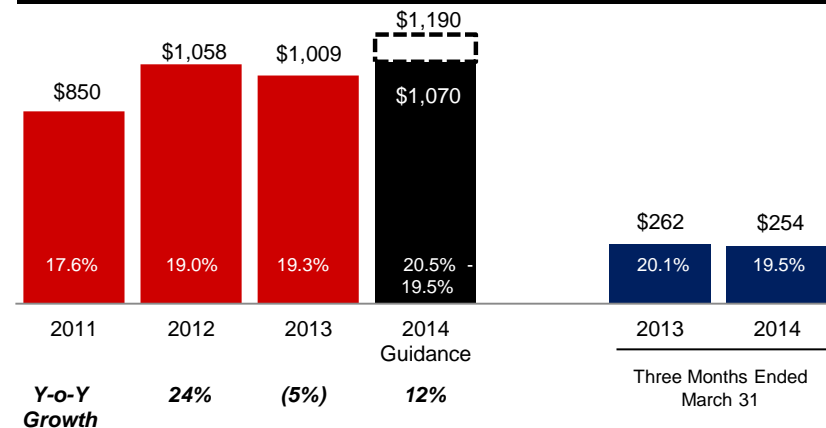
# Financial Metrics

(\$ in millions, except per share data)

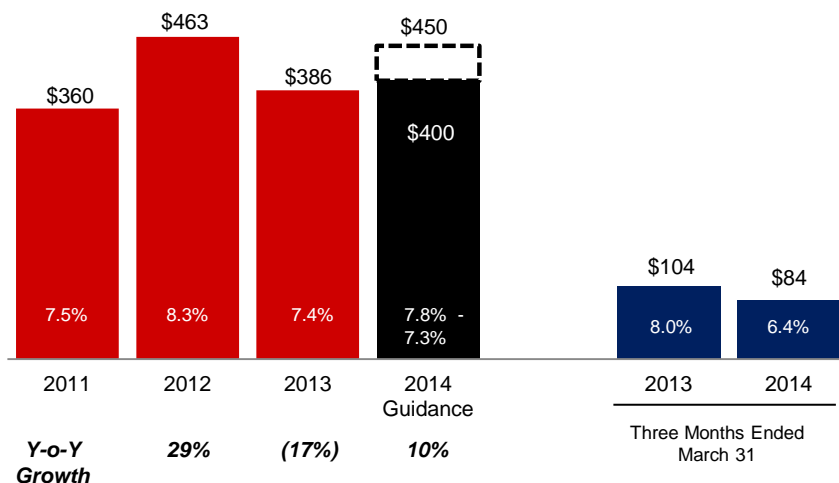
## Sales



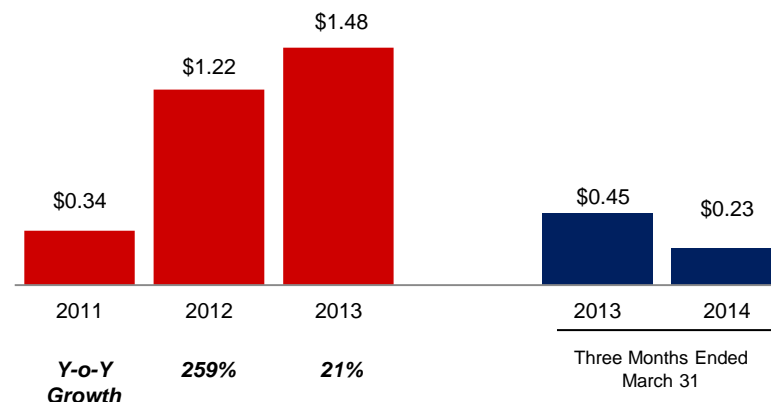
## Adjusted Gross Profit and % Margin



## Adjusted EBITDA and % Margin



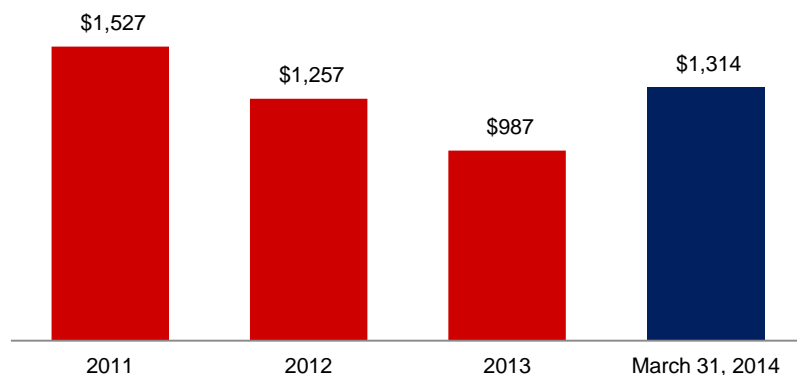
## Diluted EPS



## Balance Sheet Metrics

(\$ in millions)

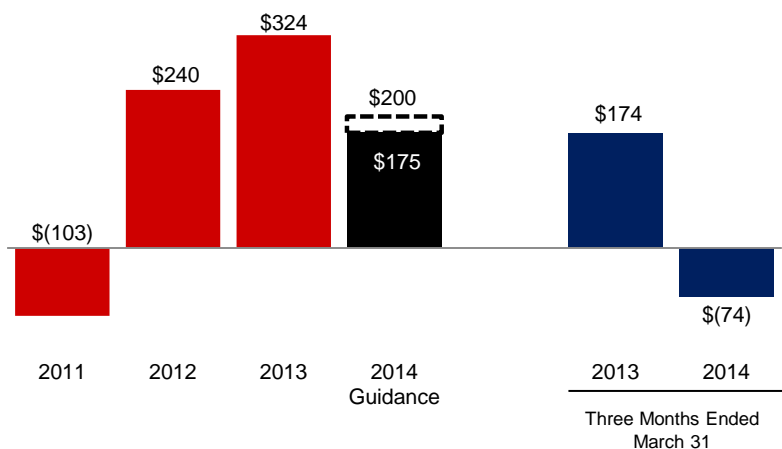
### Total Debt



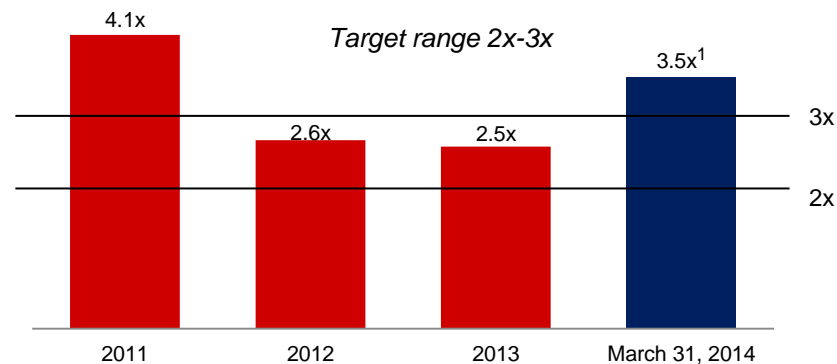
### Capital Structure

	March 31, 2014
<b>Cash and Cash Equivalents</b>	<b>\$ 30</b>
Total Debt (including current portion):	
Term Loan B due 2019, net of discount	785
Global ABL Facility due 2017	529
<b>Total Debt</b>	<b>\$ 1,314</b>
<b>Total Equity</b>	<b>\$ 1,366</b>
<b>Total Capitalization</b>	<b>\$ 2,680</b>

### Cash Flow from Operations



### Net Leverage



1. The net leverage ratio is 3.3x pro forma for the acquisition of Stream and Flangeftt.

## Investment Thesis Summary

### Macro drivers

- Growth in global energy consumption driving investment
  - Increased global production
  - Need for additional energy infrastructure
  - Expansion of downstream energy conversion businesses

### MRC attributes

- Ability to capitalize on global energy investment across all sectors
- Long term global customer & supplier relationships
- Strong cash flow from operations
- Strong balance sheet



Leading global PVF distributor to the energy sector

# **Appendix**



**Adjusted EBITDA Reconciliation**

(\$ in millions)	March 31		December 31		
	2014	2013	2013	2012	2011
Net income	\$ 23.5	\$ 46.2	\$ 152.1	\$ 118.0	\$ 29.0
Income tax expense	13.2	25.0	84.8	63.7	26.8
Interest expense	15.1	15.3	60.7	112.5	136.8
Increase (Decrease) in LIFO reserve	1.3	(3.1)	(20.2)	(24.1)	73.7
Expenses associated with refinancing	-	-	5.1	1.7	9.5
Loss on early extinguishment of debt	-	-	-	114.0	-
Depreciation and amortization	5.2	5.4	22.3	18.6	17.0
Amortization of intangibles	15.7	13.2	52.1	49.5	50.7
Change in fair value of derivative instruments	3.6	(0.6)	(4.7)	(2.2)	(7.0)
Equity-based compensation expense	1.8	1.9	15.5	8.5	8.4
Loss on sale of Canadian progressive cavity pump business	6.2	-	-	-	-
Executive separation expense (cash portion)	-	-	0.8	-	-
Insurance charge	-	-	2.0	-	-
Foreign currency losses (gains)	(1.6)	(0.2)	12.9	(0.8)	(0.6)
Pension settlement	-	-	-	4.4	-
Legal and consulting expenses	-	-	-	-	9.9
Joint venture termination	-	-	-	-	1.7
Other expense (income)	-	0.8	3.0	(0.6)	4.6
<b>Adjusted EBITDA</b>	<b>\$ 84.0</b>	<b>\$ 103.9</b>	<b>\$ 386.4</b>	<b>\$ 463.2</b>	<b>\$ 360.5</b>

## Adjusted Gross Profit Reconciliation

(\$ in millions)	March 31		December 31		
	2014	2013	2013	2012	2011
Gross Profit	\$ 232.1	\$ 246.6	\$ 954.8	\$ 1,013.7	\$ 708.2
Depreciation and amortization	5.2	5.4	22.3	18.6	17.0
Amortization of intangibles	15.7	13.2	52.1	49.5	50.7
Increase (Decrease) in LIFO reserve	1.3	(3.1)	(20.2)	(24.1)	73.7
Adjusted Gross Profit	\$ 254.3	\$ 262.1	\$1,009.0	\$ 1,057.7	\$ 849.6