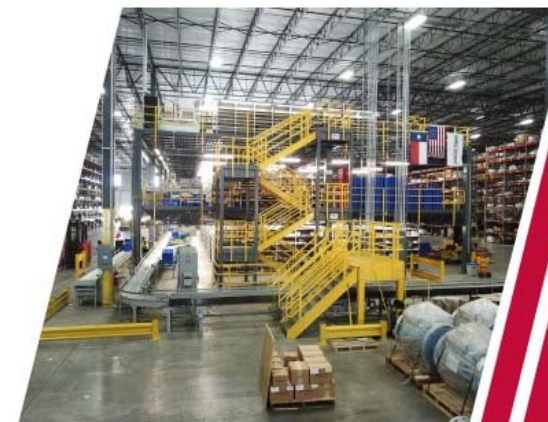




2Q 2020 Earnings Presentation  
July 28, 2020

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President & CEO

Kelly Youngblood  
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,” “looking forward,” “guidance,” “targeting”, 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 net income, Adjusted diluted EPS, Adjusted SG&A, 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 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, including the company’s Current Report on Form 8-K dated July 28, 2020.

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.

## Statement Regarding Use of Non-GAAP Measures:

The Non-GAAP financial measures contained in this presentation (Adjusted EBITDA and Adjusted Gross Profit, Adjusted net income, Adjusted diluted EPS, Adjusted SG&A) 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.

## Key Points – Second Quarter 2020 Results

\$

Generated \$47 million of cash from operations in 2Q20, \$84 million YTD

Available Liquidity  
\$430 million



2Q20 Adjusted EBITDA of \$17 million or 2.8% of revenue



Adjusted gross profit percentage of 19.6% in 2Q20 – a 30 basis point improvement from 2Q19



Lowered operating costs

Reduced 2Q20 SG&A by \$16 million from 1Q20 and \$28 million from 4Q19, on a normalized basis

- Closed 11 facilities in 2Q20
- Reduced headcount by >300 in 2Q20



2Q20 revenue decreased 24% from 1Q20 due to reduced customer budgets resulting from demand destruction related to the pandemic



Net debt of \$455 million down \$38 million from 1Q20

\$

Net working capital to sales ratio (TTM) 19.8% as of 2Q20

## Summary Highlights from Second Quarter 2020 Results

- \$602M in revenue – 24% sequential decline
- Normalized SG&A - \$104M – down \$29M from 2Q19

### Segment revenue highlights 2020 v 2019



**U.S.** – declined 41% from reduced spending by customers in reaction to reduced demand from the pandemic and non-recurring projects



**Canada** – declined 52% due to reduced demand from the pandemic and non-recurring projects.



**International** – declined 17% on reduced spending, the conclusion of a project, weak foreign currency.

### Market sector revenue highlights 2020 v 2019



**Upstream Production** decreased 53% across all segments and led by the U.S. segment



#### **Midstream Pipeline**

declined 50% on reduced customer spending and timing of projects



#### **Gas Utilities**

declined 17% due to less activity as a result of the pandemic restrictions



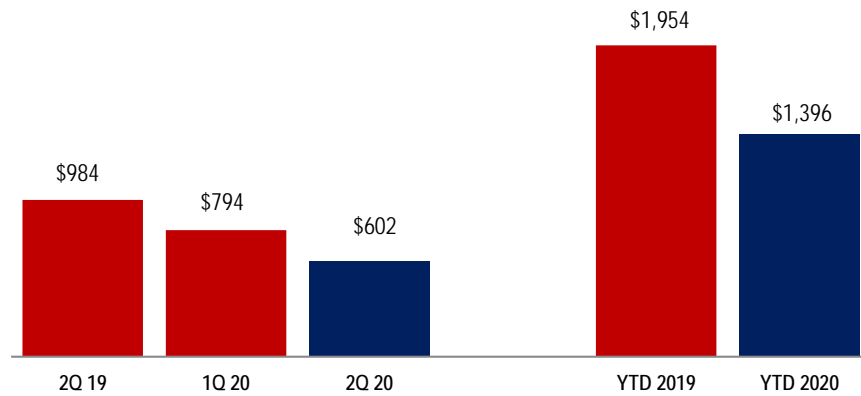
#### **Downstream & Industrial**

decreased 37% driven by the U.S. segment

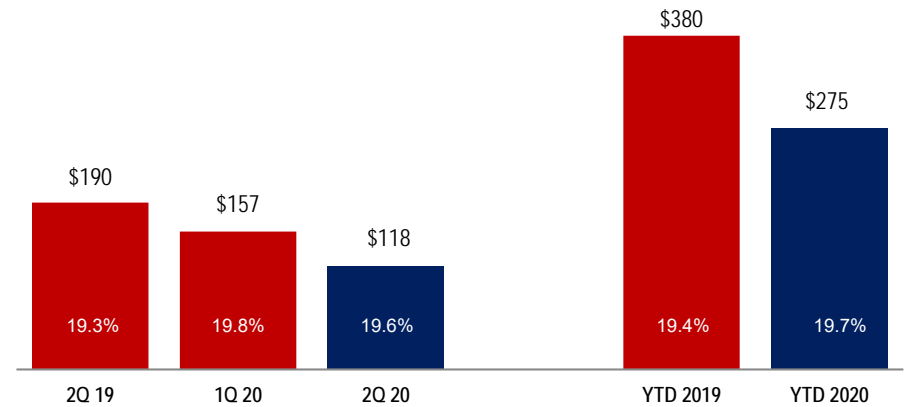
# Quarterly & YTD Financial Performance

(\$ millions, except per share data)

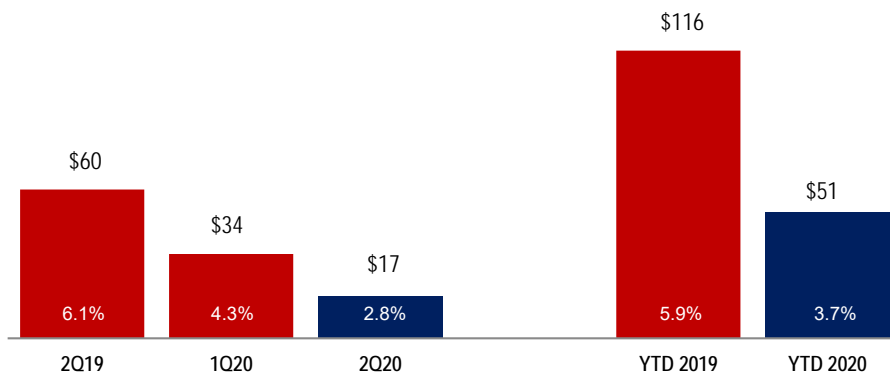
## Sales



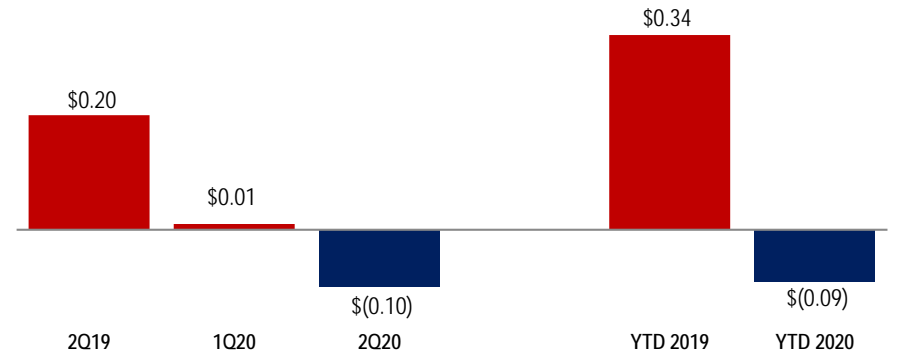
## Adjusted Gross Profit and % Margin<sup>1</sup>



## Adjusted EBITDA and % Margin<sup>1</sup>



## Adjusted Diluted EPS

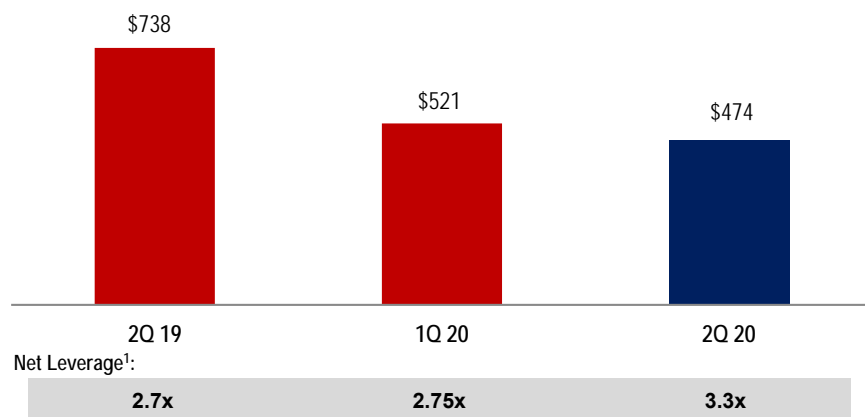


1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

# Strong Balance Sheet Provides Financial Flexibility

(\$ millions)

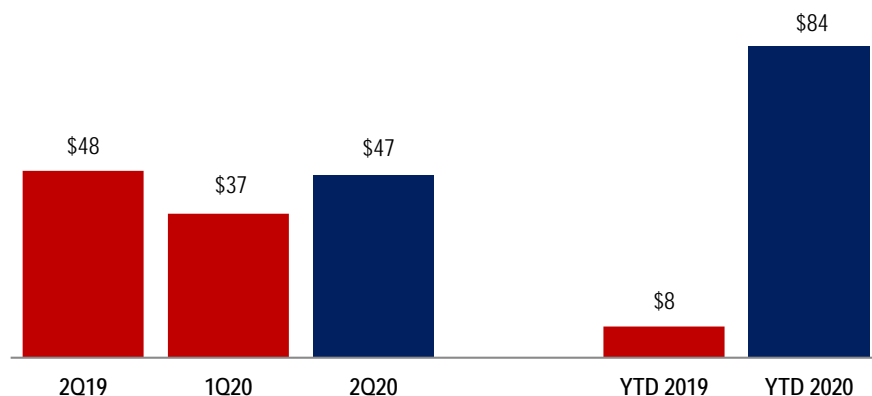
## Total Debt



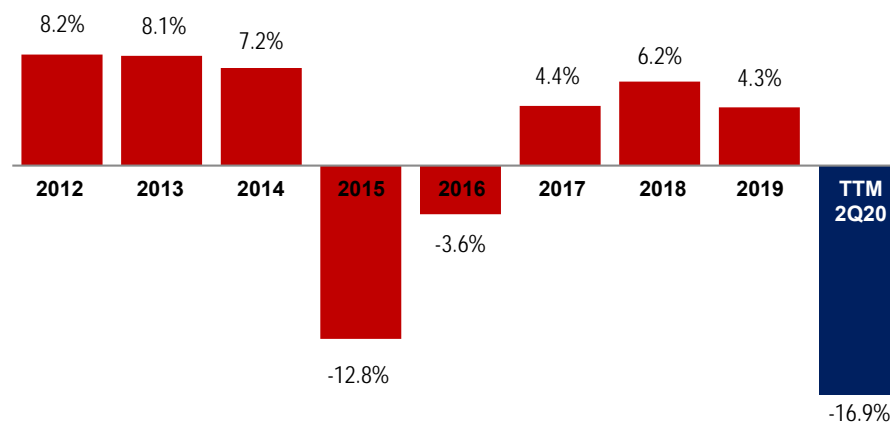
## Capital Structure

| June 30, 2020                                                        |                 |
|----------------------------------------------------------------------|-----------------|
| Cash and Cash Equivalents                                            | \$19            |
| Total Debt (including current portion):                              |                 |
| Term Loan B due 2024<br>(net of discount & deferred financing costs) | \$ 385          |
| Global ABL Facility due 2022                                         | 89              |
| <b>Total Debt</b>                                                    | <b>\$ 474</b>   |
| Preferred stock                                                      | 355             |
| Common stockholders' equity                                          | 341             |
| <b>Total Capitalization</b>                                          | <b>\$ 1,170</b> |
| <b>Liquidity</b>                                                     | <b>\$ 430</b>   |

## Cash Flow from Operations



## Return on Average Net Capital Employed<sup>2</sup>



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). Calculated with GAAP figures.

# 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

## Maximize Profitability



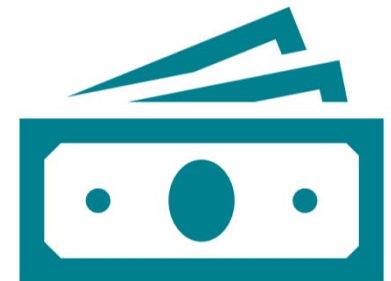
- Focus on higher margin products, end-markets & sales strategies
- Leverage scale & global supply chain
- Expand offering of value-added services to capture enhanced margin
- Focus on controlling costs & operating leverage

## 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

## Strategy - 2Q20 Accomplishments

### Grow Market Share

- Added new customer contracts and awards (*e.g.* PG&E, Dominion, TECO)

### Maximize Profitability

- Achieved 19.6% adjusted gross margins in deflationary market
- 41% of revenue from valves in 2Q 2020
- Launch online channel to service smaller customers through MRCGO

### Maximize Working Capital Efficiency

- Achieved 19.8% of working capital, net of cash, to sales on TTM basis
- Targeting 19.5% to 19.9% for 2020

### Optimize Capital Structure

- Reduced net debt by \$38 million in 2Q20 from 1Q20 and \$64 million YTD
- Generated \$47 million cash from operations in 2Q20 and \$84 million YTD



## Concluding Key Points

### Focused on operating cost reductions, cash flow, balance sheet management

- Lowered SG&A by \$29 million in 2Q20 v. 2Q19, on a normalized basis

- Liquidity \$430 million

- Generated \$47 million in cash from operations

- Reduced net debt by \$38 million from 1Q20

- Gross profit and Adjusted gross profit 13.1% and 19.6% for 2Q20

### Delivering on strategic objectives

- Optimal balance sheet usage – reducing debt & continued working capital efficiency

- Growing market share – added and renewed customer contracts

- Continued investment in e-commerce initiative

# Appendix

## Adjusted Gross Profit Reconciliation

| (\$ millions)                       | Three months ended |                |               | Six months ended |               |
|-------------------------------------|--------------------|----------------|---------------|------------------|---------------|
|                                     | June 30, 2020      | March 31, 2020 | June 30, 2019 | June 30, 2020    | June 30, 2019 |
| Gross profit                        | \$ 79              | \$ 148         | \$ 174        | \$ 227           | \$ 348        |
| Depreciation and amortization       | 5                  | 5              | 6             | 10               | 11            |
| Amortization of intangibles         | 6                  | 7              | 11            | 13               | 22            |
| (Decrease) increase in LIFO reserve | (6)                | (3)            | (1)           | (9)              | (1)           |
| Inventory charges and other         | 34                 | -              | -             | 34               | -             |
| <b>Adjusted Gross Profit</b>        | <b>\$ 118</b>      | <b>\$ 157</b>  | <b>\$ 190</b> | <b>\$ 275</b>    | <b>\$ 380</b> |

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 July 28, 2020.

## Adjusted SG&A Reconciliation

| (\$ millions)               | Three months ended |                |               |                   |
|-----------------------------|--------------------|----------------|---------------|-------------------|
|                             | June 30, 2020      | March 31, 2020 | June 30, 2019 | December 31, 2019 |
| <b>SG&amp;A</b>             | \$ 126             | \$ 126         | \$ 133        | \$ 141            |
| Severance and restructuring | (7)                | -              | -             | (4)               |
| Facility closures           | (15)               | -              | -             | -                 |
| Bad debt expense            | -                  | (6)            | -             | -                 |
| Supplier doubtful accounts  | -                  | -              | -             | (5)               |
| <b>Adjusted SG&amp;A</b>    | <b>\$ 104</b>      | <b>\$ 120</b>  | <b>\$ 133</b> | <b>\$ 132</b>     |

Note: Adjusted SG&A is a non-GAAP measure. For a discussion of the use of Adjusted SG&A, see our Current Report on Form 8-K dated July 28, 2020.

## Adjusted EBITDA Reconciliation

| (\$ millions)                          | Three months ended |                |               | Six months ended |               |
|----------------------------------------|--------------------|----------------|---------------|------------------|---------------|
|                                        | June 30, 2020      | March 31, 2020 | June 30, 2019 | June 30, 2020    | June 30, 2019 |
| Net income (loss)                      | \$ (281)           | \$ 9           | \$ 24         | \$ (272)         | \$ 42         |
| Income tax expense (benefit)           | (17)               | 5              | 8             | (12)             | 14            |
| Interest expense                       | 7                  | 8              | 10            | 15               | 21            |
| Depreciation and amortization          | 5                  | 5              | 6             | 10               | 11            |
| Amortization of intangibles            | 6                  | 7              | 11            | 13               | 22            |
| (Decrease) increase in LIFO reserve    | (6)                | (3)            | (1)           | (9)              | (1)           |
| Inventory-related charges              | 34                 | -              | -             | 34               | -             |
| Facility closures                      | 18                 | -              | -             | 18               | -             |
| Goodwill & intangible asset impairment | 242                | -              | -             | 242              | -             |
| Equity-based compensation expense      | 3                  | 2              | 3             | 5                | 7             |
| Severance & restructuring charges      | 7                  | -              | -             | 7                | -             |
| Foreign currency (gains) losses        | (1)                | 2              | (1)           | 1                | -             |
| Gain on early extinguishment of debt   | -                  | (1)            | -             | (1)              | -             |
| <b>Adjusted EBITDA</b>                 | <b>\$ 17</b>       | <b>\$ 34</b>   | <b>\$ 60</b>  | <b>\$ 51</b>     | <b>\$ 116</b> |

**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 July 28, 2020.

## Adjusted Net Income Reconciliation

| (\$ millions)                                                | Three months ended |                  |                |                |               |                | Six months ended |                  |               |                |
|--------------------------------------------------------------|--------------------|------------------|----------------|----------------|---------------|----------------|------------------|------------------|---------------|----------------|
|                                                              | June 30, 2020      |                  | March 31, 2020 |                | June 30, 2019 |                | June 30, 2020    |                  | June 30, 2019 |                |
|                                                              | Amount             | Per Share        | Amount         | Per Share      | Amount        | Per Share      | Amount           | Per Share        | Amount        | Per Share      |
| Net loss attributable to common stockholders                 | \$ (287)           | \$ (3.50)        | \$ 3           | \$ 0.04        | \$ 18         | \$ 0.21        | \$ (284)         | \$ (3.47)        | \$ 30         | \$ 0.35        |
| Goodwill and intangible asset impairment, net of tax         | 234                | 2.85             | -              | -              | -             | -              | 234              | 2.86             | -             | -              |
| Inventory-related charges, net of tax                        | 29                 | 0.35             | -              | -              | -             | -              | 29               | 0.35             | -             | -              |
| Facility closures, net of tax                                | 16                 | 0.20             | -              | -              | -             | -              | 16               | 0.20             | -             | -              |
| Severance and restructuring , net of tax                     | 5                  | 0.06             | -              | -              | -             | -              | 5                | 0.06             | -             | -              |
| (Decrease) increase in LIFO reserve, net of tax              | (5)                | (0.06)           | (2)            | (0.03)         | (1)           | (0.01)         | (7)              | (0.09)           | (1)           | (0.01)         |
| <b>Adjusted net loss attributable to common stockholders</b> | <b>\$ (8)</b>      | <b>\$ (0.10)</b> | <b>\$ 1</b>    | <b>\$ 0.01</b> | <b>\$ 17</b>  | <b>\$ 0.20</b> | <b>\$ (7)</b>    | <b>\$ (0.09)</b> | <b>\$ 29</b>  | <b>\$ 0.34</b> |

**Note:** Adjusted Net Income is a non-GAAP measure. For a discussion of the use of Adjusted Net Income, see our Current Report on Form 8-K dated July 28, 2020.