

MRC Global[®]

Investor Presentation – 4Q 2023 Update

March 12, 2024



Experts You Can Trust

Forward Looking Statements

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,” “look forward,” “guidance,” “targeted”, “goals”, 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, Net Debt, Tax Rate, Capital Expenditures and Cash from Operations, Free Cash Flow, Free Cash Flow after Dividends, 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 February 13, 2024.

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.

Non-GAAP Disclaimer

In this presentation, the company is providing certain non-GAAP financial measures. These are not measures of financial performance calculated in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and should not be considered as alternatives. The following GAAP measures have the following non-GAAP measures presented and derived from the respective GAAP measures:

- **Net Income (adjusted EBITDA)**
- **Net Income margin (adjusted EBITDA margin)**
- **Gross profit (Adjusted Gross Profit)**
- **Gross profit percentage (Adjusted Gross Profit percentage)**
- **Net Income (adjusted Net Income)**
- **Diluted Earnings per Share (adjusted diluted EPS)**
- **Selling, general and administrative expense (adjusted SG&A)**
- **Net cash provided by operations (free cash flow and free cash flow after dividends)**
- **Long-term debt, net (Net Debt)**
- **Return on Invested Capital (ROIC), Adjusted for LIFO**

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.

MRC Global

A Compelling Investment Opportunity



Leading global distributor of industrial products, services and supply solutions



Diversified portfolio with long-term growth drivers in all end-market sectors



Improving financial performance, returns on invested capital and operating cash flow



Solid balance sheet with flexibility for future growth and significant cash generation



Sustainability principles embedded in organizational values and product offerings



Experts You Can Trust



Global Footprint – Hub & Spoke Model Promotes Efficiency

Deliver Solutions to Customers and Market Access to Suppliers

TTM Revenue by Region

84%

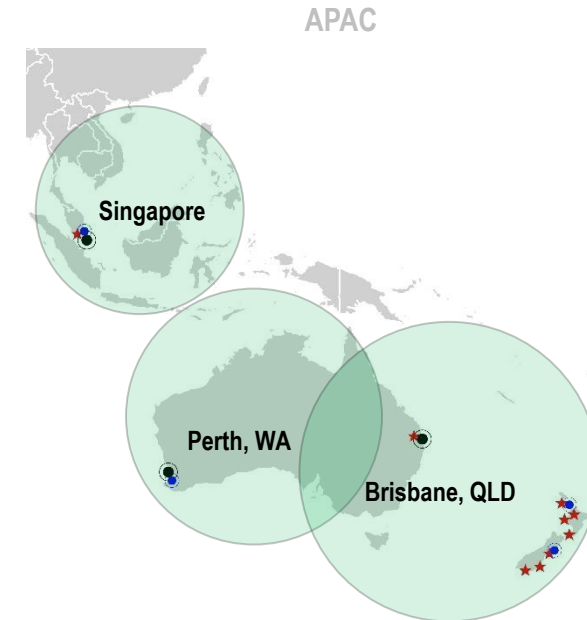
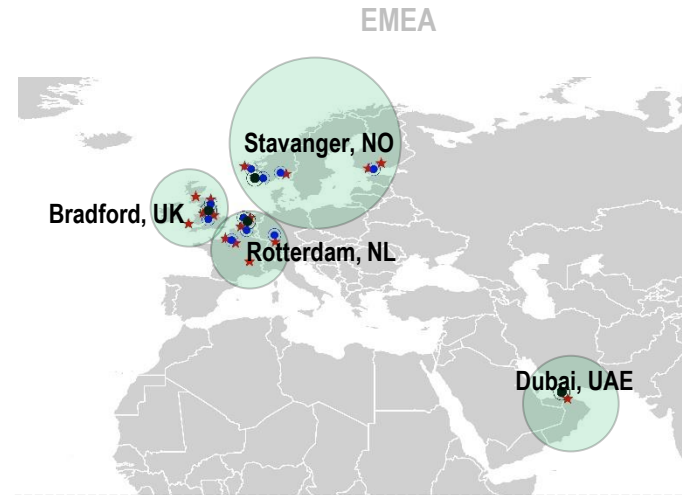
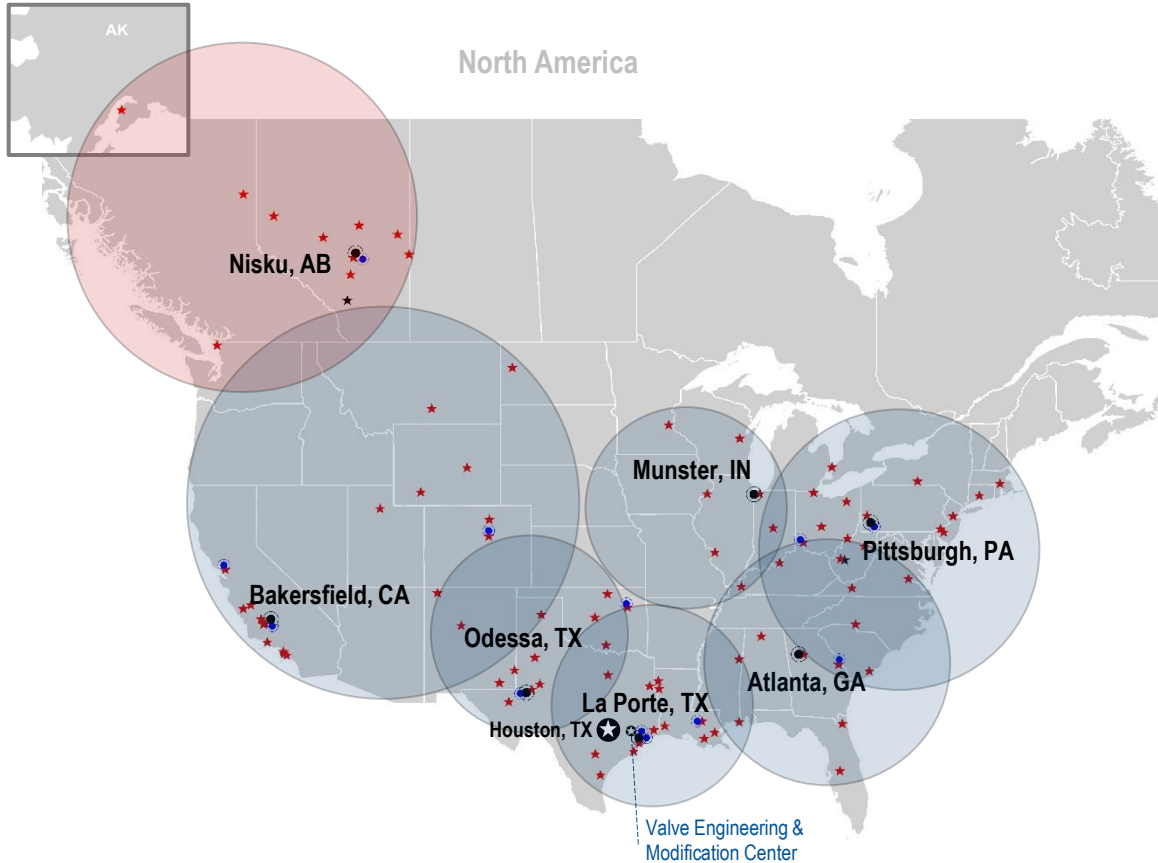
United States

4%

Canada

12%

International



Global Footprint

- 14 Regional Distribution Centers
- 26 Valve & Engineering Centers
- 214 Service Centers
- Headquarters
- 16 Countries
- ~2,900 Employees

Market-Leading Expertise in Industrial Products, Services and Supply Solutions

Scalable Capabilities in Projects, Maintenance and Turnarounds across Multiple End-Market Sectors



- **Industrial Infrastructure Products**

- Flow-control equipment (valves and pipe) including low-emission valves that control pollution
- Measurement and instrumentation
- Gas meters and polyethylene pipe

- **Value-added Services**

- Valve actuation, modification and ValidTorque™
- Complete engineering documentation (CAD drawings)
- Testing services (e.g., hydrostatic testing, weld x-rays)
- Steam system surveys and audits
- On-site product assistance, training and demonstrations

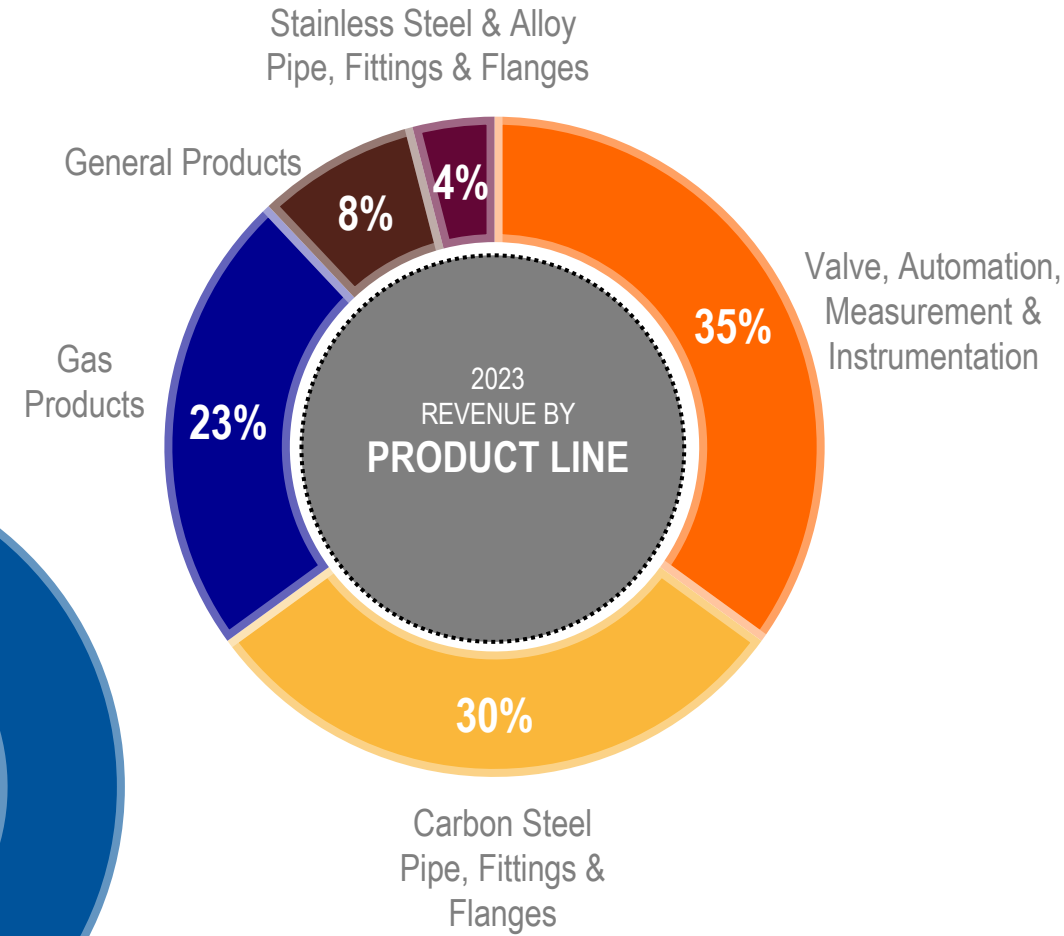
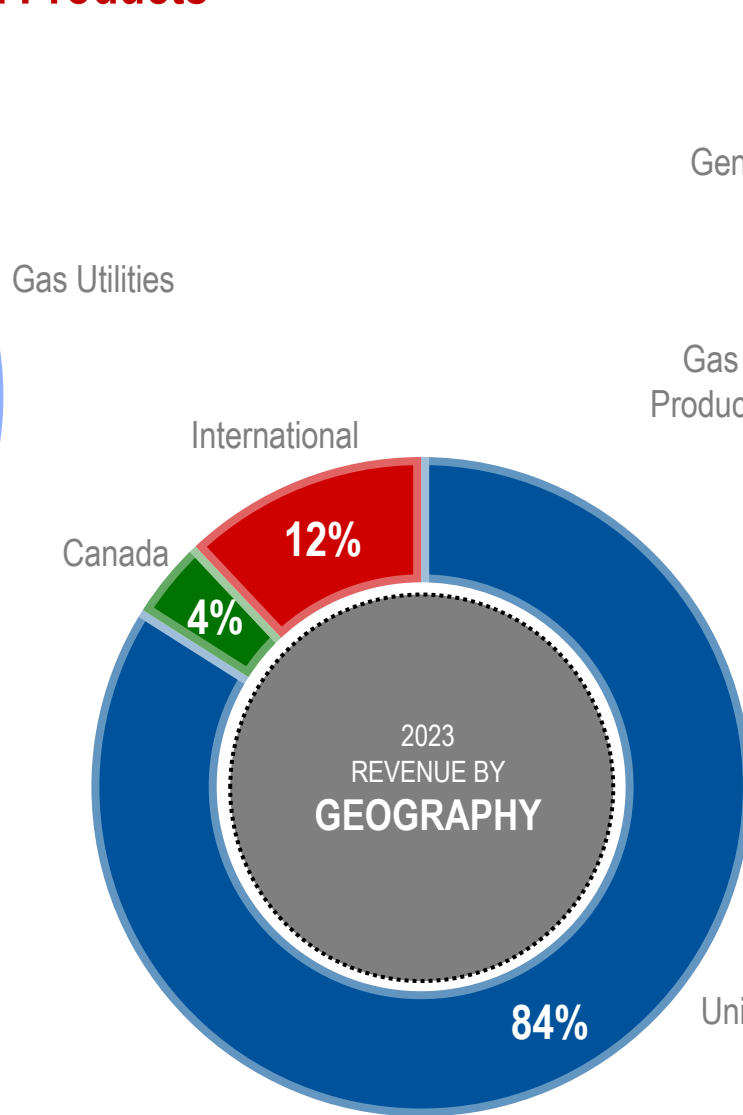
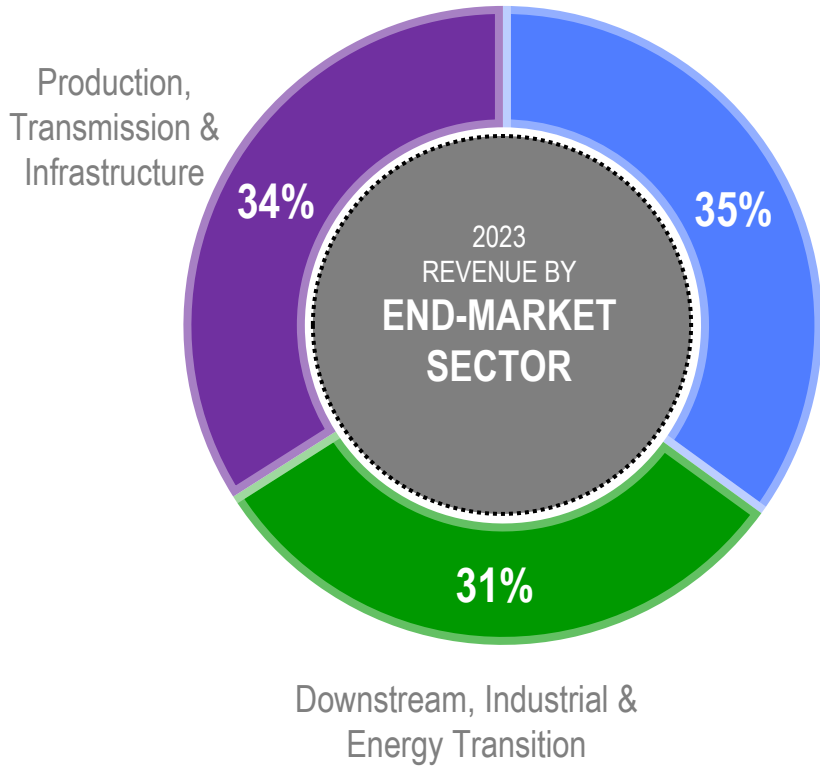
- **Quality Assurance Program** – Approved Manufacturers List Qualification & Supplier Audits to minimize quality issues and promote customer loyalty

- **Integrated Supply Solutions** – Complete inventory management services including warehouse and logistics solutions, stock replenishment and product rationalization



Highly Diversified Portfolio with a Stable Customer Base

Across End-Markets, Geographies and Products

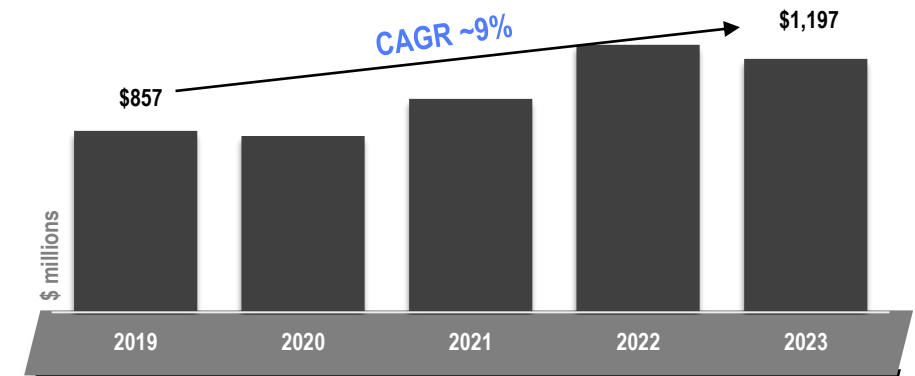
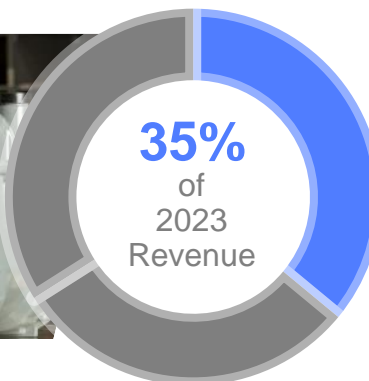


Gas Utilities End-Market Sector

Largest Sector, Independent of Commodity Prices

Growth Drivers

- Multi-year growth expectations from:
 - Continual safety and integrity projects and meter modernization
 - Emissions reduction programs replacing valves
 - New installations with a strong presence in high growth regions of the U.S.
- CAGR ~9% (2019 – 2023)
- Experiencing near term slowdown due to supply chain normalization but customer budgets expected to grow 5-7% per annum
- Two methods of future growth: Market penetration with new customers and increased spending with existing customers from additional product offerings and expanded geographies

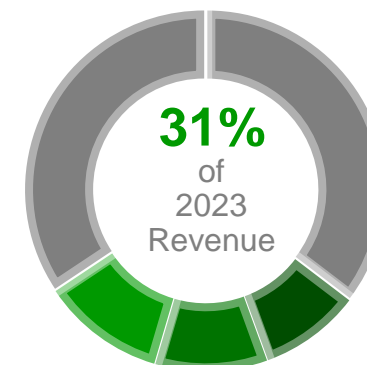


Downstream, Industrial & Energy Transition (DIET) End-Market Sector

Energy Transition and Process Industry Investments

Growth Drivers

- Global energy transition projects as carbon reduction targets are prioritized and government stimulus is deployed, including:
 - Refinery conversions to biofuel feedstocks
 - Hydrogen processing
 - Carbon capture and storage
 - Hydroelectric power generation
 - Offshore wind power generation
 - Geothermal power generation
- Petrochemical investments led by secular demand for plastics and other chemicals
- Expanded project management expertise supporting market penetration in energy transition and chemicals for both brownfield and greenfield projects
- Expansion of liquefied natural gas (LNG) facilities in the U.S. and regasification terminals in Europe
- Increased turnaround and maintenance activity in chemicals and refining



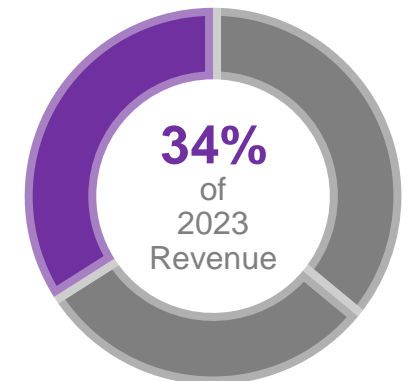
9% Chemicals
10% Refining
12% Industrial & Energy Transition

Production, Transmission & Infrastructure (PTI) End-Market Sector

Traditional Energy Infrastructure

Growth Drivers

- Tightening global supply and demand driving increased well completion activity, production and gathering and processing facilities
- Need for energy security driving:
 - Increasing demand for LNG exports from the U.S. to Europe
 - Increasing European oil and gas production in the North Sea
- Activity in the U.S. shifting from private operators to IOCs and large independents
- MRC Global's value proposition fits well with consolidators in the U.S. oilfield providing opportunities for market share expansion
- Market penetration from enhanced product mix tailored to smaller producers
- Pipeline infrastructure capacity tightening leading to need for transmission expansion projects

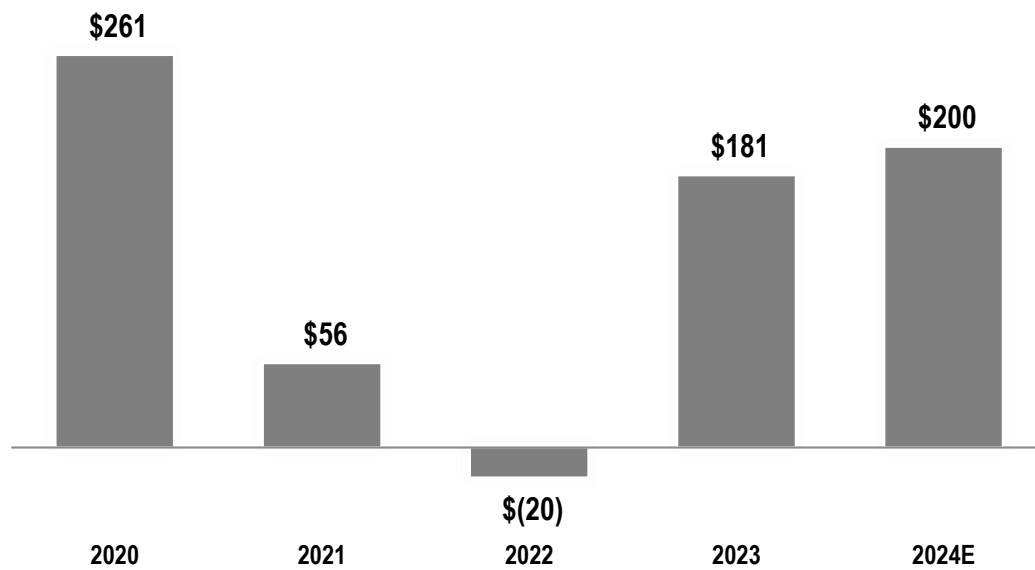


Significant Cash Flow Generation Across the Cycle

Financial Flexibility for Increased Shareholder Returns

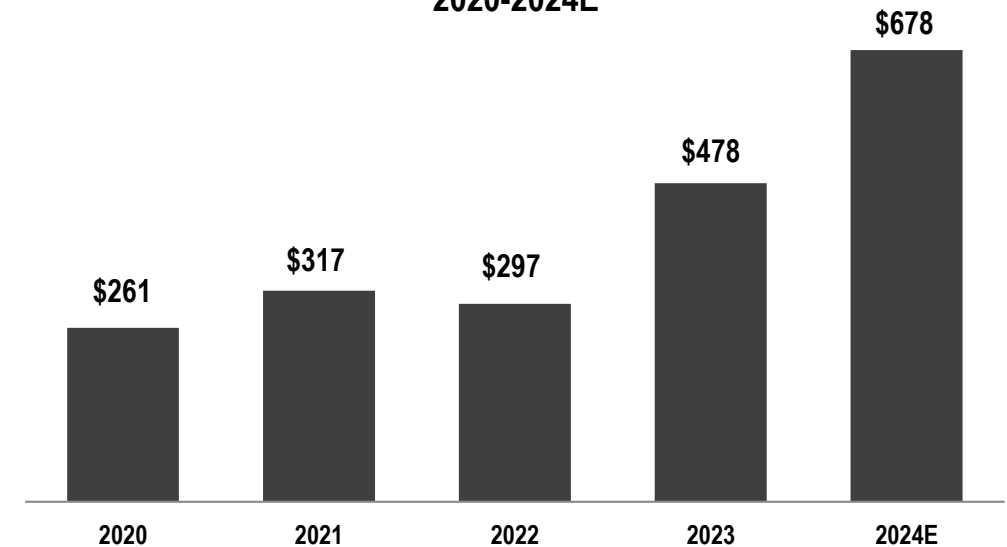
(\$ millions)

Cash Flow from (used in) Operations



Annual sales growth	(30%)	4%	26%	1%	<i>Flattish to down mid-single digits</i>
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Cumulative Cash Flow from Operations 2020-2024E

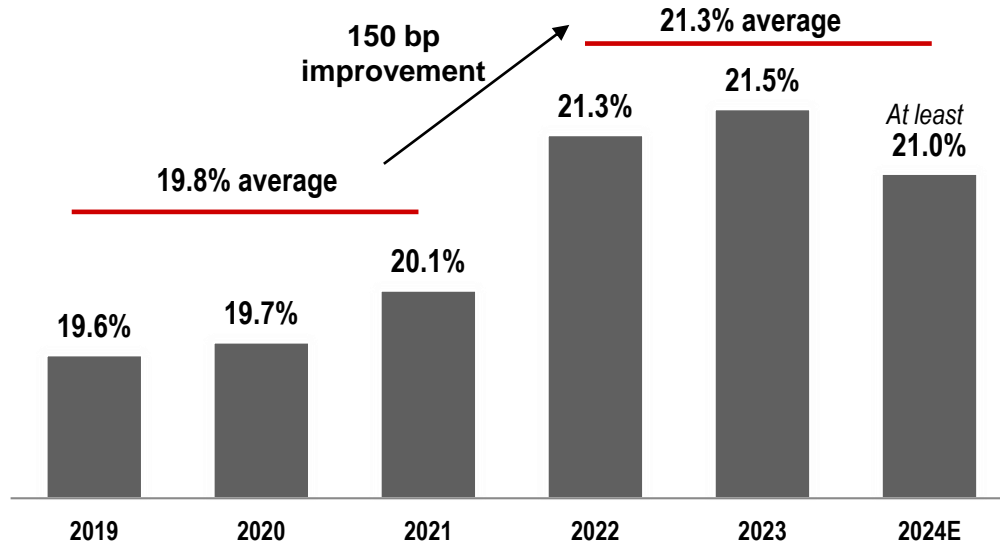


Improving Profitability

Structurally More Efficient with High Operating Leverage

(\$ millions)

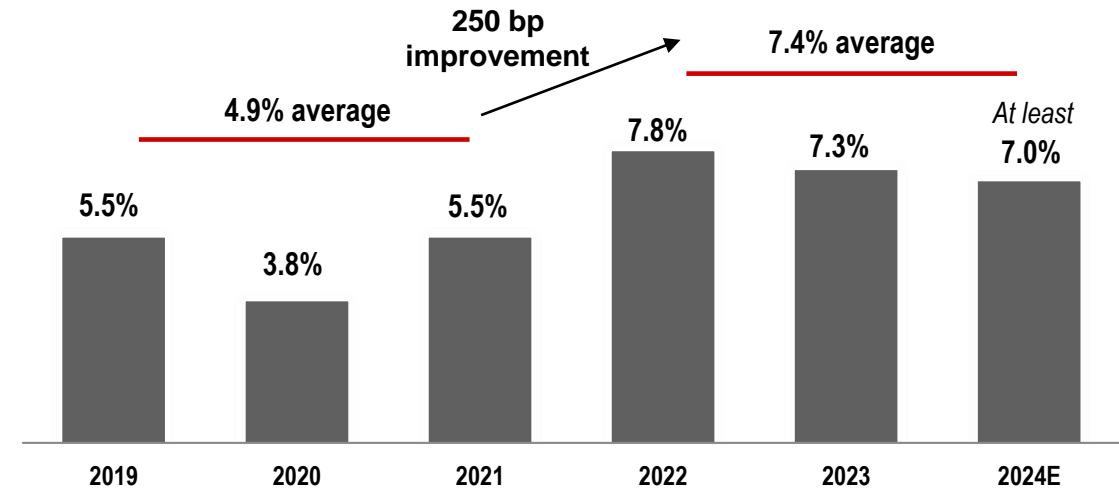
Adjusted Gross Margin – Structurally Higher



Higher adjusted gross margin due to:

- Product and geography mix
- Contract structure
- Inventory purchasing behavior

Adjusted EBITDA – Structurally More Efficient

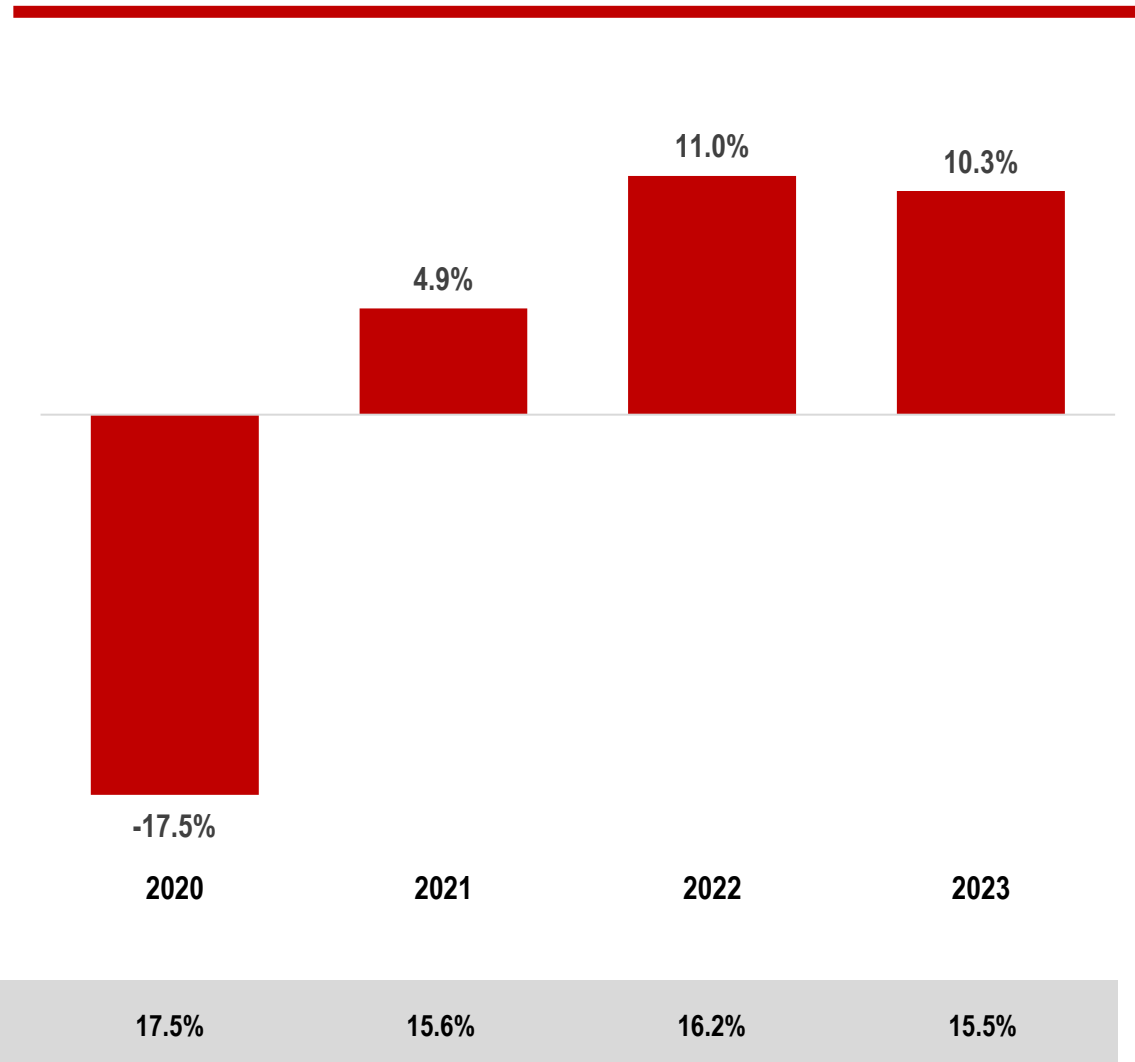


SG&A cost control measures in 2024:

- Slower wage growth & related variable costs
- Reduced T&E and professional services
- Optimization of logistics
- SG&A to remain under 15% of total sales

Improving Capital Returns – Creating Value for Shareholders

- ROIC is a key metric for capital stewardship and shareholder value creation
- Improvement in ROIC is enabled by increased profitability and enhanced efficiency of inventory and financial working capital



Solid Balance Sheet with Flexibility for Future Growth

(\$ millions)

Cash & Capital Structure

(as of December 31, 2023)

Cash & Cash Equivalents **\$ 131**

Debt (including current portion):

Term Loan B due Sept 2024 **\$ 292**
(net of discount & deferred financing costs)

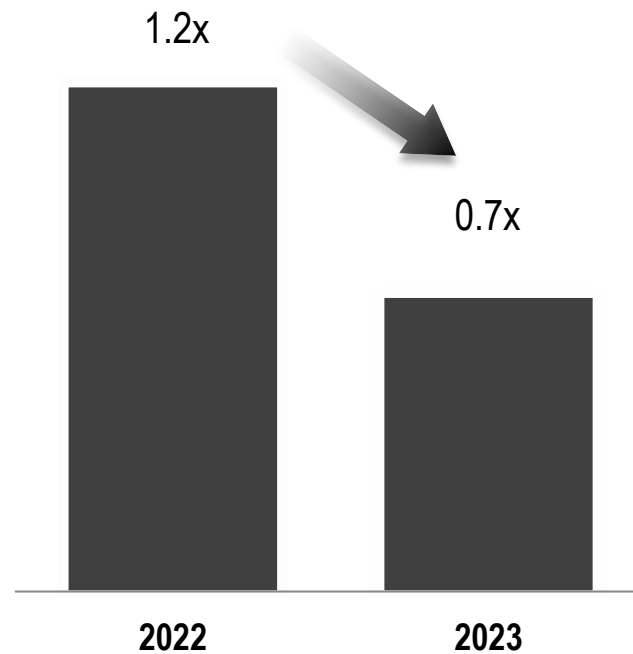
Global ABL Facility **9**
due Sept 2026

Total Debt **\$ 301**

Preferred Stock **\$ 355**

- Plan to repay the Term Loan B with cash and the ABL this year

Leverage Ratio²



Net Debt¹ 4Q23 \$ 170M

Liquidity

4Q23

Cash & Cash Equivalents \$ 131

Availability - Global ABL Facility **610**

\$ 741

- Liquidity increased more than \$100 million from 2022

1. Net debt is total debt less cash. See reconciliation in appendix.
2. Net leverage multiples represent net debt / trailing twelve months adjusted EBITDA.

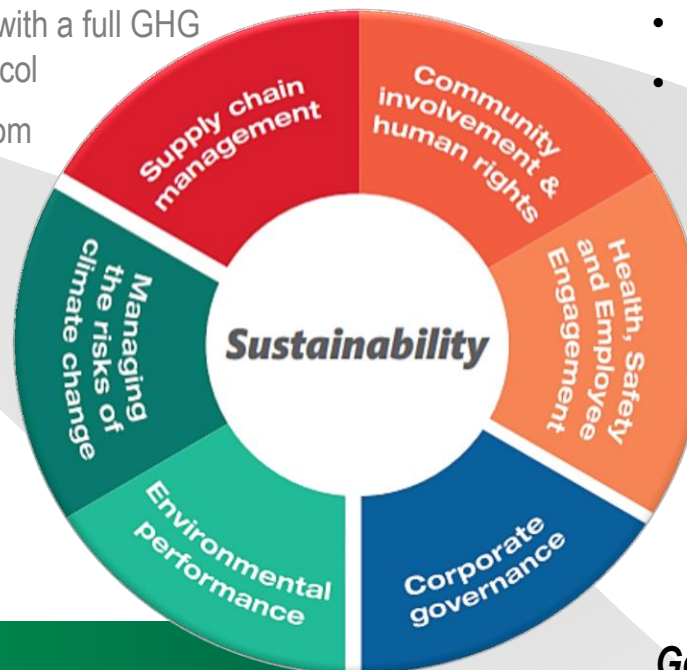
Sustainability Built into Organizational Values and Product Offerings

Environmental

- Enhanced Manufacturer Quality Assessment to include environmental sustainability
- Scope 1 & 2 emissions – 2022 marks 1st year with a full GHG baseline calculated pursuant to the GHG protocol
- Scope 2 emissions – **27%** energy used was from renewable sources in 2022
- All steel pipe, valves and flanges from **recycled steel** to varying degrees

ESG Developments

- Our **6th ESG report** published July 2023
- Established **SVP-Sustainability** position in 2022 to lead ESG strategy and execution



Diversity & Inclusion

- 75%** of Board leadership positions from Diversity Groups
- 44%** of Board of Directors from Diversity Groups
- 24%** Global directors & above positions are female
- 23%** U.S. management & above positions are racially or ethnically diverse

Social Responsibility

- Added a dedicated **Supplier Diversity Program Manager**
- Successful 2022 pilot of **biodegradable shrink wrap** for U.S. operations with roll-out in 2023
- Recordable injuries **down 29%** since 2021
- Safety stats better than peer group averages** from U.S. Bureau of Labor Statistics (BLS) and the National Association of Wholesaler-Distributors (NAW)

Governance

- 2022 disclosed alignment with Task Force on Climate-related Financial Disclosures (TCFD)
- Executive compensation tied to safety metric**
- Board oversight of ESG

ESG ACCOLADES

**TOP
6%**

S&P's 2022 ESG Assessment: Top 6th percentile of companies in the Trading Companies & Distributors sector, placing 11/185



Ecovadis 2022 Assessment: Scored a 57, placing 70th percentile & awarded a Bronze Ecovadis Medal – 6-time winner

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A Compelling Investment Opportunity



Leading global distributor of industrial products, services and supply solutions



Diversified portfolio with long-term growth drivers in all end-market sectors



Improving financial performance, returns on invested capital and operating cash flow



Solid balance sheet with flexibility for future growth and significant cash generation



Sustainability principles embedded in organizational values and product offerings



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APPENDIX

Financial Outlook

2024 Targets

Profitability (annual)

- Revenue – flat to down low to mid-single digits from 2023
 - DIET - modestly higher
 - PTI - modestly lower
 - Gas Utilities - down for the full year with recovery in the second half of 2024
- Adjusted Gross Profit – average 21% or better
- Adjusted EBITDA – average 7%
- SG&A/Sales % – average under 15%

Cash Flow (annual)

- Capital expenditures – \$40 - 45 million for 2024 – includes ERP system
- Cash flow from operations – \$200 million

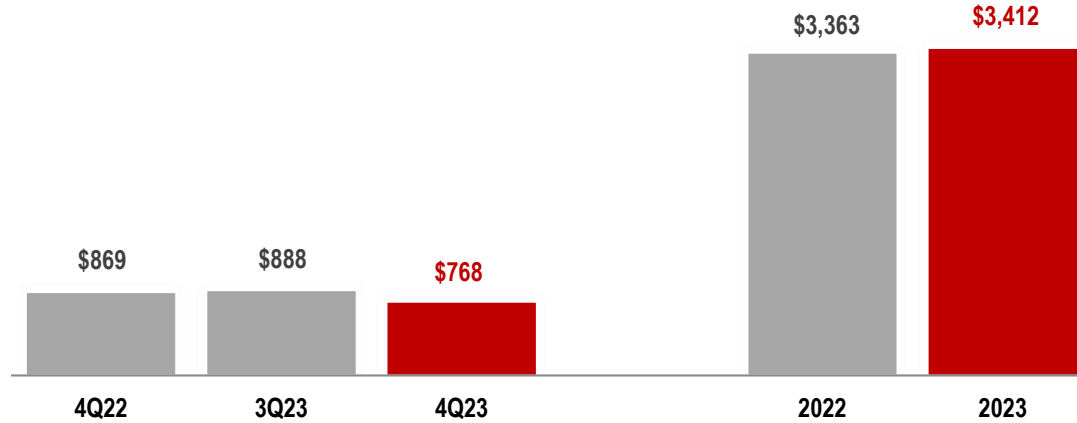
Sequential Quarterly Revenue (1Q24 compared to 4Q23)

- Total company - flat to modestly lower
- PTI & Gas Utilities – flattish
- DIET – modest decline

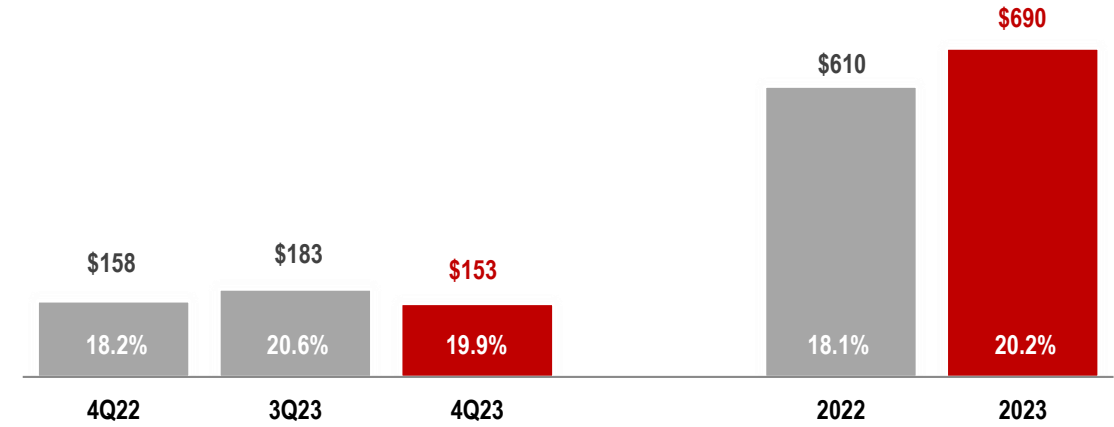
Quarterly Financial Performance - GAAP

(\$ millions, except per share data)

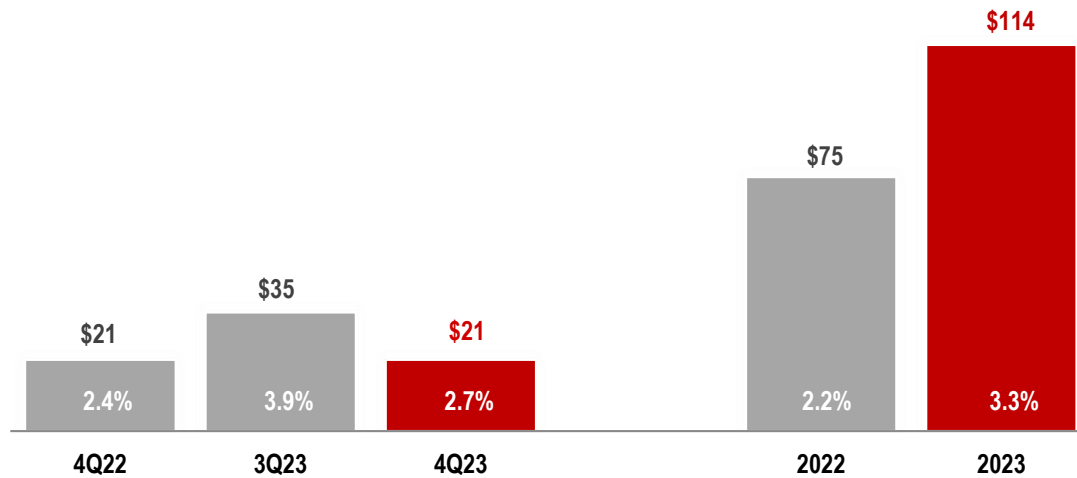
SALES



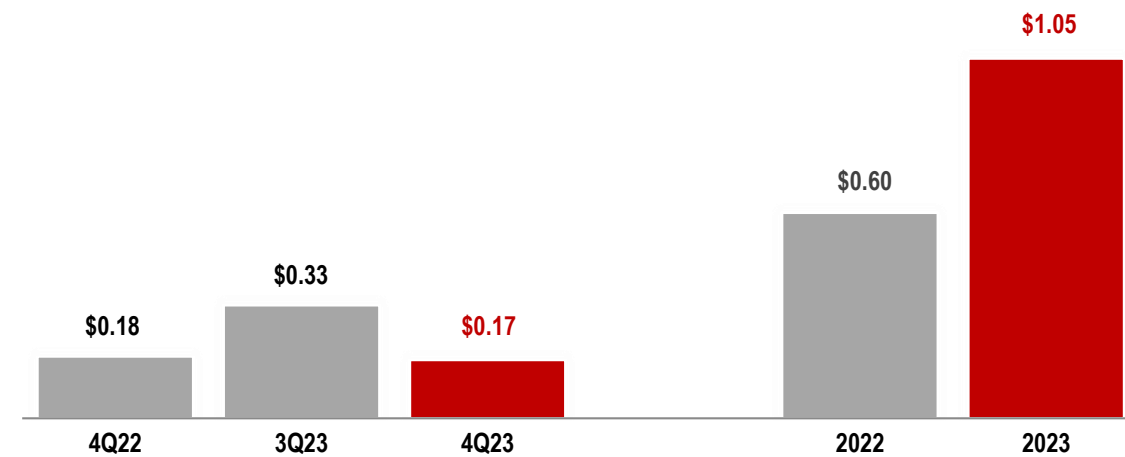
GROSS PROFIT & % MARGIN



NET INCOME & % MARGIN

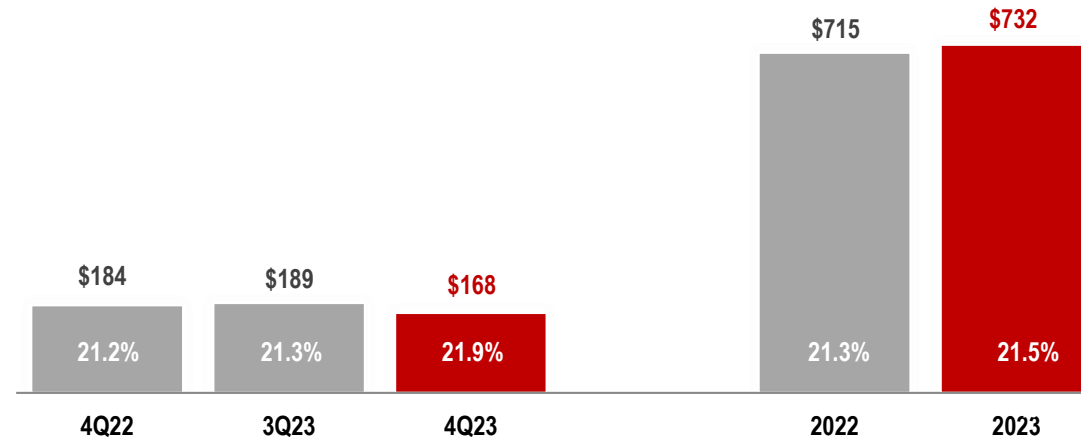


DILUTED EPS

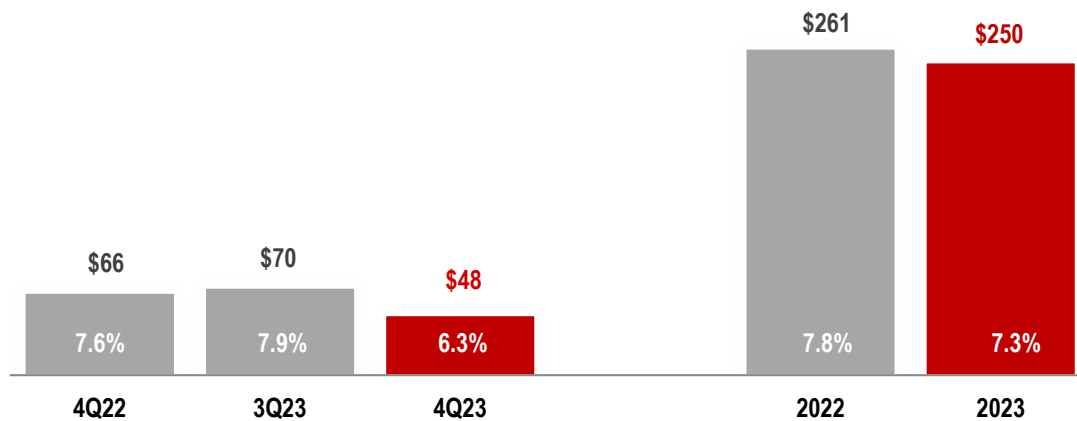


Quarterly Financial Performance - Adjusted (\$ millions, except per share data)

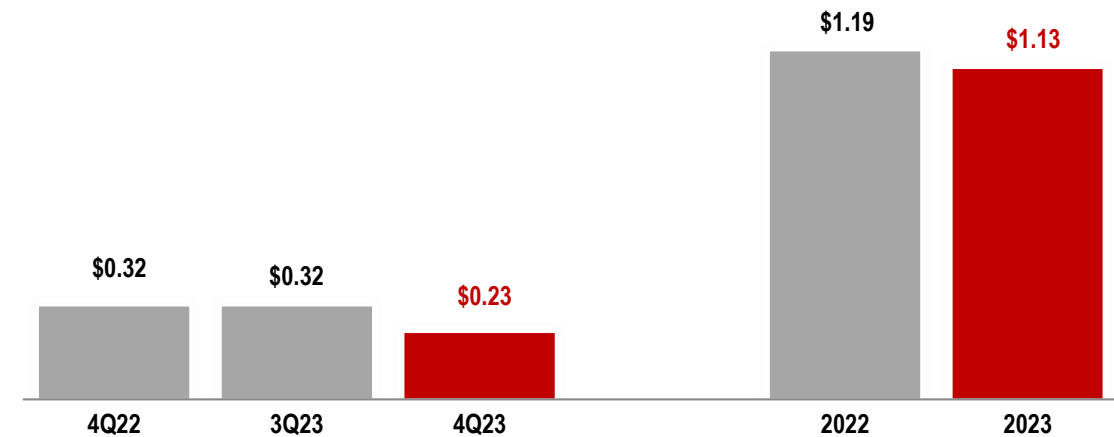
ADJUSTED GROSS PROFIT & % MARGIN¹



ADJUSTED EBITDA & % MARGIN¹



ADJUSTED DILUTED EPS¹

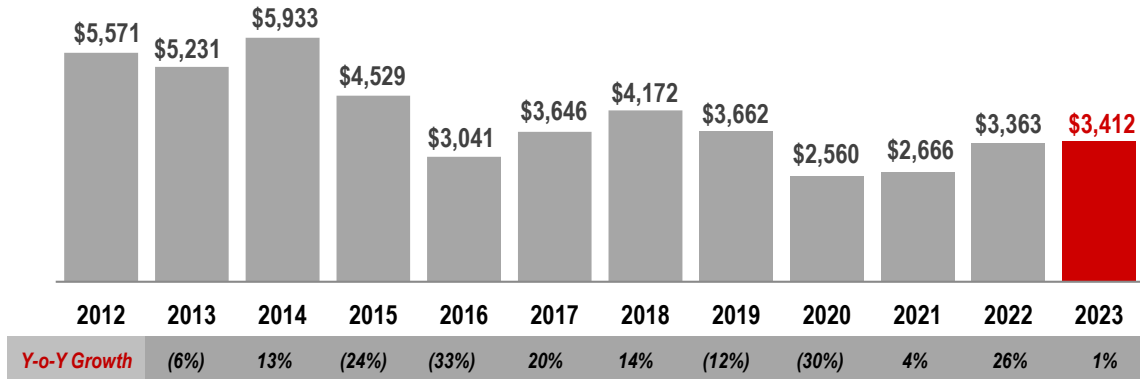


1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

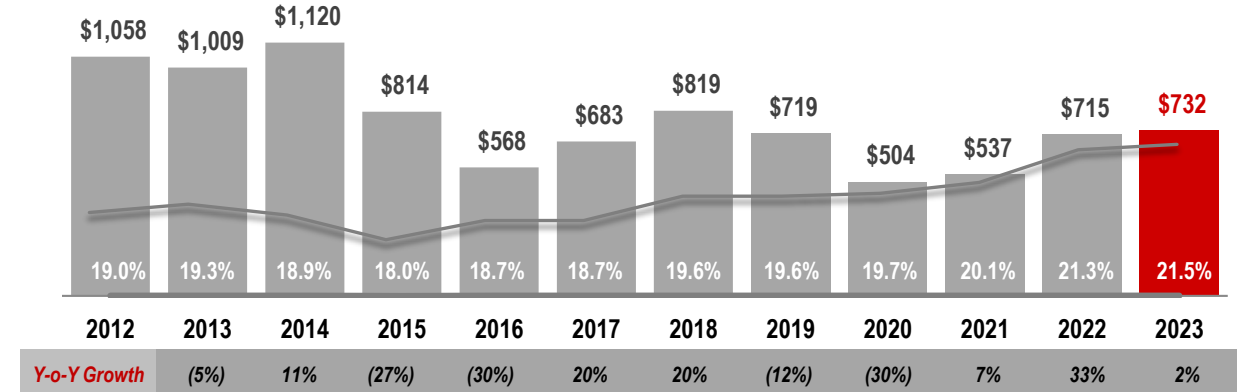
Annual Financial Performance

(\$ millions, except per share data)

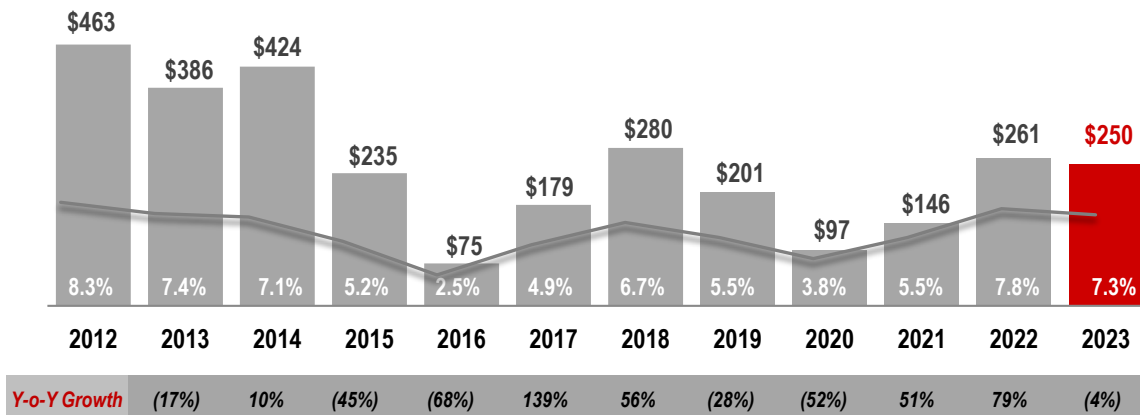
SALES



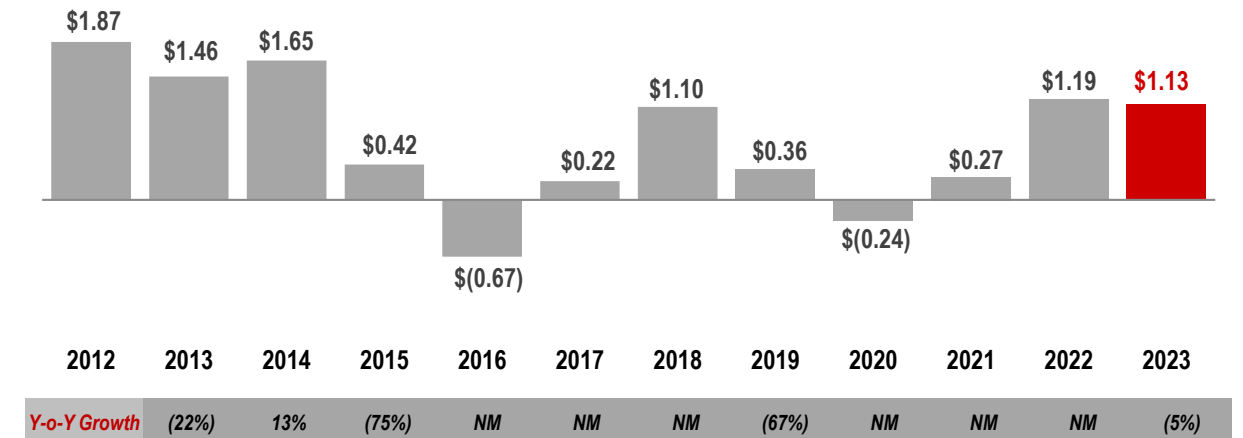
ADJUSTED GROSS PROFIT & % MARGIN¹



ADJUSTED EBITDA & % MARGIN¹



ADJUSTED DILUTED EPS¹

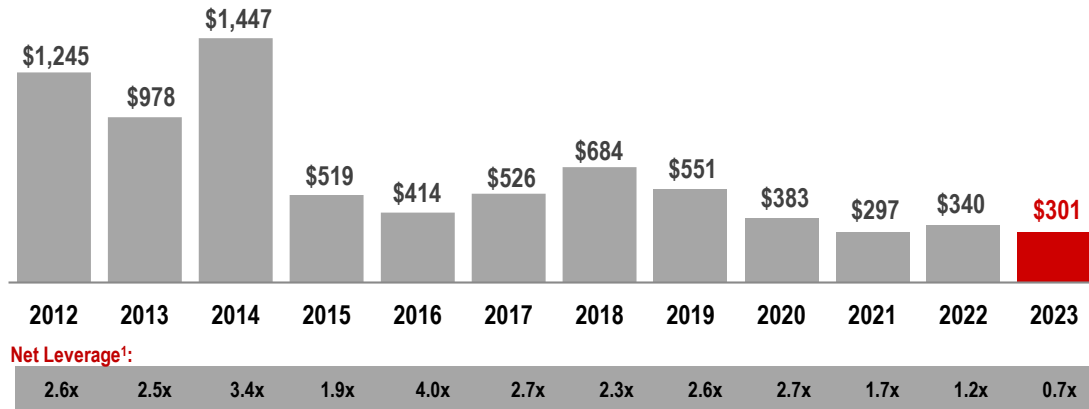


1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

Balance Sheet

(\$ millions)

TOTAL DEBT

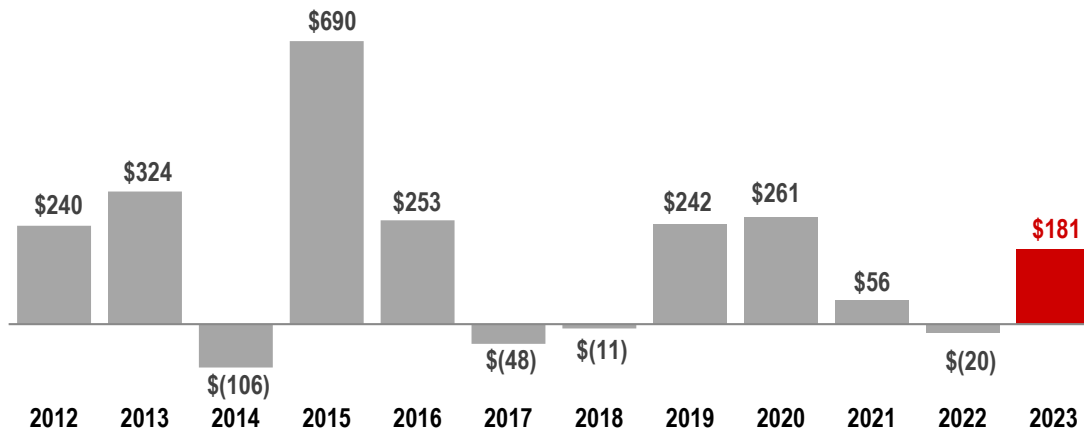


CAPITAL STRUCTURE

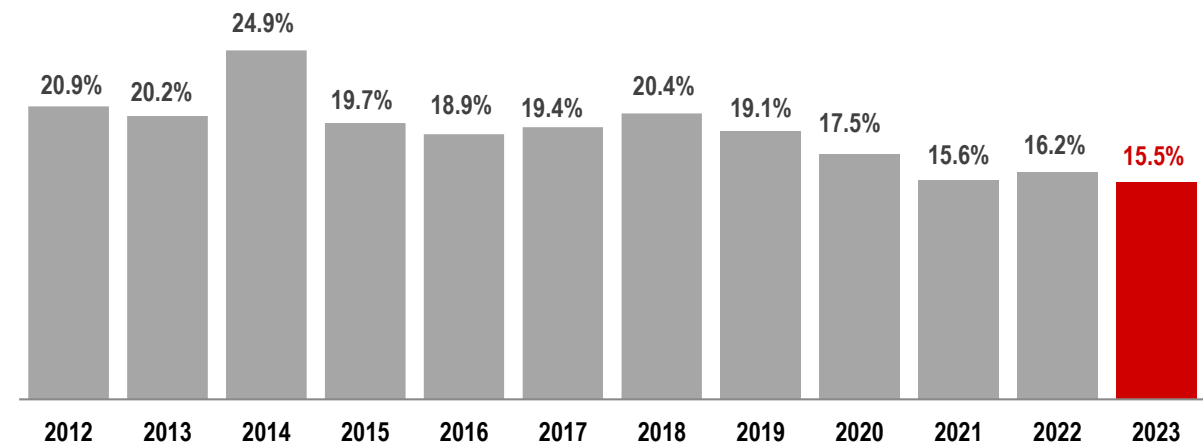
December 31, 2023

Cash and Cash Equivalents	\$ 131
Total Debt (including current portion):	
Term Loan B due 2024 (net of discount & deferred financing costs)	\$ 292
Global ABL Facility due 2026	9
Total Debt	\$ 301
Preferred stock	355
Common stockholders' equity	488
Total Capitalization	\$ 1,144
Liquidity	\$ 741

CASH FLOW FROM (USED IN) OPERATIONS



NET WORKING CAPITAL AS % OF SALES²



1. Net leverage 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 (excluding Term Loan B in 2023). Sales are on trailing twelve months basis.

Adjusted Gross Profit Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

(\$ millions)	2023		2022		2021		2020		2019		2018		2017		2016		2015		2014		2013		2012	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$ 3,412		\$ 3,363		\$ 2,666		\$ 2,560		\$ 3,662		\$ 4,172		\$ 3,646		\$ 3,041		\$ 4,529		\$ 5,933		\$ 5,231		\$ 5,571	
Gross profit	\$ 690	20.2%	610	18.1%	\$ 417	15.6%	\$ 431	16.8%	\$ 653	17.8%	\$ 689	16.5%	\$ 582	16.0%	\$ 468	15.4%	\$ 786	17.4%	\$ 1,018	17.2%	\$ 955	18.3%	\$ 1,014	18.2%
Depreciation and amortization	19		18		19		20		21		23		22		22		21		22		22		19	
Amortization of intangibles	21		21		24		26		42		45		45		47		60		68		52		49	
Increase (decrease) in LIFO reserve	2		66		77		(19)		(2)		62		28		(14)		(53)		12		(20)		(24)	
Inventory charges and other	-		-		-		46		5		-		6		45		-		-		-		-	
Adjusted Gross Profit	\$ 732	21.5%	\$ 715	21.3%	\$ 537	20.1%	\$ 504	19.7%	\$ 719	19.6%	\$ 819	19.6%	\$ 683	18.7%	\$ 568	18.7%	\$ 814	18.0%	\$ 1,120	18.9%	\$ 1,009	19.3%	\$ 1,058	19.0%

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 February 13, 2024.

Adjusted EBITDA Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

(\$ millions)	2023		2022		2021		2020		2019	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$ 3,412		\$ 3,363		\$ 2,666		\$2,560		\$3,662	
Net income (loss)	\$ 114	3.3%	\$ 75	2.4%	\$ (14)	(0.5)%	\$ (274)	(10.7%)	\$ 39	1.1%
Income tax expense (benefit)	39		35		-		(9)		27	
Interest expense	32		24		23		28		40	
Depreciation and amortization	19		18		19		20		21	
Amortization of intangibles	21		21		24		26		42	
Increase (decrease) in LIFO reserve	2		66		77		(19)		(2)	
Equity-based compensation expense	14		13		12		12		16	
Foreign currency losses (gains)	3		8		2		2		(1)	
Non-recurring IT related professional fees	1		-		-		-		-	
Activism response legal and consulting costs	1		-		-		-		-	
Customer settlement	3		-		-		-		-	
Asset disposal	1		-		-		-		-	
Employee separation	-		-		1		-		-	
Inventory-related charges	-		-		-		46		5	
Facility closures	-		-		1		17		-	
Goodwill & intangible asset impairment	-		-		-		242		-	
Severance & restructuring charges	-		1		1		14		9	
Gain on sale of leaseback	-		-		-		(5)		-	
Recovery of supplier bad debt & Supplier bad debt	-		-		-		(2)		5	
Gain on early extinguishment of debt	-		-		-		(1)		-	
Adjusted EBITDA	\$ 250	7.3%	\$ 261	7.8%	\$ 146	5.5%	\$ 97	3.8%	\$ 201	5.5%

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 February 13, 2024.

Adjusted EBITDA Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

(\$ millions)

	2018		2017		2016		2015		2014		2013		2012	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$4,172		\$3,646		\$3,041		\$4,529		\$5,933		\$5,231		\$5,571	
Net income (loss)	\$ 74	1.8%	\$ 50	1.4%	\$ (83)	(2.7%)	\$ (331)	(7.3%)	\$ 144	2.4%	\$ 152	2.9%	\$ 118	2.1%
Income tax expense (benefit)	21		(43)		(8)		(11)		82		85		64	
Interest expense	38		31		35		48		62		61		113	
Depreciation and amortization	23		22		22		21		22		22		19	
Amortization of intangibles	45		45		47		60		68		52		49	
Increase (decrease) in LIFO reserve	62		28		(14)		(53)		12		(20)		(24)	
Equity-based compensation expense	14		16		12		10		9		15		8	
Foreign currency (gains) losses	(1)		(2)		4		3		3		13		(1)	
Goodwill & intangible asset impairment	-		-		-		462		-		-		-	
Inventory-related charges	-		6		40		-		-		-		-	
Severance & restructuring charges	4		14		20		14		8		1		-	
Loss on early extinguishment of debt	-		-		-		-		-		-		114	
Write off of debt issuance costs	1		8		1		3		-		-		-	
Litigation matter	-		3		-		3		-		-		-	
Change in fair value of derivative instruments	(1)		1		(1)		1		1		(5)		(2)	
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	
Pension settlement	-		-		-		-		-		-		4	
Other expense (income)	-		-		-		-		-		3		(1)	
Adjusted EBITDA	\$ 280	6.7%	\$ 179	4.9%	\$ 75	2.5%	\$ 235	5.2%	\$ 424	7.1%	\$ 386	7.4%	\$ 463	8.3%

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 February 13, 2024.

Adjusted Net Income (Loss) Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

(\$ millions)

	2023		2022		2021		2020		2019		2018		2017	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income (loss) attributable to common stockholders	\$ 90	\$ 1.05	\$ 51	\$ 0.60	\$ (38)	\$ (0.46)	\$ (298)	\$ (3.63)	\$ 15	\$ 0.18	\$ 50	\$ 0.54	\$ 26	\$ 0.27
Non-recurring IT related professional fees, net of tax	1	0.01	-	-	-	-	-	-	-	-	-	-	-	-
Asset disposal, net of tax	1	0.01	-	-	-	-	-	-	-	-	-	-	-	-
Customer settlement, net of tax	2	0.02	-	-	-	-	-	-	-	-	-	-	-	-
Activism response legal and consulting costs, net of tax	1	0.01	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill and intangible asset impairment, net of tax	-	-	-	-	-	-	234	2.85	-	-	-	-	-	-
Inventory-related charges, net of tax	-	-	-	-	-	-	38	0.46	5	0.06	-	-	6	0.06
Severance and restructuring, net of tax	-	-	-	-	1	0.01	12	0.15	7	0.08	3	0.03	14	0.15
Recovery of supplier bad debt and supplier bad debt, net of tax	-	-	-	-	-	-	(2)	(0.02)	5	0.06	-	-	-	-
Increase (decrease) in LIFO reserve, net of tax	2	0.02	50	0.59	58	0.71	(15)	(0.18)	(2)	(0.02)	48	0.52	18	0.19
Facility closures, net of tax	-	-	-	-	1	0.01	15	0.18	-	-	-	-	-	-
Gain on sale leaseback, net of tax	-	-	-	-	-	-	(4)	(0.05)	-	-	-	-	-	-
Litigation matter, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	2	0.02
Write-off of debt issuance costs, net of tax	-	-	-	-	-	-	-	-	-	-	1	0.01	5	0.05
Income tax adjustment	-	-	-	-	-	-	-	-	-	-	-	-	(50)	(0.52)
Adjusted net income (loss) attributable to common stockholders	\$ 97	\$ 1.13	\$ 101	\$ 1.19	\$ 22	\$ 0.27	\$ (20)	\$ (0.24)	\$ 30	\$ 0.36	\$ 102	\$ 1.10	\$ 21	\$ 0.22

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 February 13, 2024.

Adjusted Net (Loss) Income Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

(\$ millions)

	2016		2015		2014		2013		2012	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net (loss) income attributable to common stockholders	\$ (107)	\$ (1.10)	\$ (344)	\$ (3.38)	\$ 144	\$ 1.40	\$ 152	\$ 1.48	\$ 118	\$ 1.22
Goodwill and intangible asset impairment, net of tax	-	-	402	3.94	-	-	-	-	-	-
Inventory-related charges, net of tax	33	0.34	-	-	-	-	-	-	-	-
Severance and restructuring, net of tax	17	0.17	11	0.11	6	0.06	-	-	-	-
(Decrease) increase in LIFO reserve, net of tax	(9)	(0.09)	(33)	(0.32)	8	0.08	(13)	(0.13)	(15)	(0.15)
Loss on early extinguishment of debt, net of tax	-	-	-	-	-	-	-	-	74	0.76
Litigation matter, net of tax	-	-	2	0.02	-	-	-	-	-	-
Write-off of debt issuance costs, net of tax	1	0.01	2	0.02	-	-	-	-	1	0.01
Executive separation expense, net of tax	-	-	-	-	-	-	1	0.01	-	-
Loss on disposition of non-core product lines, net of tax	-	-	3	0.03	8	0.08	-	-	-	-
Insurance charge, net of tax	-	-	-	-	-	-	1	0.01	-	-
Expenses associated with refinancing, net of tax	-	-	-	-	-	-	3	0.03	-	-
Equity-based compensation acceleration, net of tax	-	-	-	-	-	-	3	0.03	-	-
Income tax adjustment	-	-	-	-	-	-	3	0.03	-	-
Cancellation of executive employment agreement, net of tax	-	-	-	-	3	0.03	-	-	-	-
Pension settlement, net of tax	-	-	-	-	-	-	-	-	3	0.03
Adjusted net (loss) income attributable to common stockholders	\$ (65)	\$ (0.67)	\$ 43	\$ 0.42	\$ 169	\$ 1.65	\$ 150	\$ 1.46	\$ 181	\$ 1.87

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 February 13, 2024.

Net Debt & Leverage Ratio Calculation – Annual Periods

December 31,

(\$ millions)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Long-term debt	\$ 9	\$ 337	\$ 295	\$ 379	\$ 547	\$ 680	\$ 522	\$ 406	\$ 511	\$ 1,439	\$ 970	\$ 1,238
Plus: current portion of long-term debt	292	3	2	4	4	4	4	8	8	8	8	7
Total debt	\$ 301	\$ 340	297	\$ 383	\$ 551	\$ 684	\$ 526	\$ 414	\$ 519	\$ 1,447	\$ 978	\$ 1,245
Less: cash	131	32	48	119	32	43	48	109	69	25	25	37
Net debt	\$ 170	\$ 308	\$ 249	\$ 264	\$ 519	\$ 641	\$ 478	\$ 305	\$ 450	\$ 1,422	\$ 953	\$ 1,208
Net debt	\$ 170	\$ 308	\$ 249	\$ 264	\$ 519	\$ 641	\$ 478	\$ 305	\$ 450	\$ 1,422	\$ 953	\$ 1,208
Trailing twelve months adjusted EBITDA	250	261	146	97	201	280	179	75	235	424	386	463
Leverage ratio	0.7	1.2	1.7	2.7	2.6	2.3	2.7	4.0	1.9	3.4	2.5	2.6

Note: Net debt and leverage ratio may be non-GAAP measures. For a discussion of the use of net debt, see our Current Report on Form 8-K dated February 13, 2024.

Adjusted Gross Profit Reconciliation - Quarters

THREE MONTHS ENDED

(\$ millions)	December 31, 2023		September 30, 2023		December 31, 2022	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$ 768		\$ 888		\$ 869	
Gross profit	\$ 153	19.9%	\$ 183	20.6%	\$ 158	18.2%
Depreciation and amortization	4		5		4	
Amortization of intangibles	6		5		6	
Increase (decrease) in LIFO reserve	5		(4)		16	
Adjusted Gross Profit	\$ 168	21.9%	\$ 189	21.3%	\$ 184	21.2%

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 February 13, 2024.

Adjusted EBITDA Reconciliation - Quarters

(\$ millions)	THREE MONTHS ENDED					
	December 31, 2023		September 30, 2023		December 31, 2022	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$ 768		\$ 888		\$ 869	
Net income	\$ 21	2.7%	\$ 35	3.9%	\$ 21	2.4%
Income tax expense	2		14		12	
Interest expense	6		9		7	
Depreciation and amortization	4		5		4	
Amortization of intangibles	6		5		6	
Severance and restructuring	-		-		1	
Increase (decrease) in LIFO reserve	5		(4)		16	
Equity-based compensation expense	4		3		4	
Activism response legal and consulting costs	1		-		-	
Customer settlement	-		3		-	
Foreign currency gains	(1)		-		(5)	
Adjusted EBITDA	\$ 48	6.3%	\$ 70	7.9%	\$ 66	7.6%

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 February 13, 2024.

Adjusted Net Income Attributable to Common Stockholders Reconciliation - Quarters

(\$ millions)	THREE MONTHS ENDED					
	December 31, 2023		September 30, 2023		December 31, 2022	
	Amount	Per Share*	Amount	Per Share (1)	Amount	Per Share
Net income attributable to common stockholders	\$ 15	\$ 0.17	\$ 29	\$ 0.33	\$ 15	\$ 0.18
Customer settlement, net of tax	-	-	2	0.02	-	-
Activism response legal and consulting costs, net of tax	1	0.01	-	-	-	-
Increase (decrease) in LIFO reserve, net of tax	4	0.04	(3)	(0.03)	12	0.14
Adjusted net income attributable to common stockholders	\$ 20	\$ 0.23	\$ 28	\$ 0.32	\$ 27	\$ 0.32

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 February 13, 2024.

(1) Earnings per share represents diluted earnings per share. For the three months ended September 30, 2023, the diluted earnings per common share calculation is calculated as net income of \$35 million divided by 105.9 million shares.

Return on Invested Capital (ROIC), Adjusted for LIFO

(\$ millions)	2023	2022	2021	2020
Net Income (loss)	\$ 114	\$ 75	\$ (14)	(274)
Interest expense, net of tax	24	18	17	21
Net Operating Profit (loss) After Tax (NOPAT)	\$ 138	\$ 93	\$ 3	(253)
LIFO expense (benefit), net of tax	2	50	58	(15)
NOPAT, net of LIFO	\$140	\$ 143	\$ 61	(268)
Total debt	\$ 301	\$ 340	\$ 297	383
Shareholders' equity	488	386	323	350
Preferred stock	355	355	355	355
Operating lease liabilities (short and long-term)	220	218	210	224
Invested Capital	\$ 1,364	\$ 1,299	\$ 1,185	\$ 1,312
Average Invested Capital	\$ 1,332	\$ 1,242	\$ 1,249	\$ 1,531
Average Invested Capital, net of LIFO	\$ 1,358	\$ 1,296	\$ 1,270	\$ 1,522
ROIC, including LIFO	10.4%	7.5%	0.2%	(16.5%)
ROIC, Adjusted for LIFO	10.3%	11.0%	4.9%	(17.5%)

Note: ROIC, including LIFO, was calculated from GAAP measures by dividing Invested Capital by NOPAT. ROIC, Adjusted for LIFO, was calculated from non-GAAP adjusted measures by dividing Invested Capital, net of LIFO, by NOPAT, net of LIFO. Utilizing ROIC calculated using the non-GAAP measures is not better than ROIC calculated using the GAAP measures. However, the company presents ROIC, Adjusted for LIFO, because the company believes it provides useful comparisons of the company's ROIC to other distribution companies, including those companies with whom we compete in the distribution of pipe, valves and fittings, many of which do not utilize LIFO inventory costing methodology. The impact of the LIFO inventory costing methodology can cause results to vary substantially from company to company depending upon whether they elect to utilize LIFO and depending upon which method they may elect. The company believes that NOPAT and Invested Capital are the financial measures calculated and presented in accordance with U.S. GAAP that is most directly compared to NOPAT, net of LIFO, and Invested Capital, Net of LIFO, used in the calculation of ROIC, Adjusted for LIFO.