

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 29, 2023

MRC GLOBAL INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35479
(Commission
File Number)

20-5956993
(I.R.S. Employer
Identification Number)

**1301 McKinney Street, Suite 2300
Houston, Texas 77010**
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (877) 294-7574

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	MRC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

MRC Global Inc. (“MRC Global” or the “Company”) executive management will make presentations from time to time to current and potential investors, lenders, creditors, insurers, vendors, customers, employees and others with an interest in MRC Global and its business regarding, among other things, MRC Global’s operations and performance. A copy of the materials to be used at the presentations (the “Presentation Materials”) is included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information contained in the Presentation Materials is summary information that should be considered in the context of MRC Global’s filings with the Securities and Exchange Commission and other public announcements that MRC Global may make by press release or otherwise from time to time. The Presentation Materials speak as of the date of this Current Report on Form 8-K. While MRC Global may elect to update the Presentation Materials in the future or reflect events and circumstances occurring or existing after the date of this Current Report on Form 8-K, MRC Global specifically disclaims any obligation to do so. The Presentation Materials will also be posted in the Investor Relations section of MRC Global’s website, <https://www.mrcglobal.com>, for 90 days.

The information referenced under Item 7.01 (including Exhibit 99.1 referenced under Item 9.01 below) of this Current Report on Form 8-K is being “furnished” under “Item 7.01. Regulation FD Disclosure” and, as such, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information set forth in this Current Report on Form 8-K (including Exhibit 99.1 referenced under Item 9.01 below) shall not be incorporated by reference into any registration statement, report or other document filed by MRC Global pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 [Investor presentation, dated November 29, 2023](#)

104 Cover Page Interactive Data File – The cover page XBRL tags from this Current Report on Form 8-K are embedded within the Inline XBRL document.

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor presentation, dated November 29, 2023
104	Cover Page Interactive Data File – The cover page XBRL tags from this Current Report on Form 8-K are embedded within the Inline XBRL document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 29, 2023

MRC GLOBAL INC.

By: /s/ Kelly Youngblood
Kelly Youngblood
Executive Vice President and Chief Financial Officer

MRC Global

Investor Presentation – 3Q 2023 Update

November 29, 2023



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 November 7, 2023.

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 cash flow through cycle



Sustainability principles embedded in organizational values and product offerings

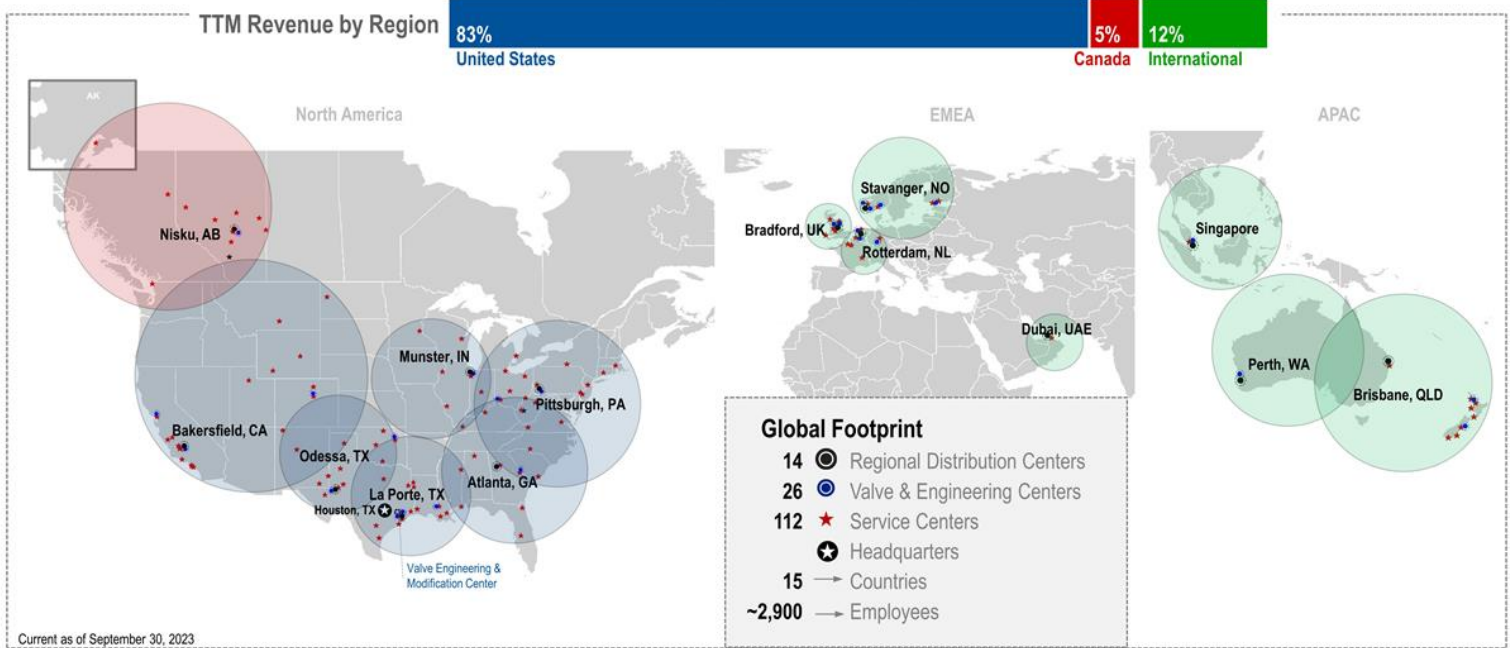


Experts You Can Trust



Global Footprint – Hub & Spoke Model Promotes Efficiency

Deliver Solutions to Customers and Market Access to Suppliers





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

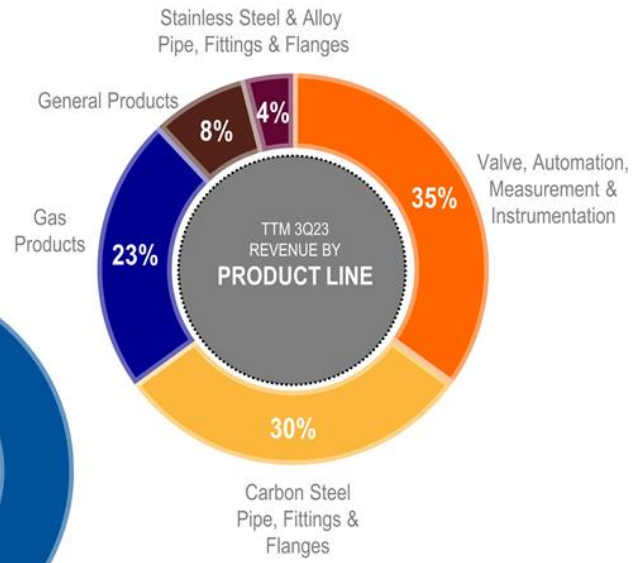
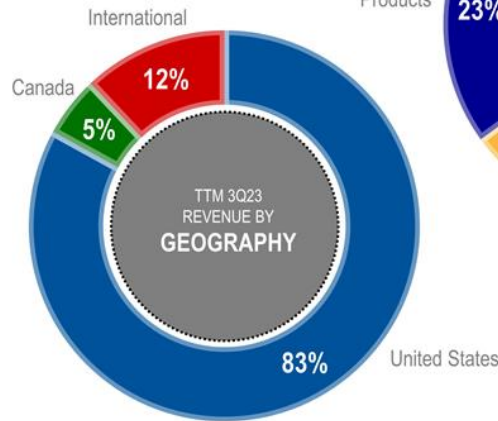
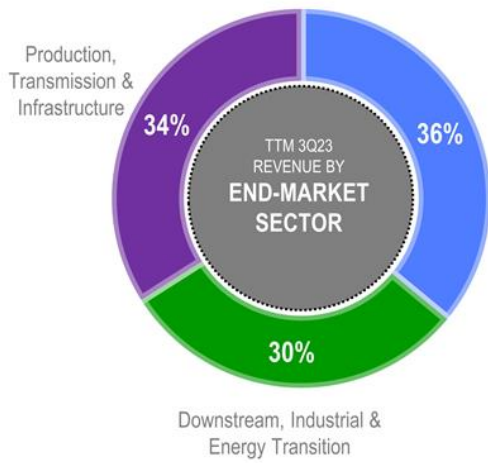
- **Quality Assurance Program** – Approved Manufacturers List Qualification & Supplier Audits to minimize quality issues and promote customer loyalty

- **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

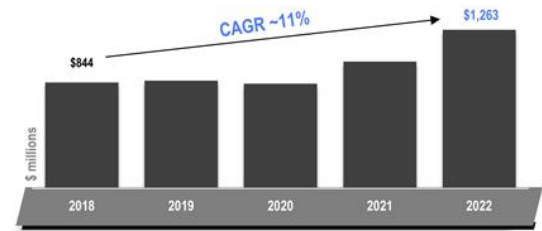


Gas Utilities End-Market Sector

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 ~11% (2018 – 2022)
- Experiencing near term slowdown due to supply chain normalization but future 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
 - Hydroelectric power generation
 - Hydrogen processing
 - Offshore wind power generation
 - Carbon capture and storage
 - 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



11% Industrial & Energy Transition
9% Chemicals
10% Refining



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
- Market penetration from enhanced product mix tailored to smaller producers
- Pipeline infrastructure capacity tightening leading to need for transmission expansion projects

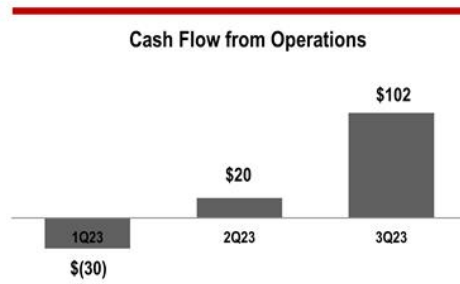
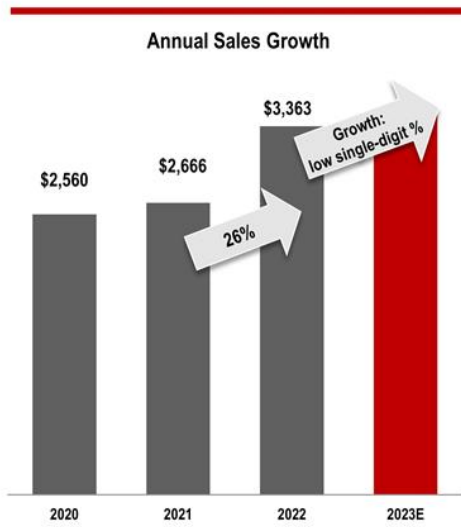




Improving Performance and Cash Flow Generation

Revenue Growth, Structurally More Efficient with High Operating Leverage and Increasing Cash Flow Generation

(\$ millions)



Long-term Adjusted EBITDA Growth

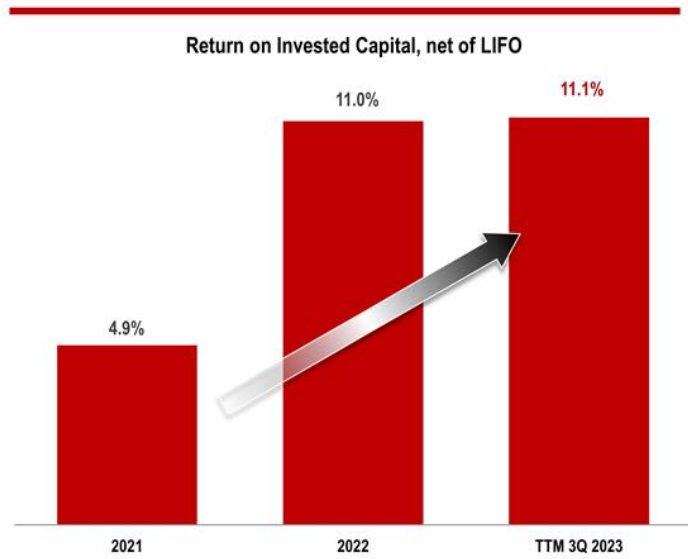
Adjusted EBITDA % - Steady improvement with longer-term expansion expected from increased operating leverage

Note: See reconciliation of non-GAAP measures to GAAP measures in the appendix. Reconciling the adjusted EBITDA and EBITDA % margin 2023 targets to annual 2023 outlook regarding the company's net income is not reasonably possible as the impact from inflation or deflation on indices used to calculate LIFO is not possible to reasonably predict.



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



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



Solid Balance Sheet with Flexibility for Future Growth

(\$ millions)

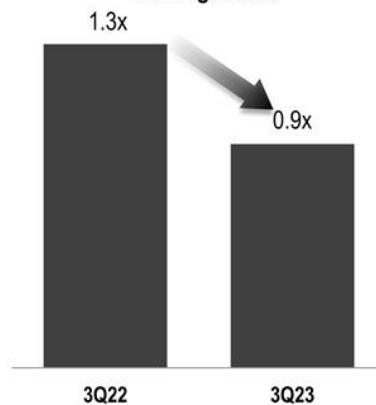
Cash & Capital Structure

(as of September 30, 2023)

Cash & Cash Equivalents	\$ 52
Debt (including current portion):	
Term Loan B due Sept 2024 <small>(net of discount & deferred financing costs)</small>	\$ 293
Global ABL Facility due Sept 2026	10
Total Debt	\$ 303
Preferred Stock	\$ 355

- Capacity under the ABL sufficient to repay the Term Loan B

Leverage Ratio²



Net Debt¹ 3Q23 \$ 251M

Liquidity

	3Q23
Cash & Cash Equivalents	\$ 52
Availability - Global ABL Facility	696
	\$ 748

- Liquidity increased more than \$100 million from 3Q22
- Growing liquidity expected in 2023 & 2024 as cash is generated

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



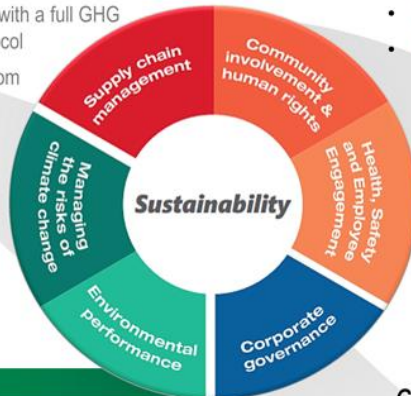
Sustainability Built into Organizational Values and Product Offerings

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)

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

Governance

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

Note: Certain data based on 2023 ESG report for 2022 results where 2023 information is not yet available

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Experts You Can Trust

APPENDIX

Annual Financial Outlook

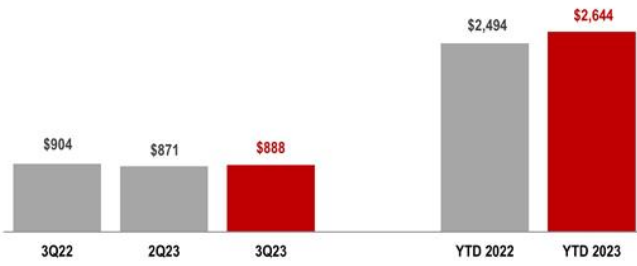
2023 Guidance – 3Q23 Update	
Revenue	Profitability & Cash Flow Drivers
<ul style="list-style-type: none"> 2023 annual – increase by low single-digit percentage vs. 2022 	<ul style="list-style-type: none"> Adjusted Gross Profit % – full year average of 21% Adjusted EBITDA % – low 7% range
By sector	
<ul style="list-style-type: none"> Gas Utilities – decrease by mid-single digit percentage vs. 2022 DIET – increase by upper single-digit percentage vs. 2022 PTI – increase by upper single-digit percentage vs. 2022 	<ul style="list-style-type: none"> SG&A – mid 14% range Tax rate – 28% - 29% annual
By segment	Cash Flow
<ul style="list-style-type: none"> U.S. – increase by low single-digit percentage vs. 2022 Canada – decrease by upper single-digit percentage vs. 2022 International – increase by mid teens percentage vs. 2022 	<ul style="list-style-type: none"> Capital expenditures – \$13 - 16M Cash flow from operations – ~\$110M
Sequential	
<ul style="list-style-type: none"> 4Q23 – seasonal decline of 5-10% vs. 3Q23 	

Note: See our Current Report on Form 8-K dated November 7, 2023, for a reconciliation of non-GAAP measures to their closest GAAP measures and for a discussion of forward-looking statements and the factors that might impact the various items in the 2023 Outlook.

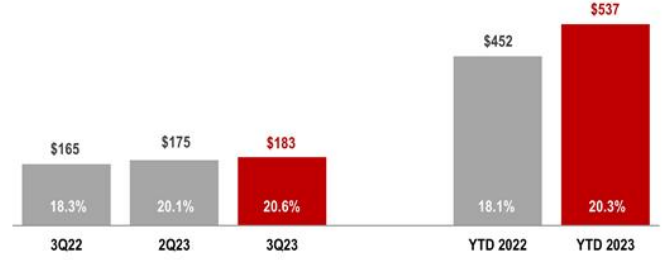
Quarterly Financial Performance - GAAP

(\$ millions, except per share data)

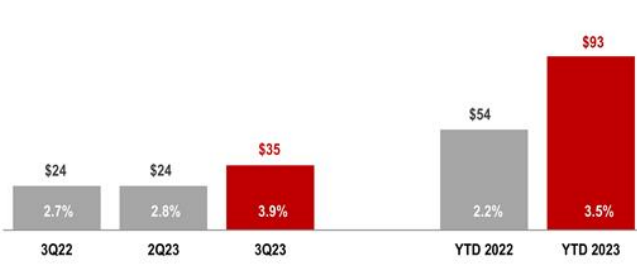
SALES



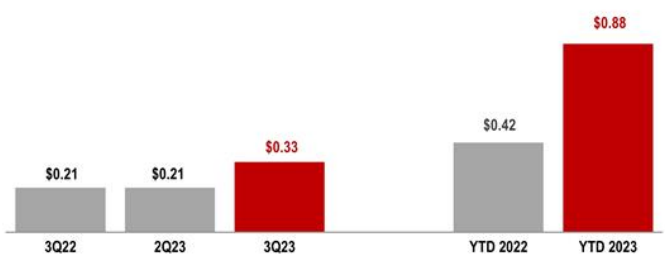
GROSS PROFIT & % MARGIN



NET INCOME & % MARGIN

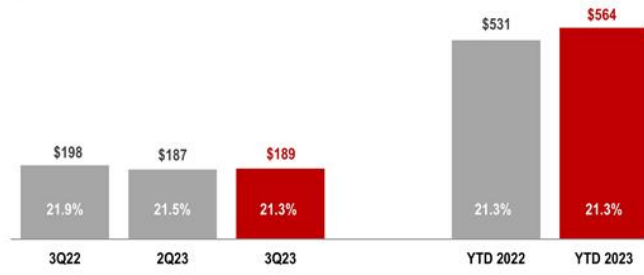


DILUTED EPS



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

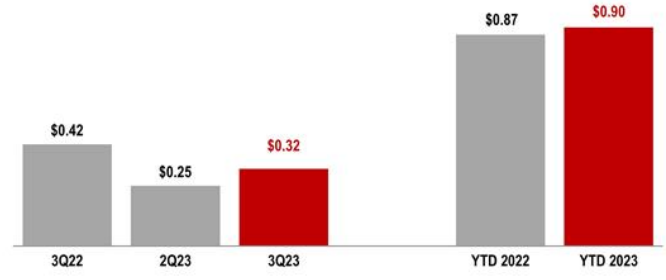
ADJUSTED GROSS PROFIT & % MARGIN¹



ADJUSTED EBITDA & % MARGIN¹



ADJUSTED DILUTED EPS¹

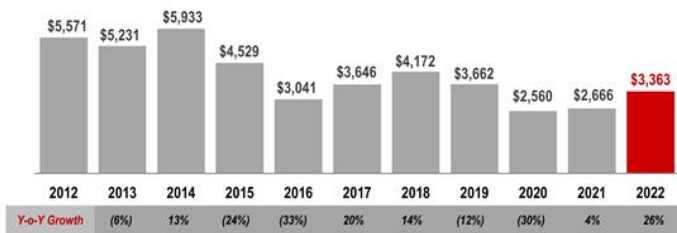


1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

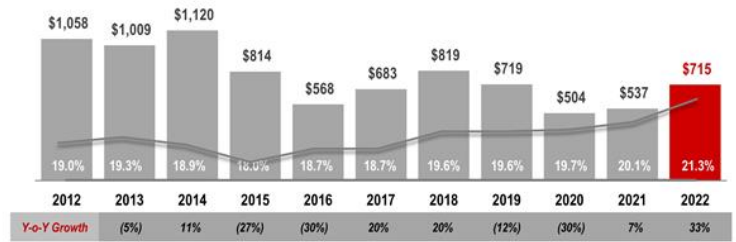
Annual Financial Performance

(\$ millions, except per share data)

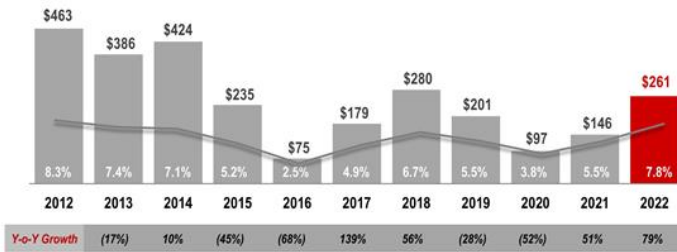
SALES



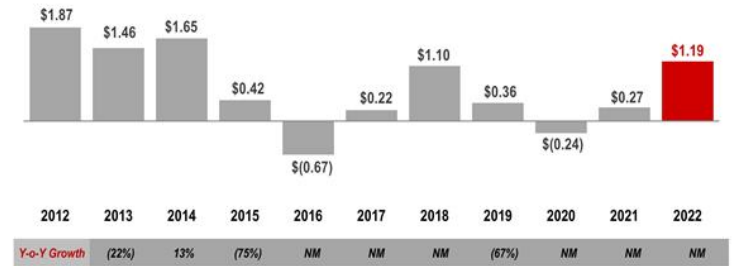
ADJUSTED GROSS PROFIT & % MARGIN¹



ADJUSTED EBITDA & % MARGIN¹



ADJUSTED DILUTED EPS¹

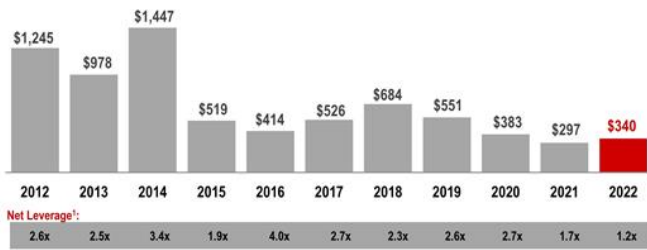


1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

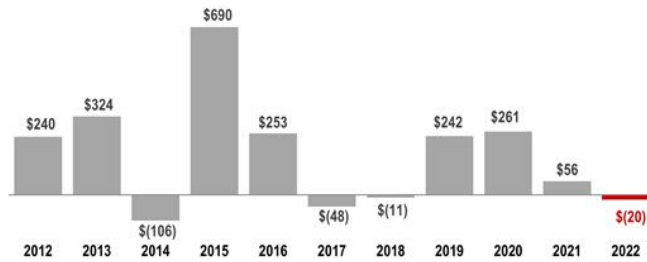
Balance Sheet

(\$ millions)

TOTAL DEBT



CASH FLOW FROM OPERATIONS



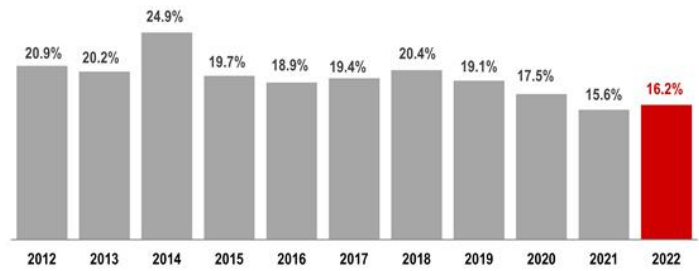
1. Net leverage multiples represent net debt / trailing twelve months adjusted EBITDA. Net debt is total debt less cash.
2. Working capital defined as current assets (excluding cash) – current liabilities. Sales are on trailing twelve months basis.

CAPITAL STRUCTURE

September 30, 2023

Cash and Cash Equivalents	\$52
Total Debt (including current portion):	
Term Loan B due 2024 (net of discount & deferred financing costs)	\$293
Global ABL Facility due 2026	10
Total Debt	\$303
Preferred stock	355
Common stockholders' equity	463
Total Capitalization	\$ 1,121
Liquidity	\$ 748

NET WORKING CAPITAL AS % OF SALES²



Adjusted Gross Profit Reconciliation – Annual Periods

(\$ millions)	YEAR ENDED DECEMBER 31																					
	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
Sales	\$ 3,363		\$ 2,666		\$ 2,560		\$ 3,662		\$ 4,172		\$ 3,646		\$ 3,041		\$ 4,529		\$ 5,933		\$ 5,231		\$ 5,571	
Gross profit	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	18		19		20		21		23		22		22		21		22		22		19	
Amortization of intangibles	21		24		26		42		45		45		47		60		68		52		49	
Increase (decrease) in LIFO reserve	66		77		(19)		(2)		62		28		(14)		(53)		12		(20)		(24)	
Inventory charges and other	-		-		46		5		-		6		45		-		-		-		-	
Adjusted Gross Profit	\$ 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 November 7, 2023.

Adjusted EBITDA Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

(\$ millions)	2022		2021		2020		2019		2018		2017	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$ 3,363		\$ 2,666		\$2,560		\$3,662		\$4,172		\$3,646	
Net income (loss)	\$ 75	2.4%	\$ (14)	(0.5)%	\$ (274)	(10.7)%	\$ 39	1.1%	\$ 74	1.8%	\$ 50	1.4%
Income tax expense (benefit)	35		-		(9)		27		21		(43)	
Interest expense	24		23		28		40		38		31	
Depreciation and amortization	18		19		20		21		23		22	
Amortization of intangibles	21		24		26		42		45		45	
Increase (decrease) in LIFO reserve	66		77		(19)		(2)		62		28	
Equity-based compensation expense	13		12		12		16		14		16	
Foreign currency losses (gains)	8		2		2		(1)		(1)		(2)	
Employee separation	-		1		-		-		-		-	
Inventory-related charges	-		-		46		5		-		6	
Facility closures	-		1		17		-		-		-	
Goodwill & intangible asset impairment	-		-		242		-		-		-	
Severance & restructuring charges	1		1		14		9		4		14	
Gain on sale of leaseback	-		-		(5)		-		-		-	
Recovery of supplier bad debt & Supplier bad debt	-		-		(2)		5		-		-	
Gain on early extinguishment of debt	-		-		(1)		-		-		-	
Write off of debt issuance costs	-		-		-		-		1		8	
Litigation matter	-		-		-		-		-		3	
Change in fair value of derivative instruments	-		-		-		-		(1)		1	
Adjusted EBITDA	\$ 261	7.8%	\$ 146	5.5%	\$ 97	3.8%	\$ 201	5.5%	\$ 280	6.7%	\$ 179	4.9%

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 November 7, 2023.

Adjusted EBITDA Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

(\$ millions)	2016		2015		2014		2013		2012	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$3,041		\$4,529		\$5,933		\$5,231		\$5,571	
Net (loss) income	\$ (83)	(2.7%)	\$ (331)	(7.3%)	\$ 144	2.4%	\$ 152	2.9%	\$ 118	2.1%
Income tax (benefit) expense	(8)		(11)		82		85		64	
Interest expense	35		48		62		61		113	
Depreciation and amortization	22		21		22		22		19	
Amortization of intangibles	47		60		68		52		49	
(Decrease) increase in LIFO reserve	(14)		(53)		12		(20)		(24)	
Equity-based compensation expense	12		10		9		15		8	
Foreign currency losses (gains)	4		3		3		13		(1)	
Goodwill & intangible asset impairment	-		462		-		-		-	
Inventory-related charges	40		-		-		-		-	
Severance & restructuring charges	20		14		8		1		-	
Loss on early extinguishment of debt	-		-		-		-		114	
Write off of debt issuance costs	1		3		-		-		-	
Litigation matter	-		3		-		-		-	
Change in fair value of derivative instruments	(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	\$ 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 November 7, 2023.

Adjusted Net Income (Loss) Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

(\$ millions)

	2022		2021		2020		2019		2018		2017	
	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	\$ 51	\$ 0.60	\$ (38)	\$ (0.46)	\$ (298)	\$ (3.63)	\$ 15	\$ 0.18	\$ 50	\$ 0.54	\$ 26	\$ 0.27
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	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	\$ 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 November 7, 2023.

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 November 7, 2023.

Net Debt & Leverage Ratio Calculation – Annual Periods

December 31,

(\$ millions)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Long-term debt, net	\$ 337	\$ 295	\$ 379	\$ 547	\$ 680	\$ 522	\$ 406	\$ 511	\$ 1,439	\$ 970	\$ 1,238
Plus: current portion of long-term debt	3	2	4	4	4	4	8	8	8	8	7
Long-term debt	\$ 340	297	\$ 383	\$ 551	\$ 684	\$ 526	\$ 414	\$ 519	\$ 1,447	\$ 978	\$ 1,245
Less: cash	32	48	119	32	43	48	109	69	25	25	37
Net debt	\$ 308	\$ 249	\$ 264	\$ 519	\$ 641	\$ 478	\$ 305	\$ 450	\$ 1,422	\$ 953	\$ 1,208

Net debt	\$ 308	\$ 249	\$ 264	\$ 519	\$ 641	\$ 478	\$ 305	\$ 450	\$ 1,422	\$ 953	\$ 1,208
Trailing twelve months adjusted EBITDA	261	146	97	201	280	179	75	235	424	386	463
Leverage ratio	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 November 7, 2023.

Adjusted Gross Profit Reconciliation

(\$ millions)	THREE MONTHS ENDED						NINE MONTHS ENDED			
	September 30, 2023		June 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$888		\$ 871		\$ 904		\$2,644		\$2,494	
Gross profit	\$183	20.6%	\$ 175	20.1%	\$ 165	18.3%	\$537	20.3%	\$ 452	18.1%
Depreciation and amortization	5		5		5		15		14	
Amortization of intangibles	5		5		4		15		15	
(Decrease) increase in LIFO reserve	(4)		2		24		(3)		50	
Adjusted Gross Profit	\$189	21.3%	\$ 187	21.5%	\$ 198	21.9%	\$564	21.3%	\$ 531	21.3%

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 November 7, 2023.

Adjusted SG&A Reconciliation

(\$ millions)	THREE MONTHS ENDED					
	September 30, 2023		June 30, 2023		September 30, 2022	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$888		\$ 871		\$ 904	
SG&A	\$126	14.2%	\$ 130	14.9%	\$ 120	13.3%
Non-recurring IT related professional fees	-		(1)		-	
Customer settlement	(3)		-		-	
Adjusted SG&A	\$123	13.9%	\$ 129	14.8%	\$ 120	13.3%

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 November 7, 2023.

Adjusted EBITDA Reconciliation

(\$ millions)	THREE MONTHS ENDED						NINE MONTHS ENDED			
	September 30, 2023		June 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$888		\$ 871		\$ 904		\$2,644		\$ 2,494	
Net income	\$35	3.9%	\$ 24	2.8%	\$ 24	2.7%	\$93	3.5%	\$ 54	2.2%
Income tax expense	14		10		10		37		23	
Interest expense	9		10		6		26		17	
Depreciation and amortization	5		5		5		15		14	
Amortization of intangibles	5		5		4		15		15	
Non-recurring IT related professional fees	-		1		-		1		-	
(Decrease) Increase in LIFO reserve	(4)		2		24		(3)		50	
Equity-based compensation expense	3		4		3		10		9	
Customer settlement	3		-		-		3		-	
Asset disposal	-		1		-		1		-	
Foreign currency losses	-		1		6		4		13	
Adjusted EBITDA	\$70	7.9%	\$ 63	7.2%	\$ 82	9.1%	\$ 202	7.6%	\$ 195	7.8%

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 November 7, 2023.

Adjusted Net Income Attributable to Common Stockholders Reconciliation

(\$ millions)	THREE MONTHS ENDED						NINE MONTHS ENDED			
	September 30, 2023		June 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022	
	Amount	Per Share (1)	Amount	Per Share	Amount	Per Share	Amount	Per Share (1)	Amount	Per Share
Net income attributable to common stockholders	\$29	\$ 0.33	\$ 18	\$ 0.21	\$ 18	\$ 0.21	\$75	\$ 0.88	\$ 36	\$ 0.42
(Decrease) Increase in LIFO reserve, net of tax	(3)	(0.03)	2	0.02	18	0.21	(2)	(0.02)	38	0.45
Asset disposal, net of tax	-	-	1	0.01	-	-	1	0.01	-	-
Non-recurring IT related professional fees, net of tax	-	-	1	0.01	-	-	1	0.01	-	-
Customer settlement, net of tax	2	0.02	-	-	-	-	2	0.02	-	-
Adjusted net income attributable to common stockholders	\$28	\$ 0.32	\$ 22	\$ 0.25	\$ 36	\$ 0.42	\$77	\$ 0.90	\$ 74	\$ 0.87

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 November 7, 2023.

(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. For the nine months ended September 30, 2023, the diluted earnings per common share calculation is calculated as net income of \$93 million divided by 105.8 million shares.

Net Debt & Leverage Ratio Calculation

(\$ millions)	September 30, 2023	June 30, 2023	September 30, 2022
Long-term debt, net	\$ 300	\$ 368	\$ 338
Plus: current portion of long-term debt	3	3	3
Long-term debt	\$ 303	\$ 371	\$ 341
Less: cash	52	31	29
Net debt	\$ 251	\$ 340	\$ 312
Net debt	\$251	\$ 340	\$ 312
Trailing twelve months adjusted EBITDA	268	280	242
Leverage ratio	0.9x	1.2x	1.3x

Note: Net debt and leverage ratio are non-GAAP measures. For a discussion of the use of net debt, see our Current Report on Form 8-K dated November 7, 2023.

Return on Invested Capital (ROIC), Adjusted for LIFO

(\$ millions)	TTM 3Q 2023	2022	2021
Net Income (loss)	\$ 114	\$ 75	\$ (14)
Interest expense, net of tax	25	18	17
Net Operating Profit After Tax (NOPAT)	\$ 139	\$ 93	\$ 3
LIFO expense, net of tax	10	50	58
NOPAT, net of LIFO	\$ 149	\$ 143	\$ 61
Long-term debt	\$ 303	\$ 340	\$ 297
Shareholders' equity	463	386	323
Preferred stock	355	355	355
Operating lease liabilities (short and long-term)	222	218	210
Invested Capital	\$ 1,343	\$ 1,299	\$ 1,185
Average Invested Capital	\$ 1,307	\$ 1,242	\$ 1,249
Average Invested Capital, net of LIFO	\$ 1,341	\$ 1,296	\$ 1,270
ROIC, including LIFO	10.6%	7.5%	0.2%
ROIC, Adjusted for LIFO	11.1%	11.0%	4.9%

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.