



J. P. Morgan
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A collage of three images on the right side of the slide. The top image shows an aerial view of a large industrial facility with multiple buildings and parking lots. The middle image shows the interior of a warehouse with high ceilings and numerous tall metal shelving units filled with large rolls of white material, likely pipes or tanks. The bottom image is a close-up of industrial machinery, featuring large, circular valves or flanges.

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, 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



Rapidly improving financial performance and returns on invested capital



Solid balance sheet with flexibility for future growth



Sustainability principles embedded in organizational values and product offerings

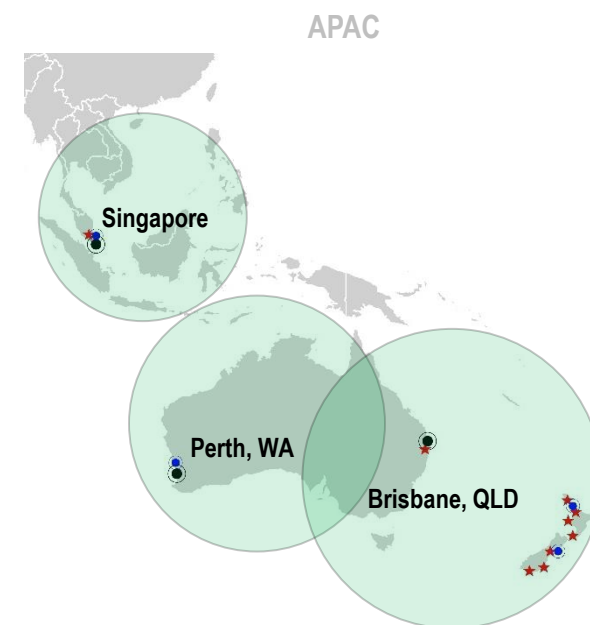
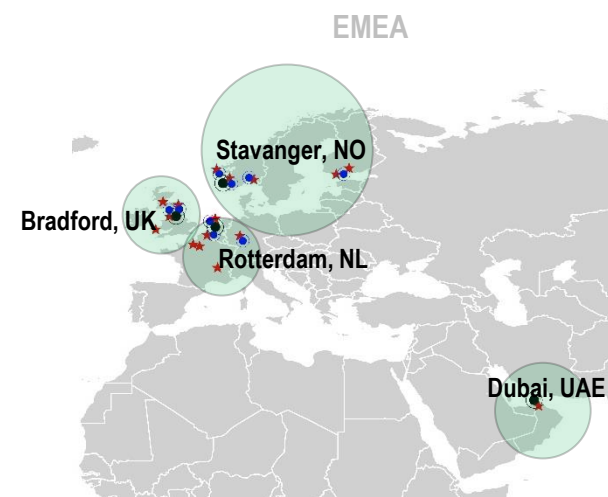
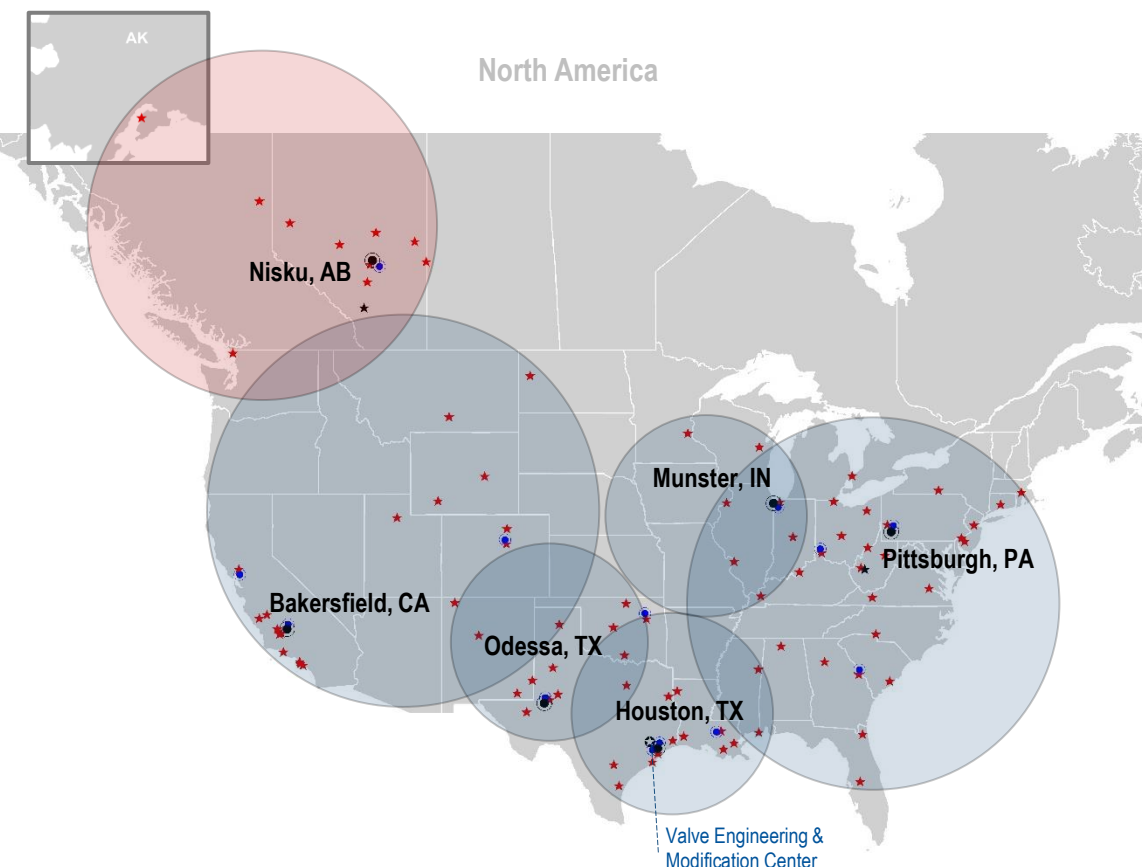


Experts You Can Trust

Leading Global Distributor of Industrial Products, Services & Supply Solutions

Integral Supply Chain Partner to Customers and Suppliers

TTM Revenue by Region



Global Footprint

- 13 ● Regional Distribution Centers
- 26 ● Valve & Engineering Centers
- 110 ★ Service Centers
- ★ Headquarters
- 15 → Countries
- ~2,800 → Employees



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

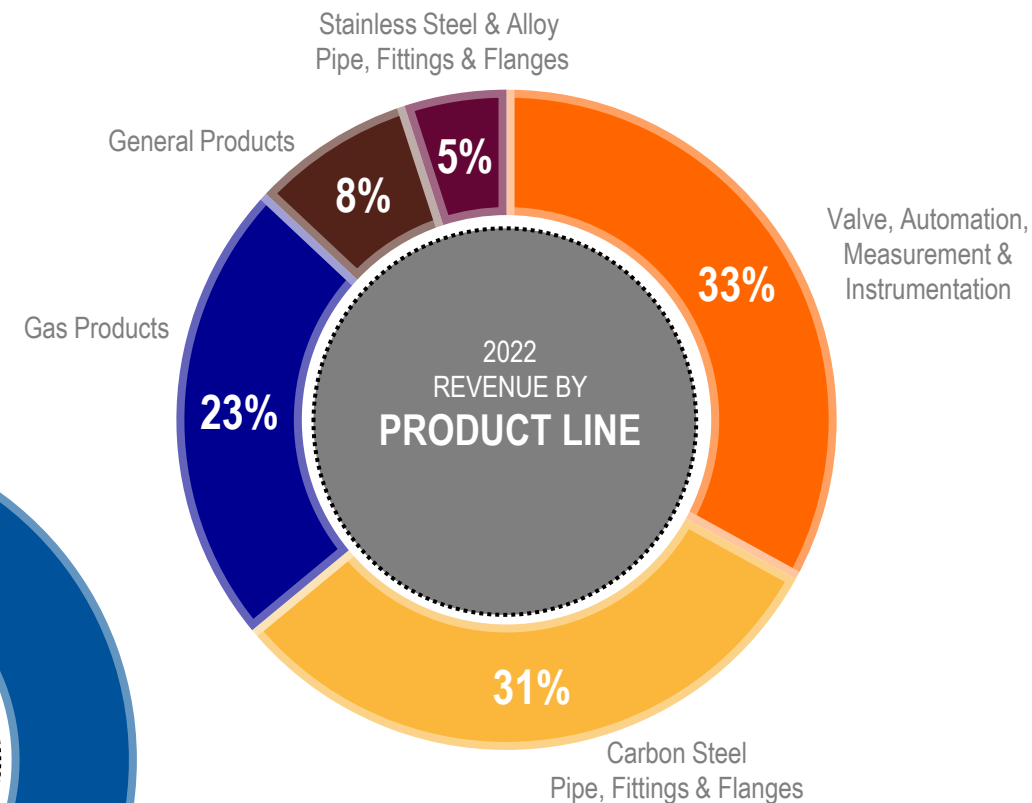
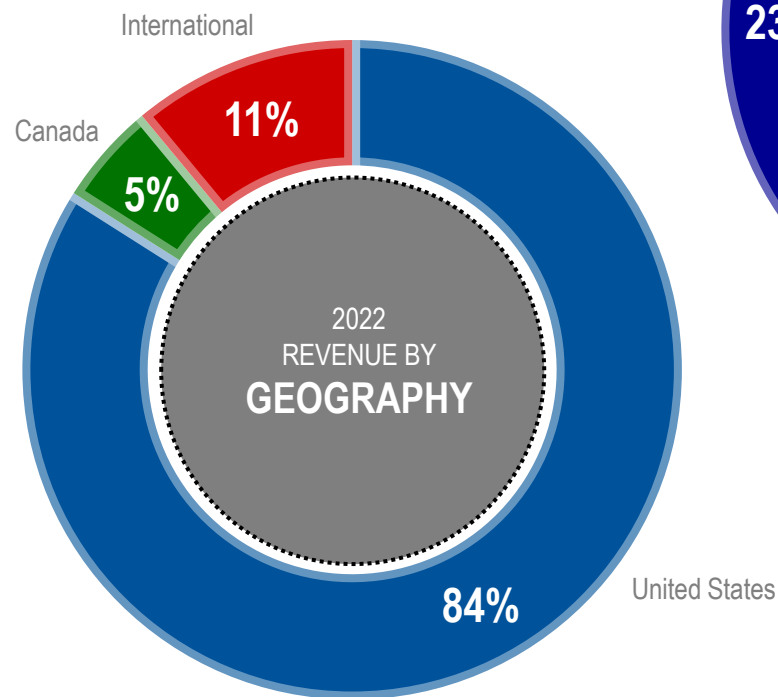
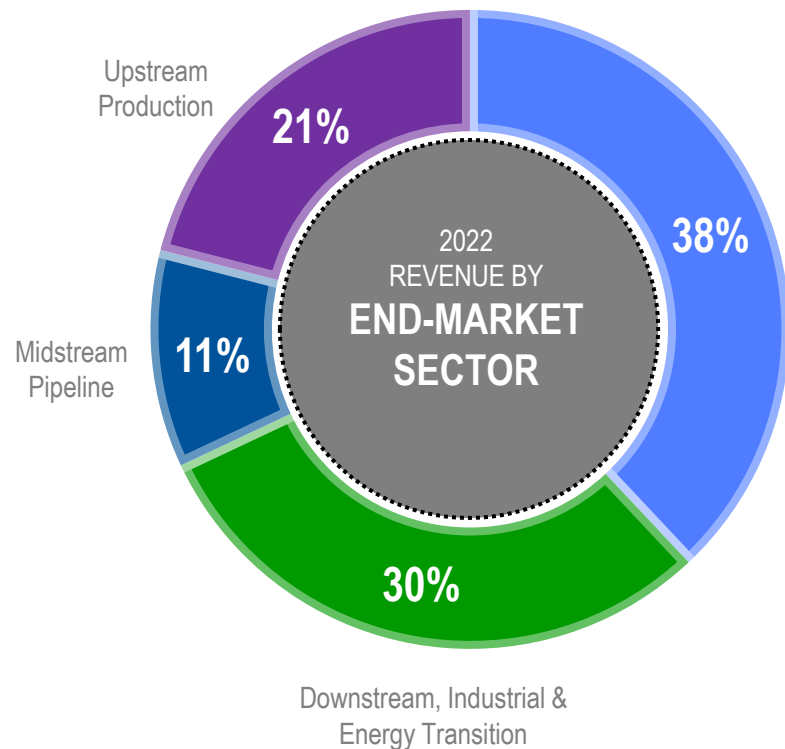
Scalable Capabilities in Projects, Maintenance and Turnarounds across Multiple End-Market Sectors



- *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:*
 - Value 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 – 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

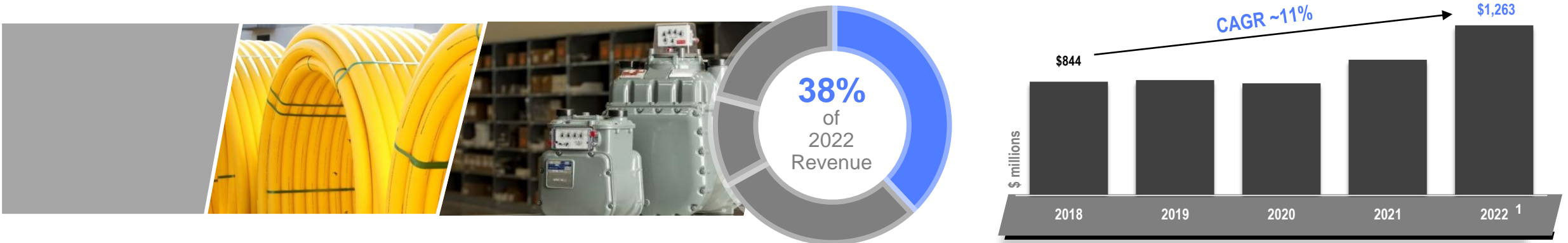


Gas Utilities End-Market Sector

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.
- 5-year CAGR ~11% - Increasing customer budgets averages 5-7% per annum
- Market penetration by gaining new customers
- Market expansion with existing customers by capturing spend on additional product offerings and in new geographies

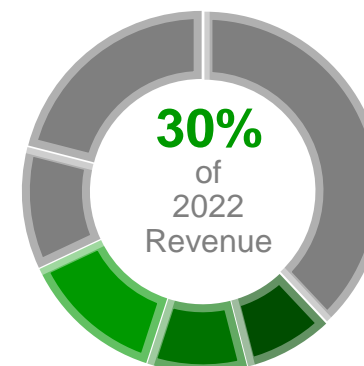


Downstream, Industrial & Energy Transition (DIET) End-Market Sector

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 liquified natural gas (LNG) facilities in the U.S. and regasification terminals in Europe
- Increased turnaround and maintenance activity in chemicals and refining



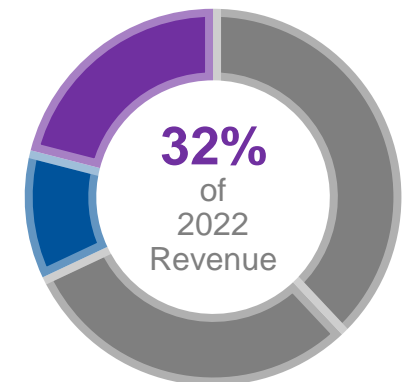
12% Industrial & Energy Transition
9% Chemicals
9% Refining

Upstream Production and Midstream Pipeline End-Market Sectors

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

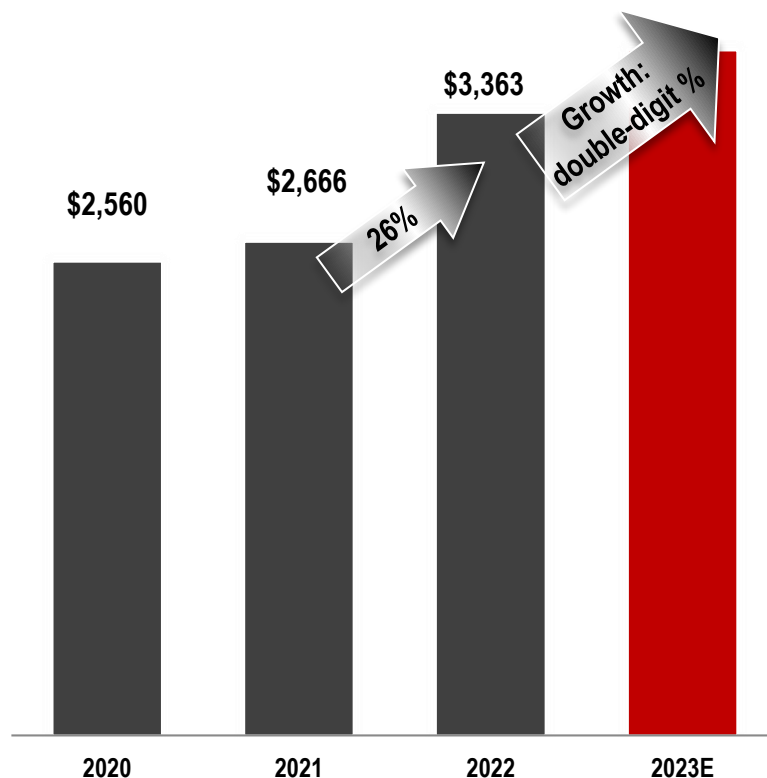


Rapidly Improving Top-Line and Bottom-Line Performance

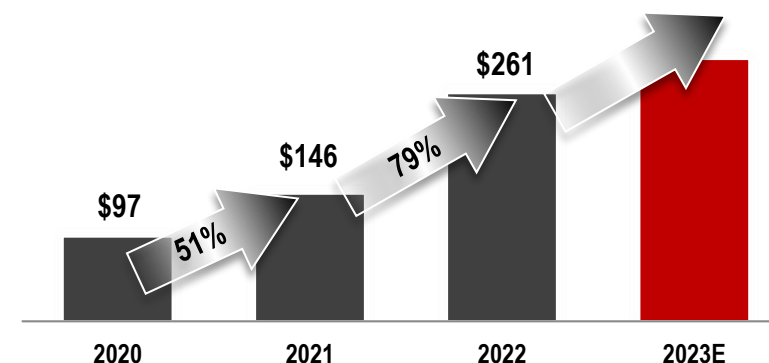
Double-Digit Revenue Growth, Structurally More Efficient with High Operating Leverage

(\$ millions)

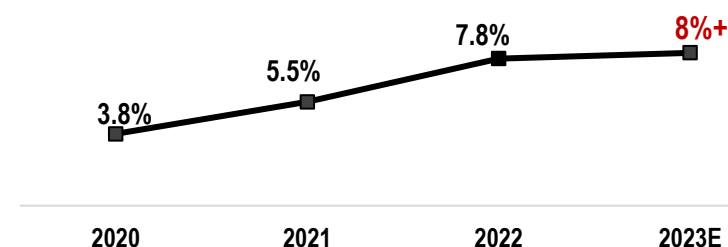
Annual Sales Growth



Annual Adjusted EBITDA Growth

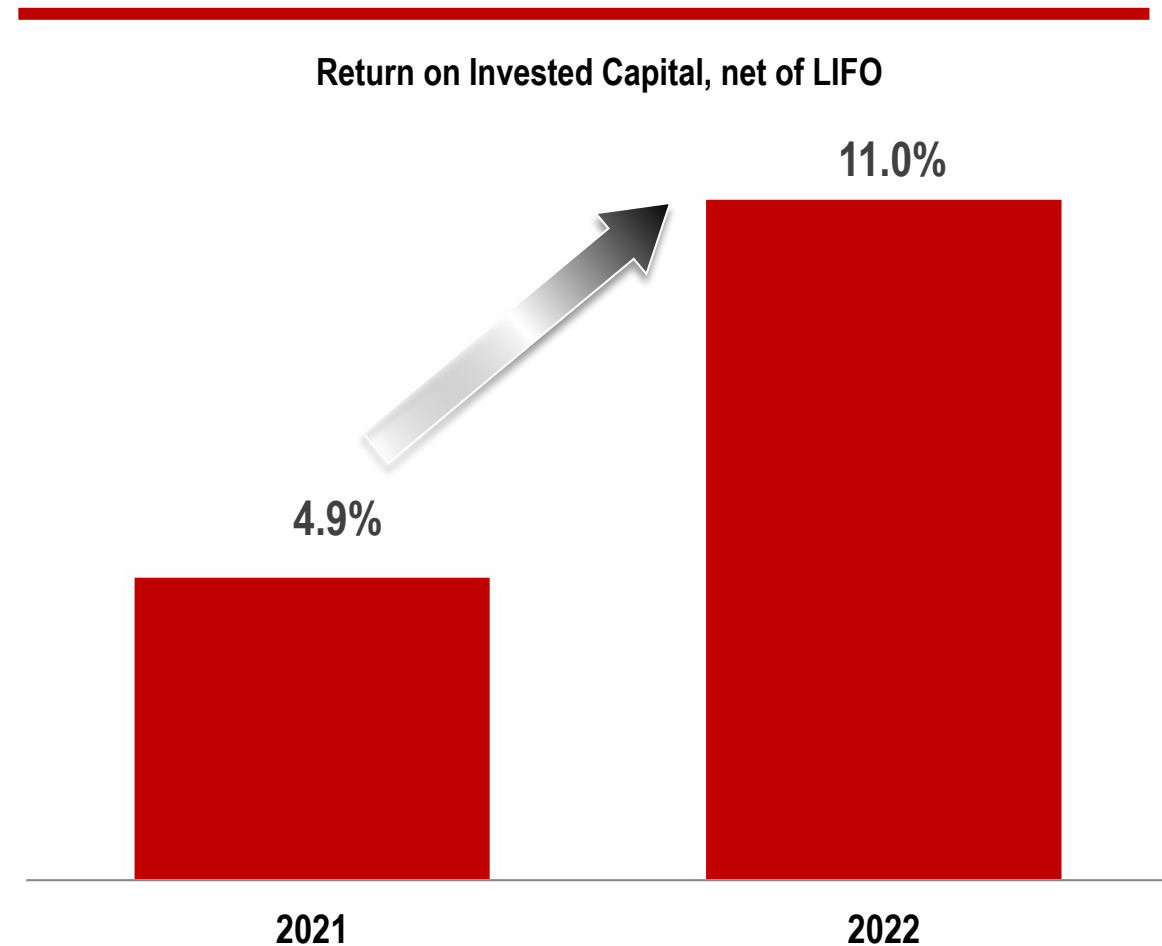


Annual Adjusted EBITDA % Margin



Rapidly Rising Returns – Creating More 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
- Significant progress in 2022, with continued improvement expected in 2023





Solid Balance Sheet with Flexibility for Future Growth

(\$ millions)

Debt Profile

(as of December 31, 2022)

Cash & Cash Equivalents **\$ 32**

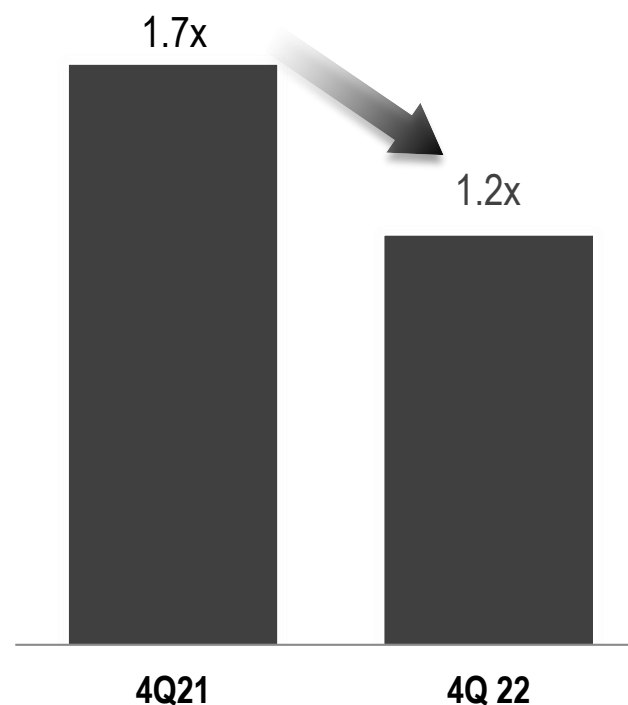
Debt (including current portion):

Term Loan B due 2024 **\$ 295**
(net of discount & deferred financing costs)

Global ABL Facility **45**
due 2026

Total Debt **\$ 340**

Leverage Ratio²



Liquidity³

4Q 22 **\$638**

4Q 21 **\$532**

Net Debt¹ **4Q 22** **\$ 308M**

1. Net debt is total debt less cash. See reconciliation in appendix.
2. Net leverage multiples represent net debt / trailing twelve months adjusted EBITDA.
3. Cash plus excess availability under the Global ABL facility.

Annual Financial Outlook

2023 Guidance

Revenue	Profitability & Cash Flow Drivers
<ul style="list-style-type: none"> 2023 annual – increase by double-digit percentage 	<ul style="list-style-type: none"> Adjusted Gross Profit – full year average of at least 21% Adjusted EBITDA – 8% or higher
By sector	
<ul style="list-style-type: none"> Gas Utilities – increase by upper single-digit percentage DIET – increase by upper single-digit percentage Upstream – increase by high teens percentage Midstream – increase by low teens percentage 	<ul style="list-style-type: none"> SG&A – mid-13% range, as a percentage of sales Tax rate – 26 - 28% annual
By segment	Cash Flow
<ul style="list-style-type: none"> U.S. – increase by low double-digit percentage Canada – increase by low double-digit percentage International – increase by low double-digit percentage 	<ul style="list-style-type: none"> Capital expenditures – \$10 - 15M Cash flow from operations – \$120M or better
Sequential	
<ul style="list-style-type: none"> 1Q23 – down low single digit percentage versus 4Q22 	

Sustainability Built into Organizational Values and Product Offerings

Environmental

- **Pollution control** products support customers' emission reduction targets
- Scope 1 emissions – **reduced 10%** in **2021** over **2020**
- Scope 2 emissions – **44%** of electricity consumption from renewables in **2021**, up from **21%** in **2020**
- All steel pipe, valves and flanges from **recycled steel** to varying degrees

ESG Developments

- Published our **5th ESG report** in June 2022
- Established SVP-Sustainability position in 2022 to lead ESG strategy and execution



Diversity & Inclusion

- **40%** of Board of Directors from Diversity Groups
- **75%** of Board leadership positions from Diversity Groups including the Chairman
- Global company leadership roles, director level & above positions - **24%** female
- U.S. manager & above positions - **21%** racially or ethnically diverse

Social Responsibility

- **Strong safety culture**
- Safety performance exceeds BLS peer group averages
- Global alignment on safety policies, tools and procedures

Governance

- Adopted UN Sustainability Goals
- **Executive compensation tied to safety metric**
- Board of Directors' Governance Committee renamed as ESG & Enterprise Risk Committee in 2022

ESG ACCOLADES

**TOP
15%**

S&P's ESG assessment: Top 15% in the Trading Companies and Distributors sector



Ecovadis Bronze Medal winner



Newsweek named MRC Global one of America's Most Responsible Companies

**TOP
20%**

EUISSCA: Top 20% in the Distribution/Logistics and Shipping industry

Electric Utility Industry Sustainable Supply Chain Alliance

Note: Certain data based on 2022 ESG report for 2021 results where 2022 information is not yet available

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Solid balance sheet with flexibility for future growth



Sustainability principles embedded in organizational values and product offerings



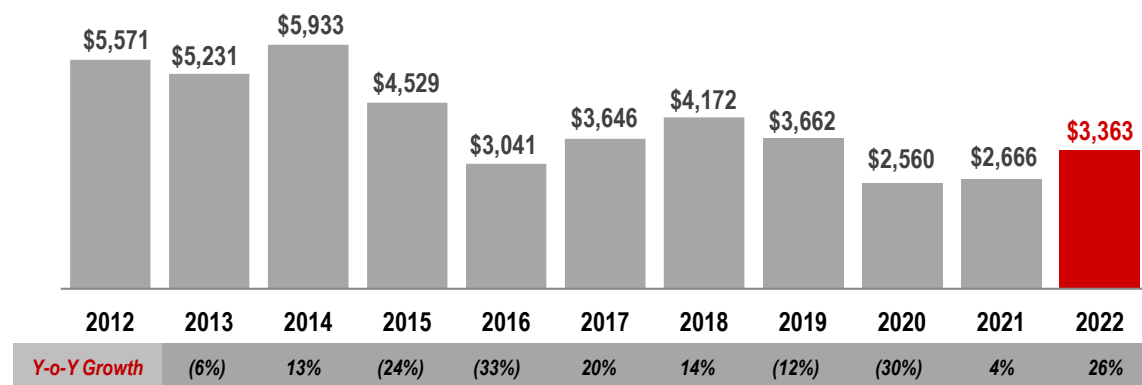
Experts You Can Trust

APPENDIX

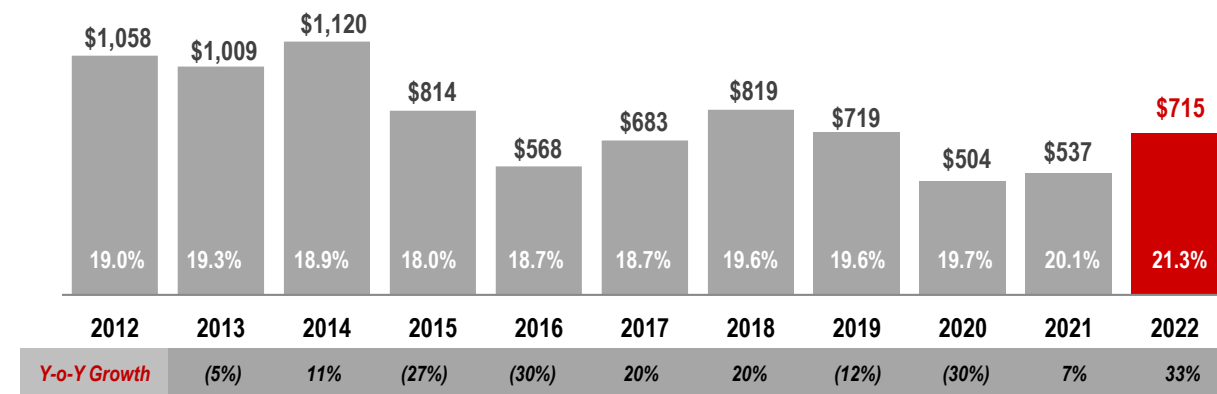


Annual Financial Performance (\$ millions, except per share data)

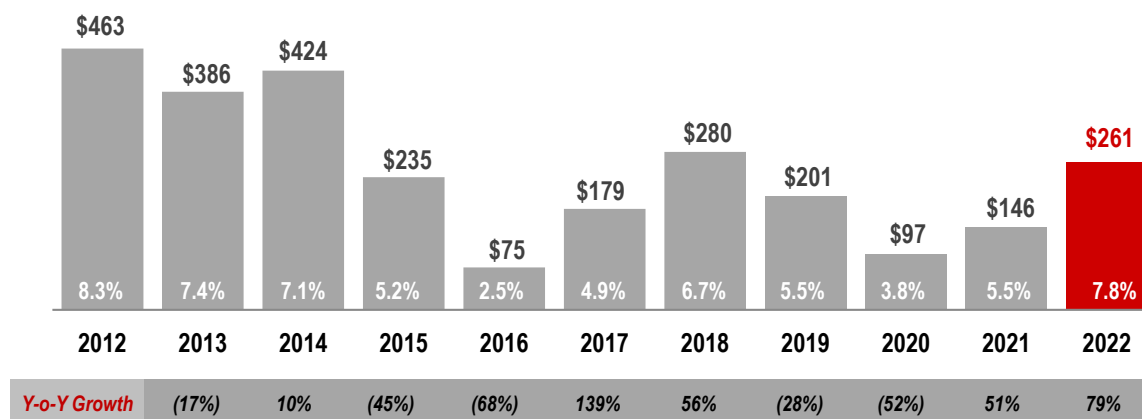
SALES



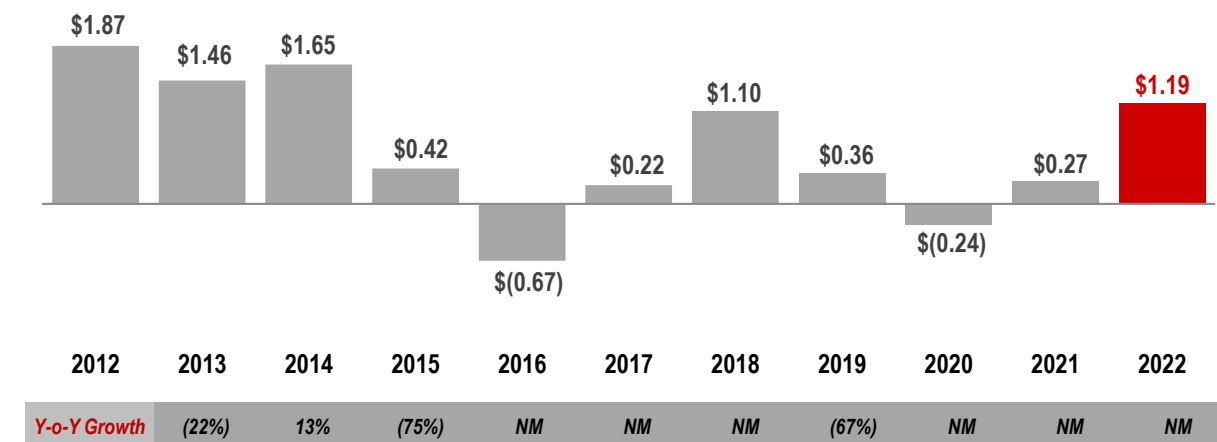
ADJUSTED GROSS PROFIT & % MARGIN¹



ADJUSTED EBITDA & % MARGIN¹



ADJUSTED DILUTED EPS¹



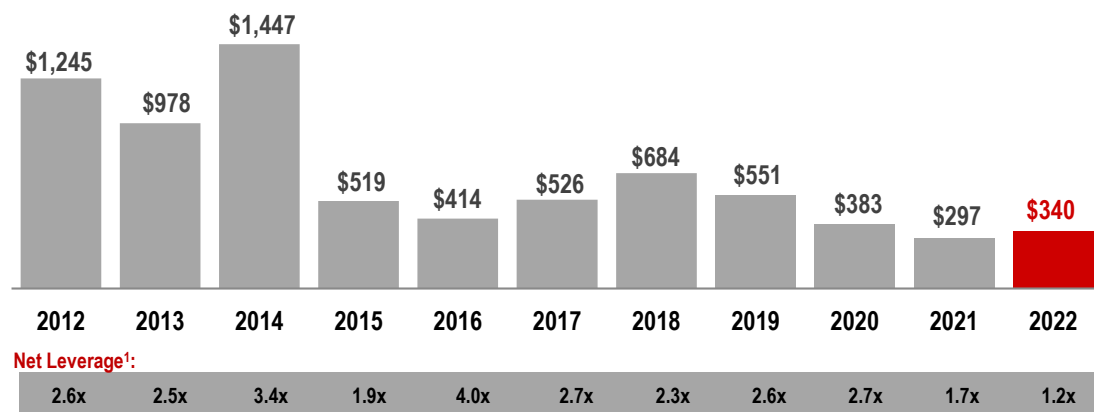
1. See reconciliation of non-GAAP measures to GAAP measures in the appendix



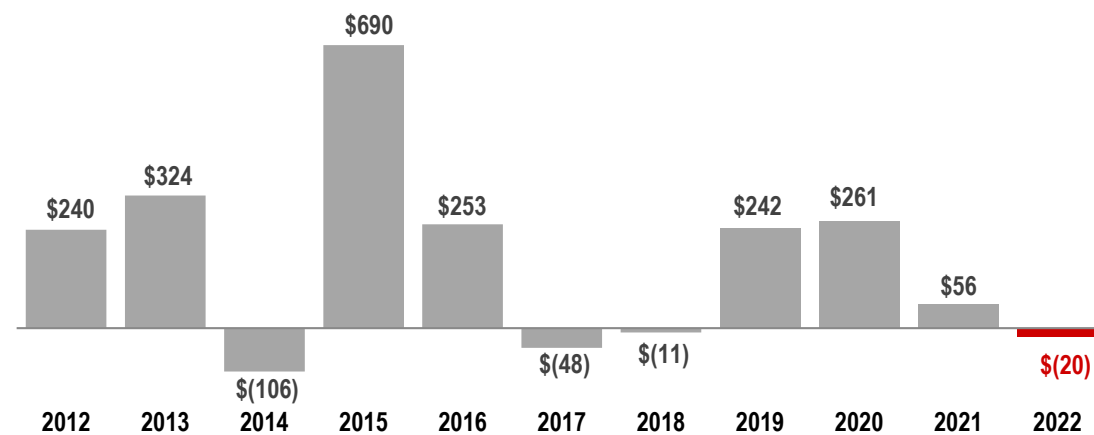
Balance Sheet

(\$ millions)

TOTAL DEBT



CASH FLOW FROM OPERATIONS

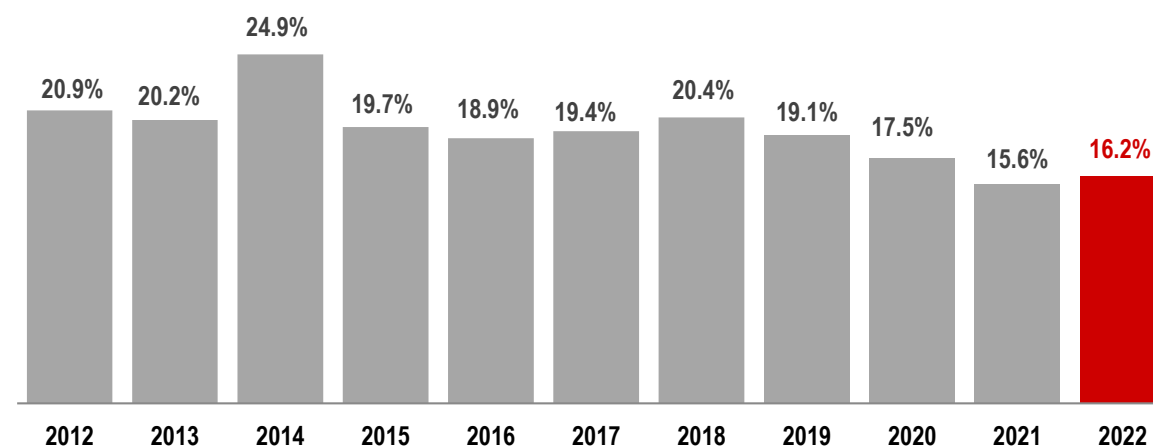


CAPITAL STRUCTURE

December 31, 2022

Cash and Cash Equivalents	\$ 32
Total Debt (including current portion):	
Term Loan B due 2024 (net of discount & deferred financing costs)	\$ 295
Global ABL Facility due 2026	45
Total Debt	\$ 340
Preferred stock	355
Common stockholders' equity	386
Total Capitalization	\$ 1,081
Liquidity	\$ 638

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. Sales are on trailing twelve months basis.



Adjusted Gross Profit Reconciliation

YEAR ENDED DECEMBER 31

(\$ millions)	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 February 13, 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 February 13, 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 February 13, 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	-	-	-	-	(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 February 13, 2023.



Adjusted Net Income (Loss) 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, 2023.



Net Debt & Leverage Ratio Calculation

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 February 13, 2023.

Return on Invested Capital (ROIC), Adjusted for LIFO

(\$ millions)	2022	2021
Net Income (loss)	\$ 75	\$ (14)
Interest expense, net of tax	18	17
Net Operating Profit After Tax (NOPAT)	\$ 93	\$ 3
LIFO expense, net of tax	50	58
NOPAT, net of LIFO	\$ 143	\$ 61
Long-term debt	\$ 340	\$ 297
Shareholders' equity	386	323
Preferred stock	355	355
Operating lease liabilities (short and long-term)	218	210
Invested Capital	\$ 1,299	\$ 1,185
Add: Increase in LIFO reserve, net of tax	50	58
Invested Capital, net of LIFO	\$ 1,349	\$ 1,243
ROIC, including LIFO	7.2%	0.3%
ROIC, Adjusted for LIFO	11%	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.