
**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): April 28, 2020

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)

**Fulbright Tower, 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 2.02 **Results of Operations and Financial Condition**

On April 28, 2020, MRC Global Inc. (“MRC Global” or the “Company”) issued a press release announcing its financial results for the three months ended March 31, 2020. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 7.01 **Regulation FD Disclosure.**

Earnings Presentation

On April 28, 2020, MRC Global Inc. announced its financial results for the three months ended March 31, 2020. In conjunction with this release, the Company issued a presentation summarizing the highlights of the financial results (the “Earnings Presentation”). A copy of the Earnings Presentation is furnished as Exhibit 99.2 to this Form 8-K and is incorporated herein by reference.

The information contained in the Earnings Presentation 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 Earnings Presentation speaks as of the date of this Current Report on Form 8-K. While MRC Global may elect to update the Earnings Presentation 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 Earnings Presentation will also be posted in the Investor Relations section of MRC Global’s website, <http://www.mrcglobal.com>.

The information referenced under Item 7.01 (including Exhibit 99.2 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 99.2 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 Press release of MRC Global Inc. dated April 28, 2020

99.2 Earnings Presentation of MRC Global Inc. dated April 28, 2020

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

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated April 28, 2020
99.2	Earnings Presentation dated April 28, 2020
104	Cover Page Interactive Data File – The cover page XBRL tags from this Current Report on Form 8-K are imbedded 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: April 28, 2020

MRC GLOBAL INC.

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



MRC Global Announces First Quarter 2020 Results

Sales of \$794 million, a 4% sequential increase
Diluted earnings per common share of \$0.04
Net income attributable to common shareholders of \$3 million
Adjusted Gross Profit Percentage of 19.8%, a 70-basis point sequential improvement
Adjusted EBITDA of \$34 million
Cash Flow from Operations of \$37 million
Net Debt of \$493 million, a sequential reduction of \$26 million
Total available liquidity of \$465 million, effective second quarter 2020

Houston, TX – April 28, 2020 – MRC Global Inc. (NYSE: MRC), the largest global distributor, based on sales, of pipe, valves and fittings and related products and services to the energy industry, today announced first quarter 2020 results.

The company's sales were \$794 million for the first quarter of 2020, which was 4% higher than the fourth quarter of 2019 and 18% lower than the first quarter of 2019. The sequential increase was driven primarily by the U.S. gas utilities sector, which was up \$21 million. As compared to the first quarter of 2019, the decrease was across all sectors and segments as the impact of lower commodity prices led to reduced customer spending.

Net income attributable to common stockholders for the first quarter of 2020 was \$3 million, or \$0.04 per diluted share, as compared to the first quarter of 2019 of \$12 million, or \$0.14 per diluted share.

Andrew R. Lane, MRC Global's president and chief executive officer stated, "I am pleased with our first quarter results, which was a solid performance given the market challenges. Revenue was up sequentially, we generated \$37 million of cash from operations, and we reduced net debt by \$26 million. Customer spending has slowed considerably in April in response to the unfavorable commodity price environment and a significant decline in oil and gas global demand brought about by the COVID-19 pandemic. As a result, we are taking steps to further reduce our operating costs by \$80 million and reduce inventory by \$140 million or more compared to 2019."

"Our counter cyclical cash flow business model and our available liquidity will allow us to withstand the current challenging market conditions and continue to focus on our long-term strategy to enhance shareholder value. We expect to generate over \$200 million in cash flow from operations in 2020. At this level, our free cash flow would be approximately \$160 million after accounting for the preferred stock dividend and capital expenditures, resulting in a free cash flow yield of nearly 50%, based on today's stock price," Mr. Lane added.

MRC Global's first quarter 2020 gross profit was \$148 million, or 18.6% of sales as compared to the first quarter of 2019 gross profit of \$174 million, or 17.9% of sales. Gross profit for the first quarter of 2020 and 2019 reflects income of \$3 million and \$0 million, respectively, in cost of sales relating to the use of the last-in, first out (LIFO) method of inventory cost accounting.

Selling, general and administrative (SG&A) expenses were \$126 million, or 15.9% of sales, for the first quarter of 2020 compared to \$139 million, or 14.3% of sales, for the same period of 2019. SG&A includes bad debt expense of \$6 million in the first quarter of 2020.

Please refer to the reconciliation of non-GAAP measures (adjusted gross profit and adjusted EBITDA) to GAAP measures (gross profit, net income) in this release.

Sales by Segment

U.S. sales in the first quarter of 2020 were \$638 million, down \$141 million, or 18%, from the same quarter in 2019. Upstream production sales decreased by \$67 million, or 33% primarily due to increased capital discipline from our customers. Downstream and industrial sales declined \$46 million, or 19% primarily due to non-recurring project work. Midstream pipeline sales declined \$23 million, or 17% due to reduced customer spending and timing of customer projects.

Canadian sales in the first quarter of 2020 were \$50 million, down \$18 million, or 26%, from the same quarter in 2019 driven primarily by the upstream production sector, which was adversely affected by government imposed production limits as well as the gas utilities sector, which was lower due to a non-recurring pipe delivery.

International sales in the first quarter of 2020 were \$106 million, down \$17 million, or 14%, from the same period in 2019 driven primarily by the conclusion of an upstream production project in Kazakhstan. Weaker foreign currencies relative to the U.S. dollar unfavorably impacted sales by \$6 million or 5%.

All sales were negatively impacted by decreasing demand caused by the COVID-19 pandemic in March.

Sales by Sector

Upstream production sales in the first quarter of 2020 were \$222 million, or 28% of total sales, a decline of \$90 million or 29% from the first quarter of 2019. The decrease in upstream production sales was across all segments led by the U.S. segment.

Midstream pipeline sales in the first quarter of 2020 were \$119 million, or 15% of total sales, a reduction of \$28 million or 19% from the first quarter of 2019 driven by the U.S. segment.

Gas utilities sales in the first quarter of 2020 were \$202 million, or 25% of total sales, lower by 6% from the first quarter of 2019 due to lower activity levels for one customer and the timing of project deliveries.

Downstream and industrial sales in the first quarter of 2020 were \$251 million, or 32% of total sales, a decrease of \$46 million or 15% from the first quarter of 2019 driven by the U.S. segment.

This quarter, the company has expanded the disclosure of its end-market sector revenue to separately report the sectors midstream pipelines and gas utilities. Two years of historical revenue by quarter for these sectors is provided in this release.

Balance Sheet

Cash balances were \$28 million and debt, net of cash, was \$493 million at March 31, 2020. Cash provided by operations was \$37 million in the first quarter of 2020. Beginning in the second quarter, excess availability under the company's asset-based lending facility is \$437 million and available liquidity is \$465 million.

COVID-19 Pandemic Impact

The COVID-19 global pandemic and related mitigation measures have created significant volatility and uncertainty in the oil and gas industry. Oil demand has significantly deteriorated as a result. The unparalleled demand destruction has resulted in lower spending by customers and reduced demand for the company's products and services. There is significant uncertainty as to the duration of this disruption.

As a critical supplier to the global energy infrastructure and an essential business, the company has remained operational with no closures to any facilities. We have had four confirmed illnesses reported, and all have recovered. MRC Global has also implemented various safety measures for employees working in the company's facilities and implemented remote working for those whose jobs permit it. MRC Global is committed to a safe working environment for all employees.

From a supply chain perspective, the effects have moved around the globe as the virus has spread. Given the company's inventory position and the reduced demand, the company has fulfilled orders with little disruption. However, the longer the shutdowns continue, the greater the order fulfillment risk exists.

Conference Call

The company will hold a conference call to discuss its first quarter 2020 results at 10:00 a.m. Eastern Time (9:00 a.m. Central Time) on April 29, 2020. To participate in the call, please dial 412-902-0003 and ask for the MRC Global conference call at least 10 minutes prior to the start time. To access the conference call, live over the Internet, please log onto the web at www.mrcglobal.com and go to the "Investor Relations" page of the company's website at least fifteen minutes early to register, download and install any necessary audio software. For those who cannot listen to the live call, a replay will be available through May 13, 2020 and can be accessed by dialing 201-612-7415 and using pass code 13699943#. Also, an archive of the webcast will be available shortly after the call at www.mrcglobal.com for 90 days.

About MRC Global Inc.

MRC Global is the largest distributor of pipe, valves and fittings (PVF) and other infrastructure products and services to the energy industry, based on sales. Through approximately 250 service locations worldwide, approximately 3,150 employees and with nearly 100 years of history, MRC Global provides innovative supply chain solutions and technical product expertise to customers globally across diversified end-markets including the upstream production, midstream pipeline, gas utility and downstream and industrial. MRC Global manages a complex network of over 200,000 SKUs and 10,000 suppliers simplifying the supply chain for its over 13,000 customers. With a focus on technical products, value-added services, a global network of valve and engineering centers and an unmatched quality assurance program, MRC Global is the trusted PVF expert. Find out more at www.mrcglobal.com.

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as "will," "expect," "expected," "intend," "believes," "well positioned," "strong position," "looking forward," "guidance," "plans" 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, tax rate, capital expenditures and cash flow, liquidity, 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 MRC Global's control, including the factors described in the company's SEC filings that may cause the company's actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements.

These risks and uncertainties include (among others) decreases in oil and natural gas prices; decreases in oil and natural gas industry expenditure levels, which may result from decreased oil and natural gas prices or other factors; U.S. and international general economic conditions; the company's ability to compete successfully with other companies in MRC Global's industry; the risk that manufacturers of the products the company distributes will sell a substantial amount of goods directly to end users in the industry sectors the company serves; unexpected supply shortages; cost increases by the company's suppliers; the company's lack of long-term contracts with most of its suppliers; suppliers' price reductions of products that the company sells, which could cause the value of the company's inventory to decline; decreases in steel prices, which could significantly lower MRC Global's profit; increases in steel prices, which the company may be unable to pass along to its customers which could significantly lower its profit; the company's lack of long-term contracts with many of its customers and the company's lack of contracts with customers that require minimum purchase volumes; changes in the company's customer and product mix; risks related to the company's customers' creditworthiness; the success of the company's acquisition strategies; the potential adverse effects associated with integrating acquisitions into the company's business and whether these acquisitions will yield their intended benefits; the company's significant indebtedness; the dependence on the company's subsidiaries for cash to meet its obligations; changes in the company's credit profile; a decline in demand for certain of the products the company distributes if import restrictions on these products are lifted or imposed; significant substitution of alternative fuels for oil and gas; environmental, health and safety laws and regulations and the interpretation or implementation thereof; the sufficiency of the company's insurance policies to cover losses, including liabilities arising from litigation; product liability claims against the company; pending or future asbestos-related claims against the company; the potential loss of key personnel; adverse health events such as a pandemic; interruption in the proper functioning of the company's information systems and the occurrence of cyber security incidents; loss of third-party transportation providers; potential inability to obtain necessary capital; risks related to adverse weather events or natural disasters; impairment of the company's goodwill or other intangible assets; adverse changes in political or economic conditions in the countries in which the company operates; exposure to U.S. and international laws and regulations, including the U.S.

Foreign Corrupt Practices Act and the U.K. Bribery Act and other economic sanction programs; risks associated with international stability and geopolitical developments; risks relating to ongoing evaluations of internal controls required by Section 404 of the Sarbanes-Oxley Act; risks related to the company's intention not to pay dividends; and risks arising from compliance with and changes in law in the countries in which we operate, including (among others) changes in tax law, tax rates and interpretation in tax laws.

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. MRC Global's filings and other important information are also available on the Investor Relations page of the company's 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.

Contact:

Monica Broughton
Investor Relations
MRC Global Inc.
Monica.Broughton@mrcglobal.com
832-308-2847

MRC Global Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(in millions, except shares)

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Assets		
Current assets:		
Cash	\$ 28	\$ 32
Accounts receivable, net	476	459
Inventories, net	691	701
Other current assets	24	26
Total current assets	<u>1,219</u>	<u>1,218</u>
Long-term assets:		
Operating lease assets	179	186
Property, plant and equipment, net	131	138
Other assets	19	19
Intangible assets:		
Goodwill, net	480	483
Other intangible assets, net	273	281
	<u>\$ 2,301</u>	<u>\$ 2,325</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ 399	\$ 357
Accrued expenses and other current liabilities	82	91
Operating lease liabilities	33	34
Current portion of long-term debt	4	4
Total current liabilities	<u>518</u>	<u>486</u>
Long-term liabilities:		
Long-term debt, net	517	547
Operating lease liabilities	161	167
Deferred income taxes	90	91
Other liabilities	43	37
Commitments and contingencies		
6.5% Series A Convertible Perpetual Preferred Stock, \$0.01 par value; authorized 363,000 shares; 363,000 shares issued and outstanding	355	355
Stockholders' equity:		
Common stock, \$0.01 par value per share: 500 million shares authorized, 106,209,943 and 105,624,750 issued, respectively	1	1
Additional paid-in capital	1,730	1,731
Retained deficit	(480)	(483)
Less: Treasury stock at cost: 24,216,330 shares	(375)	(375)
Accumulated other comprehensive loss	(259)	(232)
	<u>617</u>	<u>642</u>
	<u>\$ 2,301</u>	<u>\$ 2,325</u>

MRC Global Inc.
Condensed Consolidated Statements of Operations (Unaudited)
(in millions, except per share amounts)

	Three Months Ended	
	March 31, 2020	March 31, 2019
Sales	\$ 794	\$ 970
Cost of sales	646	796
Gross profit	148	174
Selling, general and administrative expenses	126	139
Operating income	22	35
Other (expense) income:		
Interest expense	(8)	(11)
Other, net	-	-
Income before income taxes	14	24
Income tax expense	5	6
Net income	9	18
Series A preferred stock dividends	6	6
Net income attributable to common stockholders	\$ 3	\$ 12
Basic income per common share	\$ 0.04	\$ 0.14
Diluted income per common share	\$ 0.04	\$ 0.14
Weighted-average common shares, basic	81.7	84.3
Weighted-average common shares, diluted	82.4	85.3

MRC Global Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in millions)

	Three Months Ended	
	March 31, 2020	March 31, 2019
Operating activities		
Net income	\$ 9	\$ 18
Adjustments to reconcile net income to net cash provided by (used in) operations:		
Depreciation and amortization	5	5
Amortization of intangibles	7	11
Equity-based compensation expense	2	4
Deferred income tax benefit	1	1
(Decrease) increase in LIFO reserve	(3)	-
Provision for uncollectible accounts	6	2
Other	1	2
Changes in operating assets and liabilities:		
Accounts receivable	(33)	(47)
Inventories	(4)	(42)
Other current assets	2	8
Accounts payable	49	27
Accrued expenses and other current liabilities	(5)	(29)
Net cash provided by (used in) operations	<u>37</u>	<u>(40)</u>
Investing activities		
Purchases of property, plant and equipment	(2)	(2)
Net cash used in investing activities	<u>(2)</u>	<u>(2)</u>
Financing activities		
Payments on revolving credit facilities	(228)	(256)
Proceeds from revolving credit facilities	205	319
Payments on long-term obligations	(4)	(1)
Purchase of common stock	-	(25)
Dividends paid on preferred stock	(6)	(6)
Repurchases of shares to satisfy tax withholdings	(3)	(6)
Other	-	1
Net cash (used in) provided by financing activities	<u>(36)</u>	<u>26</u>
Decrease in cash	(1)	(16)
Effect of foreign exchange rate on cash	(3)	-
Cash -- beginning of period	32	43
Cash -- end of period	<u>\$ 28</u>	<u>\$ 27</u>

MRC Global Inc.
Supplemental Information (Unaudited)
Reconciliation of Net Income to Adjusted EBITDA (a non-GAAP measure)
(in millions)

	Three Months Ended	
	March 31, 2020	March 31, 2019
Net income	\$ 9	\$ 18
Income tax expense	5	6
Interest expense	8	11
Depreciation and amortization	5	5
Amortization of intangibles	7	11
(Decrease) increase in LIFO reserve	(3)	-
Equity-based compensation expense (1)	2	4
Gain on early extinguishment of debt (2)	(1)	-
Foreign currency losses	2	1
Adjusted EBITDA	<u>\$ 34</u>	<u>\$ 56</u>

Notes to above:

- (1) Recorded in SG&A
(2) Charge (pre-tax) related the purchase of the Term Loan recorded in Other, net.

The company defines Adjusted EBITDA as net income plus interest, income taxes, depreciation and amortization, amortization of intangibles, and certain other expenses, including non-cash expenses, (such as equity-based compensation, severance and restructuring, changes in the fair value of derivative instruments and asset impairments, including inventory) and plus or minus the impact of its LIFO inventory costing methodology. The company presents Adjusted EBITDA because the company believes Adjusted EBITDA is a useful indicator of the company's operating performance. Among other things, Adjusted EBITDA measures the company's operating performance without regard to certain non-recurring, non-cash or transaction-related expenses. Adjusted EBITDA, however, does not represent and should not be considered as an alternative to net income, cash flow from operations or any other measure of financial performance calculated and presented in accordance with GAAP. Because Adjusted EBITDA does not account for certain expenses, its utility as a measure of the company's operating performance has material limitations. Because of these limitations, the company does not view Adjusted EBITDA in isolation or as a primary performance measure and also uses other measures, such as net income and sales, to measure operating performance. See the Company's Annual Report filed on Form 10-K for a more thorough discussion of the use of Adjusted EBITDA.

MRC Global Inc.
Supplemental Information (Unaudited)
Reconciliation of Gross Profit to Adjusted Gross Profit (a non-GAAP measure)
(in millions)

	Three Months Ended			
	March 31, 2020	Percentage of Revenue*	March 31, 2019	Percentage of Revenue*
Gross profit, as reported	\$ 148	18.6%	\$ 174	17.9%
Depreciation and amortization	5	0.6%	5	0.5%
Amortization of intangibles	7	0.9%	11	1.1%
(Decrease) increase in LIFO reserve	(3)	(0.4%)	-	0.0%
Adjusted Gross Profit	\$ 157	19.8%	\$ 190	19.6%

Notes to above:

*Does not foot due to rounding

The company defines Adjusted Gross Profit as sales, less cost of sales, plus depreciation and amortization, plus amortization of intangibles, and plus or minus the impact of its LIFO inventory costing methodology. The company presents Adjusted Gross Profit because the company believes it is a useful indicator of the company's operating performance without regard to items, such as amortization of intangibles, that can vary substantially from company to company depending upon the nature and extent of acquisitions of which they have been involved. Similarly, the impact of the LIFO inventory costing method 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 uses Adjusted Gross Profit as a key performance indicator in managing its business. The company believes that gross profit is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to Adjusted Gross Profit.

MRC Global Inc.
Supplemental Sales Information (Unaudited)
(in millions)

Disaggregated Sales by Segment

Three Months Ended March 31,					
	U.S.	Canada	International	Total	
2020:					
Upstream production	\$ 139	\$ 37	\$ 46	\$ 222	
Midstream pipeline	110	4	5	119	
Gas utilities	199	3	-	202	
Downstream & industrial	190	6	55	251	
	<u>\$ 638</u>	<u>\$ 50</u>	<u>\$ 106</u>	<u>\$ 794</u>	
2019:					
Upstream production	\$ 206	\$ 46	\$ 60	\$ 312	
Midstream pipeline	133	6	8	147	
Gas utilities	204	10	-	214	
Downstream & industrial	236	6	55	297	
	<u>\$ 779</u>	<u>\$ 68</u>	<u>\$ 123</u>	<u>\$ 970</u>	

Revenue by Sector

	2019					2018				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
U.S.										
Upstream production	\$ 206	\$ 188	\$ 189	\$ 140	\$ 723	\$ 178	\$ 189	\$ 213	\$ 197	\$ 777
Midstream pipeline	133	161	141	103	538	205	231	190	152	778
Gas utilities	204	244	215	178	841	188	223	216	203	830
Downstream & industrial	236	213	218	187	854	235	235	240	226	936
Total	<u>\$ 779</u>	<u>\$ 806</u>	<u>\$ 763</u>	<u>\$ 608</u>	<u>\$ 2,956</u>	<u>\$ 806</u>	<u>\$ 878</u>	<u>\$ 859</u>	<u>\$ 778</u>	<u>\$ 3,321</u>
Canada										
Upstream production	\$ 46	\$ 41	\$ 43	\$ 32	\$ 162	\$ 57	\$ 64	\$ 59	\$ 59	\$ 239
Midstream pipeline	6	9	6	5	26	6	6	8	14	34
Gas utilities	10	3	1	2	16	8	2	3	1	14
Downstream & industrial	6	5	7	4	22	7	8	8	5	28
Total	<u>\$ 68</u>	<u>\$ 58</u>	<u>\$ 57</u>	<u>\$ 43</u>	<u>\$ 226</u>	<u>\$ 78</u>	<u>\$ 80</u>	<u>\$ 78</u>	<u>\$ 79</u>	<u>\$ 315</u>
International										
Upstream production	\$ 60	\$ 55	\$ 55	\$ 52	\$ 222	\$ 67	\$ 54	\$ 66	\$ 83	\$ 270
Midstream pipeline (1)	8	4	7	10	29	3	10	5	3	21
Gas utilities (1)	-	-	-	-	-	-	-	-	-	-
Downstream & industrial	55	61	60	53	229	56	60	63	66	245
Total	<u>\$ 123</u>	<u>\$ 120</u>	<u>\$ 122</u>	<u>\$ 115</u>	<u>\$ 480</u>	<u>\$ 126</u>	<u>\$ 124</u>	<u>\$ 134</u>	<u>\$ 152</u>	<u>\$ 536</u>
Consolidated										
Upstream production	\$ 312	\$ 284	\$ 287	\$ 224	\$ 1,107	\$ 302	\$ 307	\$ 338	\$ 339	\$ 1,286
Midstream pipeline (1)	147	174	154	118	593	214	247	203	169	833
Gas utilities (1)	214	247	216	180	857	196	225	219	204	844
Downstream & industrial	297	279	285	244	1,105	298	303	311	297	1,209
Total	<u>\$ 970</u>	<u>\$ 984</u>	<u>\$ 942</u>	<u>\$ 766</u>	<u>\$ 3,662</u>	<u>\$ 1,010</u>	<u>\$ 1,082</u>	<u>\$ 1,071</u>	<u>\$ 1,009</u>	<u>\$ 4,172</u>

Notes to above:

(1) \$17 million and \$5 million of sales for the twelve months ended December 31, 2019 and December 31, 2018, respectively, have been reclassified from Gas Utilities to Midstream Pipeline to conform with the current year presentation.

MRC Global Inc.
Supplemental Sales Information (Unaudited)
(in millions)

Sales by Product Line

Type	Three Months Ended	
	March 31, 2020	March 31, 2019
Line pipe	\$ 100	\$ 154
Carbon fittings and flanges	115	153
Total carbon pipe, fittings and flanges	215	307
Valves, automation, measurement and instrumentation	323	383
Gas products	134	133
Stainless steel and alloy pipe and fittings	37	50
General products	85	97
	<u>\$ 794</u>	<u>\$ 970</u>

MRC Global Inc.
Supplemental Information (Unaudited)
Reconciliation of Net Income Attributable to Common Stockholders to
Adjusted Net Income Attributable to Common Stockholders (a non-GAAP measure)
(in millions, except per share amounts)

	Three Months Ended	
	March 31, 2020	
	Amount	Per Share
Net income attributable to common stockholders	\$ 3	\$ 0.04
Decrease in LIFO reserve, net of tax	(2)	(0.03)
Adjusted net income attributable to common stockholders	<u>\$ 1</u>	<u>\$ 0.01</u>

	Three Months Ended	
	March 31, 2019	
	Amount	Per Share
Net income attributable to common stockholders	\$ 12	\$ 0.14
Increase in LIFO reserve, net of tax	-	-
Adjusted net income attributable to common stockholders	<u>\$ 12</u>	<u>\$ 0.14</u>

Notes to above:

The Company defines Adjusted Net Income Attributable to Common Stockholders (a non-GAAP measure) as Net Income Attributable to Common Stockholders plus or minus the after-tax impact of its LIFO inventory costing methodology. The Company presents Adjusted Net Income Attributable to Common Stockholders and related per share amounts because the Company believes it provides useful comparisons of the Company's operating results to other companies, including those companies with whom we compete in the distribution of pipe, valves and fittings to the energy industry, without regard to the 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 Net Income Attributable to Common Stockholders is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly compared to Adjusted Net Income Attributable to Common Stockholders.

#

MRC Global[®]

1Q 2020 Earnings Presentation
April 28, 2020

Andrew Lane

President & CEO

Kelly Youngblood

Executive Vice President & CFO



We Make Energy Flow[™]

Forward Looking Statements and Non-GAAP Disclaimer

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as “will,” “expect,” “looking forward,” “guidance,” “targeting”, and similar expressions are intended to identify forward-looking statements. Statements about the company’s business, including its strategy, its industry, the company’s future profitability, the company’s guidance on its sales, Adjusted EBITDA, gross profit, gross profit percentage, Adjusted Gross Profit, Adjusted Gross Profit percentage, tax rate, capital expenditures and cash from operations, growth in the company’s various markets and the company’s expectations, beliefs, plans, strategies, objectives, prospects and assumptions are not guarantees of future performance. These statements are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, most of which are difficult to predict and many of which are beyond our control, including the factors described in the company’s SEC filings that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements, including the company’s Current Report on Form 8-K dated April 28, 2020.

For a discussion of key risk factors, please see the risk factors disclosed in the company’s SEC filings, which are available on the SEC’s website at www.sec.gov 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.

Statement Regarding Use of Non-GAAP Measures:

The Non-GAAP financial measures contained in this presentation (Adjusted EBITDA and Adjusted Gross Profit) are not measures of financial performance calculated in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and should not be considered as alternatives to net income or gross profit. They should be viewed in addition to, and not as a substitute for, analysis of our results reported in accordance with GAAP. Management believes that these non-GAAP financial measures provide investors a view to measures similar to those used in evaluating our compliance with certain financial covenants under our credit facilities and provide meaningful comparisons between current and prior year period results. They are also used as a metric to determine certain components of performance-based compensation. They are not necessarily indicative of future results of operations that may be obtained by the company.

Key Points – First Quarter 2020 Results



Generated \$37 million of cash from operations in 1Q20

Available Liquidity
\$465 million, effective 2Q20



1Q20 Adjusted EBITDA of \$34 million or 4.3% of revenue



Adjusted gross profit of 19.8% in 1Q20 – a 70 basis point improvement from 4Q19



Net debt of \$493 million down \$26 million from 4Q19



Net working capital to sales ratio 19.3% as of 1Q20



Repurchased \$3 million of Term Loan B debt at a 23% discount to par value



1Q20 revenue increased 4% from 4Q19 but declined in April due to reduced customer budgets resulting from demand destruction and oversupply



Lowered operating costs


Reduced 1Q20 SG&A by \$17 million from 1Q19 and \$21 million from 4Q19, excluding bad debt expense

- Closed 2 facilities in 1Q20. Additional 14 facilities targeted for closure in 2Q & 3Q
- Reduced headcount by 73 sequentially. Additional 200 expected

Summary Highlights from First Quarter 2020 Results

- \$794M in revenue – 4% sequential increase
- SG&A \$126M – down \$13M from 1Q19

Segment revenue highlights 1Q20 v 1Q19

 **U.S.** – declined 18% on lower upstream production revenue, less downstream project revenue and lower midstream pipeline revenue

 **Canada** – declined 26% due to uneconomic oil prices due to a lack of takeaway capacity and government imposed production limits


 **International** – declined 14% on the conclusion of a project and weak foreign currency.

Market sector revenue highlights 1Q20 v 1Q19

 **Upstream Production**
decreased 29% driven by all segments

 **Midstream Pipeline**
declined 19% on reduced customer spending and timing of projects

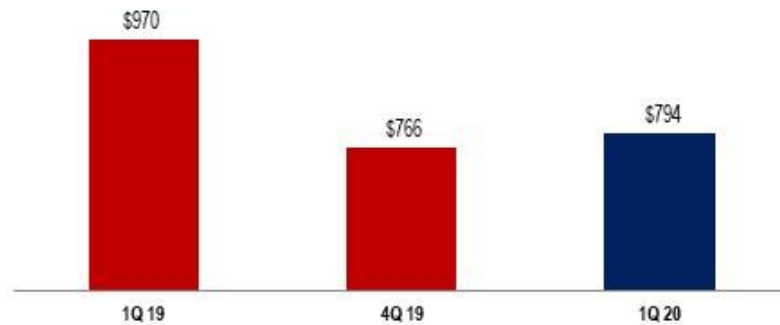
 **Gas Utilities**
declined 6% due to less activity from one customer and timing

 **Downstream & Industrial**
decreased 15% on non-recurring project revenue

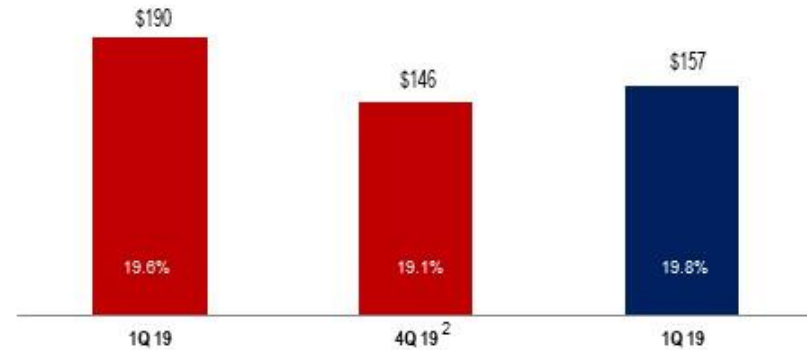
Quarterly & YTD Financial Performance

(\$ millions, except per share data)

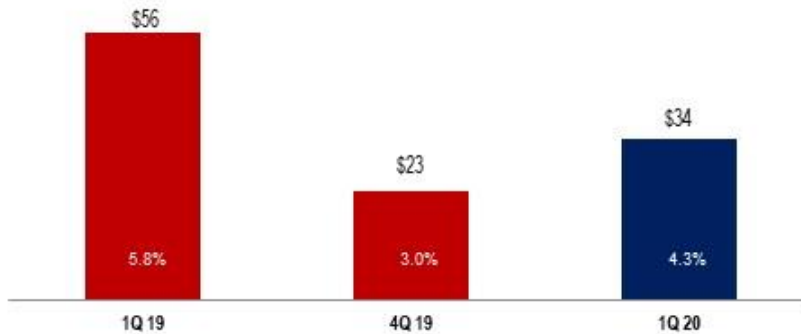
Sales



Adjusted Gross Profit and % Margin¹



Adjusted EBITDA and % Margin¹



Diluted EPS



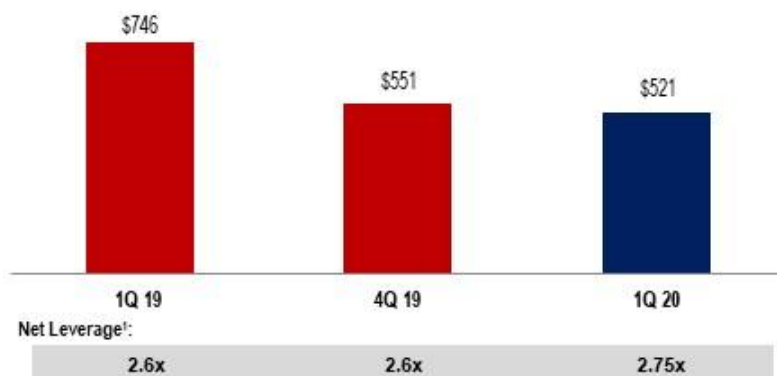
1. See reconciliation of non-GAAP measures to GAAP measures in the appendix.

2. Includes \$5 million of non-cash charges (pre-tax) recorded in cost of goods sold in our international segment for excess and obsolete inventory, and \$3 million of charges (pre-tax) recorded in sales for the final settlement of a multi-year customer project for the three months ended December 31, 2019. Excluding these charges for the three months ended December 31, 2019 gross profit, as reported would be \$139 million (18.1%) and adjusted gross profit would be \$154 million (20.0%).

Strong Balance Sheet Provides Financial Flexibility

(\$ millions)

Total Debt



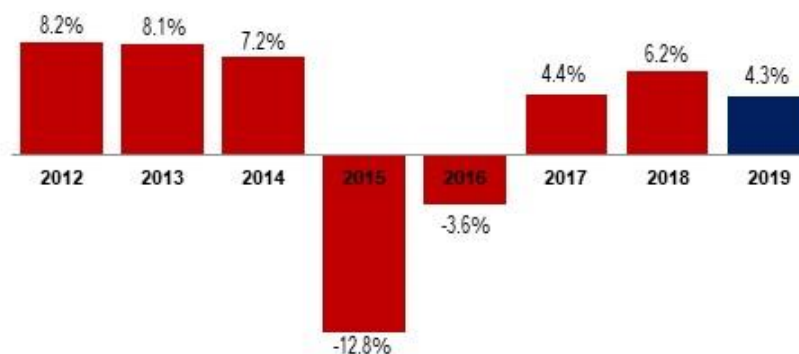
Capital Structure

	March 31, 2020
Cash and Cash Equivalents	\$ 28
Total Debt (including current portion):	
Term Loan B due 2024 (net of discount & deferred financing costs)	\$ 386
Global ABL Facility due 2022	135
Total Debt	\$ 521
Preferred stock	355
Common stockholders' equity	617
Total Capitalization	\$ 1,493
Liquidity (effective 2Q20)	\$ 465

Cash Flow from Operations



Return on Average Net Capital Employed²



1. Multiples represent Net Debt / trailing twelve months Adjusted EBITDA. Net Debt is Total Debt less Cash.

2. Return on Average Net Capital Employed is defined as net income plus interest expense after-tax, divided by average net capital employed (debt plus equity).

Strategy for Creating Shareholder Value

Grow Market Share



- Provide superior customer service & cost-saving supply chain solutions
- Focus on blue chip customers who demand value-added service and technical expertise
- Leverage market leadership position and global footprint
- Provide multi-channel engagement to capture buying

Maximize Profitability



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

Maximize Working Capital Efficiency



- Reduce cash conversion cycle
- Optimize inventory to maximize turnover and margin
- Continual operational efficiency improvements

Optimize Capital Structure



- Optimize capital structure with financial flexibility throughout the cycle

Strategy - 1Q20 Accomplishments

Grow Market Share

- Added new customer contracts and awards (e.g. Eversource, Noble Midstream, Ameren, Total)

Maximize Profitability

- Achieved 19.8% adjusted gross margins
- 41% of revenue from valves in 1Q 2020 – Highest in company history
- On-track to increase valves to 40-42% of total revenue in 2020 and 45% in 2023

Maximize Working Capital Efficiency

- Achieved 19.3% of working capital, net of cash, to sales – surpassed 20% target
- Targeting 19.5% to 19.9% for 2020

Optimize Capital Structure

- Repurchased \$3 million of Term Loan B at a 23% discount.
- Reduced net debt by \$26 million in 1Q20 from 4Q19
- Generated \$37 million cash from operations in 1Q20

Concluding Key Points

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

- Liquidity \$465 million, effective 2Q20
- Lowered SG&A by \$13 million in 1Q20 v. 1Q19
- Generated \$37 million in cash from operations
- Gross profit and Adjusted gross profit 18.6% and 19.8% for 1Q20
- Reduced net debt by \$26 million in 1Q20 from 4Q19

Delivering on strategic objectives

- Optimal balance sheet usage – reducing debt & continued working capital efficiency
- Growing market share – added and renewed customer contracts

Appendix

Adjusted Gross Profit Reconciliation

(\$ millions)	Three months ended			Year ended December 31							
	March 31, 2020	Dec 31, 2019	March 31, 2019	2019	2018	2017	2016	2015	2014	2013	2012
Gross profit	\$ 148	\$ 131	\$ 174	\$ 653	\$ 689	\$ 582	\$ 468	\$ 786	\$ 1,018	\$ 955	\$ 1,014
Depreciation and amortization	5	5	5	21	23	22	22	21	22	22	19
Amortization of intangibles	7	9	11	42	45	45	47	60	68	52	49
(Decrease) increase in LIFO reserve	(3)	1	-	(2)	62	28	(14)	(53)	12	(20)	(24)
Adjusted Gross Profit	\$ 157	\$ 146	\$ 190	\$ 714	\$ 819	\$ 677	\$ 523	\$ 814	\$ 1,120	\$ 1,009	\$ 1,058

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 April 28, 2020.

Adjusted EBITDA Reconciliation

(\$ millions)	Three months ended			Year ended December 31							
	March 31, 2020	Dec 31, 2019	March 31, 2019	2019	2018	2017	2016	2015	2014	2013	2012
Net income (loss)	\$ 9	\$ (24)	\$ 18	\$ 39	\$ 74	\$ 50	\$ (83)	\$ (331)	\$ 144	\$ 152	\$ 118
Income tax expense (benefit)	5	5	6	27	21	(43)	(8)	(11)	82	85	64
Interest expense	8	9	11	40	38	31	35	48	62	61	113
Depreciation and amortization	5	5	5	21	23	22	22	21	22	22	19
Amortization of intangibles	7	9	11	42	45	45	47	60	68	52	49
(Decrease) increase in LIFO reserve	(3)	1	-	(2)	62	28	(14)	(53)	12	(20)	(24)
Inventory-related charges	-	5	-	5	-	6	40	-	-	-	-
Supplier bad debt	-	5	-	5	-	-	-	-	-	-	-
Goodwill & intangible asset impairment	-	-	-	-	-	-	-	462	-	-	-
Change in fair value of derivative instruments	-	-	-	-	(1)	1	(1)	1	1	(5)	(2)
Equity-based compensation expense	2	4	4	16	14	16	12	10	9	15	8
Severance & restructuring charges	-	4	-	9	4	14	20	14	8	1	-
Write off of debt issuance costs	-	-	-	-	1	8	1	3	-	-	-
Litigation matter	-	-	-	-	-	3	-	3	-	-	-
Foreign currency losses (gains)	2	-	1	(1)	(1)	(2)	4	3	3	13	(1)
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
(Gain) loss on early extinguishment of debt	(1)	-	-	-	-	-	-	-	-	-	114
Pension settlement	-	-	-	-	-	-	-	-	-	-	4
Other expense (income)	-	-	-	-	-	-	-	-	-	3	(1)
Adjusted EBITDA	\$ 34	\$ 23	\$ 56	\$ 201	\$ 280	\$ 179	\$ 75	\$ 235	\$ 424	\$ 386	\$ 463

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 April 28, 2020.