

**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): February 15, 2022

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 2.02 Results of Operations and Financial Condition

On February 15, 2022, MRC Global Inc. (“MRC Global” or the “Company”) issued a press release announcing its financial results for the year ended December 31, 2021. 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 February 15, 2022, MRC Global Inc. announced its financial results for the three and twelve months ended December 31, 2021. 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 February 15, 2022](#)

99.2 [Earnings presentation of MRC Global Inc. dated February 15, 2022](#)

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

Exhibit No.	Description
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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: February 15, 2022

MRC GLOBAL INC.

By: /s/ Kelly Youngblood

Kelly Youngblood

Executive Vice President and Chief Financial Officer



MRC Global Reports Full Year and Fourth Quarter 2021 Results and 2022 Outlook

Houston, TX – February 15, 2022 – MRC Global Inc. (NYSE: MRC), the leading global distributor of pipe, valves and fittings (PVF) and other infrastructure products and services to diversified energy, industrial and gas utilities' end-markets, today reported full year and fourth quarter 2021 results.

Net loss attributable to common stockholders for the fourth quarter of 2021 was (\$10) million, or (\$0.12) per diluted share, as compared to a net loss of (\$11) million, or (\$0.13) per diluted share in the fourth quarter of 2020. Net loss attributable to common stockholders for 2021 was (\$38) million, or (\$0.46) per diluted share as compared to (\$298) million, or (\$3.63) per diluted share in 2020. Adjusted net income attributable to common stockholders for the fourth quarter of 2021 was \$14 million, or \$0.17 per diluted share, as compared to an adjusted net loss of (\$4) million, or (\$0.05) per diluted share in the fourth quarter of 2020. Adjusted net income attributable to common stockholders for 2021 was \$22 million, or \$0.27 per diluted share as compared to a loss of (\$20) million, or (\$0.24) per diluted share in 2020.

MRC Global's fourth quarter 2021 gross profit was \$107 million, or 15.6% of sales, as compared to gross profit of \$90 million, or 15.5% of sales, in the fourth quarter of 2020. Gross profit for the fourth quarter of 2021 and 2020 each reflect expense of \$30 million and \$1 million, respectively, in cost of sales relating to the use of the last-in, first out (LIFO) method of inventory cost accounting. Gross profit for the fourth quarter of 2020 was also negatively impacted by \$12 million of pre-tax charges related to the non-cash write-off of excess and obsolete inventory. Adjusted gross profit, which excludes these items, as well as others, was 21.6% in the fourth quarter of 2021 and 19.7% in the fourth quarter of 2020.

Results for the full year and fourth quarter 2021 demonstrate strong improvement over the prior year:

Full Year 2021 Financial Highlights:

- Sales of \$2,666 million, an increase of 4% compared to 2020
- Adjusted EBITDA of \$146 million, 5.5% of sales, a 51% improvement
- Adjusted Gross Profit, as a percentage of sales, of 20.1%
- Cash Flow from Operations of \$56 million
- Leverage ratio of 1.7x
- Gas Utilities achieved over \$1 billion in revenue, an increase of 21% compared to 2020, representing 38% of total revenue

Fourth Quarter 2021 Financial Highlights:

- Sales of \$686 million, an increase of 18% as compared to same quarter of 2020
- Adjusted EBITDA of \$47 million, 6.9% of sales, highest percentage since third quarter of 2018
- Adjusted Gross Profit, as a percentage of sales, of 21.6%
- Cash Flow from Operations of \$40 million

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Gross Profit, Net Debt and Leverage Ratio are all non-GAAP measures. Please refer to the reconciliation of each of these measures to the nearest GAAP measure in this release.

Rob Saltiel, MRC Global's president and chief executive officer, stated, "Our fourth quarter 2021 adjusted EBITDA of \$47 million was up 21% over the third quarter, and adjusted EBITDA margin of 6.9% was our highest since 2018. In addition, for the full year 2021, we generated \$56 million of cash from operations and reduced our total debt by \$86 million. These strong financial results reflect our focus on providing excellent customer service, increasing our profitability, strengthening our balance sheet and managing our global supply chain.

"In 2022, we expect all four of our U.S. end-market sectors to achieve double-digit revenue growth and for our Canada and International segments to each deliver revenue and adjusted EBITDA above 2021 levels. For the company as a whole, we are targeting at least \$3 billion of revenue and \$190 million of adjusted EBITDA. We believe there is potential for outperformance if capital spending levels exceed forecasted levels for our major customers," Mr. Saltiel added.

Selling, general and administrative (SG&A) expenses were \$106 million, or 15.5% of sales, for the fourth quarter of 2021 compared to \$97 million, or 16.8% of sales, for the same period of 2020. Adjusted SG&A expense for the fourth quarter of 2021 was \$105 million, or 15.3% of sales, and excludes \$1 million of pre-tax severance and restructuring charges.

For the three months ended December 31, 2021, income tax expense was \$1 million on a (\$3) million pre-tax loss due primarily to tax expense in a foreign jurisdiction related to a provision for valuation allowance on certain deferred tax assets. For the three months ended December 31, 2020, there was an income tax benefit of \$2 million on a (\$7) million pre-tax loss.

Adjusted EBITDA was \$47 million in the fourth quarter of 2021 compared to \$22 million for the same period in 2020. Please refer to the reconciliation of non-GAAP measures (adjusted EBITDA) to GAAP measures (net income) in this release.

Sales

The company's sales were \$686 million for the fourth quarter of 2021, which was \$1 million above the third quarter of 2021 and 18% higher than the fourth quarter of 2020. Sequential sales were improved over historical seasonal trends, where fourth quarter revenue typically declines 5% to 10%. This improvement was driven by Canada, as several deliveries in upstream and gas utilities took place in the fourth quarter. As compared to the fourth quarter of 2020, the increase in sales was across all sectors, driven by the gas utilities sector, the largest end-market, as activity levels continue to rise, economic conditions improve and customers execute their projects.

Sales by Segment

U.S. sales in the fourth quarter of 2021 were \$566 million, a \$118 million, or 26%, increase from the same quarter in 2020. Gas utilities' sector sales were up \$34 million, or 16%, as a result of a new customer contract, pent-up demand from pandemic restriction project delays and infrastructure improvement projects. Downstream, industrial and energy transition (DIET) sector sales improved by \$24 million, or 20%, due to an increase in turnaround and maintenance activity for several chemical, petrochemical, refining and mining customers. Upstream production sector sales increased \$27 million, or 43%, as well completions increased 49% over the same period and related customer activity increased, as well. Midstream pipeline sector sales increased \$33 million, or 66%, due to an increased demand for line pipe and valves for projects.

Canadian sales in the fourth quarter of 2021 were \$40 million, up \$17 million, or 74%, from the same quarter in 2020 driven by the upstream sector followed by gas utilities. Upstream improved on increased activity levels as customers resumed work previously delayed, along with a general increase in activity due to higher commodity prices. Gas utilities sales increased due to a project previously delayed that materialized during the quarter.

International sales in the fourth quarter of 2021 were \$80 million, down \$28 million, or 26%, from the same period in 2020 driven primarily by activity constraints related to pandemic restrictions.

Sales by Sector

Gas utilities sales in the fourth quarter of 2021 were \$258 million, or 38% of total sales, up \$41 million, or 19%, from the fourth quarter of 2020 due primarily to the U.S. segment, as described above. Sequentially, gas utilities sales declined 5% due to seasonality.

Downstream, industrial and energy transition sales in the fourth quarter of 2021 were \$201 million, or 29% of total sales, up \$27 million, or 16%, from the fourth quarter of 2020 due primarily to the U.S. segment, as described above. Sequentially, DIET sales increased 2% primarily related to the International segment from MRO and upgrades at various facilities for projects related to petrochemicals, refining and energy transition.

Upstream production sales in the fourth quarter of 2021 were \$140 million, or 20% of total sales, up \$14 million, or 11%, from the fourth quarter of 2020. The increase in upstream sales was due primarily to the U.S. segment, as described above. Sequentially, upstream production sales increased 6% as commodity prices and customer spending improved driving increased well completions, well workovers and a general increase in customer activity levels including higher demand for valves and line pipe in the U.S. and Canada.

Midstream pipeline sales in the fourth quarter of 2021 were \$87 million, or 13% of total sales, up \$25 million, or 40%, from the fourth quarter of 2020 due primarily to the U.S. segment, as described above. Sequentially, midstream pipeline sales increased 2% as activity for gathering, processing and smaller projects improved including increased demand for line pipe and valves.

Balance Sheet and Cash Flow

Cash provided by operations was \$40 million in the fourth quarter of 2021 resulting in \$56 million of cash provided by operations in 2021. Free cash flow (cash provided by operations less capital expenditures less preferred stock dividends) was \$22 million in 2021. As of December 31, 2021, the cash balance was \$48 million, long-term debt (including current portion) was \$297 million and net debt was \$249 million. Availability under the company's asset-based lending facility was \$484 million and liquidity was \$532 million as of December 31, 2021. Please refer to the reconciliation of non-GAAP (net debt) to GAAP measures (long term debt, net) in this release.

Conference Call

The company will hold a conference call to discuss its fourth quarter and full year 2021 results at 10:00 a.m. Eastern Time (9:00 a.m. Central Time) on February 16, 2022. To participate in the call, please dial 201-689-8261 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 March 2, 2022 and can be accessed by dialing 201-612-7415 and using passcode 13725580#. Also, an archive of the webcast will be available shortly after the call at www.mrcglobal.com for 90 days.

About MRC Global Inc.

Headquartered in Houston, Texas, MRC Global (NYSE: MRC) is the leading global distributor of pipe, valves, fittings (PVF) and other infrastructure products and services to diversified energy and industrial end-markets including the gas utilities, downstream, industrial and energy transition, upstream production, and midstream pipeline sectors. With over 100 years of experience, MRC Global has provided customers with innovative supply chain solutions, technical product expertise and a robust digital platform from a worldwide network of 220 locations including valve and engineering centers. The company's unmatched quality assurance program offers 300,000 SKUs from 10,000 suppliers, simplifying the supply chain for over 10,000 customers. 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,” “on-track,” “well positioned,” “look forward,” “guidance,” “plans,” “can,” “target,” “targeted” 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, achieving cost savings and cash flow, debt reduction, 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 capital and other expenditure levels in the industries that the company serves; U.S. and international general economic conditions; decreases in oil and natural gas prices; unexpected supply shortages; loss of third-party transportation providers; cost increases by the company’s suppliers and transportation providers; increases in steel prices, which the company may be unable to pass along to its customers which could significantly lower the company’s profit; 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 its inventory to decline; decreases in steel prices, which could significantly lower the company’s profit; a decline in demand for certain of the products the company distributes if tariffs and duties on these products are imposed or lifted; holding more inventory than can be sold in a commercial time frame; significant substitution of renewables and low-carbon fuels for oil and gas, impacting demand for the company’s products; risks related to adverse weather events or natural disasters; environmental, health and safety laws and regulations and the interpretation or implementation thereof; changes in the company’s customer and product mix; the risk that manufacturers of the products that the company distributes will sell a substantial amount of goods directly to end users in the industry sectors that the company serves; failure to operate the company’s business in an efficient or optimized manner; the company’s ability to compete successfully with other companies; 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; inability to attract and retain employees or the potential loss of key personnel; adverse health events, such as a pandemic; interruption in the proper functioning of the company’s information systems; the occurrence of cybersecurity incidents; risks related to the company’s customers’ creditworthiness; the success of acquisition strategies; the potential adverse effects associated with integrating acquisitions and whether these acquisitions will yield their intended benefits; 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; the company’s significant indebtedness; the dependence on the company’s subsidiaries for cash to meet parent company obligations; changes in the company’s credit profile; potential inability to obtain necessary capital; 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; exposure to U.S. and international laws and regulations, regulating corruption, limiting imports or exports or imposing economic sanctions; risks relating to ongoing evaluations of internal controls required by Section 404 of the Sarbanes-Oxley Act; and risks related to changing laws and regulations including trade policies and tariffs.

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:
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832-308-2847

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

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash	\$ 48	\$ 119
Accounts receivable, net	379	319
Inventories, net	453	509
Other current assets	19	19
Total current assets	899	966
Long-term assets:		
Operating lease assets	191	200
Property, plant and equipment, net	91	103
Other assets	22	19
Intangible assets:		
Goodwill, net	264	264
Other intangible assets, net	204	229
	\$ 1,671	\$ 1,781
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ 321	\$ 264
Accrued expenses and other current liabilities	80	94
Operating lease liabilities	33	37
Current portion of long-term debt	2	4
Total current liabilities	436	399
Long-term liabilities:		
Long-term debt, net	295	379
Operating lease liabilities	177	187
Deferred income taxes	53	70
Other liabilities	32	41
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, 107,284,171 and 106,315,296 issued, respectively	1	1
Additional paid-in capital	1,747	1,739
Retained deficit	(819)	(781)
Treasury stock at cost: 24,216,330 shares	(375)	(375)
Accumulated other comprehensive loss	(231)	(234)
	323	350
	\$ 1,671	\$ 1,781

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

	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Sales	\$ 686	\$ 579	\$ 2,666	\$ 2,560
Cost of sales	579	489	2,249	2,129
Gross profit	107	90	417	431
Selling, general and administrative expenses	106	97	410	449
Goodwill and intangible asset impairment	-	-	-	242
Operating income (loss)	1	(7)	7	(260)
Other (expense) income:				
Interest expense	(5)	(6)	(23)	(28)
Write off of debt issuance costs	-	-	-	-
Other, net	1	6	2	5
Loss before income taxes	(3)	(7)	(14)	(283)
Income tax expense (benefit)	1	(2)	-	(9)
Net loss	(4)	(5)	(14)	(274)
Series A preferred stock dividends	6	6	24	24
Net loss attributable to common stockholders	\$ (10)	\$ (11)	\$ (38)	\$ (298)
Basic loss per common share	\$ (0.12)	\$ (0.13)	\$ (0.46)	\$ (3.63)
Diluted loss per common share	\$ (0.12)	\$ (0.13)	\$ (0.46)	\$ (3.63)
Weighted-average common shares, basic	82.5	82.1	82.5	82.0
Weighted-average common shares, diluted	82.5	82.1	82.5	82.0

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

	Year Ended	
	December 31, 2021	December 31, 2020
Operating activities		
Net loss	\$ (14)	\$ (274)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	19	20
Amortization of intangibles	24	26
Equity-based compensation expense	12	12
Deferred income tax benefit	(15)	(21)
Amortization of debt issuance costs	2	1
Decrease (increase) in LIFO reserve	77	(19)
Goodwill and intangible asset impairment	-	242
Lease impairment and abandonment	-	14
Inventory-related charges	-	46
Provision for credit losses	(1)	2
Gain on sale leaseback	-	(5)
Other non-cash items	-	(3)
Changes in operating assets and liabilities:		
Accounts receivable	(61)	141
Inventories	(27)	173
Other current assets	(2)	7
Accounts payable	60	(98)
Accrued expenses and other current liabilities	(18)	(3)
Net cash provided by operations	<u>56</u>	<u>261</u>
Investing activities		
Purchases of property, plant and equipment	(10)	(11)
Proceeds from the disposition of property, plant and equipment	3	30
Net cash (used in) provided by investing activities	<u>(7)</u>	<u>19</u>
Financing activities		
Payments on revolving credit facilities	(389)	(819)
Proceeds from revolving credit facilities	389	658
Payments on long-term obligations	(87)	(6)
Debt issuance costs paid	(3)	-
Dividends paid on preferred stock	(24)	(24)
Repurchases of shares to satisfy tax withholdings	(4)	(4)
Net cash used in financing activities	<u>(118)</u>	<u>(195)</u>
(Decrease) increase in cash	(69)	85
Effect of foreign exchange rate on cash	(2)	2
Cash beginning of year	119	32
Cash end of year	<u>\$ 48</u>	<u>\$ 119</u>

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

Disaggregated Sales by Segment

**Three Months Ended
December 31,**

	U.S.	Canada	International	Total
2021				
Gas utilities	\$ 250	\$ 8	\$ -	\$ 258
Downstream, industrial & energy transition	143	5	53	201
Upstream production	90	26	24	140
Midstream pipeline	83	1	3	87
	<u>\$ 566</u>	<u>\$ 40</u>	<u>\$ 80</u>	<u>\$ 686</u>
2020				
Gas utilities	\$ 216	\$ 1	\$ -	\$ 217
Downstream, industrial & energy transition	119	3	52	174
Upstream production	63	17	46	126
Midstream pipeline	50	2	10	62
	<u>\$ 448</u>	<u>\$ 23</u>	<u>\$ 108</u>	<u>\$ 579</u>

**Year Ended
December 31,**

	U.S.	Canada	International	Total
2021				
Gas utilities	\$ 995	\$ 13	\$ -	\$ 1,008
Downstream, industrial & energy transition	560	20	203	783
Upstream production	321	88	133	542
Midstream pipeline	302	11	20	333
	<u>\$ 2,178</u>	<u>\$ 132</u>	<u>\$ 356</u>	<u>\$ 2,666</u>
2020				
Gas utilities	\$ 821	\$ 11	\$ -	\$ 832
Downstream, industrial & energy transition	566	15	205	786
Upstream production	329	89	182	600
Midstream pipeline	307	13	22	342
	<u>\$ 2,023</u>	<u>\$ 128</u>	<u>\$ 409</u>	<u>\$ 2,560</u>

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

Sales by Product Line

Type	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Line pipe	\$ 113	\$ 65	\$ 381	\$ 308
Carbon fittings and flanges	89	76	358	340
Total carbon pipe, fittings and flanges	202	141	739	648
Valves, automation, measurement and instrumentation	233	216	947	1,018
Gas products	164	138	629	517
Stainless steel and alloy pipe and fittings	31	32	131	128
General products	56	52	220	249
	<u>\$ 686</u>	<u>\$ 579</u>	<u>\$ 2,666</u>	<u>\$ 2,560</u>

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

	Three Months Ended			
	December 31, 2021	Percentage of Revenue	December 31, 2020	Percentage of Revenue
Gross profit, as reported	\$ 107	15.6%	\$ 90	15.5%
Depreciation and amortization	5	0.7%	5	0.9%
Amortization of intangibles	6	0.9%	6	1.0%
Increase in LIFO reserve	30	4.4%	1	0.2%
Inventory-related charges ⁽¹⁾	-	0.0%	12	2.1%
Adjusted Gross Profit	<u>\$ 148</u>	<u>21.6%</u>	<u>\$ 114</u>	<u>19.7%</u>

	Year Ended			
	December 31, 2021	Percentage of Revenue	December 31, 2020	Percentage of Revenue
Gross profit, as reported	\$ 417	15.6%	\$ 431	16.8%
Depreciation and amortization	19	0.7%	20	0.8%
Amortization of intangibles	24	0.9%	26	1.0%
Increase (decrease) in LIFO reserve	77	2.9%	(19)	(0.7)%
Inventory-related charges ⁽¹⁾	-	0.0%	46	1.8%
Adjusted Gross Profit	<u>\$ 537</u>	<u>20.1%</u>	<u>\$ 504</u>	<u>19.7%</u>

Notes to above:

* Does not foot due to rounding

(1) In the fourth quarter of 2020, \$12 million of non-cash charges (pre-tax) recorded for excess and obsolete inventory recorded in cost of goods sold; \$9 million in the U.S., \$2 million in Canada and \$1 million in International. For the full year 2020, \$46 million of non-cash charges (pre-tax) recorded in cost of goods sold. Charges of \$28 million in the U.S. and \$2 million in Canada relate to excess and obsolete inventory as a result of the current market outlook for certain products. International segment charges of \$16 million relate to increased reserves for excess and obsolete inventory as well as the exit of the Thailand business.

The company defines adjusted gross profit as sales, less cost of sales, plus depreciation and amortization, plus amortization of intangibles, plus inventory-related charges 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 Information (Unaudited)
Reconciliation of Selling, General and Administrative Expenses to
Adjusted Selling, General and Administrative Expenses (a non-GAAP measure)
(in millions)

	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Selling, general and administrative expenses	\$ 106	\$ 97	\$ 410	\$ 449
Severance and restructuring ⁽¹⁾	(1)	(2)	(1)	(14)
Facility closures ⁽²⁾	-	1	(1)	(14)
Recovery of supplier bad debt ⁽³⁾	-	-	-	2
Employee Separation ⁽⁴⁾	-	-	(2)	-
Adjusted Selling, general and administrative expenses	\$ 105	\$ 96	\$ 406	\$ 423

Notes to above:

- (1) Employee severance and restructuring charges (pre-tax) associated with the company's cost reduction initiatives were recorded in 2021 and 2020. Charges of \$1 million recorded in the fourth quarter of 2021 were primarily in the U.S. Charges of \$2 million recorded in the fourth quarter of 2020 with \$1 million in each of the U.S. and International segments. Charges of \$14 million were recorded in 2020 with \$8 million in the U.S., \$5 million in International and \$1 million in Canada.
- (2) In 2021, charges (pre-tax) of \$1 million associated with the exit of the Korea business were recorded in the International segment. During 2020, sub-lease income and charges (pre-tax) for lease impairments and abandonments related to facility closures, substantially non-cash, were recorded. In the fourth quarter of 2020, \$1 million of sub-lease income was recorded for an Australian property in the International segment. In 2020, a net charge of \$14 million was recorded with \$10 million in the International segment, \$3 million in the U.S. segment and \$1 million in Canada segment.
- (3) Charges (pre-tax) in 2020 relate to the collection of a product claim from a foreign supplier.
- (4) Charges (pre-tax) related to employee separation, of which \$1 million is non-cash share-based compensation.

The company defines adjusted selling, general and administrative (SG&A) expenses as SG&A, less severance and restructuring expenses, facility closures plus the recovery of supplier bad debt. The company presents adjusted SG&A because the company believes it is a useful indicator of the company's operating performance without regard to items that can vary substantially from company to company. The company presents adjusted SG&A because the company believes Adjusted SG&A is a useful indicator of the company's operating performance. Among other things, adjusted SG&A measures the company's operating performance without regard to certain non-recurring, non-cash or transaction-related expenses. The company uses adjusted SG&A as a key performance indicator in managing its business. The company believes that SG&A is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to adjusted SG&A.

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

	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Net loss	\$ (4)	\$ (5)	\$ (14)	\$ (274)
Income tax expense (benefit)	1	(2)	-	(9)
Interest expense	5	6	23	28
Depreciation and amortization	5	5	19	20
Amortization of intangibles	6	6	24	26
Goodwill and intangible asset impairment ⁽¹⁾	-	-	-	242
Inventory-related charges ⁽²⁾	-	12	-	46
Facility closures ⁽³⁾	1	(1)	1	17
Severance and restructuring ⁽⁴⁾	1	2	1	14
Employee Separation ⁽⁵⁾	-	-	1	-
Increase (decrease) in LIFO reserve	30	1	77	(19)
Equity-based compensation expense ⁽⁶⁾	2	4	12	12
Gain on early extinguishment of debt ⁽⁷⁾	-	-	-	(1)
Recovery of supplier bad debt ⁽⁸⁾	-	-	-	(2)
Gain on sale leaseback ⁽⁹⁾	-	(5)	-	(5)
Foreign currency (gains) losses	-	(1)	2	2
Adjusted EBITDA	<u>\$ 47</u>	<u>\$ 22</u>	<u>\$ 146</u>	<u>\$ 97</u>

Notes to above:

- (1) Non-cash charges (pre-tax) recorded in 2020 for the impairment of \$217 million for goodwill and \$25 million for the U.S. indefinite-lived tradename asset. The goodwill impairment consisted of \$177 million for the U.S. segment and \$40 million for the International segment, resulting in a \$0 balance for the International segment.
- (2) Non-cash charges (pre-tax) of \$12 million recorded in cost of goods sold, during the fourth quarter of 2020, for excess and obsolete inventory, of which \$9 million was in the U.S., \$2 million in Canada and \$1 million in International. For the full year in 2020, \$46 million of non-cash charges (pre-tax) recorded in cost of goods sold. Charges of \$28 million in the U.S. and \$2 million in Canada relate to excess and obsolete inventory as a result of the current market outlook for certain products. International segment charges of \$16 million relate to increased reserves for excess and obsolete inventory as well as the exit of the Thailand business.
- (3) In the fourth quarter of 2021, charges (pre-tax) of \$1 million associated with the exit of the Kazakhstan business were recorded in the International segment. In 2021, charges (pre-tax) of \$1 million associated with the exit of the Korea and Kazakhstan businesses partially offset by a gain on the sale of a facility all recorded in the International segment. In the fourth quarter of 2020, \$1 million of sub-lease income was recorded for an Australian property in the International segment.
- (4) In 2020, a net charge for lease impairments and abandonments related to facility closures, substantially non-cash, of \$14 million was recorded with \$10 million in the International segment, \$3 million in the U.S. segment and \$1 million in Canada segment. Also includes \$3 million of non-cash (pre-tax) charges for the write-down of assets for facilities with \$1 million in the International segment and \$2 million in the Canada segment, recorded in Other expense.
- (5) Employee severance and restructuring charges (pre-tax) associated with the company's cost reduction initiatives were recorded in 2021 and 2020. Charges of \$1 million recorded in the fourth quarter of 2021 were primarily in the U.S. Charges of \$2 million recorded in the fourth quarter of 2020 with \$1 million in each of the U.S. and International segments. Charges of \$14 million were recorded in 2020 with \$8 million in the U.S., \$5 million in International and \$1 million in Canada.
- (6) Charges (pre-tax) recorded in SG&A. \$2 million relates to employee separation, of which, \$1 million is recorded in equity-based compensation expense.
- (7) Recorded in SG&A
- (8) Charge (pre-tax) related to the purchase of the senior secured Term Loan recorded in Other, net in 2020.
- (9) Charges (pre-tax) in 2020 relate to the collection of a product claim from a foreign supplier.
- (9) Income (pre-tax) recorded in Other, net with \$4 million in the U.S. and \$1 million in Canada.

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. Reconciling the Company's adjusted EBITDA 2022 target is not reasonably possible as the impact from inflation or deflation on indices used to calculate LIFO is not possible to reasonably predict.

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

	December 31, 2021			
	Three Months Ended		Year Ended	
	Amount	Per Share	Amount	Per Share
Net loss attributable to common stockholders	\$ (10)	\$ (0.12)	\$ (38)	\$ (0.46)
Facility closures, net of tax ⁽¹⁾	1	0.01	1	0.01
Severance and restructuring, net of tax ⁽²⁾	1	0.01	1	0.01
Increase in LIFO reserve, net of tax	22	0.27	58	0.71
Adjusted net income attributable to common stockholders	<u>\$ 3</u>	<u>\$ 0.04</u>	<u>\$ 22</u>	<u>\$ 0.27</u>

	December 31, 2020			
	Three Months Ended		Year Ended	
	Amount	Per Share	Amount	Per Share
Net loss attributable to common stockholders	\$ (11)	\$ (0.13)	\$ (298)	\$ (3.63)
Goodwill and intangible asset impairment, net of tax ⁽³⁾	-	-	234	2.85
Inventory-related charges, net of tax ⁽⁴⁾	9	0.11	38	0.46
Facility closures, net of tax ⁽¹⁾	(1)	(0.01)	15	0.18
Severance and restructuring, net of tax ⁽²⁾	2	0.02	12	0.15
Recovery of supplier bad debt, net of tax ⁽⁵⁾	-	-	(2)	(0.02)
Gain on sale leaseback ⁽⁶⁾	(4)	(0.05)	(4)	(0.05)
Increase (decrease) in LIFO reserve, net of tax	1	0.01	(15)	(0.18)
Adjusted net loss attributable to common stockholders	<u>\$ (4)</u>	<u>\$ (0.05)</u>	<u>\$ (20)</u>	<u>\$ (0.24)</u>

Notes to above:

- (1) In the fourth quarter of 2021, charges (after-tax) of \$1 million associated with the exit of the Kazakhstan business were recorded in the International segment. In 2021, charges (after-tax) of \$1 million associated with the exit of the Korea and Kazakhstan businesses partially offset by a gain on the sale of a facility all recorded in the International segment.
In the fourth quarter of 2020, \$1 million of sub-lease income was recorded for an Australian property in the International segment.
In 2020, a net charge (after-tax) for lease impairments and abandonments related to facility closures, substantially non-cash, of \$13 million was recorded with \$10 million in the International segment, \$2 million in the U.S. segment and \$1 million in the Canada segment. Also includes \$2 million of non-cash (after-tax) charges for the write-down of assets for facilities in Canada, recorded in Other expense.
- (2) Employee severance and restructuring charges (after-tax) associated with the company's cost reduction initiatives were recorded in 2021 and 2020. Charges of \$1 million recorded in the fourth quarter of 2021 were primarily in the U.S. Charges of \$2 million recorded in the fourth quarter of 2020 with \$1 million in each of the U.S. and International segments. Charges of \$12 million were recorded in 2020 with \$6 million in the U.S., \$5 million in International and \$1 million in Canada.
- (3) Non-cash charges (after-tax) recorded in the second quarter of 2020 for the impairment of \$215 million for goodwill and \$19 million for the U.S. indefinite-lived tradename asset. The after-tax goodwill impairment consisted of \$175 million for the U.S. segment and \$40 million for the International segment, resulting in a \$0 balance for the International segment.
- (4) In the fourth quarter of 2020, \$9 million of non-cash charges (after-tax) recorded for excess and obsolete inventory recorded in cost of goods sold; \$7 million in the U.S., \$1 million in Canada and \$1 million in International. For the full year in 2020, \$38 million of non-cash charges (after-tax) recorded in cost of goods sold. Charges of \$22 million in the U.S. and \$1 million in Canada relate to excess and obsolete inventory as a result of the current market outlook for certain products. International segment charges of \$15 million relate to increased reserves for excess and obsolete inventory as well as the exit of the Thailand business.
- (5) Charges (after-tax) in 2020 relate to the collection of a product claim from a foreign supplier.
- (6) Income (after-tax) recorded in Other, net with \$3 million in the U.S. and \$1 million in Canada.

The company defines adjusted net income attributable to common stockholders (a non-GAAP measure) as net income attributable to common stockholders less after-tax goodwill and intangible impairment, inventory-related charges, facility closures, severance and restructuring, 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 irregular variations from certain restructuring events not indicative of the on-going business. Those items include goodwill and intangible asset impairments, inventory-related charges, facility closures, severance and restructuring as well as 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 Inc.
Supplemental Information (Unaudited)
Reconciliation of Long-term Debt to Net Debt (a non-GAAP measure) and the Leverage Ratio Calculation
(in millions)

		December 30, 2021
Long-term debt, net	\$	295
Plus: current portion of long-term debt		2
Long-term debt		297
Less: cash		48
Net Debt	\$	249
Net Debt	\$	249
Trailing twelve months adjusted EBITDA		146
Leverage ratio		1.7

Notes to above:

Net Debt and related leverage metrics may be considered non-GAAP measures. The company defines Net Debt as total long-term debt, including current portion, minus cash. The company defines leverage ratio as Net Debt divided by trailing twelve months Adjusted EBITDA. The company believes Net Debt is an indicator of the extent to which the company's outstanding debt obligations could be satisfied by cash on hand and a useful metric for investors to evaluate the company's leverage position. The company believes the leverage ratio is a commonly used metric that management and investors use to assess the borrowing capacity of the company. The company believes total long-term debt (including the current portion) is the financial measure calculated and presented in accordance with U.S. generally accepted accounting principles that is most directly comparable to Net Debt.

#

MRC Global

4Q 2021 Earnings Presentation

February 15, 2022

Rob Saltiel
President & CEO

Kelly Youngblood
Executive Vice President & CFO



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 15, 2022.

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.

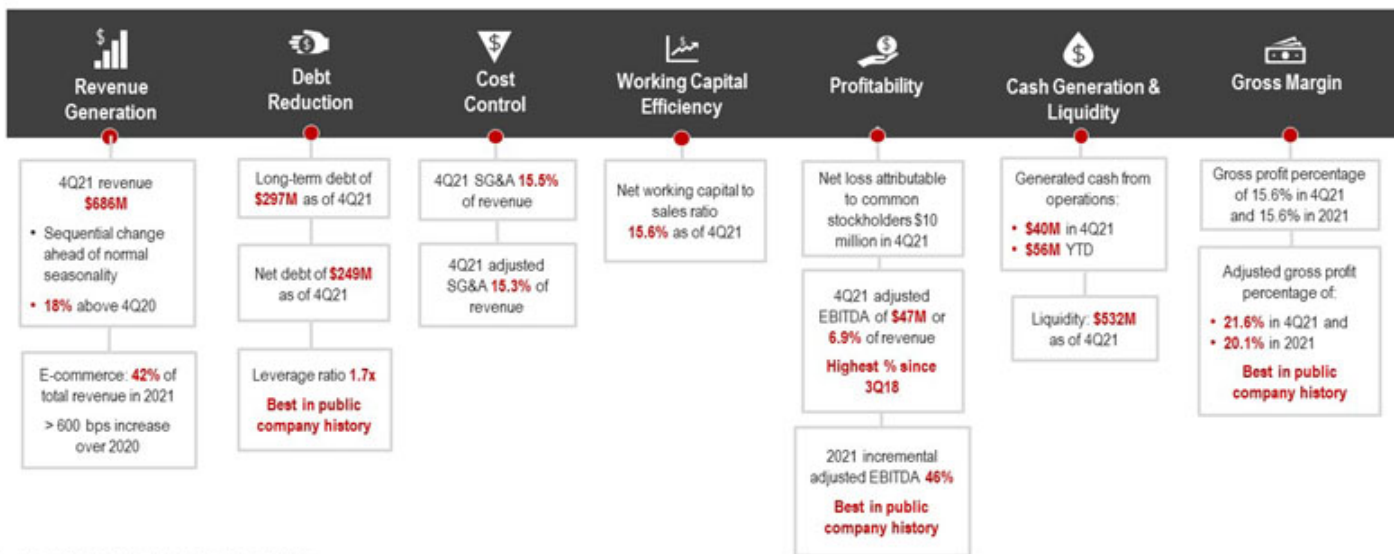
Non-GAAP Disclaimer

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)**

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.




Fourth Quarter 2021 Results – Key Metrics



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

Fourth Quarter 2021 Results – Sequential Changes

REGION: Revenue Highlights 4Q21 vs. 3Q21

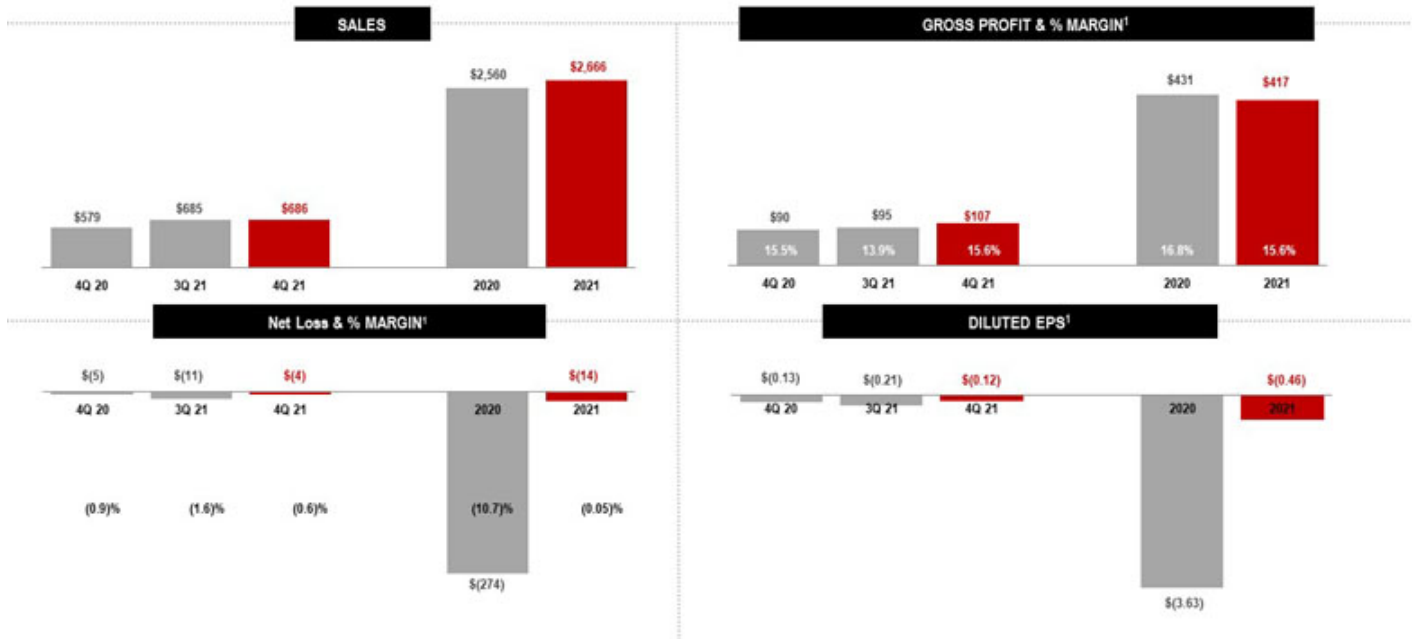
- 
U.S.: Decreased **1%**, due to seasonality in the gas utilities sector. Upstream production and midstream pipeline were up 10% and 9%, respectively. The downstream, industrial and energy transition (DIET) sector was consistent with the prior quarter.
- 
Canada: Increased **33%** driven by the upstream production and gas utilities sectors as demand for all products improved particularly valves and line pipe. Upstream production increased due to several project orders as well as a general increase in activity levels.
- 
International: Decreased **6%** driven by the upstream production sector partially offset by the DIET sector. Upstream production declined from delayed MRO and project activity driven by pandemic restrictions. DIET increased from MRO, upgrades at various facilities as well as projects related to petrochemicals, refining and energy transition.

INDUSTRY SECTOR: Revenue Highlights 4Q21 vs. 3Q21

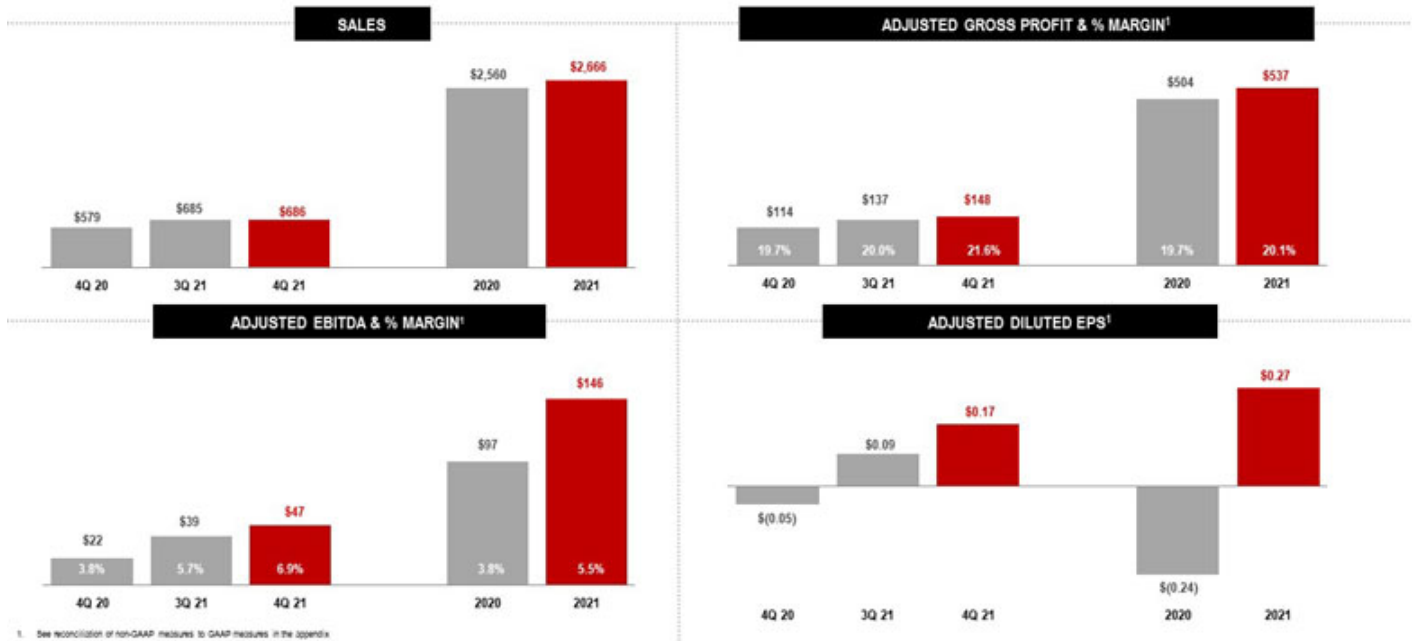
- 
Gas Utilities: Decreased **5%** due to typical end of the year seasonality.
- 
Downstream, Industrial & Energy Transition: Increased **2%** driven by projects in the International segment, as noted above.
- 
Upstream Production: Increased **6%** primarily due to the Canada and U.S. segments. The U.S. upstream production sector increased as commodity prices and customer spending improved driving increased well completions, well workovers translating into higher activity levels. The increase in Canada upstream is noted above.
- 
Midstream Pipeline: Increased **2%** driven by the U.S. segment as activity for gathering, processing and smaller projects improved including increased demand for valves and line pipe.

Quarterly Financial Performance - GAAP

(5 millions, except per share data)

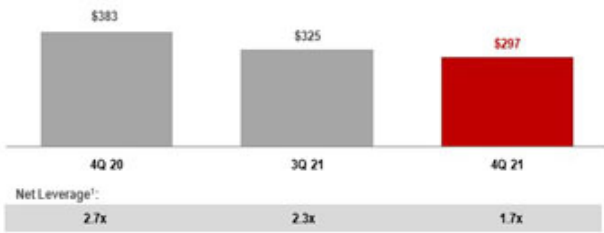


Quarterly Financial Performance - Adjusted (\$ millions, except per share data)



Strong Balance Sheet & Financial Flexibility (\$ millions)

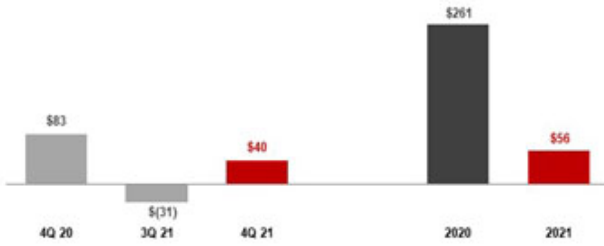
TOTAL DEBT



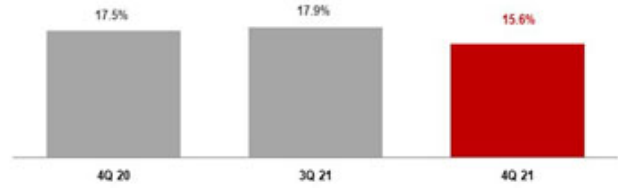
CAPITAL STRUCTURE

December 31, 2021	
Cash and Cash Equivalents	\$ 48
Total Debt (including current portion):	
Term Loan B due 2024 (net of discount & deferred financing costs)	\$ 297
Global ABL Facility due 2025	-
Total Debt	\$ 297
Preferred stock	355
Common stockholders' equity	323
Total Capitalization	\$ 975
Liquidity	\$ 632

CASH FLOW FROM OPERATIONS



WORKING CAPITAL TO SALES RATIO²



1. Net leverage multiples represent net debt / trailing twelve months adjusted EBITDA. Net debt is total debt less cash.
 2. Working capital to sales ratio is defined as working capital, net of cash divided by trailing twelve months sales. Calculated with GAAP figures.

Financial Outlook

2022 Outlook	
Revenue	Profitability & Cash Flow Drivers
<ul style="list-style-type: none"> 2022 annual – \$3 Billion or greater 	<ul style="list-style-type: none"> Adjusted EBITDA – \$190M or greater
<p>By sector</p> <ul style="list-style-type: none"> Gas Utilities – up double-digit percentage DIET – up upper-single digit percentage Upstream – up double-digit percentage Midstream – up double-digit percentage 	<ul style="list-style-type: none"> SG&A – modest increase on absolute basis, lower as a percentage of revenue Tax rate – 23 to 26% annual
<p>By segment</p> <ul style="list-style-type: none"> U.S. – up double-digit percentage, across all sectors Canada – up double-digit percentage International – up mid-single digit percentage 	<p>Cash Flow</p> <ul style="list-style-type: none"> Capital expenditures – \$10 to \$15M Cash flow from operations – higher than 2021 CFFO
<p>Sequential</p> <ul style="list-style-type: none"> 1Q22 – up low to mid-single digit percentage over 4Q21 	

Note: See our Current Report on Form 8-K dated February 15, 2022, 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 2022 Outlook.

Concluding Key Points – Positioned for Growth



- Gas Utilities is a strong growth engine due to compelling secular trends.
- DIET fundamentals are improving with increased customer spending and our downstream center of excellence.
- Energy Transition will become a significant driver of growth in the coming years.
- Improving energy fundamentals give us increasing confidence of a multi-year upcycle bolstering our Upstream and Midstream businesses.
- Our balance sheet is in excellent shape due to efficient working capital management, debt reduction and improving market fundamentals.
- Q4 backlog up 18% since Q3 21 – all sectors up double-digits



A vertical graphic element consisting of a grey top bar, a red middle section with a downward-pointing chevron shape, and a grey bottom section. The word "APPENDIX" is written in white, bold, uppercase letters within the red section.

APPENDIX



Adjusted Gross Profit Reconciliation

(\$ millions)	THREE MONTHS ENDED						YEAR ENDED			
	December 31, 2021		September 30, 2021		December 31, 2020		2021		2020	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$ 686		\$ 685		\$ 579		\$ 2,666		\$ 2,560	
Gross profit	\$ 107	15.6%	\$ 95	13.9%	\$ 90	15.5%	\$ 417	15.6%	\$ 431	16.8%
Depreciation and amortization	5		4		5		19		20	
Amortization of intangibles	6		6		6		24		25	
Increase (decrease) in LIFO reserve	30		32		1		77		(19)	
Inventory charges and other	-		-		12		-		45	
Adjusted Gross Profit	\$ 148	21.6%	\$ 137	20.0%	\$ 114	19.7%	\$ 537	20.1%	\$ 504	19.7%

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 15, 2022.

Adjusted SG&A Reconciliation

(\$ millions)	THREE MONTHS ENDED					
	December 31, 2021		September 30, 2021		December 31, 2020	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$686		\$685		\$579	
SG&A	\$ 106	15.5%	\$ 102	14.9%	\$ 97	16.8%
Severance and restructuring	(1)		-		(2)	
Facility closures	-		-		1	
Adjusted SG&A	\$ 105	15.3%	\$ 102	14.9%	\$ 96	16.6%

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 February 15, 2022.

Adjusted EBITDA Reconciliation

(\$ millions)	THREE MONTHS ENDED						YEAR ENDED			
	December 31, 2021		September 31, 2021		December 31, 2020		2021		2020	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	\$ 686		\$ 685		\$ 579		\$ 2,666		\$ 2,560	
Net loss	\$ (4)	(0.6)%	\$ (11)	(1.6)%	\$ (5)	(0.9)%	\$ (14)	(0.05)%	\$ (274)	(10.7)%
Income tax expense (benefit)	1		(2)		(2)		-		(9)	
Interest expense	5		6		6		23		28	
Depreciation and amortization	5		4		5		19		20	
Amortization of intangibles	6		6		6		24		26	
Increase (decrease) in LIFO reserve	30		32		1		77		(19)	
Equity-based compensation expense	2		3		4		12		12	
Foreign currency losses (gains)	-		1		(1)		2		2	
Employee separation	-		-		-		1		-	
Inventory-related charges	-		-		12		-		46	
Facility closures	1		-		(1)		1		17	
Goodwill & intangible asset impairment	-		-		-		-		242	
Severance & restructuring charges	1		-		2		1		14	
Gain on early extinguishment of debt	-		-		-		-		(1)	
Recovery of supplier bad debt	-		-		-		-		(2)	
Gain on sale leaseback	-		-		(5)		-		(5)	
Adjusted EBITDA	\$ 47	6.9%	\$ 39	5.7%	\$ 22	3.8%	\$ 146	5.5%	\$ 97	3.8%

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 February 18, 2022.

Adjusted Net Income (Loss) Reconciliation

(\$ millions)	THREE MONTHS ENDED						YEAR ENDED			
	December 31, 2021		September 30, 2021		December 31, 2020		2021		2020	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share*
Net loss attributable to common stockholders	\$ (10)	\$ (0.12)	\$ (17)	\$ (0.21)	\$ (11)	\$ (0.13)	\$ (38)	\$ (0.46)	\$ (298)	\$ (3.63)
Goodwill and intangible asset impairment, net of tax	-	-	-	-	-	-	-	-	234	2.85
Inventory-related charges, net of tax	-	-	-	-	9	0.11	-	-	38	0.46
Facility closures, net of tax	1	0.01	-	-	(1)	(0.01)	1	0.01	15	0.18
Severance and restructuring, net of tax	1	0.01	-	-	2	0.02	1	0.01	12	0.15
Increase (decrease) in LIFO reserve, net of tax	22	0.27	25	0.30	1	0.01	58	0.71	(15)	(0.18)
Recovery of supplier bad debt, net of tax	-	-	-	-	-	-	-	-	(2)	(0.02)
Gain on sale leaseback	-	-	-	-	(4)	(0.05)	-	-	(4)	(0.05)
Adjusted net income (loss) attributable to common stockholders	\$ 14	\$ 0.17	\$ 8	\$ 0.09	\$ (4)	\$ (0.05)	\$ 22	\$ 0.27	\$ (20)	\$ (0.24)

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 10-K dated February 15, 2022.

* Does not foot due to rounding.

Net Debt & Leverage Ratio Calculation

(\$ millions)	December 31, 2021	September 30, 2021	December 31, 2020
Long-term debt, net	\$ 295	\$ 323	\$ 379
Plus: current portion of long-term debt	2	2	4
Long-term debt	297	325	383
Less: cash	48	47	119
Net debt	\$ 249	\$ 278	\$ 264
Net debt	\$ 249	\$ 278	\$ 264
Trailing twelve months adjusted EBITDA	146	121	97
Leverage ratio	1.7	2.3	2.7

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 18, 2022.