MRC Global

Investor Presentation – 1Q 2024 Update

May 24, 2024

Experts You Can Trust

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as “will,” “expect,” “look forward,” “guidance,” “targeted”, “goals”, and similar expressions are intended to identify forward-looking statements. Statements about the company’s business, including its strategy, its industry, the company’s future profitability, the company’s guidance on its sales, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS, Adjusted SG&A, Gross Profit, Gross Profit percentage, Adjusted Gross Profit, Adjusted Gross Profit percentage, Net Debt, Tax Rate, Capital Expenditures and Cash from Operations, Free Cash Flow, Free Cash Flow after Dividends, growth in the company’s various markets and the company’s expectations, beliefs, plans, strategies, objectives, prospects and assumptions are not guarantees of future performance. These statements are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, most of which are difficult to predict and many of which are beyond our control, including the factors described in the company’s SEC filings that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements, including the company’s Current Report on Form 8-K dated May 8, 2024.

For a discussion of key risk factors, please see the risk factors disclosed in the company’s SEC filings, which are available on the SEC’s website at www.sec.gov and on the company’s website, www.mrcglobal.com. Our filings and other important information are also available on the Investor Relations page of our website at www.mrcglobal.com.

Undue reliance should not be placed on the company’s forward-looking statements. Although forward-looking statements reflect the company’s good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the company’s actual results, performance or achievements or future events to differ materially from anticipated future results, performance or achievements or future events expressed or implied by such forward-looking statements. The company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except to the extent required by law.

Non-GAAP Disclaimer

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

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

They should be viewed in addition to, and not as a substitute for, analysis of our results reported in accordance with GAAP. Management believes that these non-GAAP financial measures provide investors a view to measures similar to those used in evaluating our compliance with certain financial covenants under our credit facilities and provide meaningful comparisons between current and prior year period results. They are also used as a metric to determine certain components of performance-based compensation. They are not necessarily indicative of future results of operations that may be obtained by the company.

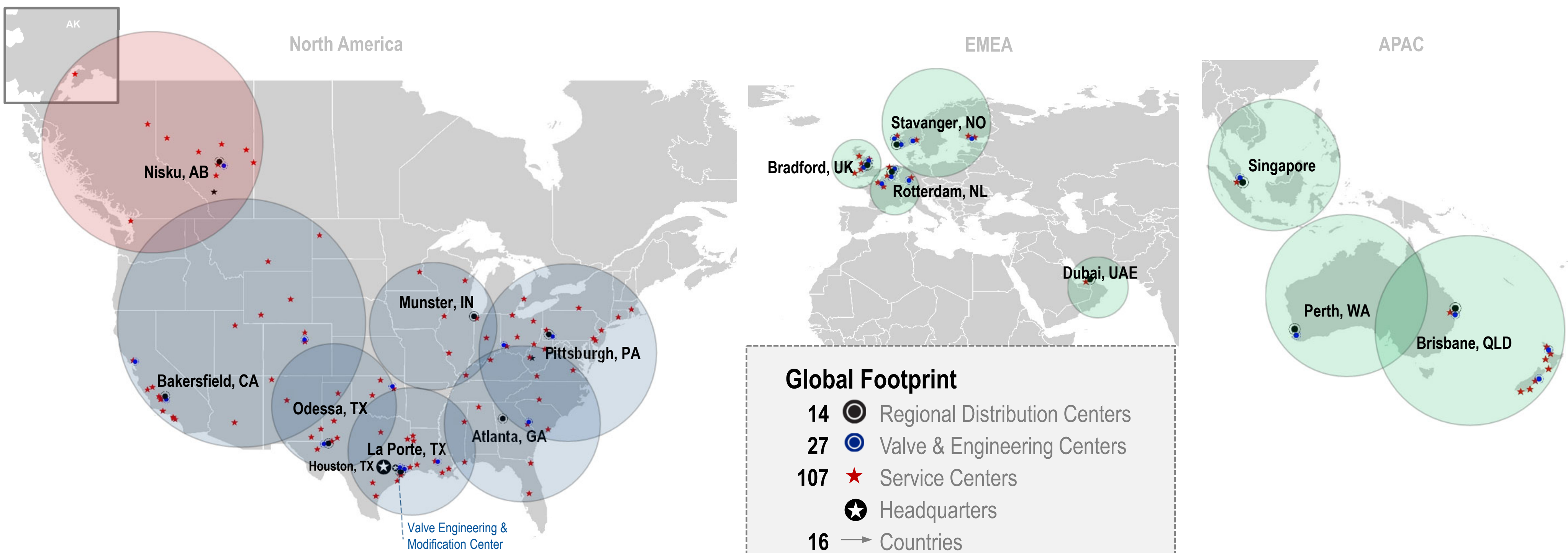
MRC Global
A Compelling Investment Opportunity

- Leading global distributor of industrial products, services and supply solutions
- Diversified portfolio with long-term growth drivers in all end-market sectors
- Improving financial performance, returns on invested capital and operating cash flow
- Solid balance sheet with flexibility for future growth and significant cash generation
- Sustainability principles embedded in organizational values and product offerings

Global Footprint – Hub & Spoke Model Promotes Efficiency

Deliver Solutions to Customers and Market Access to Suppliers

TTM Revenue by Region



Global Footprint

14	Regional Distribution Centers
27	Valve & Engineering Centers
107	Service Centers
	Headquarters
16	Countries
~2,800	Employees

Current as of March 31, 2024

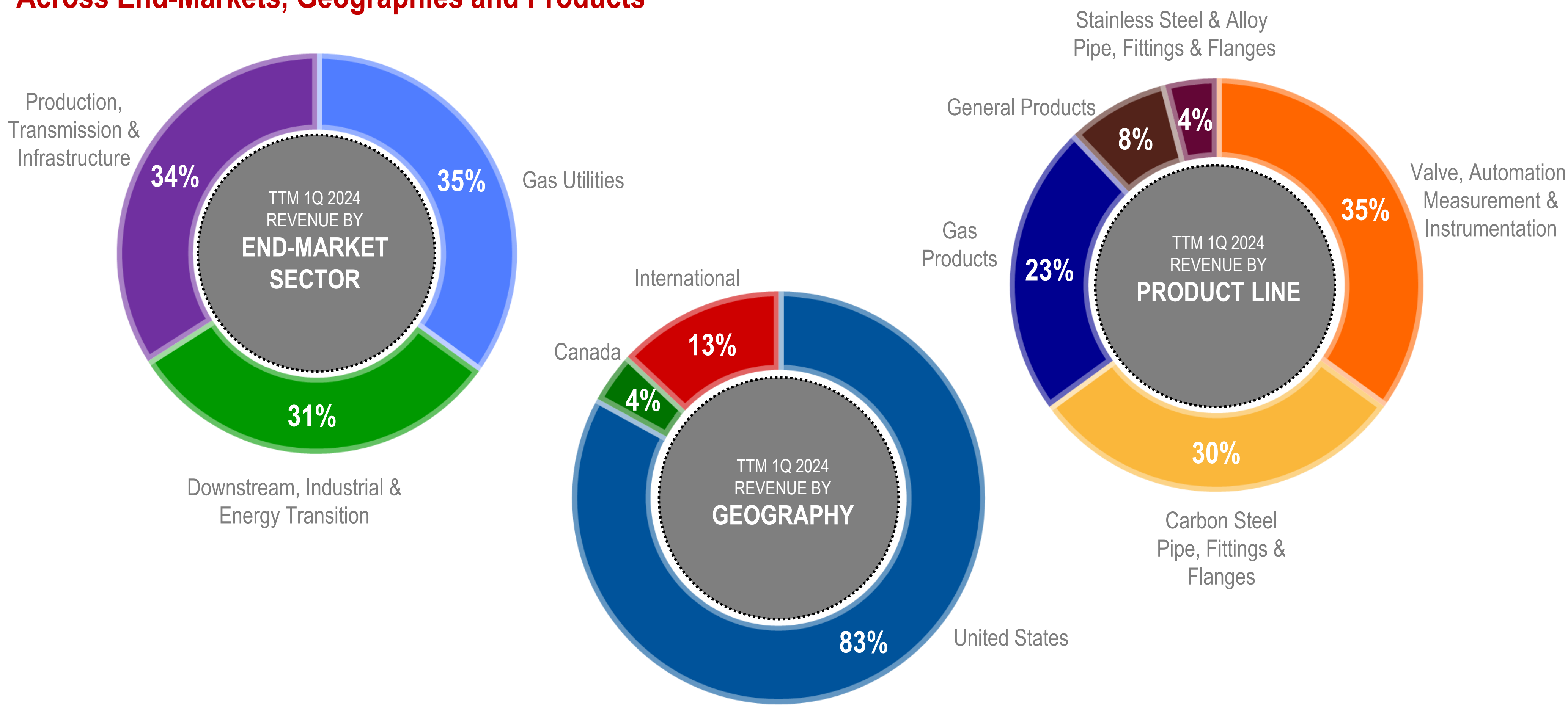
Market-Leading Expertise in Industrial Products, Services and Supply Solutions

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

- **Industrial Infrastructure Products**
  - Flow-control equipment (valves and pipe) including low-emission valves that control greenhouse gases
  - Measurement and instrumentation
  - Gas meters and polyethylene pipe
- **Value-added Services**
  - Valve actuation, modification and ValidTorque™
  - Complete engineering documentation (CAD drawings)
  - Testing services (e.g., hydrostatic testing, weld x-rays)
  - Steam system surveys and audits
  - On-site product assistance, training and demonstrations
- **Quality Assurance Program** – Approved Manufacturers List Qualification & Supplier Audits to minimize quality issues and promote customer loyalty
- **Integrated Supply Solutions** – Complete inventory management services including warehouse and logistics solutions, stock replenishment and product rationalization

Highly Diversified Portfolio with a Stable Customer Base

Across End-Markets, Geographies and Products

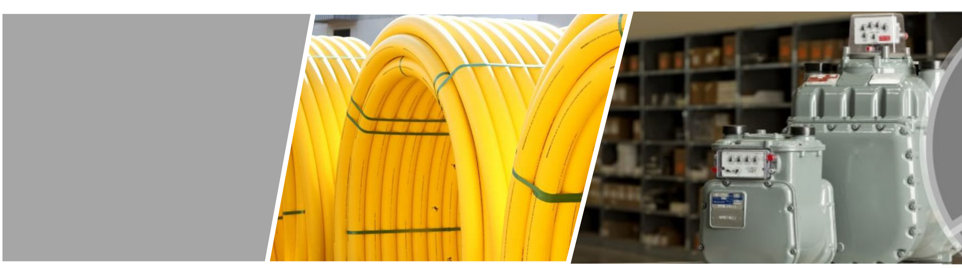


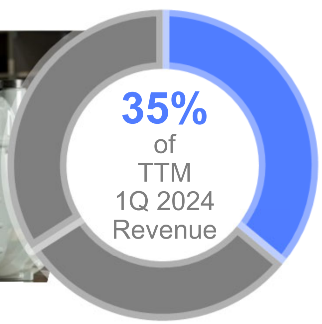
Gas Utilities End-Market Sector

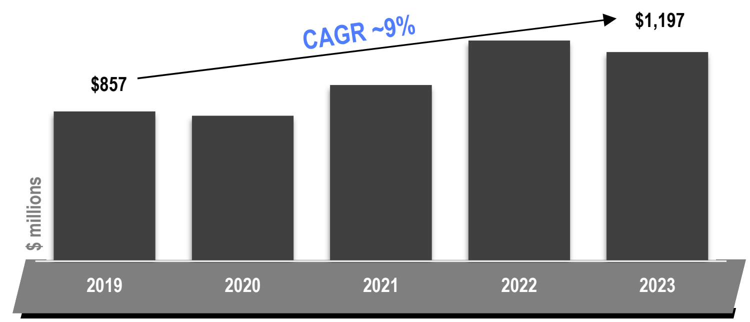
Largest Sector, Independent of Commodity Prices

Growth Drivers

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





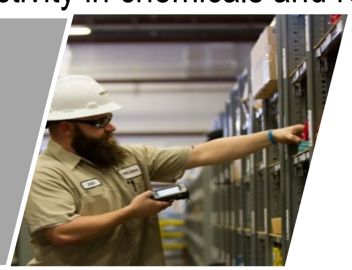


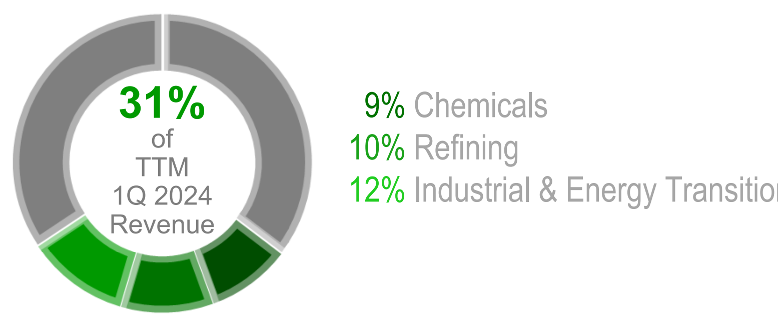
Downstream, Industrial & Energy Transition (DIET) End-Market Sector

Energy Transition and Process Industry Investments

Growth Drivers

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



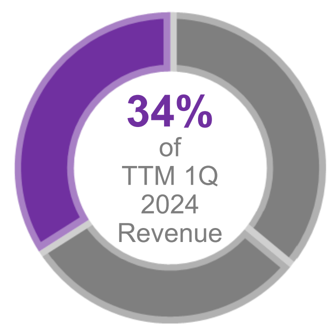


Production, Transmission & Infrastructure (PTI) End-Market Sector

Traditional Energy Infrastructure

Growth Drivers

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

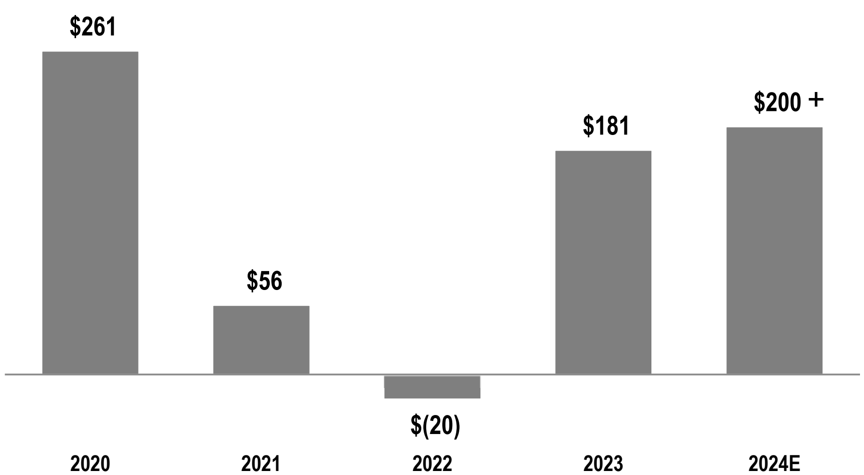


Significant Cash Flow Generation Across the Cycle

Financial Flexibility for Increased Shareholder Returns

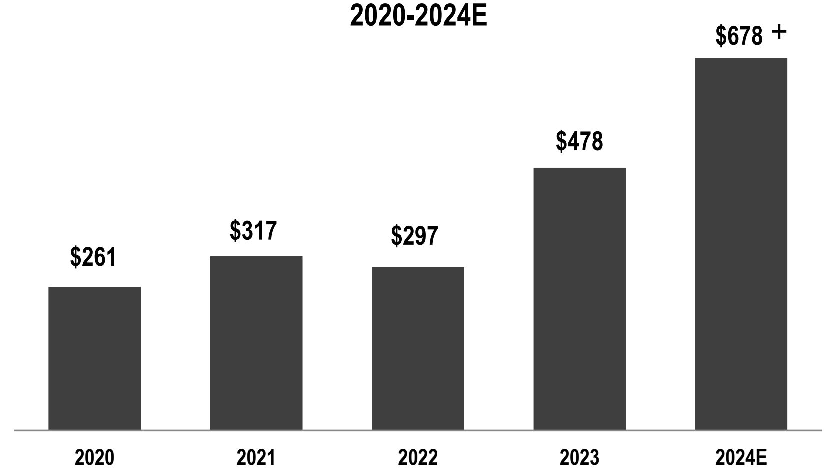
($ millions)

Cash Flow from (used in) Operations



Annual sales growth	*(30%)*	*4%*	*26%*	*1%*	*Flattish to down low-single digits*

Cumulative Cash Flow from Operations 2020-2024E



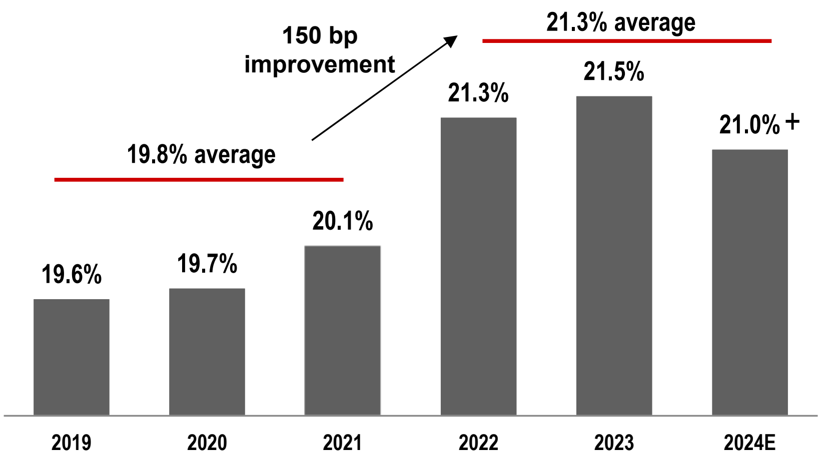
Note: See reconciliation of non-GAAP measures to GAAP measures in the appendix.

Improving Profitability

Structurally More Efficient with High Operating Leverage

($ millions)

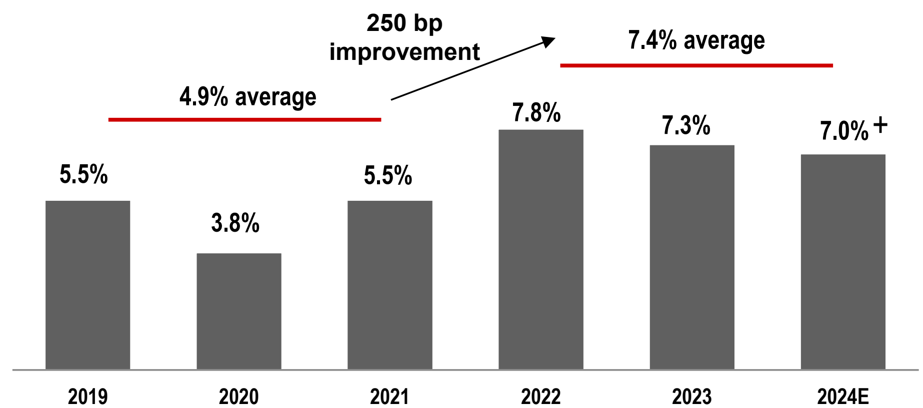
Adjusted Gross Margin – Structurally Higher



Higher adjusted gross margin due to:

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

Adjusted EBITDA – Structurally More Efficient



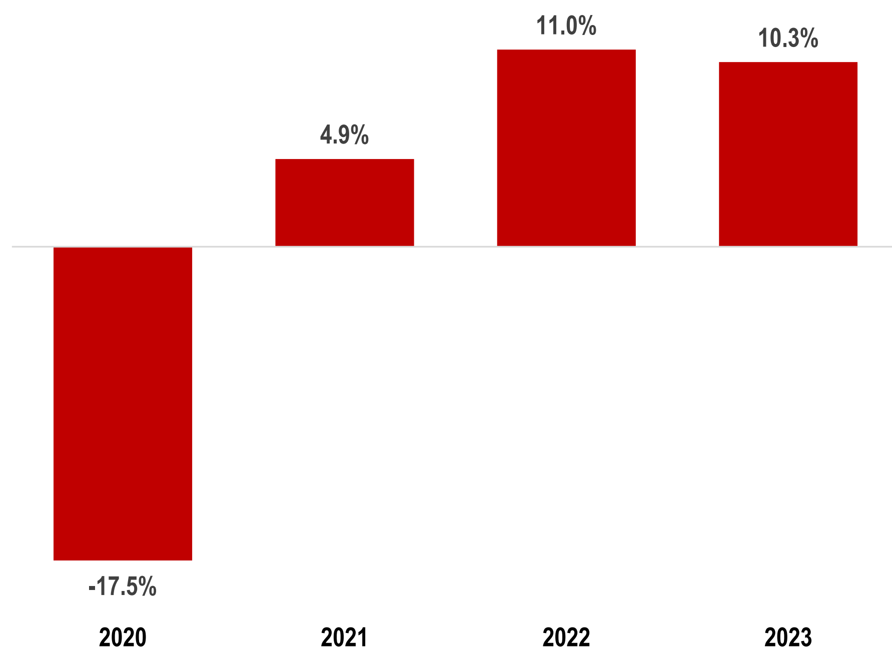
SG&A cost control measures in 2024:

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

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

Improving Capital Returns – Creating Value for Shareholders

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



	2020	2021	2022	2023
Working capital / Sales	17.5%	15.6%	16.2%	15.5%

Note: See reconciliation of non-GAAP measures to GAAP measures in the appendix

Solid Balance Sheet with Flexibility for Future Growth

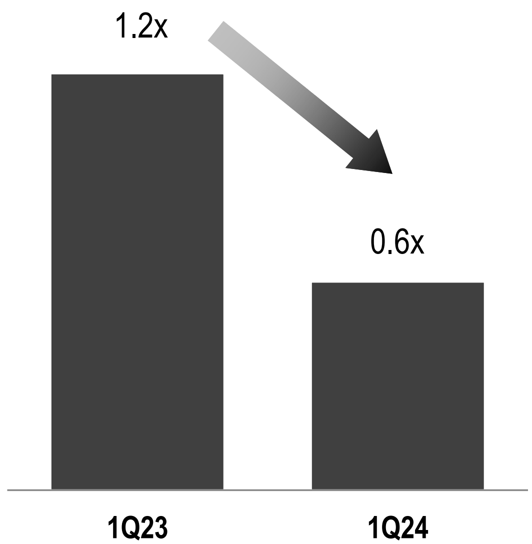
($ millions)

Cash & Capital Structure
(as of March 31, 2024)

Cash & Cash Equivalents	**$ 146**
Debt (including current portion):	
Term Loan B due Sept 2024 (net of discount & deferred financing costs)	$ 292
Global ABL Facility due Sept 2026	3
Total Debt	**$ 295**
Preferred Stock	**$ 355**

- Plan to repay the Term Loan B with cash and the ABL in 2Q24

Leverage Ratio[2]



Net Debt[1]	**1Q24**	**$ 149M**

Liquidity

		1Q24
Cash & Cash Equivalents	$	146
Availability - Global ABL Facility		645
	$	**791**

- Liquidity increased more than $150 million from 1Q23
- Plan to repay the Term Loan B with cash and the ABL in 2Q24

1. Net debt is total debt less cash. See reconciliation in appendix. Net debt including the preferred stock would be $504 million.
2. Net leverage multiples represent net debt / trailing twelve months adjusted EBITDA. Excludes the preferred stock. Including the preferred stock would be 2.5x and 2.1x for 2022 and 2023 for 1Q23 and 1Q24, respectively.

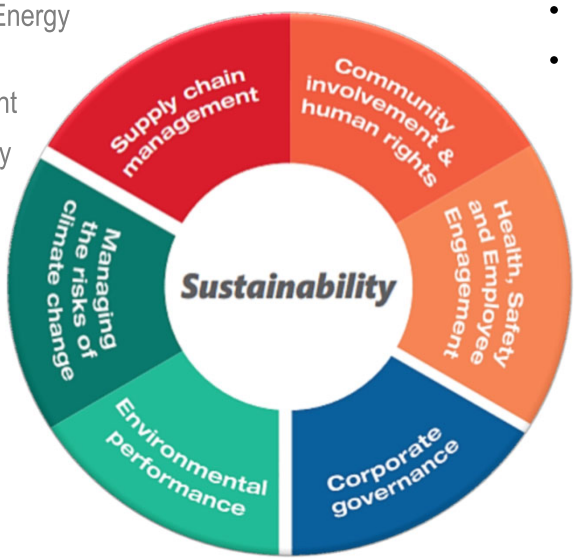
Sustainability Built into Organizational Values and Product Offerings

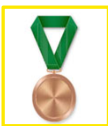
Environmental

- Enhanced Manufacturer Quality Assessment to include environmental sustainability
- Achieved a **28% reduction** in Scope 1 & 2 emissions compared to 2022
- Supplied critical projects and services to several Energy Transition projects globally
- Conducted our first baseline water risk assessment
- **100%** of North American electricity use covered by renewable energy credits

Sustainability Developments

- Our **7th Sustainability report** published May 2024
- Advancing supplier diversity efforts in our first full year with a dedicated leader
- Disclosing our alignment with both Global Reporting Index (GRI) and Sustainable Accounting Standards Board (SASB)





Ecovadis Bronze Medal: 7-time award winner

Diversity & Inclusion

- **50%** of Board leadership positions from Diversity Groups[1]
- **30%** of Board of Directors from Diversity Groups[1]
- **24%** of total employee directors & above positions are female
- **23%** of U.S. managers & above positions are racially or ethnically diverse

Social Responsibility

- Completed transition to **biodegradable stretch film** for U.S. operations
- Recordable injuries rate **improved 11.5%** over 2022
- **Safety stats better than peer group averages** from U.S. Bureau of Labor Statistics (BLS) and the National Association of Wholesaler-Distributors (NAW)

Governance

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

1. As of May 7, 2024

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A Compelling Investment Opportunity

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APPENDIX

Financial Outlook

2024 Targets

Profitability (annual)

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

Cash Flow (annual)

- Capital expenditures – $40 - 45 million for 2024 – includes new U.S. ERP system
- Cash flow from operations 2024 – $200 million or better

Sequential Quarterly Revenue (2Q24 compared to 1Q24)

- Total company & each of the sectors – low single digit increase

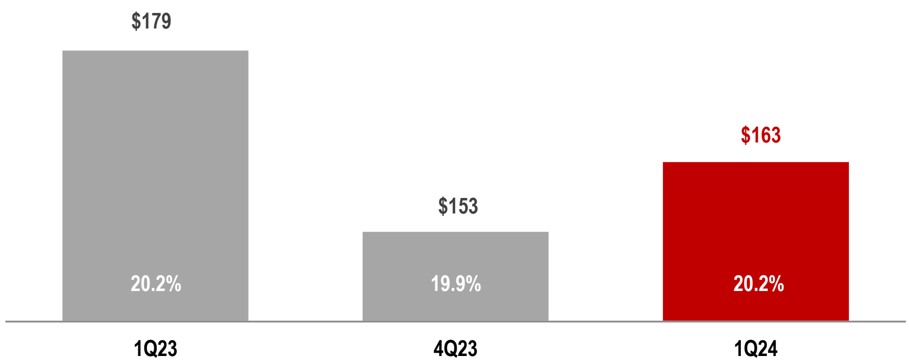
Note: See our Current Report on Form 8-K dated May 8, 2024, for a reconciliation of non-GAAP measures to their closest GAAP measures and for a discussion of forward-looking statements and the factors that might impact the various items in the 2024 Outlook.

Quarterly Financial Performance - GAAP

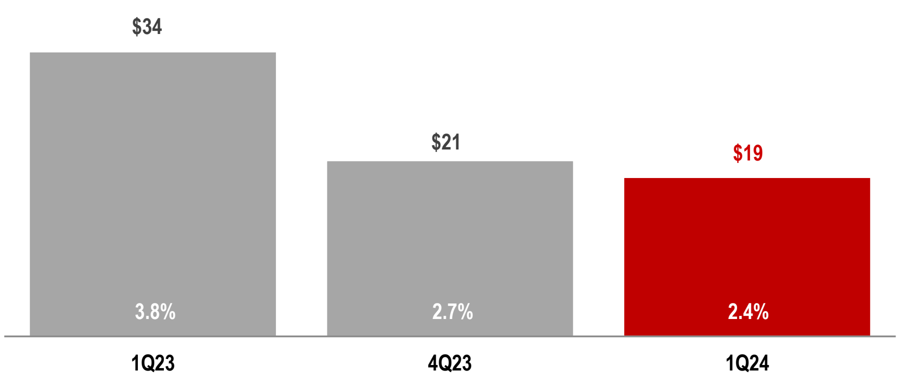
($ millions, except per share data)

SALES

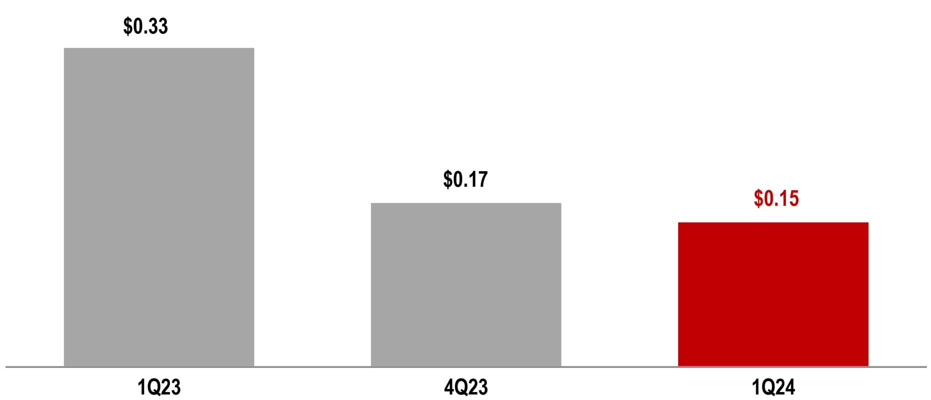
GROSS PROFIT & % MARGIN



NET INCOME & % MARGIN



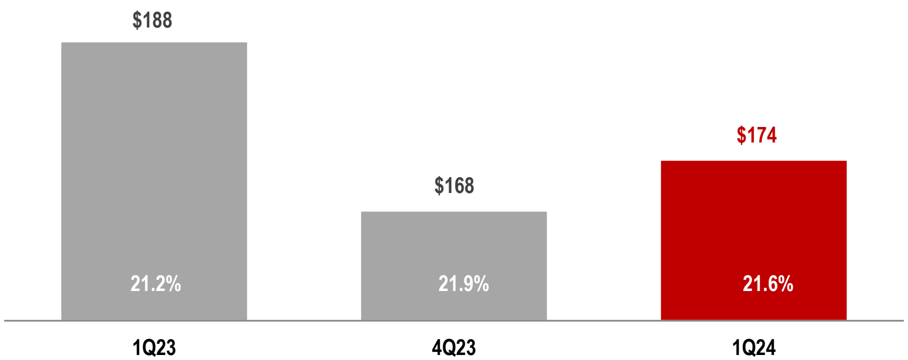
DILUTED EPS



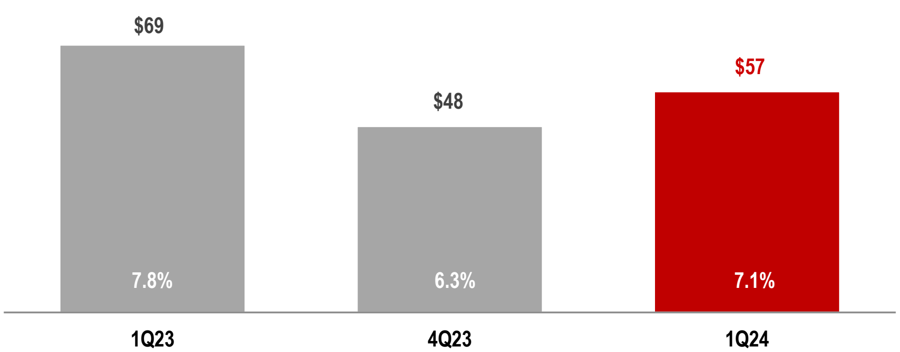
Quarterly Financial Performance - Adjusted

($ millions, except per share data)

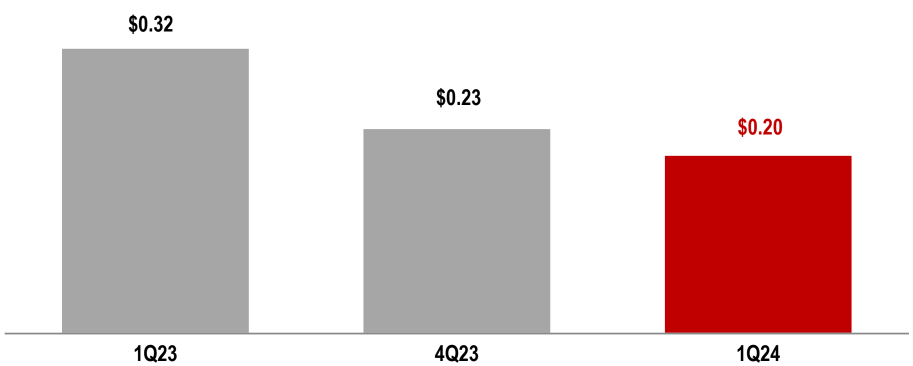
ADJUSTED GROSS PROFIT & % MARGIN[1]



ADJUSTED EBITDA & % MARGIN[1]



ADJUSTED DILUTED EPS[1]

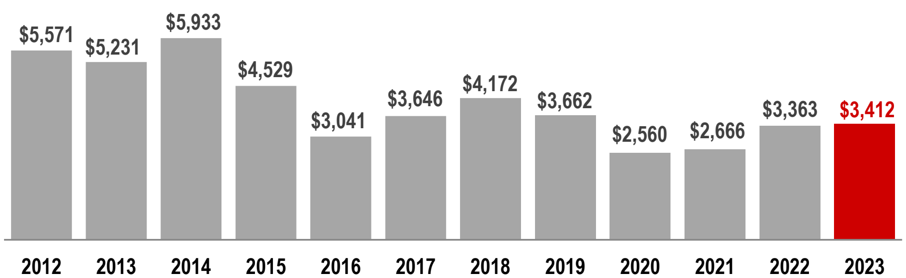


1. See reconciliation of non-GAAP measures to GAAP measures in the appendix

Annual Financial Performance

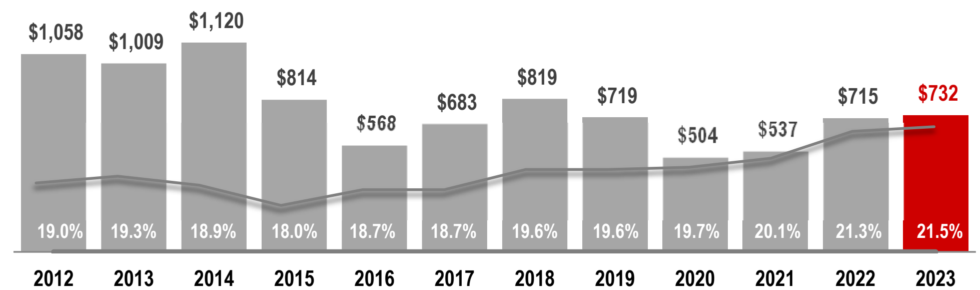
($ millions, except per share data)

SALES



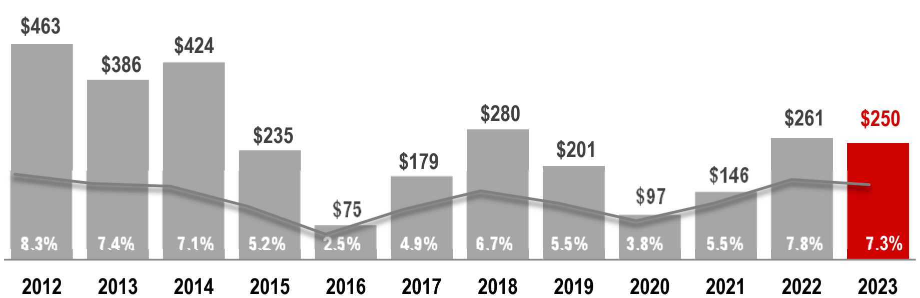
Y-o-Y Growth	(6%)	13%	(24%)	(33%)	20%	14%	(12%)	(30%)	4%	26%	1%

ADJUSTED GROSS PROFIT & % MARGIN[1]



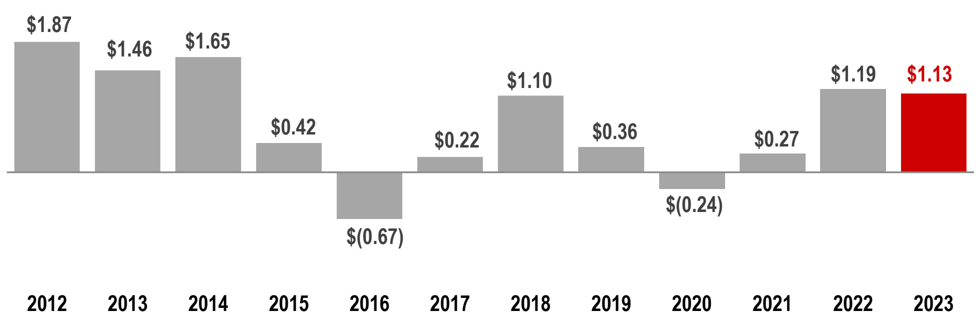
Y-o-Y Growth	(5%)	11%	(27%)	(30%)	20%	20%	(12%)	(30%)	7%	33%	2%

ADJUSTED EBITDA & % MARGIN[1]



Y-o-Y Growth	(17%)	10%	(45%)	(68%)	139%	56%	(28%)	(52%)	51%	79%	(4%)

ADJUSTED DILUTED EPS[1]

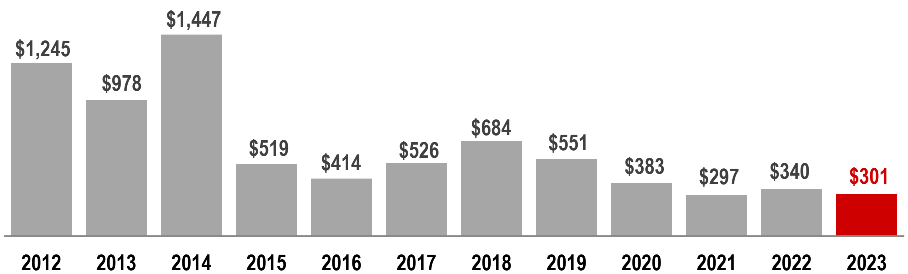


Y-o-Y Growth	(22%)	13%	(75%)	NM	NM	NM	(67%)	NM	NM	NM	(5%)

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

Balance Sheet *($ millions)*

TOTAL DEBT

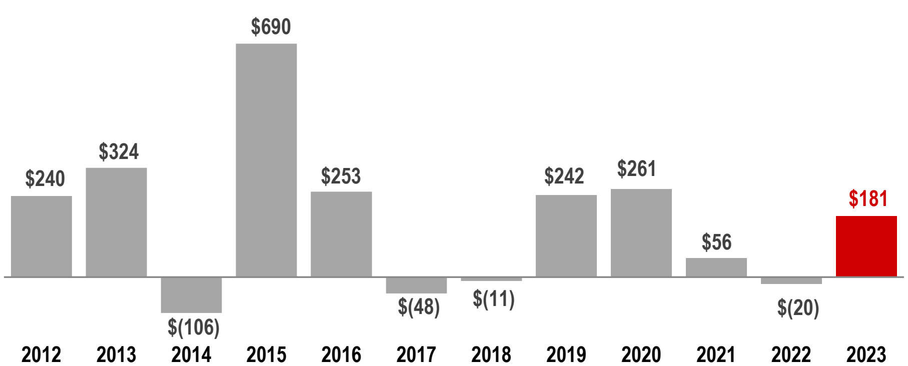


Net Leverage[1]:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	2.6x	2.5x	3.4x	1.9x	4.0x	2.7x	2.3x	2.6x	2.7x	1.7x	1.2x	0.7x

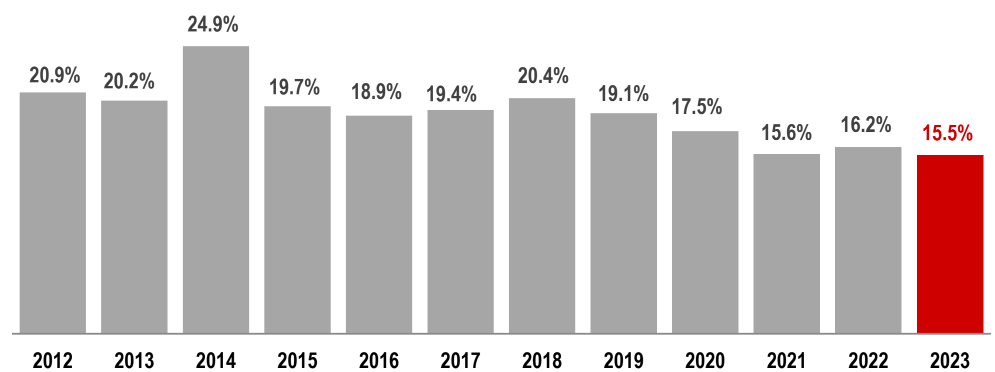
CAPITAL STRUCTURE

December 31, 2023	
Cash and Cash Equivalents	**$ 131**
Total Debt (including current portion):	
Term Loan B due 2024 (net of discount & deferred financing costs)	$ 292
Global ABL Facility due 2026	9
Total Debt	$ 301
Preferred stock	355
Common stockholders' equity	488
Total Capitalization	**$ 1,144**
Liquidity	**$ 741**

CASH FLOW FROM (USED IN) OPERATIONS



NET WORKING CAPITAL AS % OF SALES[2]



1. Net leverage multiples represent net debt / trailing twelve months adjusted EBITDA. Net debt is total debt less cash.
2. Working capital defined as current assets (excluding cash) – current liabilities (excluding Term Loan B in 2023). Sales are on trailing twelve months basis.

Adjusted Gross Profit Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

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

Note: Adjusted Gross Profit is a non-GAAP measure. For a discussion of the use of Adjusted Gross Profit, see our Current Report on Form 8-K dated May 8, 2024.

Adjusted EBITDA Reconciliation – Annual Periods

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

YEAR ENDED DECEMBER 31

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 May 8, 2024.

Adjusted EBITDA Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

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

Note: Adjusted EBITDA is a non-GAAP measure. For a discussion of the use of adjusted EBITDA, see our Current Report on Form 8-K dated May 8, 2024.

Adjusted Net Income (Loss) Reconciliation – Annual Periods

YEAR ENDED DECEMBER 31

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

Note: Adjusted net income is a non-GAAP measure. For a discussion of the use of adjusted net income, see our Current Report on Form 8-K dated May 8, 2024.
* Does not foot due to rounding.

Adjusted Net (Loss) Income Reconciliation – Annual Periods

($ millions)	YEAR ENDED DECEMBER 31									
	2016		2015		2014		2013		2012	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net (loss) income attributable to common stockholders	**$ (107)**	**$ (1.10)**	**$ (344)**	**$ (3.38)**	**$ 144**	**$ 1.40**	**$ 152**	**$ 1.48**	**$ 118**	**$ 1.22**
Goodwill and intangible asset impairment, net of tax	-	-	402	3.94	-	-	-	-	-	-
Inventory-related charges, net of tax	33	0.34	-	-	-	-	-	-	-	-
Severance and restructuring, net of tax	17	0.17	11	0.11	6	0.06	-	-	-	-
(Decrease) increase in LIFO reserve, net of tax	(9)	(0.09)	(33)	(0.32)	8	0.08	(13)	(0.13)	(15)	(0.15)
Loss on early extinguishment of debt, net of tax	-	-	-	-	-	-	-	-	74	0.76
Litigation matter, net of tax	-	-	2	0.02	-	-	-	-	-	-
Write-off of debt issuance costs, net of tax	1	0.01	2	0.02	-	-	-	-	1	0.01
Executive separation expense, net of tax	-	-	-	-	-	-	1	0.01	-	-
Loss on disposition of non-core product lines, net of tax	-	-	3	0.03	8	0.08	-	-	-	-
Insurance charge, net of tax	-	-	-	-	-	-	1	0.01	-	-
Expenses associated with refinancing, net of tax	-	-	-	-	-	-	3	0.03	-	-
Equity-based compensation acceleration, net of tax	-	-	-	-	-	-	3	0.03	-	-
Income tax adjustment	-	-	-	-	-	-	3	0.03	-	-
Cancellation of executive employment agreement, net of tax	-	-	-	-	3	0.03	-	-	-	-
Pension settlement, net of tax	-	-	-	-	-	-	-	-	3	0.03
Adjusted net (loss) income attributable to common stockholders	**$ (65)**	**$ (0.67)**	**$ 43**	**$ 0.42**	**$ 169**	**$ 1.65**	**$ 150**	**$ 1.46**	**$ 181**	**$ 1.87**

Note: Adjusted net income is a non-GAAP measure. For a discussion of the use of adjusted net income, see our Current Report on Form 8-K dated May 8, 2024.

Net Debt & Leverage Ratio Calculation – Annual Periods

	December 31,											
($ millions)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Long-term debt	**$ 9**	**$ 337**	**$ 295**	**$ 379**	**$ 547**	**$ 680**	**$ 522**	**$ 406**	**$ 511**	**$ 1,439**	**$ 970**	**$ 1,238**
Plus: current portion of long-term debt	292	3	2	4	4	4	4	8	8	8	8	7
Total debt	**$ 301**	**$ 340**	**297**	**$ 383**	**$ 551**	**$ 684**	**$ 526**	**$ 414**	**$ 519**	**$ 1,447**	**$ 978**	**$ 1,245**
Less: cash	131	32	48	119	32	43	48	109	69	25	25	37
Net debt	**$ 170**	**$ 308**	**$ 249**	**$ 264**	**$ 519**	**$ 641**	**$ 478**	**$ 305**	**$ 450**	**$ 1,422**	**$ 953**	**$ 1,208**

Net debt	$ 170	$ 308	$ 249	$ 264	$ 519	$ 641	$ 478	$ 305	$ 450	$ 1,422	$ 953	$ 1,208
Trailing twelve months adjusted EBITDA	250	261	146	97	201	280	179	75	235	424	386	463
Leverage ratio	**0.7**	**1.2**	**1.7**	**2.7**	**2.6**	**2.3**	**2.7**	**4.0**	**1.9**	**3.4**	**2.5**	**2.6**

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

Adjusted Gross Profit Reconciliation - Quarters

($ millions)	THREE MONTHS ENDED March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	% of Sales*	Amount	% of Sales	Amount	% of Sales*
Sales	**$ 806**		**$ 768**		**$ 885**	
Gross profit	**$ 163**	**20.2%**	**$ 153**	**19.9%**	**$ 179**	**20.2%**
Depreciation and amortization	5	0.6%	4	0.5%	5	0.6%
Amortization of intangibles	5	0.6%	6	0.8%	5	0.6%
Increase (decrease) in LIFO reserve	1	0.1%	5	0.7%	(1)	(0.1)%
Adjusted Gross Profit	**$ 174**	**21.6%**	**$ 168**	**21.9%**	**$ 188**	**21.2%**

* Does not foot due to rounding.
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 May 8, 2024.

Adjusted EBITDA Reconciliation - Quarters

($ millions)	THREE MONTHS ENDED March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Sales	**$ 806**		**$ 768**		**$ 885**	
Net income	**$ 19**	**2.4%**	**$ 21**	**2.7%**	**$ 34**	**3.8%**
Income tax expense	8		2		13	
Interest expense	8		6		7	
Depreciation and amortization	5		4		5	
Amortization of intangibles	5		6		5	
Increase (decrease) in LIFO reserve	1		5		(1)	
Equity-based compensation expense	4		4		3	
Activism response, legal and consulting costs	3		1		-	
Write-off of debt issuance costs	1		-		-	
Asset disposal	1		-		-	
Foreign currency (gains) losses	2		(1)		3	
Adjusted EBITDA	**$ 57**	**7.1%**	**$ 48**	**6.3%**	**$ 69**	**7.8%**

Note: Adjusted EBITDA is a non-GAAP measure. For a discussion of the use of adjusted EBITDA, see our Current Report on Form 8-K dated May 8, 2024.

Adjusted Net Income Attributable to Common Stockholders Reconciliation - Quarters

	THREE MONTHS ENDED					
	March 31, 2024		December 31, 2023		March 31, 2023	
($ millions)	Amount	Per Share	Amount	Per Share*	Amount	Per Share
Net income attributable to common stockholders	**$ 13**	**$ 0.15**	**$ 15**	**$ 0.17**	**$ 28**	**$ 0.33**
Asset disposal, net of tax	1	0.01	-	-	-	-
Activism response, legal and consulting costs, net of tax	2	0.03	1	0.01	-	-
Increase (decrease) in LIFO reserve, net of tax	1	0.01	4	0.04	(1)	(0.01)
Adjusted net income attributable to common stockholders	**$ 17**	**$ 0.20**	**$ 20**	**$ 0.23**	**$ 27**	**$ 0.32**

* Does not foot due to rounding.
Note: Adjusted net income is a non-GAAP measure. For a discussion of the use of adjusted net income, see our Current Report on Form 8-K dated May 8, 2024.

Net Debt & Leverage Ratio Calculation

($ millions)	March 31, 2024	December 31, 2023	March 31, 2023
Long-term debt	**$ 3**	**$ 9**	**$ 387**
Plus: current portion of debt obligations	292	292	3
Total debt	**295**	**$ 301**	**$ 390**
Less: cash	146	131	39
Net debt	**$ 149**	**$ 170**	**$ 351**
Net debt	$ 149	$ 170	$ 351
Trailing twelve months adjusted EBITDA	238	250	282
Leverage ratio	**0.6x**	**0.7x**	**1.2x**
Preferred stock	355	355	355
Net debt including preferred stock	504	525	706
Trailing twelve months adjusted EBITDA	238	250	282
Leverage ratio including preferred stock	**2.1x**	**2.1x**	**2.5x**

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

Return on Invested Capital (ROIC), Adjusted for LIFO

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

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