

MRC Global



2019 ANNUAL REPORT

Built Strong.

After two years of growth, energy markets slowed in 2019. While the pullback prompted lower year-over-year revenue for MRC Global, we stayed the course by pursuing our goals, and our company is as solid as ever. We know that market cycles are inevitable. We've seen this before. That's why we created a long-term strategy that is unwavering in both peaks and valleys and allows us to control our own destiny. MRC Global is built strong.

We've built
our business for
strength in any
cycle.



While many in our industry are forced to react dramatically to market conditions, MRC Global is solid and able to gain ground, because our strategy is built for long-term value. In the face of 2019's challenges, we were able to remove costs from the business, invest in infrastructure and technology for future growth and strengthen our customer base.



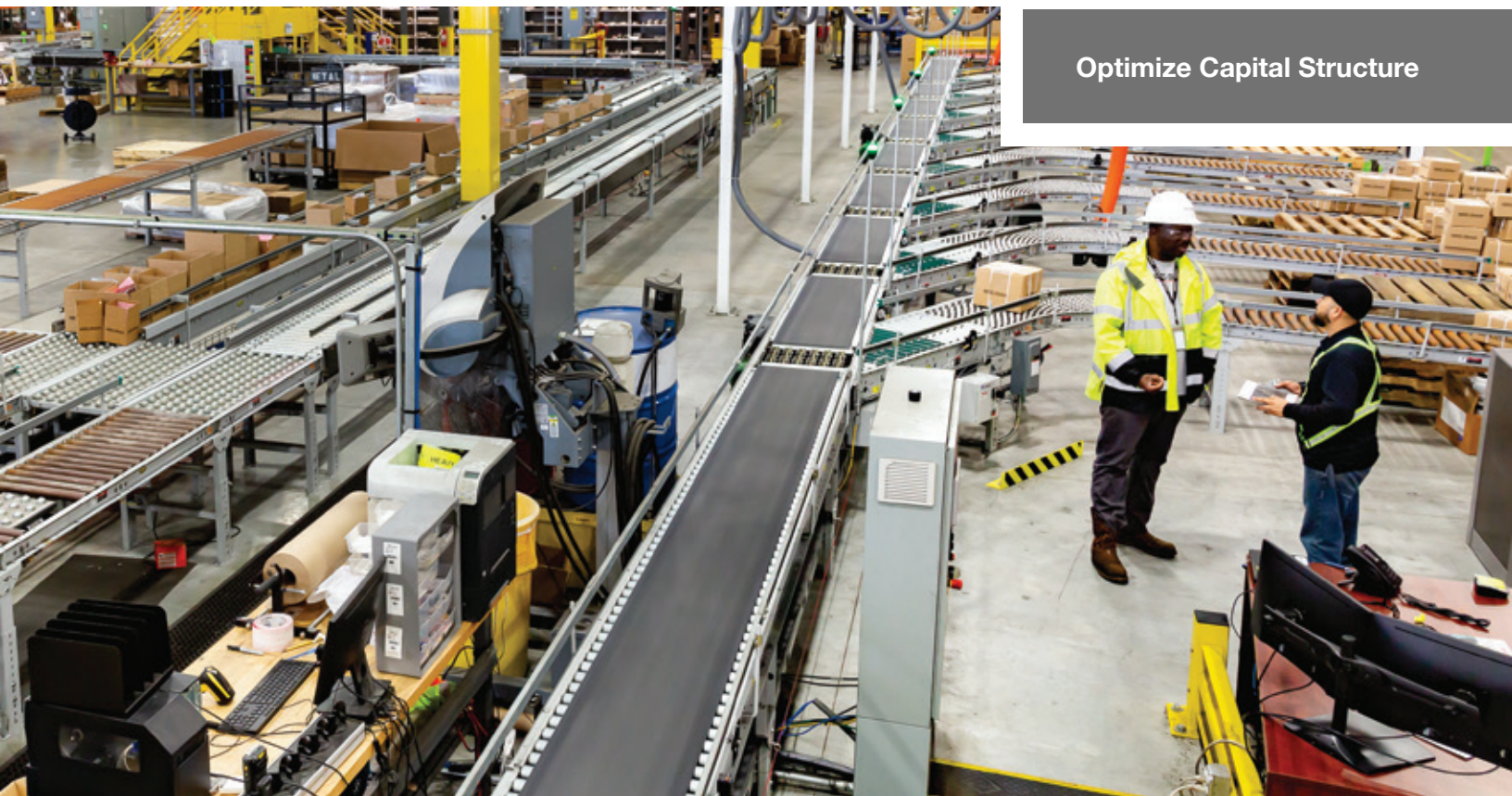
**The four tenets
of our strategy**
*are constant pillars
of strength.*

Increase Market Share

Maximize Profitability

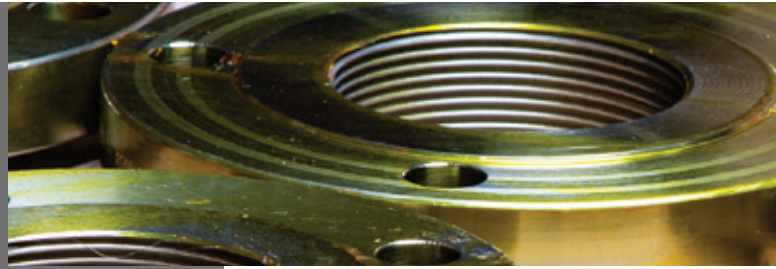
Maximize Working
Capital Efficiency

Optimize Capital Structure



The Houston Operations Complex is equipped with advanced automated conveyor systems, allowing us to ship approximately 148 tons per day to our customers.

We've built *resilience*
against commodity
price risks.

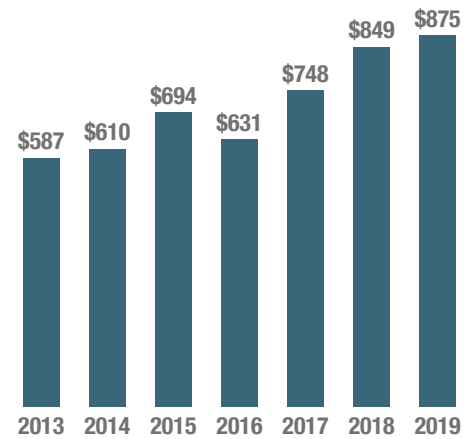


While MRC Global has served customers in the upstream and downstream sectors for a long time, we have built our business to buffer the volatility of oil prices. In 2019, we continued to strengthen our base of customers in the more stable gas utilities sector. MRC Global is the preferred supplier to 18 of the top 25 gas utilities in the United States, as we continue to expand this business.



MRC Global has secured contracts *with 18 of the top 25 largest gas utilities in the U.S.*

U.S. Gas Utility Revenue
(millions)



MRC Global is one of the largest distributors to gas utility companies in the United States. Our solutions include all energy products required by gas utility customers.

**We've built
modern facilities to
offer higher-margin
products.**

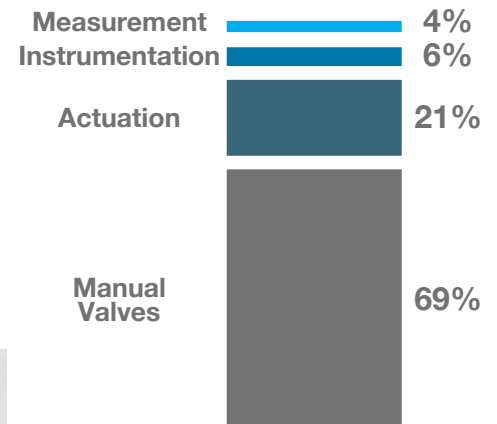


In 2019, we opened our 127,000 square-foot Valve Engineering and Modification Center, completing our state-of-the-art Houston Operations Complex. This investment allows us to broaden our offering, serve our customers more efficiently, and pursue our goal to migrate MRC Global's revenue base toward higher-margin products and solutions.



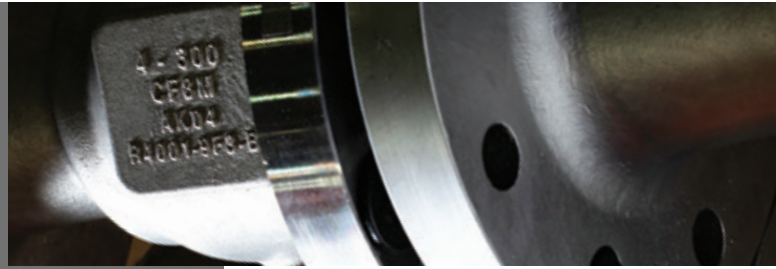
In 2019, valve sales
*accounted for 39% of our
revenue, on-track to reach
our goal of 45% by 2023.*

2019 VAMI Sales



At our new Valve Engineering and Modification Center, a large double block and bleed expanding plug valve undergoes an extended duration hydrotest before delivery to a midstream pipeline installation.

**We've built
relationships *with
the largest energy
companies in the world.***



One of the primary reasons MRC Global remains strong in all market environments is our diverse customer base. We continually work with the best and most committed operators in all facets of the energy sector. They count on our service, product availability, and expertise to bring the reliability they need to accomplish their goals.



In 2019, we secured
*new and renewed contracts,
collectively representing
40 years of commitments.*

2019 New and Renewed Customer Contracts

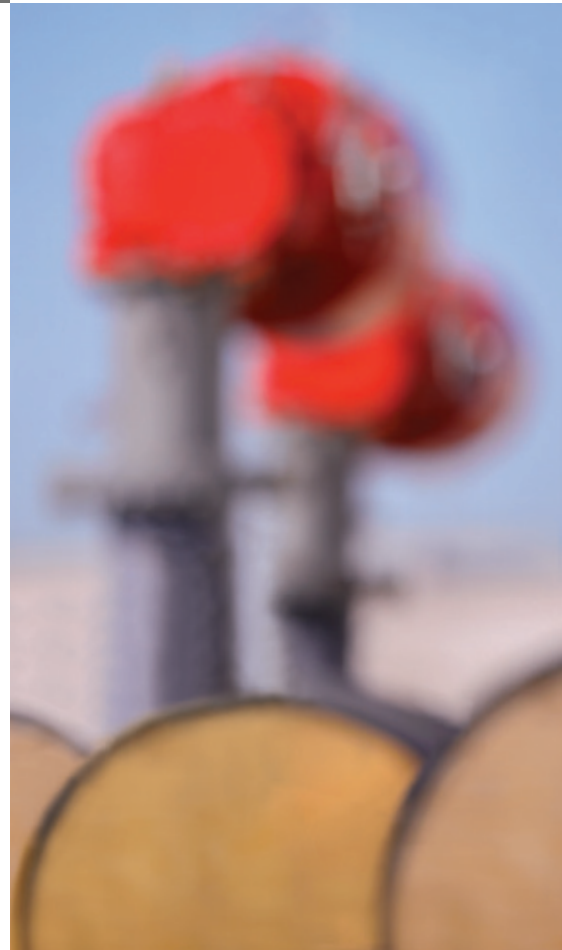
Atmos
CenterPoint
Chevron-Canada
ConocoPhillips
EnLink Midstream
INEOS
Neste Finland
ONEOK
Southern California Gas
Tengizchevroil-MRO



An MRC Global employee reviews an order of valves before they ship to a customer. Year after year we continue to grow our expertise and offering in the profitable valve category.

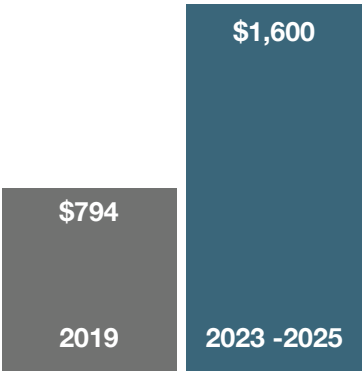
**We've built online
tools** *to serve more
customers more ways.*

We have continually built out our digital platform, MRCGO™, adding robust functionality to help customers accomplish more tasks, get faster support and, in turn, become more efficient.



We have continued to improve our digital platform,
delivering greater efficiencies to our customers.

E-Commerce Revenue Growth Opportunity
(millions)



Through MRCGO™, our customers can do business with us more ways than ever. From their desktop, tablet or mobile device, they can now place orders, review order history, view real-time inventory levels, and get live help on demand.

We've built *upon* our commitment to Environmental, Social and Governance initiatives.



In 2019, we published our second annual ESG report. Our ESG initiatives send a strong message to our customers that we are aligned with them and can help them achieve their own goals for a safe, responsible and sustainable future.

"We know that the primary way we can improve our environmental performance is to do what we do best – create an efficient supply chain."



Andrew R. Lane *President & CEO*

**Our ongoing efforts validate
our vision** *for a safer, more
sustainable future.*



We have developed a series of standards that are intended to deliver common work practices across our company, with a focus on preventing high-consequence safety incidents.



While we strive to achieve top levels of excellence in every facet of our business, safety is our absolute highest priority. Daily safety meetings are essential to our culture.

We've built
*strength into our
balance sheet year
after year.*



When markets slowed in 2019, we reinforced our balance sheet to sustain our focus on long-term goals. As we did in previous downturns, we carefully managed our working capital, stock purchases, debt levels and product margins. All of these measures continued to strengthen our balance sheet and keep MRC Global positioned for profitable growth.



Financial discipline
is our foundation.

Cash Flow from
Operations

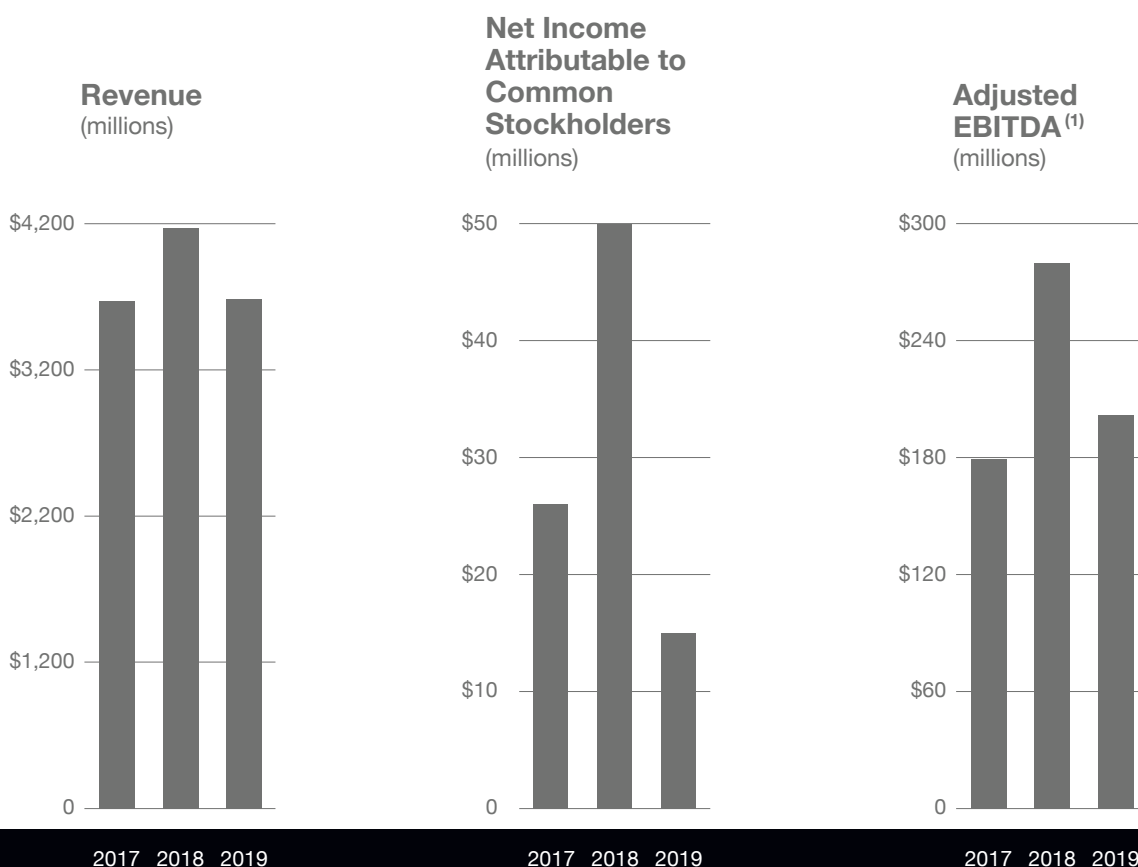
\$242 million



MRC Global quality experts inspect valves for a major gas utility customer. In 2019, we continued to build out our base of business in the stable gas utilities sector.

2019 Results

Revenue	Adjusted EBITDA ⁽¹⁾	Working Capital
\$3,662 Million	\$201 Million	\$732 Million
\$15 Million	\$0.18	\$2,325 Million
Net Income Attributable to Common Stockholders	EPS - Diluted	Total Assets



⁽¹⁾ Refer to the Company's Annual Report on Form 10-K for reconciliation

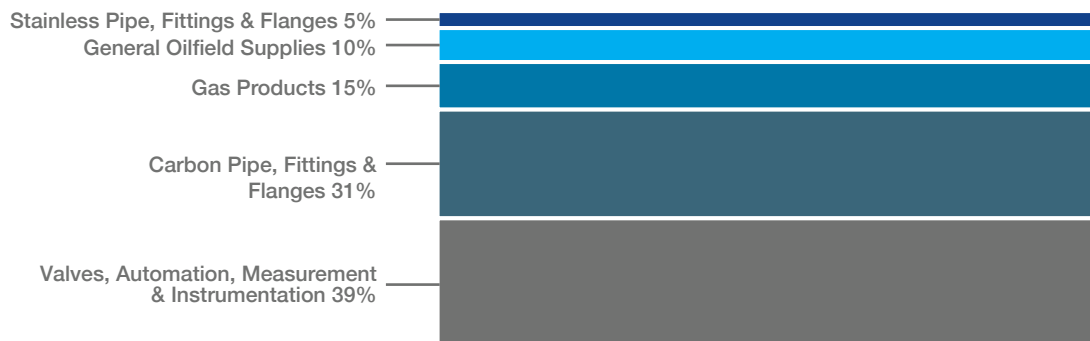
Revenue by Geography



Revenue by Industry Sector



Revenue by Product Line





Dear MRC Global Stockholders,

After two years of steady growth, the markets we serve pulled back in 2019, and MRC Global recorded lower revenue and profits compared to 2018. While we are never happy to deliver news of reduced financial results, I am pleased to report that MRC Global remains strong – in many ways as strong as we’ve ever been.

In 2019, we achieved revenue of \$3.662 billion, a 12% decrease from 2018. Our gross profit was \$653 million, net income attributable to common stockholders was \$15 million, and we realized \$201 million in adjusted EBITDA¹. Markets slowed primarily in the latter half of the year, as customers were challenged to reduce financial risk and bring more capital efficiency to their projects.

We have been in this position before, even as recently as 2015 and 2016. In spite of the general weakness in the energy sector, MRC Global is built strong. Long ago we adopted a long-term strategy that would allow us to do business and succeed in any market cycle. In 2019, much like we do every year, we strengthened our customer relationships, expanded and improved our product offerings, managed our costs, increased cash flow, and bolstered our balance sheet.

These long-term priorities have proven themselves year after year, perhaps even more in challenging times than in growth cycles. We expect that 2020 will be another challenging year, and we will stay the course, pursuing the right opportunities to bring value to our company, our customers and our stockholders through innovative service offerings and solutions.

Upgrading our product offerings and capturing more business

In 2019, MRC Global reached a momentous milestone in its strategy to migrate the business to higher-margin valve-centric offerings. We opened our 127,000 square-foot Valve Engineering and Modification Center, the final addition to our world class Houston Operations Complex in La Porte, Texas.

The new facility allows us to offer customers valve modifications, as well as valve testing services, coating and complete valve packages – services that previously went to third parties. We now have the capability to offer customers the assurance of a single-source, value-added solution and capture more higher-margin revenue for MRC Global. With the opening of this facility, we established our reputation as a complete valve company. Our goal is to grow our valve business to 45% of MRC Global revenues by 2023, and we are well on our way, achieving the 39% mark in 2019.



We continued to broaden and improve the capabilities of MRCGO™, our online digital marketplace, in 2019. What began simply as an online product catalog has evolved into a powerful platform with robust functionality that allows customers to do business with us easily. Now our customers can access a customized online experience that lets them search for products, check order status, expedite orders, access technical materials and material test reports, obtain proof of delivery invoices and get support. Our MRCGO™ business in 2019 was \$130 million, and we continue to work on boosting adoption rates and keeping our customers more fully engaged with MRC Global going forward.

Strengthening and expanding our customer relationships

In the face of lower overall activity, MRC Global continued to grow our market share with several significant new contracts and renewals. In 2019 our key wins included CenterPoint, Chevron, ConocoPhillips, Southern California Gas and Atmos. We are proud that many of the best energy providers in the world turn to MRC Global as a vital supply chain expert.

We always seek to increase market share across all our end-markets. In 2019 we continued to advance this strategy by growing our presence in the gas utility business. This also has the added benefit of reducing our commodity price exposure. MRC Global has secured contracts with 18 of the 25 largest gas utilities. We've seen this business grow steadily and consistently year to year with a compound annual growth rate of 7.5%.

Another 2019 highlight is our international business. For the past few years we have streamlined our overseas operations to optimize efficiency and create improved profitability. Our efforts are coming to fruition. Last year we experienced a rebound and began to see growth in the underlying business, especially in our operations supporting customers in the Norwegian Continental Shelf.

We believe that proper management of environmental, social and governance (ESG) factors, ultimately leads to greater returns and contributes to more engaged employees, resulting in a more effective organization. In 2019 we published our second ESG report and took an insightful look at our ESG initiatives and accomplishments. Highlights include our role to help customers reduce fugitive valve emissions, the conversion of 13% of our fleet to more environmentally efficient vehicles since 2016, and our world-class auditing process of customer supply chains to avoid illegal labor practices and violations. I'm proud of the work we've done to improve our industry and help our customers meet their goals in these important initiatives. We have formed a dedicated ESG committee that meets regularly to find more ways to advance responsible initiatives. We are never finished in this endeavor. I look forward to continuing to report on our progress in 2020.



Remaining steadfast in our financial discipline

Despite market headwinds in 2019, we remained committed to our long-term financial strategy and financial discipline. This has served us well in all market conditions. While last year we realized lower revenue, we maintained adjusted gross margins¹, excluding certain items, near 20% levels. We also generated free cash flow of \$200 million², and we ended the year with \$483 million of liquidity.

In 2019, we continued to cut costs and streamline the business and reduced operating costs by \$25 million, excluding certain items, as compared to 2018. We reduced headcount through our voluntary retirement offering and attrition. Many of these retirees were high-level managers, which naturally flattened the organization. We also reduced the U.S. executive management team by one and consolidated the full executive team in Houston.

We continued to manage MRC Global's capital structure, cash flow and resource allocation to meet our various objectives. We completed our capital project at the Houston Operations Complex with our state-of-the-art Valve Engineering and Modification Center. We concluded our multi-year stock buyback program, returning \$75 million to our shareholders in 2019 and \$375 million since we began in 2015. We also reduced outstanding debt by \$133 million in 2019 as compared to 2018, maintaining our net leverage at 2.6 times, near the mid-point of our stated preferred range.

MRC Global is strong from the foundation up, and our plan is to become stronger in the coming year by generating additional cash and paying down more debt, fortifying an already solid balance sheet.

Looking forward into 2020

In the sectors we serve, further economic pressures are forecasted in 2020. We predict that customer spending will be down again. Still, the one certainty is that we will stay the course. Our strategy is sound and we will manage through whatever may come.

We will help our customers gain confidence in the viability of their projects through efficient supply chain solutions. We will continue to increase our emphasis on higher-margin offerings. We will grow our digital presence to better serve customers. We will stay true to our core values and the values of our customers through good corporate stewardship. And, of course, we will practice unwavering financial discipline.

¹ Refer to the Company's Annual Report on Form 10-K for reconciliation.

² Free cash flow is cash provided by operations less capital expenditures and preferred stock dividends.



I would like to acknowledge two significant changes in management. After eight years serving MRC Global as Executive Vice President and Chief Financial Officer, Jim Braun retired effective March 1, 2020. He has been a valuable member of our team and has served the company, our employees, our customers and our shareholders with distinction. I thank Jim for his service and wish him the best in retirement. His duties have been left in capable hands. Kelly Youngblood has joined MRC Global to assume the EVP and CFO position, bringing with him more than 30 years of experience in energy and finance, most recently at BJ Services, Diamond Offshore Drilling and Halliburton. I'm excited to welcome Kelly to the team.

Recently, we had some changes to the board of directors that I would like to acknowledge. Two of our founding family board members, who helped build MRC Global, Craig Ketchum and H.B. Wehrle, III, have decided to retire from the board. Each have served 13 years and were both former Presidents and co-CEOs of the company and former co-Chairmen of our board. They were both instrumental in creating the foundation for what MRC Global is today. I would like to thank each of them for their valued contributions to MRC Global and wish them well.

In closing, I extend my sincere gratitude to the entire MRC Global family. Once again, you have proven your ability to take on challenges to our business. I thank our suppliers for their dedication to quality and service, our customers for continuing to entrust their valuable projects to our team, and our shareholders for their continued confidence in our long-term strategy and success. We are committed to delivering long-term shareholder value.

All of you are the reason that MRC Global is built strong.



Sincerely,

Andrew R. Lane
President and CEO

Executive Management



Work Stoppage in Place; No PPE Required.

*Executive Management left to right:
Bates, Stein, Youngblood, Lane,
Churay, Bowhay, Witt*

Andrew R. Lane
Kelly Youngblood
Daniel J. Churay
Grant R. Bates
John L. Bowhay
Robert W. Stein
Karl W. Witt

President and Chief Executive Officer
Executive Vice President and Chief Financial Officer
Executive Vice President - Corporate Affairs, General Counsel & Corporate Secretary
Senior Vice President - Canada, International & Operational Excellence
Senior Vice President - Supply Chain Management, Valve & Technical Product Sales
Senior Vice President - Business Development
Senior Vice President - U.S. Operations

Board of Directors

Rhys J. Best	<i>Chairman of the Board of MRC Global Inc., Former Chairman, President and CEO of Lone Star Technologies, Inc. Director since 2007</i>
Deborah G. Adams	<i>Former Senior Vice President of Phillips 66 Director since 2017</i>
Leonard M. Anthony	<i>Former President and CEO of WCI Steel, Inc. and Former Chief Financial Officer of Dresser-Rand Group, Inc. Director since 2008</i>
Henry Cornell	<i>Founder and Senior Partner of Cornell Capital LLC and Former Managing Director and Vice Chairman of the Merchant Banking Division of Goldman Sachs & Co. Director from 2007-2015 and since 2018</i>
Barbara J. Duganier	<i>Former Global Chief Strategy Officer of Accenture and Former Global Chief Financial Officer of Andersen Worldwide Director since 2015</i>
Craig Ketchum*	<i>Former MRC Global Chairman of the Board, President and CEO Director since 2007</i>
Andrew R. Lane	<i>MRC Global President and Chief Executive Officer and former Halliburton Chief Operating Officer Director since 2008</i>
Dr. Cornelis A. Linse	<i>Former Chairman of the Netherlands Commission for Environmental Impact Assessment and former Shell executive Director since 2010</i>
John A. Perkins	<i>Former CEO of Truflo International plc Director since 2009</i>
H. B. Wehrle, III*	<i>Former MRC Global Chairman of the Board, President and CEO Director since 2007</i>
Robert L. Wood	<i>Former Chairman, President and CEO of Chemtura Corporation Director since 2015</i>

*Mr. Ketchum and Mr. Wehrle have chosen not to stand for re-election and will retire from the Board of Directors after 13 years in May 2020.

Growing Stronger.

Corporate Information

Corporate Headquarters

MRC Global Inc.
Fulbright Tower
1301 McKinney Street
Suite 2300
Houston, Texas 77010
Phone 877.294.7574
mrcglobal.com

Common Stock Listed

New York Stock Exchange - Symbol: MRC

Transfer Agent

Computershare Trust Company, N.A.
P.O. Box 505000
Louisville, KY 40233

Annual Meeting of Stockholders

Thursday, May 7, 2020
10:00 a.m. Houston, Texas time
Fulbright Tower Auditorium
1301 McKinney Street
Houston, Texas 77010

Independent Public Accounting Firm

Ernst & Young LLP

Forward-Looking Statements

The foregoing letter to shareholders contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Words such as “optimistic”, “goal”, “expect”, “expected”, “will”, “believe” and similar expressions are intended to identify forward-looking statements.

Despite the company’s expectations of the continued recovery of our markets, our achievement of our goal to have 45% of sales from valves, valve automation and measurement and control products and improved revenue and profitability, these are only MRC Global’s expectations regarding these matters. Actual results could be materially different based on various factors. These factors include factors that generally impact our business as described in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the (“SEC”) and any later filings that we make with the SEC. A copy of this report accompanies this letter as part of our annual report to shareholders. For a discussion of key risk factors, please see the risk factors disclosed in the company’s SEC filings, including the Form 10-K, which are available on the SEC’s website at www.sec.gov and on the company’s website, 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 Measures

The foregoing letter to shareholders contains references to adjusted gross profit percentage, adjusted EBITDA and adjusted gross margins. These are all non-GAAP measures, which are not necessarily better than the related GAAP measure. For a discussion of the differences between these non-GAAP measures and the related GAAP measure and a reconciliation between each, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the company’s Annual Report on Form 10-K for the year ended December 31, 2019, a copy of which is included in the annual report to shareholders to which the letter is included.

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mrcglobal.com

