

MRC Global - Simplifying a

With the immense growth that MRC Global Inc. has experienced over the past several years, it is clear that the company is taking its vision of being the Global Supplier of Choice® to the next level. Through both organic growth and acquisitions, MRC Global has become one of the largest, full service distributors of PVF to the markets it serves. Having added operations in Europe, Australia, Asia and the Middle East to its existing distribution network in Canada and the United States, the company is expanding its global reach while maintaining a local touch.

Valve World Americas had the opportunity to speak with Bill Slack, Senior Vice President – Supply Chain and Business Development of Valves & Automation, Steve Bernard, Vice President – Automation & Controls, Ralph Chaney, Vice President – Business Development for Downstream Valves and John Carte, Vice President – Supply Chain, Valve and Specialty Products, about MRC Global's high level of customer service, its strategic acquisitions, future plans and the company's continued growth.

By Sarah Bradley

After nearly a century in business, MRC Global has found a successful formula for combining its historically family-owned business values of customer service and local concentration with the determination and foresight of a proactive and innovative leader in the current and future industrial markets. This combination of ideals has resulted in MRC Global's ability to maintain its position as an industry leader by delivering small company values on a global scale. Despite having a corporate organization, the company focuses on serving its customers' needs every day at the local level.

"I think the backbone of our company is that we have branches located where the customers are and branch managers that have been at locations for, sometimes, over 30 years, growing with the customer base. Our kids play soccer with our customers' kids. Our kids go to school with

our customers' kids. They go to church with our customers on Sundays. That is the local touch," explained Ralph Chaney. "Real people with a real commitment to helping each other."

GROWING WITH THE INDUSTRY

2012 was a banner year for MRC Global, as it was listed on the New York Stock Exchange as a publicly traded company and made its debut on Fortune magazine's "Fortune 500" list of the largest publicly held companies in the U.S. This past year was no different, with the company recently announcing two new international acquisitions. At the end of 2013, MRC Global announced that it had entered into an agreement to acquire privately held Stream AS, leading PVF distributor and provider of flow control products, solutions



and services to the Norwegian offshore oil and gas industry, headquartered in Norway. The acquisition of Flangefitt Stainless Ltd., a Warrington, England-headquartered leading PFF distributor to the oil and gas industry, was also announced.

MRC Global is continuously pursuing like-minded bolt-on acquisitions to grow its strategic service network and will continue to create new locations to broaden its unique service network. By further building its location footprint and valve automation capabilities, the company is able to support customers with multiple locations, in all industry sectors and geographic locations.



The new Valve Automation Demonstration Center at MRC's Valve Distribution Center in Galena Park, TX.

Actively expanding over the past five years, MRC Global has grown its international presence, building upon its North American shale play infrastructure and increasing its overall product offerings, most notably in valves. In order to strengthen its presence within the upstream and downstream sectors, MRC Global acquired the business of Houston-based Valve Systems and Controls (VSC) from Curtiss-Wright in 2011. Acquiring three additional regional companies in and around major North American shale plays has enabled MRC Global to better support the increased drilling activity. The company credits this increase in activity, the resulting pipeline infrastructure and the new U.S. pipeline integrity regulations, with being largely responsible for the growth it has experienced in the midstream sector. MRC Global has also invested in building large regional distribution centers in San Antonio, Texas to support the Eagle Ford region, Cheyenne, Wyoming to serve the Niobrara and Bakken plays and Horseheads, New York to support the Marcellus play and part of the Utica shale play.

"The shale plays that we focus on throughout North America have become a great business for us over the past three to five

Complex, Global Supply Chain

years, and it continues to grow. We continue to have acquisitions of smaller companies that are positioned to service these new shale play areas. We are very focused on putting our branches right where the customers need our products," said John Carte.

MRC Global has also become heavily involved with the activity in the oil sands regions of western Canada. In 2008, the company made its first international expansion through the acquisition of the remaining ownership of Midfield Supply. The move allowed MRC Global to expand its North American presence and extend its ability to supply customers across the continent with the same high level of service. Recently, MRC Global expanded its regional distribution center in Edmonton, Alberta with the addition of a state-of-the-art valve automation center, an additional 60,000 square foot warehouse expansion and almost 40,000 square feet of dedicated project warehouse in response to the robust activity in the Canadian oil sands regions.

With such a diverse customer base, from the large global companies, such as Shell, Chevron and ConocoPhillips to small local companies with PVF product and service needs, MRC Global is determined to bring value to the operations of all customers through its quality process, product sourcing and extensive distribution network. By supporting multiple branches with larger regional distribution centers, MRC Global is better able to quickly provide the products and services to their customers when and where they need it. The company believes that one of its greatest strengths as a supplier is providing their customers easy access to an inventory with an extensive depth and breadth of product offering.

"We keep really close contact with our customer base, as well as with our supply chain, on an hourly basis as opposed to daily or monthly. To maintain our position in the market, we have to maintain close contact with the industry trends and innovations. We have to be the company that brings new solutions to the market. We have to be the company that looks into the future and sees what direction the market is going and be able to create supply chain solutions that fit the industry's needs," said Ralph.

"It's really about listening to the customer, finding out what their challenges are and then developing improvements or enhancements in the design of the product or service to help solve that. Twice a year, we poll our manufacturing base to get a sense of where they see the trends in the industry heading, such as higher pressures, higher temperatures or new applications coming online. They are able to survey the needs from a ground level," John said.

PRODUCTS & SERVICES

As the leading supplier of valve and valve automation products in North America, MRC Global boasts a very broad, extensive and strong product offering to serve the downstream, midstream and upstream markets. The company relies on a thorough quality program. Product testing, supplier registration and multiple on-site manufacturer inspections are some requirements a supplier must meet in order to be included on MRC Global's Approved Suppliers List. MRC Global locations participate in regular



internal audits and annual ISO audits at certified locations.

Valve automation has become an important factor in the industry and a focus of great investment for MRC Global. The company has been actively developing its automation capabilities with the construction of 27 actuation centers globally to offer an extensive line of the best valve automation products available, to compliment the company's wide valve product offering. The automation services allow MRC Global to provide customers a complete, global valve distribution solution. Moreover, they can offer their customers a standardized actuated valve solution across their network of sites. This significantly improves their customers' operating reliability and reduces their costs. The active growth in company's valve, valve automation and valve controls offerings have made it MRC Global's largest product category.

"Our valve automation centers are located within a 100-mile radius of all of our major customers. Typically, we can get products to them within a couple of hours, utilizing our RDC [regional distribution center] system. Our goal is to build our inventory and reduce lead times in order to get the product to our customers as quickly as we can. That starts with having the product as close to the customer as possible," said Steve Bernard. "As more of our customers are international, we are trying to be in a position to support them around the world. We standardize processes so that expectations are at the same service levels globally and they can receive the same product output from us around the world.

"If a client buys a product in Houston, they can also place the same request from a facility in California knowing that they will get the same quality product and the same service. Our distribution system creates consistency across the entire organization, especially in our valve automation capabilities," said Bill Slack.

The company also recently opened a world-class Valve Automation Demonstration Center at their 120,000-square-foot Valve Automation Center in Houston where complex valve automation package options can be explained and demonstrat-

ed for customers. MRC Global typically performs 15-20 tours of the facility per month.

KEY PROJECTS

MRC Global has inked several large deals with some of the industry's biggest companies. A milestone in the company's development came in mid-2012 with the award of a five-year, global Enterprise Framework Agreement (EFA) by Shell, for the distribution of valves and valve automation services. Shell additionally awarded MRC Global with a PFF distribution EFA for the United States and alloy PFF contract for Canada. The global EFA is a milestone for MRC Global as it was not only the largest contract in company history, it is the first of its kind in the distribution industry. The broad contract allows MRC Global to consolidate Shell's valve and valve automation supply base, while standardizing their product lines, processes and procedures at all their operations globally. The broad, global contract proved to be a harbinger of a new trend in the energy industry: large, global energy companies began searching for one global supplier who could provide consistently high quality products to their operations around the world. MRC Global had built a company to do just that.

2013 saw similar broad contracts set in place with the PVF distributor. MRC Global strengthened its relationship with BP PLC, receiving a contract from BP Products North America, Inc. to supply mainte-

nance, repair and operating (MRO) goods and services, as well as providing carbon and stainless steel pipe, valves and fittings and related materials to BP Refining and Marketing North America. MRC Global also entered into various downstream contracts with other subsidiaries of BP including, BP Chemical in Belgium, BP Chemicals Limited in the U.K. and BP Europa SE – BP Nederland and BP Raffinadererij Rotterdam B.V. in the Netherlands.

FUTURE PLANS

If the company's current market position is any indicator, the future is bright indeed. MRC Global has plans to continue to invest in valves and the strategic geographic positioning of its valve distribution businesses that its customers have come to rely on. The company plans to add to its capabilities by aligning with companies with similar company culture, expanding product lines, growing facilities and continuing to invest in talented people. Planning to grow organically from its current, well-positioned platform, MRC Global believes the future will bring continued enhancement to the company's global PVF footprint.

With its strong manufacturer relationships, large service location footprint, valve automation and modification capabilities, quality processes and instrumentation and specialty products capabilities, MRC Global is confident that it can continue to serve as the bridge between end users and high quality valve manufacturers.

MRC GLOBAL AT A GLANCE

Company Name:
Chairman, President & CEO
Number of Employees
Locations

MRC Global Inc.
Andrew Lane
4,500+
Over 410 service locations
(250 branches, 130+ pipeyards,
27 Valve Automation Centers,
16 Distribution Centers)
Pipe, Valve, Fittings and related
products and services
Energy and Industrial markets
www.mrcglobal.com

Products & Services

Industry Markets
Website