



MRC – From a rich heritage to a bright future

The acquisition of Transmark Fcx by McJunkin Red Man Corporation (MRC) in 2009 made big headlines, not only within the process industry, but in industries around the world. Obviously, Valve World reported on this mega-deal with an exclusive interview earlier this year, with MRC President, CEO and Chairman Mr Andrew Lane and MRC Transmark CEO Neil Wagstaff (January/February 2010). Almost a year after the acquisition and now that the dust has settled a bit, Valve World, met again with MRC and spoke with Mr Rory Issac (EVP, Business Development), Mr Joe Herzog (Sr VP, Business Development, Valves, Actuation, Specialty Products), and Mr Scott Hutchinson (EVP of North America operations) about the current status of the company, the experiences they've had since the 2009 acquisition and future growth for MRC.

By Christian Borrmann

"Our mission with MRC is to be the global supplier of choice in the markets we serve by building strong relationships with our customers and suppliers," Mr Isaac begins the interview. "We want to create superior value for our stakeholders by working as a team to efficiently buy, sell and deliver PVF products to the energy and industrial markets."

A brief history

MRC has a rich and important past. As they continue to evolve as a company, they consistently build upon the success of their past in order to create a bold vision for their future. Almost overnight, they've grown from a local presence to a global powerhouse. They've joined two companies together; each with their own



history, strengths and character to become a major corporation whose branches conduct business worldwide. Originally, MRC was two separate companies: McJunkin Corporation, located in Charleston, West Virginia USA and Red Man Pipe & Supply Company, located in Tulsa, Oklahoma USA. On October 31, 2007, the two legacy companies became one to form McJunkin Red Man Corporation (MRC). Throughout their history, they have faced many challenges, while still retaining their founders' spirit, grit, innovation and perseverance. This steely determination has led to their vision to be the world's premier distribution company of PVF products and services to the energy and industrial markets. It's a distinction they take quite seriously.



Mr Rory Isaac – EVP Business Development.

"The history of our company continues to develop daily," explains Mr Isaac. "In 2008, Mr Andrew Lane was appointed president and chief executive officer. At the same time, MRC acquired LaBarge Pipe & Steel Company. In 2009, we opened up our corporate headquarters in Houston, Texas and then later that year, we acquired Transmark Fcx." This was a pivotal moment in the history of the company, and it set the stage for a future that strategically positions McJunkin Red Man as an international player in key markets.

Since then, other acquisitions have been made including The South Texas Supply Company in May 2010 and the operation and asset acquisition from Dresser Oil Tools & Supply in August 2010. Both acquisitions were made as part of the strategic focus to increase MRC's presence and commitment to customers in the active shale plays across North America.

Given these latest developments, MRC certainly belongs to the world's largest distributors of pipes, valves and fittings and related products and services to the energy industry based on sales. Also, the company belongs to a leading group of PVF distributors serving industries across each of the upstream, midstream and downstream markets. Mr Isaac states, "We bring added products and services to the market along with the knowledge and expertise of more than 3,640 employees. Our employees are some of the most knowledgeable in the industry, and we are focused on the supply and distribution of PVF products and services to the energy and industrial sectors,

chemical, petrochemical, refining, power, manufacturing and mining industries, just to name a few."

The importance of valves

MRC provides PVF products to several different industries and within this group, the valve market plays a major role. Mr Isaac explains, "Valves remain a very important focus for us, and we continue to enhance our position in the marketplace by representing the leading valve manufacturers in the industry. By working closely with these manufacturers to ensure high quality, we are able to provide a superior product and an enhanced level of service to our customers. Also, what really sets us apart from our competitors is that we maintain strong relationships with our customers



Mr Scott Hutchinson – EVP Operations North America

A selection of Valves

• Upstream Valves

MRC is a supplier of valves for the exploration and production market. From floating to trunnion-mounted ball valves, MRC inventories extensive size ranges, multiple configurations, plus most body and trim types for core valves to the upstream markets. MRC is a preferred stocking distributor of the leading manufacturers to this market.

• Industrial Valves

MRC maintains an extensive inventory of valves to serve major industrial markets. The inventory includes soft and metal seated ball valves, resilient seated, high-performance and triple offset design butterfly valves, as well as a variety of other valves and options to meet specific requirements.

• Midstream Valves

MRC is one of the largest suppliers of API 6D ball, plug and check valves required by transmission, pipeline, gas gathering and utility markets. Their valve inventory includes trim in order to meet the requirements of NACE MRO 175 and API 6FA/607 fire safe and ANSI B1 6.34 specifications. In addition, MRC is one of the largest stocking distributors of polyethylene ball valves in North America.

• Gas Utility Valves

MRC has a vast inventory of valves to service the gas utility industry, including polyethylene ball valves compatible with piping in gas distribution systems, along with an assessment of additional valves to serve this market.

• Downstream Valves

In the position as a leading supplier of API cast and forged valves to the refining, petrochemical and process industries, MRC maintains gate, globe and check valve inventories in materials such as carbon, steel, stainless steel and exotic alloys. MRC also inventories specialty valve products for critical applications such as fugitive emission bellows seal, HF acid service and other requirements.



Pictured is (left) Mr Joe Herzog – Sr.VP Business Development, Valves and Specialty Products – and Mr Kirk Bozarth (right) – Production Manager for Valve Automation.

through our entire value proposition. Also, we have the flexibility to source valves from multiple manufacturers which, in turn, allows us to offer competitively priced valves to the marketplace."

Even though MRC has expanded its reach around the world, it is not new to the valve business. In fact, MRC has been providing valves to their customers for over 80 years. Mr Isaac says that there is a lot of customer activity with valve automation and valve specialty products. "We continue to intensify our focus on valves, valve automation and modification and specialty products." MRC's balanced position of local branch inventory, combined with strategically located stock in regional distribution centres, allows them to provide customers with the convenience of immediate availability of a wide selection of valve inventory.

In order to complement their comprehensive valve inventories and automation shops, MRC has set up a large Valve Distribution Center in Houston, Texas. Primarily designed as the flagship valve centre, this location stocks commodity valves and specialty valves for project and MRO requirements and houses extensive valve automation and modification capabilities like no other distribution centre in the world. Mr Joe Herzog explains, "With the depth of valve and valve automation offerings, we bring something unique to the marketplace that no one else brings: a breadth of inventory that includes valves, valve automation and specialty products. Some of our product offerings include bronze, carbon steel, cast iron and chrome valves; multi-turn valves; quarter-turn valves and butterfly valves. This distribution centre will allow our customers and future customers to see the full extent of our capabilities in the valve business. We do everything in house, and I mean everything. And that's a great benefit

to our customers."

And Mr Isaac adds, "This location has been completely transformed into a premier valve and automation centre. With more than 110,000 square feet of warehouse space, this facility stocks a wide range of valves and accessories from leading manufacturers. The facility has been remodelled to accommodate the large valve inventory and our in-house automation and valve modification shops."

New developments

As mentioned earlier, MRC has made two important acquisitions this year: the acquisition of The South Texas Supply Company and the operations and assets from Dresser Oil Tools & Supply. These two acquisitions were a part of MRC's strategic plan, which is to focus on increasing its presence and commitment to customers in the active shale plays across North America. Mr Isaac: "Let me give you a little bit of background on why we acquired these two companies. Firstly, as far as The South Texas Supply Company is concerned, one major factor was that they operate from two branch locations in the region of Carrizo Springs, Texas, from where they have supplied oilfield products to the region since 1996. With the acquisition, we now support oil and gas exploration and production, as well as the pipeline and gathering infrastructure within the Eagle Ford shale. Secondly, the reason for acquiring Dresser Oil Tools & Supply assets was to enhance



Machinery in the modification shop for testing valves.



Mr Dick Caswell – Valve Specialist.

those same capabilities in the Bakken shale'. Apart from these recent acquisitions, MRC has further enhanced its capabilities to service other shales in North America by the opening of new service locations in Horseheads, New York, US Center, Texas, US and the relocation to a larger facility in Shreveport, Louisiana, US, with two additional locations coming soon in the Marcellus.

MRC has also restructured existing facilities as Mr Scott Hutchinson explains, "One of our major hubs called "Darien" is located on the east side of Houston. This location will now serve as the MRO Regional Distribution Center for the region. The idea is that this facility will provide next-day inventory access to branches ranging from Mobile, Alabama to Baton Rouge, Louisiana; to Laredo and Odessa, Texas; to Tulsa, Oklahoma and to Little Rock, Arkansas. Orders entered into our IT system will be picked, packed and shipped to arrive at the servicing branch at the start of the business the following morning. This process allows each branch in the US to access hundreds of millions of dollars in PVF materials. And this type of logistical strategy is a key advantage for us."

The global role of MRC Transmark

MRC Transmark's expertise in valves complements MRC's focus in this product area. At the forefront of the international valve distribution market, MRC Transmark offers an unrivalled breadth and depth of products combined with expert technical support and outstanding customer service. MRC Transmark is a major international distributor of valves, instrumentation and ancillary flow control equipment, providing technical solutions and added value service through a worldwide network of 34 distribution and service facilities and

alliances with locations in United Kingdom, The Netherlands, Belgium, Finland, France, Germany, Italy, Australia, New Zealand, United Arab Emirates, China, Thailand and Singapore.

Through its multiple locations, MRC has achieved success by building and maintaining market position through their innovative supply chain and valve management services, helping to position the company as the leading player in many of the markets they serve. Primarily serving the MRO and EPC markets with high quality valves, actuators and related equipment, MRC Transmark continues to focus on the following industries: oil and gas, petrochemical and power.

"Our company works hard alongside our customers, reviewing specifications and creating value solutions that deliver a high standard of performance and safety," states Mr Isaac. "Whether it's in the US or international markets, there is a lot of customer activity with valve specialty products. We continue to intensify our focus on valves, valve automation and specialty products in order to provide best-in-class service to our customers."

The acquisition of MRC Transmark was a strategic complement to MRC in North America because the company has, as a global supplier of flow control equipment, been involved in distribution logistics for quite a number of years, incorporating both comprehensive market know-how and project experiences in managing the distribution chain, including an established track record in total project management, a dedicated team to source projects, management of supply logistics and technical support for major new builds, MRO contracts and key accounts worldwide. "With the acquisition of MRC Transmark, we now have an international footprint in the marketplace. When you couple that with the opening of our Valve Hub in Texas, we have now broadened our product range so



Mr Joe Herzog (left) – Sr.VP Business Development, Valves and Specialty Products and Mr Ralph Chaney – VP Business Development Downstream Valves.

that our customers will see the full range of our product capabilities in the valve business on a global basis. Whether it's a refinery, a chemical plant, an oil or gas pipeline, a gathering line or a well onshore or offshore, MRC can provide an automated or manual valve solution," points out Mr Isaac.

The road ahead

MRC has a long and rich history within the valve industry, especially within the North American market. "Based on our rich heritage, our company will further strengthen our footprint in markets around the world. Our mission is to become the global supplier of choice in the markets we serve by building strong relationships with our customers and suppliers. At the moment, MRC has more than 400 service locations around the world, so that we are able to work closely with our customers," states Mr Isaac and he concludes, "We are working together as a team to efficiently distribute pipes, valves and fittings, and related products and services to the energy and industrial markets globally and locally. We use our global strength to support the local offices, and we want to intensify this even more over the next several years. We are striving to have a global reach with a local touch."

MRC at a glance

Company name:

President, CEO and Chairman:

Number of employees:

Locations:

Products & Services:

Industry markets:

Turnover:

McJunkin Red Man Corporation

Andrew Lane

Approximately 3640

More than 400 service locations (250 branch, service & distribution centers, and 150+ pipe yards)

Pipe, Valve, Fittings and related products

Energy and Industrial Markets

\$3.66 Billion in 2009