

# MSC INDUSTRIAL DIRECT CO., INC.

Raymond James Conference  
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Rustom Jilla, Chief Financial Officer

# SAFE HARBOR STATEMENT

## CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.

This presentation contains forward-looking statements within the meaning of U.S. securities laws, including guidance about expected future results, expectations regarding our ability to gain market share, expected benefits from our investment and strategic plans, and expected future margins. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements; are based on our current expectations; and we assume no obligation to update them. Factors that could cause actual results to differ materially from those in forward-looking statements include: general economic conditions in the markets in which we operate, current economic, political and social conditions, changing customer and product mixes, competition, industry consolidation, volatility in commodity and energy prices, credit risk of our customers, risk of cancellation or rescheduling of orders, work stoppages or other business interruptions (including those due to extreme weather conditions) at transportation centers or shipping ports, financial restrictions on outstanding borrowings, dependence on our information systems and the risk of business disruptions arising from changes to our information systems, disruptions due to computer system or network failures, computer viruses, physical or electronics break-ins and cyber-attacks, the inability to successfully manage the upgrade of our core financial systems, the loss of key suppliers or supply chain disruptions, problems with successfully integrating acquired operations, opening or expanding our customer fulfillment centers exposes us to risks of delays, the risk of war, terrorism and similar hostilities, dependence on key personnel, goodwill and intangible assets recorded as a result of our acquisitions could be impaired, and the outcome of potential government or regulatory proceedings or future litigation relating to pending or future claims, inquiries or audits.

Information about these risks is noted in the earnings press release and in the Risk Factors and MD&A sections of our latest annual and quarterly reports filed with the SEC, as well as in our other SEC filings. Investors are cautioned not to place undue reliance on these forward-looking statements.

# COMPANY OVERVIEW

**MSC is a value added distributor of services, solutions & products that helps customers reduce their MRO supply chain costs**

**Founded in 1941 by Sid Jacobson**

**> 6,000 associates**

**> 80 branches and 5 primary distribution centers**

**> 3,000 suppliers**

**> 1 Million SKUs, many with 99% fill rates**

**\$2.9 Billion  
Revenue\***

**12%  
20-Year Sales  
CAGR\*\***

**13%  
Operating Margin\***

**13%  
20-Year EPS  
CAGR\*\***

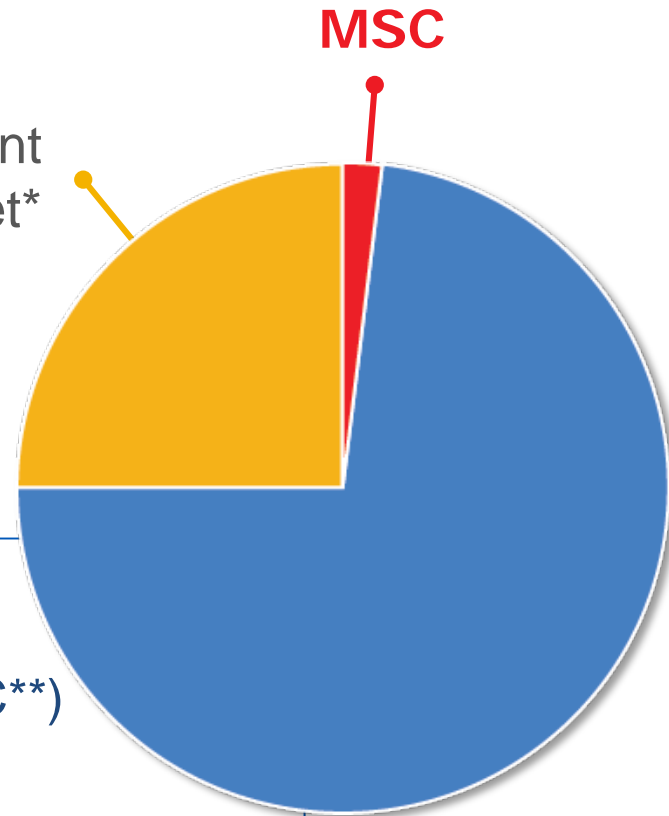
\* Year ended September 3, 2016

\*\* 20-Year CAGR calculated through September 3, 2016



# INDUSTRY OVERVIEW

The top 50 companies represent less than 30% of the market\*



- \$525B MRO Market in the US\*  
(\$160B directly addressable by MSC\*\*)
- Highly Fragmented
- 145,000 Distributors in the US\*

\*Source: MDM Analytics (figures are approximate)

\*\*Source: Calculation performed by MSC (calculation is approximate)

# FULFILLMENT CENTER NETWORK



# BROAD PRODUCT OFFERING



>1.5 Million

Active SKU's



99%

Fill Rate\*

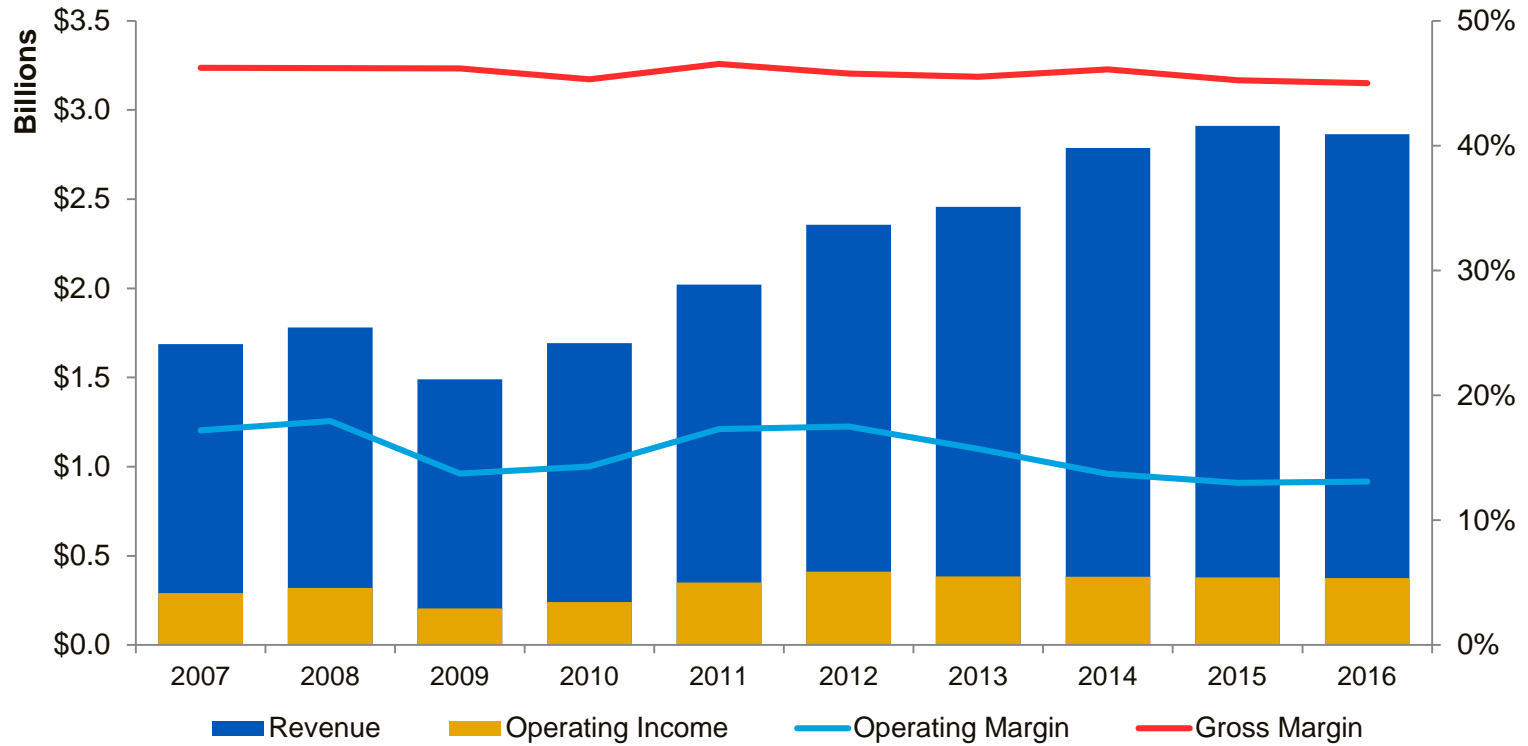
Significant competitive advantage



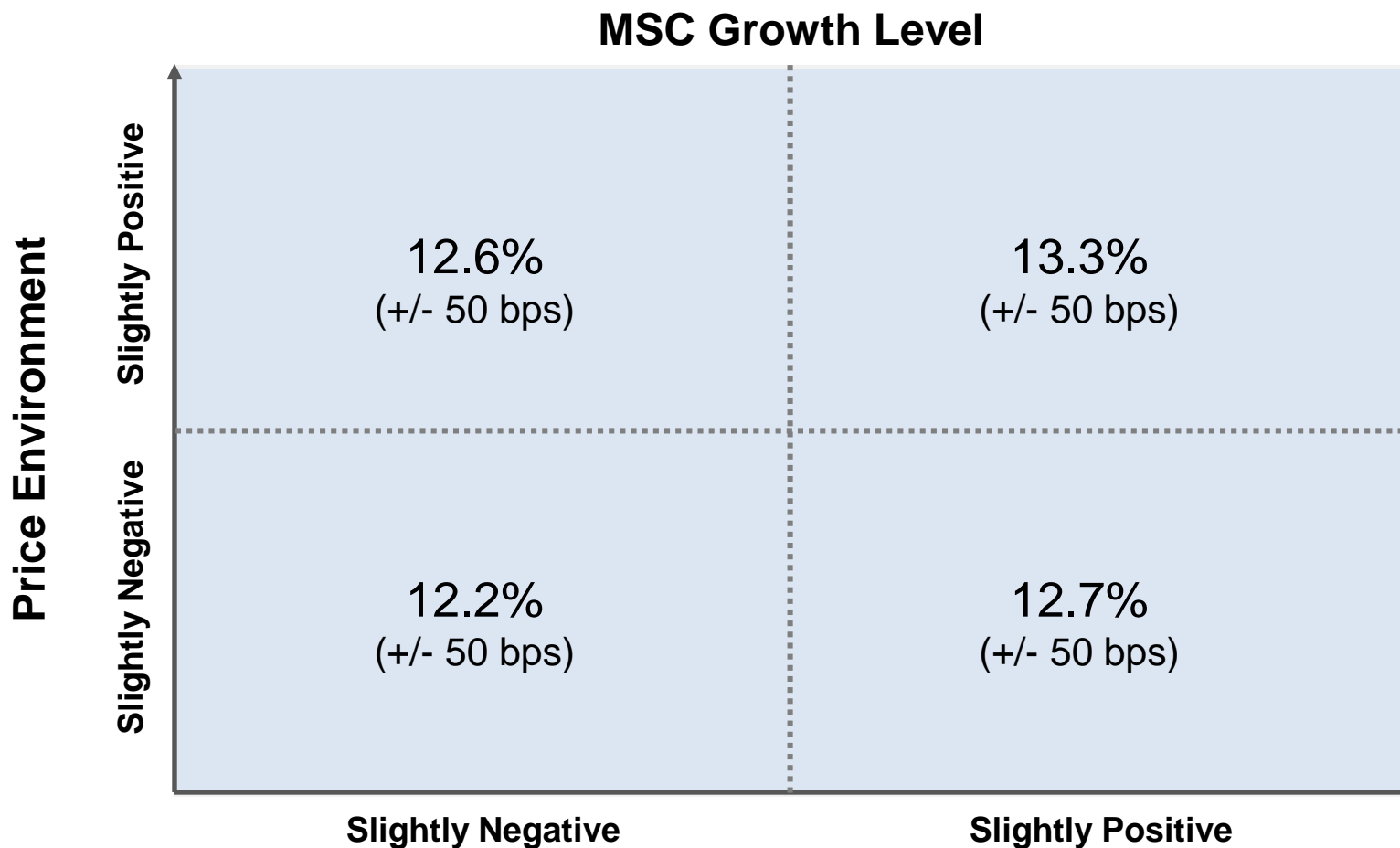
\* Fill rate pertains to many products

**MSC**

# STRONG TRACK RECORD



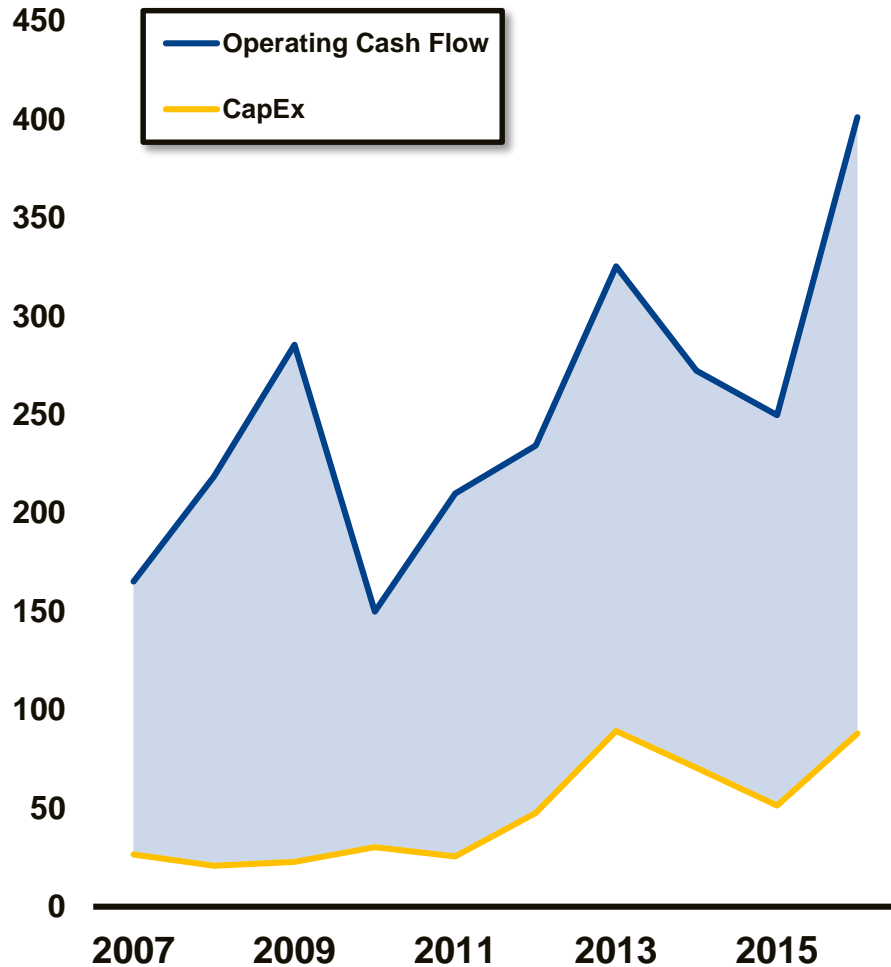
# FY 2017 Annual Operating Margin Framework



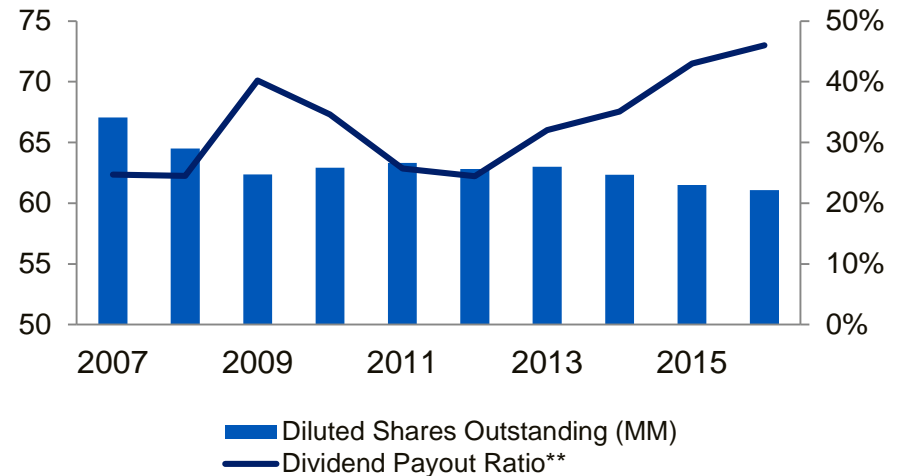
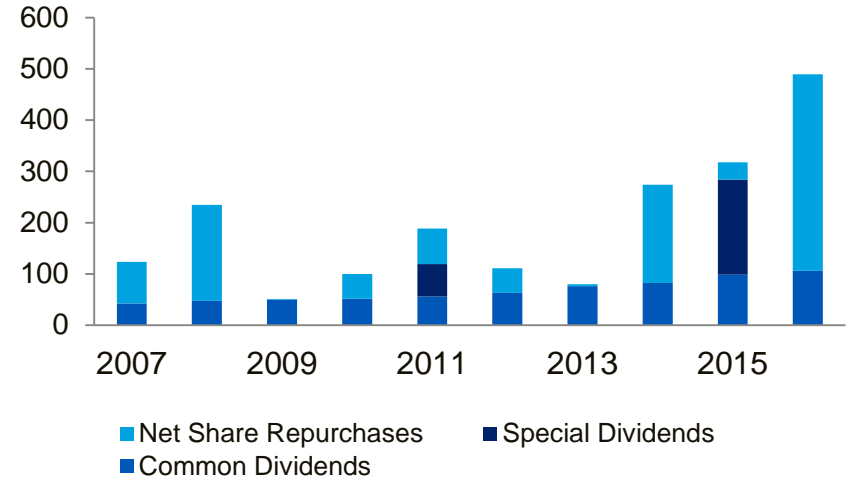


# STRONG OPERATING CASH FLOW GENERATION

## Operating Cash Flow (\$M)



## Returned to Shareholders (\$M)



\*\* Dividend Payout Ratio calculated as common dividends per share / diluted EPS.