

Fiscal 2019 Q3 Earnings Presentation

July 10, 2019

Risks and Non-GAAP Disclosures

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, including from our recent acquisitions, 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; changing customer and product mixes; competition, including the adoption by competitors of aggressive pricing strategies and sales methods; industry consolidation and other changes in the industrial distribution sector; volatility in commodity and energy prices; the outcome of government or regulatory proceedings or future litigation; credit risk of our customers; risk of customer cancellation or rescheduling of orders; work stoppages or other business interruptions (including those due to extreme weather conditions) at transportation centers, shipping ports, our headquarters or our customer fulfillment centers; dependence on our information systems and the risks of business disruptions arising from changes to our information systems and disruptions due to catastrophic events, power outages, natural disasters, computer system or network failures, computer viruses, physical or electronic break-ins and cyber-attacks; retention of key personnel; retention of qualified sales and customer service personnel and metalworking specialists; risk of loss of key suppliers, key brands or supply chain disruptions; risks associated with changes to trade policies, including the impact from significant restrictions or tariffs; risks associated with opening or expanding our customer fulfillment centers; litigation risk due to the nature of our business; risks associated with the integration of acquired businesses or other strategic transactions; financial restrictions on outstanding borrowings; failure to comply with applicable environmental, health and safety laws and regulations; goodwill and intangible assets recorded as a result of our acquisitions could be impaired; risks associated with the volatility of our common stock; and our principal shareholders exercise significant control over us.

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.

Throughout this presentation we will reference both GAAP and adjusted financial results, which are non-GAAP financial measures. Please refer to the reconciliation tables at the end of this presentation for a reconciliation of the adjusted financial measures to the most directly comparable GAAP measures.

FY 2019 Q3 Results

(dollars in millions, except per share data and as otherwise noted)

	FY 2019 Q3 Reported Results	FY 2019 Q3 Total Company Guidance Midpoint	FY 2019 Q3 Excluding Acquisitions⁽¹⁾⁽²⁾	FY 2019 Q3 Guidance Midpoint Excluding Acquisitions⁽²⁾	FY 2018 Q3 Reported Results
Net Sales	\$866.5	\$882.6	\$838.3	\$854.4	\$828.3
Gross Margin	42.5%	42.7%	43.1%	43.3%	43.6%
Operating Expenses	\$258.2	\$262.3	\$251.1	\$255.4	\$245.6
Effective Tax Rate	25.0%	25.1%	25.0%	25.1%	29.3%
Diluted EPS	\$1.44	\$1.49	\$1.45	\$1.49	\$1.39

(1) Non-GAAP reconciliations provided on slides 7–13.

(2) Excludes the impact of AIS acquisition, which closed on April 30, 2018, and the impact from MSC Mexico, which commenced operations on February 1, 2019.

FY 2019 Q4 Guidance

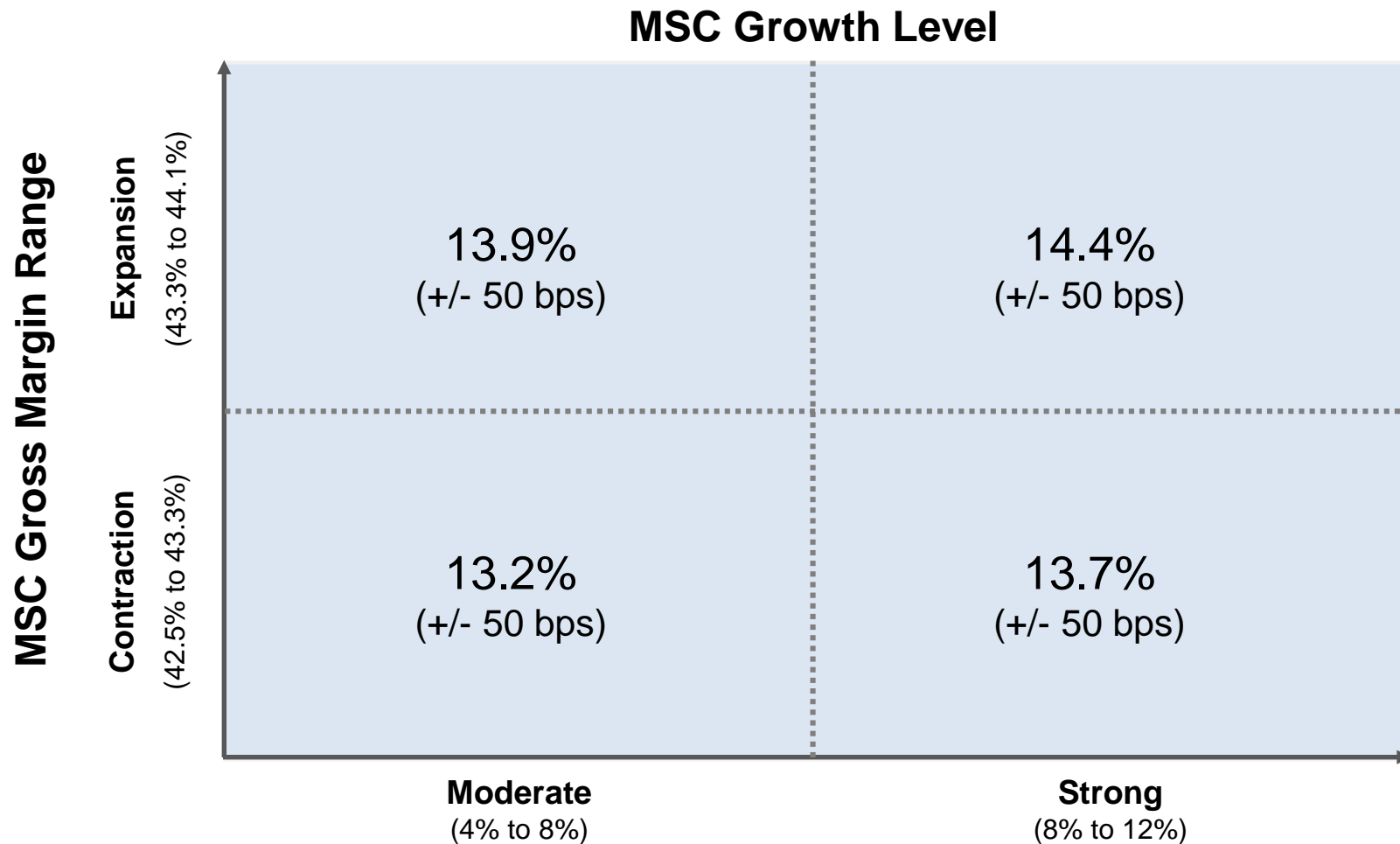
(dollars in millions, except per share data and as otherwise noted)

	FY 2019 Q4 Total Company Guidance	FY 2019 Q4 Guidance Excluding Acquisitions ⁽¹⁾⁽²⁾	FY 2018 Q4 Reported Results
Net Sales	\$835 – \$851	\$808 – \$824	\$838.0
Gross Margin	41.6% – 42.0%	42.1% – 42.5%	42.9%
Effective Tax Rate	24.1%	24.1%	29.6%
Diluted EPS	\$1.21 – \$1.27	\$1.21 – \$1.27	\$1.29

(1) Non-GAAP reconciliations provided on slides 7 –13.

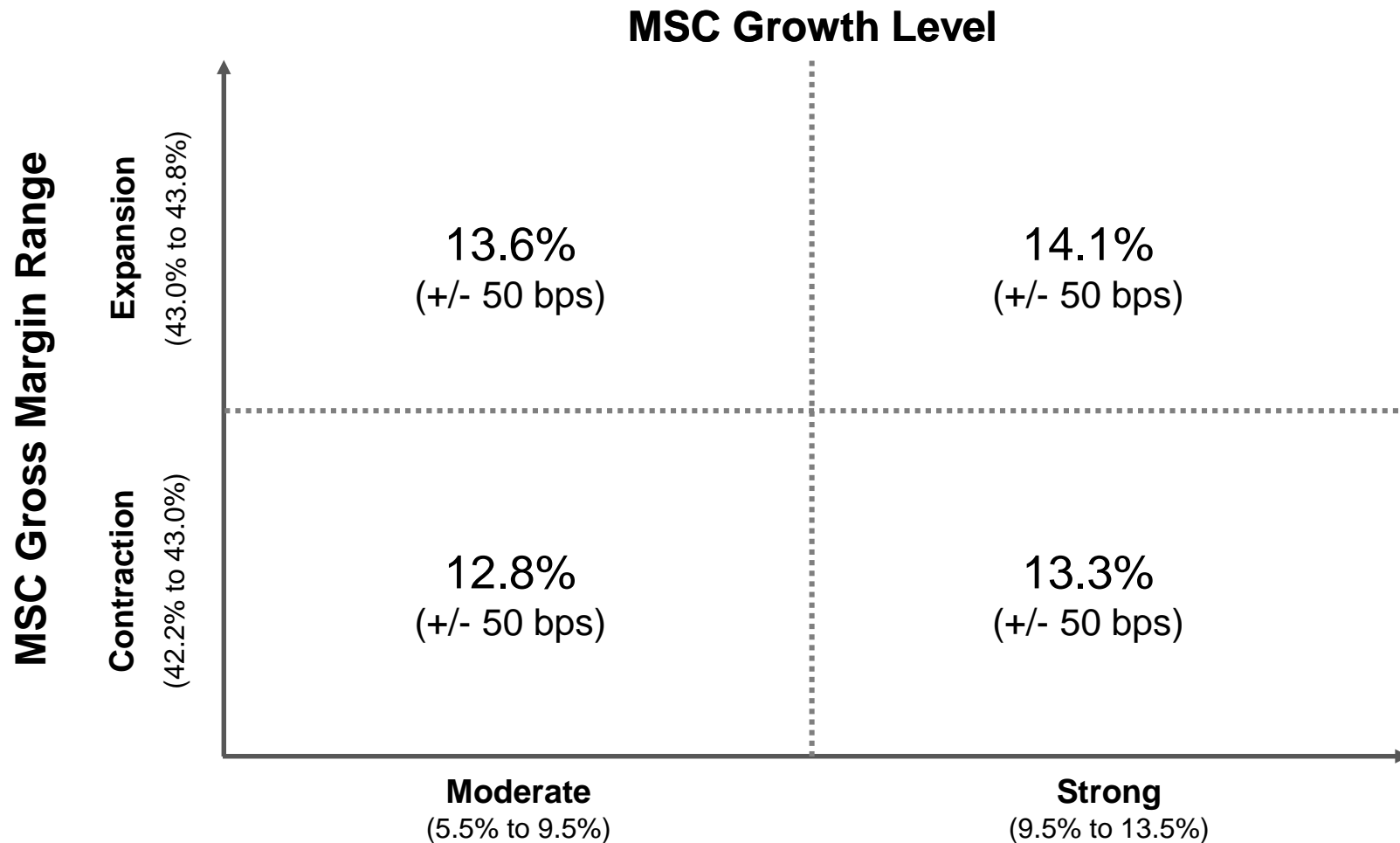
(2) Excludes the impact of AIS acquisition, which closed on April 30, 2018, and the impact from MSC Mexico, which commenced operations on February 1, 2019.

FY 2019 Annual Operating Margin Framework Base Business⁽¹⁾



(1) Excludes the impact of AIS acquisition, which closed on April 30, 2018, and the impact from MSC Mexico, which commenced operations on February 1, 2019.

FY 2019 Annual Operating Margin Framework Including AIS and MSC Mexico⁽¹⁾



(1) Includes the impact of AIS acquisition, which closed on April 30, 2018, and the impact from MSC Mexico, which commenced operations on February 1, 2019.

Reconciliations

Non-GAAP Financial Measures

• **Free Cash Flow (“FCF”)**

Our measure of “FCF” meets the definition of a non-GAAP financial measure. FCF is used in addition to and in conjunction with results presented in accordance with GAAP and FCF should not be relied upon to the exclusion of GAAP financial measures. Management strongly encourages investors to review our financial statements and publicly-filed reports in their entirety and to not rely on any single financial measure. FCF, which we reconcile to “Net cash provided by operating activities,” is cash flow from operations reduced by “Expenditures for property, plant and equipment”. We believe that FCF, although similar to cash flow from operations, is a useful additional measure since capital expenditures are a necessary component of ongoing operations. Management also views FCF as a measure of the Company’s ability to reduce debt, add to cash balances, pay dividends, and repurchase stock. FCF has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. For example, FCF does not incorporate payments made on capital lease obligations or required debt service payments. In addition, different companies define FCF differently. Therefore, we believe it is important to view FCF as a complement to our entire consolidated statements of cash flows. A reconciliation of cash provided by operating activities to FCF for the thirteen and thirty-nine week periods ended June 1, 2019 and June 2, 2018 is shown below.

• **Results excluding All Integrated Solutions (AIS) and MSC Mexico**

To supplement MSC’s unaudited selected financial data presented consistent with Generally Accepted Accounting Principles (“GAAP”), the Company discloses certain non-GAAP financial measures, including Non-GAAP net sales, non-GAAP gross profit, non-GAAP income from operations, non-GAAP (benefit) provision for income taxes, non-GAAP net income and non-GAAP diluted earnings per share, that exclude the results of our acquisition of All Integrated Solutions (“AIS”) and the operations of two newly-formed entities, MSC IndustrialSupply, S. de R.L. de C.V. and MSC Import Export LLC (which completed the acquisition of certain assets in February 2019), including the non-recurring acquisition and integrations costs (collectively, referred to as “Acquisitions”).

These non-GAAP measures are not in accordance with or an alternative for GAAP, and may be different from non-GAAP measures used by other companies. We believe that these non-GAAP measures have limitations in that they do not reflect MSC’s results of operations as determined in accordance with GAAP, and that these measures should only be used to evaluate MSC’s results of operations in conjunction with the corresponding GAAP measures. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP measures. We compensate for the limitations of non-GAAP financial measures by relying upon GAAP results to gain a complete picture of the Company’s performance.

In calculating non-GAAP financial measures, we exclude the results of the Acquisitions to facilitate a review of the Company’s operating performance on a period-to-period basis, for comparison with forecasts and strategic plans, and for benchmarking performance externally against competitors. We believe that investors benefit from seeing results “through the eyes” of management in addition to seeing GAAP results. We believe that these non-GAAP measures, when read in conjunction with the Company’s GAAP financials, provide useful information to investors by offering:

- the ability to make more meaningful period-to-period comparisons of the Company’s on-going operating results;
- the ability to better identify trends in the Company’s underlying business and perform related trend analyses;
- a better understanding of how management plans and measures the Company’s underlying business; and
- an easier way to compare the Company’s operating results against analyst financial models and operating results of competitors that supplement their GAAP results with non-GAAP financial measures

Reconciliations – Free Cash Flow

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES

Reconciliation of GAAP and Non-GAAP Information

Thirteen and Thirty-Nine Weeks Ended June 1, 2019 and June 2, 2018

(dollars in thousands)

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Net cash provided by operating activities Thirteen Weeks Ended		Expenditures for property, plant and equipment Thirteen Weeks Ended		Free cash flow Thirteen Weeks Ended	
June 1, 2019	June 2, 2018	June 1, 2019	June 2, 2018	June 1, 2019	June 2, 2018
\$ 88,622	\$ 112,050	\$ (12,800)	(13,533)	\$ 75,822	\$ 98,517

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Net cash provided by operating activities Thirty-Nine Weeks Ended		Expenditures for property, plant and equipment Thirty-Nine Weeks Ended		Free cash flow Thirty-Nine Weeks Ended	
June 1, 2019	June 2, 2018	June 1, 2019	June 2, 2018	June 1, 2019	June 2, 2018
\$ 187,200	\$ 230,237	\$ (35,956)	(30,794)	\$ 151,244	\$ 199,443

Reconciliations – Fiscal 2019 Q3 (Impact of Acquisitions)

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES

Reconciliation of GAAP and Non-GAAP Information

Thirteen and Thirty-Nine Weeks Ended June 1, 2019

(dollars in thousands, except per share data)

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		GAAP Measure		Non-GAAP Measure	
Net Sales		Acquisitions		Net Sales, excluding Acquisitions		Average Daily Sales Growth		Average Daily Sales Growth, excluding Acquisitions	
Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019
\$ 866,546	\$ 2,521,147	\$ 28,241	\$ 65,842	\$ 838,305	\$ 2,455,305	4.6 %	7.1 %	2.0 %	4.6 %

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		GAAP Measure		Non-GAAP Measure	
Gross Profit		Acquisitions		Gross Profit, excluding Acquisitions		Gross Margin		Gross Margin, excluding Acquisitions	
Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019
\$ 368,655	\$ 1,078,454	\$ 6,967	\$ 18,375	\$ 361,688	\$ 1,060,079	42.5 %	42.8 %	43.1 %	43.2 %

Reconciliations – Fiscal 2019 Q3 (Impact of Acquisitions) (cont'd)

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		GAAP Measure		Non-GAAP Measure	
Operating Expenses		Acquisitions		Operating Expenses, excluding Acquisitions		Operating Expenses as a percentage of Net Sales		Operating Expenses as a percentage of Net Sales, excluding Acquisitions	
Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019
\$ 258,154	\$ 768,972	\$ 7,010	\$ 17,521	\$ 251,144	\$ 751,451	29.8 %	30.5 %	30.0 %	30.6 %

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		GAAP Measure		Non-GAAP Measure	
Operating Income		Acquisitions		Operating Income, excluding Acquisitions		Operating Margin		Operating Margin, excluding Acquisitions	
Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019
\$ 110,501	\$ 309,482	\$ (43)	\$ 854	\$ 110,544	\$ 308,628	12.8 %	12.3 %	13.2 %	12.6 %

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Provision for income taxes		Acquisitions		Provision for income taxes, excluding Acquisitions	
Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019
\$ 26,505	\$ 74,320	\$ (259)	\$ (466)	\$ 26,764	\$ 74,786

Reconciliations – Fiscal 2019 Q3 (Impact of Acquisitions) (cont'd)

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Net Income		Acquisitions		Net Income, excluding Acquisitions	
Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019
\$ 79,514	\$ 222,176	\$ (678)	\$ (1,300)	\$ 80,192	\$ 223,476

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Net Loss Attributable to Noncontrolling Interest		Acquisitions		Net Loss Attributable to Noncontrolling Interest, excluding Acquisitions	
Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019
\$ (87)	\$ (81)	\$ (87)	\$ (81)	\$ -	\$ -

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Net income attributable to MSC Industrial		Acquisitions		Net income attributable to MSC Industrial, excluding Acquisitions	
Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019
\$ 79,601	\$ 222,257	\$ (591)	\$ (1,219)	\$ 80,192	\$ 223,476

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Diluted Earnings Per Share		Acquisitions		Diluted Earnings Per Share, excluding Acquisitions	
Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended	Thirteen Weeks Ended	Thirty-Nine Weeks Ended
June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019	June 1, 2019
\$ 1.44	\$ 4.00	\$ (0.01)	\$ (0.02)	\$ 1.45	\$ 4.02

Reconciliations – Fiscal 2019 Q4 (Guidance – Impact of Acquisitions)

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES
 Reconciliation of GAAP and Non-GAAP Information
 Guidance for Thirteen Weeks Ended August 31, 2019*
 (dollars in millions, except per share data)

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure	GAAP Measure	Non-GAAP Measure
Net Sales Thirteen Weeks Ended August 31, 2019	Acquisitions Thirteen Weeks Ended August 31, 2019	Net Sales, excluding Acquisitions Thirteen Weeks Ended August 31, 2019	Average Daily Sales Growth Thirteen Weeks Ended August 31, 2019	Average Daily Sales Growth, excluding Acquisitions Thirteen Weeks Ended August 31, 2019
\$ 843.4	\$ 27.7	\$ 815.7	2.2 %	1.0 %

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure	GAAP Measure	Non-GAAP Measure
Gross Profit Thirteen Weeks Ended August 31, 2019	Acquisitions Thirteen Weeks Ended August 31, 2019	Gross Profit, excluding Acquisitions Thirteen Weeks Ended August 31, 2019	Gross Margin Thirteen Weeks Ended August 31, 2019	Gross Margin, excluding Acquisitions Thirteen Weeks Ended August 31, 2019
\$ 352.1	\$ 7.3	\$ 344.8	41.8 %	42.3 %

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure	GAAP Measure	Non-GAAP Measure
Operating Expenses Thirteen Weeks Ended August 31, 2019	Acquisitions Thirteen Weeks Ended August 31, 2019	Operating Expenses, excluding Acquisitions Thirteen Weeks Ended August 31, 2019	Operating Expenses as a percentage of Net Sales Thirteen Weeks Ended August 31, 2019	Operating Expenses as a percentage of Net Sales, excluding Acquisitions Thirteen Weeks Ended August 31, 2019
\$ 257.8	\$ 6.9	\$ 250.9	30.6 %	30.8 %

* The data in the above tables represent the midpoint of management's guidance; see note regarding forward-looking statements

Reconciliations – Fiscal 2019 Q4 (Guidance – Impact of Acquisitions) (cont'd)

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure	GAAP Measure	Non-GAAP Measure
Operating Income	Acquisitions	Operating Income, excluding Acquisitions	Operating Margin	Operating Margin, excluding Acquisitions
Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
August 31, 2019	August 31, 2019	August 31, 2019	August 31, 2019	August 31, 2019
\$ 94.4	\$ 0.5	\$ 93.9	11.2 %	11.5 %

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure
Net Income	Acquisitions	Net Income, excluding Acquisitions
Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
August 31, 2019	August 31, 2019	August 31, 2019
\$ 68.6	\$ (0.3)	\$ 68.9

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure
Diluted Earnings Per Share	Acquisitions	Diluted Earnings Per Share, excluding Acquisitions
Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
August 31, 2019	August 31, 2019	August 31, 2019
\$ 1.24	\$ -	\$ 1.24

* The data in the above tables represent the midpoint of management's guidance; see note regarding forward-looking statements