

MSC INDUSTRIAL SUPPLY CO.

General Investor Presentation

Fiscal 2019

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, 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; recent U.S. tax legislation and increased volatility in the effective tax rate; 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 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.

MSC Industrial Direct: Company Overview

MSC is a leading value-add industrial distributor offering products, services and solutions that enable its customers to achieve higher levels of growth, productivity, and profitability

- ✓ Founded in 1941 and listed on NYSE (MSM) since 1995
- ✓ Leader in the highly fragmented industrial distribution market
- ✓ 6,500+ associates
- ✓ 100 branches and 5 primary distribution centers
- ✓ Broad offering: 1.6 million+ SKUs from 3,000+ suppliers
- ✓ Value-add solutions: metalworking expertise, supply chain management, e-commerce, productivity improvement and training

\$3.2B
Total Revenues

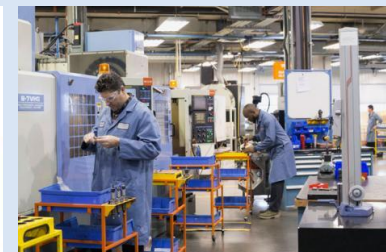
9%
20-Yr Sales CAGR

\$808M
Free Cash Flow
(over the last 3 years)

13.1%
Operating Margin

11%
20-Year EPS CAGR

\$849M
Returned to Shareholders
(over the last 3 years)



¹Year Ended September 1, 2018

²20-Year CAGR calculated through September 1, 2018

³Over the last three fiscal years ended September 1, 2018; see reconciliation table in appendix

⁴Over the last three fiscal years ended September 1, 2018

Key MSC Investment Highlights



Leader in the highly fragmented North American industrial distribution market with significant opportunities for organic and acquisitive growth



Value-added solutions approach focuses on addressing customer total cost of ownership with highly technical expertise and a broad portfolio of products and services



Industry-leading customer satisfaction ratings driven by customer-centric culture and obsession with delivering solutions that enable customer success



Profitable and scalable business model driven by investment in people, infrastructure and technology



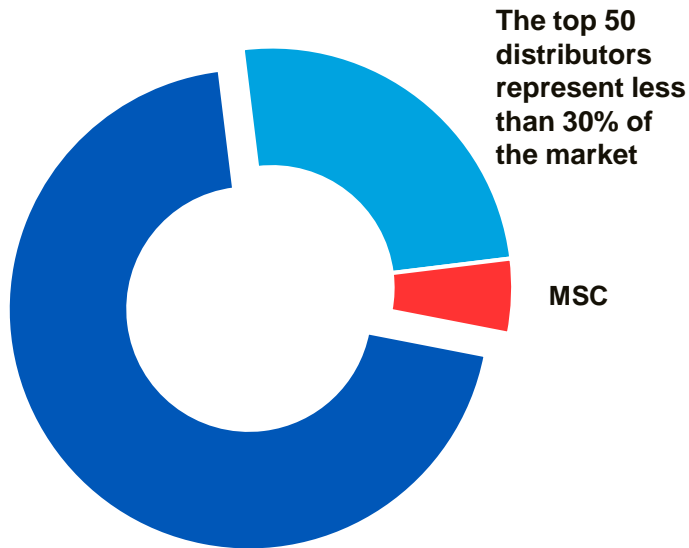
Capital allocation strategy based on an owner mindset and focused on long-term value creation for shareholders

Highly Fragmented Industrial Distribution Market

The North American industrial distribution market is very large and highly fragmented both across the addressable market and the customer landscape

Total Addressable Market

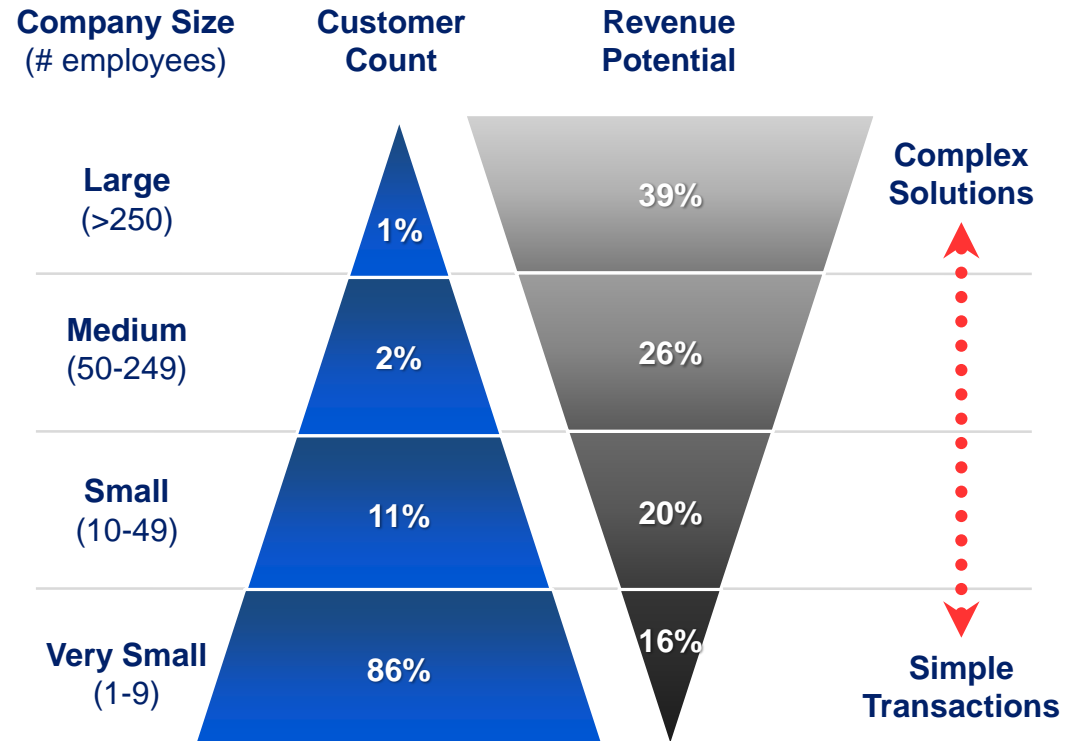
(~\$200 Billion in Sales)



✓ ~\$200B of the MRO market in N. America directly addressable by MSC²

✓ Highly fragmented with ~150K distributors in the US¹

Industrial Distribution Customer Landscape

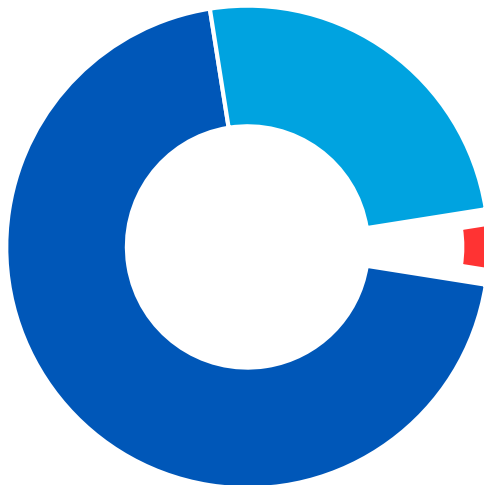


MSC's Position in the Market

MSC's target manufacturing market makes up about 50% of total addressable marketplace spend, making brand awareness and equity critical to attract and maintain customers

Total Addressable Market

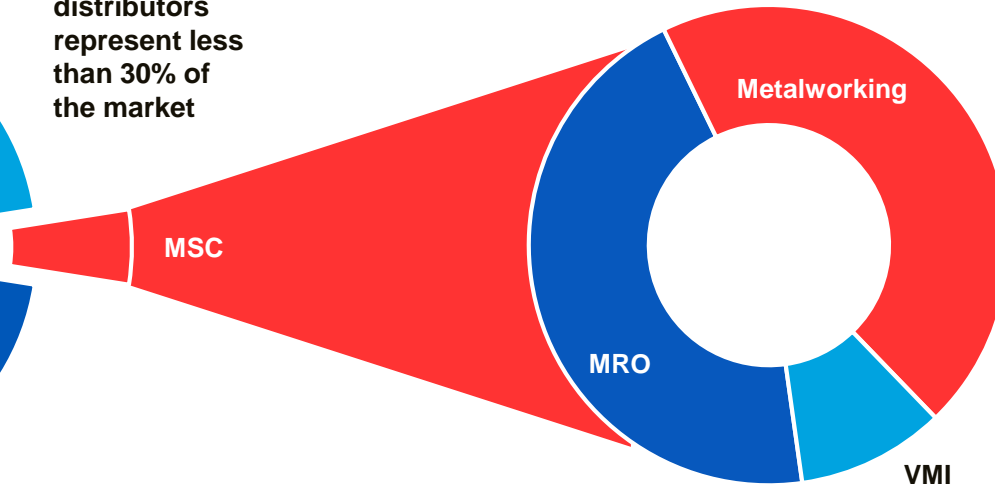
(~\$200 Billion in Sales^{1,2})



The top 50 distributors represent less than 30% of the market

MSC Fiscal Year 2018 Sales

(\$3.2 Billion)



~\$200B of the MRO market in N. America directly addressable by MSC^{1,2}



Addressable market is comprised of approximately ~17M total potential customers²



Within the approximately ~17M total potential customers, MSC can serve the ~650k metalworking customers²



These ~650k customers make up a large amount of the overall spend in manufacturing²



~150K are larger customers, while ~500K are smaller customers²

MSC's Differentiator in the Market: Built to Make You Better

MSC's value-added solutions approach focuses on addressing customer total cost of ownership with highly technical expertise with a broad portfolio of products and services

Industry Model

(Product Price Driven)



MSC Solutions Approach

(Total Cost of Ownership Focused)



Customer Value Drivers

-  Growth
-  Productivity
-  Profitability

MSC Customer Care: Ensuring Customer Satisfaction

MSC's industry-leading customer satisfaction ratings driven by customer-centric culture and obsession with delivering solutions that enable customer success

Customer Care Delivery



High-Touch Sales People



Onsite Metalworking Expertise



Customer Care Center

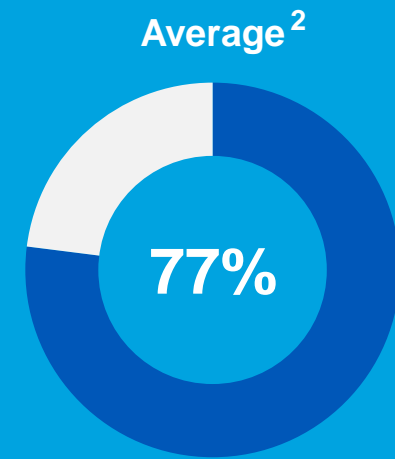
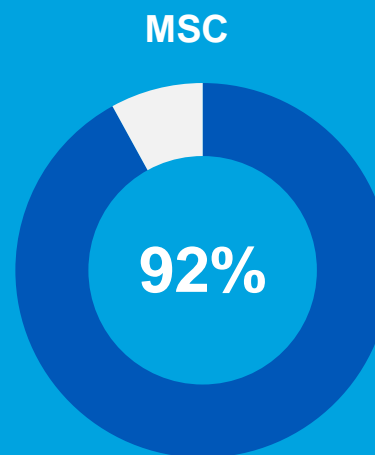


Customer Training

Top 5%¹
MSC Contact Center Rating



Customer Care Center Satisfaction Levels¹



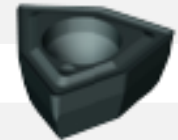
¹Foresee survey for the time period: 1H FY17

²Companies included: Allstate, Bass Pro Shops, Cabela's, Citicard, CVS Caremark, Kohl's, Marriott, Nordstrom, StubHub, T Rowe Price, Verizon, Walgreens

MSC Solutions: Turning Expertise and Data into Information and Savings

MSC provides continuous improvement solutions for customers by combining technical expertise and data analytics, driving significant and documented customer cost savings

Technical Solutions	Continuous Improvement (Ap Op™)	New Opportunity Capture (Ap Op™)
Industry	Aerospace	Power Generation
Manufacturer	Seco / Niagara	Kennametal
Application	Solid Milling	Indexable Drilling
Objective	Improve Tool Life	Reduce Cycle Time
Cycle Time Reduction	62%	80%
Improved Productivity	157%	400%
Annual Cost Savings	\$231,031	\$161,568



SKU Consolidation	Continuous Improvement			MSC Solution
Product	22 Oz. Multi-Purpose Cleaner	22 Oz. Premium Degreaser		32 Oz. All Purpose Cleaner and Degreaser
Cost (per unit)	\$0.277	\$1.32	Consolidate to a single item and standardize in all locations.	\$0.20
Usage (units)	45,936	792		46,728
Total Cost	\$12,740.88	\$1,048.32		\$9,345.60
Annual Cost Savings				\$4,443.60

Customer Value: True Stories. True Results.

Documentation program delivered

>\$400 million

in cost savings for

MSC customers in fiscal 2018



1,500% ↑

Face Mill Productivity Improvement

MSI

Offers complete repair and overhaul services for natural gas compressors and engines



15X ↑

Improved Tool Life

Prescott Aerospace

A build-to-print machine shop specializing in close tolerance CNC machining, with applications in aluminum, stainless steel and high-temp alloy



30% ↓

Tooling Waste Reduction

Thomason Machine Works

Produces fasteners, feed rollers and transfer fingers and arms, and other parts for automotive, aerospace and drill rig customers



\$1.5 million ↓

Savings in Tooling Costs

Moeller

Aircraft division specializes in machined parts for the gas turbine aircraft engine and power generation industries, including airfoils



\$2.3 million ↓

Productivity Savings

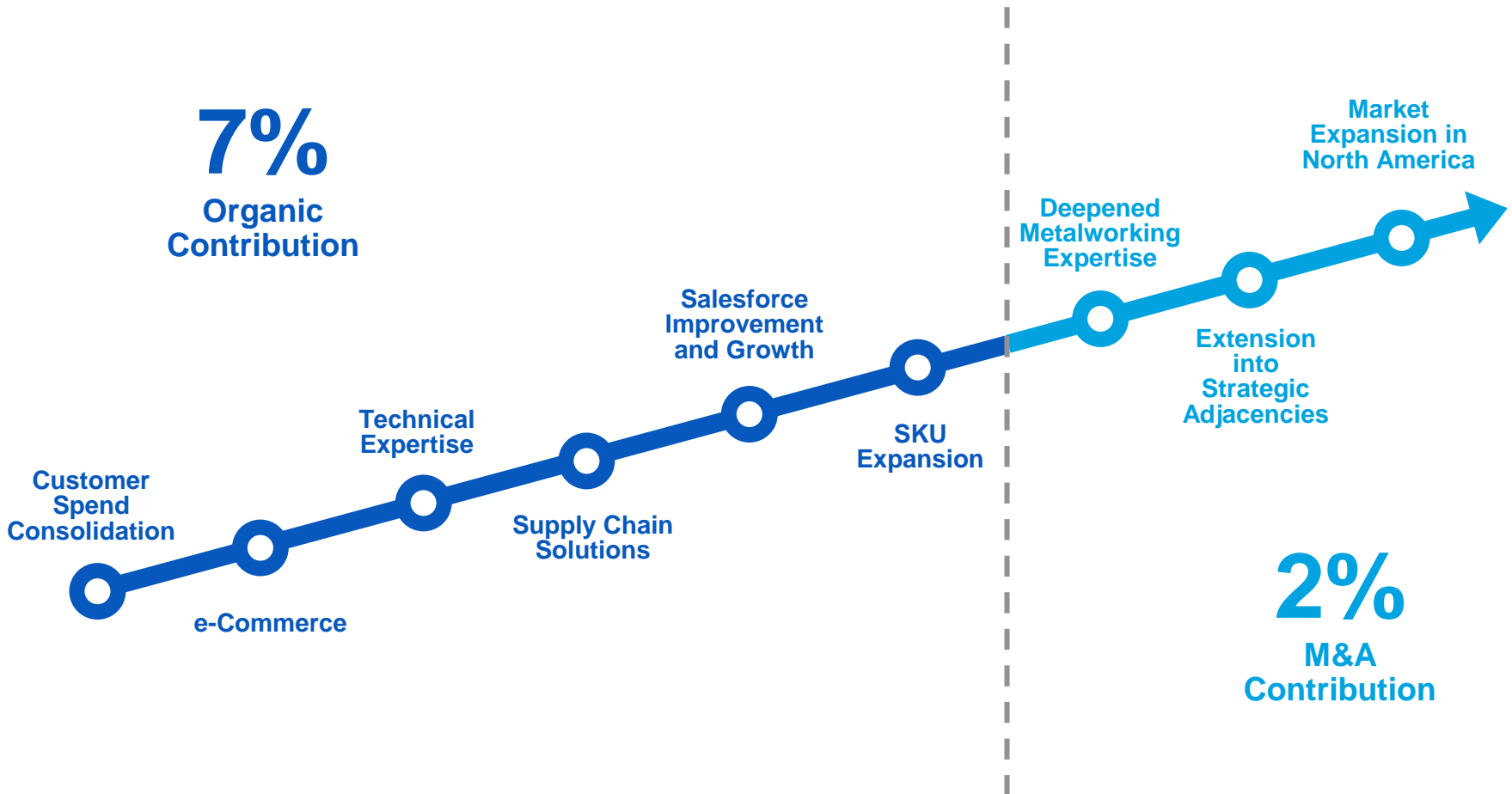
Global Truck Manufacturer

One of North America's largest producers of heavy duty Class 8 trucks, engines and transmissions

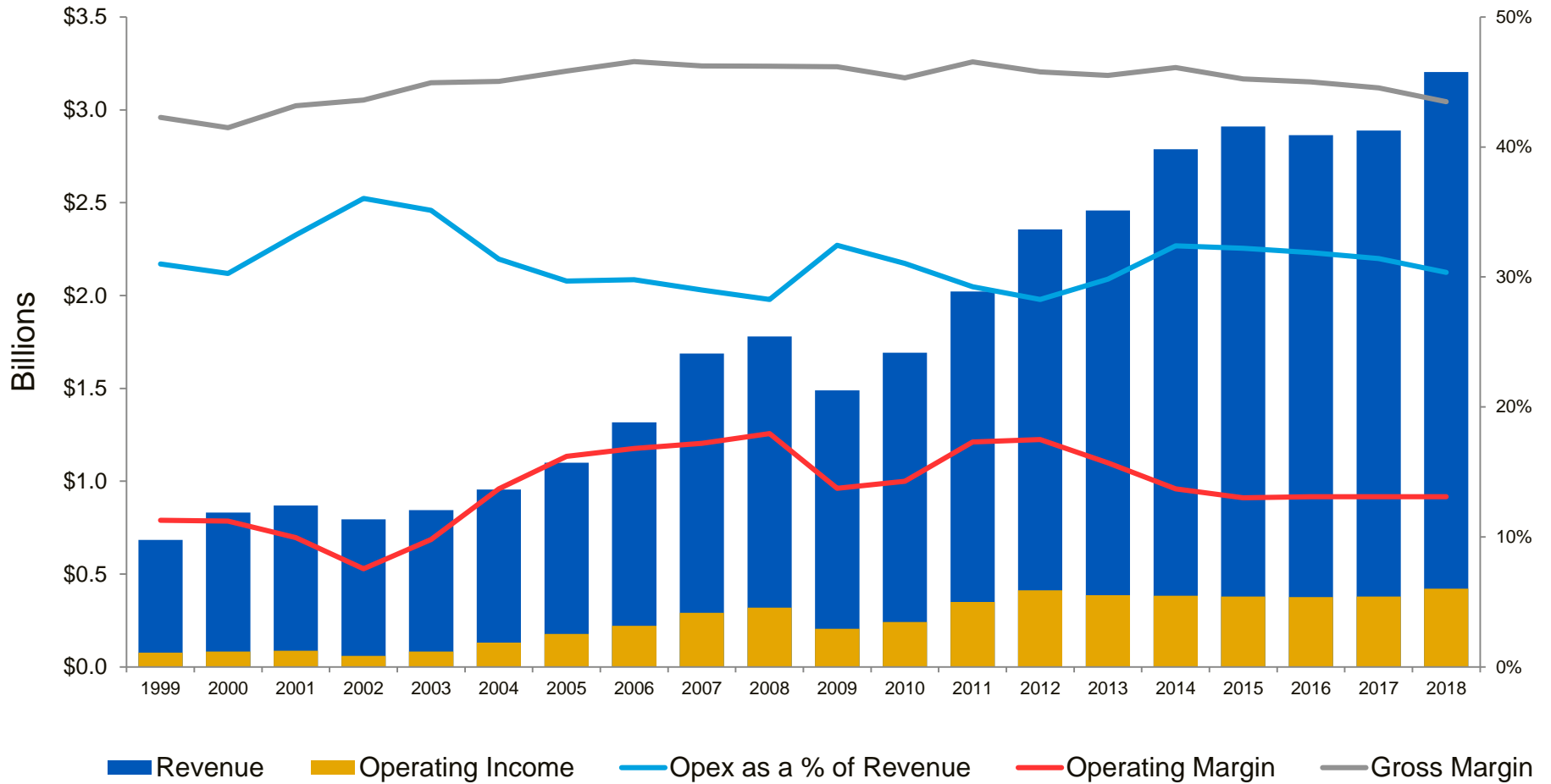


Historical MSC Strategic Growth Drivers

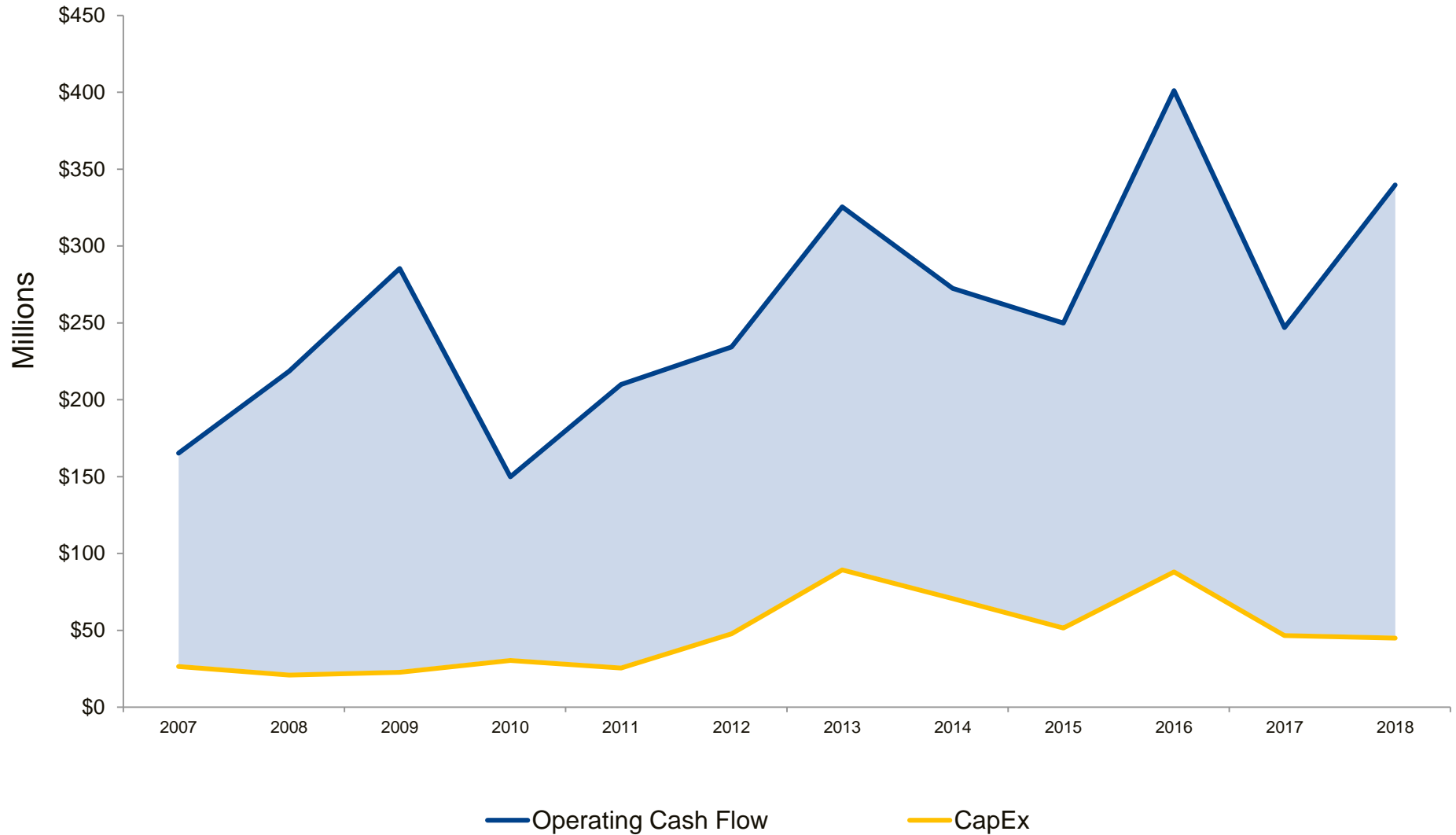
MSC is well-positioned for long-term, sustainable growth by capitalizing on strong organic growth drivers and M&A opportunities



Track Record of Growth and Resilience



Strong Operating Cash Flow Generation



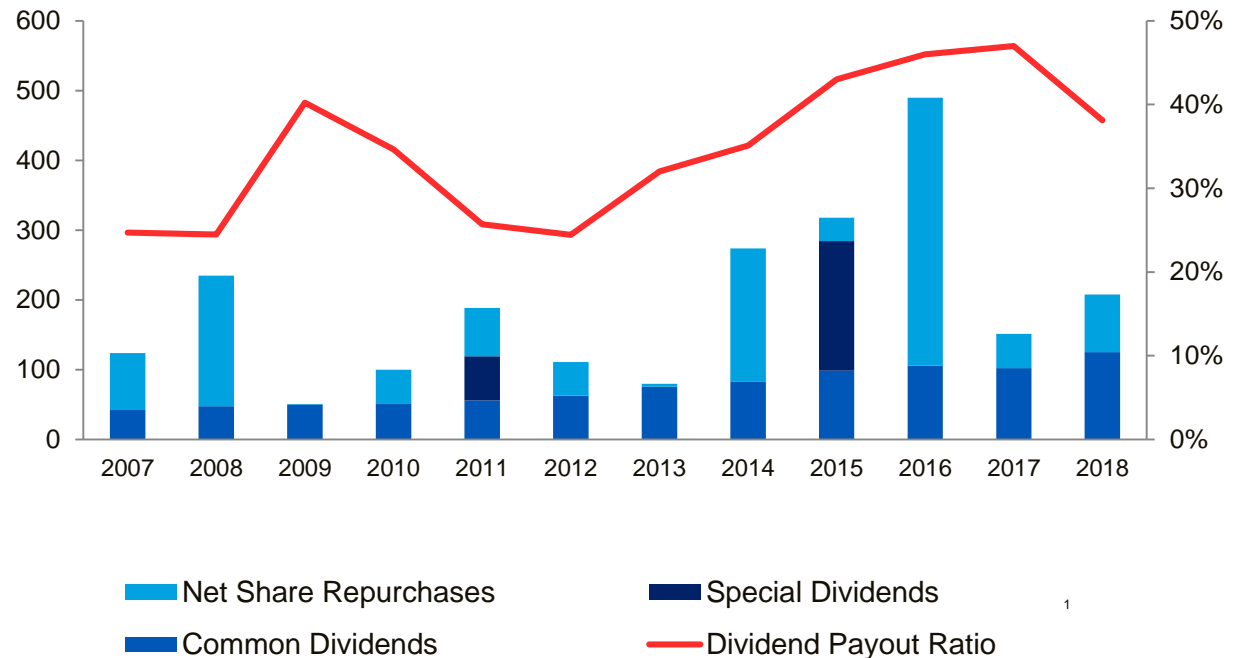
Capital Allocation Philosophy

MSC's capital allocation strategy is based on an owner mindset and focused on long-term value creation for shareholders

Priorities

- 1 Organic Investments
- 2 Cash Returned to Shareholders
- 3 Opportunistic M&A

Cash Returned to Shareholders



Key MSC Investment Highlights



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Industry-leading customer satisfaction ratings driven by customer-centric culture and obsession with delivering solutions that enable customer success



Profitable and scalable business model driven by investment in people, infrastructure and technology



Capital allocation strategy based on an owner mindset and focused on long-term value creation for shareholders



APPENDIX

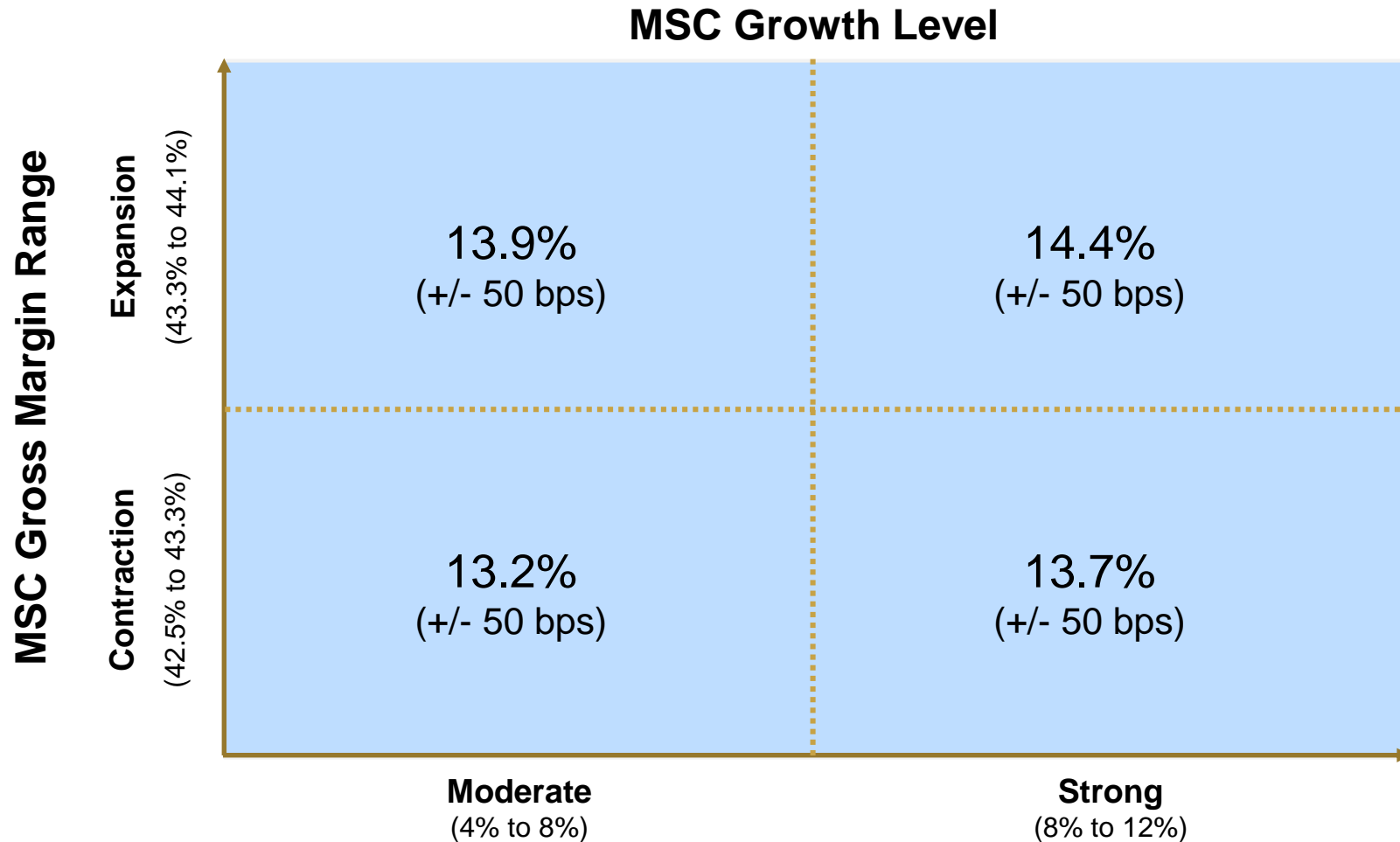
Recent Acquisitions

MSC focuses on inorganic growth opportunities that deepen its metalworking expertise, extend its capabilities into strategic adjacencies, and expand its markets in North America

	DECO Tool Supply Co.	All Integrated Solutions (AIS)
Strategic Rationale	Expands metalworking leadership position in the Midwest and in attractive industry segments	Extends capabilities into custom tool and production fastener solutions
Revenues	~\$100 million (2016)	\$66 million (2017)
Transaction Terms	~\$42 million	~\$86 million
Financial Returns	Neutral to slightly accretive in FY18 Accretive thereafter ROIC > WACC by year 3	~\$0.05 dilutive in FY18 Neutral impact in FY19 Accretive thereafter ROIC > WACC by year 3
Opportunities	<ul style="list-style-type: none"> Increases market share and customer relationships in the Midwest Brings greater product offerings, service levels, and value-added solutions to DECO customers Delivers incremental value to DECO customers with MSC's industry-leading website and next-day delivery model Capitalizes on MSC's buying scale higher-margin MSC products and solutions 	<ul style="list-style-type: none"> Extends MSC expertise in delivering solutions that help customers solve their mission-critical challenges Extends AIS production fastener and VMI solutions to MSC manufacturing customers Provides AIS customer base with access to MSC's 1.5 million-plus product portfolio to support their full metalworking and MRO needs Complements Class C fastener offering and VMI solutions

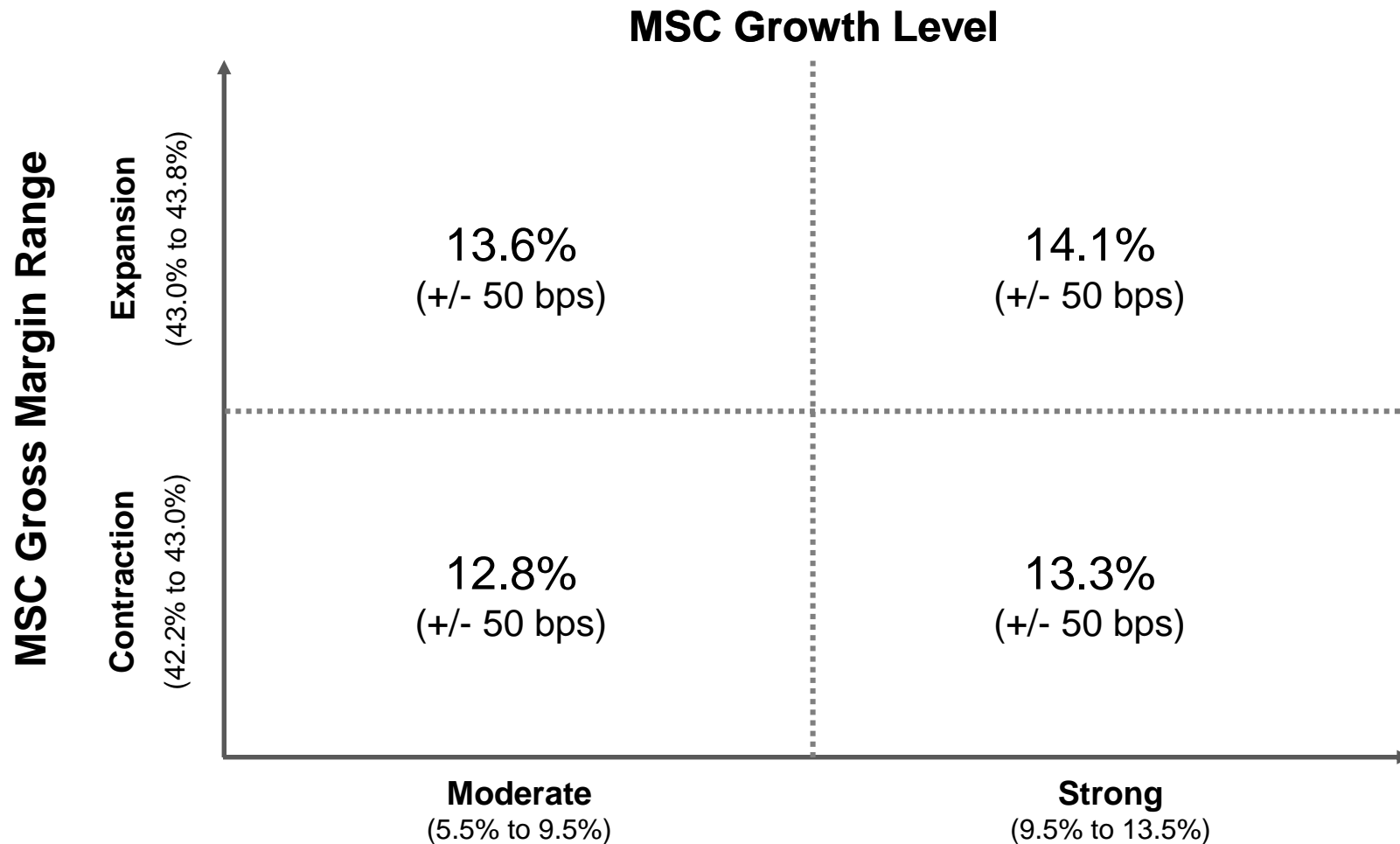
FY 2019 Annual Operating Margin Framework

Base Business Excluding Acquisitions¹



¹Excludes the impact of the acquisition of AIS, which closed April 30, 2018

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.

Cash Flow Reconciliation

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES
 Reconciliation of GAAP and Non-GAAP Information
 Years Ended September 1, 2018, September 2, 2017, and September 3, 2016
 (dollars in thousands)

GAAP Measure			Items Affecting Comparability			Non-GAAP Measure		
Net cash provided by operating activities			Expenditures for property, plant and equipment			Free cash flow		
Fiscal Year Ended			Fiscal Year Ended			Fiscal Year Ended		
September 1, 2018	September 2, 2017	September 3, 2016	September 1, 2018	September 2, 2017	September 3, 2016	September 1, 2018	September 2, 2017	September 3, 2016
\$ 339,658	\$ 246,841	\$ 401,103	\$ (44,919)	\$ (46,548)	\$ (87,930)	\$ 294,739	\$ 200,293	\$ 313,173