Fiscal Second Quarter 2021 Earnings Presentation

APRIL 7, 2021

MSC

Cautionary Note Regarding Forward-Looking Statements

Statements in this presentation may constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, including statements about the future impact of COVID-19 on our business operations, results of operations and financial condition, expected future results, expected benefits from our investment and strategic plans and other initiatives, and expected future growth, profitability and return on invested capital, are forward-looking statements. The words “will,”, “may,” “believes,” “anticipates,” “thinks,” “expects,” “estimates,” “plans,” “intends,” “target,” “project” and similar expressions are intended to identify forward looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The inclusion of any statement in this presentation does not constitute an admission by MSC Industrial or any other person that the events or circumstances described in such statement are material. Factors that could cause actual results to differ materially from those in forward-looking statements include the following, many of which are and will be amplified by the COVID-19 pandemic: the effects of the COVID-19 pandemic, including any future resurgences, on our business operations, results of operations and financial condition; 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; our ability to realize the expected benefits from our investment and strategic plans, including our transition from a spot-buy supplier to a mission-critical partner; our ability to realize the expected cost savings and benefits from our restructuring activities and structural cost reductions; retention of key personnel and qualified sales and customer service personnel and metalworking specialists; 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; difficulties in calibrating customer demand for our products, in particular personal protective equipment or “PPE” products, which could cause an inability to sell excess products ordered from manufacturers resulting in inventory write-downs or could conversely cause inventory shortages of such products; 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; disruptions or breaches of our information systems, or violations of data privacy laws; risk of loss of key suppliers, key brands or supply chain disruptions; 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; our ability to maintain our credit facilities; interest rate uncertainty due to LIBOR reform; failure to comply with applicable environmental, health and safety laws and regulations; ability to estimate the cost of healthcare claims incurred under our self-insurance plan; and goodwill and intangible assets recorded as a result of our acquisitions could be impaired. Additional information concerning these and other risks described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual and quarterly reports on Forms 10-K and 10-Q, respectively, and in the other reports and documents that we file with the U.S. Securities and Exchange Commission. We expressly disclaim any obligation to update any of these forward-looking statements, except to the extent required by applicable law.

Fiscal Second Quarter 2021 Overview

Progress on Mission Critical* and macro environment driving improved sales trend and productivity gains

Excluding the PPE-related inventory write-down, solid underlying gross margins due to price and purchase cost performance

Despite the decline in sales, operating expenses as a percentage of sales improved 30 basis points versus prior year

GAAP results significantly impacted by PPE-related inventory write-down and restructuring charges primarily related to our enhanced customer support model

Maintained conservative balance sheet - paid special dividend during the quarter, reflecting longstanding commitment to returning capital to our shareholders

* See Appendix for more information about Mission Critical.

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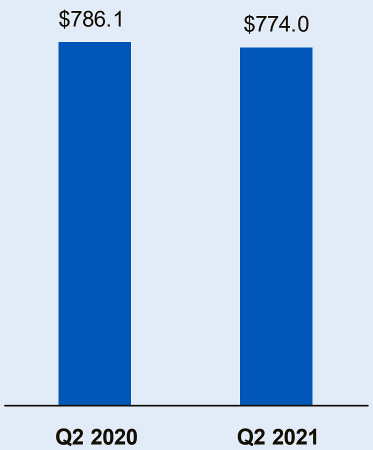
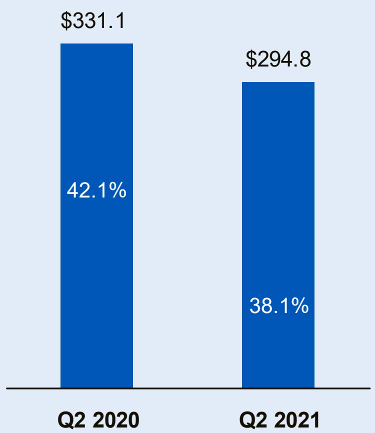
Fiscal Second Quarter 2021 Reported Results

Net Sales
(millions)



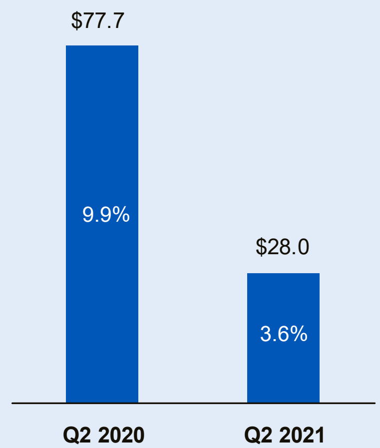
- Average Daily Sales (ADS) declined 1.5%
- Safety and janitorial product sales improved 15% YoY
- Sales for the rest of the business declined YoY, but improved sequentially each month during the quarter

Gross Profit
(millions and % of sales)



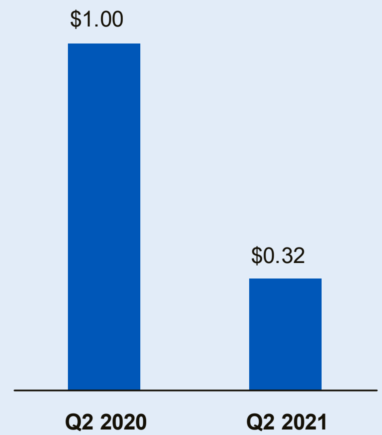
- Gross margin decreased approximately 400 basis points from Q2 2020 primarily due to the $30.1 million PPE-related inventory write-down
- Strong execution of price and cost initiatives

Operating Profit
(millions and % of sales)



- Operating profit includes $21.6 million in restructuring costs and $30.1 million inventory write-down

Earnings
(per diluted share)



- Reflects effective tax rate of 25.1% in Q2 2020 and 24.8% in Q2 2021
- EPS in Q2 2021 includes approximately $0.40 impact from inventory write-down and $0.30 impact from restructuring and other charges

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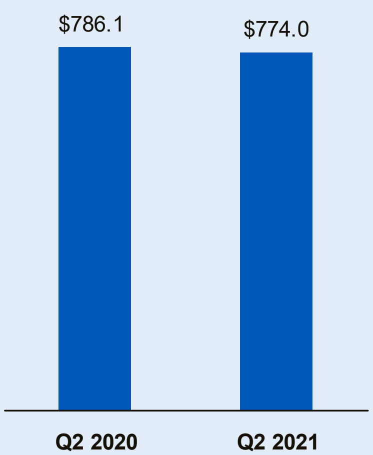
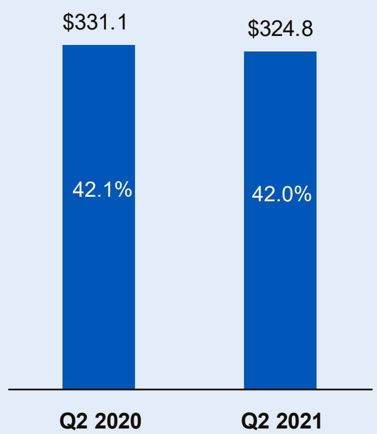
Fiscal Second Quarter 2021 Adjusted Results*

Net Sales
(millions)



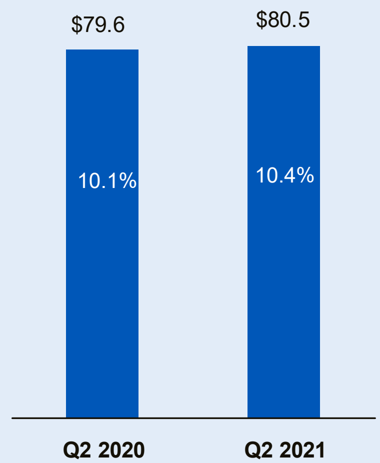
- Average Daily Sales (ADS) declined 1.5%
- Safety and janitorial product sales improved 15% YoY
- Sales for the rest of the business declined YoY, but improved sequentially each month during the quarter

Adj. Gross Profit
(millions and % of sales)



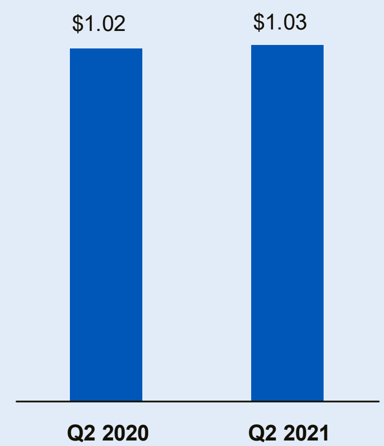
- Adjusted gross profit in Q2 2021 excludes the $30.1 million PPE-related inventory write-down
- 10 bps decline reflects strong execution on price and cost initiatives

Adj. Operating Profit
(millions and % of sales)



- Adjusted operating profit in Q2 2021 excludes $21.6 million in restructuring costs, $30.1 million inventory write-down, and $0.7 million of other charges
- Adjusted operating profit in Q2 2020 excludes $1.9 million in restructuring costs

Adj. Earnings
(per diluted share)



- Reflects adjusted effective tax rate of 25.1% in Q2 2020 and 24.7% in Q2 2021
- Adjusted EPS in Q2 2021 excludes $0.40 impact from inventory write-down and $0.30 impact from restructuring and other charges

* Represents a non-GAAP financial measure. See appendix for non-GAAP reconciliations. Individual amounts may not agree to the total due to rounding.

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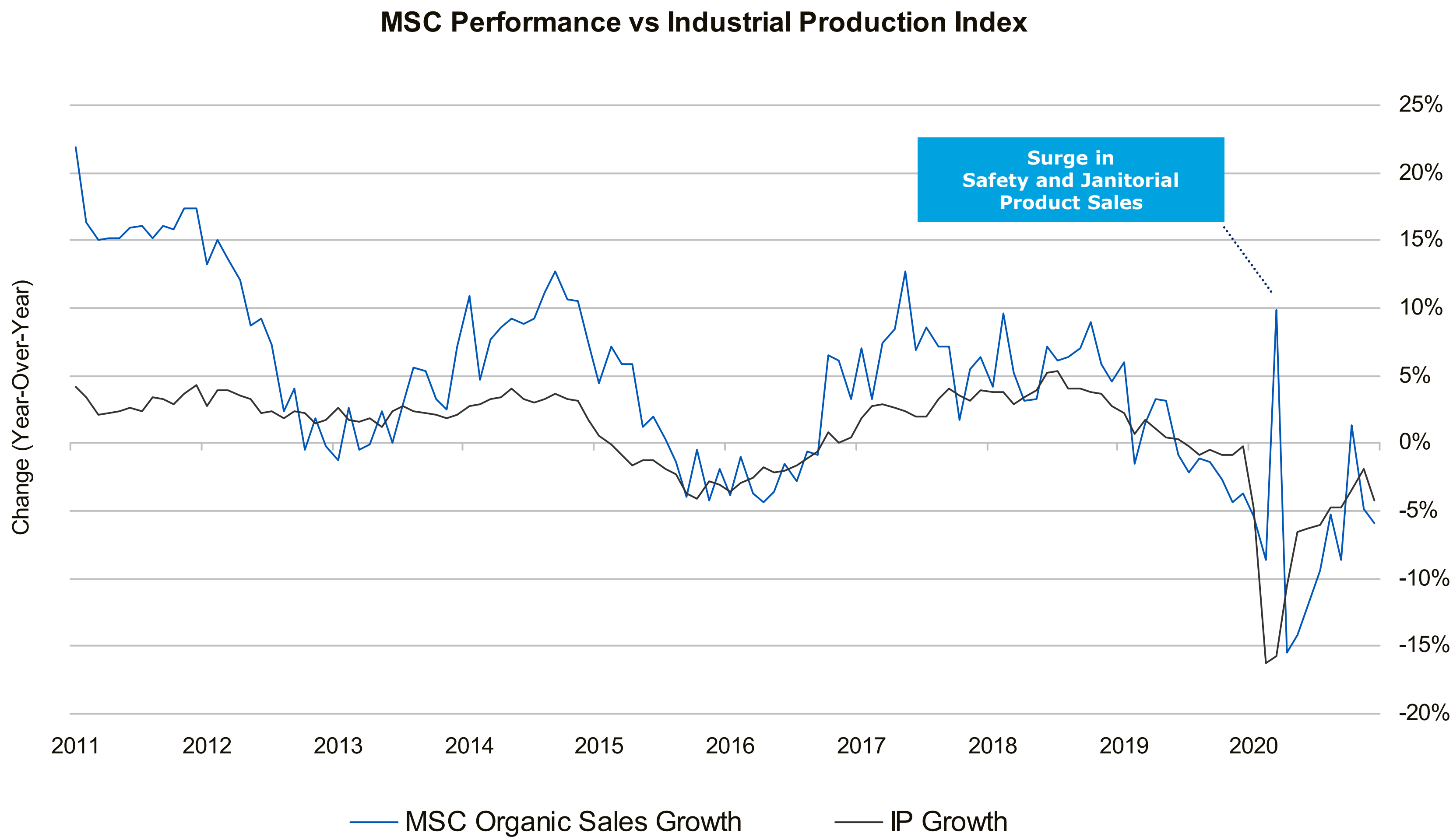
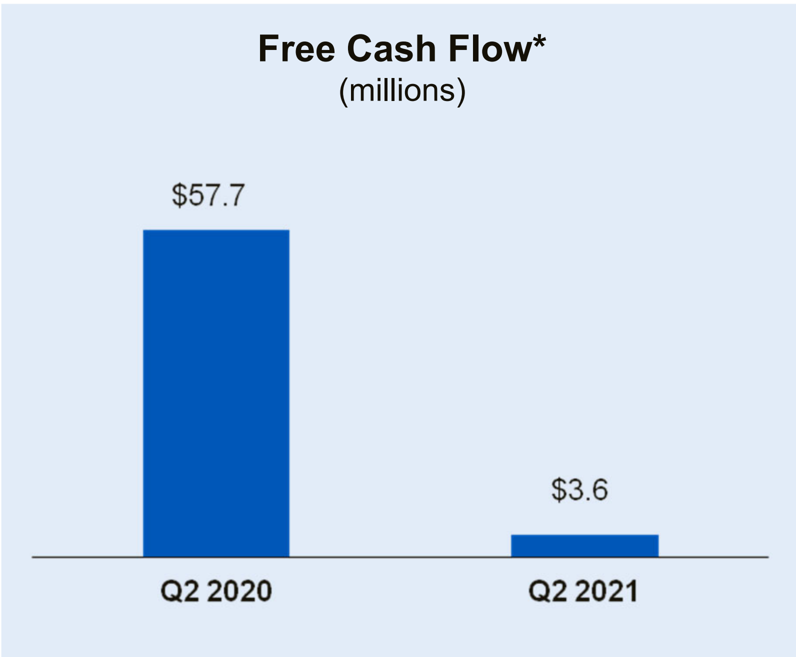
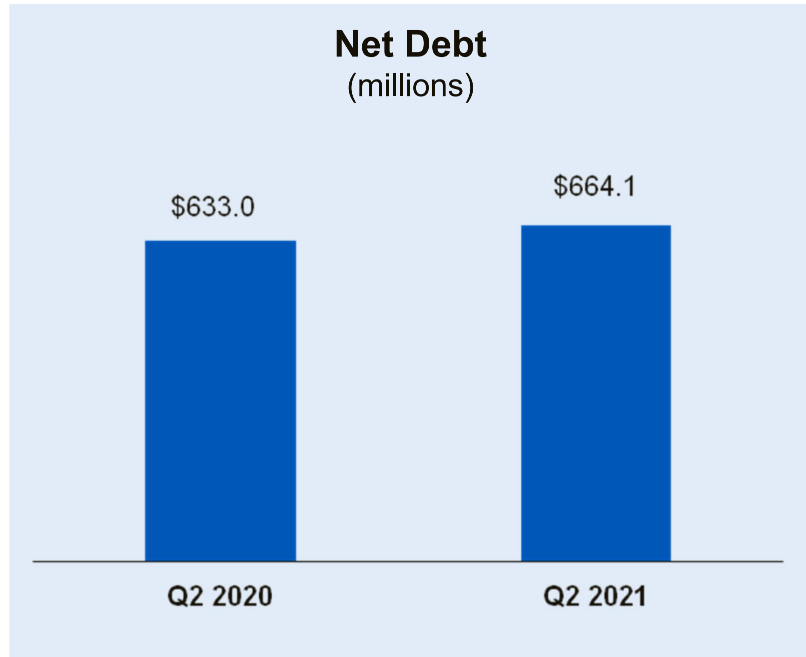
Industrial Production Index (IP)



Fiscal Second Quarter 2021 Balance Sheet and Liquidity Position



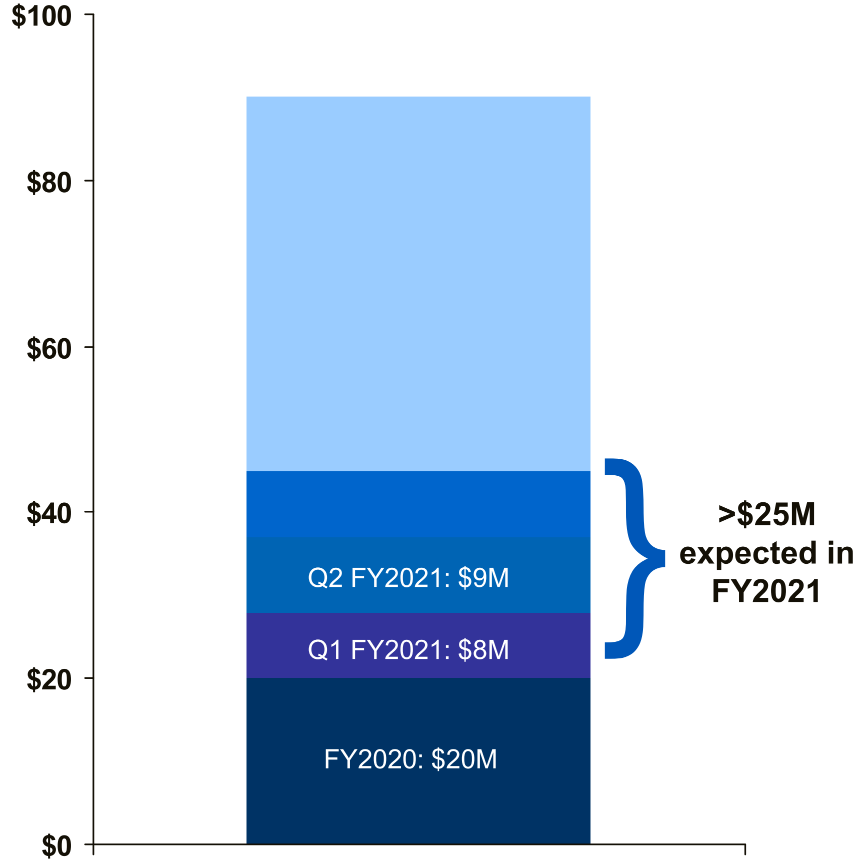


- Free cash flow generation reflects increased inventory and seasonal accounts receivable growth
- Maintained balanced capital allocation philosophy and enhanced liquidity

* Represents a non-GAAP financial measure. See appendix for non-GAAP reconciliations.

Mission Critical: Strong Progress on Cost Savings

Total Gross Savings Target:
$90M – $100M
by end of FY23 versus FY19



KEY AREAS

Sales and service | **Supply chain** | **General & Administrative**

- Now expect > $25M in gross cost savings in FY21; higher anticipated growth investments expected to keep net savings unchanged or slightly larger
- $8M of cost savings achieved in Q1
- $9M of cost savings achieved in Q2
- Continue to target $90 million to $100 million in total cost savings by end of FY23 versus FY19; trending to high end of range
- Projected improvement in OpEx to Sales ratio of roughly 200 bps by end of FY23

Fiscal 2021 Framework – Adjusted*

Revenue Growth (YoY)	Adjusted Operating Margin Range (%)
▲ Low single digits	11.5% - 11.9%
– Flat	11.2% - 11.6%
▼ Low single digits	11.0% - 11.4%

* Excludes approximately $35 million to $40 million of restructuring and other charges, $26.7 million in an asset impairment, and $30.1 million in PPE-related inventory write-downs

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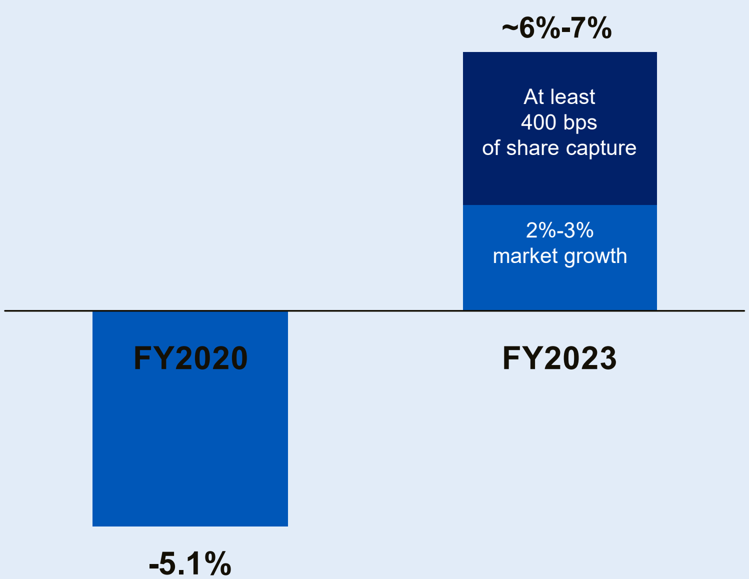
Fiscal Year 2023 Targets

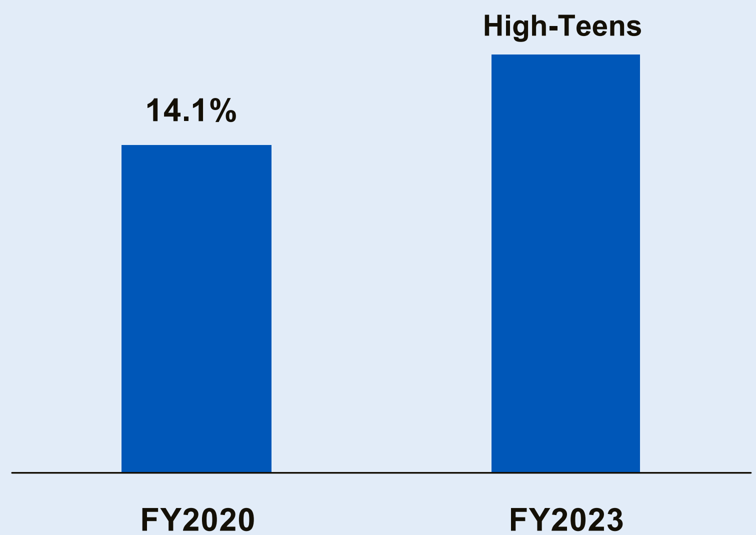
Mission Critical Objectives

- Reaccelerate market share capture
- Grow profits faster than sales

Sales Growth



Return on Invested Capital (ROIC)*



* Represents a non-GAAP financial measure. See appendix for non-GAAP reconciliations.

Summary

Focused on executing in an improving environment and remain committed to serving our customers

Encouraged by momentum as evidenced by improving results and execution of the projects behind them

Implementation of Mission Critical initiatives expected to drive above market growth and improve profits faster than sales

Appendix

Overview of Mission Critical

OBJECTIVE: Reaccelerate market share capture	**OBJECTIVE:** Grow profits faster than sales
KEY PRIORITIES	**KEY AREAS**
Solidify Metalworking Leverage Portfolio Strength Expand Solutions Grow E-commerce Diversify Customers & End Markets	Sales & Services Supply Chain General & Administrative
GOAL: Outgrow market by at least 400 bps over cycle	**GOAL:** Achieve high-teens ROIC* by end of fiscal 2023

* Represents a non-GAAP financial measure. See appendix for non-GAAP reconciliations.

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Mission Critical: Reaccelerate Market Share Capture

OBJECTIVE:
Reaccelerate market share capture

KEY PRIORITIES

- Solidify Metalworking
- Leverage Portfolio Strength
- Expand Solutions
- Grow E-commerce
- Diversify Customers & End Markets

GOAL:
Outgrow market by at least 400 bps over cycle

INITIATIVES

- Build on talented team of metalworking specialists
- Leverage exclusive MSC MillMax™ technology
- Increase investments in Vending, VMI and in-plant solutions programs
- Elevate website and other digital tools
- Scale our presence in counter cyclical businesses

Mission Critical: Grow Profits Faster than Sales

INITIATIVES

- Optimize distribution center network
- Renegotiated supplier contracts
- Redesigned talent acquisition approach
- Reduced long-term freight contracts
- Voluntary early retirement program
- Review of real estate footprint

OBJECTIVE:
Grow profits faster than sales

KEY AREAS

Sales & Services	Supply Chain	General & Administrative

GOAL:
Achieve high-teens ROIC* by end of 2023

* Represents a non-GAAP financial measure. See appendix for non-GAAP reconciliations.

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Fiscal 2021 Framework*

Revenue Growth (YoY)	Operating Margin Range (%)
▲ Low single digits	10.2% - 10.6%
— Flat	9.9% - 10.3%
▼ Low single digits	9.6% - 10.0%

* Includes $26.7 million in an asset impairment.

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Reconciliations

Non-GAAP Financial Measures

•***Free Cash Flow ("FCF")***

FCF is a non-GAAP financial measure. FCF is used in addition to and in conjunction with results presented in accordance with accounting principles generally accepted in the United States ("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 finance 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 twenty-six-week periods ended February 27, 2021 and February 29, 2020, respectively is shown below.

•***Return on Invested Capital ("ROIC")***

ROIC is calculated using a non-GAAP financial measure. We calculate ROIC by dividing net operating profit after tax ("NOPAT"), a non-GAAP financial measure, by average invested capital, a GAAP financial measure. NOPAT is defined as tax affected income from operations. Average invested capital is defined as net debt plus shareholder's equity using a trailing 13-month average. We believe that ROIC is useful to investors as a measure of performance and of the effectiveness of the use of capital in our operations. We use ROIC as one measure to monitor and evaluate operating performance. This method of determining ROIC may differ from other companies' methods and therefore may not be comparable to those used by other companies. ROIC should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP. The financial measure calculated under GAAP which is most directly comparable to ROIC is considered to be the ratio of Net income to Average invested capital. See below for the calculation of ROIC and the reconciliation to the comparable GAAP measure.

Reconciliations

• ***Results Excluding Impairment Loss, Restructuring Costs, Inventory Write-downs, and Other Charges***

To supplement MSC Industrial's unaudited selected financial data presented consistent with accounting principles generally accepted in the United States ("GAAP"), the Company discloses certain non-GAAP financial measures, including non-GAAP gross profit, non-GAAP operating expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP provision for income taxes, non-GAAP net income and non-GAAP diluted earnings per share, that exclude impairment losses, restructuring costs, inventory write-downs related to certain PPE inventory, and other related costs and tax effects.

These non-GAAP financial measures are not presented in accordance with GAAP or an alternative for GAAP financial measures and may be different from similar non-GAAP financial measures used by other companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP financial measures and should only be used to evaluate MSC Industrial's results of operations in conjunction with the corresponding GAAP financial measures.

In calculating non-GAAP financial measures, we exclude impairment losses, restructuring costs, inventory write-downs related to certain PPE inventory, and other related costs and tax effects. Management makes these adjustments to facilitate a review of the Company's operating performance on a comparable basis between periods, for comparison with forecasts and strategic plans, for identifying and analyzing trends in the Company's underlying business and for benchmarking performance externally against competitors. We believe that investors benefit from seeing results from the perspective of management in addition to seeing results presented in accordance with GAAP for the same reasons and purposes for which management uses such non-GAAP financial measures.

Reconciliations

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES

Reconciliation of GAAP and Non-GAAP Financial Information

Thirteen and Twenty-Six Weeks Ended February 27, 2021 and February 29, 2020

(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	
Thirteen Weeks Ended		Thirteen Weeks Ended		Thirteen Weeks Ended	
February 27, 2021	February 29, 2020	February 27, 2021	February 29, 2020	February 27, 2021	February 29, 2020
$ 15,704	$ 70,703	$ (12,061)	$ (13,048)	$ 3,643	$ 57,655

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Net cash provided by operating activities		Expenditures for property, plant and equipment		Free cash flow	
Twenty-Six Weeks Ended		Twenty-Six Weeks Ended		Twenty-Six Weeks Ended	
February 27, 2021	February 29, 2020	February 27, 2021	February 29, 2020	February 27, 2021	February 29, 2020
$ 118,934	$ 155,815	$ (19,954)	$ (25,737)	$ 98,980	$ 130,078

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Reconciliations

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES
Reconciliation of GAAP and Non-GAAP Financial Information
Thirteen Weeks Ended February 27, 2021
(dollars in thousands, except percentages and per share data)

	GAAP Financial Measure	Items Affecting Comparability			Non-GAAP Financial Measure
	Total MSC Industrial	Inventory Write-down	Restructuring Costs	Legal Costs-impairment of prepaid for PPE	Adjusted Total MSC Industrial
Net Sales	$ 773,995	$	$ -	$ -	$ 773,995
Cost of Goods Sold	479,244	30,091	-	-	449,153
Gross Profit	294,751	(30,091)	-	-	324,842
Gross Margin	*38.1%*	*-3.9%*	-	-	*42.0%*
Operating Expenses	245,115	-	-	727	244,388
Operating Exp as % of Sales	*31.7%*		-	*0.1%*	*31.6%*
Restructuring Costs	21,615	-	21,615	-	-
Income from Operations	28,021	(30,091)	(21,615)	(727)	80,454
Operating Margin	*3.6%*	*-3.9%*	*-2.8%*	*-0.1%*	*10.4%*
Total Other Expense	(3,622)		-	-	(3,622)
Income before provision for income taxes	24,399	(30,091)	(21,615)	(727)	76,832
Provision for income taxes	6,051	(7,432)	(5,339)	(180)	19,002
Net income	18,348	(22,659)	(16,276)	(547)	57,830
Net income attributable to noncontrolling interest	263	-	-	-	263
Net income attributable to MSC Industrial	$ 18,085	$ (22,659)	$ (16,276)	$ (547)	$ 57,567
Net income per common share:					
Diluted	$ 0.32	$ (0.40)	$ (0.29)	$ (0.01)	$ 1.03

Reconciliations

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES
Reconciliation of GAAP and Non-GAAP Financial Information
Twenty-Six Weeks Ended February 27, 2021
(dollars in thousands, except percentages and per share data)

	GAAP Financial Measure	Items Affecting Comparability				Non-GAAP Financial Measure
	Total MSC Industrial	Inventory Write-down	Restructuring Costs	Impairment Loss	Legal Costs - impairment of prepaid for PPE	Adjusted Total MSC Industrial
Net Sales	$ 1,545,899	$	$ -	-$ -	$ -	$ 1,545,899
Cost of Goods Sold	927,830	30,091	-	-	-	897,739
Gross Profit	618,069	(30,091)	-	-	-	648,160
Gross Margin	*40.0%*	*-1.9%*	-	-	-	*41.9%*
Operating Expenses	483,820	-	-	-	1,020	482,800
Operating Exp as % of Sales	*31.3%*	-	-	-	*0.1%*	*31.2%*
Impairment Loss	26,726	-	-	26,726	-	-
Restructuring Costs	25,594	-	25,594	-	-	-
Income from Operations	81,929	(30,091)	(25,594)	(26,726)	(1,020)	165,360
Operating Margin	*5.3%*	*-1.9%*	*-1.7%*	*-1.7%*	*-0.1%*	*10.7%*
Total Other Expense	(6,306)	-	-	-	-	(6,306)
Income before provision for income taxes	75,623	(30,091)	(25,594)	(26,726)	(1,020)	159,054
Provision for income taxes	18,498	(7,432)	(6,322)	(6,601)	(252)	39,105
Net income	57,125	(22,659)	(19,272)	(20,125)	(768)	119,949
Net income attributable to noncontrolling interest	586	-	-	-	-	586
Net income attributable to MSC Industrial	$ 56,539	$ (22,659)	$ (19,272)	$ (20,125)	$ (768)	$ 119,363
Net income per common share:						
Diluted	$ 1.01	$ (0.40)	$ (0.34)	$ (0.36)	$ (0.01)	$ 2.13

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Reconciliations

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES
Reconciliation of GAAP and Non-GAAP Financial Information
Thirteen and Twenty-Six Weeks Ended February 29, 2020
(dollars in thousands, except percentages and per share data)

	GAAP Financial Measure		Items Affecting Comparability [1]		Non-GAAP Financial Measure	
	Total MSC Industrial		Restructuring Costs		MSC Industrial excluding Restructuring Costs	
	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
	February 29, 2020		February 29, 2020		February 29, 2020	
Net Sales	$ 786,094	$ 1,609,695	$ -	$ -	$ 786,094	$ 1,609,695
Cost of Goods Sold	455,042	931,447	-	-	455,042	931,447
Gross Profit	331,052	678,248	-	-	331,052	678,248
Gross Margin	*42.1%*	*42.1%*	-	-	*42.1%*	*42.1%*
Operating Expenses	251,441	505,768			251,441	505,768
Operating Exp as % of Sales	*32.0%*	*31.4%*	-	-	*32.0%*	*31.4%*
Restructuring Costs	1,941	4,512	1,941	4,512	-	-
Income from Operations	77,670	167,968	(1,941)	(4,512)	79,611	172,480
Operating Margin	*9.9%*	*10.4%*	*-0.2%*	*-0.3%*	*10.1%*	*10.7%*
Total Other Expense	(3,497)	(6,537)	-	-	(3,497)	(6,537)
Income before provision for income taxes	74,173	161,431	(1,941)	(4,512)	76,114	165,943
Provision for income taxes	18,617	40,423	(487)	(1,128)	19,104	41,551
Net income	55,556	121,008	(1,454)	(3,384)	57,010	124,392
Net income attributable to noncontrolling interest	56	90	-	-	56	90
Net income attributable to MSC Industrial	$ 55,500	$ 120,918	$ (1,454)	$ (3,384)	$ 56,954	$ 124,302
Net income per common share:						
Diluted	$ 1.00	$ 2.18	$ (0.03)	$ (0.06)	$ 1.02	$ 2.24

[1]Prior period adjustments include only restructuring costs. Items of note excluded from the current period results, including inventory write-downs, an impairment loss and associated legal costs, did not occur in the prior year periods.

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Reconciliations

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES
Reconciliation of GAAP and Non-GAAP Financial Information
As of August 29, 2020
(dollars in thousands, except percentages)

		Fiscal Year Ended August 29, 2020
(a) Net income attributable to MSC Industrial (twelve-month trailing)	$	251,117
NOPAT		
Income from Operations (twelve-month trailing)		350,740
Effective tax rate		24.7%
(b) Non-GAAP NOPAT		264,177
Invested Capital		
Total MSC Industrial shareholders' equity	$	1,314,945
Current portion of debt including obligations under finance leases		122,248
Long-term debt including obligations under finance leases		497,018
Total Debt		619,266
Cash and cash equivalents		125,211
Net debt		494,055
Invested capital		1,809,000
(c) Average invested capital (thirteen-month trailing average)		1,876,934
(a)/(c) Net income to Average invested capital		13.4%
(b)/(c) Non-GAAP ROIC		14.1%