



Fiscal Third Quarter 2022 Earnings Presentation

JUNE 29, 2022

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," 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. In addition, any statements which refer to expectations, projections or other characterizations of future events or circumstances, statements involving a discussion of strategy, plans or intentions, statements about management's assumptions, projections or predictions of future events or market outlook and any other statement other than a statement of present or historical fact are forward-looking statements. The inclusion of any statement in this presentation does not constitute an admission by MSC or any other person that the events or circumstances described in such statement are material. In addition, new risks may emerge from time to time and it is not possible for management to predict such risks or to assess the impact of such risks on our business or financial results. Accordingly, future results may differ materially from historical results or from those discussed or implied by these forward-looking statements. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. These risks and uncertainties include, but are not limited to, the following: the impact of the COVID-19 pandemic on our sales, operations and supply chain; general economic conditions in the markets in which we operate, including conditions resulting from the COVID-19 pandemic; changing customer and product mixes; volatility in commodity and energy prices, the impact of prolonged periods of low, high and rapid inflation, and fluctuations in interest rates; 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 being a spot-buy supplier to a mission-critical partner to our customers; our ability to realize the expected cost savings and benefits from our restructuring activities and structural cost reductions; the retention of key personnel; the credit risk of our customers, including changes in credit risk as a result of the COVID-19 pandemic, higher inflation and fluctuations in interest rates; the 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, labor shortages or other business interruptions (including those due to extreme weather conditions or as a result of the COVID-19 pandemic) at transportation centers, shipping ports, our headquarters or our customer fulfillment centers; disruptions or breaches of our information technology systems, or violations of data privacy laws; the retention of qualified sales and customer service personnel and metalworking specialists; the risk of loss of key suppliers or contractors or key brands or supply chain disruptions, including due to import restrictions resulting from the COVID-19 pandemic or global geopolitical conditions; changes to governmental trade or sanctions policies, including the impact from significant import restrictions or tariffs or moratoriums on economic activity with certain countries or regions; risks related to opening or expanding our customer fulfillment centers; our ability to estimate the cost of healthcare claims incurred under our self-insurance plan; 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 or incur additional borrowings on terms we deem attractive; the interest rate uncertainty due to the London InterBank Offered Rate (LIBOR) reform; the failure to comply with applicable environmental, health and safety laws and regulations, including government action in response to the COVID-19 pandemic, and other laws applicable to our business; the outcome of government or regulatory proceedings or future litigation; goodwill and intangible assets recorded resulting from our acquisitions could be impaired; our common stock price may be volatile due to factors outside of our control; and our principal shareholders exercise significant control over us, which may result in our taking actions or failing to take actions which our other shareholders do not prefer. Additional information concerning these and other risks is 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 United States 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 Third Quarter 2022 Overview

10.7% sales growth, roughly 500 bps above the Industrial Production Index

Gross margin of 42.9%, up sequentially from 42.5% and YoY from 42.3%, driven by strong price realization

Reduced operating expenses and adjusted operating expenses as a percentage of sales by 140 bps

Maintained strong GAAP operating margin and improved adjusted operating margin year over year by 200 bps^{*,}**

GAAP EPS growth of 6% and adjusted EPS growth of 28% over prior year period^{}**

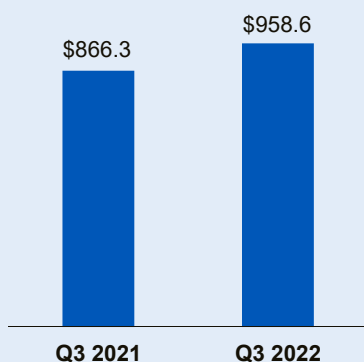
Tracking to low double-digit growth scenario for the fiscal 2022 adjusted operating margin annual framework

* See appendix for more information about Mission Critical.

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

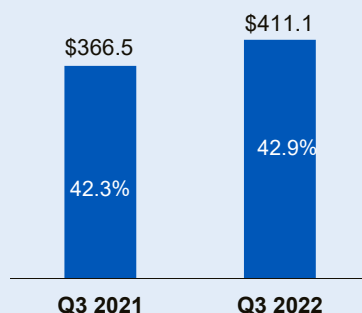
Fiscal Third Quarter 2022 Reported Results

Net Sales (millions)



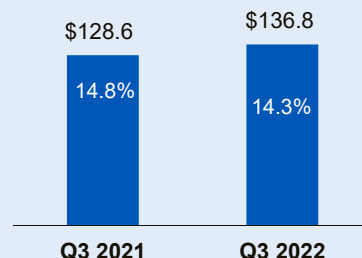
- Total sales up 10.7%, driven by price and growth initiatives
- Safety and janitorial product sales flat YoY
- Sales for the rest of the business improved 12.8% YoY

Gross Profit (millions and % of sales)



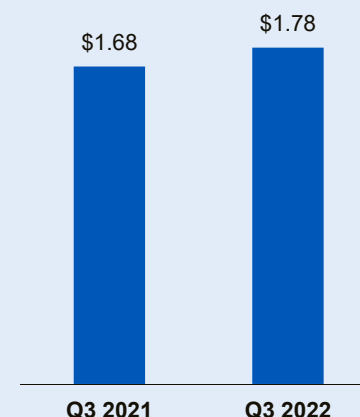
- 60 bps improvement in gross margin reflects strong price realization and increase in vendor rebates
- On track to increase full year 2022 gross margin over prior year

Operating Profit (millions and % of sales)



- Q3 2021 Operating profit includes \$20.8 million of loss recovery from previous period impairment loss
- Operating margin down 50 bps driven by recovery of impairment loss in prior year not repeating, partially offset by higher sales, higher gross margin, and productivity initiatives

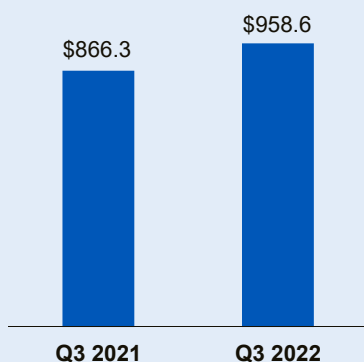
Earnings (per diluted share)



- Reflects effective tax rate of 24.7% in Q3 2021 and 25.1% in Q3 2022
- Q3 2022 EPS includes approximately \$0.04 impact from restructuring, acquisition-related and other costs
- Q3 2021 EPS includes approximately \$0.28 positive impact from loss recovery and \$0.03 impact of restructuring and legal costs

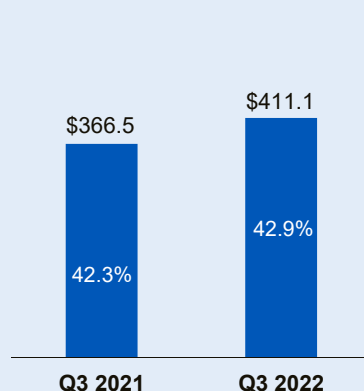
Fiscal Third Quarter 2022 Adjusted Results*

Net Sales (millions)



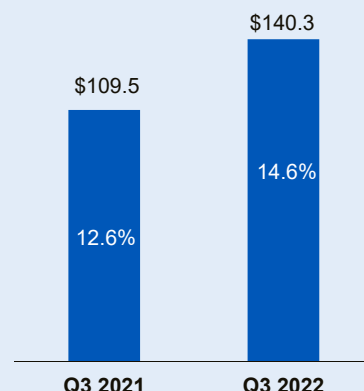
- Total sales up 10.7%, driven by price and growth initiatives
- Safety and janitorial product sales flat YoY
- Sales for the rest of the business improved 12.8% YoY

Gross Profit (millions and % of sales)



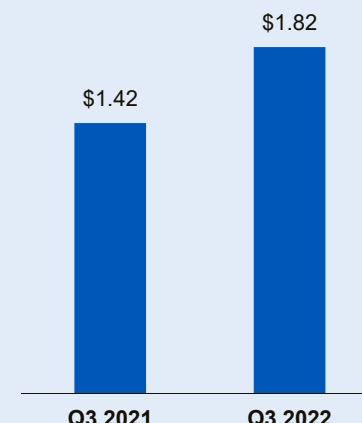
- 60 bps improvement in gross margin reflects strong price realization and increase in vendor rebates
- On track to increase full year gross margin over prior year

Adj. Operating Profit (millions and % of sales)



- Adjusted operating profit in Q3 2022 driven by higher sales, improved gross margin and productivity initiatives; excludes \$3.5 million in restructuring, acquisition-related and other costs
- Adjusted operating profit in Q3 2021 excludes \$20.8 million loss recovery and \$1.8 million in restructuring and legal costs

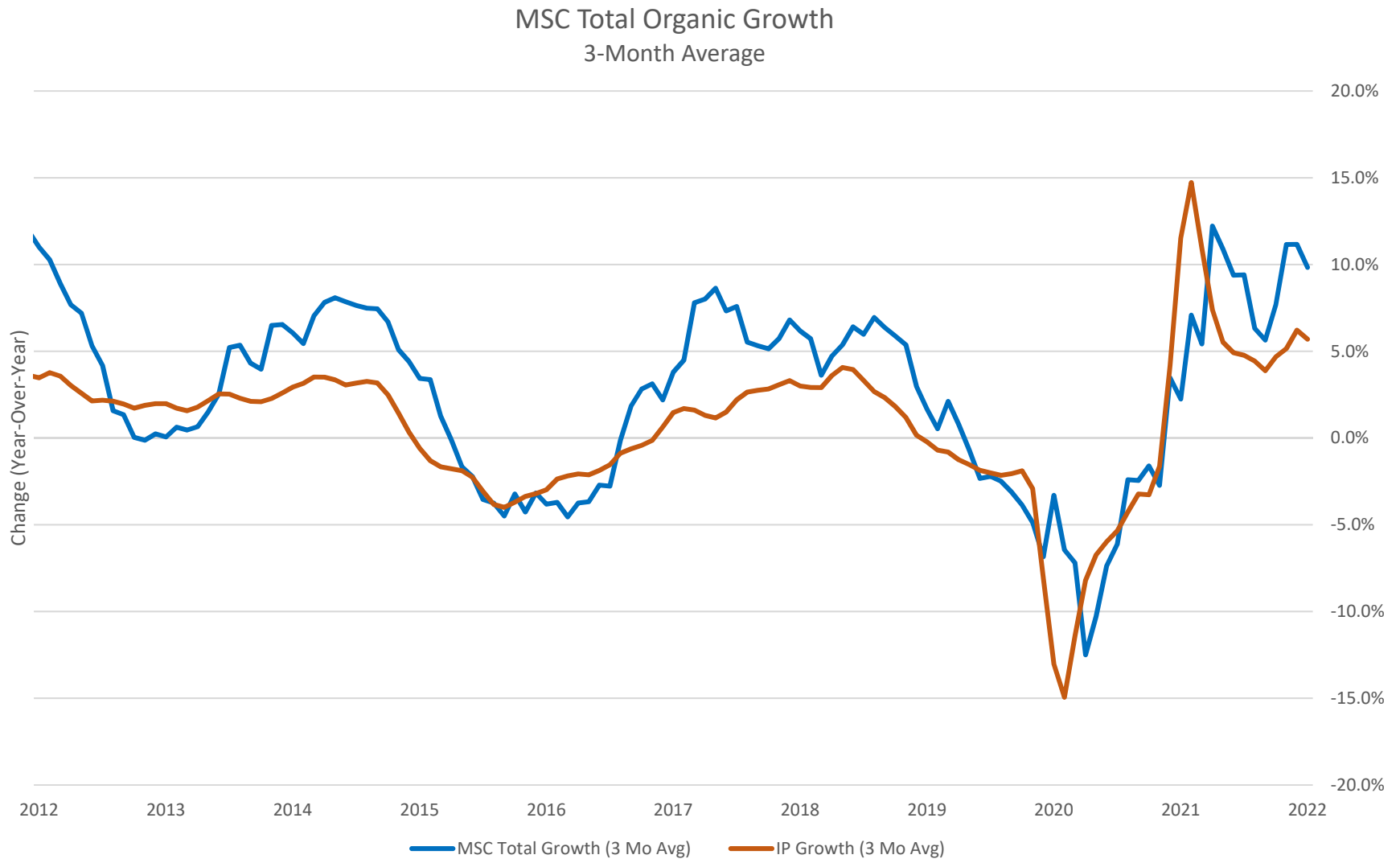
Adj. Earnings (per diluted share)



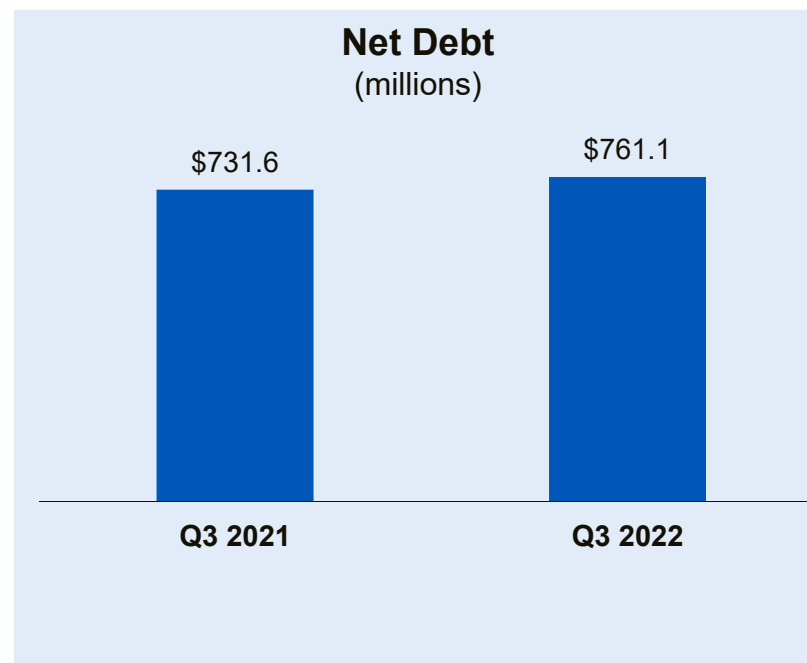
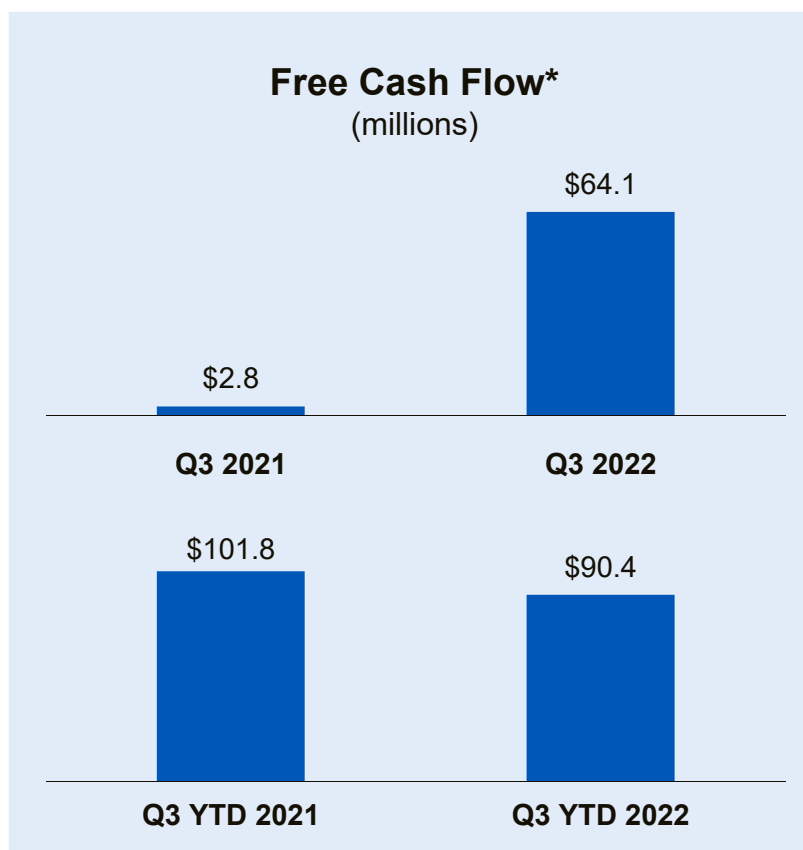
- Reflects adjusted effective tax rate of 24.6% in Q3 2021 and 25.2% in Q3 2022
- Q3 2022 adjusted EPS excludes \$0.04 impact from restructuring, acquisition-related and other costs
- Q3 2021 adjusted EPS excludes approx. \$0.28 positive impact of loss recovery and \$0.03 impact of restructuring and legal costs

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

Industrial Production Index (IP)



Fiscal Third Quarter 2022 Balance Sheet and Liquidity Position

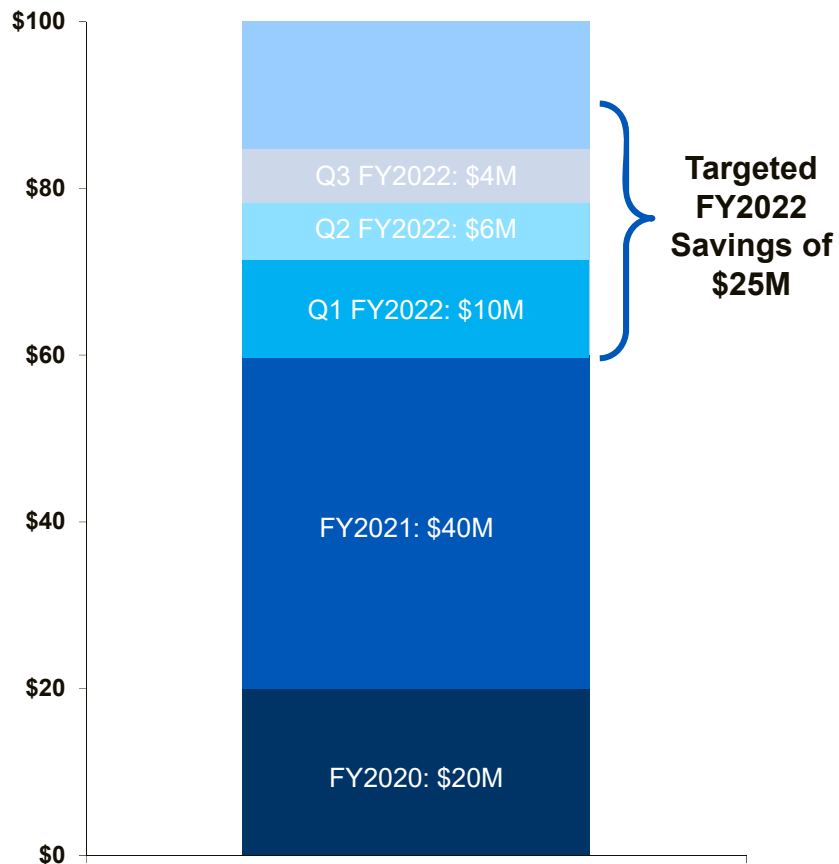


- Free cash flow increase for the quarter reflects reduced working capital requirements and specifically slower growth of inventory in Q3 2022 vs. Q3 2021.

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

Mission Critical: Strong Progress on Cost Savings

**Total Gross Savings Target:
>\$100M
by end of FY23 versus FY19**



KEY AREAS



Sales and service






Supply chain



**General &
Administrative**

- FY22 targets of \$25M savings and \$15M investments
- Solid FY22 progress with \$20M savings through Q3 YTD
- Targeting at least \$100M in total program savings by end of FY23 versus FY19
- Projected improvement in OpEx to Sales ratio of roughly 200 bps over FY19 by end of FY23

Fiscal 2022 Framework – Adjusted

ADS Growth (YoY)	Adjusted Operating Margin Range ¹
 Low-double digits	12.5% - 13.1%
 High-single digits	12.0% - 12.6%
 Mid-single digits	11.7% - 12.3%

¹Excludes approximately \$10-15 million of expected restructuring and other costs.

Summary

Sustaining high growth in a strong but dynamic environment

Growth initiatives delivering customer productivity improvements

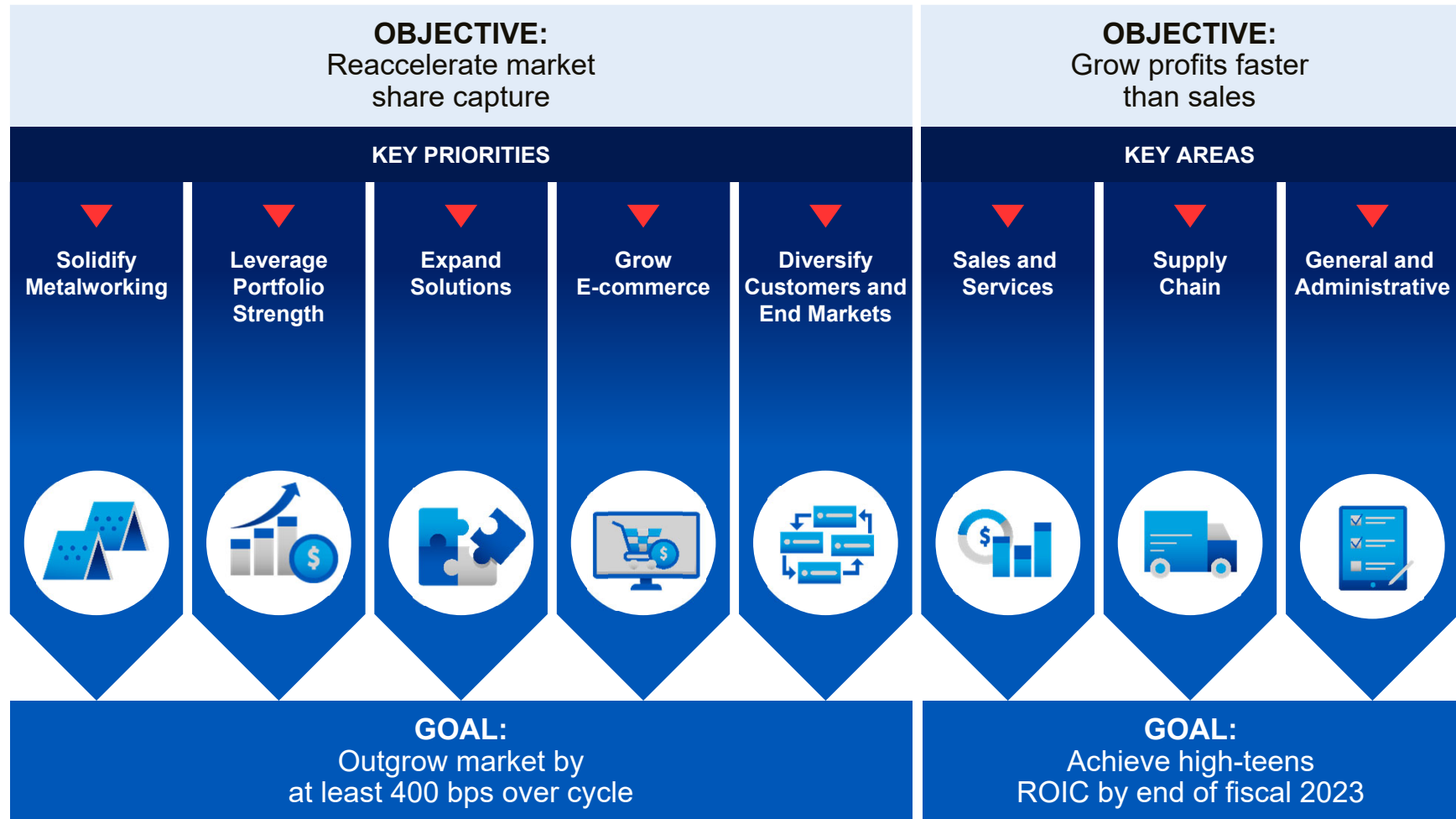
Mission Critical initiatives on track with ROIC improvement ahead of schedule

Tracking to higher end of fiscal 2022 adjusted operating margin framework



Appendix

Overview of Mission Critical



Reconciliations

Non-GAAP Financial Measures

To supplement MSC'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 incremental margin, non-GAAP provision for income taxes, non-GAAP net income and non-GAAP diluted earnings per share, that exclude impairment loss and loss recovery (prior year), inventory write-downs (prior year), legal costs for impairment of prepaid PPE (prior year), acquisition-related costs, restructuring and other costs, 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's results of operations in conjunction with the corresponding GAAP financial measures.

Free Cash Flow

FCF is 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 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 thirty-nine-week periods ended May 28, 2022 and May 29, 2021, respectively, is shown below.

Results Excluding Impairment Loss and Loss Recovery (prior year), Inventory Write-downs (prior year), Legal Costs (prior year), Acquisition-related Costs, Restructuring and Other Costs, and Other Charges

In calculating non-GAAP financial measures, we exclude impairment loss and loss recovery (prior year), inventory write-downs (prior year), legal costs for impairment of prepaid PPE (prior year), acquisition-related costs, restructuring and other costs, 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 DIRECT CO., INC.

Reconciliation of GAAP and Non-GAAP Financial Information

Thirteen and Thirty-Nine Weeks Ended May 28, 2022 and May 29, 2021

(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	
May 28, 2022	May 29, 2021	May 28, 2022	May 29, 2021	May 28, 2022	May 29, 2021
\$ 77,881	\$ 20,426	\$ (13,764)	\$ (17,644)	\$ 64,117	\$ 2,782

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Net cash provided by operating activities		Expenditures for property, plant and equipment		Free cash flow	
Thirty-Nine Weeks Ended		Thirty-Nine Weeks Ended		Thirty-Nine Weeks Ended	
May 28, 2022	May 29, 2021	May 28, 2022	May 29, 2021	May 28, 2022	May 29, 2021
\$ 135,302	\$ 139,360	\$ (44,943)	\$ (37,598)	\$ 90,359	\$ 101,762



Reconciliations

MSC INDUSTRIAL DIRECT CO., INC.
 Reconciliation of GAAP and Non-GAAP Financial Information
 Thirteen Weeks Ended May 28, 2022
 (In thousands, except percentages and per share data)

	GAAP Financial Measure		Items Affecting Comparability		Non-GAAP Financial Measure
	Total MSC Industrial		Restructuring and Other Costs	Acquisition-related Costs	Adjusted Total MSC Industrial
Net Sales	\$ 958,579	\$	-	\$	\$ 958,579
Cost of Goods Sold	547,430		-	-	547,430
Gross Profit	411,149		-	-	411,149
Gross Margin	42.9%				42.9%
Operating Expenses	271,046		-	211	270,835
Operating Exp as % of Sales	28.3%			0.0%	28.3%
Restructuring and Other Costs	3,267		3,267	-	-
Income from Operations	136,836		(3,267)	(211)	140,314
Operating Margin	14.3%		-0.3%	0.0%	14.6%
Incremental Margin	8.9%				33.4%
Total Other Expense	(3,702)		-	-	(3,702)
Income before provision for income taxes	133,134		(3,267)	(211)	136,612
Provision for income taxes	33,417		(884)	(57)	34,358
Net income	99,717		(2,383)	(154)	102,254
Net income attributable to noncontrolling interest	60		-	-	60
Net income attributable to MSC Industrial	\$ 99,657	\$	(2,383)	\$ (154)	\$ 102,194
Net income per common share:					
Diluted	\$ 1.78	\$	(0.04)	\$ (0.0)	\$ 1.82

*Individual amounts may not agree to the total due to rounding.



Reconciliations

MSC INDUSTRIAL DIRECT CO., INC.
 Reconciliation of GAAP and Non-GAAP Financial Information
 Thirty-Nine Weeks Ended May 28, 2022
 (In thousands, except percentages and per share data)

	GAAP Financial Measure		Items Affecting Comparability		Non-GAAP Financial Measure
	Total MSC Industrial		Restructuring and Other Costs	Acquisition-related Costs	Adjusted Total MSC Industrial
Net Sales	\$ 2,669,648	\$ -	\$ -	\$ -	2,669,648
Cost of Goods Sold	1,539,628	-	-	-	1,539,628
Gross Profit	1,130,020	-	-	-	1,130,020
Gross Margin	42.3%				42.3%
Operating Expenses	793,600	-	211		793,389
Operating Exp as % of Sales	29.7%		0.0%		29.7%
Restructuring and Other Costs	11,684	11,684	-		-
Income from Operations	324,736	(11,684)	(211)		336,631
Operating Margin	12.2%	-0.4%	0.0%		12.6%
Incremental Margin	44.3%				24.0%
Total Other Expense	(11,329)	-	-		(11,329)
Income before provision for income taxes	313,407	(11,684)	(211)		325,302
Provision for income taxes	77,279	(3,014)	(57)		80,350
Net income	236,128	(8,670)	(154)		244,952
Net income attributable to noncontrolling interest	473	-	-		473
Net income attributable to MSC Industrial	\$ 235,655	\$ (8,670)	\$ (154)	\$	\$ 244,479
Net income per common share:					
Diluted	\$ 4.21	\$ (0.15)	\$ (0.0)	\$	\$ 4.36

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Reconciliations

MSC INDUSTRIAL DIRECT CO., INC.
 Reconciliation of GAAP and Non-GAAP Financial Information
 Thirteen Weeks Ended May 29, 2021
 (In thousands, except percentages and per share data)

	GAAP Financial Measure		Items Affecting Comparability			Non-GAAP Financial Measure
	Total MSC Industrial	Impairment Loss (Loss Recovery), Net	Restructuring and Other Costs	Legal Costs-Impairment of Prepaid for PPE	Adjusted Total MSC Industrial	
Net Sales	\$ 866,294	\$ -	\$ -	\$ -	\$ 866,294	
Cost of Goods Sold	499,823	-	-	-	499,823	
Gross Profit	366,471	-	-	-	366,471	
Gross Margin	42.3%	-	-	-	42.3%	
Operating Expenses	257,336	-	-	401	256,935	
Operating Exp as % of Sales	29.7%	-	-	0.0%	29.7%	
Impairment Loss (Loss Recovery), Net	(20,840)	(20,840)	-	-	-	
Restructuring and Other Costs	1,349	-	1,349	-	-	
Income from Operations	128,626	20,840	(1,349)	(401)	109,536	
Operating Margin	14.8%	2.4%	-0.2%	0.0%	12.6%	
Total Other Expense	(2,550)	-	-	-	(2,550)	
Income before provision for income taxes	126,076	20,840	(1,349)	(401)	106,986	
Provision for income taxes	31,141	5,263	(341)	(100)	26,319	
Net income	94,935	15,577	(1,008)	(301)	80,667	
Net income attributable to noncontrolling interest	501	-	-	-	501	
Net income attributable to MSC Industrial	\$ 94,434	\$ 15,577	\$ (1,008)	\$ (301)	\$ 80,166	
Net income per common share:						
Diluted	\$ 1.68	\$ 0.28	\$ (0.02)	\$ (0.01)	\$ 1.42	

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Reconciliations

MSC INDUSTRIAL DIRECT CO., INC.
 Reconciliation of GAAP and Non-GAAP Financial Information
 Thirty-Nine Weeks Ended May 29, 2021
 (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 and Other Costs	Impairment Loss, Net	Legal Costs - Impairment of Prepaid for PPE	Adjusted Total MSC Industrial	
Net Sales	\$ 2,412,193	\$ -	\$ -	\$ -	\$ -	\$ 2,412,193	
Cost of Goods Sold	1,427,653	30,091	-	-	-	1,397,562	
Gross Profit	984,540	(30,091)	-	-	-	1,014,631	
Gross Margin	40.8%	-1.2%	-	-	-	42.1%	
Operating Expenses	741,156	-	-	-	1,421	739,735	
Operating Exp as % of Sales	30.7%	-	-	-	0.1%	30.7%	
Impairment Loss	5,886	-	-	5,886	-	-	
Restructuring and Other Costs	26,943	-	26,943	-	-	-	
Income from Operations	210,555	(30,091)	(26,943)	(5,886)	(1,421)	274,896	
Operating Margin	8.7%	-1.2%	-1.1%	-0.2%	-0.1%	11.4%	
Total Other Expense	(8,856)	-	-	-	-	(8,856)	
Income before provision for income taxes	201,699	(30,091)	(26,943)	(5,886)	(1,421)	266,040	
Provision for income taxes	49,639	(7,392)	(6,620)	(1,446)	(349)	65,446	
Net income	152,060	(22,699)	(20,323)	(4,440)	(1,072)	200,594	
Net income attributable to noncontrolling interest	1,087	-	-	-	-	1,087	
Net income attributable to MSC Industrial	\$ 150,973	\$ (22,699)	\$ (20,323)	\$ (4,440)	\$ (1,072)	\$ 199,507	
Net income per common share:							
Diluted	\$ 2.69	\$ (0.40)	\$ (0.36)	\$ (0.08)	\$ (0.02)	\$ 3.55	

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MSC