

## Non-GAAP Financial Measures

### *Free Cash Flow*

Our measure of “Free cash flow” meets the definition of a non-GAAP financial measure. Free cash flow is used in addition to and in conjunction with results presented in accordance with GAAP and free cash flow 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. Free cash flow, 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 free cash flow, 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 free cash flow as a measure of the Company’s ability to reduce debt, add to cash balances, pay dividends, repurchase stock, and fund other financing activities. Free cash flow has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. For example, free cash flow does not incorporate payments made on capital lease obligations or cash payments for business acquisitions. In addition, different companies define free cash flow differently. Therefore, we believe it is important to view free cash flow as a complement to our entire consolidated statements of cash flows. A reconciliation of cash provided by operating activities to free cash flow for the thirteen and fifty-two weeks ended September 2, 2017 and for the fourteen and fifty-three weeks ended September 3, 2016 is shown below.

### *MSC Reported excluding DECO Tool Supply Co.*

To supplement MSC’s unaudited selected financial data presented consistent with Generally Accepted Accounting Principles (“GAAP”), the Company discloses certain non-GAAP financial measures that exclude the results of our acquisition of DECO Tool Supply Co. (“DECO”) on July 31, 2017, including non-GAAP net sales, non-GAAP gross profit, non-GAAP income from operations, non-GAAP net income and non-GAAP diluted earnings per share. 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 DECO to facilitate a review of the comparability of the Company’s operating performance on a period-to-period basis. We use non-GAAP measures to evaluate the operating performance of our business (excluding DECO), 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

### MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES

#### Reconciliation of GAAP and Non-GAAP Information

Quarters and Years Ended September 2, 2017 and September 3, 2016

(dollars in millions)

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Thirteen Weeks Ended	Fourteen Weeks Ended	Thirteen Weeks Ended	Fourteen Weeks Ended	Thirteen Weeks Ended	Fourteen Weeks Ended
September 2, 2017	September 3, 2016	September 2, 2017	September 3, 2016	September 2, 2017	September 3, 2016
\$ 87,710	\$ 115,281	\$ (8,625)	(53,216)	\$ 79,085	\$ 62,065

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Fiscal Year Ended		Fiscal Year Ended		Fiscal Year Ended	
September 2, 2017	September 3, 2016	September 2, 2017	September 3, 2016	September 2, 2017	September 3, 2016
\$ 246,841	\$ 401,103	\$ (46,548)	(87,930)	\$ 200,293	\$ 313,173

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES  
Reconciliation of GAAP and Non-GAAP Information  
Thirteen Weeks and Year Ended September 2, 2017  
(dollars in thousands, except per share data)

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Net Sales		DECO Tool Supply Co.		Net Sales, excluding DECO	
Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended
September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017
\$ 753,770	\$ 2,887,744	\$ 10,369	\$ 10,369	\$ 743,401	\$ 2,877,375

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		GAAP Measure		Non-GAAP Measure	
Gross Profit		DECO Tool Supply Co.		Gross Profit, excluding DECO		Gross Margin		Gross Margin, excluding DECO	
Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended
September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017
\$ 333,450	\$ 1,286,247	\$ 1,900	\$ 1,900	\$ 331,550	\$ 1,284,347	44.2%	44.5%	44.6%	44.6%

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Operating Expenses		DECO Tool Supply Co.		Operating Expenses, excluding DECO	
Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended
September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017
\$ 233,471	\$ 907,247	\$ 2,059	\$ 2,059	\$ 231,412	\$ 905,188

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		GAAP Measure		Non-GAAP Measure	
Operating Income (Loss)		DECO Tool Supply Co.		Operating Income (Loss), excluding DECO		Operating Margin		Operating Margin, excluding DECO	
Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended
September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017
\$ 99,979	\$ 379,000	\$ (159)	\$ (159)	\$ 100,138	\$ 379,159	13.3%	13.1%	13.5%	13.2%

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Net Income (Loss)		DECO Tool Supply Co.		Net Income (Loss), excluding DECO	
Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended
September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017
\$ 60,748	\$ 231,431	\$ (157)	\$ (157)	\$ 60,905	\$ 231,588

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure	
Diluted Earnings Per Share		DECO Tool Supply Co.		Diluted Earnings Per Share, excluding DECO	
Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended	Thirteen Weeks Ended	Year Ended
September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017	September 2, 2017
\$ 1.07	\$ 4.05	\$ -	\$ -	\$ 1.07	\$ 4.05

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES  
Reconciliation of GAAP and Non-GAAP Information  
Guidance for Thirteen Weeks Ended December 2, 2017\*  
(dollars in millions, except per share data)

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure
Net Sales Thirteen Weeks Ended December 2, 2017	DECO Tool Supply Co. Thirteen Weeks Ended December 2, 2017	Net Sales, excluding DECO Thirteen Weeks Ended December 2, 2017
\$ 769.0	\$ 27.8	\$ 741.2

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure	GAAP Measure	Non-GAAP Measure
Gross Profit Thirteen Weeks Ended December 2, 2017	DECO Tool Supply Co. Thirteen Weeks Ended December 2, 2017	Gross Profit, excluding DECO Thirteen Weeks Ended December 2, 2017	Gross Margin Thirteen Weeks Ended December 2, 2017	Gross Margin, excluding DECO Thirteen Weeks Ended December 2, 2017
\$ 335.1	\$ 6.0	\$ 329.1	43.6%	44.4%

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure
Operating Expenses Thirteen Weeks Ended December 2, 2017	DECO Tool Supply Co. Thirteen Weeks Ended December 2, 2017	Operating Expenses, excluding DECO Thirteen Weeks Ended December 2, 2017
\$ 235.3	\$ 5.8	\$ 229.5

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure	GAAP Measure	Non-GAAP Measure
Operating Income Thirteen Weeks Ended December 2, 2017	DECO Tool Supply Co. Thirteen Weeks Ended December 2, 2017	Operating Income, excluding DECO Thirteen Weeks Ended December 2, 2017	Operating Margin Thirteen Weeks Ended December 2, 2017	Operating Margin, excluding DECO Thirteen Weeks Ended December 2, 2017
\$ 99.7	\$ 0.1	\$ 99.6	13.0%	13.4%

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure
Net Income (Loss) Thirteen Weeks Ended December 2, 2017	DECO Tool Supply Co. Thirteen Weeks Ended December 2, 2017	Net Income (Loss), excluding DECO Thirteen Weeks Ended December 2, 2017
\$ 59.7	\$ (0.1)	\$ 59.8

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure
Diluted Earnings Per Share Thirteen Weeks Ended December 2, 2017	DECO Tool Supply Co. Thirteen Weeks Ended December 2, 2017	Diluted Earnings Per Share, excluding DECO Thirteen Weeks Ended December 2, 2017
\$ 1.05	\$ -	\$ 1.05

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