



Fiscal 2018 Q2 Earnings Presentation

April 10, 2018

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, 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, volatility in commodity and energy prices, outcome of government or regulatory proceedings or future litigation, credit risk of our customers, risk of cancellation or rescheduling of orders, work stoppages or other business interruptions (including those due to extreme weather conditions) at transportation centers or shipping ports, our headquarters or our customer fulfillment centers, dependence on our information systems and the risk of business disruptions arising from changes to our information systems, disruptions due to computer system or network failures, computer viruses, physical or electronics break-ins and cyber-attacks, retention of key personnel, the loss of key suppliers or supply chain disruptions, risks associated with changes to trade policies, failure to comply with 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 integration of acquired businesses or other strategic transactions, and financial restrictions on outstanding borrowings.

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 2018 Q2 Comparison

	FY 2018 Q2 Reported Results	FY 2018 Q2 Guidance Midpoint	FY 2018 Q2 Excluding DECO⁽¹⁾	FY 2017 Q2 Reported Results
Net Sales	\$769.0M	\$768.1M	\$739.0M	\$703.8M
Gross Margin	43.9%	43.6%	44.7%	44.7%
Operating Expenses	\$239.1M	\$238.8M	\$232.8M	\$227.9M
Effective Tax Rate ⁽²⁾	(23.9%)	(21.7%)	(24.0%)	36.1%
Diluted EPS	\$2.06	\$1.98	\$2.06	\$0.93

(1) Non-GAAP reconciliations provided on slides 8 – 14.

(2) Our Q2 effective tax rate includes the impact of the revaluation of our balance sheet items as a result of the Tax Cuts and Jobs Act.

FY 2018 Q3 Guidance

	FY 2018 Q3 Guidance	FY 2018 Q3 Guidance Excluding DECO ⁽¹⁾	FY 2017 Q3 Reported Results
Net Sales	\$820M – \$835M	\$789M – \$803M	\$743.9M
Gross Margin	43.6% – 44.0%	44.4% – 44.8%	44.3%
Effective Tax Rate	29.5%	29.5%	36.3%
Diluted EPS	\$1.37– \$1.43	\$1.37– \$1.43	\$1.09

(1) Non-GAAP reconciliations provided on slides 8 –14.

Effective Tax Rate Estimates and Q2 EPS

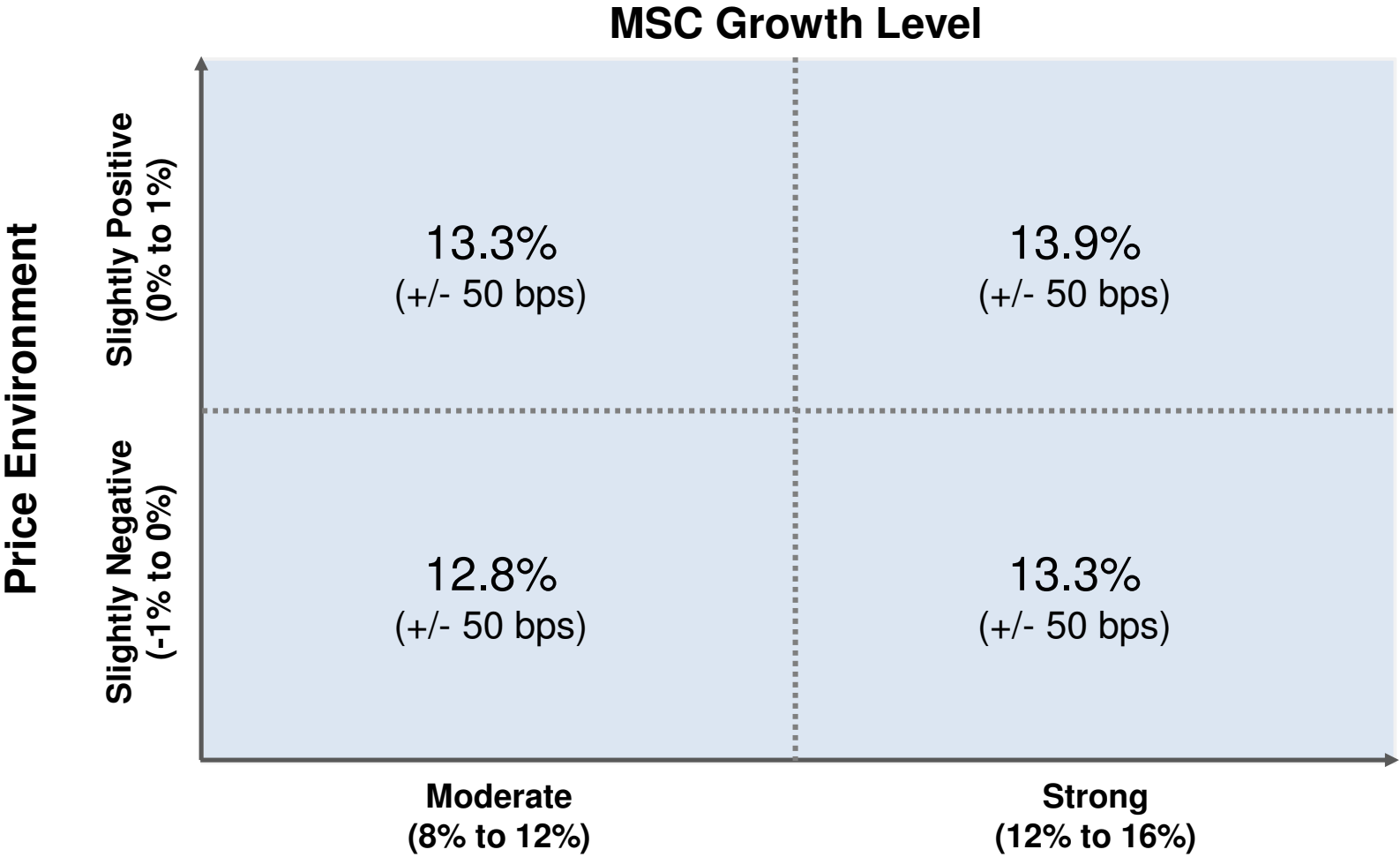
Effective Tax Rates

FY18 Q2 EPS Guidance Range vs. Actual

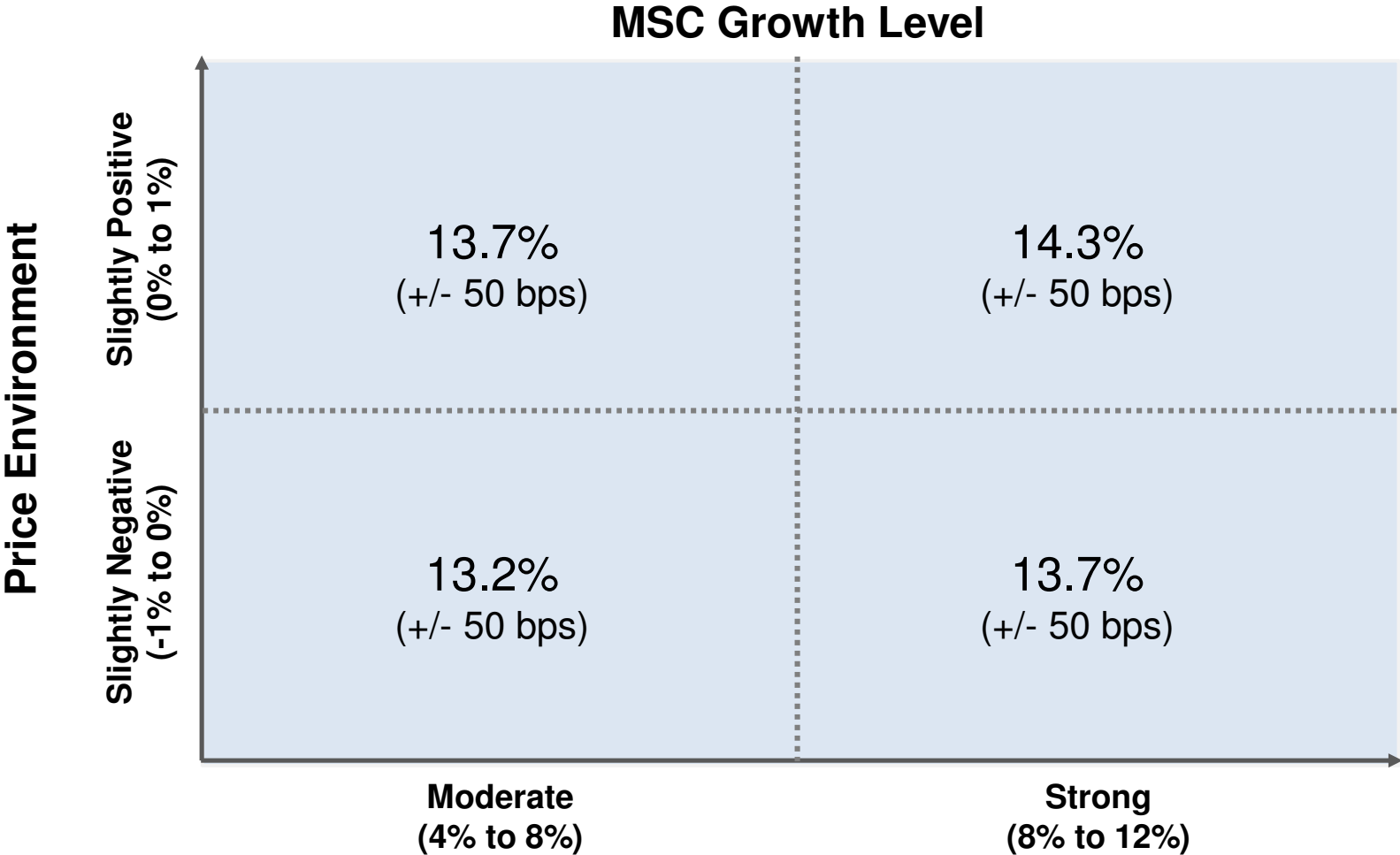
Period	ETR ⁽¹⁾		Guidance Range	Actual
FY18 Q1 ⁽⁴⁾	37.8%	EPS	\$1.93 - \$2.03	\$2.06
FY18 Q2 ^(2,3,4)	19.5%	<ul style="list-style-type: none"> Impact of Net One-Time Revaluation⁽²⁾ 	\$0.66 - \$0.70	\$0.72
FY18 Q3E	29.5%	EPS Excluding Net One-Time Revaluation	\$1.27 - \$1.33	\$1.34
FY18E	29.2% – 29.4%	<ul style="list-style-type: none"> Impact of True-Up for ETR Change^(3,4) 	\$0.27 - \$0.29	\$0.30
FY19E	25.2% – 25.4%	EPS Excluding Impact of Tax Cuts and Jobs Act	\$1.00 - \$1.04	\$1.04

- (1) Effective tax rate reflect combined Federal and State corporate taxes.
- (2) One-time net deferred tax liabilities revalued to reflect lower federal corporate tax rate, lower federal benefit for state taxes and the move from a Worldwide to a Territorial Tax System.
- (3) The 19.5% for FY18 Q2 is before the impact of the one time net deferred tax liabilities revaluation.
- (4) FY18 Q1 and FY18 Q2 combined tax rate of approximately 29.3%.

FY 2018 Annual Operating Margin Framework Including DECO Results



FY 2018 Annual Operating Margin Framework Excluding DECO Results



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 weeks and twenty-six weeks ended March 3, 2018 and March 4, 2017, respectively is shown below.

- ***Results excluding DECO Tool Supply Co***

- ***Results excluding (a)provisional one-time tax benefit and (b)adjustment from applying lower YTD rate due to the Tax Cuts and Jobs Act (“TCJA”)***

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 DECO Tool Supply Co. (“DECO”) on July 31, 2017. These non-GAAP financial measures also exclude, for the thirteen and twenty-six-week periods ended March 3, 2018, the net estimated impact of the TCJA passed in December 2017, as these items will significantly impact comparability between years. This provisional benefit is an estimate subject to adjustment during a 12-month measurement period.

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 and the tax benefits attributable to the TCJA 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 Twenty-Six Weeks Ended March 3, 2018 and March 4, 2017

(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	
March 3, 2018	March 4, 2017	March 3, 2018	March 4, 2017	March 3, 2018	March 4, 2017
\$ 36,207	\$ 20,695	\$ (8,233)	(13,010)	\$ 27,974	\$ 7,685

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	
March 3, 2018	March 4, 2017	March 3, 2018	March 4, 2017	March 3, 2018	March 4, 2017
\$ 118,187	\$ 96,656	\$ (17,261)	(25,508)	\$ 100,926	\$ 71,148

Reconciliations – Fiscal 2018 Q2 DECO and Tax Cuts and Jobs Act impact

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES

Reconciliation of GAAP and Non-GAAP Information

Thirteen and Twenty-Six Weeks Ended March 3, 2018

(dollars in thousands, except per share data)

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		GAAP Measure		Non-GAAP Measure	
Net Sales		DECO Tool Supply Co.		Net Sales, excluding DECO		Average Daily Sales Growth		Average Daily Sales Growth, Excluding DECO	
Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ 768,987	\$ 1,537,548	\$ 29,955	\$ 59,637	\$ 739,032	\$ 1,477,911	9.3 %	10.6 %	5.0 %	6.3 %
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	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ 337,223	\$ 672,292	\$ 6,647	\$ 13,088	\$ 330,576	\$ 659,204	43.9 %	43.7 %	44.7 %	44.6 %
GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		GAAP Measure		Non-GAAP Measure	
Operating Expenses		DECO Tool Supply Co.		Operating Expenses, excluding DECO		Operating Expenses as a percentage of Net Sales		Operating Expenses as a percentage of Net Sales, Excluding DECO	
Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ 239,120	\$ 474,911	\$ 6,295	\$ 12,160	\$ 232,825	\$ 462,751	31.1 %	30.9 %	31.5 %	31.3 %

Reconciliations – Fiscal 2018 Q2 DECO and Tax Cuts and Jobs Act impact (cont'd)

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	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ 98,103	\$ 197,381	\$ 352	\$ 928	\$ 97,751	\$ 196,453	12.8 %	12.8 %	13.2 %	13.3 %

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		Non-GAAP Measure	
(Benefit) provision for income taxes		DECO Tool Supply Co.		Provisional one-time tax benefit		(Benefit) provision for income taxes, excluding DECO and one-time provisional benefit	
Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ (22,709)	\$ 13,502	\$ 6	\$ 127	\$ 41,199	\$ 41,199	\$ 18,484	\$ 54,574

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		Non-GAAP Measure	
(Benefit) provision for income taxes		DECO Tool Supply Co.		Provisional one-time tax benefit and adjustment from applying lower YTD rate		(Benefit) provision for income taxes, excluding DECO and one-time provisional benefit and adjustment from applying lower YTD rate	
Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ (22,709)	\$ 13,502	\$ 6	\$ 127	\$ 58,128	\$ 58,128	\$ 35,413	\$ 71,503

GAAP Measure		Items Affecting Comparability		Non-GAAP Measure		Non-GAAP Measure	
Net Income (Loss)		DECO Tool Supply Co.		Provisional one-time tax benefit		Net Income (Loss), excluding DECO and one-time provisional benefit	
Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ 117,552	\$ 177,137	\$ 106	\$ 306	\$ 41,199	\$ 41,199	\$ 76,247	\$ 135,632

Reconciliations – Fiscal 2018 Q2 DECO and Tax Cuts and Jobs Act impact (cont'd)

GAAP Measure		Items Affecting Comparability				Non-GAAP Measure	
Net Income (Loss)		DECO Tool Supply Co.		Provisional one-time tax benefit and adjustment from applying lower YTD rate		Net Income (Loss), excluding DECO and one-time provisional benefit and adjustment from applying lower YTD rate	
Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ 117,552	\$ 177,137	\$ 106	\$ 306	\$ 58,128	\$ 58,128	\$ 59,318	\$ 118,703

GAAP Measure		Items Affecting Comparability				Non-GAAP Measure	
Diluted Earnings Per Share		DECO Tool Supply Co.		Provisional one-time tax benefit		Diluted Earnings Per Share, excluding DECO and one-time provisional benefit	
Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ 2.06	\$ 3.12	\$ -	\$ -	\$ 0.72	\$ 0.72	\$ 1.34	\$ 2.40

GAAP Measure		Items Affecting Comparability				Non-GAAP Measure	
Diluted Earnings Per Share		DECO Tool Supply Co.		Provisional one-time tax benefit and adjustment from applying lower YTD rate		Diluted Earnings Per Share, excluding DECO and one-time provisional benefit and adjustment from applying lower YTD rate	
Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended	Thirteen Weeks Ended	Twenty-Six Weeks Ended
March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018	March 3, 2018
\$ 2.06	\$ 3.12	\$ -	\$ -	\$ 1.02	\$ 1.02	\$ 1.04	\$ 2.10

Reconciliations – Fiscal 2018 Q3 Guidance DECO impact

MSC INDUSTRIAL SUPPLY CO. AND SUBSIDIARIES

Reconciliation of GAAP and Non-GAAP Information

Guidance for Thirteen Weeks Ended June 2, 2018*

(dollars in millions, except per share data)

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure	GAAP Measure	Non-GAAP Measure
Net Sales	DECO Tool Supply Co.	Net Sales, excluding DECO	Average Daily Sales Growth	Average Daily Sales Growth, Excluding DECO
Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
June 2, 2018	June 2, 2018	June 2, 2018	June 2, 2018	June 2, 2018
\$ 827.6	\$ 31.7	\$ 795.9	11.3 %	7.0 %

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	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
June 2, 2018	June 2, 2018	June 2, 2018	June 2, 2018	June 2, 2018
\$ 362.2	\$ 7.0	\$ 355.2	43.8 %	44.6 %

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure	GAAP Measure	Non-GAAP Measure
Operating Expenses	DECO Tool Supply Co.	Operating Expenses, excluding DECO	Operating Expenses as a percentage of Net Sales	Operating Expenses as a percentage of Net Sales, Excluding DECO
Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
June 2, 2018	June 2, 2018	June 2, 2018	June 2, 2018	June 2, 2018
\$ 245.4	\$ 6.2	\$ 239.2	29.7 %	30.0 %

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

Reconciliations – Fiscal 2018 Q3 Guidance DECO impact (cont'd)

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure	GAAP Measure	Non-GAAP Measure
Operating Income	DECO Tool Supply Co.	Operating Income, excluding DECO	Operating Margin	Operating Margin, excluding DECO
Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
June 2, 2018	June 2, 2018	June 2, 2018	June 2, 2018	June 2, 2018
\$ 116.8	\$ 0.7	\$ 116.1	14.1 %	14.6 %

GAAP Measure	Items Affecting Comparability	Non-GAAP Measure
Net Income (Loss)	DECO Tool Supply Co.	Net Income (Loss), excluding DECO
Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
June 2, 2018	June 2, 2018	June 2, 2018
\$ 79.9	\$ 0.3	\$ 79.6

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	Thirteen Weeks Ended	Thirteen Weeks Ended
June 2, 2018	June 2, 2018	June 2, 2018
\$ 1.40	\$ -	\$ 1.40