

# FISCAL FIRST QUARTER 2026 EARNINGS

JANUARY 7, 2026

**MSC**



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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## FISCAL FIRST QUARTER 2026 HIGHLIGHTS

1

**Average daily sales** (“ADS”) up 4% YoY and at the midpoint of outlook as Core Customer strength and return to growth in National Accounts offset government shutdown headwinds that persisted through most of 1Q’26

2

**Gross margin of 40.7% at the midpoint of outlook** as price/cost returned to expected levels and improved from 4Q’25 levels following pricing actions taken in the first half of 1Q’26

3

**Reported and adjusted\* operating margin** up 10 bps and 40 bps YoY, respectively, and above the midpoint of outlook driven by operating expenses that performed slightly better than anticipated

4

**Reported and adjusted\* incremental operating margin\*\* of 11% and 18%** achieved in 1Q’26, respectively, and anticipating stronger performance in the second half of the fiscal year

5

**Reported EPS \$0.93 and adjusted\* EPS of \$0.99** up 12% and 15% YoY, respectively

6

**Approximately \$62 million returned to shareholders** in the form of dividends and share repurchases in 1Q’26

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



\*\* The Company defines Incremental Operating Margin as the change in year-over-year Income from Operations as a percentage of the change in year-over-year Net Sales and Adjusted Incremental Operating Margin as Incremental Operating Margin adjusted to exclude restructuring and other costs and share reclassification litigation costs by excluding such items from Income from Operations. The Company's management believes that Incremental Operating Margin is useful because it shows the direction that operating profit margins are moving as a result of changes in net sales between periods, and that, by excluding the aforementioned items, Adjusted Incremental Operating Margin helps to more clearly show, on a comparable basis between periods, trends in the Company's underlying business and results of operations. The Company believes 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.

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**DRIVING GROWTH AND SALES EXCELLENCE IN DIRECT PARTNERSHIP  
WITH OUR SUPPLIER COMMUNITY**

The logo features a stylized graphic of three overlapping triangles in red and blue, followed by the text "GROWTH FORUM'26" in a bold, white, sans-serif font.

# **GROWTH FORUM'26**

**PLAN**

**PARTNER**

**GROW**

**3 Day**

Industry-Leading Event

**~1,400**

MSC Associates Attending

**Strongly Participated**

By Suppliers

**MSC**

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## ESG HIGHLIGHTS AND LONG-TERM SUSTAINABILITY GOALS

Establishing  
long-term  
sustainability goals

**15%**

Reduction in Scope 1 & 2  
GHG emissions by 2030

**119,651**

Tools re-ground

**8,400 lbs**

Carbide recycled



### Military Recognition



### Military Partnerships



# ENCOURAGING RESULTS IN FISCAL 1Q AS PROGRESS CONTINUES

## Fiscal 1Q'26 Highlights

**4%**  
AVERAGE DAILY  
SALES GROWTH

**40.7%**  
GROSS  
MARGIN

**8.4%**  
ADJUSTED  
OPERATING MARGIN\*

**18%**  
ADJUSTED\* INCREMENTAL  
OPERATING MARGIN\*\*

### Core Customers and Coverage

#### ADS

Up ~6% YoY and outperformed total company for 2<sup>nd</sup> consecutive quarter

#### Sales Per Rep Per Day

Up HSD YoY

### National Accounts and Solutions

#### National Accounts

Return to growth in ADS with improvement of ~3% YoY

#### Solutions

In-Plant programs up 13% YoY and Vending up 9% YoY

### Public Sector

#### ADS

Down ~5% YoY driven by the federal government shutdown that created a meaningful ADS headwind to Public Sector sales

### Web and Marketing

#### Web

ADS up MSD YoY and LSD QoQ

#### Marketing

Continuing to see favorable returns on higher spend

LSD = Low Single Digits  
MSD = Mid Single Digits  
HSD = High Single Digits.



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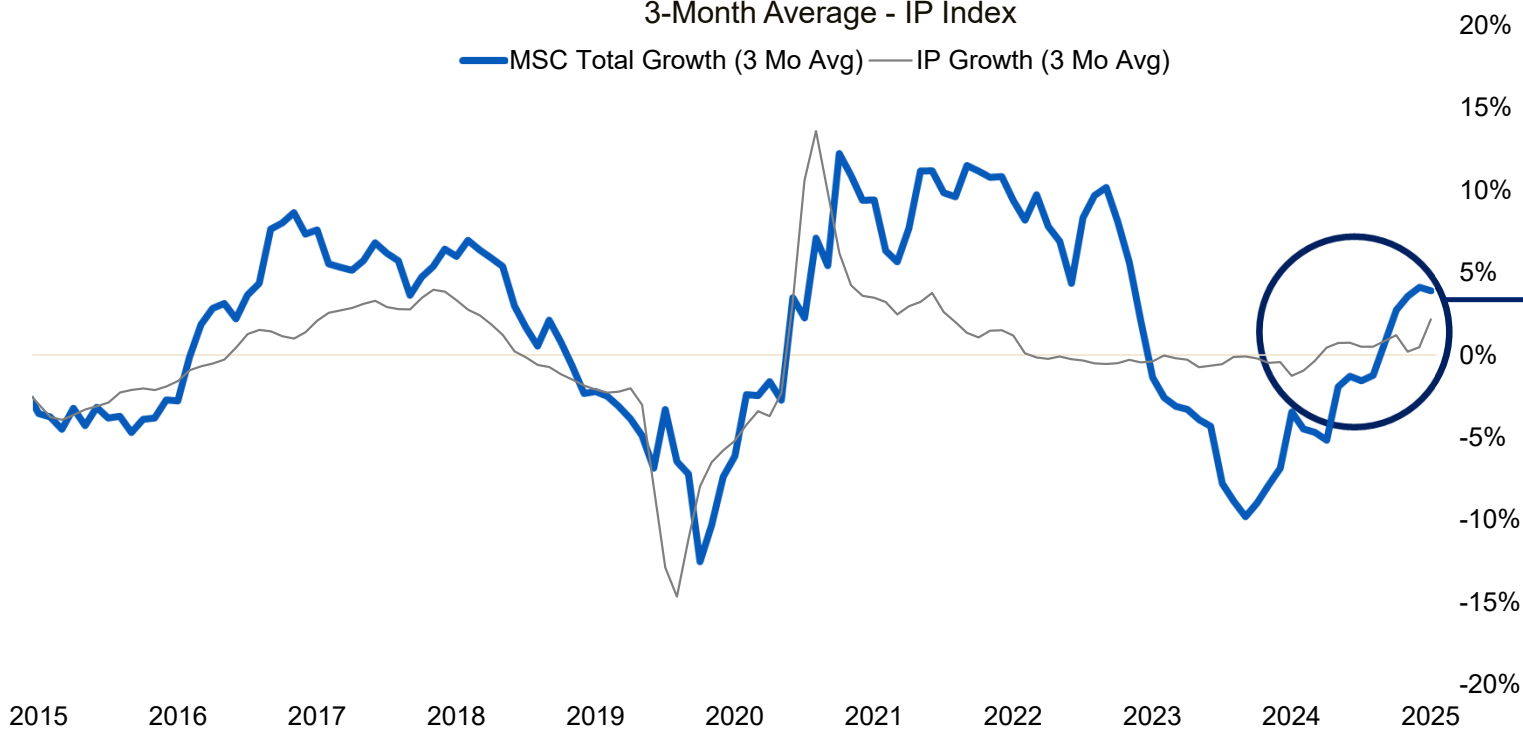
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# PERFORMANCE AGAINST INDUSTRIAL PRODUCTION IMPROVING AS MOMENTUM BUILDS FROM GROWTH INITIATIVES

## MSC Total Organic Sales Growth

3-Month Average - IP Index

— MSC Total Growth (3 Mo Avg) — IP Growth (3 Mo Avg)



## IP Index Performance YoY of MSC's Top 5 Industries

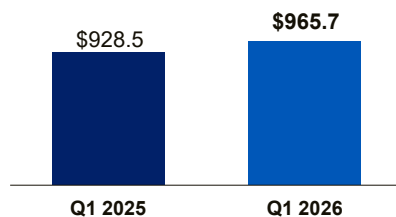
Industry Group	1Q'26
Machinery & Equipment	2.4%
Primary Metals	3.8%
Fabricated Metals	3.3%
Automotive	(2.6)%
Aerospace	29.3%



- Data as of December 23, 2025;
- Source: Federal Reserve

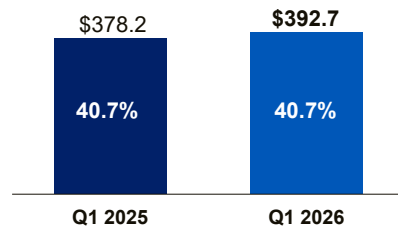
# FISCAL FIRST QUARTER 2026 REPORTED AND ADJUSTED RESULTS

## Net Sales (millions)



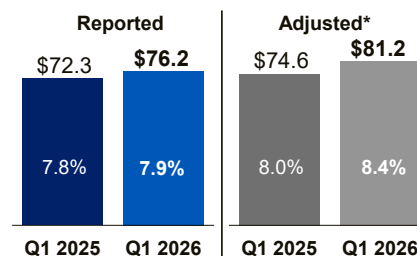
- ADS growth of 4.0% primarily driven by benefits from price of 420 bps being partially offset by a volume decline of 30 bps due to impacts from the government shutdown that represented a ~100 bps headwind
- Core and Other Customers up 6%, National Accounts up 3%, and Public Sector down 5%
- Sales to customers with an In-Plant program up 13%, representing 20% of total sales
- Sales through vending machines up 9%, representing 19% of total sales

## Gross Profit (millions and % of sales)



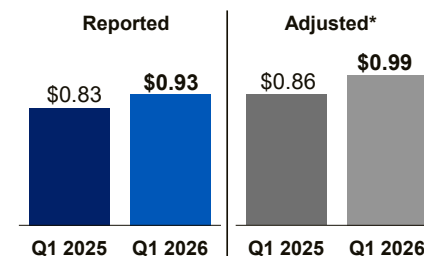
- Gross margin flat YoY
- YoY performance primarily driven by favorable customer mix of 10 bps due to lower Public Sector sales being offset by slightly negative price/cost

## Operating Profit (millions and % of sales)



- Reported operating profit in Q1'26 includes \$4.9 million of restructuring and other costs and share reclassification litigation costs
- Reported operating profit in Q1'25 includes \$2.3 million of restructuring and other costs
- Operating margin improvement primarily driven by higher sales and benefits from operating expense productivity

## Earnings (per diluted share)



- Q1'26 reported EPS includes \$0.07 of restructuring and other costs
- Q1'25 reported EPS includes \$0.03 of restructuring and other costs
- Lower interest and other expenses, which includes FX revaluation, represent an adjusted EPS tailwind of \$0.04



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

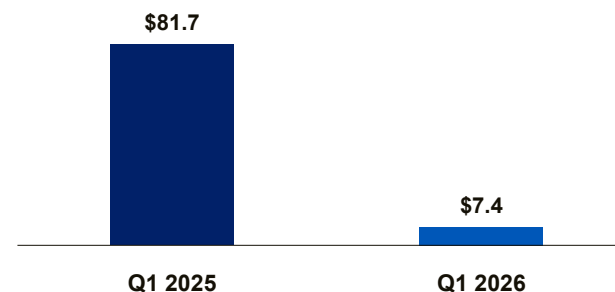


# FISCAL FIRST QUARTER 2026 BALANCE SHEET AND CASH FLOW

- Decrease in operating cash flow YoY primarily driven by investments in working capital due to the increase in sales resulting in operating cash flow conversion\*\* of 58%
- Generated free cash flow conversion\* of 14% YoY but remain confident in achieving our FY'26 target of ~90%

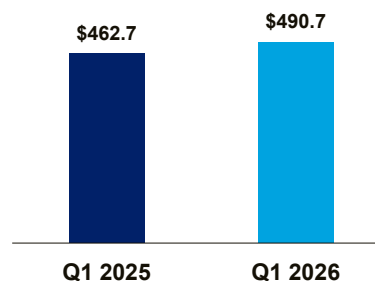
- Net debt increased \$28 million as a result of higher debt levels and lower cash on hand
- Maintaining a healthy balance sheet with net debt to EBITDA currently at 1.2x\*
- Target net debt to EBITDA ratio between 1.0x and 2.0x\*

## Free Cash Flow\* (millions)

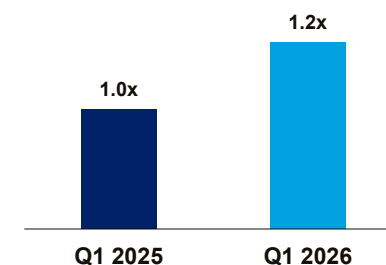


## Net Debt and Financial Leverage (millions, except ratio)

### Net Debt



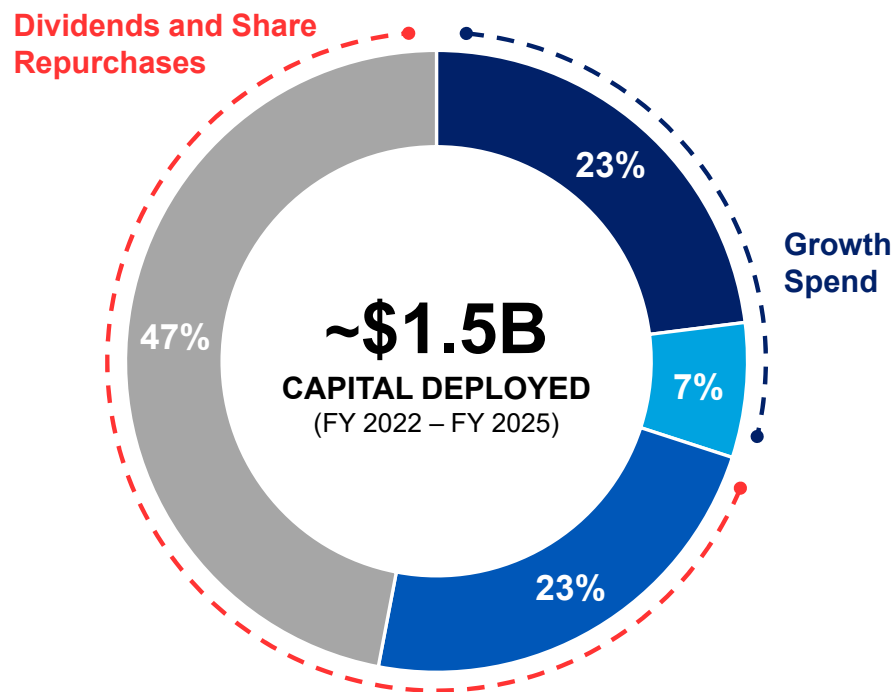
### Net Debt to EBITDA\*



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

\*\* The Company defines Operating Cash Flow Conversion as Net cash provided by operating activities as a percentage of Net Income. The Company's management uses Operating Cash Flow Conversion to evaluate the Company's operating performance, in particular how efficiently the Company turns its sales and profits into cash, and to assess the efficiency of the Company's use of working capital. The Company believes Operating Cash Flow Conversion is useful to investors for the foregoing reasons and as a measure of the rate at which the Company converts its net income reported in accordance with GAAP to cash inflows, which helps investors assess whether the Company is generating sufficient cash flow to provide an adequate return

# CLEAR CAPITAL ALLOCATION PRIORITIES



## Long-Term Priorities

Strategic Optionality	Significant capital allocation optionality after deprioritizing special dividends; potential uses include organic growth investments, strategic M&A, debt paydown, or further deployment to shareholders
Capex	Ongoing investment to strengthen operations, digital capabilities, and service offerings
M&A	Bolt-on acquisitions with a focus on underserved regions, adjacent product categories, technologies, and high-growth end markets
Share Repurchases	Targeting to offset annual stock-based compensation dilution at a minimum
Ordinary Dividend	Targeting modest annual increases in the ordinary dividend

**Disciplined focus on Return on Invested Capital\* and value creation**

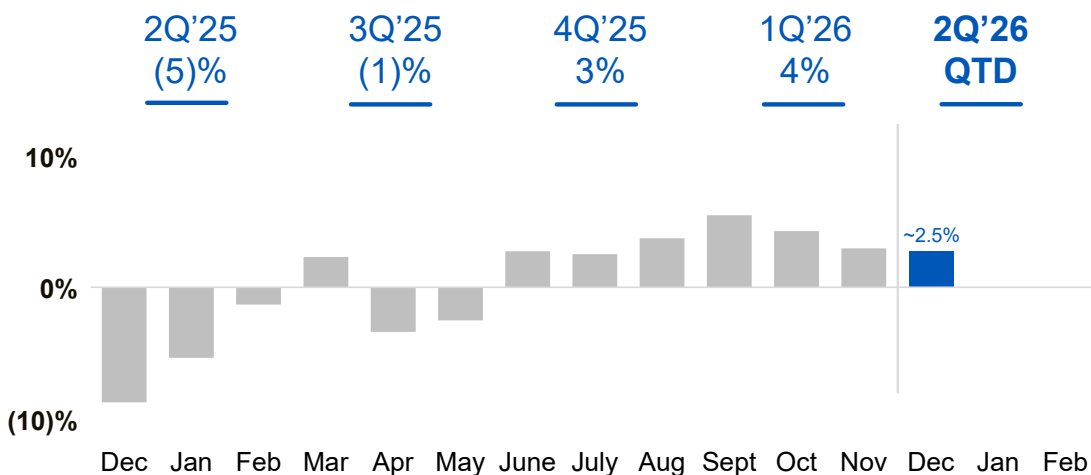
# SECOND QUARTER EXPECTATIONS REFLECT CONTINUED MOMENTUM BEING PARTIALLY OFFSET BY A SLOW START TO THE QUARTER

## 2Q'26 OUTLOOK

**Up 3.5% to 5.5% YoY**  
AVERAGE DAILY SALES (ADS)

**7.3% to 7.9%**  
ADJUSTED OPERATING MARGIN\*

### ADS YoY TRENDS



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### ASSUMPTIONS

#### Average Daily Sales

- Midpoint of the range assumes ADS in January and February improving ~3% vs. 1Q levels and ~5.5% YoY
- Headwinds from the federal government shutdown in 1Q expected to not repeat in 2Q and to provide a sequential tailwind of ~50 bps to ADS in 2Q
- Timing of supplier conference expected to be a headwind of ~50 bps to ADS in 2Q and provide a benefit similar in size to ADS in 3Q

#### Profitability & Adjusted Operating Margin

- Gross margin expected to be 40.8% +/- 20 bps
- Operating margin negatively impacted by 10 bps due to an increase in travel and other costs related to the supplier conference
- In a mid-single digit growth scenario, we expect adjusted\* incremental operating margin\*\* of approximately 20% for the fiscal year



# FY'26 GUIDED METRICS AND HISTORICAL SEQUENTIAL AVERAGE DAILY SALES TRENDS WITH CONSIDERATIONS

## FY'26 MODELING ASSUMPTIONS

**\$95-\$100M**

Depreciation and  
Amortization

**~\$35M**

Interest and Other  
Expense

**\$100-\$110M\*\*\***

Capital  
Expenditures

**~90%**

Free Cash Flow  
Conversion\*

**24.5%-25.5%**

Tax  
Rate

## AVERAGE DAILY SALES CADENCE

2Q'26 ADS Mid Point

**\$14.8M**

	1Q to 2Q	2Q to 3Q	3Q to 4Q
Historical QoQ Average**	<b>(2)%</b> <i>Mid-point of outlook assumes ~(5)%</i>	<b>+6%</b>	<b>Roughly Flat</b>
Considerations	<ul style="list-style-type: none"> <li>QoQ ADS performance challenged by a particularly soft December due to the timing of holidays and revenues potentially shifting from 2Q'26 to 3Q'26 due to the timing of our supplier conference</li> <li>Partially offset by benefits from price and Public Sector ADS improvement post federal government shutdown</li> </ul>	<ul style="list-style-type: none"> <li>Limited visibility into macro conditions in the first half of calendar 2026 driven by tariff uncertainty but cautiously optimistic</li> <li>Momentum in growth initiatives expected to build throughout the fiscal year</li> <li>Potential for further pricing actions if inflationary pressures persist</li> </ul>	
Business Days	2Q: 63	3Q: 64	4Q: 64



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

\*\*5-year historical ADS average (FY'21-FY'25)

\*\*\* Includes expenditures associated with cloud computing arrangements

## SUMMARY

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**Gross margin of 40.7% at the midpoint of outlook** as price/cost returned to expected levels and improved from 4Q'25 levels following pricing actions taken in the first half of 1Q'26

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# APPENDIX

***MSC***

# 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 return on invested capital (as defined below), non-GAAP operating expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP incremental operating margin, non-GAAP provision for income taxes, non-GAAP net income and non-GAAP diluted earnings per share, that exclude items such as restructuring and other costs and share reclassification litigation costs, and tax effects, as well as free cash flow conversion, which is a measure calculated using free cash flow, which is a non-GAAP measure.

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 measure and should only be used to evaluate MSC's results of operations in conjunction with the corresponding GAAP financial measure.

This presentation also includes certain forward-looking information that is not presented in accordance with GAAP, including adjusted operating margin, adjusted incremental operating margin and free cash flow conversion. The Company believes that a quantitative reconciliation of such forward-looking information to the most directly comparable financial measure calculated and presented in accordance with GAAP cannot be made available without unreasonable efforts because a reconciliation of these non-GAAP financial measures would require the Company to predict the timing and likelihood of potential future events such as restructurings, M&A activity, and other infrequent or unusual gains and losses. Neither the timing or likelihood of these events, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, a reconciliation of such forward-looking information to the most directly comparable GAAP financial measure is not provided.

## Free Cash Flow ("FCF") and Free Cash Flow Conversion ("FCF Conversion")

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. FCF Conversion is useful to investors for the foregoing reasons and as a measure of the rate at which the Company converts its net income reported in accordance with GAAP to cash inflows, which helps investors assess whether the Company is generating sufficient cash flow to provide an adequate return.

## Incremental Operating Margin and Adjusted Incremental Operating Margin

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# RECONCILIATIONS

## Non-GAAP Financial Measures

### ***Results Excluding Restructuring and Other Costs and Share Reclassification Litigation Costs***

In calculating certain non-GAAP financial measures, we exclude items such as restructuring and other costs and share reclassification litigation 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 comparing 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.

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

ROIC is calculated using a non-GAAP financial measure. We calculate ROIC by dividing non-GAAP net operating profit after tax ("NOPAT") by average invested capital, a GAAP measure. NOPAT is defined as tax effected 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 non-GAAP 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.

### ***Net Debt to Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA")***

Net debt to EBITDA is calculated using a non-GAAP financial measure, EBITDA. The Company defines EBITDA as GAAP net income adjusted for taxes, total other expense and depreciation and amortization for the preceding 12 months. Net debt, a GAAP measure, is calculated as total debt less cash and cash equivalents. The Company presents net debt to EBITDA because it more clearly represents the operating profitability of the company and is a more accurate representation of the Company's financial position and its ability to cover its net debt obligations with results from its core operations. The Company's management uses net debt to EBITDA to evaluate the timeframe it would take to pay back its debt if net debt and EBITDA are held constant. The Company believes net debt to EBITDA is useful to investors for the foregoing reasons and as a measure of the rate at which the Company can cover its debts, which helps investors assess whether the Company has ability to grow its debt to support future growth initiatives. This method of determining non-GAAP EBITDA may differ from other companies' methods and therefore may not be comparable to those used by other companies. EBITDA should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.

## RECONCILIATIONS

MSC INDUSTRIAL DIRECT CO., INC.  
Reconciliation of GAAP and Non-GAAP Financial Information  
Fiscal Quarters Ended November 29, 2025 and November 30, 2024  
(In thousands)

	Fiscal Quarters Ended	
	November 29, 2025	November 30, 2024
(a) Net cash provided by operating activities	\$ 29,411	\$ 101,868
(b) Expenditures for property, plant and equipment	(22,006)	(20,168)
(a-b) = (c) Free cash flow	7,405	81,700
(d) Net income	51,108	45,694
(a)/(d) Operating cash flow conversion	58 %	223 %
(c)/(d) Free cash flow conversion	14 %	179 %

# RECONCILIATIONS

MSC INDUSTRIAL DIRECT CO., INC.  
Reconciliation of GAAP and Non-GAAP Financial Information  
Fiscal Quarter Ended November 29, 2025  
(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	Share Reclassification Litigation Costs	Adjusted Total MSC Industrial
Net Sales	\$ 965,684	\$ —	\$ —	\$ 965,684
Cost of Goods Sold	573,007	—	—	573,007
Gross Profit	392,677	—	—	392,677
Gross Margin	40.7 %	— %	— %	40.7 %
Operating Expenses	311,568	—	51	311,517
Operating Expenses as % of Sales	32.3 %		0.0 %	32.3 %
Restructuring and Other Costs	4,870	4,870	—	—
Income from Operations	76,239	(4,870)	(51)	81,160
Operating Margin	7.9 %	0.5 %	0.0 %	8.4 %
Incremental Margin	10.6 %	6.8 %	0.1 %	17.6 %
Total Other Expense	(8,725)	—	—	(8,725)
Income before provision for income taxes	67,514	(4,870)	(51)	72,435
Provision for income taxes	16,406	(1,184)	(12)	17,602
Net income	51,108	(3,686)	(39)	54,833
Net loss attributable to noncontrolling interest	(696)	—	—	(696)
Net income attributable to MSC Industrial	\$ 51,804	\$ (3,686)	\$ (39)	\$ 55,529
Net income per common share:				
Diluted	\$ 0.93	\$ (0.07)	\$ 0.00	\$ 0.99

\*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  
Fiscal Quarter Ended November 30, 2024  
(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	Adjusted Total MSC Industrial
Net Sales	\$ 928,484	\$ —	\$ 928,484
Cost of Goods Sold	550,297	—	550,297
Gross Profit	378,187	—	378,187
Gross Margin	40.7 %	— %	40.7 %
Operating Expenses	303,563	—	303,563
Operating Expenses as % of Sales	32.7 %	— %	32.7 %
Restructuring and Other Costs	2,344	2,344	—
Income from Operations	72,280	(2,344)	74,624
Operating Margin	7.8 %	0.3 %	8.0 %
Total Other Expense	(11,678)	—	(11,678)
Income before provision for income taxes	60,602	(2,344)	62,946
Provision for income taxes	14,908	(577)	15,485
Net income	45,694	(1,767)	47,461
Net loss attributable to noncontrolling interest	(929)	—	(929)
Net income attributable to MSC Industrial	\$ 46,623	\$ (1,767)	\$ 48,390
Net income per common share:			
Diluted	\$ 0.83	\$ (0.03)	\$ 0.86

\*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  
Twelve Months Ended November 29, 2025 and August 30, 2025  
(In thousands, except percentages)

	Twelve Months Ended November 29, 2025	Twelve Months Ended August 30, 2025
(a) Net income attributable to MSC Industrial (twelve-month trailing)	\$ 204,509	\$ 199,328
<b>NOPAT</b>		
Income from Operations (twelve-month trailing)	305,522	301,563
Effective tax rate	24.9 %	24.9 %
(b) Non-GAAP NOPAT	229,573	226,346
(c) Adjusted Non-GAAP NOPAT	242,224 <sup>1</sup>	237,049 <sup>2</sup>
<b>Invested Capital</b>		
Total MSC Industrial shareholders' equity	\$ 1,381,171	\$ 1,388,210
Current portion of debt including obligations under finance leases	316,872	316,868
Long-term debt including obligations under finance leases	214,095	168,831
Total Debt	530,967	485,699
Cash and cash equivalents	\$ 40,254	\$ 56,228
Net debt	490,713	429,471
Invested capital	1,871,884	1,817,681
(d) Average invested capital (thirteen-month trailing average)	1,832,748	1,836,838
(e) Adjusted average invested capital (thirteen-month trailing average)	1,843,123 <sup>1</sup>	1,847,327 <sup>2</sup>
(a)/(d) Net income to Average invested capital	11.2 %	10.9 %
(b)/(d) Non-GAAP ROIC	12.5 %	12.3 %
(c)/(e) Adjusted Non-GAAP ROIC	13.1 %	12.8 %

<sup>(1)</sup> Adjusted Non-GAAP NOPAT and invested capital excludes \$13.5 million of restructuring and other costs, \$1.2 million of loss on sale of property and \$2.1 million of share reclassification litigation costs, net of an associated tax benefit of \$4.3 million.

<sup>(2)</sup> Adjusted Non-GAAP NOPAT and invested capital excludes \$11.0 million of restructuring and other costs, \$1.2 million of loss on sale of property and \$2.1 million of share reclassification litigation costs, net of an associated tax benefit of \$3.6 million.

# RECONCILIATIONS

MSC INDUSTRIAL DIRECT CO., INC.  
Reconciliation of GAAP and Non-GAAP Financial Information  
Twelve Months Ended November 29, 2025 and November 30, 2024  
(In thousands)

	Twelve Months Ended November 29, 2025	Twelve Months Ended November 30, 2024
<b>Net Debt</b>		
Current portion of debt including obligations under finance leases	\$ 316,872	\$ 230,077
Long-term debt including obligations under finance leases	214,095	289,890
Total debt	530,967	519,967
Cash and cash equivalents	40,254	57,266
<b>(a) Net Debt</b>	<b>\$ 490,713</b>	<b>\$ 462,701</b>
<b>Net Income</b>	<b>\$ 203,250</b>	<b>\$ 232,523</b>
Total other expense	35,032	49,066
Income tax expense	67,240	79,510
Depreciation and amortization	91,823	82,015
<b>(b) EBITDA</b>	<b>\$ 397,345</b>	<b>\$ 443,114</b>
<b>(a)/(b) Net Debt to EBITDA</b>	<b>1.23</b>	<b>1.04</b>

# THANK YOU

**MSC**

