



Fiscal FY 2015 Q4 Earnings Presentation

October 27, 2015

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 statements; are based on our current expectations; and we assume no obligation to update them. These risks include problems with successfully integrating acquired operations; current economic, political, and social conditions; general economic conditions in the markets in which the Company operates; changing customer and product mixes; competition; industry consolidation and other changes in the industrial distribution sector; volatility in commodity and energy prices; the outcome of potential government or regulatory proceedings or future litigation; credit risk of our customers; risk of cancellation or rescheduling of customer orders; work stoppages or other business interruptions (including those due to extreme weather conditions) at transportation centers or shipping ports; risk of loss of key suppliers, key brands or supply chain disruptions; 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; dependence on key personnel; risk of delays in expanding our customer fulfillment centers; goodwill and intangible assets recorded as a result of our acquisitions could be impaired; and disclosing our use of “conflict minerals” in certain of the products we distribute could raise certain reputational and other risks.

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 and at the end of our earnings release for a reconciliation of the adjusted financial measures to the most directly comparable GAAP measures.

FY 2015 Q4 Guidance Comparison

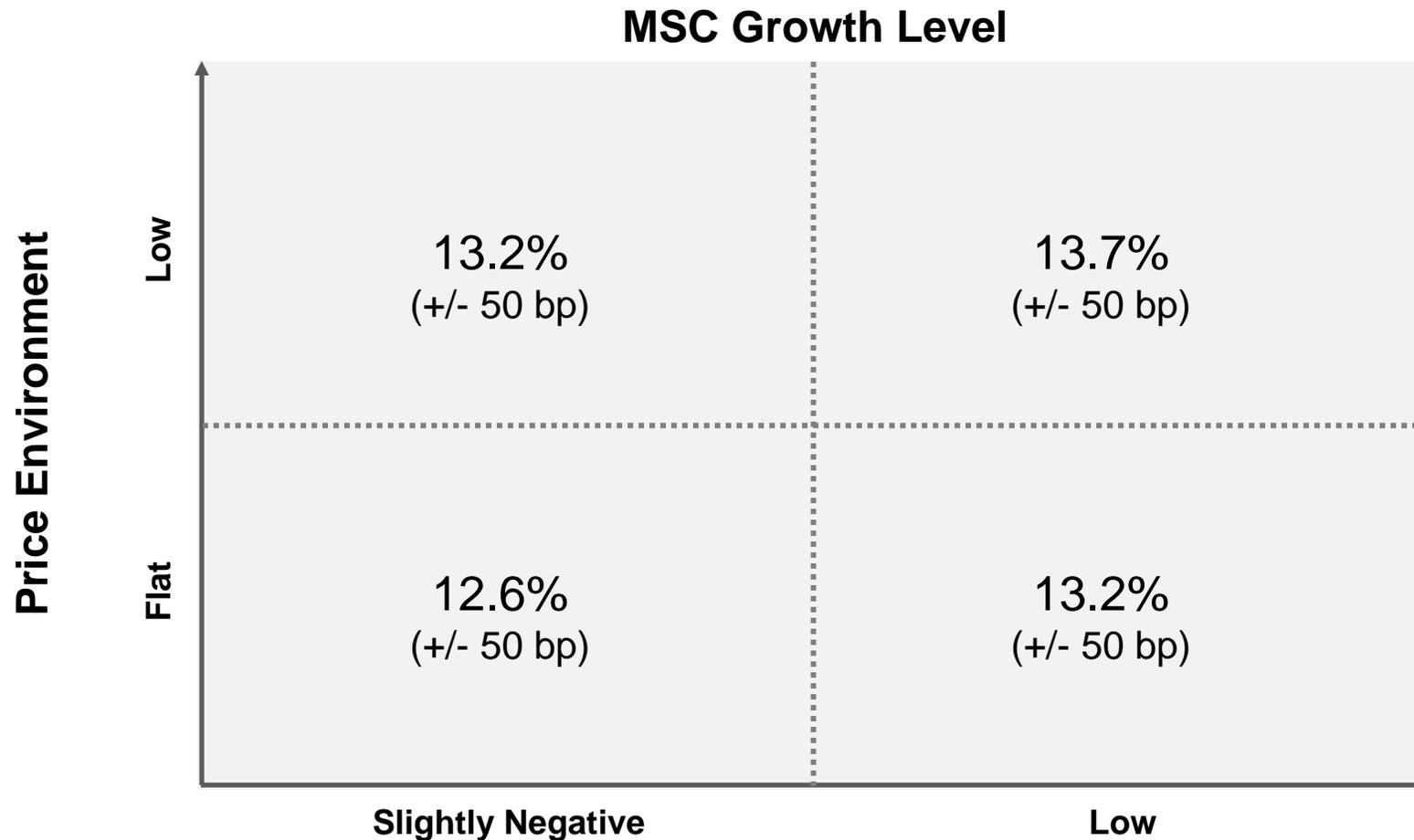
	FY 2015 Q4 Guidance	FY 2015 Q4 Results ⁽¹⁾
Sales	\$735M – \$747M	\$727M
Gross Margin	44.5% – 44.9%	45.0%
Adjusted EPS	\$0.93 – \$0.97	\$0.96
Adjusted Operating Expenses	\$235M	\$231M
Tax Rate	37.4%	36.9%

(1) Reconciliations are provided on slides 6-8.

FY 2016 Q1 Guidance

Sales	\$702M – \$714M
Gross Margin	44.9% +/- 20 bps
EPS	\$0.85 – \$0.89
Tax Rate	38.4%

FY 2016 Operating Margin Framework



Reconciliations

Non-GAAP Financial Measures

To supplement MSC's unaudited selected financial data presented on a basis consistent with Generally Accepted Accounting Principles ("GAAP"), the Company discloses certain non-GAAP financial measures, including adjusted operating expenses, adjusted operating income, adjusted net income, and adjusted net income per diluted share. The adjusted supplemental measures exclude non-recurring costs associated with the Class C Solutions Group ("CCSG") acquisition, the co-location of our corporate headquarters in Davidson, North Carolina, and executive transition and separation costs, and related tax effects. 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 all of the amounts associated with 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 Company performance.

In calculating non-GAAP financial measures, we exclude these non-recurring costs to facilitate a review of the comparability of the Company's operating performance on a period-to-period basis because such costs are not, in our view, related to the Company's ongoing operational performance. We use non-GAAP measures to evaluate the operating performance of our business, for comparison with forecasts and strategic plans, and for benchmarking performance externally against competitors. In addition, we use certain non-GAAP financial measures as performance metrics for management incentive programs. Since we find these measures to be useful, 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; and
- A better understanding of how management plans and measures the Company's underlying business.

The following tables reconcile GAAP operating income, GAAP net income and GAAP net income per diluted share ("EPS") to non-GAAP adjusted operating income, adjusted net income, and adjusted net income per diluted share:

Reconciliations

	Thirteen Weeks Ended August 29, 2015	
	(in thousands)	Margin
GAAP Operating income	\$95,440	13.1%
Non-recurring costs	236	
Adjusted Operating income	<u>\$95,676</u>	<u>13.2%</u>

	Thirteen Weeks Ended August 29, 2015	
	(in thousands)	% of Sales
GAAP Operating expenses	\$231,695	31.9%
Non-recurring costs	236	
Adjusted Operating expenses	<u>\$231,459</u>	<u>31.8%</u>

	Thirteen Weeks Ended August 30, 2014	
	(in thousands)	Margin
GAAP Operating income	\$99,826	13.7%
Non-recurring costs	1,108	
Adjusted Operating income	<u>\$100,934</u>	<u>13.9%</u>

	Thirteen Weeks Ended August 30, 2014	
	(in thousands)	% of Sales
GAAP Operating expenses	\$231,360	31.8%
Non-recurring costs	1,108	
Adjusted Operating expenses	<u>\$230,252</u>	<u>31.7%</u>

	Thirteen Weeks Ended August 29, 2015	Thirteen Weeks Ended August 30, 2014
	(in thousands)	
Net Sales	\$727,405	\$726,623
Cost of goods sold	400,270	395,437
Gross Profit	327,135	331,186
Operating Expenses	231,695	231,360
Income from Operations	95,440	99,826
Non-recurring costs	236	1,108
Adjusted Operating income	<u>\$95,676</u>	<u>\$100,934</u>

Reconciliations

<i>(in thousands, except per share amounts)</i>	Thirteen Weeks Ended August 29, 2015	
	\$(after tax)	Diluted EPS
GAAP net income	\$59,022	\$0.96
Non-recurring costs*	149	-
Adjusted net income	\$59,171	\$0.96

* On a pre-tax basis includes approximately \$236 of non-recurring executive transition costs related to the planned retirement of the Company's Chief Financial Officer for the thirteen weeks ended August 29, 2015. The non-recurring costs were calculated using an effective tax rate of 36.9%.

<i>(in thousands, except per share amounts)</i>	Thirteen Weeks Ended August 30, 2014	
	\$(after tax)	Diluted EPS
GAAP net income	\$62,813	\$1.01
Non-recurring costs*	702	0.01
Adjusted net income	\$63,515	\$1.02

* On a pre-tax basis includes approximately \$29 of non-recurring relocation costs associated with the Co-Location of the Company's headquarters in Davidson, North Carolina and approximately \$1,079 of non-recurring integration costs associated with the CCSG acquisition for the thirteen weeks ended August 30, 2014. The non-recurring costs were calculated using an effective tax rate of 36.7%.