

MSC Reports Third Quarter Fiscal 2010 Results, July 1, 2010

Net Sales Rise 28.5% to \$450.4 Million

Diluted earnings per share increase 57% to \$0.69

Melville, NY, July 1, 2010 - MSC INDUSTRIAL DIRECT CO., INC. (NYSE: MSM), "MSC" or the "Company," one of the largest direct marketers and premier distributors of Metalworking and Maintenance, Repair and Operations ("MRO") supplies to industrial customers throughout the United States, today reported financial results for its fiscal 2010 third quarter ended May 29, 2010.

For the fiscal 2010 third quarter, net sales rose 28.5% to \$450.4 million, compared with \$350.5 million in the prior year period. Operating income increased 55.6% in the fiscal 2010 third quarter to \$70.4 million, or 15.6% of net sales, from \$45.2 million, or 12.9% of net sales, in the third quarter of fiscal 2009. For the third quarter of fiscal 2010, the Company reported net income of \$44.2 million, an increase of 59.4% over net income of \$27.8 million in the third quarter of fiscal 2009. Diluted earnings per share in the fiscal 2010 third quarter were \$0.69 (based on 63.3 million diluted shares outstanding), compared to \$0.44 (based on 62.4 million diluted shares outstanding) in the same period a year ago, an increase of 56.8%. The Company noted that the third quarter of fiscal 2010 had one more sales day than the third quarter of fiscal 2009.

Net sales for the first nine months of fiscal 2010 were \$1.231 billion compared with net sales of \$1.135 billion in the first nine months of fiscal 2009. Operating income for the first nine months of fiscal 2010 was \$171.3 million, or 13.9% of net sales, versus \$162.9 million, or 14.3% of net sales, in the first nine months of fiscal 2009. Net income for the first nine months of fiscal 2010 was \$106.3 million compared with \$99.1 million in the prior year period. Diluted earnings per share for the first nine months of fiscal 2010 were \$1.67 (based on 63.0 million diluted shares outstanding), compared to \$1.58 (based on 62.3 million diluted shares outstanding) a year ago. The first nine months of fiscal 2010 had one more sales day than the first nine months of fiscal 2009.

David Sandler, President and Chief Executive Officer said, "I am delighted with our performance in the fiscal third quarter. Our team has worked hard since the beginning of the downturn to be proactive and focus on market share, while taking prudent measures to reduce costs and moderate risks. Given our experience in past downturns and our deep understanding of how these times impact local and regional competitors in our fragmented market, we believed in our plan and the share gains it would produce. I am happy to say we are now beginning to see our investments validated in our results. Although there remains significant uncertainty relating to the economic environment and the current recovery, we are confident that our growth in market share will continue to accelerate."

Erik Gershwind, Executive Vice President and Chief Operating Officer, stated, "Sentiment continues to improve as order levels increase. Customer inventory levels of MRO products have increased over last quarter but remain well below historical levels. We are seeing what we describe as cautious restocking among our customers, with an overall level of caution and a desire to run lean and preserve cash. As we have described before, this bodes very well for the MSC value proposition and our ability to take market share. Our huge product assortment, high fill rates, same day shipping guarantee and get it next day delivery are more valuable to our customers now than they've ever been. Our execution through the downturn and now modest upswing has proved to be one of our biggest share gain tactics. As a result, sales trends continued to grow in the third quarter with growth in average daily sales of approximately 31% this May as compared to last year."

Mr. Sandler concluded, "We firmly believe that we are only in the very early innings of this unique market opportunity. We are confident that we have the right plan, the right investments and the right team to continue to capitalize, and believe we will continue to demonstrate that in our results moving forward."

For the fiscal 2010 fourth quarter, the Company expects net sales to be between \$446.0 million and \$458.0 million, and expects diluted earnings per share to be between \$0.61 and \$0.65. The Company noted that the fiscal 2010 fourth quarter has one less sales day than the fourth quarter of fiscal 2009.

The management of MSC will host a conference call today, at 11:00 a.m. Eastern Time, to review the Company's results for the fiscal 2010 third quarter, and to comment on current operations. The call may be accessed via the Internet in the Investor Relations section (under "About MSC") of MSC's website located at: www.mscdirect.com.

About MSC Industrial Direct Co., Inc.

MSC Industrial Direct Co., Inc. is one of the largest direct marketers and premier distributors of Metalworking and Maintenance, Repair and Operations ("MRO") supplies to industrial customers throughout the United States. MSC distributes approximately 600,000 industrial products from approximately 3,000 suppliers to

approximately 324,000 customers. In-stock availability is approximately 99%, with next day standard delivery to the contiguous United States on qualifying orders up until 8:00 p.m. Eastern Time. MSC reaches its customers through a combination of approximately 22 million direct-mail catalogs and CD-ROMs, 96 branch sales offices, 947 sales people, the Internet and associations with some of the world's most prominent B2B eCommerce portals. For more information, visit the Company's website at <http://www.mscdirect.com>.

CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. Statements in this Press Release may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Any statements contained herein which are not statements of historical facts and that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including statements about future expected net sales and diluted earnings per share and expectations as to revenue, earnings and margin growth, shall be deemed to be forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events, actual results and performance, financial and otherwise, could differ materially from those set forth in or contemplated by the forward-looking statements herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The inclusion of any statement in this release does not constitute an admission by MSC or any other person that the events or circumstances described in such statement are material. Factors that could cause actual results to differ materially from those in forward-looking statements include, without limitation, current economic, political and social conditions, changing customer and product mixes, financial restrictions on outstanding borrowings, industry consolidation, competition, general economic conditions in the markets in which the Company operates, volatility in commodity and energy prices, 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, the risk of war, terrorism and similar hostilities, dependence on the Company's information systems and on key personnel, and the outcome of potential government or regulatory proceedings or future litigation relating to pending or future claims, inquiries or audits. 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 the Company's reports on Forms 10-K, 10-Q and 8-K that the Company files with the U.S. Securities and Exchange Commission. The forward-looking statements in this press release are based on current expectations and the Company assumes no obligation to update these forward-looking statements.

See financial tables in attachment.

For further information: Shelley Boxer V.P. Finance MSC Industrial Direct Co., Inc. (516) 812-1216
Investors/Media: Eric Boyriven/Alexandra Tramont FD (212) 850-5600



[MSC Reports Third Quarter Fiscal 2010 Results, July 1, 2010](#)
(58 KB)

<https://investor.mscdirect.com/news-releases?item=11>