



NYSE: GWW

Company Overview

Dee Merriwether, SVP and CFO

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Safe Harbor Statement and Non-GAAP Financial Measures

All statements in this communication, other than those relating to historical facts, are “forward-looking statements” under the federal securities laws. Forward-looking statements can generally be identified by their use of terms such as “anticipate,” “estimate,” “believe,” “expect,” “could,” “forecast,” “may,” “intend,” “plan,” “predict,” “project,” “will,” or “would,” and similar terms and phrases, including references to assumptions. Grainger cannot guarantee that any forward-looking statement will be realized and achievement of future results is subject to risks and uncertainties, many of which are beyond Grainger's control, which could cause Grainger's results to differ materially from those that are presented. Forward-looking statements include, but are not limited to, statements about future strategic plans and future financial and operating results. Important factors that could cause actual results to differ materially from those presented or implied in the forward-looking statements include, without limitation: inflation, higher product costs or other expenses, including operational and administrative expenses; a major loss of customers; loss or disruption of sources of supply; changes in customer or product mix; increased competitive pricing pressures; changes in third-party practices regarding digital advertising; failure to enter into or sustain contractual arrangements on a satisfactory basis with group purchasing organizations; failure to develop, manage or implement new technology initiatives or business strategies including with respect to Grainger's eCommerce platforms and artificial intelligence; failure to adequately protect intellectual property or successfully defend against infringement claims; fluctuations or declines in Grainger's gross profit margin; Grainger's responses to market pressures; the outcome of pending and future litigation or governmental or regulatory proceedings, including with respect to wage and hour, anti-bribery and corruption, environmental, regulations related to advertising, marketing and the internet, consumer protection, pricing (including disaster or emergency declaration pricing statutes), product liability, compliance or safety, trade and export compliance, general commercial disputes, or privacy and cybersecurity matters; investigations, inquiries, audits and changes in laws and regulations; failure to comply with laws, regulations and standards, including new or stricter environmental laws or regulations; government contract matters, including new or revised provisions relating to contract compliance or performance; the impact of any government shutdown; disruption or breaches of information technology or data security systems involving Grainger or third parties on which Grainger depends; general industry, economic, market or political conditions; general global economic conditions, including existing, new, or increased tariffs, trade issues and changes in trade policies, inflation, and interest rates; currency exchange rate fluctuations; market volatility, including price and trading volume volatility or price declines of Grainger's common stock; an incident that adversely impacts Grainger's reputation or brand; commodity price volatility; facilities disruptions or shutdowns; higher fuel costs or disruptions in transportation services; effects of outbreaks of pandemic disease or viral contagions, global conflicts, natural or human induced disasters, extreme weather, and other catastrophes or conditions; effects of climate change; failure to execute on our corporate responsibility efforts; competition for, or failure to attract, retain, train, motivate and develop executives and key team members; loss of key members of management or key team members; loss of operational flexibility and potential for work stoppages or slowdowns if team members unionize or join a collective bargaining arrangement; changes in effective tax rates; changes in credit ratings or outlook; Grainger's incurrence of indebtedness or failure to comply with restrictions and obligations under its debt agreements and instruments and other factors that can be found in our filings with the Securities and Exchange Commission, including our most recent periodic reports filed on Form 10-K and Form 10-Q, which are available on our Investor Relations website. Forward-looking statements are given only as of the date of this communication and we disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Additional information relating to certain non-GAAP financial measures referred to in this presentation is available in the appendix to this presentation, including: adjusted return on invested capital; adjusted gross profit, adjusted operating earnings, adjusted EBITDA; adjusted SG&A; daily sales; daily, organic daily sales; constant currency sales; daily, organic constant currency sales; constant currency sales in local days; daily, organic constant currency sales in local days; net leverage ratio; and free cash flow. This communication also includes certain non-GAAP forward-looking information (including, but not limited to, slides 13-14). The Company believes that a quantitative reconciliation of such forward-looking information to the most comparable financial measure calculated and presented in accordance with GAAP cannot be made available without unreasonable efforts. A reconciliation of these non-GAAP financial measures would require the Company to predict the timing and likelihood of future restructurings, asset impairments, and other charges. Neither these forward-looking measures, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, the most directly comparable forward-looking GAAP measures are not provided. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.



Grainger is a leading broad line distributor with operations primarily in North America and Japan. We Keep the World Working[®] by serving customers worldwide with MRO products⁽¹⁾ delivered through innovative technology and deep customer expertise.

1927

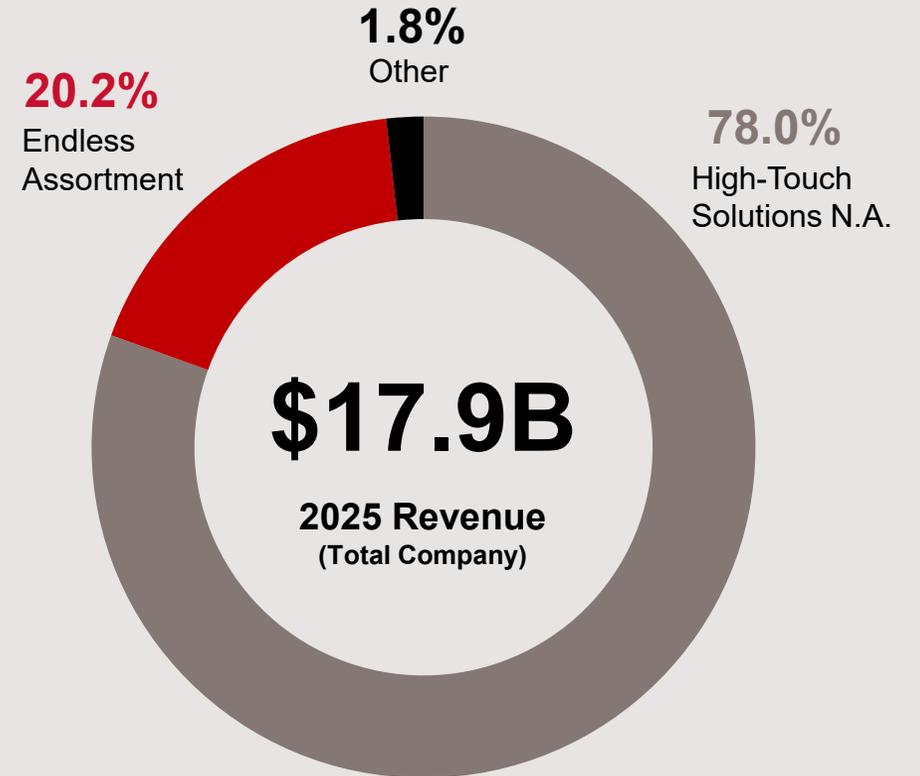
Company founded

Largest

MRO distributor in North America

54 years

of consecutive dividend increases



>4.6M

Active customers

~25K

Team members

>35M

Products offered globally

33

Distribution centers

Note: All metrics are for the year ended December 31, 2025, unless otherwise noted.
(1) Maintenance, Repair and Operating products.

Grainger's go-to-market models serve varied MRO customer needs

HIGH-TOUCH SOLUTIONS N.A.



CUSTOMER TYPE

Large to mid-size customers with highly complex operations/processes

SEGMENT VALUE PROPOSITION

Compelling value-added MRO solutions delivered through our team of specialists and curated digital experiences

ORIGINATION / FULFILLMENT

Digital and physical origination fulfilled through DCs, KeepStock installs and branches

PRIMARY GEOGRAPHIES

North America



ENDLESS ASSORTMENT



CUSTOMER TYPE

Smaller customers with less complex operations/processes

SEGMENT VALUE PROPOSITION

Business purchasing made easy through a streamlined and transparent online relationship that provides access to everything a customer needs

ORIGINATION / FULFILLMENT

Digital origination fulfilled through DCs and 3rd-party drop-ship

PRIMARY GEOGRAPHIES

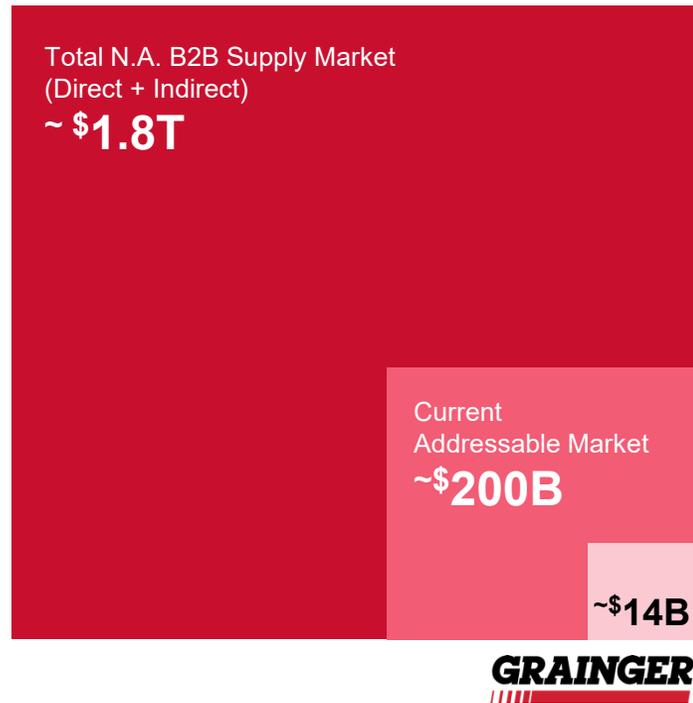
Japan, U.S.



Compete in large, fragmented market with attractive characteristics

High-Touch Solutions N.A.

Largest MRO player with only ~7% share

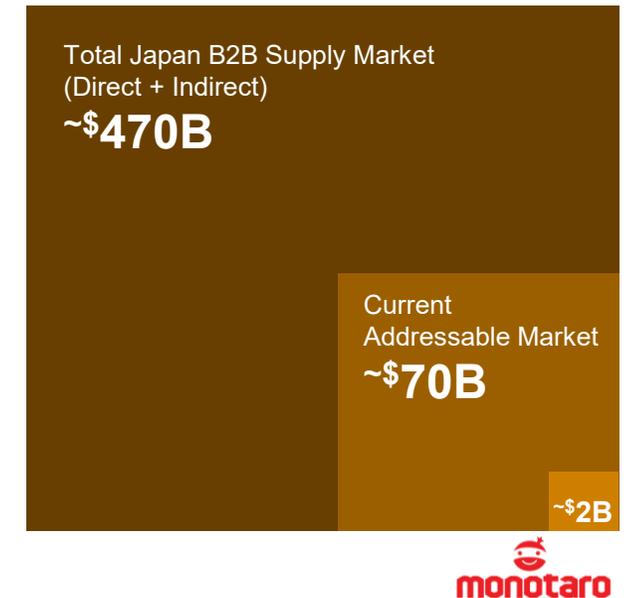


Endless Assortment

Expanding TAM with SKU additions



Industry pioneer in Japan



Favorable industry dynamics ...

- ✓ Resilient end-market demand
- ✓ Attractive consolidation economics
- ✓ Supply non-discretionary products and services

- ✓ Accelerated digital adoption
- ✓ Increased automation
- ✓ Heightened focus on supply chain resilience
- ✓ Labor constraints
- ✓ Manufacturing re-shoring

... with supportive macro tailwinds

Proprietary data advantage fueling growth engines and enabling AI/ML opportunities across HTS

Millions of products



- ✓ From thousands of suppliers
- ✓ With countless attributes unique to each product category

>1.1M Customers



- ✓ Across diverse end-markets
- ✓ With varying levels of operational complexity

Significant amounts of complex data ...

Product Information Management System

- ✓ Allowing us to organize and curate our assortment



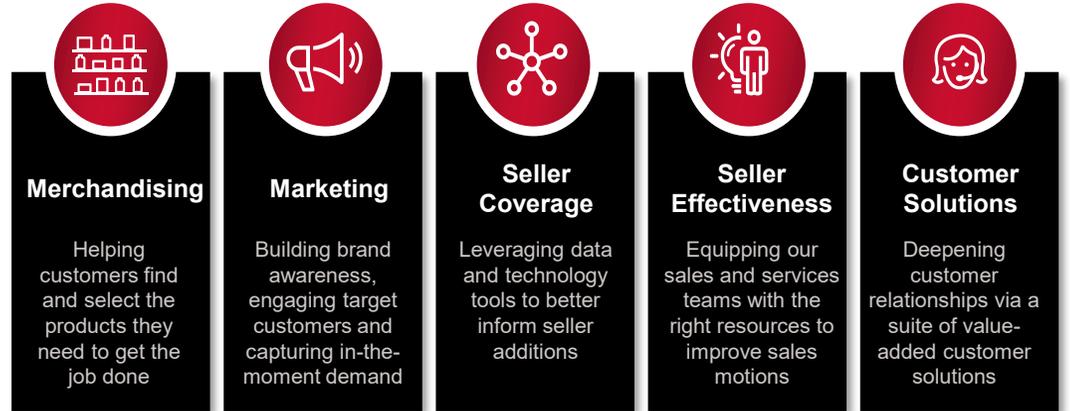
Customer Information Management System

- ✓ Capturing deep customer knowledge

... harnessed through a multi-year investment in home-grown data assets and systems ...

Initiatives

Advancing Strategic Growth Engines



Furthering AI / ML Tools & Capabilities

- | SAMPLE USE CASES | Expanding SKU breadth/depth through proprietary, ML inventory model |
|---|---|
| <ul style="list-style-type: none"> ✓ Experimenting with agentic AI to streamline seller admin tasks ✓ Deploying AI/ML-generated sales plays through seller insights platform ✓ Furthering scope of agentic AI call center capabilities | <ul style="list-style-type: none"> ✓ Upskilling marketing investment strategy using ML models ✓ Identifying product associations at scale using AI/ML |

... enabling build-out of advanced capabilities and unlocking continued growth

Propelling the proven Endless Assortment flywheel to fuel profitable growth across both businesses

The Endless Assortment Flywheel



Driving opportunities forward

- ✓ Optimizing assortment to drive fulfillment consistency and improve customer experience
- ✓ Improving customer acquisition and retention through enhanced marketing efficiency
- ✓ Expanding Zoro-branded private label offering
- ✓ Constructing new Mito DC outside Tokyo to support MonotaRO growth
- ✓ Actively cross-sharing learnings across segment and with HTS teams

AI / ML initiatives accelerating opportunities across the flywheel

SAMPLE USE CASES

- ✓ **Personalizing product recommendations** through ML at Zoro
- ✓ **Scaling competitive price comparisons** with help of Gen-AI at Zoro
- ✓ **Implementing customer service agent** AI-enabled support tools at MonotaRO
- ✓ **Developing MonotaRO.com shopping assistant** using Gen-AI

Our purpose-built supply chain is driven by innovation and know-how ...

B2B customer expectations ...

- ✓ **Broad, stocked assortment**
- ✓ **Delivered next day**
- ✓ **Order complete**
- ✓ **Reliability**

DELIVERED AT SCALE

Network footprint

The right buildings in the right location

Service-oriented team

Supported by strong partnerships

Stocking strategy

Access to the right products and stocked in the right location

Proven operating model

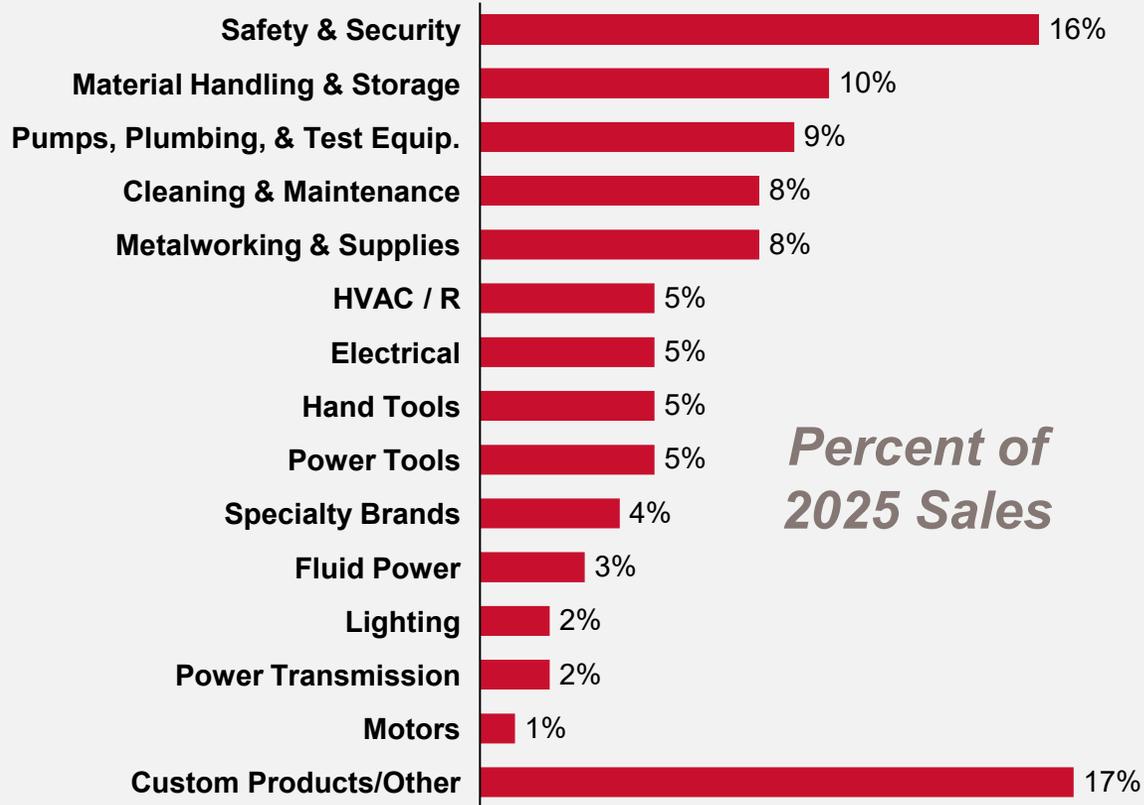
Curated rules that drive scalable processes; leveraging automation where possible



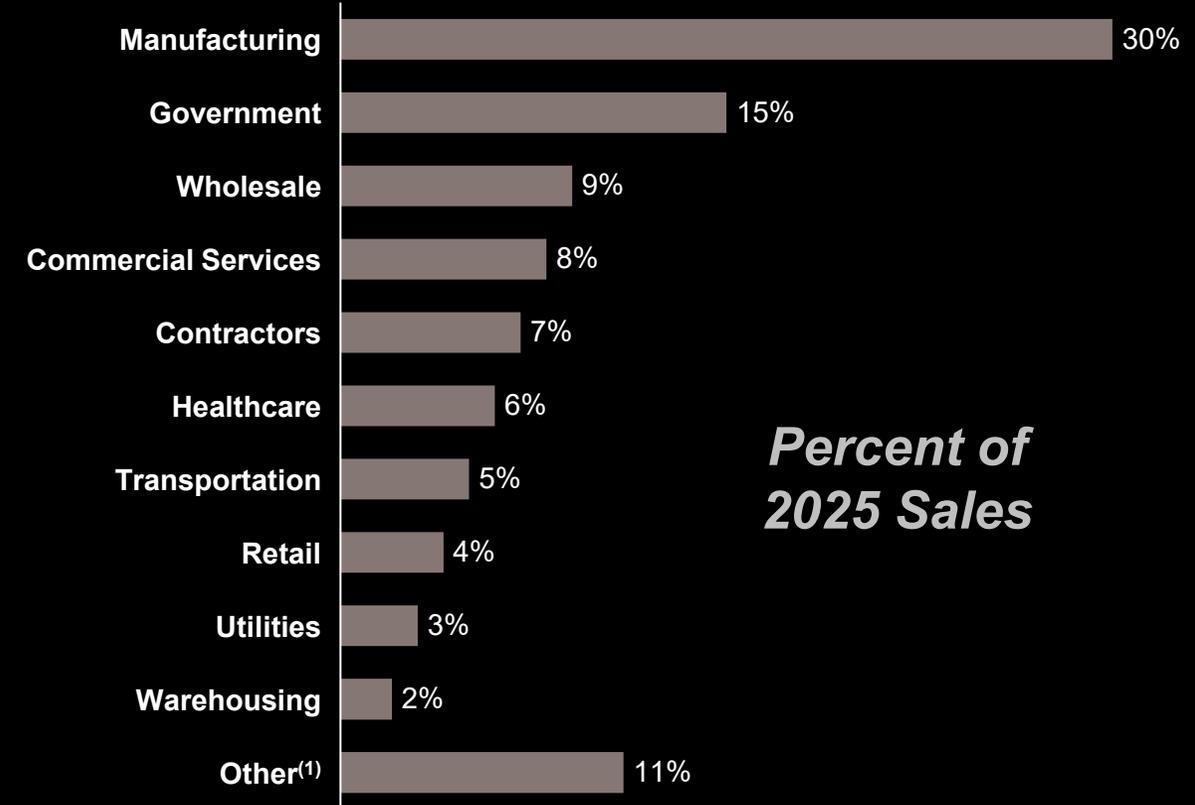
... met through a world-class supply chain built for B2B customers

... connecting a broad assortment of MRO products to a diversified customer base

Total Company Product Assortment



Total Company Customer End-Markets



The Grainger Edge[®] helps foster an award-winning culture focused on what matters to customers and team members



We Keep The World Working[®]



Our Principles

- Start with the **customer**
- Embrace **curiosity**
- Act with **intent**
- Compete with **urgency**
- Win as **one team**
- Invest in our **success**
- Do the **right thing**



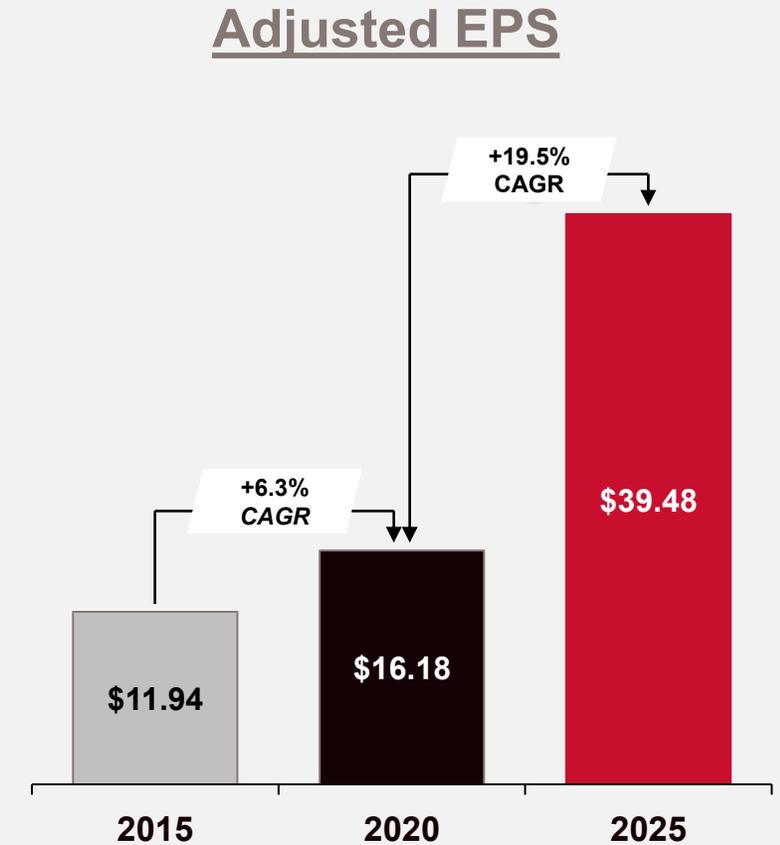
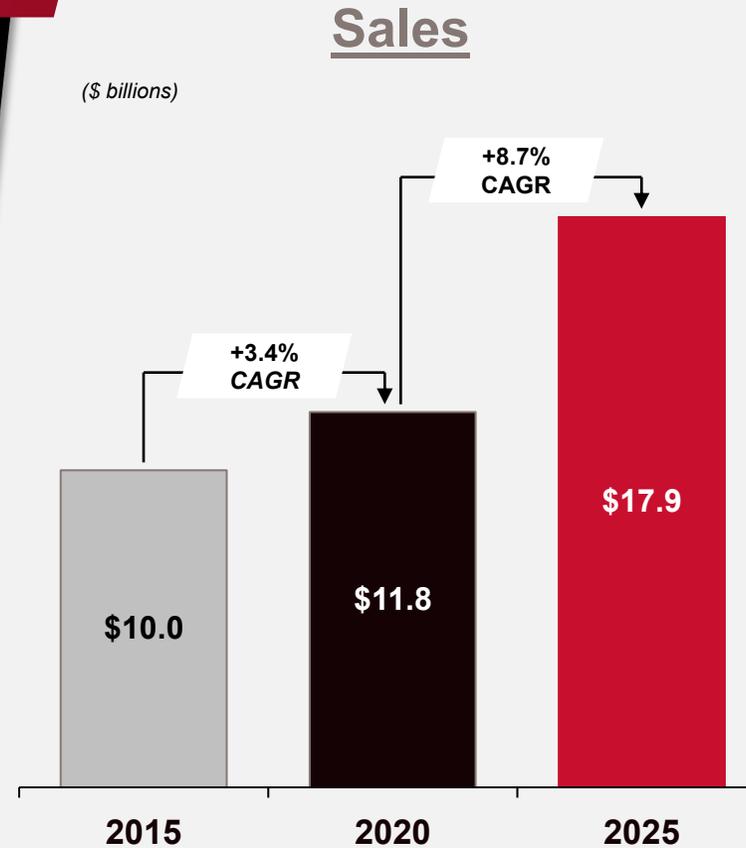
Financial Performance & Outlook



Accelerating growth & profitability by focusing on what matters

Achieving financial goals

- ✓ Driving strong growth and share gain
- ✓ Improving profitability
- ✓ Generating strong cash flow
- ✓ Delivering exceptional ROIC (>39% in 2025)
- ✓ Consistently returning cash to shareholders



Expecting continued strong results

Driving profitable growth in 2026

Note:

- Change in adjusted effective tax rate to ~25% driving ~130 bps Y/Y headwind to 2026 EPS growth rate
- Assumes no change to current effective tariff rates as of 2/2/2026

| | 2025A | 2026 Guidance <small>(as of Feb 3, 2026)</small> | Y/Y change |
|---------------------|---------|---|---|
| Sales (\$ billions) | \$17.9 | \$18.7 – \$19.1 | 4.2% to 6.7% <small>(6.5% to 9.0% daily, organic constant currency sales⁽¹⁾)</small> |
| Gross Profit Margin | 39.1% | 39.2% – 39.5% | 10 bps to 40 bps |
| Operating Margin | 15.0% | 15.4% – 15.9% | 40 bps to 90 bps |
| EPS (diluted) | \$39.48 | \$42.25 – \$44.75 | 7.0% to 13.3% |

Long-term earnings framework remains intact

Focused execution

Strong top-line growth

- ✓ Targeting 400 - 500bps of annual volume outgrowth⁽¹⁾ in HTS-U.S.
- ✓ EA revenue CAGR to grow in the teens



Generally stable gross profit margins

- ✓ Stability around ~39% for Total Company
- ✓ Expect segment mix headwinds as EA grows faster than HTS-N.A.



Grow SG&A slower than sales⁽²⁾

- ✓ Anticipate productivity initiatives will offset continued demand generation investment



Attractive total return potential

Double-digit Adj. EPS CAGR⁽²⁾⁽³⁾



Strong dividend track record

Robust cash flow generation supporting capital priorities

- ✓ Expect operating cash conversation around ~100% of net earnings
- ✓ Anticipate CapEx to remain elevated at ~\$600 million average per year through 2028⁽⁴⁾
- ✓ Executing consistent approach to capital allocation, including HSD-LDD% annual dividend growth target

Significant shareholder value creation

(1) Volume outgrowth is measured as High-Touch Solutions - U.S. daily, organic sales growth excluding price/customer mix contribution, less estimated U.S. MRO market volume.
 (2) At Total Company level.
 (3) Assumes normal market conditions including U.S. MRO market volume CAGR of +1.0 - 2.0% and approximately +1.0% of annual price inflation. Corporate tax rate assumed between 24% to 25%.
 (4) Normalizing to ~1.5 - 2.0% of sales thereafter.

Consistent, return-driven approach to capital allocation

>\$1.8B

AVAILABLE LIQUIDITY
(Cash + Undrawn Revolving
Credit Facility)

0.65x

NET LEVERAGE RATIO

- ✓ Majority of debt not due until 2034 and beyond
- ✓ Long-term net leverage target of ~1.0x

A+

Stable

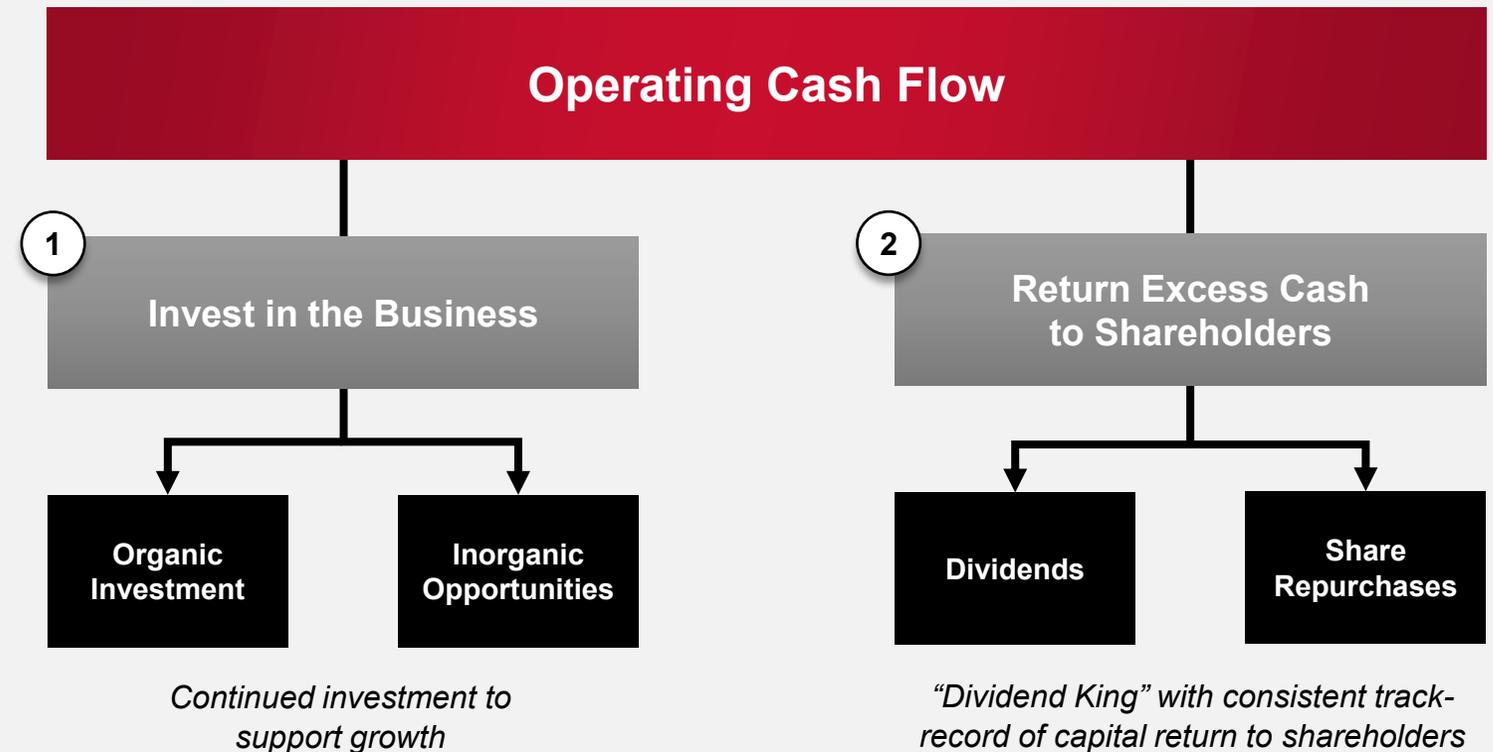
S&P

A1

Stable

Moody's ⁽¹⁾

Capital allocation priorities



Attractive investment thesis

1

Industry leader in large and highly attractive market with opportunity to capture share

2

Powerful customer value proposition, fueled by data and technology advantage

3

Advantaged supply chain furthering competitive position

4

Strong financial position supporting growth and disciplined return of capital

5

Strong company culture focused on what matters





Q&A





Appendix



GAAP to Non-GAAP Reconciliations

(in millions, except for share and percentage data)
(unaudited)

Income statement adjustments for the twelve months ended December 31, 2025

| | FY 2025 | | | Reported | Adjusted ⁽²⁾ |
|--|----------|---------------------------|----------|----------------|-------------------------|
| | Reported | Adjustment ⁽¹⁾ | Adjusted | % of Net Sales | |
| <i>Selling, general and administrative expenses</i> | | | | | |
| High-Touch Solutions N.A. | \$ 3,478 | \$ — | \$ 3,478 | 24.9 % | 24.9 % |
| Endless Assortment | 740 | (10) | 730 | 20.4 % | 20.1 % |
| Other ⁽³⁾ | 296 | (186) | 110 | 91.4 % | 34.0 % |
| Selling, general and administrative expenses | \$ 4,514 | \$ (196) | \$ 4,318 | 25.2 % | 24.1 % |
| <i>Earnings</i> | | | | | |
| High-Touch Solutions N.A. | \$ 2,354 | \$ — | \$ 2,354 | 16.8 % | 16.8 % |
| Endless Assortment | 345 | 10 | 355 | 9.5 % | 9.8 % |
| Other ⁽³⁾ | (204) | 186 | (18) | (63.0)% | (5.6)% |
| Operating earnings | 2,495 | 196 | 2,691 | 13.9 % | 15.0 % |
| Total other expense — net | (65) | — | (65) | (0.3)% | (0.3)% |
| Earnings before income taxes | 2,430 | 196 | 2,626 | 13.6 % | 14.7 % |
| Income tax provision ⁽⁴⁾ | (622) | — | (622) | (3.5)% | (3.5)% |
| Net earnings | 1,808 | 196 | 2,004 | 10.1 % | 11.2 % |
| Noncontrolling interest ⁽⁵⁾ | (102) | — | (102) | (0.6)% | (0.6)% |
| Net earnings attributable to W.W. Grainger, Inc. | \$ 1,706 | \$ 196 | \$ 1,902 | 9.5 % | 10.6 % |
| Diluted earnings per share: | \$ 35.40 | \$ 4.08 | \$ 39.48 | | |

(1) Reflects the loss from the Company's exit of the U.K. market - including the sale of the Cromwell business and closure of Zoro U.K. announced in the third quarter of 2025 and completed in the fourth quarter of 2025 - and restructuring costs incurred in the second quarter of 2024.

(2) Calculated on the basis of reported net sales for the full year of 2025 and 2024.

(3) Grainger's businesses reported in Other do not meet the criteria of a reportable segment.

(4) The reported effective tax rates for 2025 and 2024 were 25.6% and 23.0%, respectively. The adjusted effective tax rates for 2025 and 2024 were 23.7% and 23.0%, respectively. The twelve months ended December 31, 2024 reflect a tax benefit related to the restructuring costs incurred in the second quarter of 2024.

(5) The Company has a controlling ownership interest in MonotaRO, with the residual representing noncontrolling interest.

Adjusted EPS

| | 2025 | 2020 | 2015 |
|--|-----------------|-----------------|-----------------|
| Diluted earnings per share reported | \$ 35.40 | \$ 12.82 | \$ 11.58 |
| Restructuring ⁽¹⁾ | — | 0.49 | 0.45 |
| Impairment charges ⁽²⁾ | — | 3.26 | — |
| Business divestiture ⁽³⁾ | 4.08 | 1.93 | — |
| Total pretax earnings adjustments | 4.08 | 5.68 | 0.45 |
| Tax benefit | — | (2.32) | (0.09) |
| Total earnings adjustments, net of tax | 4.08 | 3.36 | 0.36 |
| Diluted earnings per share adjusted | \$ 39.48 | \$ 16.18 | \$ 11.94 |

Note: All adjustments to reported results apply to SG&A costs, unless otherwise noted.

(1) Restructuring related to charges taken in our High-Touch Solutions N.A. segment and Other businesses.

(2) Impairment charges above reflect losses related to the Company's investment in Fabory (Q1 2020).

(3) Business divestiture adjustments above reflect the loss (gain) on the exit of U.K. market including sale of Cromwell business and closure of Zoro U.K. (announced in Q3 2025 and completed in Q4 2025), Grainger China (Q3 2020) and Fabory (Q2 2020). For further detail on Grainger's charges recorded, refer to Grainger's Form 10-K filed in the respective period.

GAAP to Non-GAAP Reconciliations

Key metrics for the period ended December 31, 2025

(in millions, except for percentage data)

(unaudited)

Net Leverage Ratio

| | As of December 31, 2025 | |
|---|----------------------------|--------------|
| Total debt | \$ | 2,488 |
| Debt issuance costs — net of amortization | | 21 |
| Cash and cash equivalents | | (585) |
| Net debt | \$ | <u>1,924</u> |

| | LTM ⁽¹⁾ ended December 31, 2025 | |
|-------------------------------|---|--------------|
| Net earnings | \$ | 1,808 |
| Other expense — net | | 65 |
| Income tax provision | | 622 |
| Depreciation and amortization | | 254 |
| EBITDA | \$ | <u>2,749</u> |
| Adjustment ⁽²⁾ | | 196 |
| Adjusted EBITDA | \$ | <u>2,945</u> |
| Net leverage ratio | | <u>0.65x</u> |

Adjusted Return on Invested Capital (ROIC)

| | Twelve months ended December 31, 2025 | |
|-----------------------------|--|--------------|
| Reported operating earnings | \$ | 2,495 |
| Adjustment ⁽²⁾ | | 196 |
| Adjusted operating earnings | \$ | <u>2,691</u> |

| | Q4'25 | Q3'25 | Q2'25 | Q1'25 | Q4'24 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total assets | \$ 8,962 | \$ 9,033 | \$ 8,937 | \$ 8,658 | \$ 8,829 |
| Cash and cash equivalents ⁽³⁾ | (585) | (535) | (597) | (666) | (731) |
| LIFO reserves | 939 | 901 | 849 | 814 | 804 |
| Other asset adjustments ⁽⁴⁾ | (445) | (447) | (475) | (441) | (400) |
| Working liabilities | (1,684) | (1,881) | (1,873) | (1,793) | (1,738) |
| Net working assets | <u>\$ 7,187</u> | <u>\$ 7,071</u> | <u>\$ 6,841</u> | <u>\$ 6,572</u> | <u>\$ 6,764</u> |
| Adjusted average net working assets ⁽⁵⁾ | <u>\$ 6,887</u> | | | | |
| Adjusted ROIC | <u>39.1 %</u> | | | | |

(1) Last twelve months.

(2) Reflects the loss from the Company's exit of the U.K. market including the sale of the Cromwell business and closure of Zoro U.K. announced in the third quarter of 2025 and completed in the fourth quarter of 2025.

(3) In Q4 2024, working assets excluded cash equivalents as part of the net working assets calculation. As of Q1 2025, working assets excludes cash and cash equivalents.

(4) Includes deferred and prepaid income taxes and operating & finance lease right-of-use assets.

(5) Adjusted average net working assets include the held for sale impact of the Cromwell divestiture for the period ending September 30, 2025.