



GRAINGER REPORTS RESULTS FOR THE SECOND QUARTER 2025

*Continued execution fueling solid results;
Company updates full year 2025 guidance*

Second Quarter Highlights

- *Delivered sales of \$4.6 billion, up 5.6%, or 5.1% on a daily, constant currency basis*
- *Achieved operating margin of 14.9%, down 20 basis points on a reported basis, or down 50 basis points on an adjusted basis*
- *Generated diluted EPS of \$9.97, up 4.8% on a reported basis, or up 2.2% on an adjusted basis*
- *Produced \$377 million in operating cash flow and returned \$336 million to Grainger shareholders through dividends and share repurchases*
- *Updating full year 2025 guidance including a lower adjusted diluted EPS range of \$38.50 to \$40.25*

CHICAGO, August 1, 2025 - Grainger (NYSE: GWW) today reported results for the second quarter of 2025 with sales of \$4.6 billion, up 5.6%, or 5.1% on a daily, constant currency basis, and adjusted diluted EPS of \$9.97, up 2.2% compared to the second quarter of 2024.

"Our team remains focused on our customers, fostering deep relationships, providing exceptional service and driving innovation through differentiated capabilities," said D.G. Macpherson, Chairman and CEO. "Our headline results for the quarter finished largely in-line with communicated expectations, although performance was impacted by some tariff-related factors which are also flowing into our updated outlook. Even amid ongoing macroeconomic uncertainty, our commitment to our customers remains steadfast, and we're well-positioned to continue creating value for all stakeholders."

2025 Second Quarter Financial Summary

(\$ in millions, except per share amounts)	<u>Q2 2025</u>		<u>Q2 2024</u>		<u>Q2'25 vs. Q2'24</u> <u>Fav. / (Unfav.)</u>	
	<u>Reported</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjusted⁽¹⁾</u>	<u>Reported</u>	<u>Adjusted</u>
Net Sales	\$4,554	\$4,554	\$4,312	\$4,312	5.6%	5.6%
Gross Profit	\$1,755	\$1,755	\$1,694	\$1,694	3.6%	3.6%
Operating Earnings	\$678	\$678	\$649	\$665	4.5%	2.0%
Net Earnings Attributable to W.W. Grainger, Inc.	\$482	\$482	\$470	\$482	2.6%	—%
Diluted Earnings Per Share	\$9.97	\$9.97	\$9.51	\$9.76	4.8%	2.2%
Gross Profit Margin	38.5%	38.5%	39.3%	39.3%	(80) bps	(80) bps
Operating Margin	14.9%	14.9%	15.1%	15.4%	(20) bps	(50) bps
Effective Tax Rate	23.2%	23.2%	22.9%	22.9%	(30) bps	(30) bps

⁽¹⁾ Results exclude restructuring costs incurred in the second quarter of 2024. See the supplemental information of this release for further information regarding the Company's non-GAAP measures including reconciliations to the most directly comparable GAAP measure.

Revenue

Sales in the quarter increased 5.6% compared to the second quarter of 2024. When normalizing for the impact of foreign currency exchange, sales on a daily, constant currency basis increased 5.1% compared to the second quarter of 2024.

In the High-Touch Solutions - N.A. segment, sales were up 2.5%, or 2.8% on a daily, constant currency basis compared to the second quarter of 2024 driven by growth across all geographies. In the Endless Assortment segment, sales were up 19.7%, or 16.3% on a daily, constant currency basis compared to the second quarter of 2024. Revenue growth for the segment was driven by strong performance at both MonotaRO and Zoro.

Gross Profit Margin

Gross profit margin was 38.5% in the second quarter of 2025, a decrease of 80 basis points from the second quarter of 2024.

In the High-Touch Solutions - N.A. segment, gross profit margin was 41.0%, a 70 basis point decrease compared to the prior year quarter as tariff-related inflation caused unfavorable price / cost timing and last-in, first-out (LIFO) inventory valuation headwinds. In the Endless Assortment segment, gross profit margin increased by 30 basis points from the second quarter of 2024 due primarily to margin improvement at Zoro.

Earnings

For the second quarter of 2025, total Company operating earnings were \$678 million, up 4.5% on a reported basis compared to the second quarter of 2024, or up 2.0% on an adjusted basis when removing restructuring costs incurred in the prior year period. Operating margin was 14.9%, a 20 basis point decrease on a reported basis compared to the second quarter of 2024, or a 50 basis point decrease on an adjusted basis. Unfavorable gross margin in High-Touch Solutions - N.A. was partially offset by strong expense leverage in Endless Assortment.

Diluted earnings per share for the second quarter of 2025 were \$9.97, up 4.8% on a reported basis compared to the second quarter of 2024, or up 2.2% on an adjusted basis. The increase was driven primarily by fewer shares outstanding.

Tax Rate

For the second quarter of 2025, the effective tax rate was 23.2%, compared to 22.9% in the second quarter of 2024. Both figures were consistent on a reported and adjusted basis.

Cash Flow

During the second quarter of 2025, the Company generated \$377 million of cash flow from operating activities as net earnings were partially offset by unfavorable working capital. The Company invested \$175 million in capital expenditures, resulting in free cash flow of \$202 million. During the quarter, the Company returned \$336 million to Grainger shareholders through dividends and share repurchases.

Guidance

The Company is updating the following guidance ranges to reflect anticipated headwinds from certain known tariff impacts.

Total Company⁽¹⁾	Previous 2025 Guidance Range (as of May 1, 2025)	Updated 2025 Guidance Range (as of August 1, 2025)
Net Sales	\$17.6 - \$18.1 billion	\$17.9 - \$18.2 billion
Sales growth	2.7% - 5.2%	4.4% - 5.9%
Daily, constant currency sales growth	4.0% - 6.5%	4.5% - 6.0%
Gross Profit Margin	39.1% - 39.4%	38.6% - 38.9%
Operating Margin	15.1% - 15.5%	14.7% - 15.1%
Diluted Earnings per Share	\$39.00 - \$41.50	\$38.50 - \$40.25
Operating Cash Flow	\$2.05 - \$2.25 billion	\$2.05 - \$2.25 billion
CapEx (cash basis)	\$0.45 - \$0.55 billion	\$0.55 - \$0.65 billion
Share Buyback	\$1.15 - \$1.25 billion	\$1.05 - \$1.15 billion
Effective Tax Rate	~23.8%	~23.8%
Segment Operating Margin		
High-Touch Solutions - N.A.	17.0% - 17.4%	16.5% - 16.9%
Endless Assortment	8.5% - 9.0%	9.2% - 9.6%

⁽¹⁾ Guidance provided is on an adjusted basis. Daily, constant currency sales growth is adjusted for the impact of one less selling day in 2025 as compared to 2024 and changes in foreign currency exchange. The Company does not reconcile forward-looking non-GAAP financial measures. For further details see the supplemental information of this release.

Webcast

The Company will conduct a live conference call and webcast at 11:00 a.m. ET on Friday, August 1, 2025, to discuss the second quarter results. The event will be hosted by D.G. Macpherson, Chairman and CEO, and Deidra Merriwether, Senior Vice President and CFO, and can be accessed at invest.grainger.com. To access the conference call via phone, please send a request to InvestorRelations@grainger.com. For those unable to participate in the live event, a webcast replay will be available for 90 days at invest.grainger.com.

About Grainger

W.W. Grainger, Inc., is a leading broad line distributor with operations primarily in North America, Japan and the United Kingdom. At Grainger, We Keep the World Working® by serving more than 4.5 million customers worldwide with maintenance, repair and operating (MRO) products and value-added solutions delivered through innovative technology and deep customer expertise. Known for its commitment to service and purpose-driven culture, the Company reported 2024 revenue of \$17.2 billion. For more information, visit www.grainger.com.

Visit invest.grainger.com to view information about the Company, including a supplement regarding 2025 second quarter results and additional Company information.

Safe Harbor Statement

All statements in this communication, other than those relating to historical facts, are “forward-looking statements.” 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; 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; 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 efforts and programs related to environmental, social and governance matters; 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.

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W.W. Grainger, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In millions of dollars, except for share and per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales	\$ 4,554	\$ 4,312	\$ 8,860	\$ 8,547
Cost of goods sold	2,799	2,618	5,395	5,185
Gross profit	1,755	1,694	3,465	3,362
Selling, general and administrative expenses	1,077	1,045	2,115	2,044
Operating earnings	678	649	1,350	1,318
Other (income) expense:				
Interest expense – net	20	20	41	41
Other – net	(3)	(7)	(9)	(14)
Total other expense – net	17	13	32	27
Earnings before income taxes	661	636	1,318	1,291
Income tax provision	153	146	310	304
Net earnings	508	490	1,008	987
Less net earnings attributable to noncontrolling interest	26	20	47	39
Net earnings attributable to W.W. Grainger, Inc.	<u>\$ 482</u>	<u>\$ 470</u>	<u>\$ 961</u>	<u>\$ 948</u>
Earnings per share:				
Basic	<u>\$ 9.99</u>	<u>\$ 9.54</u>	<u>\$ 19.87</u>	<u>\$ 19.20</u>
Diluted	<u>\$ 9.97</u>	<u>\$ 9.51</u>	<u>\$ 19.83</u>	<u>\$ 19.13</u>
Weighted average number of shares outstanding:				
Basic	<u>48.0</u>	<u>49.0</u>	<u>48.1</u>	<u>49.1</u>
Diluted	<u>48.1</u>	<u>49.2</u>	<u>48.2</u>	<u>49.3</u>

W.W. Grainger, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions of dollars)
(Unaudited)

	As of	
	(Unaudited)	
<u>Assets</u>	June 30, 2025	December 31, 2024
Current assets		
Cash and cash equivalents	\$ 597	\$ 1,036
Accounts receivable (less allowance for credit losses of \$34 and \$32, respectively)	2,472	2,232
Inventories – net	2,357	2,306
Prepaid expenses and other current assets	224	163
Total current assets	5,650	5,737
Property, buildings and equipment – net	2,107	1,927
Goodwill	365	355
Intangibles – net	267	243
Operating lease right-of-use	355	371
Other assets	193	196
Total assets	<u>\$ 8,937</u>	<u>\$ 8,829</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities		
Current maturities	\$ 2	\$ 499
Trade accounts payable	1,204	952
Accrued compensation and benefits	260	324
Operating lease liability	81	78
Accrued expenses	414	407
Income taxes payable	41	45
Total current liabilities	2,002	2,305
Long-term debt	2,341	2,279
Long-term operating lease liability	305	327
Deferred income taxes and tax uncertainties	102	101
Other non-current liabilities	104	114
Shareholders' equity	4,083	3,703
Total liabilities and shareholders' equity	<u>\$ 8,937</u>	<u>\$ 8,829</u>

W.W. Grainger, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions of dollars)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cash flows from operating activities:				
Net earnings	\$ 508	\$ 490	\$ 1,008	\$ 987
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Provision for credit losses	6	6	13	12
Deferred income taxes and tax uncertainties	5	17	1	15
Depreciation and amortization	64	60	125	116
Non-cash lease expense	21	20	41	41
Stock-based compensation	23	23	35	34
Change in operating assets and liabilities:				
Accounts receivable	(84)	(42)	(212)	(205)
Inventories	(25)	(5)	(19)	71
Prepaid expenses and other assets	(14)	43	(33)	(42)
Trade accounts payable	77	(18)	231	184
Operating lease liabilities	(28)	(24)	(53)	(47)
Accrued liabilities	(18)	17	(60)	(18)
Income taxes – net	(143)	(169)	(37)	(62)
Other non-current liabilities	(15)	(7)	(17)	(14)
Net cash provided by operating activities	377	411	1,023	1,072
Cash flows from investing activities:				
Capital expenditures	(175)	(76)	(300)	(195)
Proceeds from sale of assets	4	—	4	1
Other – net	13	17	13	17
Net cash used in investing activities	(158)	(59)	(283)	(177)
Cash flows from financing activities:				
Proceeds from debt	62	2	63	3
Payments of debt	(1)	—	(503)	(17)
Proceeds from stock options exercised	—	1	2	10
Payments for employee taxes withheld from stock awards	(27)	(30)	(30)	(40)
Purchases of treasury stock	(226)	(244)	(507)	(512)
Cash dividends paid	(110)	(101)	(225)	(206)
Other – net	(1)	—	(1)	(1)
Net cash used in financing activities	(303)	(372)	(1,201)	(763)
Exchange rate effect on cash and cash equivalents	15	(15)	22	(23)
Net change in cash and cash equivalents	(69)	(35)	(439)	109
Cash and cash equivalents at beginning of period	666	804	1,036	660
Cash and cash equivalents at end of period	\$ 597	\$ 769	\$ 597	\$ 769

SUPPLEMENTAL INFORMATION - RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (Unaudited)

The Company supplements the reporting of financial information determined under U.S. generally accepted accounting principles (GAAP) with the non-GAAP financial measures as defined below. The Company believes these non-GAAP financial measures provide meaningful information to assist investors in understanding financial results and assessing future performance as they provide a better baseline for analyzing the ongoing performance of its business by excluding items that may not be indicative of core operating results.

Basis of presentation

The Company has a controlling ownership interest in MonotaRO, which is part of our Endless Assortment segment. MonotaRO's results are fully consolidated, reflected in U.S. GAAP, and reported one-month in arrears. Results will differ from MonotaRO's externally reported financials which follow Japanese GAAP.

Adjusted gross profit, adjusted SG&A, adjusted operating earnings, adjusted operating margin, adjusted net earnings, adjusted diluted EPS

Exclude certain non-recurring items, like restructuring charges, asset impairments, gains and losses associated with business divestitures and other non-recurring, infrequent or unusual gains and losses (together referred to as "non-GAAP adjustments"), from the Company's most directly comparable reported U.S. GAAP figures (reported gross profit, SG&A, operating earnings, net earnings and EPS). The Company believes these non-GAAP adjustments provide meaningful information to assist investors in understanding financial results and assessing future performance as they provide a better baseline for analyzing the ongoing performance of its business by excluding items that may not be indicative of core operating results.

Free cash flow (FCF)

Calculated using total cash provided by operating activities less capital expenditures. The Company believes the presentation of FCF allows investors to evaluate the capacity of the Company's operations to generate free cash flow.

Daily sales

Refers to sales for the period divided by the number of U.S. selling days for the period.

Daily, constant currency sales

Refers to daily sales adjusted for changes in foreign currency exchange rates.

Daily, organic constant currency sales

Refers to daily sales excluding the sales of certain divested businesses in the comparable prior year period and changes in foreign currency exchange rates.

Foreign currency exchange

Calculated by dividing current period local currency daily sales by current period average exchange rate and subtracting the current period local currency daily sales divided by the prior period average exchange rate.

U.S. selling days:

2024: Q1-64, Q2-64, Q3-64, Q4-64, FY-256

2025: Q1-63, Q2-64, Q3-64, Q4-64, FY-255

2026: Q1-63, Q2-64, Q3-64, Q4-64, FY-255

As non-GAAP financial measures are not standardized, it may not be possible to compare these measures with other companies' non-GAAP measures having the same or similar names. These non-GAAP measures should not be considered in isolation or as a substitute for reported results. These non-GAAP measures reflect an additional way of viewing aspects of operations that, when viewed with GAAP results, provide a more complete understanding of the business. This press release also includes certain non-GAAP forward-looking information. 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 of these forward-looking measures, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, a reconciliation of the most directly comparable forward-looking GAAP measures is not provided.

The reconciliations provided below reconcile GAAP financial measures to non-GAAP financial measures used in this release: daily sales; daily, constant currency sales; and free cash flow.

Sales growth for the three months ended June 30, 2025*(percent change compared to prior year period)**(unaudited)*

	Q2 2025		
	Total Company	High-Touch Solutions - N.A.	Endless Assortment
Reported sales	5.6%	2.5%	19.7%
Daily impact	—%	—%	—%
Daily sales ⁽¹⁾	5.6%	2.5%	19.7%
Foreign currency exchange ⁽²⁾	(0.5)%	0.3%	(3.4)%
Daily, constant currency sales	5.1%	2.8%	16.3%

⁽¹⁾ Based on U.S. selling days, there was 64 selling days in Q2 2025 and Q2 2024.⁽²⁾ Excludes the impact of year-over-year foreign currency exchange rate fluctuations.**Free cash flow (FCF) for the three months ended June 30, 2025***(in millions of dollars)**(unaudited)*

	Q2 2025
Net cash flows provided by operating activities	\$ 377
Capital expenditures	(175)
Free cash flow	\$ 202

Income statement adjustments for the three months ended June 30, 2025 and 2024

(in millions of dollars)
(unaudited)

	Q2 2025			Reported	Adjusted ⁽²⁾	Reported	Adjusted
	Reported	Adjustment ⁽¹⁾	Adjusted	% of Net sales		Y/Y	
Earnings reconciliation:							
SG&A	\$ 1,077	\$ —	\$ 1,077	23.6 %	23.6 %	3.1 %	4.7 %
Operating earnings	678	—	678	14.9	14.9	4.5	2.0
Other expense — net	(17)	—	(17)	0.3	0.3	30.8	30.8
Earnings before income taxes	661	—	661	14.6	14.6	3.9	1.4
Income tax	(153)	—	(153)	3.4	3.4	4.8	2.0
Net earnings	508	—	508	11.2	11.2	3.7	1.2
Noncontrolling interest ⁽⁴⁾	(26)	—	(26)	0.6	0.6	30.0	30.0
Net earnings attributable to W.W. Grainger, Inc.	\$ 482	\$ —	\$ 482	10.6 %	10.6 %	2.6 %	— %
Diluted earnings per share:	\$ 9.97	—	\$ 9.97			4.8 %	2.2 %
	Q2 2024			Reported	Adjusted ⁽²⁾	Reported	Adjusted
	Reported	Adjustment ⁽¹⁾	Adjusted	% of Net sales		Y/Y	
Earnings reconciliation:							
SG&A	\$ 1,045	\$ (16)	\$ 1,029	24.2 %	23.9 %	6.3 %	4.7 %
Operating earnings	649	16	665	15.1	15.4	(1.8)	0.6
Other expense — net	(13)	—	(13)	0.3	0.3	(18.8)	(18.8)
Earnings before income taxes	636	16	652	14.8	15.1	(1.4)	1.1
Income tax	(146)	(4)	(150)	3.4	3.4	(5.8)	(3.2)
Net earnings	490	12	502	11.4	11.7	—	2.4
Noncontrolling interest ⁽⁴⁾	(20)	—	(20)	0.5	0.5	—	—
Net earnings attributable to W.W. Grainger, Inc.	\$ 470	\$ 12	\$ 482	10.9 %	11.2 %	— %	2.6 %
Diluted earnings per share:	\$ 9.51	0.25	\$ 9.76			2.5 %	5.2 %

⁽¹⁾ Reflects restructuring costs incurred in the second quarter of 2024 of \$15M and \$1M in Grainger's HTS-N.A. segment and Other businesses, respectively. There were no non-GAAP adjustments for three months ended June 30, 2025.

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

⁽³⁾ Reflects a tax benefit related to the restructuring costs incurred in the second quarter of 2024. The Company's reported and adjusted effective tax rates were 23.2% and 22.9% for the second quarter of 2025 and 2024, respectively.

⁽⁴⁾ The Company has a controlling ownership interest in MonotaRO with the residual representing noncontrolling interest.