



NYSE: GWW

# Q4 2025 Earnings Call

February 3, 2026



# 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 21-25 & 35). 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.



# Opening Remarks

**D.G. Macpherson**

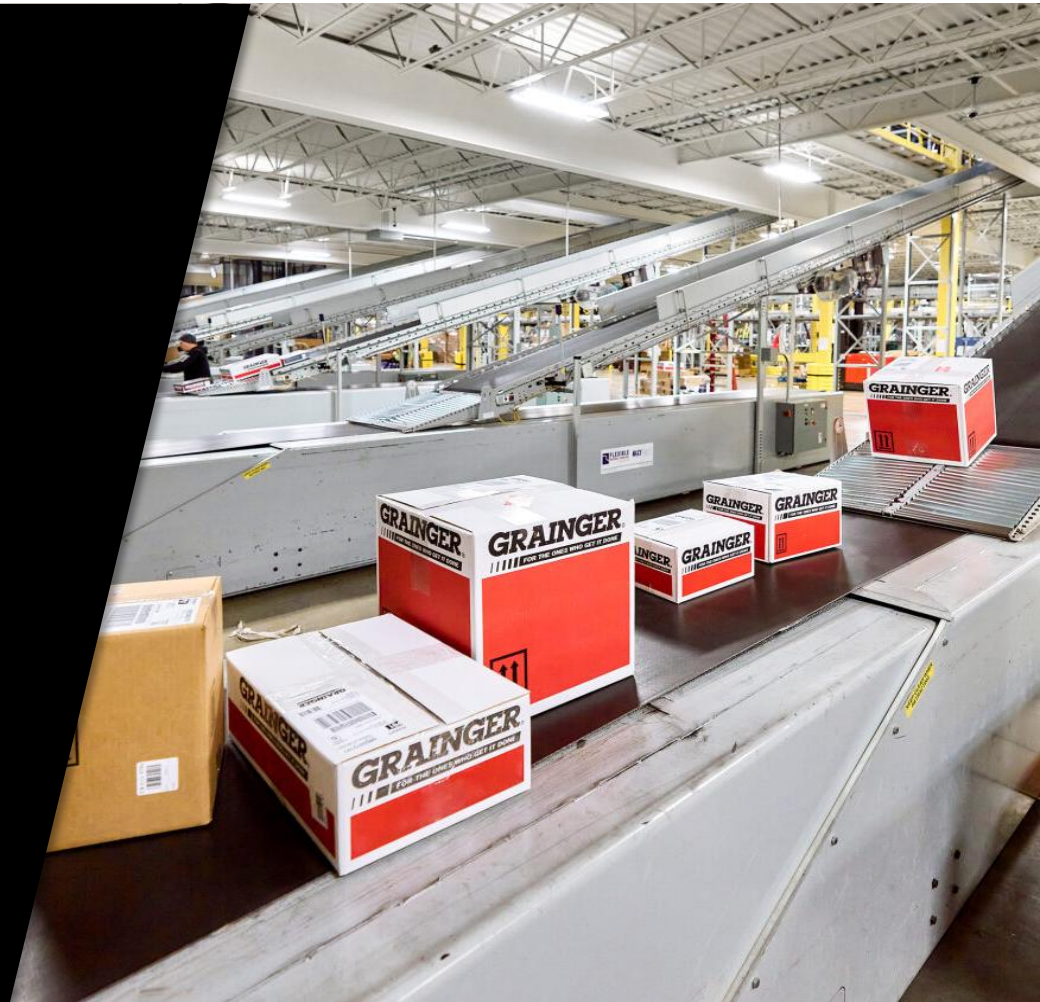
Chairman & CEO



# Progressed strategy forward despite macro challenges

## 2025 ACCOMPLISHMENTS

- ✓ Navigated challenging macro environment amidst tariff uncertainty
- ✓ Strengthened operational advantage while streamlining portfolio
  - Advanced HTS-NA strategic growth engines, driving share gain and improved customer experiences
  - Propelled the proven Endless Assortment flywheel fueling profitable growth
  - Exited U.K. market including divestiture of Cromwell business
- ✓ Progressed construction of new distribution centers in U.S. and Japan
- ✓ Advanced the Grainger Edge®, driving highly-engaged team
- ✓ Delivered on FY'25 financial commitments



# We have built a best-in-class offer which addresses the basic needs of MRO customers

## MRO customers have two basic needs ...

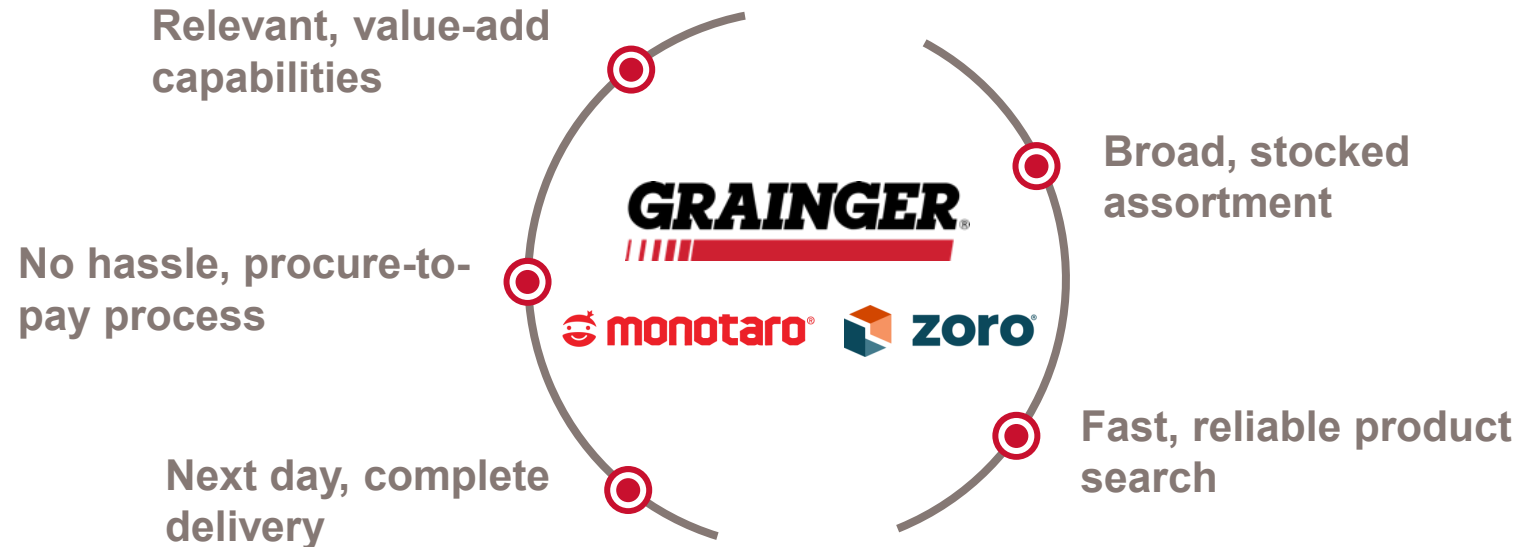
### ✓ Provide a flawless experience

- *Have what I need*
- *Make it easy to find*
- *Get it to me fast, accurately*
- *Make it easy for me to receive, pay and return*

### ✓ Deliver tangible value

- *Know my business*
- *Simplify my purchasing process*
- *Provide tangible cost savings*
- *Help me reduce my inventory*

... delivered through our best-in-class offer



**CORE  
FOUNDATIONAL  
COMPETENCIES**

**Advantaged Data  
& Technology**

**Purpose-built  
Supply Chain**

**Highly-engaged  
Team Members**

# Proprietary data advantage fueling HTS growth engines ...



## Merchandising

- ✓ Added >85k net SKUs across the assortment in 2025
  - Further curating via category review process
  - Expanding into key white space categories
- ✓ Broadening use of “Grainger” brand within private label



## Marketing

- ✓ Continuing to see strong ROAS across funnel
- ✓ Driving marketing effectiveness gains through upskilled investment approach



## Seller Coverage

- ✓ Added two new geographies in 2025
- ✓ New sellers ramping in-line with expectations
- ✓ Planning for two additional geographies in 2026



## Seller Effectiveness

- ✓ Strong adoption of seller insights platform; improving customer interactions and leader coaching conversations
- ✓ Deploying several new features to enhance platform with launch of 2.0 version in 2026



## Customer Solutions

- ✓ Advancing rollout of customer-facing tools across KeepStock
- ✓ Customer demand for value-added services continuing to grow

PIM



CIM

*Powered by home-grown data assets and systems*

PIM



CIM

# ... and enabling AI / ML opportunities across the business

**Longstanding  
track-record  
of MRO digital  
leadership**

## SAMPLE USE CASES

### *Productivity advances*

- ✓ Experimenting with agentic AI to **streamline seller administrative tasks**
- ✓ Deploying **AI/ML-generated sales plays** through seller insights platform 2.0
- ✓ **Refining pick/pack/ship flow** within DCs through ML-enhanced software
- ✓ **Streamlining back-office** through AI-assisted 3<sup>rd</sup>-party tooling (e.g., A/R processes, fraud detection, etc.)
- ✓ **Improving customer contracting processes** through AI-assisted tooling
- ✓ Furthering scope of **agentic AI call center capabilities**

### *Service and CSAT improvements <sup>(1)</sup>*

- ✓ **Expanding SKU breadth and depth** by advancing proprietary, ML-driven inventory model
- ✓ **Enhancing merchandising copy** using AI tools

### *Revenue opportunities*

- ✓ **Identifying product associations** at scale using AI/ML
- ✓ **Unlocking SKU addition opportunities** with help of custom GPT assistant
- ✓ **Upskilling marketing** investment strategy using ML models
- ✓ Utilizing proprietary **semantic search engine on our website** that leverages Grainger-trained model



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



- ✓ Optimized assortment to drive fulfillment consistency and improve customer experience
- ✓ Launched Zoro-branded private label
- ✓ Improved customer acquisition and retention through enhanced marketing efficiency
- ✓ Expanded 'expected delivery date' communication across website while extending supplier fulfillment network

The Endless Assortment Flywheel



- ✓ Grew enterprise customer revenue by 25% <sup>(1)</sup>
- ✓ Commenced construction on the new Mito DC outside Tokyo
- ✓ Extended cut-off time for same day shipping to other regions, beyond Tokyo and Osaka
- ✓ Continued actively cross-sharing learnings with Zoro and HTS teams

## AI / ML initiatives accelerating opportunities across the flywheel

### SAMPLE USE CASES

- ✓ Personalizing product recommendations through ML
- ✓ Scaling competitive price comparisons with help of Gen-AI
- ✓ Implementing customer service agent AI-enabled support tools
- ✓ Developing website shopping assistant using Gen-AI

# Continued advancing world-class supply chain capabilities, including construction of new DCs

## Purpose-built B2B supply chain capabilities

### Stocking strategy

Access to the right products and stocked in the right location

### Network Footprint

The right buildings in the right location



### Service-oriented team

Supported by strong partnerships

### Proven operating model

Curated rules that drive scalable processes; leveraging automation where possible

### Northwest DC



*Inbound operations commenced Q4'25; full operations on-track for mid-2026*

- ✓ **Size:** ~550k sq. ft. with option to expand
- ✓ **Stocking:** ~135k SKUs with potential for up to ~250k
- ✓ **Go-live:** 2026
- ✓ **Increase next-day available SKUs by >100%**

### Current projects underway

### Houston DC



*Shell of building complete; expect inbound operations to begin in 2H'27*

- ✓ **Size:** ~1.3M sq. ft.
- ✓ **Stocking:** ~230k SKUs with potential for up to ~500k
- ✓ **Go-live:** 2027/2028
- ✓ **Increase next-day available SKUs by >50%**

### Mito DC (Japan)



*Broke ground in May '25; progressing on-schedule with foundation work complete*

- ✓ **Size:** ~800k sq. ft. (across 4 floors)
- ✓ **Stocking:** ~500k SKUs
- ✓ **Go-live:** 2028
- ✓ **Shipping capacity at scale of 300k line/day, nearly doubling capacity in Japan**

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



Dow Jones  
Best-in-Class  
Indices



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**

# Delivered solid full-year 2025 financial results

## *Executed well amidst challenging macro environment*

- Reported sales growth of 4.5% (4.9% in daily, organic constant currency)
  - Outgrew U.S. MRO market by ~250 bps in HTS - U.S. on a volume basis<sup>(1)</sup>
  - Drove 15.6% revenue growth in daily, organic constant currency in Endless Assortment
- Delivered operating margins of 15.0% despite LIFO inventory valuation headwinds
- Produced attractive ROIC of 39.1%
- Generated strong operating cash flow of \$2.0 billion, returning \$1.5 billion to shareholders through dividends and share repurchases<sup>(2)</sup>

Sales

**\$17.9B**

**+4.9%**  
(daily, organic  
constant currency)

Operating  
Margin

**15.0%**

(50) bps

EPS  
(diluted)

**\$39.48**

**+1.3%**

ROIC

**39.1%**

(250) bps



# Q4 2025 Results



**Dee Merriwether**

**SVP & CFO**



# Q4 2025 Results: *Total Company*

## Summary Results

(\$ in millions)

	Q4 2025		Q4 2024	% vs. PY Fav/(Unfav)
Sales	\$	4,425	\$ 4,233	4.5%
Daily Sales		69.1	66.1	4.5%
GP		1,746	1,676	4.2%
SG&A		1,112	1,043	(6.6)%
Op Earnings	\$	634	\$ 633	0.2%
<b>EPS (diluted)</b>	\$	<b>9.44</b>	<b>\$ 9.71</b>	<b>(2.8)%</b>
(% of sales)				
	Q4 2025		Q4 2024	bps vs. PY Fav/(Unfav)
GP Margin		39.5 %	39.6 %	(10)
SG&A		25.2 %	24.6 %	(60)
Op Margin		14.3 %	15.0 %	(70)

## Commentary vs. Prior Year

### Sales increased 4.5% (reported and daily)

- 4.6% sales growth on a daily, organic constant currency basis
- Generated growth in both segments

### Gross profit margin decreased 10 bps

- Segment mix drag from Endless Assortment growth

### Operating margin decreased 70 bps

- Higher expense and softer top-line in High-Touch
- Partially offset by continued leverage in Endless Assortment

### Diluted EPS of \$9.44, down 2.8% versus prior year

# Q4 2025 Results: *High-Touch Solutions - N.A.*

## Summary Results

(\$ in millions)

	Q4 2025		Q4 2024		% vs. PY Fav/(Unfav)
Sales	\$	3,417	\$	3,342	2.2%
Daily Sales		53.4		52.2	2.2%
GP		1,444		1,413	2.2%
SG&A		903		846	(6.7)%
Op Earnings	\$	541	\$	567	(4.6)%
(% of sales)					
	Q4 2025		Q4 2024		bps vs. PY Fav/(Unfav)
GP Margin		42.3 %		42.3 %	-
SG&A		26.5 %		25.3 %	(120)
Op Margin		15.8 %		17.0 %	(120)

## Commentary vs. Prior Year

### Sales increased 2.2% (reported and daily)

- 2.1% sales growth on a daily, constant currency basis
- Improving price contribution as tariff costs are passed, partly offset by impact of government shutdown

### Gross profit margin was flat

- Continued tariff-related inflation causing unfavorable price / cost timing and LIFO inventory valuation headwind
- Offset by positive mix and various other factors
- *Note:* Excluding LIFO headwind, implied FIFO GP% increased year-over-year

### Operating margin decreased 120 bps

- Higher expense driven by increased payroll/benefits, including unforeseen healthcare costs, alongside continued marketing investment
- Softer top-line from government shutdown

# Update on tariff actions

## Continuing to navigate tariff landscape

**2025**

*Completed actions*



### Took pricing actions over the last three quarters as tariffs went into effect

- May actions predominately focused on products directly imported by Grainger
- September updates included initial increases on supplier-imported products where cost negotiations were final
- November actions to offset incremental cost pressure and included refinements to reflect additional tariffs not previously contemplated (e.g., updates to Section 232)

**Q1'26**

*Expected actions*



### Passed incremental price in January and took incremental cost in early February, in line with normal cadence

- January actions included response to previously-delayed tariff inflation as well as offsets to annually-negotiated cost increases with suppliers
- These actions are net of partial roll-back on certain Chinese tariffs announced in Nov-2025

**Looking Ahead**

**Majority of tariff-related cost increases addressed but situation remains fluid and subject to further tariff changes (up or down)**

**Confident in ability to manage impact while adhering to core pricing tenets**

# Comparing different MRO market volume models

## Shifting macro-economic dynamics creating noise in single-factor MRO market model ...

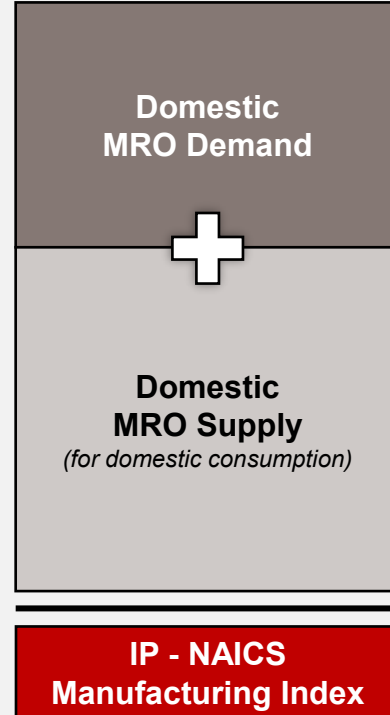
- Observing end-market divergence as tariffs and industry-specific dynamics impact demand
- Anticipate noise will persist as economic shifts continue

... given this, running multi-factor model in parallel

Note: Single-factor model has been used to measure U.S. MRO market volume since 2020.

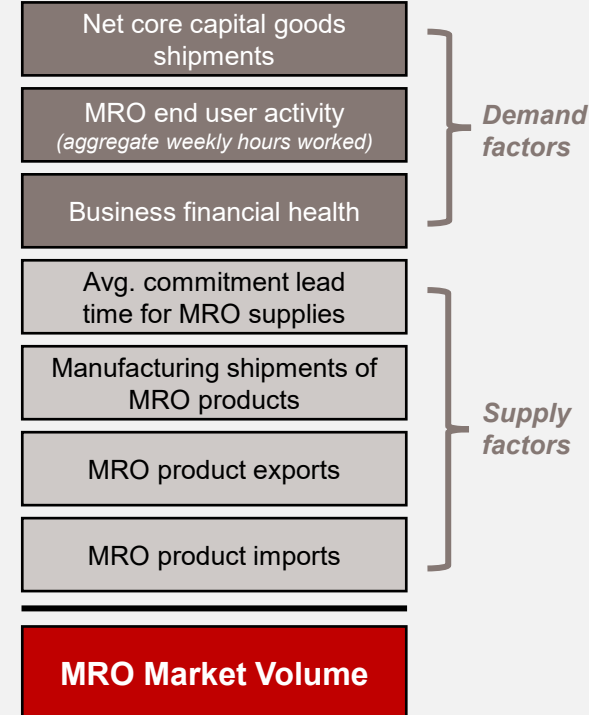
### IP-based “Single-Factor” U.S. MRO Market Volume Model

Primarily based on the manufacturing sub-component of Industrial Production (IP) published by the Federal Reserve Board



### Internal “Multi-Factor” U.S. MRO Market Volume Model

Proprietary, regression-weighted model comprised of various indicators published by multiple U.S. Government agencies and sources

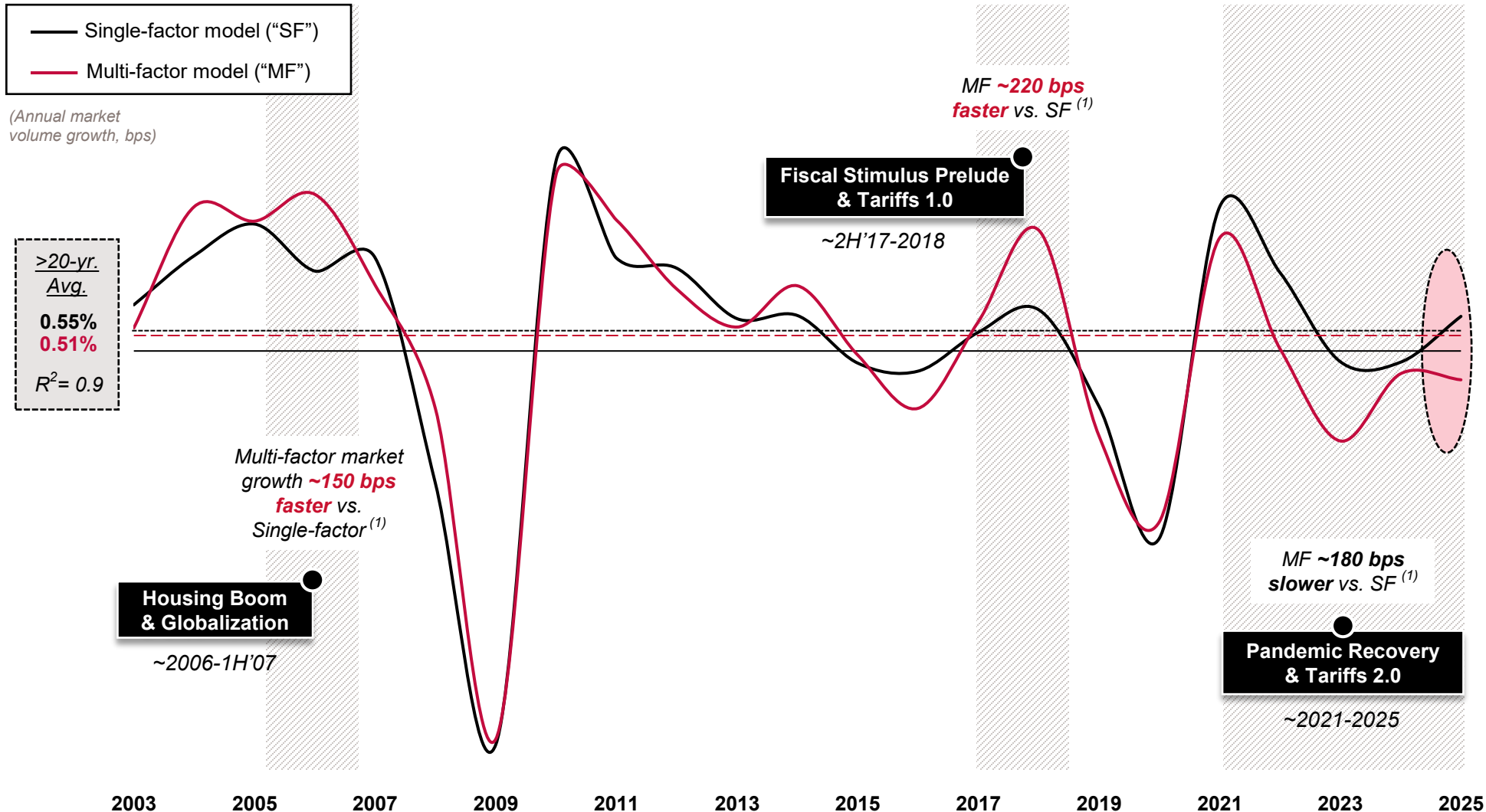


#### Multi-factor model

vs. Single-factor model

- + Measures MRO activity across broader-base of end markets
- + Captures wider-set of economic factors, including import and export dynamics
- + Stronger correlation to U.S. economic census data measuring underlying MRO activity
- More difficult to replicate externally

# Volume model comparison over time



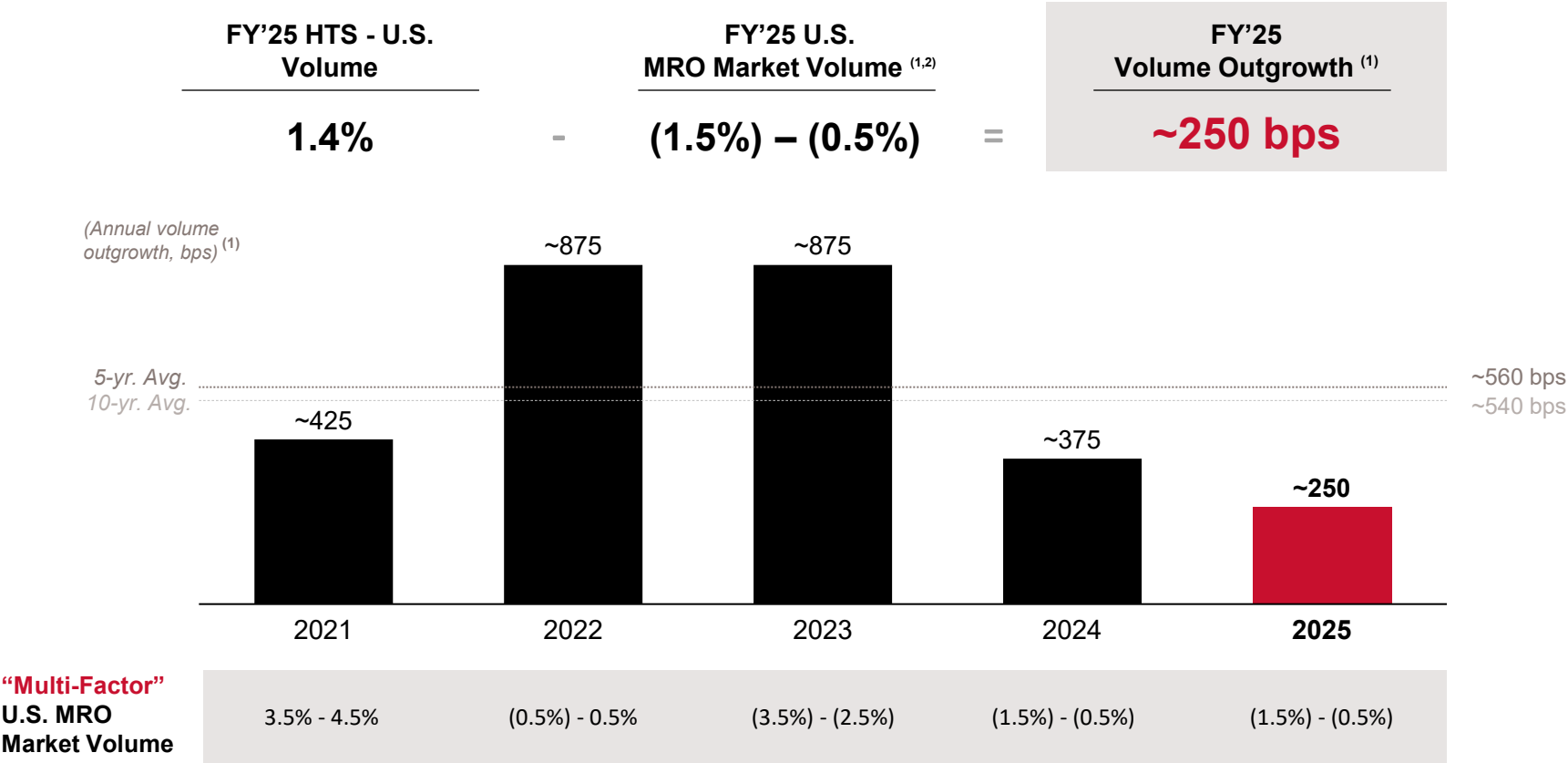
**Market models highly correlated over-time, but tend to diverge when macro-economy shifts**

- Observing sizeable disconnect in 2025 as models move in opposite directions

**Given its comprehensive nature, more confident in fidelity of multi-factor model**

# 2025 volume outgrowth vs. multi-factor model

*Delivered FY'25 total MRO market volume outgrowth of ~250 bps based on multi-factor model*



**Delivering market outgrowth, albeit short of long-term target**

*Continuing to target 400 to 500 bps of average annual volume outgrowth*

(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 based on multi-factor model.  
(2) FY'25 estimated based on Nov'25-YTD preliminary data as certain model inputs are only available on a lag.

# Q4 2025 Results: *Endless Assortment*

## Summary Results

(\$ in millions)	Q4 2025		Q4 2024		% vs. PY Fav/(Unfav)
Sales	\$	933	\$	816	14.3%
Daily Sales		14.6		12.8	14.3%
GP		282		241	17.0%
SG&A		183		171	(7.0)%
Op Earnings	\$	99	\$	70	41.4%
(% of sales)	Q4 2025		Q4 2024		bps vs. PY Fav/(Unfav)
GP Margin		30.2 %		29.5 %	70
SG&A		19.6 %		20.9 %	130
Op Margin		10.6 %		8.6 %	200

## Commentary vs. Prior Year

**Sales increased 14.3%; up 15.7% on a daily, organic constant currency basis**

- Zoro growth of 16.0% on a daily basis
- MonotaRO growth of 18.4% in local days, local constant currency

**Gross profit margin increased 70 bps**

- Continued benefit from strategic pricing actions at Zoro
- Product cost favorability at MonotaRO

**Operating margin increased 200 bps**

- Gross margin flow through and top-line leverage across the segment



# Looking Ahead

Dee Merriwether

SVP & CFO



# Expect improved revenue growth

## 5.0 – 7.5%<sup>(1)</sup>

### High-Touch Solutions - N.A.

2026 daily, constant currency sales growth vs. 2025

#### Key assumptions

- U.S.
  - Market volume (1.5%) to flat, reflecting continue tariff-related softness
  - Volume outgrowth at or below target range of 400 to 500 bps
  - Price tailwinds ≥ 3% reflecting 2025 wrap and net incremental 2026 actions
- Canada / Mexico growing roughly in-line with segment

## 12.5 – 15.0%<sup>(1)(2)</sup>

### Endless Assortment

2026 daily, organic constant currency sales growth vs. 2025

#### Key assumptions

- Reported sales lower due to Zoro U.K. closure and FX headwinds
- Zoro daily, organic sales growth in the low-teens
- MonotaRO growth in the low-teens in local days, local currency

## \$18.7 – 19.1B

### Total Company

2026 net sales

*Implies 2026 daily, organic constant currency sales growth of 6.5% to 9.0% vs. 2025<sup>(1)(2)</sup>*

#### Note:

- Reported sales growth ~230bps lower for TotalCo due to U.K exit (including Cromwell and Zoro U.K.) and FX headwinds

# Anticipate strong operating margin expansion

## 16.9 – 17.4%

### High-Touch Solutions N.A.

2026 operating margin; up 10 bps to 60 bps vs. 2025

#### Key assumptions

- Anticipate gross margin recovery
  - Price / cost improving as tariff costs are passed
  - LIFO inventory valuation headwind expected to subside in 2H'26
  - Includes modest private label headwind
- Expect improved SG&A leverage
  - Ramping investment in demand generating activities more-than offset by accelerating top-line

## 10.0 – 10.5%

### Endless Assortment

2026 operating margin; up 20 bps to 70 bps vs. 2025

#### Key assumptions

- Segment-wide gross margin down slightly at midpoint
- Expect to drive continued SG&A leverage at both MonotaRO and Zoro
- Includes tailwind from Zoro U.K. closure (~35 bps impact on EA OM%)

## 15.4 – 15.9%

### Total Company

2026 operating margin

*Up 40 bps to 90 bps vs. 2025*

#### Note:

- Includes tailwind from exit of the U.K. market, including Cromwell divestiture (~45 bps impact on TotalCo OM%)

# Expect robust cash flow to support disciplined capital allocation

**\$2.125 –  
2.325B**

**Total Company**  
2026 operating cash flow

*Executing consistent, return-driven approach to capital allocation*

## Capital allocation priorities remain consistent

### ① Invest in the business

#### Organic Investments

**\$550M - \$650M**

- Supply chain capacity expansion
- Continued technology investment

#### Inorganic Opportunities

**Evaluating**

- Small, dedicated team evaluating opportunities

### ② Return excess cash to shareholders

#### Dividends

**Amount set in Q2'26**

- Anticipate continued dividend growth in the *HSD-LDD%* range each year (*per share*)

#### Share Repurchases

**\$950M - \$1,050M<sup>(1)</sup>**

- Expect excess cash to be returned via share repurchases

# Full Year Guidance: *Total Company*

**Expect to drive 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 (as of Feb 3, 2026)	Y/Y change
Sales (\$ billions)	\$17.9	\$18.7 – \$19.1	4.2% to 6.7% (6.5% to 9.0% daily, organic constant currency sales <sup>(1)</sup> )
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<sup>(1)</sup> 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<sup>(2)</sup>**

- ✓ Anticipate productivity initiatives will offset continued demand generation investment

*Attractive total return potential*

**Double-digit Adj. EPS CAGR<sup>(2)(3)</sup>**



+

**Strong dividend track record**

**Significant shareholder value creation**

**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<sup>(4)</sup>
- ✓ Executing consistent approach to capital allocation, including HSD-LDD% annual dividend growth target

(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.



# Closing Remarks



**D.G. Macpherson**

Chairman & CEO





# Q&A





# Appendix



# FY 2025 Results: *Total Company*

## Summary Results

(\$ in millions)

	FY 2025		FY 2024		% vs. PY Fav/(Unfav)
Sales	\$	17,942	\$	17,168	4.5%
Daily Sales		70.4		67.1	4.9%
GP		7,009		6,758	3.7%
SG&A		4,318		4,105	(5.2)%

Op Earnings	\$	2,691	\$	2,653	1.4%
<b>EPS (diluted)</b>	\$	<b>39.48</b>	\$	<b>38.96</b>	<b>1.3%</b>

(% of sales)

	FY 2025		FY 2024		bps vs. PY Fav/(Unfav)
GP Margin		39.1 %		39.4 %	(30)
SG&A		24.1 %		23.9 %	(20)
Op Margin		15.0 %		15.5 %	(50)

## Commentary vs. Prior Year

### Sales increased 4.5%; up 4.9% on a daily basis

- 4.9% sales growth on a daily, organic constant currency basis
- Daily sales growth in the low-single-digits in High-Touch and in the teens across Endless Assortment in constant currency

### Gross profit margin declined 30 bps

- Tariff-related headwinds in High-Touch partially offset by improvement across Endless Assortment

### Operating margin declined 50 bps

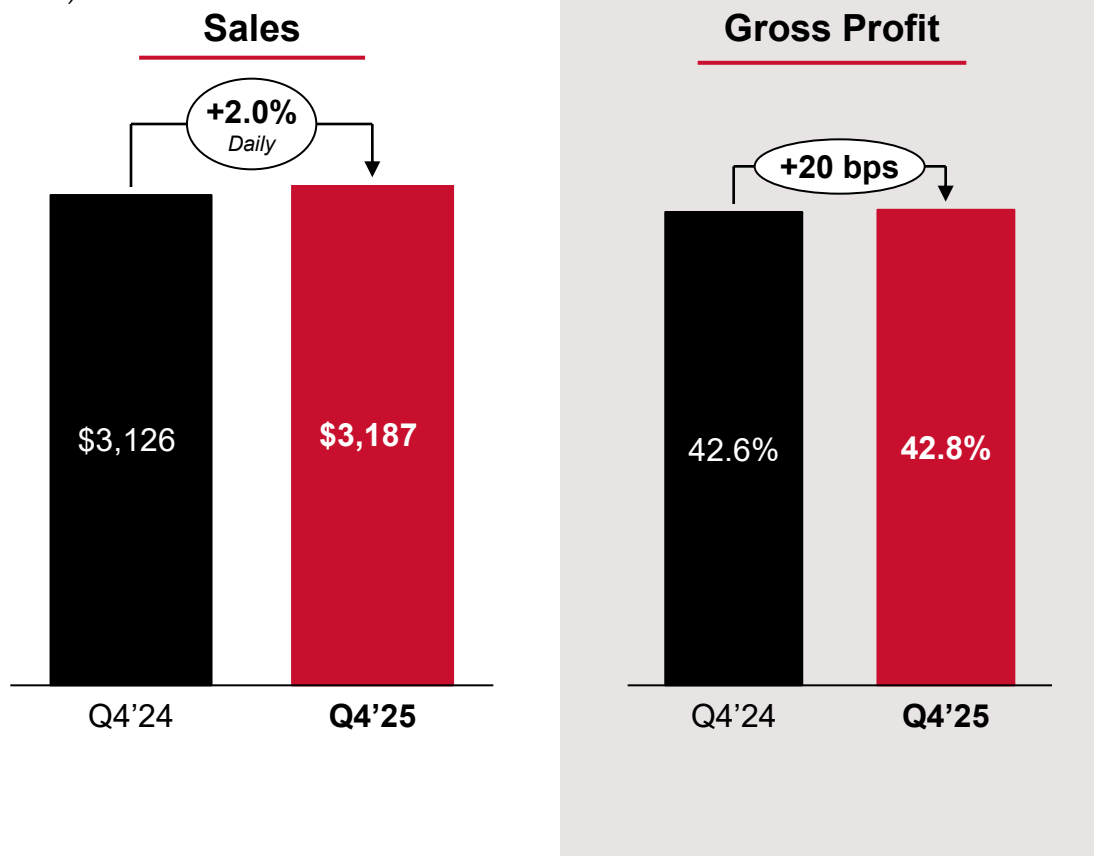
- Gross margin decline alongside continued demand generating investment in High-Touch, partially offset by strong leverage across Endless Assortment

### Diluted EPS of \$39.48, up 1.3% versus prior year

# Q4 2025 Segment Highlights: *High-Touch Solutions - N.A.*

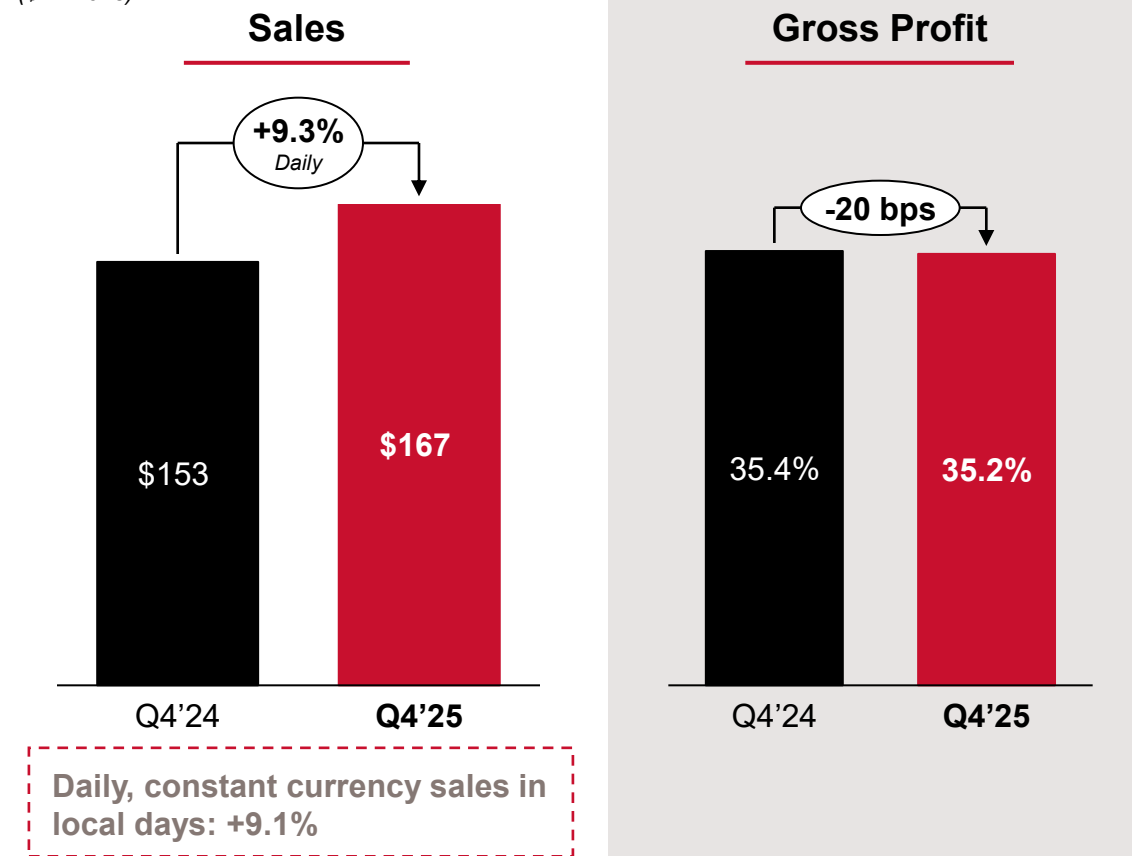
## HTS - U.S.

(\$ millions)



## HTS - Canada

(\$ millions)

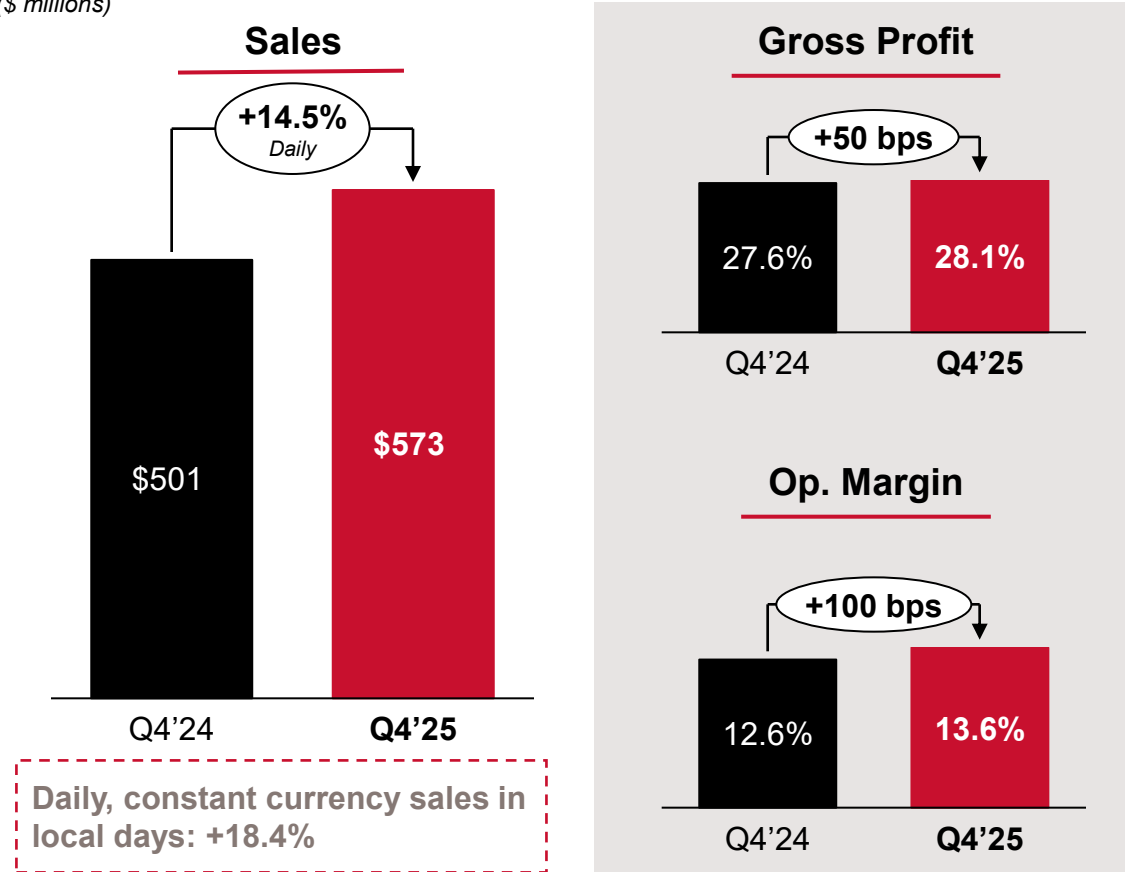


Daily, constant currency sales in local days: +9.1%

# Q4 2025 Segment Highlights: *Endless Assortment*

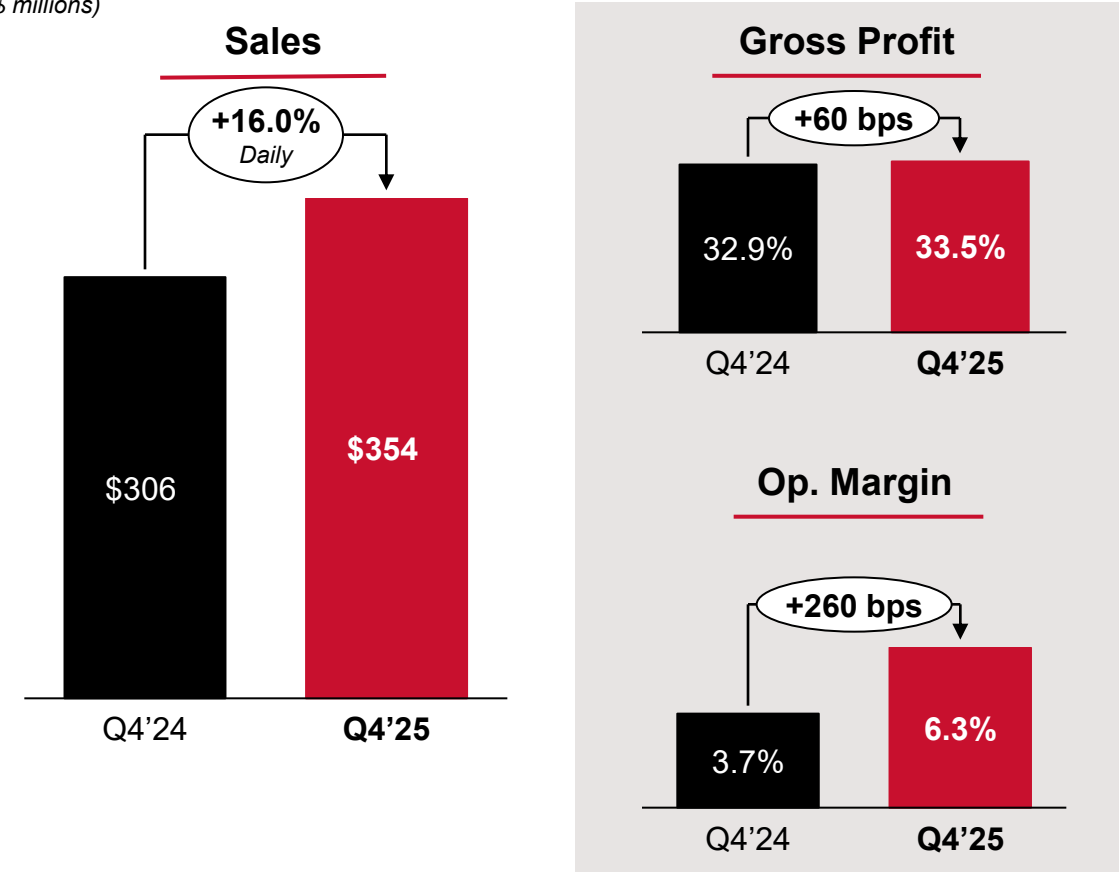
## MonotaRO<sup>(1)</sup>

(\$ millions)



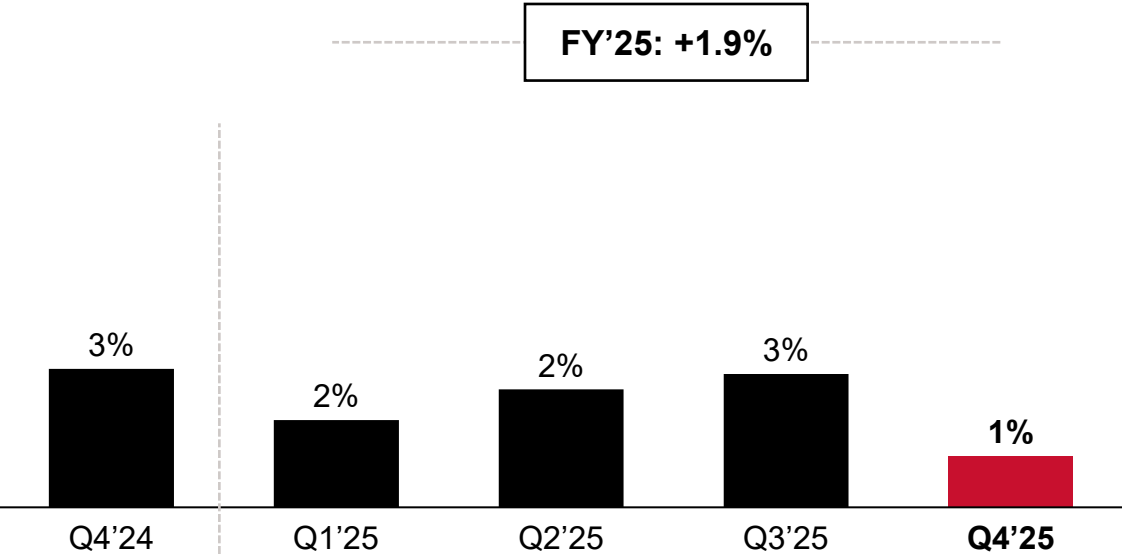
## Zoro - U.S.

(\$ millions)



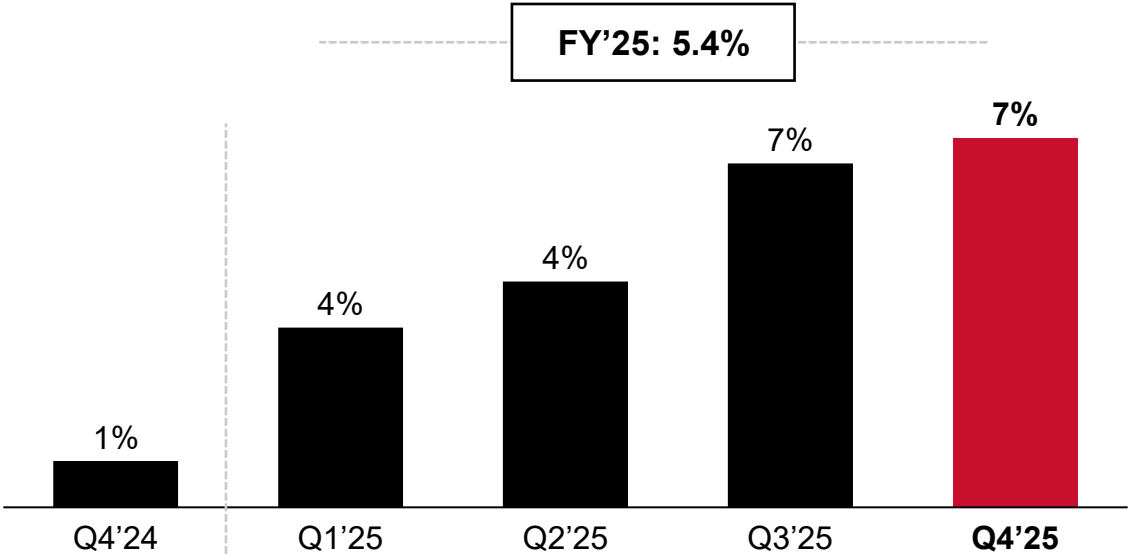
# Q4 2025 Sales Performance: *High-Touch Solutions - U.S.*

## Large Customers<sup>(1)</sup>



**Note:** FY'24 Large Customer daily sales growth was +2.8%












## Mid-sized Customers<sup>(1)</sup>



**Note:** FY'24 Mid-size Customer daily sales growth was +3.2%

Note: See appendix for a reconciliation of any non-GAAP financial measures.  
(1) Large Customer revenue of \$10.9 billion and Mid-sized Customer revenue of \$1.8 billion for the last twelve-month (LTM) period ending December 31, 2025. These numbers exclude specialty brands and certain revenue recognition adjustments which are included in the HTS - U.S. business. Growth rates are presented on a daily basis and rounded to the nearest whole percentage.

# Sales Growth By Customer End Market: *HTS - U.S.*

	Q4'25 <sup>(1)</sup>	5 Quarter Trend
Commercial Services	UP Mid-Single Digits	
Contractors	UP Low-Double Digits	
Government	DOWN High-Single Digits	
Healthcare	UP Low-Single Digits	
Manufacturing	UP Mid-Single Digits	
Retail	UP Mid-Single Digits	
Transportation	UP High-Single Digits	
Utilities	UP High-Single Digits	
Warehousing	DOWN High-Teens	
Wholesale	UP Low-Single Digits	
Other <sup>(2)</sup>	UP Low-Double Digits	

Note: See appendix for a reconciliation of any non-GAAP financial measures. Customer end market definitions primarily follow the North American Industry Classification System (NAICS). Numbers exclude specialty brands and certain revenue recognition adjustments which are included in the HTS - U.S. business.

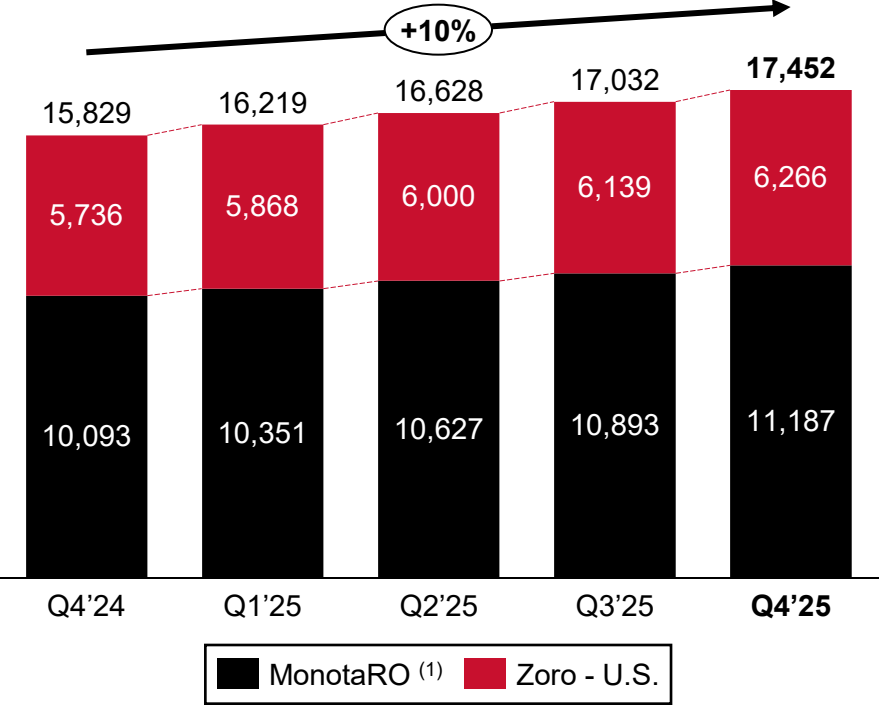
(1) Growth rates are presented on a daily basis in current customer end market alignment.

(2) Includes industries that are not material individually, including hospitality, restaurants, property management and natural resources.

# Operating Metrics: *Endless Assortment*

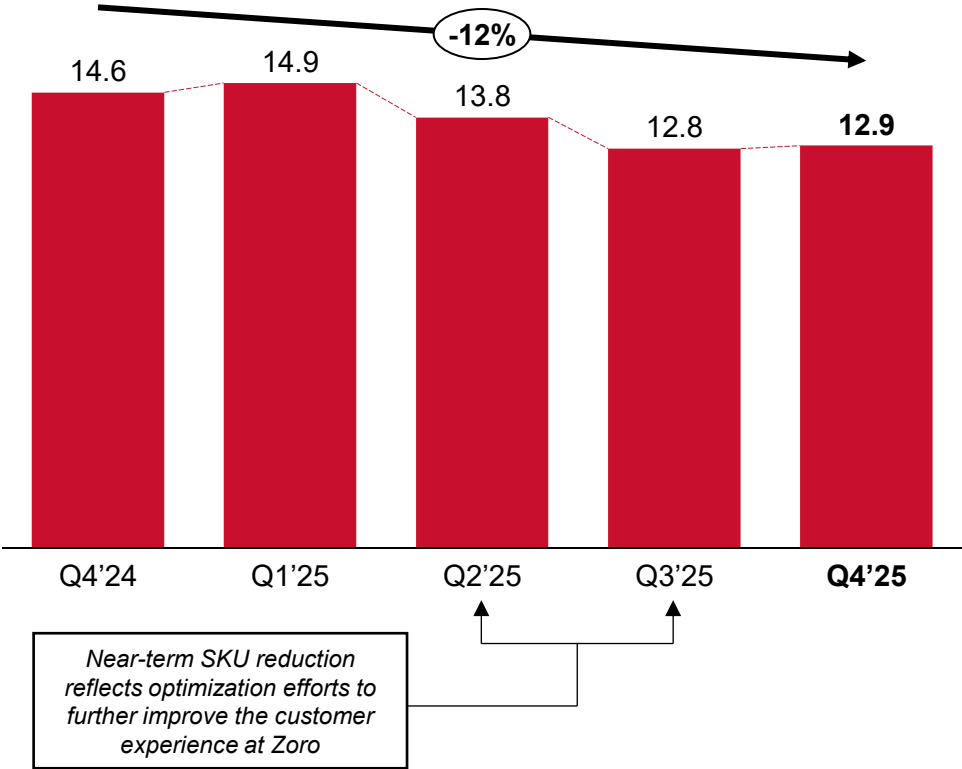
## Total Registered Users

(user count in thousands)



## Total Active SKUs (Zoro U.S.)

(SKU count in millions)



# 2026 Full Year Supplemental Guidance

## Cash Flow Guidance

(\$ millions)	2025A	2026 Guidance (as of February 3, 2026)
Operating Cash Flow	\$2,015	\$2,125 – \$2,325
Capital Expenditures <sup>(1)</sup>	\$684	\$550 – \$650
Share Repurchases <sup>(2)</sup>	\$1,045	\$950 – \$1,050

## Operating Margin

(\$ millions)	2025A	2026 Guidance (as of February 3, 2026)
HTS – N.A.	16.8%	16.9% – 17.4%
Endless Assortment	9.8%	10.0% – 10.5%
Total Company	15.0%	15.4% – 15.9%

Note: 2025 results and 2026 guidance provided on an adjusted basis. Guidance assumes corporate effective tax rate of ~25% and JPY / USD FX rate of 152. See appendix for a reconciliation of any non-GAAP financial measures. Numbers may not sum due to rounding.

- (1) Capital expenditures as reflected in the Statement of Cash Flows.
- (2) Includes only share repurchases related to Grainger common stock.
- (3) Based on U.S. selling days: 255 selling days in both 2026 and 2025.
- (4) Excludes the impact of year-over-year foreign currency exchange rate fluctuations.
- (5) Excludes the net sales of Cromwell and Zoro U.K. in the comparable prior year period post the date of divestiture or closure.
- (6) Excludes the net sales of Zoro U.K. in the comparable prior year period post the date of closure.

## Sales Growth Guidance

### Total Company

	2026 Guidance (as of February 3, 2026)	
	Low	High
Daily, Organic Constant Currency Sales	6.5%	9.0%
Daily Impact <sup>(3)</sup>	0.0%	0.0%
Foreign Currency Exchange <sup>(4)</sup>	-0.2%	-0.2%
Business Divestiture/Closure <sup>(5)</sup>	-2.1%	-2.1%
Reported Sales	4.2%	6.7%

### High-Touch Solutions

	2026 Guidance (as of February 3, 2026)	
	Low	High
Daily, Constant Currency Sales	5.0%	7.5%
Daily Impact <sup>(3)</sup>	0.0%	0.0%
Foreign Currency Exchange <sup>(4)</sup>	0.2%	0.2%
Reported Sales	5.2%	7.7%

### Endless Assortment

	2026 Guidance (as of February 3, 2026)	
	Low	High
Daily, Organic Constant Currency Sales	12.5%	15.0%
Daily Impact <sup>(3)</sup>	0.0%	0.0%
Foreign Currency Exchange <sup>(4)</sup>	-1.2%	-1.2%
Business Closure <sup>(6)</sup>	-1.1%	-1.1%
Reported Sales	10.2%	12.7%

# Definitions & Calculations

## 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.

## Non-GAAP financial measures:

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.

**"Adjusted gross profit", "adjusted SG&A", "adjusted operating earnings", "adjusted EBITDA", "adjusted net earnings", "adjusted EPS (diluted)"**— 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.

**"Adjusted return on invested capital" (ROIC)** — is calculated using the Company's annualized adjusted operating earnings (defined above) divided by adjusted average net working assets for the period. Average net working assets is calculated using a two-point average for Q1, a three-point average for Q2, a four-point average for Q3 and a five-point average for Q4. Net working assets are working assets minus working liabilities and defined as follows: working assets equal total assets less cash and cash equivalents, deferred and prepaid income taxes and operating & finance lease right-of-use assets plus any LIFO reserves. Working liabilities are the sum of trade payables, accrued compensation and benefits, accrued contributions to employees' retirement savings plans and accrued expenses less current operating & finance lease liabilities. The Company believes the presentation of adjusted ROIC provides useful information regarding how effectively the Company is using capital to generate financial returns.

**"Free cash flow" (FCF)** — is 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.

**"Net leverage ratio"** — is calculated by dividing the Company's net debt (total debt outstanding less debt issuance costs less cash and cash equivalents) by adjusted EBITDA. Adjusted EBITDA is defined as EBITDA less the Company's non-GAAP adjustments for the last twelve months. The Company believes the presentation of its net debt to adjusted EBITDA ratio provides useful information regarding the Company's liquidity and leverage.

**"Daily sales"** — refers to net sales for the period divided by the number of U.S. selling days for the period.

**"Daily, constant currency sales"** — refers to the daily sales adjusted for changes in foreign currency exchange rates.

**"Daily, constant currency sales in local days"** — refers to daily sales adjusted for changes in foreign currency exchange rates and local selling days for the business unit.

**"Daily, organic sales"** — refers to daily sales excluding the net sales of certain divested or closed businesses in the comparable prior year period post date of divestiture or closure.

**"Daily, organic constant currency sales"** — refers to daily sales excluding the sales of certain divested or closed businesses in the comparable prior year period post date of divestiture or closure and changes in foreign currency exchange rates.

**"Daily, organic constant currency sales in local days"** — refers to daily sales excluding the net sales of certain divested or closed businesses in the comparable prior year period post date of divestiture or closure, changes in foreign currency exchange rates and local selling days for the business unit.

**"Foreign currency exchange"** — impact is 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.

**"Volume outgrowth"** — measured as High-Touch Solutions - U.S. daily, organic sales growth excluding price/customer mix contribution, less the estimated U.S. MRO market volume which uses IP - NAICS Manufacturing sub-index as its primary input.

## 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

**2027:** Q1-63, Q2-64, Q3-64, Q4-63, FY-254

# GAAP to Non-GAAP Reconciliations

## Sales growth for the three and twelve months ended December 31, 2025

(percent change compared to the prior year period)

(unaudited)

### Total Company - Monthly Detail

	October	November	December	Q4 2025	FY 2025
Reported sales	0.9%	1.3%	12.3%	4.5%	4.5%
Daily impact	—%	5.4%	(5.1)%	—%	0.4%
Daily sales <sup>(1)</sup>	0.9%	6.7%	7.2%	4.5%	4.9%
Foreign currency exchange <sup>(3)</sup>	0.3%	—%	(0.1)%	0.1%	—%
Business divestiture <sup>(2)</sup>	—%	—%	0.2%	—%	—%
Daily, organic constant currency sales	1.2%	6.7%	7.3%	4.6%	4.9%

### Endless Assortment (EA) - Daily Sales

	EA		Zoro - U.S.		MonotaRO	
	Q4 2025	FY 2025	Q4 2025	FY 2025	Q4 2025	FY 2025
Reported sales	14.3%	15.7%	16.0%	17.6%	14.5%	14.9%
Daily impact	—%	0.5%	—%	0.4%	—%	0.4%
Daily sales <sup>(1)</sup>	14.3%	16.2%	16.0%	18.0%	14.5%	15.3%
Foreign currency exchange <sup>(3)</sup>	1.2%	(0.7)%	—%	—%	2.0%	(1.0)%
Business divestiture <sup>(2)</sup>	0.2%	0.1%	—%	—%	—%	—%
Daily, organic constant currency sales	15.7%	15.6%	16.0%	18.0%	16.5%	14.3%
Impact of local days					1.9%	1.0%
Daily, organic constant currency sales in local days					18.4%	15.3%

### High-Touch Solutions - N.A. - Daily Sales

	HTS - N.A.		HTS - U.S.		HTS - Canada	
	Q4 2025	FY 2025	Q4 2025	FY 2025	Q4 2025	FY 2025
Reported sales	2.2%	2.0%	2.0%	2.1%	9.3%	2.9%
Daily impact	—%	0.4%	—%	0.4%	—%	0.4%
Daily sales <sup>(1)</sup>	2.2%	2.4%	2.0%	2.5%	9.3%	3.3%
Foreign currency exchange <sup>(3)</sup>	(0.1)%	0.2%	—%	—%	(0.3)%	2.0%
Daily, constant currency sales	2.1%	2.6%	2.0%	2.5%	9.0%	5.3%
Impact of local days					0.1%	0.1%
Daily, constant currency sales in local days					9.1%	5.4%

### High-Touch Solutions - N.A. - Daily Sales Drivers

	HTS - N.A.		HTS - U.S.		HTS - Canada	
	Q4 2025	FY 2025	Q4 2025	FY 2025	Q4 2025	FY 2025
Volume/product mix	(0.7)%	1.5%	(0.8)%	1.4%	7.5%	4.6%
Price/customer mix	2.8%	1.1%	2.8%	1.1%	1.5%	0.7%
Foreign currency exchange <sup>(3)</sup>	0.1%	(0.2)%	—%	—%	0.3%	(2.0)%
Daily sales <sup>(1)</sup>	2.2%	2.4%	2.0%	2.5%	9.3%	3.3%

Note: For more information on the Company's use of non-GAAP measures in this presentation, please see the appendix *Definitions and Calculations*.

(1) Based on U.S. selling days, there were 64 selling days in Q4 2025 and Q4 2024, 256 selling days in FY 2024, and 255 selling days in 2025.

(2) Reflects 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) Excludes the impact on total sales due to year-over-year foreign currency exchange rate fluctuations.

# GAAP to Non-GAAP Reconciliations

## Income statement adjustments for the twelve months ended December 31, 2025 and December 31, 2024

(in millions, except for percentage data)

(unaudited)

Total Company results included adjusting items which impacted U.S. GAAP as follows:

	FY 2025			Reported	Adjusted <sup>(2)</sup>	FY 2024			Reported	Adjusted <sup>(2)</sup>	
	Reported	Adjustment <sup>(1)</sup>	Adjusted			% of Net Sales	Reported	Adjustment <sup>(1)</sup>			Adjusted
<u>Selling, general and administrative expenses</u>											
High-Touch Solutions N.A.	\$ 3,478	\$ —	\$ 3,478	24.9 %	24.9 %	\$ 3,356	\$ (15)	\$ 3,341	24.4 %	24.3 %	
Endless Assortment	740	(10)	730	20.4 %	20.1 %	663	—	663	21.2 %	21.2 %	
Other <sup>(3)</sup>	296	(186)	110	91.4 %	34.0 %	102	(1)	101	32.4 %	32.1 %	
Selling, general and administrative expenses	\$ 4,514	\$ (196)	\$ 4,318	25.2 %	24.1 %	\$ 4,121	\$ (16)	\$ 4,105	24.0 %	23.9 %	
<u>Earnings</u>											
High-Touch Solutions N.A.	\$ 2,354	\$ —	\$ 2,354	16.8 %	16.8 %	\$ 2,385	\$ 15	\$ 2,400	17.4 %	17.5 %	
Endless Assortment	345	10	355	9.5 %	9.8 %	260	—	260	8.3 %	8.3 %	
Other <sup>(3)</sup>	(204)	186	(18)	(63.0)%	(5.6)%	(8)	1	(7)	(2.5)%	(2.2)%	
Operating earnings	2,495	196	2,691	13.9 %	15.0 %	2,637	16	2,653	15.4 %	15.5 %	
Total other expense — net	(65)	—	(65)	(0.3)%	(0.3)%	(53)	—	(53)	(0.3)%	(0.3)%	
Earnings before income taxes	2,430	196	2,626	13.6 %	14.7 %	2,584	16	2,600	15.1 %	15.1 %	
Income tax provision <sup>(4)</sup>	(622)	—	(622)	(3.5)%	(3.5)%	(595)	(4)	(599)	(3.5)%	(3.5)%	
Net earnings	1,808	196	2,004	10.1 %	11.2 %	1,989	12	2,001	11.6 %	11.7 %	
Noncontrolling interest <sup>(5)</sup>	(102)	—	(102)	(0.6)%	(0.6)%	(80)	—	(80)	(0.5)%	(0.5)%	
Net earnings attributable to W.W. Grainger, Inc.	\$ 1,706	\$ 196	\$ 1,902	9.5 %	10.6 %	\$ 1,909	\$ 12	\$ 1,921	11.1 %	11.2 %	
Diluted earnings per share:	\$ 35.40	\$ 4.08	\$ 39.48			\$ 38.71	\$ 0.25	\$ 38.96			

Note: For more information on the Company's use of non-GAAP measures in this presentation, please see the appendix *Definitions and Calculations*.

(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.

# 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 <sup>(1)</sup> 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 <sup>(2)</sup>	196
Adjusted EBITDA	<u>\$ 2,945</u>
Net leverage ratio	<u>0.65x</u>

Free Cash Flow (FCF)	Three months ended December 31, 2025
Cash flows provided by operating activities	\$ 395
Capital expenditures	(126)
Free cash flow	<u>\$ 269</u>

Adjusted Return on Invested Capital (ROIC)	Twelve months ended December 31, 2025
Reported operating earnings	\$ 2,495
Adjustment <sup>(2)</sup>	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 <sup>(3)</sup>	(585)	(535)	(597)	(666)	(731)
LIFO reserves	939	901	849	814	804
Other asset adjustments <sup>(4)</sup>	(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 <sup>(5)</sup>	<u>\$ 6,887</u>				
Adjusted ROIC	<u>39.1 %</u>				

Operating Margin	FY 2025		
	HTS-N.A.	EA	Total Company
Reported %	16.8 %	9.5 %	13.9 %
Adjustment <sup>(2)</sup>	—	0.3 %	1.1 %
Adjusted %	<u>16.8 %</u>	<u>9.8 %</u>	<u>15.0 %</u>

Note: For more information on the Company's use of non-GAAP measures in this presentation, please see the appendix *Definitions and Calculations*.

(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.



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