

NYSE: GWW

Q1 2021 Earnings Call

April 30, 2021

GRAINGER[®]



Safe Harbor Statement and Non-GAAP Financial Measures

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. Forward-looking statements are not guarantees of future performance and are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such statements. 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: the unknown duration and health, economic, operational and financial impacts of the global outbreak of the coronavirus disease 2019 (COVID-19) as well as the duration, extent and impact of the actions taken or contemplated by governmental authorities or others in connection with the COVID-19 pandemic on the Company’s businesses, its employees, customers and suppliers, including disruption to the Company’s operations resulting from employee illnesses, the development and availability of effective treatment or vaccines, any mandated facility closures of non-essential businesses, stay in shelter health orders or other similar restrictions for customers and suppliers, changes in customers’ product needs, suppliers’ inability to meet unprecedented demand for COVID-19 related products, inventory shortages, the potential for government action to allocate or direct products to certain customers which may cause disruption in relationships with other customers, disruption caused by business responses to the COVID-19 pandemic, including working remote arrangements, which may create increased vulnerability to cybersecurity incidents, including breaches of information systems security, adaptations to the Company’s controls and procedures required by working remote arrangements, including financial reporting processes, which could impact the design or operating effectiveness of such controls or procedures, and global or regional economic downturns or recessions, which could result in a decline in demand for the Company’s products or limit the Company’s ability to access capital markets on terms that are attractive or at all; higher product costs or other expenses; a major loss of customers; loss or disruption of sources of supply; changes in customer or product mix; increased competitive pricing pressures; failure to develop or implement new technology initiatives or business strategies; failure to adequately protect intellectual property or successfully defend against infringement claims; fluctuations or declines in the Company’s gross profit percentage; the Company’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, advertising, consumer protection, pricing (including disaster or emergency declaration pricing statutes), product liability, general commercial disputes, safety or compliance, or privacy and cybersecurity matters; investigations, inquiries, audits and changes in laws and regulations; failure to comply with laws, regulations and standards; government contract matters; disruption of information technology or data security systems involving the Company or third parties on which the Company depends; general industry, economic, market or political conditions; general global economic conditions including tariffs and trade issues and policies; currency exchange rate fluctuations; market volatility, including price and trading volume volatility or price declines of the Company’s common stock; commodity price volatility; labor shortages; facilities disruptions or shutdowns; higher fuel costs or disruptions in transportation services; other pandemic diseases or viral contagions; natural or human induced disasters, extreme weather and other catastrophes or conditions; failure to attract, retain, train, motivate, develop and transition key employees; loss of key members of management or key employees; changes in effective tax rates; changes in credit ratings or outlook; the Company’s incurrence of indebtedness 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, including organic daily sales, daily sales in constant currency, adjusted gross profit, adjusted gross profit margin, adjusted selling, general and administrative expenses, adjusted selling, general and administrative expenses operating margin, adjusted operating earnings, adjusted segment operating earnings, adjusted operating margin, free cash flow, adjusted return on invested capital, EBITDA, adjusted EBITDA, effective tax rate, adjusted effective tax rate, adjusted net earnings and adjusted diluted earnings per share, is available in the appendix to this presentation and our most recent earnings release.



Opening Remarks

DG Macpherson
Chairman & CEO





Q1 2021 Business Summary

First quarter results in line with expectations; strong, consistent performance across all businesses

Increasing confidence in our performance as the pandemic subsides and vaccinations increase

- Continue to serve customers well, build relationships, and execute on our strategic priorities
- Pandemic/non-pandemic revenue trends normalizing; expect further return to normal patterns
- Resuming full year guidance; GP up sequentially and on path to return to pre-pandemic levels

High-Touch Solutions North America (N.A.): Continued progress on key initiatives

- U.S.: Seeing positive signs of recovery, strong revenue performance, GP run-rate stabilization
- Canada: declines in natural resources and slower economic recovery challenging top-line; improved performance in targeted end-markets (i.e. Higher Education, Healthcare, Manufacturing)

Endless Assortment: Achieved >20% growth and improved profitability

- Strong customer acquisition with expanded operating margins
- MonotaRO opened Ibaraki, Japan distribution center with focus on stocking many high-demand items locally



Q1 2021 Financial Highlights



Seeing positive signs of recovery

- Achieved **organic daily sales growth of 5.9%** (*total company, constant currency*)⁽¹⁾
 - **High-Touch Solutions (N.A.)** grew **3.4%** on a daily basis
 - Lapping pandemic volatility, achieved ~250 bps of market outgrowth in the U.S. Two-year average share gain of ~475 bps in the U.S.
 - Achieved **27.4% daily sales growth** in **Endless Assortment** segment
- Delivered operating margin of 11.6%, with **210 bps adjusted SG&A leverage** more than offsetting anticipated GP pressure from pandemic inventory adjustments
 - Expect to sell-through remaining non-core pandemic products and complete any potential market-driven inventory adjustments by end of Q2
- **Generated \$294 million in operating cash flow** and returned \$256 million to shareholders through dividends and buybacks
- Maintained **strong, adjusted ROIC of 30.3%** (*total company*)



Q1 2021 Results

Dee Merriwether
SVP & CFO





Q1 2021 Adjusted Results: *Total Company*

Summary Results

(\$ in millions)	Q1 2021		Q1 2020		% vs. PY Fav/(Unfav)
Sales	\$	3,084	\$	3,001	2.8 / 7.0 % ⁽¹⁾
GP		1,093		1,121	(2.5) %
SG&A		735		778	5.5 %
Op Earnings	\$	358	\$	343	4.4 %
EPS	\$	4.48	\$	4.24	5.7 %
(% of sales)	Q1 2021		Q1 2020		bps vs. PY Fav/(Unfav)
GP Margin		35.5 %		37.4 %	(190)
SG&A		23.9 %		25.9 %	210
Op Margin		11.6 %		11.4 %	20

Commentary

Organic daily sales up 7.0%, 5.9% in constant currency

- Results driven by strong performance in both High-Touch Solutions and Endless Assortment
- Daily sales up 4.4%, without adjusting for divestitures

GP margin rate down 190 bps, driven primarily by U.S. pandemic-fueled inventory adjustments

- U.S. inventory adjustments impacted total company GP by 180 bps
- Endless Assortment expanded GP margins

SG&A leverage of 210 bps, with cost down \$43 million

- Continued cost control actions across High-Touch Solutions portfolio
- Leverage gains in Endless Assortment

Note: All numbers on an adjusted basis. See the appendix for any non-GAAP reconciliations. Numbers may not sum due to rounding. The Company has a controlling ownership interest in MonotaRO. 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.

(1) Change in sales and change in organic daily sales.



Q1 2021 Adjusted Results: *High-Touch Solutions (N.A.)*

Summary Results

(\$ in millions)

	Q1 2021		Q1 2020		% vs. PY Fav/(Unfav)
Sales	\$	2,397	\$	2,355	1.8 / 3.4 % ⁽¹⁾
GP		895		934	(4.1) %
SG&A		589		613	3.9 %
Op Earnings	\$	306	\$	321	(4.5) %

(% of sales)

	Q1 2021		Q1 2020		bps vs. PY Fav/(Unfav)
GP Margin		37.4 %		39.6 %	(230)
SG&A		24.6 %		26.1 %	145
Op Margin		12.8 %		13.6 %	(85)

Commentary

Daily sales up 3.4% vs. prior year despite challenging comparisons beginning in mid-February

Gross profit margin up 30 bps sequentially, and down 230 bps year over year, driven by U.S. pandemic-related inventory adjustments:

- High-Touch Solutions (N.A.) GP nearly flat vs. prior year, excluding U.S. inventory write-downs

SG&A leverage of 145 bps, reduction of \$24 million

- Driven primarily by reduced travel and general operating efficiency across the U.S. and Canada

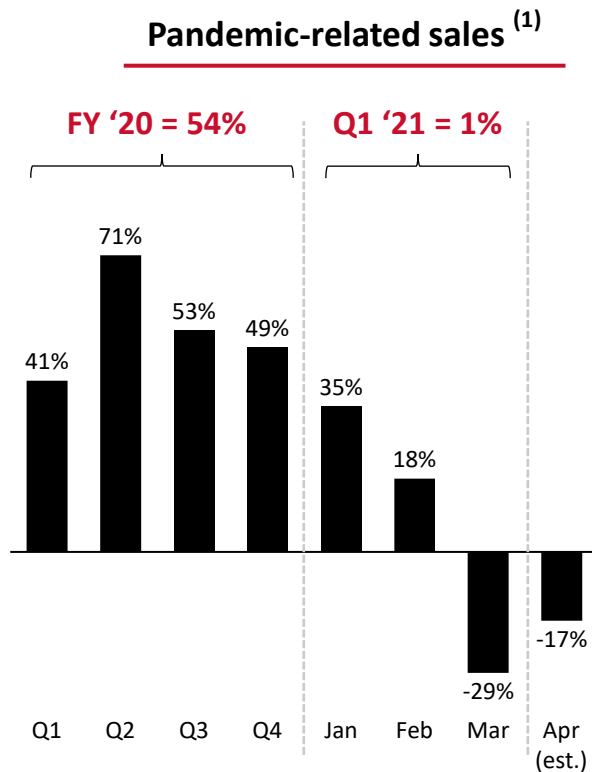
Operating margin improvements in Canada, driven by improved cost structure



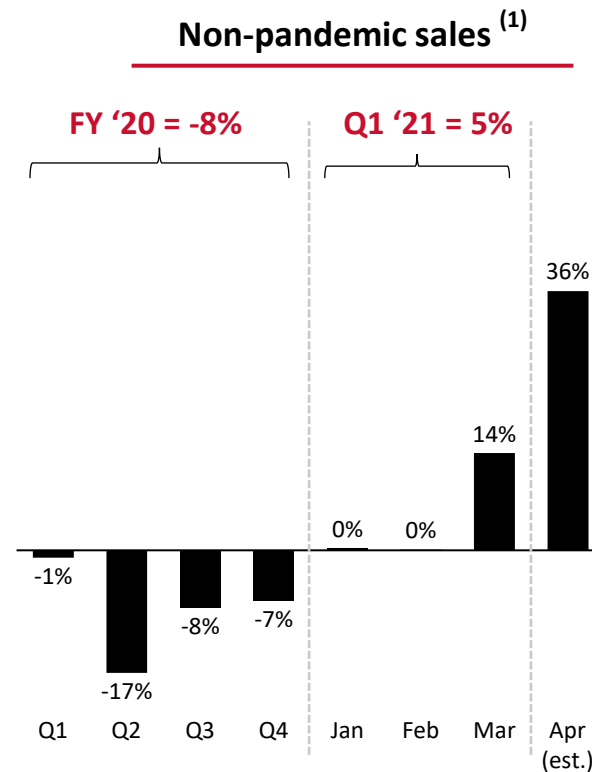
Sales by Product: *High-Touch Solutions – U.S.*

Non-pandemic sales continue to improve sequentially in nearly all customer end markets

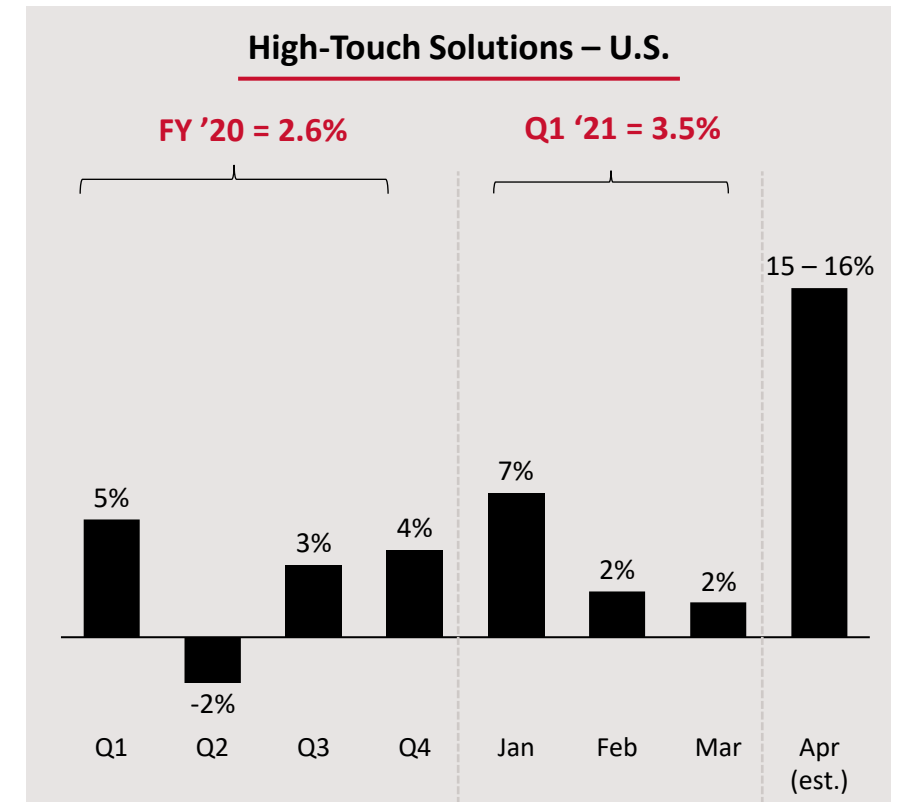
(year-over-year change in daily sales)



PY growth rates: +9% +23% +88% +63%



PY growth rates: +1% +2% -6% -21%

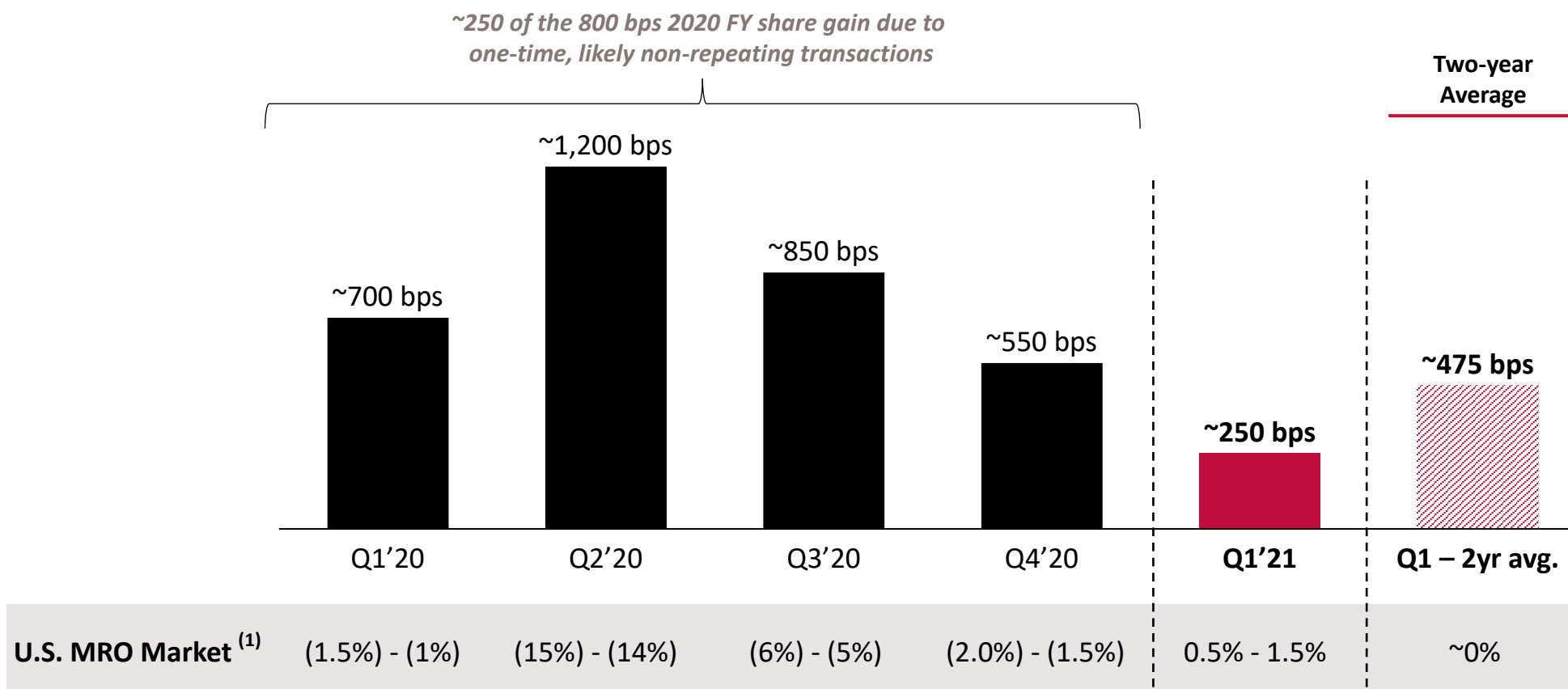


PY growth rates: +1% +5% +10% -7%



Q1 2021 Sales Performance: *High-Touch Solutions - U.S.*

**Achieved ~250 bps of market outgrowth as lapping of pandemic volatility begins,
using two-year average as reasonable outgrowth measure**





Q1 2021 Adjusted Results: *Endless Assortment*

Summary Results

(\$ in millions)	Q1 2021		Q1 2020		% vs. PY Fav/(Unfav)
Sales	\$	622	\$	496	25.4 / 27.4 % ⁽¹⁾
GP		175		138	27.0 %
SG&A		120		103	(16.4) %
Op Earnings	\$	55	\$	35	58.1 %
(% of sales)	Q1 2021		Q1 2020		bps vs. PY Fav/(Unfav)
GP Margin		28.1 %		27.8 %	35
SG&A		19.3 %		20.7 %	150
Op Margin		8.9 %		7.0 %	185

Commentary

Daily sales increased 27.4%, 23.3% on a constant currency basis

- Strong customer acquisition across both businesses
- Growing sales with Enterprise customers at MonotaRO

Operating profit margin up 185 bps due to:

- Gross margin expansion at Zoro with improved discounting strategies
- Significant SG&A leverage at both businesses as revenue continues to grow

Note: All numbers on an adjusted basis. See the appendix for any non-GAAP reconciliations. Numbers may not sum due to rounding. The Company has a controlling ownership interest in MonotaRO. 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.

(1) Change in sales and change in daily sales.

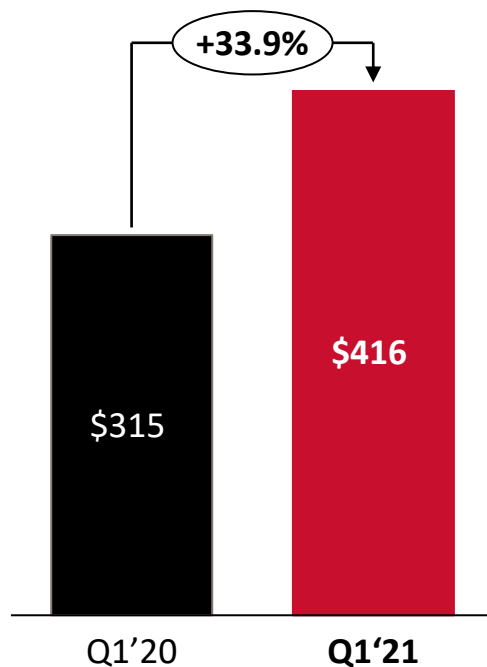


Q1 2021 Segment Highlights: *Endless Assortment*

MonotaRO ⁽¹⁾

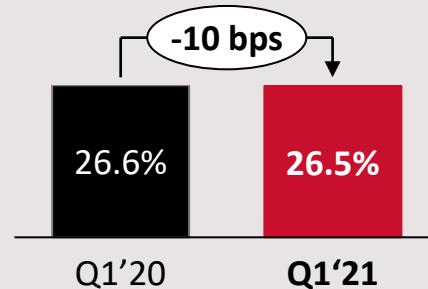
(\$ millions)

Daily Sales

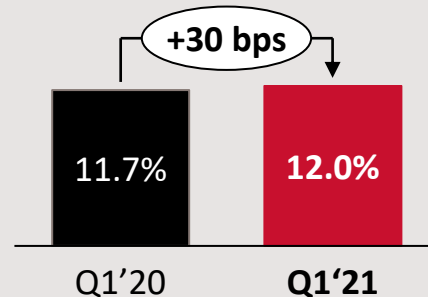


Local days and currency: 25.5%

Gross Profit



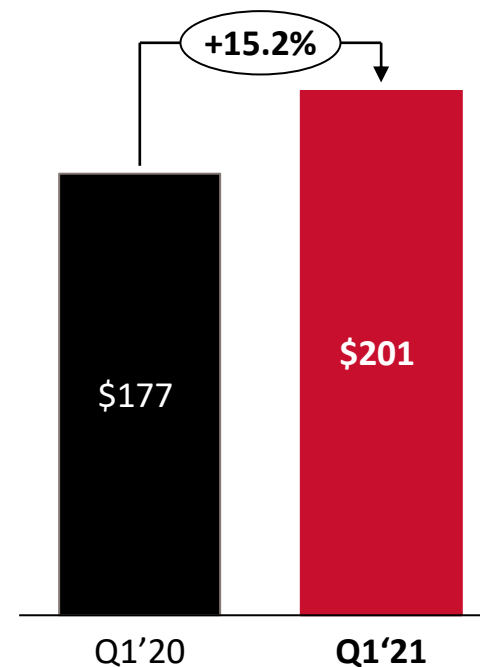
Op. Margin



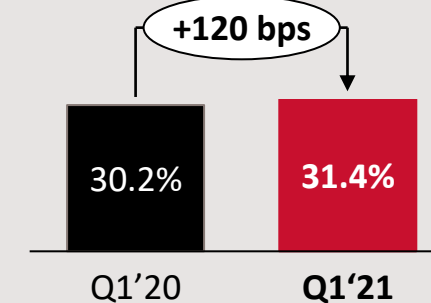
Zoro U.S.

(\$ millions)

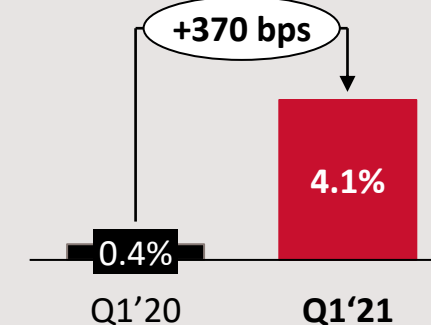
Daily Sales



Gross Profit



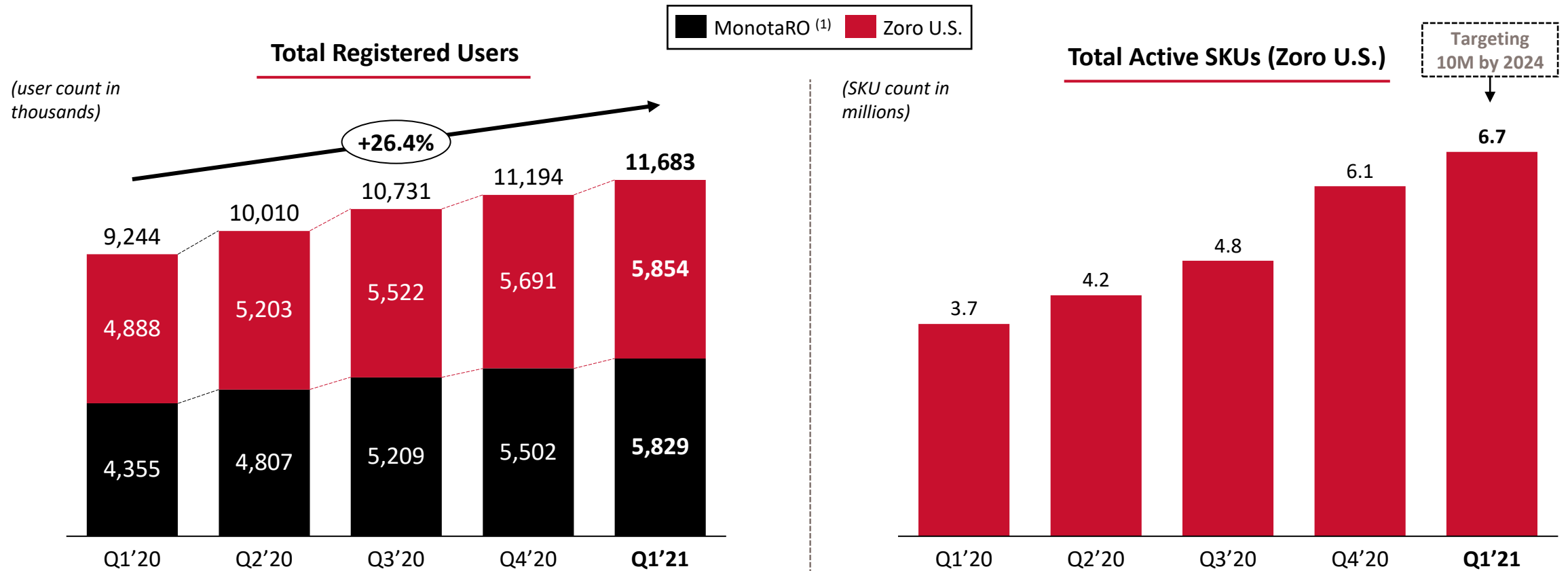
Op. Margin





Operating Metrics: *Endless Assortment*

Continue to add users at a rapid pace while also progressing on key growth initiatives



A person wearing a white full-body protective suit, a black respirator mask with two circular filters, and black gloves is using a yellow spray gun. They are working on a large, white, cylindrical industrial component. The background is dark with some red and white striped patterns.

Looking Forward

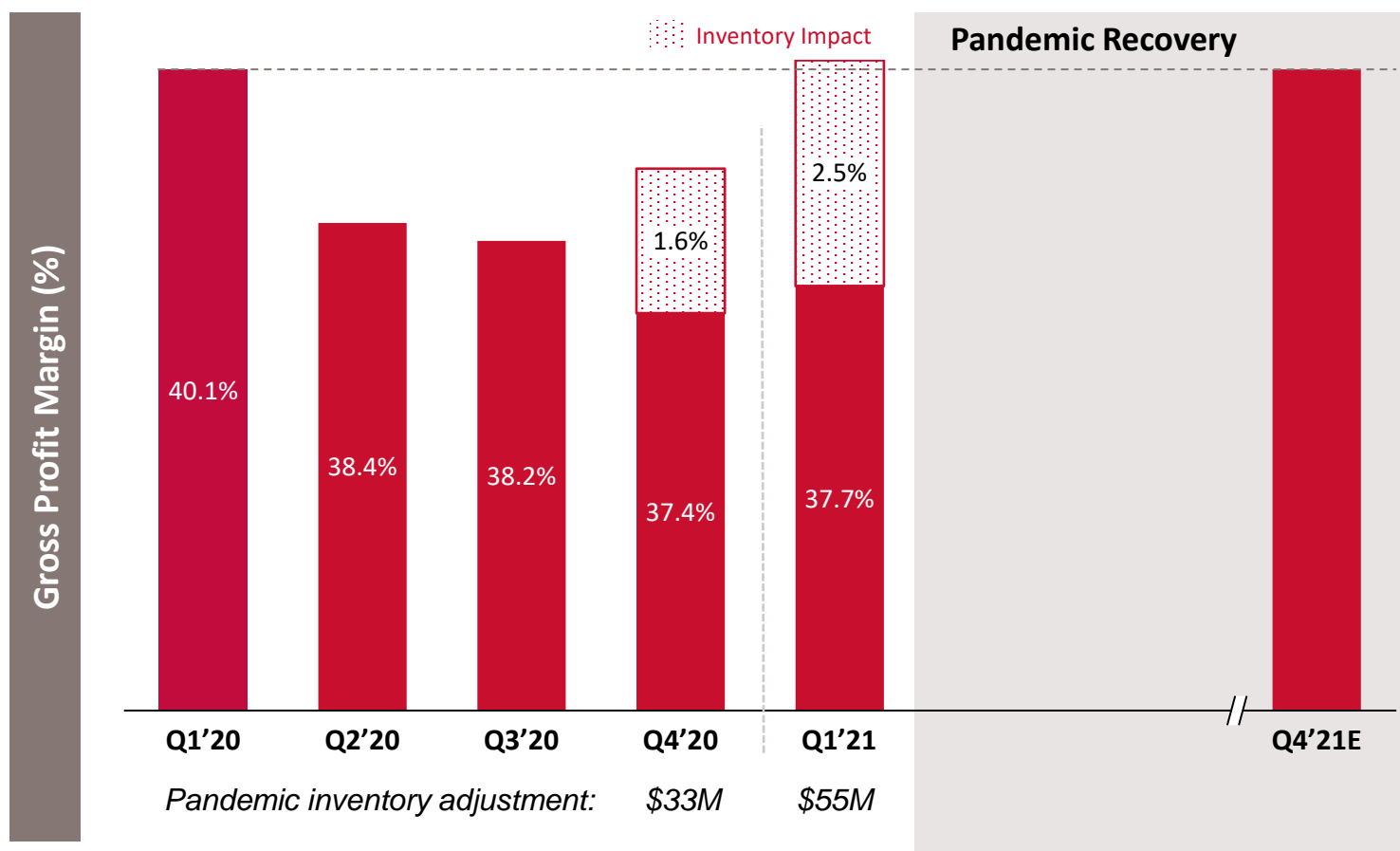
Dee Merriwether
SVP & CFO





Q2 2021 Outlook: *High-Touch Solutions - U.S.*

Reiterate expectations to exit 2021 with High-Touch Solutions - U.S. GP rates as high or higher than Q1 2020



Commentary

Q1'21 GP decline resulted from significant pandemic-related headwinds, showing sequential improvement

- Strong signs of core business stabilization

Inventory adjustments made up a significant portion of the GP decline

- Expect to sell-through and complete potential market-driven adjustments by Q2
- Expect Q2 adjustment similar to or less than Q1'21 levels

Expect to exit 2021 with GP rates as high or higher as pre-pandemic levels



2021 Full Year Guidance – *Total Company*

Expect strong sales and EPS growth with operating margin expansion

	2019A	2020A	2021 Guidance
Sales (\$ billions)	\$11.5	\$11.8	\$12.7 – \$13.0
<i>Daily growth</i>	2.5%	2.3%	8.5% - 11.0%
<i>Organic daily growth</i>		3.6%	10.0% – 12.5%
Gross Profit Margin	38.3%	35.9%	36.1 – 36.6%
<i>bps vs. prior year</i>	(50)	(235)	20 – 70
Operating Margin	12.1%	11.2%	11.8% – 12.4%
<i>bps vs. prior year</i>	10	(80)	50 - 115
Tax Rate	24.8%	25.3%	25.0% - 26.0%
EPS	\$17.29	\$16.18	\$19.00 - \$20.50
<i>% vs. prior year</i>	3.5%	(6.4)%	17.5% - 26.5%

Sales

- U.S. anticipates 7% - 9.5% daily growth on market growth of 6.5% - 9%
- Canada expects volumes to stabilize
- Endless Assortment revenue growth ~20%

Profitability

- Gross margin pressured due to pandemic inventory adjustment anticipated in Q2
- Expect to gain SG&A leverage as sales growth outpaces increased marketing, travel, and variable compensation
- Continued pace of share repurchases accelerating EPS growth



2021 Full Year Guidance

2021 operating margins expand versus prior year

	2019A	2020A	2021 Guidance
High-Touch Solutions (N.A.)	14.2%	13.0%	13.2% - 13.7%
Endless Assortment	6.6%	8.0%	8.8% - 9.2%
Other	(2.6)%	(11.9)%	~(7.0)%
Total Company	12.1%	11.2%	11.8 – 12.4%

Expect operating cash flow to fund balanced capital allocation strategy

	2019A	2020A	2021 Guidance
Operating Cash Flow	\$1,042	\$1,123	\$1,000 – \$1,200
CapEx ⁽¹⁾	\$221	\$197	\$225 - \$275
Share Repurchases	\$700	\$601	\$600 – \$700

Closing Remarks

DG Macpherson
Chairman & CEO



Q&A



Appendix



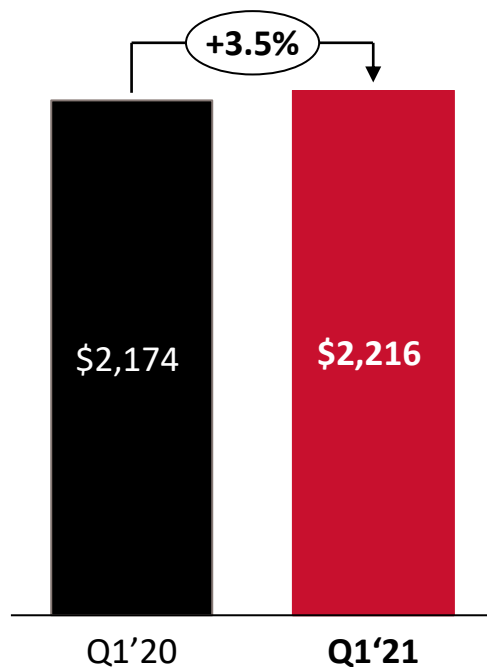


Q1 2021 Segment Highlights: *High-Touch Solutions (N.A.)*

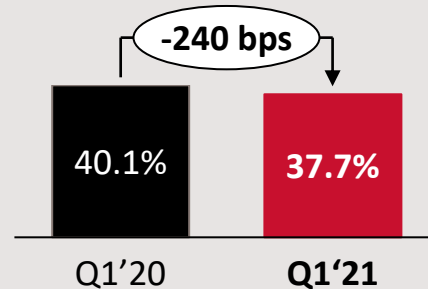
U.S.

(\$ millions)

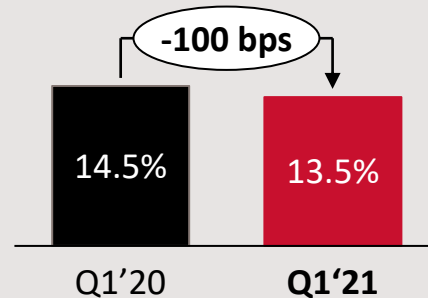
Daily Sales



Gross Profit



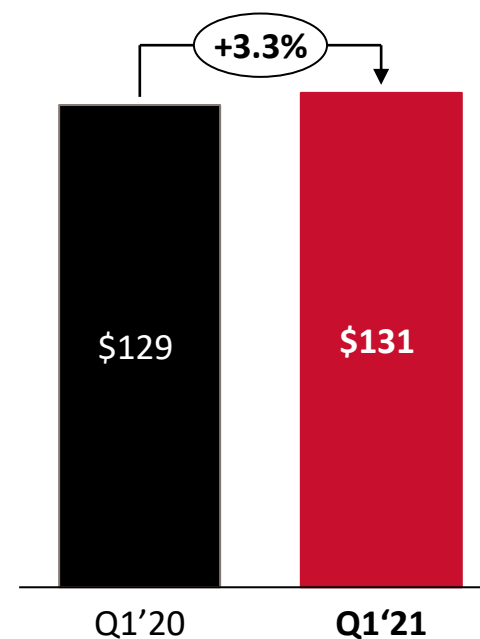
Op. Margin



Canada

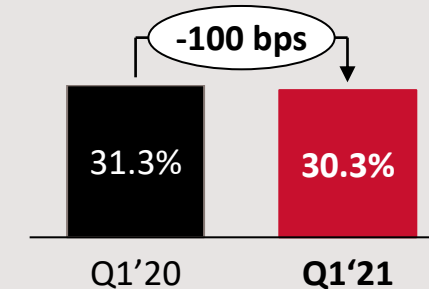
(\$ millions)

Daily Sales

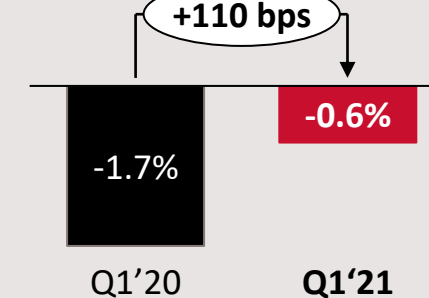


Local days and currency: -2.8%

Gross Profit



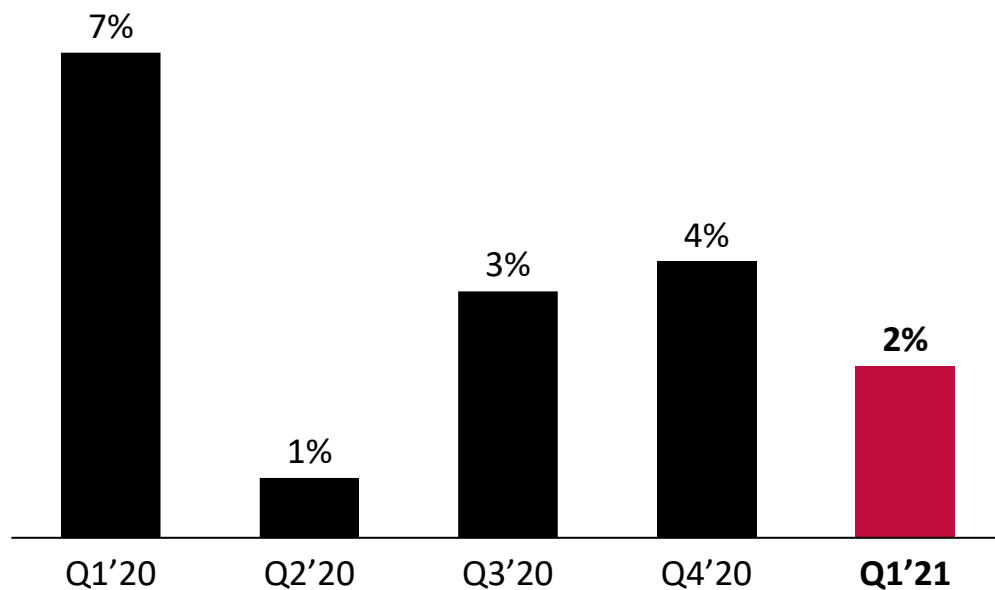
Op. Margin



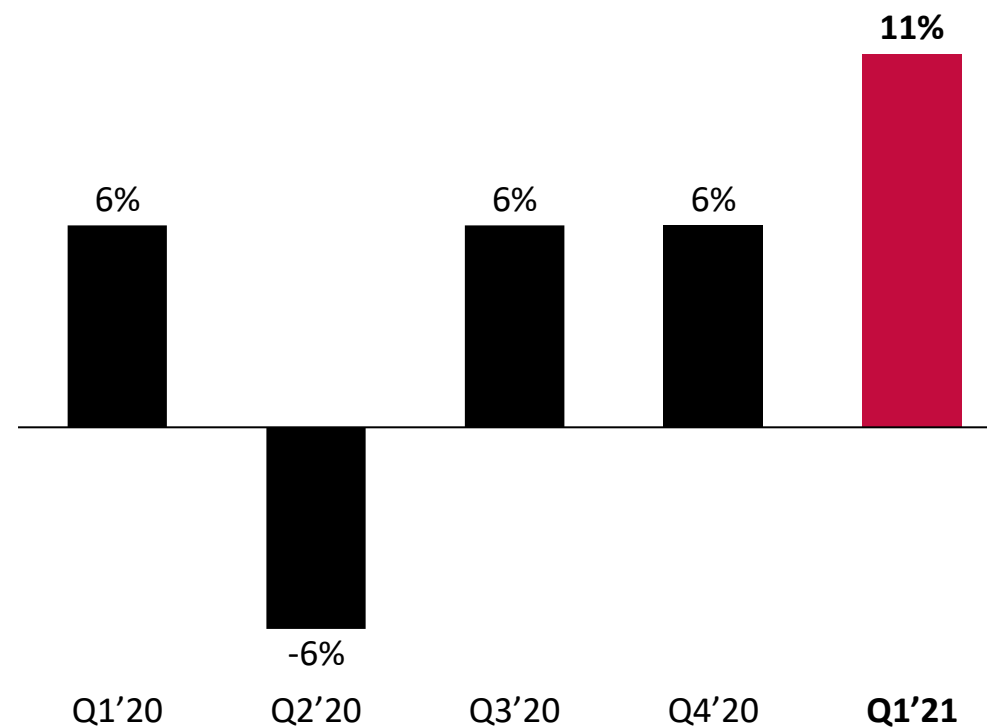


Q1 2021 Sales Performance: *High-Touch Solutions - U.S. business*

Large Customers ⁽¹⁾



Mid-sized Customers ⁽¹⁾





Q1 2021 U.S. Business Sales By Customer End Market

- **Retail (includes eCommerce businesses):** up Low-Twenties
- **Government:** up Mid-Teens
- **Heavy Manufacturing:** up Low-Single Digits
- **Light Manufacturing:** down Low-Single Digits
- **Contractor:** down Low-Single Digits
- **Commercial* (includes hospitality, restaurants, business services):** down Mid-Single Digits
- **Wholesale*:** down Mid-Single Digits
- **Healthcare:** down Mid-Single Digits
- **Natural Resources:** down High-Single Digits
- **Transportation*:** down High-Single Digits



Q1 2021 Quarterly Daily Sales Growth

Q1 2021 Daily Sales (Total Company) ⁽¹⁾

Month	Reported Sales (U.S. Selling Days) Q1 2020	Reported Sales (U.S. Selling Days) Q1 2021	FX Impact	Constant Currency
January	2.2%	8.5%	(0.9)%	7.6%
February	6.4%	3.0%	(1.0)%	2.0%
March	8.0%	1.8%	(1.3)%	0.5%
Q1 Daily Sales	5.5%	4.4%	(1.1)%	3.3%

U.S. Selling Days

	2021	2020	2019
1Q	63	64	63
2Q	64	64	64
3Q	64	64	64
4Q	63	64	64
Full Year	254	256	255

Q1 2021 Daily Sales vs. Q1 2020 ⁽¹⁾

Drivers	High-Touch Solutions	High-Touch Solutions - US	High-Touch Solutions - Canada
Volume/product mix	1.1%	1.5%	(3.3)%
Price/customer mix	2.0	2.0	0.4
Foreign exchange	0.3	—	6.2
Daily sales	3.4%	3.5%	3.3%
Foreign exchange	(0.3)	—	(6.2)
Constant currency	3.1%	3.5%	(2.9)%

(1) Based on U.S. Selling Days



Q1 2021 GAAP to Non-GAAP Reconciliations (1 of 5)

(in millions of dollars)

	Three Months Ended March 31,			
	2021	Gross Margin	2020	Gross Margin
Total company gross profit reported	\$ 1,093	35.5 %	\$ 1,121	37.4 %
Restructuring (High-Touch Solutions (N.A.))	—	—	—	—
Restructuring (Endless Assortment)	—	—	—	—
Restructuring (Other)	—	—	—	—
Total company gross profit adjusted	\$ 1,093	35.5 %	\$ 1,121	37.4 %

(in millions of dollars)

	Three Months Ended March 31,		%
	2021	2020	
Total company operating earnings reported	\$ 358	\$ 159	126 %
Restructuring, net (High-Touch Solutions (N.A.))	—	7	
Restructuring, net (Endless Assortment)	—	—	
Other:			
Impairment charges	—	177	
Subtotal - other	—	177	
Subtotal - total company	—	184	
Total company operating earnings adjusted	\$ 358	\$ 343	4 %

(in millions of dollars)

	Three Months Ended March 31,		%
	2021	2020	
U.S. operating earnings reported	\$ 299	\$ 310	(3)%
Restructuring, net (U.S.)	—	6	
Subtotal - U.S.	—	6	
U.S. operating earnings adjusted	\$ 299	\$ 316	(5)%

(in millions of dollars)

	Three Months Ended March 31,		%
	2021	2020	
Canada operating earnings reported	\$ (1)	\$ (3)	78%
Restructuring, net (Canada)	—	1	
Subtotal - Canada	—	1	
Canada operating earnings adjusted	\$ (1)	\$ (2)	66%

Note: Reported gross profit and reported operating earnings are the same as adjusted gross profit and adjusted operating earnings for MonotaRO and Zoro. Therefore, no separate reconciliation is provided.

Note: The reconciliations provided in the tables for reported gross profit to adjusted gross profit and reported operating earnings to adjusted operating earnings are on a total company level and are comprised of the adjustments indicated in the tables above. The reconciliations for reported gross profit to adjusted gross profit and reported operating earnings to adjusted operating earnings on a segment level contain the same adjustments as the adjustments specified for the applicable segment as provided in the tables above for the applicable period reported. The reconciliations for reported operating earnings to adjusted operating earnings on a segment level, and as classified as "Other", contain the same adjustments as the adjustments specified for the applicable segment, or for "Other", as provided in the tables above for the applicable period reported. Therefore, no separate reconciliation is provided for segment information. The reconciliations for reported SG&A to adjusted SG&A on a total company and segment levels contain the same adjustments in the same amounts presented in the reported gross profit to adjusted gross profit and reported operating earnings to adjusted operating earnings tables. Therefore, no separate reconciliation is provided.



Q1 2021 GAAP to Non-GAAP Reconciliations (2 of 5)

(in millions of dollars)

	Three Months Ended March 31,		%
	2021	2020	
Total company net earnings reported	\$ 238	\$ 173	38 %
Restructuring, net (High-Touch Solutions (N.A.))	—	5	
Restructuring, net (Endless Assortment)	—	—	
Other:			
Impairment charges	—	139	
Tax benefit	—	(87)	
Subtotal - other	—	52	
Subtotal - total company	—	57	
Total company net earnings adjusted	\$ 238	\$ 230	3 %

(in dollars per share)

	Three Months Ended March 31,		%
	2021	2020	
Total company diluted earnings per share reported	\$ 4.48	\$ 3.19	40 %
Restructuring, net (High-Touch Solutions (N.A.))	—	0.12	
Restructuring, net (Endless Assortment)	—	—	
Other:			
Impairment charges	—	3.26	
Subtotal - other	—	3.26	
Total pretax adjustments	—	3.38	
Tax effect ⁽¹⁾	—	(2.33)	
Total, net of tax	—	1.05	
Total company diluted earnings per share adjusted	\$ 4.48	\$ 4.24	6 %



Q1 2021 GAAP to Non-GAAP Reconciliations (3 of 5)

(in millions of dollars)

Three Months Ended March 31,

	2021		2020	
Sales				
High-Touch Solutions (N.A.)	\$	2,397	\$	2,355
Endless Assortment		622		496
Other		65		150
Net sales	\$	3,084	\$	3,001

	2021	Op. Margin	2020	Op. Margin
Operating earnings reported				
High-Touch Solutions (N.A.)	\$ 306	12.8%	\$ 314	13.3 %
Endless Assortment	55	8.9%	35	7.0 %
Other Businesses	(3)	(4.5)%	(190)	(126.1)%
Operating earnings reported	\$ 358	11.6%	\$ 159	5.3 %

ROIC* for Company	30.3 %	13.6 %
ROIC* for High-Touch Solutions (N.A.)	30.3 %	32.0 %
ROIC* for Endless Assortment	34.9 %	29.3 %

(in millions of dollars)

Three Months Ended March 31,

	2021		2020	
	Operating Margin		Operating Margin	
Segment operating earnings adjusted				
High-Touch Solutions (N.A.)	\$ 306	12.8 %	\$ 321	13.6 %
Endless Assortment	55	8.9 %	35	7.0 %
Other ⁽¹⁾	(3)	(4.5) %	(13)	(8.1) %
Segment operating earnings adjusted	\$ 358	11.6 %	\$ 343	11.4 %

ROIC* for Company	30.3 %	29.4 %
ROIC* for High-Touch Solutions (N.A.)	30.3 %	32.7 %
ROIC* for Endless Assortment	34.9 %	29.3 %

(1) The \$13M Q1 2020 loss in Other consists of losses in Cromwell, and other non-recurring legal expenses and divestiture costs.

*The GAAP financial statements are the source for all amounts used in the Return on Invested Capital (ROIC) calculation. ROIC is calculated using operating earnings divided by net working assets (a 2-point average for the year-to-date). Net working assets are working assets minus working liabilities defined as follows: working assets equal total assets less cash equivalents (2-point average of \$354.8 million), deferred taxes, and investments in unconsolidated entities, plus the LIFO reserve (2-point average of \$446.0 million). Working liabilities are the sum of trade payables, accrued compensation and benefits, accrued contributions to employees' profit sharing plans, and accrued expenses.



Q1 2021 GAAP to Non-GAAP Reconciliations (4 of 5)

(in millions of dollars)

	<u>March 31, 2021</u>
Condensed Consolidated Balance Sheet	
Current maturities of long-term debt	\$ 7
Long-term debt	2,373
Less: Cash and cash equivalents	562
Net Debt	<u>\$ 1,818</u>
	<u>LTM ending</u>
	<u>March 31, 2021</u>
Condensed Consolidated Statement of Earnings	
Net earnings	\$ 825
Income taxes	323
Other expense, net	70
Condensed Consolidated Statement of Cash Flows	
Depreciation and amortization	180
EBITDA	<u>\$ 1,398</u>
Restructuring, net, impairment charges and business divestitures	124
Adjusted EBITDA	<u>\$ 1,522</u>

Net Debt to Adjusted EBITDA **1.2x**

Note: Management believes the presentation of Net Debt to Adjusted EBITDA ratio provides useful information regarding the Company's liquidity and leverage. The ratio is calculated by dividing the Company's Net Debt by the sum of the most recent four quarters Adjusted EBITDA.

(in millions of dollars)

	<u>Three Months Ended</u>
	<u>March 31, 2021</u>
Operating Cash Flow	\$ 294
Less: Additions to property, buildings, equipment and intangibles	73
Free Cash Flow	<u>\$ 221</u>



Q1 2021 GAAP to Non-GAAP Reconciliations (5 of 5)

	Three Months Ended March 31,		
	2021	2020	Bps impact
Effective tax rate reported	25.8 %	(30.4)%	5,620
Tax benefit related to the Fabory business	—	61.2	—
Tax impact of restructuring, net and impairment charges	—	(5.2)	—
Effective tax rate adjusted	25.8 %	25.6 %	20

Note: The tax impact of adjustments is calculated based on the income tax rate in each applicable jurisdiction, subject to deductibility limitations and the company's ability to realize the associated tax benefits. The lower tax rate effect in the prior year quarter was primarily driven by tax benefits related to the now divested Fabory business (divested 6/30/2020).

	Total Company		High-Touch Solutions (N.A.)		Endless Assortment	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2021	2020	2021	2020	2021	2020
Reported sales	2.8%	7.2%	1.8%	6.3%	25.4%	18.5%
Daily impact	1.6	(1.7)	1.6	(1.6)	2.0	(1.8)
Daily sales	4.4%	5.5%	3.4%	4.7%	27.4%	16.7%
Business divestitures ⁽¹⁾	2.6	—	—	—	—	—
Organic daily sales	7.0%	5.5%	3.4%	4.7%	27.4%	16.7%
Foreign exchange	(1.1)	0.2	(0.3)	0.1	(4.1)	(0.7)
Organic constant currency sales	5.9%	5.7%	3.1%	4.8%	23.3%	16.0%

This slide presentation also includes certain non-GAAP forward-looking information (including, but not limited to, slides 15-17). 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, the most directly comparable forward-looking GAAP measures are not provided.

(1) Represents the results of the Fabory business (divested on 6/30/2020) and the Grainger China business (divested on 8/21/2020).



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