



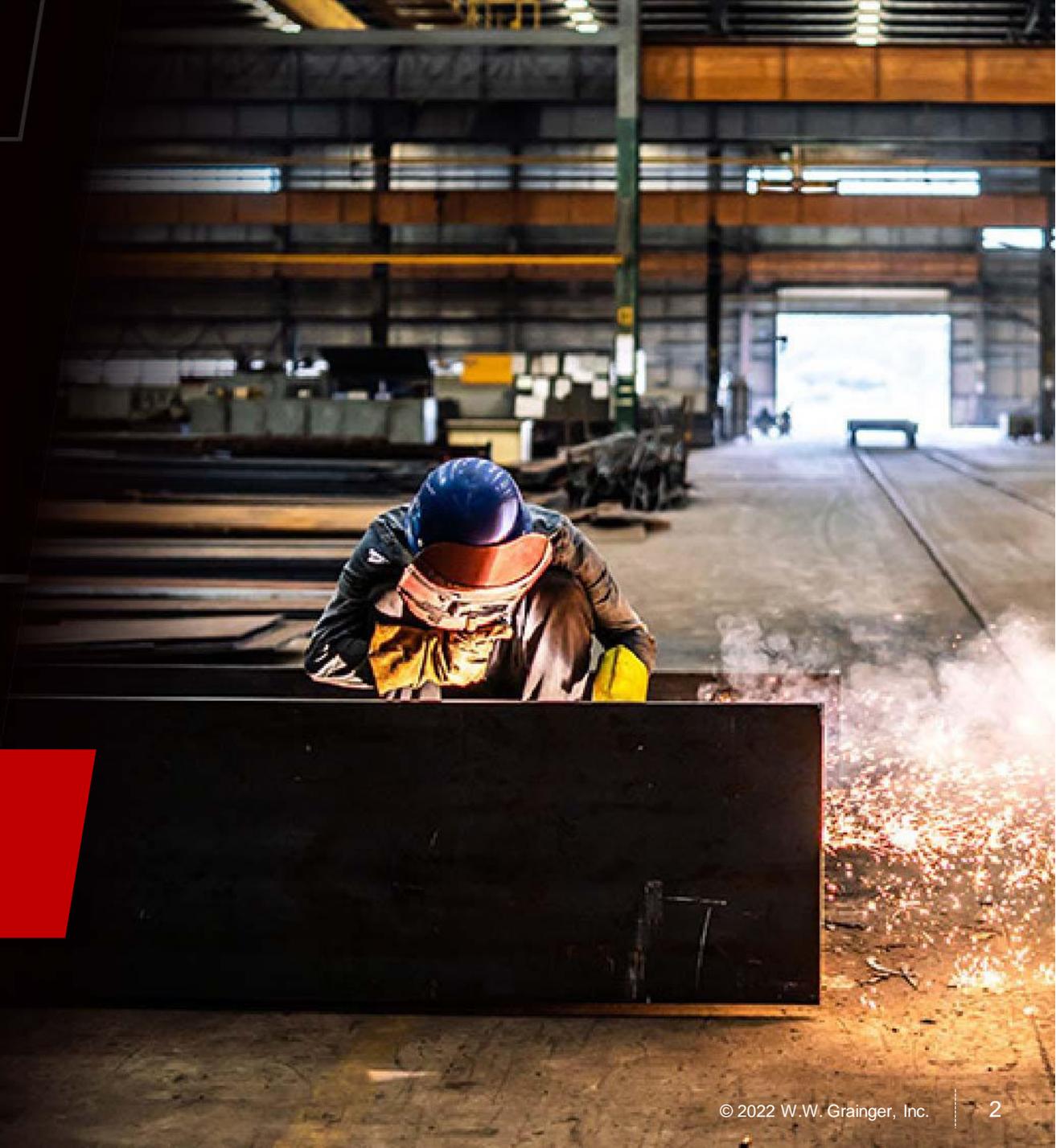
Driving Growth through Focused Execution

September 21, 2022

Welcome



Kyle Bland
VP, Investor Relations



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 and its variants (COVID-19) on the Company’s businesses, its employees, customers and suppliers, including disruption to the Company’s operations, disruption caused by business responses to the COVID-19 pandemic, and global or regional economic downturns or recessions; inflation, higher product costs or other expenses, including operational expenses; the impact of Russia’s invasion of Ukraine on the global economy; a major loss of customers; loss or disruption of sources of supply; changes in customer or product mix; increased competitive pricing pressures; 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; failure to adequately protect intellectual property or successfully defend against infringement claims; fluctuations or declines in the Company’s gross profit margin; the Company’s responses to market pressures; the outcome of pending and future litigation or governmental or regulatory proceedings; 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; disruption or breaches 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; facilities disruptions or shutdowns; higher fuel costs or disruptions in transportation services; geopolitical events, including war or acts of terrorism; other pandemic diseases or viral contagions; natural or human induced disasters, extreme weather and other catastrophes or conditions; effects of climate change; competition for, or failure to attract, retain, train, motivate, and develop 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 the Company undertakes no obligation to update or revise any of its forward-looking statements, 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 adjusted diluted earnings per share, free cash flow, adjusted operating earnings, adjusted operating margin, and adjusted return on invested capital is available in the appendix to this presentation. This presentation also includes certain non-GAAP forward-looking information (including, but not limited to slides 26, 79, 80, 84, 85, 87, 88, 90, 93, and 94). 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.

Today's agenda and presenters

10:00 AM

Business & Strategic Overview



D.G. Macpherson
Chairman and CEO

10:30 AM

Accelerating Share Gain in High-Touch Solutions N.A.



Paige Robbins
SVP and President,
Grainger Business Unit



Brian Walker
VP and Chief
Product Officer

11:00 AM

Delivering Industry-leading Fulfilment



Barry Greenhouse
SVP and President,
Global Supply Chain and
Customer Experience

— 10 min break —

11:25 AM

Propelling the Endless Assortment Flywheel



Masaya Suzuki
Managing Director,
Endless Assortment



Kevin Weadick
VP and President,
Zoro

11:45 AM

Financial Update & Outlook



Dee Merriwether
SVP and CFO

12:00 PM

Panel Q & A



Kyle Bland
VP, Investor
Relations

12:30 PM

Lunch & DC Tour

Business & Strategic Overview



D.G. Macpherson
Chairman and CEO



Since 2017 Investor Day

We have made significant progress by focusing on the things that matter

- **Consolidated the portfolio**, divested smaller, unprofitable businesses and **re-segmented the business**
- **Focused on executing our strategy** in both segments:
 - *High-Touch Solutions N.A.:* Following the pricing reset, focusing on key initiatives to gain share
 - *Endless Assortment:* Leveraging the MonotaRO playbook to drive growth
- **Managed through the pandemic** and served customers exceptionally well
- **Investing in technology** to support growth in both segments
- **Transforming the culture** to focus on what really matters



Delivered strong shareholder returns



More consistent share gain in High-Touch Solutions N.A.



Strong profitable growth in Endless Assortment



Improved cost structure



HIGHLIGHTS SINCE 2017

~7%

Revenue CAGR⁽¹⁾

~19%

Adjusted EPS CAGR⁽¹⁾

126%

Share Price Appreciation⁽²⁾
(vs. 46% for S&P 500)



Leading broad line distributor of MRO products and services determined to Keep the World Working® through innovative technology solutions and deep customer relationships

1927

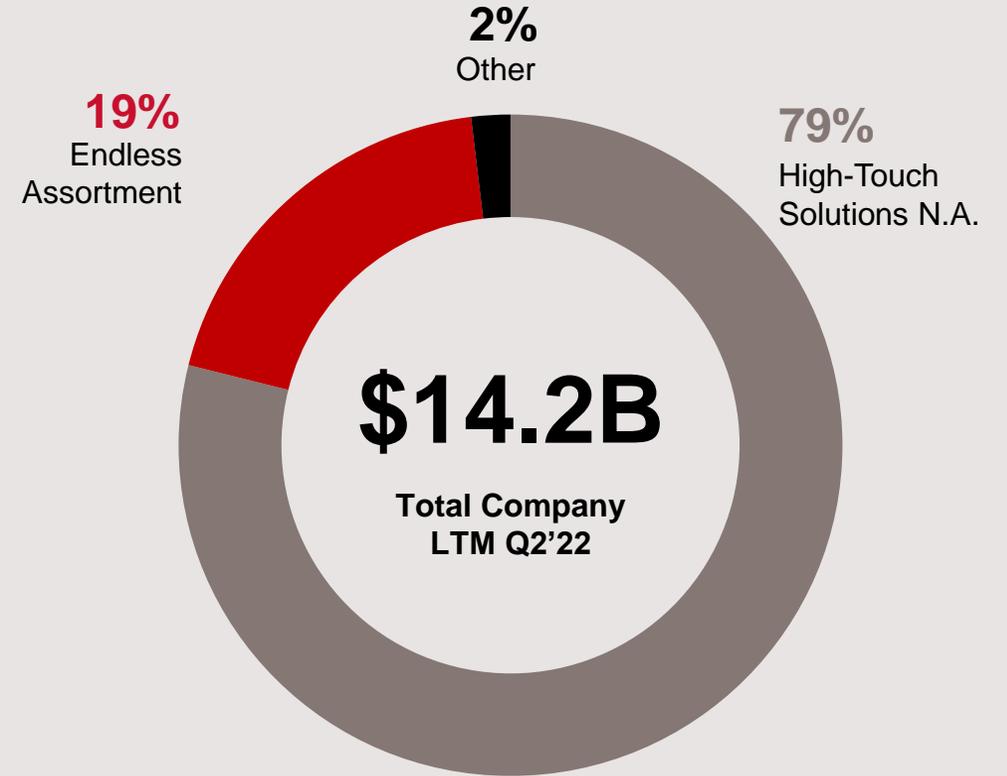
Company founded

Largest

MRO distributor in North America

51 years

of consecutive dividend increases



>4.5M

Active customers

~24K

Team members

>30M

Products offered globally

>75%

Orders originate through a digital channel

33

Distribution centers

Note: All metrics as of December 31, 2021 unless otherwise noted

Our Purpose:

We Keep the World Working[®]

MRO customers have two basic needs ...

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, return*

Tangible value

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



... but these needs show up differently across customers

Small customers with low complexity

Large customers with high complexity



Small job shop

Industrial laundromat

Healthcare GPO

Heavy manufacturer

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

ENDLESS ASSORTMENT



CUSTOMER TYPE

Smaller customers with less complex operations/processes

SEGMENT VALUE PROPOSITION

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

PRIMARY GEOGRAPHIES

Japan, USA



HIGH-TOUCH SOLUTIONS N.A.



CUSTOMER TYPE

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

SEGMENT VALUE PROPOSITION

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

PRIMARY GEOGRAPHIES

North America



Well-positioned for a strong future

Recent progress situates company with attractive go-forward investment thesis

1

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

2

Powerful customer value proposition, fueled by data and technology

3

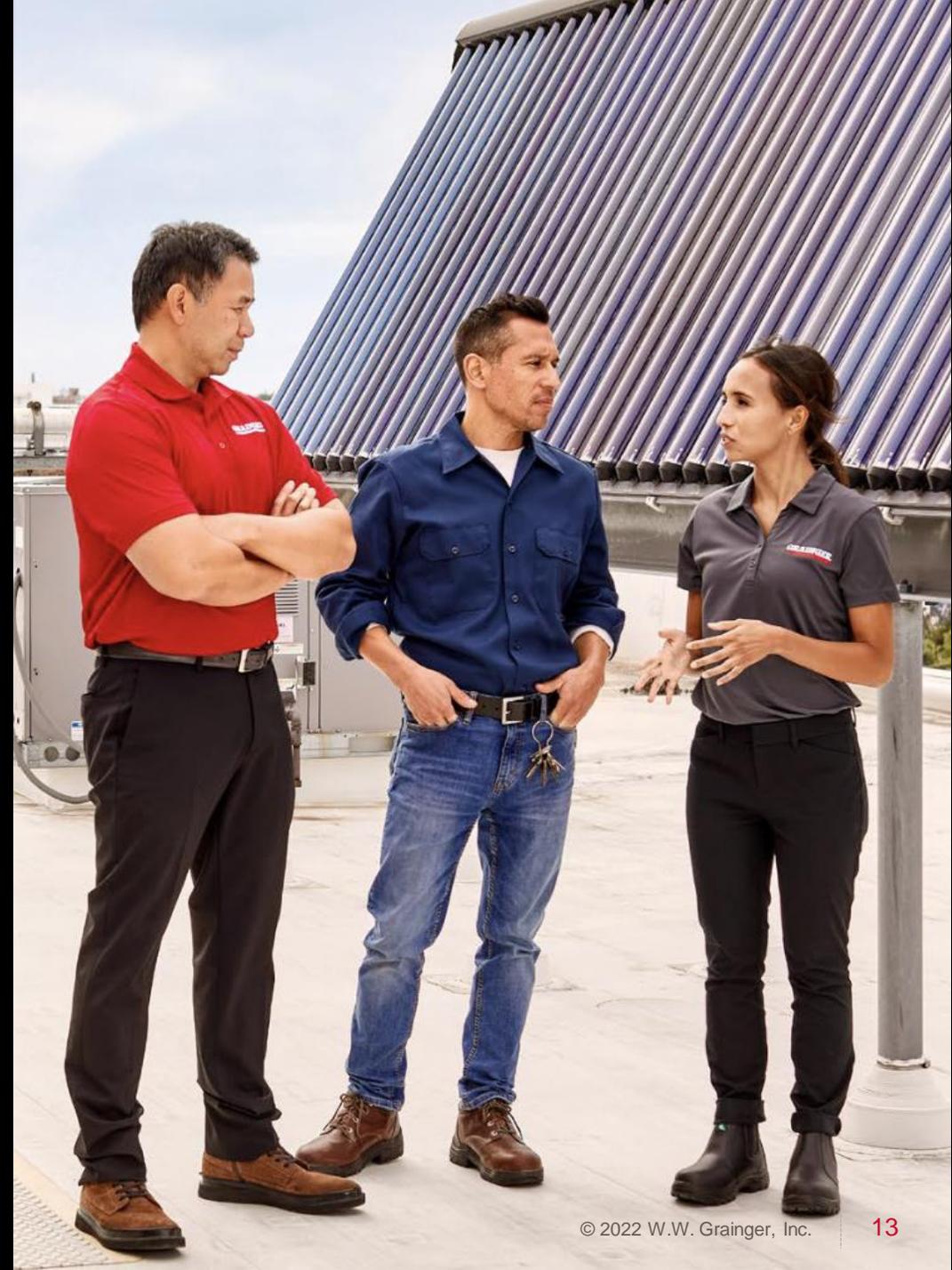
Advantaged supply chain furthering competitive position

4

Strong financial position supporting growth and disciplined return of capital

5

Purpose-driven culture supporting performance and commitment to ESG principles



Competing in large, fragmented market ...

High-Touch Solutions N.A.

Largest player with only ~7% share



Endless Assortment

Expanding TAM with SKU additions



Industry pioneer in Japan



... with attractive industry dynamics

Favorable MRO market characteristics ...

- ✓ Resilient end-market demand
- ✓ Supply non-discretionary products and services
- ✓ Attractive consolidation economics
- ✓ Accelerated digital adoption
- ✓ Labor constraints
- ✓ Heightened focus on supply chain resilience
- ✓ Increased automation
- ✓ Manufacturing re-shoring



... with supportive macro tailwinds

High-Touch Solutions: Advancing industry-leading customer offer ...

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

- MRO-focused assortment
- Customer-relevant touch points with technical product support
- Highly curated search experience
- Seamless purchasing/procurement process
- Effective inventory management and onsite services
- Leading ESG services and solutions
- Industry-leading fulfillment



... fueled by investments in data and technology

Multi-year technology transformation leverages deep industry and functional knowledge and is fueling strategic growth engines

Large scale creates significant complexity



MILLIONS
of products from
thousands of suppliers

~1.2M customers
across diverse end markets, with
varying levels of complexity

Simplified through
curated data and
technology solutions



Product
information
management
system



Customer
information
management
system

Harnessed to drive growth and deliver customer value

Endless Assortment: Leveraging MonotaRO's proven playbook

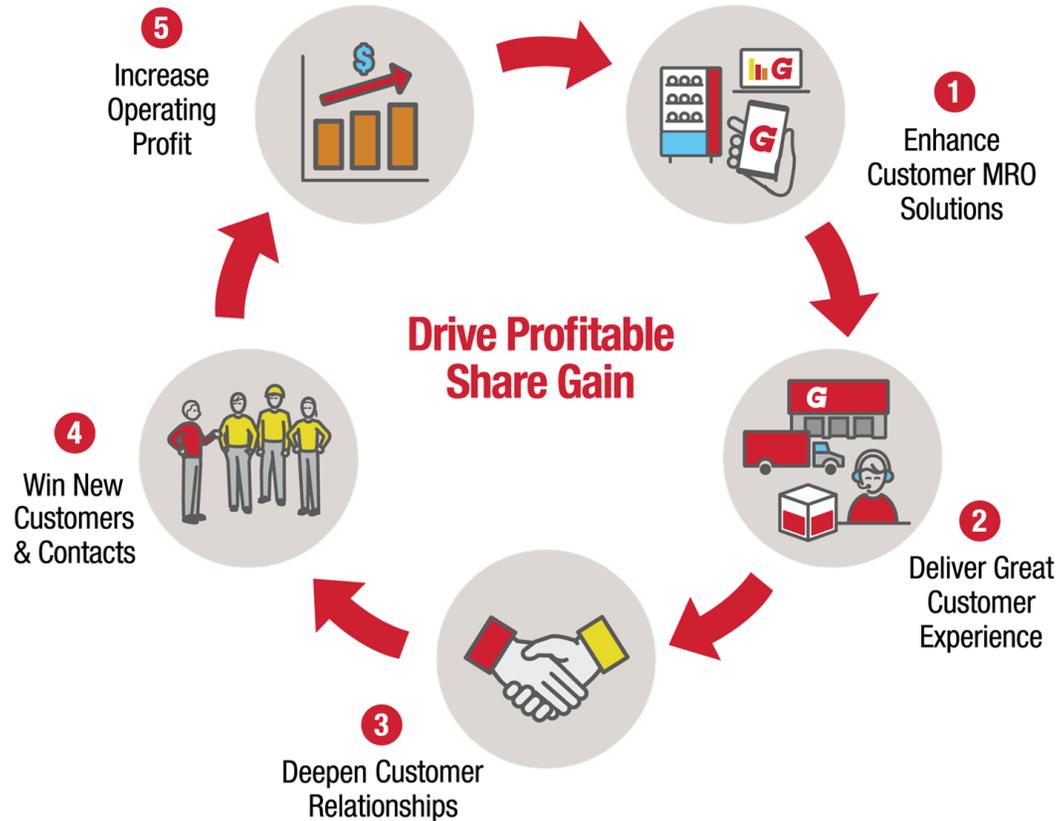
Business supply purchasing made easy through a streamlined and transparent online relationship that provides access to everything a customer needs

- Large, diverse assortment of indirect materials for one-stop shopping
- Competitive, transparent pricing
- Intuitive, business-focused search optimized for broad assortment
- Intelligent analytics capabilities driving relevant recommendations
- Seamless service and fulfillment, supported in U.S. by Grainger supply chain

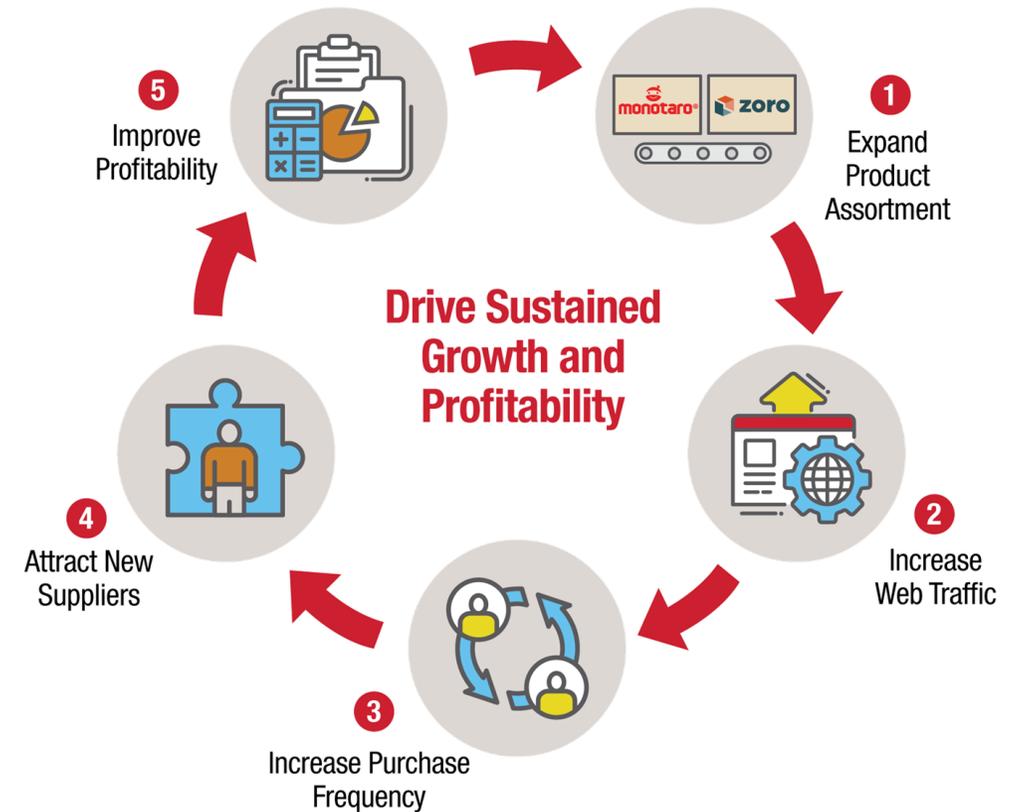


Value proposition propels ability to deliver long-term value

High-Touch Solutions N.A.



Endless Assortment



Advantaged supply chain purpose-built to deliver industry-leading fulfilment



To be a world-class B2B distributor, your supply chain must deliver to meet the needs of your customers

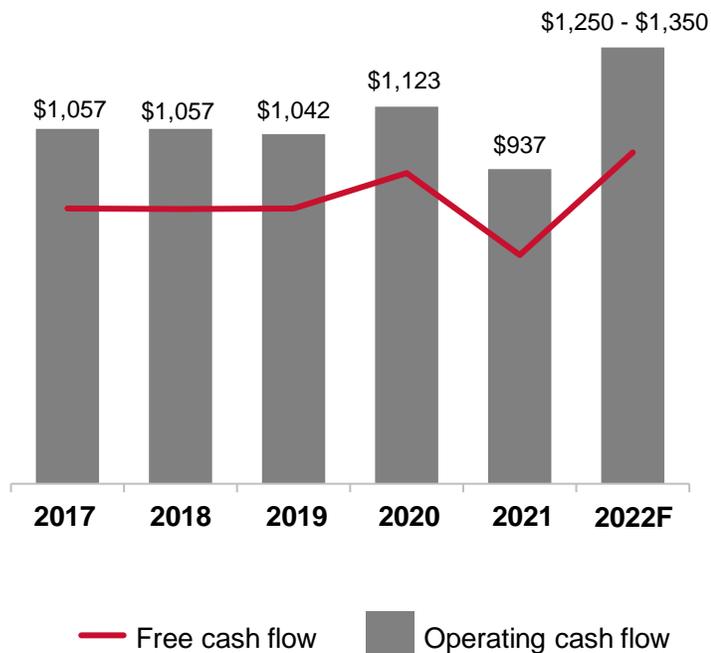
B2B Customer Expectations

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

Strong financial position supporting above-market return of capital

Durable cash flows and low capital intensity through-the-cycle ...

Operating and free cash flow (\$ millions) ⁽¹⁾



... with a strong, flexible balance sheet

\$1.5B

AVAILABLE LIQUIDITY
(as of Q2'22)
cash + undrawn revolver

1.0x

NET LEVERAGE
(as of Q2'22) ⁽¹⁾
No significant debt maturities until 2025

51 years

of consecutive annual dividend increases, averaging 11% dividend CAGR since 1970

~\$3.2B

total share repurchases from 2017 – Q2'22, at \$304 weighted average price per share

~38%

adjusted return on invested capital for LTM Q2'22 ⁽¹⁾

Driving cultural evolution through the Grainger Edge[®]

Our Purpose

We Keep the World Working[®]

Our Aspiration

We relentlessly expand our leadership position by being the go-to partner for people who build and run safe, sustainable, and productive operations

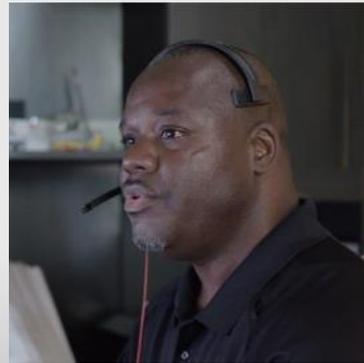


Hear it from our team members ...



Sunghae Kim

*Sr. Manager,
US Consulting
15 years with Grainger*



Robert Wilson

*Technical Product
Support Specialist
30 years with Grainger*



Rich Travaglini

*Regional VP,
Distribution
19 years with Grainger*



[Click here to listen to our team members directly...](#)

Maintaining ESG focus for over a decade

Widely recognized leader in ESG and culture



Fortune's 100 Best Companies to Work For® in 2022



CDP B Rating 2021



Disability Equality Index 2022 100 percent rating and a top-scoring company for 6 consecutive years



Barron's Most Sustainable Companies in the U.S. 2022 for the fifth consecutive year



DiversityInc Top Regional Company 2022



MSCI AAA ESG Rating 2021

50%

Board of Director members that are women and/or racially/ethnically diverse ⁽¹⁾

68%

Reduction in Scope 1 and 2 GHG emissions since 2018 ⁽²⁾

7.0M ft²

LEED-Certified Space

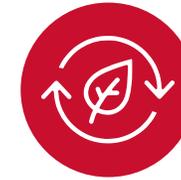
- **2008:** First LEED-certified facility in the industry
- **2012:** First industrial distributor to publish ESG report and publicly disclose our carbon footprint
- **2013:** Set first carbon reduction goal
- **2015:** Earned perfect score on the Corporate Equality Index for first time
- **2017:** Signed the Chicago Network Equity Pledge, striving for 50% women in leadership positions
- **2020:** Achieved original carbon reduction target and set new goal
- **2020:** Launched BeBrave team member conversations, focused on inclusion
- **2021:** Achieved 92% recycling rate across our DCs, with DFW DC receiving True Zero Waste Certification

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ESG near-term focus areas helping drive progress



Customer sustainability solutions



Energy and emissions



Diversity, equity and inclusion



Supplier diversity



For more information on Grainger's corporate responsibility initiatives, see the annual ESG report available at www.GraingerESG.com

Positioned to deliver sustainable, long-term growth and total shareholder returns



Strong top-line growth



Robust cash flow to support capital allocation priorities



Expanding operating margins



Sustaining elevated ROIC on expanding invested capital base



Significant earnings dollar growth

Clear pathway to achieve new 2025 targets⁽¹⁾

\$19-20B

Revenue

~\$40 PER SHARE

Adjusted EPS

Strong, consistent total shareholder return

What's ahead



Accelerating share gain in High-Touch Solutions N.A., scaled through technology and know-how



Leveraging industry-leading supply chain to further extend advantaged customer offer



Building on MonotaRO's success to drive growth across Endless Assortment



Driving significant growth and earnings potential through focused execution



Accelerating Share Gain in High-Touch Solutions N.A.



Paige Robbins
SVP and President,
Grainger Business Unit



Brian Walker
VP, Chief Product Officer



High-Touch Solutions N.A.: Positioned with industry-leading offer

Overview

We deliver compelling value-added MRO solutions through our teams of specialists and curated digital experiences



Performance

(LTM Q2'22)

\$11.2B

Revenue

15.2%

Operating Margin

>2.0M

AVAILABLE SKUs

>6k

SALES & SERVICES
TEAM MEMBERS

~70%

REVENUE THROUGH
DIGITAL CHANNELS ⁽¹⁾

~1.2M

ACTIVE CUSTOMERS ⁽²⁾

Recall: MRO customers have two basic needs

High-Touch customer



- Typically, larger and mid-size businesses
- Complex purchasing processes
- Expect product and service depth and breadth
- Focused on total cost of ownership

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, return*

Tangible value

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

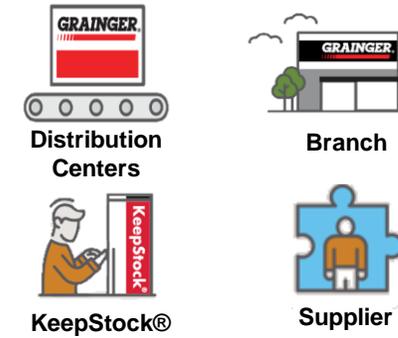
Delivering an industry-leading experience ...

Customers' preferences vary on order placement and fulfillment channel

>3,500
Key suppliers



Order origination channels



We deliver a flawless experience by managing complexity seamlessly



>2M
SKUs offered



Direct to customer fulfillment methods

... and providing know-how & solutions to drive tangible value

Know my business

In-person sales force
Spend analytics
Tailored services

Simplify my purchasing process

E-procurement
Branch locations
Grainger.com
Mobile

Help me reduce my inventory

KeepStock®
Consulting
Storeroom layout/design

Provide tangible cost savings

Facility services
Energy reduction & retrofits
Managed safety programs
Environmental, health & safety services



Example: establishing a best-in-class maintenance room

Customer Goals

- Inventory optimization – eliminate dead inventory
- Reduce search time for parts
- Reduce maintenance downtime
- Increase material storage space capacity
- Lower unplanned purchase requisitions

Before



Our role

- Perform current state analysis
- Provide operational and design recommendations
- Conduct operational review

Example: Creating value for our customers

After



Customer realized 5X Return on their investment

- Materials reorganized for efficient locations
- Standard bins and labels
- Added inventory tracking
- Increased security of materials
- Increased capacity for bulk items

Our team

- Consulting services
- Dedicated sellers
- KeepStock® specialists
- Safety specialists
- Supply chain / inventory planning
- Ecommerce solutions
- Customer enablement
- Branch services

We're building **sustainable growth engines**, enabled by our digital **transformation**, to serve customers more capably and grow share profitably.

Growth engines are focused on adding and merchandising **products** and increasing and optimizing **customer** touches.



High-Touch Solutions strategic growth engines



Merchandising

Helping customers find and select the products they need to get the job done



Marketing

Building brand awareness, engaging target customers and capturing in-the-moment demand



Seller Coverage

Leveraging data and technology tools to better inform our sales investments



Seller Effectiveness

Equipping our sales and services teams with the right resources to improve our sales motions



Customer Solutions

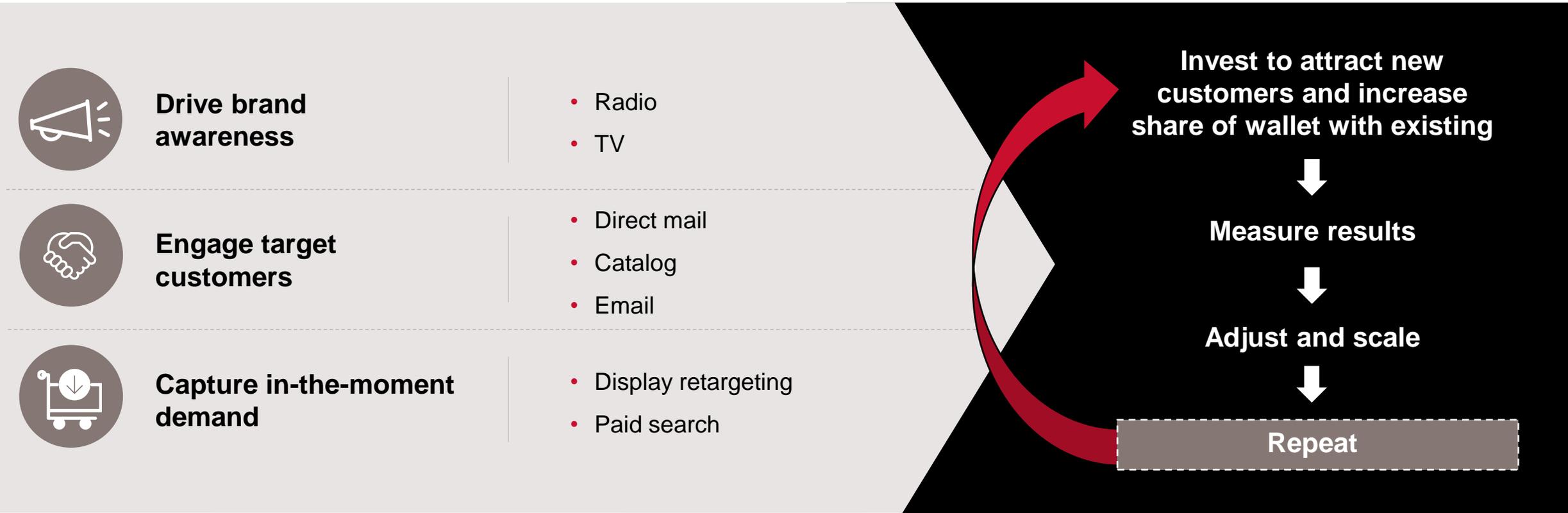
Deepening customer relationships via suite of value-added customer solutions

**Enabled by
Digital**



Accurate, complete product and customer information, and technology tools helping to accelerate share gain

Marketing: Analytically-driven approach powering strong returns

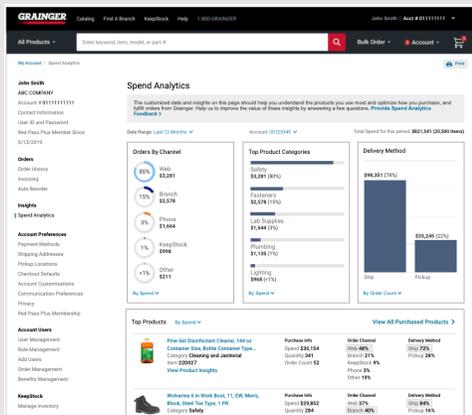


Expect long run-way of marketing investment at attractive incremental returns

Seller coverage and effectiveness: Technology and insights driving share gains



Leveraging data and technology to better inform sales process



- ✓ Right seller
- ✓ Right customer
- ✓ Right conversation

Improved customer information



Location-specific insights

Increasing investment in our salesforce and enhancing the effectiveness of our sales and service teams

Customer Solutions: Embedding in our customers' operations and delivering value



KeepStock®
Inventory
Management



Specialists and
Consulting



EDI / ePRO

~60%

Revenue from customers with one or more embedded solutions ⁽¹⁾

~80%

Customer satisfaction with on-site representatives ⁽²⁾

Continuing to enhance suite of value-added customer solutions

Effective merchandising drives better customer outcomes ...

Why is this important?



Helps customers find the **right product**



Saves customer's time



Aligns with customer preference in **shifting to digital**



... but this is difficult to achieve with MRO products



Application-specific solutions



MRO-centric search experience



Numerous technical and non-technical **attributes**

Solving through Grainger know-how



Three key principles

of Grainger Merchandising

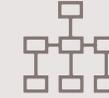
01



Sell the products customers want

Our deep customer relationships help us understand what they need to get the job done

02



Organize and present products effectively

We make it easy for customers to find the right products quickly

03



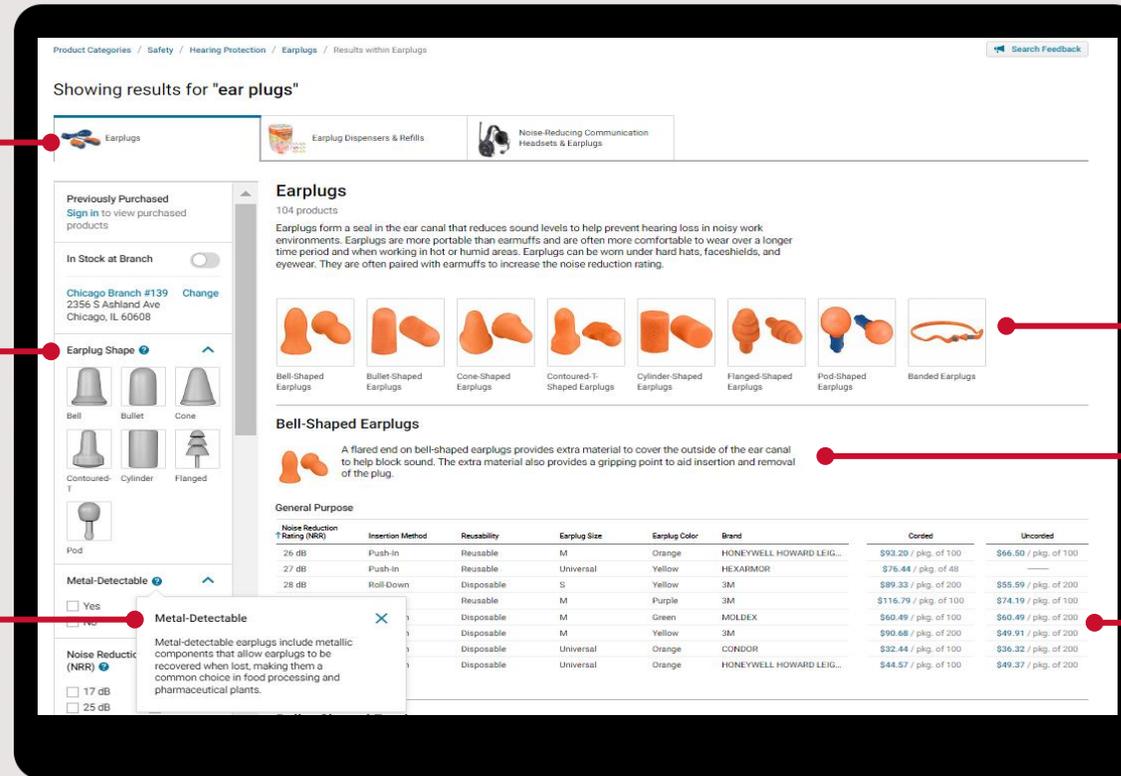
Provide the information customers need

We know what attributes are important to help customers choose their products with confidence

“ *The way to get an order is to answer customers' questions. They don't buy if they have unanswered questions.* **”**

— David Grainger

Our re-merchandised earplugs experience is built to answer customers' questions



Improved product organization

Enables navigation to the relevant product group

Relevant filters

Presents customers with a manageable product set

Enhanced content

Helps visualize or explain choices that may be unfamiliar

Expanded visuals

Draws customers' attention to important differences

Added copy

Highlights relevant features and benefits of different product groups

Structured product information

Consistently presented to allow customers to compare, select, and confirm the product they need

Merchandising benefits are far reaching



Increased market share ...



Drove **200-700bps** of revenue lift per category remerchandised⁽¹⁾



~**80k** SKUs added each year to meet customers' unmet needs⁽²⁾



By end of 2022, we will have re-merchandised **70%** of our portfolio and started a second pass

... and improved customer experience⁽¹⁾

8%

Fewer calls to technical product support

7%

Fewer product returns

Merchandising has been and will continue to be a key growth driver for Grainger

We are transforming Grainger's technology to enable customer capabilities and drive growth

Large scale creates significant complexity



MILLIONS
of products from thousands of suppliers

~1.2M customers
across diverse end markets, with varying levels of complexity

Simplified through curated data and technology solutions



Product information management system



Customer information management system



Merchandising



Marketing



Seller Coverage



Seller Effectiveness



Customer Solutions



Product information is influencing how we build software to enable Merchandising

PIM Taxonomy Export Tools

- Earplugs
 - Electronic Earmuffs
 - Electronic Earplugs
 - Empty Earplug Dispensers
 - Filled Earplug Dispensers
 - Hearing Protection Accessories
 - Hearing Protection Fit Testing Systems
 - Passive Earmuffs
- IV Supplies
- Identification Products
- Lockout Tagout
- Lockout Tagout (Early PI)
- Matting
- Medical Diagnostics and Monitoring Equipm
- Medical Oxygen Delivery and Equipment
- Noise Control

Earplugs

Overview Alerts PIM Attributes PIM Products PIM Product Attribute Values Product Build Instructions

Products in this node include disposable and reusable earplugs designed to protect the wearer from noise. Earplugs may be corded, uncorded, or on a band. Replacement earplugs for bands also belong here. Earplugs in a disposable dispensing cardboard box or similar belong here but any reusable dispensing systems or where the dispenser is

Leaf Category Page

Display In-Line Accessories Save

Earplugs 342 Products

Earplugs form a seal in the ear canal that reduces sound levels to help prevent hearing loss in noisy work environments. Earplugs are more portable than earmuffs and are often more comfortable to wear over a longer time period and when working in hot or humid areas. Earplugs can be worn under hard hats, faceshields, and eyewear. They are often paired with earmuffs to increase the noise reduction rating.

Bell-Shaped Earplugs

A flared end on bell-shaped earplugs provides extra insertion and removal of the plug.

Display Attribute Value Column Copy

Bell-Shaped Earplugs | General Purpose

Granger Part Number	Noise Reducti...	Insertion Method
SFV24; SFV22*	26 dB	Push-In
61TM42	27 dB	Push-In
1AV18; 6T546*	28 dB	Roll-Down
3NHA6; 3NHA5*	29 dB	Push-In
3NHG7; 3NHG6*	33 dB	Roll-Down

Search Images

View by Merchandising Category 1 Selected: Earplugs 1 Selected: Product Group Collections

Exclude Entities that are missing Image

9 results
9 Image Mappings, 9 Images

0 Filters

Image Type

Manipulated Photo
 Photo

Source

Granger Created
 Supplier Provided

Mapping Publishing Status

Fed
 Published

Tools	Image	Alerts	Entity Type	Entity Name or Granger Part Number
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Product Group Collection	Banded Earplugs
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Product Group Collection	Bell-Shaped Earplugs
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Product Group Collection	Bullet-Shaped Earplugs
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Product Group Collection	Cone-Shaped Earplugs
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Product Group Collection	Contoured-T-Shaped Earplugs
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Product Group Collection	Cylinder-Shaped Earplugs
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Product Group Collection	Earplugs (LS)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Product Group Collection	Flanged-Shaped Earplugs
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Product Group Collection	Pod-Shaped Earplugs

Allows us to understand products ...

To build the right assortment

Allows us to organize products ...

To help customers understand what makes products different and useful

Allows us to organize content ...

To enable customers to easily find and identify the products they need to get the job done

Customer information is influencing how we build software to enable Sales & Marketing

View Location

Location	Square Ft	Employees
Boeing Jeplex Industrial Park	406,700	721

NAICS
336414 - Guided Missile and Space Vehicle Manufacturing
This U.S. industry comprises establishments primarily engaged in (1) manufacturing complete guided missiles and space vehicles and/or (2) developing and making prototypes of guided missiles or space vehicles.

Company Name	Address 1	Address 2	City	State	ZIP Code
Boeing	1000 Redstone Gatewa				
Boeing	1000 Redstone Gatewa				

Sales

Total Sales (R12) **\$6,126,845** MRO Potential **\$8,588,123**

Order Channel History

Locations

Tools	Organization	Location	Address
...	Pepsi	Pepsi - Kansas City	10
...	Pepsi	Pepsi - Little Rock	1
...	Pepsi	Pepsi - Oklahoma City	10
...	Pepsi	Pepsi - Topeka	33
...	Pepsi	Pepsi - Wichita	86
...	Pepsi Beverages of North America	Pepsi Beverages Co	
...	Pepsi Bottling Ventures	PBV - Cary	
...	Pepsi Bottling Ventures	PBV - Deep Gap	
...	Pepsi Bottling Ventures	PBV - Elizabeth City	
...	Pepsi Bottling Ventures	PBV - Elkin	
...	Pepsi Bottling Ventures	PBV - Garner	
...	Pepsi Bottling Ventures	PBV - Goldsboro	
...	Pepsi Cola Distribution	Pepsi Distribution Ce	
...	Pepsi Cola Distribution	Pepsi Distribution Ce	
...	Pepsi Cola Distribution	Pepsi Distribution Ce	
...	Pepsi Cola Distribution	Pepsi Distribution Ce	
...	Pepsi Facility Maintenance	Pepsi Maintenance C	
...	Pepsi Facility Maintenance	Pepsi Maintenance C	
...	Pepsi Fleet	Pepsi Fleet Warehouse	
...	Pepsi Operations	Pepsi Corporate - CH	
...	Pepsi Operations	Pepsi Corporate - San Diego	4
...	Pepsi Production	Pepsi Factory - Millville	1

GRAINGER Spend Analytics

John Smith
ABC COMPANY
Account # 0111111111
Contact Information
User ID and Password
Red Pass Plus Member Since 5/13/2019

Spend Analytics

The customized data and insights on this page should help you understand the products you use most and optimize how you purchase, and fulfill orders from Grainger. Help us to improve the value of these insights by answering a few questions. [Provide Spend Analytics Feedback >](#)

Date Range: Last 12 Months Account: 00125345 Total Spend for this period: **\$821,541 (20,500 Items)**

Orders By Channel

- Web: 80%, \$3,281
- Branch: 15%, \$2,578
- Phone: 3%, \$1,644
- KeepStock: 1%, \$998
- Other: <1%, \$211

Top Product Categories

- Safety: \$3,281 (80%)
- Fasteners: \$2,578 (15%)
- Lab Supplies: \$1,644 (3%)
- Plumbing: \$1,135 (1%)
- Lighting: \$968 (<1%)

Delivery Method

- Ship: \$98,351 (78%)
- Pickup: \$35,245 (22%)

Top Products

Product	Purchase Info	Order Channel	Delivery Method
Pine-Sol Disinfectant Cleaner, 144 oz Container Size, Bottle Container Type... Category: Cleaning and Janitorial Item: 22D027 View Product Insights	Spend: \$30,154 Quantity: 341 Order Count: 52	Web: 48% Branch: 21% KeepStock: 9% Phone: 3% Other: 19%	Ship: 72% Pickup: 28%
Wolverine 6 in Work Boot, 11, EW, Men's, Black, Steel Toe Type, 1 PR Category: Safety	Spend: \$29,852 Quantity: 284 Order Count: 154	Web: 37% Branch: 40% KeepStock: 1%	Ship: 84% Pickup: 16%

To understand our customers' business ...

And anticipate customers' needs to serve them more effectively

To organize information across touch points ...

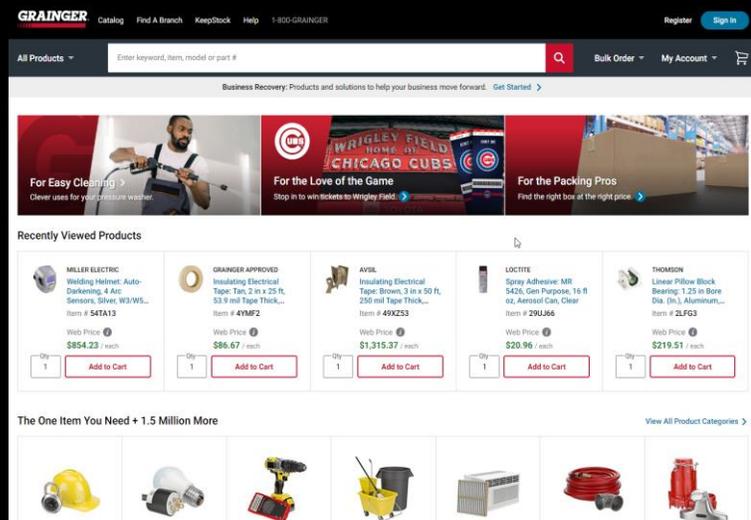
To learn how to serve our customers' more efficiently

To enable insight creation ...

To help identify opportunities to save customers' time and money

We are building capabilities to deliver compelling value-added MRO solutions

Differentiated information assets



Advantaged customer experiences



Powerful team member tools



Information management, enabled through custom software, allows Grainger to match our customers' needs with the products and services they require

Increasing our market outgrowth targets

		Historical market outgrowth	New market outgrowth
	Merchandising	Re-merchandise our portfolio, including second pass at categories to drive further improvements	↑↑
	Marketing	Continue targeted marketing investment to drive profitable returns	↑↑↑
	Seller Coverage	Increase seller investment and enhance the effectiveness of our sales and service teams	—
	Seller Effectiveness		↑
	Customer Solutions	Invest in next generation inventory management	↑
HTS-U.S. market outgrowth target		300 to 400 bps⁽¹⁾	400 to 500 bps

Key takeaways: High-Touch Solutions N.A.



Consistently gaining share through focused execution



Investments in customer-centric growth engines delivering strong returns



Data and technology transformation accelerating our progress

Looking forward

Continued strong execution against our growth engines expected to yield **400–500 bps of U.S. annual market outgrowth**

Delivering Industry-leading Fulfillment



Barry Greenhouse
SVP and President, Global Supply
Chain and Customer Experience



**To be an
industry-leading
distributor,
your supply chain
must deliver**

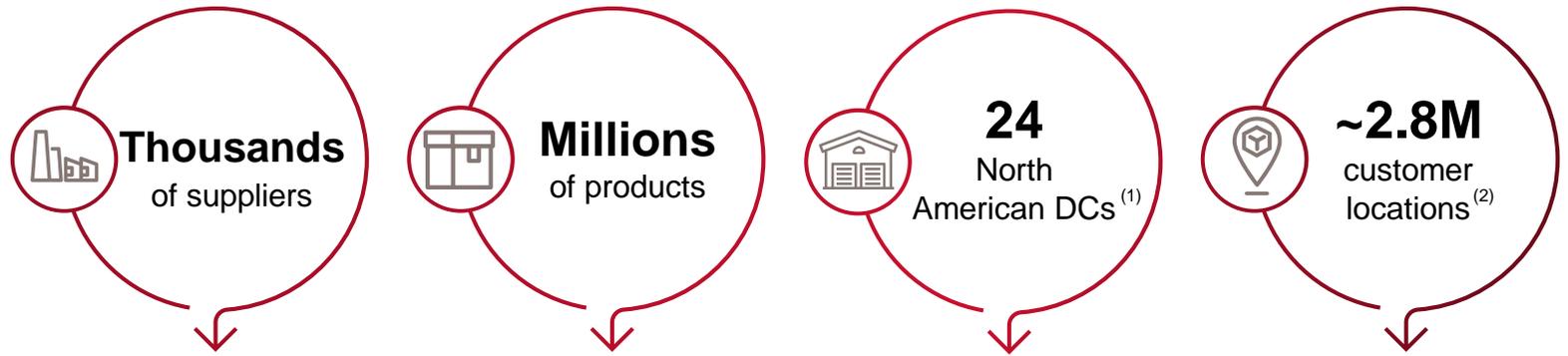


An advantaged supply chain purpose-built for business customers



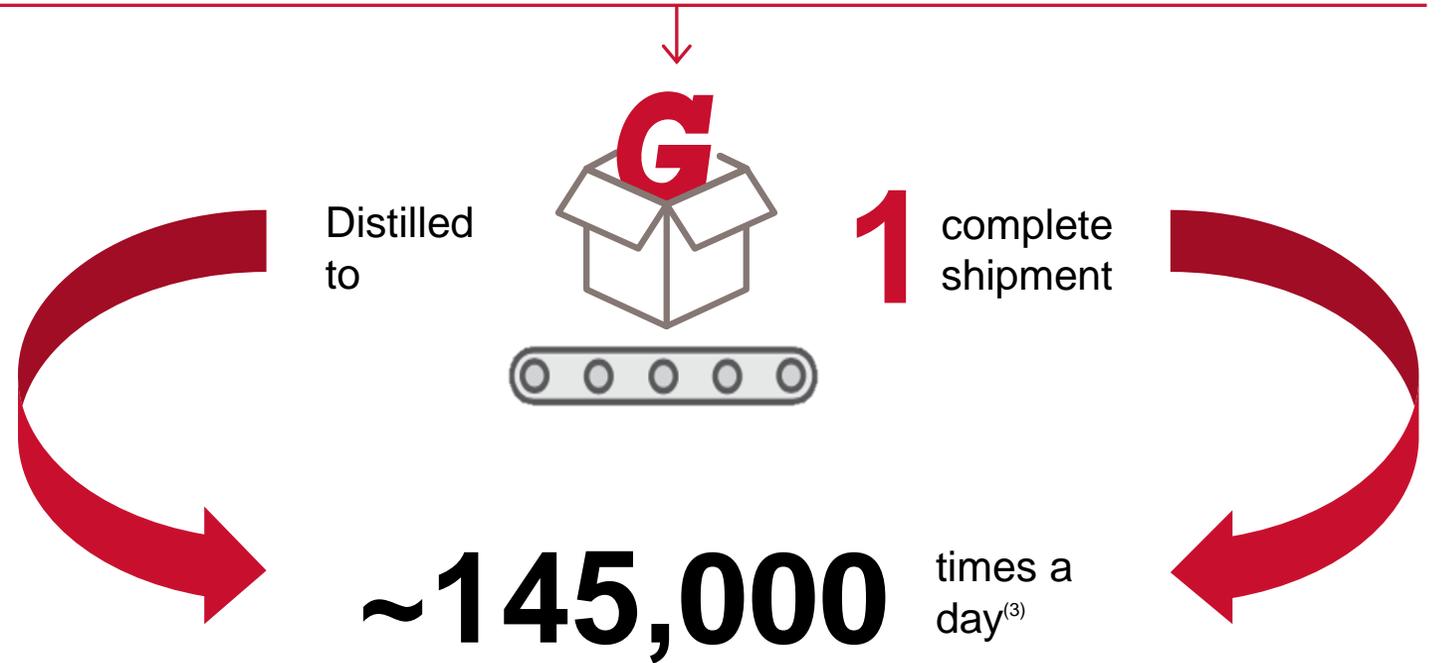
Business customer expectations

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



> Trillions of Combinations

Delivering industry-leading fulfillment at scale is complex ...



(1) As of December 31, 2021; total N.A. DC count includes three bulk warehouses
 (2) Defined as the number of unique customer locations shipped to in the LTM Q2'22
 (3) Defined as number of customer shipments out of the DCs daily

... and even more challenging while also ...



Achieving through know-how and innovation



Network footprint

The right buildings in the right location

Stocking strategy

Access to the right products and stocked in the right location

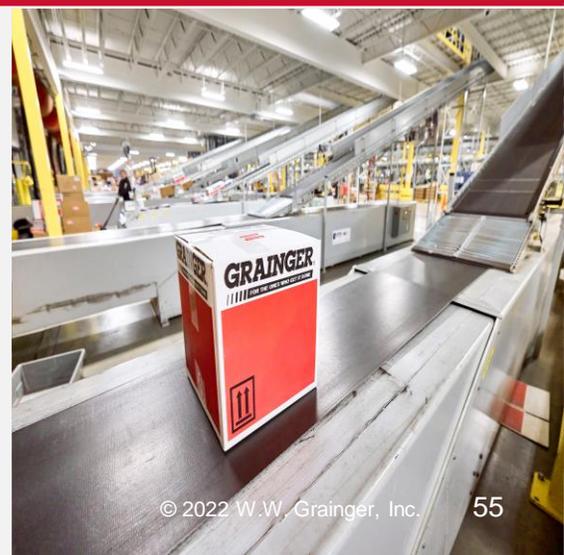


Service-oriented team

Supported by strong partnerships

Proven operating model

Curated rules that drive scalable processes



A flexible model enables choice and availability

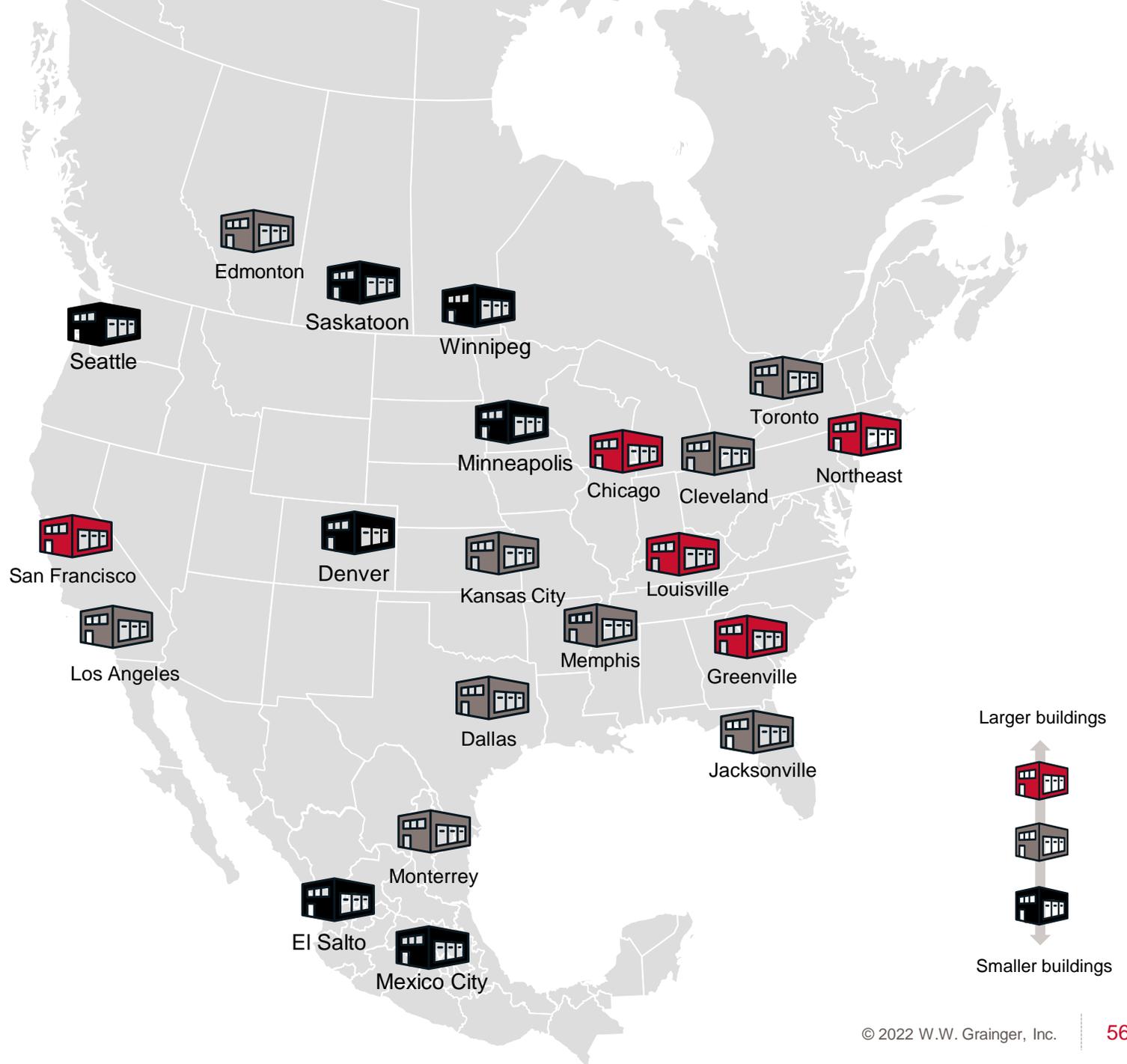
Network footprint designed for reach and resilience

99%

of the U.S. postal codes reachable the next day

80%

of Canadian postal codes offered next day



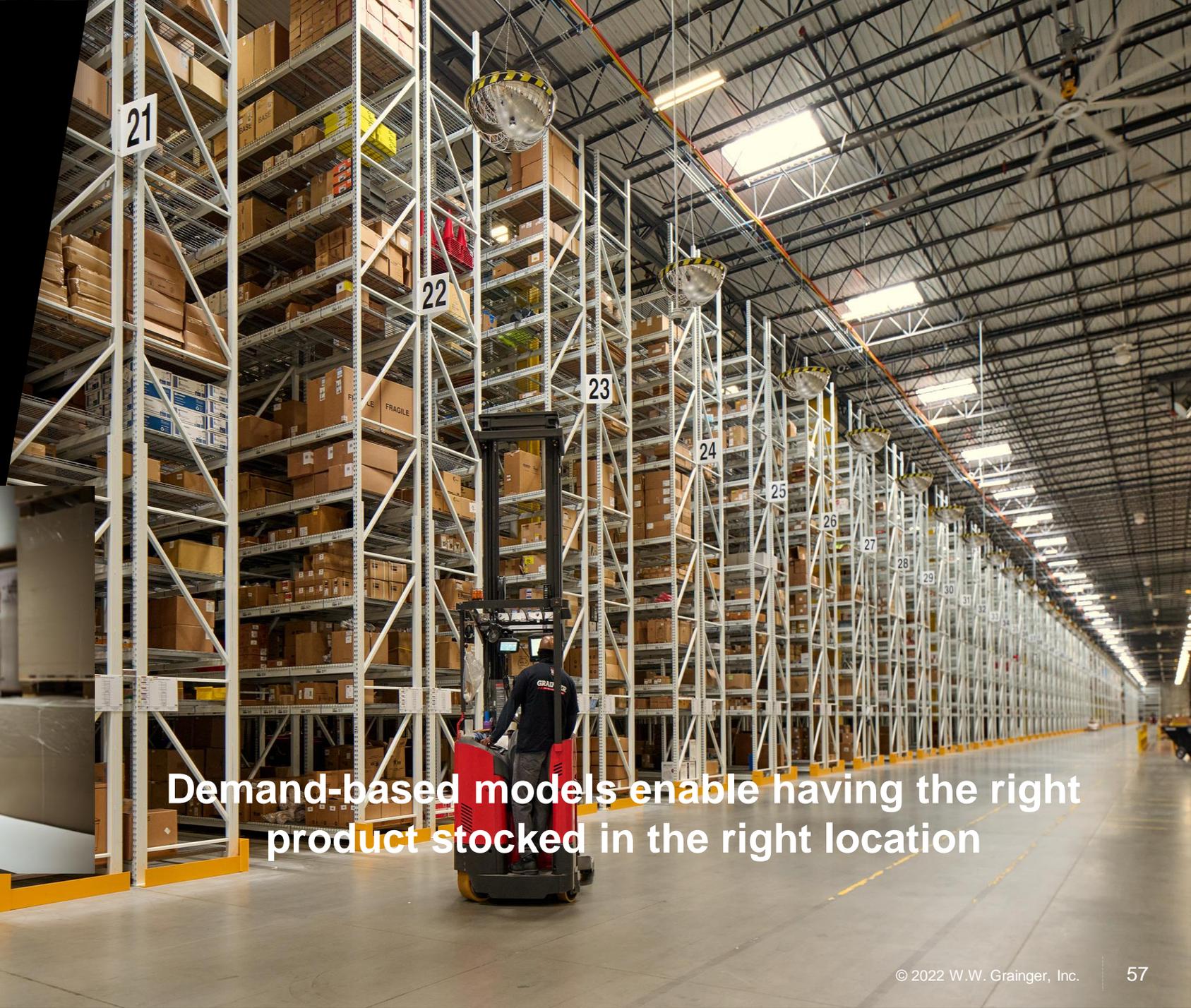
Larger buildings



Smaller buildings

Effective stocking strategy

Leveraging deep supplier relationships to gain advantaged access to products that customers need



Demand-based models enable having the right product stocked in the right location

Flawless fulfillment requires end-to-end know-how

Routing logic and operating processes deliver industry-leading service levels



Proprietary routing logic identifies best fulfillment location to prioritize next day, complete shipments

- ✓ Availability
- ✓ Ship complete
- ✓ Transit time
- ✓ Freight cost

Pick, pack, ship in the fewest, smallest cartons possible, leveraging automation when applicable

- ✓ Minimize repetitive tasks
- ✓ Reduce travel distance
- ✓ Pack into fewer cartons
- ✓ Operate resiliently

Efficient process drives lower cost and reduced environmental footprint

Sustainable operations are supported by ESG investments



Committed to conducting business in an environmentally responsible manner

- 6.4 megawatts (MW) of solar panel installations at our DCs
- 9.8M square feet built or retrofitted with BMS
- 92% recycling rate across the DCs
- 7.0M sq ft LEED certified space through 18 North American Grainger facilities



Solar



Recycling



LEED
certification



Building Management
Systems (BMS)



Occupancy
lighting



Conveyance

Enabled by the right team and partnerships, focused on delivering an industry-leading experience

Dedicated supply chain team members



Strong relationships with supplier and transportation partners

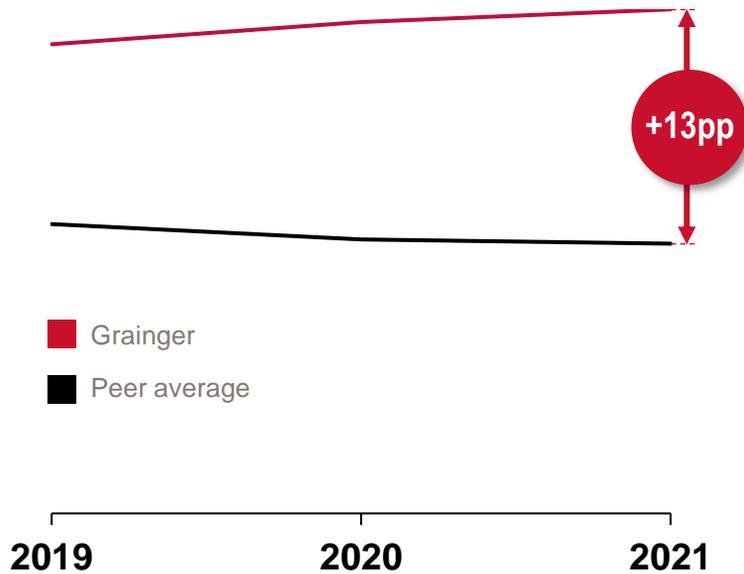


Strong performance and leadership across multiple dimensions



Delivering industry-leading service

Customer satisfaction on average outpaces competition ⁽¹⁾



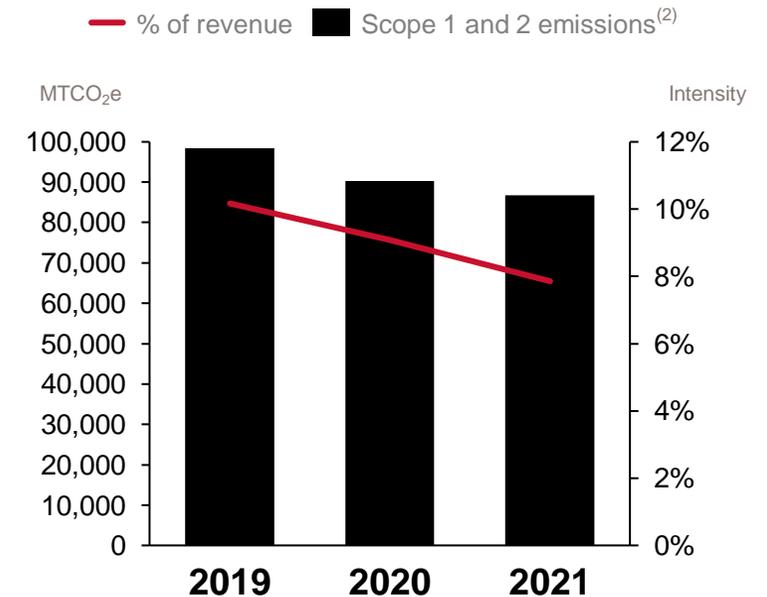
Effectively and efficiently managing costs

Improving leverage despite challenging cost environment



Operating in a sustainable manner

Reducing GHG emissions and intensity



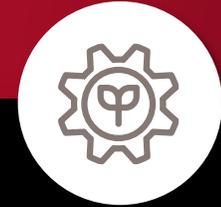
Key takeaways: Supply Chain



We have an advantaged supply chain purpose-built to meet the needs of our B2B customers



Our supply chain capabilities are driven by innovation and know-how



We deliver industry-leading service while managing cost and reducing our environmental footprint

Looking forward

Over the next several years, we will be accelerating our investment in capacity, automation and ESG initiatives to support growth and further our competitive advantage

Propelling the Endless Assortment Flywheel



Masaya Suzuki
Managing Director, Endless
Assortment



Kevin Weadick
VP and President, Zoro



MonotaRO: a successful business with an undisputed track record



[Click here to watch](#)



Masaya Suzuki
*Managing Director,
Endless Assortment*

Zoro: One-stop shopping for B2B customers

Overview

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



Performance

(LTM Q2'22)

\$943M

Revenue

5.1%

Operating Margin

LAUNCHED IN
2011

>10M
AVAILABLE SKUs

~80%
REVENUE FROM GRAINGER
STOCKED ITEMS

>4M
REGISTERED
USERS

Recall: MRO customers have two basic needs ...

Endless Assortment customer



- Typically, small and mid-sized businesses
- More simplistic purchasing processes
- Straight-forward product and service needs
- Transparent pricing, ease-of-use

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, return*

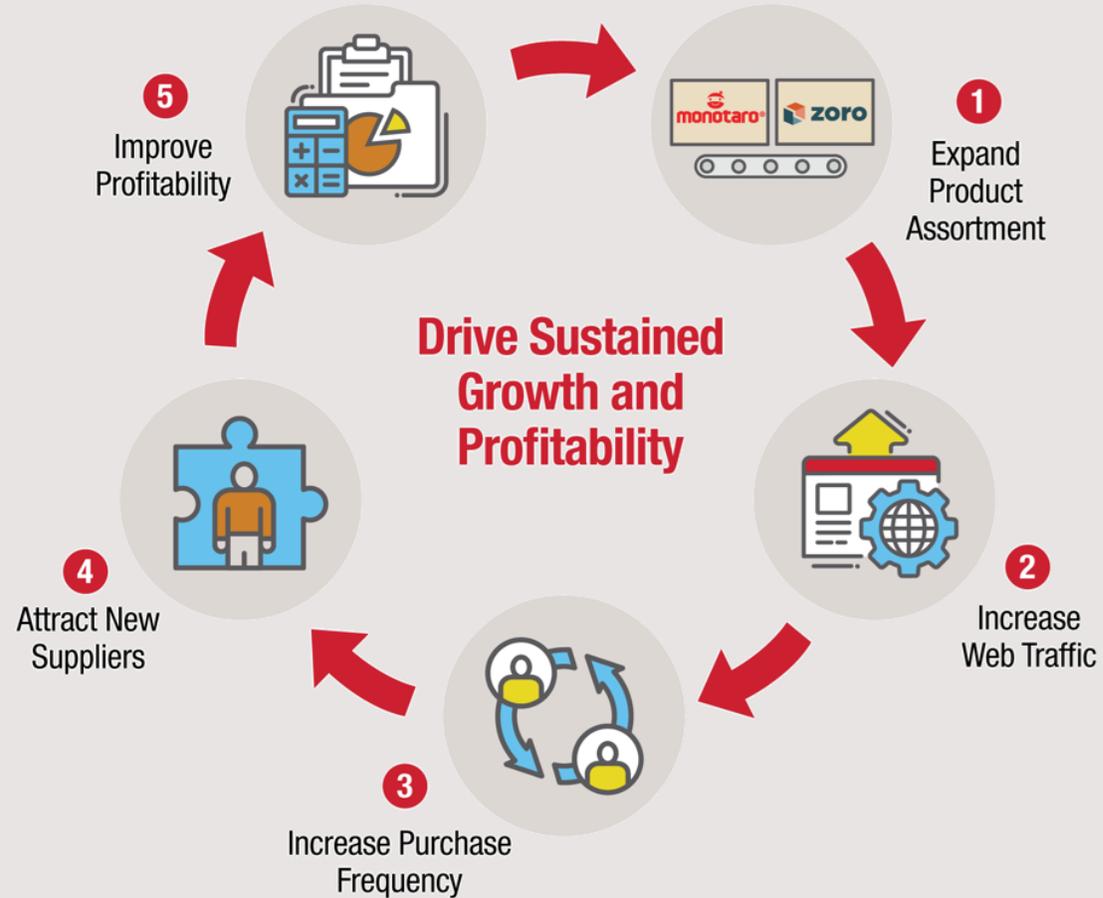
Tangible value

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

... informing our value proposition and propelling the flywheel

Powerful value proposition

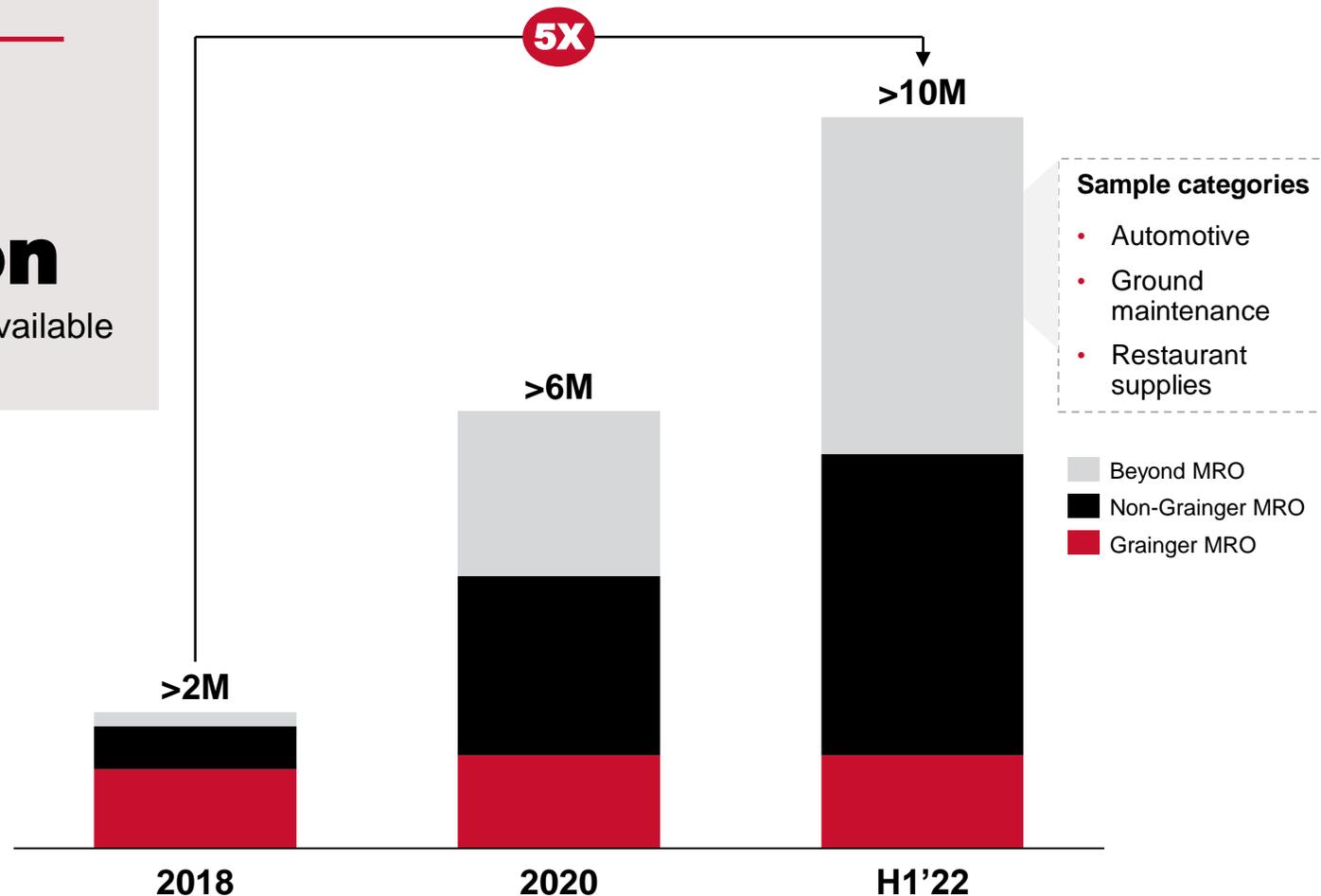
- Large assortment
- Competitive pricing
- Intuitive, business-focused search
- Intelligent analytics capabilities
- Seamless service and fulfillment



Every product for every business need

Includes both MRO and a broad range of products beyond

>10 million
unique items available



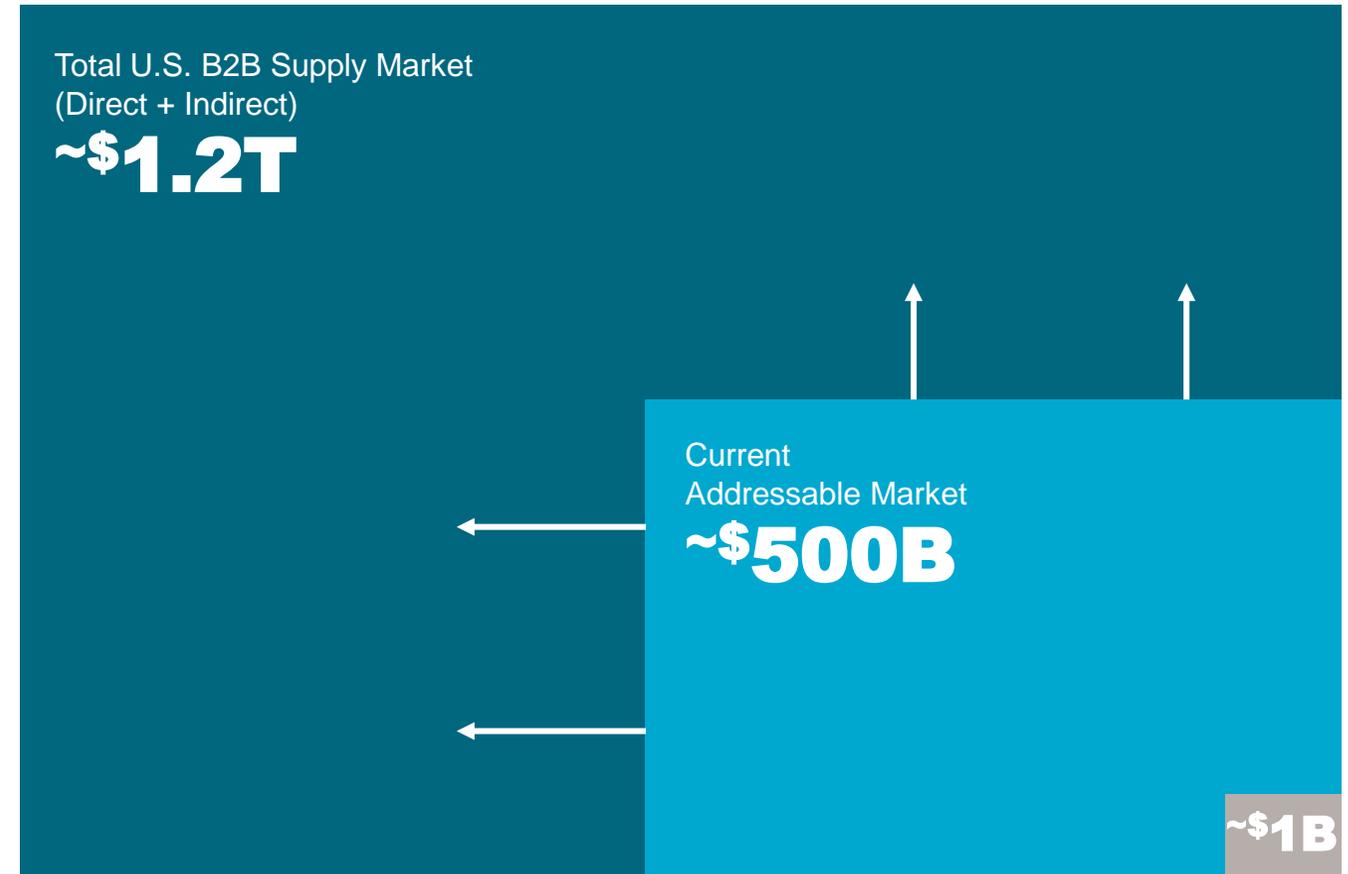
Strong pipeline with significant runway to add

~2 million

items per year, for the next several years

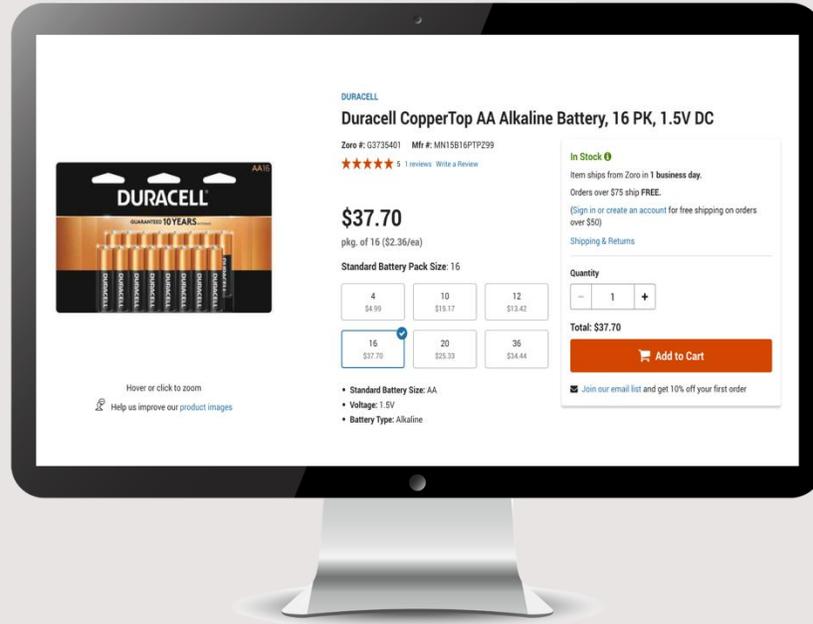
As the assortment grows, the addressable market increases

Zoro continues to expand its TAM with SKU additions beyond MRO



(1) Market size based on Company estimates as of December 31, 2021. Segment revenue numbers based on LTM Q2'22

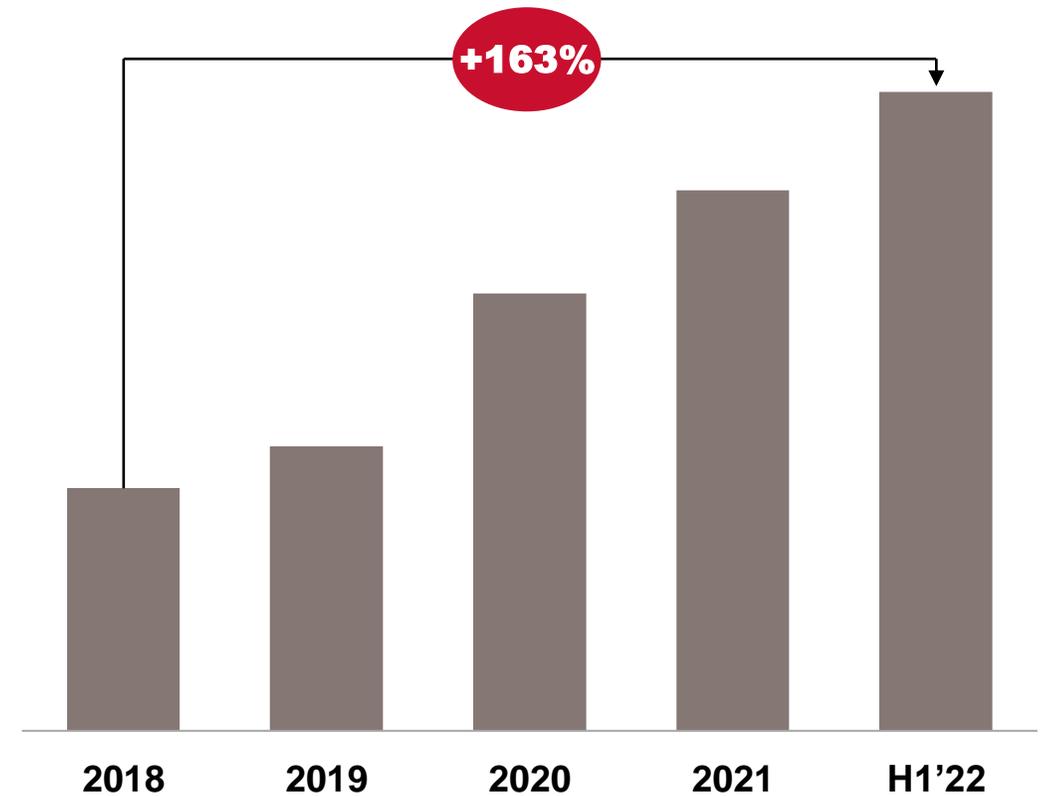
Large assortment leads to increased web traffic ...



**Thousands of brands,
millions of products**

Millions of everyday items, plus hard-to-find ones, too

Driving organic web traffic⁽¹⁾



... and drives increased purchase frequency

Improvements in marketing & ecommerce experience...



... allows Zoro to leverage the assortment to be more relevant and improve frequency



~25% ↑

Increase in B2B customers buying from Zoro each day vs. 2018 ⁽¹⁾



~45% ↑

Increase in B2B customer purchase frequency each month vs. 2018 ⁽²⁾



Bringing the flywheel to life



Leveraged data to suggest relevant products:



Café in
Stanford,
California



Egg farm in
Washington
state



One-stop shop for B2B customer needs

- Buying from multiple MRO and non-MRO product categories
- Driving significant revenue growth
- Increasing quarterly purchase frequency
- Resulting in high lifetime value customers

Growing momentum attracts new suppliers

Why suppliers choose Zoro

- 1** Reach **new customers**
- 2** **No competition** with multiple listings for same item
- 3** Access to **analytics** to drive further success
- 4** **Co-marketing** and promotional opportunities

What Zoro expects from suppliers

- 1** **Quality products** and **broad assortment**
- 2** Robust and consistent fulfillment, including **reliable lead times** and **fast delivery**



Leading to increased profitability



Increased customer count and higher purchase frequency ...

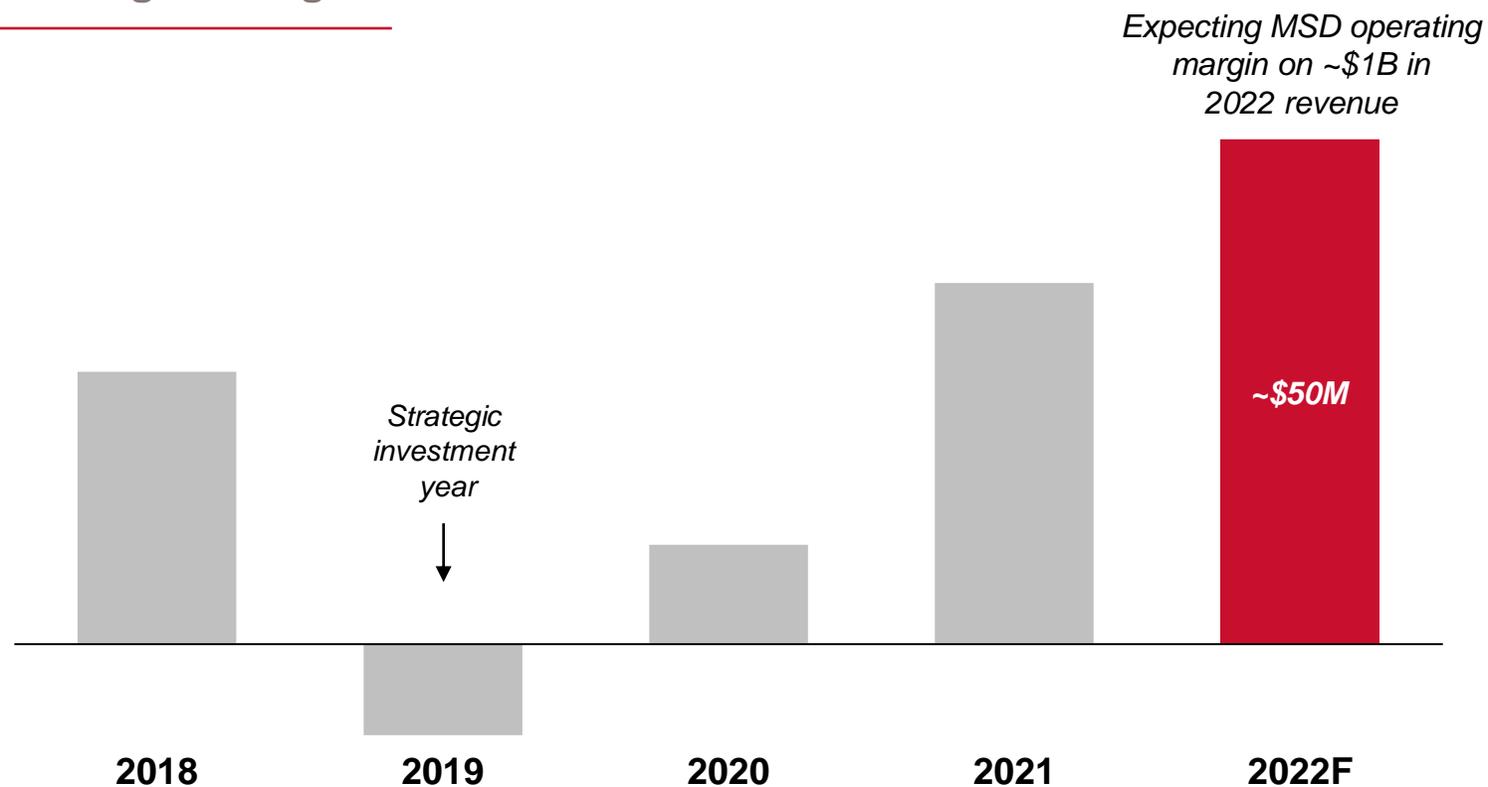


Leads to higher operating earnings ...



Driving reinvestment to spin the flywheel

Operating Earnings \$



Forward-looking expectations for Zoro



Long runway to continue adding 2M+ SKUs annually in diversified categories



Increasing web traffic and driving purchase frequency with customers



Adding new suppliers



Expanding operating earnings

High-teens

Revenue CAGR through 2025 ⁽¹⁾

High-single digit

Operating margin by 2025

Key takeaways: Endless Assortment



Fast growing business
in Japan and the U.S.



Zoro adapting learnings
from MonotaRO and
executing well



Continuing to propel
the flywheel

**Looking
forward**

Expecting to continue to drive strong revenue growth and profitability
across the segment

Financial Update & Outlook



Dee Merriwether
SVP and CFO

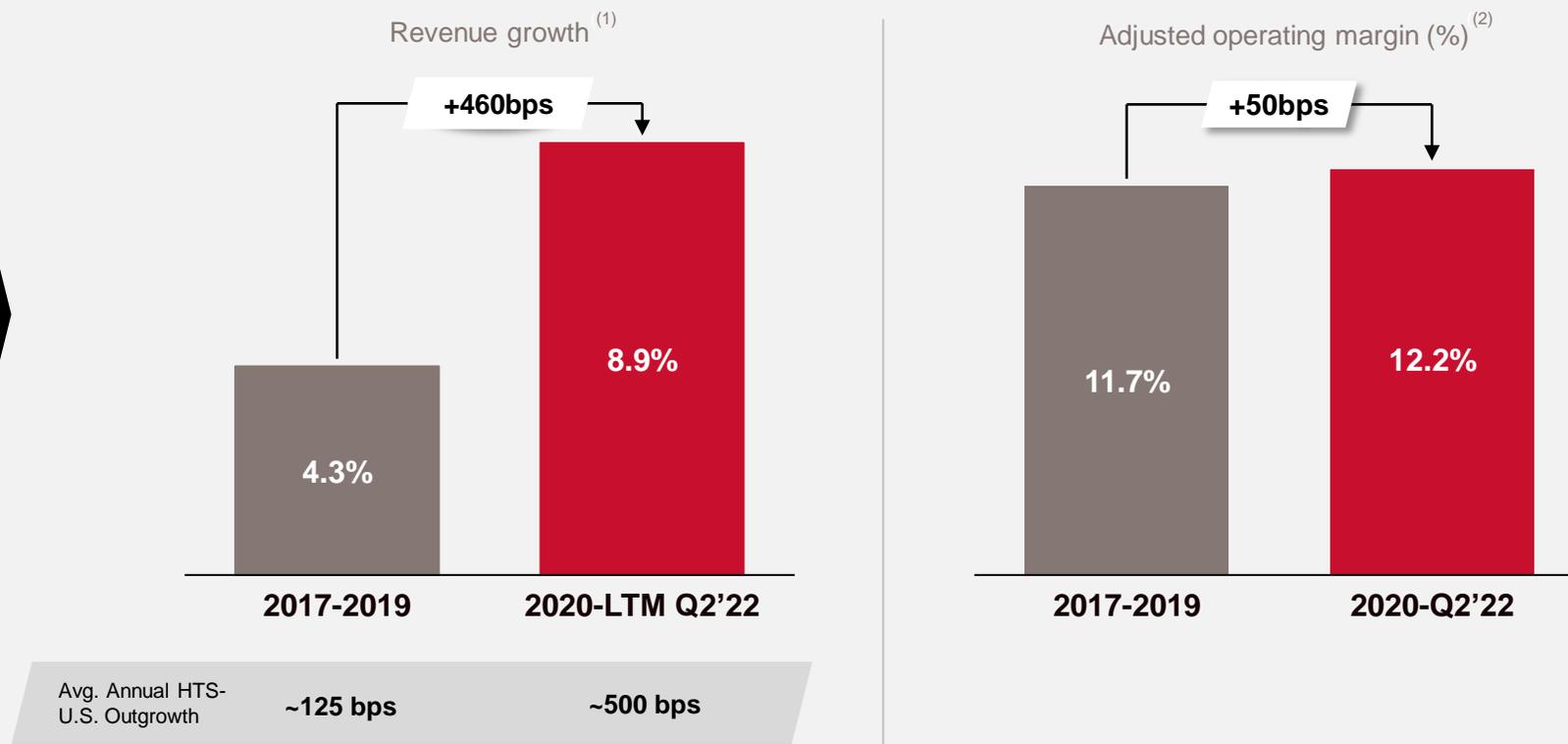


Delivering strong performance by focusing on what matters

Executing well across the company

- Delivering against HTS-N.A. growth engines supported by data and technology investments
- Performing well amidst difficult environment, supported by industry-leading supply chain capabilities
- Accelerating flywheel across EA segment
- Improving profitability through pricing discipline and prudent cost management

Accelerating top-line growth while improving profitability



(1) Represents the revenue CAGR for the 3-year period between 2017-2019, using 2016 as the base period, and the 2.5-year period between 2020-LTM Q2'22, using 2019 as the base period

(2) See appendix for a reconciliation of any non-GAAP financial measures

On track to deliver exceptional year in 2022

Continue to execute well amidst a challenging environment

Reaffirming guidance

	2021A	FY 2022 Guidance <small>(As of Sept. 21, 2022)</small>	Y/Y change
Net Sales (\$ billions)	\$13.0	\$15.0 – \$15.2	+14.5% - 16.5% <small>(Daily sales growth)</small>
Gross Profit Margin	36.2%	37.2% – 37.5%	+100 - 130 bps
Adj. Operating Margin ⁽¹⁾	11.9%	13.6% – 14.0%	+170 - 210 bps
Adjusted EPS ⁽¹⁾	\$19.84	\$27.25 – \$28.75	+37% - 45%

Positioned to deliver sustainable, long-term growth and total shareholder returns



Strong top-line growth



Robust cash flow to support capital allocation priorities



Expanding operating margins



Sustaining elevated ROIC on expanding invested capital base



Significant earnings dollar growth

Clear pathway to achieve new 2025 targets⁽¹⁾

\$19-20B

Revenue

~\$40 PER SHARE

Adjusted EPS

Strong, consistent total shareholder return

Strong revenue growth expected across both segments

Anticipate continued momentum off elevated 2022 base

6 – 8% ⁽¹⁾⁽³⁾

High-Touch Solutions N.A.

Revenue CAGR through 2025

Key assumptions

- U.S. MRO market CAGR of +2 - 3% (volume + price)
- Strategic growth engines drive outgrowth of 400 - 500 bps per year in HTS-U.S.
- Mid-size customers grow faster than large
- Canada and Mexico grow mid-single digits

16 – 18% ⁽¹⁾⁽²⁾⁽³⁾

Endless Assortment

Revenue CAGR through 2025

Key assumptions

- High-teens CAGR across both MonotaRO and Zoro in local currency
- Strong repeat and Enterprise customer growth at MonotaRO
- SKU additions help fuel strong Zoro performance

\$19 – 20B

Targeted 2025 Total Company revenue

Implies revenue CAGR of 8 -10% through 2025 ⁽³⁾

Generally stable gross margin performance

Margin outlook supported by value we provide in both businesses

Largely neutral

High-Touch Solutions N.A.

2025 gross margins vs. 2022F

Key assumptions

- HTS-U.S. stability around 40%
- Disciplined approach to pricing, underpinned by core tenets
- Increased pricing sophistication driven by data and technology investments

Modest decline

Endless Assortment

2025 gross margins vs. 2022F

Key assumptions

- MonotaRO: mix headwinds due to Enterprise customer growth
- Zoro: supplier mix headwinds with increasing drop-ship, third-party supply

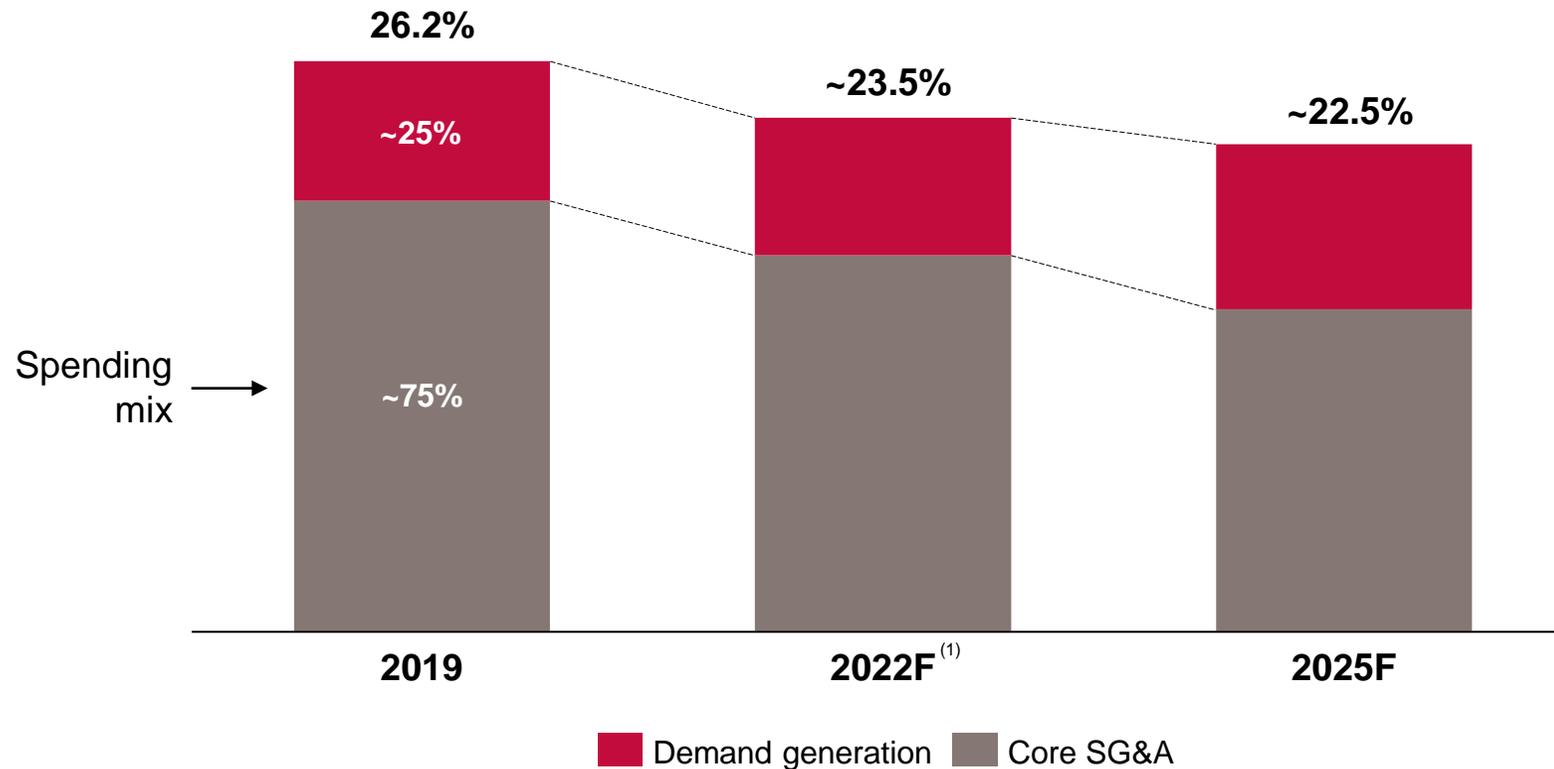
~37%

Expected 2025 Total Company gross margin

Anticipate business unit mix to create a modest headwind as EA grows faster than HTS-N.A.

Investing to drive growth while generating leverage

Total Adjusted SG&A (SG&A % of revenue)



Leveraging core SG&A spend while investing to drive sustainable growth

Targeting ~100 bps of SG&A leverage by 2025⁽²⁾

Expanding operating margin

16.1 – 16.6%

High-Touch Solutions N.A.

2025 adj. operating margin

Key assumptions

- Continuous improvement and scale more than offsetting heightened demand generation investments
- HTS-Canada solidly profitable

9.5 – 10%

Endless Assortment

2025 adj. operating margin

Key assumptions

- MonotaRO returns to more normalized level of profitability after 2022 DC investment
- Zero ramping to high-single digit operating margin

~14.5%

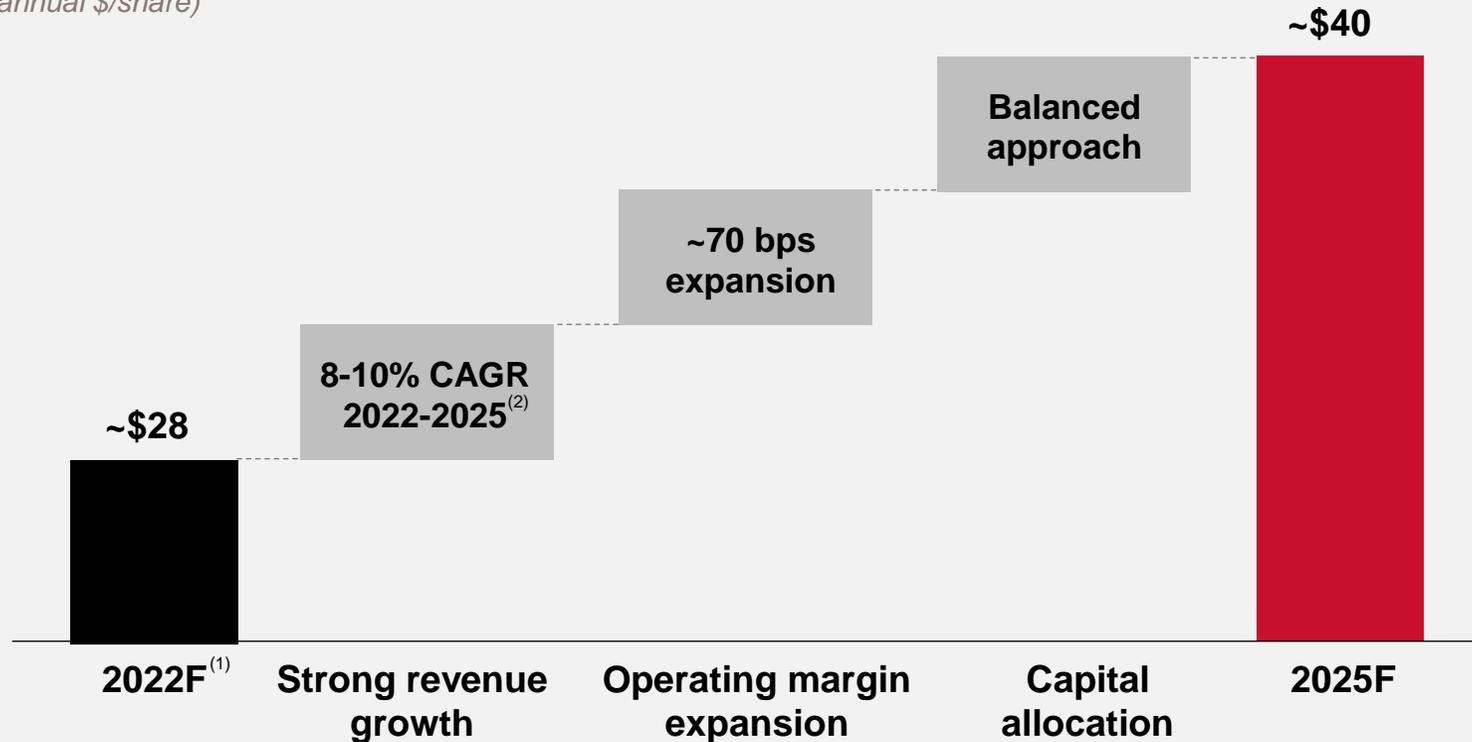
Targeted 2025 Total Company adjusted operating margin

Implies ~70 bps expansion through 2025, as SG&A grows slower than sales⁽¹⁾

Significant earnings dollar growth

Adjusted EPS⁽¹⁾

(annual \$/share)



~\$40 PER SHARE

Targeted adjusted EPS by 2025⁽³⁾

Double-digit adjusted EPS CAGR through 2025⁽²⁾

(1) Using the midpoint of 2022 guidance

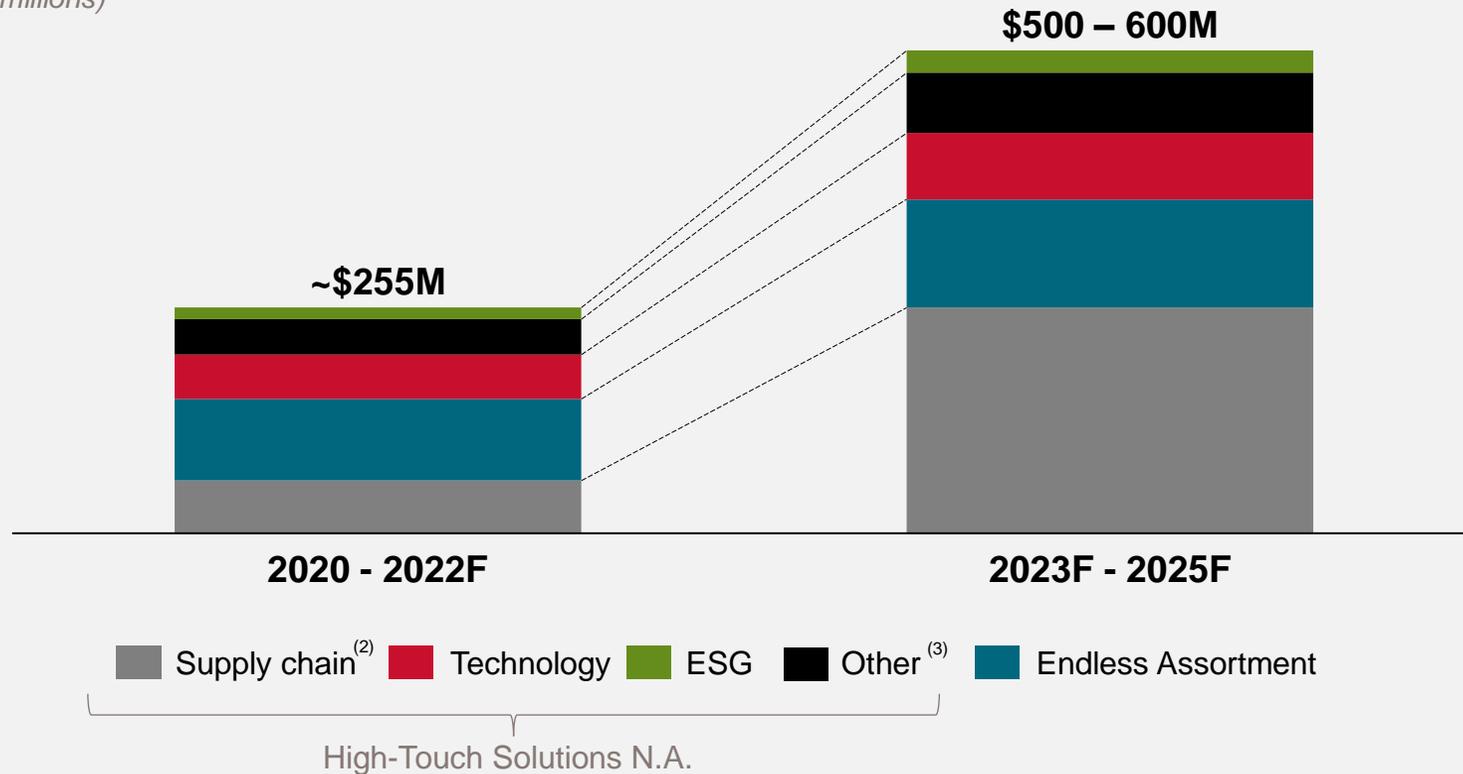
(2) 3-year CAGR using the midpoint of 2022 guidance as the base year

(3) Tax rate assumed at 25.2%

Accelerating capital investment

3-Yr Average Annual Capital Expenditures ⁽¹⁾

(\$ millions)



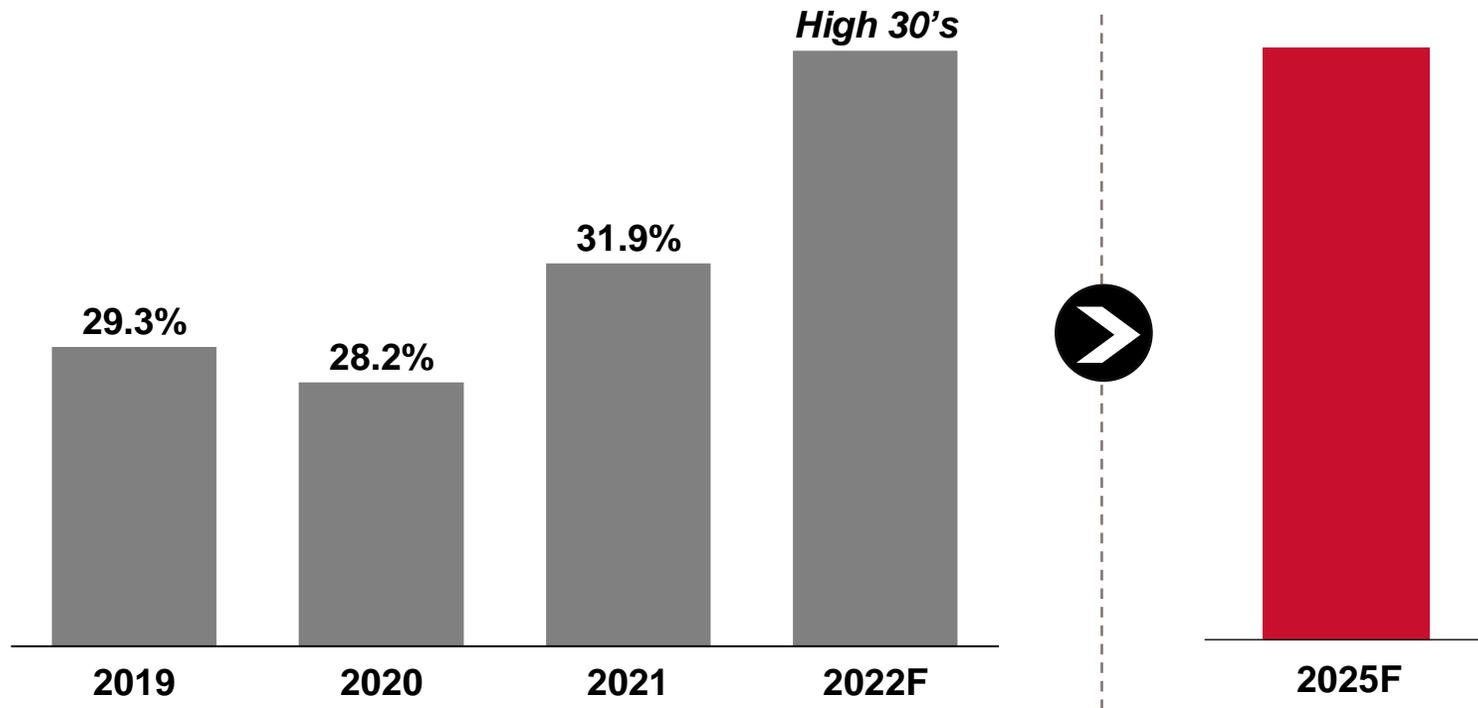
\$500-600M

Expected average annual capital expenditures 2023 – 2025

CapEx investments to support growth

Sustaining elevated ROIC on increased invested capital base

Adjusted Return on Invested Capital ⁽¹⁾

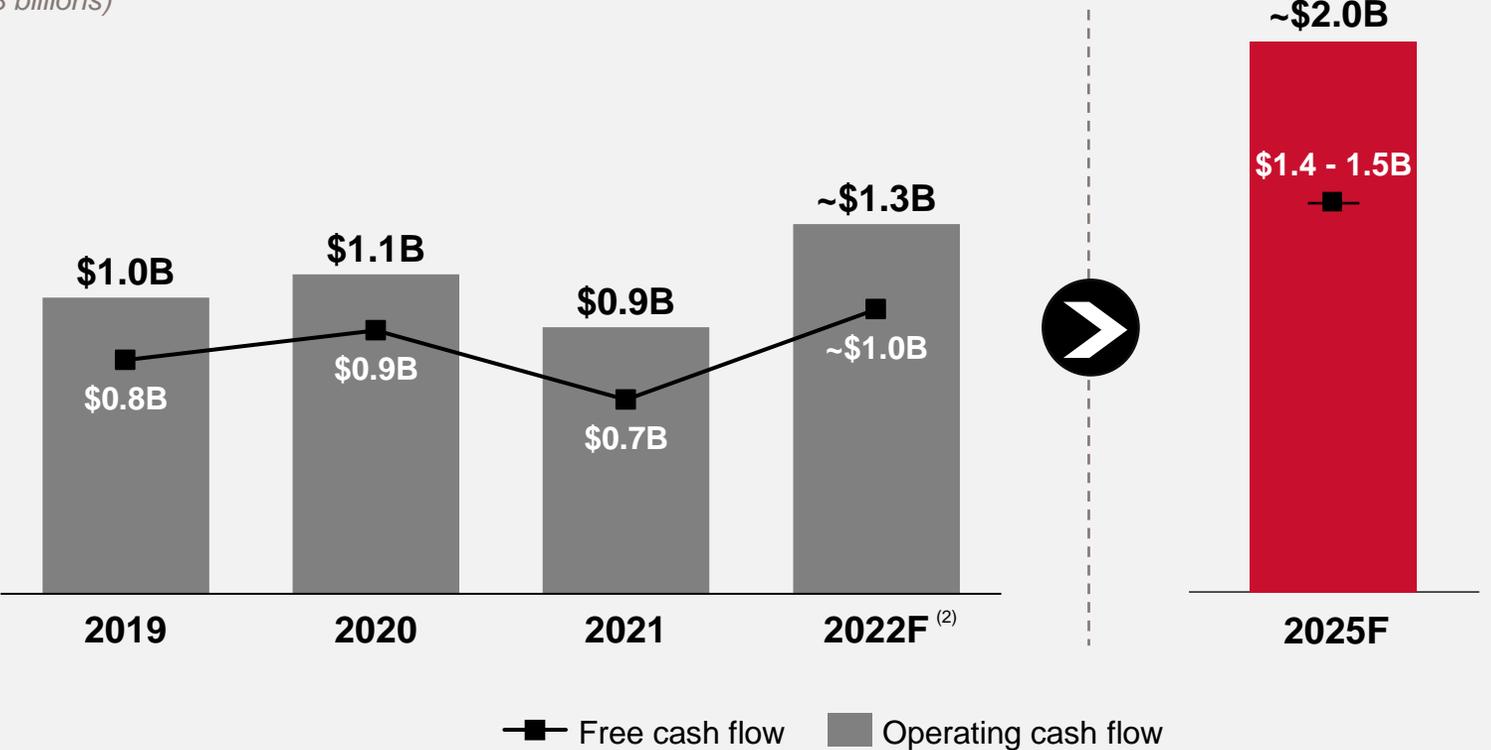


**Significant
value creation
opportunity**

Durable and growing cash flow generation

Operating and Free Cash Flow ⁽¹⁾

(\$ billions)



~\$2.0B

Targeted operating cash flow by 2025

Robust operating cash flow driving substantial free cash flow

(1) See appendix for a reconciliation of any non-GAAP financial measures
 (2) Using the midpoint of 2022 guidance

Balance sheet strength supporting disciplined approach to capital allocation

\$1.5B

AVAIL. LIQUIDITY (Q2'22)

1.0x

NET LEVERAGE (Q2'22)

- Long-term net leverage target of ~1.0x
- No significant maturities until 2025

A+

Stable

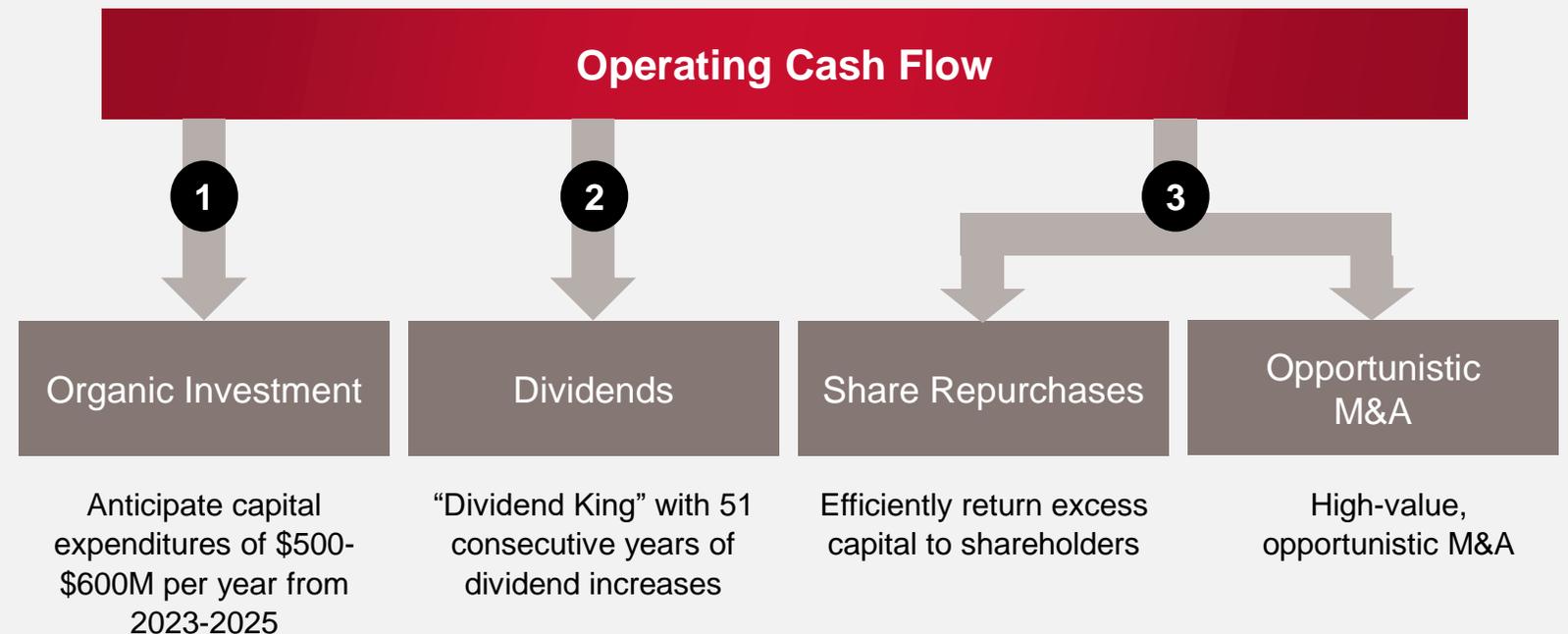
S&P

A3

Stable

Moody's

Capital allocation priorities



Sustainable earnings algorithm with opportunity for significant value creation

Focused execution

- ✓ Strong top-line growth

\$19 – 20B

Implies 8-10% revenue CAGR from 2022-2025 ⁽¹⁾⁽⁴⁾

+

- ✓ Expanding operating margins

~14.5%

Implies ~70 bps improvement in adjusted operating margins by 2025 ⁽²⁾⁽⁴⁾

+

Return-driven capital allocation

- ✓ Robust cash flow to support capital allocation priorities

- ✓ Organic investment
- ✓ Share repurchase and dividend flexibility
- ✓ Prudent leverage

- ✓ Sustaining elevated ROIC on expanding invested capital base

Targeting attractive total return profile

- ✓ Significant earnings dollar growth

~\$40

Implies double-digit Adj. EPS CAGR from 2022-2025 ⁽¹⁾⁽³⁾⁽⁴⁾

+

Strong dividend track-record

(1) 3-year CAGR using the midpoint of 2022 guidance as the base year
 (2) Compared to the midpoint of 2022 guidance
 (3) Tax rate assumed at 25.2%
 (4) Assuming normal market conditions, including U.S. MRO market growth of 2-3%

Panel Q & A



**INVESTOR
DAY 2022**



Appendix



2022 full year guidance (Total Company)

Reaffirming full year 2022 guidance reflecting strong growth and profitability

	2019A	2020A	2021A	2022 Guidance <i>(as of Sept. 21, 2022)</i>
Net Sales (\$ billions)	\$11.5	\$11.8	\$13.0	\$15.0 – \$15.2
<i>Daily growth</i>	2.5%	2.3%	11.3%	14.5% - 16.5%
Gross Profit Margin	38.3%	35.9%	36.2%	37.2% – 37.5%
<i>bps vs. prior year</i>	(50)	(235)	30	100 - 130
Adjusted Operating Margin ⁽¹⁾	12.1%	11.2%	11.9%	13.6% – 14.0%
<i>bps vs. prior year</i>	10	(80)	65	170 - 210
Tax Rate	24.8%	25.3%	25.0%	~25.0%
Adjusted EPS ⁽¹⁾	\$17.29	\$16.18	\$19.84	\$27.25 – \$28.75
<i>% vs. prior year</i>	3.5%	(6.4)%	22.6%	37.3% - 44.9%

2022 full year guidance (cont.)

Adj. segment operating margin

	2019A	2020A	2021A	2022 Guidance (as of Sept. 21, 2022)
High-Touch Solutions N.A.	14.2%	13.0%	13.1%	15.4% – 15.8%
Endless Assortment	6.6%	8.0%	9.0%	7.7% – 8.2%
Total Company	12.1%	11.2%	11.9%	13.6% – 14.0%

As previously noted, EA operating margin reflects increased investment in distribution center capacity at MonotaRO and modest Zoro OM expansion, contributing to higher long-term ROIC

Supplemental figures

(\$ millions)	2019A	2020A	2021A	2022 Guidance (as of Sept. 21, 2022)
Operating Cash Flow	\$1,042	\$1,123	\$937	\$1,250 – \$1,350
CapEx ⁽¹⁾	\$221	\$197	\$255	\$300 – \$325
Share Repurchases	\$700	\$601	\$695	\$600 – \$700

Leadership Bios



D.G. Macpherson

*Chairman and Chief
Executive Officer*

14 years with Grainger

D.G. Macpherson was named Chief Executive Officer and appointed to the Board of Directors in October 2016. In 2017, he was named Chairman of the Board. He served as Chief Operating Officer for Grainger from August 2015 through September 2016.

Prior to these roles, D.G. was Senior Vice President and Group President, Global Supply Chain and International, where he led the development of corporate strategy and continuous improvement, the global supply chain organization, the company's single channel online business model and international operations in Asia and Europe. Prior to that, he was Senior Vice President and President, Global Supply Chain and Corporate Strategy.

D.G. joined Grainger in 2008 from the Boston Consulting Group (BCG), where, from 2002-2008, he was Partner and Managing Director. In that capacity, he served as a consultant to Grainger on several strategic and operational efforts, including availability improvement, pricing strategy, product line expansion and sales force effectiveness.

At BCG, D.G. was a member of the Industrial Goods Leadership Team with strong experience in production systems and continuous improvement methodologies. Early in his career, he was an operations manager for Rain Bird Sprinkler Manufacturing Company and a test engineer with the U.S. Air Force.

D.G. holds a bachelor's degree from Stanford University and an MBA from Northwestern's Kellogg School of Management.

D.G. serves on the Museum of Science and Industry Board of Trustees, and in 2021, D.G. was appointed to the International Paper Company Board of Directors.

Leadership Bios



Kathleen Carroll
*SVP and Chief Human
Resources Officer*

4 years with Grainger

Kathleen Carroll was named Senior Vice President and Chief Human Resources Officer in 2018. She is responsible for global human resources strategies and operations, communications and corporate responsibility that enable the company's business goals, support a high-performance culture and strengthen the company's brand as an employer of choice. Kathleen brings 30 years of experience with a unique combination of deep finance and accounting expertise with human resources leadership. She has a proven track record driving profitable growth and designing environmental, social and governance (ESG) strategies related to executive compensation, ethics, governance, sustainability, and diversity, equity and inclusion.

For most of Kathleen's career, she held finance, HR and strategy roles at companies specializing in consulting, e-commerce, financial services, private equity, supply chain, and telecommunications. Before joining Grainger, Kathleen was Executive Vice President and CHRO at First Midwest Bank. Prior to that, she held a number of leadership positions with Aon Corporation, which included Global Head of Talent Acquisition and HR Lead for Mergers and Acquisitions. She also held leadership roles in Corporate Development and Strategy where she led strategic initiatives, acquisitions and divestitures. She served as the overall project leader for the creation and development of Aon Hewitt's Corporate Health Care Exchange business and played a central role in the Aon/Hewitt merger integration.

Kathleen earned a bachelor's degree in accounting from the University of Missouri and received a master's degree in business administration from Northwestern University's Kellogg School of Management.

She currently serves on the boards of directors for the International Women's Forum and the Executive Committee for Leadership Greater Chicago.

Leadership Bios



Barry Greenhouse
*SVP and President,
Global Supply Chain and
Customer Experience*

18 years with Grainger

Barry Greenhouse was named Senior Vice President and President, Global Supply Chain and Customer Experience, in November 2019. He is responsible for all aspects of the customer experience from order to delivery, as well as the overall design and capabilities for Grainger's industry-leading fulfillment network. This includes the North American distribution centers (DC), branch network and customer service centers, as well transportation, inventory planning and investment, and supplier performance management.

Since joining Grainger in 2004, Barry has held several roles of progressive responsibility in the supply chain organization. Most recently, he served as Senior Vice President, Global Supply Chain. Under Barry's leadership, Grainger's distribution network has undergone enhancements in software and automation including the wall-to-wall modernization of the 1.2 million square foot Greenville, S.C., distribution center. While at Grainger, Barry has overseen the construction of new DCs in San Francisco, New Jersey, Chicago, Louisville, and Toronto, representing more than 5 million square feet. Earlier in his career, Barry led the New Jersey DC and space management systems and processes. He started his career at Grainger as an Operations Manager at the Los Angeles DC.

Prior to joining Grainger, Barry held roles in operations, sales, marketing, and project management at McMaster-Carr and Webvan. Barry holds a bachelor's degree in biology and an MBA, both from the University of California, Los Angeles.

Leadership Bios



John Howard
*SVP and General
Counsel*

22 years with Grainger

John L. Howard joined Grainger and was named Senior Vice President and General Counsel in January 2000. His responsibilities include all of the company's legal and corporate environment, health and safety and corporate security functions.

Before joining Grainger, John served as Vice President and General Counsel for Tenneco Automotive, a subsidiary of Tenneco, Inc. Prior assignments included Vice President, Law, and Assistant General Counsel at Tenneco. From 1990 to 1993, John served in The White House as counsel to the Vice President of the United States. From 1984 to 1990, he held a variety of legal positions within the federal government, including Associate Deputy Attorney General in the U.S. Department of Justice.

John earned his bachelor's degree in finance, with honors, from the Indiana University School of Business in 1979. He earned his JD from Indiana University in 1982. In 1989, he received his LL.M. from George Washington University, graduating with highest honors. John completed the Harvard Business School Advanced Management Program in 2003.

John is a Fellow of the American College of Governance Counsel and a Life Member of the Council on Foreign Relations. He serves on the boards of 1871 Chicago, Rush University Medical Center and The Grainger Foundation. In February 2002, he was confirmed by the U.S. Senate to a five-year term as Chairman, Special Panel on Appeals. He also has served on the Federal Reserve Bank of Chicago's Seventh District Advisory Council and as Vice Chairman of the Chicago Botanic Garden.

Leadership Bios



Jonny LeRoy
*VP and Chief
Technology Officer*

2 years with Grainger

Jonny LeRoy was named Chief Technology Officer in April 2020. He is responsible for the technology systems, security and operations that underpin Grainger's business model.

Jonny joined Grainger after a 15-year career at ThoughtWorks, where as Head of Technology for North America, he led their technology organization, growing new offerings and capabilities, while also helping to progress their talent, culture and delivery expertise. In prior roles at ThoughtWorks, Jonny served as Market Tech Principal for the West Coast and Lead Developer in the U.S. and UK. Earlier in his career, Jonny was a founder and CTO of a successful UK start-up.

Jonny holds CPE from Westminster University, and a MA, Literae Humaniores from the University of Oxford. Jonny is a 2022 Daniel Burnham Fellow with Leadership Greater Chicago and also serves on the Board of Advisors for the Illinois Institute of Technology (IIT) College of Computing.

Leadership Bios



Deidra Merriwether
*SVP and
Chief Financial Officer*

9 years with Grainger

Deidra C. Merriwether was named Grainger's Senior Vice President and Chief Financial Officer in January 2021. She oversees the company's financial activities, including controllership, treasury, financial analysis, investor relations, internal audit, tax and financial operations. She is also responsible for Grainger's real estate, corporate strategy and analytical functions.

Deidra is an accomplished leader with broad general management, operations and financial experience. She led transformations at Sears Holdings, PriceWaterhouseCoopers and Eli Lilly, and is known for delivering customer results and consistent top quartile performance. At Grainger, Deidra previously served as Senior Vice President and President, North American Sales and Services, responsible for sales, inventory management solutions, and customer engagement strategies in Canada, Latin America and the United States. She also served as Senior Vice President, Direct Sales and Strategic Initiatives, leading the U.S. sales team, pricing strategy and gross margin optimization. In 2017, Deidra developed and launched Grainger's new pricing strategy, reinvigorating the company's relationships with large and mid-size customers.

Deidra joined Grainger in 2013, as Vice President, Finance, Americas, leading financial planning and analysis for Canada, Latin America and the United States. In this role, she launched the Grainger Procurement Company and led efforts to expand operating margins through improved expense leverage.

Deidra earned an MBA in Finance and Operations Management from Indiana University's Kelley School of Business and a bachelor's degree in Chemical Engineering from North Carolina A&T State University. She is also a graduate of the Executive Accounting Program at the University of Texas and a fellow of the CEO Perspectives program at Northwestern and Kellogg Schools of business.

Deidra currently serves on the board of directors of Weyerhaeuser Company, one of the world's largest timberlands operators, as well as the Ann and Robert H. Lurie Children's Hospital of Chicago.

Leadership Bios



Paige Robbins
*SVP and President,
Grainger Business Unit*

12 years with Grainger

Paige Robbins was named Senior Vice President and President of the Grainger Business Unit in January 2021. She has responsibility for Grainger's integrated commercial function, which includes sales, KeepStock®, marketing, customer strategy, merchandising and supplier management, as well as Grainger Canada and Grainger Mexico.

Ms. Robbins has extremely broad operations and commercial experience at Grainger and brings a strategic mindset, customer focus and track record of strong operational results.

Most recently, Paige served as Senior Vice President, Chief Technology, Merchandising, Marketing and Strategy Officer, where she had responsibility for building, merchandising, marketing and delivering MRO and technology solutions for Grainger's customers and team members. Her teams included the Grainger Technology Group including Grainger.com; marketing; merchandising and supplier management; customer and corporate strategy, analytics and customer insight teams.

Paige has also served as Senior Vice President, Global Supply Chain, Branch Network, Contact Centers and Corporate Strategy, where she had responsibility for all aspects of the customer experience from order to delivery. This included managing the company's distribution centers, branch network, contact centers, inventory investment, transportation network, the overall design and capabilities of the fulfillment network and Grainger's corporate strategy, analytics and customer insight teams. Paige joined Grainger in September 2010 as Vice President of Logistics Management.

Prior to joining Grainger, Paige served as Partner and Managing Director at the Boston Consulting Group (BCG), where she specialized in industrial companies. She helped her clients on a range of issues including growth, customer segmentation, pricing, profit improvement, supply chain and merger and acquisition strategies.

Paige received both her bachelor's degree and master's degree from Stanford University in Industrial Engineering and earned an MBA from Harvard University. Paige is also a fellow of the CEO Perspectives program at Northwestern and Kellogg Schools of business.

Leadership Bios



Masaya Suzuki
*Managing Director,
Endless Assortment*

21 years with Grainger

Masaya Suzuki was named Managing Director, Endless Assortment Business in January 2020. His responsibilities include overseeing Grainger's entire endless assortment portfolio, which includes Zoro in the United States and the United Kingdom as well as continuing his role as President and CEO of MonotaRO in Japan.

In 2000, Masaya joined MonotaRO as part of a joint venture between Sumitomo Corporation and W.W.Grainger, Inc. In 2012, he was named President and CEO of MonotaRO. He has since led the company to achieve substantial revenue growth, expand its product offerings and launch new businesses in South Korea, Indonesia and India.

As part of the Grainger and Endless Assortment Leadership Teams, Masaya continues to focus on product expansion, acquiring more customers, and driving more independence for Grainger's Zoro operations.

Leadership Bios



Brian Walker
*VP and Chief
Product Officer*

15 years with Grainger

Brian Walker was named Chief Product Officer in October 2019. In this role, Brian leads the prioritization of Grainger's technology investments including Grainger's digital platforms, mobile solutions and the industry leading Grainger.com.

Brian has held many roles of increasing responsibility at Grainger. Most recently, Brian served in technology innovation capacities including Vice President, Digital Architecture and Operations and President of Gamut.com. Prior to that, while headquartered in London, England, he served as Vice President of Strategy and Marketing for Grainger's Online Business with operations in Canada, Germany, Japan, South Korea, the United Kingdom and the United States. Brian has also led teams responsible for corporate strategy, merchandising and pricing for the Grainger U.S. Business. He joined Grainger in September 2006 as Purchasing Manager.

Prior to joining Grainger, Brian led teams in warehousing, logistics, supply chain and sales operations at McMaster-Carr Supply Company.

Brian holds a bachelor's degree in Economics from Wesleyan University, a master's degree in Applied Statistics from DePaul University, and an MBA from the University of Chicago's Booth School of Business. Brian serves on the Board of Trustees of the Illinois Institute of Technology and is on the Board of advisors for IIT's Institute of Design. He has served as a founding board member for Wesleyan's Quantitative Analysis Center and is a current member of Wesleyan's President's Council. Brian also is a Lecturer at Carnegie Mellon University for their Chief Information Officer and Chief Digital Officer programs.

Leadership Bios



Kevin Weadick

VP and President, Zoro

20 years with Grainger

With more than 20 years of experience leading supply chain, product management, and marketing teams, Kevin Weadick brings a wealth of expertise to his role as the President of Zoro. Since taking on the role in 2017, Kevin has led the expansion of Zoro's endless aisle assortment to 10 million items and counting, developed an outstanding, customer-focused team, and has grown the business to more than \$850 million as of 2021.

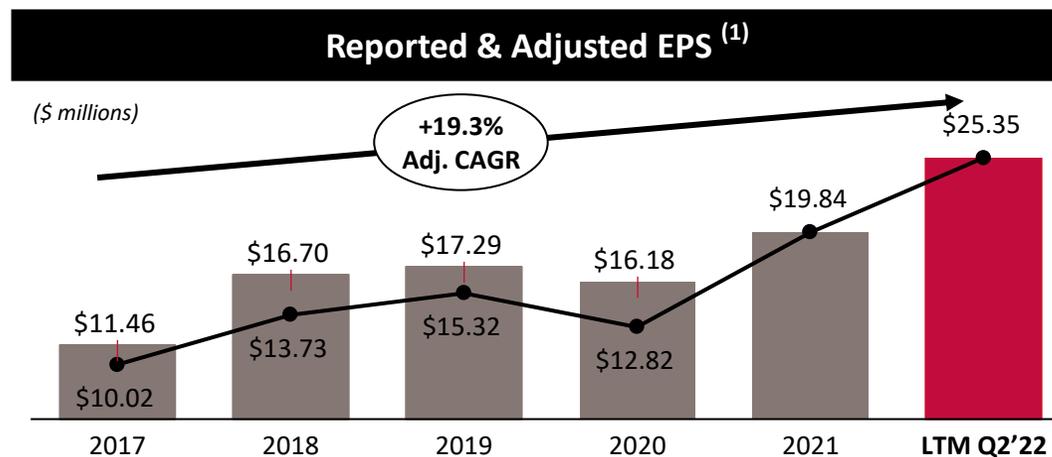
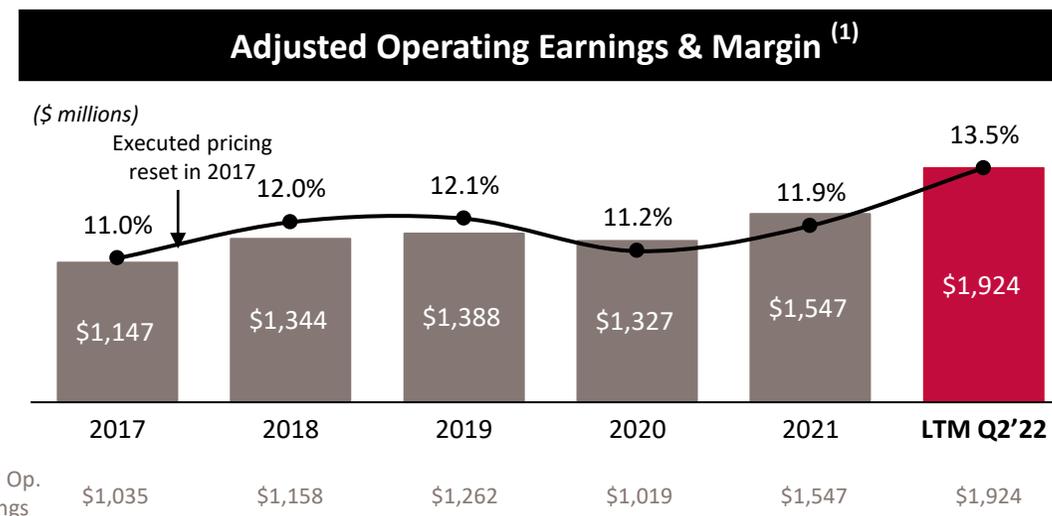
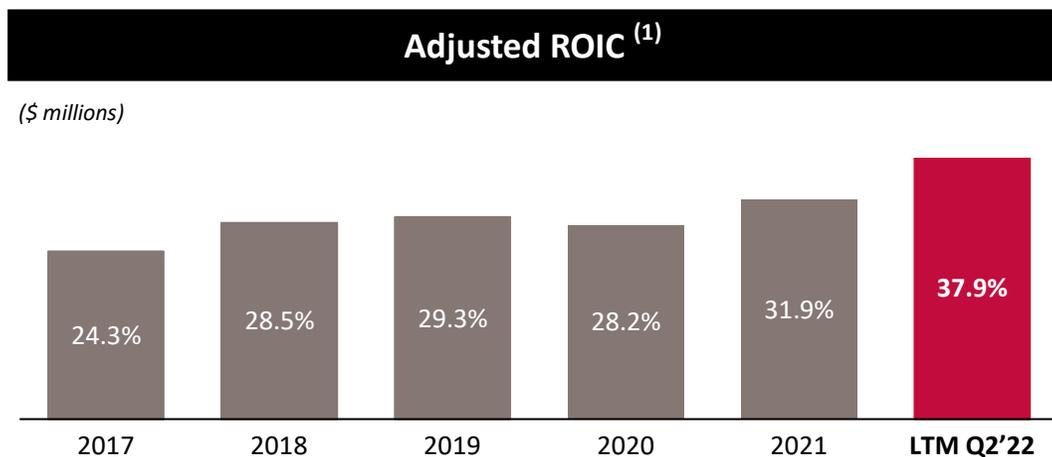
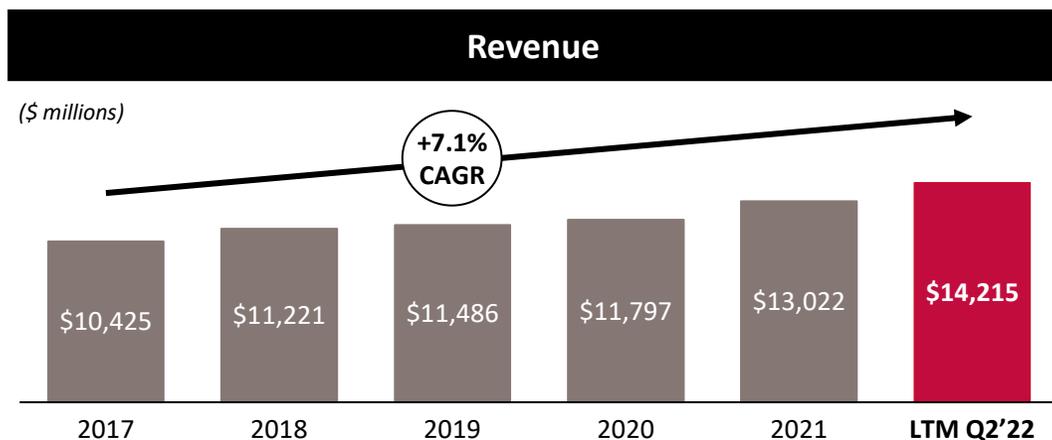
In addition, Zoro's culture has been recognized with multiple workplace awards during Kevin's tenure. Some awards of note include Great Place to Work U.S. and Fortune magazine's Best Small and Medium Workplaces in Retail (2021) and Built In Chicago's 100 Best Places to Work (2022).

Before serving as Zoro's President, Kevin held several leadership roles for Zoro's parent company, W.W. Grainger Inc., an American Fortune 500 industrial supply company. Kevin served as the Vice President of Supply Chain and Marketing for Grainger Europe. In this role, he was responsible for the supply chain and marketing functions for Grainger's European subsidiaries.

Previously, Kevin served as the Vice President for the Americas SAP division where he led the program to extend its U.S. SAP ERP platform to Grainger's Mexican and Canadian subsidiaries. Before taking on this role, he was the Vice President of Product Management for Grainger's Canadian subsidiary.

Prior to joining Grainger in 2002, Kevin worked for PricewaterhouseCoopers' Assurance practice where he served as a manager for several Fortune 500 clients. Kevin holds a BBA in Accounting and an MBA in Supply Chain from the University of Wisconsin—Madison.

Historical financial performance



GAAP to non-GAAP reconciliations (Page 1 of 4)

Free Cash Flow

(\$ millions)	2017	2018	2019	2020	2021	LTM Q2'22
Operating Cash Flow	\$ 1,057	\$ 1,057	\$ 1,042	\$ 1,123	\$ 937	\$ 967
Less: Additions to property, buildings, equipment and intangibles	237	239	221	197	255	271
Free Cash Flow	\$ 820	\$ 818	\$ 821	\$ 926	\$ 682	\$ 696

Net Debt to EBITDA

(in millions of dollars)

	June 30, 2022
Condensed Consolidated Balance Sheet	
Current maturities of long-term debt	\$ 17
Long-term debt	2,309
Add: Debt issuance costs and discounts, net of amortization	22
Less: Cash and cash equivalents	(262)
Net Debt	\$ 2,086
	LTM ending
	June 30, 2022
Condensed Consolidated Statement of Earnings	
Net earnings	\$ 1,390
Income taxes	467
Other expense, net	66
Condensed Consolidated Statement of Cash Flows	
Depreciation and amortization	200
EBITDA	\$ 2,123
Net Debt to EBITDA	1.0x

Note: Management believes the presentation of Net Debt to 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 EBITDA

GAAP to non-GAAP reconciliations (Page 2 of 4)

Adjusted Operating Earnings

(\$ millions)

	2017	2018	2019	2020	2021	LTM Q2'22
Operating earnings reported	\$ 1,035	\$ 1,158	\$ 1,262	\$ 1,019	\$ 1,547	\$ 1,924
Restructuring, net, impairment charges, and net business divestiture losses ⁽¹⁾	112	186	126	308	-	-
Operating earnings adjusted	\$ 1,147	\$ 1,344	\$ 1,388	\$ 1,327	\$ 1,547	\$ 1,924
Net Sales	\$ 10,425	\$ 11,221	\$ 11,486	\$ 11,797	\$ 13,022	\$ 14,215
Adjusted Operating Earnings %	11.0%	12.0%	12.1%	11.2%	11.9%	13.5%

Adjusted Earnings per Share

	2017	2018	2019	2020	2021	LTM Q2'22
Diluted earnings per share reported	\$ 10.02	\$ 13.73	\$ 15.32	\$ 12.82	\$ 19.84	\$ 25.35
Pretax restructuring, net, impairment charges, and business divestiture losses	1.91	3.26	2.26	5.68	-	-
Tax effect ⁽²⁾	(0.21)	(0.29)	(0.29)	(2.32)	-	-
U.S tax legislation ⁽³⁾	(0.06)	-	-	-	-	-
Discrete tax items	(0.20)	-	-	-	-	-
Total, net of tax	1.44	2.97	1.97	3.36	-	-
Diluted earnings per share adjusted	\$ 11.46	\$ 16.70	\$ 17.29	\$ 16.18	\$ 19.84	\$ 25.35

Note: Numbers may not foot due to rounding of adjusting items. Results for 2017 have been restated due to adoption of Accounting Standards Update (ASU) 2017-07, Compensation Retirement Benefits (Topic 715).

(1) All adjustments to reported values apply to SG&A expense, unless otherwise noted. YTD Q2'22 reported and adjusted operating earnings is \$960 million

(2) 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

(3) U.S. tax legislation reflects 2017 impact of the benefit of re-measurement of deferred taxes, partially offset by one-time deemed repatriation tax

GAAP to non-GAAP reconciliations (Page 3 of 4)

Adjusted ROIC (1 of 2)

LTM Q2 2022	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	5-point Avg	
Total Assets	\$ 6,462	\$ 6,390	\$ 6,592	\$ 6,993	\$ 7,049		
Less: Cash Equivalents	377	161	95	217	184		Adj. Operating Earnings ⁽²⁾ 1,924
Less: Deferred and prepaid income taxes	61	46	46	14	31		Net Working Assets \$ 5,078
Less: Right of Use Asset	209	202	393	361	337		Adjusted ROIC 37.9%
Plus: LIFO reserves	450	458	510	547	606		
Less: Working Liabilities ⁽¹⁾	1,560	1,528	1,490	1,650	1,703		
Total Net Working Assets	\$ 4,705	\$ 4,911	\$ 5,077	\$ 5,298	\$ 5,399	\$ 5,078	
2021	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	5-point Avg	
Total Assets	\$ 6,295	\$ 6,333	\$ 6,462	\$ 6,390	\$ 6,592		
Less: Cash Equivalents	322	387	377	161	95		Adj. Operating Earnings ⁽²⁾ 1,547
Less: Deferred and prepaid income taxes	21	14	61	46	46		Net Working Assets \$ 4,844
Less: Right of Use Asset	210	210	209	202	393		Adjusted ROIC 31.9%
Plus: LIFO reserves	446	446	450	458	510		
Less: Working Liabilities ⁽¹⁾	1,392	1,436	1,560	1,528	1,490		
Total Net Working Assets	\$ 4,797	\$ 4,732	\$ 4,706	\$ 4,911	\$ 5,077	\$ 4,844	
2020	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	5-point Avg	
Total Assets	\$ 6,005	\$ 7,177	\$ 7,194	\$ 6,583	\$ 6,295		
Less: Cash Equivalents	144	1,271	1,368	621	322		Adj. Operating Earnings ⁽²⁾ 1,327
Less: Deferred and prepaid income taxes	22	75	43	40	21		Net Working Assets \$ 4,713
Less: Right of Use Asset	223	208	209	209	210		Adjusted ROIC 28.2%
Plus: LIFO reserves	426	436	444	465	446		
Less: Working Liabilities ⁽¹⁾	1,350	1,443	1,327	1,409	1,392		
Total Net Working Assets	\$ 4,692	\$ 4,616	\$ 4,692	\$ 4,769	\$ 4,797	\$ 4,713	

(1) Defined as sum of trade accounts payables, accrued compensation and benefits, accrued contributions to employee's retirement savings plan and accrued expenses

(2) See slide 107 for a reconciliation of adjusted operating earnings.

GAAP to non-GAAP reconciliations (Page 4 of 4)

Adjusted ROIC (2 of 2)

2019	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	5-point Avg
Total Assets	\$ 5,873	\$ 6,014	\$ 5,992	\$ 5,922	\$ 6,005	
Less: Cash Equivalents	288	150	80	89	144	
Less: Deferred and prepaid income taxes	21	20	24	22	22	
Less: Investments in unconsolidated entities	2	0	0	0	0	
Less: Right of Use Asset	-	188	200	207	223	
Plus: LIFO reserves	394	406	419	425	426	
Less: Working Liabilities ⁽¹⁾	1,342	1,238	1,297	1,291	1,350	
Total Net Working Assets	\$ 4,614	\$ 4,825	\$ 4,812	\$ 4,739	\$ 4,692	\$ 4,736

Adj. Operating Earnings ⁽²⁾	1,387
Net Working Assets	\$ 4,736
Adjusted ROIC	29.3%

2018	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	5-point Avg
Total Assets	\$ 5,804	\$ 5,903	\$ 5,905	\$ 5,932	\$ 5,873	
Less: Cash Equivalents	125	82	83	290	288	
Less: Deferred and prepaid income taxes	60	59	55	39	21	
Less: Investments in unconsolidated entities	9	5	8	2	2	
Plus: LIFO reserves	382	383	386	388	394	
Less: Working Liabilities ⁽¹⁾	1,393	1,284	1,302	1,342	1,342	
Total Net Working Assets	\$ 4,600	\$ 4,856	\$ 4,843	\$ 4,647	\$ 4,614	\$ 4,712

Adj. Operating Earnings ⁽²⁾	1,344
Net Working Assets	\$ 4,712
Adjusted ROIC	28.5%

2017	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	5-point Avg
Total Assets	\$ 5,694	\$ 5,783	\$ 5,862	\$ 5,825	\$ 5,804	
Less: Cash Equivalents	75	54	72	96	125	
Less: Deferred and prepaid income taxes	100	113	116	97	60	
Less: Investments in unconsolidated entities	12	10	10	9	9	
Plus: LIFO reserves	382	381	382	382	382	
Less: Working Liabilities ⁽¹⁾	1,208	1,158	1,230	1,305	1,393	
Total Net Working Assets	\$ 4,682	\$ 4,828	\$ 4,816	\$ 4,700	\$ 4,600	\$ 4,725

Adj. Operating Earnings ⁽²⁾	1,147
Net Working Assets	\$ 4,725
Adjusted ROIC	24.3%

(1) Defined as sum of trade accounts payables, accrued compensation and benefits, accrued contributions to employee's retirement savings plan and accrued expenses

(2) See slide 107 for a reconciliation of adjusted operating earnings.