



NYSE: GWW

Grainger Investor Presentation

May 2022

GRAINGER
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Safe Harbor Statement and Non-GAAP Financial Measures

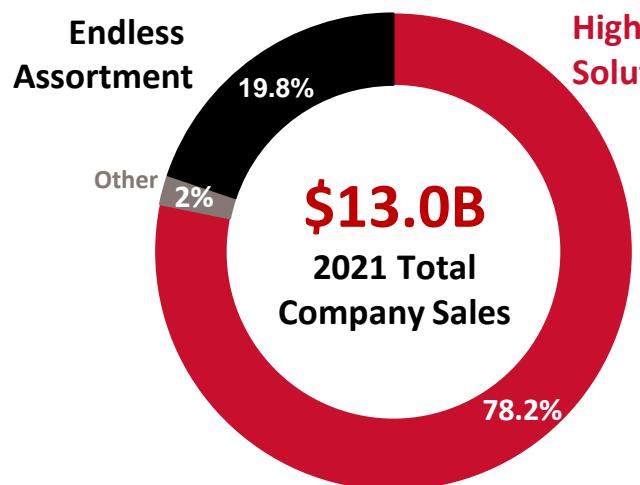
All statements in this communication, other than those relating to historical facts, are "forward-looking statements." Forward-looking statements can generally be identified by their use of terms such as "anticipate," "estimate," "believe," "expect," "could," "forecast," "may," "intend," "plan," "predict," "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), as well as the impact of actions taken or contemplated by government authorities to mitigate the spread of COVID-19 (such as vaccine mandates for certain federal contractors, mask mandates, social distancing or other requirements) and to promote economic stability and recovery, on the company's businesses, its employees, customers and suppliers, including disruption to Grainger's operations resulting from employee illnesses, the development, availability and usage of effective treatment or vaccines, changes in customers' product needs, the acquisition of excess inventory leading to additional inventory carrying costs and inventory obsolescence, raw material, inventory and labor shortages, continued strain on global supply chains, and diminished transportation availability and efficiency, disruption caused by business responses to the COVID-19 pandemic, including remote working arrangements, which may create increased vulnerability to cybersecurity incidents, including breaches of information systems security, adaptions to the company's controls and procedures required by remote working arrangements, 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; 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, including with respect to wage and hour, anti-bribery and corruption, environmental, advertising and marketing, consumer protection, pricing (including disaster or emergency declaration pricing statutes), product liability, compliance or safety, trade and export compliance, general commercial disputes, or privacy and cybersecurity matters; investigations, inquiries, audits and changes in laws and regulations; failure to comply with laws, regulations and standards, including new or stricter environmental laws or regulations; government contract matters; 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 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, organic daily sales in constant currency, free cash flow, adjusted return on invested capital, and EBITDA is available in the appendix to this presentation. This communication also includes certain non-GAAP forward-looking information (including, but not limited to slides 14 and 18). 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. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.



Leading broadline distributor of MRO products and services determined to *Keep the World Working* through innovative technology solutions and deep customer relationships⁽¹⁾

All figures as of December 31, 2021



Largest
MRO distributor in North America

14th
largest N.A. e-commerce retailer⁽²⁾

50 years
of consecutive dividend increases

Company founded in
1927

High-Touch Solutions – N.A.



~4.5M
active customers



>30M
products offered globally



~24K
team members companywide



>75%
orders through digital channels⁽³⁾

Go-to-market approach⁽⁴⁾

High-Touch Solutions N.A.

Value-added MRO solutions rooted in deep product knowledge and customer expertise

North America



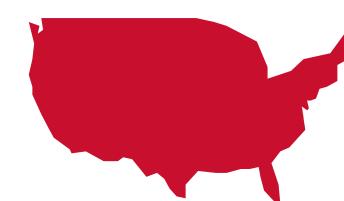
Endless Assortment

Streamlined and transparent online relationship with one-stop shopping for millions of products

Japan



United States



United Kingdom



(1) MRO stands for maintenance, repair and operations

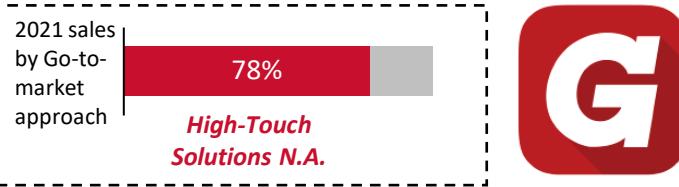
(2) Source: Digital Commerce 360 (2021 Top 500 ranking of North American online retailers)

(3) Based on 2021 total company sales. Includes sales through website channels (Grainger, Zoro, MonotaRO), EDI/ePro and KeepStock).

(4) Cromwell is not shown in this section. It is located in the U.K., reported under "Other" in filings and has a high-touch solutions go-to-market approach



High-Touch Solutions – North America



Offer

Value-added MRO solutions rooted in deep product knowledge and customer expertise

Customer Base

- Higher complexity purchasing and product solutions (typically large / mid-sized businesses)

Strategic Pillars

- Competitively advantaged MRO solutions
- Differentiated sales and services
- Unparalleled customer service

Footprint⁽²⁾

United States, Canada & Mexico

- 348 Branches
- 24 Distribution Centers (DCs)
- ~950K SKUs in stock
- ~20,100 Team Members

Delivery Model⁽¹⁾

Relationships



Sales & Service Representatives



Digital

Over 3,500 sales and service representatives coupled with our digital solutions drive deep relationships with purchasers and end users

Origination

Website
33% of ordersDigital Channels
eProcurement
27% of ordersKeepStock
16% of ordersPhone
18% of ordersBranch
6% of orders

Strong technical knowledge across a wide range of product lines

Fulfilment

Distribution Centers
72% of ordersKeepStock
16% of ordersBranch Network
12% of orders

Endless Assortment

2021 sales
by Go-to-
market
approach

20%

Endless
Assortment



Offer

Easy purchasing through a streamlined and transparent online relationship with one-stop shopping for millions of products

Customer Base

- Lower complexity purchasing and product solutions (typically small / mid-sized businesses)

Strategic Pillars

- Expansive product assortment
- Innovative customer acquisition and retention capabilities

Footprint & Brands⁽²⁾

Japan⁽¹⁾

- ~20M available SKUs / 8 DCs
- ~1,900 team members
- Started in 2000 as JV between Grainger and Sumitomo
- GWW owns 50.3% stake
- Traded on TSE (ticker: MONOY)
- Market Cap: \$9.4B⁽²⁾



U.S. & U.K.

- ~10M available SKUs
- Leverage Grainger & Cromwell DCs
- ~600 Team Members



Delivery Model

Relationships



Primarily Digital

Digital solutions and marketing to build strong customer relationships

Origination



Website

Streamlined search and transactional experience

Fulfillment



Distribution Centers + Drop Ship

Delivering broad "endless" assortment across all business-to-business categories at competitive prices

Note: Data on this page, unless otherwise noted, is as of December 31, 2021.

(1) MonotaRO also has a small footprint outside of Japan representing <5% of their sales

(2) As of February 22, 2022



Investment Highlights



Compelling Investor Value Proposition



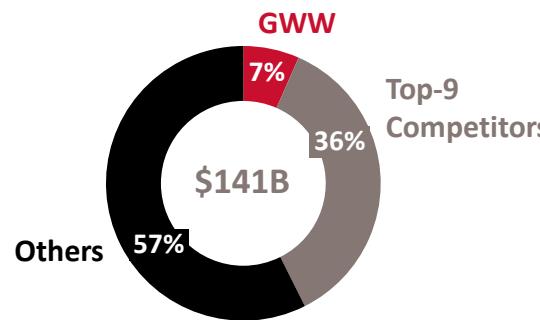
- 1 **Industry leader in large, fragmented and highly-attractive market**
- 2 **Competitively advantaged business models with diversified end-market exposure**
- 3 **Multiple levers for organic growth drive attractive value creation algorithm**
- 4 **Strong financial position supporting consistent return of capital**
- 5 **Resolute commitment to ESG⁽¹⁾ principles driven by strong employee culture**

1

Industry leader ...

Continuing to grow market-leading position ...

Market-share leader with U.S. High-Touch Solutions business ...⁽¹⁾



... coupled with differentiated, high-growth Endless Assortment channel

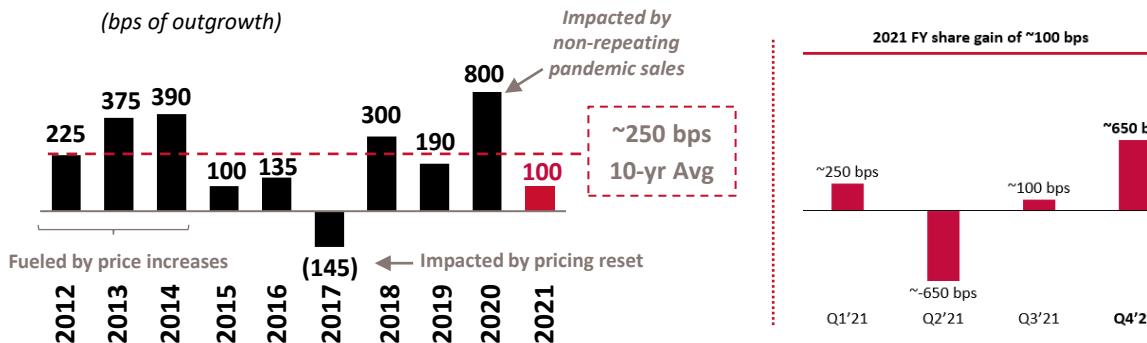
18%

2021 Growth

20%

5-year CAGR
(through 12/31/21)

U.S. high-touch business outgrowing broader MRO Market⁽²⁾



... with industry-leading MRO solutions

Top performer amongst peers in critical categories⁽³⁾



Overall customer satisfaction



Digital experience



Product selection & availability



Order fulfilment & delivery



Customer service & ease-of-doing business

SCALE, SUPPLY CHAIN & TECHNOLOGY advantages

**fuel growth, support industry consolidation
and enable investment through-the-cycle**

(1) Grainger U.S. business only (high-touch solutions). Shown as a % of addressable U.S. market as of March 10, 2021.

(2) Measured as daily sales growth of Grainger U.S. business only (high-touch) compared to estimated U.S. market growth. Market growth based on company estimates.

(3) Source: Various company surveys and analysis of customer and/or non-customer feedback.

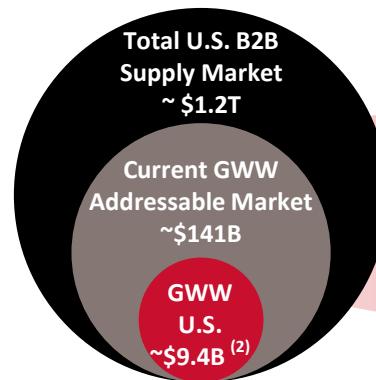


1

... in large, fragmented and highly-attractive market

U.S.

Other Geographies



	Market Share	Addressable Market
Canada	~4%	~\$14B
Mexico	~1%	~\$12B
Japan	~4%	~\$42B
U.K.	~1%	~\$18B

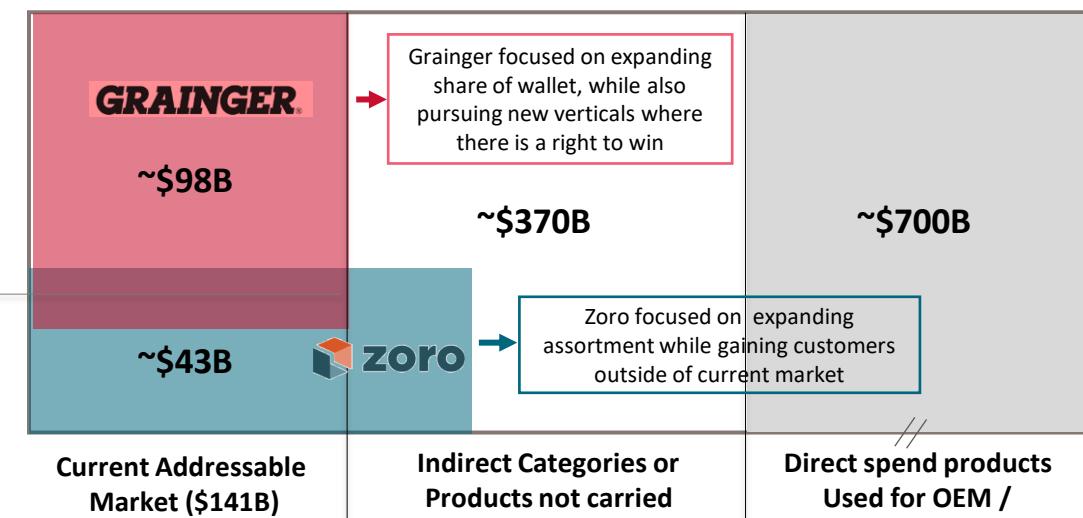
Global addressable market: ~\$286B

Large, fragmented industry with durable demand and favorable competitive characteristics⁽¹⁾⁽²⁾

Customer Type

Size / Complexity ↑

Large, untapped U.S. market opportunity (\$1.2T)



Supply non-discretionary products and services



Resilient end-market demand



Limited number of large, sophisticated competitors

Competitively advantaged business models ...

Go-to-market strategies focused on unique customer value proposition

Customer Profile ("Who")

High-Touch Solutions N.A.

- Typically, larger enterprises with complex procurement processes
- Expect product and service depth and breadth
- Focused on total cost of ownership

Customer Value Proposition ("What")

Endless Assortment

- Typically, smaller businesses with more simplistic purchasing processes
- Straight-forward product & service needs
- Focused on transparent pricing, ease-of-use

Advantaged MRO Solutions

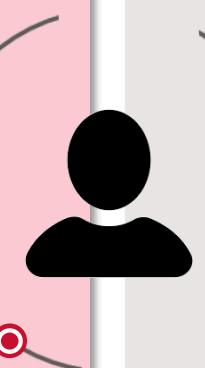
- MRO-focused, curated assortment
- Deep product & customer expertise
- Superior digital solutions

Differentiated Sales & Services

- Deep relationships and understanding of customer needs
- On-site inventory management and expert service offerings

Unparalleled Customer Service

- Complete and on-time fulfillment
- No-hassle invoicing and returns



Expansive product assortment

- Extended product range covering broad business categories
- Competitive pricing

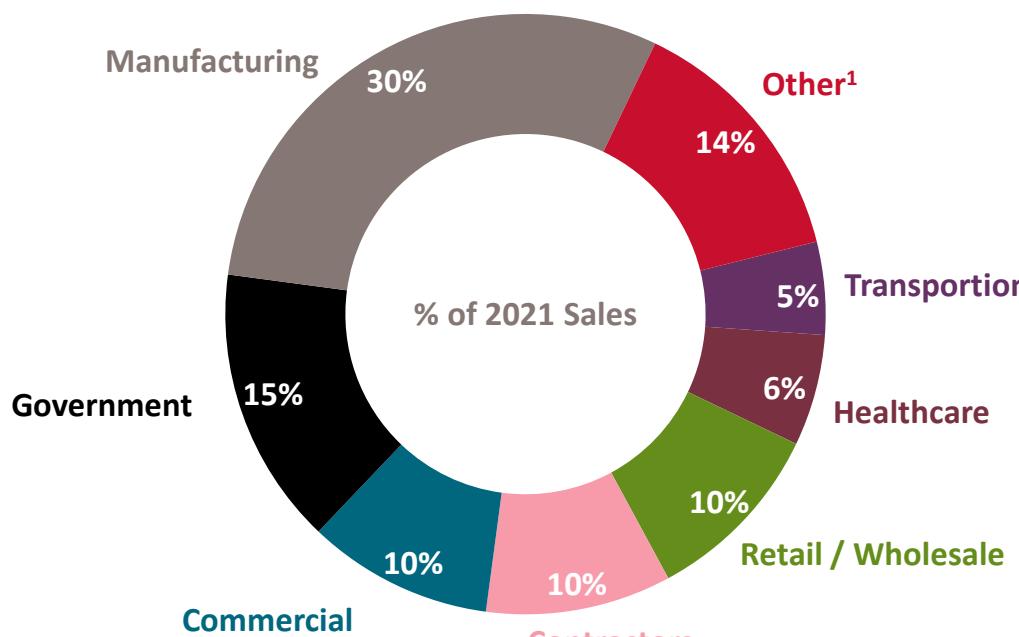
Innovative customer experience

- Intuitive business-focused e-commerce platform
- Intelligent analytics capabilities
- Customer-centric delivery platform

2

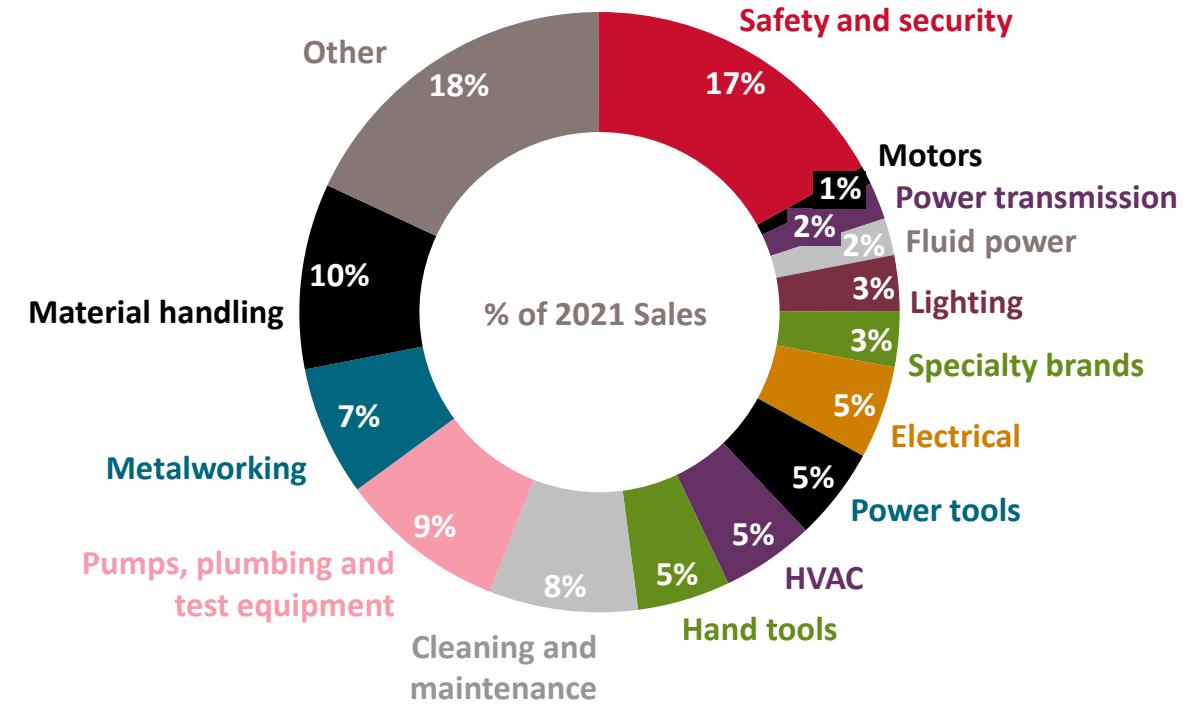
... with diversified end-market exposure

Diversified customer base ...



No single end customer accounts for >3% of total sales

... with a broad product assortment

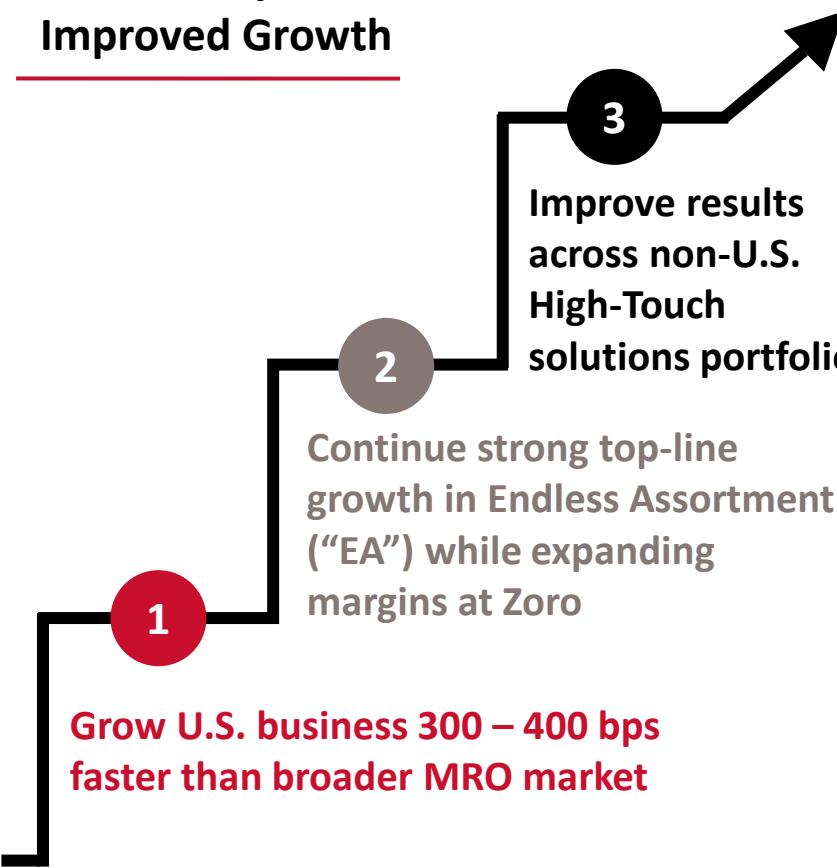


- >1.5M products from ~5,000 suppliers stocked in DCs
- >30M products offered globally

3

Multiple levers for organic growth ...

Pathway to Improved Growth



1) Grow U.S. business 300 – 400 bps faster than broader MRO market

Execute key near-term growth initiatives

- Continue re-merchandising assortment
- Improve marketing activities
- Enhance technology and salesforce effectiveness

Deepen customer relationships

- Embed with KeepStock and other service-based offerings
- Grow and retain mid-sized customers
- Extend large, multi-site customer relationships to c-suite

Expand addressable market

- Add new product categories; deepen existing ones
- Expand into new customer segments

2) High-teens top-line growth in EA while expanding margins at Zoro

- Run MonotaRO playbook at Zoro to capture growth; continue rapidly adding SKUs
- Ramp OP% margin at Zoro (mid-single digits projected in '22)

3) Improve results across non-U.S. High-Touch Solutions portfolio

- Multi-year cost take-out actions largely completed; focused on re-growing top-line
- Streamlining portfolio through divestitures of Fabory and China businesses.



3

... drive attractive value creation algorithm

Operational Execution

High-Touch Solutions N.A.

- ✓ U.S. share gain 300-400 bps above market
- ✓ Return Canada to profitability
- ✓ Post-pandemic GP margin (%) recovery
- ✓ Continued SG&A leverage (*grow at ½ the rate of sales*)

Endless Assortment

- ✓ High-teens top-line growth
- ✓ Ramp Zoro operating margin to high-single digits



Capital Allocation

Dividend Track Record

- ✓ Dividend Aristocrat with 50-year history of consecutive dividend increases



Share Repurchase Potential

- ✓ Anticipate \$600 - \$800 million of share repurchase in FY 2022
- ✓ 3-year average of ~\$650M in repurchases per year ⁽¹⁾

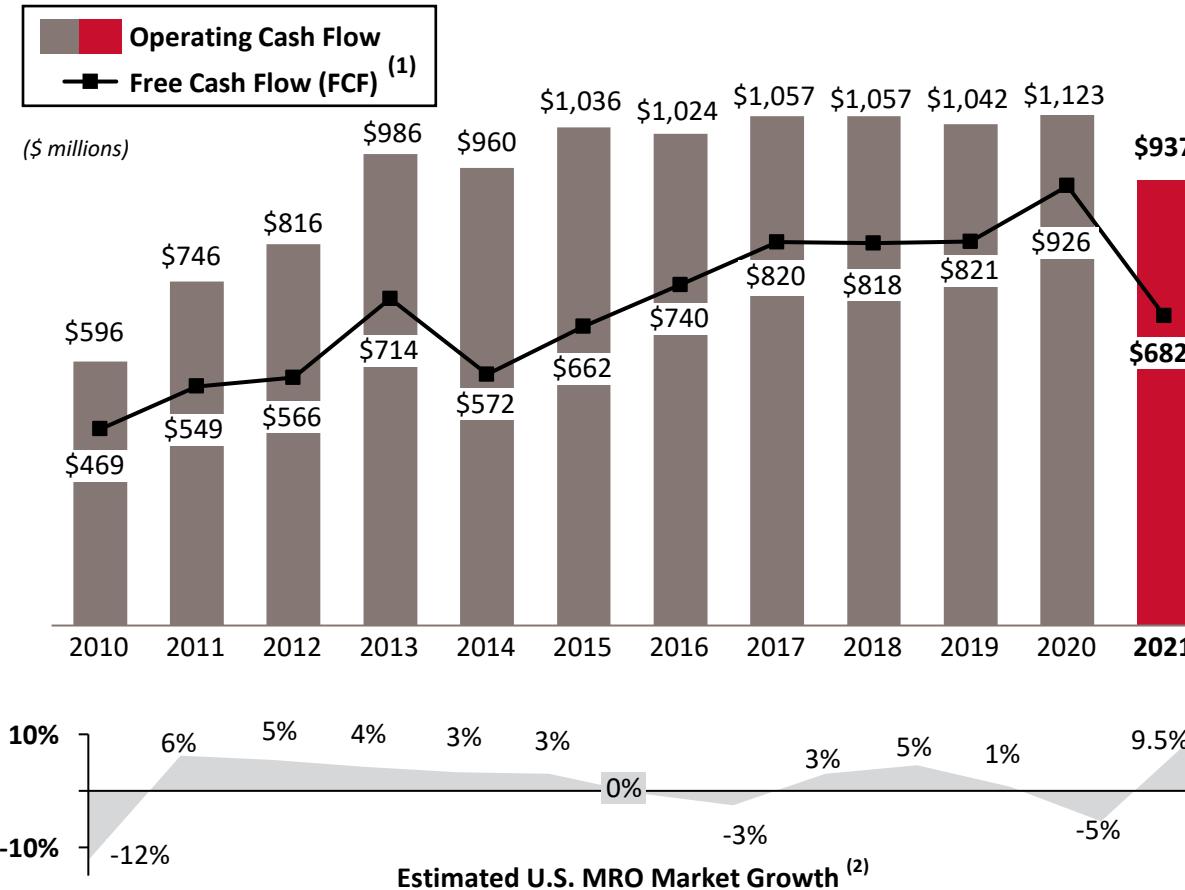
***Strong,
consistent
shareholder
return***

*Potential for high-single digit revenue growth
with low-double digit earnings growth*



4 Strong financial position ...

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



... coupled with prudent leverage and robust liquidity

1.2x⁽¹⁾

Net Leverage
(as of Dec. 31, 2021)

- Targeting 1.0x - 1.5x
- No significant maturities until 2025

\$1.5B

Available liquidity

cash + undrawn revolver
(as of Dec. 31, 2021)

\$0.2B in cash

A+

Credit Ratings
(Issuer)

(Stable)

S&P

(last reviewed June 11, 2021)

A3

(Stable)

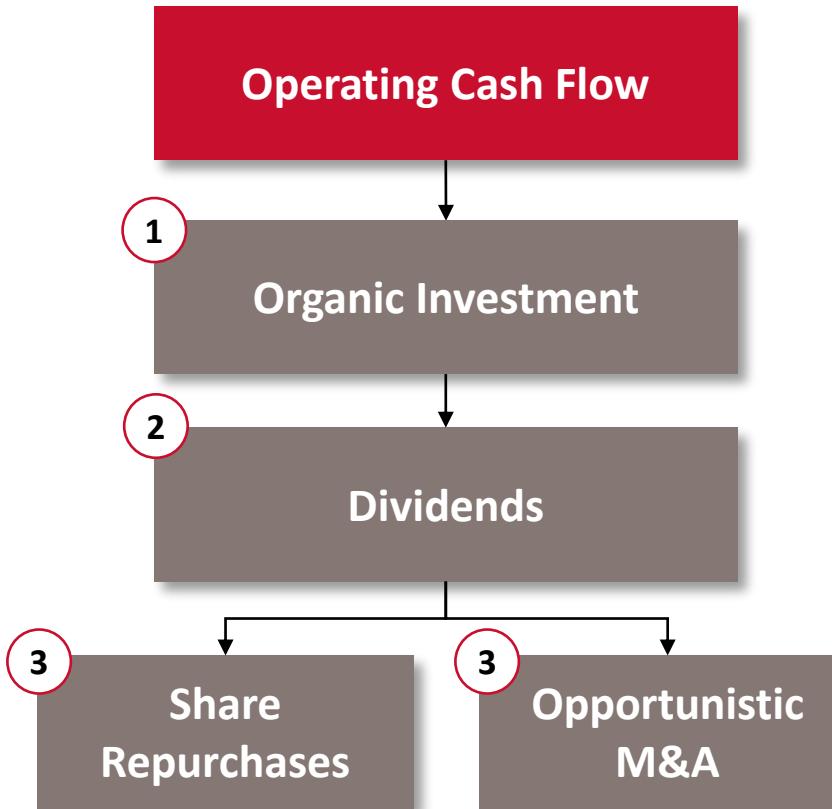
Moody's

(last reviewed Feb. 26, 2021)

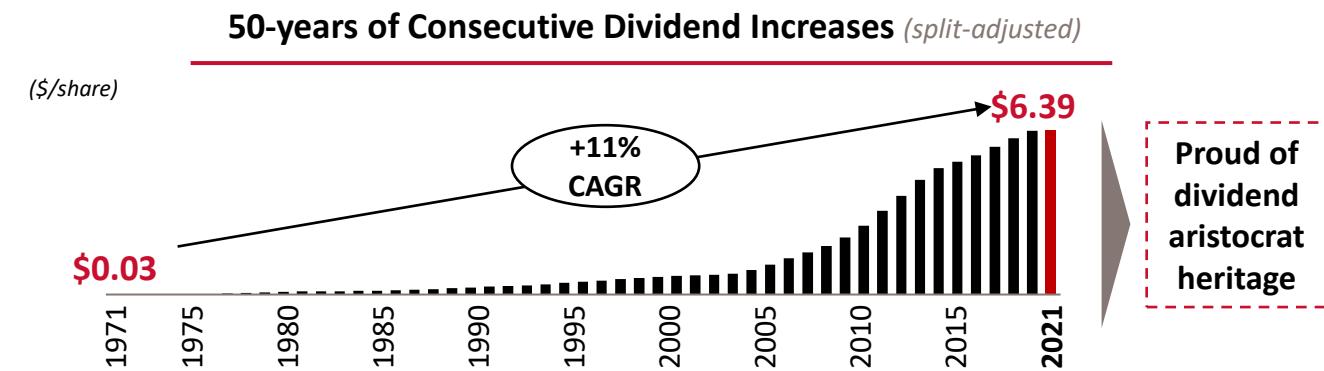
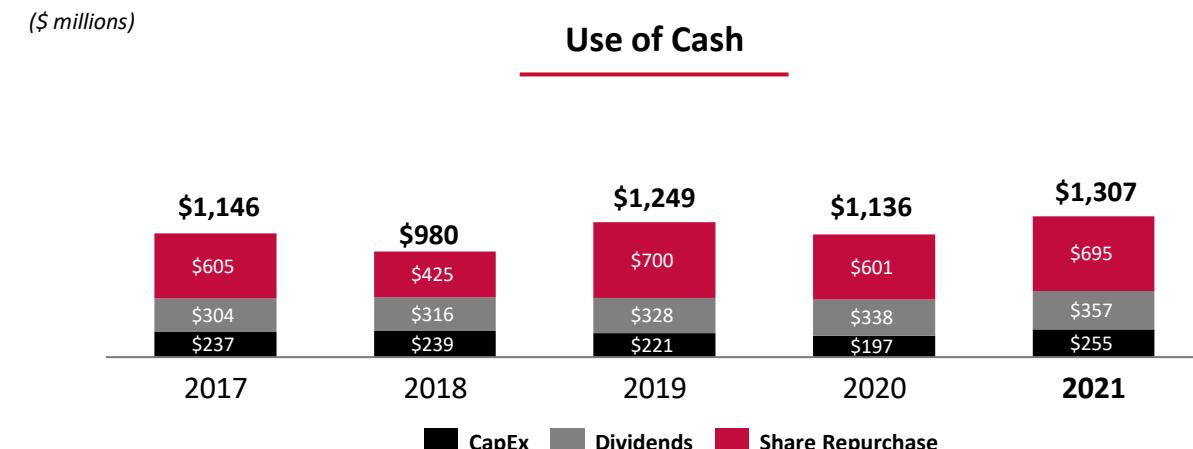
4

... supporting consistent return of capital

Balanced approach to capital allocation ...



... with predictable and stable uses of cash flow



Resolute commitment to ESG principles ...

Our Commitment



Ethics & Governance

- CEO, D.G. Macpherson, chairs the ESG Leadership Council. His direct involvement in ESG decision-making and governance highlights how important ESG issues are to Grainger.
- Grainger has a 'AAA' ESG risk rating from MSCI and is a Sustainalytics top-rated ESG company, demonstrating its industry-leading risk management.



People & Purpose

- An authentic, inclusive culture extends from customers to team members to local communities.
- By signing the Chicago Network Equity Principles pledge, Grainger has committed to strive to achieve 50 percent women in leadership positions by 2030.
- Nine business resource groups organized to celebrate diversity and encourage understanding and inclusion.
- >\$96M cash and product donations to nonprofit groups.



Sustainability & Stewardship

- Grainger works to continuously improve the environmental performance of our operations, solutions and products.
- The Company embraces climate change action and plans to reduce its absolute scope 1 and is working to reduce scope 2 emissions by 30% by 2030, using a 2018 baseline.*

** North American facilities only*



Supply Chain

- Grainger recognizes its duty to ensure its supply chain operates responsibly, while providing the best support and resources to suppliers and customers.
- In 2021, Grainger U.S. spent over \$1.6 billion with more than 6,600 small businesses and \$278 million with over 680 minority-, woman-, veteran-, disabled-person- and LGBT owned businesses for goods and services.

Awards & Recognition



Number 1
Industrial Distribution's
Big 50 List 2021



TOP 50



A top-scoring company
for the fifth straight year



100% score for
the seventh
straight year



B CDP rating for 2021



ESG program built on foundation of socially responsible and inclusive employee ethos

... driven by strong employee culture

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

Our Strategy

High-Touch Solutions North America (N.A.)

- Advantaged MRO solutions
- Differentiated sales and services
- Unparalleled customer service

Endless Assortment

- Expansive product assortment
- Innovative customer acquisition and retention capabilities

Our Principles



... Proud to be recognized as a great place to work

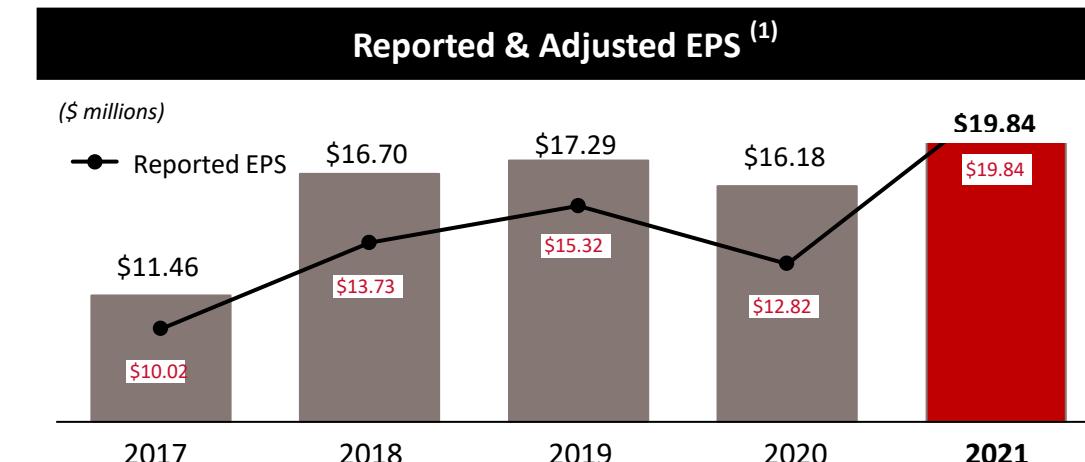
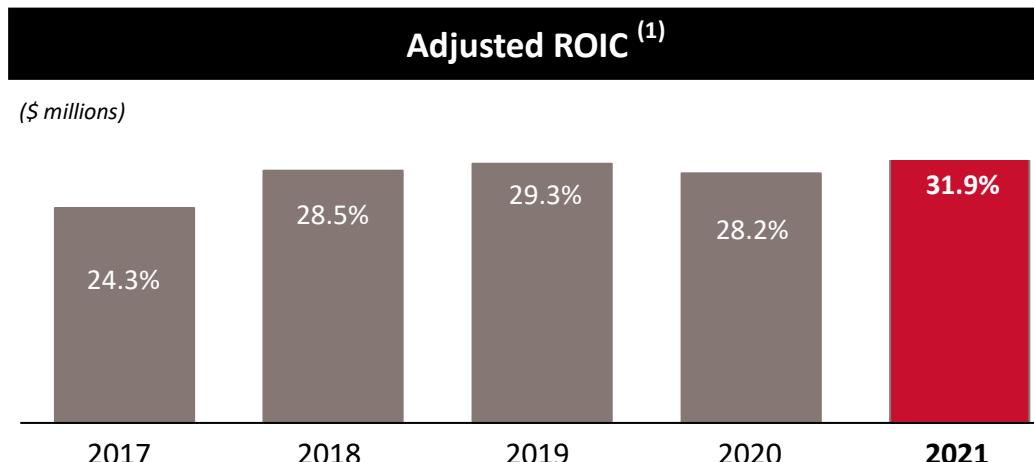
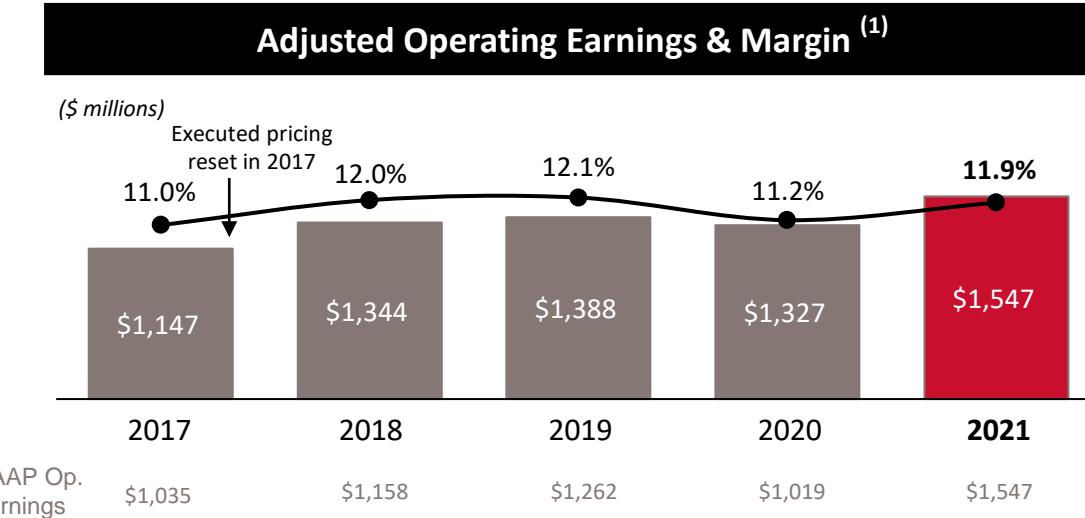
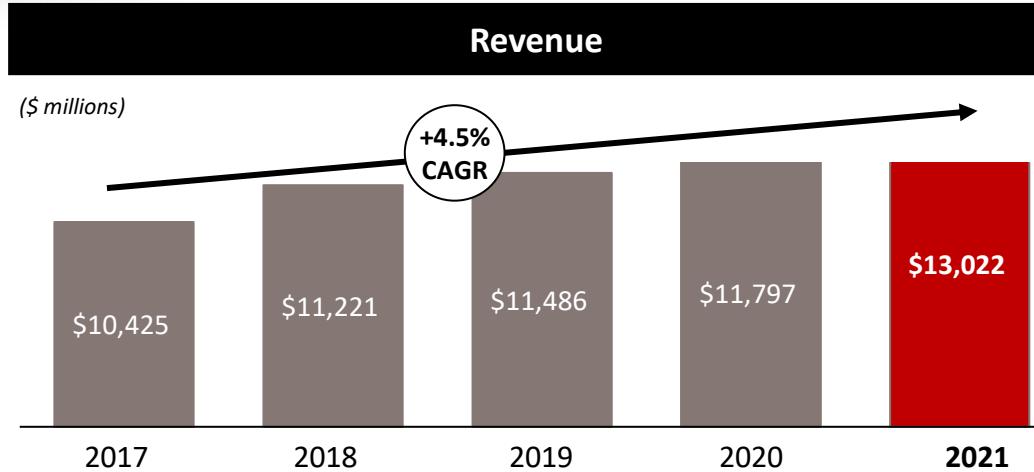


A photograph of a worker in a white protective suit and respirator mask working on a yellow industrial component. The worker is wearing a respirator mask with a green filter canister. The background shows a red and white striped structure and a yellow industrial component. The overall image has a high-contrast, graphic quality.

Financials & Run-Rate Targets



Financial Performance



Run-Rate Financial Targets

- **Grow U.S. business revenue 300 - 400 basis points above broader U.S. MRO market**
- **Deliver high-teens annual sales growth in Endless Assortment segment**
- **Ramp Zoro performance to achieve high-single digit adjusted operating margin potential**
(expectation for mid-single digits operating margin for full year 2022)
- **Minimize SG&A growth to half the rate of sales growth in the High-Touch Solutions business**
(assuming MRO market returns to normalized growth levels - e.g., 2-3% per year)
 - 2022 is not expected to meet this goal as the company makes strategic investments in growth initiatives
- **Expand adjusted operating margins through top-line growth and SG&A leverage**
- **Deliver 20% - 25% incremental margin** *(measured using adjusted operating margins)*



Conclusion



Unique Opportunity for Value Creation

Capitalizing on our unique opportunity set ...

- ① Industry leader in large, fragmented and highly attractive market
- ② Competitively advantaged offering with diversified end-market exposure
- ③ Multiple levers for organic growth and sustained value creation
- ④ Strong financial position supporting consistent return of capital
- ⑤ Resolute commitment to ESG principles driven by vibrant employee culture

... creates a *fly-wheel effect* to propel sustained value creation





Financial Performance (Q1'22)



2021 Year in Review

Demonstrated resilience and strength, leveraging scale in serving customers through the continued pandemic, supply chain volatility and uncertainty

- Maintained high levels of customer satisfaction throughout the year
- Invested in inventory to improve availability and meet growing demand
- Closed staffing gaps and labor challenges by investing in team members

Maintained focus on key initiatives, setting stage for continued growth

- Re-merchandised an additional \$1.5B of our product assortment
- Increased investment in marketing with improved returns, helping to drive share gain
- Grew KeepStock and eProcurement services, making it easier for customers to buy
- Strong progress on technology investments, including product and customer information
- Achieved Zoro SKU count goals, adding over 2.5M SKUs in the year
- Opened Ibaraki, Japan DC with focus on stocking MonotaRO's high-demand items locally
- Continued progress on ESG initiatives

By the Numbers

~\$4.4B



Total product re-merchandised

~60%



~8.7M

Active SKUs on Zoro.com (U.S.)

U.S. revenue from customers with one or more embedded solutions (e.g., KeepStock, ePro)

FY 2021 Adjusted Results: *Total Company*

Summary Results

(\$ in millions)

	FY 2021	FY 2020	% vs. PY Fav/(Unfav)
Sales	\$ 13,022	\$ 11,797	10.4% / 11.3% ⁽¹⁾
GP	4,720	4,238	11.4%
SG&A	3,173	2,911	(9.0)%
Op Earnings	\$ 1,547	\$ 1,327	16.6%
EPS	\$ 19.84	\$ 16.18	22.6%

(% of sales)

	FY 2021	FY 2020	bps vs. PY Fav/(Unfav)
GP Margin	36.2 %	35.9%	30
SG&A Margin	24.4 %	24.7%	35
Op Margin	11.9 %	11.2%	65

Commentary

Organic daily sales up 12.7%, 12.4% in constant currency

- Double-digit revenue growth in both segments on robust customer demand

GP margin expanded 30 bps

- Continued expansion in both segments and at Cromwell

Expanded operating margin 65 bps year over year

EPS for the year at \$19.84, 22.6% over prior year, while achieving all full year guidance expectations

FY 2021 Financial Highlights

Delivered exceptional growth and strong service to customers, achieving full year expectations

	2021 Guidance	2021A
Sales (\$ billions)	\$12.7 – \$13.0	\$13.0
<i>Daily growth</i>	8.5% - 11.0%	11.3%
<i>Organic daily growth</i>	10.0% – 12.5%	12.7%
Gross Profit Margin	36.1% – 36.6%	36.2%
Operating Margin	11.8% – 12.4%	11.9%
Tax Rate	25.0% - 26.0%	25.0%
EPS	\$19.00 - \$20.50	\$19.84

- Achieved **organic FY daily sales growth of 12.4% (total company, constant currency)**⁽¹⁾
 - **High-Touch Solutions N.A. FY daily sales growth of 10.8% (constant currency)** fueled by core, non-pandemic sales growth
 - **Two-year average market outgrowth of ~450 bps in the U.S.**
 - **Endless Assortment** achieved **FY daily sales growth of 20.5% (constant currency)**
- **Delivered operating margin of 11.9%, 65 bps improvement over prior year**
- **Returned over \$1B to shareholders through dividends and share repurchases**
- Maintained **strong adjusted ROIC of over 31.9% (total company)**

Note: See the appendix for any non-GAAP reconciliations. Numbers may not sum due to rounding.

(1) Organic daily sales remove results for Fabory (post June 30) and Grainger China (post August 21) in the prior year period to reflect the completed divestitures.



Q1 2022 Results: *Total Company*

Summary Results

	(\$ in millions)		% vs. PY Fav/(Unfav)
	Q1 2022	Q1 2021	
Sales	\$ 3,647	\$ 3,084	18.2%
<i>Daily Sales</i>	57.0	49.0	16.4%
GP	1,383	1,093	26.5%
SG&A	849	735	(15.4)%
Op Earnings	\$ 534	\$ 358	49.2%
EPS	\$ 7.07	\$ 4.48	57.8%
	(% of sales)		bps vs. PY Fav/(Unfav)
	Q1 2022	Q1 2021	
GP Margin	37.9 %	35.5 %	245
SG&A	23.3 %	23.9 %	60
Op Margin	14.6 %	11.6 %	305

Commentary vs. Prior Year

Sales increased 18.2%, 16.4% daily sales growth

- Double-digit revenue growth in both segments
- 17.9% sales growth on a daily, constant currency basis

GP margin expanded 245 bps

- Lapping prior year inventory adjustment in HTS - US
- Product mix drove additional tailwinds

SG&A leverage of 60 bps

- Fueled by strong top-line growth and prudent cost management

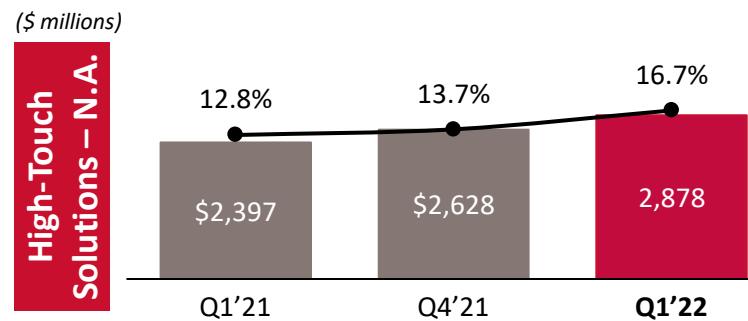
Expanded operating margin 305 bps

EPS of \$7.07, up 58% versus prior year

Note: Adjusted results are consistent with reported results for presented periods. See the appendix for any non-GAAP reconciliations. Numbers may not sum due to rounding. The Company has a controlling ownership interest in MonotaRO, which is part of our Endless Assortment segment. MonotaRO's results are fully consolidated, reflected in U.S. GAAP, and reported one-month in arrears. Results will differ from MonotaRO's externally reported financials which follow Japanese GAAP.

Q1 2022 – Segment Highlights

Sales & Operating Margin



Commentary

Sales increased 20.1%, 18.2% on a daily basis

- Solid realization from recent pricing actions
- Double-digit sales growth across all geographies and both large and mid-size customers

Gross profit margin up 310 bps

- Lapping prior year inventory adjustment
- Favorable product mix
- Given timing, price / cost positive; however, largely neutral when net of freight inflation

Operating margin up 395 bps

- SG&A leverage of 85 bps as revenue growth outpaced continued investments in marketing, payroll and benefits

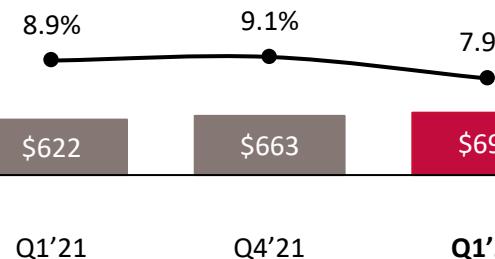
Sales increased 12.1%, 10.4% on a daily basis

- Zoro growth of 19.1% on a daily basis; MonotaRO growth of 18.4% in local days, local currency
- Continued customer acquisition at both Zoro and MonotaRO
- Strong enterprise customer growth at MonotaRO

Operating margin declined 95 bps, as planned

- Zoro expanded 90 bps as improved GP margin offset incremental payroll and advertising costs
- MonotaRO declined 165 bps primarily due to higher product costs and increased occupancy expense for the new DC

Endless Assortment





Appendix



Grainger's Leadership Team

Merging the best of our 95-year old heritage with fresh perspectives from diverse leadership team

Name	Title	Yrs. In Role (with GWW)
 D.G. Macpherson	Chairman and Chief Executive Officer	5 years (14)
 Kathleen Carroll	SVP, Chief Human Resource Officer	3 years (3)
 Barry Greenhouse	SVP, President Global Supply Chain and Customer Experience	3 years (18)
 John Howard	SVP and General Counsel	22 years (22)
 Jonny LeRoy	VP and Chief Technology Officer	2 years (2)
 Deidra Merriweather	SVP and Chief Financial Officer	1 year (9)
 Paige Robbins	SVP and President, Grainger Business Unit	1 year (12)
 Masaya Suzuki	Managing Director, Endless Assortment Business	2 years (21)
 Brian Walker	VP and Chief Product Officer	2 years (15)

Segmentation

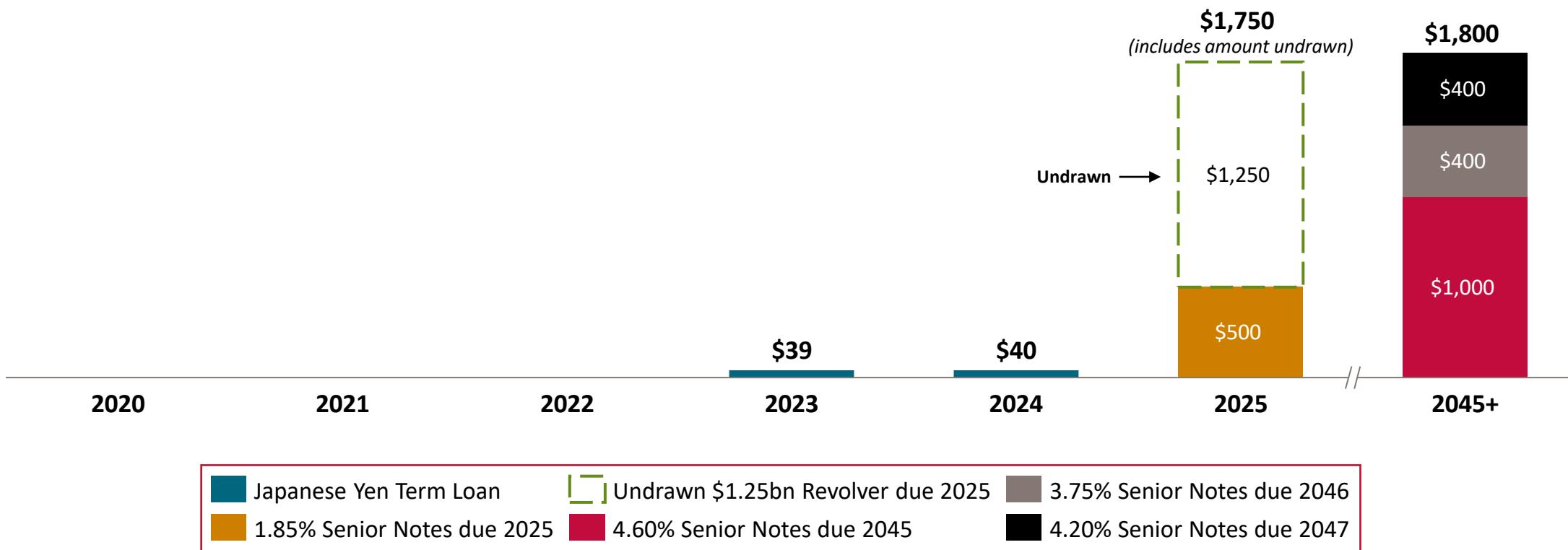
Segment	Businesses Included
High-Touch Solutions N.A.	<ul style="list-style-type: none">High-touch solutions businesses in the United States, Canada & Mexico
Endless Assortment	<ul style="list-style-type: none">MonotaRO (Japan)Zoro (U.S. and U.K.)
Other	<ul style="list-style-type: none">International high-touch solutions businesses<ul style="list-style-type: none">CromwellHistorical also includes Fabory and Grainger China prior to their divestitures in 2020.

Note: Only High-Touch Solutions N.A. and Endless Assortment are considered reportable segments for GAAP purposes

Debt Maturity Schedule (as of December 31, 2021)⁽¹⁾

No significant debt maturities upcoming

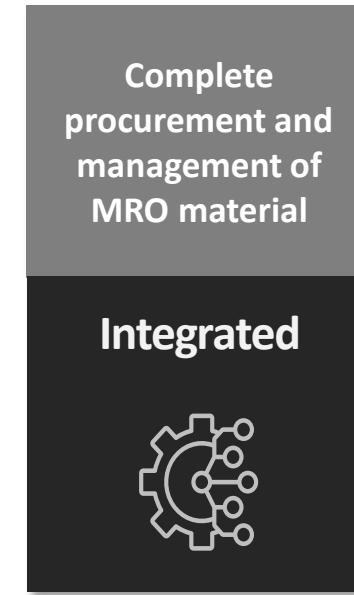
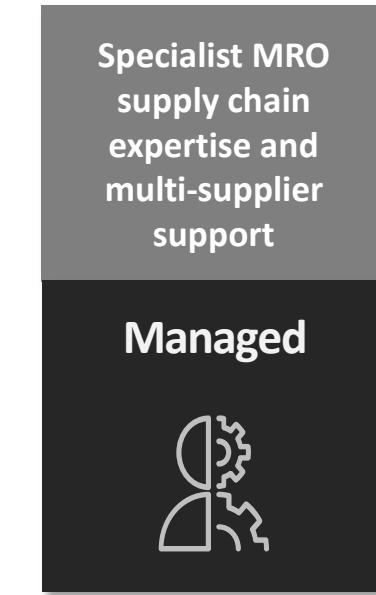
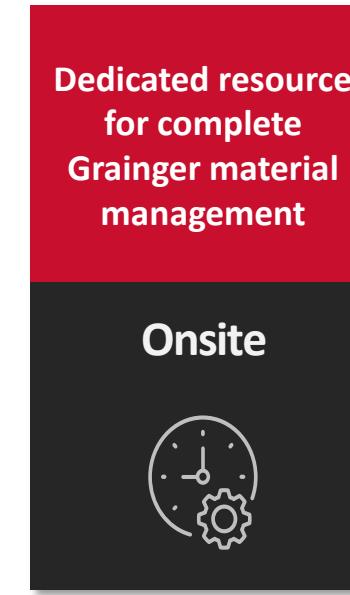
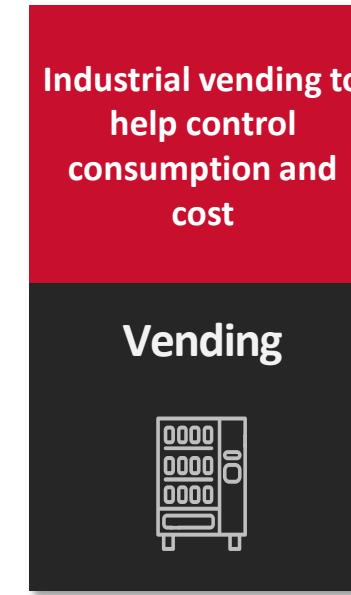
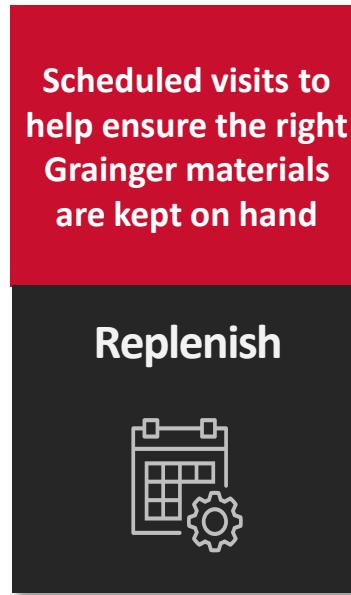
(\$ millions)



(1) Carrying value of long-term debt. Excludes current portion of long-term debt (\$8M) and non-current capital lease obligations (\$6M)

Grainger's KeepStock Offering: Overview

Our KeepStock offering aligns solutions to the range of our customers' core challenges



- *Customer control*
- *Improved visibility*
- *Easy replenishment*

- *Grainger managed*
- *Avoid stock outs*

- *Material at point-of-use*
- *Ability to monitor usage*

- *Complete MRO management*
- *Consignment where applicable*
- *Daily onsite presence*

- *Expanded scope & expertise*
- *Control & visibility to all MRO material*

- *Third-party management*
- *Guaranteed cost savings*

Grainger's KeepStock Offering: Core Vending Offer

Machines →

COIL



CAROUSEL



LOCKER



CABINET



DRAWER



High

High

Med to High

Medium

Medium

Security →

A black and white photograph of a construction worker. He is wearing a bright orange hard hat, safety glasses, and a dark blue short-sleeved work shirt with two chest pockets. He is also wearing a high-visibility safety vest with the word "GRAINGER" printed on the back. He is holding a black cylindrical object, likely a tool or a can, in his right hand. The background is a blurred industrial or construction site.

Non-GAAP Reconciliations



GAAP to Non-GAAP Reconciliations (Page 1 of 6)

Net Debt to Adjusted EBITDA

(in millions of dollars)

	December 31, 2021
Condensed Consolidated Balance Sheet	
Short-term debt	\$ —
Current maturities of long-term debt	—
Long-term debt	2,362
Less: Cash and cash equivalents	341
Net Debt	<u>\$ 2,121</u>
Condensed Consolidated Statement of Earnings	
Net earnings	\$ 1,114
Income taxes	371
Other expense, net	62
Condensed Consolidated Statement of Cash Flows	
Depreciation and amortization	185
EBITDA	<u>\$ 1,732</u>
Restructuring, net, impairment charges, and business divestitures	—
Adjusted EBITDA	<u>\$ 1,732</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.

Organic Daily Sales

	Year Ended December 31, 2021
Reported sales	10.4%
Day impact	0.9%
Daily sales	11.3%
Business divestitures ⁽¹⁾	1.4%
Organic daily sales	12.7%
Foreign exchange	(0.3)
Organic daily sales, constant currency	<u>12.4%</u>

Adjusted Gross Profit

(in millions)

	Year Ended December 31,	
	Gross	
	2021	2020
Gross profit reported	\$ 4,720	\$ 4,238
Gross profit adjusted	36.2%	35.9%
	<u>4,720</u>	<u>4,238</u>
	36.2%	35.9%

Note: The reconciliations within this appendix provide the information necessary to reconcile reported SG&A expense and reported SG&A margin to adjusted SG&A expense and adjusted SG&A margin, therefore no separate reconciliation is provided.

GAAP to Non-GAAP Reconciliations (Page 2 of 6)

Free Cash Flow

(\$ millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Cash Flow	\$ 530	\$ 732	\$ 596	\$ 746	\$ 816	\$ 986	\$ 960	\$ 1,036	\$ 1,024	\$ 1,057	\$ 1,057	\$ 1,042	\$ 1,123	\$ 937
Less: Additions to property, buildings, equipment and intangibles	183	142	127	197	250	272	388	374	284	237	239	221	197	255
Free Cash Flow	\$ 347	\$ 590	\$ 469	\$ 549	\$ 566	\$ 714	\$ 572	\$ 662	\$ 740	\$ 820	\$ 818	\$ 821	\$ 926	\$ 682

GAAP to Non-GAAP Reconciliations (Page 3 of 6)

Adjusted Operating Earnings

(\$ millions)

	2017	2018	2019	2020	2021
Operating earnings reported	\$ 1,035	\$ 1,158	\$ 1,262	\$ 1,019	\$ 1,547
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
Net Sales	\$ 10,425	\$ 11,221	\$ 11,486	\$ 11,797	\$ 13,022
Adjusted Operating Earnings %	11.0%	12.0%	12.1%	11.2%	11.9%

Adjusted Earnings per Share

Diluted earnings per share reported

Pretax restructuring, net, impairment charges, and business divestiture

Tax effect ⁽²⁾

U.S tax legislation ⁽³⁾

Discrete tax items

Total, net of tax

Diluted earnings per share adjusted

	2017	2018	2019	2020	2021
\$ 10.02	\$ 13.73	\$ 15.32	\$ 12.82	\$ 19.84	
1.91	3.26	2.26	5.68	-	
(0.21)	(0.29)	(0.29)	(2.32)	-	
(0.06)	-	-	-	-	
(0.20)	-	-	-	-	
1.44	2.97	1.97	3.36	-	
\$ 11.46	\$ 16.70	\$ 17.29	\$ 16.18	\$ 19.84	

Note: Numbers may not foot due to rounding of adjusting items. Results for 2015, 2016 and 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 costs, unless otherwise noted

(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 4 of 6)

Adjusted ROIC (1 of 2)

	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	
Less: Deferred and prepaid income taxes		21	14	61	46	46	
Less: Right of Use Asset		210	210	209	202	393	
Plus: LIFO reserves		446	446	450	458	510	
Less: Working Liabilities ⁽¹⁾		1,391	1,436	1,560	1,528	1,490	
Total Net Working Assets		\$ 4,797	\$ 4,732	\$ 4,705	\$ 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	
Less: Deferred and prepaid income taxes		22	75	43	40	21	
Less: Right of Use Asset		223	210	210	210	210	
Plus: LIFO reserves		426	436	444	466	446	
Less: Working Liabilities ⁽¹⁾		1,350	1,443	1,327	1,409	1,391	
Total Net Working Assets		\$ 4,692	\$ 4,614	\$ 4,690	\$ 4,769	\$ 4,797	\$ 4,712

Adj. Operating Income ⁽²⁾	1,547
Net Working Assets	\$ 4,844
ROIC	31.9%

Adj. Operating Income ⁽²⁾	1,327
Net Working Assets	\$ 4,712
ROIC	28.2%

(1) Defined as sum of trade accounts payables, accrued compensation and benefits, accrued contributions to employee's profit-sharing plans and accrued expenses

(2) See slide 38 for a reconciliation of adjusted operating income.

GAAP to Non-GAAP Reconciliations (Page 5 of 6)

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		22	20	24	22	22		
Less: Investments in unconsolidated entities		2	-	-	-	-		
Less: Right of Use Asset		-	188	200	207	223		
Plus: LIFO reserves		394	405	419	425	426		
Less: Working Liabilities ⁽¹⁾		1,342	1,238	1,297	1,290	1,350		
Total Net Working Assets		\$ 4,613	\$ 4,823	\$ 4,810	\$ 4,739	\$ 4,692	\$ 4,735	
	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	22		
Less: Investments in unconsolidated entities		9	5	8	2	2		
Plus: LIFO reserves		382	383	386	388	394		
Less: Working Liabilities ⁽¹⁾		1,392	1,284	1,302	1,342	1,342		
Total Net Working Assets		\$ 4,600	\$ 4,856	\$ 4,843	\$ 4,647	\$ 4,613	\$ 4,712	
	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	71	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	1,392		
Total Net Working Assets		\$ 4,681	\$ 4,829	\$ 4,817	\$ 4,700	\$ 4,600	\$ 4,725	

(1) Defined as sum of trade accounts payables, accrued compensation and benefits, accrued contributions to employee's profit-sharing plans and accrued expenses

(2) See slide 38 for a reconciliation of adjusted operating income.

GAAP to Non-GAAP Reconciliations (Page 6 of 6)

Quarterly Information

Q1 2022 Daily Sales vs. Q1 2021

	Company	High Touch Solutions N.A.	Endless Assortment
Reported Sales	18.2%	20.1%	12.1%
Daily Impact	(1.8%)	(1.9%)	(1.7%)
Daily Sales	16.4%	18.2%	10.4%
Foreign Exchange	1.5%	0.0%	7.0%
Daily Constant Currency	17.9%	18.2%	17.4%

Segment Operating Earnings

(\$ millions)	Q1'21	%	Q4'21	%	Q1'22	%
High Touch Solutions N.A.	\$ 306	12.8%	\$ 359	13.7%	\$ 481	16.7%
Endless Assortment	55	8.9%	60	9.1%	55	7.9%
Other	(3)	-4.6%	(2)	-3.0%	(2)	-2.8%
Segment operating earnings	\$ 358	11.6%	\$ 417	12.4%	\$ 534	14.6%

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

(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.

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GRAINGER
FOR THE ONES WHO GET IT DONE