



**Investor Relations  
July Monthly Sales  
August 13, 2015**

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Hi, this is Casey Darby, Senior Manager, Investor Relations for Grainger. Thank you for accessing this recorded message with information regarding Grainger's July 2015 sales results.

I'll begin by reminding you that certain statements and projections of future results made in this podcast constitute forward-looking information. This information is based on current expectations of market conditions and competitive and regulatory environments and involves risk and uncertainty. Please see our 2014 Form 10-K for a discussion of factors as they relate to forward-looking statements.

Let's begin with sales results for July. July 2015 had 22 selling days, the same as last year. For the month of July, total company sales declined 1 percent versus July 2014, which included a 4 percentage point decline from unfavorable foreign exchange and a 1 percentage point increase from acquisitions. Sales increased 2 percent on an organic basis, excluding foreign exchange and acquisitions, driven by 3 percentage points from volume, partially offset by a 1 percentage point decline in price.

Now let's turn our attention to sales results by segment. As a reminder, monthly sales history by reporting segment for the prior 2 years is available on the Investor Relations web site along with a summary of selling days by month. Please note that although some of our businesses have a different number of selling days due to local holidays, we use the number of selling days in the United States as the basis for our calculation of daily sales.



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I'll start with our largest segment, the United States. Sales for the U.S. segment increased 1 percent, consisting of 1 percentage point from volume and 1 percentage point from sales to Zoro U.S., the single channel online business. This growth was partially offset by a 1 percentage point decline in price. Price continues to be pressured by faster growth with lower margin customers.

For our customer end markets in the United States, which exclude sales to Zoro, sales performed as follows:

- Commercial and Retail were up in the mid-single digits;
- Light Manufacturing and Government were up in the low single digits;
- Heavy Manufacturing was down in the low single digits;
- Contractor and Resellers were down in the mid-single digits and
- Natural Resources was down in the mid-teens.

In July, oil prices declined and continued to affect our Natural Resources and Heavy Manufacturing customers. We estimate direct and indirect exposure to oil and gas represented about a 1 percentage point reduction to U.S. sales in the month. The strength of the U.S. dollar has also been a headwind to exporters, primarily Heavy Manufacturing customers. On the positive side, Commercial customer results were driven by strong, high-single digit growth with healthcare customers.



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In our Canadian segment, sales declined 19 percent in U.S. currency and were down 4 percent in local currency. The local currency decline was driven by a 13 percentage point decrease in volume, partially offset by 6 percentage points from the WFS acquisition and a 3 percentage point benefit from price. Oil prices continued to decline and the Canadian dollar weakened versus the U.S. dollar in the month of July. The combination of these two factors continues to present a significant headwind in Canada. On an organic basis, declines during the month in the Construction, Oil and Gas, Commercial, Heavy Manufacturing, Retail, Transportation and Utilities customer end markets more than offset growth to customers in the Mining, Government, Light Manufacturing and Forestry end markets.

Daily sales for our Other Businesses increased 8 percent in July, consisting of 25 percentage points from volume and price, partially offset by 17 percentage points decrease from foreign exchange. The daily sales increase was primarily due to strong revenue growth from Zoro U.S. and Japan.

As a reminder, on July 30<sup>th</sup> we announced the agreement to acquire Cromwell Group (Holdings) Limited, which is expected to close in early September. Upon closing, results for Cromwell will be reported in Other Businesses.

Looking ahead, August will have 21 selling days, the same as last year. Sales performance thus far in August is consistent with the results for July.



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Please mark your calendar for the following upcoming events:

- On August 19<sup>th</sup>, Paul Miller, Vice President of Global eCommerce, Customer Information and Innovation, will participate in the ITG Industrial Conference in Milwaukee, WI.
- We plan to report August sales on Monday, September 14<sup>th</sup> at 8:00 a.m. EDT.
- Looking further out, we plan to report 2015 third quarter results on Friday, October 16<sup>th</sup> at 7:30 a.m. EDT.
- And finally, we will host our Annual Analyst Meeting on Thursday, November 12<sup>th</sup>, which will be held at our headquarters in Lake Forest, IL.

If you have questions about July sales or any of the upcoming events, please contact Laura Brown, Senior Vice President, Communications and Investor Relations at 847-535-0409, Bill Chapman, Senior Director of Investor Relations at 847-535-0881 or me at 847-535-0099. Thank you for your interest in Grainger.