MSC Industrial Direct Co. Inc. (MSM)

Updated April 17th, 2026 by Quinn Mohammed

Key Metrics

Current Price:	$98	**5 Year CAGR Estimate:**	6.7%	**Market Cap:**	$5.3B
Fair Value Price:	$74	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	04/08/2026
% Fair Value:	133%	**5 Year Valuation Multiple Estimate:**	-5.5%	**Dividend Payment Date:**	04/22/2026
Dividend Yield:	3.6%	**5 Year Price Target**	$114	**Years Of Dividend Growth:**	4
Dividend Risk Score:	D	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Founded in 1941 by Sid Jacobson, MSC Industrial Direct (MSM) is one of the largest direct marketers and distributors of metalworking and maintenance, repair, and operations (MRO) products in North America. The company has 6 customer fulfillment centers, 10 regional inventory centers and 38 warehouses. MSM is a $5.3 billion market cap company that employs over 7,000 people.

On January 11th, 2023, MSC Industrial acquired Buckeye Industrial Supply Co, an independent metalworking distributor, as well as Tru-Edge Grinding, a custom tool manufacturer. Combined, the two companies generated $28 million in revenue in 2022.

On June 25th, 2024, MSC announced its acquisition of ApTex, Inc., a production-oriented industrial distributor, and Premier Tool Grinding, Inc., a designer and manufacturer of carbide cutting tools. The two companies generated more than $20 million in 2023.

On October 8th, 2025, MSC Industrial Direct increased its quarterly dividend by 2.4% to $0.87 per share.

On April 1st, 2026, MSM reported second quarter results. Net sales for the quarter came in at $918 million, a 3% year-over-year increase. Adjusted income from operations rose 8.5% to $69.1 million. Its adjusted operating margin was higher than in the prior year at 7.5% vs 7.1%. Adjusted net income rose 13% to $45.8 million and adjusted diluted EPS jumped 14% to $0.82 from $0.72 in the same prior year period.

Leadership initiated its Q3 2026 outlook for adjusted operating margin of 9.7% to 10.3% and 5.0% to 7.0% ADS growth.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.76	$4.00	$5.10	$5.20	$4.51	$4.81	$6.15	$6.29	$4.81	$3.76	***$4.34***	***$6.68***
DPS	$1.72	$1.80	$2.22	$2.76	$3.00	$3.00	$3.00	$3.16	$3.32	$3.40	***$3.48***	***$5.11***
Shares[1]	57	56	56	56	55	55	56	56	56	56	***55***	***52***

Over the past decade, MSC Industrial has exhibited cyclical financial results. Due to its underperformance in 2025, the company's EPS remained unchanged from its level ten years prior. Margins were a weak point in 2025, with adjusted operating margin declining 230 basis points to 8.4%. Nevertheless, from the current low point, we expect approximately 9% EPS growth over the next five years.

The company has been able to regularly increase product prices, but it has suffered margin weakness in FY 2024 and FY 2025. So far in FY 2026, margins appear to remain weak, but are now expected to improve in the second half of the year.

MSC successfully completed the first chapter of its Mission Critical Program in the fourth quarter of 2023, when it grew over 500 basis points above the Industrial Production Index, improved adjusted operating margin by more than 200 basis points, and improved ROIC into the high teens since fourth quarter 2020. It has announced chapter two of this program, aiming to outgrow the Industrial Production Index by at least 400 basis points, and margins of at least 20%

[1] In millions

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through a business cycle. Over the long term, the business aspires to achieve mid-teens operating margins and return on invested capital of 20%. In the near term this is challenging due to the softness seen in heavy manufacturing.

Additionally, the company states its current growth priorities include tuck-in acquisitions, such as the recent purchase of ApTex, Premier Tool Grinding, and Buckeye Industrial Supply Co., and share repurchases. Tariffs weigh on the profitability of the company, but it is well positioned to weather the storm with approximately 200,000 Made in the USA products that it has available, which includes roughly 40,000 exclusive brand products.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.0	21.5	17.0	14.4	14.6	17.9	13.1	14.6	19.1	22.2	***22.6***	***17.0***
Avg. Yld.	2.5%	2.1%	2.6%	3.7%	4.4%	3.5%	3.8%	3.3%	3.3%	4.1%	***3.6%***	***4.5%***

Over the past ten and five years, shares of MSM have traded hands with an average P/E ratio of 17.2- and 17.5-times earnings, respectively. We credit this multiple to three basic items: a solid established business, a conservative balance sheet and a large family stake. MSM also paid a special dividend in 2005, 2011, 2015 and 2020.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	46%	45%	44%	53%	67%	62%	49%	50%	69%	90%	***80%***	***77%***

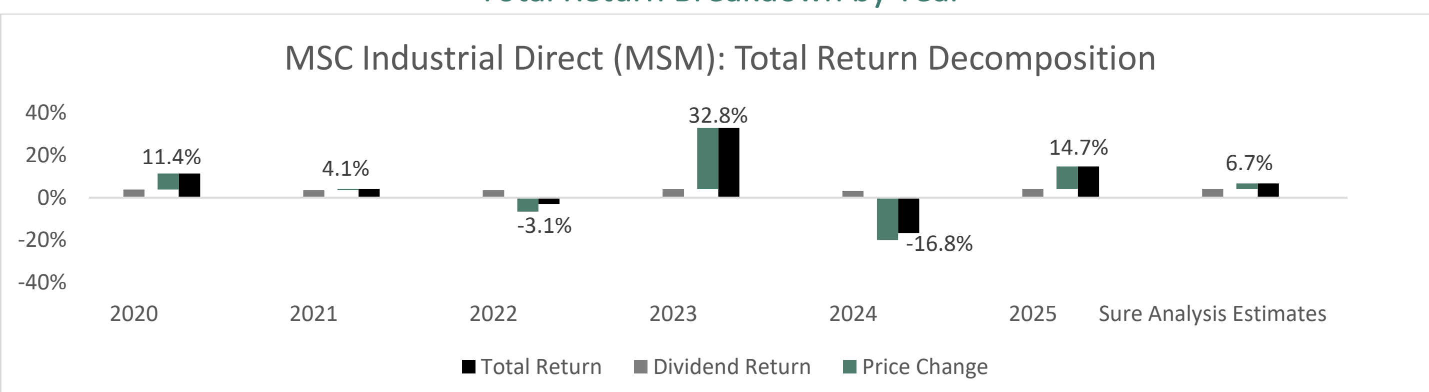
MSM's competitive advantage stems from its superior scale and execution. The company has roughly 2.4 million SKUs and boasts a rapid order fulfillment rate. It is true that Amazon is a formidable threat, but thus far MSM has been able to ward off attacks through its niche market relationships. Another threat to the business is the possibility of American manufacturing, especially metalworking, moving overseas; however, this seems less and less likely.

During the last recession MSM's performance was average, posting earnings-per-share of $3.04, $2.00, $2.37, and $3.43 for the fiscal years ending 2008, 2009, 2010 and 2011, respectively. Earnings are likely to be cyclical in the future, but the overall trend has been positive. As of the last quarterly report, net debt stood at $466 million with a net debt to EBITDA ratio of 1.2x, within its target leverage ratio range of 1.0x to 2.0x.

Final Thoughts & Recommendation

MSM is one of those companies that can easily slide under the radar unless you are directly involved in the supply chain. The general public does not see a strong brand fronting the business, so it can be difficult to conceptualize the company's competitive position. Yet due to MSM's scale, dependability, and niche relationships, the company has developed a consistent profit machine. Total returns going forward are estimated at 6.7%, stemming from the 3.6% dividend yield and 9.0% EPS growth, partly offset by (5.5%) P/E multiple contraction. MSM earns a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2864	2888	3204	3364	3192	3243	3692	4009	3821	3,770
Gross Profit	1289	1286	1393	1432	1343	1334	1558	1643	1573	1,534
Gross Margin	45.0%	44.5%	43.5%	42.6%	42.1%	41.1%	42.2%	41.0%	41.2%	40.6%
D&A Exp.	72	63	63	65	69	69	70	75	83	92.4
Operating Profit	376	379	421	407	368	339	474	492	405	313.7
Op. Margin	8.1%	8.0%	10.3%	8.6%	7.9%	6.7%	12.8%	12.3%	10.6%	8.3%
Net Profit	313	200	295	277	350	171	340	343	259	197.8
Net Margin	10.9%	6.9%	9.2%	8.2%	11.0%	5.3%	9.2%	8.6%	6.8%	5.3%
Free Cash Flow			295	277	350	171	185	607	311	240.9
Income Tax	141	137	77	94	82	70	111	113	87	65.7

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	2065	2099	2289	2311	2382	2462	2729	2544	2462	2,462
Cash & Equivalents	53	16	46	32	125	41	44	50	30	56.2
Acc. Receivable	392	472	524	541	492	560	688	435	412	423.3
Inventories	444	465	518	559	543	624	716	727	644	644.1
Goodwill & Int.	729	744	798	794	782	795	824	829	825	809.2
Total Liabilities	967	874	901	827	1062	1300	1367	1052	1061	1,066
Accounts Payable	111	121	145	160	126	186	217	226	206	225.2
Long-Term Debt	607	533	535	442	619	786	795	454	509	538.8
Total Equity	1098	1225	1387	1479	1315	1151	1350	1479	1392	1,388
D/E Ratio	0.55	0.44	0.39	0.30	0.47	0.68	0.59	0.31	0.37	0.3881

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	11.1%	11.1%	15.0%	12.6%	10.7%	9.0%	13.1%	13.0%	10.3%	8.0%
Return on Equity	19.0%	19.9%	25.2%	20.2%	18.0%	17.6%	27.2%	24.3%	17.9%	14.1%
ROIC	13.3%	13.4%	17.9%	15.0%	13.0%	11.2%	16.6%	16.7%	13.4%	10.1%
Shares Out.	57	56	56	56	55	55	56	56	56	55.9
Revenue/Share	46.88	50.69	56.50	60.60	57.37	57.82	65.87	71.32	67.70	67.44
FCF/Share	5.13	3.52	5.20	4.98	6.29	3.04	3.30	10.80	5.52	4.31

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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