

NYSE: GWW

Q3 2024 Earnings Call

October 31, 2024

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,” “predict,” “project,” “will,” “continue,” “commit,” “target,” “guidance,” “deliver,” or “beyond” 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: inflation, higher product costs or other expenses, including operational and administrative expenses; the impact of macroeconomic pressures and geopolitical trends, changes and events; a major loss of customers; loss or disruption of sources of supply; changes in customer or product mix; increased competitive pricing pressures; changes in third party practices regarding digital advertising; 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, including with respect to Grainger’s eCommerce platforms; failure to adequately protect intellectual property or successfully defend against infringement claims; fluctuations or declines in Grainger’s gross profit margin; Grainger’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, regulations related to advertising, marketing and the Internet, 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; the impact of any government shutdown; disruption or breaches of information technology or data security systems involving Grainger or third parties on which Grainger 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 Grainger’s common stock; commodity price volatility; facilities disruptions or shutdowns; higher fuel costs or disruptions in transportation services; outbreaks of pandemic disease or viral contagions; natural or human induced disasters, extreme weather and other catastrophes or conditions; effects of climate change; failure to execute on our efforts and programs related to environmental, social and governance matters; competition for, or failure to attract, retain, train, motivate and develop executives and key employees; loss of key members of management or key employees; loss of operational flexibility and potential for work stoppages or slowdowns if employees unionize or join a collective bargaining arrangement; changes in effective tax rates; changes in credit ratings or outlook; Grainger’s incurrence of indebtedness or failure to comply with restrictions and obligations under its debt agreements and instruments; 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 is available in the appendix to this presentation, including: adjusted return on invested capital; adjusted gross profit, adjusted operating earnings, adjusted EBITDA; adjusted SG&A; daily sales; daily, organic daily sales; constant currency sales; daily, organic constant currency sales; constant currency sales in local days; daily, organic constant currency sales in local days; net leverage ratio; and free cash flow. This communication also includes certain non-GAAP forward-looking information (including, but not limited to slides 12 & 21). 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.

Opening Remarks

D.G. Macpherson
Chairman and CEO



The Grainger Edge® embedded in everything we do



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 Principles

-  Start with the **Customer**
-  Win as **One Team**
-  Act with **Intent**
-  Invest in our **Success**
-  Embrace **Curiosity**
-  Compete with **Urgency**
-  Do the **Right Thing**

Q3 2024 Highlights

Strong execution fueling results

- Continued advancing strategic priorities across the business including breaking ground at new distribution center outside of Houston
- Delivered another quarter of solid growth and profitability
 - Generated reported sales growth of 4.3% (4.0% in daily, organic constant currency)
 - Delivered diluted EPS growth of 4.7% versus prior year
 - Produced operating cash flow of \$611 million
- Returned \$328 million to shareholders through dividends and share repurchases⁽¹⁾
- Narrowing FY 2024 earnings outlook

Sales

\$4.4B

+4.0%
(daily, organic
constant currency)

Operating
Margin

15.6%

(30) bps

EPS
(diluted)

\$9.87

+4.7%

Adj. ROIC⁽²⁾

42.9%

(150) bps

Q3 2024 Results



Dee Merriwether
SVP and CFO

Q3 2024 Results: *Total Company*

Summary Results

(\$ in millions)

	Q3 2024		Q3 2023	% vs. PY Fav/(Unfav)
Sales	\$	4,388	\$ 4,208	4.3%
Daily Sales		68.6	66.8	2.6%
GP		1,720	1,655	3.9%
SG&A		1,034	988	(4.7)%
Op Earnings	\$	686	\$ 667	2.8%
EPS (diluted)	\$	9.87	\$ 9.43	4.7%
(% of sales)				
	Q3 2024		Q3 2023	bps vs. PY Fav/(Unfav)
GP Margin		39.2 %	39.3 %	(10)
SG&A		23.6 %	23.4 %	(20)
Op Margin		15.6 %	15.9 %	(30)

Commentary vs. Prior Year

Sales increased 4.3%; up 2.6% on a daily basis

- 4.0% sales growth on a daily, organic constant currency basis
- Generated growth in both segments

Gross profit margin declined 10 bps vs. PY

Operating margin declined 30 bps

- Strong leverage within Endless Assortment partially offsetting a decline at HTS - N.A.

Diluted EPS of \$9.87, up 44 cents or 4.7% versus prior year

Q3 2024 Results: *High-Touch Solutions - N.A.*

Summary Results

(\$ in millions)

	Q3 2024		Q3 2023		% vs. PY Fav/(Unfav)
Sales	\$	3,515	\$	3,403	3.3%
Daily Sales		54.9		54.0	1.7%
GP		1,462		1,418	3.1%
SG&A		845		806	(4.8)%
Op Earnings	\$	617	\$	612	0.8%

(% of sales)

	Q3 2024		Q3 2023		bps vs. PY Fav/(Unfav)
GP Margin		41.6 %		41.7 %	(10)
SG&A		24.0 %		23.7 %	(30)
Op Margin		17.6 %		18.0 %	(40)

Commentary vs. Prior Year

Sales increased 3.3%; up 1.7% on a daily basis

- Increased 2.5% on a daily, organic constant currency basis
- Growth across all geographies in local days, local constant currency

Gross profit margin declined 10 bps

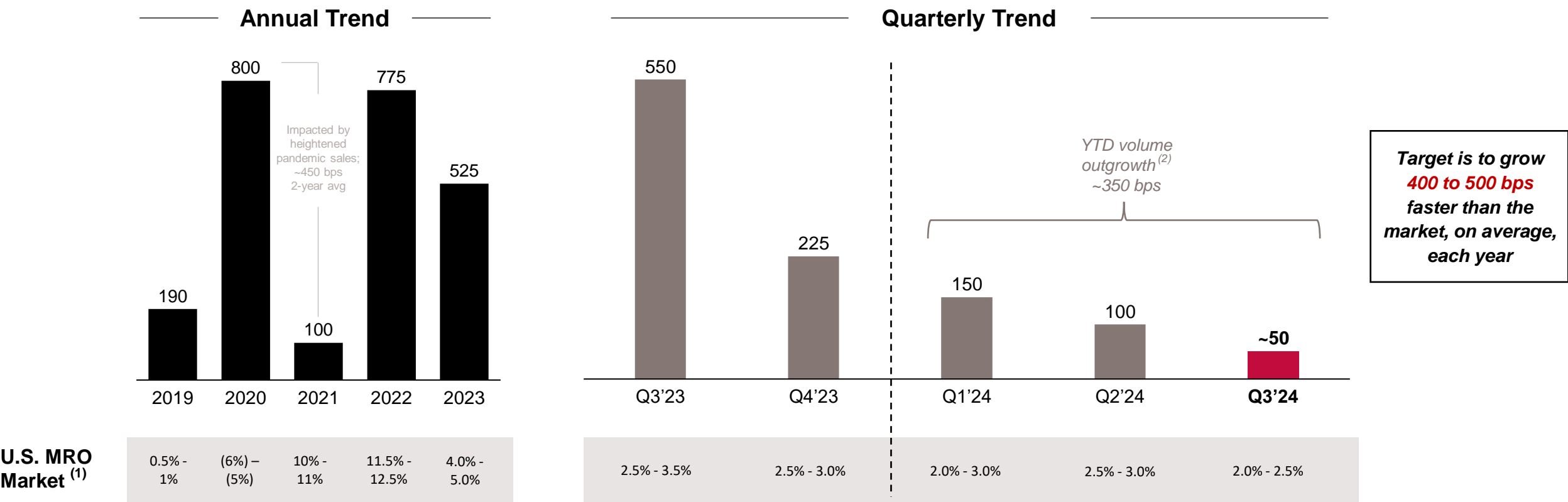
- Price/cost roughly neutral

Operating margin declined 40 bps

- Continued investment in demand generating activities and annual merit increases

Sales Outgrowth: *High-Touch Solutions - U.S.*

Delivered Q3'24 market outgrowth of ~50 bps reflecting market measurement dislocation



Q3 2024 Results: *Endless Assortment*

Summary Results

(\$ in millions)				% vs. PY Fav/(Unfav)	
	Q3 2024		Q3 2023		
Sales	\$	791	\$	732	8.1%
Daily Sales		12.4		11.6	6.4%
GP		233		216	7.9%
SG&A		163		161	(1.2)%
Op Earnings	\$	70	\$	55	27.3%
(% of sales)				bps vs. PY Fav/(Unfav)	
	Q3 2024		Q3 2023		
GP Margin		29.5 %		29.6 %	(10)
SG&A		20.7 %		22.1 %	140
Op Margin		8.8 %		7.5 %	130

Commentary vs. Prior Year

Sales increased 8.1%; up 11.5% on a daily, constant currency basis

- Zero growth of 11.3% on a daily basis
- MonotaRO reported growth impacted by depreciating Yen; 15.4% growth in local days, local constant currency

Gross profit margin declined 10 bps

Operating margin increased 130 bps

- Zero up 120 bps as operating efficiencies and a one-time reserve true-up were partially offset by increased marketing spend
- MonotaRO increased 130 bps on DC operating efficiencies

Looking Ahead



Dee Merriwether
SVP and CFO



2024 Full Year Guidance: *Total Company*

**Narrowing
full year
expectations**

	2023A	2024 Guidance <small>(Updated October 31, 2024)</small>	Y/Y change
Sales (\$ billions) <small>Prior FY'24 Guidance</small>	\$16.5	\$17.1 – \$17.3 <small>\$17.0 – \$17.3</small>	4.0% to 4.75% <small>(4.5% to 5.25% daily, organic constant currency sales)</small>
Gross Profit Margin <small>Prior FY'24 Guidance</small>	39.4%	39.3% – 39.4% <small>39.2% – 39.4%</small>	(10) bps to flat
Operating Margin <small>Prior FY'24 Guidance</small>	15.7%	15.4% – 15.6% <small>15.3% – 15.7%</small>	(30) to (10) bps
EPS (diluted) <small>Prior FY'24 Guidance</small>	\$36.67	\$38.65 – \$39.35 <small>\$38.00 – \$39.50</small>	5.4% to 7.3%

Closing Remarks

D.G. Macpherson
Chairman and CEO



Q&A



Appendix

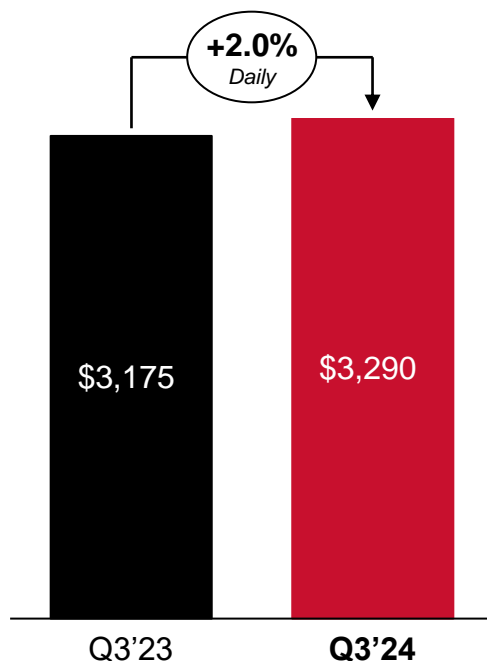


Q3 2024 Segment Highlights: *High-Touch Solutions - N.A.*

HTS - U.S.

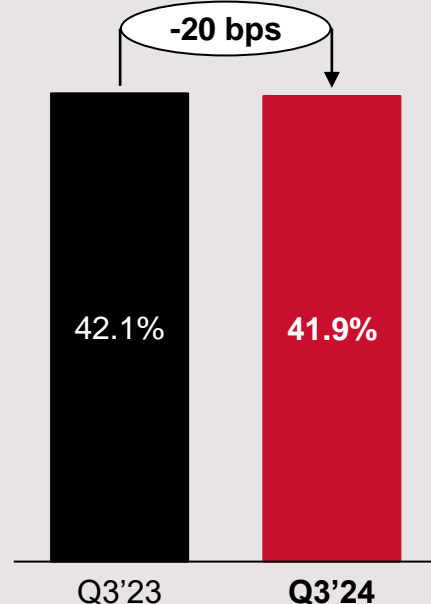
(\$ millions)

Sales



Daily, organic sales: +2.6%

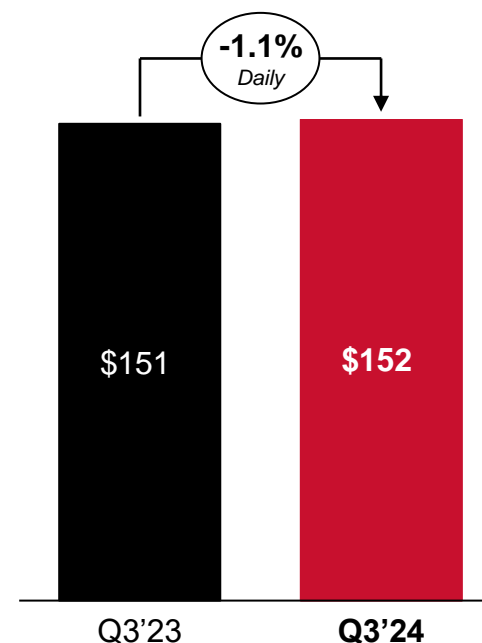
Gross Profit



HTS - Canada

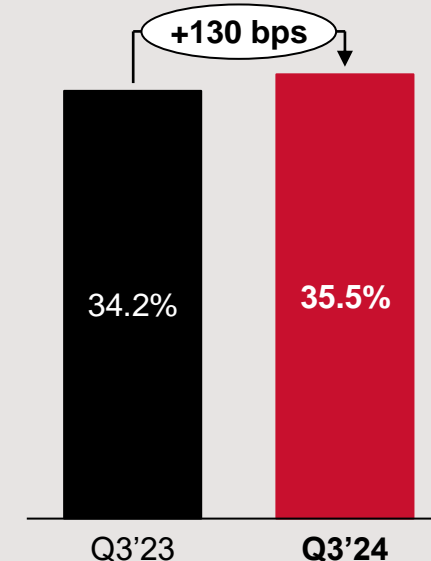
(\$ millions)

Sales



Daily, constant currency sales in local days: +0.5%

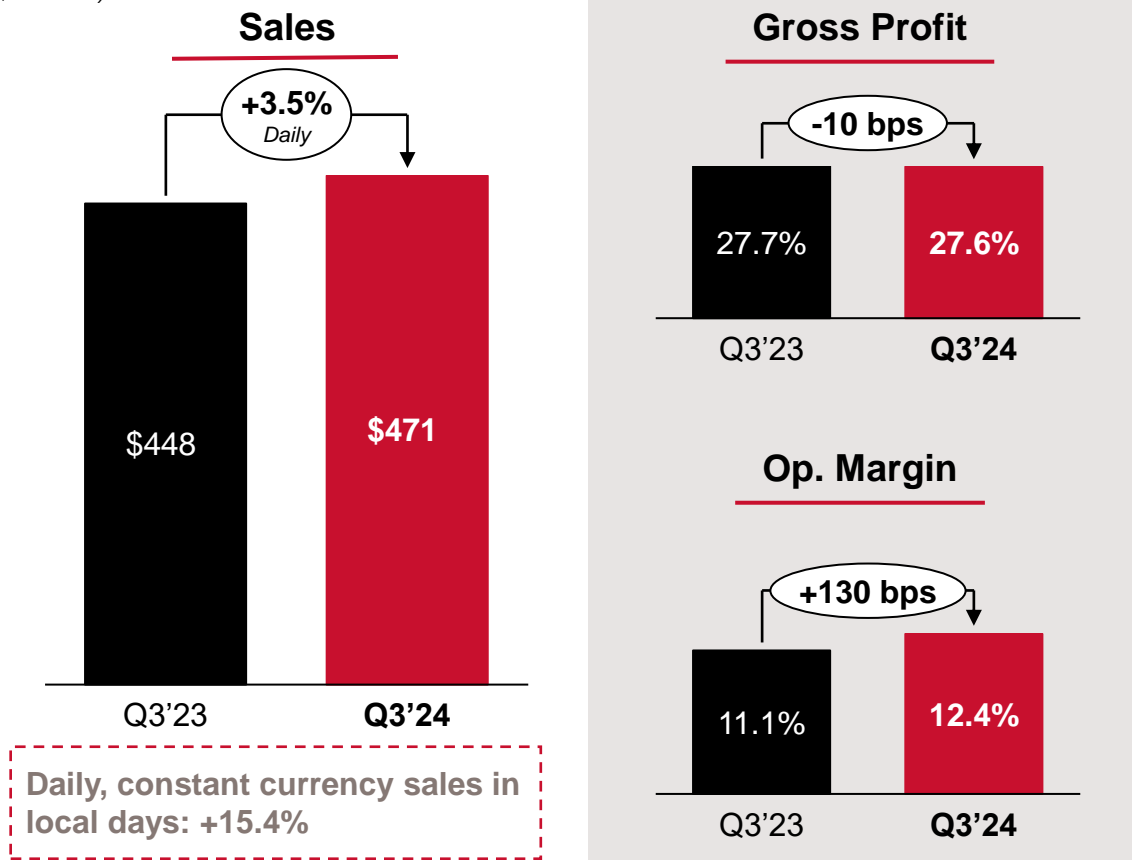
Gross Profit



Q3 2024 Segment Highlights: *Endless Assortment*

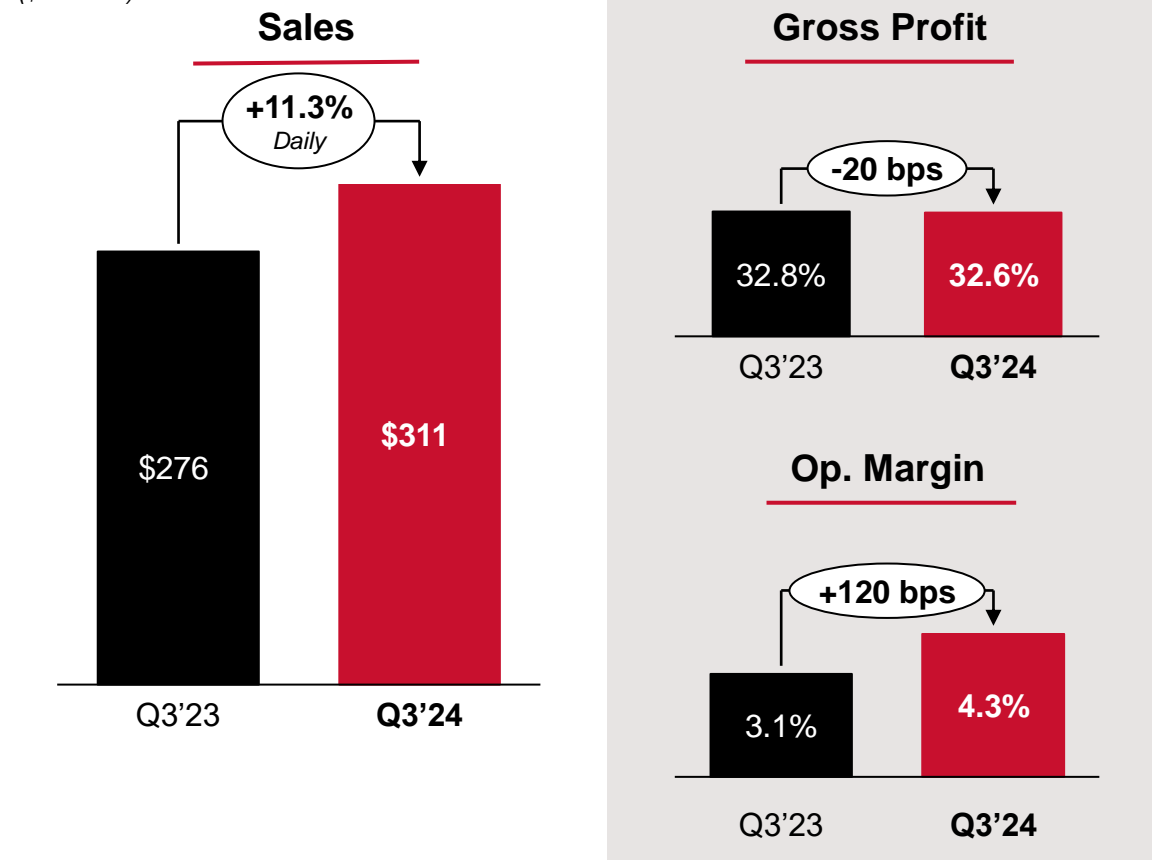
MonotaRO⁽¹⁾

(\$ millions)



Zoro - U.S.

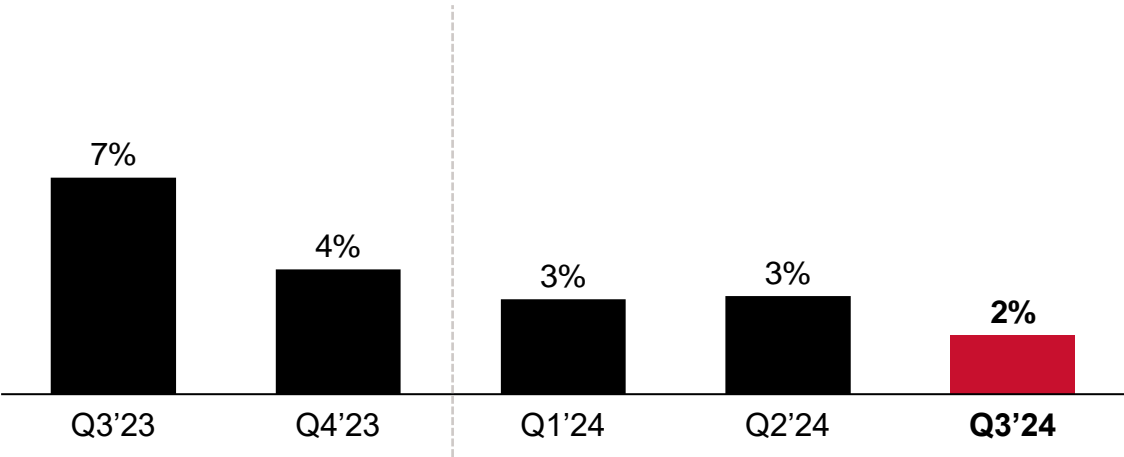
(\$ millions)



Note: Results are consistent on a reported and adjusted basis. See appendix for a reconciliation of any non-GAAP financial measures. Numbers may not sum due to rounding.
(1) 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.

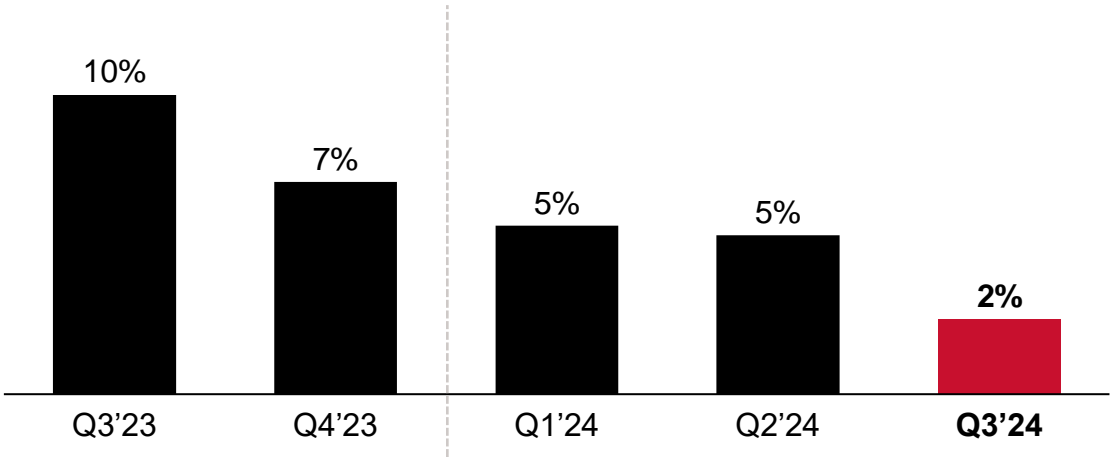
Q3 2024 Sales Performance: *High-Touch Solutions - U.S.*

Large Customers⁽¹⁾














Note: FY'23 Large Customer daily sales growth was 9.4%

Mid-sized Customers⁽¹⁾



Note: FY'23 Mid-size Customer daily sales growth was 10.5%

Sales Growth By Customer End Market: *HTS - U.S.*

	Q3'24	5 Quarter Trend
Commercial Services	UP Low-Single Digits	
Contractors	UP Mid-Single Digits	
Government	UP Low-Single Digits	
Healthcare	UP Mid-Single Digits	
Manufacturing	FLAT	
Retail	UP Low-Single Digits	
Transportation	DOWN Low-Double Digits	
Utilities	UP Mid-Single Digits	
Warehousing	UP High-Single Digits	
Wholesale	DOWN Low-Single Digits	
Other ⁽¹⁾	UP High-Single Digits	

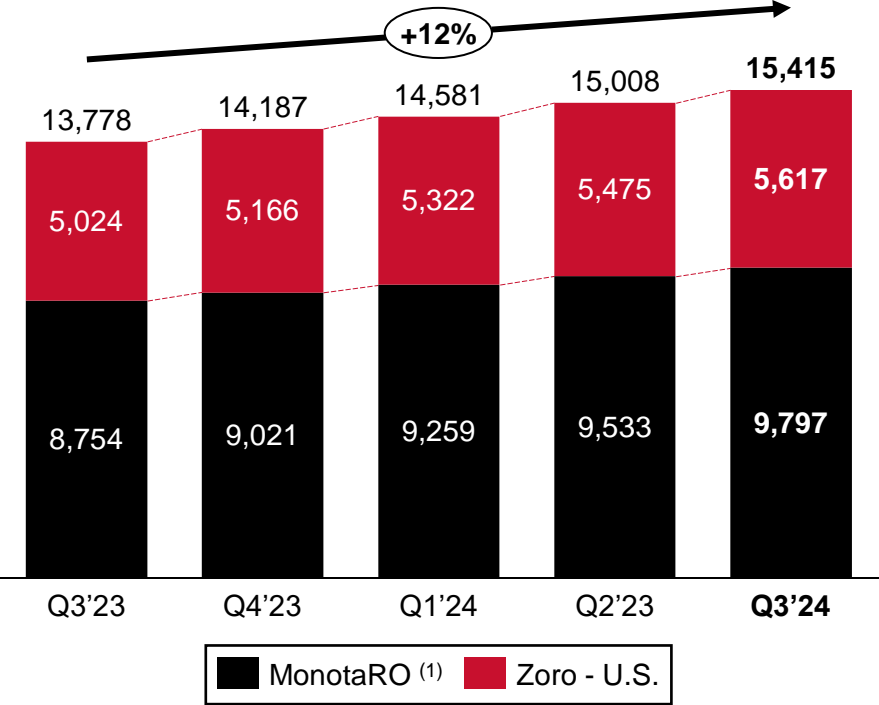
Note: See appendix for a reconciliation of any non-GAAP financial measures. Customer end market definitions primarily follow the North American Industry Classification System (NAICS). Numbers exclude specialty brands and certain revenue recognition adjustments which are included in the HTS - U.S. business. Growth rates are presented on a daily basis in current customer end market alignment.

(1) Includes industries that are not material individually, including hospitality, restaurants, property management and natural resources.

Operating Metrics: *Endless Assortment*

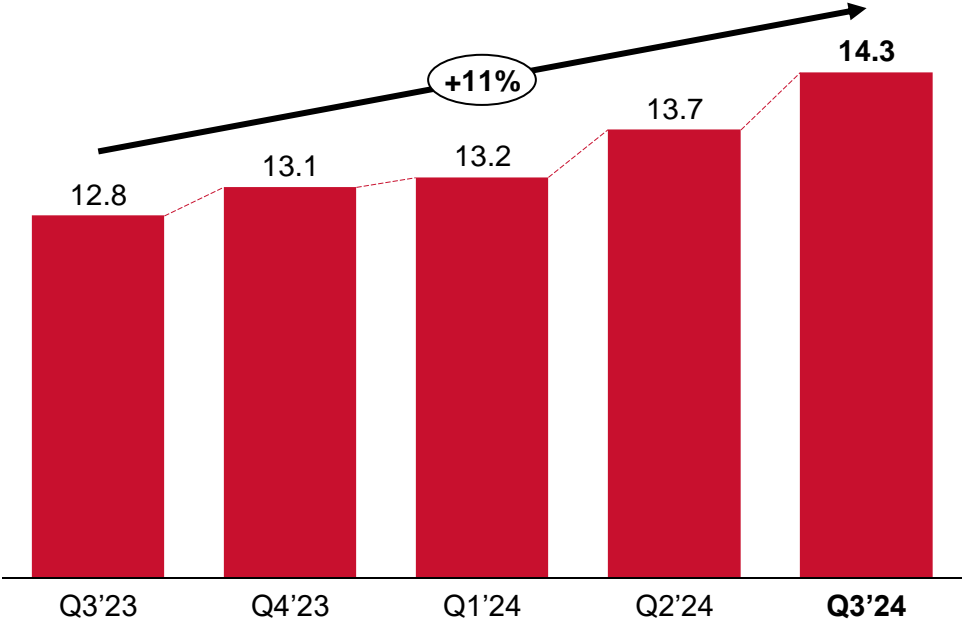
Total Registered Users

(user count in thousands)



Total Active SKUs (Zoro U.S.)

(SKU count in millions)



2024 Full Year Supplemental Guidance

Cash Flow Guidance

(\$ millions)	2023A	2024 Guidance (Updated Oct 31, 2024)
Operating Cash Flow	\$2,031	\$2,150 – \$2,250
<i>Prior FY'24 Guidance</i>		<i>\$1,950 – \$2,150</i>
Capital Expenditures⁽¹⁾	\$445	\$400 – \$450
<i>Prior FY'24 Guidance</i>		<i>\$400 – \$475</i>
Share Repurchases⁽²⁾	\$850	\$1,100 – \$1,200
<i>Prior FY'24 Guidance</i>		<i>\$1,000 – \$1,200</i>

Operating Margin (Adjusted)

(\$ millions)	2023A	2024 Guidance (Updated Oct 31, 2024)
HTS – N.A.	17.8%	17.5% – 17.6%
<i>Prior FY'24 Guidance</i>		<i>17.4% – 17.8%</i>
Endless Assortment	8.0%	7.8% – 8.1%
<i>Prior FY'24 Guidance</i>		<i>7.6% – 8.0%</i>
Total Company	15.7%	15.4% – 15.6%
<i>Prior FY'24 Guidance</i>		<i>15.3% – 15.7%</i>

Sales Growth Guidance

	2024 Guidance (Updated Oct 31, 2024)	
	Low	High
Reported Sales	4.0%	4.75%
Daily Impact ⁽³⁾	(0.8%)	(0.8%)
Business Divestiture ⁽⁴⁾	0.4%	0.4%
Foreign Currency Exchange ⁽⁵⁾	0.9%	0.9%
Daily, Organic Constant Currency Sales	4.5%	5.25%

Note: Guidance provided on an adjusted basis. Assumes corporate effective tax rate of ~23.2% and JPY / USD FX rate of 151. See appendix for a reconciliation of any non-GAAP financial measures. Numbers may not sum due to rounding.

(1) CapEx as reflected in the Statement of Cash Flows.

(2) Includes only share repurchases related to Grainger common stock.

(3) Based on U.S. selling days: 256 and 254 selling days in 2024 and 2023, respectively.

(4) Reflects the divestiture of Grainger's subsidiary, E & R Industrial Sales, Inc., completed in the fourth quarter of 2023.

(5) Excludes the impact of year-over-year foreign currency exchange rate fluctuations.

Definitions & Calculations

Basis of presentation:

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.

Non-GAAP financial measures:

The Company believes these non-GAAP financial measures provide meaningful information to assist investors in understanding financial results and assessing prospects for future performance as they provide a better baseline for analyzing the ongoing performance of its business by excluding items that may not be indicative of core operating results.

"Adjusted gross profit", "adjusted SG&A", "adjusted operating earnings", "adjusted EBITDA", "adjusted net earnings", "adjusted EPS (diluted)"— exclude certain non-recurring items, like restructuring charges, asset impairments, gains and losses associated with business divestitures and other non-recurring, infrequent or unusual gains and losses (together referred to as "non-GAAP adjustments"), from the Company's most directly comparable reported U.S. GAAP figures (reported gross profit, SG&A, operating earnings, net earnings and EPS). The Company believes these non-GAAP adjustments provide meaningful information to assist investors in understanding financial results and assessing prospects for future performance as they provide a better baseline for analyzing the ongoing performance of its business by excluding items that may not be indicative of core operating results.

"Adjusted return on invested capital" (ROIC) — is calculated using the Company's annualized adjusted operating earnings (defined above) divided by average net working assets for the period. Average net working assets is calculated using a two-point average for Q1, a three-point average for Q2, a four-point average for Q3 and a five-point average for Q4. Net working assets are working assets minus working liabilities and defined as follows: working assets equal total assets less cash equivalents, deferred and prepaid income taxes and operating lease right-of-use assets plus any LIFO reserves. Working liabilities are the sum of trade payables, accrued compensation and benefits, accrued contributions to employees' retirement savings plans and accrued expenses less current operating & finance lease liabilities. The Company believes the presentation of adjusted ROIC provides useful information regarding how effectively the Company is using capital to generate financial returns.

"Free cash flow" (FCF) — is calculated using total cash provided by operating activities less capital expenditures. The Company believes the presentation of FCF allows investors to evaluate the capacity of the Company's operations to generate free cash flow.

"Net leverage ratio" — is calculated by dividing the Company's net debt (total debt outstanding less debt issuance costs less cash and cash equivalents) by adjusted EBITDA. Adjusted EBITDA is defined as EBITDA less the Company's non-GAAP adjustments for the last twelve months. The Company believes the presentation of its net debt to adjusted EBITDA ratio provides useful information regarding the Company's liquidity and leverage.

"Daily sales" — refers to net sales for the period divided by the number of U.S. selling days for the period.

"Daily, constant currency sales" — refers to the daily sales adjusted for changes in foreign currency exchange rates.

"Daily, constant currency sales in local days" — refers to daily sales adjusted for changes in foreign currency exchange rates and local selling days for the business unit.

"Daily, organic sales" — refers to daily sales excluding the net sales of certain divested businesses in the comparable prior year period post date of divestiture.

"Daily, organic constant currency sales" — refers to daily sales excluding the sales of certain divested businesses in the comparable prior year period post date of divestiture and changes in foreign currency exchange rates.

"Daily, organic constant currency sales in local days" — refers to daily sales excluding the net sales of certain divested businesses in the comparable prior year period post date of divestiture, changes in foreign currency exchange rates and local selling days for the business unit.

"Foreign currency exchange" — impact is calculated by dividing current period local currency daily sales by current period average exchange rate and subtracting the current period local currency daily sales divided by the prior period average exchange rate.

"U.S. market outgrowth" — a relative metric using HTS - U.S. daily, organic sales growth less estimated U.S. MRO market growth. U.S. MRO market growth is based on Company estimates using a compilation of IP - NAICS Manufacturing sub-index (volume component) and PPI – Final Demand, Private Capital sub-index (price component) as the primary inputs.

U.S. selling days:

2023: Q1-64, Q2-64, Q3-63, Q4-63, FY-254

2024: Q1-64, Q2-64, Q3-64, Q4-64, FY-256

2025: Q1-63, Q2-64, Q3-64, Q4-64, FY-255

GAAP to Non-GAAP Reconciliations

Sales growth for the three months ended September 30, 2024

(percent change compared to the prior year period)

(unaudited)

Total Company - Monthly Detail

	July	August	September	Q3'24
Reported sales	10.7%	(0.7)%	3.5%	4.3%
Daily impact	(10.0)%	4.6%	—%	(1.7)%
Daily sales ⁽¹⁾	0.7%	3.9%	3.5%	2.6%
Business divestiture ⁽²⁾	0.4%	0.4%	0.4%	0.4%
Foreign currency exchange ⁽³⁾	1.4%	1.5%	0.1%	1.0%
Daily, organic constant currency sales	2.5%	5.8%	4.0%	4.0%

Endless Assortment (EA) - Daily Sales

	EA	Zoro - U.S.	MonotaRO
	Q3'24	Q3'24	Q3'24
Reported sales	8.1%	13.1%	5.1%
Daily impact	(1.7)%	(1.8)%	(1.6)%
Daily sales ⁽¹⁾	6.4%	11.3%	3.5%
Foreign currency exchange ⁽³⁾	5.1%	—%	8.4%
Daily, constant currency sales	11.5%	11.3%	11.9%
Impact of local days			3.5%
Daily, constant currency in local days			15.4%

High-Touch Solutions - N.A. - Daily Sales

	HTS - N.A.	HTS - U.S.	HTS - Canada
	Q3'24	Q3'24	Q3'24
Reported sales	3.3%	3.6%	0.5%
Daily impact	(1.6)%	(1.6)%	(1.6)%
Daily sales ⁽¹⁾	1.7%	2.0%	(1.1)%
Business divestiture ⁽²⁾	0.5%	0.6%	—%
Foreign currency exchange ⁽³⁾	0.3%	—%	1.7%
Daily, organic constant currency sales	2.5%	2.6%	0.6%
Impact of local days			(0.1)%
Daily, organic constant currency in local days			0.5%

High-Touch Solutions - N.A. - Daily Sales Drivers

	HTS - N.A.	HTS - U.S.	HTS - Canada
	Q3'24	Q3'24	Q3'24
Volume/product mix	1.3%	1.2%	(0.3)%
Price/customer mix	0.7%	0.8%	0.9%
Foreign currency exchange ⁽³⁾	(0.3)%	—%	(1.7)%
Daily sales ⁽¹⁾	1.7%	2.0%	(1.1)%
Business divestiture ⁽²⁾	0.5%	0.6%	—%
Daily, organic sales	2.2%	2.6%	(1.1)%

Note: For more information on the Company's use of non-GAAP measures in this presentation, please see the appendix *Definitions and Calculations*.

(1) Based on U.S. selling days, there were 64 and 63 selling days in the third quarter of 2024 and 2023, respectively.

(2) Reflects the divestiture of Grainger's subsidiary, E & R Industrial Sales, Inc., completed in the fourth quarter of 2023.

(3) Excludes the impact of year-over-year foreign currency exchange rate fluctuations.

GAAP to Non-GAAP Reconciliations

Key metrics for the period ended September 30, 2024 and Operating margin for the twelve months ended December 31, 2023

(in millions, except for percentage data)
(unaudited)

Net Leverage Ratio

As of
September 30, 2024

Total debt	\$	2,776
Debt issuance costs — net of amortization		23
Cash and cash equivalents		(1,448)
Net debt	\$	1,351

LTM⁽¹⁾ ended
September 30, 2024

Net earnings	\$	1,904
Other expense — net		58
Income tax provision		599
Depreciation and amortization		232
EBITDA	\$	2,793
Business divestiture ⁽²⁾		26
Restructuring ⁽³⁾		16
Adjusted EBITDA	\$	2,835
Net leverage ratio		0.5x

Free Cash Flow (FCF)

Three months ended
September 30, 2024

Net cash flows provided by operating activities	\$	611
Capital expenditures		(88)
Free cash flow	\$	523

Adjusted Return on Invested Capital (ROIC)

Nine months ended
September 30, 2024

Reported operating earnings	\$	2,004
Restructuring ⁽³⁾		16
Adjusted operating earnings	\$	2,020
Annualized adjusted operating earnings ⁽⁵⁾	\$	2,693

	Q3'24	Q2'24	Q1'24	Q4'23
Total assets ⁽⁴⁾	\$ 8,617	\$ 8,352	\$ 8,400	\$ 8,147
Cash equivalents	(772)	(552)	(635)	(473)
Deferred and prepaid income taxes	(65)	(74)	(11)	(19)
Right-of-use assets	(400)	(396)	(408)	(429)
LIFO reserves	794	786	778	770
Working liabilities	(1,837)	(1,838)	(1,871)	(1,761)
Net working assets	\$ 6,337	\$ 6,278	\$ 6,253	\$ 6,235
Average net working assets	\$ 6,276			
Adjusted ROIC ⁽⁵⁾	42.9 %			

Operating Margin

FY 2023

	HTS-N.A.	EA	Total Company
Reported %	17.6 %	8.0 %	15.6 %
Business divestiture ⁽²⁾	0.2 %	—	0.1 %
Adjusted %	17.8 %	8.0 %	15.7 %

Note: For more information on the Company's use of non-GAAP measures in this presentation, please see the appendix *Definitions and Calculations*.

(1) Last twelve months.

(2) Reflects the loss on divestiture of Grainger's subsidiary, E & R Industrial Sales, Inc., reported in the Company's HTS-N.A. segment completed in the fourth quarter of 2023.

(3) Reflects restructuring costs incurred in the second quarter of 2024 of \$15M and \$1M in Grainger's HTS-N.A. segment and Other businesses, respectively.

(4) Excludes all proceeds received from the Company's debt issuance completed in Q3 2024.

(5) Adjusted ROIC is calculated using the Company's annualized adjusted operating earnings. Annualized adjusted operating earnings are calculated by multiplying the YTD average daily operating earnings based off U.S. selling days by the total U.S. selling days in the full year period.

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