

MSC INDUSTRIAL DIRECT CO INC  
Form 11-K  
June 28, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 11-K

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(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For transition period from to

Commission File No.: 1-14130

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

MSC Industrial Direct 401(k) Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

MSC Industrial Direct Co., Inc.

75 Maxess Road, Melville, New York 11747

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MSC INDUSTRIAL DIRECT 401(K) PLAN

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

DECEMBER 31, 2017 AND 2016 AND YEAR ENDED DECEMBER 31, 2017

<u>Report of Independent Registered Public Accounting Firm</u>	3
Financial Statements	
<u>Statements of Net Assets Available for Benefits as of December 31, 2017 and 2016</u>	4
<u>Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2017</u>	5
<u>Notes to Financial Statements</u>	6
Supplemental Schedule	
<u>Form 5500, Schedule H, Line 4i: Schedule of Assets (Held At End of Year) as of December 31, 2017</u>	14
<u>Signatures</u>	15
<u>Exhibit Index</u>	16

Exhibit 23.1 - Consent of Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Participants and the Plan Administrator of MSC Industrial Direct 401(k) Plan

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the MSC Industrial Direct 401(k) Plan (the Plan) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2017 and 2016, and the changes in its net assets available for benefits for the year ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Schedule

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The information in the supplemental schedule is the responsibility of the Plan’s management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

We have served as the Plan's auditor since 2002.

Jericho, New York

June 28, 2018

3

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PLAN NUMBER: 003

EIN: 11-3289165

## MSC INDUSTRIAL DIRECT 401(K) PLAN

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2017	2016
Assets		
Cash and cash equivalents	\$ 13,224	\$ 815
Investments, at fair value:		
Mutual funds	339,369,089	265,100,618
Common collective trusts	51,163,626	50,615,085
MSC Industrial Direct Co., Inc. Common Stock	14,451,743	11,820,234
Self-directed brokerage	-	1,670,148
Total investments, at fair value	404,984,458	329,206,085
Receivables:		
Employer contributions	654,915	445,140
Participant contributions	789,756	720,403
Notes receivable from participants	11,413,936	10,441,693
Total receivables	12,858,607	11,607,236
Total Assets	417,856,289	340,814,136
Liabilities		
Excess contributions payable	119,808	462,978
Total Liabilities	119,808	462,978
Net assets available for benefits	\$ 417,736,481	\$ 340,351,158

See accompanying notes to the financial statements.



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## MSC INDUSTRIAL DIRECT 401(K) PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2017
Additions:	
Additions to net assets attributed to:	
Net investment income:	
Net appreciation in fair value of investments	\$ 47,668,695
Interest and dividend income from investments	16,079,056
Net investment income	63,747,751
Interest income on notes receivable from participants	487,156
Contributions:	
Participants	22,771,533
Employer, net of forfeitures	7,482,630
Rollovers	8,579,131
Total contributions	38,833,294
Deductions:	
Deductions from net assets attributed to:	
Benefits paid to participants	25,627,916
Administration fees and other	54,962
Total deductions	25,682,878
Net increase in net assets	77,385,323
Net assets available for benefits:	
Beginning of year	340,351,158
End of year	\$ 417,736,481
See accompanying notes to the financial statements.	





PLAN NUMBER: 003

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MSC INDUSTRIAL DIRECT 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

## 1. DESCRIPTION OF PLAN

The following description of the MSC Industrial Direct 401(k) Plan, as amended (the “Plan”), provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

### General

The Plan is a defined contribution plan, sponsored by MSC Industrial Direct Co., Inc. (the “Company”), covering all Employees (as defined in the Plan document), including Employees of participating subsidiaries, who meet certain age and service requirements of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The MSC Industrial Direct 401(k) Administrative Committee is responsible for the administration of the Plan. T. Rowe Price Trust Company is the Plan Trustee and T. Rowe Price Retirement Plan Services, Inc. is the recordkeeper for the Plan.

### Eligibility

An Employee is eligible for participation in the Plan on the first day of the month following one full calendar month of service, or anytime thereafter, and must be at least eighteen years of age. Both full-time and part-time employees are eligible to join the Plan.

### Participation and Contributions

The Plan is funded by employee and employer contributions. Participants may elect to make pre-tax or Roth after-tax (“Roth”) contributions of between 1% and 40% of their annual compensation, as defined in the Plan. The maximum annual contribution a participant could make into the Plan, as established by the Internal Revenue Code of 1986, as amended (the “Code”), was \$18,000 during 2017. In addition, the Plan permits catch-up contributions of \$6,000 by participants who have attained age 50 by December 31 of each year. Participants may also roll over amounts representing distributions from other qualifying plans. Participants are immediately vested in their pre-tax, Roth and rollover contributions.

Participants direct the investment of their contributions, employer discretionary matching contributions and employer discretionary profit sharing contributions into various investment options offered by the Plan. Participants may currently direct contributions into 25 mutual funds and 2 common collective trusts. Additionally, participants may direct contributions into the purchase of the Company’s Class A Common Stock.

Effective January 19, 2017, an enhanced investment fund lineup was implemented in the Plan, which included Vanguard Target Date Retirement Funds. These funds typically invest in a broad range of underlying mutual funds that include stocks, bonds, and short-term investments and replaced the T. Rowe Price Balanced Fund as the new qualified default investment alternative (“QDIA”), as permitted under the Economic Growth and Tax Relief Reconciliation Act of 2001, as amended. This new QDIA represents the applicable Vanguard Target Date Retirement Fund in which the target retirement date is closest to the year the participant turns age 65.

The Employer (as defined in the Plan) may make a discretionary matching contribution to eligible participants. The Employer made, for 2017, a discretionary matching contribution of 50% of the first 6% of a participant’s pre-tax and Roth contributions. The Employer may also make a discretionary profit sharing contribution to eligible participants to be allocated in the same ratio as each eligible participant’s compensation bears to the total of such compensation of all eligible participants. No discretionary profit sharing contributions were made in 2017. In general, participants must have completed 1,000 hours of service during a calendar year and be employed on the last day of the Plan year to be eligible to share in the allocation of any profit sharing employer contributions. Also, a participant must be employed on the last day of the Plan year to be eligible for any discretionary true-up of matching contributions at the end of the Plan year. Upon termination of the Plan, 100% vesting occurs.

PLAN NUMBER: 003

EIN: 11-3289165

MSC INDUSTRIAL DIRECT 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Active participants vest in Employer contributions as follows:

Completed Years of Service	Vested Percentage
Less than 1	0 %
1 but less than 2	