



THE INDUSTRIAL DISTRIBUTION EXPERTS

Presented by:

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Results for Q2 Fiscal 2022

Earnings Announcement: August 8, 2022

(Quarter Ending June 30, 2022)

FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the U.S. federal securities laws that involve risks and uncertainties. Certain statements contained in this report are not purely historical, including statements regarding our expectations, beliefs, intentions or strategies regarding the future that are forward-looking. These statements include statements concerning projected revenues, expenses, gross profit, income, gross margins or other financial items.

All forward-looking statements speak only as of the date of this presentation. You should not place undue reliance on these forward-looking statements. Although we believe our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this presentation are reasonable, we may be unable to achieve these plans, intentions or expectations. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. Risks and uncertainties that could cause actual results to differ from those in the forward-looking statements are described in “Risk Factors” and “Forward-Looking Statements” in our Quarterly Reports on Form 10-Q and in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission.

Statement Regarding use of Non-GAAP Measures:

The Non-GAAP financial measures contained in this presentation (including, without limitation, EBITDA, Adjusted EBITDA, Free Cash Flow, Return on Invested Capital (ROIC) and variations thereof are not measures of financial performance calculated in accordance with GAAP and should not be considered as alternatives to net income (loss) or any other performance measure derived in accordance with GAAP or as alternatives to cash flows from operating activities as a measure of our liquidity. They should be viewed in addition to, and not as a substitute for, analysis of our results reported in accordance with GAAP, or as alternative measures of liquidity. Management believes that certain non-GAAP financial measures provide a view to measures similar to those used in evaluating our compliance with certain financial covenants under our credit facilities and provide financial statement users meaningful comparisons between current and prior year period results. They are also used as a metric to determine certain components of performance-based compensation. The adjustments and Adjusted EBITDA are based on currently available information and certain adjustments that we believe are reasonable and are presented as an aid in understanding our operating results. They are not necessarily indicative of future results of operations that may be obtained by the Company.



Q2 INCOME STATEMENT HIGHLIGHTS

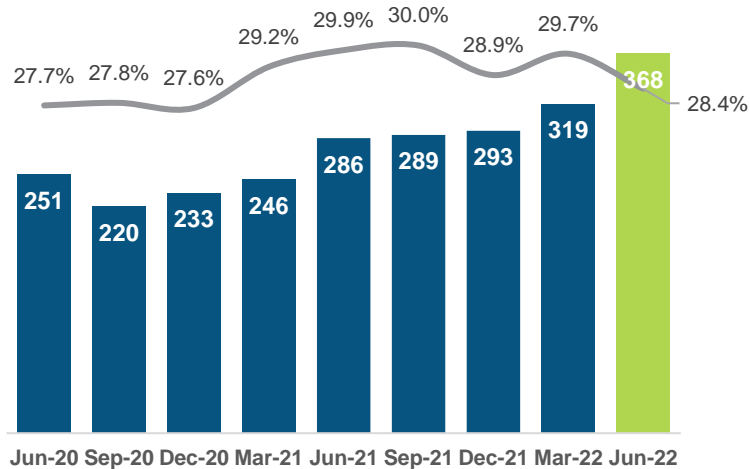
(\$ thousands)

		Prior Yr Jun 30, 2021	Prior Qtr Mar 31, 2022	Current Qtr Jun 30, 2022
Sales	\$	285,691	\$ 319,411	\$ 367,812
<i>% growth - yoy</i>		13.6%	37.3%	28.7%
<i>% growth - seq</i>		16.3%	10.3%	15.2%
Gross Profit		85,278	94,884	104,262
<i>% margin</i>		29.8%	29.7%	28.3%
Operating Income		14,846	21,559	25,920
<i>% margin</i>		5.2%	6.7%	7.0%
Adj. EBITDA as reported		22,684	28,257	32,609
<i>% margin</i>		7.9%	8.8%	8.9%
Diluted EPS	\$	0.41	\$ 0.65	\$ 0.74
Avg. Daily Sales:	\$	4,573	\$ 4,991	\$ 5,838

QUARTERLY FINANCIAL HIGHLIGHTS

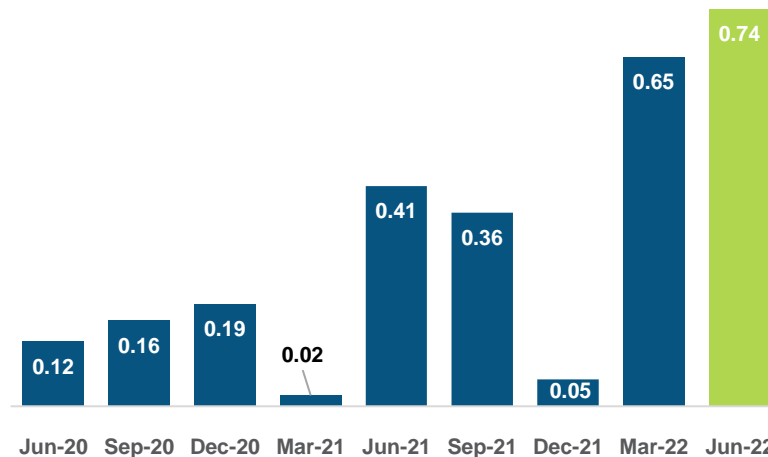
Sales and Gross Margin

(\$ millions)



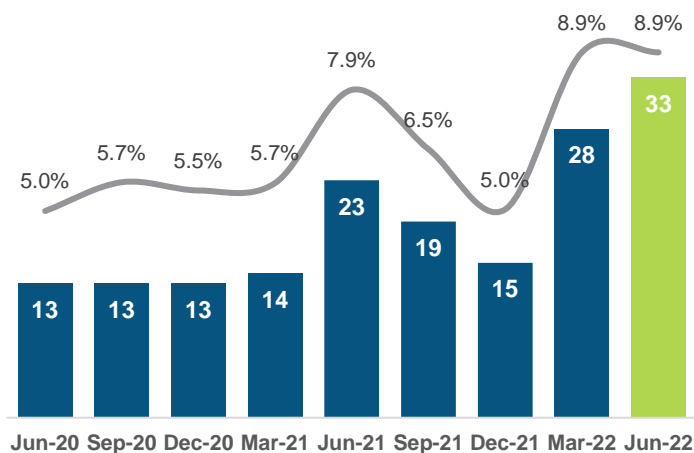
Diluted Earnings Per Share

(\$ actuals)



EBITDA and EBITDA Margin

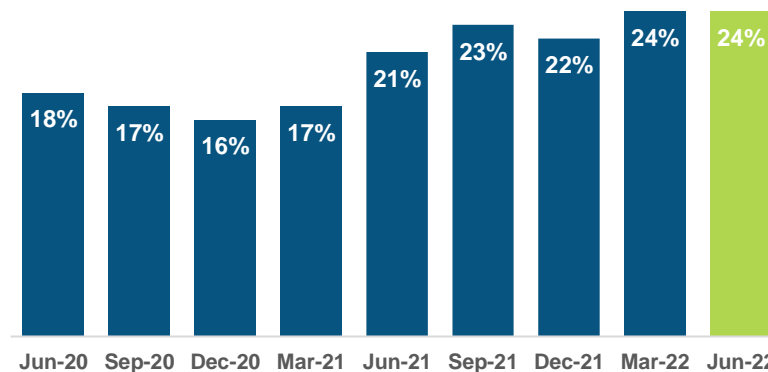
(\$ millions)



Return on Invested Capital


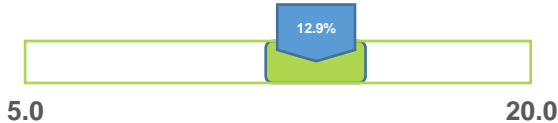

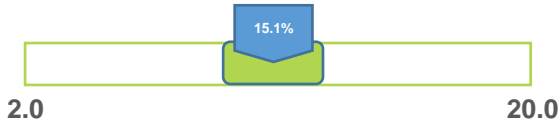

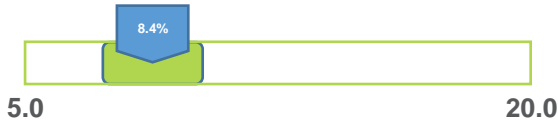
ROIC%

Return on invested capital is defined as tax-effected LTM EBITDA / average total net operating assets.



Q2 OPERATING PERFORMANCE BY SEGMENT

(\$ millions)

	Sales \$	Sales Mix	OP\$	OP%	
DXP SERVICE CENTERS	\$ 251.1	 68%	\$ 32.4	12.9%	
DXP INNOVATIVE PUMPING SOLUTIONS®	\$ 57.8	 16%	\$ 8.7	15.1%	
DXP SUPPLY CHAIN SERVICES	\$ 58.9	 16%	\$ 4.9	8.4%	
Corporate*	---		\$ (20.1)		
Total DXP	\$ 367.8	100%	\$ 25.9	7.1%	

*Corporate expense includes amortization of intangible assets.

Please refer to the appendix of this presentation for current period reconciliation of the Non-GAAP financial measures to the most directly comparable GAAP measures.

CASH FLOW & WORKING CAPITAL

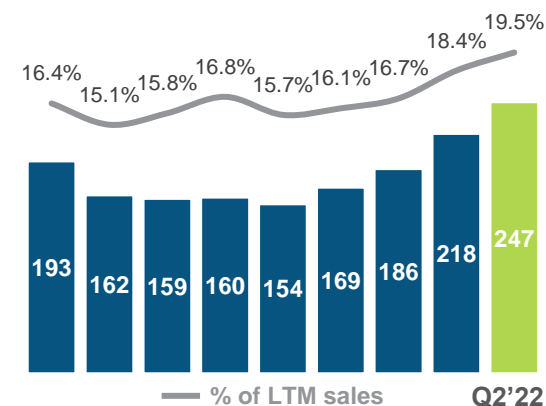
	Prior Qtr Mar 31, 2022	Current Qtr Jun 30, 2022
GAAP net income	\$ 12,527	\$ 14,494
Depreciation and amortization	6,752	7,080
Change in net working capital	(18,224)	(22,335)
Other operating cash flows, net	1,623	3,769
Net Cash provided by operating activities	2,678	3,008
Purchase of property & equipment, net	740	1,108
Proceeds from sale of assets	-	-
Free Cash Flow	1,938	1,900
Net Cash used in financing activities	(9,322)	21,344
Cash at end of the period	36,650	20,664

Supplemental Information:

Purchase of businesses	5,316	38,801
Cash paid for income taxes	705	2,153
Cash paid for interest	4,704	5,157
Net Debt	288,491	333,600

NET WORKING CAPITAL

(\$ millions)



Net working capital is calculated as accounts receivable plus inventory plus cost & est. profits in excess of billings, plus prepaid expenses less accounts payable less accrued wages less billings in excess of costs and profits less customer advances less other accrued liabilities

Free cash flow is calculated as cash from operations less net purchases of property & equipment

APPENDIX

DXP

RECONCILIATION OF OPERATING INCOME

(\$ thousands)

	Three Months Ended June 30,	
	2022	2021
Operating income for reportable segments	\$46,052	\$34,591
<i>Adjustments for:</i>		
Amortization of intangibles	4,591	4,306
Corporate expenses	15,541	15,439
Total operating income	25,920	14,846
Interest expense	5,615	5,337
Other expense (income), net	839	(105)
Income before income taxes	\$ 19,466	\$9,614

RECONCILIATION OF NON-GAAP MEASURES: INCOME BEFORE INCOME TAXES TO EBITDA and ADJUSTED EBITDA

(\$ thousands)

The following table is a reconciliation of EBITDA and adjusted EBITDA, non-GAAP financial measures, to income before income taxes, calculated and reported in accordance with U.S. GAAP.

	Three Months Ended June 30,	
	2022	2021
Income before income taxes	\$ 19,466	\$ 9,614
Plus: interest expense	5,615	5,337
Plus: depreciation and amortization	7,080	6,958
EBITDA	\$32,161	\$21,909
Plus: NCI loss (gain) before tax	(45)	315
Plus: Stock compensation expense	493	460
Adjusted EBITDA	\$32,609	\$22,684



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NASDAQ: DXPE
JUNE 2022