



## THE INDUSTRIAL DISTRIBUTION EXPERTS

*Presented by:*

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NASDAQ: DXPE

**Results for Q3 Fiscal 2024**

Earnings Announcement: November 5, 2024

(Quarter Ending September 30, 2024)

# 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.



# Q3 INCOME STATEMENT HIGHLIGHTS

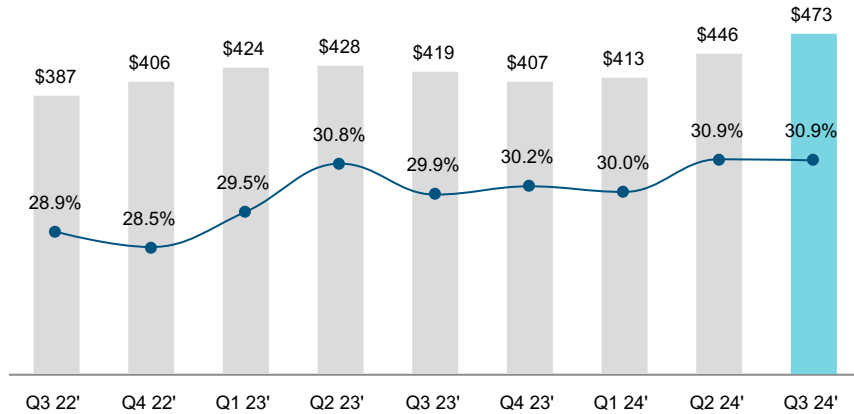
(in thousands, except percentages and per share data)

	QTD 09/30/23	QTD 06/30/24	QTD 09/30/24
<b>Sales</b>	\$ 419,249	\$ 445,556	\$ 472,935
<i>% growth y/y</i>	8.2 %	4.1 %	12.8 %
<i>% growth seq</i>	(2.1)%	8.0 %	6.1 %
<b>Gross Profit</b>	\$ 125,562	\$ 137,793	\$ 146,110
<i>% margin</i>	29.9 %	30.9 %	30.9 %
<b>Operating Income</b>	\$ 35,856	\$ 37,352	\$ 39,608
<i>% margin</i>	8.6 %	8.4 %	8.4 %
<b>Adj. EBITDA</b>	\$ 44,020	\$ 48,227	\$ 52,440
<i>% margin</i>	10.5 %	10.8 %	11.1 %
<b>Free Cash Flow</b>	\$ 38,272	\$ 5,910	\$ 24,390
<b>Diluted EPS</b>	\$ 0.93	\$ 1.00	\$ 1.27
<b>Diluted Shares</b>	17,356	16,708	16,590
<b>Adj. Diluted EPS</b>	\$ 0.96	\$ 1.02	\$ 1.43
<b>Sales Per Business Day</b>	\$ 6,655	\$ 6,962	\$ 7,390

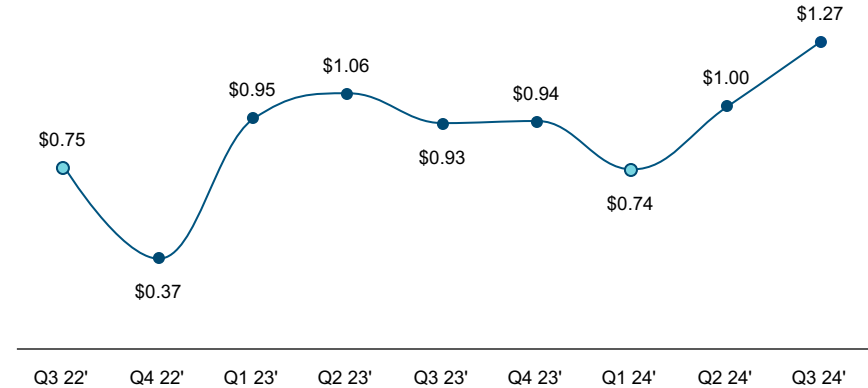
# QUARTERLY FINANCIAL HIGHLIGHTS

(in millions, except percentages and per share data)

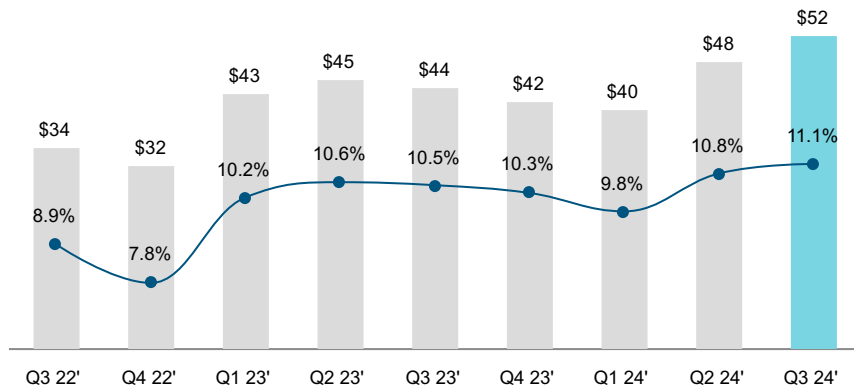
## SALES AND GROSS MARGIN



## DILUTED EARNINGS PER SHARE\*

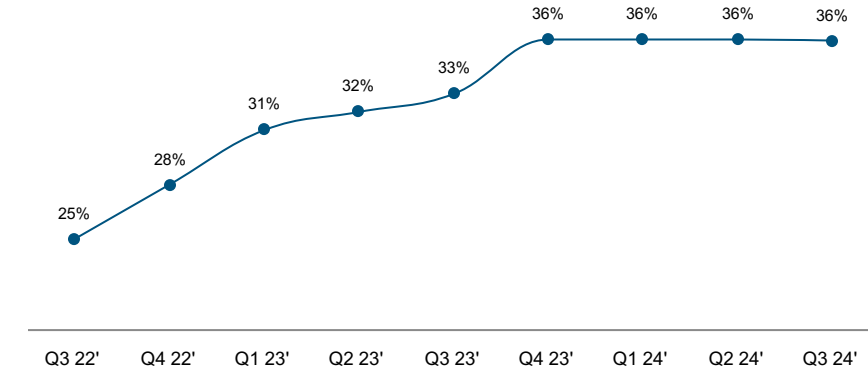


## ADJ. EBITDA AND ADJ. EBITDA MARGIN



## RETURN ON INVESTED CAPITAL (ROIC%)

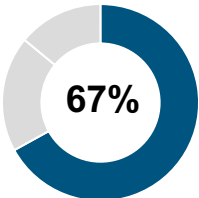
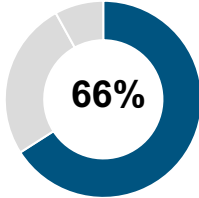
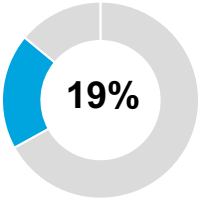
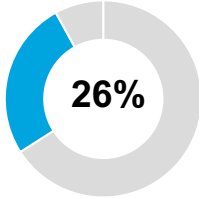
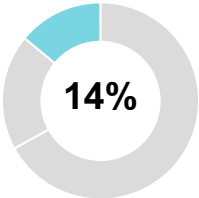
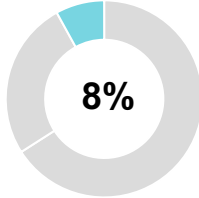
Return on invested capital is defined as tax-effected LTM EBITDA / average total net operating assets.



\*For March 2024, diluted earnings per share (EPS) was adjusted to exclude one-time acquisition integration costs and other unique non-cash charges, resulting in an actual diluted EPS of \$0.67 for Q1 2024. For September 2022, diluted EPS was adjusted to exclude the impact of a one-time non-cash loss on the sale of an asset, with an actual diluted EPS of \$0.71 for Q3 2022.

# OPERATING PERFORMANCE BY SEGMENT

(in millions, except percentages)

	<u>SALES</u>	<u>SALES MIX</u>	<u>OPERATING PROFIT (OP)</u>	<u>OP CONTRIBUTION</u>	<u>OPERATING MARGIN</u>
<b>DXP</b>   SERVICE CENTERS	\$316.8	 67%	\$46.1	 66%	14.6%
<b>DXP</b>   INNOVATIVE PUMPING SOLUTIONS®	\$89.8	 19%	\$18.2	 26%	20.3%
<b>DXP</b>   SUPPLY CHAIN SERVICES	\$66.3	 14%	\$5.6	 8%	8.4%
<b>SEGMENT TOTAL</b>	<b>\$472.9</b>		<b>\$69.9</b>		<b>15%</b>
<b>CORPORATE</b> (expenses & amortization of intangibles)	<b>\$—</b>		<b>\$(30.3)</b>		
<b>TOTAL</b>	<b>\$472.9</b>		<b>\$39.6</b>		<b>8.4%</b>

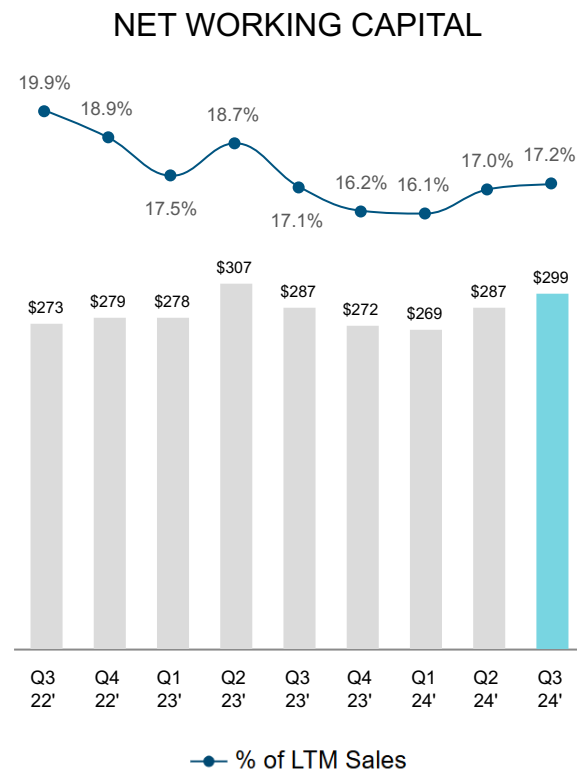
# CASH FLOW AND WORKING CAPITAL

(in thousands, except percentages)

	QTD 6/30/2024	QTD 9/30/2024	YTD 9/30/2024
Net Income	\$ 16,693	\$ 21,101	\$ 49,126
Depreciation and Amortization	8,127	8,720	24,385
Change in Net Working Capital	(10,620)	(6,920)	(6,713)
Other Operating Cash Flows, Net	535	5,443	3,270
<b>Net Cash provided by Operating Activities</b>	<b>\$ 14,735</b>	<b>\$ 28,344</b>	<b>\$ 70,068</b>
Purchase of Property & Equipment	(8,825)	(3,954)	(15,673)
<b>Free Cash Flow</b>	<b>\$ 5,910</b>	<b>\$ 24,390</b>	<b>\$ 54,395</b>
<b>Net Cash Used in Finance Activities</b>	<b>\$ (16,857)</b>	<b>\$ (7,381)</b>	<b>\$ (42,384)</b>
<b>Cash at End of the Period</b>	<b>\$ 50,026</b>	<b>\$ 35,091</b>	<b>\$ 35,091</b>

## Supplemental Information

Purchase of Business	\$ 79,756	\$ 30,423	\$ 149,440
Cash paid for income taxes	\$ 763	\$ 1,767	\$ 17,223
Cash paid for interest	\$ 14,491	\$ 14,826	\$ 43,966
Net Debt	\$ 495,349	\$ 508,409	\$ 508,409



# APPENDIX

**DXP**

# RECONCILIATION OF OPERATING INCOME

(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Operating Income for Reportable Segments</b>	\$ 69,929	\$ 58,100	\$ 185,525	\$ 177,623
Adjustments for:				
Amortization of intangibles	5,245	5,866	14,333	15,206
Corporate Expenses, Net	25,076	16,378	65,101	53,682
<b>Total Operating Income</b>	<b>\$ 39,608</b>	<b>\$ 35,856</b>	<b>\$ 106,091</b>	<b>\$ 108,735</b>
Interest Expense	15,716	12,684	46,644	36,068
Other Income, net	160	1,234	(2,844)	522
<b>Income before Income Taxes</b>	<b>\$ 23,732</b>	<b>\$ 21,938</b>	<b>\$ 62,291</b>	<b>\$ 72,145</b>



# RECONCILIATION OF NON-GAAP MEASURES

(in thousands, except days)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service Centers	\$ 316,831	\$ 294,459	\$ 911,783	\$ 914,078
Innovative Pumping Solutions	89,825	58,962	225,417	158,440
Supply Chain Services	66,279	65,828	193,926	199,038
<b>Total DXP Sales</b>	<b>\$ 472,935</b>	<b>\$ 419,249</b>	<b>\$ 1,331,126</b>	<b>\$ 1,271,556</b>
<b>Acquisition Sales</b>	<b>\$ 28,535</b>	<b>\$ 3,868</b>	<b>\$ 63,713</b>	<b>\$ 30,266</b>
<b>Organic Sales</b>	<b>\$ 444,400</b>	<b>\$ 415,381</b>	<b>\$ 1,267,413</b>	<b>\$ 1,241,290</b>
Business Days	64	63	191	191
<b>Sales per Business Day</b>	<b>\$ 7,390</b>	<b>\$ 6,655</b>	<b>\$ 6,969</b>	<b>\$ 6,657</b>
<b>Organic Sales per Business Day</b>	<b>\$ 6,944</b>	<b>\$ 6,593</b>	<b>\$ 6,636</b>	<b>\$ 6,499</b>
Net Income	\$ 21,101	\$ 16,172	\$ 49,126	\$ 52,806
Interest expense	15,716	12,684	46,644	36,068
Provision for income taxes	2,631	5,766	13,165	19,339
Depreciation and Amortization	8,720	7,983	24,385	21,468
<b>EBITDA</b>	<b>\$ 48,168</b>	<b>\$ 42,605</b>	<b>\$ 133,320</b>	<b>\$ 129,681</b>
Plus: other non-recurring items	2,950	551	4,292	551
Plus: stock compensation expense	1,322	864	3,398	2,211
<b>Adjusted EBITDA</b>	<b>\$ 52,440</b>	<b>\$ 44,020</b>	<b>\$ 141,010</b>	<b>\$ 132,443</b>

# DEFINITIONS

## **Organic Sales and Acquisition Sales**

*We define and calculate organic sales to include locations and acquisitions under our ownership for at least twelve months. "Acquisition Sales" are sales from acquisitions that have been under our ownership for less than twelve months and are excluded in our calculation of Organic Sales.*

## **Business Days**

*"Business Days" are days of the week, excluding Saturdays, Sundays, and holidays, that our locations are open during the year. Depending on the location and the season, our branches may be open on Saturdays and Sundays; however, for consistency, those days have been excluded from the calculation of Business Days.*

## **Sales per Business Day**

*We define and calculate Sales per Business Day as sales divided by the number of Business Days in the relevant reporting period.*

## **Organic Sales per Business Days**

*We define and calculate Organic Sales per Business Day as Organic Sales divided by the number of Business Days in the relevant reporting period.*

## **EBITDA and Adjusted EBITDA**

*We define and calculate EBITDA as Net income attributable to DXP Enterprises, Inc., plus interest, taxes, depreciation, and amortization. We define and calculate Adjusted EBITDA as Net income attributable to DXP Enterprises, Inc., plus interest, taxes, depreciation, and amortization minus stock-based compensation expense, and all other non-cash charges, adjustments, and non-recurring items. We identify the impact of all other non-cash charges, adjustments and non-recurring items because we believe these items do not directly reflect our underlying operations.*

## **EBITDA Margin and Adjusted EBITDA Margin**

*We define and calculate EBITDA Margin as EBITDA divided by sales. We define and calculate Adjusted EBITDA Margin as Adjusted EBITDA divided by sales.*

## **Free Cash Flow**

*We define and calculate free cash flow as net cash (used in) provided by operating activities less net purchases of property and equipment.*