



THE INDUSTRIAL DISTRIBUTION EXPERTS

DXP Enterprises, Inc.
Acquisition of



Presented by:

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NASDAQ: DXPE
DECEMBER 2013

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DXP'S GROWTH STRATEGY

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- **Organic growth remains a top priority. . . .**
 - SuperCenters
 - Sales force expansion
 - New markets and geographies
 - Product line expansion
- **. . . Acquisitions accelerate growth and scale**
 - Opportunities to enlarge key DXP product divisions
 - All acquisitions leverage DXP's scale and expertise
 - U.S. remains top priority - - significant "holes" in the map
- **Combined, DXP consistently grows in excess of the market**
 - Consistent top-and bottom-line growth
 - "One-stop" source for customers technical products and service needs - - "customer driven experts in MROP solutions"
 - Long-term shareholder value creation



B27 TRANSACTION SUMMARY

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- **DXP Enterprises, Inc. announced purchase of B27 on December 9, 2013**
 - Signed definitive agreement on December 9, 2013
 - Subject to expiration or termination of waiting period under Hart-Scott-Rodino Antitrust Improvements Act (“HSR”) and other customary closing conditions
 - Transaction expected to close in first quarter of 2014
- **B27 is a leading global supplier of sophisticated pump and integrated flow control solutions serving the oil & gas, power generation, air quality and other industrial markets**
 - Projected FY2013 Sales and adjusted EBITDA of \$198 million and \$35 million, respectively
- **Purchase of stock and units for approximately \$285 million or 8.1x 2013E EBITDA**
 - Financed with borrowings under a new \$600 million amended and restated credit facility and DXP stock
 - Forward purchase multiple in-line with other large DXP transactions – supported by size, margins, growth rate and return profile
 - Key members of management staying onboard
- **Accretive to earnings for fiscal 2014**
 - Between \$0.50 – \$0.55 per share
 - Does not factor in any revenue synergies



STRATEGIC RATIONALE: COMPLEMENTARY ACQUISITION

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- **B27 provides:**
 - Portfolio of complementary products and services - overlaps with existing DXP products and services
 - Management expertise in engineered pumps and integrated flow solutions – deepens DXP’s bench strength
 - Global customer base - 16% of 2012 shipments were international, access to key growing global markets

- **DXP Enterprise provides:**
 - North American sales force and presence within rotating equipment - opportunity to better serve customers
 - Expanded sourcing capabilities - ability to provide purchasing and operating scale and leverage
 - Leading North American pump platform - proven leader in servicing and providing pump products and services

- **Combined:**
 - Enhanced portfolio of complementary rotating equipment products & services
 - End-market and customer expansion - - power and air quality as well as access to key international markets
 - Positioned to address long-term global customer demands



B27 OVERVIEW

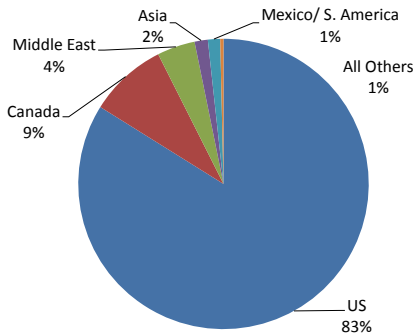
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\$142M
Sales
(FY 2012)

Complementary with
New Offerings

~15%
EBITDA Margins

Geographical Mix
(% of 2012 Shipments)



BRANDS

IFS



DISTRIBUTION



API PUMPS



MARKET POSITIONING

Superior Customer Service - Outstanding Lead Times

Differentiated Business Model

Leading Engineering Capabilities

SUMMARY

- Leading suite of highly engineered pumps and integrated flow solutions
- Headquartered in Houston, TX with approximately 342 employees servicing customers through seven facilities in the U.S., a JV in Nigeria and a sales office in Dubai
- “One-stop” source for full range of pump and flow control solutions










GROWTH DRIVERS

- Recent investments in capacity and capabilities positioning B27 to meet market demands
- Supply and demand dynamics in oil & gas driving need for infrastructure investments
- Substantial advantages in lead times prevent competitors from replicating offering



COMPLEMENTARY PRODUCT AND SERVICE OFFERING

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	OFFERING	OVERLAP w/DXP	DESCRIPTION
Systems	Integrated Flow Solutions 		<ul style="list-style-type: none">Provides customers with single-source solution for modular system needs, integrating electrical controls and mechanical equipment
	Pump Distribution 		<ul style="list-style-type: none">Provides customers with full line of pumps from 8 OEMs, from centrifugal to positive displacement, meeting nearly all application needs of the customer
Pumps	Remanufactured Pumps 		<ul style="list-style-type: none">Provides customers with remanufactured API pumpsRemanufactured delivery times typically at 12-16 weeks vs 30+ weeks for newly manufactured pumps
	Branded Pump Manufacturing 		<ul style="list-style-type: none">Full product line: Single-stage, Multi-stage, Vertical inline, Vertical turbine
Aftermarket	Service, Repair, Parts, and Other 		<ul style="list-style-type: none">Manage customer needs, providing high-value aftermarket support on either an as-needed basis or under long-term contracts33,000 sq ft. Repair Center & Global Service Team



HIGHLY EXPERIENCED, PROVEN MANAGEMENT TEAM

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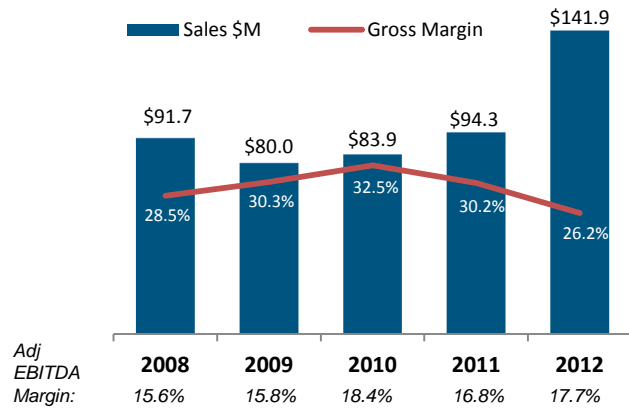
- **Experienced management team with a strong record of building a profitable business**
 - Average executive tenure is over 25+ years
 - Instrumental in B27's growth and vision for further expansion
- **Management is committed to remaining with the business and executing on continued growth**
- **Meaningful “bench” strength across B27**
- **Highly specialized and motivated sales force**
 - Over 38 sales and sales engineering professionals
 - Sales agents operating abroad in over 10 countries



STRONG REVENUE GROWTH AND MARGINS

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Revenue Growth at 11.5% CAGR



GROWING MOMENTUM WITH TOP TIER GLOBAL CUSTOMER BASE:



Source: Audited financial statements, DXP and B27 management estimates



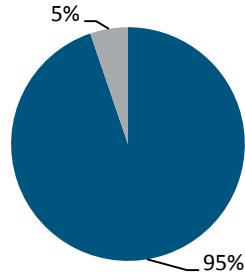
DXP AND B27 COMBINATION - - ENHANCED REVENUE MIX

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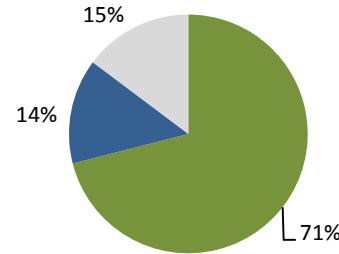
FY 2012 PROFORMA

DXP
(\$1,097M SALES)

GEOGRAPHY (1)



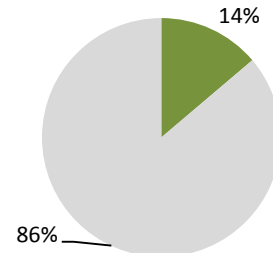
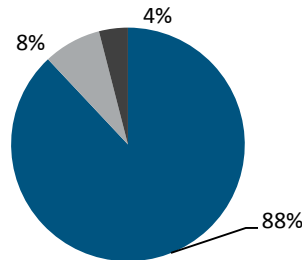
SEGMENTS (1)



GEOGRAPHY LEGEND

- U.S.
- Canada
- Rest of World (ROW)

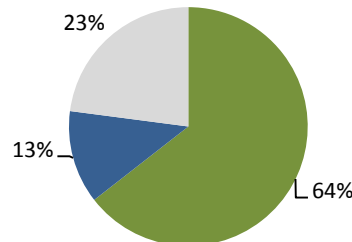
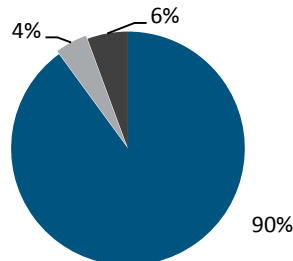
B27
(\$142M SALES)



SEGMENT LEGEND

- Service Center (SC)
- Supply Chain Solutions (SCS)
- Innovative Pumping Solutions (IPS)

COMBINED
(\$1,239M SALES)



(1) FYE December 31, 2012. B27 Geography is based on 2012 actual shipments, while Combined (DXP + B27) is based upon B27 geographic shipments and DXP geographic sales.



B27 MEETS DXP'S FINANCIAL CRITERIA

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		FY 2012	
	<i>Target</i>	<u>DXP</u>	<u>B27</u>
Organic Revenue Growth	10%	12%	50%
EBITDA Percentage⁽¹⁾	10%+	10%	18%
Return on Invested Capital⁽²⁾	25%+	34%	28%

(1) B27 reflects Adjusted EBITDA for costs that will no longer exist post acquisition

(2) ROIC is defined as tax affected 2012 LTM EBITDA / average total net operating assets.



DXP ACQUISITION SCORECARD

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ACQUISITION PRIORITY

Consistent with DXP Vision and Strategy

Complements DXP's business segments and key product divisions

Returns in excess of DXP's cost of capital and margins higher than DXP

Accretive in first full year post acquisition

ACQUISITION SUMMARY



Supports desire to become “one-stop” source for customer rotating equipment needs. Global portfolio of products and services.



B27 significantly overlaps with DXP's existing business. Enhances and enlarges DXP's Innovative Pumping Solutions while complementing DXP's Service Center segment.



B27's Gross and EBITDA margins are higher than DXP's



Expected to be accretive by approximately \$0.50 - \$0.55 per diluted share in fiscal year 2014



GO FORWARD PLAN

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- DXP and B27 plan on the combined business leveraging purchasing scale, best practices, market knowledge and product / service offering
- DXP will help B27 accelerate expansion plans
- No immediate changes to B27 leadership or team members anticipated
- Will maintain B27 name and brands
- Will primarily report under DXP's Innovative Pumping Solutions business