



THE INDUSTRIAL DISTRIBUTION EXPERTS

INVESTOR PRESENTATION

NASDAQ: DXPE

SEPTEMBER 2024

SAFE HARBOR AND REGULATION G DISCLOSURES

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.



DXP ENTERPRISES... DIFFERENTIATED BUSINESS MODEL

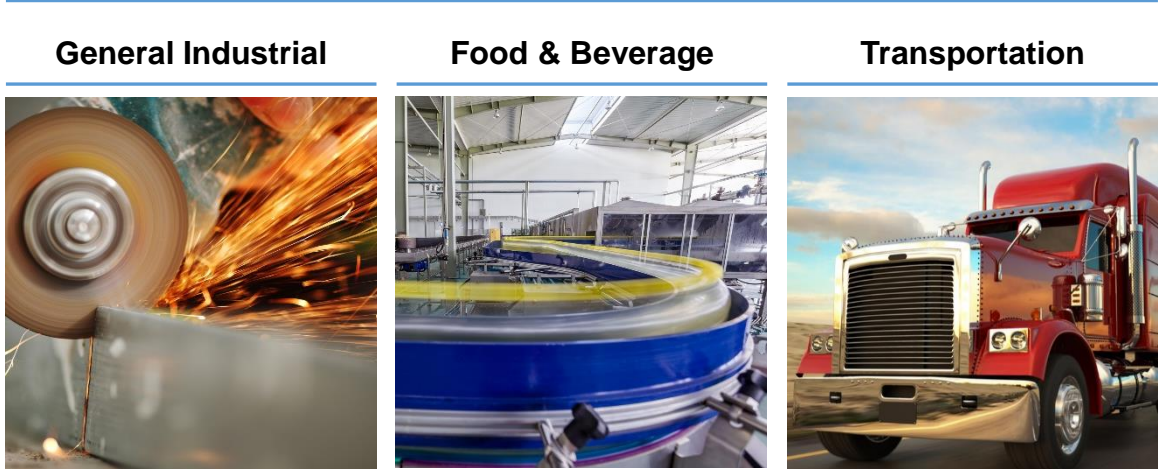
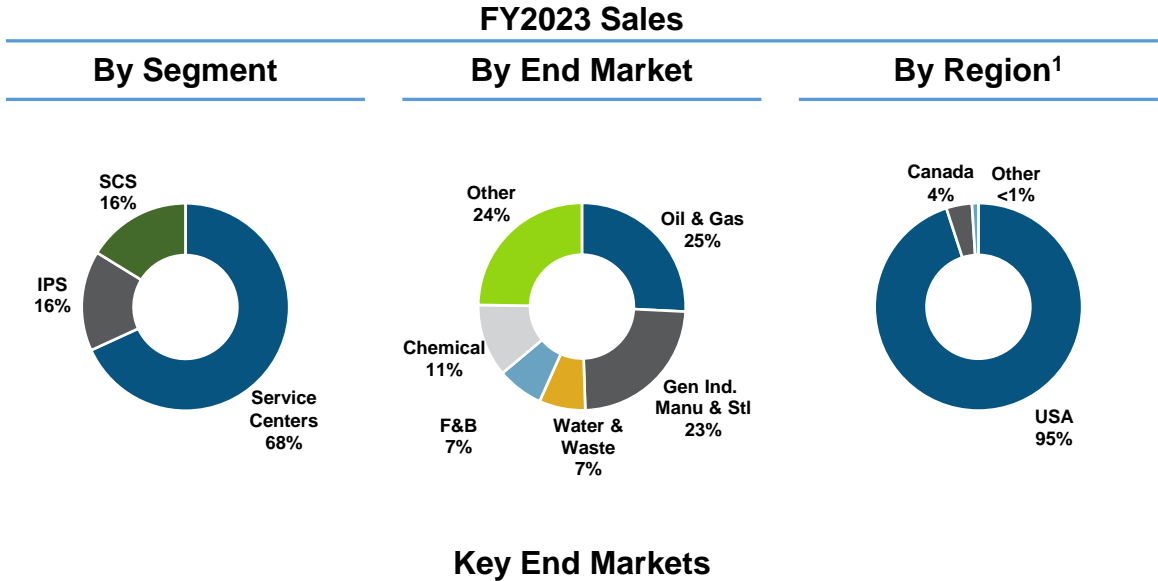
(\$ millions)

Company Description

- Leading technical distributor of maintenance, repair and operating (“MRO”) products and services
- Operates via 3 segments: Service Centers, Innovative Pumping Solutions (“IPS”) and Supply Chain Services (“SCS”)
- Top 20 distributor of MRO products in a fragmented industry
- North America’s largest distributor of pumps and provider of rotating equipment products
- Serves more than 25,000+ active customers across a broad range of end markets including general industrial, energy, food & beverage, transportation, chemical, water and wastewater
- Founded in 1908 and headquartered in Houston, Texas

Quick Facts

- LTM Q2-24 Sales: ~\$1,684mm
- LTM Q2-24 Adj. EBITDA: \$174mm
- 183 Locations
- 4 Distribution Centers and 16 Fabrication Centers
- ~2,800 Employees²
- 41 Acquisitions and 1 Divestiture since 2009



Note: Business segment, end market, and region data as of FY2023 unless noted otherwise. Acquisition count reflects M&A transactions completed from FY09 to YTD FY24. ¹ Dubai sales contributed less than 1% of total FY2023 sales. ² Includes corporate employees.

WHY DXP: COMPELLING INVESTOR VALUE PROPOSITION



1

Differentiated business model with diversified end-market exposure

2

Comprehensive product portfolio focused on engineered solutions

3

Levers of growth drive attractive value creation algorithm

4

Strong financial position supporting consistent return of capital

5

Owner mindset focused on creating long-term value creation for shareholders

1

UNIQUE MARKET APPROACH ACROSS THREE SEGMENTS

(\$ millions)



Fiscal 2023
Sales: \$1,145
Operating Income: \$164

Technical expertise and logistics capabilities to industrial customers; single source of supply on an efficient and competitive basis



- ✓ **Breadth of Technical Products**
- ✓ **Vendor Managed Inventory**
- ✓ **Largest Network of National Field and Shop Repair Facilities**



Fiscal 2023
Sales: \$273
Operating Income: \$44

Single source for engineering, modular process systems, engineered fluid handling packages, pump manufacturing, remanufacturing, custom castings and private label pumps



- ✓ **Process Engineering and Capital Project Management**
- ✓ **Manufacturing and Remanufacturing**
- ✓ **Private Label Pumps**



Fiscal 2023
Sales: \$260
Operating Income: \$22

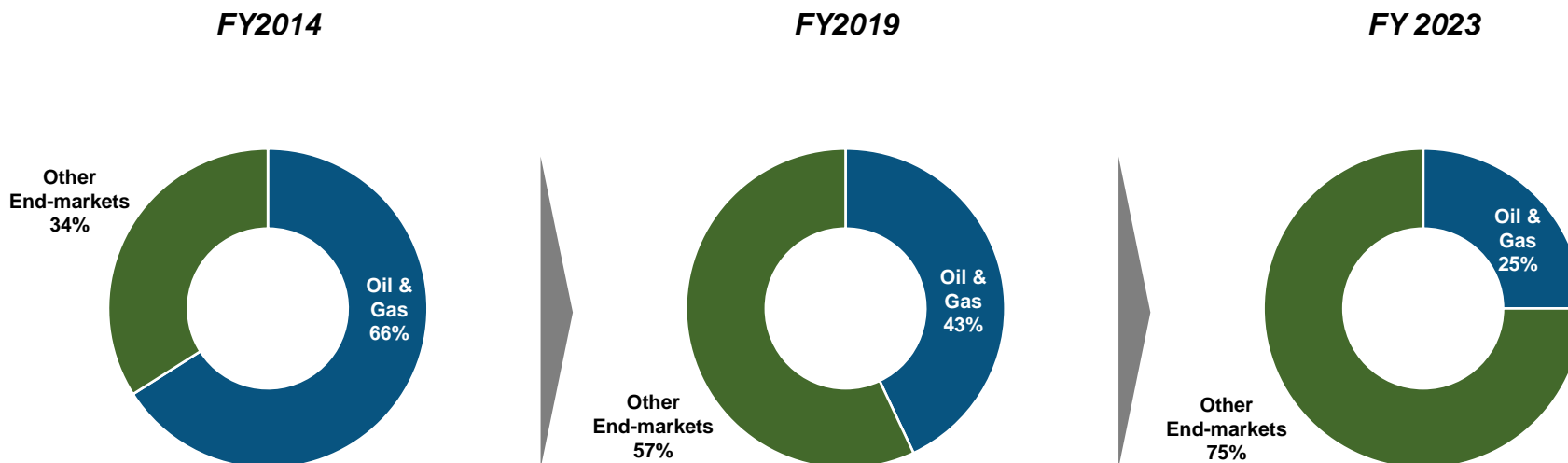
Manages supply chains including procurement and inventory management; reduces customers' indirect material costs and order cycle time



- ✓ **End-to-End Total Supply Chain Solutions**
- ✓ **Fully Outsourced MRO Service Offering**

1 DIVERSIFIED COUNTER CYCLICAL END MARKETS

DXP End Market Transformation and Diversification

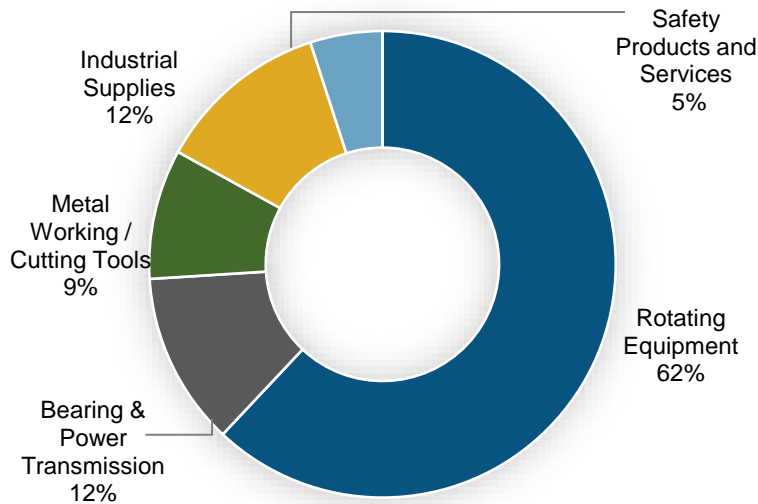


DXP is a leading player in diverse, growing, and recession-resistant end markets

- ✓ *Less exposure to Oil & Gas end market; Decreased over 50% from FY2014 to FY2023*
- ✓ *Increased diversity in end market exposure*
- ✓ *Expanding presence in Industrial, Water & Wastewater and Food & Beverage industries which benefit from strong secular trends*
- ✓ *High quality customer base across dynamic industries*

2 COMPREHENSIVE PRODUCT PORTFOLIO WITH EMPHASIS ON HIGHLY ENGINEERED SOLUTIONS

DXP Product Divisions¹



Market Leader Across Products

#1 Rotating Equipment

Top 5 Metal Working / Cutting Tools
Safety Products and Services

Top 10 Bearings and Power Transmission

Top 15 Industrial Supplies

A breadth of technical products and services.

- ✓ *Single source for engineering, system design, and fabrication of custom pump packages*
- ✓ *Fulfill MRO, OEM, and capex customer demand streams*
- ✓ *Higher margin products and value-added services*



3

BALANCED STRATEGY HAS ACCELERATED GROWTH

Annual Goals

Organic Growth Remains a Top Priority...

10%



...Acquisitions Accelerate Growth and Scale

10%



Combined, Consistent Growth in Excess of the Market

Results

- Completing first national pump distribution platform
- SuperCenters – unmatched branch model
- Aligned sales force expansion – national and local
- Unmatched Innovative Pumping Solution capabilities
- SCS guaranteed “customer savings”

- Continue consolidation of fragmented market
- Opportunities to enlarge key product divisions
- Diversify end markets and customers
- U.S. still top priority – targeting “holes” in the map

- Consistent top and bottom-line growth
- “One-stop” source for customer’s technical products and service needs – “Customer Driven Experts in MRO Solutions”
- Long-term shareholder value creation

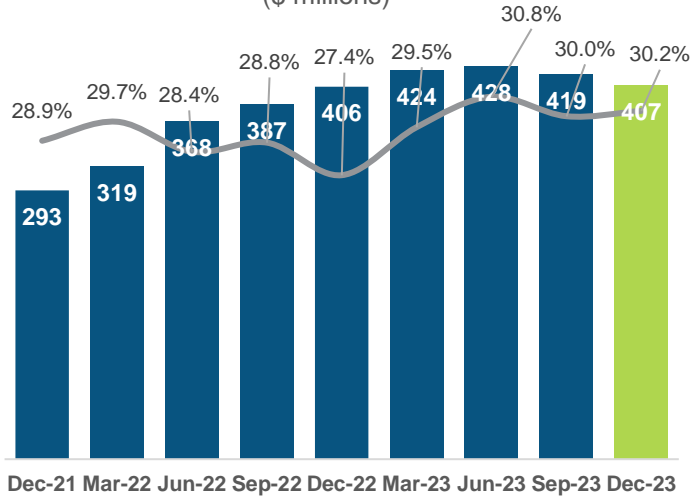
Recent Acquisitions (2020 –2024)

Date	Acquisition	Product Division	Region
Sep-24	Hartwell Environmental	Water & Wastewater	TX / OKL
Jun-24	Industrial RE Asset	Pumps	Northeast
Mar-24	ProSeal Service Group	Pumps	Midwest
Feb-24	Kappe Associates	Water & Wastewater	East
Jan-24	Hennessy Mechanical Sales	Water & Wastewater	Southwest
Nov-23	Alliance Pump & Mechanical Service	Pumps, Repairs	Midwest
May-23	Florida Valve & Equipment	Water & Wastewater	South Atlantic
May-23	Riordan Materials Corporation	Water & Wastewater	Mid & South Atlantic
Sep-22	Sullivan Environmental Technologies	Water & Wastewater	Midwest
May-22	Cisco Air Systems	Compressors	South
Mar-22	Drydon Equipment, Inc	Water & Wastewater	Midwest
Mar-22	Burlingame Engineers, Inc	Water & Wastewater	West
Sep-21	Premier Water	Water & Wastewater	South
Jul-21	Process Machinery, Inc	Pumps, Filters	South
Apr-21	Carter & Verplanck, Inc	Water & Wastewater	South East
Dec-20	Total Equipment Company	Pumps, Compressors	East
Dec-20	APO Pumps & Compressors	Pumps, Compressors	Midwest

HEALTHY FINANCIAL PERFORMANCE DRIVING RETURNS

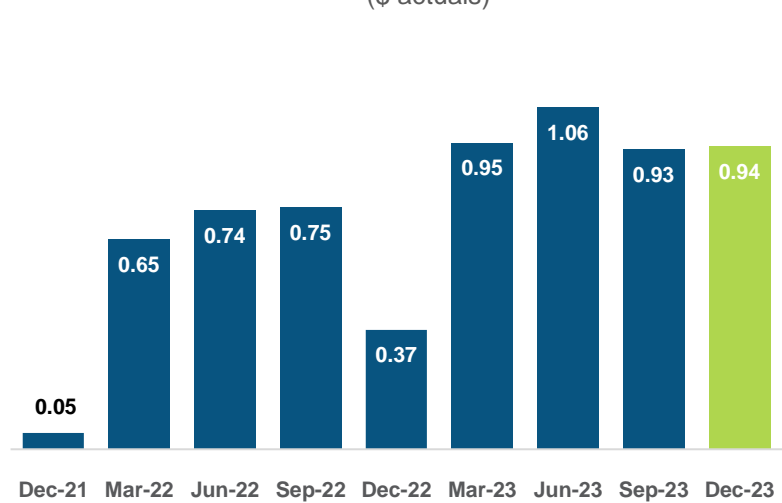
Sales and Gross Margin

(\$ millions)



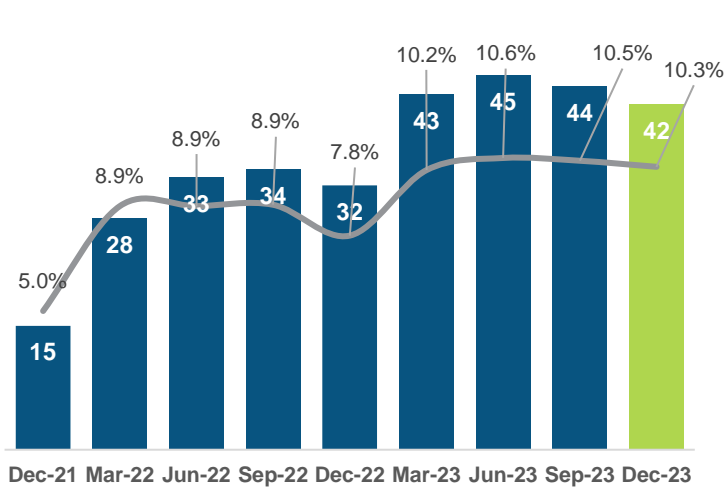
Diluted Earnings Per Share

(\$ actuals)*



Adj. EBITDA and Adj. EBITDA Margin

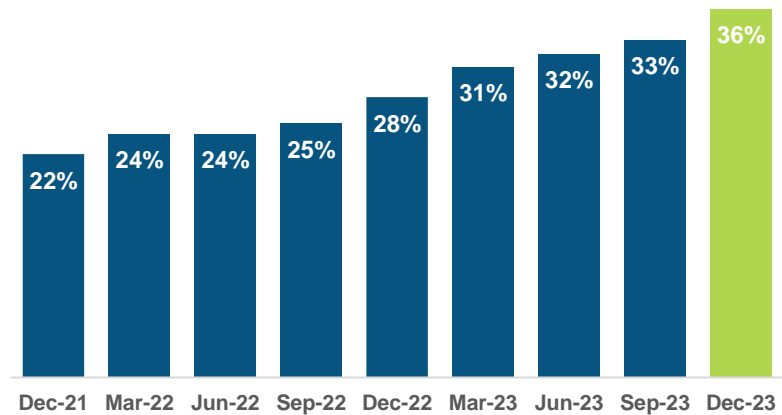
(\$ millions)



Return on Invested Capital

ROIC%

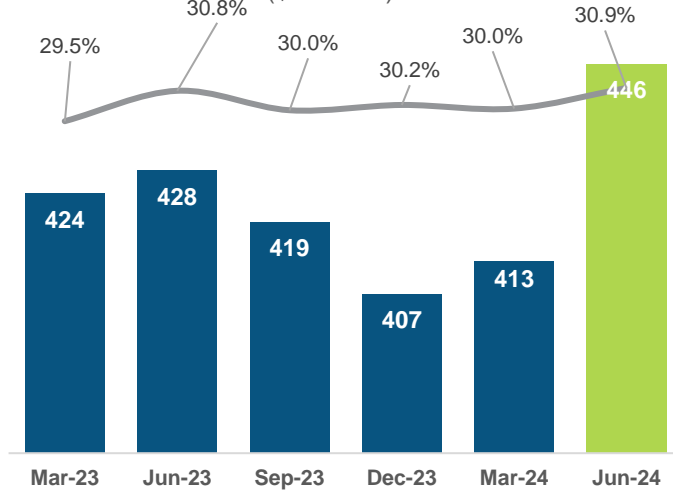
Return on invested capital is defined as tax-effected LTM EBITDA / average total net operating assets.



QUARTERLY FINANCIAL PERFORMANCE

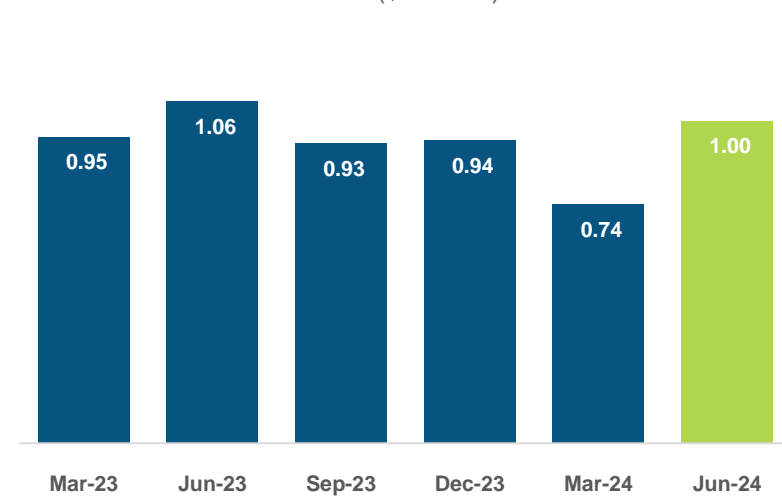
Sales and Gross Margin

(\$ millions)



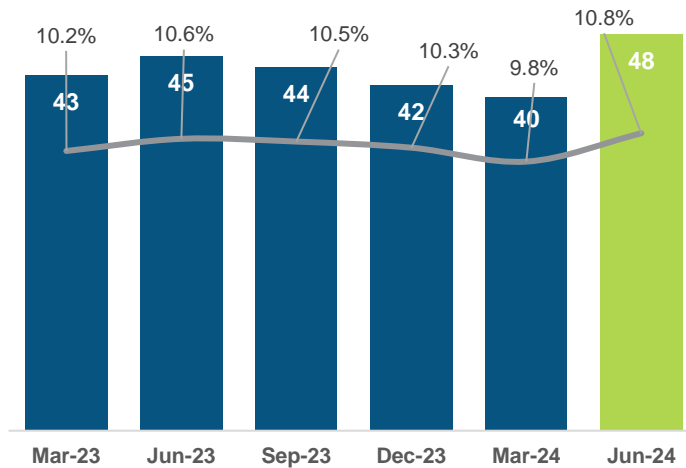
Diluted Earnings Per Share

(\$ actuals)*



Adj. EBITDA and Adj. EBITDA Margin

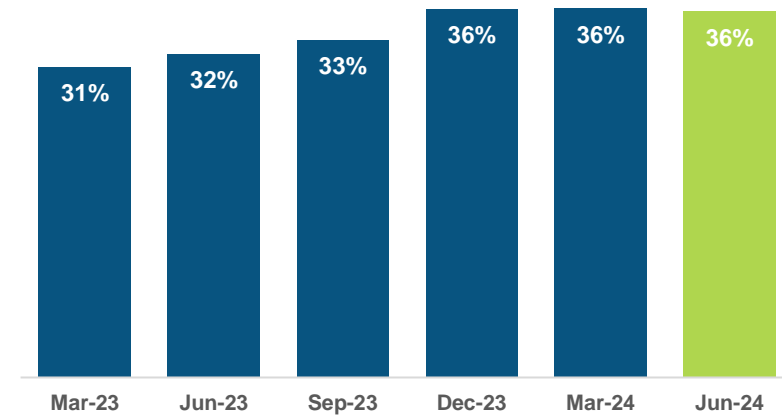
(\$ millions)



Return on Invested Capital

ROIC%

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



4 STRONG CASH FLOW GENERATION THROUGH CYCLES

(\$ millions)



FCF conversion peaks at height of cycles...

...But is still strong during non-peak periods

FCF conversion peaks at the height of cycles (2009, 2015 and 2020) but remains robust (>35% average) during non-peak years

Robust free cash flow profile...

- ✓ 16 year average free cash flow conversion of ~60% from FY 2007 to FY 2022
- ✓ During downturns, DXP has effectively managed its cash flow by releasing working capital and remaining disciplined in acquisitive growth
- ✓ Flexible cost structure and disciplined working capital management underpin free cash flow generation through cycles
- ✓ Strong ability to manage headwinds in broader energy markets

Note: Adj. EBITDA is pre-impairment expense in 2009, 2014 and 2015. 2015 is also pre-B27 settlement and includes add back for above average legal fees. ¹ Free Cash Flow calculated as cash flows from operations less net purchases of property and equipment per Company financials; FCF Conversion defined as (cash flows from operations – net purchases of property and equipment) / Adj. EBITDA; Adj. EBITDA per Company financials. ² Equates to \$174mm for 2023 Adj. EBITDA.

APPENDIX

DXP

SERVICE CENTERS SEGMENT*

(\$ millions)

Segment Description

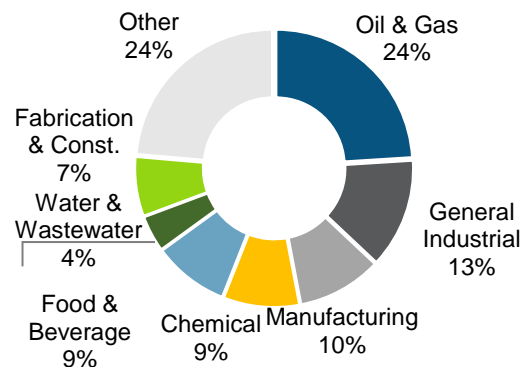
- DXP Service Centers provides MRO and OEM products, equipment and services, including technical expertise and logistics capabilities
- Serves a diverse customer base in varied end markets with ability to provide same day delivery
- Offers a single source of supply on an efficient and competitive basis
- First-tier distributor providing products in rotating equipment, power transmission, hose, fluid power, metal working, industrial supply, and safety products and safety services
- Majority of sales derived from customer product purchase orders, directly solicited by outside sales force making calls to customer locations

Quick Facts

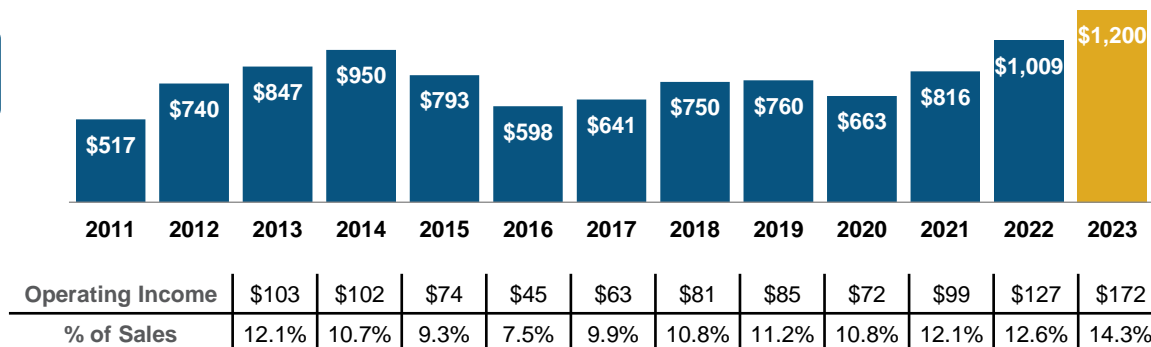
- **\$1,145** million Fiscal 2023 sales
- **161+** Service Centers
- **4** Distribution Centers
- **~1,723** Employees¹

End Markets and Financial Performance

FY 2023A Sales by End Market



Segment Performance – Sales and Operating Income



¹ Excludes corporate employees.

*As of January 1, 2024, the Company moved certain locations previously reported under IPS to SC

INNOVATIVE PUMPING SOLUTIONS SEGMENT*

(\$ millions)

Segment Description

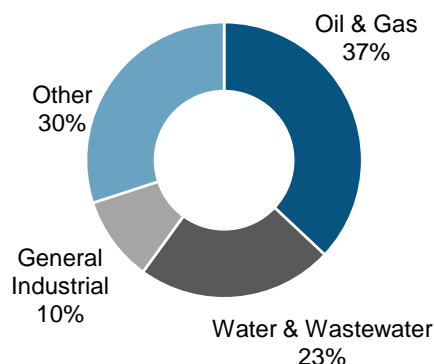
- Provides integrated, custom pump skid packages, pump remanufacturing and private label pumps to meet customers' capital equipment needs
- Leading single source provider for engineering, systems design rerates, and modular process systems for unique customer specifications
- DXP's engineering staff designs complete custom pump packages to meet customers' unique project requirements
- Pump applications include oil & gas production, pipelines, water and wastewater applications, injection systems to dispose of produced water and complete systems in power, mining, air quality filtration and LNG
- With over 100 years of fabrication experience, DXP has unmatched technical expertise providing the highest quality products

Quick Facts

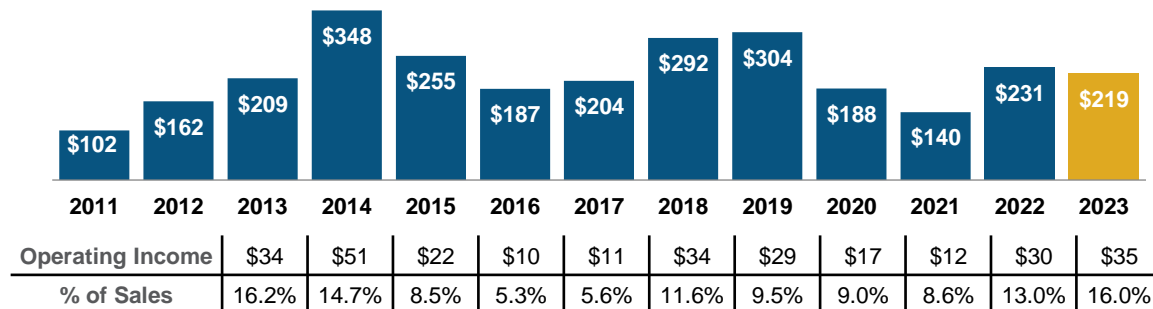
- **\$273** million Fiscal 2023 sales
- **16** Fabrication Facilities
- **~383** Employees¹

End Markets and Financial Performance

FY 2023A Sales by End Market



Segment Performance – Sales and Operating Income



¹ Excludes corporate employees.

*As of January 1, 2024, the Company moved certain locations previously reported under IPS to SC

SUPPLY CHAIN SERVICES SEGMENT

(\$ millions)

Segment Description

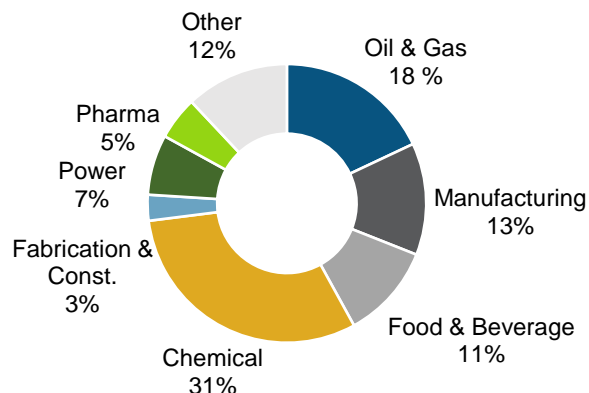
- Manages all or part of customer supply chains, including procurement and inventory management
- Provides fully outsourced solutions for sourcing MRO products, including inventory optimization and management, store-room management, transaction consolidation and control and vendor oversight
- With decades of supply chain inventory management experience and comprehensive research, DXP takes a consultative approach to determine the strengths and opportunities for improvement within customers' MRO products supply chain
- Customer benefits include hard-dollar cost savings, reduced inventory, lower unit prices, reduced staffing, and improved procurement visibility and control

Quick Facts

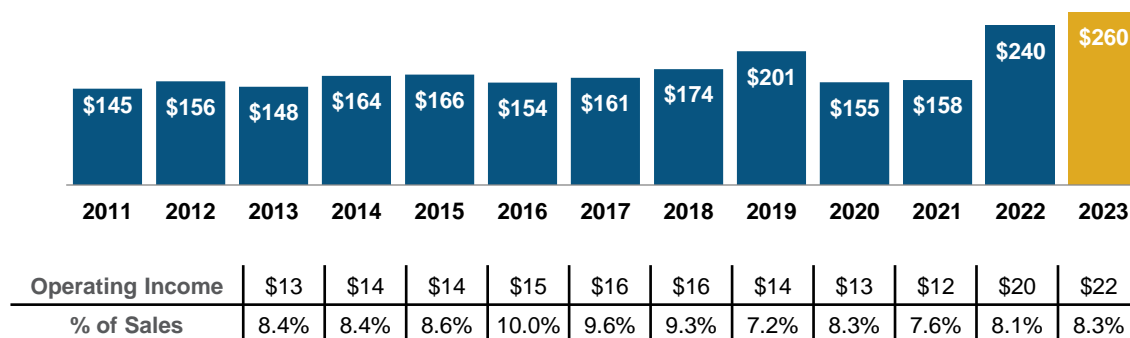
- **\$260** million Fiscal 2023 sales
- **81** Customer Facilities
- **~419** Employees¹

End Markets and Financial Performance

FY 2023A Sales by End Market



Segment Performance – Sales and Operating Income



¹ Excludes corporate employees.

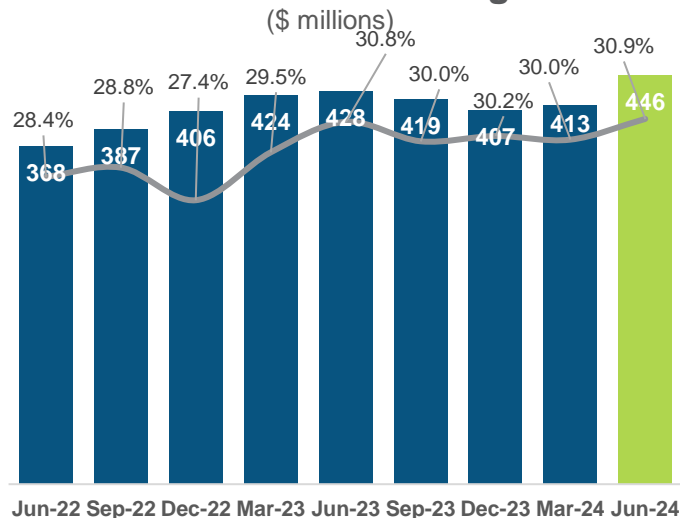
Q2'24 INCOME STATEMENT HIGHLIGHTS

(\$ thousands, except per share data)

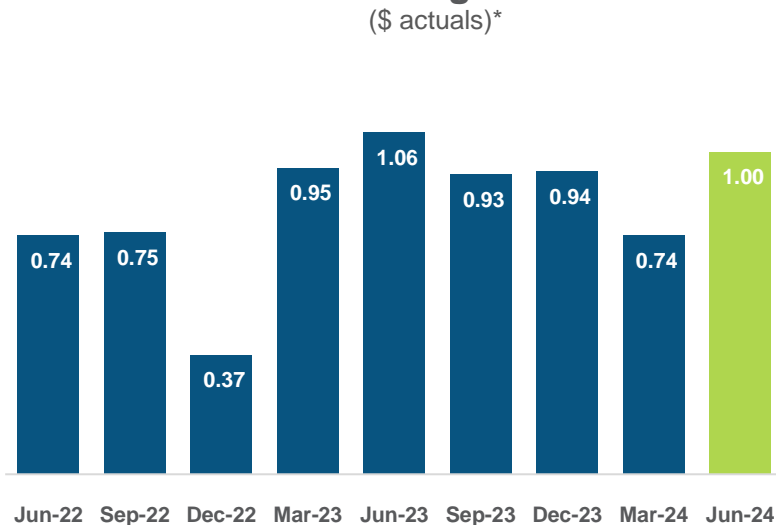
	Prior Yr Qtr Jun 30, 2023	Prior Qtr Mar 31, 2024	Current Qtr Jun 30, 2024
Sales	\$ 428,040	\$ 412,635	\$ 445,556
<i>% growth - yoy</i>	16.4%	-2.7%	4.1%
<i>% growth - seq</i>	0.9%	1.4%	8.0%
Gross Profit	131,852	123,882	137,793
<i>% margin</i>	30.8%	30.0%	30.9%
Operating Income	37,480	29,131	37,352
<i>% margin</i>	8.8%	7.1%	8.4%
Adj. EBITDA as reported	45,296	40,343	48,226
<i>% margin</i>	10.6%	9.8%	10.8%
Free Cash Flow	(4,243)	24,095	5,910
Diluted EPS	\$ 1.06	\$ 0.67	\$ 1.00
Diluted shares	18,051	16,968	16,708
Adjusted Diluted EPS	\$ 1.06	\$ 0.74	\$ 1.02
Avg. Daily Sales:	\$ 6,688	\$ 6,550	\$ 6,962

QUARTERLY FINANCIAL HIGHLIGHTS

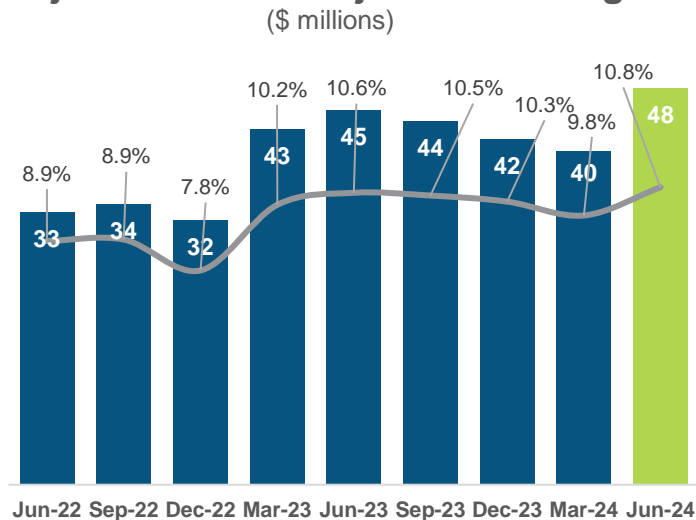
Sales and Gross Margin



Diluted Earnings Per Share

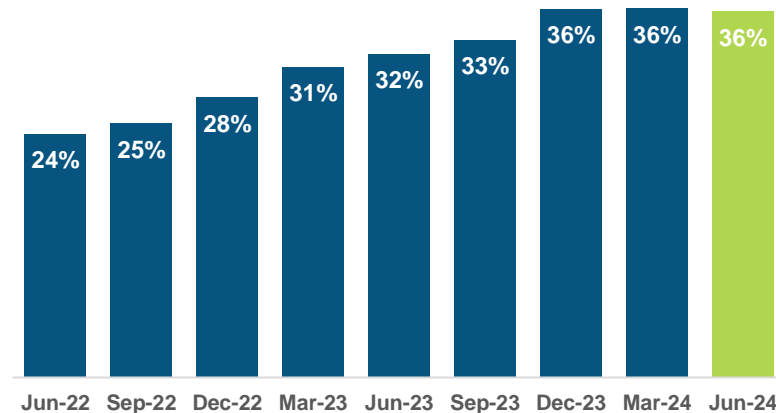


Adj. EBITDA and Adj. EBITDA Margin



Return on Invested Capital ROIC%


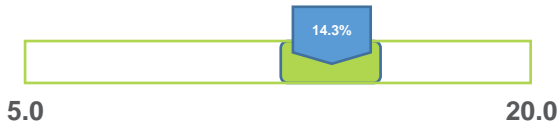
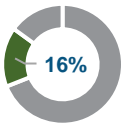
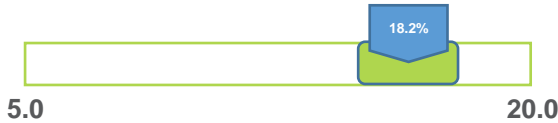

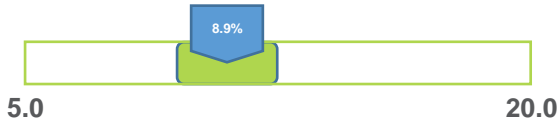
Return on invested capital is defined as tax-effected LTM EBITDA / average total net operating assets.



* Mar-24 diluted earnings per share is adjusted for one-time acquisition integration costs and other unique non-cash charges. Actual diluted EPS was \$0.67 for Q1-24. Sep-22 diluted earnings per share is adjusted for the impact of a one-time non-cash loss on the sale of an asset. Actual diluted earning per share was \$0.71 for Q3'22.

Q2'24 OPERATING PERFORMANCE BY SEGMENT

(\$ millions)

	Sales \$	Sales Mix	OP\$	OP%	
DXP SERVICE CENTERS	\$ 306.5	 69%	\$ 43.9	14.3%	
DXP INNOVATIVE PUMPING SOLUTIONS®	\$ 73.4	 16%	\$ 13.4	18.2%	
DXP SUPPLY CHAIN SERVICES	\$ 65.7	 15%	\$ 5.8	8.9%	
Corporate*	---		\$ (25.7)		
Total DXP	\$ 445.6	100%	\$ 37.4	8.4%	

*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.

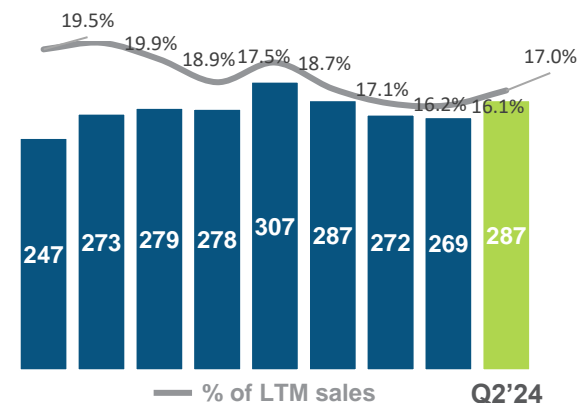
CASH FLOW & WORKING CAPITAL

	Current YTD Jun 30, 2024	Prior Qtr Mar 31, 2024	Current Qtr Jun 30, 2024
GAAP net income	\$ 28,025	\$ 11,332	\$ 16,693
Depreciation and amortization	15,665	7,538	8,127
Change in net working capital	207	10,827	(10,620)
Other operating cash flows, net	(2,173)	(2,708)	535
Net Cash provided by operating activities	41,724	26,989	14,735
Purchase of property & equipment, net	11,719	2,894	8,825
Free Cash Flow	30,005	24,095	5,910
Net Cash used in financing activities	(35,003)	(18,146)	(16,857)
Cash at end of the period	50,026	139,789	50,026

Supplemental Information:

Purchase of businesses	119,017	39,261	79,756
Cash paid for income taxes	15,456	14,693	763
Cash paid for interest	29,140	14,649	14,491
Net Debt	495,939	407,553	495,939

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

RECONCILIATION OF NON-GAAP MEASURES: ORGANIC SALES and ORGANIC SALES PER BUSINESS DAY

(\$ thousands)

The following table is a reconciliation of organic sales and organic sales per business day to the most comparable U.S. GAAP financial measure

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Sales by Business Segment				
Service Centers	\$306,516	\$313,806	\$594,952	\$619,619
Innovative Pumping Solutions	73,377	48,067	135,592	99,478
Supply Chain Services	65,663	66,167	127,647	133,210
Total DXP Sales	\$445,556	\$428,040	\$858,191	\$852,307
Acquisition Sales	23,403	7,265	35,178	26,398
Organic Sales	\$422,153	\$420,775	\$823,013	\$825,909
Business Days	64	64	127	128
Sales per Business Day	\$6,962	\$6,688	\$6,757	\$6,659
Organic Sales per Business Day	\$6,596	\$6,575	\$6,480	\$6,452

RECONCILIATION OF OPERATING INCOME

(\$ thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating income for reportable segments	\$63,044	\$58,999	\$115,596	\$119,523
<i>Adjustments for:</i>				
Amortization of intangibles	4,719	4,582	9,088	9,340
Corporate expenses, net	20,973	16,937	40,025	37,304
Total operating income	37,352	37,480	66,483	72,879
Interest expense	15,384	11,863	30,928	23,384
Other income, net	(1,035)	(242)	(3,004)	(712)
Income before income taxes	\$23,003	\$25,859	\$38,559	\$50,207

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,		Six Months Ended June 30,	
	2024	2023	2024	2023
Income before income taxes	\$ 23,003	\$ 25,859	\$ 38,559	\$ 50,207
Plus: interest expense	15,384	11,863	30,928	23,384
Plus: depreciation and amortization	8,127	6,703	15,665	13,485
EBITDA	\$46,514	\$44,425	\$85,152	\$87,076
Plus: Stock comp. expense & other charges	1,712	871	3,418	1,347
Adjusted EBITDA	\$48,226	\$45,296	\$88,570	\$88,423

KEY BUSINESS METRICS 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, amortization, and non-controlling interest. We define and calculate Adjusted EBITDA as Net income attributable to DXP Enterprises, Inc., plus interest, taxes, depreciation, amortization minus stock-based compensation expense, non-controlling interest before taxes 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.



THE INDUSTRIAL DISTRIBUTION EXPERTS

NASDAQ: DXPE
SEPTEMBER 2024