



THE INDUSTRIAL DISTRIBUTION EXPERTS

Presented by:

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Results for Q2 Fiscal 2023

Earnings Announcement: August 9, 2023

(Quarter Ending June 30, 2023)

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

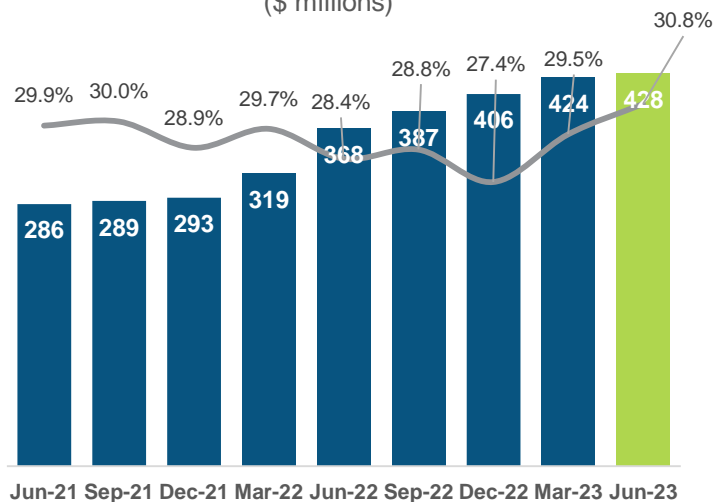
(\$ thousands)

	Prior Yr Jun 30, 2022	Prior Qtr Mar 31, 2023	Current Qtr Jun 30, 2023
Sales	\$ 367,812	\$ 424,267	\$ 428,040
<i>% growth - yoy</i>	28.7%	32.8%	16.4%
<i>% growth - seq</i>	15.2%	4.4%	0.9%
<hr/>			
Gross Profit	104,262	125,041	131,852
<i>% margin</i>	28.3%	29.5%	30.8%
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Operating Income	25,920	35,399	37,480
<i>% margin</i>	7.0%	8.3%	8.8%
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Adj. EBITDA as reported	32,609	43,126	45,295
<i>% margin</i>	8.9%	10.2%	10.6%
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Diluted EPS	\$ 0.74	\$ 0.95	\$ 1.06
Diluted shares	19,606	18,436	18,057
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Avg. Daily Sales:	\$ 5,838	\$ 6,629	\$ 6,794

QUARTERLY FINANCIAL HIGHLIGHTS

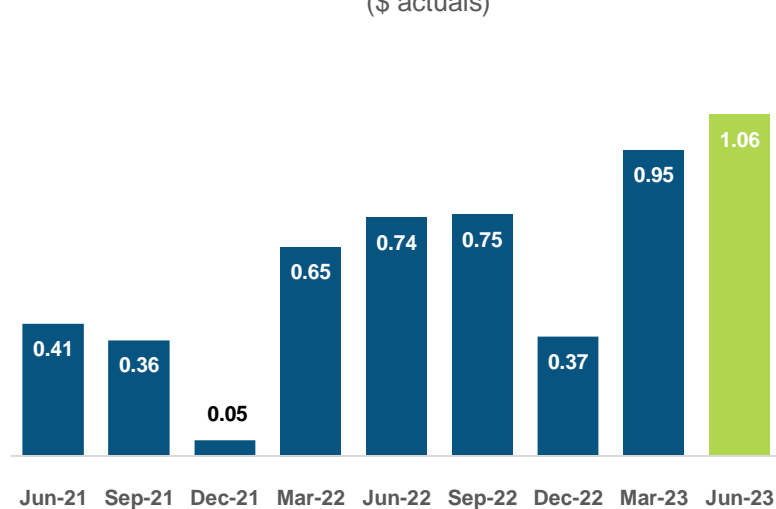
Sales and Gross Margin

(\$ millions)



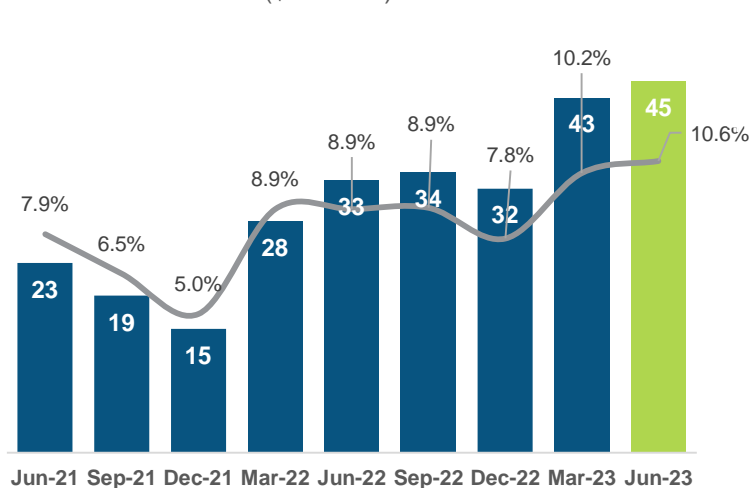
Diluted Earnings Per Share

(\$ actuals)*



Adj. EBITDA and Adj. EBITDA Margin

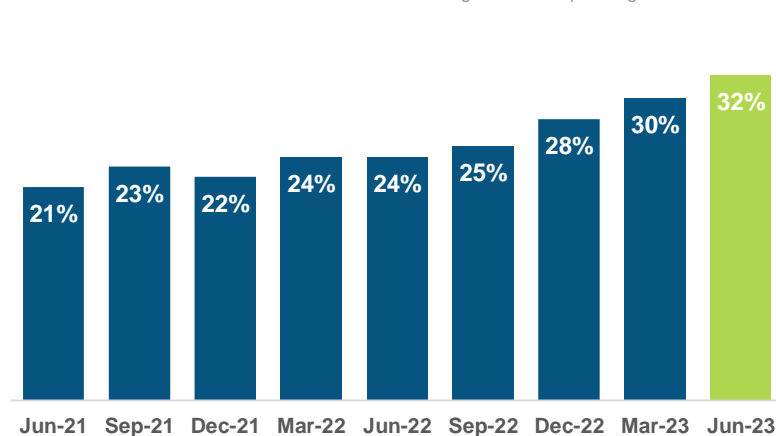
(\$ millions)



Return on Invested Capital

ROIC%




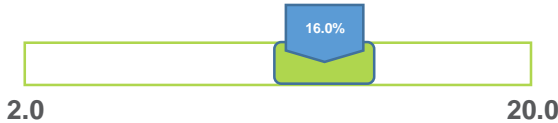


Return on invested capital is defined as tax-effected LTM EBITDA / average total net operating assets.



* 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 OPERATING PERFORMANCE BY SEGMENT

(\$ millions)

	Sales \$	Sales Mix	OP\$	OP%	
DXP SERVICE CENTERS	\$ 298.4	 70%	\$ 44.1	14.8%	
DXP INNOVATIVE PUMPING SOLUTIONS®	\$ 63.4	 15%	\$ 10.2	16.0%	
DXP SUPPLY CHAIN SERVICES	\$ 66.2	 15%	\$ 5.4	8.2%	
Corporate*	---		\$ (22.2)		
Total DXP	\$ 428.0	100%	\$ 37.5	8.8%	

*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.

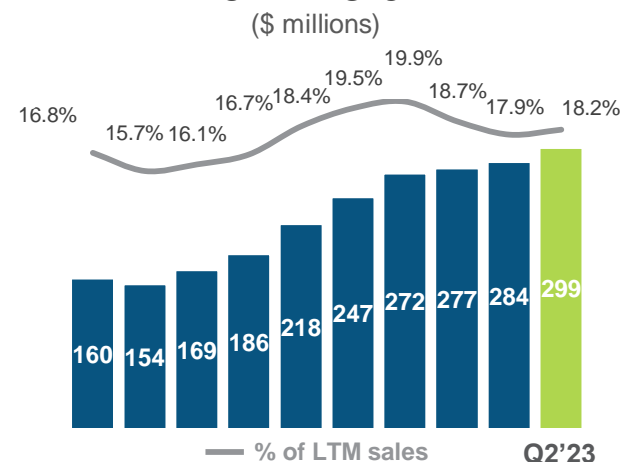
CASH FLOW & WORKING CAPITAL

	Prior Qtr Mar 31, 2023	Current Qtr Jun 30, 2023
GAAP net income	\$ 17,579	\$ 19,054
Depreciation and amortization	6,782	6,703
Change in net working capital	2,928	(27,233)
Other operating cash flows, net	(841)	(955)
Net Cash provided by operating activities	26,448	(2,431)
Purchase of property & equipment, net	3,804	1,813
Proceeds from sale of assets	-	-
Free Cash Flow	22,644	(4,244)
Net Cash used in financing activities	(10,354)	(29,811)
Cash at end of the period	58,373	15,624

Supplemental Information:

Purchase of businesses	-	8,488
Cash paid for income taxes	379	15,928
Cash paid for interest	10,879	11,096
Net Debt	368,759	410,416

NET WORKING CAPITAL



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,	
	2023	2022
Operating income for reportable segments	\$59,723	\$46,052
<i>Adjustments for:</i>		
Amortization of intangibles	4,582	4,591
Corporate expenses	17,660	15,541
Total operating income	37,480	25,920
Interest expense	11,863	5,615
Other expense (income), net	(242)	839
Income before income taxes	\$ 25,860	\$19,466

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,	
	2023	2022
Income before income taxes	\$ 25,860	\$ 19,466
Plus: interest expense	11,863	5,615
Plus: depreciation and amortization	6,703	7,080
EBITDA	\$44,425	\$32,161
Plus: Stock compensation expense	871	493
Adjusted EBITDA	\$45,296	\$32,609



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NASDAQ: DXPE
JUNE 2023