



THE INDUSTRIAL DISTRIBUTION EXPERTS

Presented by:

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INVESTOR PRESENTATION

NASDAQ: DXPE

JUNE 2022

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:

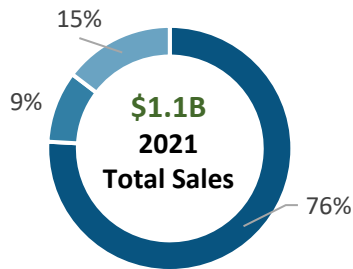
The Non-GAAP financial measures contained in this presentation (including, without limitation, EBITDA, Adjusted EBITDA, Free Cash Flow, Return on Invested Capital (ROIC) and variations thereof are not measures of financial performance calculated in accordance with GAAP and should not be considered as 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, INC.

Leading technical distributor of MROP products and services *Keeping the Wheels of Industry in Motion* through quality customer service and deep product expertise

All data as of Dec. 31, 2021



- Service Centers
- Innovative Pumping Solutions
- Supply Chain Services



High-Performance Industry Leader Creating Unique Value through the Cycle

Diversified
Counter
Cyclical
End Markets

Strong Cash
Generation
through
Cycles

Disciplined
Capital
Deployment
Delivering
Strong ROIC

Accelerating
Growth &
Diversification
with M&A

> 60%
average FCF
conversion
(2017 – 2021)

> 20%
average ROIC
Goal
(2017 – 2021)

Top 20

MROP distributor
in North America

#1

Largest N.A.
distributor of pumps

Five (5)

major product
divisions supporting
customers

Founded in
1908

UNIQUE MARKET APPROACH ACROSS THREE SEGMENTS

(\$ millions)



FYE 2021
Sales: \$816
Operating Income: \$99

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**



FYE 2021
Sales: \$140
Operating Income: \$12

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



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



FYE 2021
Sales: \$158
Operating Income: \$12

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**

BREADTH OF TECHNICAL PRODUCTS & SERVICES

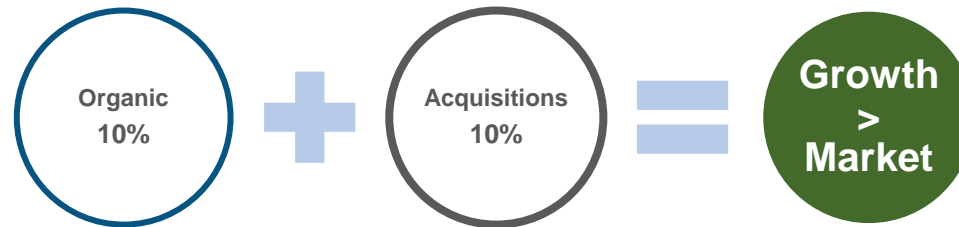
Product Category	Revenue Contribution ¹	Market Position	Selected Products		
Rotating Equipment	50%	#1	<ul style="list-style-type: none"> Centrifugal Pumps Diaphragm Pumps Horizontal Pumps Grinder Pumps Rotary Gear Pumps Sewage Pumps Wastewater Pumps Vane Pumps Sealless Pumps Mechanical Seals Specialty Pumps 	<ul style="list-style-type: none"> Pipe Fittings Valves Compressors Metering Pumps Regenerative Turbines Electric Motors Flow Meters Pistons Plungers Dampeners 	<p><u>Broad Portfolio of Rotating Equipment with more than 536,000 unique SKU's</u></p> 
Metal Working / Cutting Tools	14%	Top 5	<ul style="list-style-type: none"> Bandsaw Blades Boring Heads Broaches Endmills Reamers 	<ul style="list-style-type: none"> Carbide Tools Milling Cutters Files Gauges Coolant 	
Bearings & Power Transmission	15%	Top 10	<ul style="list-style-type: none"> Roller Bearings Ball Bearings Hydraulics Linear Products 	<ul style="list-style-type: none"> Hoses Pneumatics Lubrication Rubber Products 	
Industrial Supplies	13%	Top 15	<ul style="list-style-type: none"> Abrasives Diamond Products Transformers Ballasts 	<ul style="list-style-type: none"> Electronic Sensors Janitorial Equipment Welding Equipment 	
Safety Products & Services	8%	Top 5	<ul style="list-style-type: none"> Environment Monitoring Units Hazmat Protective Clothing Fall Arrest Safety Gear 	<ul style="list-style-type: none"> Ergonomics Fire Protection Hazwoper Tech Services 	

Source: Rankings reflect management market estimates regarding market share position. Modern Distribution Management, Product rankings and industry/product trade publications.

¹ Based on FY2021 sales.

TARGETED, BALANCED GROWTH

DYNAMIC GROWTH STRATEGY



- **Organic growth remains a top priority.**
 - Completing the first national pump distribution platform
 - SuperCenters – unmatched branch model. . . .
 - Aligned Sales force expansion – National and Local
 - National service and repair
 - Unmatched Innovative Pumping Solution capabilities
 - SCS guaranteed “customer savings”
- **. . . . Acquisitions accelerate growth, diversification and scale.....**
 - Opportunities to enlarge key product divisions
 - ***Diversify end markets and customers***
 - U.S. still top priority – significant “holes” in the map
- **Combined, consistent growth in excess of the market**
 - Consistent top and bottom-line growth
 - “One-stop” source for customer’s technical products and service needs – *“Customer Driven Experts in MROP Solutions”*
 - Long-term shareholder value creation

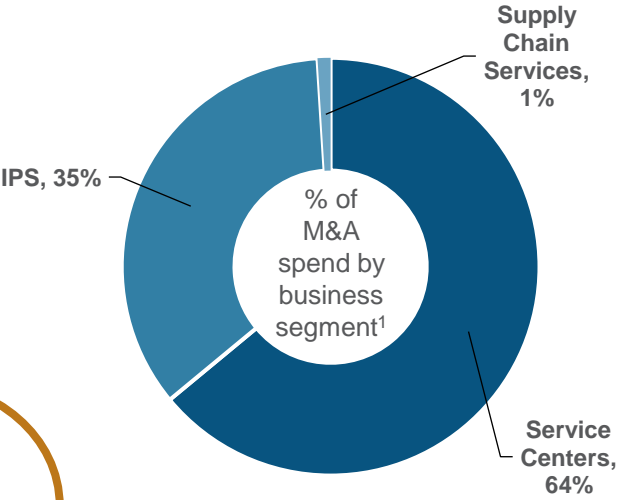
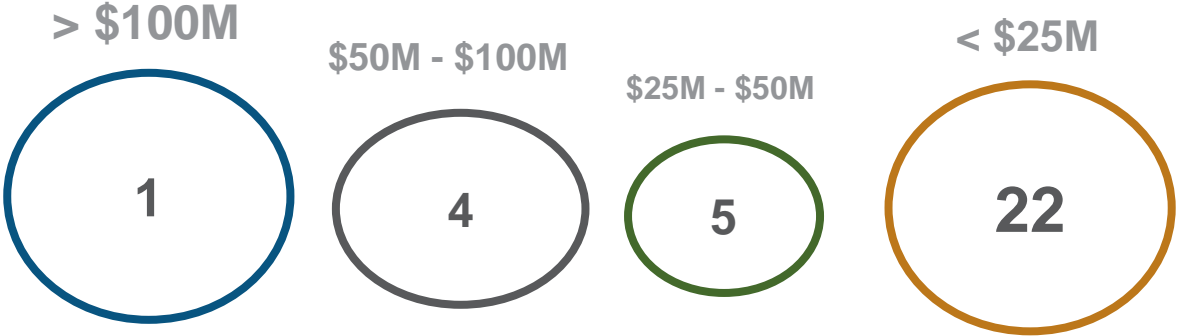
VALUE CREATING M&A STRATEGY

DYNAMIC GROWTH STRATEGY

KEY SELECTION CRITERIA



of Acquisitions
Based on purchase price¹



¹ Reflects M&A transactions completed from FY09 to YTD FY22

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

APPENDIX

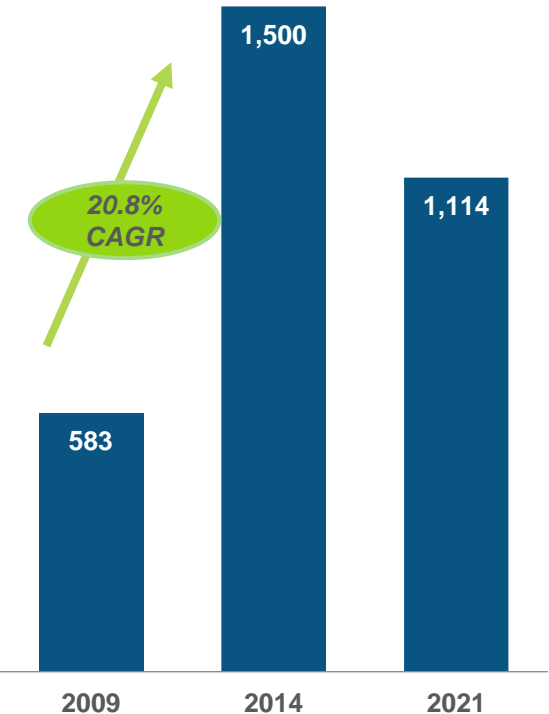
DXP

FINANCIAL PERFORMANCE FROM 2009 TO 2021

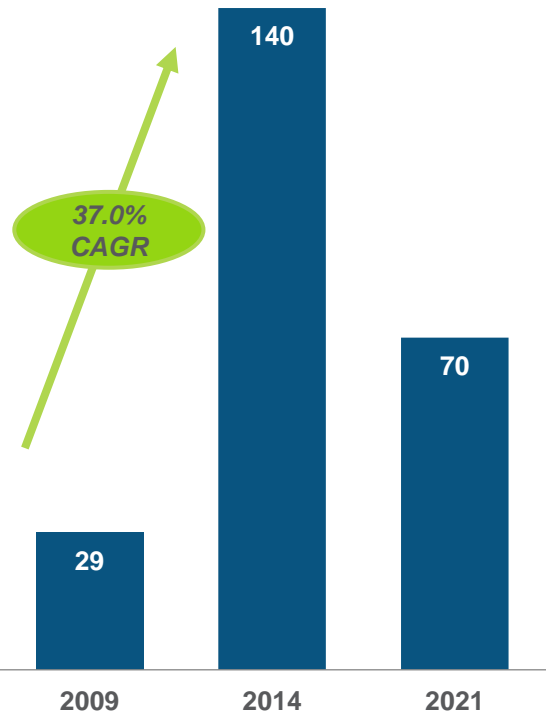
(\$ millions)

WHAT ARE THE RESULTS OF OUR STRATEGY?

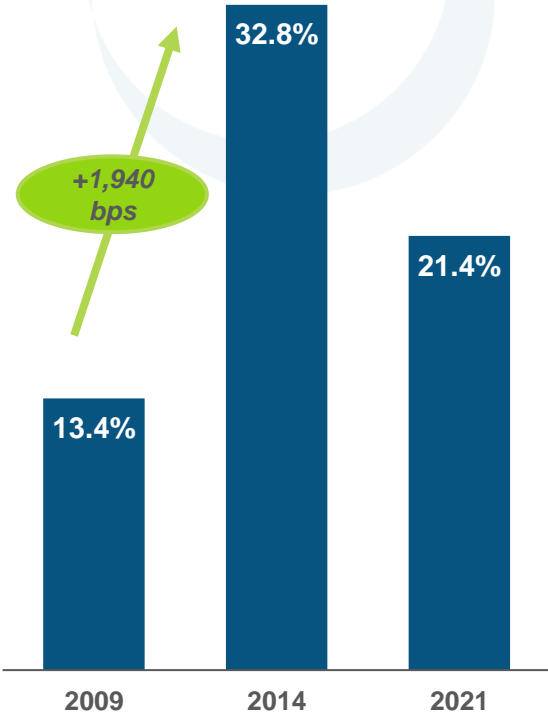
SALES



EBITDA*



RETURN ON INVESTED CAPITAL*



*EBITDA for 2014 is pre-impairment. Return on invested capital is defined as tax effected LTM EBITDA/Average total net operating assets (assumes a 38.5% tax rate). DXP sales, EBITDA and return on invested capital for 2015 were \$1.2 bn, \$82 million and 20%, respectively. In 2015, DXP experienced contraction in its primary end market, oil & gas, that contributed to the weakness and down cycle trend.

Q1 INCOME STATEMENT HIGHLIGHTS

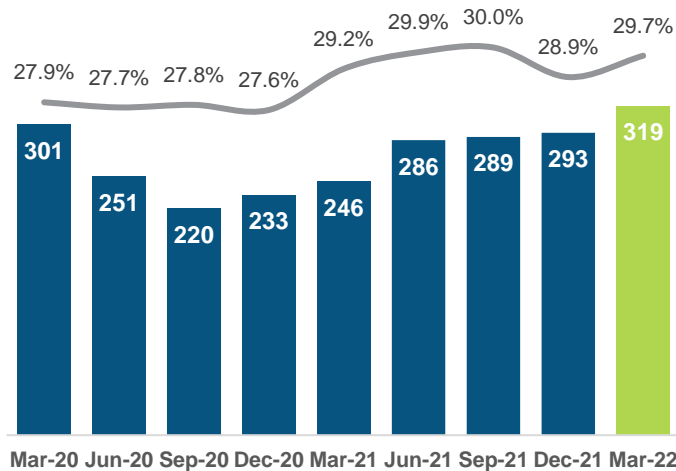
(\$ thousands)

	Prior Yr Mar 31, 2021	Prior Qtr Dec 31, 2021	Current Qtr Mar 31, 2022
Sales	\$ 245,587	\$ 293,149	\$ 319,411
<i>% growth - yoy</i>	-18.4%	26.0%	30.1%
<i>% growth - seq</i>	5.5%	1.3%	9.0%
Gross Profit	71,630	84,655	94,884
<i>% margin</i>	29.2%	28.9%	29.7%
Operating Income	6,233	7,593	21,559
<i>% margin</i>	2.5%	2.6%	6.7%
EBITDA as reported	13,952	14,771	28,257
<i>% margin</i>	5.7%	5.0%	8.8%
Diluted EPS	\$ 0.02	\$ 0.05	\$ 0.65
Avg. Daily Sales:	\$ 3,899	\$ 4,806	\$ 5,037

QUARTERLY FINANCIAL HIGHLIGHTS

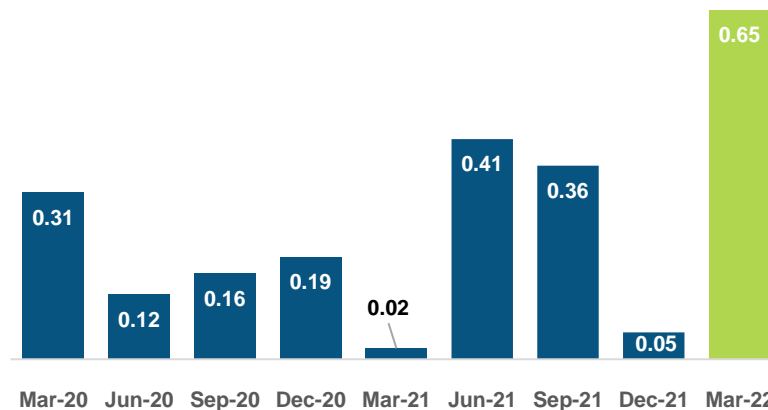
Sales and Gross Margin

(\$ millions)



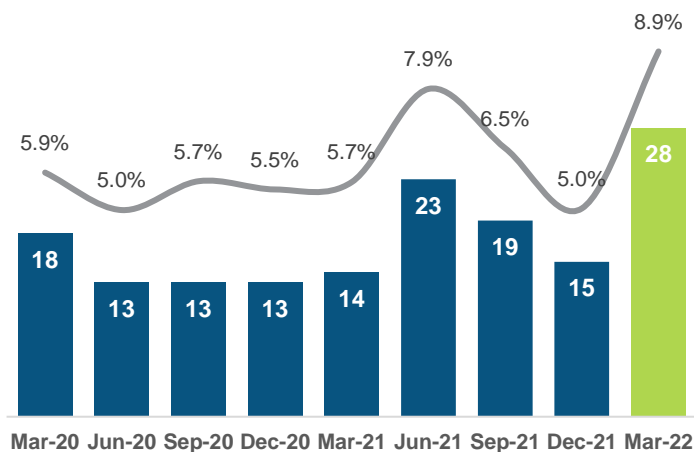
Diluted Earnings Per Share

(\$ actuals)



EBITDA and EBITDA Margin

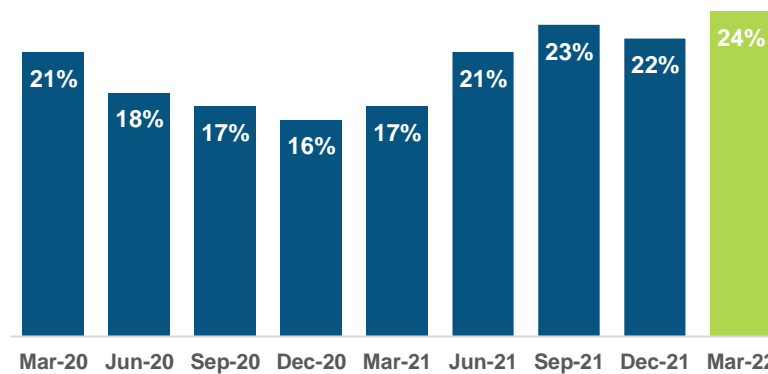
(\$ millions)



Return on Invested Capital


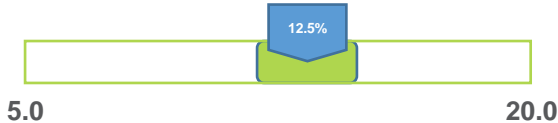
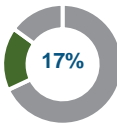
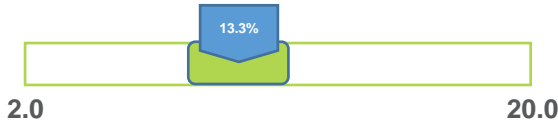

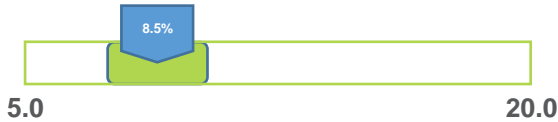
ROIC%

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



Q1 OPERATING PERFORMANCE BY SEGMENT

(\$ millions)

	Sales \$	Sales Mix	OP\$	OP%	
DXP SERVICE CENTERS	\$ 218.8	 68%	\$ 27.4	12.5%	
DXP INNOVATIVE PUMPING SOLUTIONS®	\$ 53.1	 17%	\$ 7.1	13.3%	
DXP SUPPLY CHAIN SERVICES	\$ 47.6	 15%	\$ 4.0	8.5%	
Corporate*	---		\$ (16.9)		
Total DXP	\$ 319.4	100%	\$ 21.6	6.8%	

*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

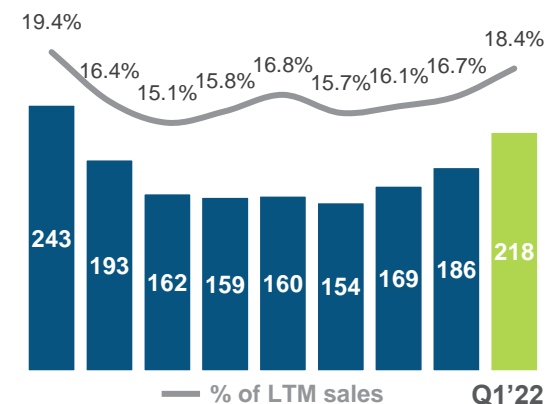
	Prior Qtr Dec. 31, 2021	Current Qtr Mar 31, 2022
GAAP net income	\$ 726	\$ 12,527
Depreciation and amortization	7,073	6,752
Change in net working capital	5,262	(18,224)
Other operating cash flows, net	1,197	1,623
Net Cash provided by operating activities	14,258	2,678
Purchase of property & equipment, net	3,015	740
Proceeds from sale of assets	372	-
Free Cash Flow	11,615	1,938
Net Cash used in financing activities	(25,589)	(9,322)
Cash at end of the period	49,080	36,650

Supplemental Information:

Purchase of businesses	83	5,316
Cash paid for income taxes	604	705
Cash paid for interest	4,943	4,704
Net Debt	277,711	289,316

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 OPERATING INCOME

(\$ thousands)

	Three Months Ended March 31,	
	2022	2021
Operating income for reportable segments	\$38,440	\$25,407
<i>Adjustments for:</i>		
Amortization of intangibles	4,235	4,146
Corporate expenses	12,646	15,028
Total operating income	21,559	6,233
Interest expense	5,162	5,243
Other expense (income), net	536	(430)
Income before income taxes	\$ 15,861	\$1,420

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 March 31,	
	2022	2021
Income before income taxes	\$ 15,861	\$ 1,420
Plus: interest expense	5,162	5,243
Plus: depreciation and amortization	6,752	6,626
EBITDA	\$27,775	\$13,289
Plus: NCI loss (gain) before tax	113	283
Plus: Stock compensation expense	370	380
Adjusted EBITDA	\$28,258	\$13,952



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JUNE 2022