



THE INDUSTRIAL DISTRIBUTION EXPERTS

Presented by:

David Little

Chairman, President & CEO

Kent Yee

Senior Vice President & CFO

Results for Q4 Fiscal 2021

Earnings Announcement: March 25, 2022

(Quarter Ending December 31, 2021)

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.



Q4 INCOME STATEMENT HIGHLIGHTS

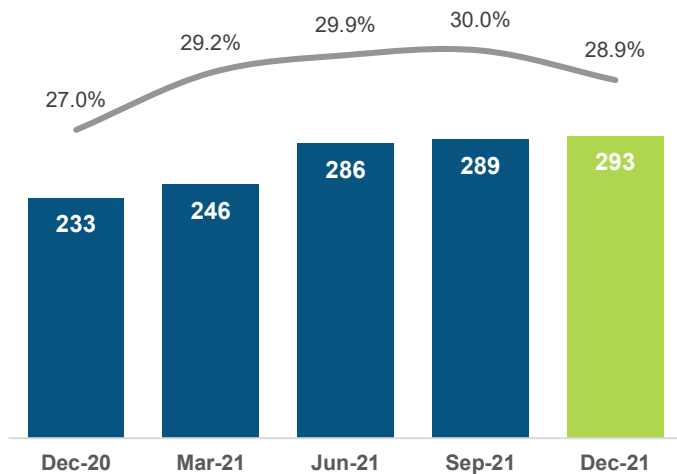
(\$ thousands)

	Prior Yr Dec 31, 2020		Prior Qtr Sep 30, 2021		Current Qtr Dec 31, 2021	
Sales	\$	232,689	\$	289,494	\$	293,149
<i>% growth - yoy</i>		-20.6%		31.5%		26.0%
<i>% growth - seq</i>		5.7%		15.2%		1.3%
<hr/>						
Gross Profit		62,700		86,943		84,655
<i>% margin</i>		26.9%		30.0%		28.9%
<hr/>						
Operating Income (excl. Impairments)		6,203		11,185		7,593
<i>% margin</i>		2.7%		3.9%		2.6%
<hr/>						
EBITDA as reported (excl. Impairments)		12,032		18,824		14,771
<i>% margin</i>		5.2%		6.5%		5.0%
<hr/>						
Diluted EPS (excl. impairments)	\$	0.13	\$	0.36	\$	0.05
Avg. Daily Sales:	\$	3,753	\$	4,526	\$	4,806

QUARTERLY FINANCIAL HIGHLIGHTS

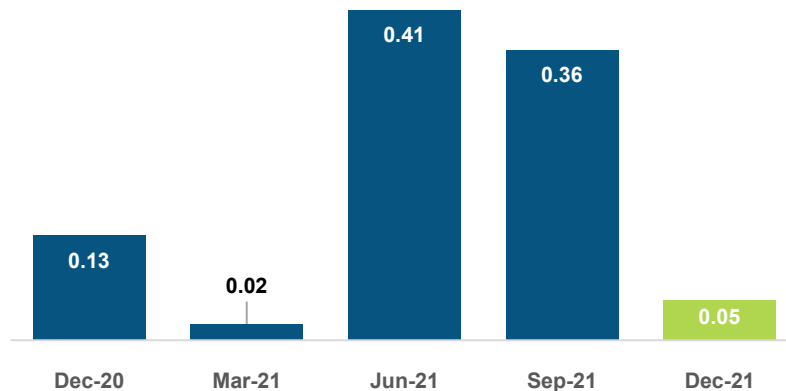
Sales and Gross Margin

(\$ millions)



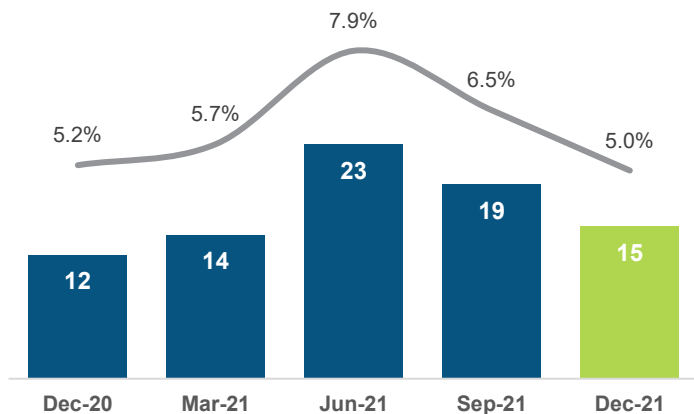
Diluted Earnings Per Share

(\$ actuals)



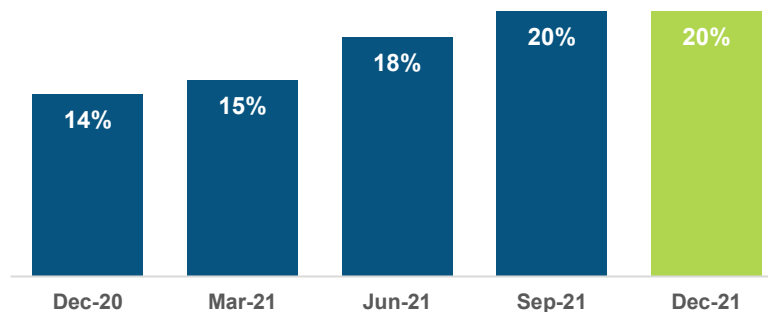
EBITDA and EBITDA Margin

(\$ millions)



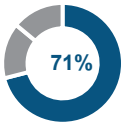
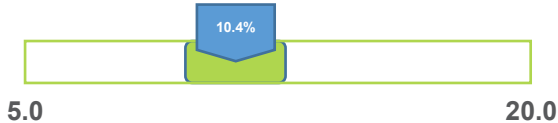
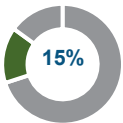
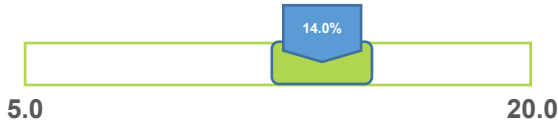

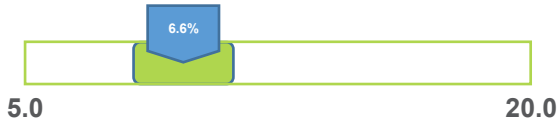
Return on Invested Capital ROIC%

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



Q4 OPERATING PERFORMANCE BY SEGMENT

(\$ millions)

	Sales \$	Sales Mix	OP\$	OP%	
DXP SERVICE CENTERS	\$ 207.9	 71%	\$ 21.7	10.4%	
DXP INNOVATIVE PUMPING SOLUTIONS®	\$ 43.2	 15%	\$ 6.0	14.0%	
DXP SUPPLY CHAIN SERVICES	\$ 42.0	 14%	\$ 2.8	6.6%	
Corporate*	---		\$ (22.9)		
Total DXP	\$ 293.1	100%	\$ 7.6	2.6%	

*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

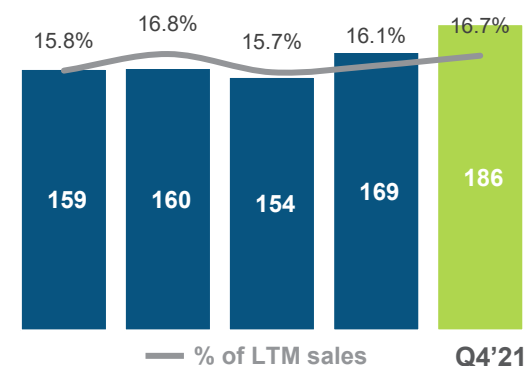
	Prior Qtr Sep 30, 2021	Current Qtr Dec 31, 2021	Current Yr Dec 31, 2021
GAAP net income	\$ 6,938	\$ 726	\$ 15,752
Depreciation and amortization	6,486	7,073	27,143
Change in net working capital	(11,372)	312	(18,157)
Other operating cash flows, net	4,573	6,147	12,351
Net Cash provided by operating activities	6,625	14,258	37,089
Purchase of property & equipment, net	1,458	3,015	5,999
Proceeds from sale of assets	-	372	1,669
Free Cash Flow	5,167	11,615	32,759
Net Cash used in financing activities	(10,639)	(900)	(38,493)
Cash at end of the period	79,260	63,134	49,080

Supplemental Information:

Purchase of businesses	20,175	83	64,693
Cash paid for income taxes	3,320	604	6,120
Cash paid for interest	4,862	4,943	19,531
Net Debt	264,482	277,711	277,711

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

APPENDIX

DXP

RECONCILIATION OF OPERATING INCOME

(\$ thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Operating income for DXP segments	\$30,509	\$21,901	\$122,964	\$101,520
Adjustments for:				
Impairment/other non-cash charges	-	11,482	-	59,883
Amortization of intangibles	4,507	2,991	17,197	12,287
Corporate expenses	18,409	12,707	65,910	57,018
Total operating income (loss)	\$7,593	\$(5,279)	\$39,857	\$(27,668)
Interest expense	5,245	8,512	21,089	20,571
Other expense (income), net	570	455	(414)	74
Income (loss) before income taxes	\$ 1,778	\$(14,246)	\$ 19,182	\$(48,313)

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 December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Income (loss) before income taxes	\$ 1,778	\$ (14,379)	\$ 19,182	\$ (48,313)
Plus: interest expense	5,245	8,512	21,089	20,571
Plus: depreciation and amortization	7,073	5,389	27,143	22,683
EBITDA	\$14,096	\$(478)	\$67,414	\$(5,059)
Plus: NCI loss (gain) before tax	206	232	993	632
Plus: Impairment/other non-cash charges	—	11,482	—	59,883
Plus: Stock compensation expense	469	662	1,823	3,532
Adjusted EBITDA	\$14,771	\$11,898	\$70,230	\$58,988



THE INDUSTRIAL DISTRIBUTION EXPERTS

NASDAQ: DXPE
MARCH 2022