



THE INDUSTRIAL DISTRIBUTION EXPERTS

Presented by:

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Results for Q1 Fiscal 2021

Earnings Announcement: May 7, 2021

(Quarter Ending March 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.



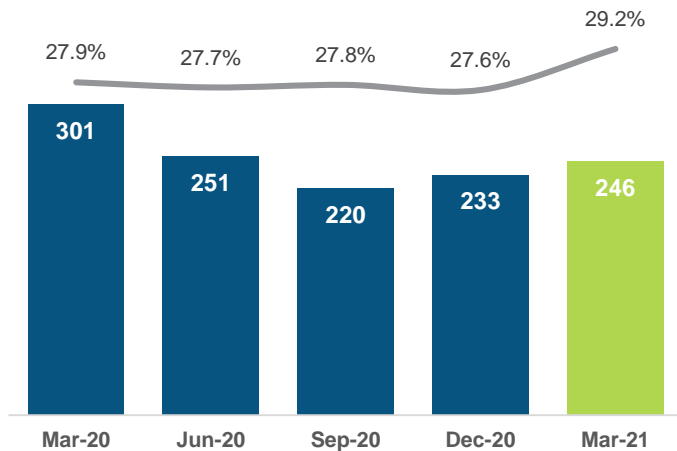
Q1 INCOME STATEMENT HIGHLIGHTS

(\$ thousands)

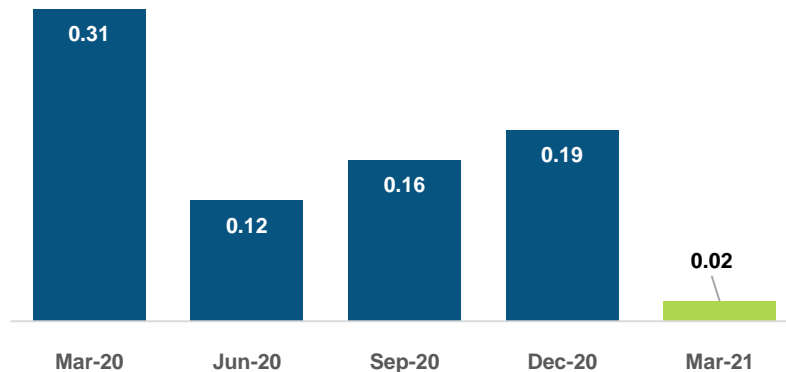
	Prior Yr Mar 31, 2020	Prior Qtr Dec 31, 2020	Current Qtr Mar 31, 2021
Sales	\$ 300,983	\$ 232,689	\$ 245,616
<i>% growth - yoy</i>	-3.3%	-21.2%	-18.4%
<i>% growth - seq</i>	1.9%	5.7%	5.6%
<hr/>			
Gross Profit	83,985	64,287	71,609
<i>% margin</i>	27.9%	27.6%	29.2%
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Operating Income (excl. Impairments)	10,915	7,790	6,212
<i>% margin</i>	3.6%	3.3%	2.5%
<hr/>			
EBITDA as reported	17,774	12,724	13,268
<i>% margin</i>	5.9%	5.5%	5.4%
<hr/>			
Adjusted EBITDA	17,774	13,618	13,931
<i>% margin</i>	5.9%	5.9%	5.7%
<hr/>			
Diluted EPS (excl. impairments)	\$ 0.31	\$ 0.19	\$ 0.02
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Avg. Daily Sales:	\$ 4,703	\$ 3,753	\$ 3,899

QUARTERLY FINANCIAL HIGHLIGHTS

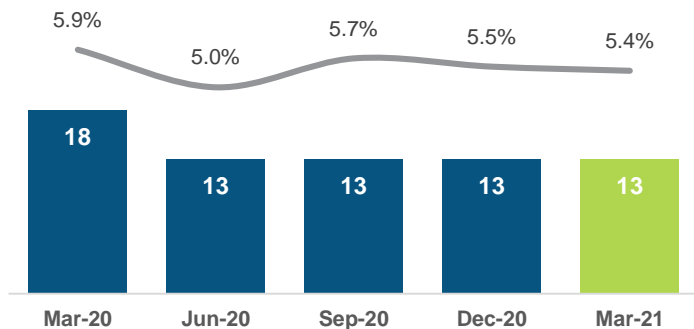
Sales and Gross Margin
(\$ millions)



Diluted Earnings Per Share
(\$ actuals)

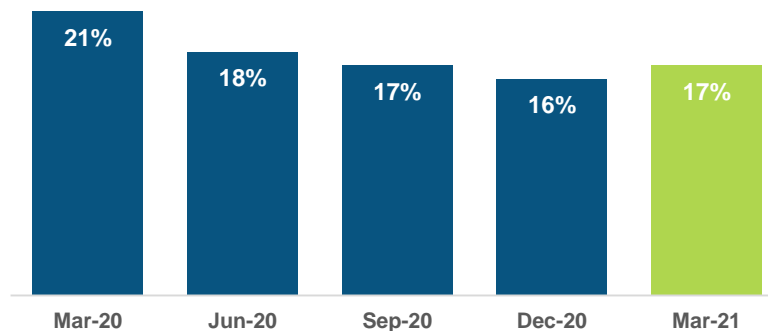


EBITDA and EBITDA Margin
(\$ millions)



Return on Invested Capital
ROIC%


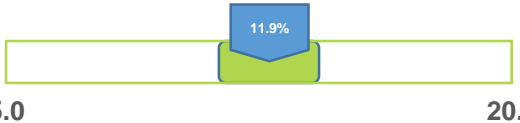

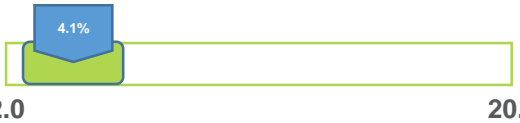

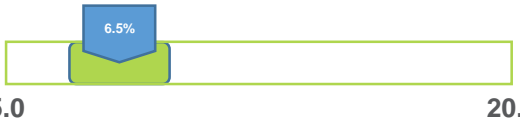
Return on invested capital is defined as tax-effected LTM EBITDA / average total net operating assets.



*Sep-20 and Dec-20 diluted earnings per share is adjusted for the impact of \$48.4 million and \$11.5 million in goodwill and other related impairments as well as the normalization of tax rates see appendix for reconciliation.

Q1 OPERATING PERFORMANCE BY SEGMENT

(\$ millions)

	Sales \$	Sales Mix	OP\$	OP%	
DXP SERVICE CENTERS	\$ 186.4	 76%	\$ 22.1	11.9%	 5.0 20.0
DXP INNOVATIVE PUMPING SOLUTIONS®	\$ 23.2	 9%	\$ 0.9	4.1%	 2.0 20.0
DXP SUPPLY CHAIN SERVICES	\$ 36.0	 15%	\$ 2.3	6.5%	 5.0 20.0
Corporate*	---		\$ (19.1)		
Total DXP	\$ 245.6	100%	\$ 6.2	2.5%	

*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.

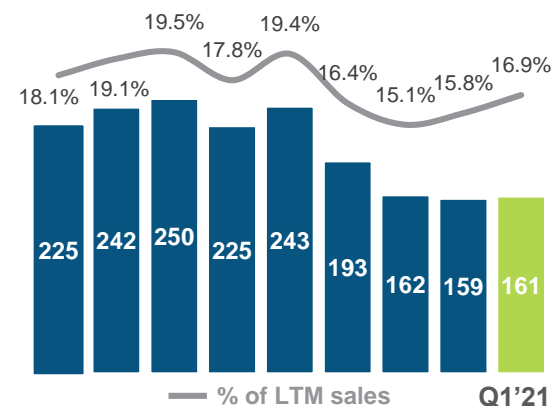
CASH FLOW & WORKING CAPITAL

	Prior Qtr Dec. 31, 2020	Current Qtr Mar 31, 2021
GAAP net income	\$ (2,028)	\$ 128
Depreciation and amortization	5,389	6,626
Change in net working capital	19,345	3,460
Other operating cash flows, net	(7,270)	338
Net Cash provided by operating activities	15,436	10,552
Purchase of property & equipment, net	142	679
Proceeds from sale of assets	-	1,297
Free Cash Flow	15,294	11,170
Net Cash used in financing activities	105,348	(1,365)
Cash at end of the period	117,444	127,452

Supplemental Information:

Purchase of businesses	101,129	-
Cash paid for income taxes	2,317	933
Cash paid for interest	2,668	4,816
Net Debt	212,647	201,814

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 March 31,	
	2021	2020
Operating income for reportable segments	\$25,386	\$31,109
<i>Adjustments for:</i>		
Amortization of intangibles	4,146	3,197
Corporate expenses	15,028	16,997
Total operating income	6,212	10,915
Interest expense	5,243	4,377
Other expense (income), net	(430)	(834)
Income before income taxes	\$ 1,399	\$7,372

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,	
	2021	2020
Income before income taxes	\$ 1,399	\$ 7,372
Plus: interest expense	5,243	4,377
Plus: depreciation and amortization	6,626	6,025
EBITDA	\$13,268	\$17,774
Plus: NCI loss (gain) before tax	283	82
Plus: Stock compensation expense	380	904
Adjusted EBITDA	\$13,931	\$18,760



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NASDAQ: DXPE
MARCH 2021