



THE INDUSTRIAL DISTRIBUTION EXPERTS

Presented by:

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NASDAQ: DXPE
OCTOBER 2016

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.

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Statement Regarding use of Non-GAAP Measures:

The Non-GAAP financial measures contained in this presentation (including, without limitation, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, 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.



OFFERING SUMMARY

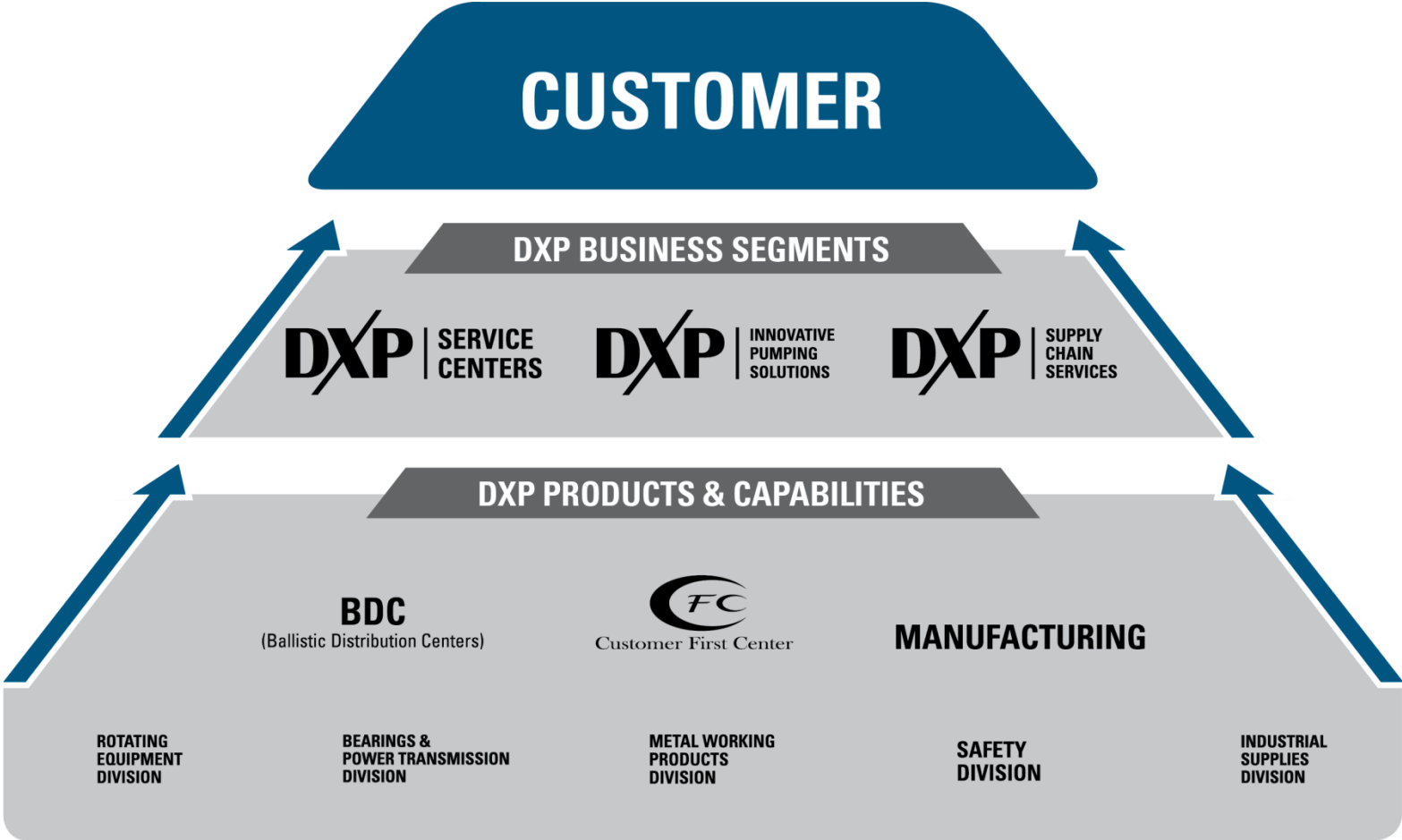
Issuer:	DXP Enterprises, Inc.
Ticker / Exchange:	DXPE / NASDAQ
Common Shares Offered:	2,700,000
Over-Allotment Option:	15%
Use of Proceeds:	Pay down debt
Expected Pricing:	Week of October 24 th
Book-Runner:	Stephens Inc.
Co-Managers:	William Blair and KeyBanc Capital Markets

WHAT MAKES DXP UNIQUE?

DXP

DIFFERENTIATED BUSINESS MODEL AND CAPABILITIES

WHAT MAKES DXP UNIQUE?

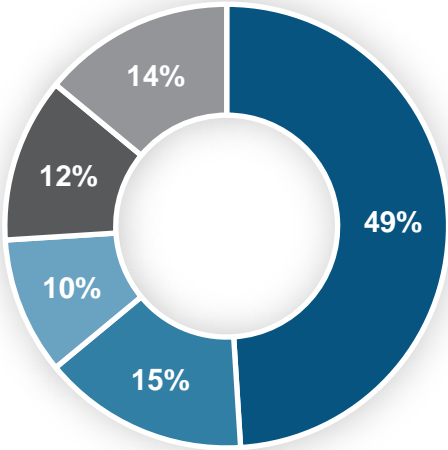


CUSTOMER DRIVEN EXPERTS IN MRO, OEM AND PROJECT SOLUTIONS

KEY DIFFERENTIATOR: HIGHLY ENGINEERED PRODUCTS

WHAT MAKES DXP UNIQUE?

DXP Product Divisions
 % of sales FY 2015



RE	Rotating Equipment	#1
B&PT	Bearing & Power Transmission	Top 10
MW	Metal Working / Cutting Tools	Top 5
SP/SS	Safety Products and Services	Top 15
IS	Industrial Supplies	

A breadth of technical products and services.

- ✓ *Fulfill MRO, OEM, capex customer demand streams*
- ✓ *Improve DXP's margin profile*
- ✓ *Value-added services*
- ✓ *Growing private label*

KEY DIFFERENTIATOR: DYNAMIC END MARKETS

WHAT MAKES DXP UNIQUE?

DXP End Markets

% of sales through Q2 2016



UP Upstream, 18%

MID Midstream, 27%

DOWN Downstream, 4%

F&B Food & Beverage, 9%

IND Industrial, 24%

CHEM Chemical, 4%

RESEL Reseller, 6%

PWR Power, 1%

TRANS Transportation, 1%

MIN Mining, 4%

AG Agriculture, 2%

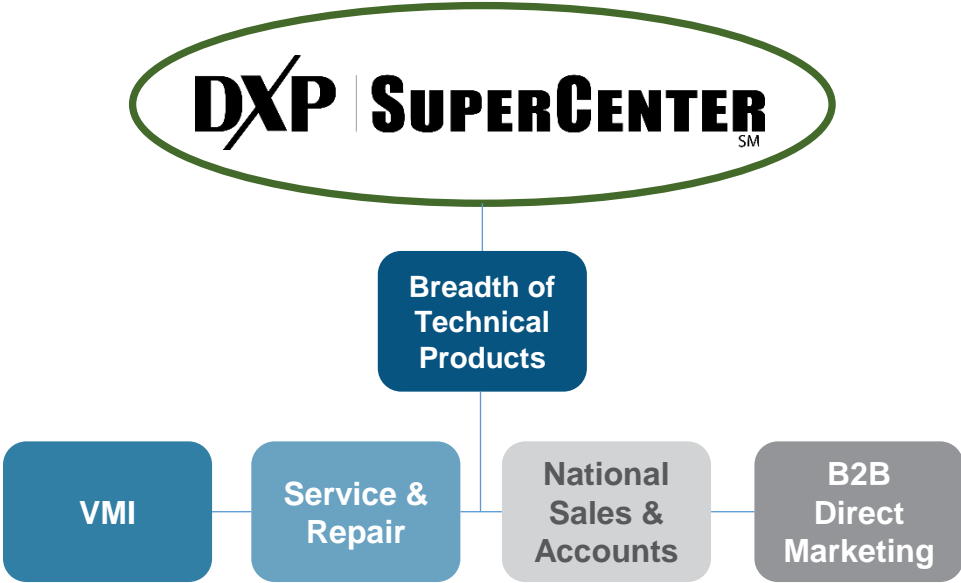
Diverse, growing end markets that drive growth in up cycles.

- ✓ *High quality customer base across dynamic industries*
- ✓ *Continued geographic expansion and targeted efforts to further diversification*
- ✓ *Core base in mega trend end markets such as energy, food & beverage and chemical*

Note: Management estimates. Industrial includes aggregates, agriculture, alternative energy, automotive, building products, military, municipal, pharmaceuticals, pulp & paper, sanitary, steel, telecommunications and wood products.

KEY DIFFERENTIATOR: UNIQUE STRATEGIES

WHAT MAKES DXP UNIQUE?



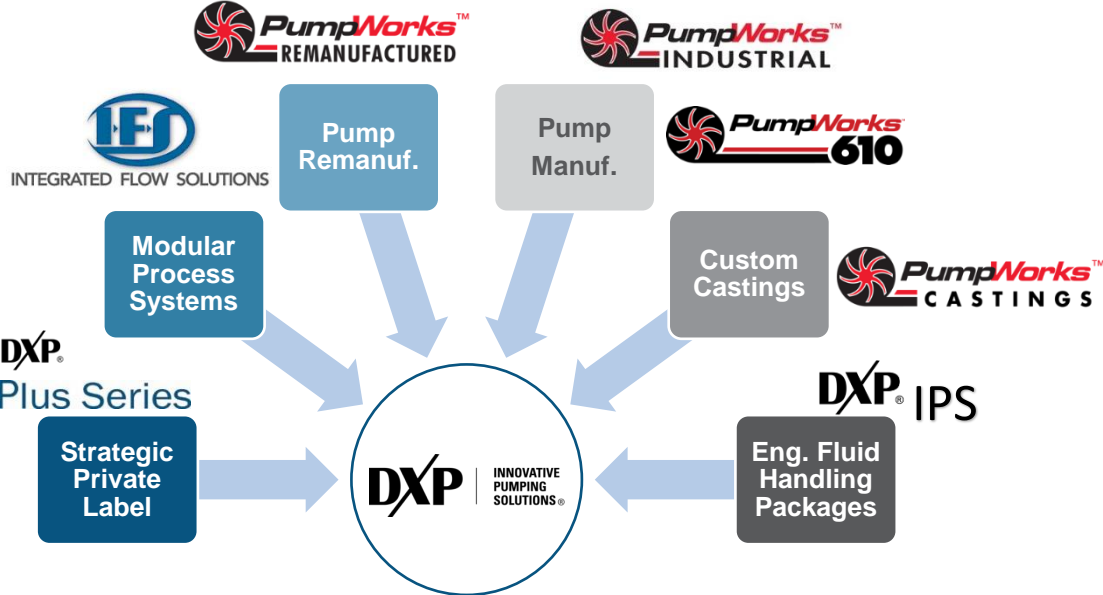
UNMATCHED BRANCH MODEL

Customer driven experts in MROP solutions. . .

- ✓ *Supercenters*
- ✓ *Growth in national accounts*
- ✓ *Breadth of technical products*
- ✓ *Vendor managed inventory*
- ✓ *Largest network of national field and shop repair facilities*
- ✓ *Deep and broad global technical sales capabilities*
- ✓ *Establish digital marketing capabilities*

KEY DIFFERENTIATOR: UNIQUE STRATEGIES (CONT'D)

WHAT MAKES DXP UNIQUE?



Process engineering, packaging and manufacturing.... one stop solution with a single point of responsibility

- ✓ *Only distributor to provide complete set of activities*
- ✓ *Process engineering*
- ✓ *Capital project management*
- ✓ *Modular packages*
- ✓ *Customer castings*
- ✓ *Manufacturing and remanufacturing*
- ✓ *Private label pumps*
- ✓ *National / global platform for pumps*

UNMATCHED WORLD CLASS CAPABILITIES

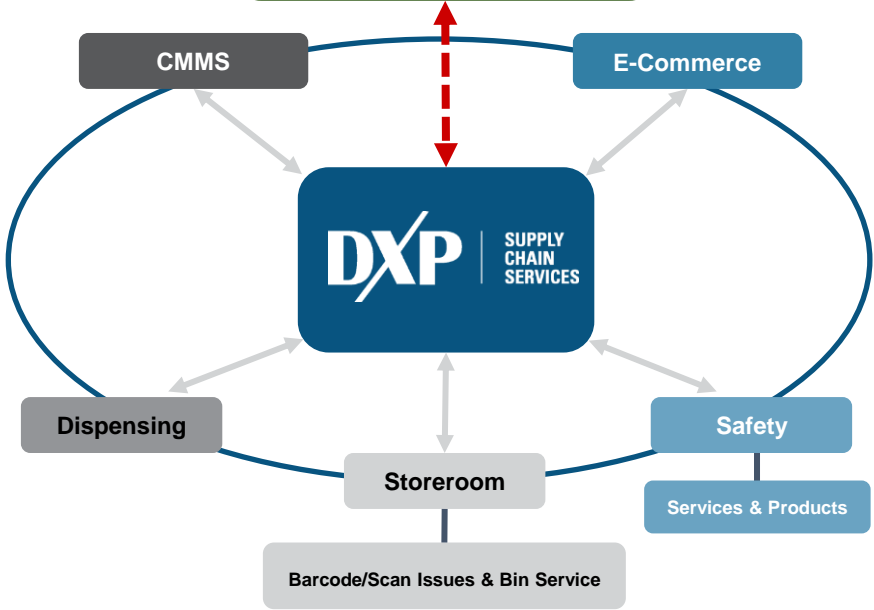
KEY DIFFERENTIATOR: UNIQUE STRATEGIES (CONT'D)

WHAT MAKES DXP UNIQUE?



Customer ERP/Interfaces

- EDI
- XML
- Vending
- Custom formats



Reduce pure costs of indirect material spend by creating inventory and procurement solutions. . .

- ✓ *Leveraging 1st tier products and expertise*
- ✓ *Opportunity to expand into Canada and Mexico*
- ✓ *Leverage metal working and rotating equipment*

UNMATCHED INTEGRATED SUPPLY MODEL

WHAT ARE THE RESULTS OF OUR STRATEGY?

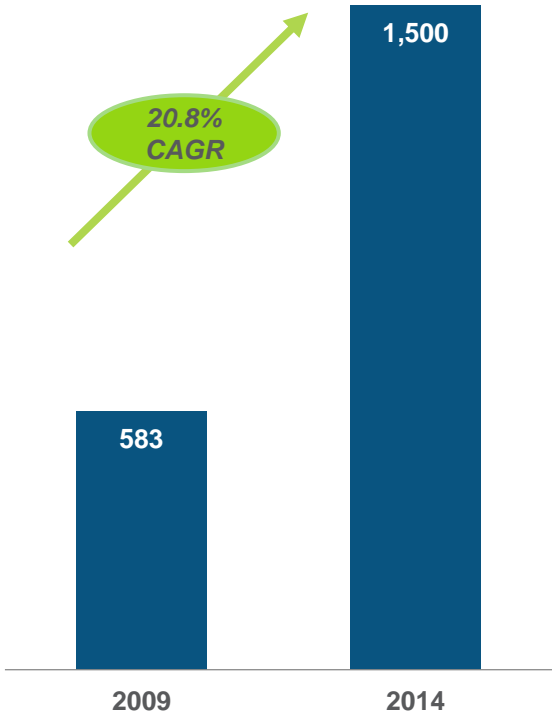
DXP

SOLID FINANCIAL PERFORMANCE FROM 2009 TO 2014

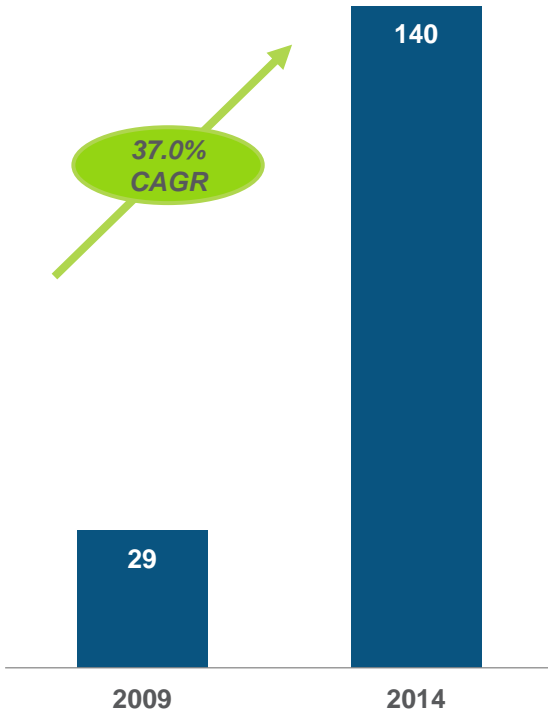
(\$ millions)

WHAT ARE THE RESULTS OF OUR STRATEGY?

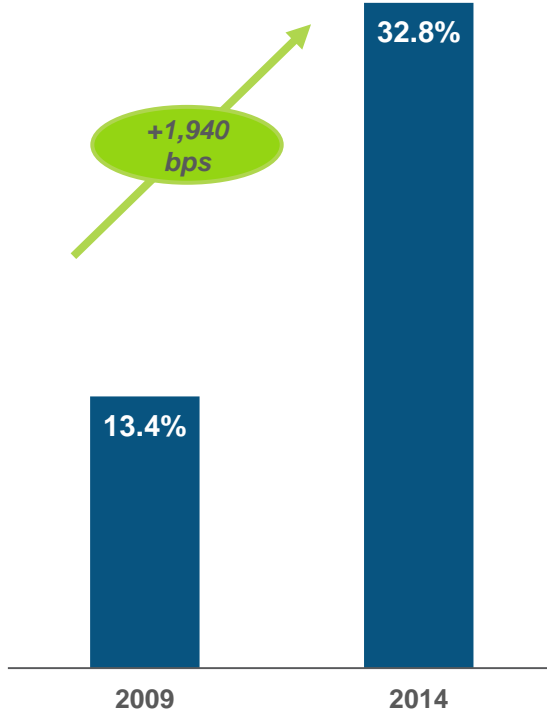
SALES



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.

WHAT IS NEXT FOR DXP?

DXP

DXP ENTERPRISES... THE DXP ADVANTAGE

WHAT IS NEXT FOR DXP?

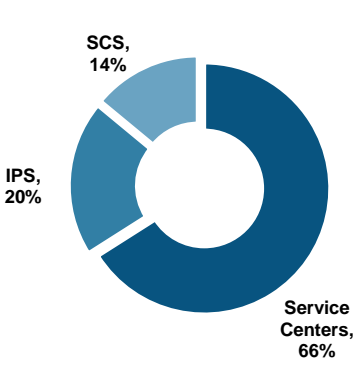
COMPANY DESCRIPTION

- Leading **provider of technical products and services** for MRO (maintenance, repair, operating), OEM and capital equipment customers. . .
- Building a North American Platform
- Largest provider of complete rotating equipment capabilities

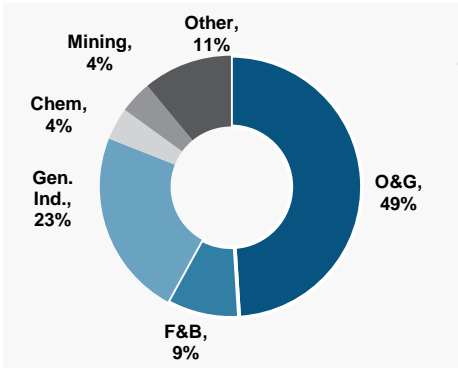
QUICK FACTS

- ~\$1.0 billion annual sales
- 174 Locations
- 8 Regional distribution centers
- 7 Fabrication centers
- 1 Customer First Center
- 2,000 + employees

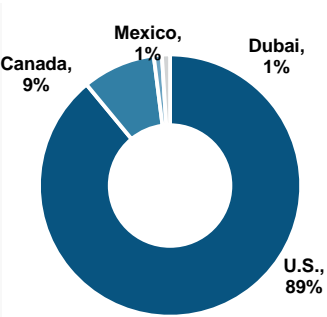
Sales by Segment



Sales by End Market



Sales by Region



Key Markets

Oil & Gas



Food & Beverage



Industrial



Note: Business segment, end market and sales by region is for the period ended June 30, 2016.

GROWING GLOBAL, REGIONAL AND LOCAL PRESENCE

WHAT IS NEXT FOR DXP?



168
Service Centers / Sales Offices

7
Fabrication Centers

6
Manufacturing /Reman.

8
Ballistic Distribution Centers

1
Customer First Center

Includes 46 Service & Repair facilities

Note: Location names do not total to total physical location count due to city or province overlap.

FINANCIAL GOALS – THE NEXT UP CYCLE

WHAT IS NEXT FOR DXP?

	2009 – 2014 Average	Management Target
Organic sales growth	7.4%	> =
Acquisition sales	13.7%	< =
EBITDA margin	8.9%	>
Working Capital % of sales	15.5%	< =
ROIC	31.2%	>
Debt / EBITDA	2.0x	=
Debt-to-total capital	47.5%	<

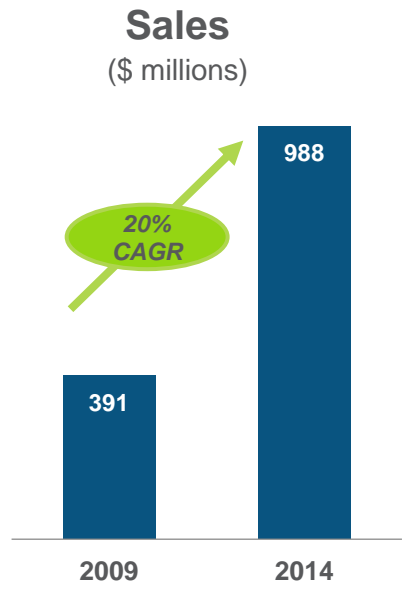
DXP BUSINESS SEGMENTS



SERVICE CENTER SEGMENT



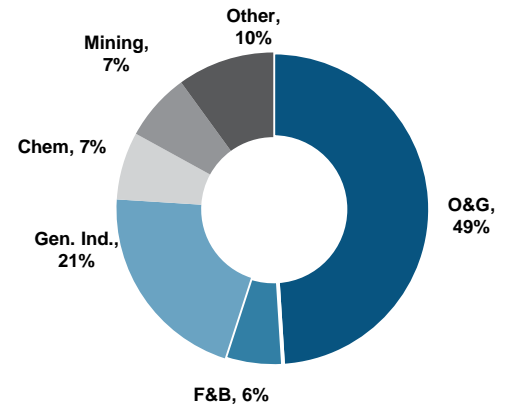
DXP Service Centers are engaged in providing MRO and OEM products, equipment and services, including technical expertise and logistics capabilities, to industrial customers with the ability to provide same day delivery. We offer our customers a single source of supply on an efficient and competitive basis by being a first-tier distributor that can provide products in the rotating equipment, power transmission, hose, fluid power, metal working, industrial supply, safety products and services categories.



DIFFERENTIATED BUSINESS MODEL & CAPABILITIES

Sales by End Market

(% of sales YTD through Q2'16)



168
locations

~80%
MRO

43
SuperCenters

4
countries

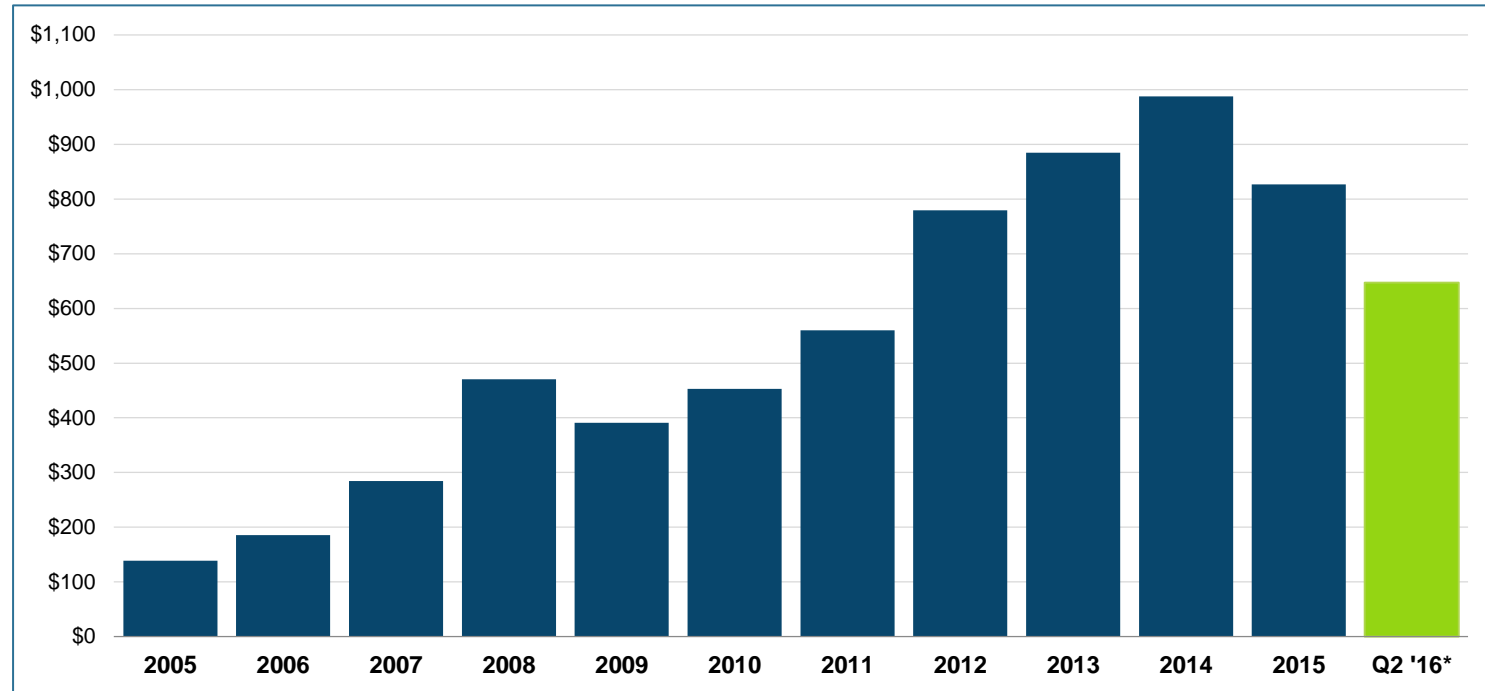
250+
Outside sales persons

~1,800
employees

Note: DXP's Service Centers segment sales for 2015 were \$827 million. In 2015, DXP experienced contraction in its primary end market, oil & gas, that contributed to the weakness and down cycle trend.

SERVICE CENTER SEGMENT FINANCIAL PERFORMANCE

DIFFERENTIATED BUSINESS MODEL & CAPABILITIES



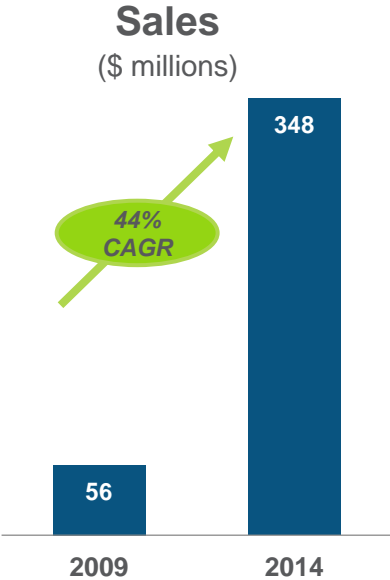
Total Sales	\$138.7	\$185.4	\$284.2	\$470.2	\$391.1	\$452.7	\$560.2	\$779.0	\$884.8	\$987.6	\$826.6	\$647.3*
Total Growth		33.6%	53.3%	65.5%	-16.8%	15.8%	23.7%	39.1%	13.6%	11.6%	-16.3%	-24.2%
Organic Growth		20.3%	8.5%	15.7%	-24.5%	9.1%	15.3%	6.6%	-0.3%	2.5%	-18.7%	-27.4%
Op. Income					\$24.4	\$50.5	\$64.5	\$88.9	\$107.1	\$107.7	\$78.2	\$50.4*
Op. as % of Sales					6.2%	11.2%	11.5%	11.4%	12.1%	10.9%	9.5%	7.8%

INNOVATIVE PUMPING SOLUTIONS

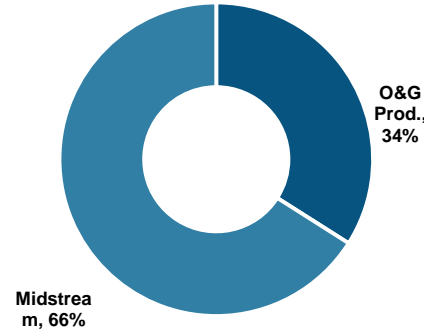


DXP's Innovative Pumping Solutions® segment is a single source for engineering, modular process systems, engineered fluid handling packages, pump manufacturing, remanufacturing, custom castings and strategic private label pump for a global customer base.

DIFFERENTIATED BUSINESS MODEL & CAPABILITIES



Sales by End Market (% of sales YTD through Q2'16)



13
fabrication centers

100%
capital spend

25
engineers

2
countries

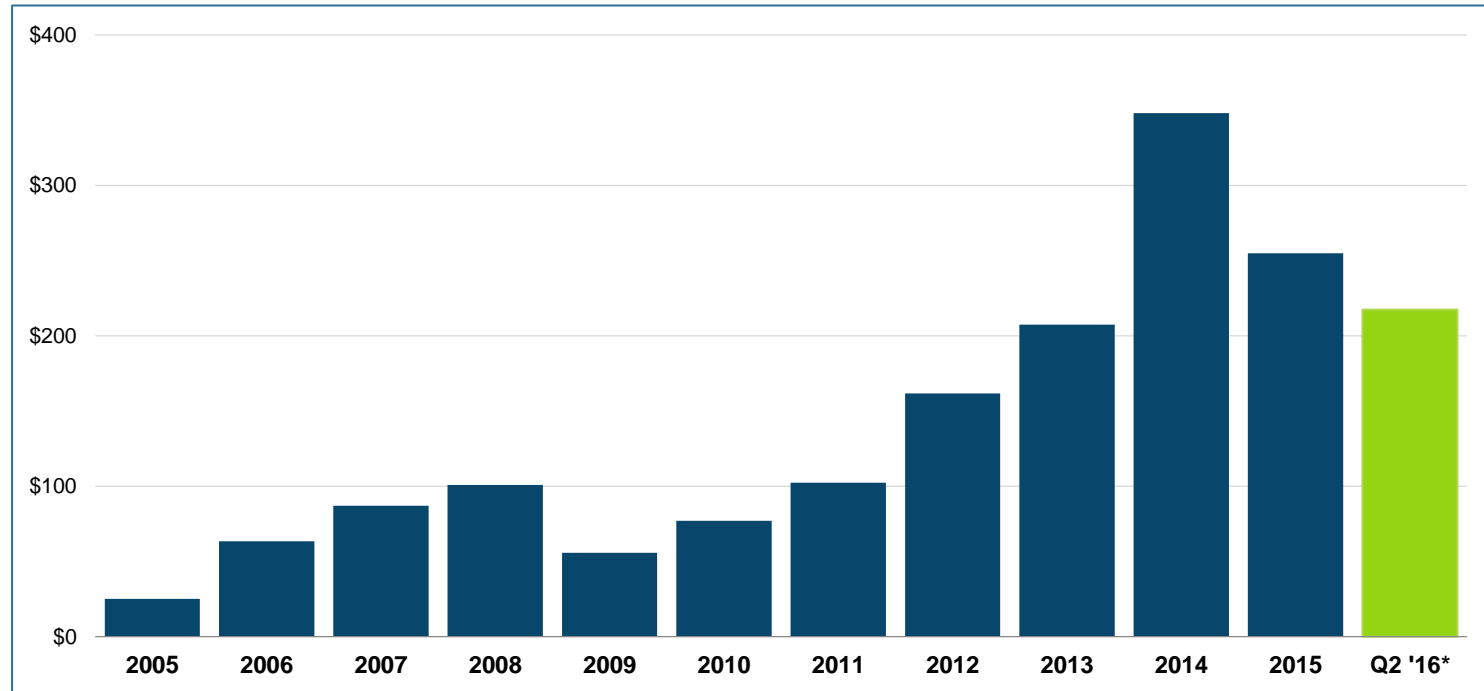
20+
Outside sales persons

~475
employees

Note: DXP's Service Centers segment sales for 2015 were \$255 million. In 2015, DXP experienced contraction in its primary end market, oil & gas, that contributed to the weakness and down cycle trend.

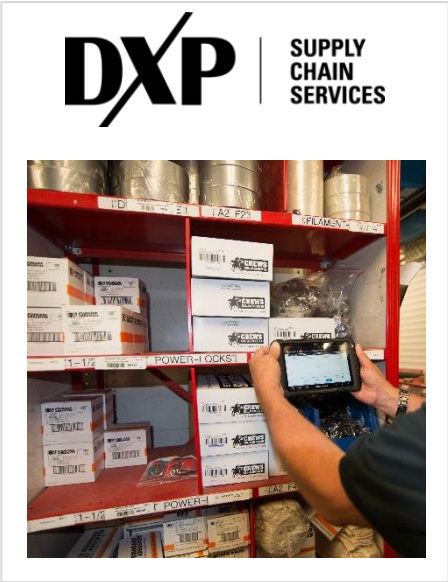
IPS FINANCIAL PERFORMANCE

DIFFERENTIATED BUSINESS MODEL & CAPABILITIES

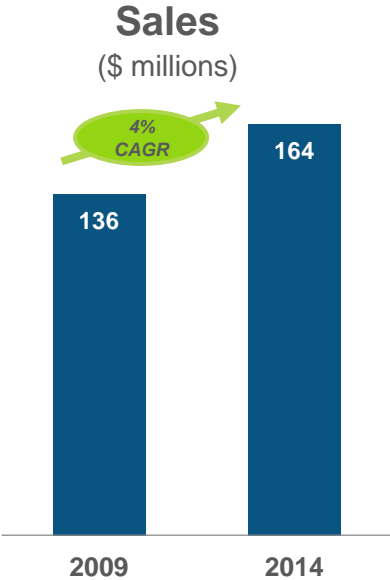


Total Sales	\$25.2	\$63.4	\$87.0	\$100.9	\$55.9	\$77.0	\$102.3	\$161.8	\$209.2	\$348.1	\$254.8	\$217.4*
Total Growth		151.6%	37.3%	15.9%	-44.6%	37.8%	32.8%	58.2%	29.3%	66.4%	-26.8%	-18.8%
Organic Growth		87.4%	29.8%	13.7%	-44.6%	6.6%	28.5%	58.2%	9.7%	3.9%	-26.8%	-18.8%
Op. Income					\$7.5	\$10.3	\$16.9	\$32.1	\$33.8	\$51.2	\$21.6	\$21.9*
OI as % of Sales					13.4%	13.4%	16.5%	19.8%	16.1%	14.7%	8.5%	10.1%

SUPPLY CHAIN SERVICES



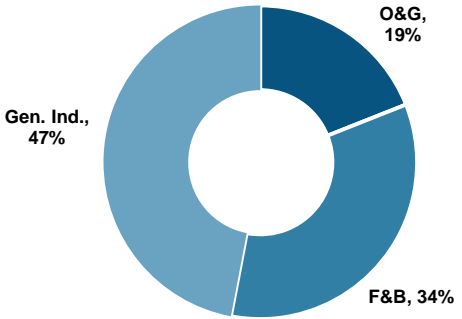
DXP's Supply Chain Services segment manages all or part of its customers' supply chains including procurement and inventory management. DXP's Supply Chain Services provide a fully outsourced MRO solution. DXP's mission is to help customers become more competitive by reducing their indirect material costs and order cycle time by increasing productivity and by creating enterprise-wide inventory and procurement visibility and control.



DIFFERENTIATED BUSINESS MODEL & CAPABILITIES

Sales by End Market

(% of sales YTD through Q2'16)



69
customer locations

~\$2M
average spend

3 – 5 yrs
avg. contract length

2
countries

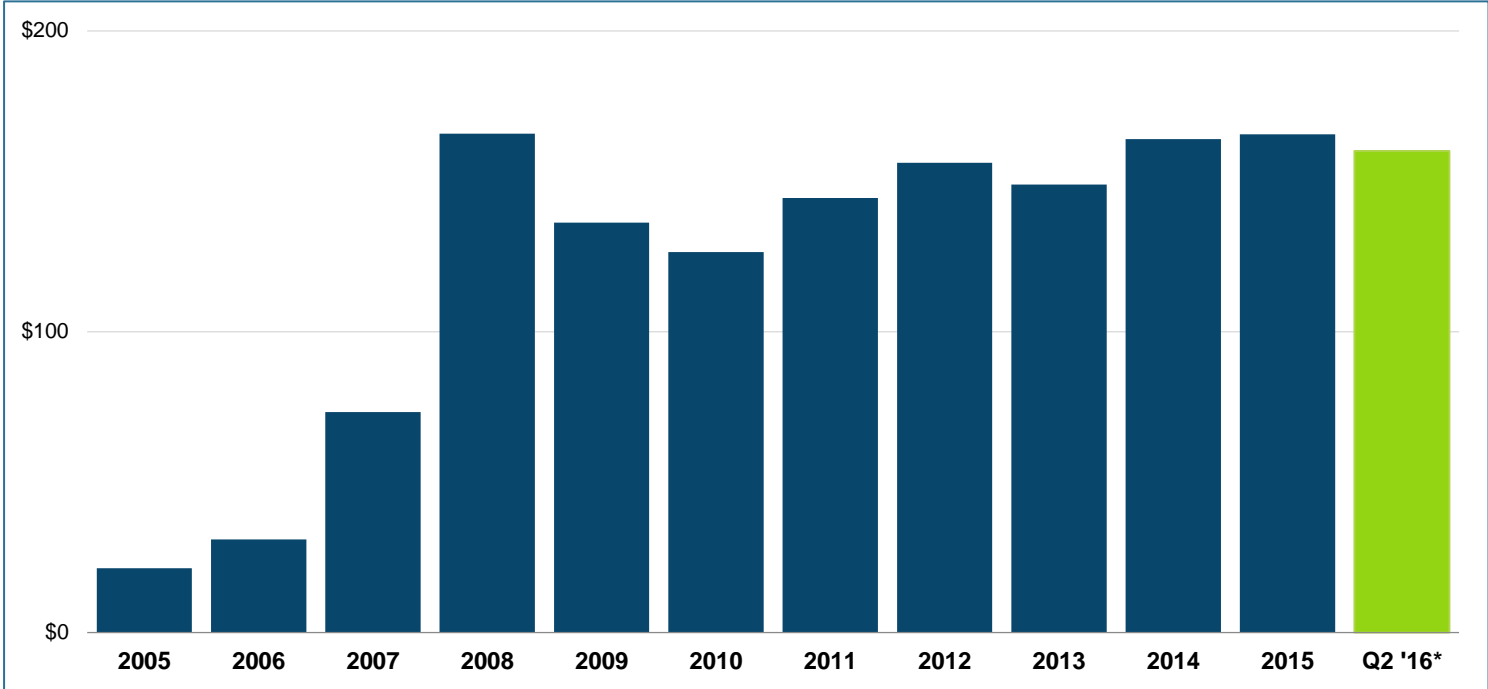
3
Outside sales persons

~250
employees

Note: DXP's Service Centers segment sales for 2015 were \$166 million. In 2015, DXP experienced contraction in its primary end market, oil & gas, that contributed to the weakness and down cycle trend.

SUPPLY CHAIN SERVICES FINANCIAL PERFORMANCE

DIFFERENTIATED BUSINESS MODEL & CAPABILITIES



Total Sales	\$21.4	\$31.0	\$73.3	\$165.8	\$136.3	\$126.5	\$144.5	\$156.2	\$147.5	\$164.0	\$165.6	\$160.1*
Total Growth		44.8%	136.4%	126.1%	-17.8%	-7.2%	14.2%	8.1%	-5.6%	11.2%	1.0%	-6.2%
Organic Growth		44.8%	28.7%	2.5%	-17.8%	-7.2%	9.5%	-0.3%	-5.6%	11.2%	1.0%	-6.2%
Op. Income					\$5.5	\$7.1	\$8.5	\$12.5	\$12.5	\$13.8	\$14.2	\$16.8*
OI as % of Sales					4.1%	5.6%	5.9%	8.0%	8.5%	8.4%	8.6%	9.9%

*Annualized sales and operating income based on sales of \$40.0 million and operating income of \$4.2 million for the three months ended June 30, 2016, respectively.

DYNAMIC GROWTH STRATEGY

DXP

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
- U.S. based facilities – quality “Made in America”
- Unmatched Innovative Pumping Solution capabilities
- SCS guaranteed “customer savings”

- **. . . . Acquisitions accelerate growth 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

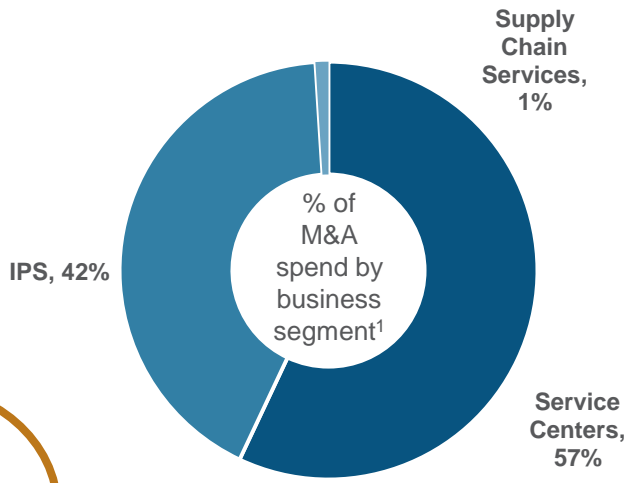
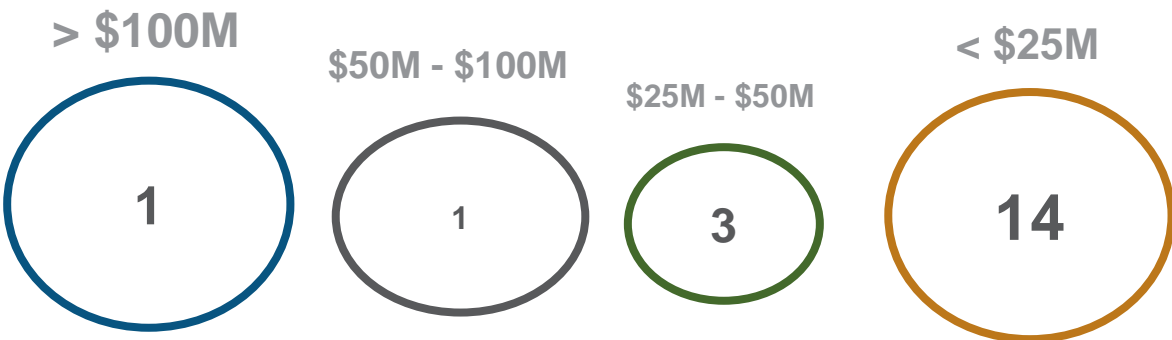
TARGETED M&A STRATEGY

DYNAMIC GROWTH STRATEGY

KEY SELECTION CRITERIA

- Enhance or Expand Product Expertise & Depth
- Strengthened Geographic Presence
- Diversify or Enhance End Markets & Customers
- Accretive
- Margin Enhancement Opportunities

of Acquisitions
Based on purchase price¹

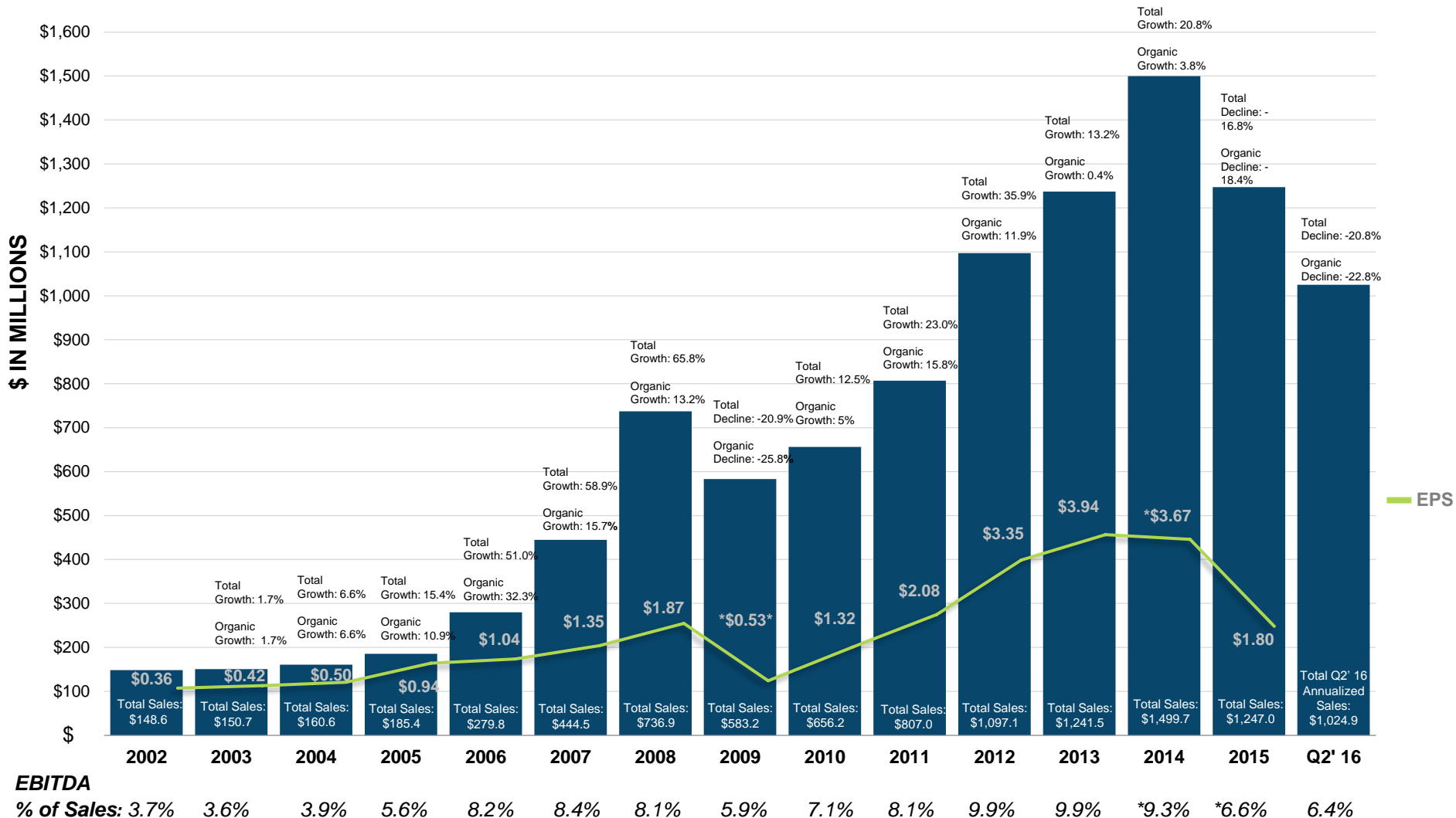


¹ Reflects M&A transactions completed from FY09 to FY15

FINANCIAL REVIEW



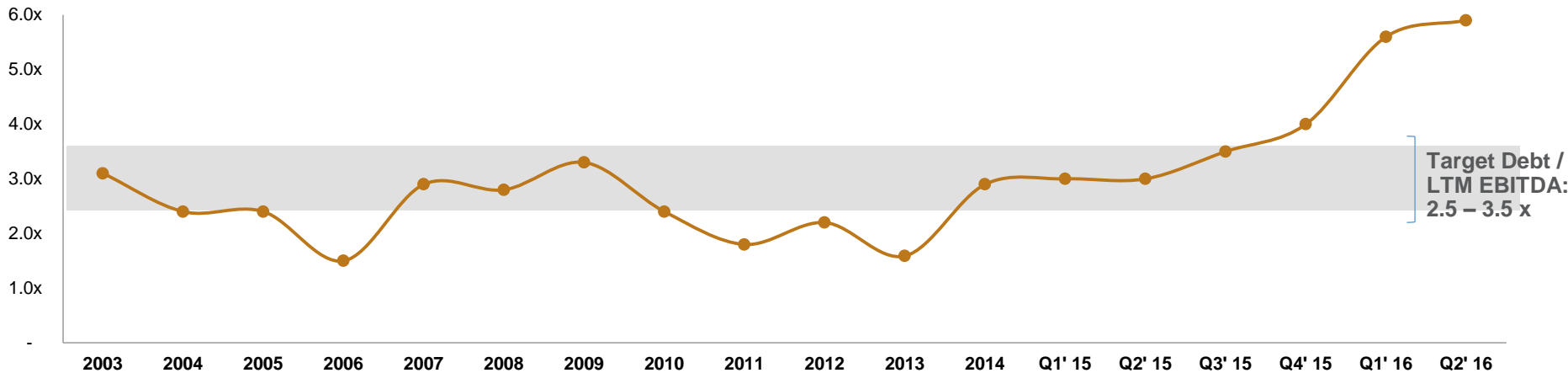
CONSISTENT REVENUE AND EARNINGS GROWTH



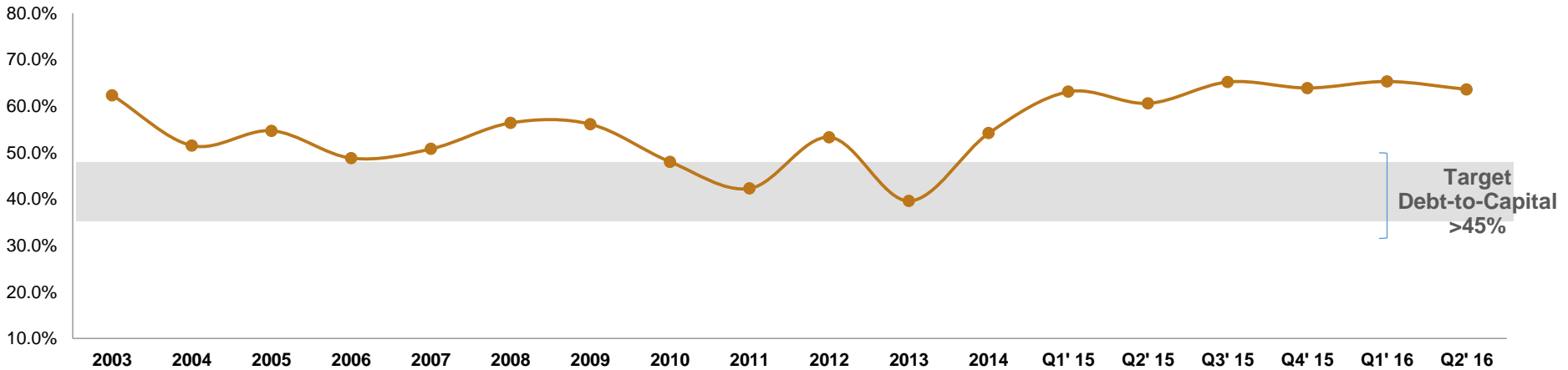
*EBITDA percentage for 2009 and 2014 excludes impairment charges. EBITDA percentage for 2015 is pre-impairment, pre-B27 working capital settlement and includes a \$1.0 million add-back for above-average legal fees. Diluted earnings per share for 2014 and 2015 excludes non-cash impairment charges and B27 working capital settlement.

HISTORICAL AND TARGET DEBT LEVELS

DEBT / LTM EBITDA



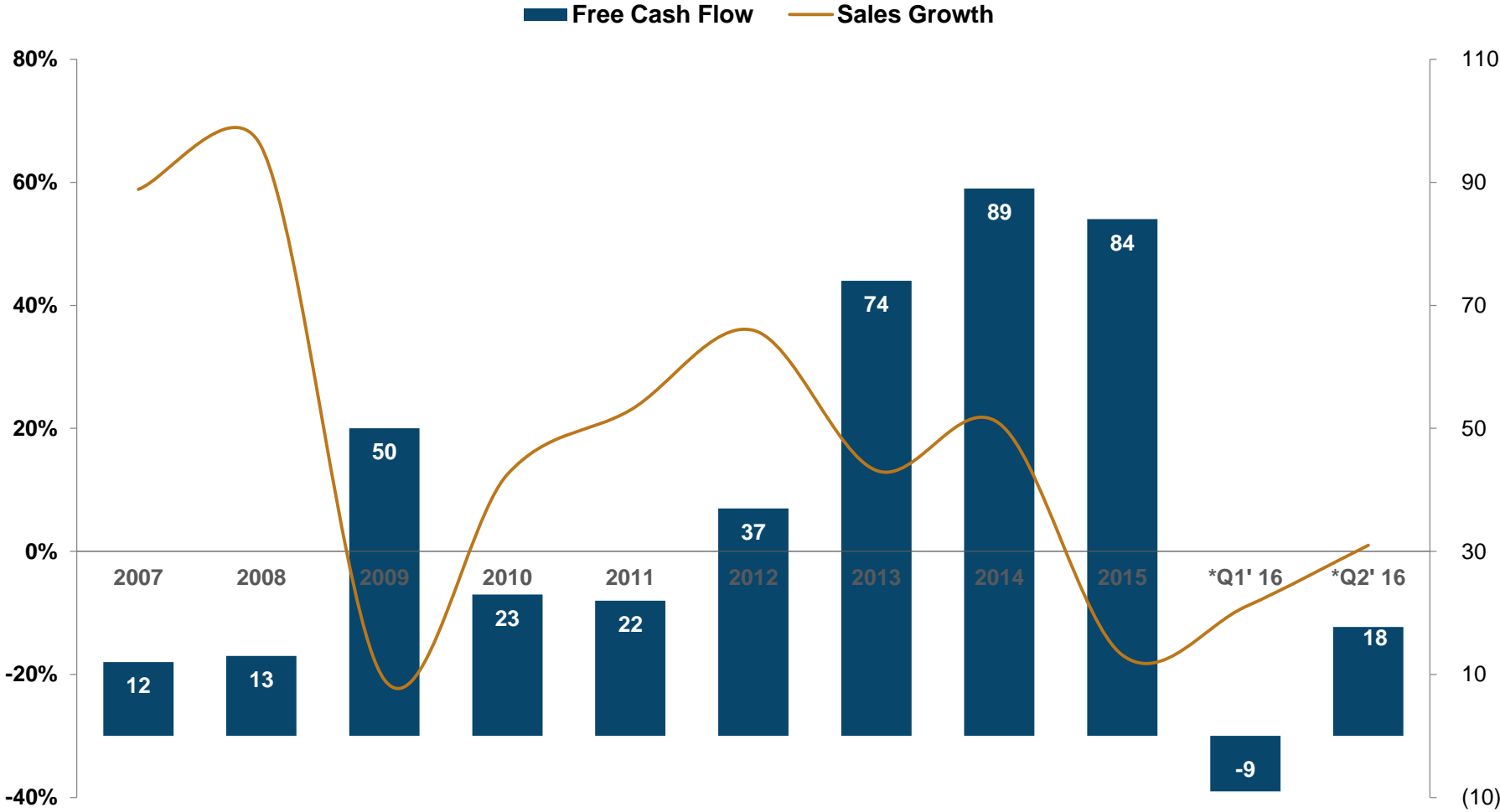
DEBT-TO-CAPITAL (book capitalization)



Note: Debt / LTM EBITDA based upon definitions used in DXP's loan compliance.

FREE CASH FLOW PROVIDES RESILIENCY

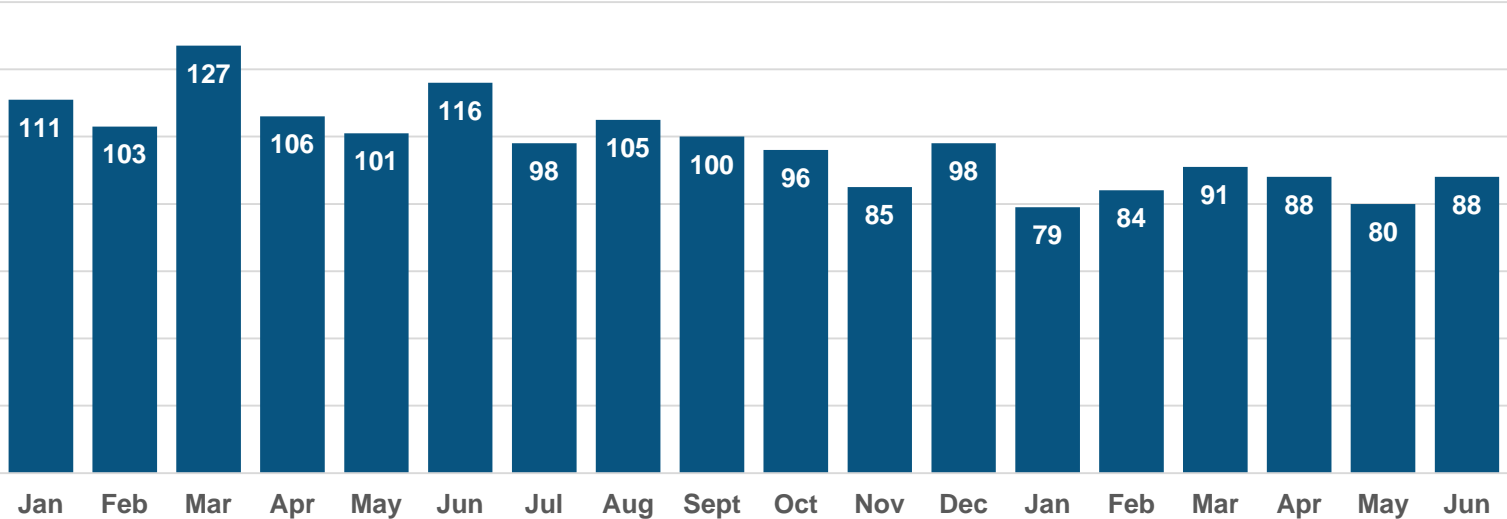
(\$ millions)



Free cash flow is defined as Cash Flow from Operations less capital expenditures. Q1 and Q2 2016 sales growth is sequential or quarter over quarter.

MONTHLY NET SALES PERFORMANCE

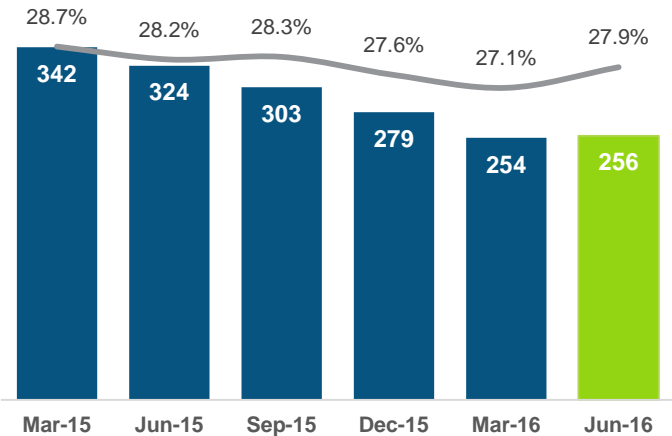
(\$ millions)



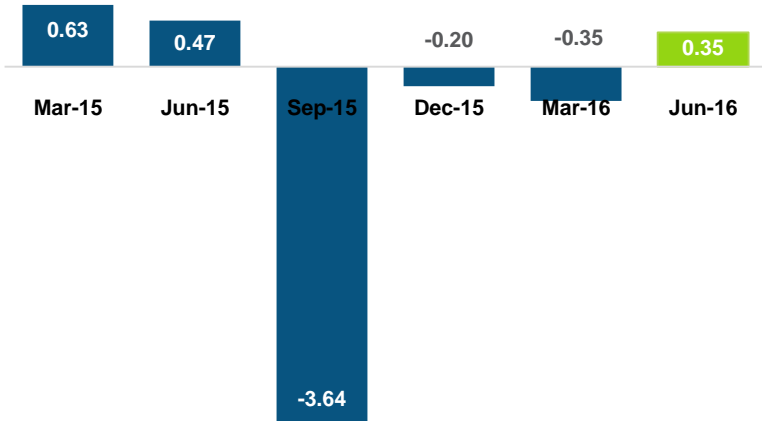
	FY15											FY16						
Svc Centers	76	71	79	75	67	72	67	65	67	67	59	61	53	55	59	54	54	54
In. Pumping Sol.	22	19	33	17	20	29	17	26	19	14	14	25	14	16	18	21	13	21
Supply Chain Svcs.	13	13	15	14	14	15	14	14	14	15	12	12	12	13	14	13	13	13
FY16' Bus. Days	19	20	23	21	22	22	20	23	22	21	18	20	19	20	23	21	22	22
FY15' Bus. Days	21	19	22	22	20	22	22	22	21	22	18	20	21	19	22	22	20	22

QUARTERLY FINANCIAL HIGHLIGHTS

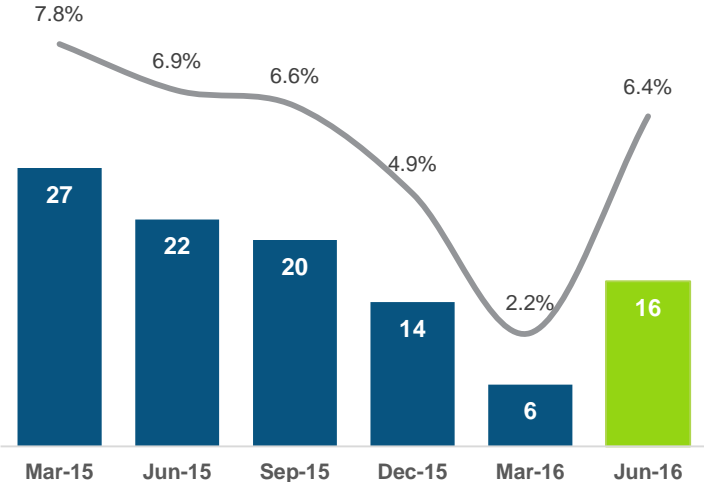
Sales and Gross Margin
(\$ millions)



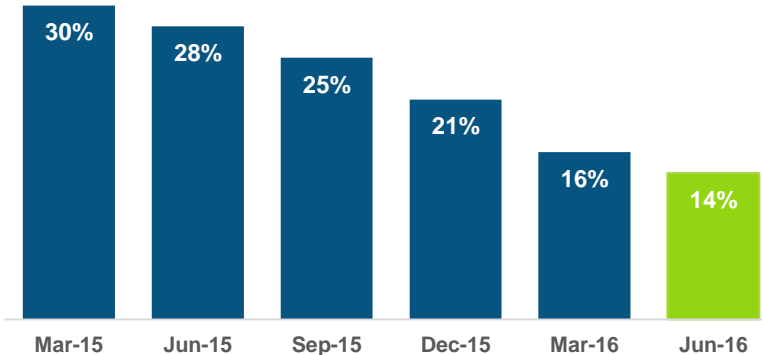
Diluted Earnings Per Share
(\$ actuals)



EBITDA and EBITDA Margin
(\$ millions)



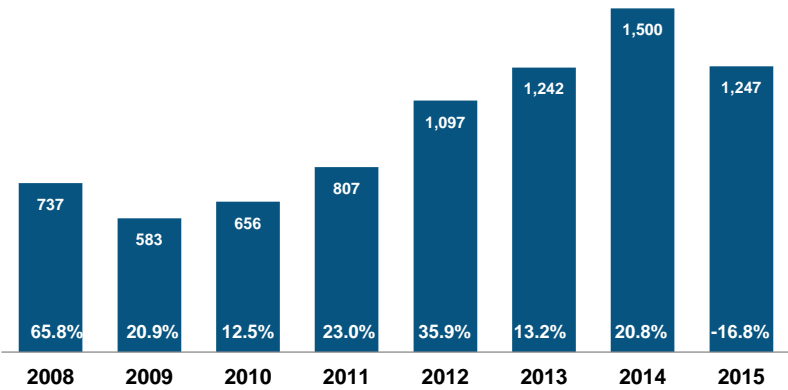
Return on Invested Capital
ROIC%



*EBITDA and net income are pre-impairment expense in 2009, 2014 and 2015. 2015 is also pre-B27 settlement and includes add back for above average legal fees.

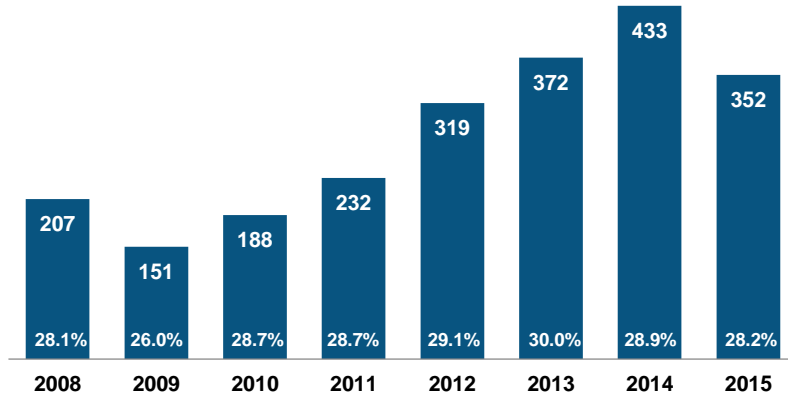
HISTORICAL ANNUAL FINANCIAL PERFORMANCE

Revenue
(\$ millions)



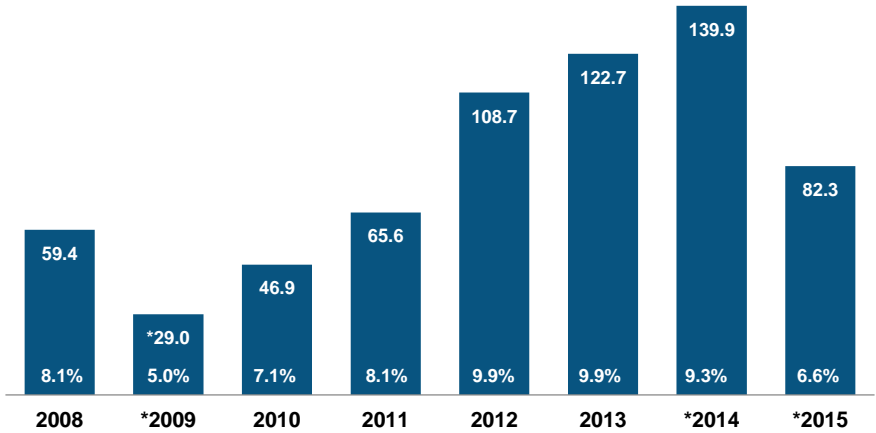
Percentages reflect year-over-year revenue growth from corresponding period.

Gross Profit
(\$ millions)



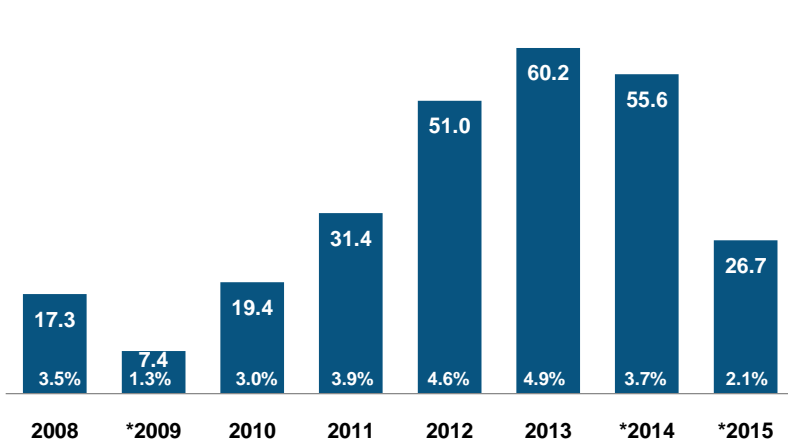
Percentages reflect gross margin.

EBITDA
(\$ millions)



Percentages reflect EBITDA margin.

Net Income
(\$ millions)



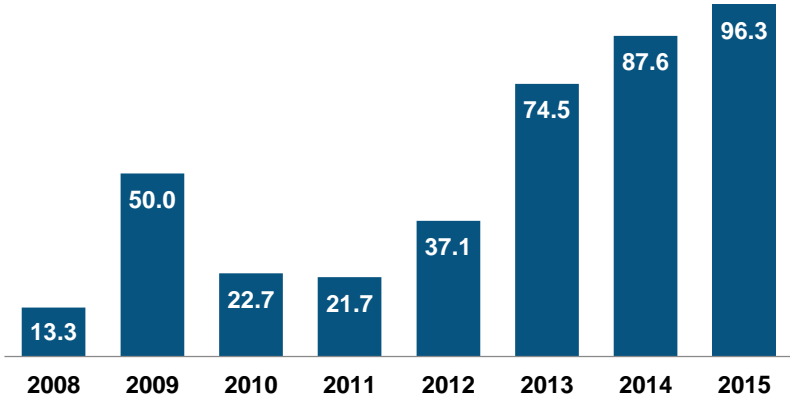
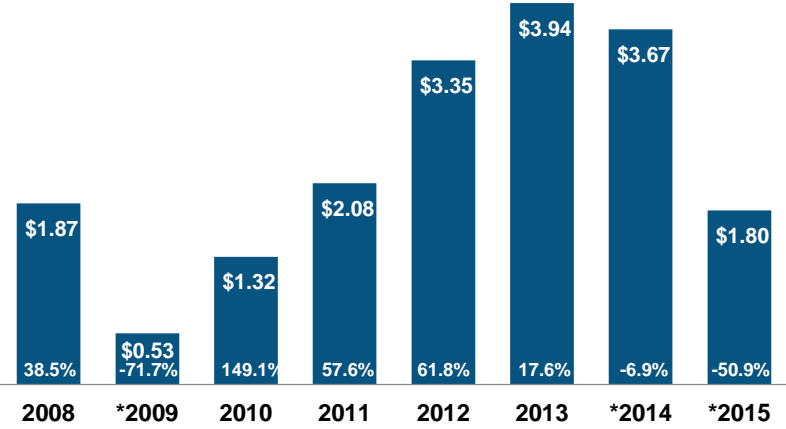
Percentages reflect net income margin.

*EBITDA and net income are pre-impairment expense in 2009, 2014 and 2015. 2015 is also pre-B27 settlement and includes add back for above average legal fees.

HISTORICAL FINANCIAL PERFORMANCE (CONT'D)

Diluted Earnings Per Share

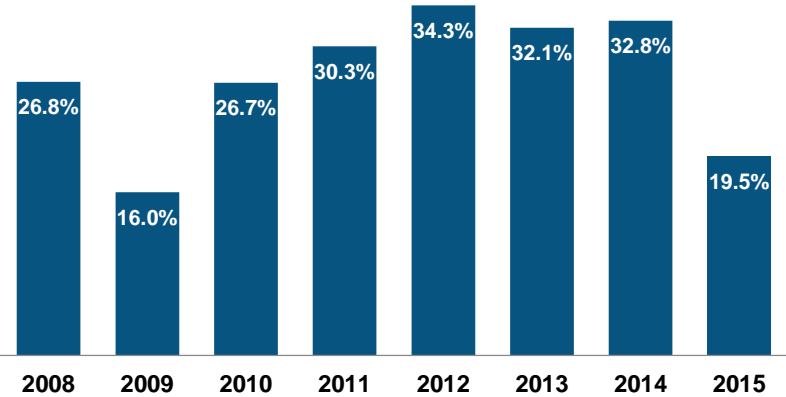
Free Cash Flow
(\$ millions)



Percentages reflect year-over-year EPS growth.

Free cash flow defined as cash from operating activities less capex.

Return On Invested Capital



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

PROFITABLE, SUSTAINABLE GROWTH

CONSISTENT EARNINGS

LONG-TERM SHAREHOLDER RETURNS

*2009, 2014 and 2015 are adjusted for impairments and B27 settlement.

WHY INVEST IN DXP?

DXP

WHY INVEST IN DXP?

1

Differentiated business model and capabilities

2

Positioned to deliver meaningful earnings power

3

Strong sustainable, resilient free cash flow

4

Unwavering shareholder return commitment



Q&A

APPENDIX

DXP

RECONCILIATION OF NON-GAAP MEASURES: NET INCOME TO ADJUSTED EBITDA

(\$ thousands)

The following table is a reconciliation of EBITDA*, a non-GAAP financial measure, to income before income taxes, calculated and reported in accordance with U.S. GAAP.

	Three Months Ended June 30,		Year Ended December 31,	
	2016	2015	2015	2014
Income (loss) before income taxes	\$4,889	\$11,548	\$(38,920)	\$(25,556)
Impairment expense	-	-	68,735	117,569
Plus: interest expense	3,951	2,592	10,932	12,797
Plus: depreciation and amortization	7,489	8,327	33,234	35,078
EBITDA*	\$16,329	\$22,467	\$73,990	139,888
B27 Settlement	-	-	7,348	-
Legal Fees	-	-	1,000	-
Adjusted EBITDA	\$16,329	\$22,467	\$82,338	\$139,888

*EBITDA – earnings before impairment, interest, taxes, depreciation and amortization.

RECONCILIATION OF OPERATING INCOME

(\$ thousands)

	Three Months Ended June 30,		Year Ended December 31,	
	2016	2015	2015	2014
Operating income for reportable segments	\$22,286	\$30,767	\$113,967	\$172,655
<i>Adjustments for:</i>				
B27 Settlement	-	-	7,348	-
Impairment	-	-	68,735	117,569
Amortization of in tangibles	4,510	5,309	20,621	22,480
Corporate expense	8,927	11,463	45,179	45,234
Total operating income (loss)	8,849	13,995	(27,916)	(12,628)
Interest expense	3,951	2,592	10,932	12,797
Other expense (income), net	9	(145)	72	131
Income (loss) before income taxes	\$4,889	\$11,548	\$(38,920)	\$(25,556)



THE INDUSTRIAL DISTRIBUTION EXPERTS

NASDAQ: DXPE
OCTOBER 2016