DXP

THE INDUSTRIAL DISTRIBUTION EXPERTS

Presented by:

David Little

Chairman, President & CEO

Nick Little

Senior Vice President & COO

Kent Yee

Senior Vice President & CFO

David Santos

Vice President & CAO

INVESTOR PRESENTATION

NASDAQ: DXPE

NOVEMBER 2023

SAFE HARBOR AND REGULATION G DISCLOSURES

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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, 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

DXP Enterprises… Differentiated Business Model

($ millions)

Company Description

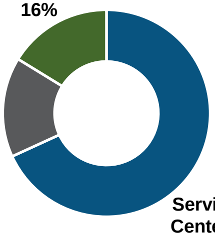
- Leading technical distributor of maintenance, repair and operating (“MRO”) products and services
- Operates via 3 segments: Service Centers, Innovative Pumping Solutions (“IPS”) and Supply Chain Services (“SCS”)
- Top 20 distributor of MRO products in a fragmented industry
- North America’s largest distributor of pumps and provider of rotating equipment products
- Serves more than 25,000+ active customers across a broad range of end markets including general industrial, energy, food & beverage, transportation, chemical, water and wastewater
- Founded in 1908 and headquartered in Houston, Texas

Quick Facts

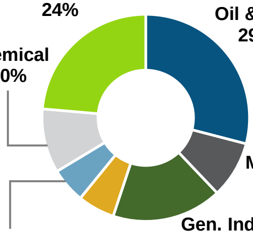
- LTM Q3-23 Sales: ~**$1,678mm**
- LTM Q3-23 Adj. EBITDA: **$164mm**[2]
- **180** Locations
- **4** Distribution Centers and **16** Fabrication Centers
- **~2,700** Employees[3]
- **37** Acquisitions and **1** Divestiture since 2009

FY2022 Sales

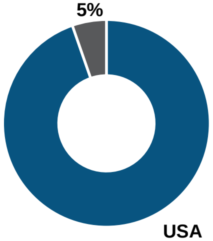
By Segment



By End Market



By Region[1]



Key End Markets

General Industrial

Food & Beverage

Transportation

Note: Business segment, end market, and region data as of FY2022 unless noted otherwise. Acquisition count reflects M&A transactions completed from FY09 to YTD FY23. [1] Dubai sales contributed less than 1% of total FY2022 sales. [2] Equates to $168mm for LTM Q3-23 PF Compliance Adj. EBITDA. [3] Includes corporate employees.

Why DXP: 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**

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.

1 Unique Market Approach Across Three Segments

($ millions)

DXP | Service Centers

LTM Q3 2023
Sales: $1,167
Operating Income: $162

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***

DXP | Innovative Pumping Solutions®

LTM Q3 2023
Sales: $246
Operating Income: $38

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

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

DXP | Supply Chain Services

LTM Q3 2023
Sales: $265
Operating Income: $22

Manages supply chains including procurement and inventory management; reduces customers' indirect material costs and order cycle time

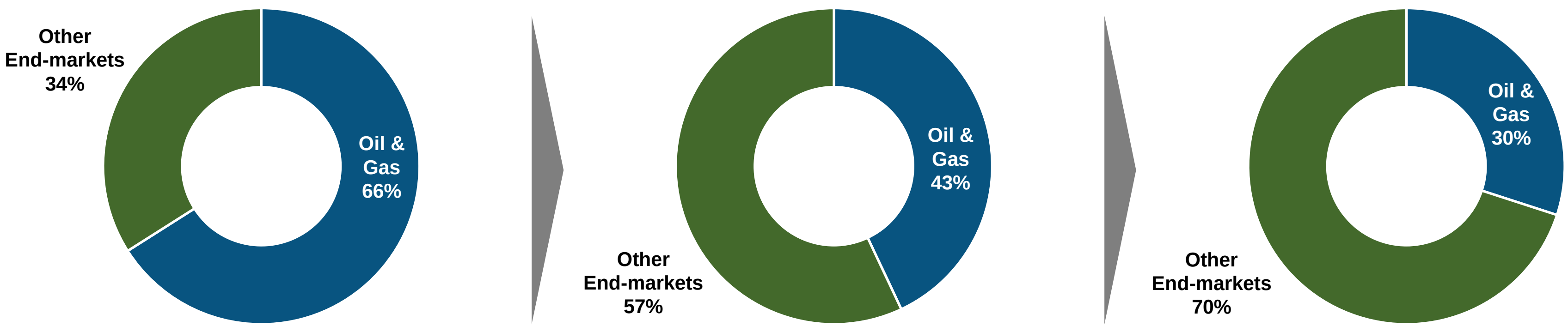
- ✓ ***End-to-End Total Supply Chain Solutions***
- ✓ ***Fully Outsourced MRO Service Offering***

Source: Company filings as of September 30, 2023.

1 DIVERSIFIED COUNTER CYCLICAL END MARKETS

DXP End Market Transformation and Diversification

FY2014 ***FY2019*** ***FY 2022***



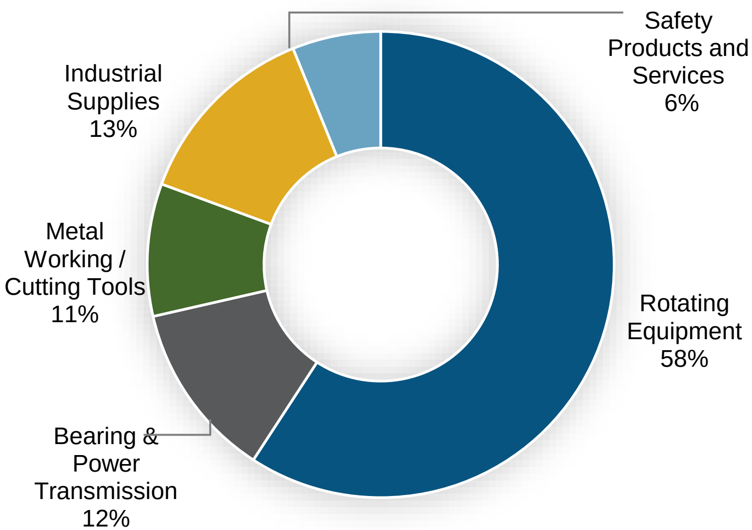
DXP is a leading player in diverse, growing, and recession-resistant end markets

- ✓ ***Less exposure to Oil & Gas end market; Decreased over <u>35%</u> from FY2014 to FY2022***
- ✓ ***Increased diversity in end market exposure***
- ✓ ***Expanding presence in Industrial, Water & Wastewater and Food & Beverage industries which benefit from strong secular trends***
- ✓ ***High quality customer base across dynamic industries***

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

2 COMPREHENSIVE PRODUCT PORTFOLIO WITH EMPHASIS ON HIGHLY ENGINEERED SOLUTIONS

DXP Product Divisions[1]



Market Leader Across Products

#1	**Rotating Equipment**
Top 5	**Metal Working / Cutting Tools** **Safety Products and Services**
Top 10	**Bearings and Power Transmission**
Top 15	**Industrial Supplies**

A breadth of technical products and services. . . . . .

- ✓ ***Single source for engineering, system design, and fabrication of custom pump packages***
- ✓ ***Fulfill MRO, OEM, and capex customer demand streams***
- ✓ ***Higher margin products and value-added services***

Source: Rankings reflect management market estimates regarding market share position. Modern Distribution Management, Product Rankings and industry/product trade publications.
[1] % of FY 2022 sales.

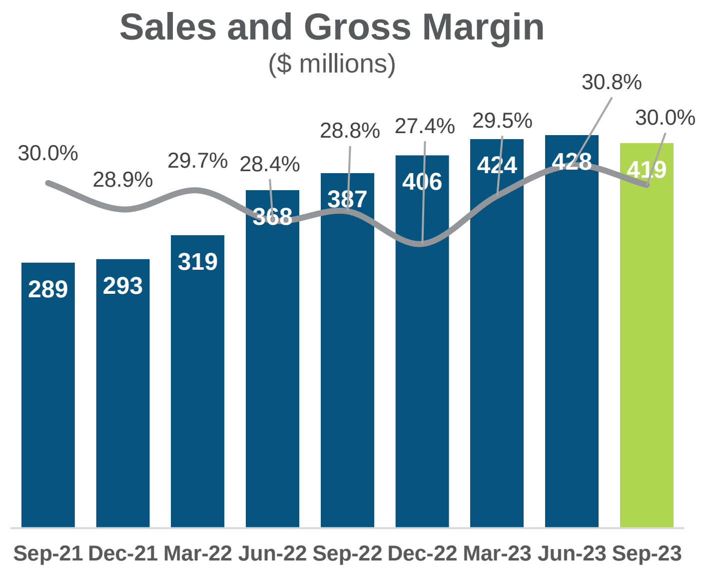
3 BALANCED STRATEGY HAS ACCELERATED GROWTH

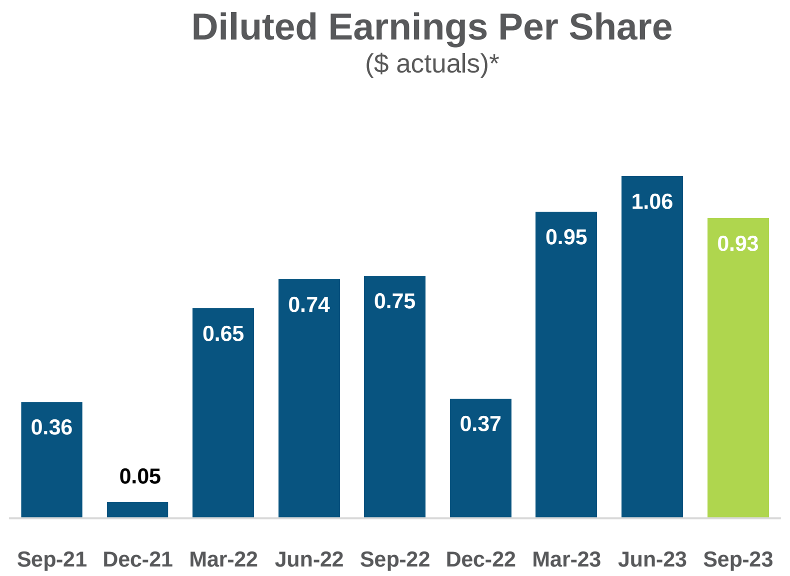
Annual Goals	Results
Organic Growth Remains a Top Priority... **10%**	• Completing first national pump distribution platform • SuperCenters – unmatched branch model • Aligned sales force expansion – national and local • Unmatched Innovative Pumping Solution capabilities • SCS guaranteed "customer savings"
+	
...Acquisitions Accelerate Growth and Scale **10%**	• Continue consolidation of fragmented market • Opportunities to enlarge key product divisions • Diversify end markets and customers • U.S. still top priority – targeting "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 MRO Solutions" • Long-term shareholder value creation

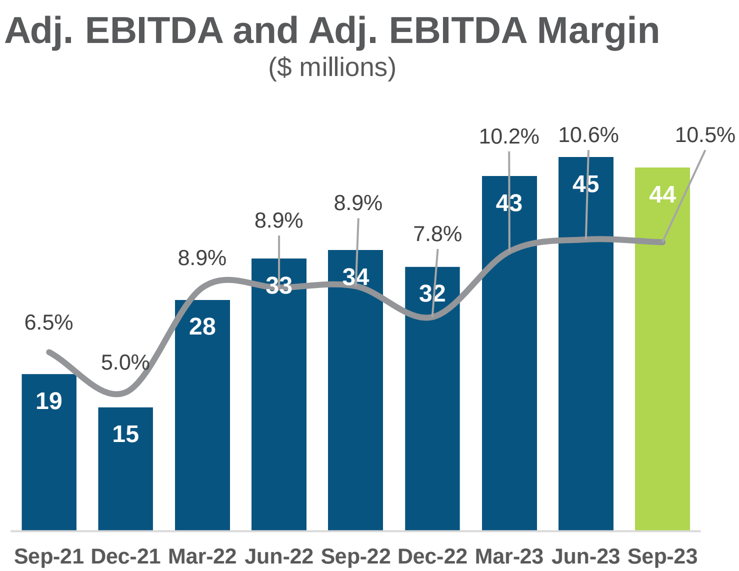
Recent Acquisitions (2020 – YTD 2023)

Date	Acquisition	Product Division	Region
Nov-23	Alliance Pump & Mech.	Pump Service & Repair	North Central
May-23	Florida Valve & Equipment	Water & Wastewater	South Atlantic
May-23	Riordan Materials	Water & Wastewater	Mid Atlantic
Sep-22	Sullivan Environmental Technologies	Water & Wastewater	Midwest
May-22	Cisco Air Systems	Compressors	South
Mar-22	Drydon Equipment, Inc	Water & Wastewater	Midwest
Mar-22	Burlingame Engineers, Inc	Water & Wastewater	West
Sep-21	Premier Water	Water & Wastewater	South
Jul-21	Process Machinery, Inc	Pumps, Filters	South
Apr-21	Carter & Verplanck, Inc	Water & Wastewater	South East
Dec-20	Total Equipment	Pumps, Compressors	East
Dec-20	APO Pumps & Compressors	Pumps, Compressors	Midwest
Dec-20	Pumping Solutions	Pumps, Process Equipment	Midwest
Dec-20	Corporate Equipment	Water & Wastewater	Midwest
Feb-20	Turbo Machinery Repair	Pump Service & Repair	West
Jan-20	Pumping Systems	Pumps	South Atlantic

4 Healthy Financial Performance Driving Returns

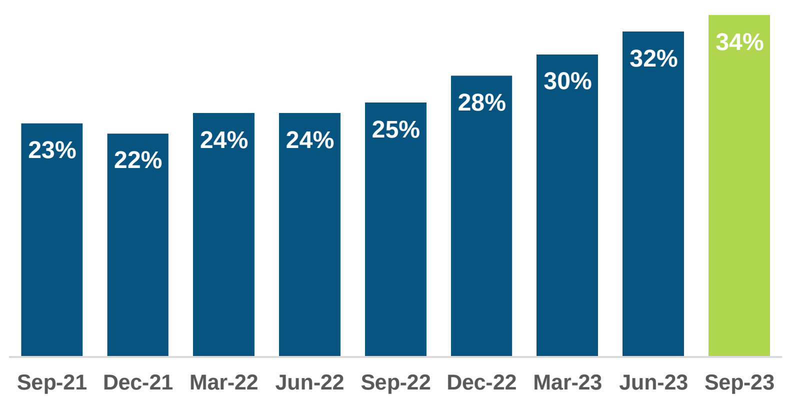






Return on Invested Capital ROIC%

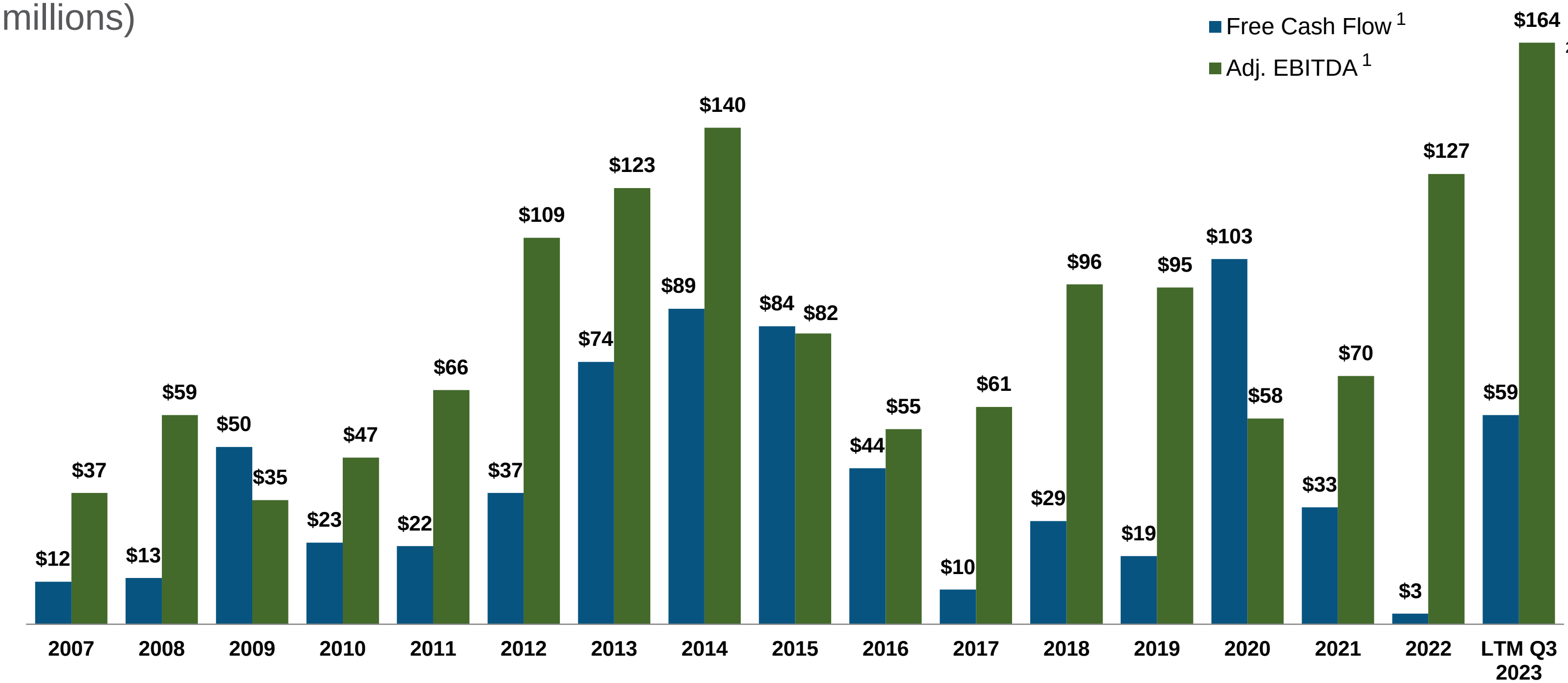
Return on invested capital is defined as tax-effected LTM EBITDA / average total net operating assets.



* 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.

4 STRONG CASH FLOW GENERATION THROUGH CYCLES

($ millions)



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	LTM Q3 2023
FCF Conversion[1]	31.1%	22.4%	144.5%	48.4%	33.1%	34.1%	60.7%	63.9%	103.3%	80.3%	15.9%	30.3%	20.2%	177.6%	47.1%	2.4%	10.4%

Average FCF[1]: 26.8% (2007–2008) | 48.0% (2010–2014) | 36.7% (2016–2019) | 20.0% (2021–LTM Q3 2023)

FCF conversion peaks at height of cycles…

…But is still strong during non-peak periods

FCF conversion peaks at the height of cycles (2009, 2015 and 2020) but remains robust (>35% average) during non-peak years

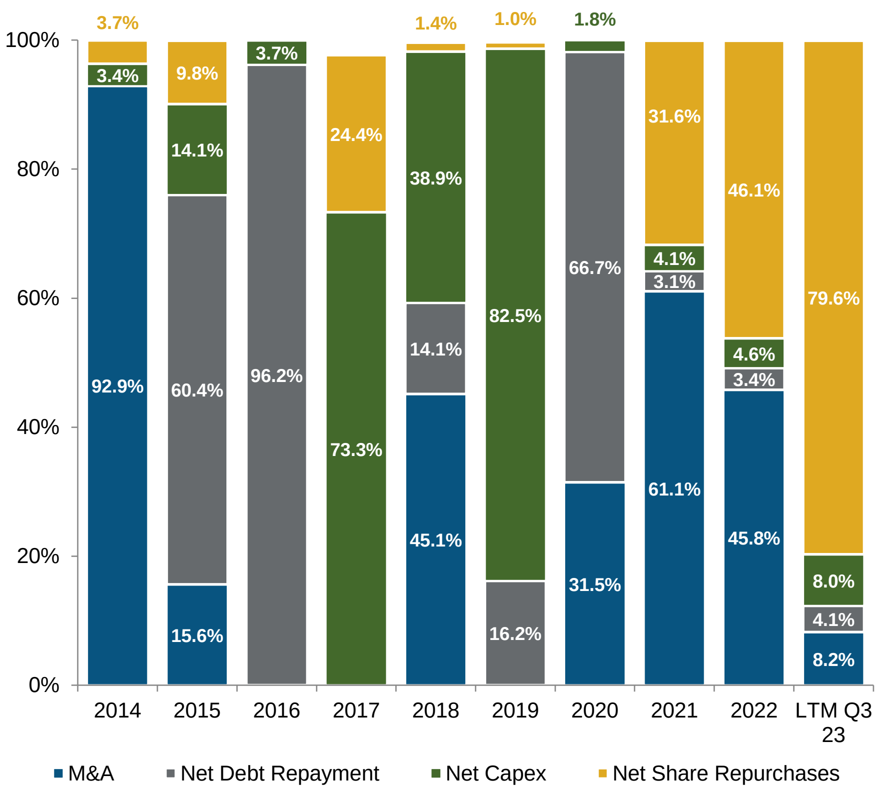
Robust free cash flow profile...

- ✓ ***16 year average free cash flow conversion of ~60% from FY 2007 to FY 2022***
- ✓ ***During downturns, DXP has effectively managed its cash flow by releasing working capital and remaining disciplined in acquisitive growth***
- ✓ ***Flexible cost structure and disciplined working capital management underpin free cash flow generation through cycles***
- ✓ ***Strong ability to manage headwinds in broader energy markets***

Note: Adj. EBITDA is pre-impairment expense in 2009, 2014 and 2015. 2015 is also pre-B27 settlement and includes add back for above average legal fees.[1] Free Cash Flow calculated as cash flows from operations less net purchases of property and equipment per Company financials; FCF Conversion defined as (cash flows from operations – net purchases of property and equipment) / Adj. EBITDA; Adj. EBITDA per Company financials. [2] Equates to $162mm for LTM Q2-23 PF Compliance Adj. EBITDA. See appendix for the reconciliation from Adj. EBITDA to PF Compliance Adj. EBITDA.

4 CAPITAL ALLOCATION PRIORITIES

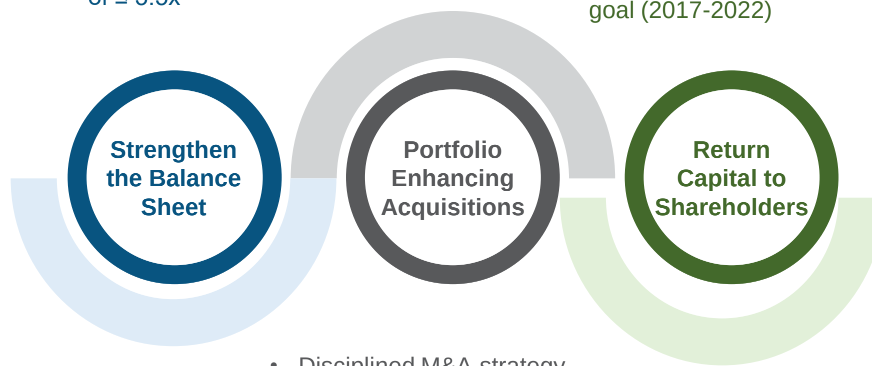
2014 – LTM Q3 2023 Capital Allocation[1]



Balanced Capital Deployment

- Track record of sustainable and proactive debt management through the cycle
- Net leverage target of ≤ 3.5x

- Flexible share repurchase program that allows for opportunistic buyback of DXP stock
- Disciplined capital deployment delivering strong ROIC: > 20% average ROIC goal (2017-2022)



- Disciplined M&A strategy focused on end market diversification, portfolio enhancement and geographic expansion
- Flexible capital deployment policy with ability to shift capital spend based on business requirements

Counter cyclical cash flow profile with ability to change capital allocation priorities based on market environment

Note: Percentages may not tie to 100% due to rounding. Capital allocation represents net contribution. M&A includes cash acquisitions only.

[1] Excludes preferred dividends which are negligible and not payable to public shareholders.

APPENDIX

Service Centers Segment

($ millions)

Segment Description

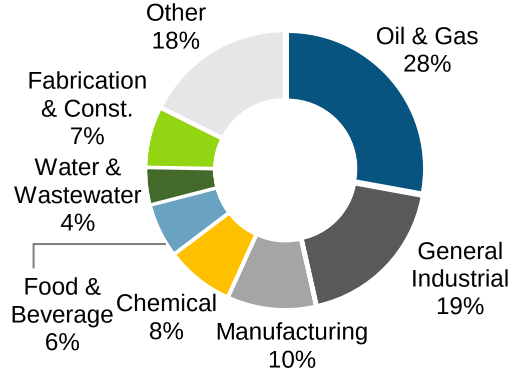
- DXP Service Centers provides MRO and OEM products, equipment and services, including technical expertise and logistics capabilities
- Serves a diverse customer base in varied end markets with ability to provide same day delivery
- Offers a single source of supply on an efficient and competitive basis
- First-tier distributor providing products in rotating equipment, power transmission, hose, fluid power, metal working, industrial supply, and safety products and safety services
- Majority of sales derived from customer product purchase orders, directly solicited by outside sales force making calls to customer locations

Quick Facts

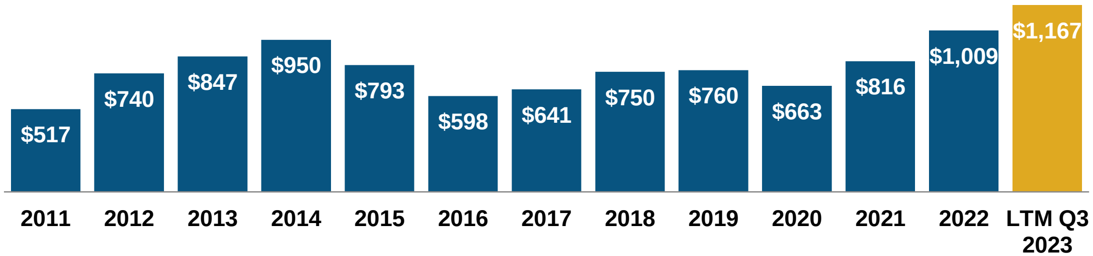
- **$1,167** million LTM Q3 2023 sales
- **157** Service Centers
- **4** Distribution Centers
- **~1,650** Employees[1]

End Markets and Financial Performance

FY 2022A Sales by End Market



Segment Performance – Sales and Operating Income



Operating Income	$103	$102	$74	$45	$63	$81	$85	$72	$99	$127	$162
% of Sales	12.1%	10.7%	9.3%	7.5%	9.9%	10.8%	11.2%	10.8%	12.1%	12.6%	13.9%

[1] *Excludes corporate employees.*

Innovative Pumping Solutions Segment

($ millions)

Segment Description

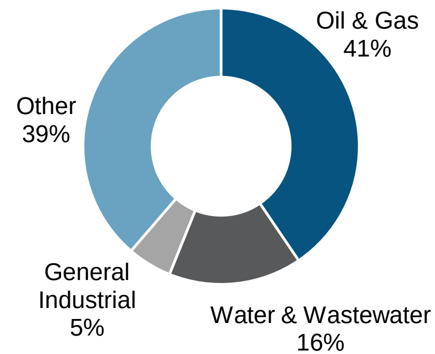
- Provides integrated, custom pump skid packages, pump remanufacturing and private label pumps to meet customers' capital equipment needs
- Leading single source provider for engineering, systems design rerates, and modular process systems for unique customer specifications
- DXP's engineering staff designs complete custom pump packages to meet customers' unique project requirements
- Pump applications include oil & gas production, pipelines, water and wastewater applications, injection systems to dispose of produced water and complete systems in power, mining, air quality filtration and LNG
- With over 100 years of fabrication experience, DXP has unmatched technical expertise providing the highest quality products

Quick Facts

- **$246** million LTM Q3 2023 sales
- **16** Fabrication Facilities
- **~340** Employees[1]

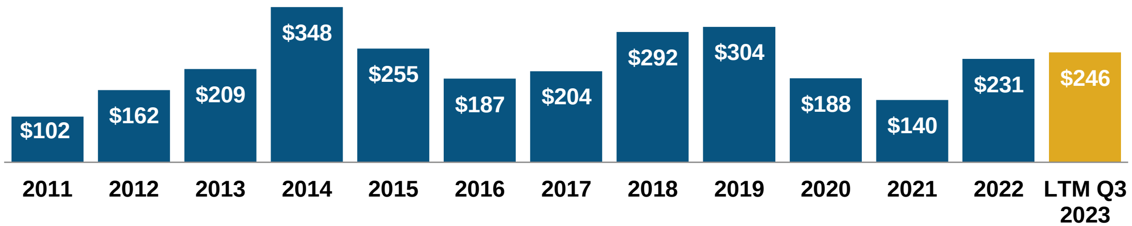
End Markets and Financial Performance

FY 2022A Sales by End Market



DXP | INNOVATIVE PUMPING SOLUTIONS®

Segment Performance – Sales and Operating Income



Operating Income	$34	$51	$22	$10	$11	$34	$29	$17	$12	$30	$38
% of Sales	16.2%	14.7%	8.5%	5.3%	5.6%	11.6%	9.5%	9.0%	8.6%	13.0%	15.7%

[1] *Excludes corporate employees.*

Supply Chain Services Segment

($ millions)

Segment Description

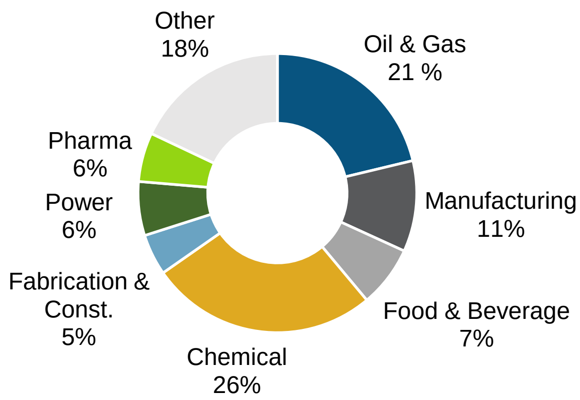
- Manages all or part of customer supply chains, including procurement and inventory management
- Provides fully outsourced solutions for sourcing MRO products, including inventory optimization and management, store-room management, transaction consolidation and control and vendor oversight
- With decades of supply chain inventory management experience and comprehensive research, DXP takes a consultative approach to determine the strengths and opportunities for improvement within customers' MRO products supply chain
- Customer benefits include hard-dollar cost savings, reduced inventory, lower unit prices, reduced staffing, and improved procurement visibility and control

Quick Facts

- **$265** million LTM Q3 2023 sales
- **95** Customer Facilities
- **~410** Employees[1]

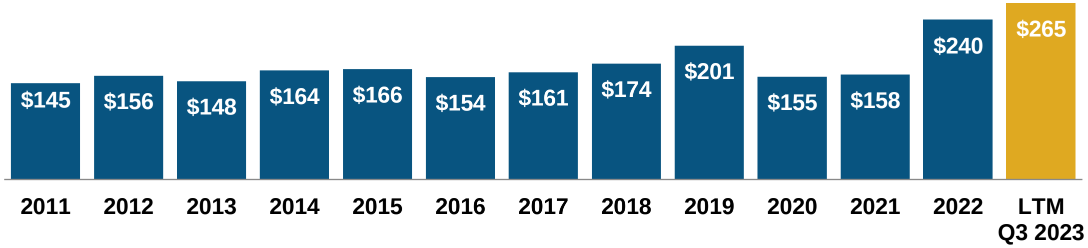
End Markets and Financial Performance

FY 2022A Sales by End Market



DXP | SUPPLY CHAIN SERVICES

Segment Performance – Sales and Operating Income



Operating Income	$13	$14	$14	$15	$16	$16	$14	$13	$12	$20	$22
% of Sales	8.4%	8.4%	8.6%	10.0%	9.6%	9.3%	7.2%	8.3%	7.6%	8.1%	8.2%

[1] *Excludes corporate employees.*

Q3 INCOME STATEMENT HIGHLIGHTS

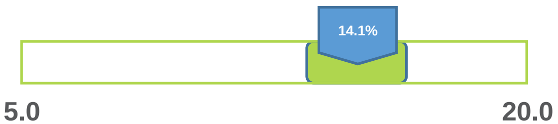
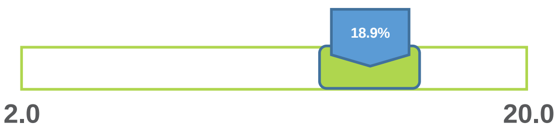
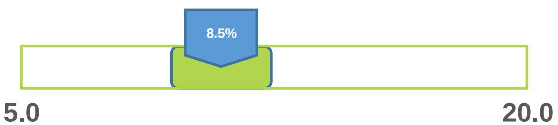
($ thousands)

	Prior Yr Sep 30, 2022	Prior Qtr Jun 30, 2023	Current Qtr Sep 30, 2023
Sales	$ 387,314	$ 428,040	$ 419,249
% growth - yoy	*33.8%*	*16.4%*	*8.2%*
% growth - seq	*5.3%*	*0.9%*	*-2.1%*
Gross Profit	111,633	131,852	125,562
% margin	*28.8%*	*30.8%*	*29.9%*
Operating Income	26,539	37,480	35,855
% margin	*6.9%*	*8.8%*	*8.6%*
Adj. EBITDA as reported	34,321	45,296	44,020
% margin	*8.9%*	*10.6%*	*10.5%*
Diluted EPS	$ 0.71	$ 1.06	$ 0.93
Diluted shares	19,672	18,051	17,356
Avg. Daily Sales:	$ 6,052	$ 6,688	$ 6,655

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.

Q3 Operating Performance by Segment

($ millions)

	Sales $	Sales Mix	OP$	OP%	
DXP Service Centers	$ 294.5	70%	$ 41.4	14.1%	
DXP Innovative Pumping Solutions®	$ 58.9	14%	$ 11.2	18.9%	
DXP Supply Chain Services	$ 65.8	16%	$ 5.6	8.5%	
Corporate*	---		$ (22.3)		
Total DXP	**$ 419.2**	**100%**	**$ 35.9**	**8.6%**	

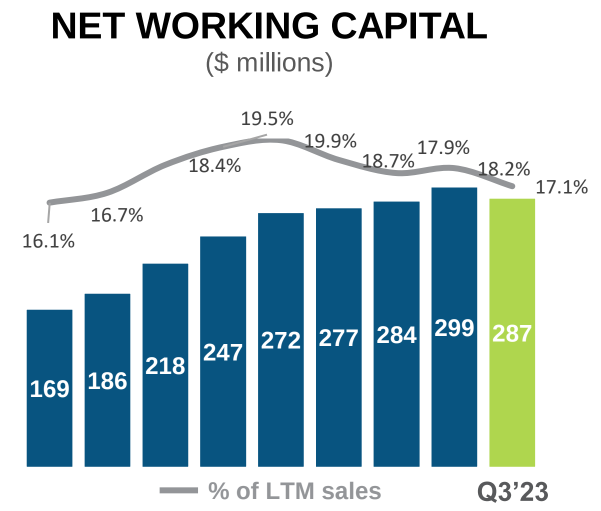
*Corporate expense includes amortization of intangible assets.

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 Jun 30, 2023	Current Qtr Sept. 30, 2023
GAAP net income	$ 19,054	$ 16,173
Depreciation and amortization	6,703	7,983
Change in net working capital	(27,233)	18,535
Other operating cash flows, net	(955)	(2,930)
Net Cash provided by operating activities	**(2,431)**	**39,761**
Purchase of property & equipment, net	1,813	1,486
Proceeds from sale of assets	-	-
Free Cash Flow	**(4,244)**	**38,275**
Net Cash used in financing activities	(29,811)	(26,581)
Cash at end of the period	**15,624**	**27,267**

Supplemental Information:		
Purchase of businesses	8,488	360
Cash paid for income taxes	15,928	3,991
Cash paid for interest	11,096	11,917
Net Debt	410,416	397,681



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 September 30,	
	2023	**2022**
Operating income for reportable segments	$58,189	$48,377
Adjustments for:		
Amortization of intangibles	5,866	5,132
Corporate expenses	16,467	16,706
Total operating income	**35,855**	**26,539**
Interest expense	12,684	6,833
Other expense (income), net	1,234	1,568
Income before income taxes	**$ 21,938**	**$18,138**

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 September 30,	
	2023	**2022**
Income before income taxes	$ 21,938	$ 18,138
Plus: interest expense	12,684	6,833
Plus: depreciation and amortization	7,983	7,493
EBITDA	**$42,605**	**$32,464**
Plus: Stock comp. expense & other charges	1,415	1,698
Adjusted EBITDA	**$44,020**	**$34,321**

DXP

THE INDUSTRIAL DISTRIBUTION EXPERTS

NASDAQ: DXPE
NOVEMBER 2023