



## THE INDUSTRIAL DISTRIBUTION EXPERTS

*Presented by:*

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Chairman, President & CEO

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NASDAQ: DXPE

**Results for Q4 Fiscal 2024**

Earnings Announcement: March 7, 2025

(Quarter Ending December 31, 2024)

# 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.



# FY2024 KEY TAKEAWAYS

- **Fiscal 2024 sales reached \$1.8 billion, a 7.4% increase from 2023**
  - Acquisition sales contributed \$98.5 million in sales
  - Organic sales grew 3.5% from 2023
- **Full-year GAAP diluted EPS of \$4.22**
  - Five year compounded annual growth rate of 56.9%
- **\$191.3 million in adjusted earnings before interest, taxes, depreciation, amortization, and other non-cash charges ("Adjusted EBITDA")**
  - Five year compounded annual growth rate of 34.2%
  - Adjusted EBITDA margins have improved 475 basis points since 2020
- **Fiscal 2024 Sales per Business Day increased 6.9% to \$7.1 million from \$6.7 million**
- **Net income of \$70.5 million (up from \$68.8 million in 2023)**
- **Refinanced Senior Secured Term Loan B, raising \$649.5 million**
  - Reduced margin for borrowings by 100 basis points
- **Repurchased \$28.8 million worth of shares during fiscal 2024**
- **Closed seven acquisitions during the fiscal year**
  - Four water & wastewater companies contributing \$56.5 million
  - Three industrial rotating companies contributing \$34.8 million



# Q4 2024 INCOME STATEMENT HIGHLIGHTS

(in thousands, except percentages and per share data)

	QTD 12/31/23	QTD 09/30/24	QTD 12/31/24
<b>Sales</b>	\$ 407,044	\$ 472,935	\$ 470,914
<i>% growth y/y</i>	0.2 %	12.8 %	15.7 %
<i>% growth seq</i>	(2.9)%	6.1 %	(0.4)%
<b>Gross Profit</b>	\$ 122,836	\$ 146,110	\$ 148,492
<i>% margin</i>	30.2 %	30.9 %	31.5 %
<b>Operating Income</b>	\$ 29,987	\$ 39,608	\$ 39,291
<i>% margin</i>	7.4 %	8.4 %	8.3 %
<b>Adj. EBITDA</b>	\$ 41,862	\$ 52,440	\$ 50,300
<i>% margin</i>	10.3 %	11.1 %	10.7 %
<b>Free Cash Flow</b>	\$ 37,284	\$ 24,390	\$ 22,748
<b>Diluted EPS</b>	\$ 0.94	\$ 1.27	\$ 1.29
<b>Diluted Shares</b>	17,017	16,590	16,535
<b>Adj. Diluted EPS</b>	\$ 1.12	\$ 1.43	\$ 1.38
<b>Sales Per Business Day</b>	\$ 6,673	\$ 7,390	\$ 7,595

# 2024 INCOME STATEMENT HIGHLIGHTS

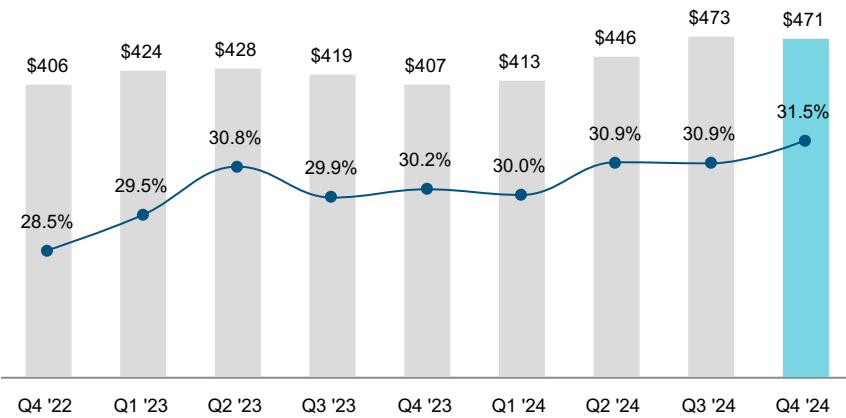
(in thousands, except percentages and per share data)

	YTD 2022	YTD 2023	YTD 2024
<b>Sales</b>	<b>\$ 1,480,832</b>	<b>\$ 1,678,600</b>	<b>\$ 1,802,040</b>
<i>% growth y/y</i>	32.9 %	13.4 %	7.4 %
<b>Gross Profit</b>	<b>\$ 422,038</b>	<b>\$ 505,291</b>	<b>\$ 556,277</b>
<i>% margin</i>	28.5 %	30.1 %	30.9 %
<b>Operating Income</b>	<b>\$ 97,752</b>	<b>\$ 138,722</b>	<b>\$ 145,382</b>
<i>% margin</i>	6.6 %	8.3 %	8.1 %
<b>Adj. EBITDA</b>	<b>\$ 126,806</b>	<b>\$ 174,305</b>	<b>\$ 191,310</b>
<i>% margin</i>	8.6 %	10.4 %	10.6 %
<b>Free Cash Flow</b>	<b>\$ 978</b>	<b>\$ 93,959</b>	<b>\$ 77,143</b>
<b>Diluted EPS</b>	<b>\$ 2.47</b>	<b>\$ 3.89</b>	<b>\$ 4.22</b>
<b>Diluted Shares</b>	<b>19,471</b>	<b>17,710</b>	<b>16,701</b>
<b>Adj. Diluted EPS</b>	<b>\$ 2.69</b>	<b>\$ 4.09</b>	<b>\$ 4.51</b>
<b>Sales Per Business Day</b>	<b>\$ 5,853</b>	<b>\$ 6,661</b>	<b>\$ 7,123</b>

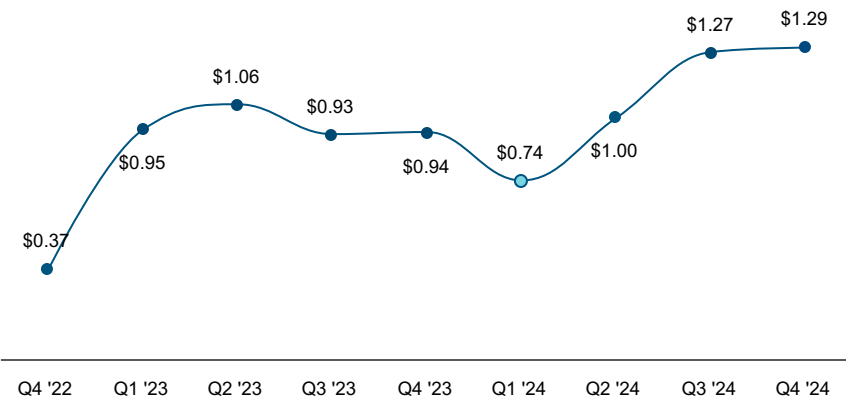
# QUARTERLY FINANCIAL HIGHLIGHTS

(in millions, except percentages and per share data)

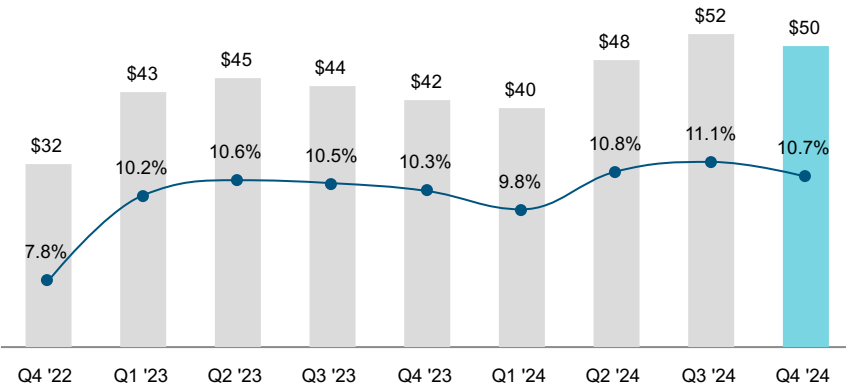
### SALES AND GROSS MARGIN



### DILUTED EARNINGS PER SHARE\*

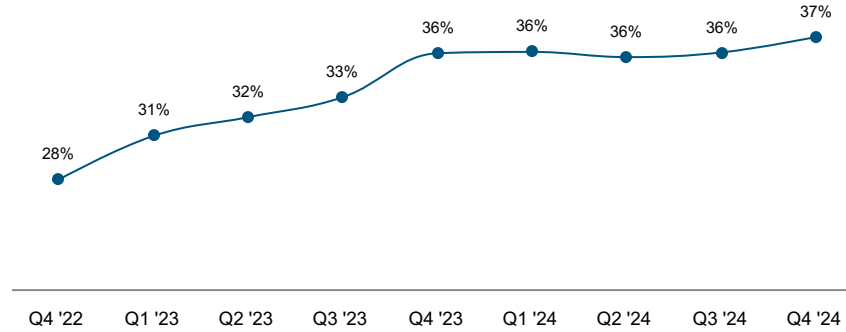


### ADJ. EBITDA AND ADJ. EBITDA MARGIN



### RETURN ON INVESTED CAPITAL (ROIC%)

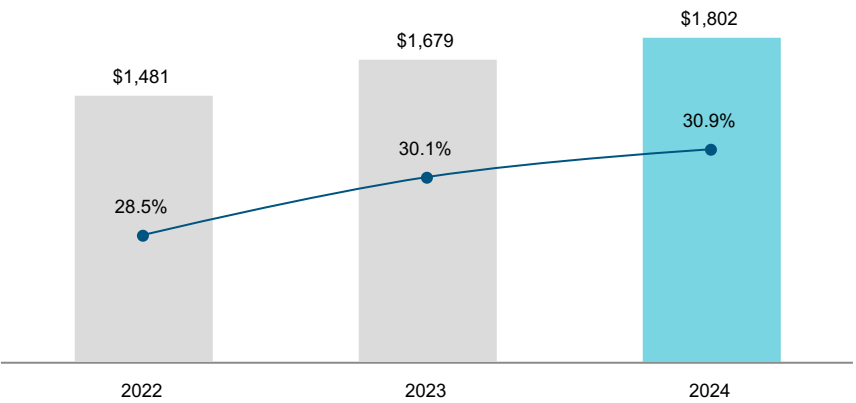
Return on invested capital is defined as tax-effected LTM EBITDA / average total net operating assets.



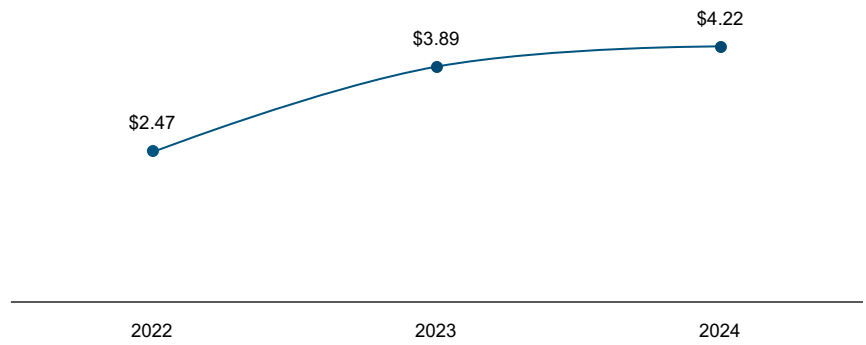
# ANNUAL FINANCIAL HIGHLIGHTS

(in millions, except percentages and per share data)

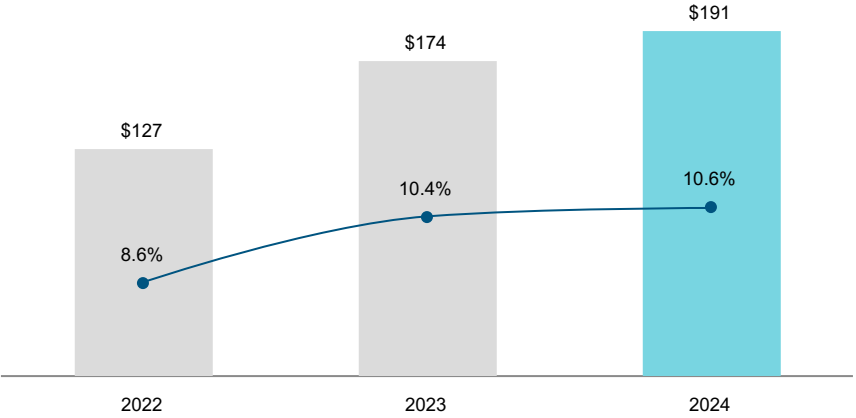
### SALES AND GROSS MARGIN



### DILUTED EARNINGS PER SHARE

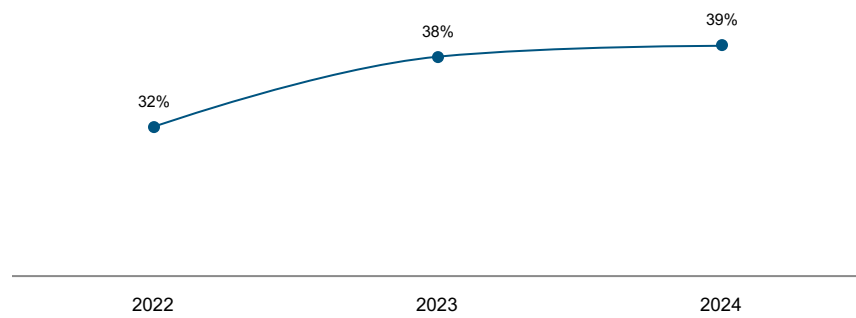


### ADJ. EBITDA AND ADJ. EBITDA MARGIN



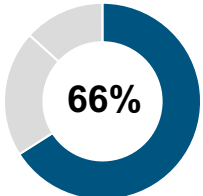
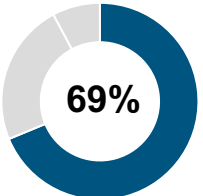
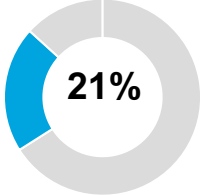
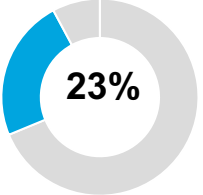
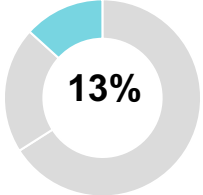
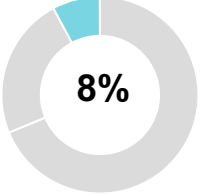
### RETURN ON INVESTED CAPITAL (ROIC%)

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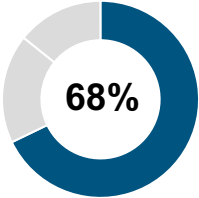
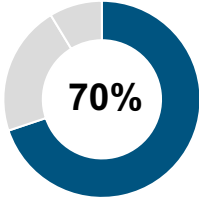
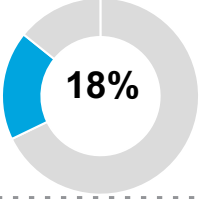
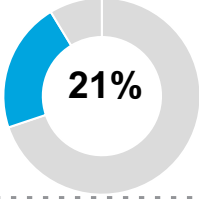
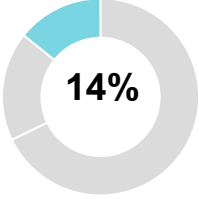
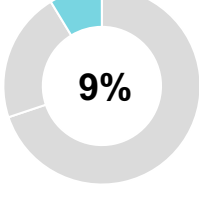
# QUARTERLY OPERATING PERFORMANCE BY SEGMENT

(in millions, except percentages)

	<u>SALES</u>	<u>SALES MIX</u>	<u>OPERATING PROFIT (OP)</u>	<u>OP CONTRIBUTION</u>	<u>OPERATING MARGIN</u>
<b>DXP</b>   SERVICE CENTERS	\$310.8	 66%	\$44.7	 69%	14.4%
<b>DXP</b>   INNOVATIVE PUMPING SOLUTIONS®	\$97.6	 21%	\$15.2	 23%	15.6%
<b>DXP</b>   SUPPLY CHAIN SERVICES	\$62.5	 13%	\$5.1	 8%	8.2%
<b>SEGMENT TOTAL</b>	<b>\$470.9</b>		<b>\$65.0</b>		<b>13.8%</b>
<b>CORPORATE</b> (expenses & amortization of intangibles)	<b>\$—</b>		<b>\$(25.7)</b>		
<b>TOTAL</b>	<b>\$470.9</b>		<b>\$39.3</b>		<b>8.3%</b>

# ANNUAL OPERATING PERFORMANCE BY SEGMENT

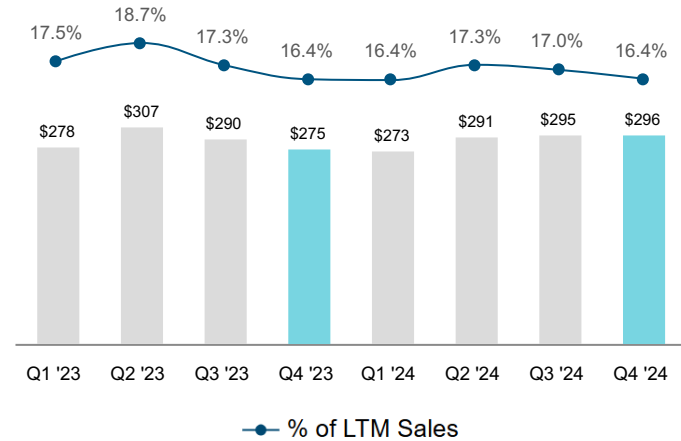
(in millions, except percentages)

	<u>SALES</u>	<u>SALES MIX</u>	<u>OPERATING PROFIT (OP)</u>	<u>OP CONTRIBUTION</u>	<u>OPERATING MARGIN</u>
<b>DXP</b>   SERVICE CENTERS	\$1,222.6	 68%	\$175.0	 70%	14.3%
<b>DXP</b>   INNOVATIVE PUMPING SOLUTIONS®	\$323.0	 18%	\$53.7	 21%	16.6%
<b>DXP</b>   SUPPLY CHAIN SERVICES	\$256.4	 14%	\$21.7	 9%	8.5%
<b>SEGMENT TOTAL</b>	<b>\$1,802.0</b>		<b>\$250.4</b>		<b>13.9%</b>
<b>CORPORATE</b> (expenses & amortization of intangibles)	<b>\$—</b>		<b>\$(105.1)</b>		
<b>TOTAL</b>	<b>\$1,802.0</b>		<b>\$145.3</b>		<b>8.1%</b>

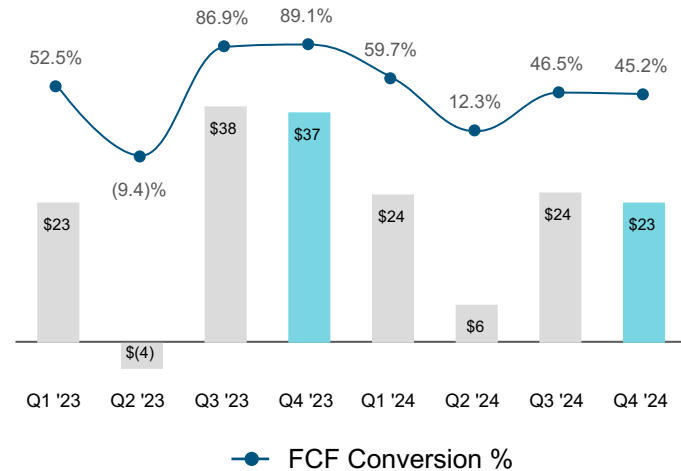
# QUARTERLY CASH FLOW AND WORKING CAPITAL

(in thousands, except percentages)

NET WORKING CAPITAL (in millions)<sup>(1)</sup>



FREE CASH FLOW (in millions)<sup>(2)</sup>



	QTD 9/30/2024	QTD 12/31/2024	YTD 12/31/2024
Net Income	\$ 21,101	\$ 21,363	\$ 70,489
Depreciation and Amortization	8,720	9,020	33,405
Change in Net Working Capital	1,161	3,335	4,703
Other Operating Cash Flows, Net	(2,638)	(1,575)	(6,386)
<b>Net Cash provided by Operating Activities</b>	<b>\$ 28,344</b>	<b>\$ 32,143</b>	<b>\$ 102,211</b>
Purchase of Property & Equipment	(3,954)	(9,395)	(25,068)
<b>Free Cash Flow</b>	<b>\$ 24,390</b>	<b>\$ 22,748</b>	<b>\$ 77,143</b>
<b>Net Cash (used in) provided by Financing Activities</b>	<b>\$ (7,381)</b>	<b>\$ 99,187</b>	<b>\$ 56,803</b>
<b>Cash at End of the Period</b>	<b>\$ 35,091</b>	<b>\$ 148,411</b>	<b>\$ 148,411</b>

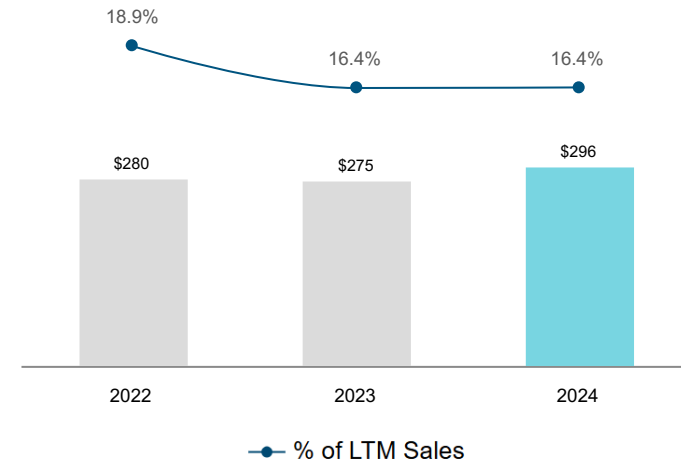
Notes:  
 (1) Net working capital is calculated as current assets less current liabilities excluding cash and restricted cash, short term debt obligations, and short term leases.  
 (2) Free cash flow conversion percentage is calculated as free cash flow over adjusted EBITDA.

# ANNUAL CASH FLOW AND WORKING CAPITAL

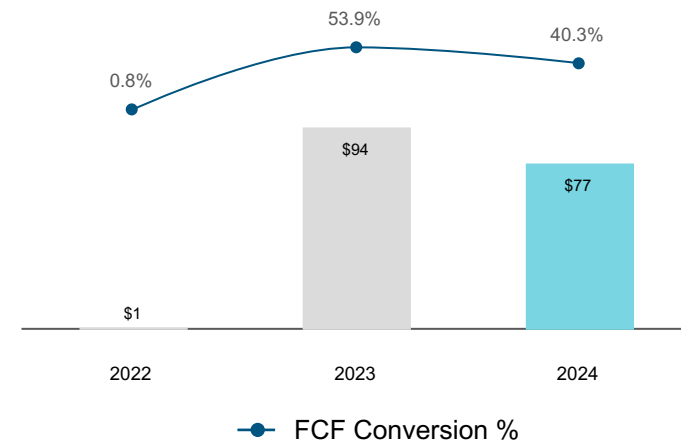
(in thousands, except percentages)

	YTD 2022	YTD 2023	YTD 2024
Net Income	\$ 48,102	\$ 68,812	\$ 70,489
Depreciation and Amortization	30,342	30,105	33,405
Change in Net Working Capital	(70,241)	8,407	4,703
Other Operating Cash Flows, Net	(2,309)	(1,102)	(6,386)
<b>Net Cash provided by Operating Activities</b>	<b>\$ 5,894</b>	<b>\$ 106,222</b>	<b>\$ 102,211</b>
Purchase of Property & Equipment	(4,916)	(12,263)	(25,068)
<b>Free Cash Flow</b>	<b>\$ 978</b>	<b>\$ 93,959</b>	<b>\$ 77,143</b>
<b>Net Cash provided by Financing Activities</b>	<b>\$ 44,312</b>	<b>\$ 43,579</b>	<b>\$ 56,803</b>
<b>Cash at End of the Period</b>	<b>\$ 46,117</b>	<b>\$ 173,211</b>	<b>\$ 148,411</b>

NET WORKING CAPITAL (in millions)<sup>(1)</sup>



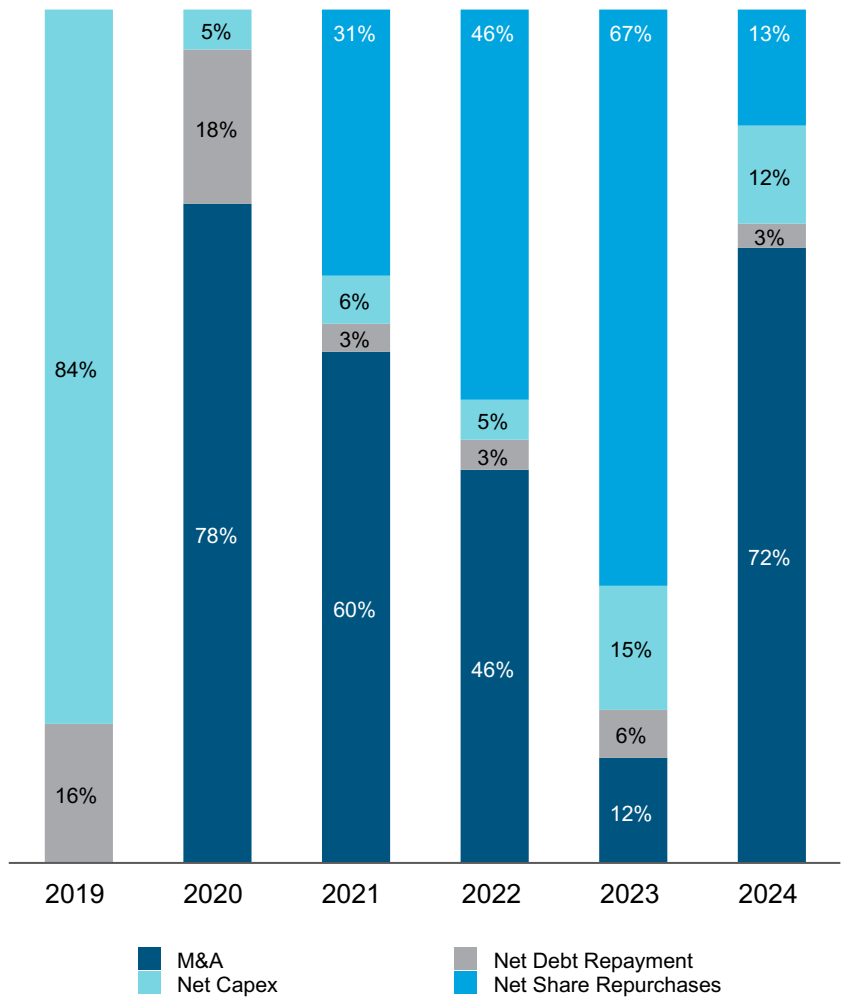
FREE CASH FLOW (in millions)<sup>(2)</sup>



Notes:  
 (1) Net working capital is calculated as current assets less current liabilities excluding cash and restricted cash, short term debt obligations, and short term leases.  
 (2) Free cash flow conversion percentage is calculated as free cash flow over adjusted EBITDA.

# DISCIPLINED CAPITAL ALLOCATION PRIORITIES

2019 - 2024 Capital Allocation



Balanced Capital Deployment

- Track record of sustainable and proactive debt management through the cycle
- Net leverage target of  $\leq 3.5x$
- Disciplined M&A strategy focused on end market diversification, portfolio enhancement and geographic expansion
- Flexible capital deployment policy with ability to shift capital based on business requirements
- Flexible share repurchase program that allows opportunistic buyback of DXP stock
- ROIC should continue to improve as the company focuses on margins and operating leverage and improving run rate EBITDA

# APPENDIX

**DXP**

# RECONCILIATION OF OPERATING INCOME

(in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
<b>Operating Income for Reportable Segments</b>	\$ 64,948	\$ 51,142	\$ 250,473	\$ 228,764
Adjustments for:				
Amortization of intangibles	5,494	3,025	19,827	18,231
Corporate Expenses, Net	20,163	18,130	85,264	71,811
<b>Total Operating Income</b>	<b>\$ 39,291</b>	<b>\$ 29,987</b>	<b>\$ 145,382</b>	<b>\$ 138,722</b>
Interest Expense	17,283	17,078	63,927	53,146
Other Income, net	(673)	(1,877)	(3,517)	(1,355)
<b>Income before Income Taxes</b>	<b>\$ 22,681</b>	<b>\$ 14,786</b>	<b>\$ 84,972</b>	<b>\$ 86,931</b>

# RECONCILIATION OF NON-GAAP MEASURES

(in thousands, except days)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023 <sup>(1)</sup>	2024	2023 <sup>(1)</sup>
Service Centers	\$ 310,816	\$ 285,423	\$ 1,222,599	\$ 1,199,501
Innovative Pumping Solutions	97,609	60,291	323,026	218,731
Supply Chain Services	62,489	61,330	256,415	260,368
<b>Total DXP Sales</b>	<b>\$ 470,914</b>	<b>\$ 407,044</b>	<b>\$ 1,802,040</b>	<b>\$ 1,678,600</b>
<b>Acquisition Sales</b>	<b>\$ 34,787</b>	<b>\$ 2,812</b>	<b>\$ 98,500</b>	<b>\$ 33,078</b>
<b>Organic Sales</b>	<b>\$ 436,127</b>	<b>\$ 404,232</b>	<b>\$ 1,703,540</b>	<b>\$ 1,645,522</b>
Business Days	62	61	253	252
<b>Sales per Business Day</b>	<b>\$ 7,595</b>	<b>\$ 6,673</b>	<b>\$ 7,123</b>	<b>\$ 6,661</b>
<b>Organic Sales per Business Day</b>	<b>\$ 7,034</b>	<b>\$ 6,627</b>	<b>\$ 6,733</b>	<b>\$ 6,530</b>
Net Income	\$ 21,363	\$ 16,006	\$ 70,489	\$ 68,812
Interest expense	17,283	17,078	63,927	53,146
Provision for income taxes	1,318	(1,220)	14,483	18,119
Depreciation and Amortization	9,020	8,637	33,405	30,105
<b>EBITDA</b>	<b>\$ 48,984</b>	<b>\$ 40,501</b>	<b>\$ 182,304</b>	<b>\$ 170,182</b>
Plus: other non-recurring items	—	500	4,292	1,051
Plus: stock compensation expense	1,316	861	4,714	3,072
<b>Adjusted EBITDA</b>	<b>\$ 50,300</b>	<b>\$ 41,862</b>	<b>\$ 191,310</b>	<b>\$ 174,305</b>

(1) Prior period segment disclosures have been recast to align with current period segment allocations.

# DEFINITIONS

## **Organic Sales and Acquisition Sales**

*We define and calculate organic sales to include locations and acquisitions under our ownership for at least twelve months. "Acquisition Sales" are sales from acquisitions that have been under our ownership for less than twelve months and are excluded in our calculation of Organic Sales.*

## **Business Days**

*"Business Days" are days of the week, excluding Saturdays, Sundays, and holidays, that our locations are open during the year. Depending on the location and the season, our branches may be open on Saturdays and Sundays; however, for consistency, those days have been excluded from the calculation of Business Days.*

## **Sales per Business Day**

*We define and calculate Sales per Business Day as sales divided by the number of Business Days in the relevant reporting period.*

## **Organic Sales per Business Days**

*We define and calculate Organic Sales per Business Day as Organic Sales divided by the number of Business Days in the relevant reporting period.*

## **EBITDA and Adjusted EBITDA**

*We define and calculate EBITDA as Net income attributable to DXP Enterprises, Inc., plus interest, taxes, depreciation, and amortization. We define and calculate Adjusted EBITDA as Net income attributable to DXP Enterprises, Inc., plus interest, taxes, depreciation, and amortization plus stock-based compensation expense, and all other non-cash charges, adjustments, and non-recurring items. We identify the impact of all other non-cash charges, adjustments and non-recurring items because we believe these items do not directly reflect our underlying operations.*

## **EBITDA Margin and Adjusted EBITDA Margin**

*We define and calculate EBITDA Margin as EBITDA divided by sales. We define and calculate Adjusted EBITDA Margin as Adjusted EBITDA divided by sales.*

## **Free Cash Flow**

*We define and calculate free cash flow as net cash (used in) provided by operating activities less net purchases of property and equipment.*