THE INDUSTRIAL DISTRIBUTION EXPERTS

Presented by:

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NASDAQ: DXPE

Results for Q1 Fiscal 2025

Earnings Announcement: May 8, 2025

(Quarter Ending March 31, 2025)

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 2025 KEY TAKEAWAYS

- **Sales increased to $476.6 million, a 15.5 percent year over year increase compared to the first quarter of 2024, and a 1.2 percent sequential increase from the fourth quarter of 2024.**
  - Organic sales grew 11.1 percent year over year
  - Acquisition sales contributed $31.1 million in sales
  - Sales per business day of $7.6 million
- **Net income for the first quarter was $20.6 million, compared to $11.3 million for the first quarter of 2024 and $21.4 million for the fourth quarter of 2024.**
- **Earnings per diluted share for the first quarter was $1.25, compared to $0.67 earnings per diluted share in the first quarter of 2024.**
- **Adjusted EBITDA for the first quarter was $52.5 million compared to $40.3 million for the first quarter of 2024 and $50.3 million for the fourth quarter of 2024.**
  - Adjusted EBITDA as a percentage of sales, or Adjusted EBITDA margin, was 11.0 percent, 9.8 percent, and 10.7 percent, respectively
  - Adjusted EBITDA margins improved 124 basis points year over year
- **Closed the acquisition of Arroyo Process Equipment.**

DXP

Q1 2025 INCOME STATEMENT HIGHLIGHTS

(in thousands, except percentages and per share data)

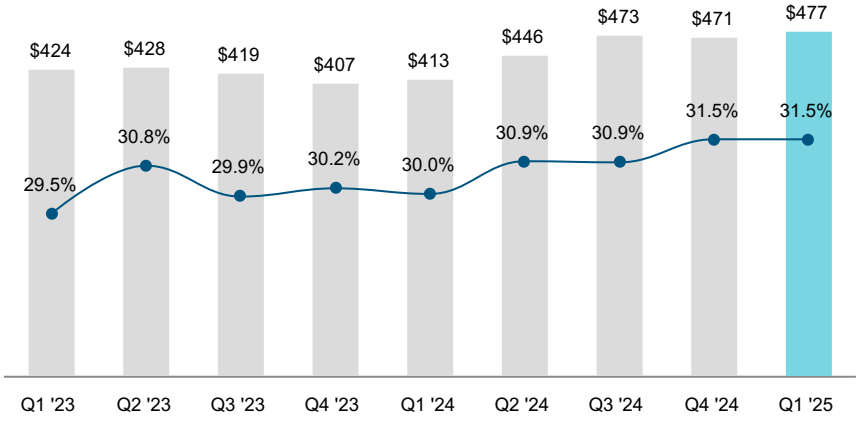
	QTD 03/31/24	QTD 12/31/24	QTD 03/31/25
Sales	**$ 412,635**	**$ 470,914**	**$ 476,569**
% growth y/y	*(2.7)%*	*15.7 %*	*15.5 %*
% growth seq	*1.4 %*	*(0.4)%*	*1.2 %*
Gross Profit	**$ 123,882**	**$ 148,492**	**$ 150,265**
% margin	*30.0 %*	*31.5 %*	*31.5 %*
Operating Income	**$ 29,131**	**$ 39,291**	**$ 40,515**
% margin	*7.1 %*	*8.3 %*	*8.5 %*
Adj. EBITDA	**$ 40,343**	**$ 50,300**	**$ 52,519**
% margin	*9.8 %*	*10.7 %*	*11.0 %*
Free Cash Flow	**$ 24,095**	**$ 22,748**	**$ (16,941)**
Diluted EPS	**$ 0.67**	**$ 1.29**	**$ 1.25**
Diluted Shares	**16,968**	**16,535**	**16,538**
Adj. Diluted EPS	**$ 0.70**	**$ 1.38**	**$ 1.26**
Sales Per Business Day	**$ 6,550**	**$ 7,595**	**$ 7,565**

Please refer to the appendix of this presentation for reconciliations of the Non-GAAP financial measures to the most directly comparable GAAP measures.

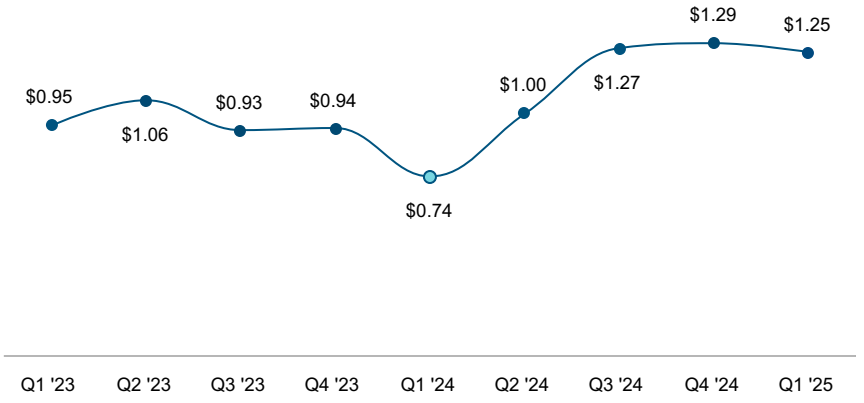
QUARTERLY FINANCIAL HIGHLIGHTS

(in millions, except percentages and per share data)

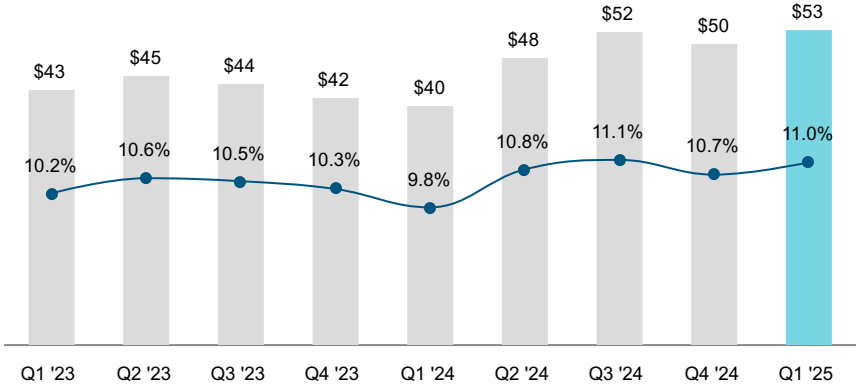
SALES AND GROSS MARGIN



DILUTED EARNINGS PER SHARE*

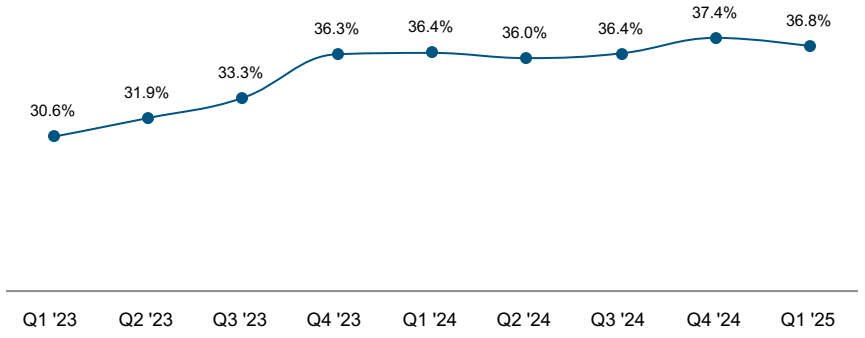


ADJ. EBITDA AND ADJ. EBITDA MARGIN



RETURN ON INVESTED CAPITAL (ROIC%)

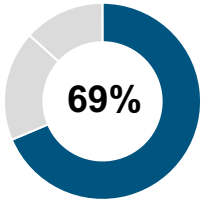
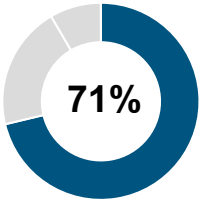
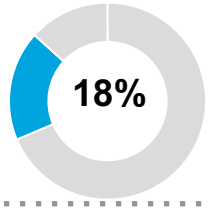
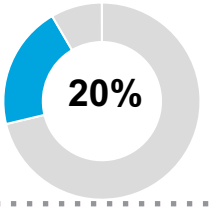
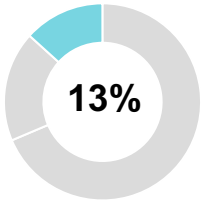
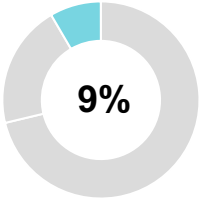
Return on invested capital is defined as
tax-effected LTM EBITDA / average total net operating assets.



**For March 2024, diluted earnings per share (EPS) was adjusted to exclude one-time acquisition integration costs and other unique non-cash charges, resulting in an actual diluted EPS of $0.67 for Q1 2024.*

QUARTERLY OPERATING PERFORMANCE BY SEGMENT

(in millions, except percentages)

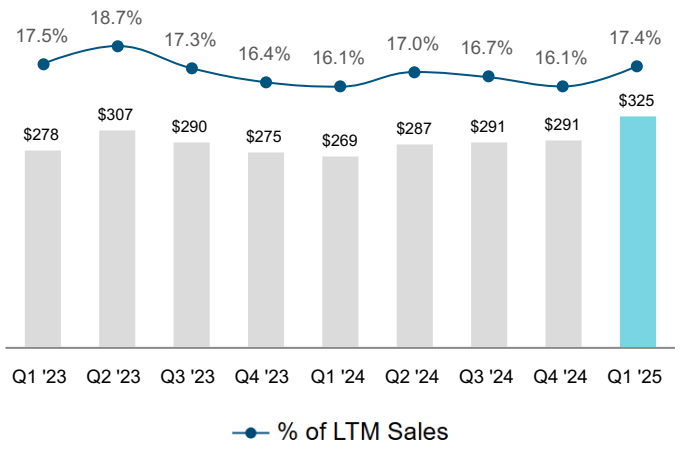
	SALES	SALES MIX	OPERATING PROFIT (OP)	OP CONTRIBUTION	OPERATING MARGIN
DXP | SERVICE CENTERS	$327.1		$47.0		14.4%
DXP | INNOVATIVE PUMPING SOLUTIONS®	$86.2		$13.4		15.5%
DXP | SUPPLY CHAIN SERVICES	$63.3		$5.6		8.8%
SEGMENT TOTAL	$476.6		$66.0		13.8%
CORPORATE (expenses & amortization of intangibles)	$—		$(25.5)		
TOTAL	$476.6		$40.5		8.5%

QUARTERLY CASH FLOW AND WORKING CAPITAL

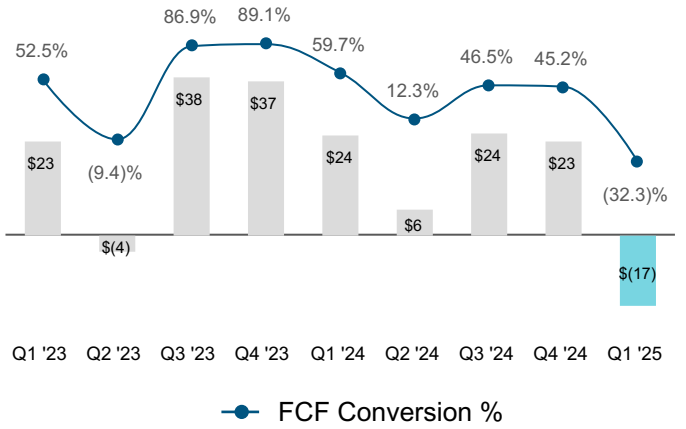
(in thousands, except percentages)

	QTD 12/31/2024	QTD 3/31/2025
Net Income	$ 21,363	$ 20,589
Depreciation and Amortization	9,020	9,134
Change in Net Working Capital	3,335	(25,411)
Other Operating Cash Flows, Net	(1,575)	(1,339)
Net Cash provided by Operating Activities	**$ 32,143**	**$ 2,973**
Purchase of Property & Equipment	(9,395)	(19,914)
Free Cash Flow	**$ 22,748**	**$ (16,941)**
Net Cash (used in) provided by Financing Activities	**$ 99,187**	**$ (7,083)**
Cash at End of the Period	**$ 148,411**	**$ 114,283**

NET WORKING CAPITAL (in millions)(1)



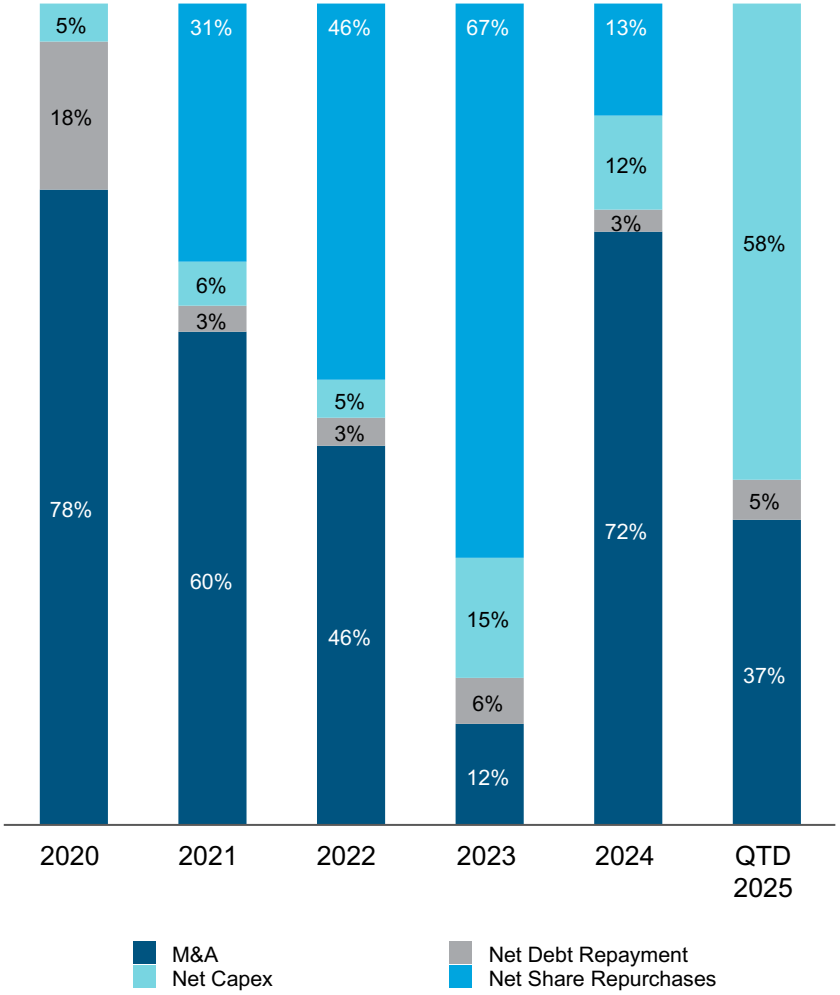
FREE CASH FLOW (in millions)(2)



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 operating leases.
(2) Free cash flow conversion percentage is calculated as free cash flow over adjusted EBITDA.

DISCIPLINED CAPITAL ALLOCATION PRIORITIES

2020 - 2025 Capital Allocation



Balanced Capital Deployment

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

RECONCILIATION OF OPERATING INCOME

(in thousands)

	Three Months Ended March 31,	
	2025	**2024**
Operating Income for Reportable Segments	**$ 66,015**	**$ 52,552**
Adjustments for:		
Amortization of intangibles	5,355	4,369
Corporate expenses	20,145	19,052
Total Operating Income	**$ 40,515**	**$ 29,131**
Interest Expense	14,660	15,544
Other Income, net	(1,318)	(1,968)
Income before Income Taxes	**$ 27,173**	**$ 15,555**

RECONCILIATION OF NON-GAAP MEASURES

(in thousands, except days)

	Three Months Ended March 31,	
	2025	**2024**
Service Centers	$ 327,075	$ 288,435
Innovative Pumping Solutions	86,182	62,216
Supply Chain Services	63,312	61,984
Total DXP Sales	**$ 476,569**	**$ 412,635**
Acquisition Sales	**$ 31,112**	**$ 11,775**
Organic Sales	**$ 445,457**	**$ 400,860**
Business Days	63	63
Sales per Business Day	**$ 7,565**	**$ 6,550**
Organic Sales per Business Day	**$ 7,071**	**$ 6,363**
Net Income	$ 20,589	$ 11,332
Interest expense	14,660	15,544
Provision for income taxes	6,584	4,223
Depreciation and Amortization	9,134	7,538
EBITDA	**$ 50,967**	**$ 38,637**
Plus: other non-recurring items	235	842
Plus: stock compensation expense	1,317	864
Adjusted EBITDA	**$ 52,519**	**$ 40,343**

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 purchases of property and equipment.