

THE INDUSTRIAL DISTRIBUTION EXPERTS

Presented by:

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NASDAQ: DXPE
MAY 2013

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, 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.

DXP ENTERPRISES, INC. AT-A-GLANCE

Leading provider of technical products and services for MRO (maintenance, repair, operating), OEM and capital equipment customers…

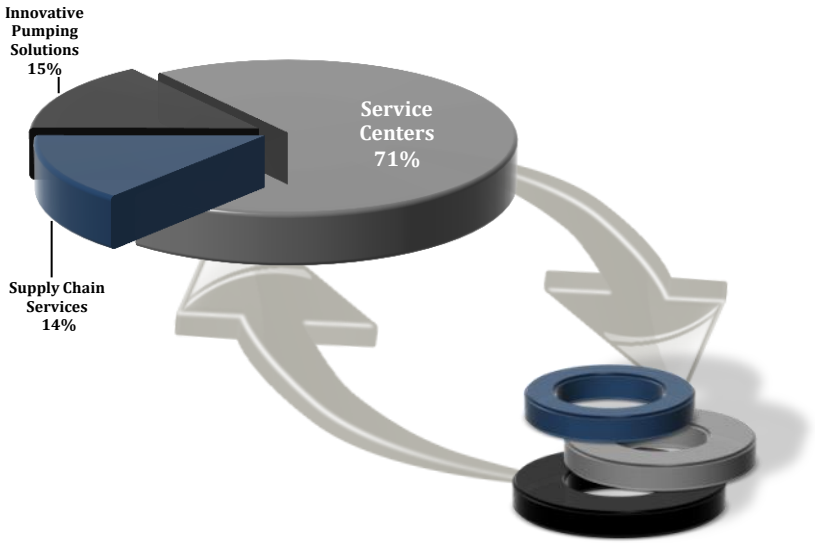
Last Twelve Months (LTM):

Revenue:	$ 1,097.1 million
EBITDA:	$ 108.7 million
Free Cash Flow:	$ 37.1 million
ROIC:	34.3 %





Sales % by Business Segment



…Building a North American Platform

- 160 Locations (U.S. and Canada)
- 61 Supply Chain Service sites
- 7 Regional distribution centers
- 9 Fabrication centers
- 1 Customer First Center
- 3,007 Full-time employees

Note: LTM for the FYE December 31, 2012. Free cash flow is defined as cash flow from operations less capital expenditures. Location summary as of December 31, 2012.

DXP TODAY

Growth and profit expansion despite market volatility…

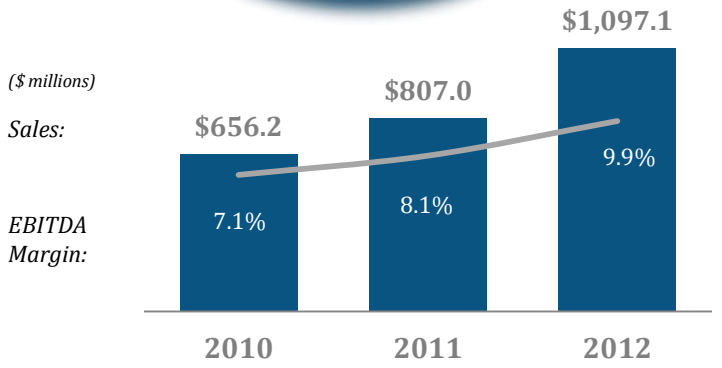


KEY DRIVERS

- **Serving growing and dynamic markets**
  - Oil and gas, mining, power, chemicals, etc.
- **DXP growth strategies designed to take market share**
  - SuperCenters
- **Strategic and accretive acquisitions**
  - Natpro
  - Jerzy Industries
  - HSE and Industrial Paramedic Services
  - Austin & Denholm
  - Aledco & Force Engineered Products
  - Pump & Power
  - Mid-Continent Safety
  - Kenneth Crosby & C.W. Rod
- **Culture of profitable growth driving continuous improvement**

…Execution is producing strong results.

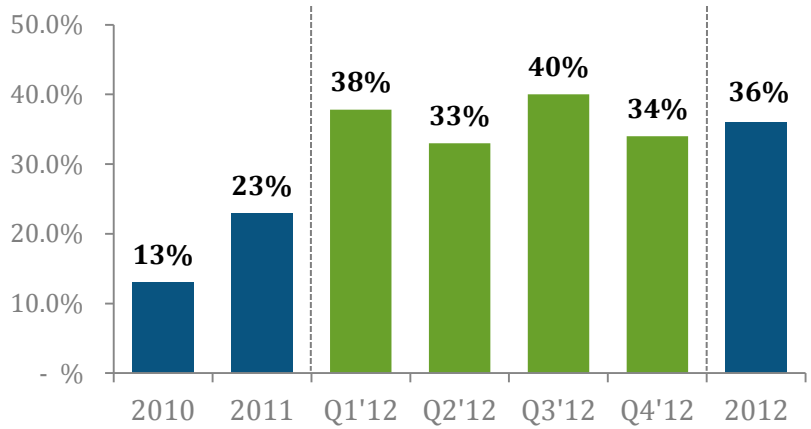
Momentum is Building…



RECENT FINANCIAL RESULTS

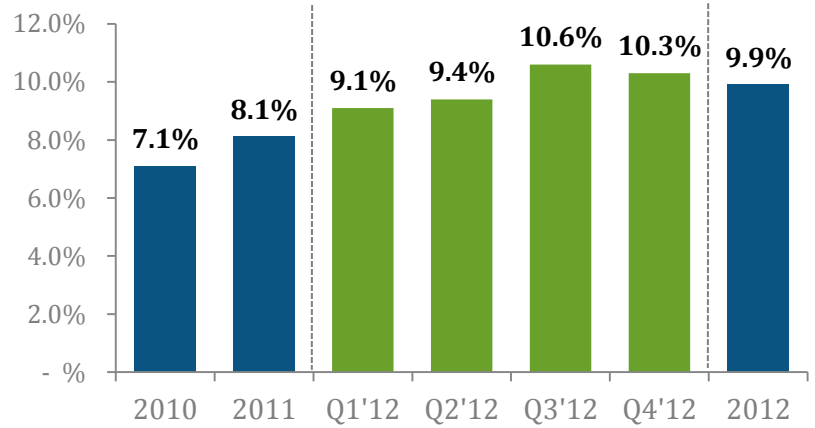
Financial impact – the evidence

SALES VS. PRIOR YEAR



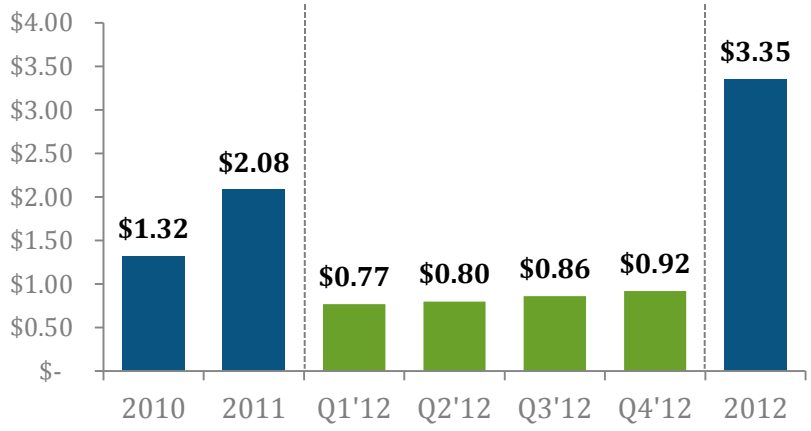
ORGANIC GROWTH	5%	16%	20%	13%	7%	8%	12%

EBITDA MARGIN (EBITDA%)

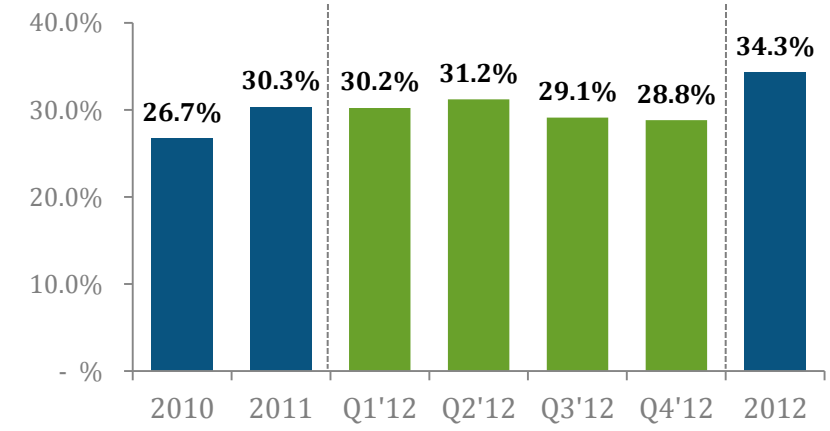


VERSUS PRIOR YEAR (BASIS POINTS)	120	100	160	120	240	190	180

DILUTED EARNINGS PER SHARE



RETURN ON INVESTED CAPITAL



Note: Return on invested capital is defined as tax effected LTM EBITDA/Average total net operating assets.

UNIQUE MARKET APPROACH

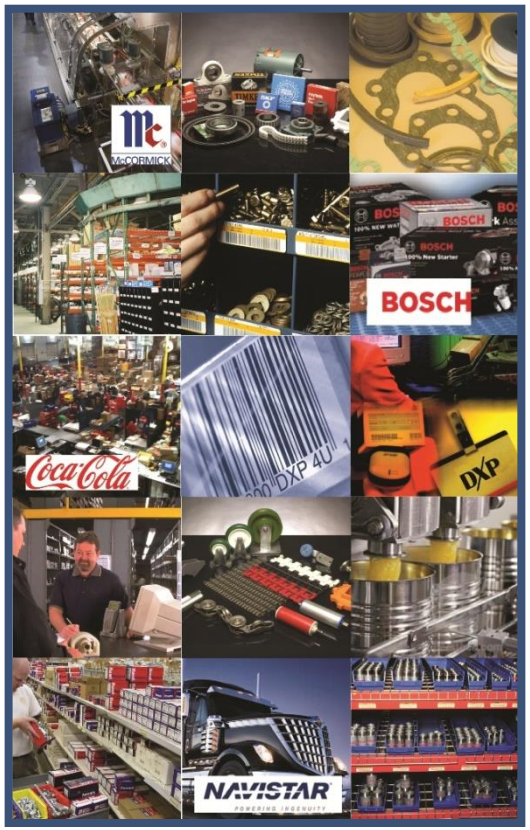
DXP | INNOVATIVE PUMPING SOLUTIONS®



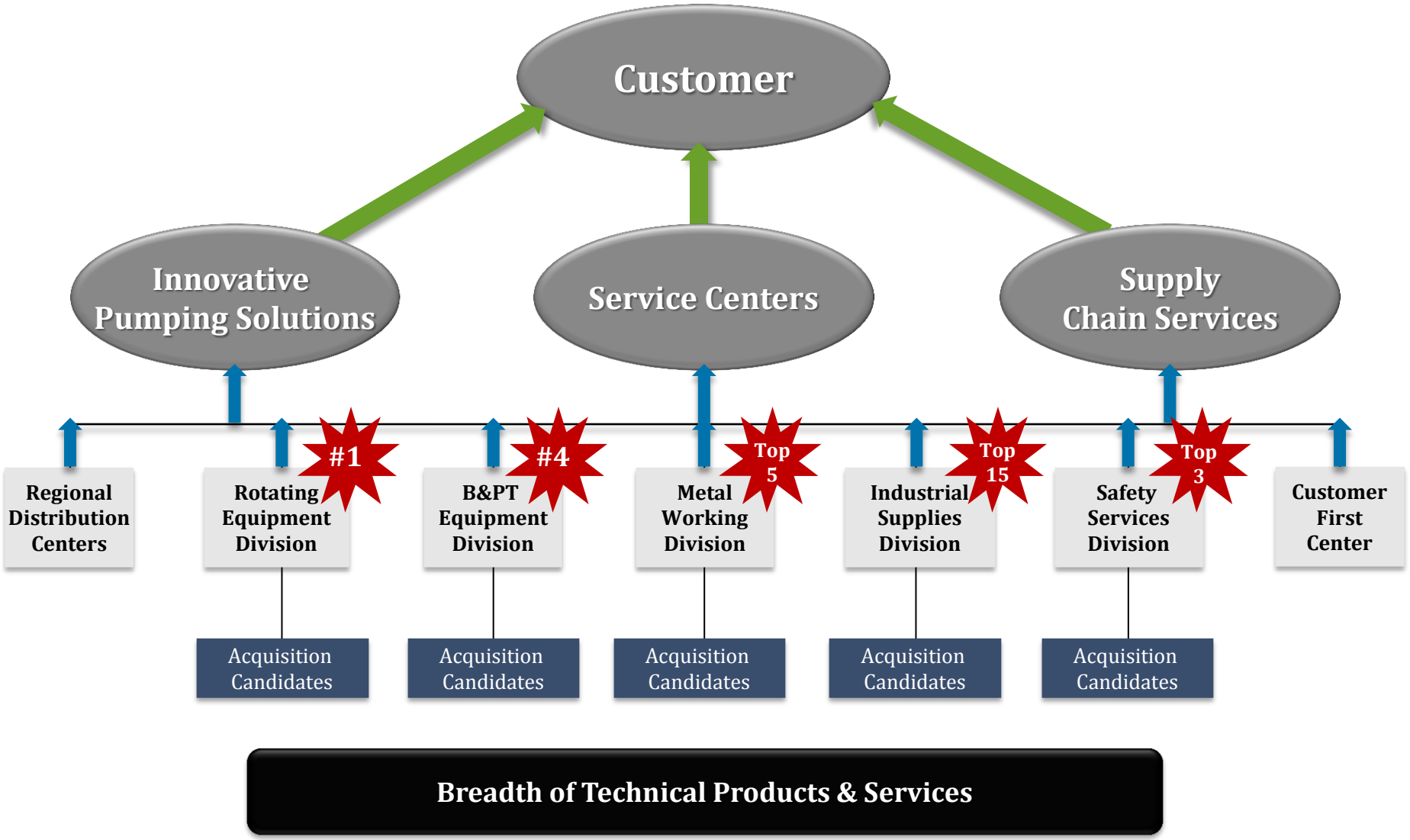
DXP | SERVICE CENTERS



DXP | SUPPLY CHAIN SERVICES



CUSTOMER DRIVEN EXPERTS IN MROP SOLUTIONS

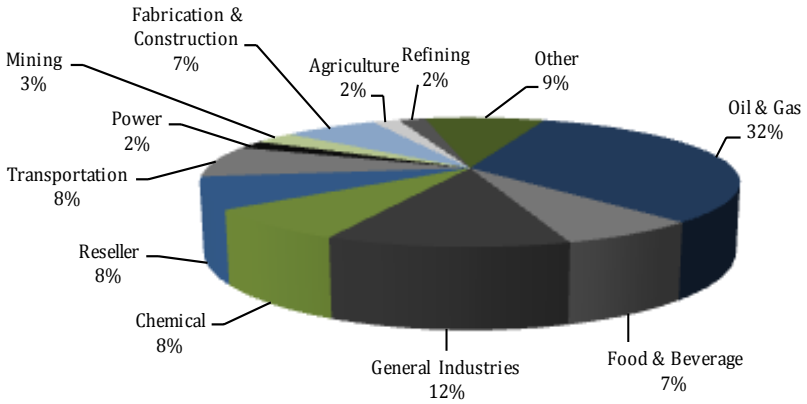


Source: Management estimates. Modern Distribution Management Product Rankings and industry/product trade publications.

LEADING POSITIONS IN MARKETS & PRODUCTS

DIVERSE, GROWING END MARKETS

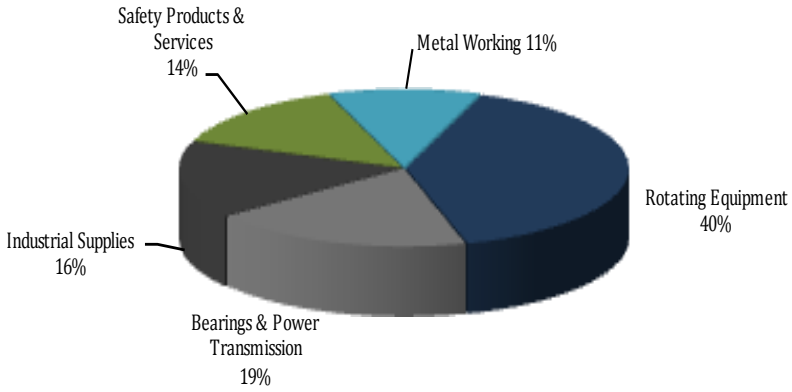
Over 50,000 Customers



- High quality customer base across attractive industries
- Concentration in solid growth sectors such as energy, food & beverage and chemical
- Geographic expansion will increase industry diversification

BREADTH OF TECHNICAL PRODUCTS & SERVICES

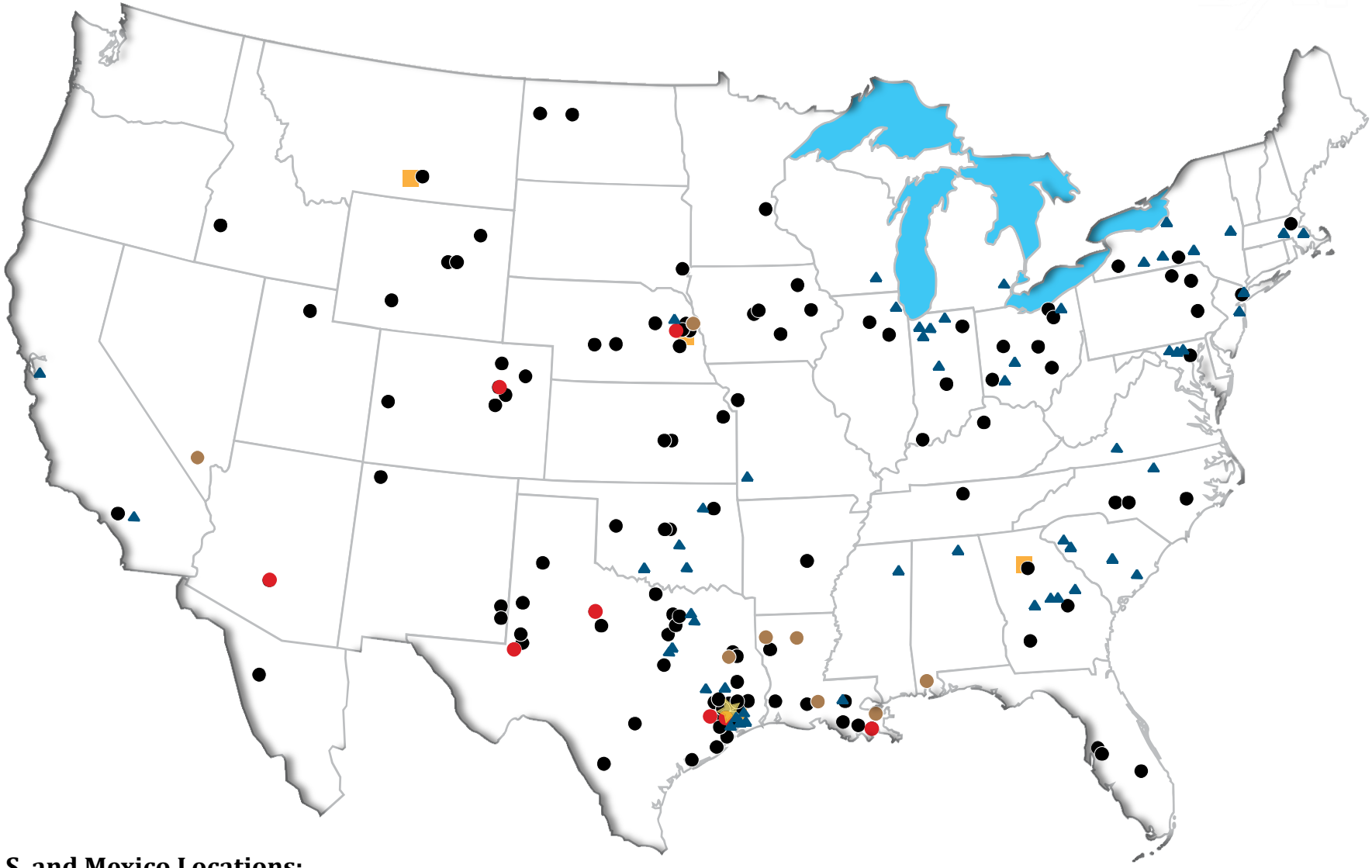
Over 100+ Product Groups



- Breadth of products and services
- Higher margin products and value added services

Note: Management estimates for fiscal year 2012. Product division includes impact of recent acquisitions on an actual basis. Other includes aggregates, alternative energy, military, municipal, pharmaceuticals, pulp & paper, sanitary, steel and wood products.

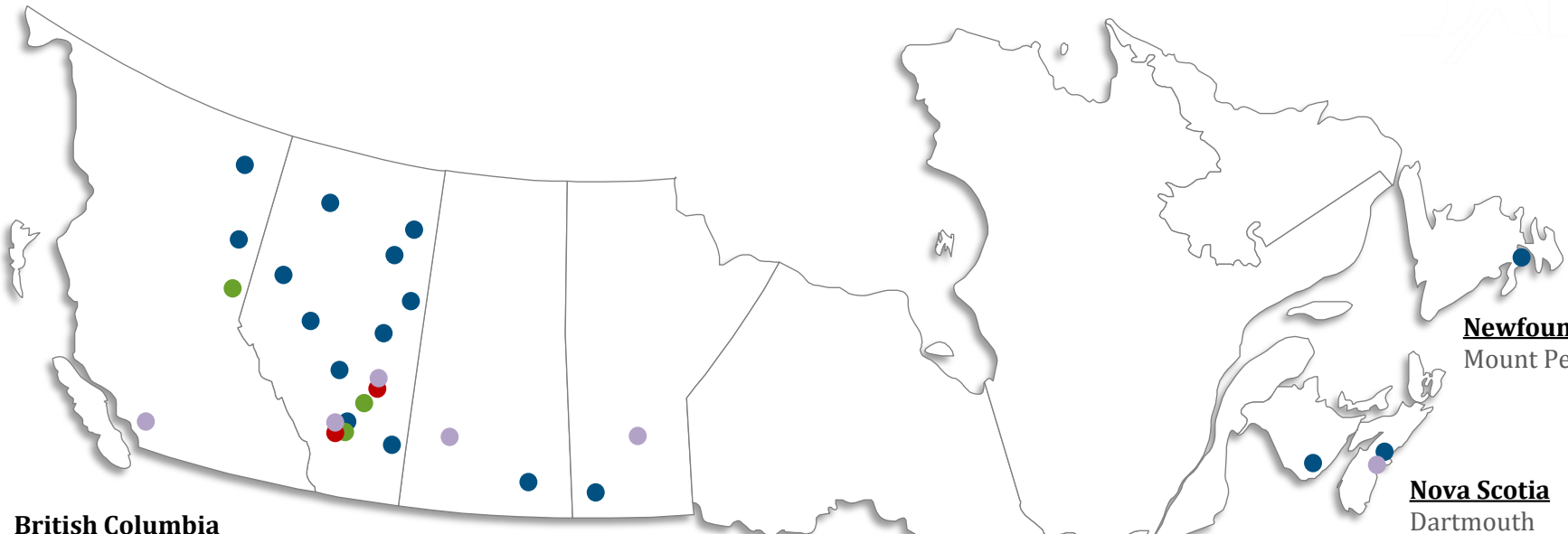
GROWING GEOGRAPHIC FOOTPRINT



U.S. and Mexico Locations:

- Service Center (134)
- Sales Office (8)
- DXP Supply Chain Services (61)
- Ballistic Dist. Center (7)
- Customer First Center (1)
- Fabrication Center (8)

GROWING GEOGRAPHIC FOOTPRINT - DXP CANADA



British Columbia
Dawson Creek
Fort Nelson
Fort St. John
Vancouver

Alberta
Bonnyville
Brooks
Calgary
Edmonton
Fort McMurray
Fort Saskatchewan
Grand Prairie
High Level
Sylvan Lake
Whitecourt

Saskatchewan
Saskatoon
Weyburn

Manitoba
Melita
Winnipeg

Ontario
Montreal
Oldcastle
Sarnia
Stoney Creek
Toronto

New Brunswick
Saint John

Nova Scotia
Dartmouth
Halifax

Newfoundland
Mount Pearl

- HSE Integrated (20)
- Industrial Paramedic Services (3)
- Austin & Denholm (2)
- Natpro (8)

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

STRONG CUSTOMER AND SUPPLIER RELATIONSHIPS

KEY CUSTOMER RELATIONSHIPS

Chevron Phillips Chemical Company LP
Infineum
Hormel Foods
Bayer
BJ
Hanover
FMC
Baker Hughes
Lufkin
Dow
The Coca-Cola Company
Exxon Chemical
Shell
McCormick
Arkema

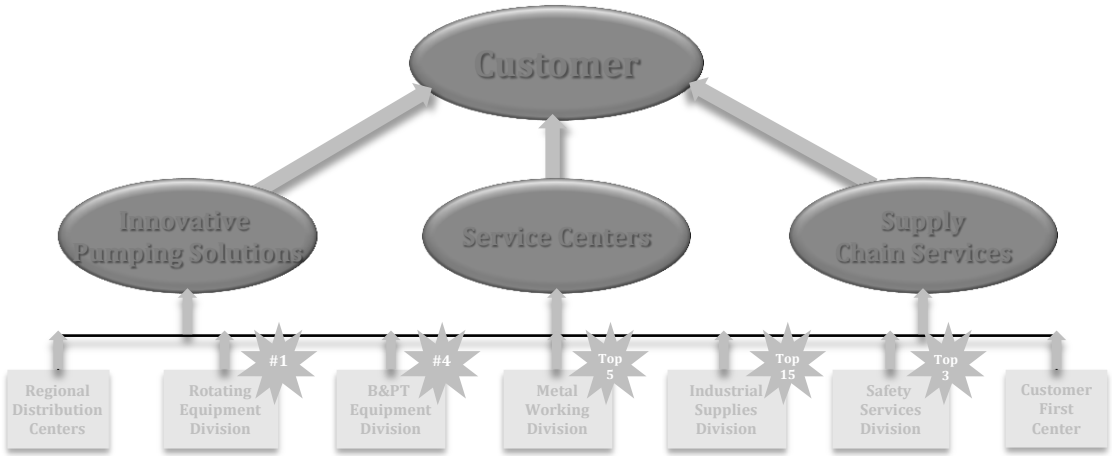
LONG STANDING INDUSTRY PARTNERS

For New Technology Network NTN
Rexnord
TB Wood's
DBI SALA
National Oilwell Varco
Dodge
Reliance Electric
Timken
Goulds Pumps
Emerson
3M
DeWalt Guaranteed Tough
Wilden
SKF
Goodyear Engineered Products

GROWTH STRATEGY

DXP GROWTH STRATEGY

Leading provider of technical products and services. . . . . .



. . . . .Building a North American Platform

I. INTERNAL - ORGANIC

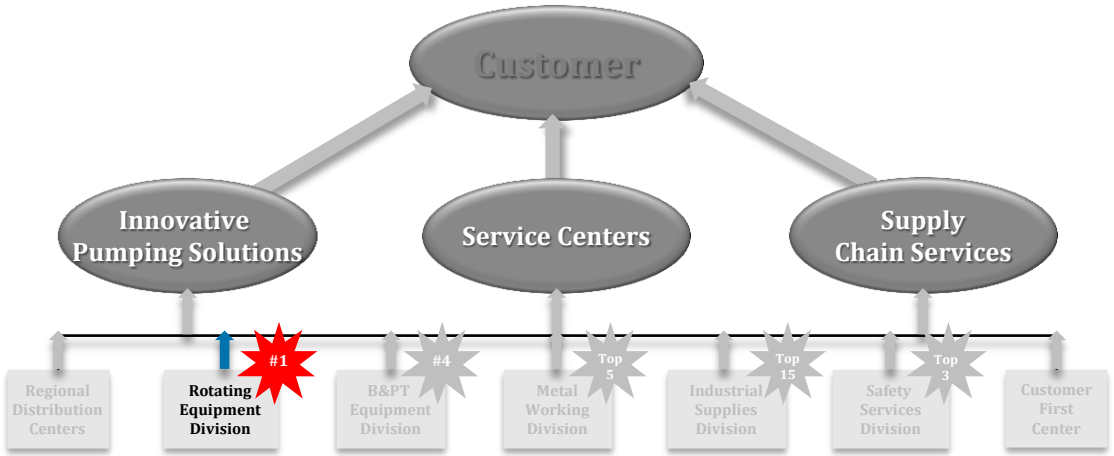
1. Grow Core DXP Business – Service Centers, IPS, SCS
2. Offer Multiple Products & Services to different Customers
3. Serve Strong Growing End Markers

II. EXTERNAL - INORGANIC

1. Enhance Product Expertise & Depth
2. Expand / Strengthen Geographic Position
3. Identify / Expand Strategic Product Divisions
4. Improve Overall Financial Metrics

Purposeful, Dynamic Growth Strategy

ACQUISITION STRATEGY & GROWTH PROCESS



I. ACQUIRE

1. Core DXP Business
2. Product Divisions
3. New Geographies

II. ENHANCE

4. Challenge to Grow 10%
5. Add Segment offering – SCS, IPS
6. Scale & Purchasing Power
7. Sales & Operational Excellence

- **Margin enhancement and pricing effectiveness**
- **Strengthening geographic position**
- **Efficiencies and profit enhancement through IT infrastructure**
- **New stores in underserved markets**

III. ENLARGE

8. Challenge to Grow 10%
9. Add DXP Product Divisions
10. Scale Multiple Product Divisions
11. SuperCenters

- **One-stop source**
- **Increase value to our customer**
- **"Cross-sell" to existing and new customers**
- **33 SuperCenters as of Q4' 12**

IV. EXPAND

1. New Markets / Geographies
2. Strengthen Position
3. Continue to Expand Product Offering

- **New stores in underserved and new markets**
- **Supplier extension and depth**
- **Expanded customer base**

DXP CANADA ENTERPRISES, LTD.

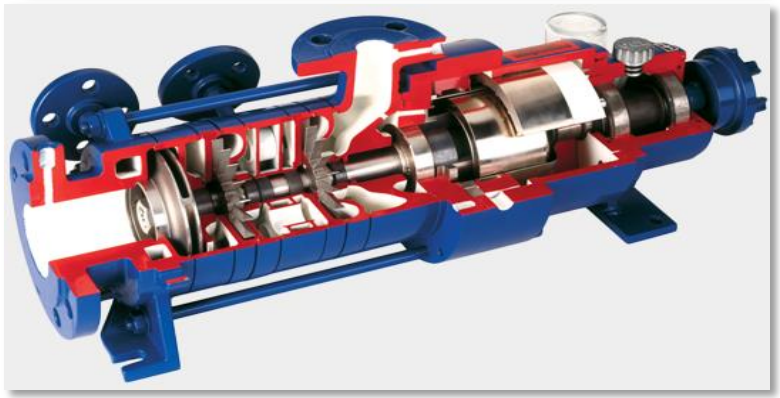
CANADIAN MARKET DYNAMICS

- Stable and predictable business environment
  - Strong banking system,
  - Low net debt-to-GDP ratio,
  - Reliable access to North American and global markets
- Driven by natural resource sectors
- Long-term growth prospects for oil, gas and mining very attractive
- Western Canada end-markets and business environment fits well with DXP - - rich endowment of natural resources – petroleum and natural gas, timber, minerals etc.

CANADIAN GOALS & PRIORITIES

- $200+ million in sales, short-to-medium term
- 3 DXP business segments and 5 product divisions
- Integrate and consolidate back-office functions







TRACK RECORD OF SUCCESSFUL M&A

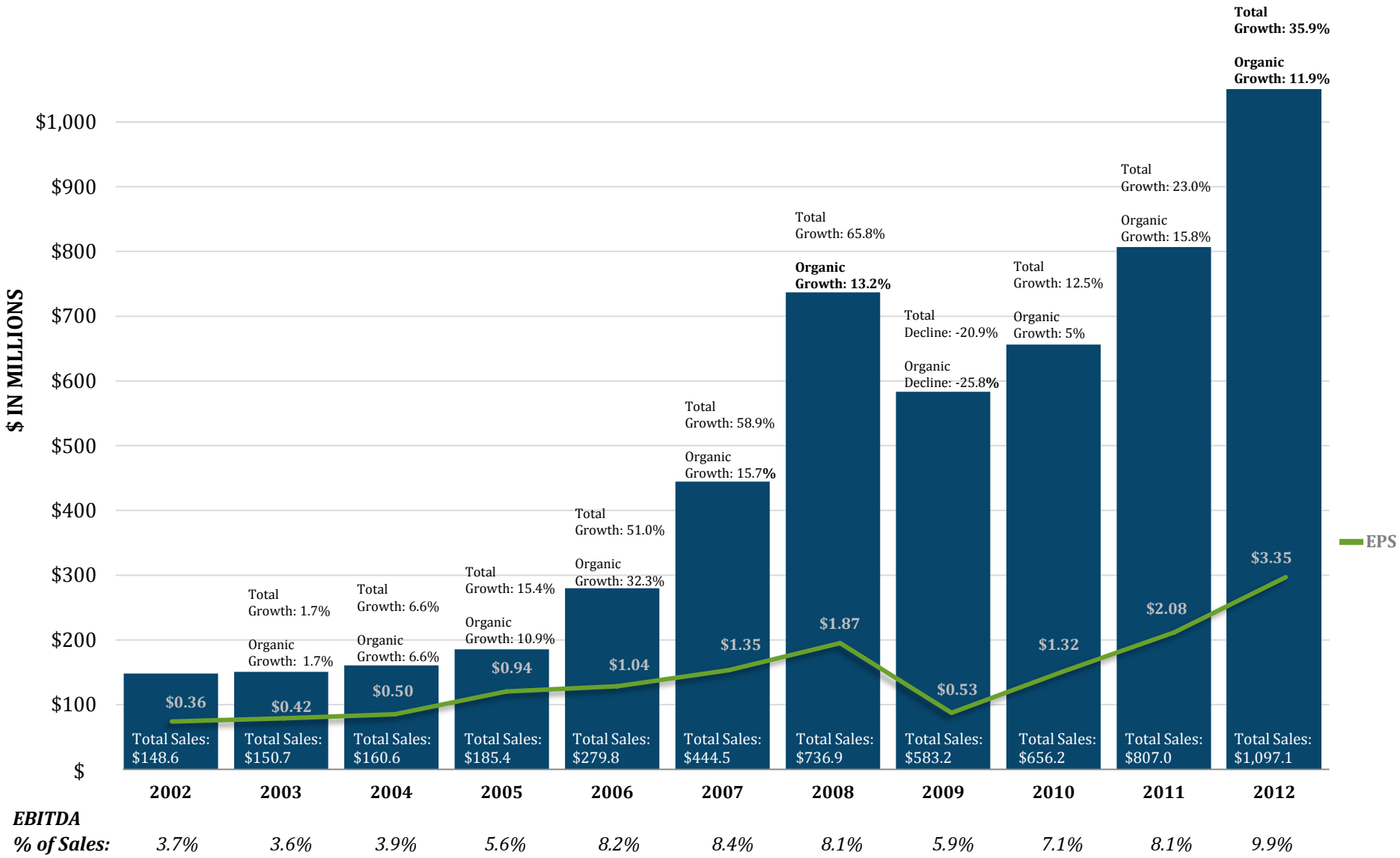
Date	Acquisition	Product Division	Region	LTM Revenue* *($ millions)*
April -13	Natpro	Rotating Equipment	Canada	$69
October -12	Jerzy Industries	Bearings & Power Transmission	U.S./Houston	$9
July -12	HSE Integrated	Safety	Canada	$105
June - 12	Austin & Denholm	Rotating Equipment	Canada	$7
May - 12	Industrial Paramedic Services	Safety	Canada	$22
April – 12	Aledco & Force	Rotating Equipment	U.S./Northeast	$8
February - 12	Pump & Power	Rotating Equipment	U.S./North Central	$4
January - 12	Mid-Continent Safety	Safety	U.S./North Central	$10
December - 11	C.W. Rod	Metal Working	U.S./Houston	$58
October – 11	Kenneth Crosby	Metal Working	U.S./Northeast	$52
			Total	**$344**

DXP has successfully acquired $344 million of revenues since October 2011

NOTE: * LTM revenue at acquisition date

FINANCIAL OVERVIEW

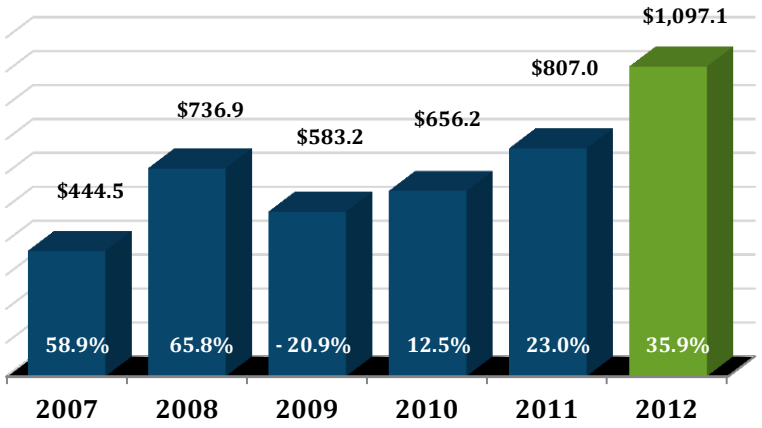
YEAR-OVER-YEAR REVENUE & EARNINGS GROWTH



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EBITDA % of Sales:	*3.7%*	*3.6%*	*3.9%*	*5.6%*	*8.2%*	*8.4%*	*8.1%*	*5.9%*	*7.1%*	*8.1%*	*9.9%*

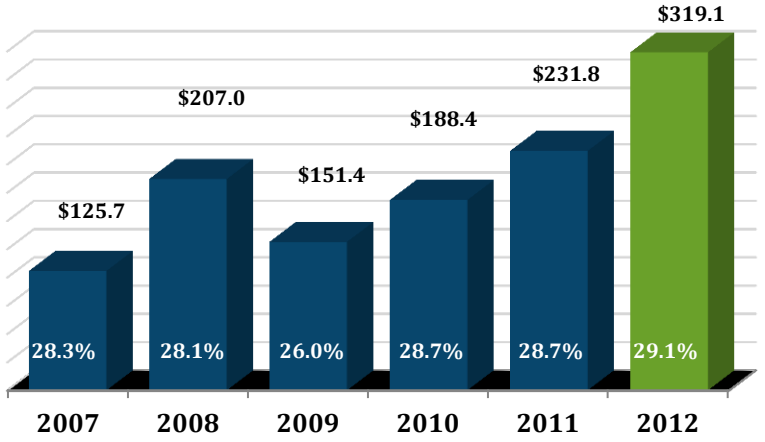
FINANCIAL SUMMARY

Revenue
($ millions)



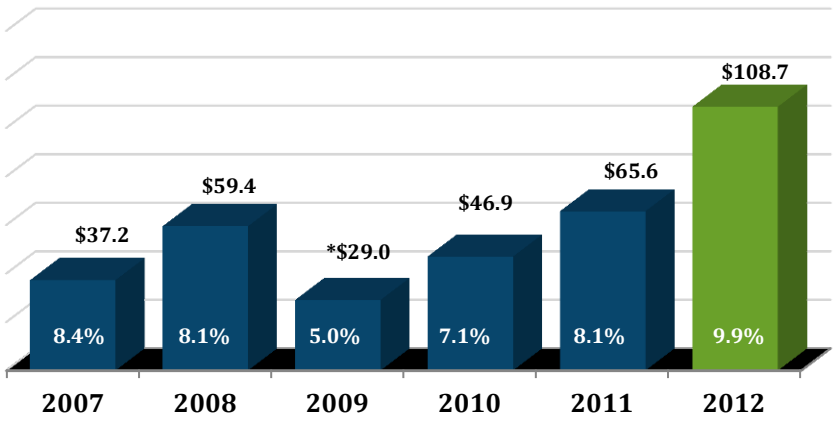
Percentage reflects YOY revenue growth.

Gross Profit
($ millions)



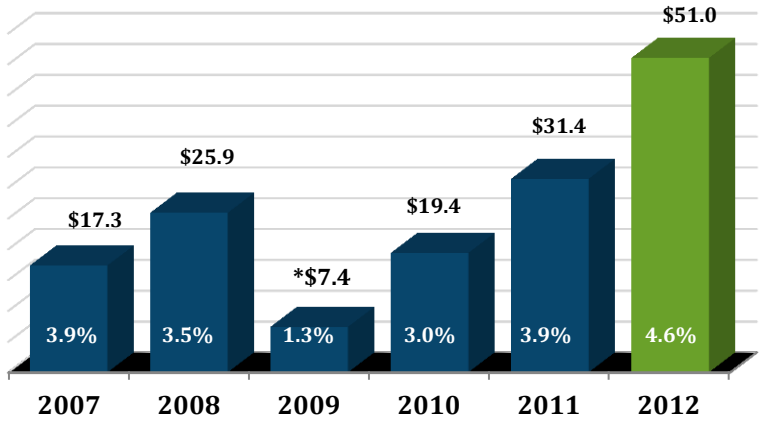
Percentage reflects gross margin.

EBITDA
($ millions)



Percentage reflects EBITDA margin.

Net Income
($ millions)

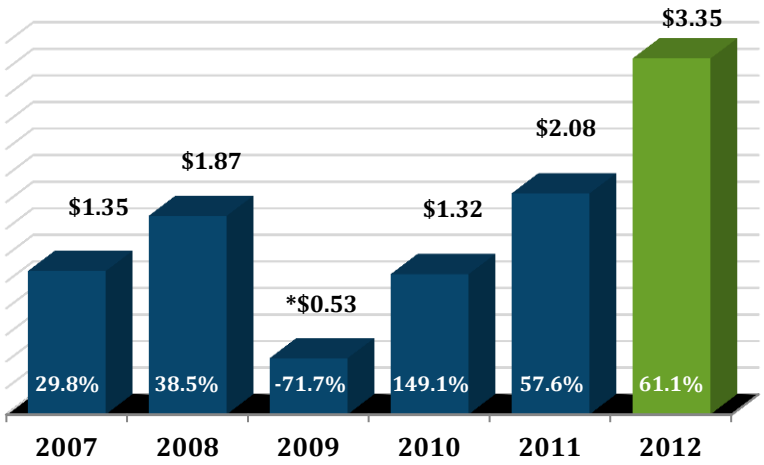


Percentage reflects net income margin.

NOTE: *2009 adjusted for impairments of $66.8M before taxes. DXP stock split September 2008.

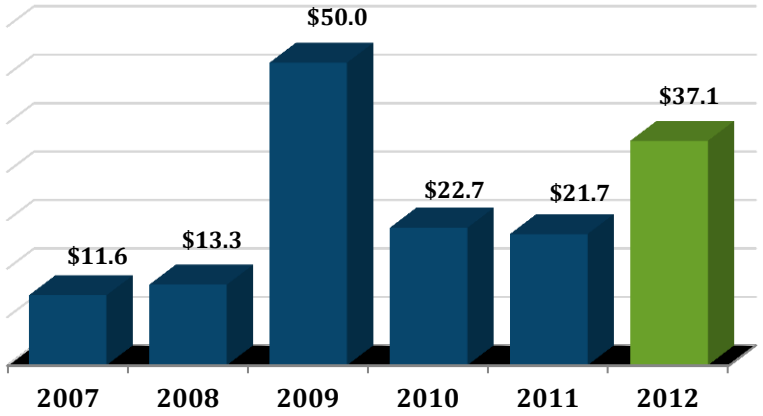
FINANCIAL SUMMARY *(CONT'D)*

Diluted Earnings Per Share



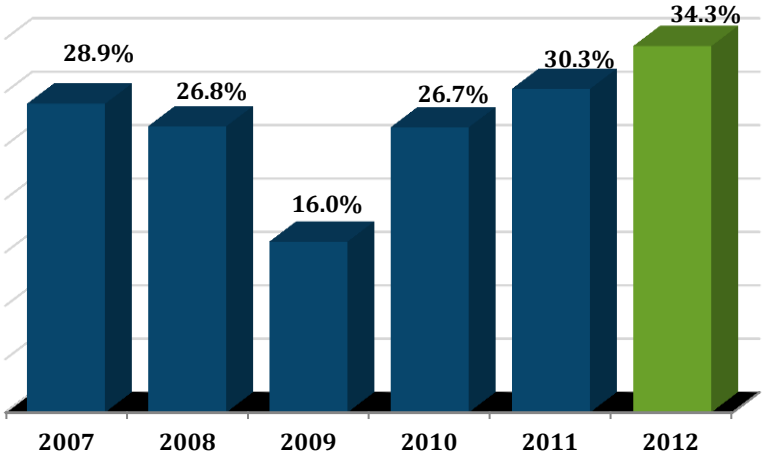
Percentage reflects YOY EPS growth

Free Cash Flow
($ millions)



Free cash flow defined as cash from operating activities less capital expenditures

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

NOTE: *2009 adjusted for impairments of $66.8M before taxes. DXP stock split September 8, 2008.

CAPITAL STRUCTURE

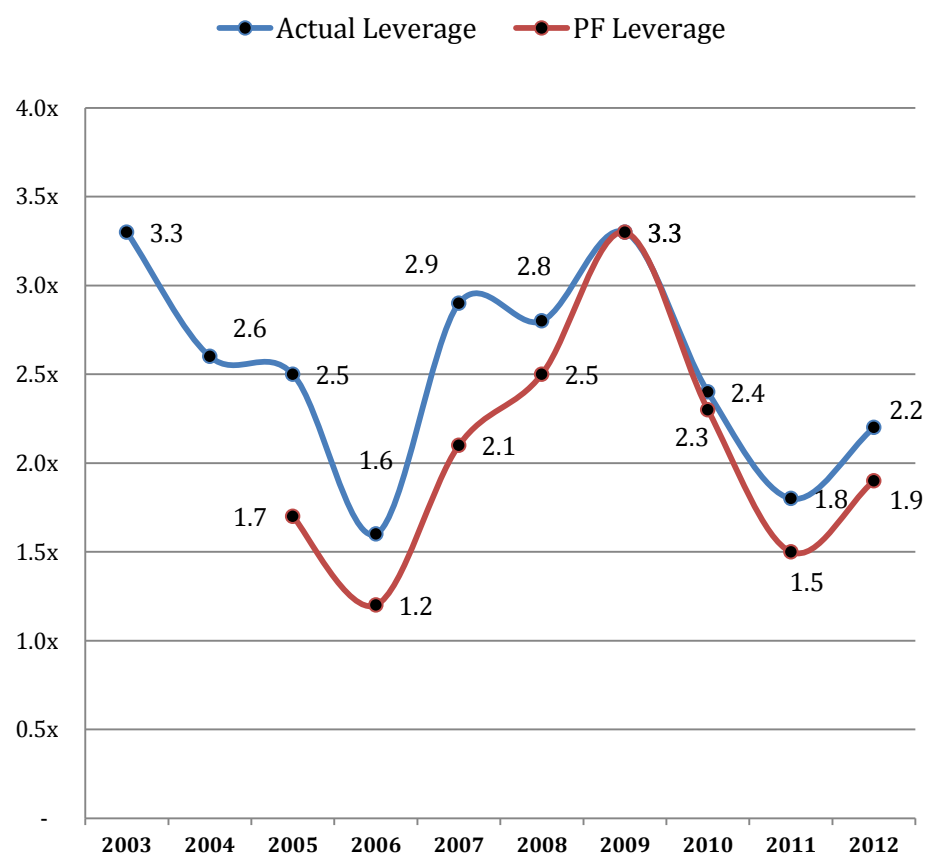
($ *millions*)	As of December 31, 2012
Cash	$10.5
Total Debt	$238.4
Shareholders' Equity	208.5
Total Book Capitalization	446.9

Credit Statistics	
LTM EBITDA	$108.7
Total Debt/ Total Capitalization	53.3%
Total Debt/LTM EBITDA	2.19x
PF Total Debt/LTM EBITDA	1.87x

- Healthy, strong balance sheet
- Solid cash flow
- New Senior Credit Facility
  - $262 million revolver
  - $130 million term loan
  - $100 million accordion feature
- Moderate leverage
- Poised for future growth

CAPITAL STRUCTURE *(CONT'D)*

LEVERAGE RATIO



STRONG CAPITAL STRUCTURE

- Access to multiple capital markets
- Leverage ratio below 3.0x
- Supports growth strategy



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