



FY19 Guidance: Key Assumptions

August 10, 2018



WE KEEP INDUSTRY RUNNING

All forward-looking statements are based on current expectations regarding important risk factors, including trends in the industrial sector of the economy, the success of our various marketing strategies, and other risk factors identified in Applied's most recent periodic report and other filings made with the SEC. Accordingly, actual results may differ materially from those expressed in the forward-looking statements.

FY19 Guidance: Key Assumptions

Sales

+16% – +18%

- Excluding benefit of FCX acquisition +5% – +7%

EPS

\$4.48 – \$4.68

- 50 – 70 bps improvement in Gross Margins
- SD&A +3.5% - 3.6% excluding FCX, overall SD&A essentially flat year-over-year as % of sales (21.4% - 21.6%)
- Combined Depreciation & Amortization of ~\$68M
- Interest Expense of \$43M - \$44M
- Effective Tax Rate 24% - 26%
- Resulting EPS +24% – +30% YOY