



Quarter Ending 3/31/18 Recap

April 26, 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.

Non-GAAP Financial Measures

This presentation sets forth certain non-GAAP financial information based on EBITDA, which is presented as supplemental disclosure to net income and reported results. EBITDA represents earnings from operations before interest, taxes, depreciation and amortization. We believe this measure is a useful indicator for evaluating operating performance and liquidity. A presentation of the most directly comparable GAAP measure and a reconciliation of EBITDA is set forth in the appendix to this presentation.

Qtr. Ending 3/31/18 Highlights

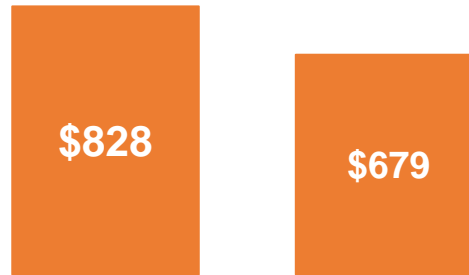
- Revenues **+22%** (**+7%** excluding FCX acquisition)
- EPS **\$0.93** / **+24%** year-over-year
 - *(\$0.09) net dilutive impact of FCX acquisition including (\$0.12) one-time transaction-related expense*
- EBITDA (*inclusive of 2 months of FCX results*)
\$72M / **9%** of sales
- FCX acquisition & integration off to solid start
- Celebrating 95 years of leadership in industrial distribution

Qtr. Ending 3/31/18 Highlights

REVENUE

+21.8%

(\$ Millions)



Q3 FY18

Q3 FY17

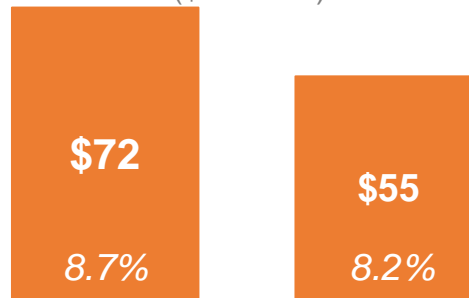
- Core **+6.7%**
- Acquisitions **+15.3%**
- Currency **+0.8%**
- Selling Days **-1.0%**

EBITDA

+30.3%

+60 bps

(\$ Millions)



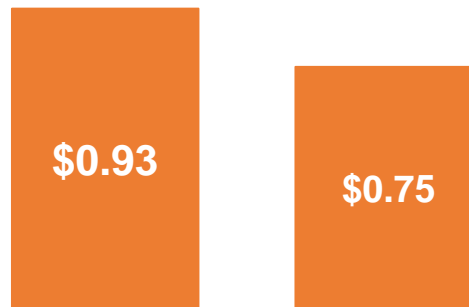
Q3 FY18

Q3 FY17

- Core **+18.8%**
- Acquisitions **+11.5%**
including -10.3% impact of FCX transaction-related one-time costs

EPS

+24.0%



Q3 FY18

Q3 FY17

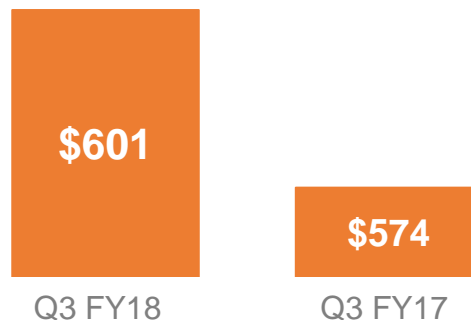
- *Includes -\$0.09 net impact of FCX acquisition driven by -\$0.12 one-time transaction-related cash costs*

Segment Revenues

SERVICE CENTER BASED DISTRIBUTION

(\$ Millions)

+4.8%

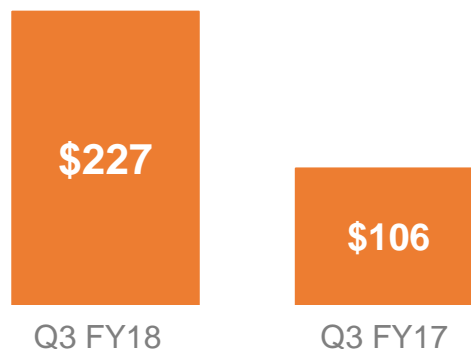


- Core **+4.4%**
- Selling Days **-0.8%**
- Acquisitions **+0.2%**
- FX **+1.0%**

FLUID POWER & FLOW CONTROL

(\$ Millions)

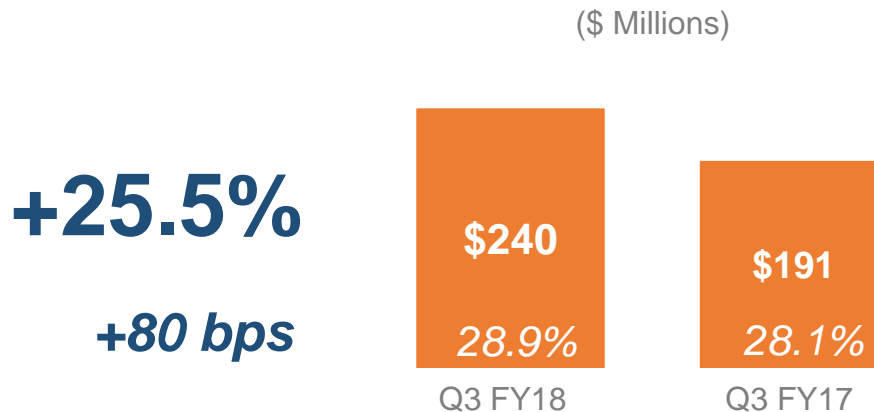
+114.6%



- Core **+18.7%**
- Selling Days **-1.7%**
- Acquisitions **+97.6%**

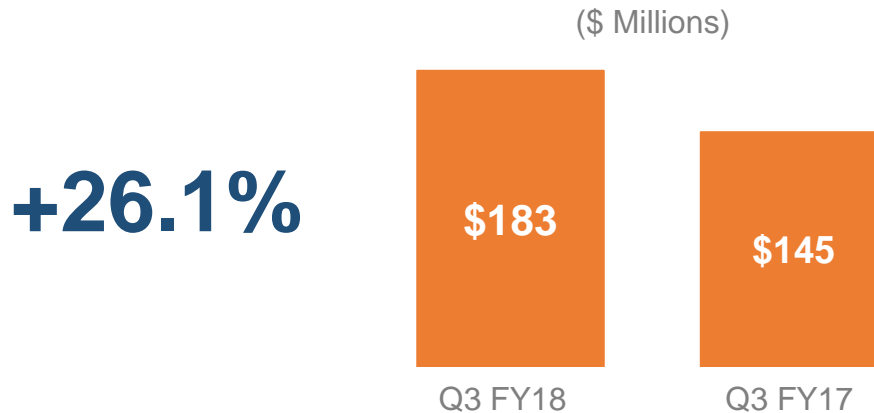
Operating Results

GROSS PROFIT



- Core **+7.5%**
- Acquisitions **+18.0%**
- 28.4% core GP% excluding FCX, 30 bps improved YOY
- Partial quarter of FCX results drives another 56 bps margin expansion

SELLING, DISTRIBUTION & ADMINISTRATIVE SPEND



- Core **+2.7%**
- Currency **+0.9%**
- Acquisitions **+22.5%**
- YOY acquisition impact includes \$5.7M one-time FCX transaction-related charges

UPDATED FISCAL YEAR 2018 GUIDANCE:

Sales

+17.5% – +18.5%

- Excluding benefit of FCX acquisition +8.1% – +8.6%

EPS

\$3.51 – \$3.61

- Includes (\$0.12) in one-time transaction-related cash costs related to FCX acquisition
- Includes (\$0.19) incremental non-cash amortization related to FCX acquisition
- EPS +24.0% – +27.6% excluding the unusual benefit of the Canadian Worthless Stock tax deduction recognized in FY17

Reconciliation of EBITDA to Net Income

(\$000)	Q3 FY18	Q3 FY17
Sales	\$827,665	\$679,304
Net Income	\$36,592	\$29,494
Interest Expense	8,216	2,165
Taxes	12,927	13,855
Depreciation	4,713	3,877
Amortization	9,800	6,056
EBITDA	\$72,248	\$55,447
<i>EBITDA % of Sales</i>	<i>8.73%</i>	<i>8.16%</i>