

TRANSACTION RECAP

- **OVERVIEW:** Headquartered in Columbus, Ohio, FCX Performance is the leading U.S. Distributor of Engineered Process Flow Control Solutions, Products & Services
- **TRANSACTION CLOSE:** 1/31/2018
- **PURCHASE PRICE:** Approximately \$784 million, Funded via a New Credit Facility Comprised of a \$780 million Term Loan A and \$250 million Revolver
- Brings Together the Leading Fluid Power & Specialty Flow Control Businesses in the N. American Markets
- Establishes a Comprehensive Technical MRO & OEM Solutions Offering, Including High-Touch Lifecycle Services
- Provides an Unique Value Proposition with Significant Cross-Selling & Cost Savings / Efficiency Improvement Opportunities

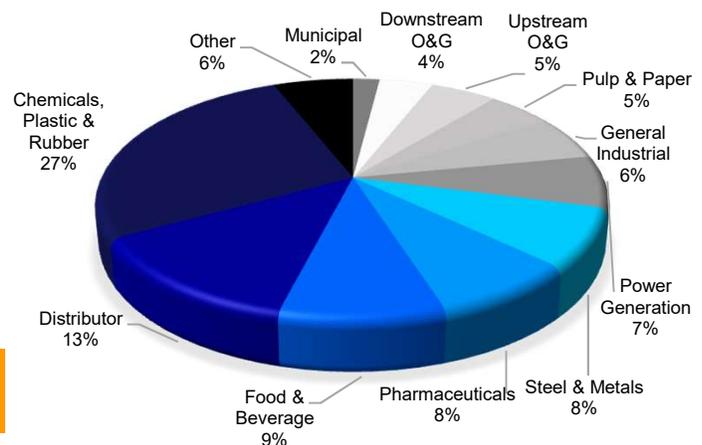
ATTRACTIVE BUSINESS PROFILE*

- **MRO Focused Sales:** 75% of 9/30/17 LTM sales MRO, 12% OEM, 13% EPC
- **Largest U.S. Provider** of Mission-Critical, Engineered Full-Cycle Solutions for a Variety of End-Use Markets
- **Excellent Adjacency Fit:** Served Industries, Customer Opportunities, Engineering Capabilities & Value-Add Services
- **Strong Financial Profile & Foundation for Additional Growth:** Industry Leading Position in a Highly Fragmented Market

Further Differentiates Applied® as the Clear Technical MRO Distribution Leader

*Data based on LTM 9/30/17 including Eads but excluding subsequent non-material acquisitions

Balanced and Diverse Market Exposure



STRONGER TOGETHER

- | | | | |
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| FCX BRINGS | <ul style="list-style-type: none"> ▪ Market Leading, Value-Added Specialty Flow Control Distribution Platform & the Industry's Leading Consolidator ▪ Expansion into Complementary Flow Control Valve & Instrumentation Categories ▪ Large Installed Base of MRO & OEM Customers Across Diverse End Markets ▪ Highly Technical Sales Force with Deep Customer Relationships ▪ Runway for Organic Growth, Margin Expansion & Continued Accretive M&A | APPLIED BRINGS | <ul style="list-style-type: none"> ▪ Leading Distribution Platform with Strong National Presence, Global Reach & Extensive Resources to Accelerate Growth ▪ Electronic Control Integration Capabilities ▪ Large Diversified Customer Base Across Multiple Industries, with Significant Flow Control Application Needs ▪ Access to Thousands of Suppliers & Complementary Product Categories ▪ E-commerce Capabilities to Enhance FCX Value Proposition |
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FINANCIAL HIGHLIGHTS

Projections for Initial 12 Months of Ownership:

- **SALES:** Approximately \$555 - \$560 million
- **GROSS MARGINS:** ~34-35%
- **EBITDA:** ~ \$67-\$69 million
- **CASH FLOW FROM OPERATIONS:** ~0.95-1.0x EBITDA
- **LEVERAGE:** Initially ~3.7x; targeting < 3.0x in Year 2

Impact on Sales & Earnings Per Share:

- **FY'18:** +\$235 - \$245 million in Revenues
EPS Impact of (\$0.11) – (\$0.21) *Including (\$0.12) – (\$0.13) of One-Time Transaction-Related Charges*
- **FY'19:** +\$575 - \$595 million in Revenues
EPS Impact of \$0.10 - \$0.20 *Including (\$0.68) – (\$0.77) of Non-Cash Intangibles Amortization*

SAFE HARBOR

This press release contains statements that are forward-looking, as that term is defined by the Securities and Exchange Commission in its rules, regulations and releases, and Applied intends that such forward-looking statements be subject to the safe harbors created thereby. Forward-looking statements are often identified by qualifiers such as “guidance,” “expect,” “projection,” “anticipate” and similar expressions.

All forward-looking statements are based on current expectations regarding important risk factors, including: Applied’s financial and operational performance following the completion of the proposed transaction; Applied’s ability to successfully integrate the business, and realize the strategic and other benefits of the acquisition; the timing of when the acquisition will be accretive to earnings; trends in the industrial sector of the economy; and other risk factors identified in Applied’s most recent periodic report and other filings made with the Securities and Exchange Commission. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of such statements should not be regarded as a representation by Applied or any other person that the results expressed therein will be achieved. Applied assumes no obligation to update publicly or revise any forward-looking statements, whether due to new information, or events, or otherwise.

USE OF NON-GAAP FINANCIAL MEASURES

This document includes certain forward-looking financial measures that are not presented in accordance with generally accepted accounting principles (“GAAP”). These non-GAAP financial measures are numerical measures of financial performance that exclude or include amounts so as to be different than the most directly comparable measure that would be presented in accordance with GAAP in Applied’s consolidated balance sheets and related consolidated statements of operations, comprehensive income, changes in stockholders’ equity and cash flows. Non-GAAP financial measures should not be considered in isolation or as a substitute for the most directly comparable GAAP measures. Applied’s non-GAAP financial measures may be different from non-GAAP financial measures used by other companies.

These forward-looking non-GAAP financial measures are intended to provide additional information to investors regarding Applied’s current expectations surrounding the FCX acquisition. We do not attempt to reconcile these measures with the most directly comparable GAAP financial measures because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments identified below, the amounts of which could be material.

One non-GAAP measure, estimated EBITDA, represents a current estimate of FCX’s forward 12-month post-acquisition net income adjusted to exclude interest expense, income taxes, depreciation and amortization, as well as other adjustments described below. In addition, this document includes a non-GAAP reference to the expected impact of the transaction on Applied’s earnings per share, based on current projections for the acquired business, excluding first-year transaction-related costs.

Forward EBITDA projections were developed based on FCX’s trailing 12-month actual results for the period ended September 30, 2017, as adjusted to conform accounting policies with Applied and normalized to exclude certain one-time items and approximate results under Applied’s ownership, based on quality of earnings reviews prepared by third parties. The adjusted historical base was then further adjusted for a non-material acquisition made by FCX in December 2017 and for additional financial performance information presented by FCX for the two months ended November 30, 2017.

Estimated forward 12-month post-acquisition EBITDA assumes market sales growth, modest improvement in gross margins based on current FCX initiatives and estimated synergies, including both synergies from the integration of acquisitions completed by FCX prior to the closing date as well as synergies available as a result of Applied’s ownership.