We Keep Industry Running

Fiscal Q2 2021 Recap

January 28, 2021

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Non-GAAP Financial Measures

This presentation sets forth certain non-GAAP financial measures including Adjusted Earnings per Share (EPS); Adjusted Net Income; Adjusted Gross Margin; Adjusted Selling, Distribution and Administrative (SD&A) Expense; EBITDA; Adjusted EBITDA; Adjusted EBITDA Margin; Free Cash Flow; Net Leverage Ratio - which are presented as supplemental disclosures to Net Income; Cash from Operations; Total Debt Outstanding; and reported results. Management believes these measures are useful indicators for normalizing earnings for non-routine items and facilitating effective evaluation of operating performance. A presentation of the most directly comparable GAAP measure and reconciliations of Adjusted Earnings per Share (EPS); Adjusted Net Income; Adjusted Gross Margin; Adjusted Selling, Distribution and Administrative (SD&A) Expense; EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, and Net Leverage Ratio are set forth in the appendix to this presentation.

Primary Messages from Management

- **F2Q21 results reflect solid execution and a favorable industry position** despite a challenging but improving industrial backdrop.
- **Underlying demand sustained gradual improvement** in F2Q21 with YoY declines moderating and daily sales rates seasonally strong on a sequential basis.
- **Industrial recovery exhibiting resiliency** despite rising COVID rates; break-fix and maintenance activity increasing; fluid power backlog stronger YoY.
- **Cost control and operational discipline** drove a 12% YoY organic decline in adjusted SD&A in F2Q21; temporary cost actions continuing to roll off in F3Q21.
- **Strong free cash generation** of $73M in F2Q21 and $151M FY21 YTD (206% of adjusted net income) supports future growth initiatives and shareholder returns.
- **Solid balance sheet with $289M of cash on hand** and net debt down 30% YoY at Dec 31 inclusive of two acquisitions completed during F2Q21.
- **Well positioned entering F2H21** as critical early-cycle MRO demand, secular growth tailwinds, and internal initiatives continue to unfold.

Fiscal Q2 2021 Key Financial Highlights

- **Sales down 9.9% YoY**
  - Down 10.5% on an organic basis
  - Acquisitions +0.5%, currency +0.1%, selling days neutral this quarter
- **Net Loss of $5.3M or $0.14 per share**
- **Non-GAAP Adjusted Net Income of $38.4M and Adjusted EPS of $0.98**
  - Excludes, on a pre-tax basis, a non-cash asset impairment charge of $49.5M and non-routine costs of $7.8M; relates to reduced economic conditions and business alignment initiatives across a portion of the Service Center segment exposed to oil & gas end markets
  - Includes discrete tax benefits related to stock option exercises and income tax credits
- **Adjusted gross margin of 28.9% similar to prior year levels**
  - Excludes a $7.4M non-routine charge
  - Down 19 bps YoY excluding LIFO expense ($0.9M vs. $1.9M in F2Q20)
  - Unchanged on a sequential basis
- **Adjusted SD&A expense 21.6% of sales vs. prior year of 21.9%**
  - Excludes $0.4M of non-routine costs
  - Down 12% YoY on an organic basis
- **Adjusted EBITDA of $68.3M**
  - 9.1% of sales, up 14 bps YoY

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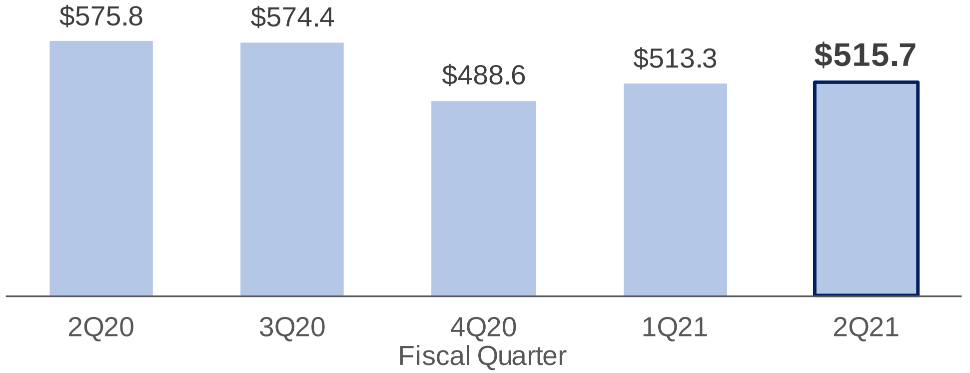
Current Investor Discussion Points

Discussion Point	Update	Detail
1. Underlying Demand	• *Improved sequentially through the quarter; customers remaining productive despite higher COVID rates; seeing greater maintenance, break-fix, production, and equipment optimization spending*	• *F2Q21 organic sales -10.5% YoY vs. -13.5% in F1Q21 with YoY declines improving each month; F2Q21 daily sales up 3% sequentially on an organic daily basis*
2. End-Market Trends	• *Weakness remains concentrated in "heavy" industries, though underlying trends improved sequentially across several end markets*	• *Positive trends across food & beverage, aggregates, technology, chemicals, lumber & wood, pulp & paper, and transportation end markets*
3. Sales Outlook	• *Environment remains challenging, though trends firm into early F3Q21; vaccine distribution, fiscal stimulus, improving heavy-industry indicators, and growth initiatives provide support*	• *Organic sales month to date in January down by a mid-single digit percent YoY; assuming normal seasonal patterns for the balance of the quarter, expect F3Q21 organic sales to decline 3% to 4% YoY*
4. Inflation & Pricing	• *The number of announced supplier price increases up modestly on a sequential basis, though no material change in underlying product cost inflation YTD in FY21*	• *Pricing relatively neutral to F2Q21 sales YoY; strong track record of managing price/cost dynamics and supplier inflation reflecting industry position, internal initiatives, and positive mix opportunities*
5. Decremental Margins	• *F2Q21 favorability driven by sequential sales improvement, firm gross margins, ongoing cost control, lower amortization expense, and operating efficiencies*	• *F2Q21 decremental margins of 5% on adj. EBIT and 8% on adj. EBITDA; project \$170M-\$175M of SD&A expense in F3Q21, which assumes the continued roll off of temporary cost actions*
6. Capital Deployment	• *Remain balanced in light of ongoing macro uncertainty but opportunistic given recent cash generation, an improving outlook, and strategic growth initiatives*	• *Made two acquisitions in F2Q21 expanding specialized automation offering; announced dividend increase; expect greater working capital requirements in F2H21 given improving demand*
7. Automation Offering	• *Completed three related acquisitions the past 16 months including ACS and Gibson Engineering in F2Q21; focused on next generation solutions tied to robotics, vision, motion, and IIoT technologies*	• *Expect \$10M-\$11M of inorganic sales contribution from recent ACS and Gibson acquisitions in F3Q21; related M&A pipeline remains active; significant cross-selling opportunity longer-term*

Segment Results – Service Center Based Distribution

Segment Overview: *Representing 69% of fiscal 2020 sales - the segment includes our legacy distribution operations including ~400 local service centers across North America, Australia, and New Zealand, primarily focused on our core bearings, power transmission, and fluid power MRO product offering, as well as other industrial supplies for scheduled maintenance and emergency repairs of customers' machinery and equipment.*

Service Center Distribution Sales, in Millions



- **Sales down 10.4% YoY in F2Q21**
  - Organic - 10.5%
  - Currency + 0.1%
- **YoY declines reflect ongoing weakness across industrial end markets from the impact of COVID-19, but improved each month in the quarter**
- **Segment daily sales rates up 6% from the end of FY20; greatest improvement from pulp & paper, aggregates, food & beverage, lumber & wood, and rubber**
- **Customers continue to gradually increase production and facility utilization; engagement remains productive despite higher COVID cases**
- **Adjusted segment operating income of $50.4M in F2Q21**

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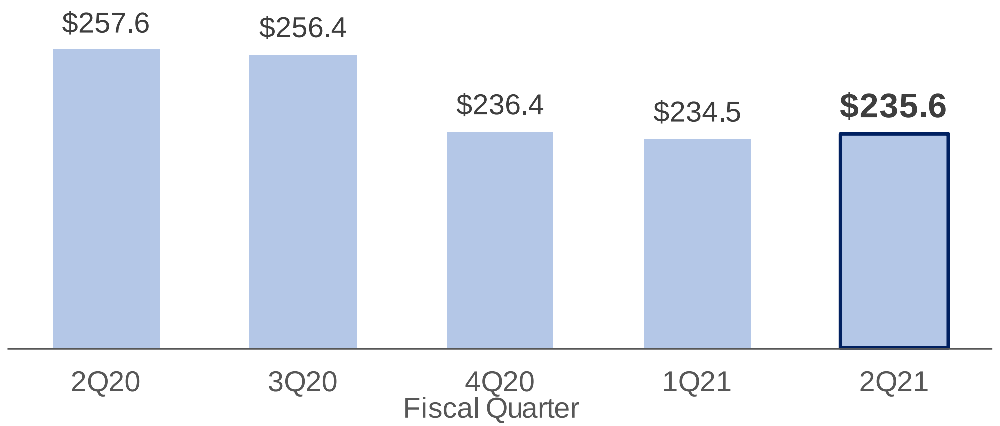
Segment Results – Fluid Power & Flow Control

Segment Overview: *Representing 31% of fiscal 2020 sales - the segment consists of 1) our Fluid Power network specializing in distributing, engineering, designing, integrating, and repairing hydraulic and pneumatic technologies and related systems, 2) our specialty flow control products and engineered solutions, and 3) our automation products and solutions.*

Fluid Power & Flow Control Sales, in Millions



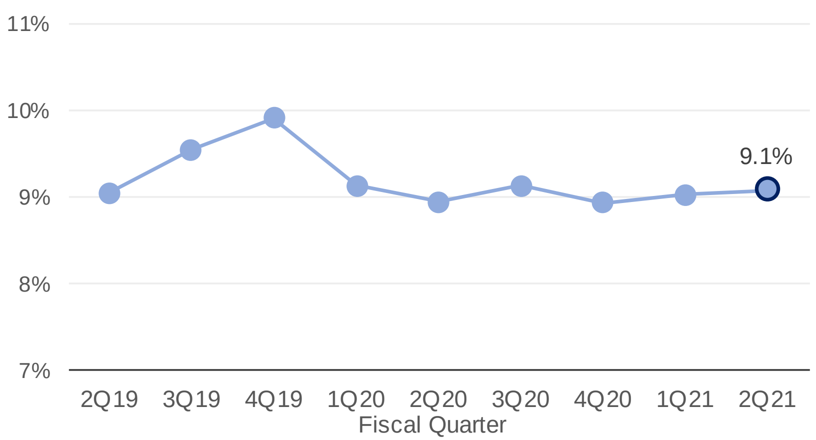
- **Sales down 8.5% YoY in F2Q21**
  - Organic - 10.1%
  - Acquisitions + 1.6%
- **Demand remains below prior year levels across industrial, off-highway mobile, process-related end markets**
- **Partially offset by growth in technology, life sciences, chemical, utilities, transportation, and aggregates end markets**
- **Backlog trends stronger with greater order activity tied to equipment optimization, automation, and technology end-market demand**
- **Segment operating income of $26.6M in F2Q21**

Adjusted Margin and Expense Highlights

Adjusted Gross Profit, Adjusted SD&A, and Adjusted EBITDA Metrics

$ in millions	Q2 21[1]	Q2 20	Chg YoY	Excluding LIFO Chg YoY
Gross Profit	**$216.9**	$241.2	(10.1%)	(10.4%)
Gross Margin	**28.9%**	28.9%	(8) bps	(19) bps
SD&A Expense	**$162.0**	$182.5	(11.2%)	
% of Sales	**21.6%**	21.9%	33 bps	
EBITDA	**$68.3**	$74.5	(8.4%)	(9.6%)
EBITDA Margin	**9.1%**	8.9%	14 bps	0 bps
Memo: LIFO Expense	**$0.9**	$1.9		

Adjusted EBITDA Margin



(1) Excludes $7.8M of non-routine expense ($7.4M in cost of sales and $0.4M in SD&A)

- **Adj. gross margin down 8 bps YoY**
  - Excluding LIFO expense, down 19 bps YoY
  - Relatively unchanged on a sequential basis
  - YoY decline reflects current demand backdrop, partially offset by ongoing margin initiatives
- **Adj. SD&A down 11.2% YoY**
  - Down 12% YoY on an organic basis
  - Reflects strong expense control, operational discipline, and cost actions
  - Remain diligent in current environment but continue to roll off temporary cost actions to align with recent performance, internal opportunities, and growth initiatives
- **Adj. EBITDA margin up 14 bps YoY**

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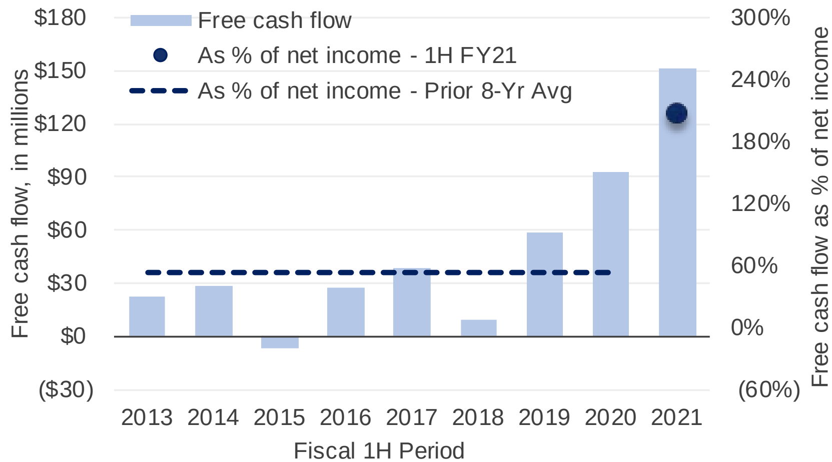
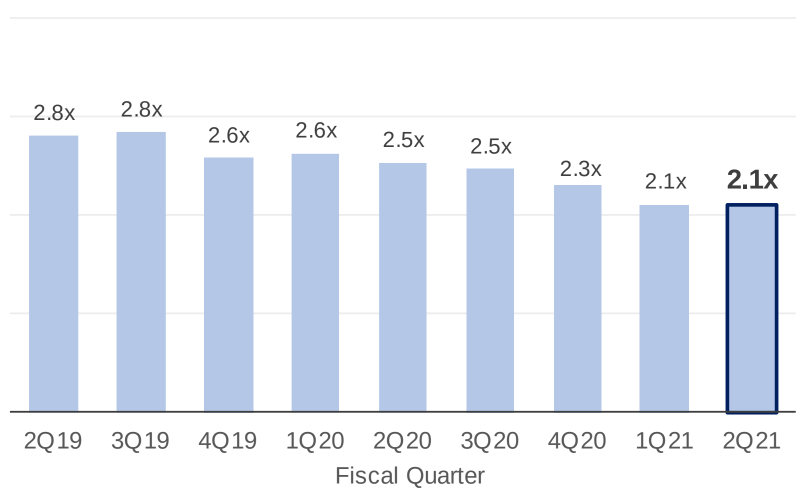
Cash Flow and Balance Sheet Leverage

Free Cash Flow (in Millions) - Fiscal 1H Period



Net Leverage Ratio (Net Debt to Trailing Adjusted EBITDA)



- **F2Q21 cash from operations of $77.5M; free cash of $72.7M**
  - 1H FY21 cash from operations of $159M; free cash of $151M (206% of adj. net income)
  - Reflects ongoing traction with working capital initiatives and current demand levels
  - Expect lower free cash generation into 2H FY21 assuming a sustainable recovery and resulting working capital requirements

- **Net leverage ratio at 2.1x**
  - Below prior year of 2.5x; unchanged from F1Q21
  - Net debt down 30% YoY
  - Total debt down over $200M since early 2018
  - Funded two automation-related acquisitions in F2Q21 with cash on hand

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Debt Outstanding and Maturity Schedule, as of 12/31/20

- **$862M of debt outstanding**
  - $573M net of $289M of cash on hand
- **~$250M of available capacity under undrawn revolver**
- **$140M of available capacity on uncommitted shelf facility**

Debt Maturity Schedule

Appendix: Number of Selling Days by Fiscal Quarter and Full Year

	Q1	Q2	Q3	Q4	Year
2019	63.0	62.0	63.0	63.5	251.5
2020	64.0	62.0	64.0	63.5	253.5
2021	**64.0**	**62.0**	**63.0**	**63.5**	**252.5**

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Appendix: Net Sales and Operating Income by Segment

(dollar amount in thousands)	Three Months Ended December 31 Q2 FY20	Q2 FY21
Service Center Based Distribution Segment:		
Net sales	$ 575,788	$ 515,690
Operating income	$ 53,905	$ 42,654
Non-routine costs	-	7,772
Adjusted segment operating income	**$ 53,905**	**$ 50,426**
Fluid Power & Flow Control Segment:		
Net sales	$ 257,587	$ 235,597
Operating income	$ 29,449	$ 26,647
Non-routine costs	-	-
Adjusted segment operating income	**$ 29,449**	**$ 26,647**
Corporate and other expense, net [1]	$ 24,609	$ 71,723
Asset Impairment - Service Center Based Distribution	-	49,528
Adjusted corporate and other expense, net [1]	**$ 24,609**	**$ 22,195**

(1) Includes intangible amortization expense and related impairments

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Appendix: Reconciliation of Adjusted Net Income and EPS

	Three Months Ended December 31, 2020				
(dollar amount in thousands)	**Pre-tax**	**Tax Effect**	**Net of Tax**	**Per Share Diluted Impact**	**Tax Rate**
Net loss and net loss per share	**$ (10,168)**	**$ (4,834)**	**$ (5,334)**	**$ (0.14)**	**47.5%**
Impairment expense	49,528	11,769	37,759	0.97	23.8%
Non-routine costs	7,772	1,847	5,925	0.15	23.8%
Adjusted net income and net income per share	**$ 47,132**	**$ 8,782**	**$ 38,350**	**$ 0.98**	**18.6%**

Appendix: Reconciliation of Adjusted Gross Margin

(dollar amount in thousands)	Q2 FY20	Q2 FY21
Net Sales	**$ 833,375**	**$ 751,287**
Gross Profit	241,234	209,534
Non-routine costs in cost of sales	-	7,368
Adjusted Gross Profit	$ 241,234	$ 216,902
Adjusted Gross Margin	**28.9%**	**28.9%**

Appendix: Reconciliation of Adjusted SD&A Expense

(dollar amount in thousands)	Three Months Ended Q2 FY20	Three Months Ended Q2 FY21
SD&A (Operating Expense)	$ 182,489	$ 162,428
Non-routine costs	-	403
Adjusted SD&A (Adjusted Operating Expense)	$ 182,489	$ 162,025

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Appendix: Reconciliation of EBITDA and Adjusted EBITDA

(dollar amount in thousands)	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21
Net Income	$ 38,717	$ 16,535	$ 39,803	$ 38,799	$ 38,031	$ (82,777)	$ 29,989	$ 34,784	$ (5,334)
Interest expense, net	9,578	9,947	10,187	10,059	9,583	8,805	8,088	7,653	7,658
Income tax expense	11,724	9,283	22,317	12,308	11,346	(2,550)	10,090	10,048	(4,834)
Depreciation and amortization of property	5,038	5,026	5,191	5,223	5,394	5,380	5,199	5,352	5,209
Amortization of intangibles	10,991	9,911	10,060	10,374	10,195	10,048	9,882	9,726	8,276
EBITDA	**$ 76,048**	**$ 50,702**	**$ 87,558**	**$ 76,763**	**$ 74,549**	**$ (61,094)**	**$ 63,248**	**$ 67,563**	**$ 10,975**
Goodwill & intangible impairment		31,594				131,000			49,528
Non-routine costs		2,300		1,455		5,997	1,540		7,772
Adjusted EBITDA	**$ 76,048**	**$ 84,596**	**$ 87,558**	**$ 78,218**	**$ 74,549**	**$ 75,903**	**$ 64,788**	**$ 67,563**	**$ 68,275**

Appendix: Reconciliation of Adjusted EBITDA Margin

(dollar amount in thousands)	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21
Net Sales	**$ 840,038**	**$ 885,443**	**$ 882,743**	**$ 856,404**	**$ 833,375**	**$ 830,797**	**$ 725,076**	**$ 747,807**	**$ 751,287**
Adjusted EBITDA	76,048	84,596	87,558	78,218	74,549	75,903	64,788	67,563	68,275
Adjusted EBITDA Margin	**9.1%**	**9.6%**	**9.9%**	**9.1%**	**8.9%**	**9.1%**	**8.9%**	**9.0%**	**9.1%**

Appendix: Reconciliation of Free Cash Flow

	Three Months Ended September 30							
(dollar amount in thousands)	**Q1 FY14**	**Q1 FY15**	**Q1 FY16**	**Q1 FY17**	**Q1 FY18**	**Q1 FY19**	**Q1 FY20**	**Q1 FY21**
Cash provided by Operating Activities	$ 16,956	$ (18,101)	$ 15,090	$ 41,864	$ 9,440	$ 11,797	$ 50,018	$ 81,842
Capital Expenditures	(1,571)	(3,100)	(3,112)	(2,999)	(6,336)	(3,173)	(4,946)	(3,597)
Free Cash Flow	$ 15,385	$ (21,201)	$ 11,978	$ 38,865	$ 3,104	$ 8,624	$ 45,072	$ 78,245

	Three Months Ended December 31							
(dollar amount in thousands)	**Q2 FY14**	**Q2 FY15**	**Q2 FY16**	**Q2 FY17**	**Q2 FY18**	**Q2 FY19**	**Q2 FY20**	**Q2 FY21**
Cash provided by Operating Activities	$ 15,707	$ 19,274	$ 18,355	$ 3,794	$ 11,744	$ 53,783	$ 54,881	$ 77,514
Capital Expenditures	(2,555)	(4,706)	(2,625)	(3,711)	(5,124)	(3,923)	(7,019)	(4,852)
Free Cash Flow	$ 13,152	$ 14,568	$ 15,730	$ 83	$ 6,620	$ 49,860	$ 47,862	$ 72,662

	Six Months Ended December 31							
(dollar amount in thousands)	**1H FY14**	**1H FY15**	**1H FY16**	**1H FY17**	**1H FY18**	**1H FY19**	**1H FY20**	**1H FY21**
Cash provided by Operating Activities	$ 32,663	$ 1,173	$ 33,445	$ 45,658	$ 21,184	$ 65,580	$ 104,899	$ 159,356
Capital Expenditures	(4,126)	(7,806)	(5,737)	(6,710)	(11,460)	(7,096)	(11,965)	(8,449)
Free Cash Flow	$ 28,537	$ (6,633)	$ 27,708	$ 38,948	$ 9,724	$ 58,484	$ 92,934	$ 150,907

Appendix: Reconciliation of Net Leverage Ratio

(dollar amount in thousands)	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21
Net Income	$ 38,717	$ 16,535	$ 39,803	$ 38,799	$ 38,031	$ (82,777)	$ 29,989	$ 34,784	$ (5,334)
Interest expense, net	9,578	9,947	10,187	10,059	9,583	8,805	8,088	7,653	7,658
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Goodwill & intangible impairment		31,594				131,000			49,528
Non-routine costs		2,300		1,455		5,997	1,540		7,772
Adjusted EBITDA	$ 76,048	$ 84,596	$ 87,558	$ 78,218	$ 74,549	$ 75,903	$ 64,788	$ 67,563	$ 68,275
Trailing 4-Quarter EBITDA	317,777	330,125	330,682	326,420	324,921	316,228	293,458	282,803	276,529
Current portion of long-term debt	$ 44,184	$ 44,163	$ 49,036	$ 93,912	$ 73,771	$ 78,642	$ 78,646	$ 78,651	$ 78,638
Long-term debt	923,410	937,536	908,850	859,172	874,423	864,758	855,143	792,827	783,076
Total Debt	$ 967,594	$ 981,699	$ 957,886	$ 953,084	$ 948,194	$ 943,400	$ 933,789	$ 871,478	$ 861,714
Cash	79,827	47,367	108,219	98,204	128,149	165,464	268,551	271,060	288,775
Net Debt	$ 887,767	$ 934,332	$ 849,667	$ 854,880	$ 820,045	$ 777,936	$ 665,238	$ 600,418	$ 572,939
Net Leverage Ratio	**2.8**	**2.8**	**2.6**	**2.6**	**2.5**	**2.5**	**2.3**	**2.1**	**2.1**