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Industrial Technologies®

Fiscal Q3 2025 Recap

May 1, 2025

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Non-GAAP Financial Measures

This presentation sets forth certain non-GAAP financial measures including EBITDA; 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 EBITDA; Free Cash Flow; Net Leverage Ratio are set forth in the appendix to this presentation.

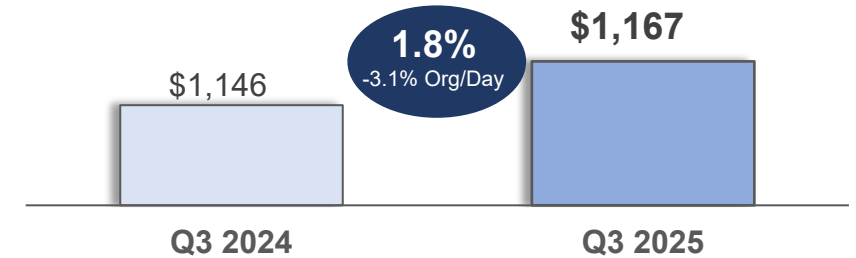
Primary Messages from Management

- F3Q25 EBITDA, EPS, and cash generation exceeded our expectations** on strong execution, cost control, and solid gross margin performance (+95 bps YoY) within an ongoing muted demand backdrop.
- EBITDA increased 7% YoY (organic +2%) and EBITDA margins expanded 59 bps YoY** highlighting benefits of our strategy and industry position; EBITDA CAGR of 12% and EBITDA margins +320 bps last 5 years.
- Organic daily sales YoY decline of 3.1% was inline with guidance;** underlying sales trends remained mixed with sequential improvement in the SC segment offset by more gradual ES segment book-to-bill conversion.
- Tariff backdrop increases uncertainty near term but positioned well** given technical MRO focus, customer mix, minimal cross-border sourcing, service capabilities, structural margin tailwinds, and strong balance sheet.
- Remain active with capital deployment** including increasing share repurchases (\$50M in F3Q25 bringing YTD to \$80M) and announcing bolt-on acquisition of IRIS Factory Automation.
- Fiscal 4Q25 guidance incorporates greater macro uncertainty** and potential demand implications near term as the tariff landscape evolves; remain constructive on company-specific opportunities and set up into FY26.

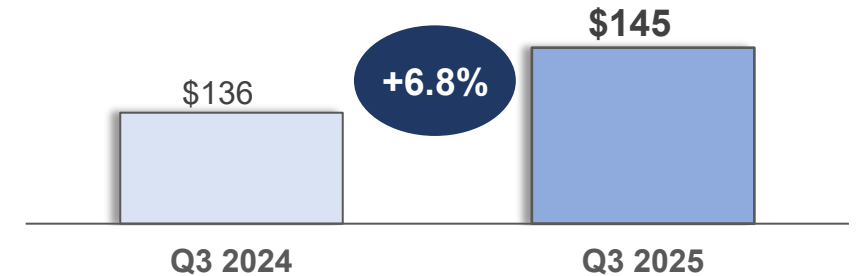
Fiscal Q3 2025 Key Financial Highlights

- **Sales up 1.8% YoY**
 - Down 3.1% on an organic daily basis
 - Acquisitions +6.6%, currency -0.9%, selling days -0.8%
- **Net Income of \$99.8M and EPS of \$2.57**
 - EPS up 3.7% YoY
 - Includes \$2.2M pre-tax (\$0.04/sh) of LIFO expense
 - Unfavorable impact YoY from interest & other income and a slightly higher tax rate, partially offset by a lower share count
- **Gross margin 30.5%, up 95 bps vs. prior year of 29.5%**
 - Includes a 22 bps YoY tailwind from lower LIFO expense
- **SD&A expense 19.4% of sales**
 - Down 6.3% YoY on an organic, constant currency basis
- **EBITDA of \$144.9M, up 6.8% vs. prior year of \$135.7M**
 - 12.4% EBITDA margin up 59 bps YoY
 - Includes a 22 bps YoY tailwind due to lower LIFO expense
- **Operating cash of \$122.5M; free cash of \$114.9M**
 - Up 50% vs. prior year and 115% of net income
 - YTD free cash up 39% vs. prior year

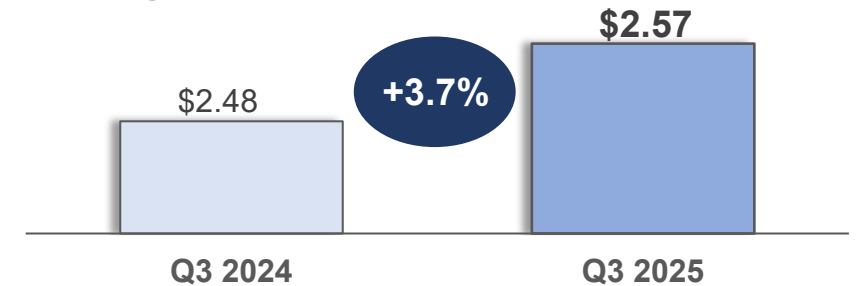
Sales, \$ in millions



EBITDA, \$ in millions



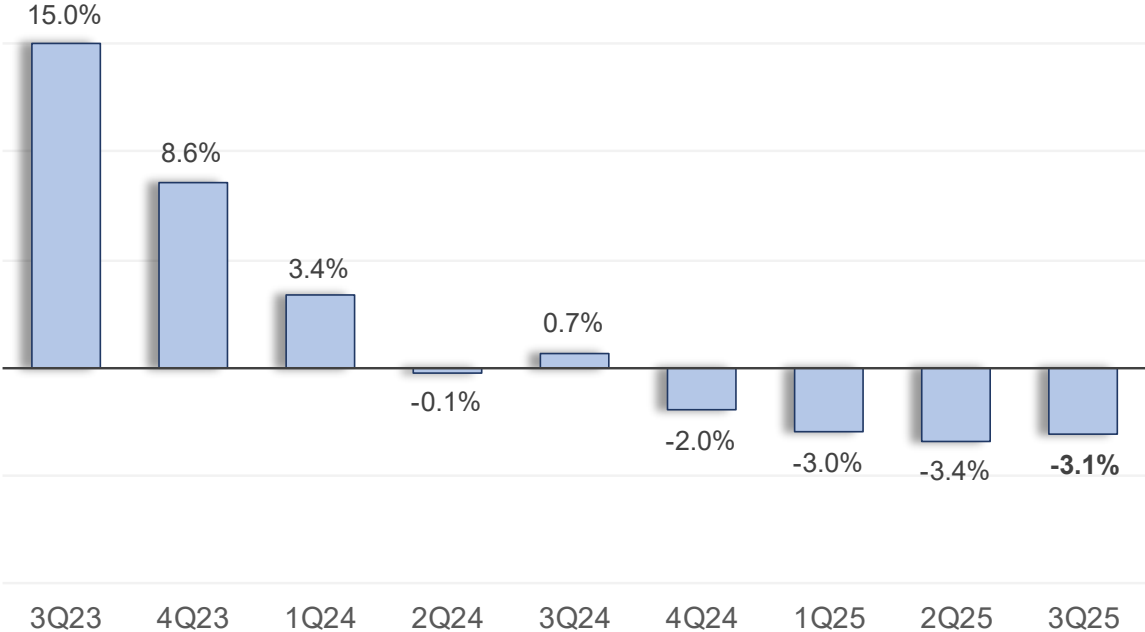
Earnings Per Share



Organic Sales Growth Trend and Investor Discussion Points

Year-over-Year Organic % Change in Sales Per Day

Fiscal Quarters



F3Q25 Sales Growth Detail

- Down 3.1% YoY on an organic daily basis; down 2.4% on a 2-year stack basis and up 12.6% on a 3-year stack basis
- 2-year stack trend improved sequentially for the first time in over two years
- Average daily sales organic sequential increase of +2% in F3Q25 was ~200 bps below normal seasonal patterns
- Organic sales trends led by Service Center segment where average daily sales increased ~4% sequentially; segment 2-year stack of +1% vs. -1% last quarter
- 16 of top 30 industry verticals up YoY in F3Q25 compared to 11 during F2Q25 *
- YoY growth strongest across technology, food & beverage, pulp & paper, aggregates, and transportation
- Offset by declines primarily in machinery, utilities, metals, chemicals, and mining

* Based on largest 30 industry verticals for fiscal 2024

Other Investor Discussion Points

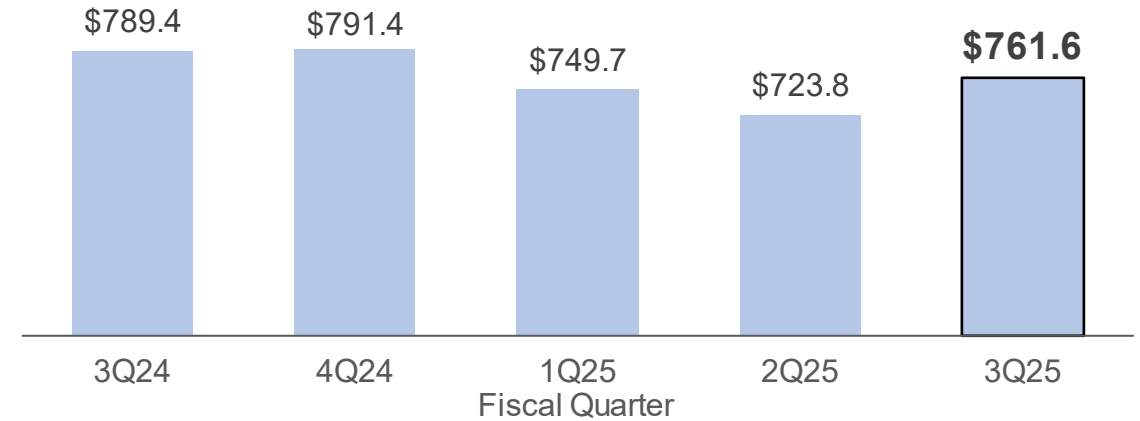
Discussion Point	Update	Detail
Underlying Demand	<p>End-market demand remains mixed with customers measured with production and spending; SC segment sales trends improved as the quarter progressed; ES segment sales trends remain muted though order and backlog trends building positive momentum</p>	<p>Organic daily sales down 3.1% YoY in F3Q25 but up over 2% sequentially; SC segment daily sales up 4% sequentially and slightly above normal seasonality; ES segment orders up 3% YoY and 8% sequentially led by stronger orders across automation, flow control, and the technology vertical</p>
Tariffs & Pricing	<p>Suppliers announcing price increases in recent months tied to broader inflation/tariffs; evolving tariff backdrop creates NT demand uncertainty, but positioned well given technical industry position, MRO focus, U.S. customer base (88% of sales), minimal cross-border sourcing, and margin initiatives</p>	<p>Price contributed ~100 bps in F3Q25; <2% of U.S. COGS sourced internationally; 70% of sales tied to technical MRO including repair/rebuild services; core customers include U.S. OEMs; reshoring a potential significant tailwind given U.S. manufacturing customer base & scaling automation portfolio</p>
Hydradyne Acquisition	<p>Integration going well with strong collaboration and strategic positioning across operating teams; financial contribution expected to increase into F4Q25 and FY26 as initial synergies are achieved and demand strengthens across core and emerging fluid power markets</p>	<p>Contributed nearly \$59M in sales and nearly \$6M in EBITDA during F3Q25 inclusive of initial integration actions; relatively neutral to EPS; MRO focus (55% of sales), repair & rebuild capabilities, and fluid conveyance solutions provide near-term resiliency and favorable growth potential into FY26</p>
Near-term Outlook	<p>Greater macro uncertainty and an evolving tariff backdrop could drive a more measured pace to near-term customer capital spending and spring/summer production activity; incorporating into F4Q25 guidance but remain constructive on relative position near term and into FY26</p>	<p>April organic daily sales estimated down ~3% YoY; F4Q25 guidance assumes organic daily sales down MSD to LSD YoY; potential support from easier comps, pent-up technical MRO spending, price contribution, ES segment backlog, acquisition synergies, margin initiatives, & balance sheet</p>
Capital Deployment	<p>Cash generation potential and strong balance sheet supports ongoing growth initiatives and capital deployment opportunities; M&A pipeline remains active; ongoing scope for share buybacks in F4Q25 and FY26</p>	<p>Record cash generation YTD sets path to over \$400M of free cash in FY25, while net leverage at ~0.5x on a pro-forma basis; on pace to more than double capital deployment YoY in FY25 with over \$440M deployed YTD including greater M&A, dividend growth, and share buybacks</p>

Note: LSD = Low Single-Digits, MSD = Mid Single-Digits

Segment Results – Service Center Based Distribution

Segment Overview: Representing 68% of fiscal 2024 sales - the segment includes our core distribution operations including ~400 local service centers across North America, Australia, and New Zealand, primarily focused on our technical bearings, power transmission, and fluid power MRO product and solution offerings, as well as other industrial supplies for scheduled maintenance and repairs of customers' machinery, equipment, and facilities

Service Center Distribution Segment Sales, in Millions



- **Sales down 3.5% YoY in F3Q25**

- Organic – 1.6%
- Acquisitions + 0.2%
- Currency – 1.3%
- Selling days – 0.8%

- Organic decline driven by softer MRO spending and capital maintenance projects with weakness concentrated early in the quarter; sequential sales improvement in February and March exceeded normal seasonality
- Muted end-market demand balanced by continued benefits from ongoing sales force productivity initiatives, technology investments, and new business opportunities
- Segment EBITDA of \$111.6M in F3Q25 up 6.4% YoY reflecting solid cost controls, gross margin initiatives, lower LIFO expense, and favorable AR provisioning

Segment Results – Engineered Solutions

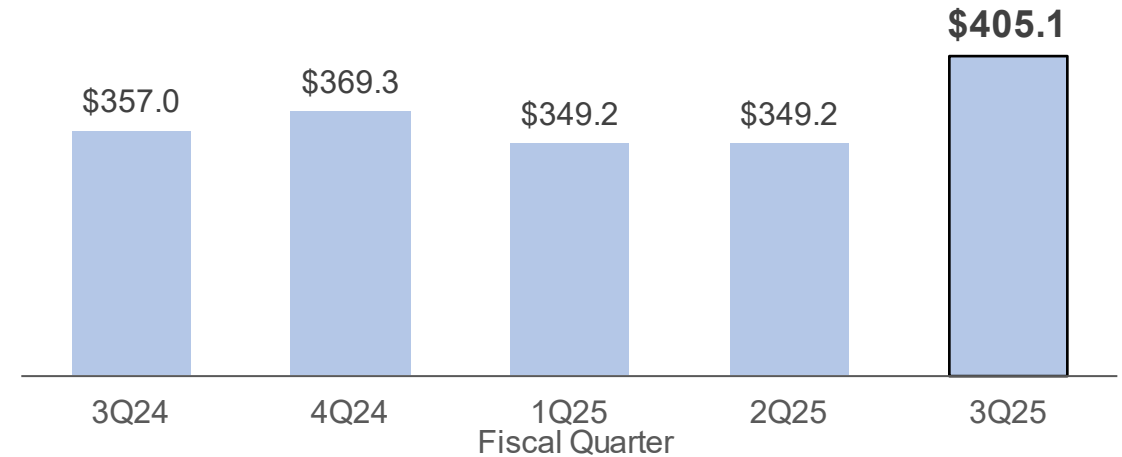
Segment Overview: Representing 32% of fiscal 2024 sales - the segment consists of 1) our Fluid Power network specializing in distributing, engineering, designing, integrating, and repairing hydraulic and pneumatic technologies and related systems across off-highway mobile, industrial, and technology verticals, 2) our specialty flow control products and engineered solutions supporting mission-critical process infrastructure, and 3) our advanced automation products and solutions focused on machine vision, robotics, motion, & digital technologies

- **Sales up 13.5% YoY in F3Q25**

- Organic – 6.5%
- Acquisitions + 20.8%
- Selling days – 0.8%

- Organic decline primarily reflects ongoing weakness across mobile fluid power OEM customers, and to a lesser extent softer flow control and automaton sales, partially offset by growth across the technology vertical
- Segment orders positive (organic +3% YoY, +8% seq in 3Q) though billing conversions on engineered systems remains slow as customers take a measured approach to capital deployment and project/install phasing
- Segment EBITDA of \$56.1M in F3Q25 up 10.2% YoY reflecting contribution from the recent Hydradyne acquisition (closed 12/31/24), as well as gross margin initiatives, cost management, and strategic progress

Engineered Solutions Segment Sales, in Millions



Fiscal Q3 2025 Margin and Expense Highlights

Gross Profit, SD&A, and EBITDA Metrics

<i>\$ in millions</i>	Q3 25	Q3 24	Chg YoY	LIFO Impact YoY
Gross Profit	\$355.3	\$338.2	5.0%	0.8%
Gross Margin	30.5%	29.5%	95 bps	22 bps
SD&A Expense	\$225.9	\$217.0	4.1%	
% of Sales	19.4%	18.9%	(43) bps	
EBITDA	\$144.9	\$135.7	6.8%	1.9%
EBITDA Margin	12.4%	11.8%	59 bps	22 bps
Memo: LIFO Expense	\$2.2	\$4.8		

- **Gross margin up 95 bps YoY**

- Includes a 22 bps YoY tailwind from LIFO expense
- Primarily reflects positive acquisition mix, channel execution, and ongoing margin initiatives

- **SD&A expense up 4.1% YoY**

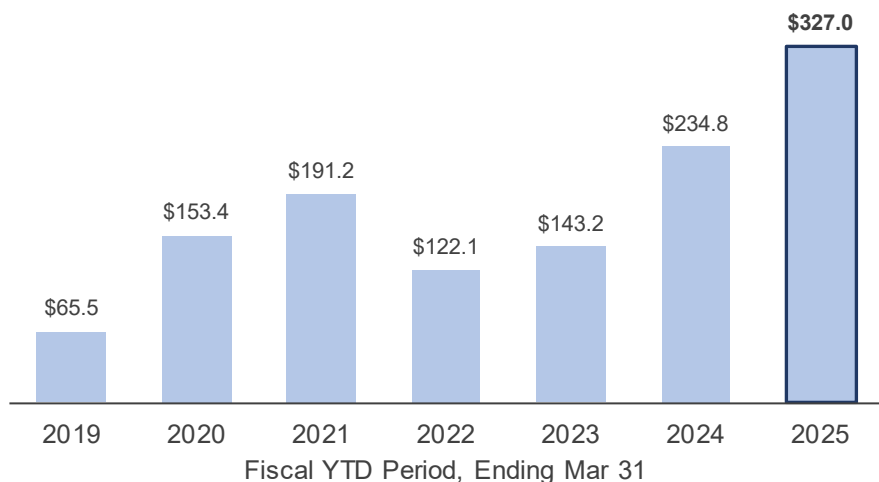
- Down 6.3% on an organic, constant currency basis
- Ongoing inflationary pressures and sales headwinds more than offset by cost controls, efficiency gains, reduced variable expense, lower medical expense, and favorable AR provisioning YoY

- **EBITDA margin of 12.4% up 59 bps YoY**

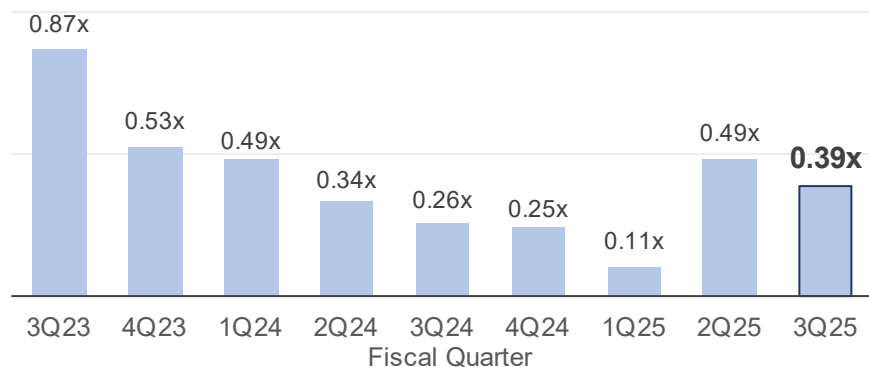
- Includes a 22 bps YoY tailwind due to lower LIFO expense

Cash Flow and Balance Sheet

Free Cash Flow (in Millions) - Fiscal YTD Period



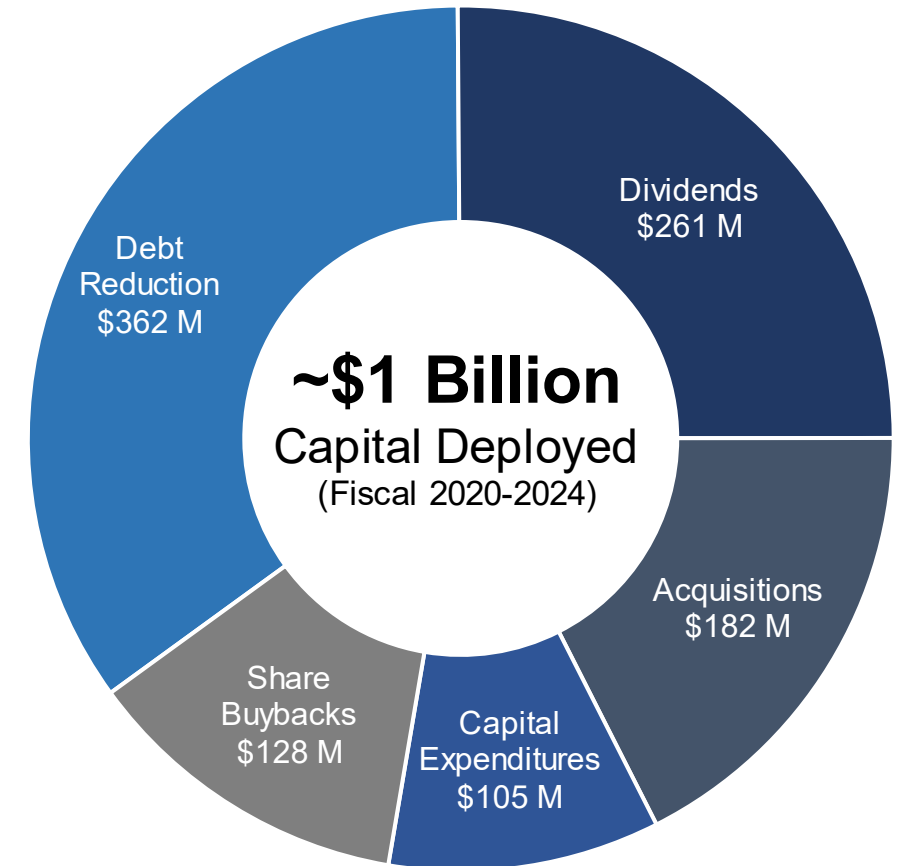
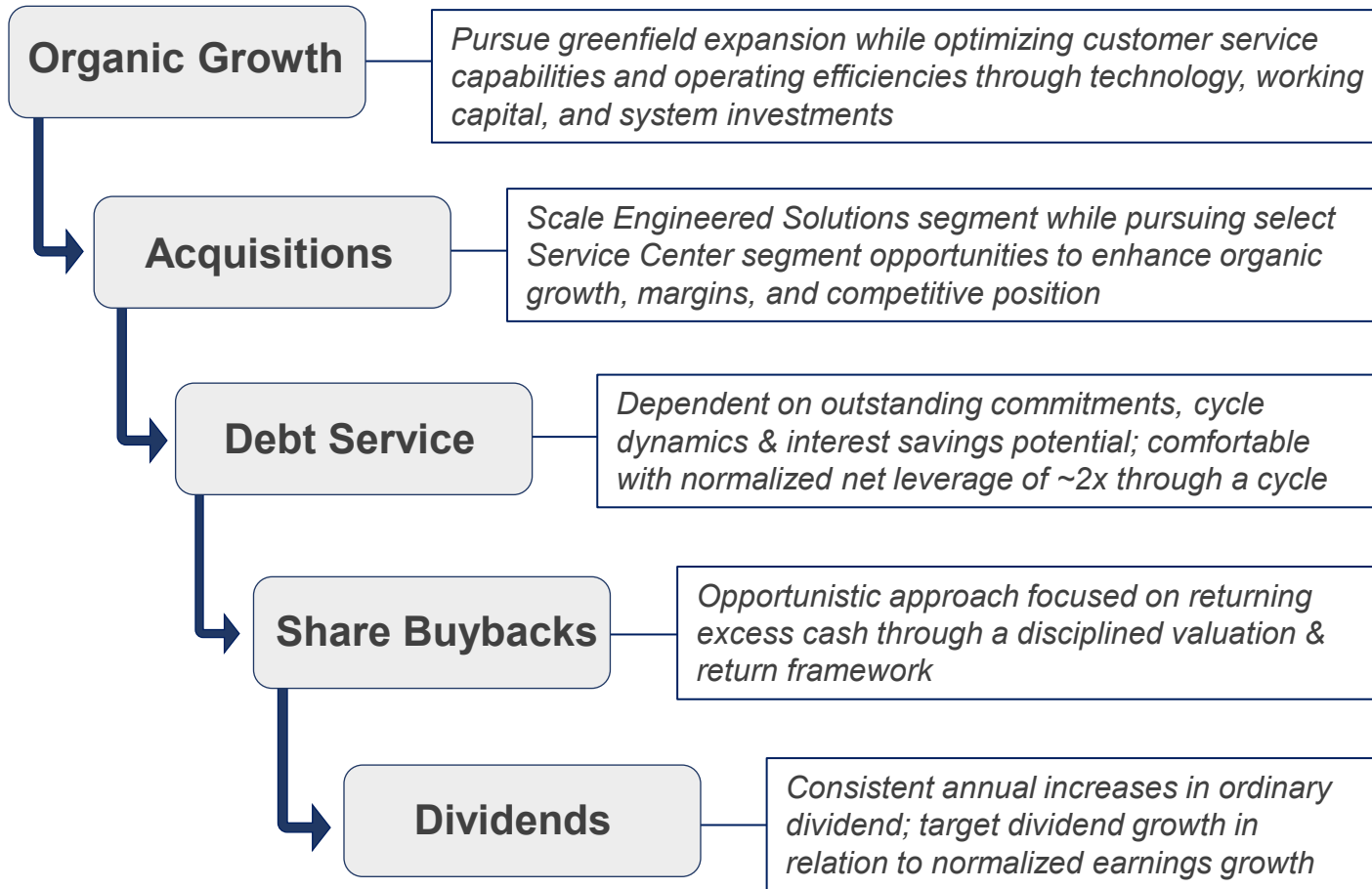
Net Leverage Ratio (Net Debt to Trailing EBITDA)



- **F3Q25 cash from operations of \$122.5M; free cash of \$114.9M**
 - Free cash at 115% of net income in the quarter
 - YTD free cash of \$327M up 39% and 115% of net income
 - YoY cash flow growth primarily reflects more modest working capital investment compared to the prior year, as well as ongoing progress with internal initiatives and our enhanced margin profile
- **Net leverage ratio at 0.39x as of March 31, 2025**
 - Pro-forma net leverage ratio at 0.46x including trailing 12-month EBITDA from Hydradyne acquisition, which closed on December 31, 2024
 - Compares to prior-year level of 0.26x
- **Strong balance sheet capacity to support growth** *(as of 3/31/25)*
 - \$353M of cash on hand
 - \$516M of available capacity under revolver
 - Additional \$500M accordion option
 - \$270M of available capacity on uncommitted shelf facility
 - \$62M of available capacity under AR securitization facility

Capital Allocation

Capital Allocation Priorities & Strategy



\$251M capital deployed in fiscal 2024
Over \$440M capital deployed in fiscal 2025 YTD

Fiscal 2025 Guidance and Outlook Assumptions



Fiscal 2025 Guidance

	Prior (1/29/25)		Current (5/1/25)	
Total Sales - YoY % chg	1%	- 3%	0%	- 1%
Organic Avg Daily Sales - YoY % chg	-3%	- -1%	-4%	- -3%
EBITDA Margin	12.2%	- 12.4%	12.3%	- 12.4%
Diluted EPS	\$9.65	- \$10.05	\$9.85	- \$10.00
Additional Assumptions:				
Depreciation & amortization expense	\$60.0	- \$62.0	\$60.0	- \$61.0
Interest & other expense (income)	\$0.0	- \$1.0	(\$0.6)	- (\$0.9)
Effective tax rate	23.0%	- 24.0%	22.2%	- 22.3%

Updated Considerations:

- Updating F4Q25 sales assumptions to reflect greater macro uncertainty and potential demand implications near term from the evolving tariff and trade backdrop
- Adjusting EBITDA margin guidance to primarily reflect F3Q25 performance, partially balanced by updated F4Q25 sales assumptions
- Assumes 5.5% to 6.0% of YoY M&A sales contribution in F4Q25
- Excludes contribution from future M&A and/or share repurchases
- Potential support/upside from industry position, sales initiatives, active cost controls, gross margin initiatives, greater ES segment order conversion, Hydradyne synergies, and a sooner/greater rebound in broader end-market demand
- F4Q25 assumptions:
 - Total Sales: Down 1% to up 3% YoY
 - Organic Daily Sales: Down MSD to LSD (%) YoY
 - Gross Margin: Stable sequentially (~30.5%)
 - EBITDA Margin: 12.6% to 12.8%
 - EPS: \$2.52 to \$2.67

Notes: 1) \$ amount in millions except EPS

2) LSD = Low Single-Digits, MSD = Mid Single-Digits

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

Fiscal Period	Q1	Q2	Q3	Q4	Year
2024	63.0	61.0	63.5	64.0	251.5
2025	64.0	62.0	63.0	63.5	252.5
2026	64.0	62.0	63.0	63.5	252.5

Appendix: Net Sales, Operating Income, EBITDA, & EBITDA Margin by Segment

<i>(dollar amount in thousands)</i>	Three Months Ended Mar 31	
	Q3 FY24	Q3 FY25
Service Center Based Distribution Segment:		
Net sales	\$ 789,356	\$ 761,602
Operating income	\$ 100,470	\$ 107,164
Depreciation and amortization of property	\$ 4,431	\$ 4,477
EBITDA	\$ 104,901	\$ 111,641
<i>% of sales (EBITDA margin)</i>	<i>13.3%</i>	<i>14.7%</i>
Engineered Solutions Segment:		
Net sales	\$ 357,034	\$ 405,147
Operating income	\$ 49,511	\$ 53,958
Depreciation and amortization of property	\$ 1,371	\$ 2,106
EBITDA	\$ 50,882	\$ 56,064
<i>% of sales (EBITDA margin)</i>	<i>14.3%</i>	<i>13.8%</i>
Corporate and other expense, net ⁽¹⁾	\$ 28,775	\$ 31,720

Note: (1) Includes intangible amortization expense.

Appendix: Reconciliation of EBITDA

<i>(dollar amount in thousands)</i>	Three Months Ended	
	Mar 31	
	Q3 FY24	Q3 FY25
Net Income	\$ 97,217	\$ 99,799
Interest expense (income), net	265	853
Income tax expense	25,448	27,483
Depreciation and amortization of property	5,802	6,583
Amortization of intangibles	6,951	10,218
EBITDA	\$ 135,683	\$ 144,936

Appendix: Reconciliation of EBITDA Margin

<i>(dollar amount in thousands)</i>	Three Months Ended Mar 31	
	Q3 FY24	Q3 FY25
Net Sales	\$ 1,146,390	\$ 1,166,749
EBITDA	135,683	144,936
EBITDA Margin	11.8%	12.4%

Appendix: Reconciliation of Free Cash Flow

	Three Months Ended September 30						
<i>(dollar amount in thousands)</i>	Q1 FY19	Q1 FY20	Q1 FY21	Q1 FY22	Q1 FY23	Q1 FY24	Q1 FY25
Cash provided by Operating Activities	\$ 11,797	\$ 50,018	\$ 81,842	\$ 48,642	\$ 25,943	\$ 66,209	\$127,747
Capital Expenditures	(3,173)	(4,946)	(3,597)	(3,621)	(5,554)	(4,340)	(5,549)
Free Cash Flow	\$ 8,624	\$ 45,072	\$ 78,245	\$ 45,021	\$ 20,389	\$ 61,869	\$122,198

	Three Months Ended December 31						
<i>(dollar amount in thousands)</i>	Q2 FY19	Q2 FY20	Q2 FY21	Q2 FY22	Q2 FY23	Q2 FY24	Q2 FY25
Cash provided by Operating Activities	\$ 53,783	\$ 54,881	\$ 77,514	\$ 32,622	\$ 62,880	\$101,758	\$ 95,137
Capital Expenditures	(3,923)	(7,019)	(4,852)	(3,889)	(7,263)	(5,523)	(5,197)
Free Cash Flow	\$ 49,860	\$ 47,862	\$ 72,662	\$ 28,733	\$ 55,617	\$ 96,235	\$ 89,940

	Three Months Ended March 31						
<i>(dollar amount in thousands)</i>	Q3 FY19	Q3 FY20	Q3 FY21	Q3 FY22	Q3 FY23	Q3 FY24	Q3 FY25
Cash provided by Operating Activities	\$ 11,586	\$ 64,725	\$ 44,053	\$ 52,559	\$ 75,204	\$ 84,192	\$122,453
Capital Expenditures	(4,615)	(4,258)	(3,728)	(4,164)	(7,992)	(7,491)	(7,549)
Free Cash Flow	\$ 6,971	\$ 60,467	\$ 40,325	\$ 48,395	\$ 67,212	\$ 76,701	\$114,904

	Nine Months Ended March 31						
<i>(dollar amount in thousands)</i>	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Cash provided by Operating Activities	\$ 77,166	\$ 169,624	\$ 203,409	\$ 133,823	\$ 164,027	\$252,159	\$345,337
Capital Expenditures	(11,711)	(16,223)	(12,177)	(11,674)	(20,809)	(17,354)	(18,295)
Free Cash Flow	\$ 65,455	\$ 153,401	\$ 191,232	\$ 122,149	\$ 143,218	\$234,805	\$327,042

Appendix: Reconciliation of Net Leverage Ratio

<i>(dollar amount in thousands)</i>	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25
Net Income	\$ 97,187	\$ 92,215	\$ 93,826	\$ 91,228	\$ 97,217	\$ 103,491	\$ 92,063	\$ 93,290	\$ 99,799
Interest expense (income), net	4,773	4,201	1,320	1,917	265	(671)	(627)	(936)	853
Income tax expense	25,093	30,322	25,103	24,373	25,448	37,444	24,017	29,271	27,483
Depreciation and amortization	5,565	5,668	5,717	6,048	5,802	5,864	5,924	5,926	6,583
Amortization of intangibles	7,670	7,616	7,393	7,257	6,951	7,322	7,600	7,567	10,218
EBITDA	\$ 140,288	\$ 140,022	\$ 133,359	\$ 130,823	\$ 135,683	\$ 153,450	\$ 128,977	\$ 135,118	\$ 144,936
Trailing 4-Quarter EBITDA	\$ 504,450	\$ 524,521	\$ 539,170	\$ 544,492	\$ 539,887	\$ 553,315	\$ 548,933	\$ 553,228	\$ 562,481
Current portion of long-term debt	\$ 25,196	\$ 25,170	\$ 25,171	\$ 25,159	\$ 25,107	\$ 25,055	\$ 25,003	\$ -	\$ -
Long-term debt	597,006	596,926	596,883	571,854	571,862	572,279	572,288	572,300	572,300
Total Debt	\$ 622,202	\$ 622,096	\$ 622,054	\$ 597,013	\$ 596,969	\$ 597,334	\$ 597,291	\$ 572,300	\$ 572,300
Cash	182,127	344,036	360,415	412,855	456,533	460,617	538,520	303,441	352,842
Net Debt	\$ 440,075	\$ 278,060	\$ 261,639	\$ 184,158	\$ 140,436	\$ 136,717	\$ 58,771	\$ 268,859	\$ 219,458
Net Leverage Ratio	0.87	0.53	0.49	0.34	0.26	0.25	0.11	0.49	0.39