Fiscal Q4 2025 Recap

August 14, 2025

Safe Harbor Statement

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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

- **F4Q25 sales and EPS exceeded our expectations** on solid execution within a muted yet stable end-market backdrop, combined with emerging growth tailwinds tied to our industry position and business pipeline.

- **Organic daily sales returned to positive YoY growth** for the first time in over a year with underlying trends improving each month of the quarter and into early FY26 (estimated +4% YoY F1Q26 to date).

- **ES segment sales recovery beginning to emerge (+1.8% organic vs. -6.5% in F3Q25)**, reflecting recent order strength, firming demand across key growth verticals (technology, automation), and easier comparisons.

- **Margins favorably positioned as growth tailwinds resurface;** F4Q25 performance steady with gross and EBITDA margins up sequentially; YoY trends impacted by AR provisioning, M&A mix, and prior-year comparisons.

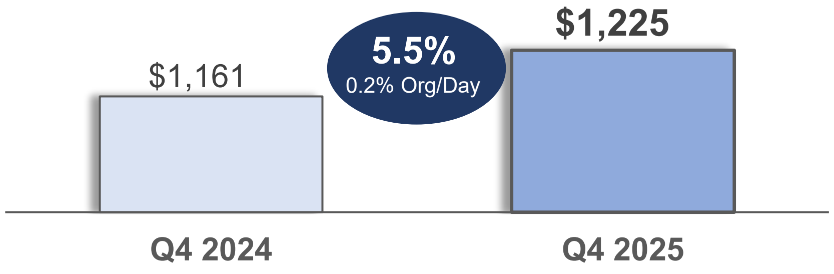
- **Positive momentum entering FY26** considering co-specific growth initiatives, a potential end-market recovery, structural mix tailwinds, and balance sheet capacity; initial guidance incorporates ongoing macro/tariff uncertainty.

- **Record cash generation in FY25 supported over $560M in total capital deployment (+124% YoY)** including notable M&A and share repurchase activity; focused on additional capital deployment in FY26.

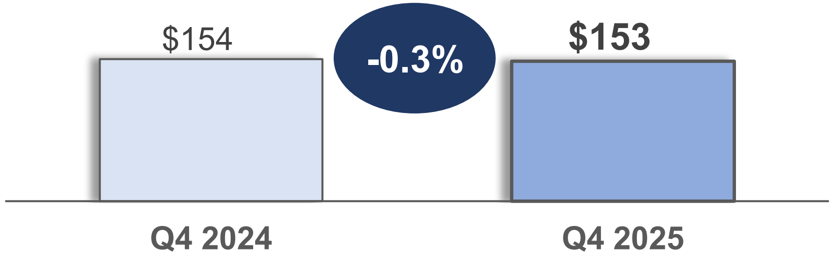
Fiscal Q4 2025 Key Financial Highlights

- **Sales up 5.5% YoY**
  - Up 0.2% on an organic daily basis
  - Acquisitions +6.5%, currency -0.4%, selling days -0.8%
- **Net Income of $107.8M and EPS of $2.80**
  - EPS up 5.9% YoY
  - Includes $2.9M pre-tax ($0.06/sh) of LIFO expense
  - Favorable impact YoY from a lower tax rate and share count, partially offset by higher net interest expense
- **Gross margin 30.6%, down 9 bps vs. prior year of 30.7%**
  - Includes a 21 bps YoY headwind from higher LIFO expense
- **SD&A expense of $239.7M at 19.6% of sales**
  - Up 0.3% YoY on an organic, constant currency basis
- **EBITDA of $153.0M, down 0.3% vs. prior year of $153.5M**
  - 12.5% EBITDA margin down 73 bps YoY
  - Includes a 21 bps YoY headwind from higher LIFO expense
- **Operating cash of $147.0M; free cash of $138.2M**
  - Free cash up 24% YoY and 128% of net income

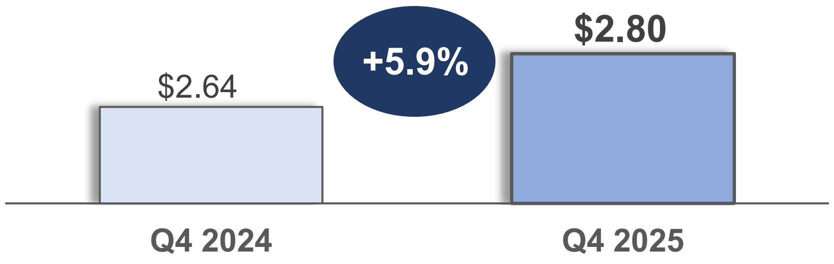
***Sales**, $ in millions*



***EBITDA**, $ in millions*



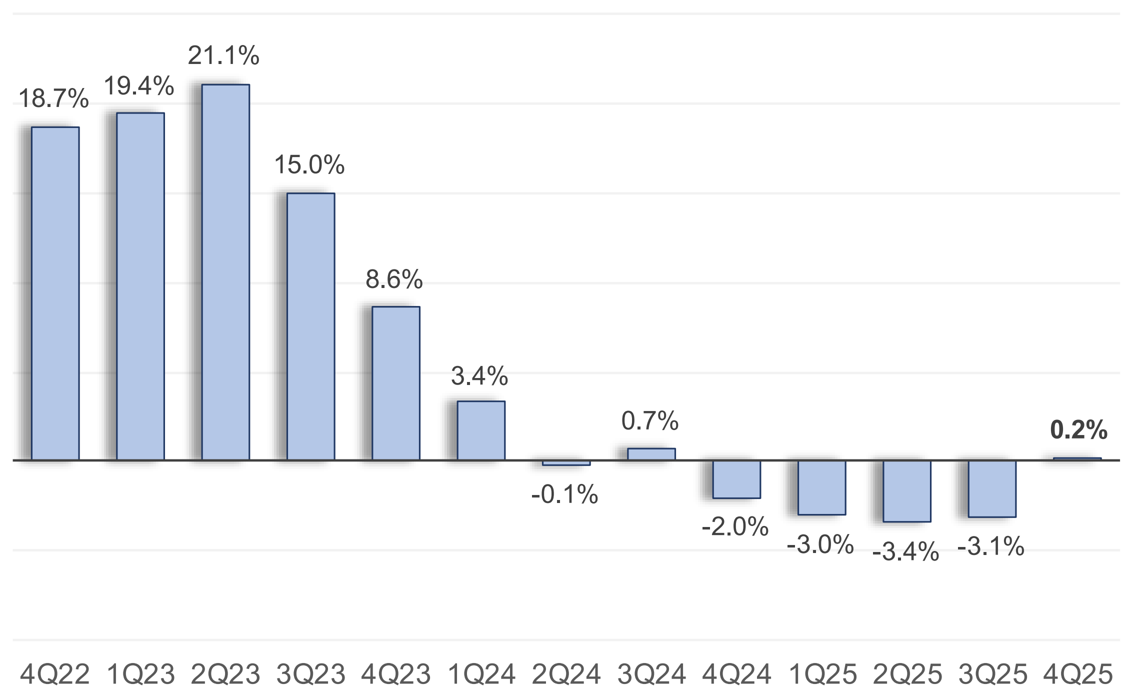
Earnings Per Share



Organic Sales Growth Trend and Investor Discussion Points

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

Fiscal Quarters



F4Q25 Sales Growth Detail

- Up 0.2% YoY on an organic daily basis vs. down 3.1% YoY in F3Q25 and guidance of down mid to low-single digits
- 2-year stack trend improved 60 bps sequentially vs. F3Q25
- Average organic daily sales increased 4% sequentially, ahead of normal seasonal patterns for the first time in 10 quarters
- Organic sales trends led by the Engineered Solutions segment where average daily sales increased 1.8% organically YoY, representing the first YoY increase in 7 quarters
- 15 of top 30 industry verticals up YoY in F4Q25 compared to 16 during F3Q25 *
- YoY growth strongest across technology, pulp & paper, fabricated metals, food & beverage, and oil & gas
- Offset by declines primarily in utilities & energy, primary metals, aggregates, chemicals, and rubber & plastics

** Based on largest 30 industry verticals for fiscal 2024*

Other Investor Discussion Points

Investor Topic	Update & Details
Underlying Demand	End-market demand remains mixed given ongoing macro/tariff uncertainty but showing some incremental positive signs including slightly stronger capital maintenance and project activity
Pricing / Tariffs	Price contribution was over 100 bps in F4Q25 and is expected to slowly increase in FY26 as recent supplier price increases take effect and continue to evolve with the fluid tariff backdrop
ES Segment Growth	F4Q25 organic performance led by automation (+MSD), flow control (+LSD), and parts of fluid power (tech vertical +DD), partially offset by ongoing weakness across fluid power mobile OEM markets
Hydradyne Update	Making solid progress through the first 6 months of ownership; sales and earnings contribution was greater in F4Q25 as team alignment, growth opportunities, and synergies begin to drive benefits
EBITDA Margin Outlook	Several potential tailwinds via mix (ES & local account growth), M&A synergies, leveraging growth investments, & internal initiatives; reiterate MT-to-HT incrementals on MSD organic sales growth
Organic Growth Drivers	Secular: Reshoring, industrial system modernization, automation adoption, energy efficiency focus Structural: Customer technical labor shortages, supply-chain hardening, industry consolidation Co-specific: Sales force investments, ancillary product & cross-selling initiatives, ES expansion

Note: LSD = Low Single-Digits, MSD = Mid Single-Digits, MT = Mid Teen, HT = High Teen, DD = Double Digits

Fiscal Q4 2025 Margin and Expense Highlights

Gross Profit, SD&A, and EBITDA Metrics

$ in millions	**Q4 25**	**Q4 24**	**Chg YoY**	***LIFO Impact YoY***
Gross Profit	**$374.7**	$356.2	5.2%	*(0.7%)*
Gross Margin	**30.6%**	30.7%	(9) bps	*(21) bps*
SD&A Expense	**$239.7**	$216.9	10.5%	
% of Sales	**19.6%**	18.7%	(88) bps	
EBITDA	**$153.0**	$153.5	(0.3%)	*(1.7%)*
EBITDA Margin	**12.5%**	13.2%	(73) bps	*(21) bps*
Memo: LIFO Expense	**$2.9**	$0.3		

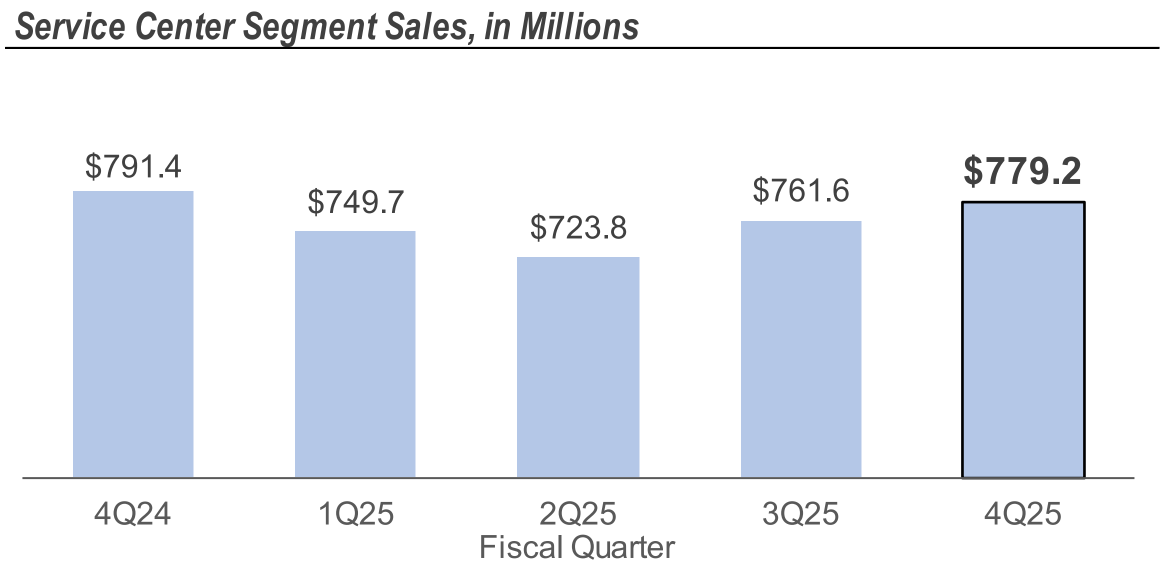
- **Gross margin down 9 bps YoY**
  - Includes an unfavorable 21 bps YoY impact from LIFO expense, primarily reflecting a layer liquidation benefit in the prior-year period
  - YoY improvement excluding LIFO impact primarily reflects positive acquisition mix and channel execution, partially offset by unfavorable mix tied to lower local account volumes, as well as favorable solution sales mix in the prior-year period

- **SD&A expense up 10.5% YoY**
  - Up 0.3% on an organic, constant currency basis
  - Includes higher AR provisioning (~$4M or 200 bps unfavorable YoY) and deferred compensation costs (80 bps unfavorable YoY), offset by lower discretionary spending and employee-related costs

- **EBITDA margin of 12.5% down 73 bps YoY**
  - Includes an unfavorable 21 bps YoY impact from LIFO expense
  - Also includes higher AR provisioning (~30 bps YoY) and unfavorable acquisition mix (~20 bps)

Segment Results – Service Center

Segment Overview: *Representing 66% of fiscal 2025 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*

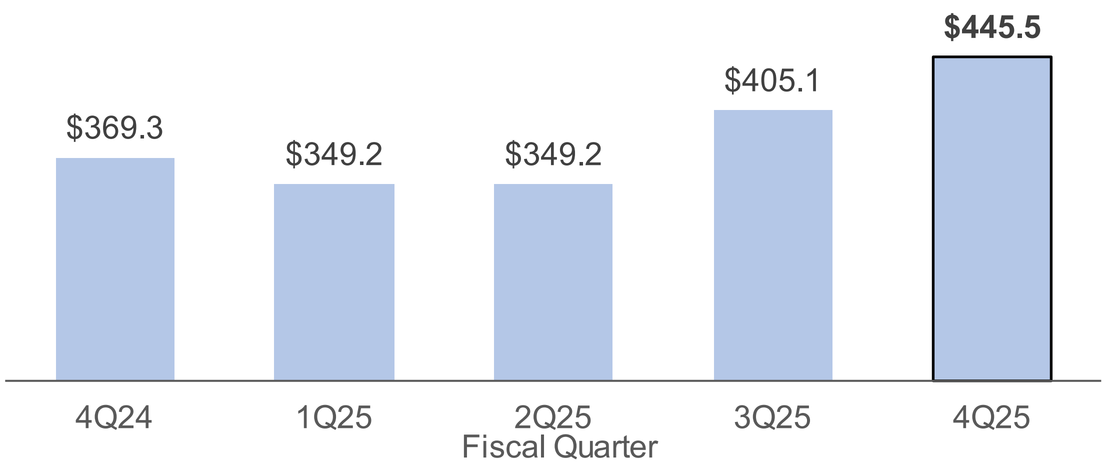


- **Sales down 1.5% YoY in F4Q25**
  - Organic − 0.4%
  - Acquisitions + 0.3%
  - Currency − 0.6%
  - Selling days − 0.8%
- Organic decline driven by muted end-market demand early in the quarter, including weaker international sales; trends improved through the quarter with average daily sales above normal seasonal patterns for the second straight quarter reflecting incremental capital maintenance spending and firming technical break-fix activity
- Muted end-market demand balanced by continued benefits from ongoing sales force productivity initiatives, technology investments, and new business opportunities, as well as cross-selling momentum
- Segment EBITDA of $106.3M in F4Q25 down 8.3% YoY primarily reflecting unfavorable AR provisioning (~300 bps) and LIFO expense (~100 bps), as well as deferred compensation costs (~150 bps)

Segment Results – Engineered Solutions

Segment Overview: *Representing 34% of fiscal 2025 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*

Engineered Solutions Segment Sales, in Millions

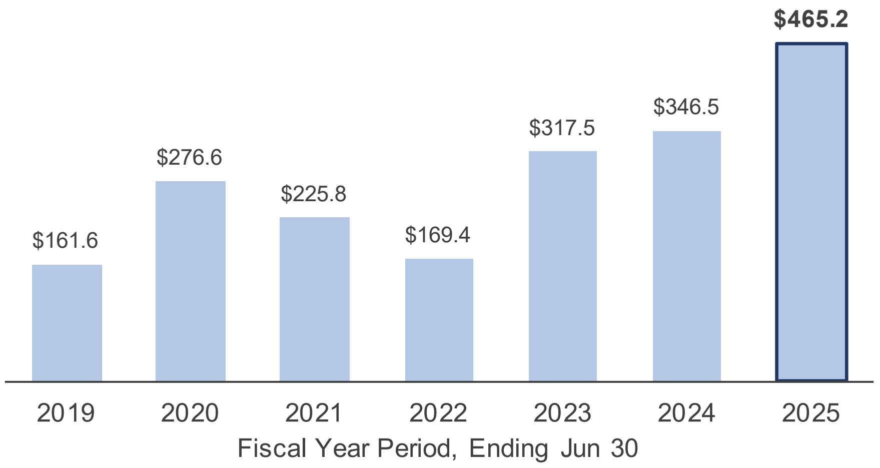


- **Sales up 20.7% YoY in F4Q25**
  - Organic + 1.8%
  - Acquisitions + 19.7%
  - Selling days − 0.8%

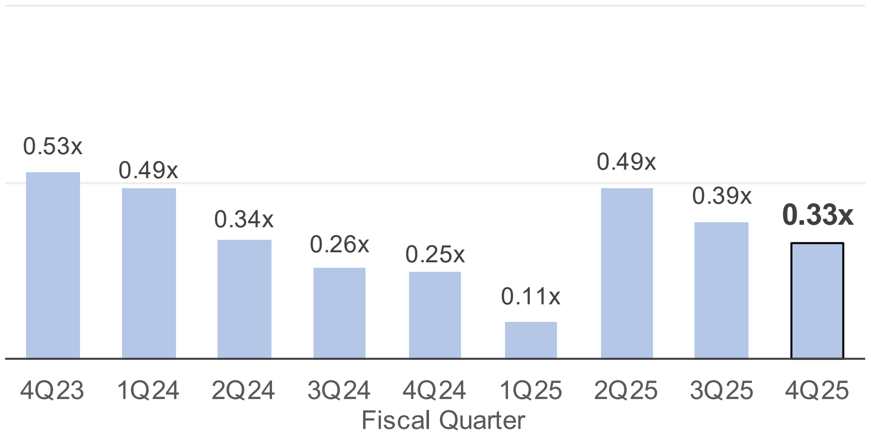
- Organic growth driven by recent order strength, firming demand across key growth verticals (tech, automation), and easier comparisons, partially offset by ongoing weakness across mobile fluid power OEM markets
- Segment order trends remain positive (organic up high single-digits YoY in F4Q25) though customers continue to take a measured approach to capital deployment and project/install phasing
- Segment EBITDA of $65.8M in F4Q25 up 13.5% YoY reflecting contribution from the Hydradyne acquisition (closed 12/31/24) and solid cost management, partially offset by higher LIFO expense

Cash Flow and Balance Sheet

Free Cash Flow (in Millions) - Fiscal Year Period



Net Leverage Ratio (Net Debt to Trailing EBITDA)



- **F4Q25 cash from operations of $147.0M; free cash of $138.2M**
  - Free cash at 128% of net income in F4Q25
  - Full-year FY25 free cash of $465.2M up 34%, and 118% 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 0.33x as of June 30, 2025**
  - Pro-forma net leverage ratio at 0.32x including trailing 12-month EBITDA from Hydradyne acquisition, which closed on December 31, 2024
  - Compares to prior-year level of 0.25x

- **Strong balance sheet capacity to support capital deployment** *(as of 6/30/25)*
  - $388M 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

Organic Growth — *Pursue greenfield expansion while optimizing customer service capabilities and operating efficiencies through technology, working capital, and system investments*

Acquisitions — *Scale Engineered Solutions segment while pursuing select Service Center segment opportunities to enhance organic growth, margins, and competitive position*

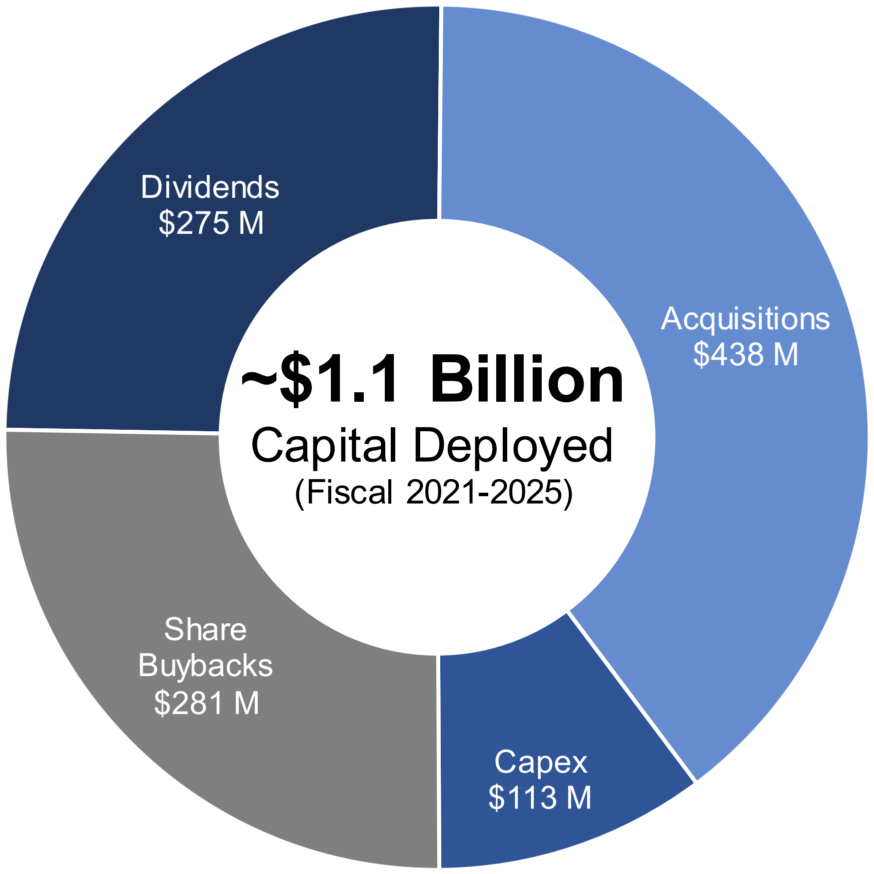
Debt Service — *Dependent on outstanding commitments, cycle dynamics & interest savings potential; comfortable with normalized net leverage of ~2x through a cycle*

Share Buybacks — *Opportunistic approach focused on returning excess cash through a disciplined valuation & return framework*

Dividends — *Consistent increases in ordinary dividend; target dividend growth in relation to normalized earnings growth*

Capital Deployed Last 5 Years

(Capex, M&A, Share Repurchases, & Dividends)



$562M of capital deployed in fiscal 2025 (including debt reduction)
Up 124% vs. fiscal 2024

Fiscal 2026 Guidance and Outlook Assumptions

	Fiscal 2026 Guidance		
Total Sales - YoY % chg	**4%**	**-**	**7%**
Organic Sales - YoY % chg	1%	-	4%
EBITDA Margin	**12.2%**	**-**	**12.5%**
Diluted EPS	**$10.00**	**-**	**$10.75**
Additional Assumptions:			
Depreciation & amortization expense	$66.0	-	$68.0
Interest & other expense	$5.0	-	$6.0
Effective tax rate	23.0%	-	24.0%

Guidance Assumptions:

- Assumes ongoing demand headwinds from macro and tariff related uncertainty primarily through the first half of the year
- Approximately 150 to 200 bps of price contribution to sales growth
- Approximately 300 bps of YoY M&A sales contribution, including ~600 bps YoY in 1H
- Excludes contribution from future M&A and/or share repurchases
- Mid-point assumes a low-teen incremental EBITDA margin inclusive of M&A contribution and higher LIFO expense
- Potential support/upside from industry position, sales initiatives, active cost controls, gross margin initiatives, Hydradyne synergies, and a sooner/greater rebound in broader end-market demand
- F1Q26 assumptions:
  - Total Sales: Up HSD YoY
  - Organic Sales: Up LSD YoY
  - Gross Margin: Down slightly sequentially
  - EBITDA Margin: 11.9% to 12.1%

Notes: 1) $ amount in millions except EPS
2) LSD = Low Single-Digits, HSD = High 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**
2027	**64.0**	**62.0**	**62.5**	**64.0**	**252.5**

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

	Three Months Ended Jun 30	
(dollar amount in thousands)	**Q4 FY24**	**Q4 FY25**
Service Center Segment:		
Net sales	$ 791,393	$ 779,180
Operating income	110,618	101,287
Depreciation and amortization of property	4,478	4,213
Amortization of intangibles	773	751
EBITDA	**$ 115,869**	**$ 106,251**
% of sales (EBITDA margin)	*14.6%*	*13.6%*
Engineered Solutions Segment:		
Net sales	$ 369,282	$ 445,550
Operating income	50,022	54,094
Depreciation and amortization of property	1,386	2,253
Amortization of intangibles	6,549	9,445
EBITDA	**$ 57,957**	**$ 65,792**
% of sales (EBITDA margin)	*15.7%*	*14.8%*
Corporate and other expense, net	$ 21,297	$ 20,296

Note: Intangible amortization expense now included in segment operating income (previously reported as part of corporate and other expense in table above)

Appendix: Reconciliation of EBITDA

	Three Months Ended Jun 30	
(dollar amount in thousands)	**Q4 FY24**	**Q4 FY25**
Net Income	**$ 103,491**	**$ 107,836**
Interest (income) expense, net	(671)	1,322
Income tax expense	37,444	27,208
Depreciation and amortization of property	5,864	6,466
Amortization of intangibles	7,322	10,196
EBITDA	**$ 153,450**	**$ 153,028**

Appendix: Reconciliation of EBITDA Margin

	Three Months Ended Jun 30	
(dollar amount in thousands)	**Q4 FY24**	**Q4 FY25**
Net Sales	**$ 1,160,675**	**$ 1,224,730**
EBITDA	153,450	153,028
EBITDA Margin	**13.2%**	**12.5%**

Appendix: Reconciliation of Free Cash Flow

	Three Months Ended June 30						
(dollar amount in thousands)	**Q4 FY19**	**Q4 FY20**	**Q4 FY21**	**Q4 FY22**	**Q4 FY23**	**Q4 FY24**	**Q4 FY25**
Cash provided by Operating Activities	$ 103,435	$ 127,090	$ 38,288	$ 53,747	$ 179,939	$ 119,234	$ 147,048
Capital Expenditures	(7,259)	(3,892)	(3,675)	(6,450)	(5,667)	(7,510)	(8,892)
Free Cash Flow	$ 96,176	$ 123,198	$ 34,613	$ 47,297	$ 174,272	$ 111,724	$ 138,156

	Twelve Months Ended June 30						
(dollar amount in thousands)	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
Cash provided by Operating Activities	$ 180,601	$ 296,714	$ 241,697	$ 187,570	$ 343,966	$ 371,393	$ 492,385
Capital Expenditures	(18,970)	(20,115)	(15,852)	(18,124)	(26,476)	(24,864)	(27,187)
Free Cash Flow	$ 161,631	$ 276,599	$ 225,845	$ 169,446	$ 317,490	$ 346,529	$ 465,198

Appendix: Reconciliation of Net Leverage Ratio

(dollar amount in thousands)	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Net Income	$ 92,215	$ 93,826	$ 91,228	$ 97,217	$ 103,491	$ 92,063	$ 93,290	$ 99,799	$ 107,836
Interest expense (income), net	4,201	1,320	1,917	265	(671)	(627)	(936)	853	1,322
Income tax expense	30,322	25,103	24,373	25,448	37,444	24,017	29,271	27,483	27,208
Depreciation and amortization	5,668	5,717	6,048	5,802	5,864	5,924	5,926	6,583	6,466
Amortization of intangibles	7,616	7,393	7,257	6,951	7,322	7,600	7,567	10,218	10,196
EBITDA	**$ 140,022**	**$ 133,359**	**$ 130,823**	**$ 135,683**	**$ 153,450**	**$ 128,977**	**$ 135,118**	**$ 144,936**	**$ 153,028**
Trailing 4-Quarter EBITDA	**$ 524,521**	**$ 539,170**	**$ 544,492**	**$ 539,887**	**$ 553,315**	**$ 548,933**	**$ 553,228**	**$ 562,481**	**$ 562,059**
Current portion of long-term debt	$ 25,170	$ 25,171	$ 25,159	$ 25,107	$ 25,055	$ 25,003	$ -	$ -	$ -
Long-term debt	596,926	596,883	571,854	571,862	572,279	572,288	572,300	572,300	572,300
Total Debt	$ 622,096	$ 622,054	$ 597,013	$ 596,969	$ 597,334	$ 597,291	$ 572,300	$ 572,300	$ 572,300
Cash	344,036	360,415	412,855	456,533	460,617	538,520	303,441	352,842	388,417
Net Debt	$ 278,060	$ 261,639	$ 184,158	$ 140,436	$ 136,717	$ 58,771	$ 268,859	$ 219,458	$ 183,883
Net Leverage Ratio	**0.53**	**0.49**	**0.34**	**0.26**	**0.25**	**0.11**	**0.49**	**0.39**	**0.33**

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