
Financial Release

For Immediate Release

Applied Industrial Technologies Reports Fiscal 2016 First Quarter Results and Declares Dividend

CLEVELAND, OHIO (October 28, 2015) – Applied Industrial Technologies (NYSE: AIT) today reported first quarter fiscal 2016 sales and earnings for the three months ended September 30, 2015.

Net sales for the quarter were \$641.9 million, a decrease of 8.6% compared with \$702.3 million in the same quarter a year ago. The overall sales decrease for the quarter reflects a 1.8% increase from acquisition-related volume offset by a negative 3.2% foreign currency translation impact and a 7.2% decrease in core underlying operations. This 7.2% decrease consists of a 2.3% decline in traditional core operations along with a 4.9% decrease attributable to sales from the upstream oil and gas subsidiaries. Net income for the quarter was \$24.3 million, or \$0.61 per share, compared with \$29.1 million, or \$0.70 per share, in the first quarter of fiscal 2015.

Commenting on the results, Applied’s President & Chief Executive Officer Neil A. Schrimsher said, “Our first quarter results reflect the continued impact of reduced demand in many industrial end markets, most notably oil and gas, as well as headwinds from foreign currency translation. We continue to take a disciplined approach to controlling costs and driving improved efficiencies across our business.

“As a result of the continued weakness in some of our served markets, we are revising our full-year guidance and now expect earnings per share between \$2.65 and \$2.85 per share on a sales decrease of 5% to 7%.

“We are fully committed to generating shareholder value in any economic cycle through our business performance; expanding our product, service and solution offering; and creating opportunities with current and new customers. In addition, we will continue to

optimize our capital allocation through dividends, share repurchases and acquisitions. We are pleased with the recent acquisition of S. G. Morris Co., a strong strategic fit that further enhances our fluid power market leadership and provides additional growth opportunities.”

During the quarter, the Company purchased 451,100 shares of its common stock in open market transactions for \$18.0 million. At September 30, 2015, the Company had remaining authorization to purchase 796,200 additional shares.

In addition, Mr. Schrimsher announced that the Company’s Board of Directors declared a quarterly cash dividend of \$0.27 per common share, payable on November 30, 2015, to shareholders of record on November 16, 2015.

Applied will host its quarterly conference call for investors and analysts at 10 a.m. ET on October 28. Neil A. Schrimsher – President & CEO, and Mark O. Eisele – CFO will discuss the Company's performance. To join the call, dial 1-800-939-4079 or 1-212-231-2919 (for International callers). A live audio webcast can be accessed online through the investor relations portion of the Company's website at www.applied.com. A replay of the call will be available for two weeks by dialing 1-800-633-8625 or 1-402-977-9141 (International) using passcode 21777795.

Founded in 1923, Applied Industrial Technologies is a leading industrial distributor that offers more than five million parts to serve the needs of MRO and OEM customers in virtually every industry. In addition, Applied provides engineering, design and systems integration for industrial and fluid power applications, as well as customized mechanical, fabricated rubber and fluid power shop services. Applied also offers maintenance training and inventory management solutions that provide added value to its customers. For more information, visit www.applied.com.

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. 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,” “will,” and derivative or similar expressions. All forward-looking statements are based on current expectations regarding important risk factors including

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.

#####

For investor relations information, contact Mark O. Eisele, Vice President – Chief Financial Officer, at 216-426-4417. For corporate information, contact Julie A. Kho, Manager – Public Relations, at 216-426-4483.