

We Keep Industry Running

CORPORATE FACT SHEET

Quarter 2 Fiscal Year 2018



APPLIED® AT A GLANCE

SALES FOR FISCAL YEAR ENDED 6/30/17:

\$2.6 billion

EPS FOR FISCAL 2017:

\$2.83*

OPERATING FACILITIES:

More than 600 in the United States, Puerto Rico, Canada, Mexico, Australia, New Zealand and Singapore

DISTRIBUTION CENTERS:

12

INTERNET SITE:

www.Applied.com

CATALOG:

2017 / 2018 Applied Industrial Technologies Product Catalog

STOCK KEEPING UNITS (SKUS)

AVAILABLE TO CUSTOMERS:

More than 6.5 million

PRODUCT MANUFACTURERS (SUPPLIERS):

More than 4,000

ADDRESS:

Applied Industrial Technologies
Corporate Headquarters
1 Applied Plaza
Cleveland, OH 44115
216/426-4000

NYSE:

AIT

Data current as of 2/1/2018

*EPS reported excludes the benefit of the worthless stock tax deduction recorded in FY 2017.

ABOUT APPLIED

Applied Industrial Technologies is a leading distributor of bearings, power transmission products, engineered fluid power, specialty flow control solutions, and other industrial supplies, serving 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, fluid power, and flow control shop services. Applied also offers storeroom services and inventory management solutions that provide added value to its customers.

Simply stated – We Keep Industry Running... Productively.

OVERVIEW

We are excited about the future at Applied, supported by a secure financial position, committed associates, best-in-class suppliers and, of course, our growing customer base. Propelling us forward is our rich heritage of 95 years of leadership in industrial distribution, built on a solid foundation of quality brands, innovative solutions, dedicated customer service, the highest ethical standards and a commitment to our Core Values.

With our strong foundation and significant position as a well-diversified industrial distributor, we have much to offer and even greater potential... serving customers, further enhancing our value-add capabilities and delivering on our commitment to generate shareholder value.

Six Month Financial Data as of December 31,	FY2018	FY2017
Net Sales	\$ 1.35B	\$ 1.23B
Net Income	\$ 64.7M	\$ 51.5M
Earnings Per Share	\$ 1.65	\$ 1.31
Gross Margin	28.3 %	28.5 %
Operating Margin	7.3 %	6.6 %
Debt-to-Total Cap	27.1 %	32.4 %
Cash at December 31	\$ 85.3M	\$ 62.9M
Cash Dividends Per Share/Yield	\$ 0.58/1.7 %	\$ 0.56/1.9 %
Closing Share Price on December 31	\$ 68.10	\$ 59.40
52-Week Range	\$ 70.05-54.00	\$ 62.65-35.55
Market Cap at December 31	\$ 2.7B	\$ 2.3B
Average Daily Volume (6 months)	193,000	184,000
Average Shares Outstanding	39,270,000	39,352,000

OUR BUSINESS MODEL



KEY OFFICERS:

Neil A. Schrimsher
President & Chief Executive Officer

David K. Wells
Vice President – Chief Financial Officer
& Treasurer

INVESTOR CONTACT:

For more information, visit the Company's website at Applied.com or contact:

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Vice President – CFO & Treasurer
Phone: 216/426-4755
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SHAREHOLDER INQUIRIES:

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P.O. Box 505000
Louisville, KY 402333-5000
800/988-5291

ANALYST COVERAGE:

Cleveland Research Company
Adam Uhlman 216/649-7241

Great Lakes Review - Division of Wellington
Shields & Co.

Elliott Schlang 216/767-1340

KeyBanc Capital Markets
Steve Barger 216/689-0210

Longbow Research
Chris Dankert 216/525-8486

Northcoast Research
Ryan Cieslak
216/468-6919

Wells Fargo Securities, LLC
Allison Poliniak-Cusic 212/214-5062

INVESTMENT CONSIDERATIONS

HEALTHY BALANCE SHEET:

Applied maintains a strong balance sheet, which provides flexibility in pursuing appropriate opportunities for growth. At December 31, 2017, Applied's current ratio (current assets to current liabilities) was 3.3 to 1. Applied had \$313.3 million in debt outstanding at December 31, 2017.

SOLID CASH FLOW:

Applied continues to generate strong cash flow, which enables us to invest for future growth and create value for shareholders. Cash provided by operations was \$21.2 million for the six months ended December 31, 2017. Working capital at December 31, 2017 was \$631.9 million, improved as a percentage of sales by 200 basis points year-over-year.

DIVIDEND POLICY:

We are committed to generating increased shareholder value, including paying an attractive dividend. In January 2018, we declared an increase in the quarterly cash dividend to \$0.30 per common share, which correlates to a current annual dividend rate of \$1.20 per common share. This represented the ninth consecutive year of dividend increases.

CORPORATE GOVERNANCE:

Applied is committed to integrity in corporate governance and transparency in financial reporting. Applied's Board of Directors is a diverse group of seasoned executives who represent shareholders' best interests.

SELECTED HIGHLIGHTS

PROFITABLE SALES GROWTH:

Net sales for the six months ended December 31, 2017 increased 9.3% over the prior year. Our results reflect broad-based execution of our strategic growth initiatives across our business groups and a productive economic market environment. Adding to our momentum, on February 1, 2018, we announced the completion of the FCX Performance, Inc. (FCX) acquisition. FCX is a leading distributor of specialty process flow control products and services. The company brings us leading, value-added specialty flow control expertise with premier brands, high-touch technical service, an extensive footprint, and strong customer relationships. Together, our combined resources will make Applied a leading technical solutions provider with significant opportunities for growth.

Moving forward, we maintain continuity and focus on our long-range strategic plan, including five growth pillars:

Core Growth – growing our core sales and marketing capabilities across 600 locations – *leveraging our local market presence and plans to expand with existing accounts and new customers*

Product Expansion – driving results beyond our base offerings – *with opportunities across all of our product groups*

Fluid Power & Flow Control – building on our position of leadership in the North American markets – *leveraging our value-added services and expanding product offering for OEM customers, and gaining increased share of MRO end users*

Operational Excellence – *driving continuous improvements across the business and realizing the full potential from our ERP systems and Applied.com investments*

Acquisitions – *with a productive M&A pipeline, staying active in extending our business reach and expanding Applied's capabilities to serve industrial customers in our geographic markets*

Overall, we are off to an exciting start to the calendar year and our fiscal year second-half, celebrating 95 years of leadership in industrial distribution and further strengthening our position with the acquisition of specialty flow control provider FCX.

MARGIN ENHANCEMENT:

Applied's gross profit percentage was 28.3% for the six months ended December 31, 2017. Our operating margin was 7.3%, 70 bps improved from prior year.

ASSET MANAGEMENT:

In the six months ended December 31, 2017, we recorded a return on assets of 9.5% after tax.

COST CONTROL:

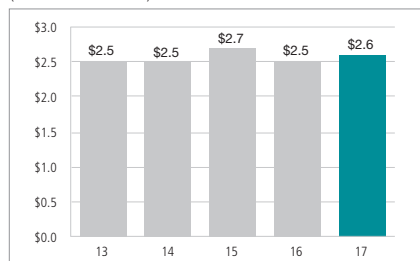
SD&A expense as a percentage of sales was 20.9% for the six months ended December 31, 2017. SD&A spend as a percentage of sales improved 100 bps year-over-year.

Connect with us



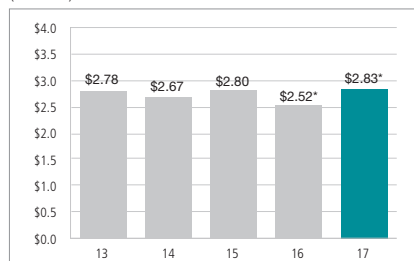
Net Sales - Full Fiscal Year

(Dollars in Billions)



Net Income Per Share - Full Fiscal Year

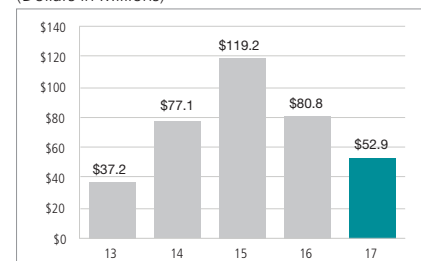
(Dollars)



Cash Returned to Shareholders - Full Fiscal Year

Dividends + Share Repurchases

(Dollars in Millions)



* Numbers reported are before worthless stock tax deduction in FY 2017, and goodwill impairment and restructuring charges in FY 2016.

This fact sheet 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. All forward-looking statements are based on current expectations regarding important risk factors. 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 results expressed therein will be achieved.