

We Keep Industry Running



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 550 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 8/11/17

ABOUT APPLIED

Applied Industrial Technologies is a leading distributor of bearings, power transmission products, fluid power components, 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 and fluid power 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 90+ years of strength in 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.

Year Ended June 30,	FY2017	FY2016
Net Sales	\$ 2.6B	\$ 2.5B
Net Income*	\$ 111.7M	\$ 99.5M
Earnings Per Share*	\$ 2.83	\$ 2.52
Gross Margin*	28.4 %	28.2 %
Operating Margin*	6.7 %	6.4 %
Debt-to-Total Cap	28.1 %	33.3 %
Cash at June 30	\$ 105.1M	\$ 59.9M
Cash Dividends Per Share/Yield	\$ 1.14/1.93 %	\$ 1.10/2.44 %
Closing Share Price on June 30	\$ 59.05	\$ 45.14
52-Week Range	\$ 69.00-43.50	\$ 47.18-35.55
Market Cap at June 30	\$ 2.3B	\$ 1.8B
Average Daily Volume (3 months)	172,500	196,600
Average Shares Outstanding	39,404,000	39,466,000

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

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:

David K. Wells
Vice President – CFO & Treasurer
Phone: 216/426-4755
Fax: 216/426-4845
Email: ir@applied.com

SHAREHOLDER INQUIRIES:

Computershare
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 June 30, 2017, Applied's current ratio (current assets to current liabilities) was 2.8 to 1. Applied had \$292.0 million in debt outstanding at June 30, 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 \$164.6 million for the year ended June 30, 2017, and working capital at June 30, 2017 was \$572.8 million.

SELECTED HIGHLIGHTS

PROFITABLE SALES GROWTH:

Net sales for the year ended June 30, 2017 increased 2.9% over the prior year. Net income, before the worthless stock tax deduction related to the write-off of the Company's investment in one of our Canadian subsidiaries, was \$111.7 million, or \$2.83 per share. Our results for the year reflect sequential improvement across our core operations. We are pleased with the return to growth, continued operating discipline and progress in executing our strategy. We also recognize that we have more work to do to realize our full potential.

Our diverse industry experience, local market presence and technical expertise provide the know-how to promptly address a wide variety of unique customer needs. Serving neighboring businesses and larger-scale strategic accounts, Applied's network, capabilities, systems and experience are well matched to the complexity of our customer base and the corresponding product demand variability. Across the organization, we are utilizing the strong industry knowledge and capabilities of our Fluid Power businesses, expert rubber shops and MSS resources to support product expansion and drive new sales.

In fiscal 2018, 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 550+ 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*

DIVIDEND POLICY:

We are committed to generating increased shareholder value, including paying an attractive dividend. In January 2017, we declared an increase in the quarterly cash dividend to \$0.29 per common share, which correlates to a current annual dividend rate of \$1.16 per common share. This is our eighth dividend increase since 2010, representing a cumulative increase of more than 93% in the quarterly dividend over this period.

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.

Fluid Power – building upon our North American leadership – *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*

Across our organization, we have more than 5,500 associates who are committed to driving the continued success of Applied, and we look forward to building on our momentum, achieving our next level of growth and generating benefits for all of our stakeholders.

MARGIN ENHANCEMENT:

Applied's gross profit percentage was 28.4% for the year ended June 30, 2017. Our operating margin was 6.7%. We are continuing to enhance our Operational Excellence for improvements in efficiency and profitability.

ASSET MANAGEMENT:

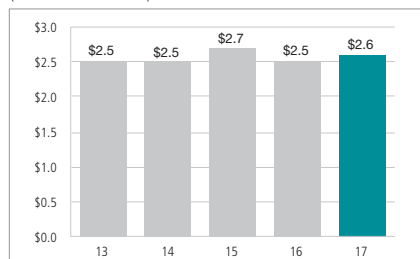
In the year ended June 30, 2017, we recorded a return on assets of 8.5% after tax.

COST CONTROL:

SD&A expense as a percentage of sales was 21.7% for the year ended June 30, 2017. SD&A expense increased from the prior year in absolute dollars by \$9.3 million, or 1.7%.

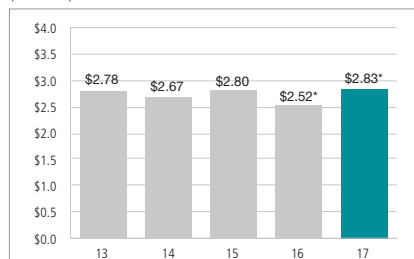
Net Sales - Full Fiscal Year

(Dollars in Billions)



Net Income Per Share - Full Fiscal Year

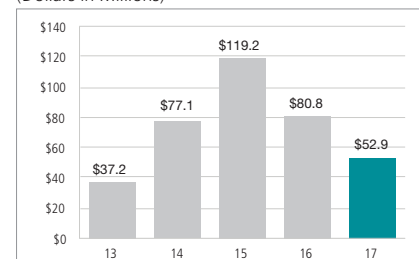
(Dollars)



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.