



APPLIED® AT A GLANCE

SALES FOR FISCAL YEAR ENDED 6/30/16:

\$2.5 billion

EPS FOR FISCAL 2016:

\$2.52*

OPERATING FACILITIES:

More than 550 in the United States, Puerto Rico, Canada, Mexico, Australia and New Zealand

DISTRIBUTION CENTERS:

12

INTERNET SITE:

www.Applied.com

CATALOG:

16/17 Applied Industrial Technologies Product Catalog

STOCK KEEPING UNITS (SKUS)

AVAILABLE TO CUSTOMERS:

More than 6 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 3/31/17

ABOUT APPLIED

Applied Industrial Technologies is a leading industrial distributor in North America, Australia and New Zealand, 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 maintenance training and inventory management solutions that provide added value to our 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.

Nine Month Financial Data as of March 31,	FY2017	FY2016
Net Sales	\$ 1.9B	\$ 1.9B
Net Income*	\$ 80.9M	\$ 73.0M
Earnings Per Share*	\$ 2.06	\$ 1.85
Gross Margin*	28.3 %	28.2 %
Operating Margin*	6.6 %	6.3 %
Debt-to-Total Cap	31.3 %	36.1 %
Cash at March 31	\$ 67.3M	\$ 62.9M
Cash Dividends Per Share/Yield	\$.85/1.84 %	\$.82/2.53 %
Closing Share Price on March 31	\$ 61.85	\$ 43.40
52-Week Range	\$ 66.65-42.52	\$ 45.22-35.55
Market Cap at March 31	\$ 2.4B	\$ 1.7B
Average Daily Volume (9 months)	192,000	247,000
Average Shares Outstanding	39,384,000	39,548,000

* Numbers reported are before goodwill impairment and restructuring charges.

OUR BUSINESS MODEL



KEY OFFICERS:

Neil A. Schrimsher
President & Chief Executive Officer

Mark O. Eisele
Vice President – Chief Financial Officer
& Treasurer

INVESTOR CONTACT:

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

Mark O. Eisele
Vice President – CFO & Treasurer
Phone: 216/426-4417
Fax: 216/426-4845
Email: meisele@applied.com

SHAREHOLDER INQUIRIES:

Computershare
P.O. Box 30170
College Station, TX 77842-3170

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

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 March 31, 2017, Applied's current ratio (current assets to current liabilities) was 3.1 to 1. Applied had \$321.8 million in debt outstanding at March 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 \$78.5 million for the nine months ended March 31, 2017, and working capital at March 31, 2017 was \$565.5 million.

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.

SELECTED HIGHLIGHTS

PROFITABLE SALES GROWTH:

Net sales for the nine months ended March 31, 2017 increased 1.4% over the prior year. Net income was \$80.9 million, or \$2.06 per share. Our results reflect continued sales per day improvements across our core operations and ongoing operational excellence activities throughout the business. We are pleased with the return to growth and the continued progress in executing our strategy.

Our experience in diverse industries and local markets provides the leverage and know-how to promptly address a wide variety of unique customer needs. Because we serve the local industrial economy, our network, capabilities and experience are well matched to the complexity of our customer base and product demand variability. Across the organization, we are utilizing the strong industry knowledge and capabilities of our Fluid Power businesses, expert rubber shops and expanded MSS resources to support product expansion and drive new sales.

Working Together, Winning Together is our theme as we leverage our strengths and our full product and service offering to win in the marketplace. *Working Together*, we share our collective expertise throughout the Company and realize opportunities across all our product groups to retain, penetrate and add profitable new business.

We also remain active pursuing strategic opportunities that extend our business reach and enhance our capabilities. In March 2017 we acquired Sentinel Fluid Controls, a distributor of hydraulic and lubrication components, systems and solutions.

Overall, our teams are committed to winning every day – in any economic environment – through our business performance; expanding our product, service and solutions offering; and creating opportunities with current and new customers.

MARGIN ENHANCEMENT:

Applied's gross profit percentage was 28.3% for the nine months ended March 31, 2017. Our operating margin was 6.6%. From our field sales functionality to our internal financial system transformation, we are continuing to enhance the operating experience in our ERP systems for improvements in efficiency and profitability.

ASSET MANAGEMENT:

In the nine months ended March 31, 2017, we recorded a return on assets of 8.3% after tax.

COST CONTROL:

SD&A expense as a percentage of sales was 21.7% for the nine months ended March 31, 2017. SD&A expense decreased from the prior year in absolute dollars by \$2.6 million, or 0.6%.

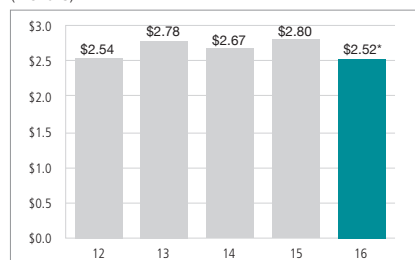
Net Sales - Full Fiscal Year

(Dollars in Billions)



Net Income Per Share - Full Fiscal Year

(Dollars)



*Number reported is before goodwill impairment and restructuring charges.

Cash Returned to Shareholders - Full Fiscal Year

Dividends + Share Repurchases

(Dollars in Millions)

