

APPLIED® AT A GLANCE

SALES FOR FISCAL YEAR ENDED 6/30/15:
\$2.75 billion

EPS FOR FISCAL 2015:
\$2.80

OPERATING FACILITIES:
More than 560 in the United States,
Puerto Rico, Canada, Mexico, Australia
and New Zealand

DISTRIBUTION CENTERS:
12

INTERNET SITE:
www.Applied.com

CATALOG:
15/16 Applied Industrial Technologies
Product Catalog

STOCK KEEPING UNITS (SKUs)
AVAILABLE TO CUSTOMERS:
More than 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 9/1/15

ABOUT APPLIED

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 our customers.

OVERVIEW

The future we envision for Applied is made possible by our strong foundation and financial position, by our dedicated associates, by our best-in-class suppliers, and, of course, by our strong customer base. At every level of the organization, our associates are committed to our customers' success. Simply stated, we keep industry running – productively. Our success is greatly aided by the partnerships with our suppliers. We represent leading manufacturers with the highest quality brands – delivering innovative solutions for our customers' needs.

Our commitment to realizing our future potential is built upon a proud past of 90+ years of strength in distribution and the dedication of our associates around the globe. We see opportunities to accelerate growth organically across our businesses, via acquisition and through our technology investments. Applied has strong capabilities, great potential and room to grow.

Year Ended June 30,	FY2015	FY2014
Net Sales	\$ 2.7B	\$ 2.5B
Net Income	\$ 115.5M	\$ 112.8M
Earnings Per Share	\$ 2.80	\$ 2.67
Gross Margin	28.0 %	27.9 %
Operating Margin	6.7 %	6.7 %
Debt-to-Total Cap	30.2 %	17.6 %
Cash at June 30	\$ 69.5M	\$ 71.2M
Cash Dividends Per Share/Yield	\$ 1.04/2.62 %	\$.96/1.89 %
Closing Share Price on June 30	\$ 39.65	\$ 50.73
52-Week Range	\$ 52.62-39.54	\$ 53.57-45.62
Market Cap at June 30	\$ 1.6B	\$ 2.1B
Average Daily Volume (3 months)	268,100	203,200
Average Shares Outstanding	41,187,000	42,331,000

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:

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Vice President – CFO & Treasurer
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SHAREHOLDER INQUIRIES:

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College Station, TX 77842-3170

ANALYST COVERAGE:

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CJS Securities
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Cleveland Research Company
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Great Lakes Review - Division of Wellington
Shields & Co.
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KeyBanc Capital Markets
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Longbow Research
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Stephens Inc.
Matt Duncan 501/377-3723

Thompson Research Group
Brent D. Rakers 901/746-9213

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, 2015, Applied's current ratio (current assets to current liabilities) was 2.8 to 1. Applied had \$321.0 million in debt outstanding at June 30, 2015.

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 \$154.5 million for the year ended June 30, 2015, and working capital at June 30, 2015 was \$549.2 million.

FOUR CORNERSTONES

PROFITABLE SALES GROWTH:

Net sales for the year ended June 30, 2015 increased 11.9% over the prior year, primarily due to acquisitions. Net income was \$115.5 million, or \$2.80 per share.

We move into fiscal 2016 with confidence that Applied is well-positioned in this industrial environment to serve our customers and generate shareholder value. We are continuing investments to further strengthen our foundation, including:

- **Expanding** our business capabilities – *investments in products, services and technology solutions, along with operating experience in our ERP systems*
- **Extending** our business reach – *via strategic acquisitions in all served geographies*
- **Enhancing** organizational effectiveness – *streamlining our structure and introducing many exciting talent management initiatives*

This confidence is shared by all Applied associates and is built upon our 90+ years of strength in distribution and the overarching goal of realizing our full potential.

Following the full deployment of our ERP system to all of our U.S. and Western Canada service centers, we are focused on system proficiency and realizing improved operating efficiencies and profitability. We now have enterprise-wide inventory visibility across our service centers and Fluid Power businesses, as well as operational consistency, expanded EDI capability, elevated control of transactions, increased operating speed and service, and improved maintenance and support.

Acquisitions remain an important part of our growth strategy, and we will remain active pursuing strategic opportunities that extend our business reach, enhance our capabilities and generate value for all stakeholders. Early in fiscal 2016, we expanded our Applied Maintenance Supplies & SolutionsSM business with

DIVIDEND POLICY:

We are committed to generating increased shareholder value, including paying an attractive dividend. In January 2015, we declared an increase in the quarterly cash dividend to \$0.27 per common share, which correlates to a current annual dividend rate of \$1.08 per common share. This is our sixth dividend increase since 2010, with a cumulative increase of 80% over this five-year 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.

the acquisition of Atlantic Fasteners, a distributor of industrial fasteners and related C-Class industrial consumables serving the New England region from its base in Massachusetts.

During fiscal 2015, we acquired West Texas upstream oil & gas industrial suppliers Ira Pump & Supply and Knox Oil Field Supply. Also in fiscal 2015, we acquired Mexico-based distributor Rodamientos y Derivados del Norte S.A. de C.V. (RODENSEA), and Great Southern Bearings and Northam Bearings (GSB/Northam) of Western Australia.

We recognize our requirements going forward. Our actions are guided by our Core Values and a commitment to win in the marketplace – by focusing on our customers, being accountable for our results, generating operational continuous improvements and working together as a team.

MARGIN ENHANCEMENT:

Applied's gross profit percentage for the year ended June 30, 2015 was 28.0%, and our operating margin was 6.7%. We greatly enhance our operating capabilities with our new ERP system – standardizing and simplifying processes and enabling continuous improvement throughout our operations for years to come.

ASSET MANAGEMENT:

In the year ended June 30, 2015, we recorded a return on assets of 7.9% after tax.

COST CONTROL:

SD&A expense as a percentage of sales was 21.3% for the year ended June 30, 2015 – slightly higher than the prior year period. SD&A expense increased from the prior year in absolute dollars by \$62.6 million, or 12.0%, primarily due to acquisitions.

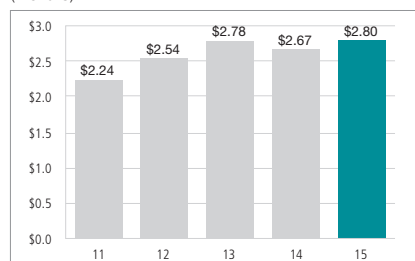
Net Sales - Full Fiscal Year 2015

(Dollars in Billions)



Net Income Per Share - Full Fiscal Year 2015

(Dollars)



Cash Returned to Shareholders

Dividends + Share Repurchases

(Dollars in Millions)

