



CDW Corporation

Webcast Conference Call
February 7, 2017

CDW.com | 800.800.4239

Today's Agenda

- 4th Quarter and Full Year 2016 Results
- Key Performance Drivers and Strategic Progress
- Financial Results
- Outlook
- Q&A

Disclaimers

This presentation contains forward-looking statements, which are any predications, projections, or other statements about future events. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in today's earnings release, in the comments made during the conference call, and in the risk factors section of the Company's Form 10-K, Form 10-Q and other reports and filings with the Securities and Exchange Commission. The Company does not undertake any duty to update any forward-looking statement.

Strong Financial Financial Performance

Full Year:

- Net sales up 7.6% to \$14.0 billion
 - Consolidated net sales up 8.3% in constant currency
- Adjusted EBITDA up 9.7% to \$1,117 million
- Non-GAAP net income per diluted share up 16.9% to \$3.43

Fourth Quarter:

- Net Sales up 2.2% to \$3.5 billion
 - Average daily sales up 3.8%, 5.0% in constant currency
- Adjusted EBITDA up 6.3% to \$274 million
- Non-GAAP net income per diluted share up 18.2% to \$0.86

Highlights Combined Power

- Nimble business model
- Balanced portfolio of customer end-markets
- Diverse product suite

Balanced Portfolio Drove Topline

(Unaudited)

(\$ in millions)

	Three Months Ended December 31,				Year Ended December 31,			
	2016	2015	% Change	Average Daily % Change ⁽¹⁾	2016	2015	% Change	Average Daily % Change ⁽¹⁾
Corporate:								
Medium / Large	\$ 1,516.6	\$ 1,521.5	(0.3)%	1.3%	\$ 5,879.7	\$ 5,875.3	0.1%	0.1%
Small Business	293.0	273.1	7.3	9.0	1,150.2	1,093.0	5.2	5.2
Total Corporate	\$ 1,809.6	\$ 1,794.6	0.8%	2.5%	\$ 7,029.9	\$ 6,968.3	0.9%	0.9%
Public:								
Government	\$ 529.6	\$ 522.0	1.5%	3.1%	\$ 1,863.7	\$ 1,700.9	9.6%	9.6%
Education	365.9	341.2	7.2	8.9	2,018.3	1,818.8	11.0	11.0
Healthcare	436.8	430.8	1.4	3.0	1,707.4	1,663.9	2.6	2.6
Total Public	\$ 1,332.3	\$ 1,294.0	3.0%	4.6%	\$ 5,589.4	\$ 5,183.6	7.8%	7.8%
Other ⁽²⁾	\$ 350.5	\$ 329.8	6.3%	8.0%	\$ 1,362.6	\$ 836.8	62.8%	62.8%
Total Net sales	\$ 3,492.4	\$ 3,418.4	2.2%	3.8%	\$ 13,981.9	\$ 12,988.7	7.6%	7.6%

(1) There were 62 and 63 selling days for the three months ended December 31, 2016 and 2015, respectively. There were 254 selling days for the year-ended December 31, 2016 and 2015, respectively.

(2) Effective January 1, 2016, the CDW Advanced Services business is included in the Company's Corporate and Public segments. Segment information reported in prior periods has been reclassified to conform to the current period presentation.

Our Three-Part Growth Strategy

1

Capture share and acquire new customers

2

Enhance capabilities in high-growth, solutions areas

3

Expand integrated, value-added services

Fourth Quarter Financial Results

(Unaudited)
(\$ in millions, except per share amounts)

	Three Months Ended December 31,		
	2016	2015	% Change
Net sales	\$ 3,492.4	\$ 3,418.4	2.2%
<i>Avg Daily Net Sales</i>	\$ 56.3	\$ 54.3	3.8%
Gross profit	\$ 577.9	\$ 557.6	3.6%
<i>% of Net Sales</i>	16.5%	16.3%	
SG&A, including advertising	\$ 380.7	\$ 377.7	0.8%
Income from operations	\$ 197.2	\$ 179.9	9.6%
Adjusted SG&A, including advertising *	\$ 305.9	\$ 302.2	1.2%
Adjusted EBITDA *	\$ 273.7	\$ 257.5	6.3%
<i>% of Net Sales</i>	7.8%	7.5%	
Interest expense, net	\$ (33.9)	\$ (38.4)	(11.8)%
Net income	\$ 103.2	\$ 89.3	15.6%
Diluted EPS	\$ 0.63	\$ 0.52	20.4%
Non-GAAP net income *	\$ 140.4	\$ 123.7	13.4%
Non-GAAP diluted EPS *	\$ 0.86	\$ 0.73	18.2%

* Adjusted SG&A, including advertising, Adjusted EBITDA, Non-GAAP net income and Non-GAAP Diluted EPS are non-GAAP financial measures. For a reconciliation of non-GAAP financial measures, see Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2017 and in these slides.

Fourth Quarter Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Three Months Ended December 31,		
	2016	2015	% Change
Reported SG&A, including advertising	\$ 380.7	\$ 377.7	0.8%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(11.1)	(11.2)	
Acquisition and integration expenses	(1.1)	(1.5)	
Other expenses ⁽¹⁾	(0.7)	(2.1)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(46.1)	(47.8)	
Other SG&A depreciation and amortization	(15.8)	(12.9)	
Total adjustments	(74.8)	(75.5)	
Adjusted SG&A, including advertising	\$ 305.9	\$ 302.2	1.2%
Adjusted EBITDA	\$ 273.7	\$ 257.5	6.3%
% of Net Sales	7.8%	7.5%	

(1) Primarily includes expenses related to the consolidation of office locations north of Chicago during the three months ended December 31, 2015.

Interest, Taxes and Non-GAAP Net Income

(Unaudited)

(\$ in millions, except per share amounts)

	Three Months Ended December 31,		
	2016	2015	% Change
Interest expense, net	\$ (33.9)	\$ (38.4)	(11.8)%
Other income, net	\$ (0.5)	\$ 0.2	nm**
Income tax expense	\$ (59.6)	\$ (52.4)	13.7%
Net income	\$ 103.2	\$ 89.3	15.6%
Diluted EPS	\$ 0.63	\$ 0.52	20.4%
Non-GAAP net income*	\$ 140.4	\$ 123.7	13.4%
Non-GAAP diluted EPS*	\$ 0.86	\$ 0.73	18.2%

* Non-GAAP net income and Non-GAAP diluted EPS are non-GAAP financial measures. For a reconciliation of non-GAAP financial measures, see Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2017 and in these slides.

**Not meaningful

Fourth Quarter Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Three Months Ended December 31,	
	2016	2015
Net income	\$ 103.2	\$ 89.3
Amortization of intangibles ⁽¹⁾	46.1	47.8
Non-cash equity-based compensation	11.1	11.2
Acquisition and integration expenses ⁽²⁾	1.1	1.5
Other adjustments	0.7	1.2
Aggregate adjustment for income taxes ⁽³⁾	(21.8)	(27.3)
Non-GAAP net income*	<u>\$ 140.4</u>	<u>\$ 123.7</u>

(1) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.

(2) Comprises expenses related to CDW UK.

(3) Aggregate adjustment for income taxes consists of the following:

	2016	2015
Total Non-GAAP adjustments	59.0	61.8
Weighted average statutory effective tax rate	36.0%	38.0%
Income tax	(21.2)	(23.5)
Deferred tax adjustment due to law changes	—	(4.0)
Stock compensation tax benefit related to the adoption of ASU 2016-09	(0.6)	—
Non-deductible adjustments and other	—	0.2
Total aggregate adjustment for income taxes	<u>\$ (21.8)</u>	<u>\$ (27.3)</u>

* Non-GAAP net income is a non-GAAP financial measure. For a reconciliation of non-GAAP financial measures, see Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2017 and in these slides.

Financial Results YTD

(Unaudited)
(\$ in millions, except per share amounts)

	Year Ended December 31,		
	2016	2015	% Change
Net sales	\$ 13,981.9	\$ 12,988.7	7.6%
<i>Avg Daily Net Sales</i>	\$ 55.0	\$ 51.1	7.6%
Gross profit	\$ 2,327.2	\$ 2,115.8	10.0%
<i>% of Net Sales</i>	16.6%	16.3%	
SG&A, including advertising	\$ 1,508.0	\$ 1,373.8	9.8%
Income from operations	\$ 819.2	\$ 742.0	10.4%
Adjusted SG&A, including advertising *	\$ 1,218.1	\$ 1,104.0	10.3%
Adjusted EBITDA *	\$ 1,117.3	\$ 1,018.5	9.7%
<i>% of Net Sales</i>	8.0%	7.8%	
Interest expense, net	\$ (146.5)	\$ (159.5)	(8.1)%
Net income	\$ 424.4	\$ 403.1	5.3%
Diluted EPS	\$ 2.56	\$ 2.35	9.0%
Non-GAAP net income *	\$ 569.0	\$ 503.5	13.0%
Non-GAAP diluted EPS *	\$ 3.43	\$ 2.93	16.9%

* Adjusted SG&A, including advertising, Adjusted EBITDA, Non-GAAP net income and Non-GAAP Diluted EPS are non-GAAP financial measures. For a reconciliation of non-GAAP financial measures, see Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2017 and in these slides.

Debt and Revolver Availability

(Unaudited)
(\$ in millions)

	December 31, 2016	December 31, 2015
Cash and cash equivalents	\$ 263.7	\$ 37.6
Total debt	\$ 3,234.4	\$ 3,259.7
Senior secured debt	\$ 1,552.1	\$ 1,586.6
Net debt (total debt net of cash and cash equivalents)	\$ 2,970.7	\$ 3,222.1
Outstanding borrowings under revolver	\$ —	\$ —
Borrowing base under ABL revolver ⁽¹⁾	\$ 1,479.4	\$ 1,423.1
Revolver availability ⁽²⁾	\$ 777.3	\$ 916.8
Cash plus revolver availability ⁽²⁾	\$ 1,041.0	\$ 954.4
Total net leverage ratio ⁽³⁾	2.7	3.0

(1) Amount in effect at period-end, applicable to the Company's ABL Revolving Credit Facility.

(2) Amount in effect at period-end, including CDW UK's Revolving Credit Facility, which is a multi-currency revolving credit facility with an aggregate amount of £50 million availability.

(3) Defined in the Company's credit agreement, on a consolidated basis, as the ratio of total debt at period-end, excluding any unamortized discount and/or premium and unamortized deferred financing costs, less cash and cash equivalents, to trailing twelve months (TTM) Adjusted EBITDA, a non-GAAP measure defined in the Company's credit agreement. The Senior Secured Term Loan Facility calculates Adjusted EBITDA on a trailing twelve month basis, which includes twelve months of CDW UK's financial results on a pro forma basis.

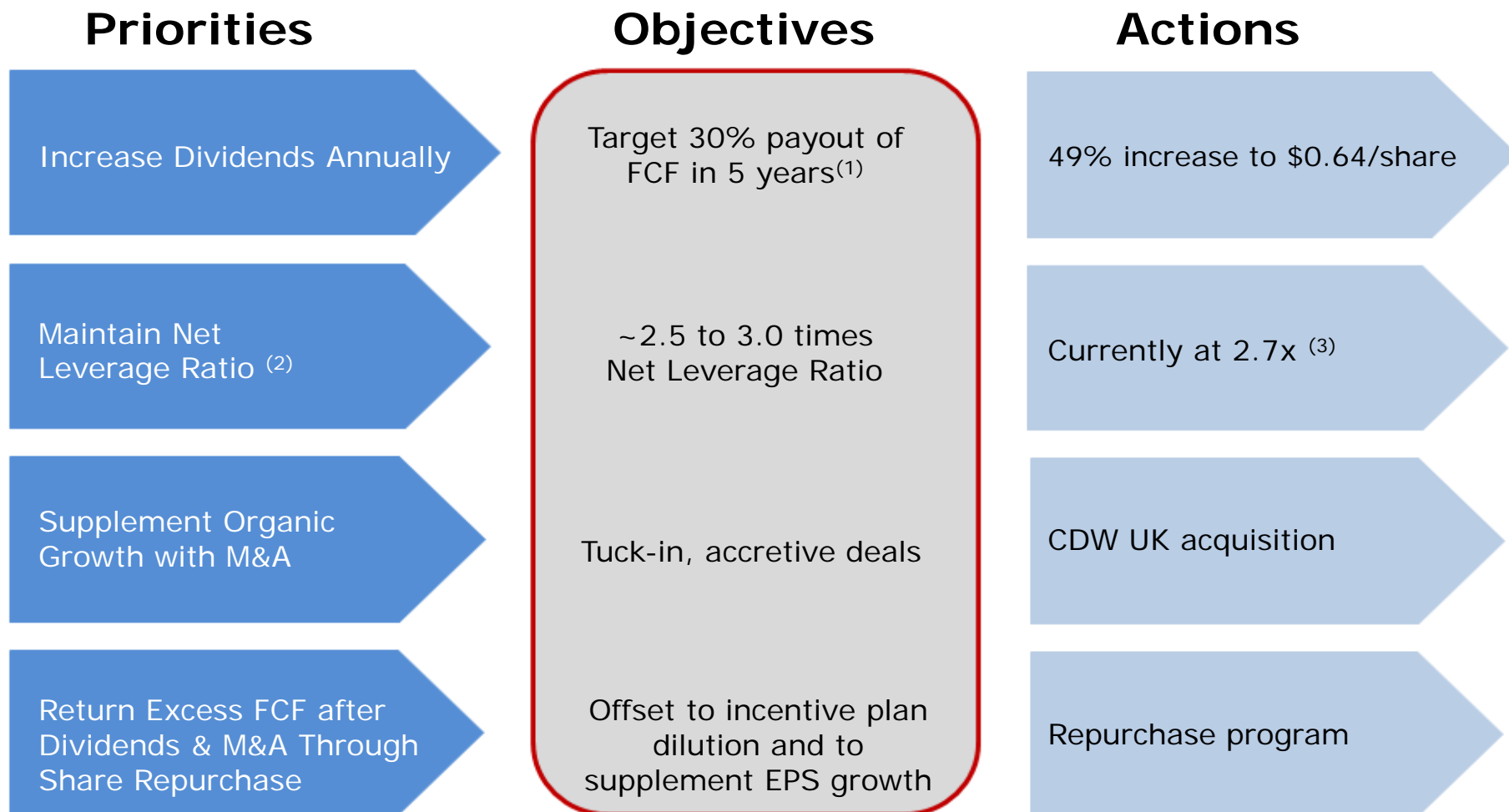
Cash Conversion Cycle

(Unaudited)

	December 31, 2016	December 31, 2015
Days of sales outstanding (DSO) *	51	48
Days of supply in inventory (DIO) *	12	13
Days purchases outstanding (DPO) *	(44)	(40)
Cash Conversion Cycle *	19	21

* Based on a rolling three-month average.

Four Capital Allocation Priorities



¹ Target established November 2014

² Defined in our credit agreement as the ratio of total debt at period-end excluding any unamortized discount and/or premium and deferred financing costs, less cash and cash equivalents, to TTM Adjusted EBITDA, which includes TTM Adjusted EBITDA for CDW UK, on a proforma basis. TTM Adjusted EBITDA is a term defined in our credit agreement.

³ As of December 31, 2016.

Capital Allocation Priorities Support Medium Term Targets

2016-2018

Net Sales Growth

U.S. IT growth
+ 200-300bps

Adjusted EBITDA

Mid-7% Margin

Leverage

Maintain net debt/adj. EBITDA
ratio at ~2.5-3.0x

Non-GAAP EPS
Growth

Low double-digits

Thoughts on Modeling 2017

Current expectations for P&L:

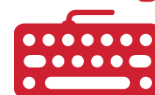
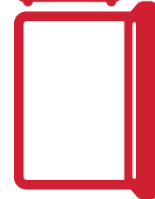
- Full-year constant currency growth within our annual medium term target of 200 to 300 bps above US IT
- Full year currency headwinds ~75 bps, 1H at ~110 bps
- Seasonality ~48-49 / 51-52% between 1H/2H
 - First quarter 2017 ‘typical’ sales sequential decline
- Full year Adjusted EBITDA margin at ~ 2016 level
- Effective tax rate between 34-35% for the year
- Low double-digit constant currency growth on Non-GAAP EPS
 - Similar currency headwinds as topline

Thoughts on Modeling 2017 cont'd

Current expectations for working capital and cash flow:

- Annual Free Cash Flow above "rule of thumb"
 - Between 3% and 3.5% of net sales
- Capital expenditures ~0.5% of net sales on an annual basis
- Cash Conversion Cycle at low end of target range, in the low 20's
- Q1 2017 cash flow lower than typical pattern as positive impact of timing reverses
- Cash tax rate of approximately 32%, to be applied to pretax income before intangibles amortization of \$45MM/quarterly PLUS \$20MM of annual CODI payments

Questions and Answers



**PEOPLE
WHO
GET IT™**

Adjusted EBITDA to Net Income Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended December 31,				Year Ended December 31,			
	2016	% of Net Sales	2015	% of Net Sales	2016	% of Net sales	2015	% of Net sales
Net income	\$ 103.2		\$ 89.3		\$ 424.4		\$ 403.1	
Depreciation and amortization ⁽¹⁾	63.8		62.4		254.5		227.4	
Income tax expense	59.6		52.4		248.0		243.9	
Interest expense, net	33.9		38.4		146.5		159.5	
EBITDA	<u>260.5</u>	7.5%	<u>242.5</u>	7.1%	<u>1,073.4</u>	7.7%	<u>1,033.9</u>	8.0%
Adjustments:								
Non-cash equity-based compensation	11.1		11.2		39.2		31.2	
Net loss on extinguishments of long-term debt	—		—		2.1		24.3	
(Income) loss from equity investments ⁽²⁾	(0.2)		(0.2)		(1.1)		10.1	
Acquisition and integration expenses ⁽³⁾	1.1		1.5		7.3		10.2	
Gain on remeasurement of equity investment ⁽⁴⁾	—		—		—		(98.1)	
Other adjustments ⁽⁵⁾	1.2		2.5		(3.6)		6.9	
Total adjustments	<u>13.2</u>		<u>15.0</u>		<u>43.9</u>		<u>(15.4)</u>	
Adjusted EBITDA ^{(6)*}	<u>\$ 273.7</u>	7.8%	<u>\$ 257.5</u>	7.5%	<u>\$ 1,117.3</u>	8.0%	<u>\$ 1,018.5</u>	7.8%

(1) Includes depreciation expense of \$2 million for the three months ended December 31, 2016 and 2015, and \$7 million and \$5 million for the year-ended December 31, 2016 and 2015, respectively, historically reported within Cost of sales.

(2) Represents the Company's share of net income/loss from equity investments. The Company's 35% share of CDW UK's net loss includes the Company's 35% share of an expense related to certain equity awards granted by one of the sellers to CDW UK coworkers in July 2015 prior to the acquisition.

(3) Comprises expenses related to CDW UK.

(4) Represents the gain resulting from the remeasurement of the Company's previously held 35% equity investment to fair value upon the completion of the acquisition of CDW UK.

(5) Primarily includes the Company's share of settlement payments received from the Dynamic Random Access Memory class action lawsuits and the favorable resolution of a local sales tax matter during the twelve months ended December 31, 2016. Also includes expenses related to the consolidation of office locations north of Chicago during the three months ended December 31, 2015 and the twelve months ended December 31, 2016 and 2015.

(6) Includes the impact of consolidating five months of CDW UK's financial results for the twelve months ended December 31, 2015.

* Adjusted EBITDA is a non-GAAP financial measure. See Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2017, for a discussion of non-GAAP financial measures.

YTD Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Year Ended December 31,		
	2016	2015	% Change
Reported SG&A, including advertising	\$ 1,508.0	\$ 1,373.8	9.8%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(39.2)	(31.2)	
Acquisition and integration expenses	(7.3)	(10.2)	
Other expenses ⁽¹⁾	4.1	(6.4)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(187.2)	(173.9)	
Other SG&A depreciation and amortization	(60.3)	(48.1)	
Total adjustments	(289.9)	(269.8)	
Adjusted SG&A, including advertising	\$ 1,218.1	\$ 1,104.0	10.3%
Adjusted EBITDA	\$ 1,117.3	\$ 1,018.5	9.7%
<i>% of Net Sales</i>	8.0%	7.8%	

- (1) Primarily includes our share of settlement payments received from the Dynamic Random Access Memory class action lawsuits and the favorable resolution of a local sales tax matter, partially offset by expenses related to the consolidation of office locations north of Chicago and historical retention costs.

Non-GAAP Net Income YTD

(Unaudited)
(\$ in millions)

	Year Ended December 31,	
	2016	2015
Net income	\$ 424.4	\$ 403.1
Amortization of intangibles ⁽¹⁾	187.2	173.9
Non-cash equity-based compensation	39.2	31.2
Non-cash equity based compensation from equity investment ⁽²⁾	—	20.0
Net loss on extinguishments of long-term debt	2.1	24.3
Acquisition and integration expenses ⁽³⁾	7.3	10.2
Gain on remeasurement of equity investment ⁽⁴⁾	—	(98.1)
Other adjustments ⁽⁵⁾	(5.4)	3.7
Aggregate adjustment for income taxes ⁽⁶⁾	(85.8)	(64.8)
Non-GAAP net income ^{(7) *}	<u>\$ 569.0</u>	<u>\$ 503.5</u>

- (1) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.
- (2) Represents the Company's 35% share of an expense related to certain equity awards granted by one of the sellers to CDW UK coworkers in July 2015 prior to the Company's acquisition.
- (3) Comprises expenses related to CDW UK.
- (4) Represents the gain resulting from the remeasurement of the Company's previously held 35% equity investment to fair value upon the Company's completion of the acquisition of CDW UK.
- (5) Primarily includes the Company's share of settlement payments received from the Dynamic Random Access Memory class action lawsuits and the favorable resolution of a local sales tax matter during the twelve months ended December 31, 2016. Also includes expenses related to the consolidation of office locations north of Chicago during the three months ended December 31, 2015 and the twelve months ended December 31, 2016 and 2015.

- (6) Aggregate adjustment for income taxes consists of the following:

	2016	2015
Total Non-GAAP adjustments	230.4	165.2
Weighted average statutory effective tax rate	36.0%	38.0%
Income tax	(82.9)	(62.8)
Deferred tax adjustment due to law changes	(1.5)	(4.0)
Stock compensation tax benefit related to the adoption of ASU 2016-09	(1.8)	—
Withholding tax expense on the unremitted earnings of our Canadian subsidiary	—	3.3
Non-deductible adjustments and other	0.4	(1.3)
Total aggregate adjustment for income taxes	<u>\$ (85.8)</u>	<u>\$ (64.8)</u>

- (7) Includes the impact of consolidating five months of CDW UK's financial results for the year ended December 31, 2015.

* Non-GAAP net income is a non-GAAP financial measure. For a reconciliation of non-GAAP financial measures, see Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2017.

Fourth Quarter Free Cash Flow

(Unaudited)
(\$ in millions)

	Three Months Ended December 31,		
	2016	2015	% Change
Net cash provided by operating activities	\$ 104.4	\$ (17.4)	
Capital expenditures	(22.1)	(46.3)	
Net change in accounts payable - inventory financing	104.4	73.3	
Free Cash Flow	<u>\$ 186.7</u>	<u>\$ 9.6</u>	nm*

* Not meaningful

YTD Free Cash Flow

(Unaudited)
(\$ in millions)

	Year Ended December 31,		
	2016	2015	% Change
Net cash provided by operating activities	\$ 604.0	\$ 277.5	
Capital expenditures	(63.5)	(90.1)	
Net change in accounts payable - inventory financing	143.6	95.9	
Free Cash Flow	\$ 684.1	\$ 283.3	141.5%

Consolidated Net Sales Growth on a Constant Currency Basis

(Unaudited)

(\$ in millions)

	Three Months Ended December 31,				Year Ended December 31,			
	2016	2015	% Change	Average Daily % Change ⁽¹⁾	2016	2015	% Change	Average Daily % Change ⁽¹⁾
Consolidated Net sales, as reported	\$ 3,492.4	\$ 3,418.4	2.2%	3.8%	\$ 13,981.9	12,988.7	7.6%	7.6%
Foreign currency translation ⁽²⁾	—	(38.4)			—	(76.3)		
Consolidated Net sales, on a constant currency basis*	\$ 3,492.4	\$ 3,380.0	3.3%	5.0%	\$ 13,981.9	\$12,912.4	8.3%	8.3%

(1) There were 62 and 63 selling days for the three months ended December 31, 2016 and 2015. There were 254 selling days for both years ended December 31, 2016 and 2015, respectively.

(2) Represents the effect of translating the prior year results of CDW Canada and CDW UK at the average exchange rates applicable in the current year. Includes the impact of consolidating five months of CDW UK's financial results for the twelve months ended December 31, 2015.

* Consolidated Net sales growth on a constant currency basis is a non-GAAP financial measure. For a discussion of non-GAAP financial measures, see Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2017.

Consolidated Organic Net Sales Growth on a Constant Currency Basis

(Unaudited)
(\$ in millions)

	Year Ended December 31,			
	2016	2015	% Change	Average Daily % Change ⁽¹⁾
Consolidated Net sales, as reported	\$ 13,981.9	\$ 12,988.7	7.6%	7.6%
Impact of acquisition ⁽²⁾	(503.9)	—		
Consolidated Organic Net sales	13,478.0	12,988.7		
Foreign currency translation ⁽³⁾	—	(76.3)		
Consolidated Organic Net sales, on a constant currency basis*	\$ 13,478.0	\$ 12,912.4	4.4%	4.4%

- (1) There were 254 selling days for both years ended December 31, 2016 and 2015, respectively.
- (2) Excludes CDW UK's year-to-date results through July 2016 for the year ended December 31, 2016 as the acquisition was completed on August 1, 2015.
- (3) Represents the effect of translating the prior year results of CDW Canada and CDW UK at the average exchange rates applicable in the current year. Includes the impact of consolidating five months of CDW UK's financial results for the twelve months ended December 31, 2015.

* Organic net sales growth and organic net sales growth on a constant currency basis are non-GAAP financial measures. For a discussion of non-GAAP financial measures, see Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2017.