



CDW Corporation

Webcast Conference Call
November 6, 2014

CDW.com | 800.800.4239

Today's Agenda

- 3rd Quarter Results
- Key Performance Drivers
- Outlook
- Today's Capital Actions
- Capital Allocation Priorities
- Refreshed Medium-Term Targets
- 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 press release, in the comments made during the conference call, and in the risk factors section of our Form 10-K Form 10-Q's and other reports and filings with the Securities and Exchange Commission. We do not undertake any duty to update any forward-looking statement.

Record Third Quarter Performance

Results:

- Net sales up 14.0% to \$3.27 billion
- Adjusted EBITDA up 12.2% to \$242.6 million
- Non-GAAP Net Income Per Diluted Share up 29.2% to \$0.64

Performance Drivers:

- Balanced portfolio of channels
- Broad suite of transactional products and solutions
- Balanced approach to expense management and investment

Balanced Portfolio Drove Topline

(Unaudited)

(\$ in millions)

	Three Months Ended September 30,		
	2014	2013	% Change *
Corporate:			
Medium / Large	\$ 1,374.8	\$ 1,241.3	10.8%
Small Business	247.9	224.5	10.4
Total Corporate ^(a)	\$ 1,622.7	\$ 1,465.8	10.7%
Public:			
Government	\$ 441.3	\$ 375.3	17.6%
Education	632.8	513.4	23.2
Healthcare	394.7	355.9	10.9
Total Public	\$ 1,468.8	\$ 1,244.6	18.0%
Other	\$ 174.6	\$ 153.9	13.5%
Total Net Sales	\$ 3,266.1	\$ 2,864.3	14.0%

* There were 64 selling days for both the three months ended September 30, 2014 and 2013.

(a) Net sales of \$37.9 for the three months ended September 30, 2013 have been reclassified from the Small Business customer channel to the Medium / Large customer channel to conform to the current presentation.

Capital Allocation Priorities

1. Increase dividends annually
2. Ensure the right capital structure
3. Supplement organic growth with tuck-in acquisitions
4. Return excess cash after dividends and M&A to shareholders via share repurchases

Our Three-Part Growth Strategy

1

Increase "share of wallet" from existing customers and sales from new customers

2

Enhance ability to deliver high-growth, integrated solutions

3

Expand services capabilities

Kelway Snapshot

- Founded in 1990
- Headquartered in London, UK
- Privately Owned
- Fiscal 2014 (3/31/14) Revenue approximately £526MM
- ~ 900 Coworkers
- Locations/presence: UK (primary), Ireland, Singapore, Hong Kong, UAE, S. Africa
- Mid-Market and SMB Focus
- ~80% Commercial / 20% Public Sector
- 89% of sales in UK / 11% international
- Dedicated product export team
- International distribution and multi-region technical delivery capabilities

Kelway Investment Strategic Rationale

- **Strengthens customer value proposition**
 - Access to global supply chain relationships and international technical expertise
 - More consistent brand experience
- **Expands market opportunity**
 - Increase share of wallet with multi-national US based customers
 - Capture new customers' existing international business
- **Enhances balance**
 - Additional revenue diversity outside of North America
- **Excellent cultural fit**
 - Well respected management team
 - Aligned culture and incentives
- **Value creative**
 - Strategic use of capital, consistent with our priorities
 - Expected to be accretive beginning in year 1

Third Quarter Financial Results

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,		% Chg.
	2014	2013	
Net Sales	\$ 3,266.1	\$ 2,864.3	14.0%
<i>Avg Daily Net Sales</i>	\$ 51.0	\$ 44.8	14.0%
Gross Profit	\$ 507.3	\$ 458.4	10.7%
<i>% of Net Sales</i>	15.5%	16.0%	
SG&A/Advertising	\$ 322.6	\$ 365.5	(11.8)%
Income from Operations	\$ 184.7	\$ 92.9	99.0%
Adjusted EBITDA *	\$ 242.6	\$ 216.1	12.2%
<i>% of Net Sales</i>	7.4%	7.5%	

* 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 November 6, 2014, for a reconciliation of non-GAAP financial measures.

Adjusted SG&A

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,		% Chg.
	2014	2013	
Reported SG&A, including advertising:	\$ 322.6	\$ 365.5	
<i>Adjustments:</i>			
IPO- and secondary-offering-related expenses	(0.3)	(74.1)	
Non-cash equity-based compensation	(3.9)	(2.3)	
Other expenses ⁽¹⁾	(2.2)	(3.2)	
Litigation, net ⁽²⁾	0.6	8.2	
Depreciation and amortization:			
Amortization of purchased intangibles	(40.3)	(40.1)	
Other SG&A depreciation and amortization	(10.7)	(11.2)	
Total adjustments	(56.8)	(122.7)	
Adjusted SG&A, including advertising*	\$ 265.8	\$ 242.8	9.5%

(1) Primarily includes certain historical retention costs reported within selling and administrative expense.

(2) Relates to unusual, non-recurring litigation matters.

* Adjusted SG&A, including advertising 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 November 6, 2014, for a reconciliation of non-GAAP financial measures.

Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,	
	2014	2013
Adjusted EBITDA *	\$ 242.6	\$ 216.1
Adjustments to reconcile Adjusted EBITDA to income from operations ⁽¹⁾ :		
Depreciation and amortization ⁽²⁾	(51.9)	(52.0)
Non-cash equity-based compensation	(3.9)	(2.3)
IPO- and secondary-offering-related expenses	(0.3)	(74.1)
Litigation, net ⁽³⁾	0.6	8.2
Other adjustments ⁽⁴⁾	(2.4)	(3.0)
Total adjustments	(57.9)	(123.2)
Income from operations	<u>\$ 184.7</u>	<u>\$ 92.9</u>

⁽¹⁾ Amounts historically reported within selling and administrative expenses unless otherwise indicated.

⁽²⁾ Includes depreciation expense of (\$0.9) and (\$0.7) for the three months ended September 30, 2014 and 2013, respectively, historically reported within cost of sales.

⁽³⁾ Relates to unusual, non-recurring litigation matters

⁽⁴⁾ Primarily includes certain historical retention costs reported within selling and administrative expense. Also includes an adjustment for other income/(expense) of \$0.2 and (\$0.2) for the three months ended September 30, 2014 and 2013, respectively.

* 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 November 6, 2014, for a reconciliation of non-GAAP financial measures.

Interest, Taxes and Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	<u>Three Months Ended September 30,</u>		<u>% Chg.</u>
	<u>2014</u>	<u>2013</u>	
Interest expense, net	\$ (50.1)	\$ (56.2)	(10.9)%
Income tax (expense) benefit	\$ (33.9)	\$ 2.6	nm*
Non-GAAP net income**	\$ 110.7	\$ 85.2	29.9%

* Not meaningful.

** Non-GAAP net income 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 November 6, 2014, for a reconciliation of non-GAAP financial measures.

Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,	
	2014	2013
Net income (loss)	\$ 55.6	\$ (2.2)
Amortization of intangibles ⁽¹⁾	40.3	40.1
Non-cash equity-based compensation	3.9	2.3
Litigation, net ⁽²⁾	(0.6)	(10.4)
Net loss on extinguishments of long-term debt	45.8	41.3
Interest expense adjustment related to extinguishments of long-term debt ⁽³⁾	—	(4.6)
IPO- and secondary-offering-related expenses	0.3	74.1
Aggregate adjustment for income taxes ⁽⁴⁾	(34.6)	(55.4)
Non-GAAP net income *	<u>\$ 110.7</u>	<u>\$ 85.2</u>

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

(2) Relates to unusual, non-recurring litigation matters

(3) Reflects adjustments to interest expense resulting from debt extinguishments. Represents the difference between interest expense previously recognized under the effective interest method and actual interest paid.

(4) Based on a normalized effective tax rate of 39.0%.

* Non-GAAP net income 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 November 6, 2014, for a reconciliation of non-GAAP financial measures.

Financial Results YTD

(Unaudited)
(\$ in millions)

	Nine Months Ended September 30,		% Chg.
	2014	2013	
Net Sales	\$ 9,024.4	\$ 8,055.3	12.0%
<i>Avg Daily Net Sales</i>	\$ 47.2	\$ 42.2	12.0%
Gross Profit	\$ 1,429.4	\$ 1,312.0	8.9%
<i>% of Net Sales</i>	15.8%	16.3%	
SG&A/Advertising	\$ 920.7	\$ 945.4	(2.6)%
Income from Operations	\$ 508.7	\$ 366.6	38.8%
Adjusted EBITDA *	\$ 683.4	\$ 607.3	12.5%
<i>% of Net Sales</i>	7.6%	7.5%	
Interest Expense, net	\$ (148.7)	\$ (198.6)	(25.2)%
Non-GAAP Net Income *	\$ 307.7	\$ 220.7	39.4%
Non-GAAP EPS	\$ 1.78	\$ 1.29	38.7%

* Non-GAAP net income and Adjusted EBITDA are 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 November 6, 2014, for a reconciliation of non-GAAP financial measures.

Debt and ABL Availability

(Unaudited)
(\$ in millions)

	<u>9/30/2014</u>	<u>12/31/2013</u>	<u>9/30/2013</u>
Cash and Cash Equivalents	\$ 357.8	\$ 188.1	\$ 350.2
Total Debt	\$ 3,161.7	\$ 3,251.2	\$ 3,410.1
Senior Secured Debt	\$ 1,517.4	\$ 1,853.9	\$ 1,857.8
Net Debt (Total Debt net of Cash and Cash Equivalents)	\$ 2,803.9	\$ 3,063.1	\$ 3,059.9
Outstanding Borrowings under ABL Revolver	\$ —	\$ —	\$ —
Borrowing Base under ABL Revolver*	\$ 1,408.1	\$ 1,065.5	\$ 1,108.2
ABL Revolver Availability	\$ 955.3	\$ 641.1	\$ 676.8
Cash plus ABL Revolver Availability	\$ 1,313.1	\$ 829.2	\$ 1,027.0
TTM Adjusted EBITDA **	\$ 884.7	\$ 808.5	\$ 802.3
Total Net Leverage Ratio ***	3.2	3.8	3.8

* Amount in effect at quarter end.

** 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 November 6, 2014, for a reconciliation of non-GAAP financial measures.

*** Defined as the ratio of total debt at period-end excluding any unamortized discount and/or premium, less cash and cash equivalents, to trailing twelve months (TTM) Adjusted EBITDA. Prior periods have been revised to conform to the current definition.

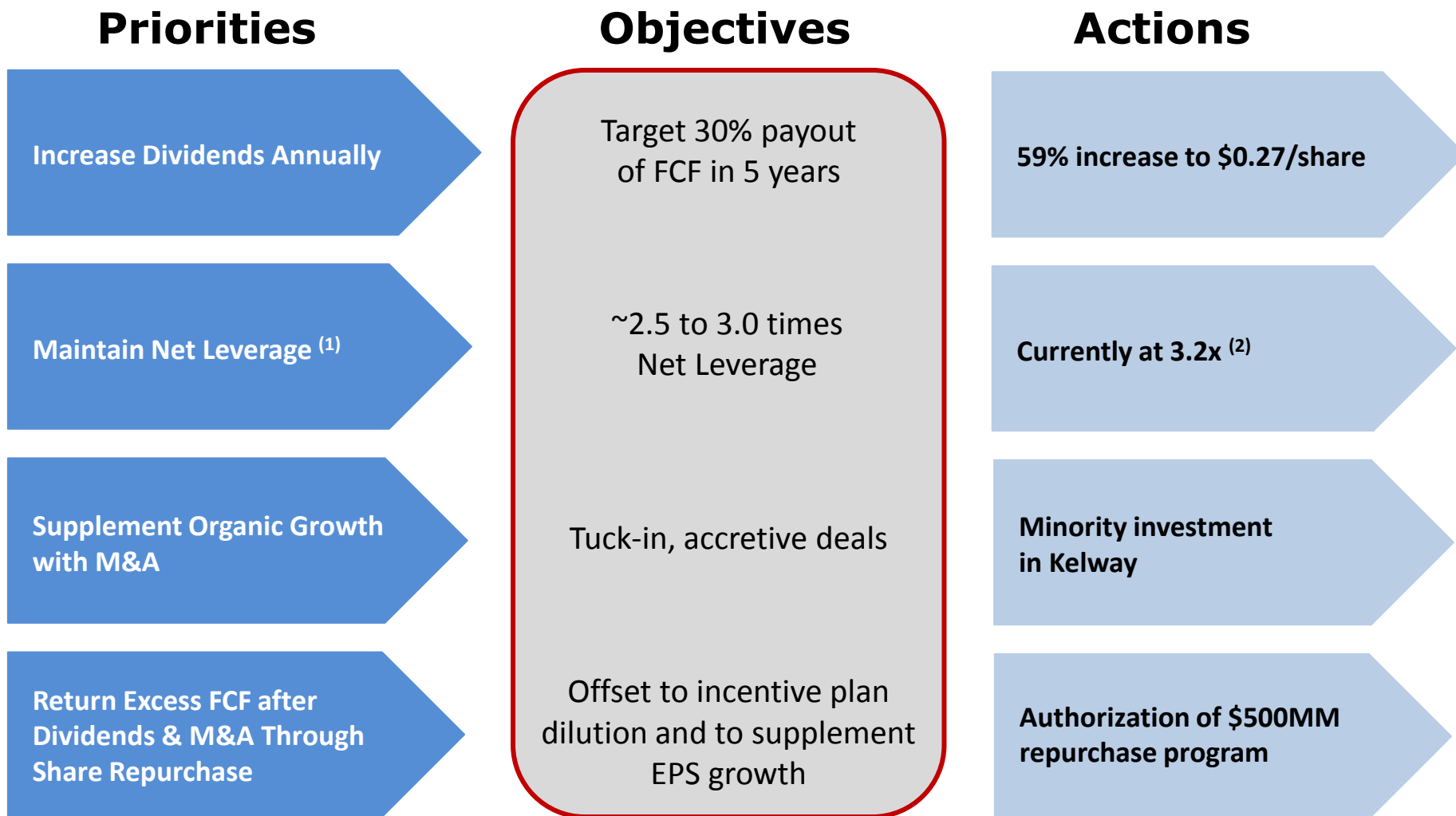
Cash Conversion Cycle

(Unaudited)

	<u>9/30/2014</u>	<u>12/31/2013</u>	<u>9/30/2013</u>
Days of sales outstanding (DSO) *	42	44	41
Days of supply in inventory (DIO) *	14	14	14
Days purchases outstanding (DPO) *	<u>(36)</u>	<u>(35)</u>	<u>(35)</u>
Cash Conversion Cycle *	<u><u>20</u></u>	<u><u>23</u></u>	<u><u>20</u></u>

* Based on a rolling three month average. Prior periods have been revised to conform to the current definition.

Four Capital Allocation Priorities



¹ Defined as the ratio of total debt at period-end excluding any unamortized discount and/or premium, less cash and cash equivalents, to TTM Adjusted EBITDA.

² As of Q3 2014

Capital Actions Announced Today

Increased Dividend

- Increase annual dividend by \$0.10/share (59%) to \$0.27/share
- Equivalent to quarterly dividend of \$0.0675, up from \$0.0425/share
- Record date of November 25 and payment date of December 10

Authorization of \$500MM of share repurchases

- Offset dilution from non-cash equity performance plans
- Augment earnings to achieve low double digit growth target

Capital Allocation Priorities Support Refreshed Medium Term Targets

	<u>Through 2015</u>	<u>2016-2018</u>
Net Sales Growth	U.S. IT growth + 200-300bps	U.S. IT growth + 200-300bps
Adjusted EBITDA	Mid-7% Margin	Mid-7% Margin
Leverage	Deleverage ~1/3 to 1/2x per year until ~3.0x	Maintain net debt/adj. EBITDA ratio at ~2.5-3.0x
Non-GAAP EPS Growth	Mid-teens	Low double-digits

Questions and Answers



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Adjusted EBITDA to Net Income Reconciliation

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss)	\$ 55.6	\$ (2.2)	\$ 193.1	\$ 72.8
Depreciation and amortization	51.9	52.0	155.9	156.3
Income tax expense (benefit)	33.9	(2.6)	114.5	40.1
Interest expense, net	50.1	56.2	148.7	198.6
EBITDA	191.5	103.4	612.2	467.8
Adjustments:				
Non-cash equity-based compensation	3.9	2.3	11.5	6.4
Sponsor fee	—	—	—	2.5
Net loss on extinguishments of long-term debt	45.8	41.3	53.8	55.5
Litigation, net ⁽¹⁾	(0.6)	(8.2)	(0.9)	(8.2)
IPO- and secondary-offering-related expenses	0.3	74.1	1.2	74.3
Other adjustments ⁽²⁾	1.7	3.2	5.6	9.0
Total adjustments	51.1	112.7	71.2	139.5
Adjusted EBITDA *	\$ 242.6	\$ 216.1	\$ 683.4	\$ 607.3

(1) Relates to unusual, non-recurring litigation matters.

(2) Other adjustments primarily include certain retention costs and equity investment income.

* 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 November 6, 2014, for a discussion of non-GAAP financial measures.

Verticals Realignment

(Unaudited)
(\$ in millions)

	Q1 2013		Q2 2013		Q3 2013		Q4 2013		Full Year 2013	
	Revised	Previous	Revised	Previous	Revised	Previous	Revised	Previous	Revised	Previous
Medium / Large	\$ 1,180.5	\$ 1,146.2	\$ 1,308.5	\$ 1,271.4	\$ 1,241.3	\$ 1,203.4	\$ 1,322.3	\$ 1,281.6	\$ 5,052.7	\$ 4,902.6
Small Business	223.4	257.7	228.9	266.0	224.5	262.4	230.7	271.4	907.4	1,057.5
Total Corporate*	\$ 1,403.9	\$ 1,403.9	\$ 1,537.4	\$ 1,537.4	\$ 1,465.8	\$ 1,465.8	\$ 1,553.0	\$ 1,553.0	\$ 5,960.1	\$ 5,960.1

*No change at segment level, reflects move from Small Business to Medium/Large business.