



CDW Corporation

Webcast Conference Call

November 2, 2016

CDW.com | 800.800.4239

Today's Agenda

- 3rd Quarter and YTD 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.

Record 3rd Quarter Financial Performance

- Net sales up 5.9% to \$3.7 billion
 - Consolidated net sales, up 6.5% in constant currency
- Adjusted EBITDA up 10.0% to \$310 million
- Non-GAAP net income per diluted share up 16.1% to \$0.97

Highlights Combined Power

- Balanced portfolio of customer end-markets
- Breadth of our product and solution portfolio
- On-going success executing our three-part growth strategy

Balanced Portfolio Drove Topline

(Unaudited)

(\$ in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	% Change	Average Daily % Change ⁽¹⁾	2016	2015	% Change	Average Daily % Change ⁽¹⁾
Corporate:								
Medium / Large	\$ 1,463.5	\$ 1,490.6	(1.8)%	(1.8)%	\$ 4,363.1	\$ 4,353.7	0.2%	(0.3)%
Small Business	285.4	274.1	4.1	4.1	857.2	819.9	4.5	4.0
Total Corporate	\$ 1,748.9	\$ 1,764.7	(0.9)%	(0.9)%	\$ 5,220.3	\$ 5,173.6	0.9%	0.4%
Public:								
Government	\$ 537.5	\$ 493.9	8.8%	8.8%	\$ 1,334.1	\$ 1,178.9	13.2%	12.6%
Education	671.4	583.3	15.1	15.1	1,652.4	1,477.6	11.8	11.2
Healthcare	431.7	406.7	6.1	6.1	1,270.6	1,233.2	3.0	2.5
Total Public	\$ 1,640.6	\$ 1,483.9	10.6%	10.6%	\$ 4,257.1	\$ 3,889.7	9.4%	8.9%
Other ⁽²⁾	\$ 318.7	\$ 252.5	26.2%	26.2%	\$ 1,012.1	\$ 507.0	99.6%	98.6%
Total Net sales	\$ 3,708.2	\$ 3,501.1	5.9%	5.9%	\$ 10,489.5	\$ 9,570.3	9.6%	9.0%

(1) There were 64 selling days for the three months ended September 30, 2016 and 2015, respectively. There were 192 and 191 selling days for the nine months ended September 30, 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

Increase "share of wallet" from existing customers while adding new customers

2

Enhance our ability to deliver high-growth, integrated solutions

3

Expand services capabilities

Third Quarter Financial Results

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

	Three Months Ended September 30,		
	2016	2015	% Change
Net sales	\$ 3,708.2	\$ 3,501.1	5.9%
<i>Avg Daily Net Sales</i>	\$ 57.9	\$ 54.7	5.9%
Gross profit	\$ 614.3	\$ 567.2	8.3%
<i>% of Net Sales</i>	16.6%	16.2%	
SG&A, including advertising	\$ 376.8	\$ 362.6	3.9%
Income from operations	\$ 237.5	\$ 204.6	16.0%
Adjusted SG&A, including advertising *	\$ 305.7	\$ 287.4	6.4%
Adjusted EBITDA *	\$ 310.4	\$ 282.1	10.0%
<i>% of Net Sales</i>	8.4%	8.1%	
Interest expense, net	\$ (37.6)	\$ (38.5)	(2.3)%
Net income	\$ 125.9	\$ 150.9	(16.6)%
Diluted EPS	\$ 0.76	\$ 0.88	(13.5)%
Non-GAAP net income *	\$ 160.3	\$ 143.2	11.9%
Non-GAAP diluted EPS *	\$ 0.97	\$ 0.84	16.1%

* 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 November 2, 2016 and in these slides.

Third Quarter Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,		
	2016	2015	% Change
Reported SG&A, including advertising	\$ 376.8	\$ 362.6	3.9%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(10.0)	(7.8)	
Acquisition and integration expenses	(2.4)	(7.0)	
Other expenses ⁽¹⁾	2.7	(2.0)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(46.5)	(45.6)	
Other SG&A depreciation and amortization	(14.9)	(12.8)	
Total adjustments	(71.1)	(75.2)	
Adjusted SG&A, including advertising	\$ 305.7	\$ 287.4	6.4%
Adjusted EBITDA	\$ 310.4	\$ 282.1	
% of Net Sales	8.4%	8.1%	

(1) Primarily includes the Company's share of settlement payments received from the Dynamic Random Access Memory class action lawsuits during the three ended September 30, 2016, partially offset by historical retention costs.

Interest, Taxes and Non-GAAP Net Income

(Unaudited)

(\$ in millions, except per share amounts)

	Three Months Ended September 30,		
	2016	2015	% Change
Interest expense, net	\$ (37.6)	\$ (38.5)	(2.3)%
Other income, net	\$ 0.4	\$ (18.0)	102.1%
Income tax expense	\$ (72.3)	\$ (95.3)	(24.1)%
Net income	\$ 125.9	\$ 150.9	(16.6)%
Diluted EPS	\$ 0.76	\$ 0.88	(13.5)%
Non-GAAP net income*	\$ 160.3	\$ 143.2	11.9%
Non-GAAP diluted EPS*	\$ 0.97	\$ 0.84	16.1%

* 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 November 2, 2016.

Third Quarter Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,	
	2016	2015
Net income	\$ 125.9	\$ 150.9
Amortization of intangibles ⁽¹⁾	46.5	45.6
Non-cash equity-based compensation	10.0	7.8
Non-cash equity based compensation related to equity investment ⁽²⁾	—	20.0
Net Loss on extinguishments of long-term debt	2.1	—
Acquisition and integration expenses ⁽³⁾	2.4	7.0
Gain on remeasurement of equity investment ⁽⁴⁾	—	(98.1)
Other adjustments	(3.3)	0.9
Aggregate adjustment for income taxes ⁽⁵⁾	(23.3)	9.1
Non-GAAP net income ⁽⁶⁾ *	<u>\$ 160.3</u>	<u>\$ 143.2</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) For the three months ended September 30, 2016, the aggregate adjustment for income taxes is based on applying a statutory effective tax rate of 36.0% to the amount of pre-tax adjustments. In addition, the aggregate adjustment for income taxes includes \$2.7 million of discrete tax benefits recorded in the quarter: \$1.5 million related to the adjustment to the deferred tax liability for the acquired intangibles due to a future tax rate reduction in the UK, and \$1.2 million for the stock compensation tax benefit related to the adoption of ASU 2016-09. For the three months ended September 30, 2015, the adjustment was based on a statutory effective tax rate of 38.0% (39.0% prior to the CDW UK acquisition), except for the non-cash equity-based compensation from the Company's equity investment and 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, which were tax effected at a rate of 35.4%. Includes additional tax expense during the three months ended September 30, 2015 of \$3.3 million as a result of recording withholding tax on the unremitted earnings of the Company's Canadian subsidiary.

(6) Includes the impact of consolidating two months of CDW UK's financial results for the three months ended September 30, 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 November 2, 2016.

Financial Results YTD

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

	Nine Months Ended September 30,		
	2016	2015	% Change
Net sales	\$ 10,489.5	\$ 9,570.3	9.6%
<i>Avg Daily Net Sales</i>	\$ 54.6	\$ 50.1	9.0%
Gross profit	\$ 1,749.3	\$ 1,558.2	12.3%
<i>% of Net Sales</i>	16.7%	16.3%	
SG&A, including advertising	\$ 1,127.3	\$ 996.1	13.2%
Income from operations	\$ 622.0	\$ 562.1	10.7%
Adjusted SG&A, including advertising *	\$ 912.3	\$ 801.7	13.8%
Adjusted EBITDA *	\$ 843.6	\$ 761.0	10.9%
<i>% of Net Sales</i>	8.0%	8.0%	
Interest expense, net	\$ (112.6)	\$ (121.1)	(7.0)%
Net income	\$ 321.2	\$ 313.8	2.3%
Diluted EPS	\$ 1.93	\$ 1.82	5.7%
Non-GAAP net income *	\$ 428.6	\$ 379.8	12.8%
Non-GAAP diluted EPS *	\$ 2.57	\$ 2.20	16.5%

* 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 November 2, 2016 and in these slides.

Debt and Revolver Availability

(Unaudited)
(\$ in millions)

	September 30, 2016	December 31, 2015	September 30, 2015
Cash and cash equivalents	\$ 118.3	\$ 37.6	\$ 97.5
Total debt	\$ 3,241.4	\$ 3,259.7	\$ 3,267.8
Senior secured debt	\$ 1,559.3	\$ 1,586.6	\$ 1,595.8
Net debt (total debt net of cash and cash equivalents)	\$ 3,123.1	\$ 3,222.1	\$ 3,170.3
Outstanding borrowings under revolver	\$ —	\$ —	\$ —
Borrowing base under ABL revolver ⁽¹⁾	\$ 1,584.4	\$ 1,423.1	\$ 1,412.4
Revolver availability ⁽²⁾	\$ 866.9	\$ 916.8	\$ 981.5
Cash plus revolver availability ⁽²⁾	\$ 985.2	\$ 954.4	\$ 1,079.0
Total net leverage ratio ⁽³⁾	2.9	3.0	3.1

(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.

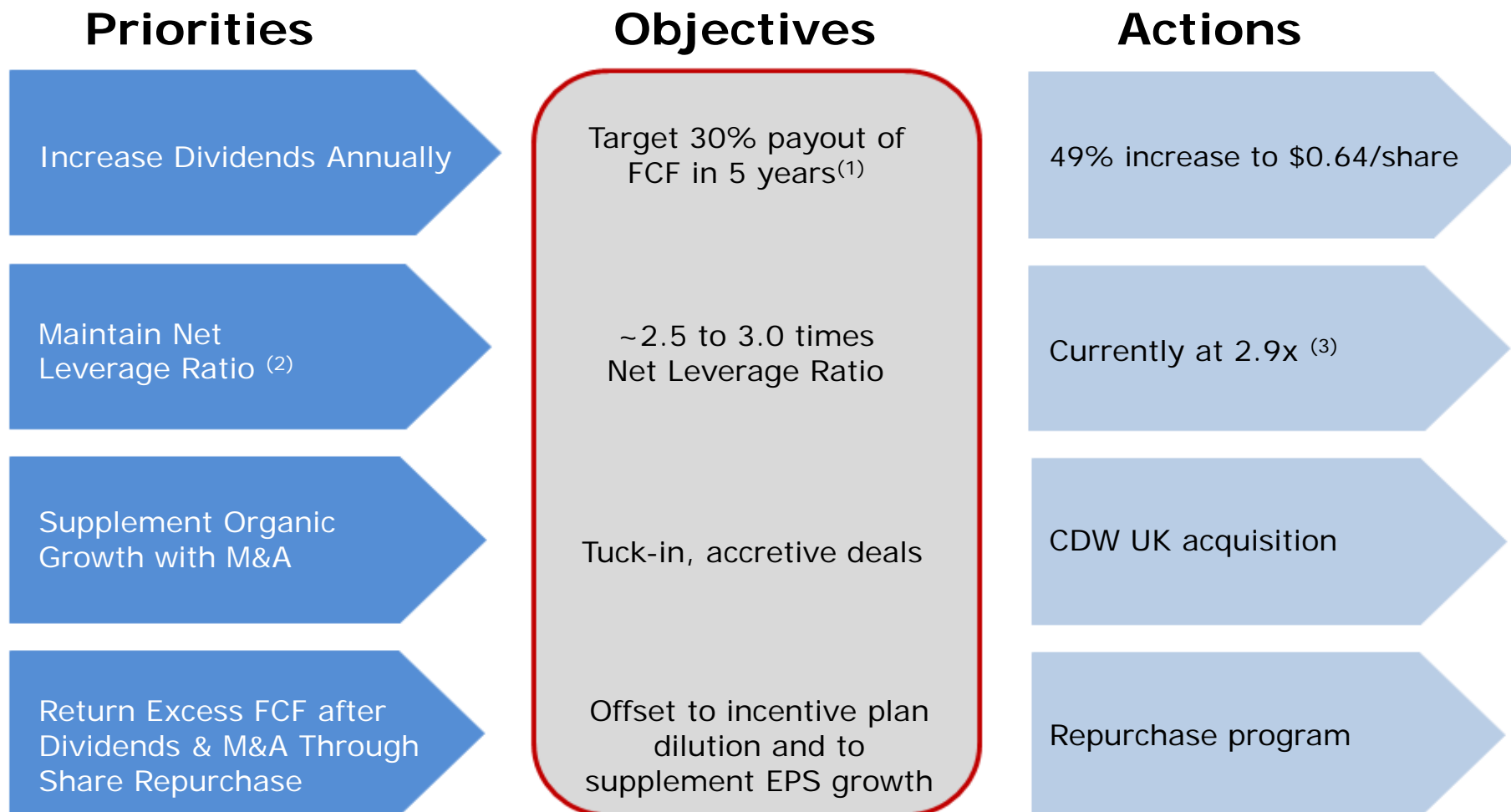
Cash Conversion Cycle

(Unaudited)

	September 30, 2016	December 31, 2015	September 30, 2015
Days of sales outstanding (DSO) *	49.0	48.0	45.0
Days of supply in inventory (DIO) *	13.0	13.0	13.0
Days purchases outstanding (DPO) *	(44.0)	(40.0)	(40.0)
Cash Conversion Cycle *	18.0	21.0	18.0

* 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 September 30, 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 2016

Current expectations:

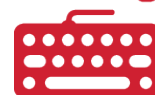
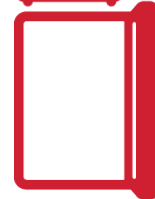
- Seasonality ~ 48% / 52% between 1H/2H
 - One fewer selling day in Q4 '16 vs. Q4 '15, and two fewer days sequentially Q3 to Q4
 - On an average daily sales basis, sequential Q3 to Q4 decline at a slightly greater level than last year
- Currency headwinds ~120 bps in Q4
- Gross margin at or slightly above Q4 '15
- Q4 Reported SG&A increasing ~ in-line with reported sales
- FY16 Adjusted EBITDA margin to exceed our target range; Q4 within the range
- Year-to-go quarterly depreciation & amortization, non-cash equity compensation, interest, and acquisition expenses roughly in line with Q3
- Effective tax rate between 37-38% for the year, closer to 38% for Q4
- 2016 Non-GAAP EPS growth above annual low double-digit target, coming in mid-teens

Thoughts on Modeling 2016 cont'd

Current expectations for working capital and cash flow:

- Capital expenditures ~0.5% of net sales on an annual basis
- Annual Free Cash Flow above "rule of thumb" of between 2.5-3% of net sales
- Achieve Cash Conversion Cycle at low end of targeted low to mid-20s range
- Cash tax rate of approximately 37%, to be applied to pretax income before intangibles amortization of \$47MM/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 September 30,				Nine Months Ended September 30,			
	2016	% of Net Sales	2015	% of Net Sales	2016	% of Net sales	2015	% of Net sales
Net income	\$ 125.9		\$ 150.9		\$ 321.2		\$ 313.8	
Depreciation and amortization ⁽¹⁾	63.1		59.9		190.7		165.0	
Income tax expense	72.3		95.3		188.4		191.5	
Interest expense, net	37.6		38.5		112.6		121.1	
EBITDA	<u>298.9</u>	8.1%	<u>344.6</u>	9.8%	<u>812.9</u>	7.8%	<u>791.4</u>	8.3%
Adjustments:								
Non-cash equity-based compensation	10.0		7.8		28.1		20.0	
Net loss on extinguishments of long-term debt	2.1		—		2.1		24.3	
(Income) loss from equity investments ⁽²⁾	(0.2)		18.8		(0.9)		10.3	
Acquisition and integration expenses ⁽³⁾	2.4		7.0		6.2		8.7	
Gain on remeasurement of equity investment ⁽⁴⁾	—		(98.1)		—		(98.1)	
Other adjustments ⁽⁵⁾	<u>(2.8)</u>		<u>2.0</u>		<u>(4.8)</u>		<u>4.4</u>	
Total adjustments	11.5		(62.5)		30.7		(30.4)	
Adjusted EBITDA ^{(6)*}	<u>\$ 310.4</u>	8.4%	<u>\$ 282.1</u>	8.1%	<u>\$ 843.6</u>	8.0%	<u>\$ 761.0</u>	8.0%

(1) Includes depreciation expense of \$2 million for the three months ended September 30, 2016 and 2015, and \$5 million and \$4 million for the nine months ended September 30, 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 during the three and nine months ended September 30, 2016 and the favorable resolution of a local sales tax matter during the nine months ended September 30, 2016. Also includes expenses related to the consolidation of office locations north of Chicago and historical retention costs during the three and nine months ended September 30, 2016 and 2015.

(6) Includes the impact of consolidating two months of CDW UK's financial results for the three and nine months ended September 30, 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 November 2, 2016, for a discussion of non-GAAP financial measures.

YTD Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Nine Months Ended September 30,		
	2016	2015	% Change
Reported SG&A, including advertising	\$ 1,127.3	\$ 996.1	13.2%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(28.1)	(20.0)	
Acquisition and integration expenses	(6.2)	(8.7)	
Other expenses ⁽¹⁾	4.9	(4.4)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(141.0)	(126.1)	
Other SG&A depreciation and amortization	(44.6)	(35.2)	
Total adjustments	(215.0)	(194.4)	
Adjusted SG&A, including advertising	\$ 912.3	\$ 801.7	13.8%
Adjusted EBITDA	\$ 843.6	\$ 761.0	
<i>% of Net Sales</i>	8.0%	8.0%	

(1) Primarily includes 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)

	Nine Months Ended September 30,	
	2016	2015
Net income	\$ 321.2	\$ 313.8
Amortization of intangibles ⁽¹⁾	141.0	126.1
Non-cash equity-based compensation	28.1	20.0
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⁾	6.2	8.7
Gain on remeasurement of equity investment ⁽⁴⁾	—	(98.1)
Other adjustments ⁽⁵⁾	(6.0)	2.5
Aggregate adjustment for income taxes ⁽⁶⁾	(64.0)	(37.5)
Non-GAAP net income ^{(7) *}	<u>\$ 428.6</u>	<u>\$ 379.8</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 completion of the Company's 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 nine months ended September 30, 2016, partially offset by expenses related to the consolidated of office locations north of Chicago during the nine months ended September 30, 2016 and 2015.

(6) For the nine months ended September 30, 2016, the aggregate adjustment for income taxes is based on applying a statutory effective tax rate of 36.0% to the amount of pre-tax adjustments. In addition, the aggregate adjustment for income taxes includes \$2.7 million of discrete tax benefits recorded in the quarter: \$1.5 million related to the adjustment to the deferred tax liability for the acquired intangibles due to a future tax rate reduction in the UK, and \$1.2 million for the stock compensation tax benefit related to the adoption of ASU 2016-09. For the nine months ended September 30, 2015, the adjustment was based on a statutory effective tax rate of 38.0% (39.0% prior to the CDW UK acquisition), except for the non-cash equity-based compensation from the Company's equity investment and 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, which were tax effected at a rate of 35.4%. Includes additional tax expense during the nine months ended September 30, 2015 of \$3.3 million as a result of recording withholding tax on the unremitted earnings of the Company's Canadian subsidiary.

(7) Includes the impact of consolidating two months of CDW UK's financial results for the nine months ended September 30, 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 November 2, 2016.

Third Quarter Free Cash Flow

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,		
	2016	2015	% Change
Net cash provided by operating activities	\$ 186.2	\$ 195.8	
Capital expenditures	(15.7)	(21.0)	
Net change in accounts payable - inventory financing	(32.1)	(18.6)	
Free Cash Flow	\$ 138.4	\$ 156.2	(11.4)%

YTD Free Cash Flow

(Unaudited)
(\$ in millions)

	Nine Months Ended September 30,		
	2016	2015	% Change
Net cash provided by operating activities	\$ 499.3	\$ 294.9	
Capital expenditures	(41.4)	(43.9)	
Net change in accounts payable - inventory financing	39.2	22.6	
Free Cash Flow	<u>\$ 497.1</u>	<u>\$ 273.6</u>	81.7%

Trailing Twelve Months Free Cash Flow

(Unaudited)
(\$ in millions)

	Twelve Months Ended September 30,		
	2016	2015	% Change
Net cash provided by operating activities	\$ 481.9	\$ 379.4	
Capital expenditures	(87.6)	(64.5)	
Net change in accounts payable - inventory financing	112.5	55.0	
Free Cash Flow	<u>\$ 506.8</u>	<u>\$ 369.9</u>	37.0%

Consolidated Net Sales Growth on a Constant Currency Basis

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	% Change	Average Daily % Change ⁽¹⁾	2016	2015	% Change	Average Daily % Change ⁽¹⁾
Consolidated Net sales, as reported	\$ 3,708.2	\$ 3,501.1	5.9%	5.9%	\$ 10,489.5	\$ 9,570.3	9.6%	9.0%
Foreign currency translation ⁽²⁾	—	(20.4)			—	(37.9)		
Consolidated Net sales, on a constant currency basis*	\$ 3,708.2	\$ 3,480.7	6.5%	6.5%	\$ 10,489.5	\$ 9,532.4	10.0%	9.5%

(1) There were 64 selling days for the three months ended September 30, 2016 and 2015. There were 192 and 191 selling days for both the nine months ended September 30, 2016 and 2015, respectively.

(2) Represents the effect of translating the prior year results of CDW Canada and the two months of CDW UK's results for the three and nine months ended September 30, 2015 at the average exchange rates applicable in the current year.

* 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 November 2, 2016.