



CDW Corporation

Webcast Conference Call
August 3, 2016

CDW.com | 800.800.4239

Today's Agenda

- 2nd 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.

Highlights Combined Power

- Balanced portfolio of channels
- Broad product and solution suite
- On-going success executing our three-part growth strategy

Record 2nd Quarter Financial Performance

- Net sales up 10.6% to \$3,665 million; Average daily net sales up 10.6%
- Average daily organic net sales on a constant currency basis up 4.5%
- Adjusted EBITDA up 12.2% to \$301 million
- Net income up 8.6% to \$118 million; Net income per diluted share up 12.4% to \$0.70
- Non-GAAP net income per diluted share up 15.8% to \$0.93

Balanced Portfolio Drove Topline

(Unaudited)

(\$ in millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016	2015	% Change	Average Daily % Change ⁽¹⁾	2016	2015	% Change ⁽²⁾	Average Daily % Change ⁽¹⁾
Corporate:								
Medium / Large	\$ 1,489.0	\$ 1,521.3	(2.1)%	(2.1)%	\$ 2,899.6	\$ 2,863.2	1.3%	0.5%
Small Business	290.2	277.3	4.7	4.7	571.8	545.8	4.8	3.9
Total Corporate	\$ 1,779.2	\$ 1,798.6	(1.1)%	(1.1)%	\$ 3,471.4	\$ 3,409.0	1.8%	1.0%
Public:								
Government	\$ 456.6	\$ 390.8	16.8%	16.8%	\$ 796.5	\$ 685.0	16.3%	15.4%
Education	640.0	548.9	16.6	16.6	981.0	894.3	9.7	8.8
Healthcare	450.4	448.8	0.3	0.3	839.0	826.4	1.5	0.7
Total Public	\$ 1,547.0	\$ 1,388.5	11.4%	11.4%	\$ 2,616.5	\$ 2,405.7	8.8%	7.9%
Other ⁽²⁾	\$ 338.4	\$ 126.9	166.8%	166.8%	\$ 693.4	\$ 254.5	172.5%	170.3%
Total Net sales	\$ 3,664.6	\$ 3,314.0	10.6%	10.6%	\$ 6,781.3	\$ 6,069.2	11.7%	10.9%

(1) There were 64 selling days for both the three months ended June 30, 2016 and 2015. There were 128 and 127 selling days for the six months ended June 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

Second Quarter Financial Results

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

	Three Months Ended June 30,		
	2016	2015	% Change
Net sales	\$ 3,664.6	\$ 3,314.0	10.6%
<i>Avg Daily Net Sales</i>	\$ 57.3	\$ 51.8	10.6%
Gross profit	\$ 610.5	\$ 534.5	14.2%
<i>% of Net Sales</i>	16.7%	16.1%	
SG&A, including advertising	\$ 387.0	\$ 328.6	17.8%
Income from operations	\$ 223.5	\$ 205.9	8.6%
Adjusted SG&A, including advertising *	\$ 312.4	\$ 267.6	16.7%
Adjusted EBITDA *	\$ 300.6	\$ 268.0	12.2%
<i>% of Net Sales</i>	8.2%	8.1%	
Interest expense, net	\$ (36.9)	\$ (37.8)	2.4%
Net income	\$ 117.5	\$ 108.2	8.6%
Diluted EPS	\$ 0.70	\$ 0.63	12.4%
Non-GAAP net income *	\$ 155.6	\$ 139.0	11.9%
Non-GAAP diluted EPS *	\$ 0.93	\$ 0.81	15.8%

* 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 August 3, 2016 and in these slides.

Second Quarter Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Three Months Ended June 30,		
	2016	2015	% Change
Reported SG&A, including advertising	\$ 387.0	\$ 328.6	17.8%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(9.7)	(7.5)	
Acquisition and integration expenses	(2.2)	(1.4)	
Other expenses ⁽¹⁾	(0.7)	(0.6)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(47.1)	(40.2)	
Other SG&A depreciation and amortization	(14.9)	(11.3)	
Total adjustments	(74.6)	(61.0)	
Adjusted SG&A, including advertising	\$ 312.4	\$ 267.6	16.7%
Adjusted EBITDA	\$ 300.6	\$ 268.0	
% of Net Sales	8.2%	8.1%	

(1) Primarily includes historical retention costs.

Interest, Taxes and Non-GAAP Net Income

(Unaudited)

(\$ in millions, except per share amounts)

	Three Months Ended June 30,		
	2016	2015	% Change
Interest expense, net	\$ (36.9)	\$ (37.8)	2.4%
Other income, net	\$ 0.9	\$ 4.0	(76.2)%
Income tax expense	\$ (70.0)	\$ (63.9)	9.6%
Net income	\$ 117.5	\$ 108.2	8.6%
Diluted EPS	\$ 0.70	\$ 0.63	12.4%
Non-GAAP net income*	\$ 155.6	\$ 139.0	11.9%
Non-GAAP diluted EPS*	\$ 0.93	\$ 0.81	15.8%

* 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 August 3, 2016.

Second Quarter Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Three Months Ended June 30,	
	2016	2015
Net income	\$ 117.5	\$ 108.2
Amortization of intangibles ⁽¹⁾	47.1	40.2
Non-cash equity-based compensation	9.7	7.5
Acquisition and integration expenses ⁽²⁾	2.2	1.4
Other adjustments	0.3	1.0
Aggregate adjustment for income taxes ⁽³⁾	(21.2)	(19.3)
Non-GAAP net income ⁽⁴⁾ *	\$ 155.6	\$ 139.0

(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) Based on a normalized effective tax rate of 36.0% and 39.0%, respectively. The decrease in the rate is primarily due to including the incremental impact of CDW UK and differing statutory tax rates in the US and the UK.

(4) Includes the impact of consolidating CDW UK's financial results for the three months ended June 30, 2016.

* 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 August 3, 2016.

Financial Results YTD

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

	Six Months Ended June 30,		
	2016	2015	% Change
Net sales	\$ 6,781.3	\$ 6,069.2	11.7%
<i>Avg Daily Net Sales</i>	\$ 53.0	\$ 47.8	10.9%
Gross profit	\$ 1,135.0	\$ 991.0	14.5%
<i>% of Net Sales</i>	16.7%	16.3%	
SG&A, including advertising	\$ 750.5	\$ 633.5	18.5%
Income from operations	\$ 384.5	\$ 357.5	7.6%
Adjusted SG&A, including advertising *	\$ 606.3	\$ 514.5	17.8%
Adjusted EBITDA *	\$ 533.3	\$ 478.8	11.4%
<i>% of Net Sales</i>	7.9%	7.9%	
Interest expense, net	\$ (75.0)	\$ (82.6)	9.2%
Net income	\$ 195.3	\$ 162.9	19.9%
Diluted EPS	\$ 1.16	\$ 0.94	23.6%
Non-GAAP net income *	\$ 268.3	\$ 236.6	13.4%
Non-GAAP diluted EPS *	\$ 1.60	\$ 1.37	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 August 3, 2016 and in these slides.

Debt and Revolver Availability

(Unaudited)
(\$ in millions)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Cash and cash equivalents	\$ 129.4	\$ 37.6	\$ 335.7
Total debt ⁽¹⁾	\$ 3,240.5	\$ 3,259.7	\$ 3,177.5
Senior secured debt	\$ 1,564.9	\$ 1,586.6	\$ 1,505.8
Net debt (total debt net of cash and cash equivalents) ⁽¹⁾	\$ 3,111.1	\$ 3,222.1	\$ 2,841.8
Outstanding borrowings under revolver	\$ —	\$ —	\$ —
Borrowing base under ABL revolver ⁽²⁾	\$ 1,448.1	\$ 1,423.1	\$ 1,342.2
Revolver availability ⁽³⁾	\$ 844.3	\$ 916.8	\$ 888.5
Cash plus revolver availability ⁽³⁾	\$ 973.7	\$ 954.4	\$ 1,224.2
Total net leverage ratio ⁽⁴⁾	2.9	3.0	3.0

(1) In the third quarter of 2015, the Company adopted ASU 2015-15 which allows entities to present deferred financing costs for line-of-credit arrangements as an asset. The Company retrospectively adjusted the deferred financing costs and long-term debt liability presented in the June 30, 2015 Consolidated Balance Sheet to align it to the current period presentation.

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

(3) 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.

(4) 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.

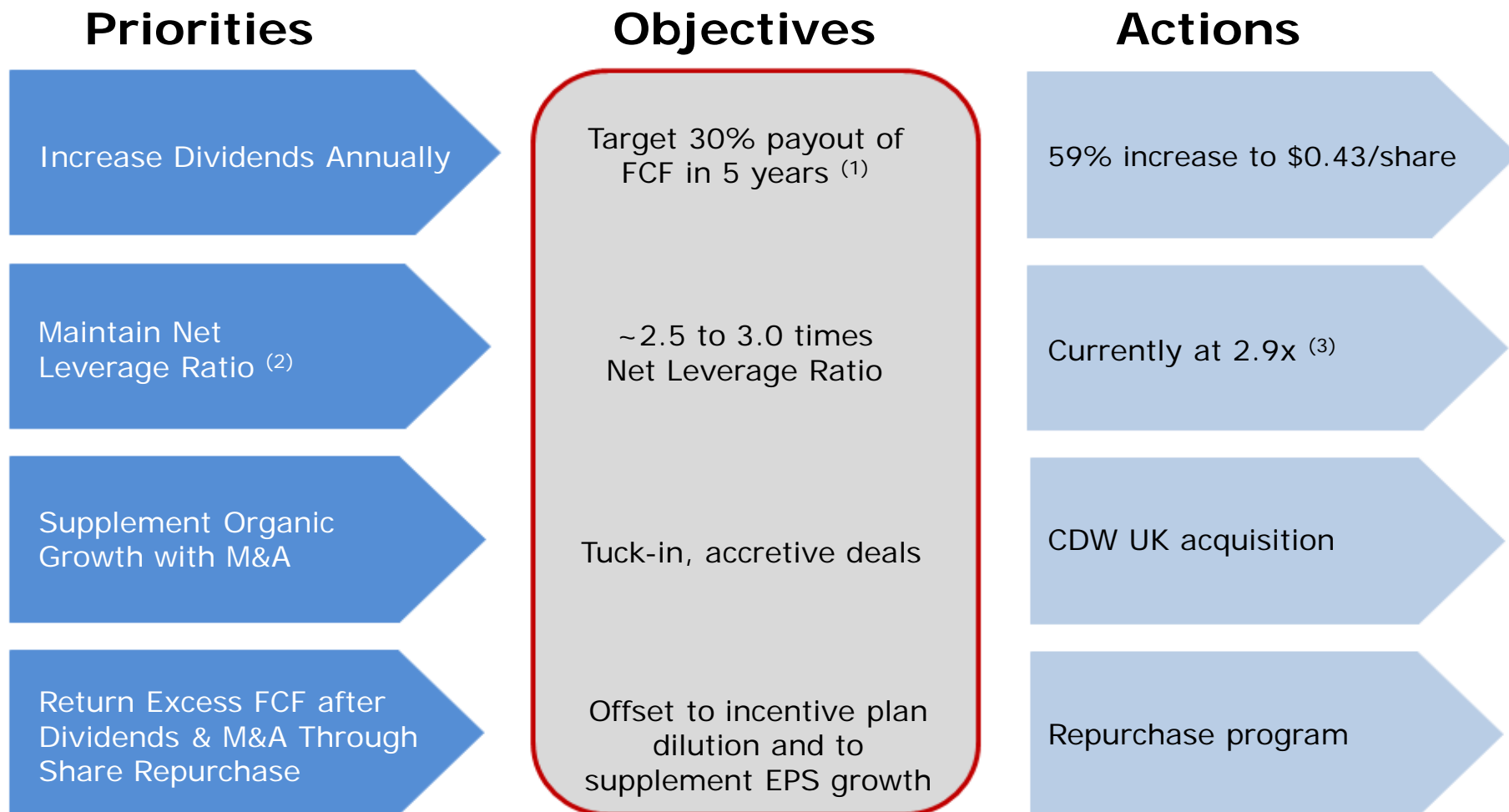
Cash Conversion Cycle

(Unaudited)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Days of sales outstanding (DSO) *	44.0	48.0	41.0
Days of supply in inventory (DIO) *	13.0	13.0	13.0
Days purchases outstanding (DPO) *	<u>(40.0)</u>	<u>(40.0)</u>	<u>(35.0)</u>
Cash Conversion Cycle *	<u>17.0</u>	<u>21.0</u>	<u>19.0</u>

* Based on a rolling three-month average.

Four Capital Allocation Priorities



¹Target 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 June 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

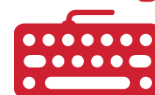
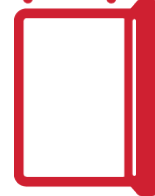
Thoughts on Modeling 2016

- 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 decline Q3 to Q4 in line with historical average
- CDW UK adds ~175 basis points of growth in Q3 (incremental July)
- Currency headwinds ~100 bps in 2H
- Dell to add ~150 basis points of incremental growth in 2016
- Gross margin lighter for the balance of the year, in line with Q3'15 and Q4'15
- Q3 Adjusted SG&A, including advertising, growth faster than consolidated sales, increasing low double digits; Q4 increasing more in-line with average daily sales
- FY16 Adjusted EBITDA margin to be at the high end, or a tick above, our target range

Thoughts on Modeling 2016 cont'd

- Year to go quarterly depreciation & amortization and non-cash equity compensation roughly in line with Q2
- Year to go interest expense more in line with Q1
- Effective tax rate to be between 37-38%
- Share repurchases to offset dilution and contribute to achievement of annual low double-digit earnings per share target
 - Year to go repurchases lower than 1H
- Capital expenditures ~0.5% of net sales on an annual basis
- Annual Free Cash Flow at the high-end, or slightly above, 2½-3% of net sales
- Maintain Cash Conversion Cycle in low to mid 20's
- Cash tax rate of approximately 37%, to be applied to pretax income before intangibles amortization of ~\$47.5MM/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 June 30,				Six Months Ended June 30,			
	2016	% of Net Sales	2015	% of Net Sales	2016	% of Net sales	2015	% of Net sales
Net income	\$ 117.5		\$ 108.2		\$ 195.3		\$ 162.9	
Depreciation and amortization ⁽¹⁾	63.7		52.6		127.7		105.1	
Income tax expense	70.0		63.9		116.1		96.2	
Interest expense, net	36.9		37.8		75.0		82.6	
EBITDA	<u>288.1</u>	7.9%	<u>262.5</u>	7.9%	<u>514.1</u>	7.6%	<u>446.8</u>	7.4%
Adjustments:								
Non-cash equity-based compensation	9.7		7.5		18.1		12.2	
Net loss on extinguishments of long-term debt	—		—		—		24.3	
Income from equity investments	(0.1)		(4.0)		(0.7)		(8.5)	
Acquisition and integration expenses ⁽²⁾	2.2		1.4		3.8		1.7	
Other adjustments ⁽³⁾	0.7		0.6		(2.0)		2.3	
Total adjustments	<u>12.5</u>		<u>5.5</u>		<u>19.2</u>		<u>32.0</u>	
Adjusted EBITDA ^{(4)*}	<u>\$ 300.6</u>	8.2%	<u>\$ 268.0</u>	8.1%	<u>\$ 533.3</u>	7.9%	<u>\$ 478.8</u>	7.9%

(1) Includes depreciation expense of \$2 million and \$1 million for the three months ended June 30, 2016 and 2015, respectively, and \$3 million and \$2 million for the six months ended June 30, 2016 and 2015, respectively, historically reported within Cost of sales.

(2) Comprises expenses related to CDW UK.

(3) 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.

(4) Includes the impact of consolidating CDW UK's financial results for the three and six months ended June 30, 2016.

* 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 August 3, 2016, for a discussion of non-GAAP financial measures.

YTD Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Six Months Ended June 30,		
	2016	2015	% Change
Reported SG&A, including advertising	\$ 750.5	\$ 633.5	18.5%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(18.1)	(12.2)	
Acquisition and integration expenses	(3.9)	(1.7)	
Other expenses ⁽¹⁾	2.0	(2.3)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(94.6)	(80.5)	
Other SG&A depreciation and amortization	(29.6)	(22.3)	
Total adjustments	(144.2)	(119.0)	
Adjusted SG&A, including advertising	\$ 606.3	\$ 514.5	17.8%
Adjusted EBITDA	\$ 533.3	\$ 478.8	
<i>% of Net Sales</i>	8.2%	8.1%	

(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)

	Six Months Ended June 30,	
	2016	2015
Net income	\$ 195.3	\$ 162.9
Amortization of intangibles ⁽¹⁾	94.6	80.5
Non-cash equity-based compensation	18.1	12.2
Net loss on extinguishments of long-term debt	—	24.3
Acquisition and integration expenses ⁽²⁾	3.8	1.7
Other adjustments ⁽³⁾	(2.8)	1.6
Aggregate adjustment for income taxes ⁽⁴⁾	(40.7)	(46.6)
Non-GAAP net income ⁽⁵⁾ *	<u>\$ 268.3</u>	<u>\$ 236.6</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) Primarily includes the favorable resolution of a local sales tax matter in the six months ended June 30, 2016, partially offset by expenses related to the consolidation of office locations north of Chicago.

(4) Based on a normalized effective tax rate of 36.0% and 39.0%, respectively. The decrease in the rate is primarily due to including the incremental impact of CDW UK and differing statutory tax rates in the US and the UK.

(5) Includes the impact of consolidating CDW UK's financial results for the six months ended June 30, 2016.

* 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 August 3, 2016.

Second Quarter Free Cash Flow

(Unaudited)
(\$ in millions)

Three Months Ended June 30,

	2016	2015	% Change
Net cash provided by operating activities	\$ (114.5)	\$ (78.7)	
Capital expenditures	(14.7)	(12.9)	
Net change in accounts payable - inventory financing	137.8	83.5	
Free Cash Flow	\$ 8.6	\$ (8.1)	nm*

* Not meaningful.

YTD Free Cash Flow

(Unaudited)
(\$ in millions)

Six Months Ended June 30,

	<u>2016</u>	<u>2015</u>	<u>% Change</u>
Net cash provided by operating activities	\$ 313.1	\$ 99.1	
Capital expenditures	(25.7)	(22.9)	
Net change in accounts payable - inventory financing	71.3	41.2	
Free Cash Flow	<u>\$ 358.7</u>	<u>\$ 117.4</u>	205.5%

Trailing Twelve Months Free Cash Flow

(Unaudited)
(\$ in millions)

	Twelve Months Ended June 30,		
	2016	2015	% Change
Net cash provided by operating activities	\$ 491.5	\$ 358.2	
Capital expenditures	(92.9)	(56.9)	
Net change in accounts payable - inventory financing	126.0	61.7	
Free Cash Flow	\$ 524.6	\$ 363.0	44.5%

Organic Net Sales Growth and Organic Net Sales Growth on a Constant Currency Basis

(Unaudited)
(\$ in millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016	2015	% Change	Average Daily % Change	2016	2015	% Change	Average Daily % Change ⁽¹⁾
Net sales, as reported	\$ 3,664.6	\$ 3,314.0	10.6%	10.6%	\$ 6,781.3	\$ 6,069.2	11.7%	10.9%
Impact of acquisition ⁽²⁾	(208.0)	—			(440.1)	—		
Organic net sales*	\$ 3,456.6	\$ 3,314.0	4.3%	4.3%	\$ 6,341.2	\$ 6,069.2	4.5%	3.7%
Foreign currency translation ⁽³⁾	—	(5.8)			—	(17.5)		
Organic net sales, on a constant currency basis*	\$ 3,456.6	\$ 3,308.2	4.5%	4.5%	\$ 6,341.2	\$ 6,051.7	4.8%	4.0%

(1) There were 64 selling days for both the three months ended June 30, 2016 and 2015. There were 128 and 127 selling days for the six months ended June 30, 2016 and 2015, respectively.

(2) Represents CDW UK's financial results for the three and six months ended June 30, 2016.

(3) Represents the effect of translating the prior year results of CDW Canada at the average exchange rates applicable in the current year.

* 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 August 3, 2016.