



# CDW Corporation

Webcast Conference Call  
February, 7 2018

[CDW.com](http://CDW.com) | 800.800.4239

# Today's Agenda

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- Fourth Quarter and YTD 2017 Results
- Key Performance Drivers and Strategic Progress
- Financial Results
- ASC 606 and 2017 Tax Cuts and Jobs Act
- Outlook
- Q&A

# Disclaimers

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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

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

# Strong Financial Performance

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## Full Year:

- Net Sales increased \$1.2 billion from 2016 to \$15.2 billion
  - Up 8.7% on a reported basis
  - Up 8.9% on a constant currency basis
- Adjusted EBITDA up 6.1% to \$1.2 billion
- Non-GAAP net income per diluted share up 11.7% to \$3.83

## Fourth Quarter:

- Net Sales increased \$346 million from Q4 2016 to \$3.8 billion
  - Up 9.9% on a reported basis
  - Up 8.2% on an average daily sales basis ("ADS")
  - Up 7.5% ADS on a constant currency basis
- Adjusted EBITDA up 8.7% to \$297 million
- Non-GAAP net income per diluted share up 14.7% to \$0.99

# Balanced Portfolio Drove Topline

(Unaudited)

(\$ in millions)

	Three Months Ended December 31,				Years Ended December 31,			
	2017	2016	% Change	Average Daily % Change <sup>(1)</sup>	2017	2016	% Change <sup>(1)</sup>	Average Daily % Change <sup>(1)</sup>
Corporate <sup>(2)</sup>	\$ 1,641.4	\$ 1,517.8	8.1%	6.4%	\$ 6,347.0	\$5,889.8	7.8%	7.8%
Small Business <sup>(2)</sup>	314.8	291.8	7.9	6.1	1,246.5	1,140.1	9.3	9.3
Public								
Government	\$ 630.0	\$ 529.6	19.0%	17.1%	\$ 2,167.5	\$ 1,863.7	16.3%	16.3%
Education	400.8	365.9	9.5	7.8	2,211.4	2,018.3	9.6	9.6
Healthcare	423.3	436.8	(3.1)	(4.6)	1,658.6	1,707.4	(2.9)	(2.9)
Total Public	\$ 1,454.1	\$ 1,332.3	9.1%	7.4%	\$ 6,037.5	\$ 5,589.4	8.0%	8.0%
Other	\$ 428.3	\$ 350.5	22.2%	20.3%	\$ 1,560.5	\$ 1,362.6	14.5%	14.5%
Total Net sales	\$ 3,838.6	\$ 3,492.4	9.9%	8.2%	\$ 15,191.5	\$ 13,981.9	8.7%	8.7%

(1) There were 63 and 62 selling days for the three months ended December 31, 2017 and 2016, respectively. There were 254 selling days for the years ended December 31, 2017 and 2016.

(2) Effective January 1, 2017, the CDW Small Business channel became a separate operating and reportable segment. Its results were previously presented as a sales channel within the Corporate segment. Segment information reported in prior periods has been recast to conform to the current period presentation.

# Fourth Quarter Financial Results

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

	Three Months Ended December 31,		
	2017	2016	% Change
Net sales	\$ 3,838.6	\$ 3,492.4	9.9%
<i>Avg Daily Net Sales</i>	\$ 60.9	\$ 56.3	8.2%
Gross profit	\$ 614.4	\$ 577.9	6.3%
<i>% of Net Sales</i>	16.0%	16.5%	
SG&A, including advertising	\$ 392.8	\$ 380.7	3.2%
Income from operations	\$ 221.6	\$ 197.2	12.4%
Adjusted SG&A, including advertising*	\$ 318.5	\$ 305.9	4.1%
Adjusted EBITDA*	\$ 297.4	\$ 273.7	8.7%
<i>% of Net Sales</i>	7.7%	7.8%	
Interest expense, net	\$ (37.1)	\$ (33.9)	9.5%
Net income	\$ 195.2	\$ 103.2	89.1%
Diluted EPS	\$ 1.26	\$ 0.63	99.0%
Non-GAAP net income*	\$ 153.1	\$ 140.4	9.0%
Non-GAAP diluted EPS*	\$ 0.99	\$ 0.86	14.7%

\* 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, 2018 and in these slides.

# Fourth Quarter Adjusted SG&A and Adjusted EBITDA

(Unaudited)  
(\$ in millions)

	Three Months Ended December 31,		
	2017	2016	% Change
Reported SG&A, including advertising	\$ 392.8	\$ 380.7	3.2%
<i>Adjustments:</i>			
Equity-based compensation	(10.1)	(11.1)	
Integration expenses	—	(1.1)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(46.2)	(46.1)	
Other SG&A depreciation and amortization	(17.8)	(15.8)	
Other expenses	(0.2)	(0.7)	
Total adjustments	(74.3)	(74.8)	
Adjusted SG&A, including advertising	\$ 318.5	\$ 305.9	4.1%
Adjusted EBITDA	\$ 297.4	\$ 273.7	8.7%
% of Net Sales	7.7%	7.8%	



# Interest, Taxes and Non-GAAP Net Income

(Unaudited)

(\$ in millions, except per share amounts)

	Three Months Ended December 31,		
	2017	2016	% Change
Interest expense, net	\$ (37.1)	\$ (33.9)	9.5%
Other income (expense), net	\$ 0.1	\$ (0.5)	nm**
Income tax benefit (expense)	\$ 10.6	\$ (59.6)	nm**
Net income	\$ 195.2	\$ 103.2	89.1%
Diluted EPS	\$ 1.26	\$ 0.63	99.0%
Non-GAAP net income*	\$ 153.1	\$ 140.4	9.0%
Non-GAAP diluted EPS*	\$ 0.99	\$ 0.86	14.7%

\* 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, 2018 and in these slides.

\*\* Not meaningful

# 2017 GAAP Effective Tax Rate

	Three Months Ended December 31,	
	2017	2016
Federal statutory rate	35.0%	35.0%
State taxes	2.3%	3.0%
Excess benefits from equity-based compensation	(3.0)%	(0.3)%
Mix impact from lower international income tax rates	(1.3)%	(1.2)%
All other items impacting tax rate	2.2%	0.1%
Net deferred tax liability adjustment and foreign income transition tax	(40.9)%	—%
GAAP effective tax rate	(5.7)%	36.6%

# Fourth Quarter Non-GAAP Income before Income Taxes and Non-GAAP Net Income

(Unaudited)  
(\$ in millions)

	Three Months Ended December 31, 2017				Three Months Ended December 31, 2016			
	Income before income taxes	Income tax benefit (expense)	Net income	Effective tax rate	Income before income taxes	Income tax benefit (expense)	Net income	Effective tax rate
GAAP (as reported)	\$ 184.6	\$ 10.6	\$ 195.2	(5.7)%	\$ 162.8	\$ (59.6)	\$ 103.2	36.6%
Amortization of intangibles <sup>(1)</sup>	46.2	(16.6)	29.6		46.1	(16.6)	29.5	
Equity-based compensation <sup>(2)</sup>	10.1	(9.1)	1.0		11.1	(4.6)	6.5	
Integration expenses <sup>(3)</sup>	—	—	—		1.1	(0.4)	0.7	
Deferred tax adjustment due to state law changes	—	0.4	0.4		—	—	—	
Tax Cuts and Jobs Act	—	(75.5)	(75.5)		—	—	—	
Other adjustments <sup>(4)</sup>	0.1	2.3	2.4		0.7	(0.2)	0.5	
Non-GAAP*	<u>\$ 241.0</u>	<u>\$ (87.9)</u>	<u>\$ 153.1</u>	<u>36.5%</u>	<u>\$ 221.8</u>	<u>\$ (81.4)</u>	<u>\$ 140.4</u>	<u>36.7%</u>

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

(2) Includes excess tax benefits related to equity-based compensation.

(3) Comprised of expenses related to CDW UK.

(4) Primarily includes expenses related to payroll taxes on equity based compensation during 2017. The year ended December 31, 2016 primarily includes our share of the 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.

\* Non-GAAP income before income taxes and Non-GAAP net income 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, 2018 and in these slides.

# YTD Financial Results

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

	Years Ended December 31,		
	2017	2016	% Change
Net sales	\$ 15,191.5	\$ 13,981.9	8.7%
<i>Avg Daily Net Sales</i>	\$ 59.8	\$ 55.0	8.7%
Gross profit	\$ 2,449.9	\$ 2,327.2	5.3%
<i>% of Net Sales</i>	16.1%	16.6%	
SG&A, including advertising	\$ 1,583.8	\$ 1,508.0	5.0%
Income from operations	\$ 866.1	\$ 819.2	5.7%
Adjusted SG&A, including advertising*	\$ 1,272.9	\$ 1,218.1	4.5%
Adjusted EBITDA*	\$ 1,185.6	\$ 1,117.3	6.1%
<i>% of Net Sales</i>	7.8%	8.0%	
Interest expense, net	\$ (150.5)	\$ (146.5)	2.7%
Net income	\$ 523.0	\$ 424.4	23.2%
Diluted EPS	\$ 3.31	\$ 2.56	29.3%
Non-GAAP net income*	\$ 605.8	\$ 569.0	6.5%
Non-GAAP diluted EPS*	\$ 3.83	\$ 3.43	11.7%

\* 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, 2018 and in these slides.

# Debt and Revolver Availability

(Unaudited)  
(\$ in millions)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Cash and cash equivalents	\$ 144.2	\$ 263.7
Total debt	\$ 3,235.5	\$ 3,234.4
Senior secured debt	\$ 1,540.3	\$ 1,552.1
Net debt (total debt net of cash and cash equivalents)	\$ 3,091.3	\$ 2,970.7
Outstanding borrowings under revolver	\$ —	\$ —
Borrowing base under ABL revolver <sup>(1)</sup>	\$ 1,608.2	\$ 1,479.4
Revolver availability <sup>(2)</sup>	\$ 1,063.2	\$ 777.3
Cash plus revolver availability <sup>(2)</sup>	\$ 1,207.4	\$ 1,041.0
Total net leverage ratio <sup>(3)</sup>	2.6	2.7

(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 (\$68 million at December 31, 2017) in 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.

# Cash Conversion Cycle

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*(Unaudited)*

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Days of sales outstanding (DSO)*	52	51
Days of supply in inventory (DIO)*	12	12
Days purchases outstanding (DPO)*	<u>(45)</u>	<u>(44)</u>
Cash Conversion Cycle*	<u>19</u>	<u>19</u>

\* Based on a rolling three-month average.

# 2018 Expected Tax Rates

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Federal Statutory Tax rate	21%
State Taxes	~ 4%
Expanded Base (US)	~ 0.5%
International	~ 0.5%
Excess Tax benefits from equity-based compensation	<u>~ (1.5%)</u>
Subtotal	~ 3.5%
GAAP Effective Tax Rate	24-25%
Non-GAAP Tax Adjustments *	<u>~ 2%</u>
Non-GAAP Effective Tax Rate	26-27%

\* Includes excess tax benefits from equity-based compensation and impact of Global Intangible Low-Taxed Income ("GILTI") on non-GAAP tax adjustments

# Non-GAAP Income before Income Taxes and Non-GAAP Net Income

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Adjusted EBITDA:

- Depreciation and amortization
- + Amortization of purchased intangibles
- Interest expense

OR

GAAP Income before Income taxes:

- + Amortization of purchased intangibles
- + Equity-based compensation
- +/- Other unusual or non-recurring items

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Non-GAAP Income before  
Income Taxes

Taxed at Non-GAAP effective tax  
rate

Non-GAAP Net Income



# ASC 606 Impact

(\$ millions)	December 31, 2017			December 31, 2016			Growth rate		
	Current Standard	New standard (ASC 606)	Change	Current Standard	New standard (ASC 606)	Change	Current Standard	New standard (ASC 606)	Bps Change
Net sales	\$ 15,191.5	\$ 14,832.9	\$ (358.6)	\$ 13,981.9	\$ 13,672.7	\$ (309.2)	8.7%	8.5%	-20 bps
Gross profit	2,449.9	2,450.2	0.3	2,327.2	2,328.3	1.1	5.3%	5.2%	-10 bps
Gross margin	16.1%	16.5%	40 bps	16.6%	17.0%	40 bps			
Income from operations	866.1	866.5	0.4	819.2	820.0	0.8	5.7%	5.7%	0 bps
Net income	523.0	523.1	0.1	424.4	425.1	0.7	23.2%	23.1%	-10 bps
Adjusted EBITDA*	1,185.6	1,186.0	0.4	1,117.3	1,118.1	0.8	6.1%	6.1%	0 bps
Adjusted EBITDA Margin*	7.8%	8.0%	20 bps	8.0%	8.2%	20 bps			
Non-GAAP net income*	605.8	605.9	0.1	569.0	569.7	0.7	6.5%	6.4%	-10 bps
Non-GAAP diluted EPS*	\$ 3.83	\$ 3.83	\$ —	\$ 3.43	\$ 3.43	\$ —	11.7%	11.7%	0 bps

*No meaningful change to Adjusted EBITDA dollars, Gross profit dollars or growth rates. Change is to calculated margins.*

\* Adjusted EBITDA, Adjusted EBITDA Margin, 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, 2018 and in these slides.

# Annual Medium Term Targets

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	<u>2018*</u>	<u>2019*</u>	<u>Previous 2016-2018</u>
Net sales	Net sales growth of U.S. IT growth +200-300bps in constant currency	Net sales growth of U.S. IT growth +200-300 bps in constant currency	Net sales growth of U.S. IT growth +200-300 bps in constant currency
Adjusted EBITDA	High 7's to 8% Margin	High 7's to 8% Margin	High 7's to 8% Margin
Non-GAAP EPS	Low to mid-20% growth in constant currency	10% or slightly better growth in constant currency	Low double-digits growth in constant currency

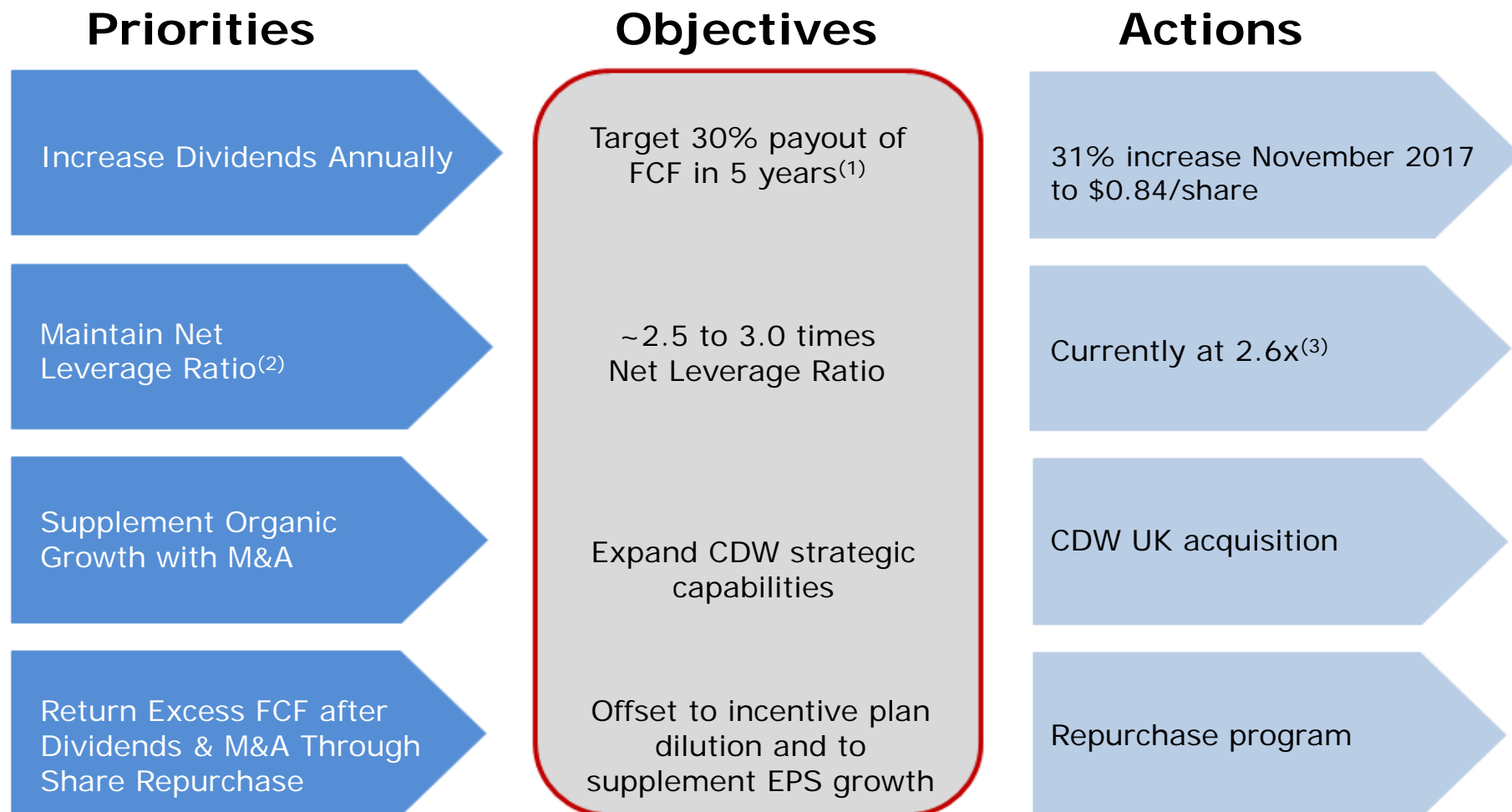
\*Annual target

# Free Cash Flow 'Rule of Thumb'

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2013 - 2016	2017	2018 - 2019
2 ½ - 3% of Net sales	3 - 3 ½% of Net sales	3 ¾ - 4 ¼% of Net sales

# Four Capital Allocation Priorities



<sup>1</sup> Target established November 2014

<sup>2</sup> 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. TTM Adjusted EBITDA is a term defined in our credit agreement.

<sup>3</sup> As of December 31, 2017.

# Thoughts on Modeling FY 2018

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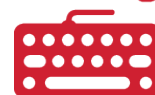
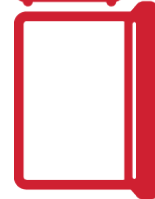
- Full-year constant currency Net sales growth within our annual medium term target of 200 to 300 bps above US IT, coming in at the mid-to-low end of the range
  - 1H/2H sales ~ in line with historical average split of 48-49 / 51-52%
  - Currency tailwinds expected at an annual average rate of ~ 15 bps
- Adjusted EBITDA within full-year annual target of high 7's to 8%
- Depreciation and Amortization expected to be ~\$8MM higher than 2017
- Acquisition related intangibles expected to be roughly \$185MM
- Annual book interest expected to be in the range of \$156MM - \$158MM
- Equity-based compensation expected to be ~ \$7MM lower than 2017
- Non-GAAP effective tax rate expected to be between 26% to 27%
- Non-GAAP EPS expected to grow ~ 250-300 bps faster than Non-GAAP net income

# Modeling Q1 and FY 2018 Cash Flows

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- Q1 '18:
  - Sales ~ in-line with typical seasonality below our fourth quarter
  - Adjusted EBITDA growth less than full year growth
  - Non-GAAP EPS growth within full year growth range
- Cash flow:
  - Annual Free Cash Flow at the low end of new 'rule of thumb' run rate post-tax cuts of 3  $\frac{3}{4}$ % to 4  $\frac{1}{4}$ % of net sales
  - Capital expenditures slightly above ~0.5% of Net sales on an annual basis
  - Achieve Cash Conversion Cycle within target range of high teens to low 20s

# Questions and Answers



**PEOPLE  
WHO  
GET IT™**

# Adjusted EBITDA to Net Income Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended December 31,				Years Ended December 31,			
	2017	% of Net Sales	2016	% of Net Sales	2017	% of Net sales	2016	% of Net sales
Net income	\$ 195.2	5.1%	\$ 103.2	3.0%	\$ 523.0	3.4%	\$ 424.4	3.0%
Depreciation and amortization <sup>(1)</sup>	65.7		63.8		260.9		254.5	
Income tax (benefit) expense	(10.6)		59.6		137.3		248.0	
Interest expense, net	37.1		33.9		150.5		146.5	
EBITDA	<u>287.4</u>	7.5%	<u>260.5</u>	7.5%	<u>1,071.7</u>	7.1%	<u>1,073.4</u>	7.7%
Adjustments:								
Equity-based compensation	10.1		11.1		43.7		39.2	
Net loss on extinguishments of long-term debt	—		—		57.4		2.1	
Income from equity investment <sup>(2)</sup>	(0.3)		(0.2)		(0.7)		(1.1)	
Integration expenses <sup>(3)</sup>	—		1.1		2.5		7.3	
Reinstatement of prior year unclaimed property balances <sup>(4)</sup>	—		—		4.1		—	
Other adjustments <sup>(5)</sup>	0.2		1.2		6.9		(3.6)	
Total adjustments	<u>10.0</u>		<u>13.2</u>		<u>113.9</u>		<u>43.9</u>	
Adjusted EBITDA*	<u>\$ 297.4</u>	7.7%	<u>\$ 273.7</u>	7.8%	<u>\$ 1,185.6</u>	7.8%	<u>\$ 1,117.3</u>	8.0%

(1) Includes depreciation expense of \$2 million for both the three months ended December 31, 2017 and 2016, and \$7 million for both the years ended December 31, 2017 and 2016, reported within Cost of sales.

(2) Represents the Company's share of net income from equity investment.

(3) Comprised of expenses related to CDW UK.

(4) Comprised of the reinstatement of prior year unclaimed balances as a result of a retroactive Illinois state law change enacted during 2017.

(5) Primarily includes expenses related to payroll taxes on equity-based compensation and historical retention costs during 2017. The year ended December 31, 2016 primarily includes our share of the 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.

\* 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, 2018, for a discussion of non-GAAP financial measures.



# YTD Adjusted SG&A and Adjusted EBITDA

(Unaudited)  
(\$ in millions)

	Years Ended December 31,		
	2017	2016	% Change
Reported SG&A, including advertising	\$ 1,583.8	\$ 1,508.0	5.0%
<i>Adjustments:</i>			
Equity-based compensation	(43.7)	(39.2)	
Integration expenses	(2.5)	(7.3)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(185.1)	(187.2)	
Other SG&A depreciation and amortization	(68.8)	(60.3)	
Reinstatement of prior year unclaimed property balances <sup>(1)</sup>	(4.1)	—	
Other expenses <sup>(2)</sup>	(6.7)	4.1	
Total adjustments	(310.9)	(289.9)	
Adjusted SG&A, including advertising	\$ 1,272.9	\$ 1,218.1	4.5%
Adjusted EBITDA	\$ 1,185.6	\$ 1,117.3	6.1%
% of Net Sales	7.8%	8.0%	

(1) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change enacted during 2017.

(2) Primarily includes expenses related to payroll taxes on equity-based compensation and historical retention costs during 2017. The year ended December 31, 2016 primarily includes our share of the 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.

# YTD Non-GAAP Income before Income Taxes and Non-GAAP Net Income

(Unaudited)  
(\$ in millions)

	Year Ended December 31, 2017				Year Ended December 31, 2016			
	Income before income taxes	Income tax benefit (expense)	Net income	Effective tax rate	Income before income taxes	Income tax benefit (expense)	Net income	Effective tax rate
GAAP (as reported)	\$ 660.3	\$ (137.3)	\$ 523.0	20.8%	\$ 672.4	\$ (248.0)	\$ 424.4	36.9%
Amortization of intangibles <sup>(1)</sup>	185.1	(66.6)	118.5		187.2	(67.4)	119.8	
Equity-based compensation <sup>(2)</sup>	43.7	(51.9)	(8.2)		39.2	(15.9)	23.3	
Net loss on extinguishment of long-term debt	57.4	(20.7)	36.7		2.1	(0.8)	1.3	
Integration expenses <sup>(3)</sup>	2.5	(0.9)	1.6		7.3	(2.6)	4.7	
Reinstatement of prior year unclaimed property balances <sup>(4)</sup>	4.1	(1.5)	2.6		—	—	—	
Deferred tax adjustment due to state law changes	—	1.3	1.3		—	(1.5)	(1.5)	
Tax Cuts and Jobs Act <sup>(5)</sup>	—	(75.5)	(75.5)		—	—	—	
Other adjustments	4.9	0.9	5.8		(5.4)	2.4	(3.0)	
Non-GAAP*	<u>\$ 958.0</u>	<u>\$ (352.2)</u>	<u>\$ 605.8</u>	<u>36.8%</u>	<u>\$ 902.8</u>	<u>\$ (333.8)</u>	<u>\$ 569.0</u>	<u>37.0%</u>

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

(2) Includes excess tax benefits related to equity-based compensation.

(3) Comprised of expenses related to CDW UK.

(4) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change enacted during 2017.

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\* Non-GAAP income before income taxes and Non-GAAP net income 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, 2018 and in these slides.

# Fourth Quarter Free Cash Flow

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(Unaudited)  
(\$ in millions)

	Three Months Ended December 31,		
	2017	2016	% Change
Net cash provided by operating activities	\$ 338.6	\$ 104.4	
Capital expenditures	(22.5)	(22.1)	
Net change in accounts payable - inventory financing	(42.6)	104.4	
Free Cash Flow	\$ 273.5	\$ 186.7	46.5%

# YTD Free Cash Flow

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(Unaudited)  
(\$ in millions)

	Years Ended December 31,		
	2017	2016	% Change
Net cash provided by operating activities	\$ 777.7	\$ 604.0	
Capital expenditures	(81.1)	(63.5)	
Net change in accounts payable - inventory financing	(84.0)	143.6	
Free Cash Flow	\$ 612.6	\$ 684.1	(10.5)%

# Consolidated Net Sales Growth on a Constant Currency Basis

(Unaudited)  
(\$ in millions)

	Three Months Ended December 31,				Years Ended December 31,			
	2017	2016	% Change	Average Daily % Change <sup>(1)</sup>	2017	2016	% Change	Average Daily % Change <sup>(1)</sup>
Consolidated Net sales, as reported	\$3,838.6	\$ 3,492.4	9.9%	8.2%	\$ 15,191.5	\$ 13,981.9	8.7%	8.7%
Foreign currency translation <sup>(2)</sup>	—	21.6			—	(28.3)		
Consolidated Net sales, on a constant currency basis*	\$3,838.6	\$ 3,514.0	9.2%	7.5%	\$ 15,191.5	\$ 13,953.6	8.9%	8.9%

- (1) There were 63 and 62 selling days for the three months ended December 31, 2017 and 2016, respectively. There were 254 selling days for both years ended December 31, 2017 and 2016.
- (2) Represents the effect of translating the prior year results of CDW UK and CDW Canada 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 February 7, 2018.

# Non-GAAP Net Income Per Diluted Share, on a Constant Currency Basis

(Unaudited)

(\$ and shares in millions, except per share amounts)

	Three Months Ended December 31,			Years Ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Net income	\$ 195.2	\$ 103.2		\$ 523.0	\$ 424.4	
Amortization of intangibles	46.2	46.1		185.1	187.2	
Equity-based compensation	10.1	11.1		43.7	39.2	
Net Loss on extinguishments of long-term debt	—	—		57.4	2.1	
Integration expenses	—	1.1		2.5	7.3	
Reinstatement of prior year unclaimed property balances	—	—		4.1	—	
Other adjustments	0.1	0.7		4.9	(5.4)	
Aggregate adjustment for income taxes	(98.5)	(21.8)		(214.9)	(85.8)	
Non-GAAP Net Income <sup>(1)*</sup>	\$ 153.1	\$ 140.4	9.0%	\$ 605.8	\$ 569.0	6.5%
Foreign currency translation <sup>(2)</sup>	—	1.1		—	(0.8)	
Non-GAAP Net Income, on a constant currency basis*	\$ 153.1	\$ 141.5	8.2%	\$ 605.8	\$ 568.2	6.6%
Shares used in computing Non-GAAP net income per diluted share and Non-GAAP net income per diluted share, on a constant currency basis	155.3	163.3		158.2	166.0	
Non-GAAP net income per diluted share*	\$ 0.99	\$ 0.86	14.7%	\$ 3.83	\$ 3.43	11.7%
Non-GAAP net income per diluted share, on a constant currency basis*	\$ 0.99	\$ 0.87	13.8%	\$ 3.83	\$ 3.42	11.8%

(1) See Slide 11 for details on the adjustments to Non-GAAP Net Income for the fourth quarter. See Slide 26 for details on the adjustments to Non-GAAP Net Income for the year to date.

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

\* Non-GAAP Net income, Non-GAAP Net Income per diluted share, Non-GAAP Net income on a constant currency basis and Non-GAAP Net Income per diluted share 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, 2018.