



CDW Corporation

Webcast Conference Call

May 3, 2017

CDW.com | 800.800.4239

Today's Agenda

- First Quarter 2017 Results
- Key Performance Drivers and Strategic Progress
- Financial Results
- Outlook
- Q&A

Disclaimers

This presentation contains forward-looking statements, which are any predictions, 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 Performance

First Quarter:

- Net Sales up 6.7% to \$3.3 billion
 - Up 7.6% in constant currency
- Adjusted EBITDA up 7.1% to \$249 million
- Non-GAAP net income per diluted share up 11.7% to \$0.75
 - Up 12.7% in constant currency

Highlights Combined Power

- Balanced portfolio of customer end-markets
- Broad product and solutions suite
- Impact of mix on our profitability

Balanced Portfolio Drove Topline

(Unaudited)

(\$ in millions)

	Three Months Ended March 31,			
	2017	2016	% Change	Average Daily % Change ⁽¹⁾
Corporate ⁽²⁾	\$ 1,476.3	\$ 1,414.9	4.3%	4.3%
Small Business ⁽²⁾	298.7	277.4	7.7%	7.7%
Public				
Government	\$ 386.9	\$ 339.9	13.8%	13.8%
Education	397.1	341.0	16.4	16.4
Healthcare	392.5	388.5	1.0	1.0
Total Public	\$ 1,176.5	\$ 1,069.4	10.0%	10.0%
Other	\$ 373.2	\$ 355.0	5.1%	5.1%
Total Net sales	\$ 3,324.7	\$ 3,116.7	6.7%	6.7%

(1) There were 64 selling days for the three months ended March 31, 2017 and 2016.

(2) Effective January 1, 2017, the CDW Small Business channel has become 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 been reclassified to conform to the current period presentation.

First Quarter Financial Results

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

	Three Months Ended March 31,		
	2017	2016	% Change
Net sales	\$ 3,324.7	\$ 3,116.7	6.7%
<i>Avg Daily Net Sales</i>	\$ 51.9	\$ 48.7	6.7%
Gross profit	\$ 552.6	\$ 524.5	5.4%
<i>% of Net Sales</i>	16.6%	16.8%	
SG&A, including advertising	\$ 382.8	\$ 363.5	5.3%
Income from operations	\$ 169.8	\$ 161.0	5.5%
Adjusted SG&A, including advertising *	\$ 305.9	\$ 294.0	4.0%
Adjusted EBITDA *	\$ 249.2	\$ 232.7	7.1%
<i>% of Net Sales</i>	7.5%	7.5%	
Interest expense, net	\$ (39.7)	\$ (38.1)	4.1%
Net income	\$ 57.6	\$ 77.8	(26.0)%
Diluted EPS	\$ 0.35	\$ 0.46	(23.2)%
Non-GAAP net income *	\$ 121.3	\$ 112.7	7.7%
Non-GAAP diluted EPS *	\$ 0.75	\$ 0.67	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 May 3, 2017 and in these slides.

First Quarter Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Three Months Ended March 31,		
	2017	2016	% Change
Reported SG&A, including advertising	\$ 382.8	\$ 363.5	5.3%
<i>Adjustments:</i>			
Equity-based compensation	(12.1)	(8.4)	
Acquisition and integration expenses	(0.5)	(1.6)	
Other expenses ⁽¹⁾	(1.9)	2.7	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(46.1)	(47.5)	
Other SG&A depreciation and amortization	(16.3)	(14.7)	
Total adjustments	(76.9)	(69.5)	
Adjusted SG&A, including advertising	\$ 305.9	\$ 294.0	4.0%
Adjusted EBITDA	\$ 249.2	\$ 232.7	7.1%
<i>% of Net Sales</i>	7.5%	7.5%	

- (1) Primarily includes expenses related to payroll taxes on equity-based compensation and historical retention costs during the three months ended March 31, 2017 and 2016. Also includes the favorable resolution of a local sales tax matter partially offset by expenses related to the consolidation of office locations north of Chicago during the three months ended March 31, 2016.

Interest, Taxes and Non-GAAP Net Income

(Unaudited)

(\$ in millions, except per share amounts)

	Three Months Ended March 31,		
	2017	2016	% Change
Interest expense, net	\$ (39.7)	\$ (38.1)	4.1%
Other income, net	\$ 0.9	\$ 1.0	(8.8)%
Income tax expense	\$ (16.0)	\$ (46.1)	(65.3)%
Net income	\$ 57.6	\$ 77.8	(26.0)%
Diluted EPS	\$ 0.35	\$ 0.46	(23.2)%
Non-GAAP net income*	\$ 121.3	\$ 112.7	7.7%
Non-GAAP diluted EPS*	\$ 0.75	\$ 0.67	11.7%

* 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 May 3, 2017 and in these slides.

First Quarter Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Three Months Ended March 31,	
	2017	2016
Net income	\$ 57.6	\$ 77.8
Amortization of intangibles ⁽¹⁾	46.1	47.5
Equity-based compensation	12.1	8.4
Net Loss on extinguishments of long-term debt	57.4	—
Acquisition and integration expenses ⁽²⁾	0.5	1.6
Other adjustments	1.4	(3.1)
Aggregate adjustment for income taxes ⁽³⁾	(53.8)	(19.5)
Non-GAAP net income*	<u>\$ 121.3</u>	<u>\$ 112.7</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:

	2017	2016
Total Non-GAAP adjustments	117.5	54.4
Weighted average statutory effective tax rate	36.0%	36.0%
Income tax	(42.3)	(19.6)
Excess tax benefits from equity-based compensation	(11.6)	—
Non-deductible adjustments and other	0.1	0.1
Total aggregate adjustment for income taxes	<u>\$ (53.8)</u>	<u>\$ (19.5)</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 May 3, 2017 and in these slides.

Debt and Revolver Availability

(Unaudited)
(\$ in millions)

	March 31, 2017	December 31, 2016	March 31, 2016
Cash and cash equivalents	\$ 251.7	\$ 263.7	\$ 248.2
Total debt	\$ 3,280.5	\$ 3,234.4	\$ 3,251.9
Senior secured debt	\$ 1,549.4	\$ 1,552.1	\$ 1,577.6
Net debt (total debt net of cash and cash equivalents)	\$ 3,028.8	\$ 2,970.7	\$ 3,003.7
Outstanding borrowings under revolver	\$ 38.0	\$ —	\$ —
Borrowing base under ABL revolver ⁽¹⁾	\$ 1,409.1	\$ 1,479.4	\$ 1,333.6
Revolver availability ⁽²⁾	\$ 1,025.6	\$ 777.3	\$ 979.5
Cash plus revolver availability ⁽²⁾	\$ 1,277.3	\$ 1,041.0	\$ 1,227.7
Total net leverage ratio ⁽³⁾	2.7	2.7	2.8

(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.

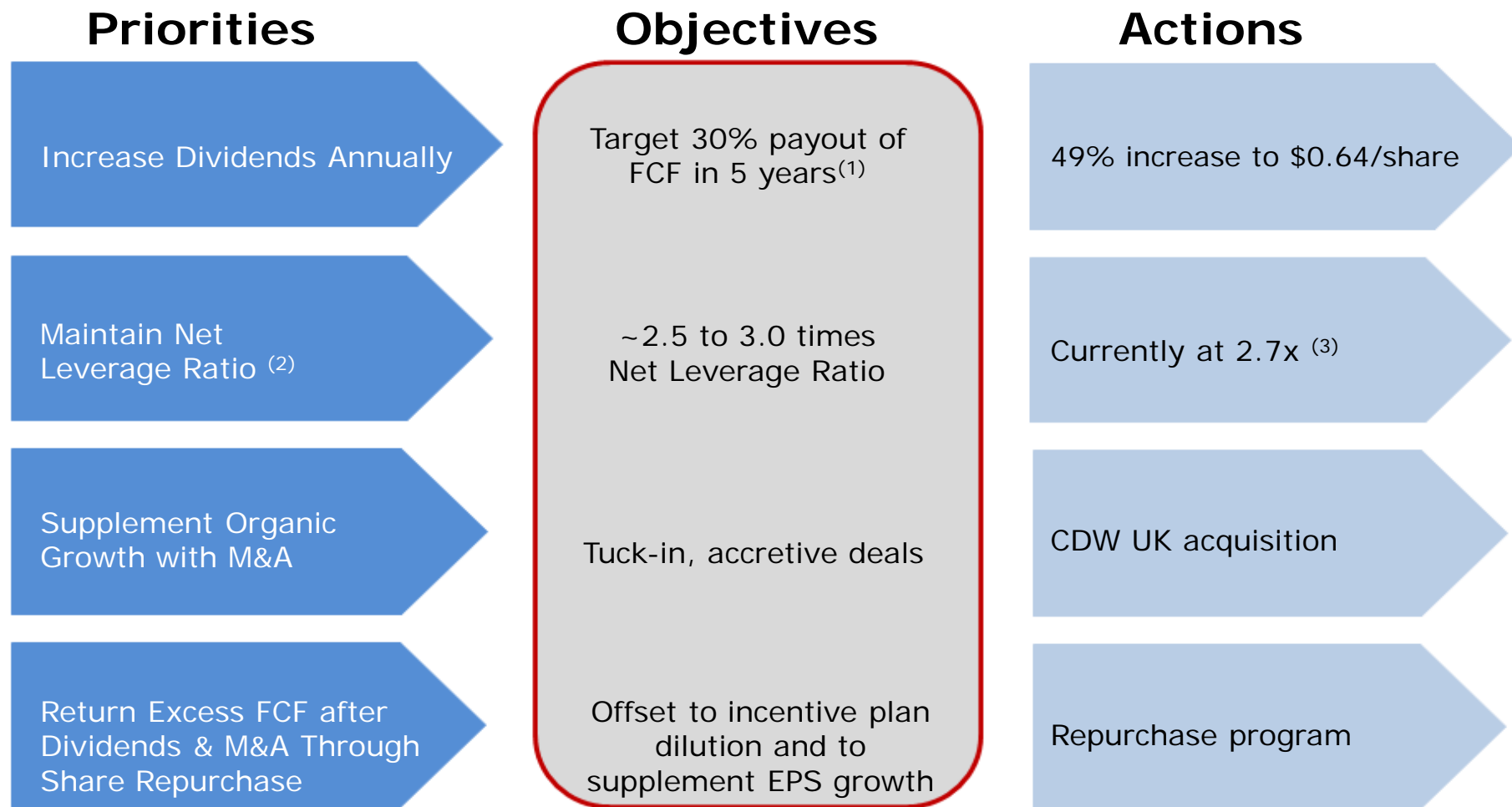
Cash Conversion Cycle

(Unaudited)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Days of sales outstanding (DSO) *	50	51	49
Days of supply in inventory (DIO) *	13	12	14
Days purchases outstanding (DPO) *	<u>(45)</u>	<u>(44)</u>	<u>(43)</u>
Cash Conversion Cycle *	<u>18</u>	<u>19</u>	<u>20</u>

* 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. TTM Adjusted EBITDA is a term defined in our credit agreement.

³ As of March 31, 2017.

Capital Allocation Priorities Support Medium Term Targets

2016-2018

Net Sales Growth

U.S. IT growth
+200-300bps in constant
currency

Adjusted EBITDA

Mid-7% Margin

Leverage

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

Non-GAAP EPS
Growth

Low double-digits in
constant currency

Thoughts on Modeling 2017

Current expectations for PL:

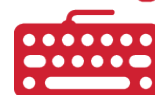
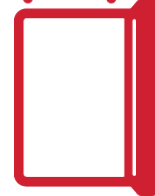
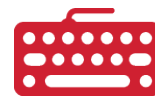
- Full-year constant currency growth within our annual medium term target of 200 to 300 bps above US IT
- Seasonality ~ 48 / 52% between 1H/2H
- Currency headwinds ~70 bps for 2017; 1H impact ~105 bps
- Full-year Adjusted EBITDA margin roughly in-line with 2016 level
- Depreciation and Amortization at ~\$64MM per quarter; \$46MM for purchased intangibles
- Annual book interest of ~\$150MM
- Annual effective tax rate of between 33-34%; all-in annual “non-GAAP” net income tax rate between 37-38%
- Equity-based compensation slightly above Q1 in Q2 but at or below 2016 for the balance of the year
- Low double-digit constant currency Non-GAAP EPS growth with currency headwinds similar to topline

Thoughts on Modeling 2017 cont'd

Current expectations for working capital and cash flow:

- Annual Free Cash Flow above "rule of thumb" of 2 1/2 to 3% of net sales, coming in between 3-3 1/2% of net sales
- Capital expenditures ~0.5% of net sales on an annual basis
- Achieve Cash Conversion Cycle in low 20s range
- Cash tax rate of approximately 32%, to be applied to pretax income before intangibles amortization of \$46MM/quarterly PLUS \$20MM of annual CODI payments

Questions and Answers



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Adjusted EBITDA to Net Income Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended March 31,			
	2017	% of Net Sales	2016	% of Net Sales
Net income	\$ 57.6		\$ 77.8	
Depreciation and amortization ⁽¹⁾	64.2		64.0	
Income tax expense	16.0		46.1	
Interest expense, net	39.7		38.1	
EBITDA	<u>177.5</u>	5.3%	<u>226.0</u>	7.3%
Adjustments:				
Equity-based compensation	12.1		8.4	
Net loss on extinguishments of long-term debt	57.4		—	
Income from equity investments ⁽²⁾	(0.2)		(0.6)	
Acquisition and integration expenses ⁽³⁾	0.5		1.6	
Other adjustments ⁽⁴⁾	1.9		(2.7)	
Total adjustments	<u>71.7</u>		<u>6.7</u>	
Adjusted EBITDA*	<u>\$ 249.2</u>	7.5%	<u>\$ 232.7</u>	7.5%

(1) Includes depreciation expense of \$2 million for the three months ended March 31, 2017 and 2016, historically reported within Cost of Sales.

(2) Represents the Company's share of net income/loss from equity investments.

(3) Comprises expenses related to CDW UK.

(4) Primarily includes expenses related to payroll taxes on equity-based compensation and historical retention costs during the three months ended March 31, 2017 and 2016. Also includes the favorable resolution of a local sales tax matter partially offset by expenses related to the consolidation of office locations north of Chicago during the three months ended March 31, 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 May 3, 2017, for a discussion of non-GAAP financial measures.

First Quarter Free Cash Flow

(Unaudited)
(\$ in millions)

	Three Months Ended March 31,		
	2017	2016	% Change
Net cash provided by operating activities	\$ 369.9	\$ 427.8	
Capital expenditures	(19.6)	(11.0)	
Net change in accounts payable - inventory financing	(135.7)	(66.5)	
Free Cash Flow	\$ 214.6	\$ 350.3	(38.7)%

Consolidated Net Sales Growth on a Constant Currency Basis

(Unaudited)
(\$ in millions)

	<u>Three Months Ended March 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>% Change</u>	<u>Average Daily % Change ⁽¹⁾</u>
Consolidated Net sales, as reported	\$ 3,324.7	\$ 3,116.7	6.7%	6.7%
Foreign currency translation ⁽²⁾	—	(27.1)		
Consolidated Net sales, on a constant currency basis*	<u>\$ 3,324.7</u>	<u>\$ 3,089.6</u>	7.6%	7.6%

(1) There were 64 selling days for the three months ended March 31, 2017 and 2016.

(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.

* 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 May 3, 2017.

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

(Unaudited)

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

	Three Months Ended March 31,			
	2017	2016	% Change	Average Daily % Change ⁽¹⁾
Net income	\$ 57.6	\$ 77.8		
Amortization of intangibles	46.1	47.5		
Equity-based compensation	12.1	8.4		
Net Loss on extinguishments of long-term debt	57.4	—		
Acquisition and integration expenses	0.5	1.6		
Other adjustments	1.4	(3.1)		
Aggregate adjustment for income taxes	(53.8)	(19.5)		
Non-GAAP Net Income ^{(2)*}	\$ 121.3	\$ 112.7	7.6%	7.6%
Foreign currency translation ⁽³⁾	—	(1.0)		
Non-GAAP Net Income, on a constant currency basis*	\$ 121.3	\$ 111.7	8.6%	8.6%
Shares used in computing Non-GAAP net income per diluted share and Non-GAAP net income per diluted share, on a constant currency basis	162.8	168.9		
Non-GAAP net income per diluted share*	\$ 0.75	\$ 0.67	11.7%	11.7%
Non-GAAP net income per diluted share, on a constant currency basis*	\$ 0.75	\$ 0.66	12.7%	12.7%

(1) There were 64 selling days for the three months ended March 31, 2017 and 2016.

(2) See Slide 10 for details on the adjustments to Non-GAAP Net Income.

(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.

* 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 May 3, 2017.