



CDW Corporation

Non-GAAP Reconciliations
First Quarter 2018

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Q1 2018 Adjusted EBITDA Reconciliation to Net Income

(Unaudited)

(\$ in millions)

	Three Months Ended March 31,	
	2018	2017 ⁽ⁱ⁾
Net income	\$ 127.0	\$ 58.2
Depreciation and amortization ⁽ⁱⁱ⁾	66.6	64.2
Income tax expense	38.7	16.3
Interest expense, net	37.7	39.7
EBITDA	270.0	178.4
Adjustments:		
Equity-based compensation	8.1	12.1
Net loss on extinguishments of long-term debt	—	57.4
Income from equity investment ⁽ⁱⁱⁱ⁾	(0.3)	(0.2)
Integration expenses ^(iv)	—	0.5
Other adjustments ^(v)	2.0	1.9
Total adjustments	9.8	71.7
Adjusted EBITDA*	\$ 279.8	\$ 250.1

(i) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

(ii) Includes depreciation expense of \$2 million for both the three months ended March 31, 2018 and 2017, reported within Cost of sales.

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

(iv) Comprised of expenses related to CDW UK.

(v) Includes other expenses such as payroll taxes on equity-based compensation during the three months ended March 31, 2018 and 2017. Also includes historical retention costs during the three months ended March 31, 2017.

* 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 2, 2018, for a discussion of non-GAAP financial measures.

Q1 2018 Non-GAAP Net Income Reconciliation

(Unaudited)
(\$ in millions)

	Three Months Ended March 31, 2018				Three Months Ended March 31, 2017 ⁽ⁱ⁾			
	Income before income taxes	Income tax expense ⁽ⁱⁱ⁾	Net income	Effective tax rate	Income before income taxes	Income tax expense	Net income	Effective tax rate
GAAP (as reported)	\$ 165.7	\$ (38.7)	\$ 127.0	23.4%	\$ 74.5	\$ (16.3)	\$ 58.2	21.9%
Amortization of intangibles ⁽ⁱⁱⁱ⁾	46.7	(12.3)	34.4		46.1	(16.6)	29.5	
Equity-based compensation	8.1	(7.0)	1.1		12.1	(15.8)	(3.7)	
Net Loss on extinguishments of long-term debt	—	—	—		57.4	(20.7)	36.7	
Integration expenses ^(iv)	—	—	—		0.5	(0.2)	0.3	
Other adjustments ^(v)	0.5	(0.2)	0.3		1.4	(0.5)	0.9	
Non-GAAP*	<u>\$ 221.0</u>	<u>\$ (58.2)</u>	<u>\$ 162.8</u>	<u>26.3%</u>	<u>\$ 192.0</u>	<u>\$ (70.1)</u>	<u>\$ 121.9</u>	<u>36.5%</u>

- (i) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).
- (ii) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity compensation, and the impact of global intangible low tax income ("GILTI") on equity-based compensation and amortization of intangibles.
- (iii) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.
- (iv) Comprised of expenses related to CDW UK.
- (v) Includes other expenses such as payroll taxes on equity-based compensation during the three months ended March 31, 2018 and 2017.

* 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 May 2, 2018 and in these slides.

Q1 2018 Non-GAAP Net Income Per Share

(Unaudited)

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

	Three Months Ended March 31,	
	2018	2017 ⁽ⁱ⁾
Net income	\$ 127.0	\$ 58.2
Weighted-average common shares outstanding - Diluted	154.8	162.8
Net income per diluted share	\$ 0.82	\$ 0.36
Non-GAAP net income*	\$ 162.8	\$ 121.9
Non-GAAP weighted-average common shares outstanding - Diluted	154.8	162.8
Non-GAAP net income per diluted share*	\$ 1.05	\$ 0.75

(i) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

* Non-GAAP net income and Non-GAAP net income per diluted share 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 May 2, 2018, for a discussion of non-GAAP financial measures.

Adjusted EBITDA Reconciliation to Net Income and Adjusted EBITDA Margin Calculation 2010 - LTM Q1 2018

(Unaudited)

(\$ in millions)

	2010	2011	2012	2013	2014	2015 ⁽ⁱ⁾	2016 ⁽ⁱ⁾⁽ⁱⁱ⁾	2017 ⁽ⁱⁱ⁾	LTM Q1 2018
Net income (loss)	\$ (29.2)	\$ 17.1	\$ 119.0	\$ 132.8	\$ 244.9	\$ 403.1	\$ 425.1	\$ 523.1	\$ 591.9
Depreciation and amortization	209.4	204.9	210.2	208.2	207.9	227.4	254.5	261.0	263.4
Income tax expense (benefit)	(7.8)	11.2	67.1	62.7	142.8	243.9	248.1	137.6	160.0
Interest expense, net	391.9	324.2	307.4	250.1	197.3	159.5	146.5	150.5	148.5
EBITDA	\$ 564.3	\$ 557.4	\$ 703.7	\$ 653.8	\$ 792.9	\$ 1,033.9	\$ 1,074.2	\$ 1,072.2	\$ 1,163.8
Adjustments:									
Equity-based compensation	11.5	19.5	22.1	8.6	16.4	31.2	39.2	43.7	39.7
Net loss (gain) on extinguishments of long-term debt	(2.0)	118.9	17.2	64.0	90.7	24.3	2.1	57.4	—
(Income) loss from equity investments ⁽ⁱⁱⁱ⁾	(0.1)	(0.1)	(0.3)	(0.6)	(2.2)	10.1	(1.1)	(0.7)	1.0
IPO and secondary-offering related expenses ^(iv)	—	—	—	75.0	1.4	0.8	—	—	—
Acquisition and integration expenses ^(v)	—	—	—	—	—	10.2	7.3	2.5	2.0
Gain on remeasurement of equity investment ^(vi)	—	—	—	—	—	(98.1)	—	—	—
Goodwill impairment	—	—	—	—	—	—	—	—	—
Reinstatement of prior year unclaimed property balance ^(vii)	—	—	—	—	—	—	—	4.1	4.1
Other adjustments ^(viii)	28.1	21.6	23.9	7.7	7.8	6.1	(3.6)	6.9	5.2
Adjusted EBITDA	\$ 601.8	\$ 717.3	\$ 766.6	\$ 808.5	\$ 907.0	\$ 1,018.5	\$ 1,118.1	\$ 1,186.1	\$ 1,215.8
Net Sales	\$ 8,801.2	\$ 9,602.4	\$ 10,128.2	\$ 10,768.6	\$ 12,074.5	\$ 12,988.7	\$ 13,672.7	\$ 14,832.9	\$ 15,183.4
Adjusted EBITDA Margin^(ix)	6.8%	7.5%	7.6%	7.5%	7.5%	7.8%	8.2%	8.0%	8.0%

(i) 2015 and 2016 reflect the impact of consolidating CDW UK's financial results for five months and twelve months, respectively.

(ii) Amounts for 2017 and 2018 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

(iii) Represents the Company's share of net (income) loss from the Company's equity investments. 2015 includes the Company's 35% share of CDW UK's (previously known as Kelway) net loss which 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.

(iv) 2013 includes IPO related expenses of \$74.3 million, consisting of (1) acceleration charge for certain equity awards and related employer payroll taxes (\$40.7 million); (2) RDU Plan cash retention pool accrual (\$7.5 million); (3) management services agreement termination fee (\$24.4 million); and (4) other expenses (\$1.7 million). 2013 also includes \$0.7 million of secondary-offering related expenses. 2014 and 2015 include various secondary offerings completed during that time.

(v) Comprised of expenses related to CDW UK.

(vi) 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.

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

(viii) Other adjustments primarily include items such as sponsor fees, historical retention costs, expenses related to the consolidated office space, settlement payments received from the Dynamic Random Access Memory class action lawsuits and certain consulting and debt related professional fees.

(ix) Defined as Adjusted EBITDA divided by Net sales.

Non-GAAP Net Income Reconciliation 2013 - LTM Q1 2018

(Unaudited)
(\$ in millions)

	2013	2014	2015 ⁽ⁱ⁾	2016 ⁽ⁱⁱ⁾	2017 ⁽ⁱⁱ⁾	LTM Q1 2018
Net income	\$ 132.8	\$ 244.9	\$ 403.1	\$ 425.1	\$ 523.1	\$ 591.9
Amortization of intangibles ⁽ⁱⁱⁱ⁾	161.2	161.2	173.9	187.2	185.1	185.6
Equity-based compensation	8.6	16.4	31.2	39.2	43.7	39.7
Equity-based compensation related to equity investment ^(iv)	—	—	20.0	—	—	—
Net loss on extinguishments of long-term debt	64.0	90.7	24.3	2.1	57.4	—
Interest expense adjustment related to extinguishments of long-term debt ^(v)	(7.5)	(1.1)	—	—	—	—
IPO and secondary-offering related expenses ^(vi)	75.0	1.4	0.8	—	—	—
Acquisition and integration expenses ^(vii)	—	—	10.2	7.3	2.5	2.0
Gain on remeasurement of equity investment ^(viii)	—	—	(98.1)	—	—	—
Reinstatement of prior year unclaimed property balance ^(ix)	—	—	—	—	4.1	4.1
Other adjustments ^(x)	(6.3)	(0.6)	2.9	(5.4)	4.9	4.1
Aggregate adjustment for income taxes ^(xi)	(113.5)	(103.0)	(64.8)	(85.8)	(214.9)	(180.6)
Non-GAAP net income	\$ 314.3	\$ 409.9	\$ 503.5	\$ 569.7	\$ 605.9	\$ 646.8

(i) 2015 and 2016 reflect the impact of consolidating CDW UK's financial results for five months and twelve months, respectively.

(ii) Amounts for 2017 and 2016 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

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

(iv) 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.

(v) 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.

(vi) 2013 includes IPO related expenses of \$74.3 million, consisting of (1) acceleration charge for certain equity awards and related employer payroll taxes (\$40.7 million); (2) RDU Plan cash retention pool accrual (\$7.5 million); (3) management services agreement termination fee (\$24.4 million); and (4) other expenses (\$1.7 million). 2013 also includes \$0.7 million of secondary-offering related expenses. 2014 and 2015 includes various secondary offerings completed during that time.

(vii) Comprised of expenses related to CDW UK.

(viii) 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.

(ix) Comprised of the reinstatement of prior year unclaimed property balances as a results of a retroactive Illinois state law change enacted in 2017.

(x) Other adjustments primarily include items such as expenses related to the consolidation of office space, settlement payments received from the Dynamic Random Access Memory class action lawsuits and the favorable resolution of a local sales tax matter.

(xi) Aggregate adjustment for income taxes consists of the following:

	2013	2014	2015	2016	2017	LTM Q1 2018
Total Non-GAAP adjustments	\$ 295.0	\$ 268.0	\$ 165.2	\$ 230.4	\$ 297.7	\$ 235.5
Weighted-average statutory effective rate	39.0%	39.0%	38.0%	36.0%	36.0%	33.4%
Income tax	(115.1)	(104.5)	(62.8)	(82.9)	(107.2)	(78.7)
Deferred tax adjustment due to law changes	—	—	(4.0)	(1.5)	1.3	1.3
Excess tax benefits from equity-based compensation	—	—	—	(1.8)	(36.2)	(28.9)
Withholding tax expense on the unremitted earnings of our Canadian subsidiary	—	—	3.3	—	—	—
Impact from 2018 Tax Cut and Jobs Act	—	—	—	—	(75.5)	(75.5)
Non-deductible adjustments and other	1.6	1.5	(1.3)	0.4	2.7	1.2
Total aggregate adjustment for income taxes	\$ (113.5)	\$ (103.0)	\$ (64.8)	\$ (85.8)	\$ (214.9)	\$ (180.6)

Return on Working Capital Calculation 2010 - LTM Q1 2018

(Unaudited)

(\$ in millions)

	2010	2011	2012	2013	2014	2015	2016 ⁽ⁱ⁾	2017 ⁽ⁱ⁾	LTM Q1 2018
<i>Numerator</i>									
Income from operations	\$ 352.7	\$ 470.7	\$ 510.6	\$ 508.6	\$ 673.0	\$ 742.0	\$ 820.0	\$ 866.6	\$ 900.1
Amortization of intangibles ⁽ⁱⁱ⁾	166.8	165.7	163.7	161.2	161.2	173.9	187.2	185.1	185.6
Debt-related refinancing costs ⁽ⁱⁱⁱ⁾	5.6	3.8	—	—	—	—	—	—	—
Non-cash equity-based compensation	11.5	19.5	22.1	8.6	16.4	31.2	39.2	43.7	39.7
Goodwill impairment	—	—	—	—	—	—	—	—	—
Other one-time items as incurred ^(iv)	—	—	—	68.7	0.8	12.0	4.5	7.1	8.0
Adjusted NOPBT	536.6	659.7	696.4	747.1	851.4	959.1	1,050.9	1,102.5	1,133.4
Taxes ^(v)	(209.3)	(257.3)	(271.6)	(291.4)	(332.0)	(374.1)	(388.9)	(407.9)	(390.7)
Adjusted NOPAT	\$ 327.3	\$ 402.4	\$ 424.8	\$ 455.7	\$ 519.4	\$ 585.1	\$ 662.0	\$ 694.6	\$ 742.7
<i>Denominator</i>									
Trailing 5-point avg. AR (incl. misc. rec.)	\$ 1,210.7	\$ 1,352.5	\$ 1,400.1	\$ 1,502.0	\$ 1,629.6	\$ 1,909.4	\$ 2,251.7	\$ 2,535.5	\$ 2,571.1
Trailing 5-point avg. Inventory	286.9	317.4	330.3	357.5	396.2	387.1	422.0	457.5	469.9
Trailing 5-point avg. AP	(500.4)	(712.0)	(831.2)	(906.7)	(1,017.8)	(1,184.4)	(1,470.8)	(1,726.4)	(1,758.2)
Working Capital	\$ 997.2	\$ 957.9	\$ 899.2	\$ 952.8	\$ 1,008.0	\$ 1,112.1	\$ 1,202.9	\$ 1,266.6	\$ 1,282.8
Return on Working Capital (ROWC)	32.8%	42.0%	47.2%	47.8%	51.5%	52.6%	55.0%	54.8%	57.9%

- (i) Amounts for 2017 and 2016 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).
- (ii) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.
- (iii) Represents fees and costs expensed related to the December 2010 and March 2011 amendments to the Company's prior term loan facility.
- (iv) Includes IPO and secondary-offering related expenses, litigation items, acquisition and integration expenses and expenses related to the consolidation of office locations north of Chicago.
- (v) As of Q1 2018, the normalized statutory tax rate is 26%. The prior rate for Q1 2016- Q4 2017 was 37%, and the rate that was used for all prior periods before was 39%.

Consolidated Net Sales Growth on a Constant Currency Basis

(Unaudited)

(\$ in millions)

	Three Months Ended March 31,			
	2018	2017 ⁽ⁱ⁾	% Change	Average Daily % Change ⁽ⁱⁱ⁾
Consolidated Net sales, as reported	\$ 3,606.4	\$ 3,256.0	10.8%	10.8%
Foreign currency translation ⁽ⁱⁱⁱ⁾	—	34.9		
Consolidated Net sales, on a constant currency basis*	\$ 3,606.4	\$ 3,290.9	9.6%	9.6%

- (i) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).
 - (ii) There were 64 selling days during the three months ended March 31, 2018 and 2017, respectively.
 - (iii) 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 2, 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 March 31,		
	2018	2017 ⁽ⁱ⁾	% Change
Net Income	\$ 127.0	\$ 58.2	
Amortization of intangibles	46.7	46.1	
Equity-based compensation	8.1	12.1	
Net Loss on extinguishments of long-term debt	—	57.4	
Integration expenses	—	0.5	
Other adjustments	0.5	1.4	
Aggregate adjustment for income taxes	(19.5)	(53.8)	
Non-GAAP Net Income ^{(ii)*}	\$ 162.8	\$ 121.9	33.6%
Foreign currency translation ⁽ⁱⁱⁱ⁾	—	1.4	
Non-GAAP Net Income, on a constant currency basis*	\$ 162.8	\$ 123.3	32.1%
Shares used in computing Non-GAAP net income per diluted share and Non-GAAP net income per diluted share, on a constant currency basis	154.8	162.8	
Non-GAAP net income per diluted share*	\$ 1.05	\$ 0.75	40.5%
Non-GAAP net income per diluted share, on a constant currency basis*	\$ 1.05	\$ 0.76	38.9%

(i) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

(ii) See Slide 12 in the Webcast Slides for details on the adjustments to Non-GAAP Net Income.

(iii) 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 May 2, 2018.