

CDW CORP

FORM 8-K (Current report filing)

Filed 08/02/18 for the Period Ending 08/02/18

Address	200 N MILWAUKEE AVENUE VERNON HILLS, IL, 60061
Telephone	847-465-6000
CIK	0001402057
Symbol	CDW
SIC Code	5961 - Retail-Catalog and Mail-Order Houses
Industry	IT Services & Consulting
Sector	Technology
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): August 2, 2018

CDW CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-35985
(Commission File Number)

26-0273989
(I.R.S. Employer Identification Number)

**75 Tri-State International
Lincolnshire, Illinois**
(Address of Principal Executive Offices)

60069
(Zip Code)

(847) 465-6000
(Registrant's telephone number, including area code)

None
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

CDW Corporation (the “Company”) is furnishing under cover of this Current Report on Form 8-K a copy of its press release dated August 2, 2018 announcing its second quarter 2018 financial results. The press release is attached to this report as Exhibit 99.1 and incorporated herein by reference. The Company is furnishing this information in connection with its previously announced webcast conference call to be held on August 2, 2018 at 8:30 a.m. ET / 7:30 a.m. CT to discuss these results.

The information contained under Item 2.02 of this Current Report on Form 8-K (including Exhibit 99.1) is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 8.01. Other Events.**Quarterly Cash Dividend**

On August 2, 2018, the Company also announced that its Board of Directors has declared a quarterly cash dividend of \$0.21 per common share to be paid on September 10, 2018 to all stockholders of record as of the close of business on August 24, 2018. A copy of the press release announcing the declaration of the quarterly cash dividend is attached to this report as Exhibit 99.2 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated August 2, 2018 announcing second quarter 2018 financial results.
99.2	Press release dated August 2, 2018 announcing dividend declaration.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CDW CORPORATION

Date: August 2, 2018

By: /s/ Collin B. Kebo

Collin B. Kebo

Senior Vice President and Chief Financial Officer

CDW Reports Record Second Quarter Net Sales

Reinforces Power of Business Model and Strategy

(Dollars in millions, except per share amounts)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017 ¹	% Chg.	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017 ¹	% Chg.
Net Sales	\$ 4,186.1	\$ 3,891.7	7.6	\$ 7,792.5	\$ 7,147.6	9.0
Average Daily Sales ²	65.4	60.8	7.6	60.9	55.8	9.0
Gross Profit	695.6	640.8	8.6	1,299.5	1,194.3	8.8
Net Income	173.0	140.9	22.8	300.0	199.0	50.7
Adjusted EBITDA ³	344.7	314.5	9.6	624.5	564.5	10.6
Net Income per Diluted Share	\$ 1.12	\$ 0.89	26.9	\$ 1.94	\$ 1.24	57.1
Non-GAAP Net Income per Diluted Share ³	\$ 1.38	\$ 1.03	35.1	\$ 2.44	\$ 1.77	37.6

¹ Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

² There were 64 selling days for both the three months ended June 30, 2018 and 2017. There were 128 selling days for both the six months ended June 30, 2018 and 2017.

³ Non-GAAP measures used in this release that are not based on accounting principles generally accepted in the United States of America are each defined and reconciled to the most directly comparable GAAP measure in the attached schedules.

LINCOLNSHIRE, Ill., Aug. 02, 2018 (GLOBE NEWSWIRE) -- CDW Corporation (Nasdaq:CDW), a leading multi-brand technology solutions provider to business, government, education and healthcare in the United States, the United Kingdom and Canada, today announced second quarter results. The company also announced the approval by its Board of Directors of a quarterly cash dividend to be paid in September 2018.

"We delivered another quarter of strong topline growth and profitability while continuing to invest in our future," said Thomas E. Richards, chairman and chief executive officer of CDW. "These results demonstrate the combined strength of our business model - underpinned by our balanced portfolio of customer end-markets, broad product and technology portfolio, and ongoing execution of our strategy for growth. International operations continue to drive incremental growth on top of solid results in the US."

"Strong operating results were amplified by a lower tax rate and share repurchases, delivering a 35.1 percent increase in non-GAAP net income per diluted share," said Collin B. Kebo, CDW's chief financial officer. "Given this quarter's results and our expectations for the balance of the year, we are now targeting 2018 constant currency non-GAAP net income per diluted share growth in the high twenty percent range."

"We expect to exceed our annual target to outpace US IT market growth by 200 to 300 basis points in 2018. To accomplish this, we will continue our laser-focus on meeting the needs of our more than 250,000 customers in the United States, the United Kingdom and Canada and remaining the partner of choice for more than 1,000 leading and emerging technology brands as the technology market continues to evolve," concluded Richards.

A quarterly cash dividend of \$0.21 per share, which is 31 percent higher than the prior year period, will be paid on September 10, 2018 to all stockholders of record as of the close of business on August 24, 2018.

Second Quarter of 2018 Highlights:

Total net sales in the second quarter of 2018 were \$4,186 million, compared to \$3,892 million in the second quarter of 2017, an increase of 7.6 percent. Net sales on a constant currency basis increased 7.0 percent versus the second quarter of 2017. Currency impact to net sales growth was driven by favorable translation of the British pound to US dollar and favorable translation of the Canadian to US dollar. There were 64 selling days for both the three months ended June 30, 2018 and 2017. Second quarter performance included:

- Total Corporate segment net sales in the second quarter of 2018 were \$1,734 million, 9.7 percent higher than the second quarter of 2017.
- Total Small Business segment net sales in the second quarter of 2018 were \$330 million, 4.6 percent higher than the second quarter of 2017.
- Total Public segment net sales in the second quarter of 2018 were \$1,635 million, 0.2 percent higher than the second quarter of 2017. Public results were led by sales to Healthcare and Education customers, which increased 6.3 percent and 1.0 percent, respectively, partially offset by a 5.7 percent decrease in sales to Government customers.
- Net sales for CDW's UK and Canadian operations, combined as "Other" for financial reporting purposes, were \$487 million, 34.0 percent higher than the second quarter of 2017. Both UK and Canada results were up double digits in local currency.

Gross profit for the second quarter of 2018 was \$696 million, compared to \$641 million for the same period in 2017, representing an increase of 8.6 percent. Gross profit margin was 16.6 percent for the second quarter of 2018 versus 16.5 percent in the second quarter of 2017. Gross profit margin improvement primarily reflected the positive impact on product margin due to customer mix.

Total selling and administrative expenses and advertising expense were \$430 million in the second quarter of 2018, compared to \$410 million in the second quarter of 2017, representing an increase of 4.9 percent. This increase was primarily driven by higher sales payroll costs, consistent with higher gross profit.

Interest expense was \$37 million in the second quarter of 2018 compared to \$36 million in the comparable period of 2017.

The effective tax rate for the second quarter of 2018 was 24.7 percent, which resulted in tax expense of \$57 million, compared to a 27.9 percent tax rate and tax expense of \$54 million in the second quarter of 2017. The reduction in effective tax rate primarily reflects the year-over-year impact of lower Federal tax rates which more than offset the impact of lower excess tax benefits from equity-based compensation.

Net income was \$173 million in the second quarter of 2018, compared to \$141 million in the second quarter of 2017, representing an increase of 22.8 percent. Non-GAAP net income, which excludes, among other things, acquisition-related intangible asset amortization, equity-based compensation and the associated tax benefits, integration expenses, and certain other items, was \$213 million in the second quarter of 2018, compared to \$163 million in the second quarter of 2017, representing an increase of 30.8 percent.

Adjusted EBITDA, which excludes expenses related to equity-based compensation, income from equity investment, integration expenses, and certain other items, was \$345 million in the second quarter of 2018, compared to \$314 million in the second quarter of 2017, representing an increase of 9.6 percent. For the second quarter of 2018, the Adjusted EBITDA margin was 8.2 percent compared to 8.1 percent in the second quarter of 2017.

Weighted average diluted shares outstanding were 154 million for the second quarter of 2018, compared to 159 million for the second quarter of 2017. Net income per diluted share for the second quarter of 2018 was \$1.12, compared to \$0.89 for the second quarter of 2017, representing an increase of 26.9 percent. Non-GAAP net income per diluted share for the second quarter of 2018 was \$1.38, compared to \$1.03 for the second quarter of 2017, representing an increase of 35.1 percent.

First Six Months of 2018 Highlights:

Total net sales in the first six months of 2018 were \$7,793 million, compared to \$7,148 million in the first six months of 2017, an increase of 9.0 percent. Net sales on a constant currency basis increased 8.2 percent versus the first six months of 2017. Currency impact to net sales growth was driven by favorable translation of the British pound to US dollar and favorable translation of the Canadian to US dollar. There were 128 selling days for both the six months ended June 30, 2018 and 2017. The first six months' performance included:

- Total Corporate segment net sales in the first six months of 2018 were \$3,300 million, 9.2 percent higher than the first six months of 2017.
- Total Small Business segment net sales in the first six months of 2018 were \$657 million, 8.3 percent higher than the first six months of 2017.
- Total Public segment net sales in the first six months of 2018 were \$2,865 million, 2.8 percent higher than the first six months of 2017. Public results were led by sales to Healthcare customers, which increased 6.8 percent. Sales to Government and Education customers increased 1.5 percent and 1.0 percent, respectively.
- Net sales for CDW's UK and Canadian operations, combined as "Other" for financial reporting purposes, were \$970 million, 32.3 percent higher than the first six months of 2017. Both UK and Canada results were up double digits in local currency.

Gross profit for the first six months of 2018 was \$1,300 million, compared to \$1,194 million for the same period in 2017, representing an increase of 8.8 percent. Gross profit margin was 16.7 percent for both the first six months of 2018 and 2017.

Total selling and administrative expenses and advertising expense were \$830 million in the first six months of 2018, compared to \$793 million in the first six months of 2017, representing an increase of 4.7 percent. This increase was primarily driven by higher sales payroll costs, consistent with higher gross profit.

Interest expense was \$75 million in the first six months of 2018 compared to \$76 million in the comparable period of 2017.

The effective tax rate for the first six months of 2018 was 24.1 percent, which resulted in tax expense of \$96 million, compared to a 26.2 percent tax rate and tax expense of \$71 million in the first six months of 2017. The decrease in effective tax rate primarily reflects the year-over-year impact of lower Federal tax rate, which was partially offset by lower excess tax benefits from equity-based compensation.

Net income was \$300 million in the first six months of 2018, compared to \$199 million in the first six months of 2017, representing an increase of 50.7 percent. Non-GAAP net income, which excludes, among other things, acquisition-related intangible asset amortization, equity-based compensation and the associated tax benefits, integration expenses, and certain other items, was \$376 million in the first six months of 2018, compared to \$285 million in the first six months of 2017, representing an increase of 32.0 percent.

Adjusted EBITDA, which excludes expenses related to equity-based compensation, income from equity investment, integration expenses, and certain other items, was \$625 million in the first six months of 2018, compared to \$565 million in the first six months of 2017, representing an increase of 10.6 percent. For the first six months of 2018, the Adjusted EBITDA margin was 8.0 percent compared to 7.9 percent in the first six months of 2017.

Weighted average diluted shares outstanding were 154 million for the first six months of 2018, compared to 161 million for the first six months of 2017. Net income per diluted share for the first six months of 2018 was \$1.94 compared to \$1.24 for the first six months of 2017, representing an increase of 57.1 percent. Non-GAAP net income per diluted share for the first six months of 2018 was \$2.44, compared to \$1.77 for the first six months of 2017, representing an increase of 37.6 percent.

Forward-Looking Statements

Statements in this release that are not statements of historical fact are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including without limitation statements regarding the future financial performance of CDW. These statements involve risks and uncertainties that could cause actual results to differ materially from those described in such statements. These risks and uncertainties include, among others, global and regional economic and political conditions; decreases in spending on technology products and services; CDW's relationships with vendor

partners and availability of their products; continued innovations in hardware, software and services offerings by CDW's vendor partners; substantial competition that could reduce CDW's market share; CDW's substantial indebtedness and ability to generate sufficient cash to service such indebtedness; restrictions imposed by agreements relating to CDW's indebtedness on its operations and liquidity; changes in, or the discontinuation of, CDW's share repurchase program or dividend payments; the continuing development, maintenance and operation of CDW's information technology systems; potential breaches of data security and failure to protect our information technology systems from cybersecurity threats; potential failures to comply with Public segment contracts or applicable laws and regulations; potential failures to provide high-quality services to CDW's customers; potential losses of any key personnel; potential interruptions of the flow of products from suppliers; potential adverse occurrences at one of CDW's primary facilities or customer data centers; increases in the cost of commercial delivery services or disruptions of those services; CDW's exposure to accounts receivable and inventory risks; fluctuations in foreign currency; future acquisitions or alliances; fluctuations in CDW's operating results; current and future legal proceedings and audits; changes in laws, including the recent U.S. tax legislation, regulations or interpretations thereof; and other risk factors or uncertainties identified from time to time in CDW's filings with the SEC. Although CDW believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Reference is made to a more complete discussion of forward-looking statements and applicable risks contained under the captions "Forward-Looking Statements" and "Risk Factors" in CDW's Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent filings with the SEC. CDW undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Non-GAAP Financial Information

EBITDA is defined as consolidated net income before interest expense, income tax expense, depreciation and amortization. Adjusted EBITDA, which is a measure defined in the Company's credit agreements, means EBITDA adjusted for certain items which are described in the financial statement tables that accompany this press release. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of Net sales. Non-GAAP income before income taxes and Non-GAAP net income exclude, among other things, charges related to the amortization of acquisition-related intangible assets, equity-based compensation and the associated tax benefits, integration expenses, and gains and losses from the extinguishment of long-term debt. Consolidated Net sales growth on a constant currency basis is defined as consolidated net sales growth excluding the impact of foreign currency translation on net sales compared to the prior period.

EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Non-GAAP income before income taxes, Non-GAAP net income, Non-GAAP net income per diluted share and consolidated Net sales growth on a constant currency basis are considered non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP.

The Company believes these measures provide analysts, investors and management with helpful information regarding the underlying operating performance of the Company's business, as they remove the impact of items that management believes are not reflective of underlying operating performance. The Company uses these measures to evaluate period-over-period performance as management believes they provide a more comparable measure of the underlying business. Additionally, Adjusted EBITDA is a measure in the credit agreement governing our Senior Secured Term Loan Facility ("Term Loan") used to evaluate the Company's ability to make certain investments, incur additional debt and make restricted payments, such as dividends and share repurchases, as well as whether the Company is required to make additional principal prepayments on the Term Loan beyond the quarterly amortization payments.

Our annual targets are provided on a non-GAAP basis because certain reconciling items are dependent on future events that either cannot be controlled, such as currency impacts or interest rates, or reliably predicted because they are not part of the Company's routine activities, such as refinancing activities or acquisition and integration expenses.

The financial statement tables that accompany this press release include a reconciliation of non-GAAP financial measures to the applicable most comparable GAAP financial measures. Non-GAAP measures used by the Company may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

About CDW

CDW is a leading multi-brand technology solutions provider to business, government, education and healthcare organizations in the United States, the United Kingdom and Canada. A Fortune 500 company with multi-national capabilities, CDW was founded in 1984 and employs more than 8,900 coworkers. For the trailing twelve months ended June 30, 2018, the company generated net sales of over \$15 billion. For more information about CDW, please visit www.CDW.com.

Webcast

CDW will hold a conference call today, August 2, 2018 at 7:30 a.m. CT/8:30 a.m. ET to discuss its second quarter financial results. The conference call, which will be broadcast live via the Internet, and a copy of this press release along with supplemental slides used during the call, can be accessed on CDW's website at investor.cdw.com. For those unable to participate in the live call, a replay of the webcast will be available at investor.cdw.com approximately 90 minutes after the completion of the call and will be accessible on the site for approximately one year.

Investor Inquiries

Sari Macrie, CFA
Vice President, Investor Relations
(847) 968-0238

Media Inquiries
Sara Granack
Vice President, Corporate Communications
(847) 419-7411

CDWPR-FI

	Taxes	(ii)	Income	Tax Rate	Taxes	(ii)	Income	Tax Rate	Change
GAAP, as reported	\$ 229.8	\$ (56.8)	\$ 173.0	24.7%	\$ 195.3	\$ (54.4)	\$ 140.9	27.9 %	22.8%
Amortization of intangibles ⁽ⁱⁱⁱ⁾	46.6	(11.7)	34.9		46.3	(16.7)	29.6		
Equity-based compensation	11.0	(6.3)	4.7		11.5	(22.6)	(11.1)		
Integration expenses ^(iv)	—	—	—		2.0	(0.7)	1.3		
Other adjustments ^(v)	0.7	(0.1)	0.6		3.7	(1.4)	2.3		
Non-GAAP	<u>\$ 288.1</u>	<u>\$ (74.9)</u>	<u>\$ 213.2</u>	<u>26.0%</u>	<u>\$ 258.8</u>	<u>\$ (95.8)</u>	<u>\$ 163.0</u>	<u>37.0 %</u>	<u>30.8%</u>

GAAP net income per diluted share \$ 1.12 \$ 0.89

Non-GAAP net income per diluted share \$ 1.38 \$ 1.03

Shares used in computing GAAP and Non-GAAP net income per diluted share 153.9 159.0

(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. Additionally, 2018 includes 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 June 30, 2018 and 2017.

**NON-GAAP INCOME BEFORE INCOME TAXES, NON-GAAP NET INCOME
AND NON-GAAP NET INCOME PER DILUTED SHARE**

(dollars in millions, except per share amounts)
(unaudited)

	Six Months Ended June 30,				2017 ⁽ⁱ⁾				Net Income % Change
	2018				2017 ⁽ⁱ⁾				
	Income before Income Taxes	Income Tax Expense (ii)	Net Income	Effective Tax Rate	Income before Income Taxes	Income Tax Expense (ii)	Net Income	Effective Tax Rate	
GAAP, as reported	\$ 395.5	\$ (95.5)	\$ 300.0	24.1%	\$ 269.8	\$ (70.8)	\$ 199.0	26.2%	50.7%
Amortization of intangibles ⁽ⁱⁱⁱ⁾	93.3	(24.0)	69.3		92.4	(33.2)	59.2		
Equity-based compensation	19.1	(13.3)	5.8		23.6	(38.4)	(14.8)		
Net loss on extinguishments of long-term debt	—	—	—		57.4	(20.6)	36.8		
Integration expenses ^(iv)	—	—	—		2.5	(0.9)	1.6		
Other adjustments ^(v)	1.2	(0.3)	0.9		4.9	(1.8)	3.1		
Non-GAAP	<u>\$ 509.1</u>	<u>\$ (133.1)</u>	<u>\$ 376.0</u>	<u>26.1%</u>	<u>\$ 450.6</u>	<u>\$ (165.7)</u>	<u>\$ 284.9</u>	<u>36.8%</u>	<u>32.0%</u>

GAAP net income per diluted share \$ 1.94 \$ 1.24

Non-GAAP net income

per diluted share	\$ 2.44	\$ 1.77
Shares used in computing GAAP and Non-GAAP net income per diluted share	154.4	160.9

(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) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity compensation. Additionally, 2018 includes the impact of 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 six months ended June 30, 2018 and 2017.

CDW CORPORATION AND SUBSIDIARIES
ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN
(dollars in millions)
(unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	% of Net sales	2017 ⁽ⁱ⁾	% of Net sales	2018	% of Net sales	2017 ⁽ⁱ⁾	% of Net sales
Net income	\$ 173.0		\$ 140.9		\$ 300.0		\$ 199.0	
Depreciation and amortization	66.3		65.4		132.9		129.5	
Income tax expense	56.8		54.4		95.5		70.8	
Interest expense, net	37.2		35.9		74.9		75.6	
EBITDA	<u>333.3</u>	8.0%	<u>296.6</u>	7.6%	<u>603.3</u>	7.7%	<u>474.9</u>	6.6%
Adjustments:								
Equity-based compensation	11.0		11.5		19.1		23.6	
Net loss on extinguishments of long-term debt	—		—		—		57.4	
Integration expenses ⁽ⁱⁱ⁾	—		2.0		—		2.5	
Other adjustments ⁽ⁱⁱⁱ⁾	0.4		4.4		2.1		6.1	
Total adjustments	<u>11.4</u>		<u>17.9</u>		<u>21.2</u>		<u>89.6</u>	
Adjusted EBITDA	<u>\$ 344.7</u>	8.2%	<u>\$ 314.5</u>	8.1%	<u>\$ 624.5</u>	8.0%	<u>\$ 564.5</u>	7.9%

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

(ii) Comprised of expenses related to CDW UK.

(iii) Includes other expenses such as payroll taxes on equity-based compensation and the Company's share of net income from its equity investment during the three and six months ended June 30, 2018 and 2017. Also includes historical retention costs during the three and six months ended June 30, 2017.

CDW CORPORATION AND SUBSIDIARIES
CONSOLIDATED NET SALES GROWTH ON A CONSTANT CURRENCY BASIS
(dollars in millions)
(unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017 ⁽ⁱ⁾	% Change ⁽ⁱⁱ⁾	2018	2017 ⁽ⁱ⁾	% Change ⁽ⁱⁱ⁾
Consolidated Net sales, as reported	\$ 4,186.1	\$ 3,891.7	7.6%	\$ 7,792.5	\$ 7,147.6	9.0%
Foreign currency translation ⁽ⁱⁱⁱ⁾	—	19.5	—	—	54.3	—

Consolidated Net Sales on a Constant Currency Basis	\$ 4,186.1	\$ 3,911.2	7.0%	\$ 7,792.5	\$ 7,201.9	8.2%
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(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 for both the three months ended June 30, 2018 and 2017. There were 128 selling days for both the six months ended June 30, 2018 and 2017.

(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.

CDW CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

Assets	June 30, 2018 (unaudited)	December 31, 2017 (i)	June 30, 2017 (i) (unaudited)
Current assets:			
Cash and cash equivalents	\$ 100.7	\$ 144.2	\$ 79.0
Accounts receivable, net of allowance for doubtful accounts of \$7.1, \$6.2, and \$6.2, respectively.	2,612.2	2,329.3	2,335.3
Merchandise inventory	576.9	411.5	479.1
Miscellaneous receivables	373.8	343.0	340.7
Prepaid expenses and other	181.1	168.3	170.8
Total current assets	3,844.7	3,396.3	3,404.9
Property and equipment, net	150.3	161.1	160.7
Goodwill	2,472.5	2,479.6	2,469.3
Other intangible assets, net	802.3	897.0	976.6
Other assets	60.3	32.7	38.3
Total assets	\$ 7,330.1	\$ 6,966.7	\$ 7,049.8
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable - trade	\$ 1,693.6	\$ 1,317.7	\$ 1,391.6
Accounts payable - inventory financing	387.6	498.0	496.4
Current maturities of long-term debt	38.6	25.5	18.5
Contract liabilities	169.9	158.8	144.5
Accrued expenses and other liabilities	530.3	522.1	509.5
Total current liabilities	2,820.0	2,522.1	2,560.5
Long-term liabilities:			
Debt	3,201.7	3,210.0	3,277.8
Deferred income taxes	172.9	196.3	329.5
Other liabilities	66.6	52.7	30.0
Total long-term liabilities	3,441.2	3,459.0	3,637.3
Total stockholders' equity	1,068.9	985.6	852.0
Total liabilities and stockholders' equity	\$ 7,330.1	\$ 6,966.7	\$ 7,049.8

(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).

CDW CORPORATION AND SUBSIDIARIES
NET SALES DETAIL
(dollars in millions)
(unaudited)

	Three Months Ended June 30,		
	2018	2017⁽ⁱ⁾	% Change⁽ⁱⁱ⁾
Corporate	\$ 1,733.8	\$ 1,580.1	9.7%
Small Business	329.5	315.0	4.6
Public			
Government	493.5	523.4	(5.7)
Education	712.1	704.9	1.0
Healthcare	429.8	404.5	6.3
Total Public	1,635.4	1,632.8	0.2
Other	487.4	363.8	34.0
Total Net Sales	\$ 4,186.1	\$ 3,891.7	7.6%

(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 for both the three months ended June 30, 2018 and 2017.

	Six Months Ended June 30,		
	2018	2017⁽ⁱ⁾	% Change⁽ⁱⁱ⁾
Corporate	\$ 3,299.6	\$ 3,020.7	9.2%
Small Business	657.1	607.0	8.3
Public			
Government	912.0	898.1	1.5
Education	1,109.3	1,098.1	1.0
Healthcare	844.1	790.3	6.8
Total Public	2,865.4	2,786.5	2.8
Other	970.4	733.4	32.3
Total Net Sales	\$ 7,792.5	\$ 7,147.6	9.0%

(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 128 selling days for both the six months ended June 30, 2018 and 2017.

CDW CORPORATION AND SUBSIDIARIES
DEBT AND WORKING CAPITAL INFORMATION
(dollars in millions)
(unaudited)

	June 30, 2018	December 31, 2017	June 30, 2017
Debt and Revolver Availability			
Cash and cash equivalents	\$ 100.7	\$ 144.2	\$ 79.0

Total debt	3,240.3	3,235.5	3,296.3
Senior secured debt	1,543.7	1,540.3	1,544.9
Outstanding borrowings under Revolver ⁽ⁱ⁾	13.2	—	54.0
Borrowing base under ABL Revolver ⁽ⁱⁱ⁾	1,773.1	1,608.2	1,650.1
Revolver availability ⁽ⁱ⁾	1,145.3	1,063.2	1,015.6
Cash plus Revolver availability ⁽ⁱ⁾	1,246.0	1,207.4	1,094.6
Total net leverage ratio ⁽ⁱⁱⁱ⁾	2.5	2.6	2.8

Working Capital ^(iv)

Days of sales outstanding (DSO) ^(v)	50	53	49
Days of supply in inventory (DIO) ^(v)	13	13	12
Days of purchases outstanding (DPO) ^(v)	(46)	(47)	(45)
Cash conversion cycle ^(v)	17	19	16

(i) 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 £40 million (\$53 million at June 30, 2018) in availability.

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

(iii) 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.

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

(v) Based on a rolling three-month average.

CDW CORPORATION AND SUBSIDIARIES
CASH FLOW INFORMATION
(in millions)
(unaudited)

	Six Months Ended June 30,	
	2018	2017
Cash flows provided by operating activities	\$ 332.3	\$ 376.2
Capital expenditures	(33.6)	(36.8)
Cash flows used in investing activities	(33.6)	(36.8)
Net change in accounts payable - inventory financing	(110.4)	(85.1)
Other cash flows used in financing activities	(227.8)	(441.6)
Cash flows used in financing activities	(338.2)	(526.7)
Effect of exchange rate changes on cash and cash equivalents	(4.0)	2.6
Net decrease in cash and cash equivalents	(43.5)	(184.7)
Cash and cash equivalents - beginning of period	144.2	263.7
Cash and cash equivalents - end of period	\$ 100.7	\$ 79.0
Supplementary disclosure of cash flow information:		
Interest paid	\$ (74.5)	\$ (76.8)
Taxes paid, net	\$ (118.4)	\$ (96.5)

CDW Declares Cash Dividend of \$0.21 Per Share

Reinforces Ongoing Commitment to Delivering Value to Stockholders

LINCOLNSHIRE, Ill., Aug. 02, 2018 (GLOBE NEWSWIRE) -- CDW Corporation (NASDAQ:CDW), today announced that its Board of Directors has declared a quarterly cash dividend of \$0.21 per common share to be paid on September 10, 2018, to all stockholders of record as of the close of business on August 24, 2018. This represents a 31 percent increase over last year's dividend. Future dividends will be subject to Board of Director approval.

"Annual dividend increases are an important part of our capital allocation strategy, along with maintaining our leverage ratio, making strategic acquisitions and share repurchases," said Collin B. Kebo, Senior Vice President & Chief Financial Officer, CDW. "Since our IPO in June 2013, our dividend has increased nearly five-fold and we have returned more than \$1.6 billion to shareholders through share repurchases and dividends. We intend to continue to execute against our capital allocation priorities with the enhanced free cash flow from tax reform."

About CDW

CDW is a leading multi-brand technology solutions provider to business, government, education and healthcare organizations in the United States, Canada and the United Kingdom. A Fortune 500 company with multi-national capabilities, CDW was founded in 1984 and employs more than 8,900 coworkers. For the trailing twelve months ended June 30, 2018, the company generated net sales of over \$15 billion. For more information about CDW, please visit www.CDW.com.

Investor Inquiries

Sari Macrie, CFA
Vice President, Investor Relations
847-968-0238
investorrelations@cdw.com

Media Inquiries

Sara Granack
Vice President, Corporate Communications
847-419-7411
mediarelations@cdw.com

CDWPR-FI