



CDW CORPORATION

Fourth Quarter and Full Year 2013

Webcast Conference Call

February 13, 2014

AGENDA



- 4th Quarter and Full Year 2013 Results
- Strategic Overview
- Financial Results
- Outlook
- Questions and Answers

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 press release, in the comments made during the conference call, and in the risk factors section of our Form 10-K; Form 10-Q's and other reports and filings with the Securities and Exchange Commission. We do not undertake any duty to update any forward-looking statement.

STRATEGIC PROGRESS & PERFORMANCE

- 2013 Objectives:
 - » Profitably Grow Faster than the US IT market *AND*
 - » Continue strategic investments

- Record results:
 - Full Year
 - Net sales up 6.3% to \$10.8 billion
 - Adjusted EBITDA up 5.5% to \$808.5 million
 - Non-GAAP Net Income up 27% to \$314.3 million
 - Non-GAAP EPS of \$1.83
 - Fourth Quarter
 - Net sales up 4.3% to \$2.7 billion
 - Adjusted EBITDA up 3.2% to \$201.2 million
 - Non-GAAP Net Income up 43% to \$93.6 million
 - Non-GAAP EPS of \$0.54

QUARTER AND FULL YEAR DRIVERS



- **Balanced portfolio of sales channels**
 - Quarter: Corporate +7.6%; Public -1.1%
 - Full year: Corporate +8.1%; Public + 3.5%
- **Breadth of product and solutions portfolio**
 - Quarter: Hardware + 4%; Software +7%; Services +20%
 - Full year: Hardware +6%; Software +8%; Services +15%
- **Balanced expense management and investment for growth**
 - Full year: +119 customer-facing coworkers; the majority technical pre- and post-sale resources
 - Enhanced Cloud, Mobility and Security portfolios

BALANCED PORTFOLIO OF SALES CHANNELS



(Unaudited)
(\$ in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2013	2012	% Change	2013	2012	% Change
Corporate:						
Medium / Large	\$ 1,281.6	\$ 1,178.5	8.7 %	\$ 4,902.6	\$ 4,448.5	10.2 %
Small Business	271.4	264.3	2.7	1,057.5	1,064.3	(0.6)
Total Corporate	\$ 1,553.0	\$ 1,442.8	7.6 %	\$ 5,960.1	\$ 5,512.8	8.1 %
Public:						
Government	\$ 327.3	\$ 404.9	(19.2) %	\$ 1,250.6	\$ 1,394.1	(10.3) %
Education	282.8	226.4	24.8	1,449.0	1,192.3	21.5
Healthcare	380.4	370.0	2.8	1,464.9	1,436.6	2.0
Total Public	\$ 990.5	\$ 1,001.3	(1.1) %	\$ 4,164.5	\$ 4,023.0	3.5 %
Other	\$ 169.8	\$ 156.9	8.4 %	\$ 644.0	\$ 592.4	8.7 %
Total Net Sales	\$ 2,713.3	\$ 2,601.0	4.3 %	\$ 10,768.6	\$ 10,128.2	6.3 %

* There were 63 selling days for both the three months ended December 31, 2013 and 2012.

** There were 254 selling days for both the twelve months ended December 31, 2013 and 2012.

FOURTH QUARTER FINANCIAL RESULTS



(Unaudited)
(\$ in millions)

	Three Months Ended December 31,		% Chg
	2013	2012	
Net Sales	\$2,713.3	\$2,601.0	4.3%
<i>Avg Daily Net Sales</i>	\$43.1	\$41.3	4.3%
Gross Profit	\$448.3	\$425.4	5.4%
<i>% of Net Sales</i>	16.5%	16.4%	
S&A / Advertising	\$306.3	\$294.5	3.9%
Income from Operations	\$142.0	\$130.9	8.5%
Adjusted EBITDA *	\$201.2	\$195.0	3.2%
<i>% of Net Sales</i>	7.4%	7.5%	

* Adjusted EBITDA is a non-GAAP financial measure. See Exhibit 99 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014, for a reconciliation of non-GAAP financial measures.

ADJUSTED SG&A



(Unaudited)

(in millions)

	<u>Three Months Ended December 31,</u>		<u>% Chg</u>
	<u>2013</u>	<u>2012</u>	
Reported SG&A, including advertising:	\$ 306.3	\$ 294.5	
Adjustments:			
IPO and secondary-offering related expenses ⁽¹⁾	(0.7)	-	
Non-cash equity-based compensation	(2.2)	(4.1)	
Other expenses ⁽²⁾	0.1	(3.4)	
Litigation, net ⁽³⁾	(4.1)	(4.3)	
Sponsor fee	-	(1.2)	
Depreciation and amortization:			
Amortization of purchased intangibles	(40.7)	(40.4)	
Other SG&A depreciation and amortization	(10.6)	(9.8)	
Total adjustments	<u>(58.2)</u>	<u>(63.2)</u>	
Adjusted SG&A, including advertising*	<u>\$ 248.1</u>	<u>\$ 231.3</u>	7.3%

⁽¹⁾ As defined in Non-GAAP net income reconciliation on the 'Reconciliation of Non-GAAP net income' slide.

⁽²⁾ Primarily includes certain historical retention costs reported within selling and administrative expense.

⁽³⁾ Relates to unusual, non-recurring litigation matters.

* Adjusted SG&A, including advertising is a non-GAAP financial measure. See Exhibit 99 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014, for a discussion of non-GAAP financial measures.

ADJUSTED EBITDA



(Unaudited)

(in millions)

	Three Months Ended December 31,	
	2013	2012
Adjusted EBITDA*	\$ 201.2	\$ 195.0
Adjustments to reconcile Adjusted EBITDA to income from operations ⁽¹⁾ :		
Depreciation and amortization ⁽²⁾	(51.9)	(51.1)
Non-cash equity-based compensation	(2.2)	(4.1)
IPO and secondary-offering related expenses ⁽³⁾	(0.7)	-
Sponsor fee	-	(1.2)
Litigation, net ⁽⁴⁾	(4.1)	(4.3)
Other adjustments ⁽⁵⁾	(0.3)	(3.4)
Total adjustments	(59.2)	(64.1)
Income from operations	<u>\$ 142.0</u>	<u>\$ 130.9</u>

⁽¹⁾ Amounts historically reported within selling and administrative expense unless otherwise indicated.

⁽²⁾ Includes depreciation expense of \$0.6 and \$0.9 for the three months ended December 31, 2013 and 2012, respectively, historically reported within cost of sales.

⁽³⁾ As defined in Non-GAAP net income reconciliation on the 'Reconciliation of Non-GAAP net income' slide.

⁽⁴⁾ Relates to unusual, non-recurring litigation matters.

⁽⁵⁾ Primarily includes certain historical retention costs reported within selling and administrative expense. Also includes adjustment for other income (expense) of \$(0.4) and \$0.0 for the three months ended December 31, 2013 and 2012, respectively.

* Adjusted EBITDA is a non-GAAP financial measure. See Exhibit 99 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014, for a discussion of non-GAAP financial measures.

INTEREST, TAXES AND NON-GAAP NET INCOME



(Unaudited)
(\$ in millions)

	Three Months Ended December 31,		% Chg
	2013	2012	
Interest expense, net	(\$51.5)	(\$74.9)	(31.4)%
Income tax expense	(\$22.6)	(\$14.8)	53.3%
Non-GAAP net income*	\$93.6	\$65.1	43.5%

* Non-GAAP net income is a non-GAAP financial measure. See Exhibit 99 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014, for a reconciliation of non-GAAP financial measures.

NON-GAAP NET INCOME



(Unaudited)

(in millions)

	Three Months Ended December 31,	
	2013	2012
Net income	\$ 60.0	\$ 33.3
Amortization of intangibles ⁽¹⁾	40.7	40.4
Non-cash equity-based compensation	2.2	4.1
Litigation, net ⁽²⁾	4.1	-
Net loss on extinguishments of long-term debt	8.5	7.8
Interest expense adjustment related to extinguishments of long-term debt ⁽³⁾	(2.1)	(1.6)
IPO and secondary-offering related expenses ⁽⁴⁾	0.7	-
Aggregate adjustment for income taxes ⁽⁵⁾	(20.5)	(18.9)
Non-GAAP net income*	<u>\$ 93.6</u>	<u>\$ 65.1</u>

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

⁽²⁾ Relates to unusual, non-recurring litigation matters.

⁽³⁾ 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.

⁽⁴⁾ As defined in Non-GAAP net income reconciliation on the 'Reconciliation of Non-GAAP net income' slide.

⁽⁵⁾ Based on a normalized effective tax rate of 39.0%.

* Non-GAAP net income is a non-GAAP financial measure. See Exhibit 99 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014, for a discussion of non-GAAP financial measures.

FULL YEAR FINANCIAL RESULTS



(Unaudited)
(\$ in millions)

	Year Ended December 31,		% Chg
	2013	2012	
Net Sales	\$10,768.6	\$10,128.2	6.3%
<i>Avg Daily Net Sales</i>	\$42.4	\$39.9	6.3%
Gross Profit	\$1,760.3	\$1,669.6	5.4%
<i>% of Net Sales</i>	16.3%	16.5%	
S&A / Advertising	\$1,251.7	\$1,159.0	8.0%
Income from Operations	\$508.6	\$510.6	(0.4)%
Interest expense, net	\$250.1	\$307.4	(18.7)%
Income tax expense	\$62.7	\$67.1	(6.4)%
Non-GAAP net income*	\$314.3	\$247.1	27.2%
Adjusted EBITDA *	\$808.5	\$766.6	5.5%
<i>% of Net Sales</i>	7.5%	7.6%	

* Non-GAAP net income and Adjusted EBITDA are non-GAAP financial measures. See Exhibit 99 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014, for a reconciliation of non-GAAP financial measures.

BALANCE SHEET ENHANCEMENTS



- Fourth quarter redemption of \$155MM of 12.535% senior subordinated notes
- January 22 and February 21 redemption of an additional \$30MM and \$20MM, respectively, of 12.535% senior subordinated notes
- Balance of \$42.5MM of 12.535% senior subordinated notes



DEBT AND ABL AVAILABILITY

(Unaudited)
(\$ in millions)

	<u>12/31/2013</u>	<u>9/30/2013</u>	<u>12/31/2012</u>
Cash and Cash Equivalents	\$188.1	\$350.2	\$37.9
Total Debt	\$3,251.2	\$3,410.1	\$3,771.0
Senior Secured Debt	\$1,853.9	\$1,857.8	\$1,839.5
Net Debt (Total Debt net of Cash & Cash Equivalents)	\$3,063.1	\$3,059.9	\$3,733.1
Outstanding Borrowings under ABL Revolver	\$0.0	\$0.0	\$0.0
Borrowing Base under ABL Revolver *	\$1,065.5	\$1,108.2	\$1,018.2
ABL Revolver Availability	\$641.1	\$676.8	\$622.4
Cash plus ABL Revolver Availability	\$829.2	\$1,027.0	\$660.3
TTM Adjusted EBITDA **	\$808.5	\$802.3	\$766.6
Total Net Leverage Ratio ***	3.8	3.8	4.9

* Amount in effect at quarter end.

** Adjusted EBITDA is a non-GAAP financial measure. See Exhibit 99 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014, for a reconciliation of non-GAAP financial measures.

*** Defined as the ratio of total debt excluding any unamortized discount and/or premium, less cash and cash equivalents, to TTM Adjusted EBITDA. Prior periods have been revised to conform to the current definition.

WORKING CAPITAL



(Unaudited)

	<u>12/31/2013</u>	<u>9/30/2013</u>	<u>12/31/2012</u>
Days of sales outstanding (DSO) *	44	41	42
Days of supply in inventory (DIO) *	15	15	14
Days of purchases outstanding (DPO) *	<u>(35)</u>	<u>(35)</u>	<u>(32)</u>
Cash Conversion Cycle *	<u><u>24</u></u>	<u><u>21</u></u>	<u><u>24</u></u>

* Based on a rolling three month average.

MEDIUM TERM TARGETS



**Net Sales
Growth**

U.S. IT growth +
200-300bps

**Adjusted
EBITDA
Margin**

Mid-7%

**Non-GAAP
EPS Growth**

Mid-teens

Deleverage

~1/3 to 1/2x
per year

QUESTIONS AND ANSWERS

RECONCILIATION OF ADJUSTED EBITDA



(Unaudited)
(in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
Adjusted EBITDA*	\$ 201.2	\$ 195.0	\$ 808.5	\$ 766.6
Adjustments to reconcile Adjusted EBITDA to income from operations ⁽¹⁾ :				
Depreciation and amortization ⁽²⁾	(51.9)	(51.1)	(208.2)	(210.2)
Non-cash equity-based compensation	(2.2)	(4.1)	(8.6)	(22.1)
IPO and secondary-offering related expenses ⁽³⁾	(0.7)	-	(75.0)	-
Sponsor fee	-	(1.2)	(2.5)	(5.0)
Litigation, net ⁽⁴⁾	(4.1)	(4.3)	4.1	(4.3)
Consulting and debt-related professional fees	-	-	(0.1)	(0.6)
Other adjustments ⁽⁵⁾	(0.3)	(3.4)	(9.6)	(13.8)
Total adjustments	(59.2)	(64.1)	(299.9)	(256.0)
Income from operations	\$ 142.0	\$ 130.9	\$ 508.6	\$ 510.6

⁽¹⁾ Amounts historically reported within selling and administrative expense unless otherwise indicated.

⁽²⁾ Includes depreciation expense of \$0.6 and \$0.9 for the three months ended December 31, 2013 and 2012, respectively, and \$3.4 and \$4.0 for the twelve months ended December 31, 2013 and 2012, respectively, historically reported within cost of sales.

⁽³⁾ As defined in Non-GAAP net income reconciliation on the 'Reconciliation of Non-GAAP net income' slide.

⁽⁴⁾ Relates to unusual, non-recurring litigation matters.

⁽⁵⁾ Primarily includes certain historical retention costs reported within selling and administrative expense. Also includes adjustment for other income (expense) of \$(0.4) and \$0.0 for the three months ended December 31, 2013 and 2012, respectively and \$(0.4) and \$0.1 for the years ended December 31, 2013 and 2012, respectively.

* Adjusted EBITDA is a non-GAAP financial measure. See Exhibit 99 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014, for a discussion of non-GAAP financial measures.

RECONCILIATION OF NON-GAAP NET INCOME



(Unaudited)
(in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
Net income	\$ 60.0	\$ 33.3	\$ 132.8	\$ 119.0
Amortization of intangibles ⁽¹⁾	40.7	40.4	161.2	163.7
Non-cash equity-based compensation	2.2	4.1	8.6	22.1
Litigation, net ⁽²⁾	4.1	-	(6.3)	-
Net loss on extinguishments of long-term debt	8.5	7.8	64.0	17.2
Interest expense adjustment related to extinguishments of long-term debt ⁽³⁾	(2.1)	(1.6)	(7.5)	(3.3)
IPO and secondary-offering related expenses ⁽⁴⁾	0.7	-	75.0	-
Aggregate adjustment for income taxes ⁽⁵⁾	(20.5)	(18.9)	(113.5)	(71.6)
Non-GAAP net income *	<u>\$ 93.6</u>	<u>\$ 65.1</u>	<u>\$ 314.3</u>	<u>\$ 247.1</u>

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

⁽²⁾ Relates to unusual, non-recurring litigation matters.

⁽³⁾ 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.

⁽⁴⁾ IPO and secondary-offering related expenses consist of the following:

	Three Months Ended December 31, 2013	Year Ended December 31, 2013
Acceleration charge for certain equity awards and related employer payroll expenses	\$ -	\$ 40.7
RDU Plan cash retention pool accrual	-	7.5
Management services agreement termination fee	-	24.4
Other expenses	0.7	2.4
IPO and secondary-offering related expenses	<u>\$ 0.7</u>	<u>\$ 75.0</u>

⁽⁵⁾ Based on a normalized effective tax rate of 39.0%.

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NET INCOME RECONCILIATION



(Unaudited)
(in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	2013	2012
Net income	\$ 60.0	\$ 33.3	\$ 132.8	\$ 119.0
Depreciation and amortization	51.9	51.1	208.2	210.2
Income tax expense	22.6	14.8	62.7	67.1
Interest expense, net	51.5	74.9	250.1	307.4
EBITDA	186.0	174.1	653.8	703.7
Adjustments:				
Non-cash equity-based compensation	2.2	4.1	8.6	22.1
Sponsor fee	-	1.2	2.5	5.0
Consulting and debt-related professional fees	-	-	0.1	0.6
Net loss on extinguishments of long-term debt	8.5	7.8	64.0	17.2
Litigation, net ⁽¹⁾	4.1	4.3	(4.1)	4.3
IPO and secondary-offering related expenses ⁽²⁾	0.7	-	75.0	-
Other adjustments ⁽³⁾	(0.3)	3.5	8.6	13.7
Total adjustments	15.2	20.9	154.7	62.9
Adjusted EBITDA *	\$ 201.2	\$ 195.0	\$ 808.5	\$ 766.6

⁽¹⁾ Relates to unusual, non-recurring litigation matters.

⁽²⁾ As defined in Non-GAAP net income reconciliation on the 'Reconciliation of Non-GAAP net income' slide.

⁽³⁾ Other adjustments primarily include certain retention costs and equity investment income.

* Adjusted EBITDA is a non-GAAP financial measure. See Exhibit 99 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 13, 2014, for a discussion of non-GAAP financial measures.