



CDW Corporation

Webcast Conference Call
August 3, 2017

CDW.com | 800.800.4239

Today's Agenda

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

Disclaimers

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 Power of Business Model

- Balanced portfolio of customer end-markets
- Broad product and solutions suite
- Variable cost structure

Strong Financial Performance

Second Quarter:

- Net Sales up 9% to \$4.0 billion
 - Up 9.8% in constant currency
- Adjusted EBITDA up 4.7% to \$315 million
- Non-GAAP net income per diluted share up 10.0% to \$1.03

Balanced Portfolio Drove Topline

(Unaudited)
(\$ in millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	% Change	Average Daily % Change ⁽¹⁾	2017	2016	% Change	Average Daily % Change ⁽¹⁾
Corporate ⁽²⁾	\$ 1,630.7	\$ 1,490.8	9.4%	9.4%	\$ 3,107.0	\$2,905.7	6.9%	6.9%
Small Business ⁽²⁾	321.5	288.4	11.5	11.5	620.2	565.7	9.6	9.6
Public								
Government	\$ 543.9	\$ 456.6	19.1%	19.1%	\$ 930.8	\$ 796.5	16.9%	16.9%
Education	712.9	640.0	11.4	11.4	1,110.0	981.0	13.1	13.2
Healthcare	417.3	450.4	(7.3)	(7.3)	809.8	839.0	(3.5)	(3.5)
Total Public	\$ 1,674.1	\$ 1,547.0	8.2%	8.2%	\$ 2,850.6	\$ 2,616.5	8.9%	8.9%
Other	\$ 368.1	\$ 338.4	8.8%	8.8%	\$ 741.3	\$ 693.4	6.9%	6.9%
Total Net sales	\$ 3,994.4	\$ 3,664.6	9.0%	9.0%	\$ 7,319.1	\$ 6,781.3	7.9%	7.9%

(1) There were 64 selling days for both the three months ended June 30, 2017 and 2016. There were 128 selling days for both the six months ended June 30, 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.

Second Quarter Financial Results

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

	Three Months Ended June 30,		
	2017	2016	% Change
Net sales	\$ 3,994.4	\$ 3,664.6	9.0%
<i>Avg Daily Net Sales</i>	\$ 62.4	\$ 57.3	9.0%
Gross profit	\$ 641.1	\$ 610.5	5.0%
<i>% of Net Sales</i>	16.1%	16.7%	
SG&A, including advertising	\$ 410.0	\$ 387.0	5.9%
Income from operations	\$ 231.1	\$ 223.5	3.4%
Adjusted SG&A, including advertising *	\$ 328.3	\$ 312.4	5.1%
Adjusted EBITDA *	\$ 314.7	\$ 300.6	4.7%
<i>% of Net Sales</i>	7.9%	8.2%	
Interest expense, net	\$ (35.9)	\$ (36.9)	(2.7)%
Net income	\$ 141.0	\$ 117.5	20.0%
Diluted EPS	\$ 0.89	\$ 0.70	25.9%
Non-GAAP net income *	\$ 163.2	\$ 155.6	4.9%
Non-GAAP diluted EPS *	\$ 1.03	\$ 0.93	10.0%

* 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 August 3, 2017 and in these slides.

Second Quarter Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Three Months Ended June 30,		
	2017	2016	% Change
Reported SG&A, including advertising	\$ 410.0	\$ 387.0	5.9%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(11.5)	(9.7)	
Integration expenses	(2.0)	(2.2)	
Other expenses ⁽¹⁾	(4.5)	(0.7)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(46.3)	(47.1)	
Other SG&A depreciation and amortization	(17.4)	(14.9)	
Total adjustments	(81.7)	(74.6)	
Adjusted SG&A, including advertising	\$ 328.3	\$ 312.4	5.1%
Adjusted EBITDA	\$ 314.7	\$ 300.6	4.7%
<i>% of Net Sales</i>	7.9%	8.2%	

- (1) Primarily includes expenses related to payroll taxes on equity-based compensation during the three months ended June 30, 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 June 30, 2016.

Interest, Taxes and Non-GAAP Net Income

(Unaudited)

(\$ in millions, except per share amounts)

	Three Months Ended June 30,		
	2017	2016	% Change
Interest expense, net	\$ (35.9)	\$ (36.9)	(2.7)%
Other income, net	\$ 0.3	\$ 0.9	(60.2)%
Income tax expense	\$ (54.5)	\$ (70.0)	(22.2)%
Net income	\$ 141.0	\$ 117.5	20.0%
Diluted EPS	\$ 0.89	\$ 0.70	25.9%
Non-GAAP net income*	\$ 163.2	\$ 155.6	4.9%
Non-GAAP diluted EPS*	\$ 1.03	\$ 0.93	10.0%

* 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 August 3, 2017 and in these slides.

Second Quarter Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Three Months Ended June 30,	
	2017	2016
Net income	\$ 141.0	\$ 117.5
Amortization of intangibles ⁽¹⁾	46.3	47.1
Equity-based compensation	11.5	9.7
Integration expenses ⁽²⁾	2.0	2.2
Other adjustments	3.7	0.3
Aggregate adjustment for income taxes ⁽³⁾	(41.3)	(21.2)
Non-GAAP net income*	<u>\$ 163.2</u>	<u>\$ 155.6</u>
<p>(1) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.</p> <p>(2) Comprises expenses related to CDW UK.</p> <p>(3) Aggregate adjustment for income taxes consists of the following:</p>		
	2017	2016
Total Non-GAAP adjustments	63.4	59.3
Weighted average statutory effective tax rate	36.0%	36.0%
Income tax	(22.8)	(21.3)
Excess tax benefits from equity-based compensation	(18.6)	—
Non-deductible adjustments and other	0.1	0.1
Total aggregate adjustment for income taxes	<u>\$ (41.3)</u>	<u>\$ (21.2)</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 August 3, 2017 and in these slides.

YTD Financial Results

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

	Six Months Ended June 30,		
	2017	2016	% Change
Net sales	\$ 7,319.1	\$ 6,781.3	7.9%
<i>Avg Daily Net Sales</i>	\$ 57.2	\$ 53.0	7.9%
Gross profit	\$ 1,193.6	\$ 1,135.0	5.2%
<i>% of Net Sales</i>	16.3%	16.7%	
SG&A, including advertising	\$ 792.7	\$ 750.4	5.6%
Income from operations	\$ 400.9	\$ 384.5	4.3%
Adjusted SG&A, including advertising *	\$ 634.2	\$ 601.4	5.5%
Adjusted EBITDA *	\$ 563.9	\$ 533.3	5.7%
<i>% of Net Sales</i>	7.7%	7.9%	
Interest expense, net	\$ (75.6)	\$ (75.0)	0.8%
Net income	\$ 198.7	\$ 195.3	1.7%
Diluted EPS	\$ 1.23	\$ 1.16	6.1%
Non-GAAP net income *	\$ 284.5	\$ 268.3	6.0%
Non-GAAP diluted EPS *	\$ 1.77	\$ 1.60	10.6%

* 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 August 3, 2017 and in these slides.

YTD Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Six Months Ended June 30,		
	2017	2016	% Change
Reported SG&A, including advertising	\$ 792.7	\$ 750.4	5.6%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(23.6)	(18.1)	
Integration expenses	(2.5)	(3.9)	
Other expenses ⁽¹⁾	(6.3)	(2.8)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(92.4)	(94.6)	
Other SG&A depreciation and amortization	(33.7)	(29.6)	
Total adjustments	(158.5)	(149.0)	
Adjusted SG&A, including advertising	\$ 634.2	\$ 601.4	5.5%
Adjusted EBITDA	\$ 563.9	\$ 533.3	5.7%
<i>% of Net Sales</i>	7.7%	7.9%	

- (1) Primarily includes expenses related to payroll taxes on equity-based compensation during the six months ended June 30, 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 six months ended June 30, 2016.

YTD Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Six Months Ended June 30,	
	2017	2016
Net income	\$ 198.7	\$ 195.3
Amortization of intangibles ⁽¹⁾	92.4	94.6
Equity-based compensation	23.6	18.1
Net Loss on extinguishments of long-term debt	57.4	—
Integration expenses ⁽²⁾	2.5	3.8
Other adjustments	4.9	(2.8)
Aggregate adjustment for income taxes ⁽³⁾	(95.0)	(40.7)
Non-GAAP net income*	\$ 284.5	\$ 268.3

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

(2) Comprised of expenses related to CDW UK.

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

	2017	2016
Total Non-GAAP adjustments	\$ 180.8	\$ 113.7
Weighted average statutory effective tax rate	36.0%	36.0%
Income tax	(65.1)	(40.9)
Excess tax benefits from equity-based compensation	(30.1)	—
Non-deductible adjustments and other	0.2	0.2
Total aggregate adjustment for income taxes	\$ (95.0)	\$ (40.7)

* 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 August 3, 2017 and in these slides.

Debt and Revolver Availability

(Unaudited)
(\$ in millions)

	June 30, 2017	December 31, 2016	June 30, 2016
Cash and cash equivalents	\$ 79.0	\$ 263.7	\$ 129.4
Total debt	\$ 3,296.3	\$ 3,234.4	\$ 3,240.5
Senior secured debt	\$ 1,548.5	\$ 1,552.1	\$ 1,564.9
Net debt (total debt net of cash and cash equivalents)	\$ 3,217.3	\$ 2,970.7	\$ 3,111.1
Outstanding borrowings under revolver	\$ 54.0	\$ —	\$ —
Borrowing base under ABL revolver ⁽¹⁾	\$ 1,650.1	\$ 1,479.4	\$ 1,448.1
Revolver availability ⁽²⁾	\$ 1,015.6	\$ 777.3	\$ 844.3
Cash plus revolver availability ⁽²⁾	\$ 1,094.6	\$ 1,041.0	\$ 973.7
Total net leverage ratio ⁽³⁾	2.8	2.7	2.9

(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.

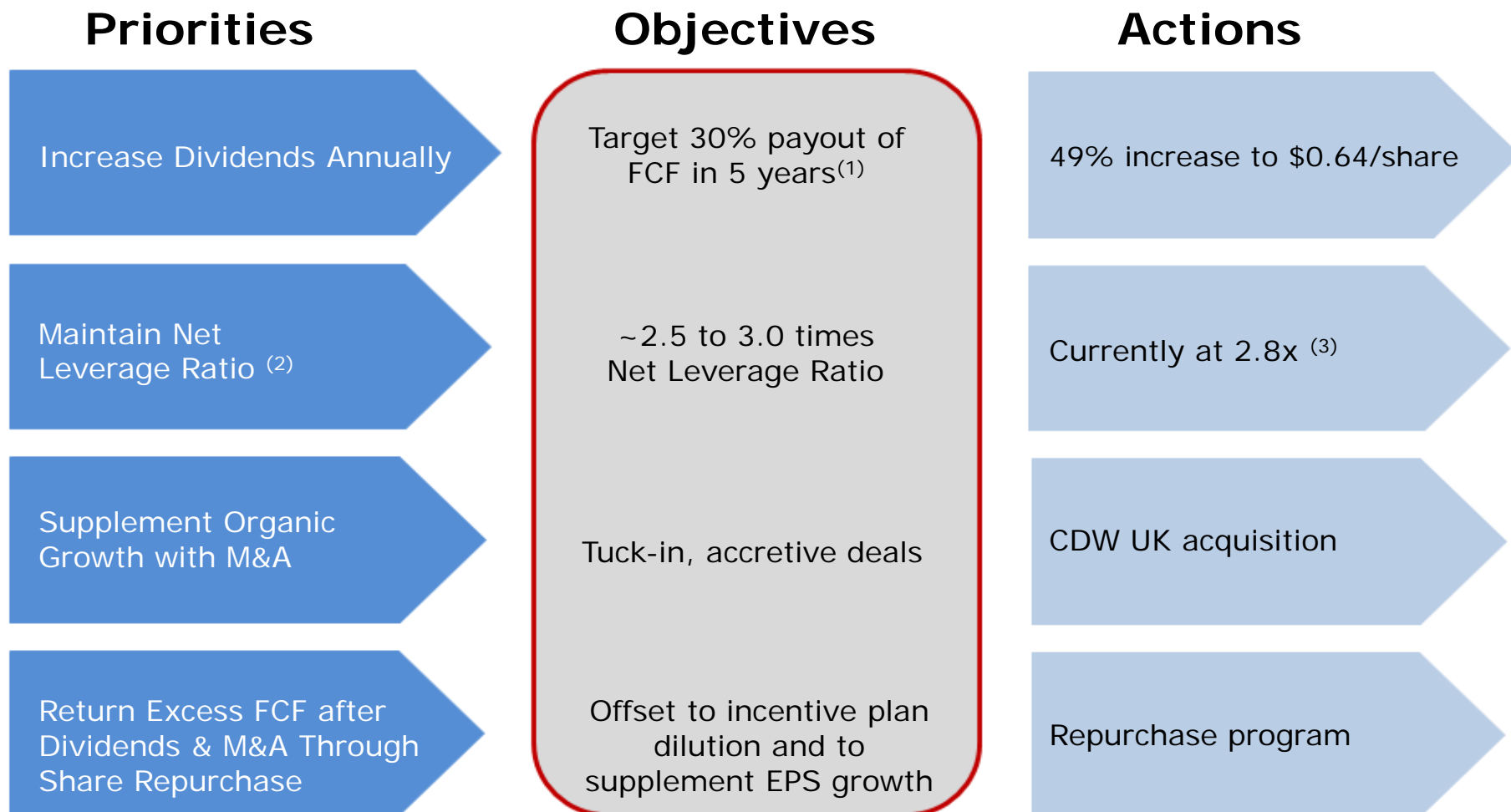
Cash Conversion Cycle

(Unaudited)

	June 30, 2017	December 31, 2016	June 30, 2016
Days of sales outstanding (DSO) *	48	51	44
Days of supply in inventory (DIO) *	12	12	13
Days purchases outstanding (DPO) *	(44)	(44)	(40)
Cash Conversion Cycle *	16	19	17

* Based on a rolling three-month average.

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, on a proforma basis. TTM Adjusted EBITDA is a term defined in our credit agreement.

³ As of June 30, 2017.

Capital Allocation Priorities Support Annual Medium Term Targets

2016-2018

Net Sales Growth

U.S. IT growth
+200-300bps in Constant Currency

Adjusted EBITDA

High-7% to 8% 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:

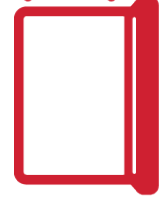
- Full-year constant currency growth 350-400 bps above US IT market growth, exceeding our annual medium term target of 200 to 300 bps
- 2H seasonality slightly lighter than our normal ~ 48/52% split 1H/2H
- One fewer selling day vs. 2016 in Q3 '17; one more vs. 2016 in Q4 '17
- Currency headwinds ~50 bps for 2017
- FY17 Adjusted EBITDA margin at the low end of “high 7% to 8%” annual target range
- Depreciation and Amortization at ~\$65MM per quarter; \$46MM for purchased intangibles
- Annual book interest of ~\$150MM
- GAAP effective tax rate 2H ~37%; adjusting for non-GAAP add backs and excess tax benefits FY ~37-38%
- Q4 excess tax benefit related to equity compensation of ~\$2 million
- 2H equity-based compensation expense ~\$2 million below 1H
- 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 within our enhanced "rule of thumb" of 3% to 3 1/2% of net sales
- Capital expenditures ~0.5% of net sales on an annual basis
- Achieve Cash Conversion Cycle within new, lower target range of high-teens to low 20s
- Cash tax rate of approximately 32%, to be applied to pretax income before intangibles amortization of \$46MM/quarterly PLUS \$20MM of annual CODI payments
- Given 2016 year-end cash balance, return more than 100% of 2017 free cash flow via dividends and share repurchases

Questions and Answers



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Adjusted EBITDA to Net Income Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	% of Net Sales	2016	% of Net Sales	2017	% of Net sales	2016	% of Net sales
Net income	\$ 141.0		\$ 117.5		\$ 198.7		\$ 195.3	
Depreciation and amortization ⁽¹⁾	65.4		63.7		129.5		127.7	
Income tax expense	54.5		70.0		70.5		116.1	
Interest expense, net	35.9		36.9		75.6		75.0	
EBITDA	<u>296.8</u>	7.4%	<u>288.1</u>	7.9%	<u>474.3</u>	6.5%	<u>514.1</u>	7.6%
Adjustments:								
Equity-based compensation	11.5		9.7		23.6		18.1	
Net loss on extinguishments of long-term debt	—		—		57.4		—	
Income from equity investments ⁽²⁾	(0.1)		(0.1)		(0.2)		(0.7)	
Integration expenses ⁽³⁾	2.0		2.2		2.5		3.8	
Other adjustments ⁽⁴⁾	4.5		0.7		6.3		(2.0)	
Total adjustments	<u>17.9</u>		<u>12.5</u>		<u>89.6</u>		<u>19.2</u>	
Adjusted EBITDA*	<u>\$ 314.7</u>	7.9%	<u>\$ 300.6</u>	8.2%	<u>\$ 563.9</u>	7.7%	<u>\$ 533.3</u>	7.9%

(1) Includes depreciation expense of \$2 million for both the three months ended June 30, 2017 and 2016, and \$3 million for both the six months ended June 30, 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 June 30, 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 June 30, 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 August 3, 2017, for a discussion of non-GAAP financial measures.

Second Quarter Free Cash Flow

(Unaudited)
(\$ in millions)

	Three Months Ended June 30,		
	2017	2016	% Change
Net cash provided by operating activities	\$ 6.3	\$ (114.5)	
Capital expenditures	(17.2)	(14.7)	
Net change in accounts payable - inventory financing	50.6	137.8	
Free Cash Flow	<u>\$ 39.7</u>	<u>\$ 8.6</u>	361.6%

YTD Free Cash Flow

(Unaudited)
(\$ in millions)

	Six Months Ended June 30,		
	2017	2016	% Change
Net cash provided by operating activities	\$ 376.2	\$ 313.1	
Capital expenditures	(36.8)	(25.7)	
Net change in accounts payable - inventory financing	(85.1)	71.3	
Free Cash Flow	\$ 254.3	\$ 358.7	(29.1)%

Consolidated Net Sales Growth on a Constant Currency Basis

(Unaudited)
(\$ in millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	% Change	Average Daily % Change ⁽¹⁾	2017	2016	% Change	Average Daily % Change ⁽¹⁾
Consolidated Net sales, as reported	\$3,994.4	\$ 3,664.6	9.0%	9.0%	\$ 7,319.1	\$ 6,781.3	7.9%	7.9%
Foreign currency translation ⁽²⁾	—	(27.6)			—	(54.4)		
Consolidated Net sales, on a constant currency basis*	\$3,994.4	\$ 3,637.0	9.8%	9.8%	\$ 7,319.1	\$ 6,726.9	8.8%	8.8%

(1) There were 64 selling days for both the three months ended June 30, 2017 and 2016. There were 128 selling days for the six months ended June 30, 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 August 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 June 30,				Six Months Ended June 30,			
	2017	2016	% Change	Average Daily % Change ⁽¹⁾	2017	2016	% Change	Average Daily % Change ⁽¹⁾
Net income	\$ 141.0	\$ 117.5			\$ 198.7	\$ 195.3		
Amortization of intangibles	46.3	47.1			92.4	94.6		
Equity-based compensation	11.5	9.7			23.6	18.1		
Net Loss on extinguishments of long-term debt	—	—			57.4	—		
Integration expenses	2.0	2.2			2.5	3.8		
Other adjustments	3.7	0.3			4.9	(2.8)		
Aggregate adjustment for income taxes	(41.3)	(21.2)			(95.0)	(40.7)		
Non-GAAP Net Income ^{(2)*}	\$ 163.2	\$ 155.6	4.9%	4.9%	\$ 284.5	\$ 268.3	6.0%	6.0%
Foreign currency translation ⁽³⁾	—	(1.2)			—	(1.9)		
Non-GAAP Net Income, on a constant currency basis*	\$ 163.2	\$ 154.4	5.7%	5.7%	\$ 284.5	\$ 266.4	6.8%	6.8%
Shares used in computing Non-GAAP net income per diluted share and Non-GAAP net income per diluted share, on a constant currency basis	159.0	166.7			160.9	167.8		
Non-GAAP net income per diluted share*	\$ 1.03	\$ 0.93	10.0%	10.0%	\$ 1.77	\$ 1.60	10.6%	10.6%
Non-GAAP net income per diluted share, on a constant currency basis*	\$ 1.03	\$ 0.93	10.0%	10.0%	\$ 1.77	\$ 1.59	11.3%	11.3%

(1) There were 64 selling days for both the three months ended June 30, 2017 and 2016. There were 128 selling days for both the six months ended June 30, 2017 and 2016.

(2) See Slide 10 for details on the adjustments to Non-GAAP Net Income for the second quarter. See Slide 13 for details on the adjustments to Non-GAAP Net Income for the year to date.

(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 August 3, 2017.