



# CDW CORPORATION

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**Second Quarter 2013**  
**Webcast Conference Call**  
August 2, 2013

# AGENDA

- 2<sup>nd</sup> Quarter 2013 Results
- Strategic Overview
- Financial Results
- Questions and Answers

# RESULTS UNDERPINNED BY FUNDAMENTAL STRENGTHS



- Record results:
  - » Net sales up 7.5% to \$2.8 billion
  - » Adjusted EBITDA up 6% to \$213 million
  - » Non-GAAP Net Income up 18% to \$79 million
- Three core strengths:
  - » Unique value proposition to customers and vendor partners
  - » Business model built on scale/scope; variable cost structure and performance driven culture
  - » Balance across customers, products, partners and technologies

# BALANCED PORTFOLIO DROVE TOPLINE GROWTH



(Unaudited)  
(\$ in millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2013	2012	% Change	Average Daily % Change*	2013	2012	% Change	Average Daily % Change**
Corporate:								
Medium / Large	\$ 1,271.4	\$ 1,124.7	13.0 %	13.0 %	\$ 2,417.6	\$ 2,214.3	9.2 %	10.0 %
Small Business	266.0	269.7	(1.4)	(1.4)	523.7	542.9	(3.5)	(2.8)
Total Corporate	\$ 1,537.4	\$ 1,394.4	10.3 %	10.3 %	\$ 2,941.3	\$ 2,757.2	6.7 %	7.5 %
Public:								
Government	\$ 295.7	\$ 318.0	(7.0) %	(7.0) %	\$ 548.0	\$ 580.6	(5.6) %	(4.9) %
Education	420.6	349.5	20.4	20.4	652.9	571.2	14.3	15.2
Healthcare	366.3	372.9	(1.8)	(1.8)	728.5	706.2	3.2	4.0
Total Public	\$ 1,082.6	\$ 1,040.4	4.1 %	4.1 %	\$ 1,929.4	\$ 1,858.0	3.8 %	4.7 %
Other	\$ 159.3	\$ 149.9	6.2 %	6.2 %	\$ 320.3	\$ 288.7	10.9 %	11.8 %
Total Net Sales	\$ 2,779.3	\$ 2,584.7	7.5 %	7.5 %	\$ 5,191.0	\$ 4,903.9	5.9 %	6.7 %

\* There were 64 selling days for both the three months ended June 30, 2013 and 2012.

\*\* There were 127 selling days for the six months ended June 30, 2013, compared to 128 selling days for the same period of 2012.

# CONTINUED STRATEGIC PROGRESS



**1**

**Continue to increase “share of wallet” from existing customers and sales from new customers**

**2**

**Continue to extend capabilities in high-growth solution areas**

**3**

**Continue to evolve our ability to deliver integrated, value added services**

# FINANCIAL RESULTS



(Unaudited)  
(\$ in millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	% Chg	2013	2012	% Chg
Net Sales	\$2,779.3	\$2,584.7	7.5%	\$5,191.0	\$4,903.9	5.9%
<i>Avg Daily Net Sales</i>	\$43.4	\$40.4	7.5%	\$40.9	\$38.3	6.7%
Gross Profit	\$451.6	\$426.9	5.8%	\$853.6	\$811.5	5.2%
<i>% of Net Sales</i>	16.2%	16.5%		16.4%	16.5%	
S&A / Advertising	\$298.0	\$290.5	2.6%	\$579.9	\$571.5	1.5%
Income from Operations	\$153.6	\$136.4	12.6%	\$273.7	\$240.0	14.0%
Interest expense, net	\$70.3	\$76.9	(8.6)%	\$142.4	\$155.8	(8.5)%
Income tax expense	\$26.5	\$22.9	15.7%	\$42.7	\$27.1	57.4%
Non-GAAP net income*	\$79.2	\$67.2	17.8%	\$135.5	\$113.1	19.8%
Adjusted EBITDA *	\$212.6	\$200.6	6.0%	\$391.2	\$367.0	6.6%
<i>% of Net Sales</i>	7.6%	7.8%		7.5%	7.5%	

\* 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 August 2, 2013 for a reconciliation of non-GAAP financial measures.



# DEBT AND ABL AVAILABILITY

*(Unaudited)*  
*(\$ in millions)*

	<u>06/30/2013</u>	<u>12/31/2012</u>	<u>06/30/2012</u>
Cash and Cash Equivalents	\$179.3	\$37.9	\$158.7
Total Debt	\$3,724.4	\$3,771.0	\$3,871.4
Senior Secured Debt	\$1,843.3	\$1,839.5	\$1,839.5
Net Debt (Total Debt net of Cash & Cash Equivalents)	\$3,545.1	\$3,733.1	\$3,712.7
Outstanding Borrowings under ABL Revolver	\$0.0	\$0.0	\$0.0
Borrowing Base under ABL Revolver *	\$1,098.8	\$1,018.2	\$991.5
ABL Revolver Availability	\$631.4	\$622.4	\$651.7
Cash plus ABL Revolver Availability	\$810.7	\$660.3	\$810.4
TTM Adjusted EBITDA **	\$790.8	\$766.6	\$741.3
Total Net Leverage Ratio ***	4.5	4.9	5.0

\* 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 August 2, 2013 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.

# BALANCE SHEET ENHANCEMENTS



- April refinancing of \$1.3B term loan with new \$1.35B facility
- July 2 redemption of \$175MM 8% senior secured notes
- August 1 redemption of \$324MM of 12.535% senior subordinated notes



# WORKING CAPITAL



*(Unaudited)*

	<u>06/30/2013</u>	<u>12/31/2012</u>	<u>06/30/2012</u>
Days of sales outstanding (DSO) *	41	42	40
Days of supply in inventory (DIO) *	15	14	14
Days of purchases outstanding (DPO) *	<u>(35)</u>	<u>(32)</u>	<u>(33)</u>
Cash Conversion Cycle *	<u><u>21</u></u>	<u><u>24</u></u>	<u><u>21</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  
Net Income  
Growth**

**Mid-teens**

**Deleverage**

**~1/3 to 1/2x per  
year**

# QUESTIONS AND ANSWERS

# RECONCILIATION OF ADJUSTED EBITDA



(Unaudited)

(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	\$ 46.7	\$ 36.8	\$ 75.0	\$ 47.7
Depreciation and amortization	52.3	53.2	104.3	105.7
Income tax expense	26.5	22.9	42.7	27.1
Interest expense, net	70.3	76.9	142.4	155.8
EBITDA	195.8	189.8	364.4	336.3
Adjustments:				
Non-cash equity-based compensation	2.1	5.8	4.0	11.5
Sponsor fee	1.3	1.2	2.5	2.5
Consulting and debt-related professional fees	0.3	0.4	0.4	0.5
Net loss on extinguishments of long-term debt	10.3	-	14.2	9.4
Other adjustments <sup>(1)</sup>	2.8	3.4	5.7	6.8
Total adjustments	16.8	10.8	26.8	30.7
Adjusted EBITDA *	\$ 212.6	\$ 200.6	\$ 391.2	\$ 367.0

<sup>(1)</sup> 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 August 2, 2013 for a discussion of non-GAAP financial measures.

# RECONCILIATION OF NON-GAAP NET INCOME



(Unaudited)

(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	\$ 46.7	\$ 36.8	\$ 75.0	\$ 47.7
Amortization of intangibles <sup>(1)</sup>	40.1	41.1	80.5	82.2
Non-cash equity-based compensation	2.1	5.8	4.0	11.5
Net loss on extinguishments of long-term debt	10.3	-	14.2	9.4
Interest expense adjustment related to extinguishments of long-term debt <sup>(2)</sup>	-	-	(0.8)	(1.7)
IPO related expenses <sup>(3)</sup>	0.2	-	0.2	-
Aggregate adjustment for income taxes <sup>(4)</sup>	(20.2)	(16.5)	(37.6)	(36.0)
Non-GAAP net income *	<u>\$ 79.2</u>	<u>\$ 67.2</u>	<u>\$ 135.5</u>	<u>\$ 113.1</u>

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

<sup>(2)</sup> 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.

<sup>(3)</sup> Represents certain fees and costs expensed related to the IPO of the Company's shares.

<sup>(4)</sup> 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 August 2, 2013 for a discussion of non-GAAP financial measures.