



CDW CORPORATION

Second Quarter 2014
Webcast Conference Call
July 31, 2014

AGENDA

- 2nd Quarter Results
- Key Performance Drivers
- 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.

ALL-TIME RECORD PERFORMANCE

- Net sales up 11.8% to \$3.10 billion
- Adjusted EBITDA up 16.3% to \$247.1 million
- Non-GAAP Net Income Per Diluted Share up 45.6% to \$0.67

BALANCED PORTFOLIO OF SALES CHANNELS



(Unaudited)
\$ in millions

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	% Change*	2014	2013	% Change**
Corporate:						
Medium / Large	\$ 1,395.4	\$ 1,308.5	6.6 %	\$ 2,670.2	\$ 2,489.1	7.3 %
Small Business	260.8	228.9	14.0	491.6	452.2	8.7
Total Corporate ^{(a)(b)}	\$ 1,656.2	\$ 1,537.4	7.7 %	\$ 3,161.8	\$ 2,941.3	7.5 %
Public:						
Government	\$ 313.1	\$ 295.7	5.9 %	\$ 567.3	\$ 548.0	3.5 %
Education	527.0	420.6	25.3	848.6	652.9	30.0
Healthcare	431.5	366.3	17.8	825.6	728.5	13.3
Total Public	\$ 1,271.6	\$ 1,082.6	17.5 %	\$ 2,241.5	\$ 1,929.4	16.2 %
Other	\$ 178.2	\$ 159.3	11.9 %	\$ 355.0	\$ 320.3	10.8 %
Total Net Sales	\$ 3,106.0	\$ 2,779.3	11.8 %	\$ 5,758.3	\$ 5,191.0	10.9 %

* There were 64 selling days for both the three months ended June 30, 2014 and 2013.

** There were 127 selling days for both the six months ended June 30, 2014 and 2013.

^(a) Net sales of \$37.1 for the three months ended June 30, 2013 have been reclassified from the Small Business customer channel to the Medium / Large customer channel to conform to the current period presentation.

^(b) Net sales of \$71.4 million for the six months ended June 30, 2013 have been reclassified from the Small Business customer channel to the Medium / Large customer channel to conform to the current period presentation.

PERFORMANCE DRIVERS

- Combined power of our diverse customer channels
 - Growth across all channels from 6% to 25%
- Full suite of IT offerings
 - Quickly and effectively addressed customer priorities focused on client devices
- Ongoing success of our three-part strategy
 - Capture market share from existing and new customers
 - Expand our solutions suite
 - Build our services capabilities

SECOND QUARTER FINANCIAL RESULTS



(Unaudited)
(\$ in millions)

	Three Months Ended June 30,		% Chg
	2014	2013	
Net Sales	\$3,106.0	\$2,779.3	11.8%
<i>Avg Daily Net Sales</i>	\$48.5	\$43.4	11.8%
Gross Profit	\$496.9	\$451.6	10.0%
<i>% of Net Sales</i>	16.0%	16.2%	
SG&A / Advertising	\$308.7	\$298.0	3.6%
Income from Operations	\$188.2	\$153.6	22.5%
Adjusted EBITDA *	\$247.1	\$212.6	16.3%
<i>% of Net Sales</i>	8.0%	7.6%	

* 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 July 31, 2014, for a reconciliation of non-GAAP financial measures.

ADJUSTED SG&A



(Unaudited)

(in millions)

	Three Months Ended June 30,		% Chg
	2014	2013	
Reported SG&A, including advertising:	\$ 308.7	\$ 298.0	
Adjustments:			
IPO- and secondary-offering-related expenses	(0.5)	(0.2)	
Non-cash equity-based compensation	(4.3)	(2.1)	
Other expenses ⁽¹⁾	(2.2)	(3.0)	
Sponsor fee	-	(1.3)	
Depreciation and amortization:			
Amortization of purchased intangibles	(45.4)	(45.3)	
Other SG&A depreciation and amortization	(5.6)	(6.2)	
Total adjustments	(58.0)	(58.1)	
Adjusted SG&A, including advertising*	\$ 250.7	\$ 239.9	4.5%

⁽¹⁾ Primarily includes certain historical retention costs reported within selling and administrative expense.

* 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 July 31, 2014, for a discussion of non-GAAP financial measures.

ADJUSTED EBITDA



(Unaudited)

(in millions)

	Three Months Ended June 30,	
	2014	2013
Adjusted EBITDA*	\$ 247.1	\$ 212.6
Adjustments to reconcile Adjusted EBITDA to income from operations ⁽¹⁾ :		
Depreciation and amortization ⁽²⁾	(52.0)	(52.3)
Non-cash equity-based compensation	(4.3)	(2.1)
IPO- and secondary-offering-related expenses	(0.5)	(0.2)
Sponsor fee	-	(1.3)
Other adjustments ⁽³⁾	(2.1)	(3.1)
Total adjustments	(58.9)	(59.0)
Income from operations	<u>\$ 188.2</u>	<u>\$ 153.6</u>

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

⁽²⁾ Includes depreciation expense of (\$1.0) and (\$0.8) for the three months ended June 30, 2014 and 2013, respectively, historically reported within cost of sales.

⁽³⁾ Primarily includes certain historical retention costs reported within selling and administrative expense. Also includes an adjustment for other income/(expense) of \$0.1 and (\$0.1) for the three months ended June 30, 2014 and 2013, 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 July 31, 2014, for a discussion of non-GAAP financial measures.

INTEREST, TAXES AND NON-GAAP NET INCOME



(Unaudited)
(\$ in millions)

	Three Months Ended June 30,		% Chg
	2014	2013	
Interest expense, net	(\$48.5)	(\$70.3)	(31.1)%
Income tax expense	(\$50.6)	(\$26.5)	90.8%
Non-GAAP net income*	\$115.9	\$79.2	46.3%

* 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 July 31, 2014, for a reconciliation of non-GAAP financial measures.

NON-GAAP NET INCOME

(Unaudited)

(in millions)

	Three Months Ended June 30,	
	2014	2013
Net income	\$ 86.6	\$ 46.7
Amortization of intangibles ⁽¹⁾	40.3	40.1
Non-cash equity-based compensation	4.3	2.1
Net loss on extinguishments of long-term debt	2.6	10.3
Interest expense adjustment related to extinguishments of long-term debt ⁽²⁾	(0.5)	-
IPO- and secondary-offering-related expenses	0.5	0.2
Aggregate adjustment for income taxes ⁽³⁾	(17.9)	(20.2)
Non-GAAP net income *	<u>\$ 115.9</u>	<u>\$ 79.2</u>

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

⁽²⁾ 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.

⁽³⁾ 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 July 31, 2014, for a discussion of non-GAAP financial measures.

FINANCIAL RESULTS YTD



(Unaudited)
(\$ in millions)

	Six Months Ended June 30,		% Chg
	2014	2013	
Net Sales	\$5,758.3	\$5,191.0	10.9%
<i>Avg Daily Net Sales</i>	\$45.3	\$40.9	10.9%
Gross Profit	\$922.1	\$853.6	8.0%
<i>% of Net Sales</i>	16.0%	16.4%	
SG&A / Advertising	\$598.1	\$579.9	3.1%
Income from Operations	\$324.0	\$273.7	18.4%
Adjusted EBITDA *	\$440.8	\$391.2	12.7%
<i>% of Net Sales</i>	7.7%	7.5%	
Interest Expense, net	(\$98.6)	(\$142.4)	-30.8%
Non-GAAP Net Income*	\$197.0	\$135.5	45.4%
Non-GAAP EPS	\$1.14	\$0.79	44.8%

* 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 July 31, 2014, for a reconciliation of non-GAAP financial measures.



DEBT AND ABL AVAILABILITY

(Unaudited)
(\$ in millions)

	<u>06/30/2014</u>	<u>12/31/2013</u>	<u>06/30/2013</u>
Cash and Cash Equivalents	\$227.6	\$188.1	\$179.3
Total Debt	\$3,126.0	\$3,251.2	\$3,724.4
Senior Secured Debt	\$1,846.2	\$1,853.9	\$1,843.3
Net Debt (Total Debt net of Cash & Cash Equivalents)	\$2,898.4	\$3,063.1	\$3,545.1
Outstanding Borrowings under ABL Revolver	\$0.0	\$0.0	\$0.0
Borrowing Base under ABL Revolver *	\$1,263.0	\$1,065.5	\$1,098.8
ABL Revolver Availability	\$954.4	\$641.1	\$631.4
Cash plus ABL Revolver Availability	\$1,182.0	\$829.2	\$810.7
TTM Adjusted EBITDA **	\$858.2	\$808.5	\$790.8
Total Net Leverage Ratio ***	3.4	3.8	4.5

* 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 July 31, 2014, for a reconciliation of non-GAAP financial measures.

*** Defined as the ratio of total debt at period-end excluding any unamortized discount and/or premium, less cash and cash equivalents, to trailing twelve months (TTM) Adjusted EBITDA. Prior periods have been revised to conform to the current definition.

WORKING CAPITAL



(Unaudited)

	<u>06/30/2014</u>	<u>12/31/2013</u>	<u>06/30/2013</u>
Days of sales outstanding (DSO) *	40	44	41
Days of supply in inventory (DIO) *	14	14	14
Days of purchases outstanding (DPO) *	<u>(35)</u>	<u>(35)</u>	<u>(35)</u>
Cash Conversion Cycle *	<u><u>19</u></u>	<u><u>23</u></u>	<u><u>20</u></u>

* Based on a rolling three month average. Prior periods have been revised to conform to the current definition.

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

VERTICALS REALIGNMENT



(Unaudited)
(\$ in millions)

	<u>Q1 2013</u>		<u>Q2 2013</u>		<u>Q3 2013</u>		<u>Q4 2013</u>		<u>Full Year 2013</u>	
	<u>Revised</u>	<u>Previous</u>	<u>Revised</u>	<u>Previous</u>	<u>Revised</u>	<u>Previous</u>	<u>Revised</u>	<u>Previous</u>	<u>Revised</u>	<u>Previous</u>
Medium / Large	\$ 1,180.5	\$ 1,146.2	\$ 1,308.5	\$ 1,271.4	\$ 1,241.3	\$ 1,203.4	\$ 1,322.3	\$ 1,281.6	\$ 5,052.7	\$ 4,902.6
Small Business	223.4	257.7	228.9	266.0	224.5	262.4	230.7	271.4	907.4	1,057.5
Total Corporate*	<u>\$ 1,403.9</u>	<u>\$ 1,403.9</u>	<u>\$ 1,537.4</u>	<u>\$ 1,537.4</u>	<u>\$ 1,465.8</u>	<u>\$ 1,465.8</u>	<u>\$ 1,553.0</u>	<u>\$ 1,553.0</u>	<u>\$ 5,960.1</u>	<u>\$ 5,960.1</u>

*No change at segment level, reflects move from Small Business to Medium/Large business.

QUESTIONS AND ANSWERS

ADJUSTED EBITDA TO NET INCOME RECONCILIATION



(Unaudited)
(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	\$ 86.6	\$ 46.7	\$ 137.5	\$ 75.0
Depreciation and amortization	52.0	52.3	104.0	104.3
Income tax expense	50.6	26.5	80.5	42.7
Interest expense, net	48.5	70.3	98.6	142.4
EBITDA	237.7	195.8	420.6	364.4
Adjustments:				
Non-cash equity-based compensation	4.3	2.1	7.6	4.0
Sponsor fee	-	1.3	-	2.5
Net loss on extinguishments of long-term debt	2.6	10.3	8.0	14.2
Litigation, net ⁽¹⁾	-	-	(0.3)	-
IPO- and secondary-offering-related expenses	0.5	0.2	0.9	0.2
Other adjustments ⁽²⁾	2.0	2.9	4.0	5.9
Total adjustments	9.4	16.8	20.2	26.8
Adjusted EBITDA *	\$ 247.1	\$ 212.6	\$ 440.8	\$ 391.2

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

⁽²⁾ Other adjustments primarily include certain retention costs and equity investment income.

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