



CDW Corporation

Webcast Conference Call
November 4, 2015

CDW.com | 800.800.4239

Today's Agenda

- 3rd Quarter 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 our Form 10-K, Form 10-Q and other reports and filings with the Securities and Exchange Commission. We do not undertake any duty to update any forward-looking statement.

Record 3rd Quarter Financial Performance

- Net sales up 7.2% to \$3.5 billion; Organic net sales on a constant currency basis up 3.6%
- Adjusted EBITDA up 16.3% to \$282.1 million
- Non-GAAP Net Income Per Diluted Share up 30.8% to \$0.84

Highlights Combined Power

- Balanced portfolio of channels
- Broad product and solution suite
- Focus on cost control while continuing to execute on three-part strategy

Balanced Portfolio Drove Topline

(Unaudited)

(\$ in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	% Change *	2015	2014	% Change **
Corporate:						
Medium / Large	\$ 1,458.9	\$ 1,374.8	6.1%	\$ 4,264.8	\$ 4,045.1	5.4%
Small Business	265.6	247.9	7.1	795.0	739.4	7.5
Total Corporate	\$ 1,724.5	\$ 1,622.7	6.3%	\$ 5,059.8	\$ 4,784.5	5.8%
Public:						
Government	\$ 488.6	\$ 441.3	10.7%	\$ 1,162.2	\$ 1,008.6	15.2%
Education	579.0	632.8	(8.5)	1,468.7	1,481.4	(0.9)
Healthcare	400.5	394.7	1.5	1,217.3	1,220.3	(0.2)
Total Public	\$ 1,468.1	\$ 1,468.8	—%	\$ 3,848.2	\$ 3,710.3	3.7%
Other	\$ 308.5	\$ 174.6	76.6%	\$ 662.3	\$ 529.6	25.0%
Total Net Sales	\$ 3,501.1	\$ 3,266.1	7.2%	\$ 9,570.3	\$ 9,024.4	6.0%

* There were 64 selling days for both the three months ended September 30, 2015 and 2014.

** There were 191 selling days for both the nine months ended September 30, 2015 and 2014.

Our Three-Part Growth Strategy

1

Increase "share of wallet" from existing customers while adding new customers

2

Enhance our ability to deliver high-growth, integrated solutions

3

Expand services capabilities

Third Quarter Financial Results

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

	Three Months Ended September 30,		% Change
	2015	2014	
Net Sales	\$ 3,501.1	\$ 3,266.1	7.2%
<i>Avg Daily Net Sales</i>	\$ 54.7	\$ 51.0	7.2%
Gross Profit	\$ 567.2	\$ 507.3	11.8%
<i>% of Net Sales</i>	16.2%	15.5%	
SG&A/Advertising	\$ 362.6	\$ 322.6	12.4%
Income from Operations	\$ 204.6	\$ 184.7	10.8%
Adjusted SG&A, including advertising *	\$ 287.4	\$ 265.8	8.1%
Adjusted EBITDA *	\$ 282.1	\$ 242.6	16.3%
<i>% of Net Sales</i>	8.1%	7.4%	
Interest Expense, net	\$ (38.5)	\$ (50.1)	(23.2)%
Non-GAAP Net Income *	\$ 143.2	\$ 110.7	29.3%
Non-GAAP Diluted EPS	\$ 0.84	\$ 0.64	30.8%

* Adjusted SG&A, including advertising, Adjusted EBITDA, Non-GAAP net income, and Non-GAAP Diluted EPS are 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 November 4, 2015, for a reconciliation of non-GAAP financial measures.

Third Quarter Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,		% Change
	2015	2014	
Reported SG&A, including advertising	\$ 362.6	\$ 322.6	12.4%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(7.8)	(3.9)	
Acquisition and integration costs	(7.0)	—	
Other expenses ⁽¹⁾	(2.0)	(1.9)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(45.6)	(40.3)	
Other SG&A depreciation and amortization	(12.8)	(10.7)	
Total adjustments	(75.2)	(56.8)	
Adjusted SG&A, including advertising	\$ 287.4	\$ 265.8	8.1%
Adjusted EBITDA	\$ 282.1	\$ 242.6	16.3%
<i>% of Net Sales</i>	8.1%	7.4%	

⁽¹⁾ Primarily includes certain historical retention costs, unusual, non-recurring litigation matters, and expenses related to the consolidation of our headquarters and sales locations north of Chicago reported within selling and administrative expenses.

Interest, Taxes and Non-GAAP Net Income

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

	Three Months Ended September 30,		% Change
	2015	2014	
Interest expense, net	\$ (38.5)	\$ (50.1)	(23.2)%
Other income (expense), net	\$ (18.0)	\$ 0.7	nm*
Income tax expense	\$ (95.3)	\$ (33.9)	180.7%
Net income	\$ 150.9	\$ 55.6	171.5%
Non-GAAP net income**	\$ 143.2	\$ 110.7	29.3%
Non-GAAP Diluted EPS**	\$ 0.84	\$ 0.64	30.8%

*Not meaningful

** Non-GAAP net income and Non-GAAP diluted EPS are 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 November 4, 2015, for a reconciliation of non-GAAP financial measures.

Third Quarter Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,	
	2015	2014
Net income	\$ 150.9	\$ 55.6
Amortization of intangibles ⁽¹⁾	45.6	40.3
Non-cash equity-based compensation	7.8	3.9
Non-cash equity-based compensation related to equity investment ⁽²⁾	20.0	—
Net loss on extinguishments of long-term debt	—	45.8
Acquisition and integration costs ⁽³⁾	7.0	—
Gain on remeasurement of equity investment ⁽⁴⁾	(98.1)	—
Other adjustments ⁽⁵⁾	0.9	(0.3)
Aggregate adjustment for income taxes ⁽⁶⁾	9.1	(34.6)
Non-GAAP net income *	\$ 143.2	\$ 110.7

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

⁽²⁾ Represents our 35% share of an expense related to certain equity awards granted by one of the sellers to Kelway coworkers in July 2015 prior to our acquisition.

⁽³⁾ Primarily includes expenses related to the acquisition of Kelway.

⁽⁴⁾ Represents the gain resulting from the remeasurement of our previously held 35% equity investment to fair value upon our completion of the acquisition of Kelway.

⁽⁵⁾ Primarily includes expenses related to the consolidation of our headquarters and sales locations north of Chicago and adjustments to interest expense resulting from debt extinguishments.

⁽⁶⁾ Based on a normalized effective tax rate of 38.0% (39.0% prior to the Kelway acquisition), except for the non-cash equity-based compensation related to our equity investment and the gain resulting from the remeasurement of our previously held 35% equity investment to fair value upon the completion of the acquisition of Kelway, which were tax effected at a rate of 35.4%. Includes additional tax expense during the three and nine months ended September 30, 2015 of \$3.3 million as a result of recording withholding tax on the unremitted earnings of our Canadian subsidiary. Note that certain acquisition costs are non-deductible.

* Non-GAAP net income 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 November 4, 2015, for a discussion of non-GAAP financial measures.

Financial Results YTD

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

	Nine Months Ended September 30,		% Change
	2015	2014	
Net Sales	\$ 9,570.3	\$ 9,024.4	6.0%
<i>Avg Daily Net Sales</i>	\$ 50.1	\$ 47.2	6.0%
Gross Profit	\$ 1,558.2	\$ 1,429.4	9.0%
<i>% of Net Sales</i>	16.3%	15.8%	
SG&A/Advertising	\$ 996.1	\$ 920.7	8.2%
Income from Operations	\$ 562.1	\$ 508.7	10.5%
Adjusted SG&A, including advertising *	\$ 801.7	\$ 749.1	7.0%
Adjusted EBITDA *	\$ 761.0	\$ 683.4	11.3%
<i>% of Net Sales</i>	8.0%	7.6%	
Interest Expense, net	\$ (121.1)	\$ (148.7)	(18.6)%
Non-GAAP Net Income *	\$ 379.8	\$ 307.7	23.4%
Non-GAAP Diluted EPS*	\$ 2.20	\$ 1.78	23.7%

* Adjusted SG&A, including advertising, Adjusted EBITDA, Non-GAAP net income, and Non-GAAP diluted EPS are 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 November 4, 2015, for a reconciliation of non-GAAP financial measures.

Debt and Revolver Availability

(Unaudited)
(\$ in millions)

	<u>9/30/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>
Cash and Cash Equivalents	\$ 97.5	\$ 344.5	\$ 357.8
Total Debt ⁽¹⁾	\$ 3,267.8	\$ 3,166.0	\$ 3,130.0
Senior Secured Debt	\$ 1,595.8	\$ 1,513.5	\$ 1,517.4
Net Debt (Total Debt net of Cash and Cash Equivalents) ⁽¹⁾	\$ 3,170.3	\$ 2,821.5	\$ 2,772.2
Outstanding Borrowings under Revolver	\$ —	\$ —	\$ —
Borrowing Base under ABL Revolver ⁽²⁾	\$ 1,412.4	\$ 1,253.4	\$ 1,408.1
Revolver Availability ⁽³⁾	\$ 981.5	\$ 935.6	\$ 955.3
Cash plus Revolver Availability ⁽³⁾	\$ 1,079.0	\$ 1,280.1	\$ 1,313.1
Total Net Leverage Ratio ⁽⁴⁾	3.1	3.1	3.2

⁽¹⁾ As a result of the adoption of Accounting Standards Update (ASU) 2015-03 during the second quarter of 2015, historical periods have been revised to reflect the change in the presentation of deferred financing costs, which are now shown as a reduction of long-term debt, instead of being presented as a separate asset on the balance sheet. In the third quarter of 2015, the Company adopted ASU 2015-15 which allows entities to present deferred financing costs for line-of-credit arrangements as an asset. The Company retroactively adjusted the deferred financing costs and long-term debt liability presented in historical periods to align it to the current period presentation.

⁽²⁾ Amount in effect at period-end, excluding Kelway.

⁽³⁾ Amount in effect at period-end, including Kelway's Revolving Credit Facility. The Kelway Revolving Credit Facility is a multi-currency revolving credit facility with an aggregate amount of £50.0 million availability.

⁽⁴⁾ Defined in our 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 our credit agreement. The Senior Secured Term Loan Facility calculates Adjusted EBITDA on a trailing twelve month basis, which includes twelve months of Kelway's results on a pro forma basis.

Cash Conversion Cycle

(Unaudited)

	<u>9/30/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>
Days of sales outstanding (DSO) *	45	42	42
Days of supply in inventory (DIO) *	13	13	14
Days purchases outstanding (DPO) *	<u>(40)</u>	<u>(34)</u>	<u>(36)</u>
Cash Conversion Cycle *	<u>18</u>	<u>21</u>	<u>20</u>

* Based on a rolling three-month average.

Thoughts on Modeling 2015

For P&L currently look for:

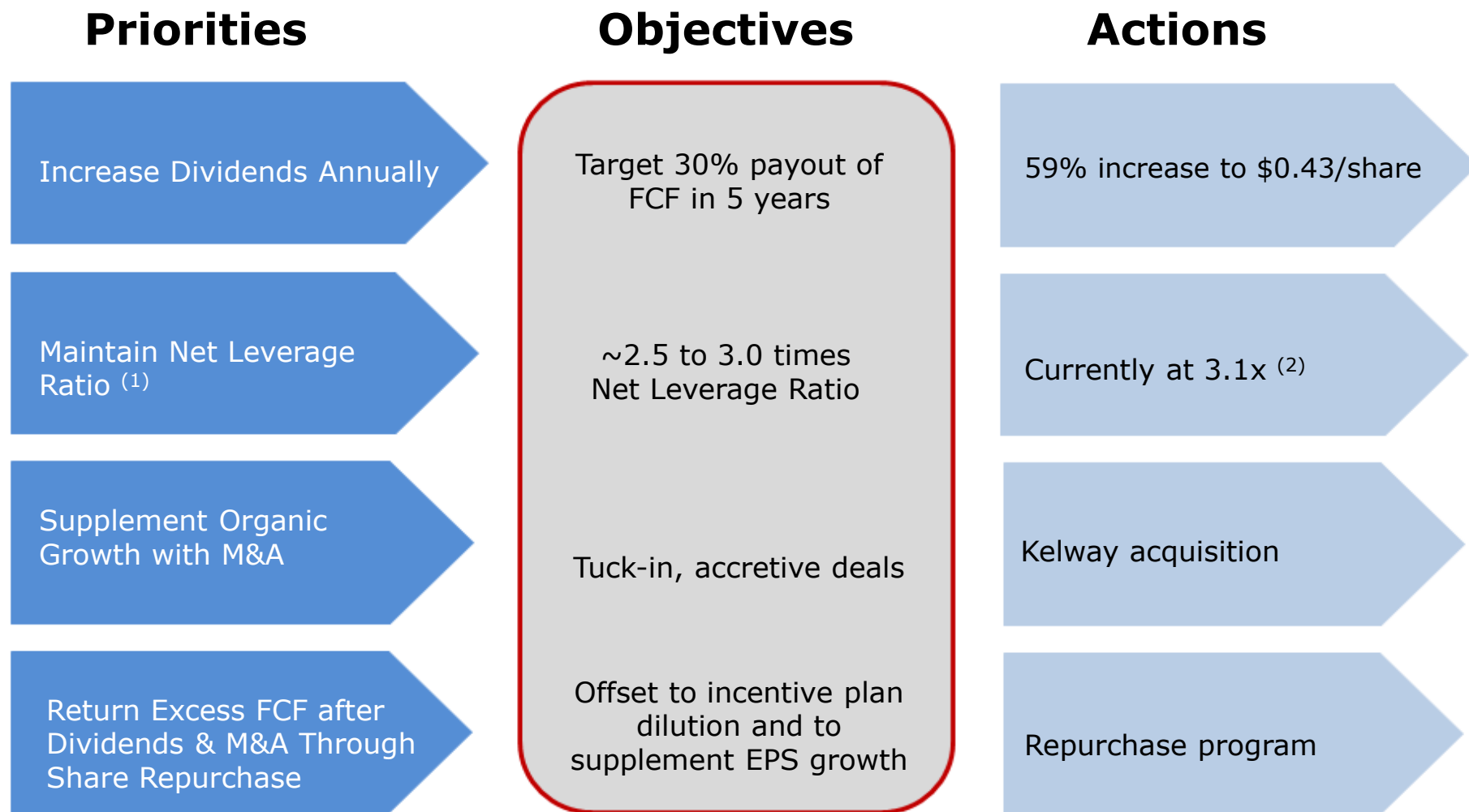
- Organic, constant currency net sales growth of 200 to 300 bps above US IT market growth of 3%
- Past three year average organic 1H/2H revenue split of 48/52%
- Kelway on pace to deliver a total of 500-600 bps incremental growth in 2H; with Q4 contribution of roughly 700 basis points year-over-year
- Q4 Adj. SG&A growth higher than sales growth; Q4 Adj. EBITDA at or slightly below low-end of annual mid-7% target range
- Full year Adj. EBITDA margin slightly above the high end of the mid-7% target range
- Full year book interest of ~\$160MM, including Kelway payments
- Book tax rate in the range of 37% to 38%
- Kelway on pace to contribute 6 to 8 cents per share in 2H; roughly a nickel per share in Q4
- Exceed mid-teens non-GAAP EPS growth target coming in at low-twenties

Thoughts on Modeling 2015

For Cash Flow currently look for:

- CapEX ~ 0.7% of net sales, above "rule of thumb" 0.5% primarily due to investment in office consolidation
- Adjusting for pull-forward of ~\$100MM FCF from Q1 and including incremental Kelway, 2015 FCF will exceed high-end of 2.5-3.0% of net sales target range
- CCC within our target range of low to mid-20's
- Cash tax rate of approximately 39%, to be applied to pretax operating income before acquisition related intangibles amortization (~\$48MM/quarter) and the gain on the re-measurement of our 35% investment plus \$20MM of annual CODI payments
- Cash interest of \$153-154MM, including incremental Kelway

Four Capital Allocation Priorities



¹ Defined in our 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 our credit agreement. The Senior Secured Term Loan Facility calculates Adjusted EBITDA on a trailing twelve month basis, which includes twelve months of Kelway's results on a pro forma basis.

² As of September 30, 2015.

Capital Allocation Priorities Support Medium Term Targets

2016-2018

**Net Sales
Growth***

U.S. IT growth
+200-300bps**

**Adjusted
EBITDA**

Mid-7% Margin

Leverage

Maintain net debt/adj.
EBITDA ratio at ~2.5-3.0x

**Non-GAAP
EPS Growth**

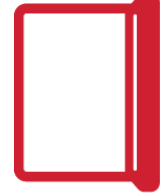
Low double-digits***

* Organic, constant currency

** Exceed in 2016 due to Dell partnership

*** Exceed in 2016 due to 7 months incremental Kelway and full year Dell contribution

Questions and Answers



**PEOPLE
WHO
GET IT™**

Adjusted EBITDA to Net Income Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	% of Net sales	2014	% of Net sales	2015	% of Net sales	2014	% of Net sales
Net income	\$ 150.9		\$ 55.6		\$ 313.8		\$ 193.1	
Depreciation and amortization ⁽¹⁾	59.9		51.9		165.0		155.9	
Income tax expense	95.3		33.9		191.5		114.5	
Interest expense, net	38.5		50.1		121.1		148.7	
EBITDA	<u>344.6</u>	9.8%	<u>191.5</u>	5.9%	<u>791.4</u>	8.3%	<u>612.2</u>	6.8%
Adjustments:								
Non-cash equity-based compensation	7.8		3.9		20.0		11.5	
Net loss on extinguishments of long-term debt	—		45.8		24.3		53.8	
Loss (income) from equity investments ⁽²⁾	18.8		(0.5)		10.3		(1.0)	
Acquisition and integration costs ⁽³⁾	7.0		—		8.7		—	
Gain on remeasurement of equity investment ⁽⁴⁾	(98.1)		—		(98.1)		—	
Other adjustments ⁽⁵⁾	2.0		1.9		4.4		6.9	
Total adjustments	<u>(62.5)</u>		<u>51.1</u>		<u>(30.4)</u>		<u>71.2</u>	
Adjusted EBITDA ⁽⁶⁾ *	<u>\$ 282.1</u>	8.1%	<u>\$ 242.6</u>	7.4%	<u>\$ 761.0</u>	8.0%	<u>\$ 683.4</u>	7.6%

⁽¹⁾ Includes depreciation expense of \$1.5 million and \$0.9 million for the three months ended September 30, 2015 and 2014, respectively, and \$3.7 million and \$2.7 million for the nine months ended September 30, 2015 and 2014, respectively, historically reported within cost of sales.

⁽²⁾ Represents our share of net income/loss from our equity investments. Our 35% share of Kelway's net loss includes our 35% share of an expense related to certain equity awards granted by one of the sellers to Kelway co-workers in July 2015 prior to the acquisition.

⁽³⁾ Primarily includes expenses related to the acquisition of Kelway.

⁽⁴⁾ Represents the gain resulting from the remeasurement of our previously held 35% equity investment to fair value upon the completion of the acquisition of Kelway.

⁽⁵⁾ Other adjustments primarily include certain historical retention costs, unusual, non-recurring litigation matters, and expenses related to the consolidation of our headquarters and sales locations north of Chicago.

⁽⁶⁾ Includes the impact of consolidating two months of Kelway's financial results.

* 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 November 4, 2015, for a discussion of non-GAAP financial measures.

Adjusted SG&A YTD

(Unaudited)
(\$ in millions)

	Nine Months Ended September 30,		% Change
	2015	2014	
Reported SG&A, including advertising:	\$ 996.1	\$ 920.7	8.2%
<i>Adjustments:</i>			
Non-cash equity-based compensation	(20.0)	(11.5)	
Acquisition and integration costs	(8.7)	—	
Other expenses ⁽¹⁾	(4.4)	(6.9)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(126.1)	(120.8)	
Other SG&A depreciation and amortization	(35.2)	(32.4)	
Total adjustments	(194.4)	(171.6)	
Adjusted SG&A, including advertising	\$ 801.7	\$ 749.1	7.0%

⁽¹⁾ Primarily includes certain historical retention costs, unusual, non-recurring litigation matters, and expenses related to the consolidation of our headquarters and sales locations north of Chicago reported within selling and administrative expenses.

Non-GAAP Net Income YTD

(Unaudited)

(\$ in millions)

	Nine Months Ended September 30,	
	2015	2014
Net income	\$ 313.8	\$ 193.1
Amortization of intangibles ⁽¹⁾	126.1	120.8
Non-cash equity-based compensation	20.0	11.5
Non-cash equity-based compensation from equity investment ⁽²⁾	20.0	—
Net loss on extinguishments of long-term debt	24.3	53.8
Acquisition and integration costs ⁽³⁾	8.7	—
Gain on remeasurement of equity investment ⁽⁴⁾	(98.1)	—
Other adjustments ⁽⁵⁾	2.5	(0.5)
Aggregate adjustment for income taxes ⁽⁶⁾	(37.5)	(71.0)
Non-GAAP net income *	<u>\$ 379.8</u>	<u>\$ 307.7</u>

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

⁽²⁾ Represents our 35% share of an expense related to certain equity awards granted by one of the sellers to Kelway co-workers in July 2015 prior to our acquisition.

⁽³⁾ Primarily includes expenses related to the acquisition of Kelway.

⁽⁴⁾ Represents the gain resulting from the remeasurement of our previously held 35% equity investment to fair value upon the completion of our acquisition of Kelway.

⁽⁵⁾ Primarily includes expenses related to the consolidation of our headquarters and sales locations north of Chicago and adjustments to interest expense resulting from debt extinguishments.

⁽⁶⁾ Based on a normalized effective tax rate of 38.0% (39.0% prior to the Kelway acquisition), except for the non-cash equity-based compensation related to our equity investment and the gain resulting from the remeasurement of our previously held 35% equity investment to fair value upon the completion of the acquisition of Kelway, which were tax effected at a rate of 35.0%. Includes additional tax expense during the three and nine months ended September 30, 2015 of \$3.3 million as a result of recording withholding tax on the unremitted earnings of our Canadian subsidiary. Note that certain acquisition costs are non-deductible.

* Non-GAAP net income 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 November 4, 2015, for a discussion of non-GAAP financial measures.

Third Quarter Free Cash Flow

(Unaudited)
(\$ in millions)

	Three Months Ended of September 30,		
	2015	2014	% Change
Net cash provided by operating activities	\$ 195.8	\$ 174.6	
Capital expenditures	(21.0)	(13.4)	
Net change in accounts payable - inventory financing	(18.6)	(11.9)	
Free Cash Flow	\$ 156.2	\$ 149.3	4.6%

Free Cash Flow YTD

(Unaudited)
(\$ in millions)

	Nine Months Ended September 30,		
	2015	2014	% Change
Net cash provided by operating activities	\$ 294.9	\$ 350.5	
Capital expenditures	(43.9)	(34.4)	
Net change in accounts payable - inventory financing	22.6	43.1	
Free Cash Flow	<u>\$ 273.6</u>	<u>\$ 359.2</u>	(23.8)%

Organic Net Sales Growth and Organic Net Sales Growth on a Constant Currency Basis

(Unaudited)

(\$ in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	% Change	2015	2014	% Change
Consolidated net sales, as reported	\$ 3,501.1	\$ 3,266.1	7.2%	\$ 9,570.3	\$ 9,024.4	6.0%
Impact of current period acquisition ⁽¹⁾	(138.4)	—		(138.4)	—	
Consolidated organic net sales*	\$ 3,362.7	\$ 3,266.1	3.0%	\$ 9,431.9	\$ 9,024.4	4.5%
Currency translation adjustment ⁽²⁾	—	(21.0)		—	(51.1)	
Consolidated organic net sales, on a constant currency basis*	\$ 3,362.7	\$ 3,245.1	3.6%	\$ 9,431.9	\$ 8,973.3	5.1%

⁽¹⁾ Represents two months of financial results of Kelway.

⁽²⁾ Represents the effect of translating the prior year results of our Canadian subsidiary at the average rates of exchange applicable in the current year.

*Organic net sales growth and organic net sales growth on a constant currency basis are 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 November 4, 2015, for a discussion of non-GAAP financial measures.