



CDW CORPORATION

First Quarter 2014

Webcast Conference Call

May 8, 2014

AGENDA

- 1st 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.



RECORD 1ST QUARTER PERFORMANCE

- Net sales up 10.0% to \$2.65 billion
- Adjusted EBITDA up 8.5% to \$193.7 million
- Non-GAAP Net Income Per Share up 43.7% to \$0.47

BALANCED PORTFOLIO OF SALES CHANNELS



(Unaudited)
(\$ in millions)

	<u>Three Months Ended March 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>% Change*</u>
Corporate:			
Medium / Large	\$ 1,274.8	\$ 1,180.5	8.0 %
Small Business	230.8	223.4	3.3
Total Corporate	<u>\$ 1,505.6</u>	<u>\$ 1,403.9</u>	<u>7.2 %</u>
Public:			
Government	\$ 254.2	\$ 252.3	0.7 %
Education	321.6	232.2	38.5
Healthcare	394.1	362.3	8.8
Total Public	<u>\$ 969.9</u>	<u>\$ 846.8</u>	<u>14.5 %</u>
Other	<u>\$ 176.8</u>	<u>\$ 161.0</u>	<u>9.8 %</u>
Total Net Sales	<u><u>\$ 2,652.3</u></u>	<u><u>\$ 2,411.7</u></u>	<u><u>10.0 %</u></u>

* There were 63 selling days for both the three months ended March 31, 2014 and 2013.

PERFORMANCE DRIVERS

- Balanced portfolio of channels
- Agile business model
 - Market segmentation
 - Broad product portfolio backed by technical capabilities
- Expense control and variable cost structure
 - Enhanced advertising effectiveness
 - Cost structure that flexes with gross profit

FIRST QUARTER FINANCIAL RESULTS



(Unaudited)
(\$ in millions)

	Three Months Ended March 31,		% Chg
	2014	2013	
Net Sales	\$2,652.3	\$2,411.7	10.0%
<i>Avg Daily Net Sales</i>	\$42.1	\$38.3	10.0%
Gross Profit	\$425.2	\$402.0	5.8%
<i>% of Net Sales</i>	16.0%	16.7%	
S&A / Advertising	\$289.4	\$281.9	2.7%
Income from Operations	\$135.8	\$120.1	13.1%
Adjusted EBITDA *	\$193.7	\$178.6	8.5%
<i>% of Net Sales</i>	7.3%	7.4%	

* 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 May 8, 2014, for a reconciliation of non-GAAP financial measures.

ADJUSTED SG&A



(Unaudited)
(\$ in millions)

	Three Months Ended March 31,		% Chg
	2014	2013	
Reported SG&A, including advertising:	\$ 289.4	\$ 281.9	
Adjustments:			
Secondary-offering related expenses	(0.4)	-	
Non-cash equity-based compensation	(3.3)	(1.9)	
Other expenses ⁽¹⁾	(2.2)	(3.0)	
Litigation, net ⁽²⁾	0.3	-	
Sponsor fee	-	(1.3)	
Depreciation and amortization:			
Amortization of purchased intangibles	(40.3)	(40.3)	
Other SG&A depreciation and amortization	(10.9)	(10.7)	
Total adjustments	(56.8)	(57.2)	
Adjusted SG&A, including advertising*	\$ 232.6	\$ 224.7	3.5%

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

(2) 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 May 8, 2014, for a discussion of non-GAAP financial measures.

ADJUSTED EBITDA



(Unaudited)
(\$ in millions)

	Three Months Ended March 31,	
	2014	2013
Adjusted EBITDA*	\$ 193.7	\$ 178.6
Adjustments to reconcile Adjusted EBITDA to income from operations ⁽¹⁾ :		
Depreciation and amortization ⁽²⁾	(52.0)	(52.0)
Non-cash equity-based compensation	(3.3)	(1.9)
Secondary-offering related expenses	(0.4)	-
Sponsor fee	-	(1.3)
Litigation, net ⁽³⁾	0.3	-
Other adjustments ⁽⁴⁾	(2.5)	(3.3)
Total adjustments	(57.9)	(58.5)
Income from operations	<u>\$ 135.8</u>	<u>\$ 120.1</u>

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

⁽²⁾ Includes depreciation expense of \$0.8 and \$1.0 for the three months ended March 31, 2014 and 2013, respectively, historically reported within cost of sales.

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

⁽⁴⁾ Primarily includes certain historical retention costs reported within selling and administrative expense. Also includes adjustment for other expense of \$0.3 for both the three months ended March 31, 2014 and 2013.

* 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 May 8, 2014, for a discussion of non-GAAP financial measures.

INTEREST, TAXES AND NON-GAAP NET INCOME



(Unaudited)
(\$ in millions)

	Three Months Ended March 31,		% Chg
	2014	2013	
Interest expense, net	(\$50.1)	(\$72.1)	(30.5)%
Income tax expense	(\$29.9)	(\$16.2)	84.9%
Non-GAAP net income*	\$81.1	\$56.3	44.1%

* 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 May 8, 2014, for a reconciliation of non-GAAP financial measures.

NON-GAAP NET INCOME



(Unaudited)
(\$ in millions)

	Three Months Ended March 31,	
	2014	2013
Net income	\$ 50.9	\$ 28.3
Amortization of intangibles ⁽¹⁾	40.3	40.3
Non-cash equity-based compensation	3.3	1.9
Net loss on extinguishments of long-term debt	5.4	3.9
Interest expense adjustment related to extinguishments of long-term debt ⁽²⁾	(0.6)	(0.8)
Secondary-offering related expenses	0.4	-
Aggregate adjustment for income taxes ⁽³⁾	(18.6)	(17.3)
Non-GAAP net income *	<u>\$ 81.1</u>	<u>\$ 56.3</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 May 8, 2014, for a discussion of non-GAAP financial measures.

BALANCE SHEET ENHANCEMENTS



- January and February redemptions of \$50MM of 12.535% senior subordinated notes due 2017
- March private purchase of \$25MM of 8.5% senior notes due 2019
- Redemption on May 9 of remaining \$42.5MM of 12.535% senior subordinated notes



DEBT AND ABL AVAILABILITY

(Unaudited)
(\$ in millions)

	<u>03/31/2014</u>	<u>12/31/2013</u>	<u>03/31/2013</u>
Cash and Cash Equivalents	\$306.7	\$188.1	\$147.1
Total Debt	\$3,172.4	\$3,251.2	\$3,680.8
Senior Secured Debt	\$1,850.1	\$1,853.9	\$1,799.5
Net Debt (Total Debt net of Cash & Cash Equivalents)	\$2,865.7	\$3,063.1	\$3,533.7
Outstanding Borrowings under ABL Revolver	\$0.0	\$0.0	\$0.0
Borrowing Base under ABL Revolver *	\$1,107.4	\$1,065.5	\$1,009.7
ABL Revolver Availability	\$649.4	\$641.1	\$649.4
Cash plus ABL Revolver Availability	\$956.1	\$829.2	\$796.5
TTM Adjusted EBITDA **	\$823.6	\$808.5	\$778.8
Total Net Leverage Ratio ***	3.5	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 May 8, 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>03/31/2014</u>	<u>12/31/2013</u>	<u>03/31/2013</u>
Days of sales outstanding (DSO) *	44	44	44
Days of supply in inventory (DIO) *	14	14	14
Days of purchases outstanding (DPO) *	<u>(36)</u>	<u>(35)</u>	<u>(36)</u>
Cash Conversion Cycle *	<u><u>22</u></u>	<u><u>23</u></u>	<u><u>22</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 March 31,	
	2014	2013
Net income	\$ 50.9	\$ 28.3
Depreciation and amortization	52.0	52.0
Income tax expense	29.9	16.2
Interest expense, net	50.1	72.1
EBITDA	182.9	168.6
Adjustments:		
Non-cash equity-based compensation	3.3	1.9
Sponsor fee	-	1.3
Net loss on extinguishments of long-term debt	5.4	3.9
Litigation, net ⁽¹⁾	(0.3)	-
Secondary-offering related expenses	0.4	-
Other adjustments ⁽²⁾	2.0	2.9
Total adjustments	10.8	10.0
Adjusted EBITDA *	\$ 193.7	\$ 178.6

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

⁽²⁾ 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 May 8, 2014, for a discussion of non-GAAP financial measures.