



CDW Corporation

Webcast Conference Call
October 31, 2018

CDW.com | 800.800.4239

Today's Agenda

- Third Quarter and YTD 2018 Results
- Performance Drivers
- 2018 Annual Medium Term Targets
- Modeling Thoughts
- Q&A

Disclaimers

Forward-Looking Statements

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.

Non-GAAP Financial Information

This presentation contains certain "non-GAAP financial measures," including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted SG&A, including advertising, Non-GAAP income before income taxes, Non-GAAP net income, Non-GAAP effective tax rate, Non-GAAP net income per diluted share, Non-GAAP net income per diluted share on a constant currency basis, consolidated Net sales growth on a constant currency basis and Free cash flow. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. For a reconciliation of non-GAAP financial measures to the applicable most comparable 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 October 31, 2018 and the reconciliations included in these slides. Non-GAAP financial measures used by the Company may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

Strong Q3 2018 and YTD Financial Performance

Third Quarter:

- Net Sales increased \$440 million from Q3 2017 to \$4.4 billion
 - Up 11.2% on a reported basis and average daily sales basis
 - Up 11.4% ADS on a constant currency basis
- Net income up 42.1% to \$184 million
- Adjusted EBITDA up 9.3% to \$355 million
- Net income per diluted share up 44.4% to \$1.20
- Non-GAAP net income per diluted share up 31.4% to \$1.42

Year to Date:

- Net Sales increased \$1.1 billion from 2017 to \$12.2 billion
 - Up 9.8% on a reported basis and average daily sales basis
 - Up 9.3% ADS on a constant currency basis
- Net Income up 47.3% to \$484 million
- Adjusted EBITDA up 10.1% to \$979 million
- Net income per diluted share up 52.4% to \$3.14
- Non-GAAP net income per diluted share up 35.3% to \$3.85

Highlights Combined Power of Business Model and Strategy

- Balanced portfolio of customer end-markets
- Diverse product and solutions suite
- Three-part strategy for growth

Balanced Portfolio Drove Topline Growth

(Unaudited)

(\$ in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017 ⁽¹⁾	% Change ⁽²⁾	2018	2017 ⁽¹⁾	% Change ⁽²⁾
Corporate	\$ 1,706.5	\$ 1,552.8	9.9%	\$ 5,006.1	\$ 4,573.5	9.5%
Small Business	340.0	305.4	11.3	997.1	912.4	9.3
Public						
Government	639.3	591.9	8.0	1,551.3	1,490.0	4.1
Education	793.1	691.3	14.7	1,902.4	1,789.3	6.3
Healthcare	442.7	410.7	7.8	1,286.8	1,201.1	7.1
Total Public	1,875.1	1,693.9	10.7	4,740.5	4,480.4	5.8
Other	451.6	381.1	18.5	1,422.0	1,114.5	27.6
Total Net sales	\$ 4,373.2	\$ 3,933.2	11.2%	\$ 12,165.7	\$ 11,080.8	9.8%

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

(2) There were 63 selling days for both the three months ended September 30, 2018 and 2017. There were 191 selling days for both the nine months ended September 30, 2018 and 2017.

Our Three-Part Growth Strategy

1

Capture share and acquire new customers

2

Enhance capabilities in high-growth, solutions areas

3

Expand services capabilities

Q3 '18 Financial Results

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

	Three Months Ended September 30,		
	2018	2017 ⁽¹⁾	% Change
Net sales	\$ 4,373.2	\$ 3,933.2	11.2%
<i>Avg Daily Net Sales</i>	\$ 69.4	\$ 62.4	11.2%
Gross profit	\$ 713.6	\$ 642.2	11.1%
<i>% of Net Sales</i>	16.3%	16.3%	
SG&A, including advertising	\$ 438.8	\$ 398.2	10.2%
Income from operations	\$ 274.8	\$ 244.0	12.6%
Adjusted SG&A, including advertising	\$ 360.3	\$ 320.1	12.5%
Adjusted EBITDA	\$ 354.7	\$ 324.6	9.3%
<i>% of Net Sales</i>	8.1%	8.3%	
Interest expense, net	\$ 36.6	\$ 37.8	(3.0)%
Net income	\$ 183.7	\$ 129.3	42.1%
Diluted EPS	\$ 1.20	\$ 0.83	44.4%
Non-GAAP net income	\$ 217.6	\$ 168.3	29.3%
Non-GAAP diluted EPS	\$ 1.42	\$ 1.08	31.4%

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

Q3 '18 Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,		
	2018	2017 ⁽¹⁾	% Change
Reported SG&A, including advertising	\$ 438.8	\$ 398.2	10.2%
<i>Adjustments:</i>			
Equity-based compensation	(10.8)	(10.0)	
Reinstatement of prior year unclaimed property balances ⁽²⁾	—	(4.1)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(45.3)	(46.5)	
Other SG&A depreciation and amortization	(19.1)	(17.3)	
Other expenses	(3.3)	(0.2)	
Total adjustments	(78.5)	(78.1)	
Adjusted SG&A, including advertising	\$ 360.3	\$ 320.1	12.5%
Adjusted EBITDA	\$ 354.7	\$ 324.6	9.3%
% of Net Sales	8.1%	8.3%	

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

(2) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change in the third quarter of 2017.

Interest Expense and Income Taxes

(Unaudited)

(\$ in millions, except per share amounts)

	Three Months Ended September 30,		
	2018	2017 ⁽¹⁾	% Change
Interest expense, net	\$ 36.6	\$ 37.8	(3.0)%
Other income, net	\$ 0.2	\$ 0.7	(76.7)%
Income tax expense	\$ 54.7	\$ 77.6	(29.6)%
Net income	\$ 183.7	\$ 129.3	42.1%

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

Q3 '18 GAAP Effective Tax Rate

	<u>Three Months Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>
Federal statutory rate	21.0%	35.0%
State taxes ⁽¹⁾	4.0	3.0
Excess benefits from equity-based compensation ⁽²⁾	(3.0)	(0.3)
Mix impact from international income tax rates	0.1	(1.0)
All other items impacting tax rate	0.8	0.8
GAAP effective tax rate	<u>22.9%</u>	<u>37.5%</u>

(1) Net of Federal benefit and excludes the State benefit associated with excess tax benefits.

(2) Inclusive of Federal and State taxes.

Q3 '18 Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Three Months Ended September 30, 2018				Three Months Ended September 30, 2017 ⁽¹⁾			
	Income before income taxes	Income tax expense ⁽²⁾	Net income	Effective tax rate	Income before income taxes	Income tax (expense) benefit ⁽²⁾	Net income	Effective tax rate
GAAP, as reported	\$ 238.4	\$ (54.7)	\$ 183.7	22.9%	\$ 206.9	\$ (77.6)	\$ 129.3	37.5%
Amortization of intangibles ⁽³⁾	45.3	(12.0)	33.3		46.5	(15.8)	30.7	
Equity-based compensation	10.8	(10.5)	0.3		10.0	(4.1)	5.9	
Reinstatement of prior year unclaimed property balances ⁽⁴⁾	—	—	—		4.1	(1.6)	2.5	
Tax Cuts and Jobs Act ⁽⁵⁾	—	(2.0)	(2.0)		—	—	—	
Other adjustments ⁽⁶⁾	3.0	(0.7)	2.3		(0.2)	0.1	(0.1)	
Non-GAAP	<u>\$ 297.5</u>	<u>\$ (79.9)</u>	<u>\$ 217.6</u>	<u>26.9%</u>	<u>\$ 267.3</u>	<u>\$ (99.0)</u>	<u>\$ 168.3</u>	<u>37.0%</u>

- (1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).
- (2) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity-based compensation. Additionally, 2018 includes the impact of global intangible low tax income ("GILTI") on equity-based compensation and amortization of intangibles.
- (3) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.
- (4) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change enacted in the third quarter of 2017.
- (5) Comprised of an adjustment to the provisional amounts recorded to finalize the US federal impact of revaluing deferred tax assets and liabilities and mandatory repatriation tax due to the completion of the 2017 US federal tax return.
- (6) Includes other expenses such as payroll taxes on equity-based compensation.

Two Ways to calculate Non-GAAP Net Income

Adjusted EBITDA:

- Depreciation and amortization
- + Amortization of purchased intangibles
- Interest expense

OR

GAAP Income before Income taxes:

- + Amortization of purchased intangibles
- + Equity-based compensation
- + Other unusual or non-recurring items

=

Non-GAAP Income before
Income Taxes

Taxed at Non-GAAP effective tax
rate

Non-GAAP Net Income

Q3 '18 Earnings Per Share

	Three Months Ended September 30,		
	2018	2017 ⁽¹⁾	% Change
Diluted EPS	\$ 1.20	\$ 0.83	44.4%
Non-GAAP net income	\$ 217.6	\$ 168.3	29.3%
Non-GAAP diluted EPS	\$ 1.42	\$ 1.08	31.4%

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

YTD Financial Results

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

	Nine Months Ended September 30,		
	2018	2017 ⁽¹⁾	% Change
Net sales	\$ 12,165.7	\$ 11,080.8	9.8%
<i>Avg Daily Net Sales</i>	\$ 63.7	\$ 58.0	9.8%
Gross profit	\$ 2,013.1	\$ 1,836.5	9.6%
<i>% of Net Sales</i>	16.5%	16.6%	
SG&A, including advertising	\$ 1,268.7	\$ 1,190.9	6.5%
Income from operations	\$ 744.4	\$ 645.6	15.3%
Adjusted SG&A, including advertising	\$ 1,039.0	\$ 954.3	8.9%
Adjusted EBITDA	\$ 979.2	\$ 889.2	10.1%
<i>% of Net Sales</i>	8.0%	8.0%	
Interest expense, net	\$ 111.5	\$ 113.4	(1.7)%
Net income	\$ 483.7	\$ 328.3	47.3%
Diluted EPS	\$ 3.14	\$ 2.06	52.4%
Non-GAAP net income	\$ 593.6	\$ 453.2	31.0%
Non-GAAP diluted EPS	\$ 3.85	\$ 2.85	35.3%

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

YTD Adjusted SG&A and Adjusted EBITDA

(Unaudited)
(\$ in millions)

	Nine Months Ended September 30,		
	2018	2017 ⁽¹⁾	% Change
Reported SG&A, including advertising	\$ 1,268.7	\$ 1,190.9	6.5%
<i>Adjustments:</i>			
Equity-based compensation	(29.9)	(33.6)	
Integration expenses	—	(2.5)	
Reinstatement of prior year unclaimed property balances ⁽²⁾	—	(4.1)	
Depreciation and amortization:			
Amortization of acquisition-related intangible assets	(138.6)	(138.9)	
Other SG&A depreciation and amortization	(55.4)	(51.0)	
Other expenses	(5.8)	(6.5)	
Total adjustments	(229.7)	(236.6)	
Adjusted SG&A, including advertising	\$ 1,039.0	\$ 954.3	8.9%
Adjusted EBITDA	\$ 979.2	\$ 889.2	10.1%
% of Net Sales	8.0%	8.0%	

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

(2) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change in the third quarter of 2017.

YTD Non-GAAP Net Income

(Unaudited)
(\$ in millions)

	Nine Months Ended September 30, 2018				Nine Months Ended September 30, 2017 ⁽¹⁾			
	Income before income taxes	Income tax expense ⁽²⁾	Net income	Effective tax rate	Income before income taxes	Income tax expense ⁽²⁾	Net income	Effective tax rate
GAAP, as reported	\$ 633.9	\$ (150.2)	\$ 483.7	23.7%	\$ 476.7	\$ (148.4)	\$ 328.3	31.1%
Amortization of intangibles ⁽³⁾	138.6	(36.0)	102.6		138.9	(49.1)	89.8	
Equity-based compensation	29.9	(23.8)	6.1		33.6	(42.6)	(9.0)	
Net Loss on extinguishments of long-term debt	—	—	—		57.4	(20.7)	36.7	
Integration expenses ⁽⁴⁾	—	—	—		2.5	(0.9)	1.6	
Reinstatement of prior year unclaimed property balances ⁽⁵⁾	—	—	—		4.1	(1.5)	2.6	
Tax Cuts and Jobs Act ⁽⁶⁾	—	(2.0)	(2.0)		—	—	—	
Other adjustments ⁽⁷⁾	4.2	(1.0)	3.2		4.8	(1.6)	3.2	
Non-GAAP	<u>\$ 806.6</u>	<u>\$ (213.0)</u>	<u>\$ 593.6</u>	<u>26.4%</u>	<u>\$ 718.0</u>	<u>\$ (264.8)</u>	<u>\$ 453.2</u>	<u>36.9%</u>

- (1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).
- (2) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity-based compensation. Additionally, 2018 includes the impact of GILTI on equity-based compensation and amortization of intangibles.
- (3) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.
- (4) Comprised of expenses related to CDW UK.
- (5) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change enacted in the third quarter of 2017.
- (6) Comprised of an adjustment to the provisional amounts recorded to finalize the US federal impact of revaluing deferred tax assets and liabilities and mandatory repatriation tax due to the completion of the 2017 US federal tax return.
- (7) Includes other expenses such as payroll taxes on equity-based compensation.

YTD Earnings Per Share

	Nine Months Ended September 30,		
	2018	2017 ⁽¹⁾	% Change
Diluted EPS	\$ 3.14	\$ 2.06	52.4%
Non-GAAP net income	\$ 593.6	\$ 453.2	31.0%
Non-GAAP diluted EPS	\$ 3.85	\$ 2.85	35.3%

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

Debt and Revolver Availability

(Unaudited)

(\$ in millions)

	September 30, 2018	December 31, 2017	September 30, 2017
Cash and cash equivalents	\$ 255.1	\$ 144.2	\$ 97.9
Total debt	\$ 3,219.4	\$ 3,235.5	\$ 3,429.9
Senior secured debt	\$ 1,526.1	\$ 1,540.3	\$ 1,735.4
Net debt (total debt net of cash and cash equivalents)	\$ 2,964.3	\$ 3,091.3	\$ 3,332.0
Outstanding borrowings under revolver ⁽¹⁾	\$ 6.5	\$ —	\$ 192.1
Borrowing base under Asset-Based Revolver ⁽²⁾	\$ 2,039.1	\$ 1,608.2	\$ 1,871.9
Revolver availability ⁽¹⁾	\$ 1,129.7	\$ 1,063.2	\$ 844.5
Cash plus revolver availability ⁽¹⁾	\$ 1,384.8	\$ 1,207.4	\$ 942.4
Total net leverage ratio ⁽³⁾	2.3	2.6	2.9

(1) 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 £45 million (\$59 million at September 30, 2018) in availability.

(2) Amount in effect at period-end, applicable to the Company's Asset-Based Revolving Credit Facility.

(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)

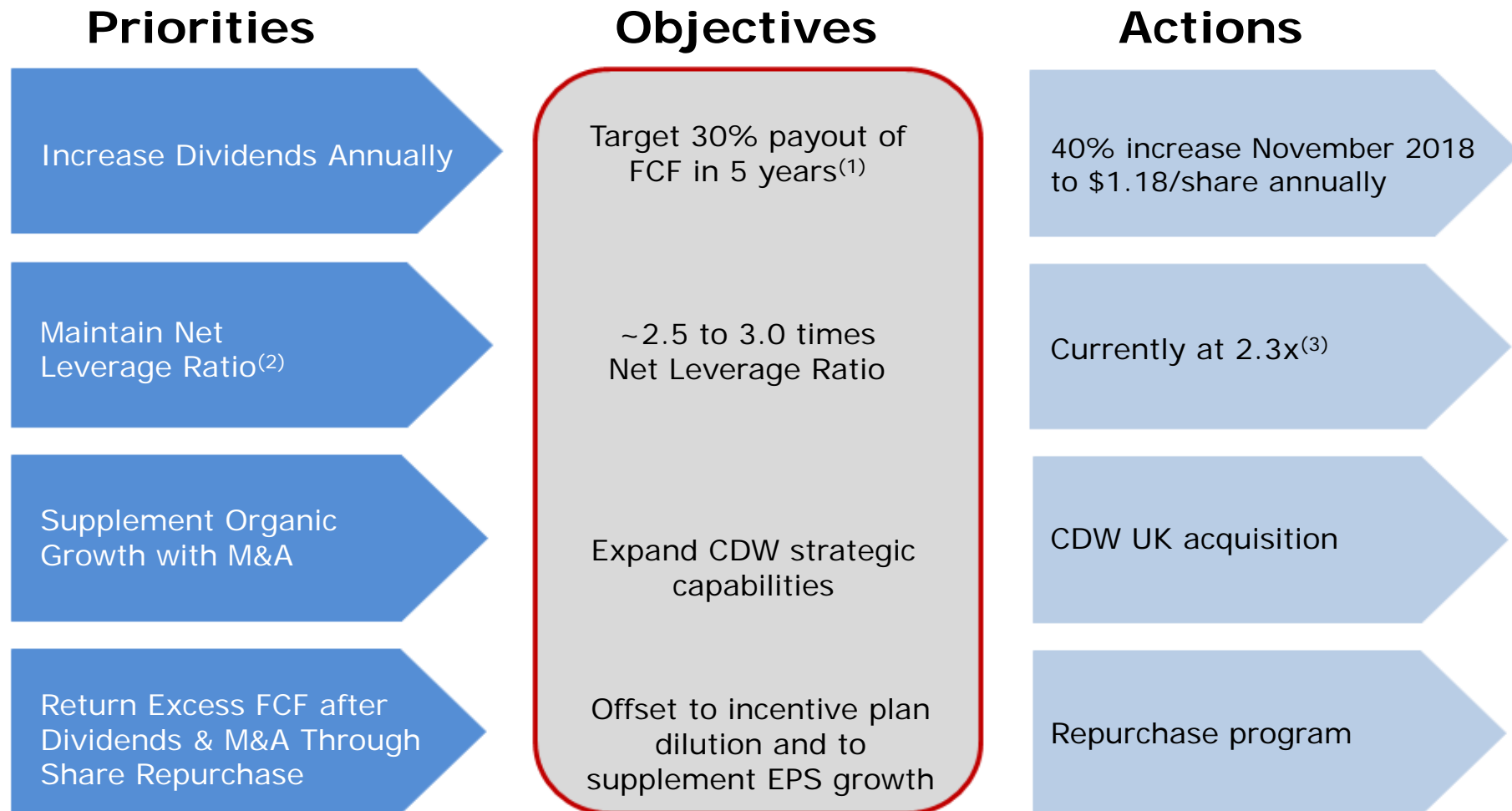
(in days)

	<u>September 30, 2018</u>	<u>December 31, 2017⁽¹⁾</u>	<u>September, 2017⁽¹⁾</u>
Days of sales outstanding (DSO) ⁽²⁾	55	53	54
Days of supply in inventory (DIO) ⁽²⁾	12	13	13
Days purchases outstanding (DPO) ⁽²⁾	<u>(49)</u>	<u>(47)</u>	<u>(48)</u>
Cash Conversion Cycle ⁽²⁾	<u>18</u>	<u>19</u>	<u>19</u>

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

(2) Based on a rolling three-month average.

Four 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. TTM Adjusted EBITDA is a term defined in our credit agreement.

⁽³⁾As of September 30, 2018.

2018 Annual Medium Term Targets⁽¹⁾

2018⁽²⁾

Net Sales Growth

U.S. IT growth of 'a tick above' 4¼%
plus 'a tick above' 425 bps
outperformance in constant currency

Adjusted EBITDA Margin

High 7's to 8%
Margin

Non-GAAP Earnings
per diluted share

Just above thirty %
growth in constant
currency

⁽¹⁾ Annual targets are provided on a non-GAAP basis because certain reconciling items are dependent on future events that either cannot be controlled, such as currency impacts or interest rates, or reliably predicted because they are not part of the Company's routine activities, such as refinancing activities or acquisition and integration expenses.

⁽²⁾ As of October 31, 2018

Thoughts on Modeling Full Year 2018

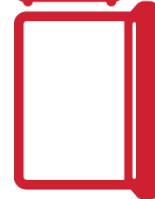
- Full-year constant currency Net sales growth 'a tick above' 425 bps higher than US IT
 - Currency tailwinds expected at an annual average rate of ~ 30 bps
- Adjusted EBITDA ~5 bps less than high end of annual target of high 7's to 8%
- Quarterly Depreciation and Amortization expected to continue at roughly \$67MM per quarter, \$47 million of which is for purchased intangibles
- Annual book interest expected to be just above \$150MM
- Equity compensation expected to be ~\$5MM lower than 2017
- Non-GAAP effective tax rate expected to be near the lower end of 26% to 27%
- Non-GAAP EPS expected to grow 350 to 400 bps faster than Non-GAAP net income
- Non-GAAP EPS growth just above 30% in constant currency

Modeling Full Year 2018 Cash Flows

- Cash flow:
 - Capital expenditures slightly above ~0.5% of Net sales on an annual basis
 - Achieve Cash Conversion Cycle within target range of high teens to low 20s
 - Annual Free Cash Flow at the low end of new 'rule of thumb' run rate post-tax cuts of 3 $\frac{3}{4}$ % to 4 $\frac{1}{4}$ % of Net sales
 - Cash flow "Rule of Thumb"

2013 - 2016	2017	2018 - 2019
2 $\frac{1}{2}$ - 3% of Net sales	3 - 3 $\frac{1}{2}$ % of Net sales	3 $\frac{3}{4}$ - 4 $\frac{1}{4}$ % of Net sales

Questions and Answers



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WHO
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ASC 606 Impact

<i>(unaudited)</i> (\$ in millions, except per share amounts)	Three Months Ended September 30, 2017			Nine Months Ended September 30, 2017		
	606	605	Change	606	605	Change
Net sales	\$ 3,933.2	\$ 4,033.9	\$ (100.7)	\$ 11,080.8	\$ 11,353.0	\$ (272.2)
Gross profit	642.2	642.0	0.2	1,836.5	1,835.6	0.9
Gross margin	16.3%	15.9%	40 bps	16.6%	16.2%	40 bps
Income from operations	244.0	243.7	0.3	645.6	644.6	1.0
Net income	129.3	129.2	0.1	328.3	327.8	0.5
Adjusted EBITDA	324.6	324.3	0.3	889.2	888.2	1.0
Adjusted EBITDA Margin	8.3%	8.0%	30 bps	8.0%	7.8%	20 bps
Non-GAAP net income	168.3	168.2	0.1	453.2	452.7	0.5
Non-GAAP diluted EPS	\$ 1.08	\$ 1.08	\$ —	\$ 2.85	\$ 2.84	\$.01

No meaningful change to Adjusted EBITDA dollars, Gross Profit dollars or growth rates. Change is to calculated margins.

Adjusted EBITDA to Net Income Reconciliation

(Unaudited)

(\$ in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	% of Net Sales	2017 ⁽¹⁾	% of Net Sales	2018	% of Net Sales	2017 ⁽¹⁾	% of Net Sales
Net income	\$ 183.7		\$ 129.3		\$ 483.7		\$ 328.3	
Depreciation and amortization ⁽²⁾	65.8		65.7		198.7		195.2	
Income tax expense	54.7		77.6		150.2		148.4	
Interest expense, net	36.6		37.8		111.5		113.4	
EBITDA	<u>340.8</u>	7.8%	<u>310.4</u>	7.9%	<u>944.1</u>	7.8%	<u>785.3</u>	7.1%
Adjustments:								
Equity-based compensation	10.8		10.0		29.9		33.6	
Net loss on extinguishments of long-term debt	—		—		—		57.4	
Integration expenses ⁽³⁾	—		—		—		2.5	
Reinstatement of prior year unclaimed property balances ⁽⁴⁾	—		4.1		—		4.1	
Other adjustments ⁽⁵⁾	3.1		0.1		5.2		6.3	
Total adjustments	<u>13.9</u>		<u>14.2</u>		<u>35.1</u>		<u>103.9</u>	
Adjusted EBITDA	<u>\$ 354.7</u>	8.1%	<u>\$ 324.6</u>	8.3%	<u>\$ 979.2</u>	8.0%	<u>\$ 889.2</u>	8.0%

- (1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).
- (2) Includes depreciation expense of \$1 million and \$2 million for the three months ended September 30, 2018 and 2017, respectively, and \$5 million for both the nine months ended September 30, 2018 and 2017, reported within Cost of sales.
- (3) Comprised of expenses related to CDW UK.
- (4) Comprised of the reinstatement of prior year unclaimed property balances as a result of a retroactive Illinois state law change enacted in the third quarter of 2017.
- (5) Includes other expenses such as payroll taxes on equity-based compensation and the Company's share of net income from its equity investment during the three and nine months ended September 30, 2018 and 2017. Also includes historical retention costs during the three and nine months ended September 30, 2017.

Third Quarter Free Cash Flow

(Unaudited)
(\$ in millions)

	Three Months Ended September 30,		
	2018	2017	% Change
Net cash provided by operating activities	\$ 270.0	\$ 62.9	329.3%
Capital expenditures	(19.8)	(21.9)	
Net change in accounts payable - inventory financing	20.3	43.7	
Free Cash Flow	\$ 270.5	\$ 84.7	219.4%

YTD Free Cash Flow

(Unaudited)
(\$ in millions)

	Nine Months Ended September 30,		
	2018	2017	% Change
Net cash provided by operating activities	\$ 602.3	\$ 439.1	37.2%
Capital expenditures	(53.4)	(58.6)	
Net change in accounts payable - inventory financing	(90.1)	(41.4)	
Free Cash Flow	\$ 458.8	\$ 339.1	35.3%

Consolidated Net Sales Growth on a Constant Currency Basis

(Unaudited)
(\$ in millions)

	<u>Three Months Ended September 30,</u>			<u>Nine Months Ended September 30,</u>		
	<u>2018</u>	<u>2017⁽¹⁾</u>	<u>% Change⁽²⁾</u>	<u>2018</u>	<u>2017⁽¹⁾</u>	<u>% Change⁽²⁾</u>
Consolidated Net sales, as reported	\$ 4,373.2	\$ 3,933.2	11.2%	\$ 12,165.7	\$ 11,080.8	9.8%
Foreign currency translation ⁽³⁾	—	(7.0)		—	47.3	
Consolidated Net sales, on a constant currency basis	<u>\$ 4,373.2</u>	<u>\$ 3,926.2</u>	11.4%	<u>\$ 12,165.7</u>	<u>\$ 11,128.1</u>	9.3%

- (1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).
- (2) There were 63 selling days for both the three months ended September 30, 2018 and 2017. There were 191 selling days for both the nine months ended September 30, 2018 and 2017.
- (3) Represents the effect of translating the prior year results of CDW UK and CDW Canada at the average exchange rates applicable in the current year.

Non-GAAP Net Income Per Diluted Share, on a Constant Currency Basis

(Unaudited)

(\$ and shares in millions, except per share amounts)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017 ⁽¹⁾	% Change	2018	2017 ⁽¹⁾	% Change
Net income	\$ 183.7	\$ 129.3		\$ 483.7	\$ 328.3	
Amortization of intangibles	45.3	46.5		138.6	138.9	
Equity-based compensation	10.8	10.0		29.9	33.6	
Net Loss on extinguishments of long-term debt	—	—		—	57.4	
Integration expenses	—	—		—	2.5	
Reinstatement of prior year unclaimed property balances	—	4.1		—	4.1	
Other adjustments	3.0	(0.2)		4.2	4.8	
Aggregate adjustment for income taxes	(25.2)	(21.4)		(62.8)	(116.4)	
Non-GAAP Net Income ⁽²⁾	\$ 217.6	\$ 168.3	29.3%	\$ 593.6	\$ 453.2	31.0%
Foreign currency translation ⁽³⁾	—	(0.2)		—	1.9	
Non-GAAP Net Income, on a constant currency basis	\$ 217.6	\$ 168.1	29.5%	\$ 593.6	\$ 455.1	30.4%
Shares used in computing Non-GAAP net income per diluted share and Non-GAAP net income per diluted share, on a constant currency basis	153.7	156.2		154.1	159.2	
Non-GAAP net income per diluted share	\$ 1.42	\$ 1.08	31.4%	\$ 3.85	\$ 2.85	35.3%
Non-GAAP net income per diluted share, on a constant currency basis	\$ 1.42	\$ 1.08	31.6%	\$ 3.85	\$ 2.86	34.7%

(1) Amounts for 2017 have been adjusted to reflect the full retrospective adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606).

(2) See Slide 12 for details on the adjustments to Non-GAAP Net Income for the second quarter. See Slide 17 for details on the adjustments to Non-GAAP Net Income for year to date.

(3) Represents the effect of translating the prior year results of CDW UK and CDW Canada at the average exchange rates applicable in the current year.