Acquisition of Sirius Computer Solutions

2021 | October



http://investor.cdw.com/

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Forward-Looking Statements

Statements in this presentation that are not statements of historical fact are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding the expected closing of the acquisition or the timing thereof, the expected accretive effect of the acquisition, expected net leverage impact of the financing of the acquisition, deleveraging plans and our future prospects as a combined company, including market opportunity and services and solutions capabilities. These forward-looking statements are subject to risks and uncertainties that may cause actual results or events to differ materially from those described in such statements. Although CDW believes that its plans, intentions and other expectations reflected in or suggested by such forward-looking statements are reasonable, it can give no assurance that it will achieve those plans, intentions or expectations. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements in the "Forward-Looking Statements" section of our press release dated October 18, 2021 and in the section entitled "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2020 as well as other cautionary statements that are made from time to time in our other Securities and Exchange Commission filings and public communications. You should evaluate all forward-looking statements made in this presentation in the context of these risks and uncertainties. CDW undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

Non-GAAP Financial Information

This presentation contains certain non-GAAP financial measures, including Non-GAAP operating income (NGOI), Non-GAAP operating income margin (NGOI margin), Non-GAAP net income, and Non-GAAP earnings per diluted share. 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 included or excluded in the most directly comparable measure calculated and presented in accordance with US GAAP. For a reconciliation of non-GAAP financial measures to the applicable most comparable US GAAP financial measures, see Exhibit 99.1 to CDW's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 4, 2021 and the reconciliations included in these slides. Non-GAAP financial measures used by CDW may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

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Basis of Presentation

The historic financial information of Sirius presented herein represents the financial information of Sirius Computer Solutions, Inc. ("Sirius"), adjusted as described below, and not that of its parent company being acquired, Granite Parent, Inc. ("Sirius Holdco"). Sirius represents substantially all of Sirius Holdco's revenues, expenses, assets, liabilities and cash flows. However, in connection with the ongoing preparation of audited financial statements of Sirius Holdco, adjustments may be identified prior to finalizing the audit, which could result in material differences from the Sirius financial information presented herein.

The historic combined financial information of Sirius and CDW presented herein is for illustrative purposes only and is not necessarily indicative of results that would have been achieved had the acquisition occurred at the beginning of the periods presented, or results that may be achieved by the combined company in the future. The combined financial information is not intended to represent pro forma financial information under Article 11 of Regulation S-X.

CDW has performed a preliminary review of the financial information of Sirius and has identified certain differences in revenue recognition policies. For illustrative purposes, CDW has presented Sirius' Net sales results to reflect the estimated impact of recognizing dropship hardware and certain software licenses on a gross basis. As of the date of the Sirius acquisition announcement, CDW is in the process of completing its analysis of Sirius' customer contracts and establishing a plan to align with CDW's business practices. As a result, the Net sales presentation may change as additional information is identified in the future.

In addition, in arriving at the estimated NGOI margin and non-GAAP earnings per diluted share contribution from the acquisition of Sirius, CDW has applied certain adjustments to Sirius' financial results to conform to its definitions of NGOI margin and non-GAAP earnings per diluted share. However, CDW has not completed its reconciliation of Sirius' non-GAAP financial measures to its non-GAAP financial measures, and any future reconciliation may be material.

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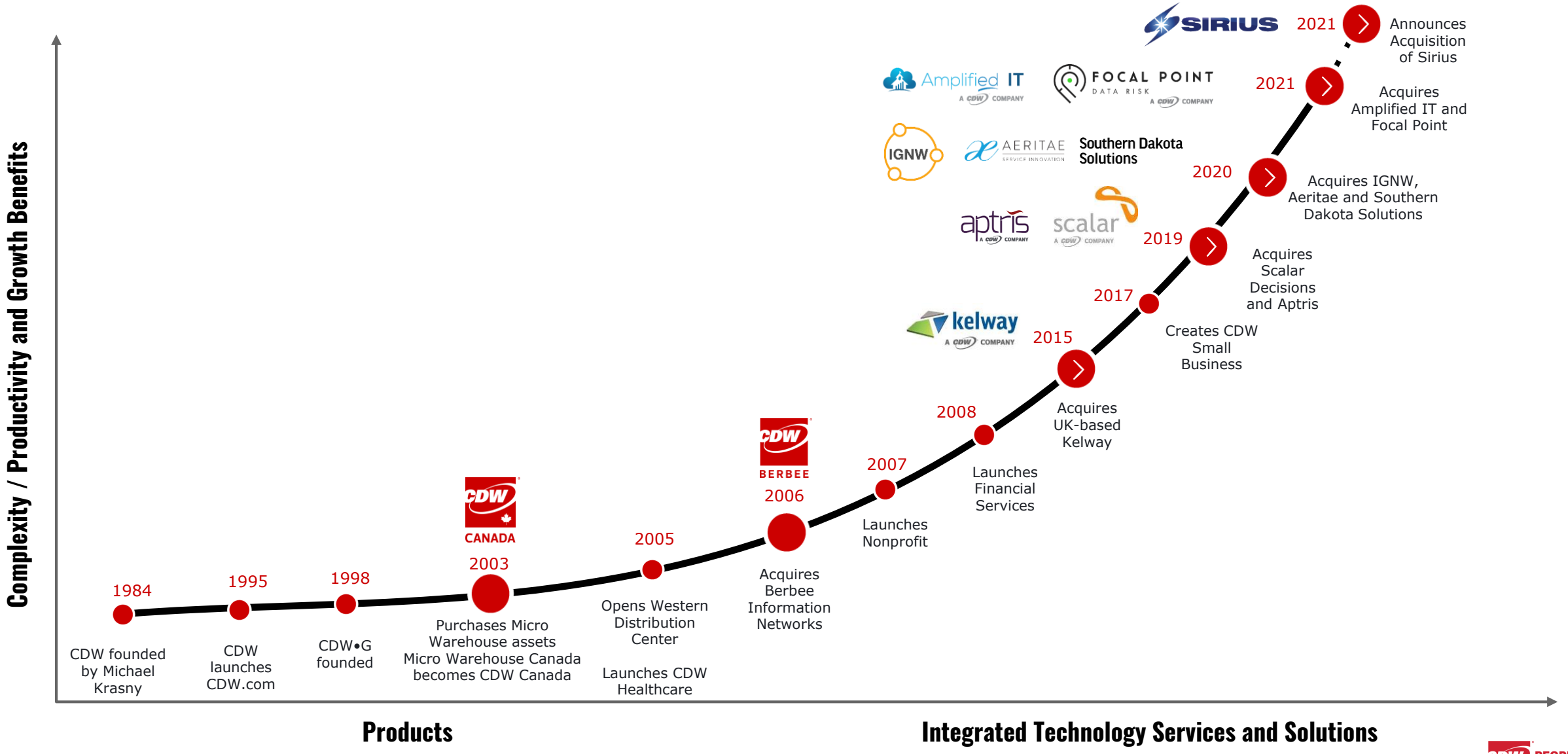
Combination Accelerates and Enhances CDW's Services and Solutions Capabilities

CDW + SIRIUS

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PROVEN TRACK RECORD OF EXECUTION TO DRIVE ACCELERATION OF CAPABILITIES



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TRANSACTION OVERVIEW



ACCELERATES SERVICES AND SOLUTIONS CAPABILITIES



ADDS SERVICES SCALE AND FURTHER BALANCES PORTFOLIO



EXPECTED TO BE IMMEDIATELY ACCRETIVE AND STRENGTHEN FINANCIAL PROFILE



EXCELLENT CULTURAL FIT

TRANSACTION STRUCTURE	• 100% cash acquisition • Total purchase price of $2.5bn, a multiple of 10.4x(1) 2021E Adj. EBITDA
TIMING & CLOSING	• Expected close of December 2021 • Closing subject to HSR clearance and other customary closing conditions
FINANCING & LEVERAGE	• Fully committed financing package • Expected initial net leverage ratio of ~3.3 times at close, targeting 2.5-3.0 times by year end 2022

1. Excluding synergies

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SIRIUS AT A GLANCE

- A leading provider of secure, mission-critical technology-based solutions for large and mid-sized customers
- Founded in 1980, grown to be one of the largest IT solutions integrators in North America
  - Broad portfolio of world-class, mission-critical IT infrastructure solutions for corporate and public customers
  - Consultative solutions partner across the full ecosystem of leading and emerging vendors
- Services-led approach leverages technical expertise to help customers solve complex business challenges
  - Sales and technical teams certified in broad set of solutions

KEY CAPABILITIES

Hybrid Infrastructure



Security



Digital & Data Innovation



Cloud & Managed Services



SIRIUS BY THE NUMBERS (CY2020)

$2,035mn 2020 Net Sales[1]	**$195mn / 9.6%** 2020 NGOI[1,2]/ NGOI Margin[1,2]	**9+ Years** Average Tenure (Top 200 Customers)	**9.3/10** Overall Customer Satisfaction
~3,900 Active Customers	**40** Offices across North America	**~2,600** Coworkers	**5,500+** Sales and Technical Certifications

1. See "Basis of Presentation" for additional details
2. Non-GAAP Operating Income

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STRATEGIC AND FINANCIAL TRANSACTION HIGHLIGHTS

Strategic

1. **Capabilities**

Accelerates Services and Solutions capabilities in key growth areas such as Hybrid Infrastructure, Security, Digital and Data Innovation, and Cloud and Managed Services

2. **Scale**

Enhances the breadth and depth of Services portfolio

- Expected to expand Services portfolio from ~$0.9bn to ~$1.3bn of net sales, ~45% increase[1,2]

Financial

3. **Portfolio Balance**

Further balances and diversifies portfolio mix with expected enhanced profitability

- Services and software solutions contributed ~64% of Sirius' 2020 Gross profit[2]

4. **Margin & EPS Accretive**

Expected to be immediately accretive and strengthen financial profile

- Increases gross margin and NGOI margin by ~110bps and ~20bps respectively[1,2]
- Adds $0.62 to non-GAAP EPS[1,2]

5. **Optimal Use of Capital**

Committed financing and strong free cash flow supporting capital allocation priorities

- Expected initial net leverage ratio of ~3.3 times at close, targeting 2.5-3.0 times by year end 2022

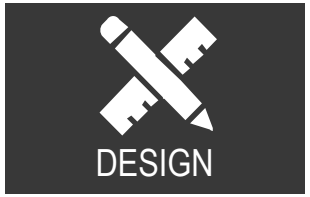
1. Combined as of CY2020, excluding synergies
2. See "Basis of Presentation" for additional details

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1

ACCELERATES SERVICES AND SOLUTIONS CAPABILITIES

	ON PREMISE	ON JOURNEY	ON MULTI-CLOUD
 DESIGN	SOLUTIONS DESIGN	TRANSFORMATION DESIGNS	PLATFORM DESIGNS
 ORCHESTRATE	SOLUTION BUILDS	UPGRADES & MIGRATIONS	CLOUD SERVICES BUILDS
 MANAGE	OPERATIONS & SUPPORT	MANAGED MIGRATIONS	CLOUD SERVICES & RESOURCES

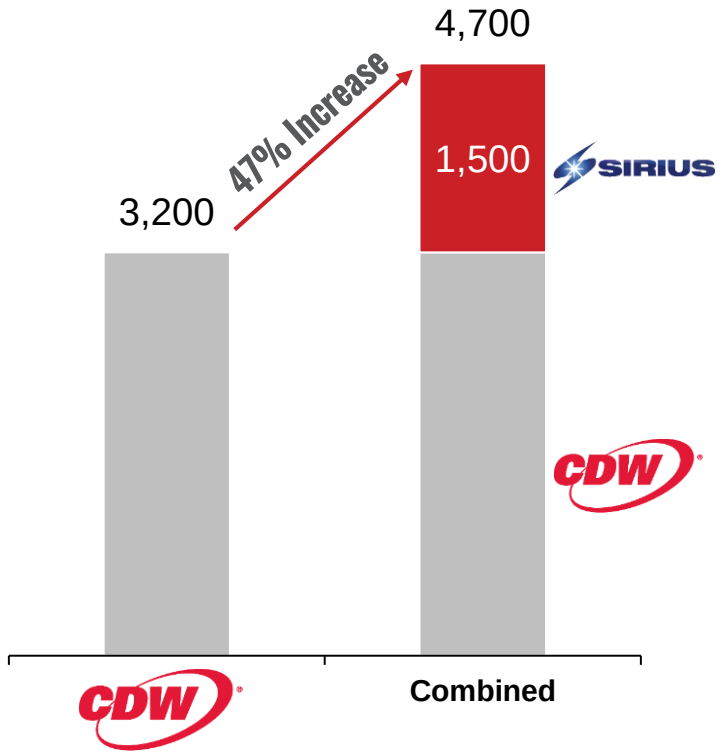
Enables CDW to advise on, design, orchestrate and manage the best outcomes for customers

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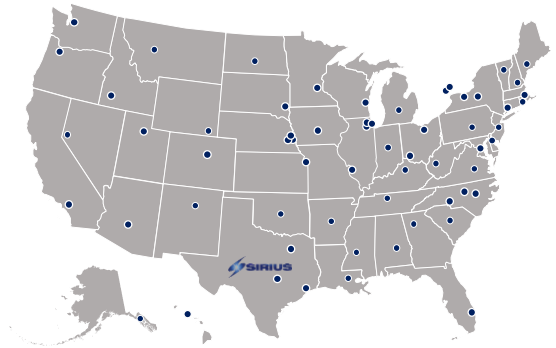
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ENHANCES THE BREADTH AND DEPTH OF SERVICES PORTFOLIO

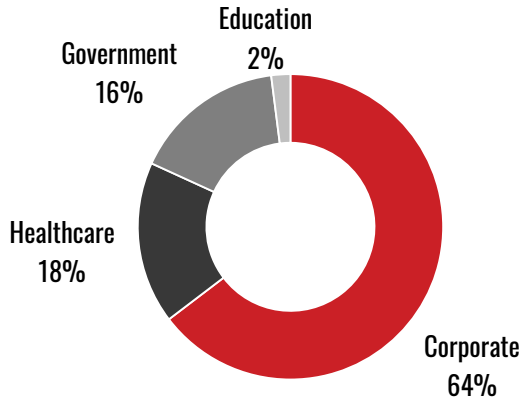
BOOSTS TECHNICAL COWORKERS(1)



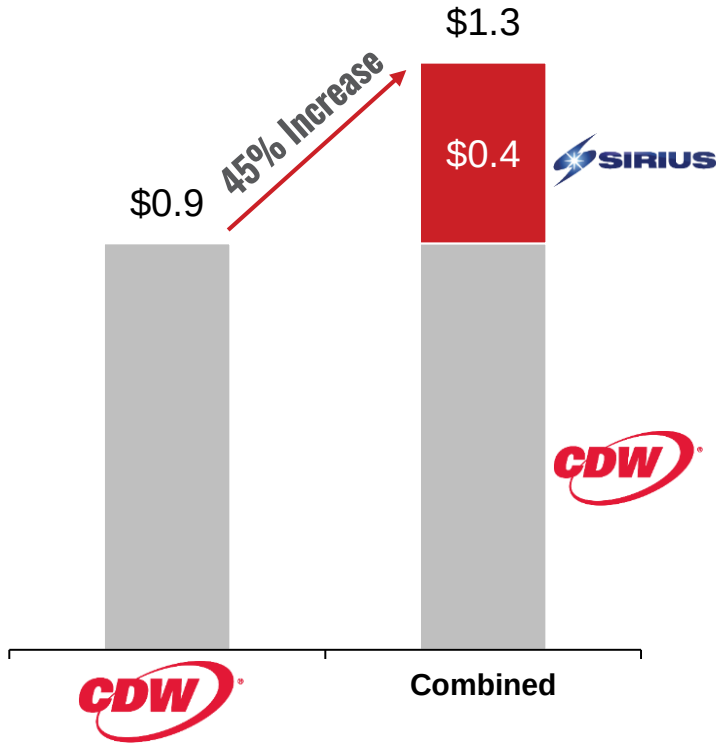
EXPANDS NATIONAL FOOTPRINT WITH 40 SIRIUS OFFICE LOCATIONS



ADDS +3,900 COMPLEMENTARY CUSTOMERS(2)



INCREASES SERVICES NET SALES ($BN)(2,3)



1. Combined as of year-end CY2020
2. See "Basis of Presentation" for additional details
3. Combined as of CY2020, excluding synergies

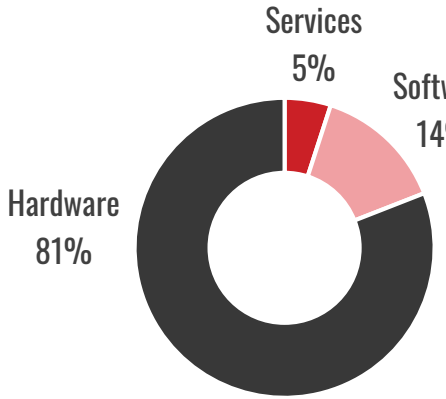
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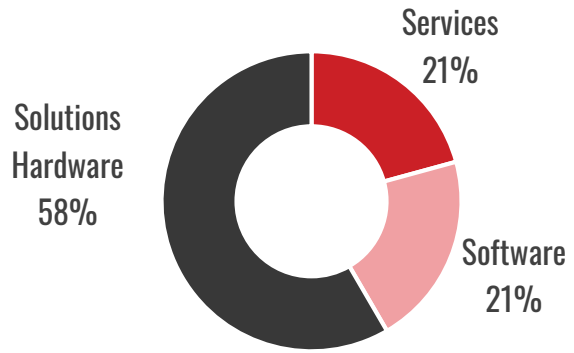
3 FURTHER BALANCES AND DIVERSIFIES PORTFOLIO MIX WITH EXPECTED ENHANCED PROFITABILITY

Sales Contribution by Product category(1,2)

CDW 2020



SIRIUS 2020



Gross profit Contribution by Product category(2)





1. Excludes "Other" Sales
2. See "Basis of Presentation" for additional details

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4 EXPECTED TO BE IMMEDIATELY ACCRETIVE AND ENHANCE CDW'S FINANCIAL PROFILE

	CDW 2020	SIRIUS 2020	Combined 2020(2)
Net Sales(1)	$18.5bn	$2.0bn	$20.5bn
Gross Profit Margin(1)	17.4%	28.2%	18.5%
Non-GAAP Operating(1) Income Margin	7.6%	9.6%	7.8%
Non-GAAP Earnings per Diluted Share(1)	$6.59	n/a	$7.21

1. See "Basis of Presentation" for additional details
2. Excludes synergies

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5

OPTIMAL USE OF CAPITAL

COMMITTED FINANCING WITH STRONG FREE CASH FLOW SUPPORTING CAPITAL ALLOCATION PRIORITIES

PRIORITIES	CURRENT OBJECTIVES	2022 OBJECTIVES
Increase Dividends Annually	Target ~25% payout of Non-GAAP net income; grow in-line with earnings	Target ~25% payout of Non-GAAP net income; grow in-line with earnings
Maintain Net Leverage Ratio(1)	~2.5-3.0 times net leverage ratio	Use FCF after dividends to pay down debt until net leverage of 2.5-3.0 times
Supplement Organic Growth with M&A	Expand CDW's strategic capabilities	Lower priority on M&A until net leverage ratio is in target range
Return Excess FCF after Dividends & M&A Through Share Repurchases	Offset to incentive plan dilution and to supplement EPS growth	Lower priority on share repurchases until net leverage ratio is in target range

1. Defined 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 trailing twelve-month Non-GAAP operating income plus depreciation and amortization in SG&A (excluding amortization expenses for acquisition-related intangible assets)

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SUMMARY HIGHLIGHTS

- CDW team has a proven track record on M&A and execution
- Accelerates Services and Solutions capabilities in key growth areas such as Hybrid Infrastructure, Security, Digital and Data Innovation, and Cloud and Managed Services
- Adds Services scale and further balances portfolio mix with expected enhanced profitability
- Expected to be immediately accretive and strengthen financial profile
- Committed financing and strong free cash flow supporting capital allocation priorities

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Q&A

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NON-GAAP RECONCILIATIONS

CDW CORPORATION AND SUBSIDIARIES
NON-GAAP OPERATING INCOME AND NON-GAAP OPERATING INCOME MARGIN
(dollars in millions)
(unaudited)

	Year Ended December 31,	
	2020	% of Net sales
Operating income, as reported	$ 1,179.2	6.4%
Amortization of intangibles[(i)]	158.1	
Equity-based compensation	42.5	
Workforce reduction charges	8.5	
Other adjustments[(ii)]	16.3	
Non-GAAP operating income	$ 1,404.6	7.6%

(i) Includes amortization expense for acquisition-related intangible assets, primarily customer relationships, customer contracts and trade names.
(ii) Includes other expenses such as payroll taxes on equity-based compensation, expenses related to the relocation of the downtown Chicago office, and acquisition and integration expenses.

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NON-GAAP RECONCILIATIONS (CONT'D)

CDW CORPORATION AND SUBSIDIARIES
NON-GAAP INCOME BEFORE INCOME TAXES, NON-GAAP NET INCOME AND NON-GAAP NET INCOME PER DILUTED SHARE
(dollars and shares in millions, except per-share amounts)
(unaudited)

	Year Ended December 31, 2020			
	Income before Income Taxes	Income Tax Expense[i]	Net Income	Effective Tax Rate
US GAAP, as reported	$ 1,002.3	$ (213.8)	$ 788.5	21.3%
Amortization of intangibles[ii]	158.1	(36.8)	121.3	
Equity-based compensation	42.5	(37.0)	5.5	
Net loss on extinguishments of long-term debt	27.3	(6.8)	20.5	
Workforce reduction charges	8.5	(2.1)	6.4	
Other adjustments[iii]	16.3	(4.1)	12.2	
Non-GAAP	$ 1,255.0	$ (300.6)	$ 954.4	24.0%
US GAAP net income per diluted share			$ 5.45	
Non-GAAP net income per diluted share			$ 6.59	
Shares used in computing US GAAP and Non-GAAP net income per diluted share			144.8	

(i) Income tax on non-GAAP adjustments includes excess tax benefits associated with equity-based compensation.

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

(iii) Includes other expenses such as payroll taxes on equity-based compensation, expenses related to the relocation of the downtown Chicago office, and acquisition and integration expenses.

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