



# CDW Corporation

Webcast Conference Call

November 4, 2025

# Today's Agenda

Third Quarter 2025 Results

Performance Drivers

Outlook

Q&A

# 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 future financial performance, 2025 outlook, capital allocation priorities and growth prospects of CDW. 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. Reference is made to a more complete discussion of forward-looking statements and applicable risks contained under the captions "Forward-Looking Statements" and "Risk Factors" in CDW's Annual Report on Form 10-K for the year ended December 31, 2024, and subsequent filings with the SEC. 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 Measures

Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial condition 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. Non-GAAP measures used by management may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

Our non-GAAP performance measures include Non-GAAP operating income, Non-GAAP operating income margin, Non-GAAP net income, Non-GAAP net income per diluted share and Net sales on a constant currency basis, and our non-GAAP financial condition measures include Free cash flow and Adjusted free cash flow. These non-GAAP performance measures and non-GAAP financial condition measures are collectively referred to as "non-GAAP financial measures."

Non-GAAP operating income excludes, among other things, charges related to the amortization of acquisition-related intangible assets, equity-based compensation and the associated payroll taxes, acquisition and integration expenses, transformation initiatives and workplace optimization. Non-GAAP operating income margin is defined as Non-GAAP operating income as a percentage of Net sales. Non-GAAP net income and Non-GAAP net income per diluted share exclude, among other things, charges related to the amortization of acquisition-related intangible assets, equity-based compensation and the associated payroll taxes, acquisition and integration expenses, transformation initiatives, workplace optimization and their associated income tax effects. Net sales on a constant currency basis is defined as Net sales excluding the impact of foreign currency translation on Net sales. Free cash flow is defined as Net cash provided by operating activities less capital expenditures. Adjusted free cash flow is defined as Free cash flow adjusted to include certain cash flows from financing activities incurred in the normal course of operations or as capital expenditures.

We believe our non-GAAP performance measures provide analysts, investors and management with useful information regarding the underlying operating performance of our business, as they remove the impact of items that management believes are not reflective of underlying operating performance. Management uses these measures to evaluate period-over-period performance as management believes they provide a more comparable measure of the underlying business. We also present non-GAAP financial condition measures as we believe they provide analysts, investors and management with more information regarding our liquidity and capital resources. Certain non-GAAP financial measures are also used to determine certain components of performance-based compensation.

Our outlook includes non-GAAP financial measures 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 our underlying performance, such as refinancing activities or acquisition and integration expenses.

Non-GAAP financial measures in this presentation are denoted with an asterisk (\*) when shown. For a reconciliation of non-GAAP financial measures to the most comparable US GAAP financial measures, see the CDW Investor Relations website: <https://investor.cdw.com/financials/quarterly-results/default.aspx>.

# Financial Performance

- **Net sales** of \$5.7 billion
  - Up 4.0% on a reported basis
  - Up 3.8% on a constant currency\* basis
- **Gross profit** of \$1.3 billion, up 4.6%
- **Gross profit margin** of 21.9%, up 10 basis points
- **Operating income** of \$443 million, down 8.0%
- **Non-GAAP operating income\*** of \$531 million, down 0.6%
- **Net income** of \$291 million, down 8.0%
- **Net income per diluted share** of \$2.21, down 5.8%
- **Non-GAAP net income per diluted share\*** of \$2.71, up 3.0%

\*Non-GAAP Measure

# Net Sales By Channel

(\$ in millions)

|                 | Three Months Ended September 30, |            |                         |
|-----------------|----------------------------------|------------|-------------------------|
|                 | 2025                             | 2024       | % Change <sup>(1)</sup> |
| Corporate       | \$ 2,255.4                       | \$ 2,161.2 | 4.4 %                   |
| Small Business  | 433.8                            | 379.7      | 14.2                    |
| Public          |                                  |            |                         |
| Government      | 744.7                            | 691.0      | 7.8                     |
| Education       | 911.2                            | 995.7      | (8.5)                   |
| Healthcare      | 693.9                            | 649.0      | 6.9                     |
| Total Public    | 2,349.8                          | 2,335.7    | 0.6                     |
| Other           | 698.4                            | 640.0      | 9.1                     |
| Total Net Sales | \$ 5,737.4                       | \$ 5,516.6 | 4.0 %                   |

(1) There were 64 selling days for both the three months ended September 30, 2025 and 2024. Average Daily Sales is defined as Net sales divided by the number of selling days.

# Financial Results

(\$ in millions, except percentages)

| (\$ in millions, except percentages)   | Three Months Ended September 30, |         |      |         |          |
|----------------------------------------|----------------------------------|---------|------|---------|----------|
|                                        | 2025                             |         | 2024 |         | % Change |
| Net sales                              | \$                               | 5,737.4 | \$   | 5,516.6 | 4.0 %    |
| Average daily net sales <sup>(1)</sup> | \$                               | 89.6    | \$   | 86.2    | 4.0      |
| Gross profit                           | \$                               | 1,255.5 | \$   | 1,200.7 | 4.6      |
| Gross profit margin                    |                                  | 21.9 %  |      | 21.8 %  |          |
| Selling and administrative expenses    | \$                               | 812.2   | \$   | 719.1   | 12.9     |
| Operating income                       | \$                               | 443.3   | \$   | 481.6   | (8.0)    |
| Operating income margin                |                                  | 7.7 %   |      | 8.7 %   |          |
| Non-GAAP SG&A*                         | \$                               | 724.9   | \$   | 666.7   | 8.7      |
| Non-GAAP operating income*             | \$                               | 530.6   | \$   | 534.0   | (0.6)    |
| Non-GAAP operating income margin*      |                                  | 9.2 %   |      | 9.7 %   |          |
| Interest expense, net                  | \$                               | 55.0    | \$   | 54.4    | 1.1      |
| Other income (expense), net            | \$                               | 1.1     | \$   | 0.4     | nm**     |
| Net income                             | \$                               | 291.0   | \$   | 316.4   | (8.0)    |
| Non-GAAP net income*                   | \$                               | 357.2   | \$   | 354.9   | 0.6      |
| Effective Tax Rate                     |                                  | 25.3 %  |      | 26.0 %  |          |
| Non-GAAP Effective Tax Rate*           |                                  | 25.1 %  |      | 25.9 %  |          |

\* Non-GAAP measure.

\*\* Not meaningful

(1) There were 64 selling days for both the three months ended September 30, 2025 and 2024. Average Daily Sales is defined as Net sales divided by the number of selling days.

# Earnings Per Diluted Share

(\$ in millions, except per share amounts)

**US GAAP Net income**

**Weighted-average common shares outstanding - Diluted**

**Net income per diluted share**

**Non-GAAP net income\***

**Weighted-average common shares outstanding - Diluted**

**Non-GAAP net income per diluted share\***

\* Non-GAAP measure

| Three Months Ended September 30, |       |          |          |
|----------------------------------|-------|----------|----------|
|                                  | 2025  | 2024     | % Change |
| \$                               | 291.0 | \$ 316.4 | (8.0)%   |
|                                  | 131.8 | 134.9    |          |
| \$                               | 2.21  | \$ 2.34  | (5.8)    |
| \$                               | 357.2 | \$ 354.9 | 0.6      |
|                                  | 131.8 | 134.9    |          |
| \$                               | 2.71  | \$ 2.63  | 3.0      |

# Debt and Revolver Availability

(\$ in millions)

|                                 | September 30, 2025 | December 31, 2024 | September 30, 2024 |
|---------------------------------|--------------------|-------------------|--------------------|
| Cash and cash equivalents       | \$ 452.9           | \$ 503.5          | \$ 946.7           |
| Short-term investments          | —                  | 214.2             | 211.7              |
| Total debt                      | 5,628.8            | 5,842.8           | 6,030.7            |
| Net debt*                       | 5,175.9            | 5,125.1           | 4,872.3            |
| Revolver availability           | 1,304.4            | 1,244.1           | 1,254.4            |
| Cash plus revolver availability | 1,757.3            | 1,747.6           | 2,201.1            |

\* Defined as total debt minus Cash and cash equivalents and Short-term investments

# Cash Conversion Cycle

*(Based on a rolling three-month average)*

|                             | September 30, 2025 | December 31, 2024 | September 30, 2024 |
|-----------------------------|--------------------|-------------------|--------------------|
| Days of sales outstanding   | 92                 | 84                | 79                 |
| Days of supply in inventory | 12                 | 13                | 14                 |
| Days purchases outstanding  | (93)               | (79)              | (76)               |
| Cash conversion cycle       | 11                 | 18                | 17                 |

# Free Cash Flow and Adjusted Free Cash Flow

(\$ in millions)

|                                                      | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                 |
|------------------------------------------------------|----------------------------------|-----------------|---------------------------------|-----------------|
|                                                      | 2025                             | 2024            | 2025                            | 2024            |
| Net cash provided by operating activities            | \$ 328.3                         | \$ 342.1        | \$ 771.4                        | \$ 932.0        |
| Capital expenditures                                 | (29.8)                           | (33.6)          | (79.2)                          | (94.0)          |
| Free Cash Flow*                                      | 298.5                            | 308.5           | 692.2                           | 838.0           |
| Net change in accounts payable - inventory financing | (89.4)                           | (47.2)          | (24.2)                          | (73.9)          |
| Adjusted free cash flow <sup>*(1)</sup>              | <u>\$ 209.1</u>                  | <u>\$ 261.3</u> | <u>\$ 668.0</u>                 | <u>\$ 764.1</u> |

\* Non-GAAP measure

(1) Defined as Net cash provided by operating activities less Capital expenditures, adjusted to include cash flows from financing activities that relate to the purchase of inventory.

# 2025 Capital Allocation Priorities

| <u>PRIORITIES</u>                                                            | <u>OBJECTIVES</u>                                                                                                    | <u>ACTIONS</u>                                                                                    |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Increase Dividend annually                                                   | Target ~25% payout of Non-GAAP net income; grow in-line with earnings                                                | ~1% increase in November 2025 to \$2.52/share annually                                            |
| Maintain Net Leverage Ratio <sup>(1)</sup>                                   | Target ~2.0 to 3.0 times Net Leverage Ratio; consistent with our commitment to an investment grade capital structure | Currently at 2.5x <sup>(2)</sup>                                                                  |
| Supplement organic growth with M&A                                           | Expand CDW's strategic capabilities                                                                                  | Eleven acquisitions over the last six years                                                       |
| Return excess Adjusted FCF after Dividends and M&A through share repurchases | Target, in aggregate with dividend, returning 50% to 75% of Adjusted FCF to shareholders                             | Returned \$747M YTD <sup>(2)</sup> to shareholders in the form of share repurchases and dividends |

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 and short-term investments, to trailing twelve-month Non-GAAP operating income plus depreciation and amortization in SG&A (excluding amortization expenses for acquisition-related intangible assets).

2. As of September 30, 2025.

# 2025<sup>(1),(2)</sup> Outlook

## **CUSTOMER SPEND**

U.S. IT growth plus a premium target of ~200 to 300 bps

## **GROSS PROFIT**

Low-to-mid single digit growth

## **NON-GAAP NET INCOME PER DILUTED SHARE**

Low-single digit growth

1. Certain annual outlooks 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 CDW's underlying performance, such as refinancing activities or acquisition and integration expenses.
2. As of November 4, 2025; all growth rates are on a year-over-year constant currency basis.

# Modeling Thoughts

| Metric                                       | Expectations                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gross profit                                 | <ul style="list-style-type: none"><li>• Low-to-mid single digit sequential declines in Q4 leads to low-to-mid single digit year-over-year growth</li><li>• 1H lower than 2H, but weighted more to 1H than historical split of 48% / 52%</li><li>• Currency expected to be a slight tailwind for the year</li></ul> |
| Annual depreciation and amortization expense | <ul style="list-style-type: none"><li>• Approximately \$290 million</li><li>• Includes ~\$170 million of amortization expense for acquisition-related intangible assets</li><li>• Excluding acquisition-related intangibles, expected to be ~\$120 million</li></ul>                                               |
| Annual interest expense                      | <ul style="list-style-type: none"><li>• In range of \$225 million to \$230 million</li></ul>                                                                                                                                                                                                                       |
| Non-GAAP effective tax rate                  | <ul style="list-style-type: none"><li>• In range of 25.5% to 26.5%</li></ul>                                                                                                                                                                                                                                       |
| Annual adjusted free cash flow               | <ul style="list-style-type: none"><li>• At the lower end of the 80% to 90% range on Non-GAAP Net Income for the full year</li></ul>                                                                                                                                                                                |
| Capital expenditures                         | <ul style="list-style-type: none"><li>• In range of \$100 million to \$110 million</li></ul>                                                                                                                                                                                                                       |
| Cash conversion cycle                        | <ul style="list-style-type: none"><li>• In range of high teens to low 20s</li></ul>                                                                                                                                                                                                                                |

# Questions and Answers