



# Insight Enterprises, Inc.

*Third Quarter 2018*

*Earnings Conference Call and Webcast*

# Agenda

## Opening Comments

## CEO Commentary

- Third Quarter 2018 Results
  - Consolidated Financials
  - ROIC and Free Cash Flow
  - North America Financial Results
  - EMEA Financial Results
  - APAC Financial Results
- Connected Workforce Update

## CFO Commentary

- Year to Date Financial Results
- Cash Flows and Cash Conversion Cycle

## Closing Comments & 2018 Guidance

# Disclosures

## Safe harbor statement

This presentation includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 related to Insight’s plans and expectations. Statements that are not historical facts, including statements about future trends in the IT market and our opportunities for growth, are forward-looking statements. These forward-looking statements are subject to assumptions, risks and uncertainties which could cause actual results or future events to differ materially from such statements. The Company undertakes no obligation to update publicly or revise any of the forward-looking statements, except as otherwise required by law. More detailed information about risk factors is included in today’s press release and discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

## Non-GAAP measures

This presentation will reference certain non-GAAP financial information as ‘Adjusted’. A reconciliation of non-GAAP financial measures presented in this document to our actual GAAP results is attached to back of this presentation and included in the press release issued today, which you may find on the Investor Relations section of our website at [investor.insight.com](http://investor.insight.com).

## Constant currency

In some instances the Company refers to changes in net sales, gross profit and earnings from operations on a consolidated basis and in North America, EMEA and APAC excluding the effects of fluctuating foreign currency exchange rates. In computing these changes and percentages, the Company compares the current year amount as translated into U.S. dollars under the applicable accounting standards to the prior year amount in local currency translated into U.S. dollars utilizing the weighted average translation rate for the current period.

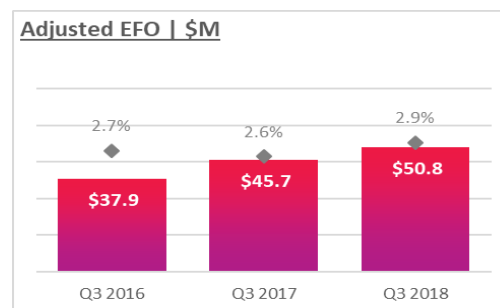
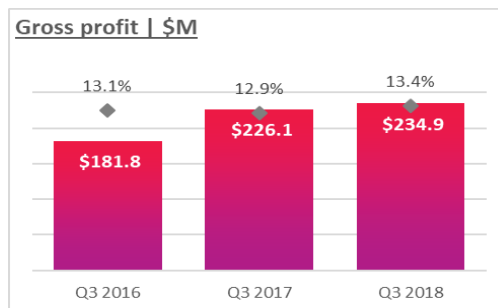
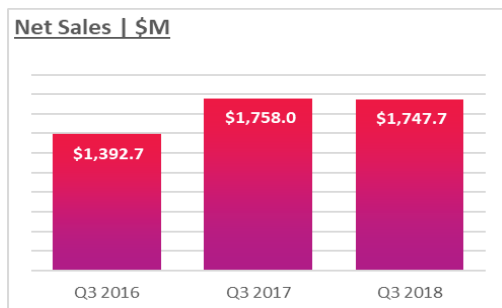
# Consolidated Financial Results

<u>US Dollar in \$M</u>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	change	2018	2017	change
<b>Insight Enterprises, Inc.</b>						
Net sales:						
Products	\$ 1,548.3	\$ 1,599.0	(3%)	\$ 4,724.9	\$ 4,426.4	7%
Services	199.4	159.0	25%	606.2	493.1	23%
Total net sales	1,747.7	1,758.0	(1%)	5,331.1	4,919.5	8%
Gross profit	234.9	226.1	4%	739.5	685.7	8%
Gross margin	13.4%	12.9%	50 bps	13.9%	13.9%	0 bps
Selling and administrative expenses	184.1	180.4	2%	561.7	538.8	4%
Severance & Restructuring Expense	0.7	0.5	38%	2.7	6.2	(56%)
Loss on Sale of Foreign Entity	-	3.7	**	-	3.7	**
Acquisition Related Expense	0.2	0.1	77%	0.3	3.3	(92%)
Earnings from Operations	\$ 49.9	\$ 41.4	21%	\$ 174.8	\$ 133.7	31%
Diluted Earnings per Share	\$ 0.89	\$ 0.62	43%	\$ 3.25	\$ 2.11	55%
Adj. Earnings from operations <sup>(1)</sup>	\$ 50.8	\$ 45.7	11%	\$ 177.8	\$ 146.9	21%
Adj. Diluted earnings per share <sup>(1)</sup>	\$ 0.91	\$ 0.73	25%	\$ 3.31	\$ 2.43	36%

<u>Constant Currency*</u>						
Total net sales	\$ 1,747.7		(0%)	\$ 5,331.1		7%
Gross profit	\$ 234.9		5%	\$ 739.6		6%

\* Reference "Constant currency" section on slide 3 of this presentation.

\*\* Percentage change not considered meaningful



(1) Non-GAAP measures based on Insight continuing operations. See Non-GAAP information section in the Appendix of this presentation.

# ROIC and Free Cash Flow

<u>US Dollar in \$M</u>	TTM Quarter Ended September 30, 2018		
	2018	2017	change
<b>Return on invested capital - Adjusted</b>			
Earnings from operations (net of tax) <sup>(2)</sup>	\$ 158.7	\$ 109.9	\$ 48.8
Adjusted Earnings from operations <sup>(1)</sup> (net of tax) <sup>(2)</sup>	\$ 162.8	\$ 121.5	\$ 41.3
Average Equity (avg 5 quarters)	880.0	752.7	127.3
Average Debt (avg 5 quarters)	311.1	302.2	8.9
Less : Average Cash (avg 5 quarters)	160.3	198.7	(38.4)
<b>Invested Capital</b>	<b>\$ 1,030.8</b>	<b>\$ 856.2</b>	<b>\$ 174.5</b>
<b>Adjusted return on invested capital<sup>(1)</sup> (from GAAP consolidated EFO)</b>	<b>15.4%</b>	<b>12.8%</b>	<b>260 bps</b>
<b>Adjusted return on invested capital<sup>(1)</sup> (from non-GAAP consolidated EFO)</b>	<b>15.8%</b>	<b>14.2%</b>	<b>160 bps</b>

<u>US Dollar in \$M</u>	9 Months Ended September 30,		
	2018	2017	change
<b>Free cash flow - Adjusted</b>			
Net cash provided by (used in) operating activities	\$ 247.2	\$ (323.5)	*
Purchases of property and equipment	(13.0)	(15.9)	(18%)
Net (repayments) borrowings under inventory financing facility	(81.9)	45.6	*
<b>Adjusted free cash flow</b>	<b>\$ 152.3</b>	<b>\$ (293.8)</b>	<b>*</b>

\* Percentage represents a change greater than 100%

(1) Non-GAAP measures based on Insight continuing operations. See Non-GAAP Information section in the Appendix of this presentation.

(2) Assumed tax rate of 28% for 2018 and 37% for 2017

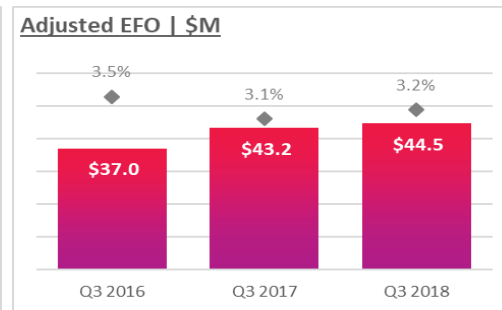
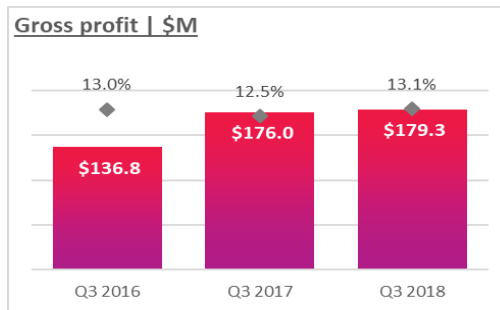
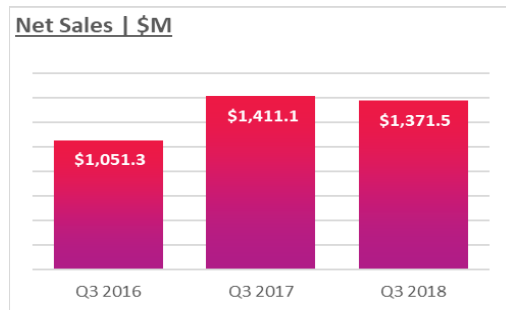
US Dollar in \$M	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	change	2018	2017	change
<b>North America</b>						
Net sales:						
Products	\$ 1,213.1	\$ 1,283.2	(5%)	\$ 3,553.1	\$ 3,413.0	4%
Services	158.4	127.9	24%	465.5	390.3	19%
Total net sales	1,371.5	1,411.1	(3%)	4,018.6	3,803.3	6%
Gross profit	179.3	176.0	2%	545.2	517.1	5%
Gross margin	13.1%	12.5%	60 bps	13.6%	13.6%	0 bps
Selling and administrative expenses	134.7	132.8	1%	402.6	395.4	2%
Severance & Restructuring Expense	0.3	0.4	(36%)	1.0	2.1	(49%)
Acquisition Related Expense	0.2	-	***	0.3	3.2	(91%)
Earnings from Operations	\$ 44.1	\$ 42.8	3%	\$ 141.3	\$ 116.4	21%
Adj. Earnings from operations <sup>(1)</sup>	\$ 44.5	\$ 43.2	3%	\$ 142.6	\$ 121.7	17%
<b>Sales Mix:</b>						
			**			**
Hardware	69%	68%	(1%)	68%	65%	10%
Software	19%	23%	(19%)	21%	25%	(12%)
Services	12%	9%	24%	11%	10%	19%
	100%	100%	(3%)	100%	100%	6%

<b>Constant Currency*</b>						
Total net sales	\$ 1,371.5		-3%	\$ 4,018.6		6%
Gross profit	\$ 179.3		2%	\$ 545.2		5%

\* Reference "Constant currency" section on slide 3 of this presentation.

\*\* Change in sales mix represents growth/decline in category net sales on a U.S. dollar basis and does not exclude the effects of fluctuating foreign currency exchange rates.

\*\*\* Percentage change not considered meaningful.



(1) Non-GAAP measures based on Insight continuing operations. See Non-GAAP information section in the Appendix of this presentation.

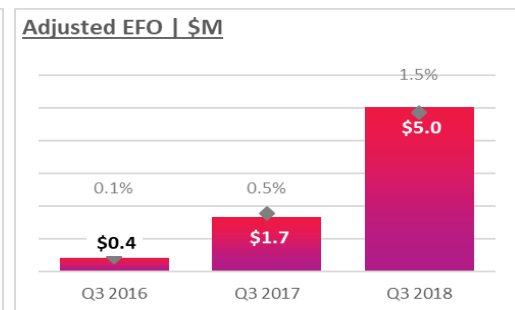
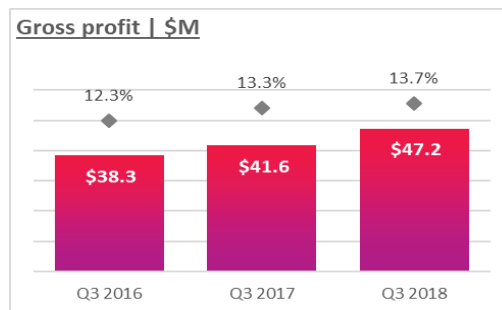
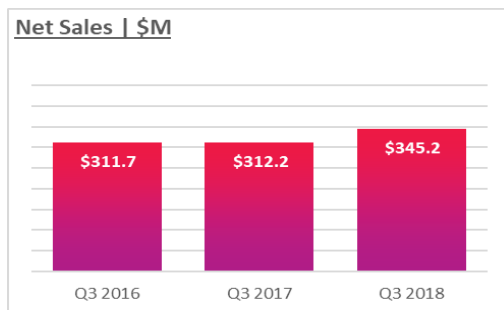
US Dollar in \$M	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	change	2018	2017	change
<b>EMEA</b>						
Net sales:						
Products	\$ 316.1	\$ 291.1	9%	\$ 1,057.8	\$ 913.4	16%
Services	29.1	21.1	38%	104.1	75.2	38%
Total net sales	345.2	312.2	11%	1,161.9	988.6	18%
Gross profit	47.2	41.6	13%	165.2	139.9	18%
Gross margin	13.7%	13.3%	40 bps	14.2%	14.2%	0 bps
Selling and administrative expenses	42.2	39.9	6%	137.4	121.9	13%
Severance & Restructuring Expense	0.4	-	***	1.5	4.0	(62%)
Loss on Sale of Foreign Entity	-	3.7	***	-	3.7	***
Acquisition Related Expense	-	0.1	***	-	0.1	***
Earnings from Operations	\$ 4.6	\$ (2.1)	>100%	\$ 26.3	\$ 10.2	>100%
Adj. Earnings from operations <sup>(1)</sup>	\$ 5.0	\$ 1.7	>100%	\$ 27.9	\$ 18.0	55%
<b>Sales Mix:</b>						
			**			**
Hardware	43%	44%	7%	44%	40%	26%
Software	49%	49%	10%	48%	52%	8%
Services	8%	7%	38%	8%	8%	38%
	100%	100%	11%	100%	100%	18%

<b>Constant Currency*</b>						
Total net sales	\$ 345.2		12%	\$ 1,161.9		10%
Gross profit	\$ 47.2		15%	\$ 165.2		11%

\* Reference "Constant currency" section on slide 3 of this presentation.

\*\* Change in sales mix represents growth/decline in category net sales on a U.S. dollar basis and does not exclude the effects of fluctuating foreign currency exchange rates.

\*\*\* Percentage change not considered meaningful.



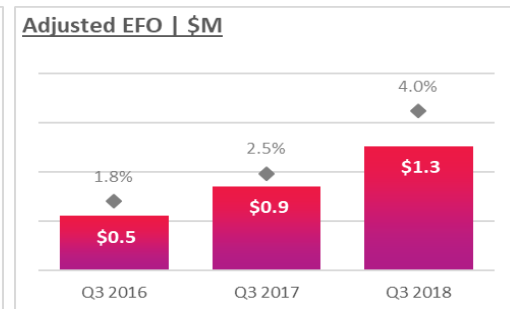
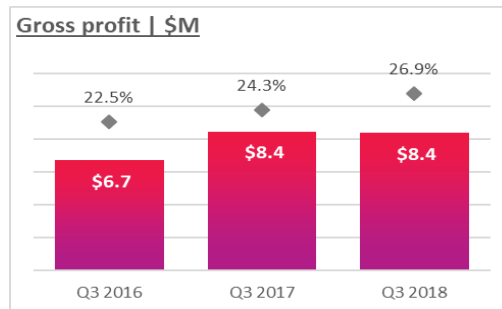
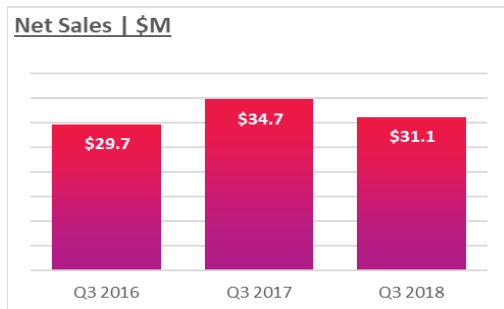
(1) Non-GAAP measures based on Insight continuing operations. See Non-GAAP information section in the Appendix of this presentation.

US Dollar in \$M	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	change	2018	2017	change
<b>APAC</b>						
Net sales:						
Products	\$ 19.1	\$ 24.7	(22%)	\$ 114.0	\$ 99.9	14%
Services	12.0	10.0	20%	36.6	27.7	33%
Total net sales	31.1	34.7	(10%)	150.6	127.6	18%
Gross profit	8.4	8.4	(1%)	29.1	28.7	1%
Gross margin	26.9%	24.3%	260 bps	19.3%	22.5%	320 bps
Selling and administrative expenses	7.1	7.6	(6%)	21.7	21.5	1%
Severance & Restructuring Expense	-	-	-	0.2	0.1	25%
Earnings from Operations	\$ 1.3	\$ 0.8	55%	\$ 7.2	\$ 7.1	2%
Adj. Earnings from operations <sup>(1)</sup>	\$ 1.3	\$ 0.9	47%	\$ 7.3	\$ 7.2	2%
<b>Sales Mix:</b>						
Hardware	20%	21%	(19%)	15%	14%	22%
Software	42%	50%	(24%)	61%	64%	12%
Services	38%	29%	19%	24%	22%	33%
	100%	100%	(10%)	100%	100%	18%

<b>Constant Currency*</b>						
Total net sales	\$ 31.1		(5%)	\$ 150.6		17%
Gross profit	\$ 8.4		5%	\$ 29.1		1%

\* Reference "Constant currency" section on slide 3 of this presentation.

\*\* Change in sales mix represents growth/decline in category net sales on a U.S. dollar basis and does not exclude the effects of fluctuating foreign currency exchange rates.



(1) Non-GAAP measures based on Insight continuing operations. See Non-GAAP information section in the Appendix of this presentation.



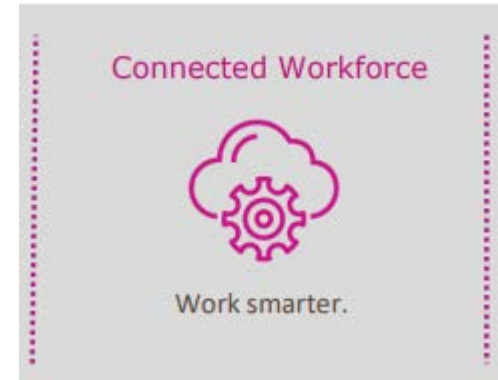
# Connected Workforce

## Business Need

- Secure integrated platform to support global desktop environment
- Required upgrades for systems management software and operating platform

## Microsoft Modern Desktop Solution

- Designed plan to migrate client to Microsoft Cloud to enhance security
- Global deployment of Microsoft Systems Center and upgrade to Windows 10
- Transition 200k+ devices to Microsoft Modern Desktop on a global scale



# CFO Commentary

- Year to Date Financial Results
- Cash Flows and Cash Conversion Cycle

# Year to Date Financial Results

US Dollar in \$M	Nine Months Ended September 30,		
	2018	2017	change
<b>Insight Enterprises, Inc.</b>			
<b>Net sales</b>	<b>\$ 5,331.1</b>	<b>\$ 4,919.5</b>	<b>8%</b>
North America	4,018.6	3,803.3	6%
EMEA	1,161.9	988.6	18%
APAC	150.6	127.6	18%
<b>Gross profit</b>	<b>\$ 739.5</b>	<b>\$ 685.7</b>	<b>8%</b>
North America	545.2	517.1	5%
EMEA	165.2	139.9	18%
APAC	29.1	28.7	1%
<b>Selling and administrative expenses</b>	<b>\$ 561.7</b>	<b>\$ 538.8</b>	<b>4%</b>
North America	402.6	395.4	2%
EMEA	137.4	121.9	13%
APAC	21.7	21.5	1%
<b>Earnings from operations</b>	<b>\$ 174.8</b>	<b>\$ 133.7</b>	<b>31%</b>
North America	141.3	116.4	21%
EMEA	26.3	10.2	>100%
APAC	7.2	7.1	2%
<b>Adj. Earnings from operations<sup>(1)</sup></b>	<b>\$ 177.8</b>	<b>\$ 146.9</b>	<b>21%</b>
North America	142.6	121.7	17%
EMEA	27.9	18.0	55%
APAC	7.3	7.2	2%

(1) Non-GAAP measures based on Insight continuing operations. See Non-GAAP information section in the Appendix of this presentation.

# Cash Flows & Cash Cycle

US Dollar in \$M	Nine Months Ended September 30,		
	2018	2017	change
<b>Statement of cash flows</b>			
Net cash provided by operating activities	\$ 247.2	\$ (323.5)	\$ 570.7
Acquisitions, net of cash and cash equivalents acquired	(74.9)	(186.9)	112.0
Purchases of property and equipment	(13.0)	(15.9)	2.9
Other	0.4	1.5	(1.1)
<b>Net cash used in investing activities</b>	<b>\$ (87.5)</b>	<b>\$ (201.3)</b>	<b>\$ 113.8</b>
Net (repayments) borrowings of debt	\$ (41.3)	\$ 504.9	\$ (546.2)
Net (repayments) borrowings under inventory financing facility	(81.9)	45.6	(127.5)
Repurchases of common stock	(22.1)	-	(22.1)
Other	(6.8)	(11.5)	4.7
<b>Net cash used in financing activities</b>	<b>\$ (152.1)</b>	<b>\$ 539.0</b>	<b>\$ (691.1)</b>
Increase (decrease) in cash, cash equivalents and restricted cash	\$ 5.2	\$ 33.7	\$ (28.5)
Cash, cash equivalents and restricted cash at end of period	\$ 112.6	\$ 239.7	\$ (127.1)

US Dollar in \$M	Nine Months Ended September 30,		
	2018	2017	change
<b>Free cash flow - Adjusted</b>			
Net cash provided by (used in) operating activities	\$ 247.2	\$ (323.5)	*
Purchases of property and equipment	(13.0)	(15.9)	(18%)
Net (repayments) borrowings under inventory financing facility	(81.9)	45.6	*
Adjusted free cash flow	\$ 152.3	\$ (293.8)	*

	Quarter Ended September 30,		
	2018	2017	change
<b>Cash conversion cycle</b>			
Days sales outstanding ("DSOs")	89	78	11
Days inventory outstanding ("DIOs")	10	13	(3)
Days purchases outstanding ("DPOs")	(61)	(54)	(7)
Cash conversion cycle	38	37	1

\* Percentage represents a change greater than 100%

# Closing Comments – 2018 Outlook

- 2018 sales expected to grow in the mid single digit range
- Adjusted diluted earnings per share are expected to be between \$4.40 and \$4.45 per share for the full year
- Effective tax rate expected between 15% and 18% for the balance of the year
- Cash flow from operations expected to be between \$200 and \$250 million for the full year

# Appendix – Reconciliation of GAAP to Non-GAAP Financial Measures

US Dollar in \$000s	Three Months Ended September 30,			Nine Months Ended September 30,	
	2018	2017	2016	2018	2017
<b>Adjusted Consolidated Earnings from Operations:</b>					
GAAP consolidated EFO	\$ 49,948	\$ 41,445	\$ 36,407	\$ 174,824	\$ 133,727
Severance and restructuring expenses	683	494	788	2,709	6,211
Loss on sale of foreign entity	-	3,646	-	-	3,646
Acquisition-related expenses	188	106	741	282	3,329
Adjusted non-GAAP consolidated EFO	<u>\$ 50,819</u>	<u>\$ 45,691</u>	<u>\$ 37,936</u>	<u>\$ 177,815</u>	<u>\$ 146,913</u>
<b>Adjusted Consolidated Net Earnings:</b>					
GAAP consolidated net earnings	\$ 32,154	\$ 22,412	\$ 21,635	\$ 116,636	\$ 76,515
Severance and restructuring expenses	683	494	788	2,709	6,211
Loss on sale of foreign entity	-	3,646	-	-	3,646
Acquisition-related expenses	188	106	741	282	3,329
Income taxes on non-GAAP adjustments	(179)	(149)	(439)	(587)	(1,746)
Adjusted non-GAAP consolidated net earnings	<u>\$ 32,846</u>	<u>\$ 26,509</u>	<u>\$ 22,725</u>	<u>\$ 119,040</u>	<u>\$ 87,955</u>
<b>Adjusted Diluted EPS:</b>					
GAAP diluted EPS	\$ 0.89	\$ 0.62	\$ 0.60	\$ 3.24	\$ 2.11
Severance and restructuring expenses	0.02	0.01	0.02	0.08	0.17
Loss on sale of foreign entity	-	0.10	-	-	0.10
Acquisition-related expenses	0.01	-	0.02	0.01	0.09
Income taxes on non-GAAP adjustments	(0.01)	-	(0.01)	(0.02)	(0.04)
Adjusted non-GAAP diluted EPS	<u>\$ 0.91</u>	<u>\$ 0.73</u>	<u>\$ 0.63</u>	<u>\$ 3.31</u>	<u>\$ 2.43</u>

# Appendix – Reconciliation of GAAP to Non-GAAP Financial Measures (continued)

US Dollar in \$000s	Three Months Ended September 30,			Nine Months Ended September 30,	
	2018	2017	2016	2018	2017
<b>Adjusted North America Earnings from Operations:</b>					
GAAP EFO from North America segment	\$ 44,094	\$ 42,770	\$ 35,755	\$ 141,261	\$ 116,417
Severance and restructuring expenses	253	398	643	1,034	2,045
Acquisition-related expenses	188	-	575	282	3,223
Adjusted non-GAAP EFO from North America segment	<u>\$ 44,535</u>	<u>\$ 43,168</u>	<u>\$ 36,973</u>	<u>\$ 142,577</u>	<u>\$ 121,685</u>
<b>Adjusted EMEA Earnings from Operations:</b>					
GAAP EFO from EMEA segment	\$ 4,598	\$ (2,135)	\$ 270	\$ 26,320	\$ 10,220
Severance and restructuring expenses	\$ 430	\$ 53	\$ 145	\$ 1,545	\$ 4,062
Loss on sale of foreign entity	\$ -	\$ 3,646	\$ -	\$ -	\$ 3,646
Acquisition-related expenses	-	106	-	-	106
Adjusted non-GAAP EFO from EMEA segment	<u>\$ 5,028</u>	<u>\$ 1,670</u>	<u>\$ 415</u>	<u>\$ 27,865</u>	<u>\$ 18,034</u>
<b>Adjusted APAC Earnings from Operations:</b>					
GAAP EFO from APAC segment	\$ 1,256	\$ 810	\$ 382	\$ 7,243	\$ 7,090
Severance and restructuring expenses	-	43	-	130	104
Acquisition-related expenses	-	-	166	-	-
Adjusted non-GAAP EFO from APAC segment	<u>\$ 1,256</u>	<u>\$ 853</u>	<u>\$ 548</u>	<u>\$ 7,373</u>	<u>\$ 7,194</u>

# Appendix – Reconciliation of GAAP to Non-GAAP Financial Measures (continued)

US Dollar in \$000s	Nine Months Ended September 30,	
	2018	2017
<b>Adjusted free cash flow:</b>		
Net cash provided by (used in) operating activities	\$ 247,241	\$ (323,560)
Purchases of property and equipment	(13,046)	(15,906)
Net (repayments) borrowings under inventory financing facility	(81,911)	45,641
Adjusted non-GAAP free cash flow	<u>\$ 152,284</u>	<u>\$ (293,825)</u>

US Dollar in \$000s	Twelve Months Ended September 30,	
	2018	2017
<b>Adjusted return on invested capital:</b>		
GAAP consolidated EFO	\$ 220,362	\$ 174,397
Severance and restructuring expenses	5,500	7,738
Loss on sale of foreign entity	-	3,646
Acquisition-related expenses	282	7,035
Adjusted non-GAAP consolidated EFO	<u>226,144</u>	<u>192,816</u>
Income tax expense*	<u>63,320</u>	<u>71,342</u>
Adjusted non-GAAP consolidated EFO, net of tax	<u>\$ 162,824</u>	<u>\$ 121,474</u>
Average stockholders' equity**	\$ 880,064	\$ 752,734
Average debt**	311,066	302,197
Average cash**	(160,331)	(198,696)
Invested Capital	<u>\$ 1,030,799</u>	<u>\$ 856,235</u>
Adjusted non-GAAP ROIC (from GAAP consolidated EFO)***	15.39%	12.83%
Adjusted non-GAAP ROIC (from non-GAAP consolidated EFO)****	15.80%	14.19%

\* Assumed tax rate of 28% for 2018 and 37% for 2017.

\*\* Average of previous five quarters.

\*\*\* Computed as GAAP consolidated EFO, net of tax divided by invested capital

\*\*\*\* Computed as Adjusted non-GAAP consolidated EFO, net of tax divided by invested capital