



Insight Enterprises, Inc.

*Fourth Quarter and Full Year 2017
Earnings Conference Call and Webcast*

Agenda

Opening comments

CEO commentary

- Fourth Quarter and YTD 2017 Results
 - Consolidated
 - Segments
- 2018 Operating Priorities

CFO commentary

- Product and Services Income Statement Presentation
- 2017 Cash Flow Performance
- 2017 Tax Cuts and Jobs Act
- ASC 606 – Revenue Recognition

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 facts 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 are discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

Non-GAAP measures

This presentation will reference certain non-GAAP financial information as ‘Adjusted Measures’. For a reconciliation of non-GAAP measures presented in this document, see the press release issued today which you may also find on the Investor Relations section of our website at investor.insight.com.

Strong Financial Results

| | Three Months Ended December 31, | | | Years Ended December 31, | | |
|-------------------------------------|---------------------------------|--------------|--------|--------------------------|--------------|--------|
| | 2017 | 2016 | change | 2017 | 2016 | change |
| Insight Enterprises, Inc. | | | | | | |
| Net sales: | | | | | | |
| Products | \$ 1,612,338 | \$ 1,344,024 | 20% | \$ 6,038,744 | \$ 4,997,263 | 21% |
| Services | \$ 171,737 | \$ 123,559 | 39% | \$ 664,879 | \$ 488,253 | 36% |
| Total net sales | \$ 1,784,075 | \$ 1,467,583 | 22% | \$ 6,703,623 | \$ 5,485,515 | 22% |
| Gross profit | \$ 232,883 | \$ 190,969 | 22% | \$ 918,570 | \$ 743,102 | 24% |
| Gross margin | 13.1% | 13.0% | 10 bps | 13.7% | 13.5% | 20 bps |
| Selling and administrative expenses | \$ 184,554 | \$ 145,066 | 27% | \$ 723,328 | \$ 585,243 | 24% |
| Severance & Restructuring Expense | \$ 2,791 | \$ 1,527 | 83% | \$ 9,002 | \$ 4,580 | 97% |
| Loss on Sale of Foreign Entity | \$ - | \$ - | - | \$ 3,646 | \$ - | - |
| Acquisition Related Expense | \$ - | \$ 3,706 | * | \$ 3,329 | \$ 4,447 | -25% |
| Earnings from Operations | \$ 45,538 | \$ 40,670 | 12% | \$ 179,265 | \$ 148,832 | 20% |
| Diluted Earnings per Share | \$ 0.39 | \$ 0.59 | -34% | \$ 2.50 | \$ 2.32 | 8% |
| Adj. Earnings from operations | \$ 48,329 | \$ 45,903 | 5% | \$ 195,242 | \$ 157,859 | 24% |
| Adj. Diluted earnings per share | \$ 0.81 | \$ 0.72 | 13% | \$ 3.24 | \$ 2.52 | 29% |

* Percentage change not considered meaningful.

| | 2017 | 2016 | change | 2017 | 2016 | change |
|-------------------------------------|--------------|--------------|--------|--------------|--------------|--------|
| North America | | | | | | |
| Net sales: | | | | | | |
| Products | \$ 1,249,420 | \$ 969,487 | 29% | \$ 4,662,473 | \$ 3,601,697 | 29% |
| Services | \$ 128,971 | \$ 87,866 | 47% | \$ 519,261 | \$ 370,131 | 40% |
| Total net sales | \$ 1,378,391 | \$ 1,057,353 | 30% | \$ 5,181,734 | \$ 3,971,828 | 30% |
| Gross profit | \$ 174,569 | \$ 133,552 | 31% | \$ 691,677 | \$ 525,481 | 32% |
| Gross margin | 12.7% | 12.6% | 10 bps | 13.3% | 13.2% | 10 bps |
| Selling and administrative expenses | \$ 135,369 | \$ 100,169 | 35% | \$ 530,792 | \$ 401,316 | 32% |
| Severance & Restructuring Expense | \$ 1,965 | \$ 515 | 282% | \$ 4,010 | \$ 2,966 | 35% |
| Acquisition Related Expense | \$ - | \$ 3,703 | * | \$ 3,223 | \$ 4,278 | -25% |
| Earnings from Operations | \$ 37,235 | \$ 29,165 | 28% | \$ 153,652 | \$ 116,921 | 31% |
| Adj. Earnings from operations | \$ 39,200 | \$ 33,383 | 17% | \$ 160,885 | \$ 123,827 | 30% |
| Sales Mix: | | | | | | |
| Hardware | 64% | 62% | | 65% | 62% | |
| Software | 27% | 30% | | 25% | 29% | |
| Services | 9% | 8% | | 10% | 9% | |
| | <u>100%</u> | <u>100%</u> | | <u>100%</u> | <u>100%</u> | |

* Percentage change not considered meaningful.

| | Three Months Ended December 31, | | | Years Ended December 31, | | |
|-------------------------------------|---------------------------------|------------|--------|--------------------------|--------------|--------|
| | 2017 | 2016 | change | 2017 | 2016 | change |
| EMEA | | | | | | |
| Net sales: | | | | | | |
| Products | \$ 333,540 | \$ 335,149 | -1% | \$ 1,246,952 | \$ 1,243,932 | 0% |
| Services | \$ 33,267 | \$ 26,611 | 25% | \$ 108,464 | \$ 94,628 | 15% |
| Total net sales | \$ 366,807 | \$ 361,760 | 1% | \$ 1,355,416 | \$ 1,338,560 | 1% |
| Gross profit | \$ 50,413 | \$ 48,877 | 3% | \$ 190,310 | \$ 185,687 | 2% |
| Gross margin | 13.7% | 13.5% | 20 bps | 14.0% | 13.9% | 10 bps |
| Selling and administrative expenses | \$ 42,442 | \$ 38,606 | 10% | \$ 164,304 | \$ 160,269 | 3% |
| Severance & Restructuring Expense | \$ 826 | \$ 1,009 | -18% | \$ 4,888 | \$ 1,496 | 227% |
| Loss on Sale of Foreign Entity | \$ - | \$ - | - | \$ 3,646 | \$ - | * |
| Acquisition Related Expense | \$ - | \$ - | - | \$ 106 | \$ - | * |
| Earnings from Operations | \$ 7,145 | \$ 9,262 | -23% | \$ 17,365 | \$ 23,922 | -27% |
| Adj. Earnings from operations | \$ 7,971 | \$ 10,271 | -22% | \$ 26,005 | \$ 25,418 | 2% |
| Sales Mix: | | | | | | |
| Hardware | 37% | 34% | | 40% | 36% | |
| Software | 54% | 59% | | 52% | 57% | |
| Services | 9% | 7% | | 8% | 7% | |
| | 100% | 100% | | 100% | 100% | |

* Percentage change not considered meaningful.

| | Three Months Ended December 31, | | | Years Ended December 31, | | |
|-------------------------------------|---------------------------------|-----------|---------|--------------------------|------------|---------|
| | 2017 | 2016 | change | 2017 | 2016 | change |
| APAC | | | | | | |
| Net sales: | | | | | | |
| Products | \$ 29,378 | \$ 39,388 | -25% | \$ 129,319 | \$ 151,634 | -15% |
| Services | \$ 9,499 | \$ 9,082 | 5% | \$ 37,154 | \$ 23,493 | 58% |
| Total net sales | \$ 38,877 | \$ 48,470 | -20% | \$ 166,473 | \$ 175,127 | -5% |
| Gross profit | \$ 7,901 | \$ 8,540 | -7% | \$ 36,583 | \$ 31,934 | 15% |
| Gross margin | 20.3% | 17.6% | 270 bps | 22.0% | 18.2% | 380 bps |
| Selling and administrative expenses | \$ 6,743 | \$ 6,291 | 7% | \$ 28,231 | \$ 23,658 | 19% |
| Severance & Restructuring Expense | \$ - | \$ 3 | * | \$ 104 | \$ 118 | -12% |
| Acquisition Related Expense | \$ - | \$ 3 | * | \$ - | \$ 169 | * |
| Earnings from Operations | \$ 1,158 | \$ 2,243 | -48% | \$ 8,248 | \$ 7,989 | 3% |
| Adj. Earnings from operations | \$ 1,158 | \$ 2,249 | -49% | \$ 8,352 | \$ 8,276 | 1% |
| Sales Mix: | | | | | | |
| Hardware | 25% | 11% | | 17% | 11% | |
| Software | 51% | 70% | | 61% | 76% | |
| Services | 24% | 19% | | 22% | 13% | |
| | 100% | 100% | | 100% | 100% | |

* Percentage change not considered meaningful.

Supply Chain Optimization



Invest smarter

Connected Workforce



Work smarter

Cloud & Data Center Transformation



Run workloads smarter

Digital Innovation



Innovate smarter

2018 Operating Priorities

Leverage Solution areas to optimize growth in our core offerings, the cloud, security and services

Supply Chain Optimization



Grow the Core Business

Connected Workforce



Accelerate consumption offerings

Cloud & Data Center Transformation



Lead hybrid cloud adoption

Digital Innovation



Transform client outcomes



Drive Operational Excellence



Mature Digital Marketing programs



Accelerate Web and Cloud IT Initiatives

Agenda

CFO commentary

- Product and Services Income Statement Presentation
- 2017 Cash Flow Performance
- 2017 Tax Cuts and Jobs Act
- ASC 606 – Revenue Recognition

Product & Services Presentation

| | Years Ended December 31, | | | | | |
|----------------------------------|--------------------------|-----|--------------|-----|--------------|--------------|
| | 2017 | % | 2016 | % | 2016 | change |
| Insight Enterprises, Inc. | | | | | | |
| (000's) | | | (New) | | (Old) | (New to Old) |
| Hardware | \$ 3,916,762 | 58% | \$ 2,955,310 | 54% | \$ 2,955,589 | \$ (279) |
| Software | \$ 2,121,982 | 32% | \$ 2,041,953 | 37% | \$ 2,189,514 | \$ (147,561) |
| Services | \$ 664,879 | 10% | \$ 488,252 | 9% | \$ 340,412 | \$ 147,840 |
| *Sales as Agent - Services | \$ 210,430 | | \$ 177,827 | | \$ 28,326 | \$ 149,501 |
| North America | | | | | | |
| (000's) | | | (New) | | (Old) | (New to Old) |
| Hardware | \$ 3,352,355 | 65% | \$ 2,454,889 | 62% | \$ 2,455,159 | \$ (270) |
| Software | \$ 1,310,118 | 25% | \$ 1,146,808 | 29% | \$ 1,234,792 | \$ (87,984) |
| Services | \$ 519,261 | 10% | \$ 370,131 | 9% | \$ 281,877 | \$ 88,254 |
| *Sales as Agent - Services | \$ 137,476 | | \$ 111,060 | | \$ 22,831 | \$ 88,229 |
| EMEA | | | | | | |
| (000's) | | | (New) | | (Old) | (New to Old) |
| Hardware | \$ 536,500 | 40% | \$ 481,505 | 36% | \$ 481,505 | \$ - |
| Software | \$ 710,452 | 52% | \$ 762,427 | 57% | \$ 811,013 | \$ (48,586) |
| Services | \$ 108,464 | 8% | \$ 94,628 | 7% | \$ 46,042 | \$ 48,586 |
| *Sales as Agent - Services | \$ 59,967 | | \$ 53,912 | | \$ 5,327 | \$ 48,585 |
| APAC | | | | | | |
| (000's) | | | (New) | | (Old) | (New to Old) |
| Hardware | \$ 27,907 | 17% | \$ 18,916 | 11% | \$ 18,925 | \$ (9) |
| Software | \$ 101,412 | 61% | \$ 132,718 | 76% | \$ 143,709 | \$ (10,991) |
| Services | \$ 37,154 | 22% | \$ 23,493 | 13% | \$ 12,493 | \$ 11,000 |
| *Sales as Agent - Services | \$ 12,987 | | \$ 12,855 | | \$ 168 | \$ 12,687 |

*Net Sales where Insight is an Agent that are included in the Services category

Cash Flows & Cash Cycle

| | Years Ended December 31, | | |
|--|--------------------------|--------------------|---------------------|
| | 2017 | 2016 | change |
| Statement of cash flows | | | |
| Net cash provided by operating activities | \$ (305,426) | \$ 96,128 | \$ (401,554) |
| Acquisition, net of cash acquired | \$ (186,932) | \$ (10,297) | (176,635) |
| Purchases of property and equipment | \$ (19,230) | \$ (12,266) | (6,964) |
| Proceeds from sale of foreign entity | \$ 1,517 | \$ 1,378 | 139 |
| Net cash used in investing activities | \$ (204,645) | \$ (21,185) | \$ (183,460) |
| Net (repayments) borrowings of Debt | \$ 269,250 | \$ (49,500) | 318,750 |
| Net change - inventory financing | \$ 141,037 | \$ 48,603 | 92,434 |
| Repurchases of common stock | \$ - | \$ (50,000) | 50,000 |
| Other | \$ (13,166) | \$ (7,333) | (5,833) |
| Net cash used in financing activities | \$ 397,121 | \$ (58,230) | 455,351 |
| Increase in cash and cash equivalents | \$ (97,051) | \$ 14,904 | \$ (111,955) |
| Cash and cash equivalents at end of period | \$ 105,831 | \$ 202,882 | \$ (97,051) |

Management comments. "2016 and 2017 cash flow results reflect the collection of a single large receivable, of approximately \$160 million, in the fourth quarter of 2016 for which the payment to the supplier was due and paid in January 2017. In Q4 of 2015, we had a similar experience with a \$60 million receivable collected in the quarter for which the payment to the supplier was then made in Q1 of 2016."

| | | | |
|---|--------------|-------------|-------|
| Free cash flow | | | |
| Net cash provided by operating activities | \$ (305,426) | \$ 96,128 | -418% |
| Purchases of property and equipment | \$ (19,230) | \$ (12,266) | 57% |
| Net change - inventory financing | \$ 141,037 | \$ 48,603 | 190% |
| Free cash flow | \$ (183,619) | \$ 132,465 | -239% |

| | | | |
|-------------------------------------|----|----|------|
| Cash conversion cycle | | | |
| Days sales outstanding ("DSOs") | 94 | 90 | 4 |
| Days inventory outstanding ("DIOs") | 13 | 12 | 1 |
| Days purchases outstanding ("DPOs") | 72 | 88 | (16) |
| Cash conversion cycle | 35 | 14 | 21 |

2017 Taxes | Tax Cuts & Jobs Act

| 2017 Effective Tax Rate | | |
|--------------------------------|--------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| ETR Reconciliation | | |
| Federal Statutory Rate | 35.0% | 35.0% |
| State Taxes | 1.8% | 2.4% |
| Foreign Taxes | -2.3% | -2.1% |
| Excess benefits from RSUs | -1.5% | 0.0% |
| Other items | 1.6% | 2.1% |
| Change in U.S. Tax Law | 8.4% | 1.8% |
| Effective Tax Rate | 43.0% | 39.3% |

2018 Estimated effective tax rate of 27% to 28%

Adoption of ASC 606

Impacts to Insight

- Lower revenue for certain security software licenses
 - 2017 sales approximately \$240 million
- Earlier revenue recognition for certain bill and hold arrangements
 - Bill and hold arrangements exist when customers purchase product from Insight, but store the product in Insight warehouses pending delivery to their location
- Same revenue amount, different timing, for term software license renewal sales

Financial Statement Impacts

- Lower net sales in 2018 and forward for certain security software licenses being reported on a net basis
- Lower deferred revenue for bill and hold arrangements since these are now recognized at time of performance
- Higher gross profit margin reflecting more netted (100% gross margin) sales

Closing Comments – 2018 Outlook

- 2018 sales expected to grow in the low single digit range
 - After giving effect to the new revenue recognition for security software products which was approximately \$240 million in 2017
- Adjusted diluted earnings per share are expected to be between \$3.90 and \$4.00 per share for the full year
- Effective tax rate between 27% and 28%
- Capital Expenditures between \$15 and \$20 million
- Does not include share repurchases under recent authorization
- Does not include severance, restructuring or acquisition expenses*

** Due to the inherent difficulty of forecasting these types of expenses, which impact net earnings and diluted earnings per share, the Company is unable to reasonably estimate the related impact of such expenses, if any, to net earnings and diluted earnings per share. Accordingly, the Company is unable to provide a reconciliation of GAAP to non-GAAP diluted earnings per share for the full year 2018 forecast.*

Appendix – Reconciliation of GAAP to Non-GAAP Financial Measures

| | Three Months Ended December 31, | | Years Ended December 31, | |
|--|------------------------------------|------------------|-----------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Adjusted Consolidated Earnings from Operations: | | | | |
| GAAP consolidated EFO | \$ 45,538 | \$ 40,670 | \$ 179,265 | \$ 148,832 |
| Severance and restructuring expenses | 2,791 | 1,527 | 9,002 | 4,580 |
| Loss on sale of foreign entity | - | - | 3,646 | - |
| Gain on sale of real estate for which a non-cash impairment charge was previously reported | - | - | - | (338) |
| Acquisition-related expenses | - | 3,706 | 3,329 | 4,447 |
| Adjusted non-GAAP consolidated EFO | <u>\$ 48,329</u> | <u>\$ 45,903</u> | <u>\$ 195,242</u> | <u>\$ 157,521</u> |
| Adjusted Consolidated Net Earnings: | | | | |
| GAAP consolidated net earnings | \$ 14,168 | \$ 21,100 | \$ 90,683 | \$ 84,690 |
| Severance and restructuring expenses | 2,791 | 1,527 | 9,002 | 4,580 |
| Loss on sale of foreign entity | - | - | 3,646 | - |
| Gain on sale of real estate for which a non-cash impairment charge was previously reported | - | - | - | (338) |
| Acquisition-related expenses | - | 3,706 | 3,329 | 4,447 |
| Income taxes on non-GAAP adjustments | (806) | (331) | (2,552) | (1,414) |
| Tax expense related to U.S. federal tax reform | <u>13,363</u> | <u>-</u> | <u>13,363</u> | <u>-</u> |
| Adjusted non-GAAP consolidated net earnings | <u>\$ 29,516</u> | <u>\$ 26,002</u> | <u>\$ 117,471</u> | <u>\$ 91,965</u> |
| Adjusted Consolidated Diluted EPS: | | | | |
| GAAP consolidated diluted EPS | \$ 0.39 | \$ 0.59 | \$ 2.50 | \$ 2.32 |
| Severance and restructuring expenses | 0.08 | 0.04 | 0.25 | 0.13 |
| Loss on sale of foreign entity | - | - | 0.10 | - |
| Gain on sale of real estate for which a non-cash impairment charge was previously reported | - | - | - | (0.01) |
| Acquisition-related expenses | - | 0.10 | 0.09 | 0.12 |
| Income taxes on non-GAAP adjustments | (0.03) | (0.01) | (0.07) | (0.04) |
| Tax expense related to U.S. federal tax reform | <u>0.37</u> | <u>-</u> | <u>0.37</u> | <u>-</u> |
| Adjusted non-GAAP consolidated diluted EPS | <u>\$ 0.81</u> | <u>\$ 0.72</u> | <u>\$ 3.24</u> | <u>\$ 2.52</u> |

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

| | Three Months Ended December 31, | | Years Ended December 31, | |
|--|------------------------------------|------------------|-----------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Adjusted North America Earnings from Operations: | | | | |
| GAAP EFO from North America segment..... | \$ 37,235 | \$ 29,165 | \$ 153,652 | \$ 116,921 |
| Severance and restructuring expenses..... | 1,965 | 515 | 4,010 | 2,966 |
| Gain on sale of real estate for which a non-cash impairment charge was previously reported | - | - | - | (338) |
| Acquisition-related expenses | - | 3,703 | 3,223 | 4,278 |
| Adjusted non-GAAP EFO from North America segment | <u>\$ 39,200</u> | <u>\$ 33,383</u> | <u>\$ 160,885</u> | <u>\$ 123,827</u> |
| Adjusted EMEA Earnings from Operations: | | | | |
| GAAP EFO from EMEA segment..... | \$ 7,145 | \$ 9,262 | \$ 17,365 | \$ 23,922 |
| Severance and restructuring expenses..... | 826 | 1,009 | 4,888 | 1,496 |
| Loss on sale of foreign entity..... | - | - | 3,646 | - |
| Acquisition-related expenses | - | - | 106 | - |
| Adjusted non-GAAP EFO from EMEA segment | <u>\$ 7,971</u> | <u>\$ 10,271</u> | <u>\$ 26,005</u> | <u>\$ 25,418</u> |
| Adjusted APAC Earnings from Operations: | | | | |
| GAAP EFO from APAC segment | \$ 1,158 | \$ 2,243 | \$ 8,248 | \$ 7,989 |
| Severance and restructuring expenses..... | - | 3 | 104 | 118 |
| Acquisition-related expenses | - | 3 | - | 169 |
| Adjusted non-GAAP EFO from APAC segment..... | <u>\$ 1,158</u> | <u>\$ 2,249</u> | <u>\$ 8,352</u> | <u>\$ 8,276</u> |