



Insight Enterprises, Inc.

First Quarter 2020

Earnings Conference Call and Webcast

Insight Presentation

Agenda

- Opening Comments
- CEO Commentary
 - Liquidity and Debt Covenants
 - First Quarter 2020 Financial Results
- CFO Commentary
 - Financial results by region
 - Taxes and cash flow
- Closing Comments

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 those related to Covid-19, our future responses to and the impact of Coronavirus strain (“Covid-19”) on our Company, our expectations about future benefits relating to the PCM integration, including future expected 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 most recently filed periodic reports and subsequent filings with the Securities and Exchange Commission.

- 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 the 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.

- 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.

Our Response to COVID-19

Supply
Chain Optimization



Connected Workforce



Cloud + Data Center
Transformation



Digital Innovation



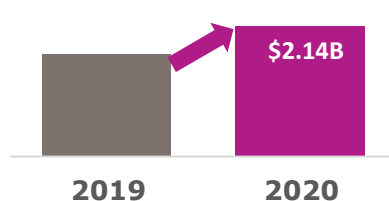
Solutions Focused for 2020

We are well positioned to help clients evolve to meet today's challenges

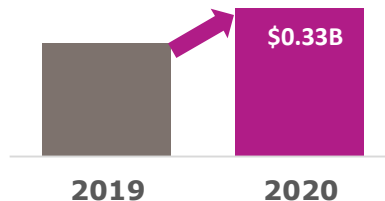


Q1 2020 Year over Year Results

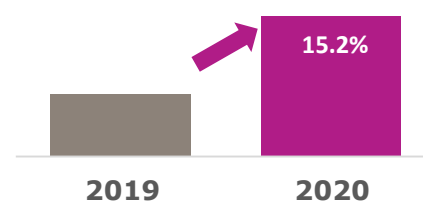
Net Sales
+27% YoY



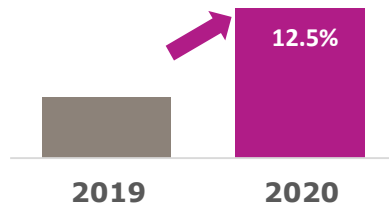
Gross Profit
+31% YoY



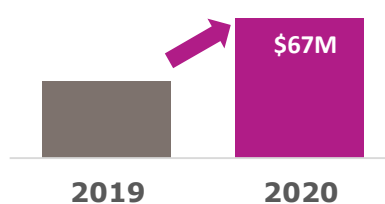
Gross Margin
+50 bps YoY



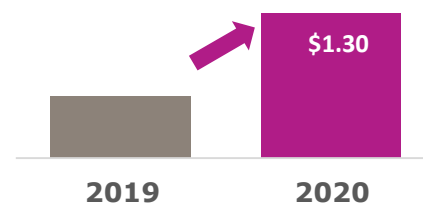
SG&A % of Net Sales
+120 bps YoY



Adj EFO*
+9% YoY



Adj Diluted EPS*
+11% YoY



GAAP Earnings from operations \$53M

GAAP Diluted EPS \$0.95

* Adjusted Non-GAAP excludes severance and restructuring expense and other unique items

Q1 2020 Highlights

- Financial Performance in line with expectations
- Integration of PCM
 - 90% of PCM clients migrated onto IT systems
 - Expect to exit 2020 ~\$50-\$55 million in annualized run-rate savings towards our 2-year commitment of \$70 million
- Uncertain economic environment
 - Bookings trends in April down from March
 - Recovery as businesses emerge uncertain
 - Steps to preserve profitability, reduce discretionary spend
 - Suspending previously issued guidance due to uncertainty

CFO Commentary

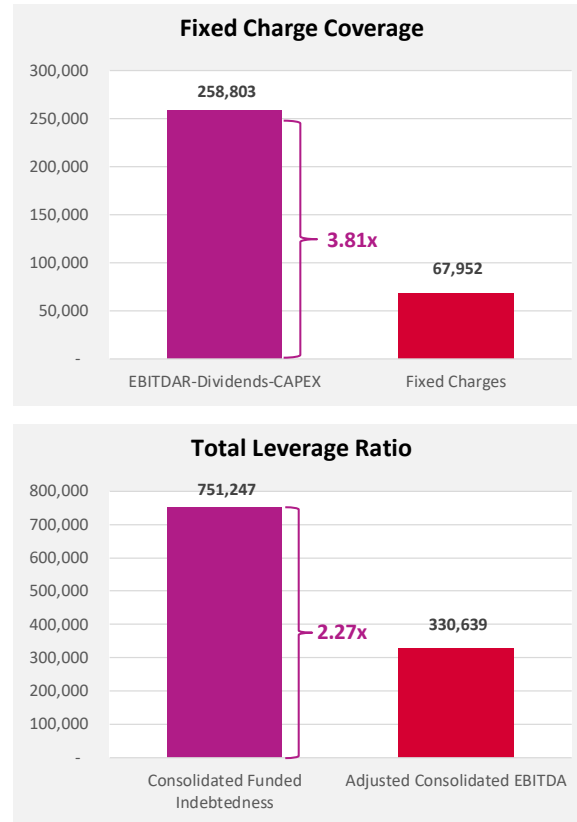
- Liquidity and Debt Covenants
- Financial results by region
- Taxes and cash flow



Liquidity and Debt Covenants

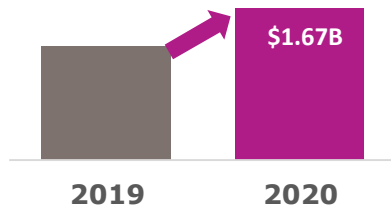
US Dollar in \$000s	Twelve Months Ended Mar 31,	
	2020	2019
Adjusted Consolidated EBITDA:		
Net Income	\$ 154,041	\$ 170,259
Interest Expense	36,709	21,620
Taxes	48,838	48,818
Depreciation	24,560	21,332
Amortization	30,179	15,949
Non-cash Charges - FASB 123(R)	16,305	16,286
Cash Acquisition Charges	12,808	282
Severance and restructuring expenses	7,199	2,151
Adjusted Consolidated EBITDA	<u>\$ 330,639</u>	<u>\$ 296,697</u>
Less Capital Expenditures	(71,836)	\$ (17,559)
Adjusted Consolidated EBITDA for FCCR Ratio	<u>\$ 258,803</u>	<u>\$ 279,138</u>
Taxes and interest *	\$ 67,952	\$ 59,287
Fixed Charge Coverage Ratio	3.8	4.7

- * Tax Expense plus Interest Expense less non-cash imputed interest under the Inventory Financing Facility and the Company's Convertible Notes as discussed in Management's Discussion and Analysis – Interest Expense, Net

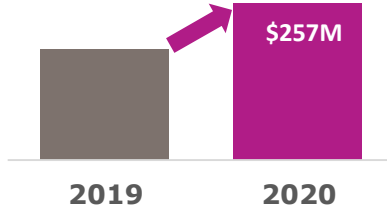


Q1 2020 North America | Financial Results

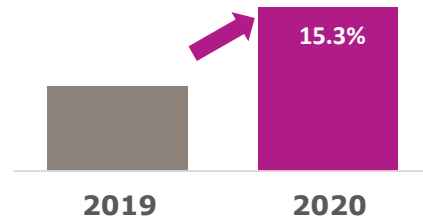
Net Sales
+35% YoY



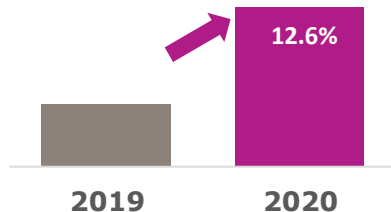
Gross Profit
+41% YoY



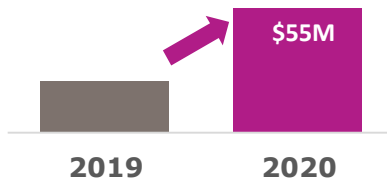
Gross Margin
+60 bps YoY



SG&A % of Net Sales
+160 bps YoY

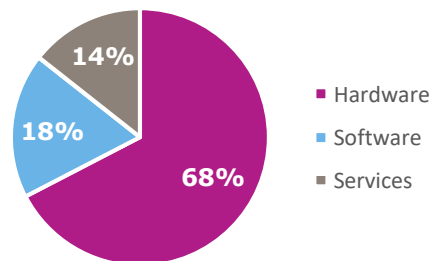


Adj EFO*
+12% YoY



GAAP Earnings from operations \$42M

Sales Mix

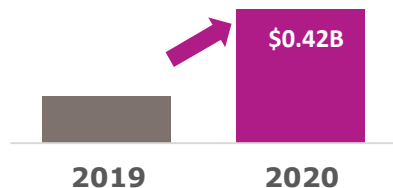


* Adjusted Non-GAAP excludes severance and restructuring expense and other unique items

Q1 2020 EMEA | Financial Results

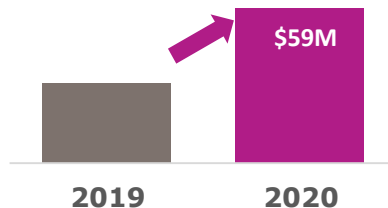
Net Sales

+10% YoY in constant \$**



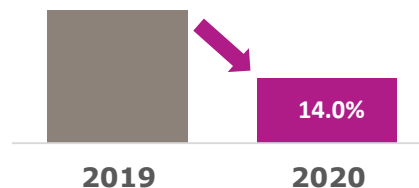
Gross Profit

+6% YoY in constant \$**



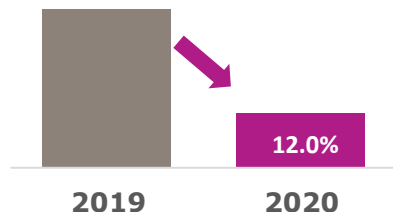
Gross Margin

-60 bps YoY



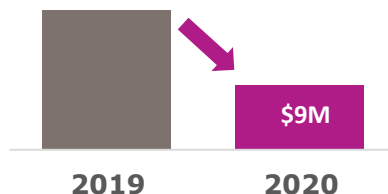
SG&A % of Net Sales

-10 bps YoY

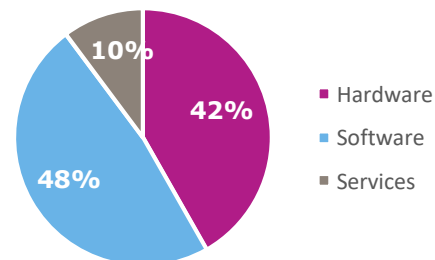


Adj EFO*

-6% YoY in constant \$**



Sales Mix



GAAP Earnings from Operations \$8M

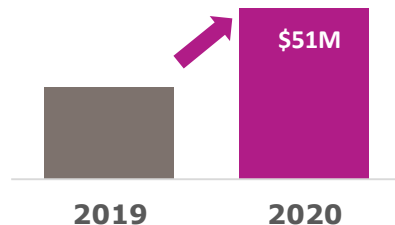
* Adjusted Non-GAAP excludes severance and restructuring expense and other unique items

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

Q1 2020 APAC | Financial Results

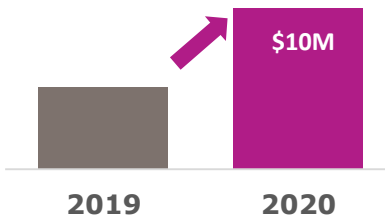
Net Sales

+3% YoY in constant \$**



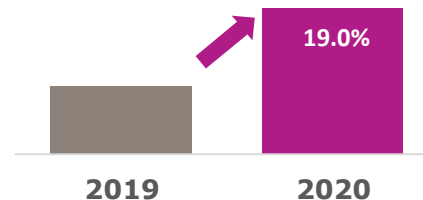
Gross Profit

+16% YoY in constant \$**



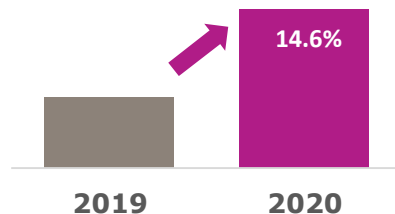
Gross Margin

+220 bps YoY



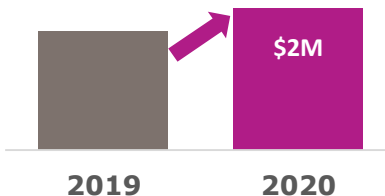
SG&A % of Net Sales

+140 bps YoY

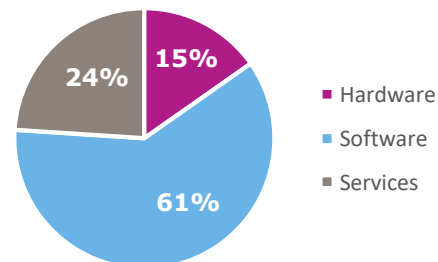


Adj EFO*

+20% YoY in constant \$**



Sales Mix



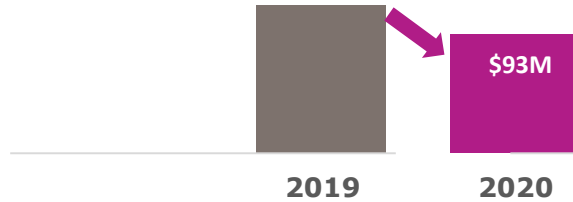
GAAP Earnings from Operations \$2M

* Adjusted Non-GAAP excludes severance and restructuring expense and other unique items

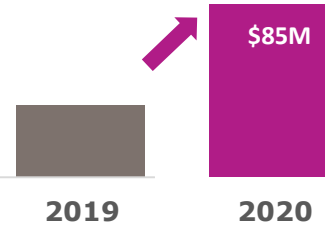
** Reference "Constant currency" section on slide 3 of this presentation

Q1 2020 | Cash Flows and Cash Cycle

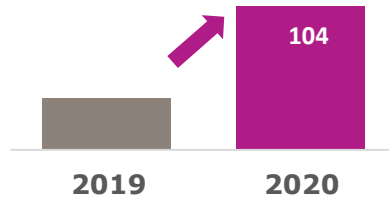
Net cash from operations



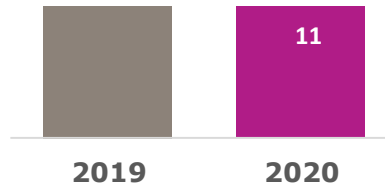
Adj Free Cash Flow*



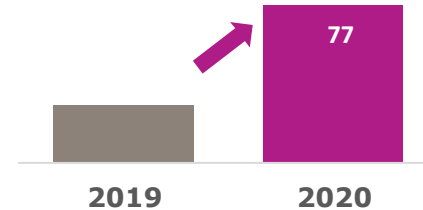
Days sales outstanding
+12 days YoY



Days inventory outstanding
+0 days YoY

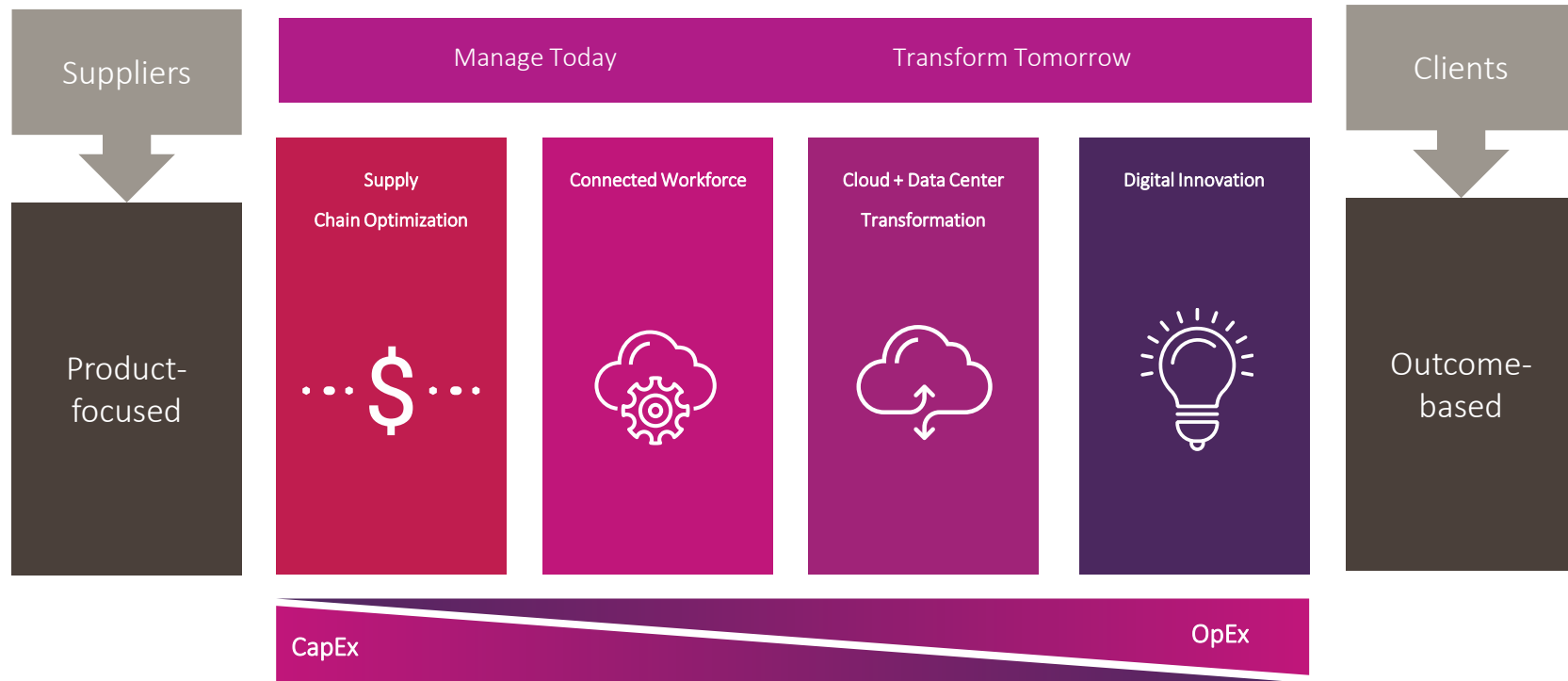


Days purchases outstanding
+4 days YoY



* Adjusted Non-GAAP excludes severance and restructuring expense and other unique items

Closing Commentary



Appendix – Reconciliation of GAAP to Non-GAAP Financial Measures

US Dollar in \$000s, except per share data	Three Months Ended Mar 31,	
	2020	2019
Adjusted Consolidated Earnings from Operations:		
GAAP consolidated EFO	\$ 52,863	\$ 57,039
Severance and restructuring expenses	2,144	370
Acquisition and integration related expenses	1,466	-
Amortization of intangible assets	10,108	3,651
Adjusted non-GAAP consolidated EFO	<u>\$ 66,581</u>	<u>\$ 61,060</u>

Adjusted Consolidated Net Earnings:		
GAAP consolidated net earnings	\$ 33,961	\$ 39,327
Severance and restructuring expenses	2,144	370
Acquisition and integration related expenses	1,466	-
Amortization of intangible assets	10,108	3,651
Amortization of debt discount and issuance costs	2,831	-
Income taxes on adjustments	(4,160)	(1,048)
Adjusted non-GAAP consolidated net earnings	<u>\$ 46,350</u>	<u>\$ 42,300</u>

Adjusted Diluted EPS:		
GAAP diluted EPS	\$ 0.95	\$ 1.09
Severance and restructuring expenses	0.06	0.01
Acquisition and integration related expenses	0.04	-
Amortization of intangible assets	0.28	0.10
Amortization of debt discount and issuance costs	0.08	-
Income taxes on adjustments	(0.11)	(0.03)
Adjusted non-GAAP diluted EPS	<u>\$ 1.30</u>	<u>\$ 1.17</u>

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

US Dollar in \$000s	Three Months Ended Mar 31,	
	2020	2019
Adjusted North America Earnings from Operations:		
GAAP EFO from North America segment	\$ 42,341	\$ 45,326
Severance and restructuring expenses	2,122	331
Acquisition and integration related expenses	1,262	-
Amortization of intangible assets	9,493	3,464
Adjusted non-GAAP EFO from North America segment	<u>\$ 55,218</u>	<u>\$ 49,121</u>
Adjusted EMEA Earnings from Operations:		
GAAP EFO from EMEA segment	\$ 8,320	\$ 9,923
Severance and restructuring expenses	6	(85)
Acquisition and integration related expenses	204	-
Amortization of intangible assets	506	69
Adjusted non-GAAP EFO from EMEA segment	<u>\$ 9,036</u>	<u>\$ 9,907</u>
Adjusted APAC Earnings from Operations:		
GAAP EFO from APAC segment	\$ 2,202	\$ 1,790
Severance and restructuring expenses	16	124
Amortization of intangible assets	109	118
Adjusted non-GAAP EFO from APAC segment	<u>\$ 2,327</u>	<u>\$ 2,032</u>

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

US Dollar in \$000s	Twelve Months Ended Mar 31,	
	2020	2019
Return on invested capital:		
GAAP consolidated EFO	\$ 236,418	\$ 240,082
Severance and restructuring expenses	7,199	2,151
Acquisition and integration related expenses	12,808	282
Impairment of construction in progress	1,501	-
Adjusted non-GAAP consolidated EFO*	257,926	242,515
Income tax expense**	67,061	66,692
Adjusted non-GAAP consolidated EFO, net of tax	<u>\$ 190,865</u>	<u>\$ 175,823</u>
Average stockholders' equity***	\$ 1,103,865	\$ 948,764
Average debt***	522,016	200,748
Average cash***	(110,957)	(145,380)
Invested Capital	<u>\$ 1,514,924</u>	<u>\$ 1,004,132</u>
ROIC (from GAAP consolidated EFO)****	11.55%	17.33%
ROIC (from Adjusted non-GAAP consolidated EFO)*****	12.60%	17.51%

* The adjusted non-GAAP consolidated EFO amount used for the Adjusted non-GAAP ROIC calculation does not exclude amortization of intangible assets. This calculation remains consistent with the metric utilized in management's compensation plan.

** Assumed tax rate of 26.0% and 27.5% for 2020 and 2019, respectively.

*** Average of previous five quarters.

**** Computed as GAAP consolidated EFO, net of tax of \$61,469 and \$66,023 for the twelve months ended March 31, 2020 and 2019, respectively, divided by invested capital.

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