

**NYSE: WCC**

# Third Quarter 2022

**Webcast Presentation**

November 3, 2022



# Forward-Looking Statements

All statements made herein that are not historical facts should be considered as forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. These statements include, but are not limited to, statements regarding the expected benefits and costs of the transaction between Wesco and Anixter International Inc., including anticipated future financial and operating results, synergies, accretion and growth rates, and the combined company's plans, objectives, expectations and intentions, statements that address the combined company's expected future business and financial performance, and other statements identified by words such as "anticipate," "plan," "believe," "estimate," "intend," "expect," "project," "will" and similar words, phrases or expressions. These forward-looking statements are based on current expectations and beliefs of Wesco's management, as well as assumptions made by, and information currently available to, Wesco's management, current market trends and market conditions and involve risks and uncertainties, many of which are outside of Wesco's and Wesco's management's control, and which may cause actual results to differ materially from those contained in forward-looking statements. Accordingly, you should not place undue reliance on such statements.

Those risks, uncertainties and assumptions include the risk of any unexpected costs or expenses resulting from the transaction, the risk that the transaction could have an adverse effect on the ability of the combined company to retain customers and retain and hire key personnel and maintain relationships with its suppliers, customers and other business relationships and on its operating results and business generally, or the risk that problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected, the risk that the combined company may be unable to achieve synergies or other anticipated benefits of the transaction or it may take longer than expected to achieve those synergies or benefits, the risk that the leverage of the company may be higher than anticipated, the impact of natural disasters (including as a result of climate change), health epidemics, pandemics and other outbreaks, such as the ongoing COVID-19 pandemic, supply chain disruptions, and the impact of Russia's invasion of Ukraine, including the impact of sanctions or other actions taken by the U.S. or other countries, the increased risk of cyber incidents and exacerbation of key materials shortages, inflationary cost pressures, material cost increases, demand volatility, and logistics and capacity constraints, which may have a material adverse effect on the combined company's business, results of operations and financial condition, and other important factors that could cause actual results to differ materially from those projected. All such factors are difficult to predict and are beyond the combined company's control. Additional factors that could cause results to differ materially from those described above can be found in Wesco's Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and Wesco's other reports filed with the U.S. Securities and Exchange Commission (the "SEC").

## **Non-GAAP Measures**

In addition to the results provided in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), this presentation includes certain non-GAAP financial measures. These financial measures include organic sales growth, gross profit, gross margin, earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA, adjusted EBITDA margin, financial leverage, free cash flow, adjusted selling, general and administrative ("SG&A") expenses, adjusted income from operations, adjusted operating margin, adjusted provision for income taxes, adjusted income before income taxes, adjusted net income, adjusted net income attributable to Wesco International, Inc., adjusted net income attributable to common stockholders, and adjusted earnings per diluted share. The Company believes that these non-GAAP measures are useful to investors as they provide a better understanding of our financial condition and results of operations on a comparable basis. Additionally, certain non-GAAP measures either focus on or exclude items impacting comparability of results such as merger-related and integration costs, and the related income tax effect of such items, allowing investors to more easily compare the Company's financial performance from period to period. Management does not use these non-GAAP financial measures for any purpose other than the reasons stated above.



# Agenda



## **Business Overview**

**John Engel**

Chairman, President & CEO



## **Financial Results Overview**

**Dave Schulz**

Executive Vice President & CFO

# 2022 Momentum Continues with Record Third Quarter

**Sales of \$5.4 billion**  
*Up 17% YOY organically*

- Increased scale and mix shift into higher growth and higher margin end markets fueling positive momentum
- All three SBUs benefiting from cross-selling and attractive secular growth trends
- Record-level backlog up 5% sequentially and more than 60% YOY

**Record gross margin of 22.1%**  
*Up 80 bps YOY*  
*Up 40 bps sequentially*

- Focus on value-driven pricing and pass-through of inflationary costs
- Continued momentum of our gross margin improvement program

**Record adjusted EBITDA of \$466M**  
*Up 41% YOY*  
**Record adjusted EBITDA margin of 8.6%**  
*Up 160 bps YOY*

- Benefits of scale, gross margin expansion, and increased operating leverage
- Strong synergy execution delivering higher profitability

**Leverage reduced to 3.2x**  
*Down 0.2x sequentially*  
*Down 2.5x since June 2020*

- Inherent business model strength demonstrated by leverage reduction
- Moody's credit rating upgraded to Ba2 reflecting our market position, integration successes, balanced approach to shareholder returns, liquidity and healthy balance sheet

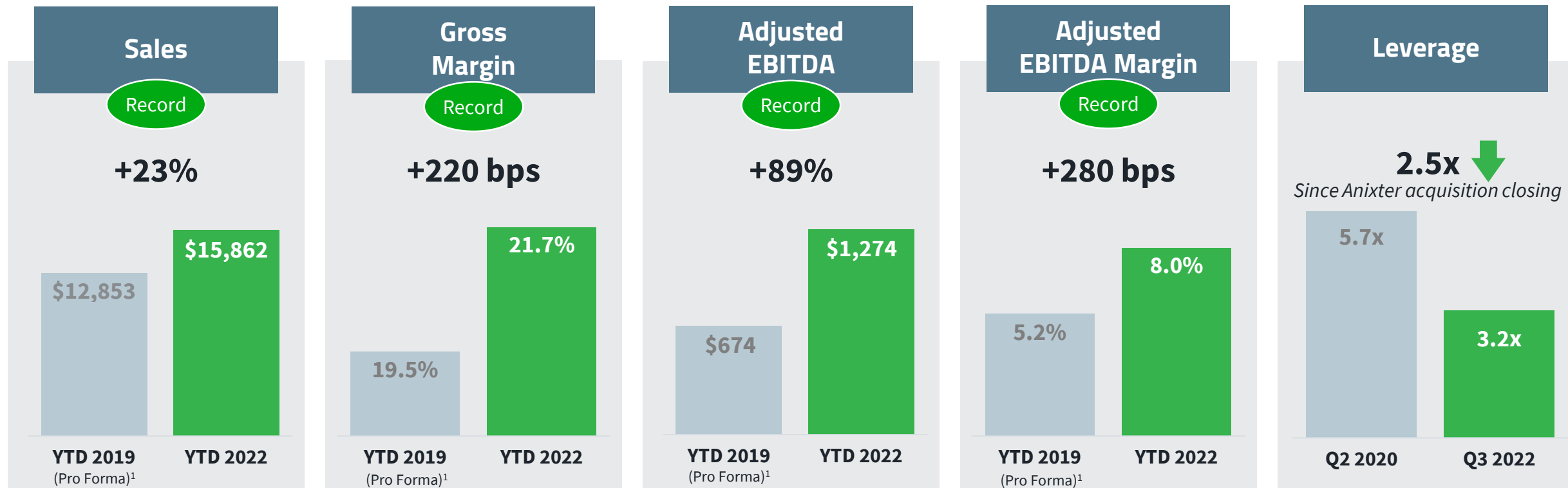
Record adjusted EPS of \$4.49, up 64% YOY; Affirming 2022 EBITDA and EPS outlook



See appendix for non-GAAP definitions and reconciliations.

# Substantial Value Creation Since Merger Close

\$ millions



Results highlight the strength of the Wesco + Anixter combination



<sup>1</sup> 2019 figures are as-reported on Form 8-K dated November 4, 2020, and include sales and adjusted EBITDA derived from the legacy Wesco data communications and utility business in Canada that were divested in the first quarter of 2021. See appendix for non-GAAP definitions and reconciliations.

# Attractive Long-Term Growth Drivers

## Secular Growth Trends



Electrification



Automation and IoT



Green Energy and Grid Modernization



24/7 Connectivity and Security



Supply Chain Consolidation and Relocation to North America



Digitalization



## Increasing Public Sector Investment



U.S. Infrastructure Bills



Rural Digital Opportunity Fund (RDOF)



Canada Broadband Investments



Public-Private Partnerships for Smart Cities



## Wesco's Uniquely Strong Position

- Leading Portfolio of Products, Services, and Solutions
- Leading Positions in All SBUs
- Global Footprint and Capabilities
- Digital Investments Unlocking the Value of Our Big Data
- Accelerating Consolidation Across the Value Chain

The new Wesco is uniquely positioned for sustainable long-term growth

# Acquired a Leading Global Hyperscale Data Center Company



Elevating Technology Globally

**~\$400M**  
in TTM<sup>1</sup> Sales

**900+**  
Total Employees

**25**  
Countries Served



## Solutions

### Data Center

- Cloud
- Edge
- Colocations

### Workplace Productivity

- End-User Computing
- Applications
- Audio and Video Solutions

### Secure Connectivity

- Local Area Network
- Wireless Network
- Service Provider

Enhances and strengthens our leading global position in the CSS business



<sup>1</sup>Preliminary as of 09/30/2022

# Dave Schulz

**Executive Vice President & Chief Financial Officer**

Third Quarter Results Overview





# Third Quarter Results Overview

\$ millions, except per share amounts

	Q3 2022	Q3 2021	YOY
<b>Sales</b>	<b>\$5,446</b>	<b>\$4,728</b>	<b>+17%<sup>1</sup></b>
<b>Gross Profit</b>	<b>\$1,205</b>	<b>\$1,008</b>	<b>+19%</b>
Gross Margin	22.1%	21.3%	+80 bps
<b>Adjusted EBITDA</b>	<b>\$466</b>	<b>\$330</b>	<b>+41%</b>
EBITDA Margin	8.6%	7.0%	+160 bps
<b>Adjusted Diluted EPS</b>	<b>\$4.49</b>	<b>\$2.74</b>	<b>+64%</b>

- Record third quarter sales
- Organic sales +17% YOY with strength across all SBUs

- All-time record gross profit, gross margin, adjusted EBITDA, adjusted EBITDA margin and adjusted EPS

- Record backlog up 5% sequentially and over 60% YOY

- Preliminary October sales up approximately 12%<sup>2</sup> YOY

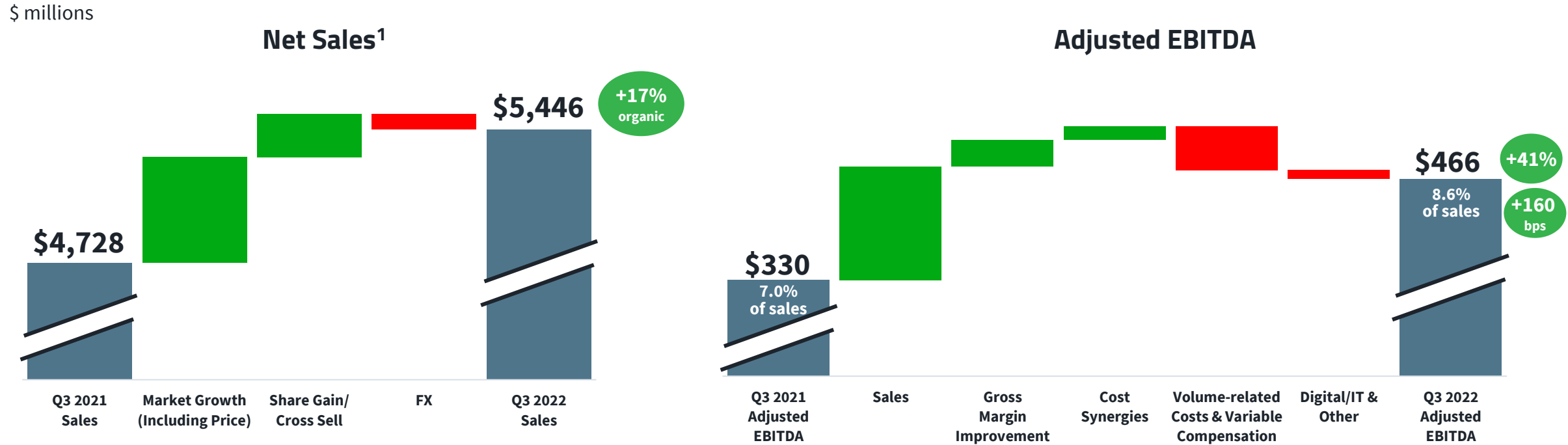
Exceptional financial results driven by strong sales growth, margin expansion and operating leverage



<sup>1</sup> Sales growth shown on an organic basis.

<sup>2</sup> Preliminary October sales are not adjusted for differences in foreign exchange rates. See appendix for non-GAAP definitions and reconciliations.

# Third Quarter Sales and Adjusted EBITDA Bridges



Exceptional financial results driven by strong sales growth, margin expansion and operating leverage



<sup>1</sup> Sales growth attribution based on company estimates. See appendix for non-GAAP definitions and reconciliations.

# Electrical & Electronic Solutions (EES)

## Third Quarter Drivers

- Record third quarter with sales growth in all operating groups
  - Non-residential construction demand remained strong
  - Strong industrial and OEM momentum continues
- Record backlog up 2% sequentially and over 45% YOY
- Adjusted EBITDA growth and margin expansion driven by sales growth, synergy capture, cost controls and execution of margin improvement initiatives

\$ millions

	Q3 2022	Q3 2021	YOY
<b>Sales</b>	<b>\$2,235</b>	<b>\$1,982</b>	<b>+15%<sup>1</sup></b>
<b>Adjusted EBITDA</b>	<b>\$226</b>	<b>\$174</b>	<b>+30%</b>
% of sales	10.1%	8.8%	+130 bps

Long-term, sustainable growth supported by secular trends of electrification, automation and green energy

Growth due to enhanced value proposition and complete electrical solutions offering



<sup>1</sup> Sales growth shown on an organic basis.  
See appendix for non-GAAP definitions and reconciliations.

# Communications & Security Solutions (CSS)

## Third Quarter Drivers

- Record quarter with sales growth in key end markets and geographies despite continued global supply chain challenges
  - Network infrastructure growth continued to be led by global hyper-scale data centers and an increase in structured cabling driven by accelerating return-to-workplace activities
  - Security growth driven by increased IP-based surveillance and adoption of cloud-based technologies by global customers
  - Continued strong demand from multinational customers for professional A/V projects and in-building wireless applications
- Backlog up over 40% YOY, and flat sequentially
- Adjusted EBITDA growth and margin expansion driven by sales growth, synergy capture, cost controls and execution of margin improvement initiatives

\$ millions

	Q3 2022	Q3 2021	YOY
<b>Sales</b>	<b>\$1,602</b>	<b>\$1,489</b>	<b>+10%<sup>1</sup></b>
<b>Adjusted EBITDA</b>	<b>\$156</b>	<b>\$134</b>	<b>+17%</b>
% of sales	9.8%	9.0%	+80 bps

Long-term, sustainable growth supported by secular trends of 24/7 connectivity, data center expansion, secure networks and IoT/automation

Global position, leading value proposition and accelerating secular trends drive strong outlook over the long term



<sup>1</sup> Sales growth shown on an organic basis.  
See appendix for non-GAAP definitions and reconciliations.

# Utility & Broadband Solutions (UBS)

## Third Quarter Drivers

- Record quarter with double-digit sales growth in all operating groups
  - Broad-based growth in utility driven by investments in electrification, green energy, and grid modernization
  - Broadband communications growth driven by connectivity demand and rural broadband expansion
  - Integrated supply growth driven by new agreements and scope expansion with existing customers
- Record backlog up over 130% YOY and 14% sequentially
- Adjusted EBITDA growth and margin expansion driven by sales growth, synergy capture, cost controls and execution of margin improvement initiatives

\$ millions

	Q3 2022	Q3 2021	YOY
<b>Sales</b>	<b>\$1,609</b>	<b>\$1,257</b>	<b>+29%<sup>1</sup></b>
<b>Adjusted EBITDA</b>	<b>\$186</b>	<b>\$115</b>	<b>+62%</b>
% of sales	11.6%	9.1%	+250 bps

Long-term, sustainable growth driven by industry-leading value proposition, scope expansion and attractive secular trends of green energy, grid modernization and infrastructure investment

Leadership position and complete solutions offering continue to drive exceptional sales and profit growth



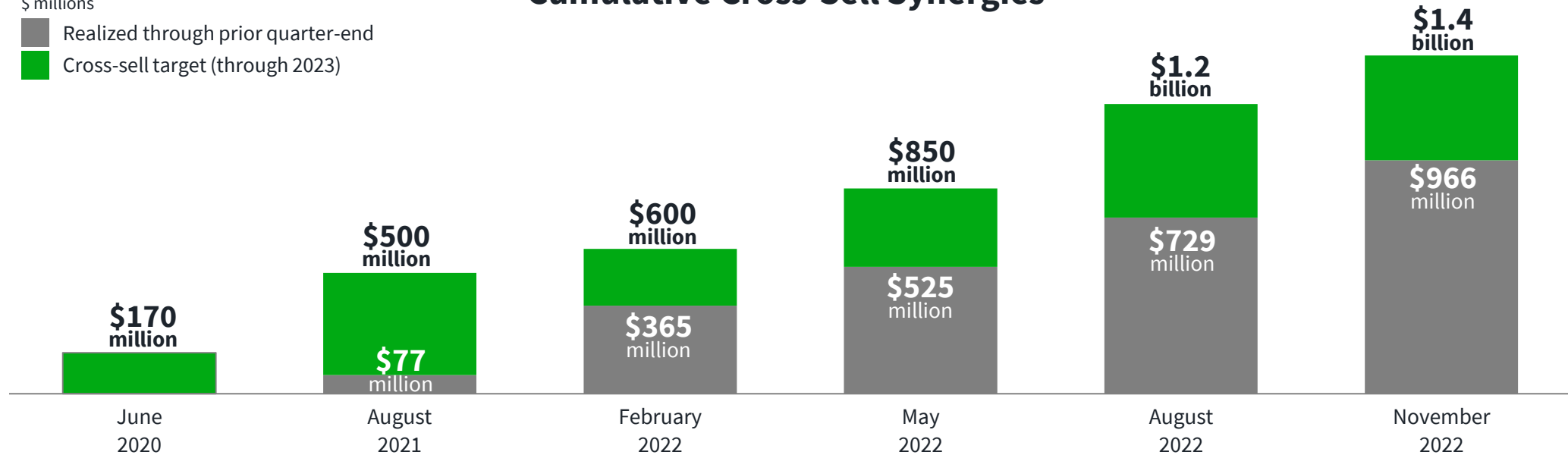
<sup>1</sup> Sales growth shown on an organic basis.  
See appendix for non-GAAP definitions and reconciliations.

# Increasing Cross-Sell Target to \$1.4 Billion

## Cumulative Cross-Sell Synergies

\$ millions

- Realized through prior quarter-end
- Cross-sell target (through 2023)



Expanding pipeline of cross-sell opportunities

Strong customer relationships and global supplier partnerships

Minimal overlap between legacy Wesco and Anixter customers

Highly complementary products and services

Salesforce training and incentives in place

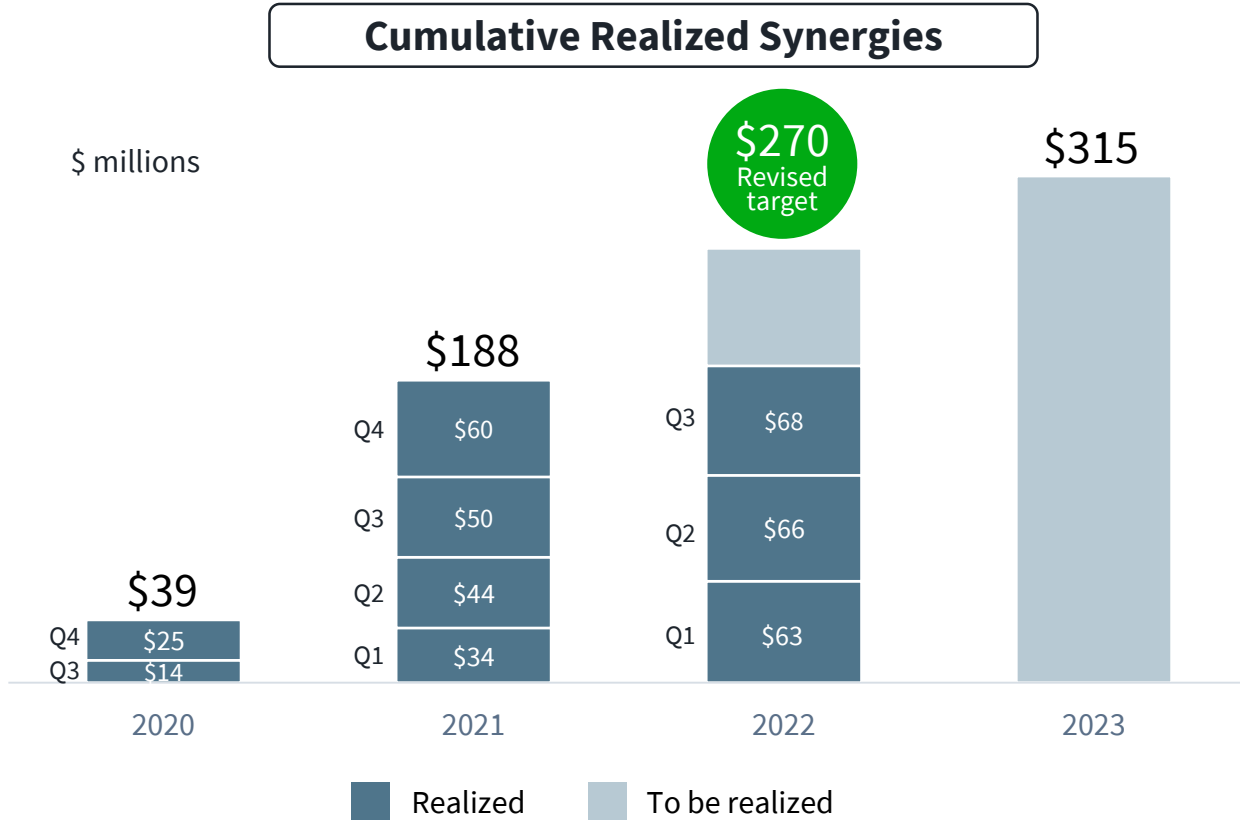
Capturing cross-sell opportunities within and across all three SBUs

Growth opportunity is further amplified by attractive secular growth trends

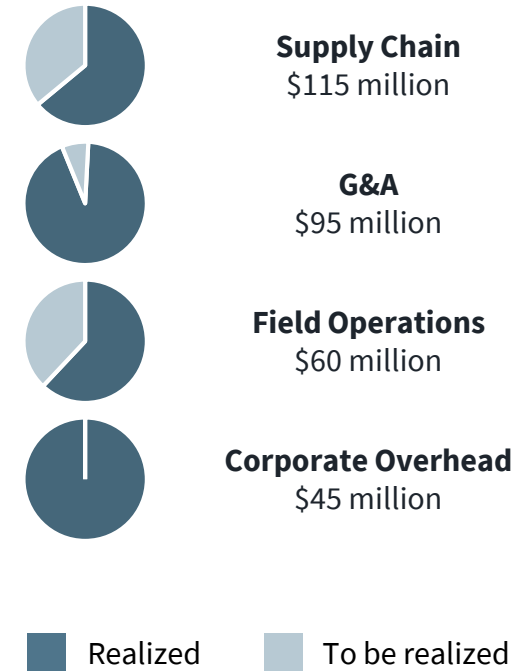
Successful cross-selling initiatives driving market outperformance



# Cost Synergy Realization Continues



**Cumulative Realized Synergies By Type**

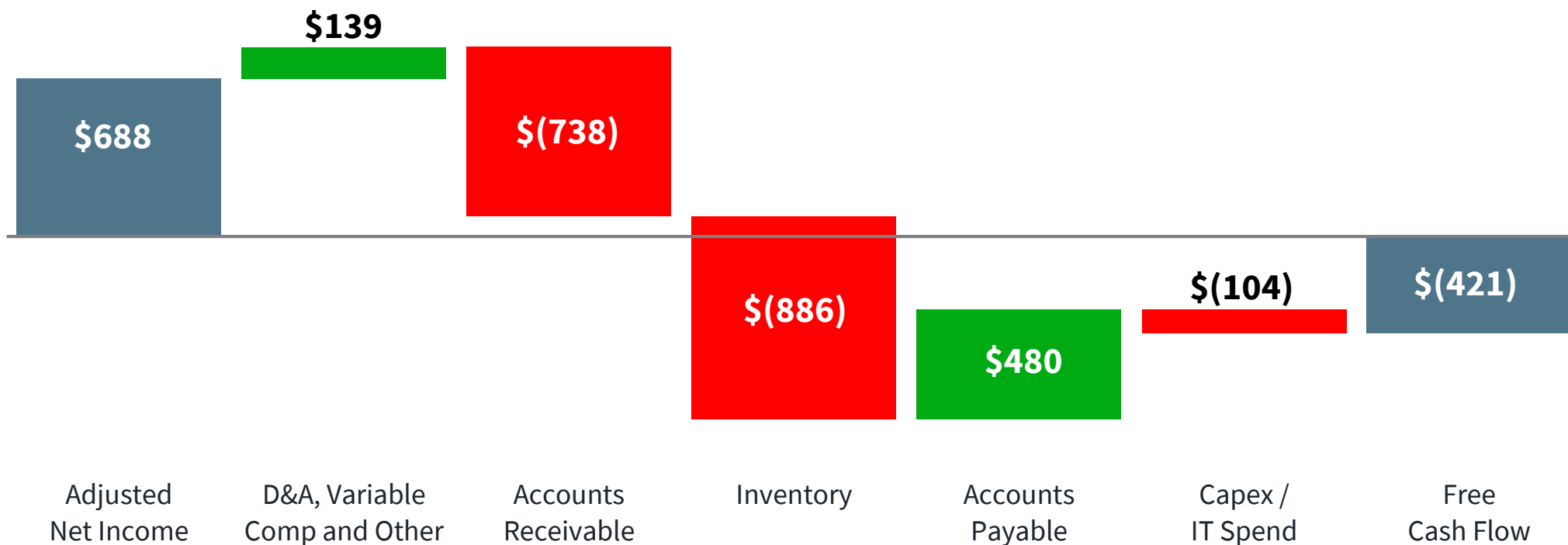


Tracking well toward 2023 cost synergy target of \$315 million

# Free Cash Flow

## Year-to-Date Free Cash Flow

\$ millions



Managing working capital to ensure effective execution in a high-growth, supply-constrained environment



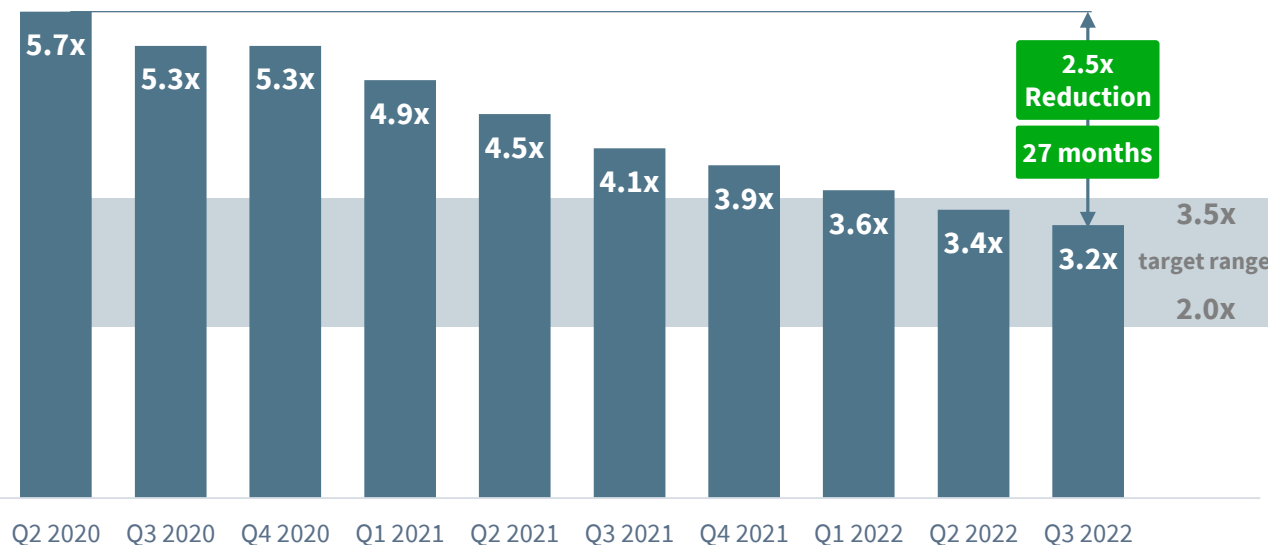
See appendix for non-GAAP definitions and reconciliations.



# Leverage Back within Target Range Well Ahead of Schedule

## Net Debt / TTM Adjusted EBITDA

Acquisition closed  
June 2020



- Leverage improved 0.2x in Q3 and 2.5x since Anixter merger closed in June 2020
- Returned to target leverage range 12 months sooner than originally expected
- Rapid deleveraging demonstrates inherent strength of our B2B distribution business model

Deleveraging continued in Q3; Now well within target range



See appendix for non-GAAP definitions and reconciliations.

# Updated 2022 Outlook

		Prior 8/4/22	Revised 11/3/22
Sales	Market growth (including price) Plus: share gain/cross-sell Less: differences of foreign exchange rates Plus: benefit of one more workday in 2022	+12% to +14% ~5% ~(1)% +0.5%	+12% to +14% ~5% ~(2)% +0.5%
	<b>Reported sales</b>	<b>+16% to +18%</b>	<b>+15% to +17%</b>
Adjusted EBITDA	<b>Adjusted EBITDA margin</b> <i>Implied midpoint of range</i>	<b>7.8% to 8.0%</b> <i>\$1.68 billion</i>	<b>7.9% to 8.0%</b> <i>\$1.68 billion</i>
Adjusted EPS	<b>Adjusted diluted EPS</b>	<b>\$15.60 to \$16.40</b>	<b>\$15.80 to \$16.20</b>
Cash	<b>Free cash flow percent of adjusted net income</b>	<b>~50%</b>	<b>~10%</b>

## Outlook Notes

- Does not reflect the effect of potential tax law changes or future refinancing activity
- Utility customer model shift results in negative sales impact of ~0.5%
- Does not reflect Rahi acquisition which closed on 11/1/22



See appendix for non-GAAP definitions.

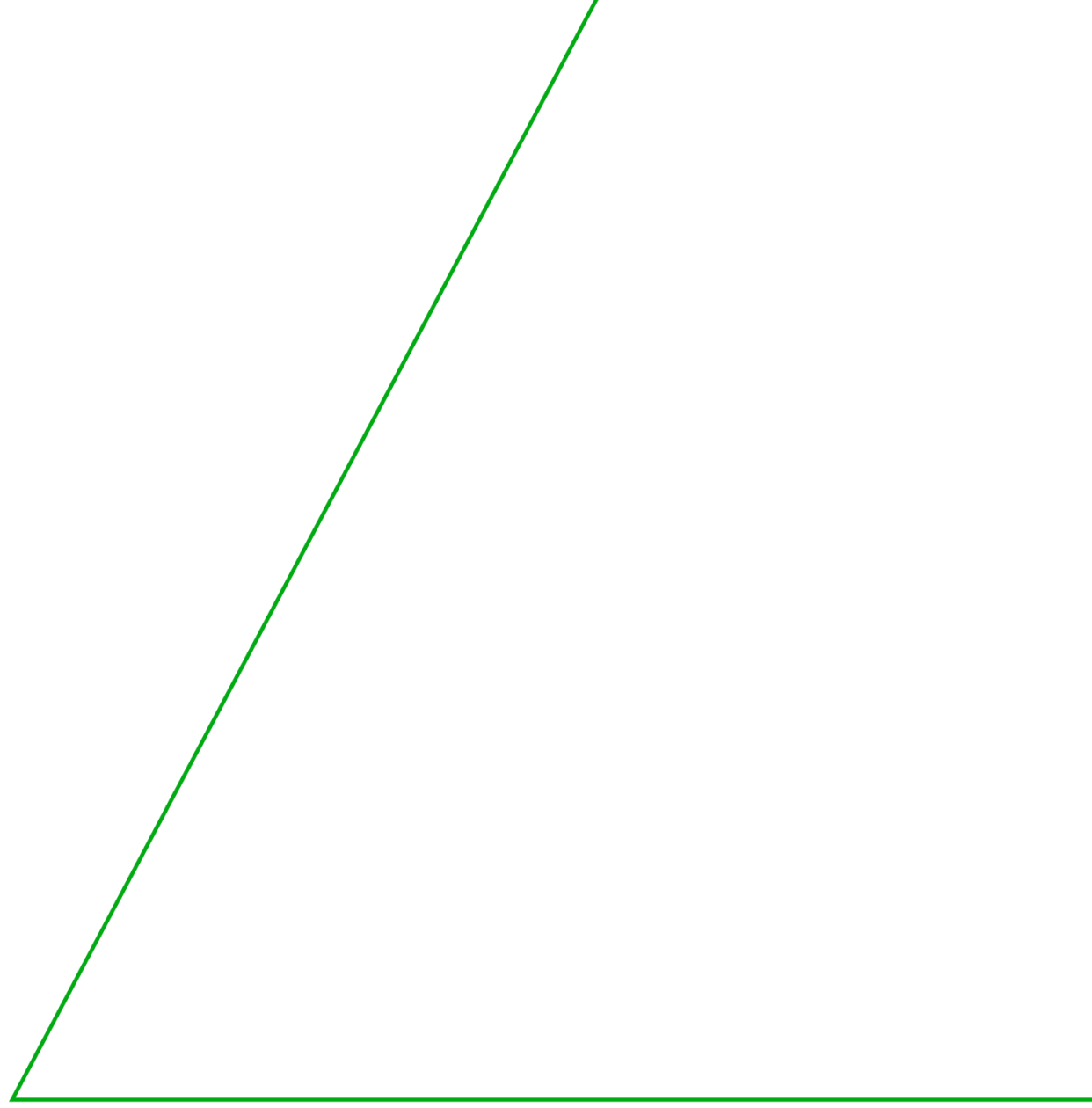
# Summary

- Outstanding results in Q3 and strongest quarter of Wesco + Anixter combination yet
  - Third quarter record sales
  - All-time record gross margin, operating profit, adjusted EBITDA, adjusted EBITDA margin and adjusted diluted EPS
  - Delivered record 8.6% adjusted EBITDA margin in the quarter with margin expansion of 160 bps over prior year on value-based pricing execution, accelerated cross-sell, and continued cost synergies
- Expanded market share through sales execution and cross-selling, and again increased cross-sell synergy target
- Leverage reduced further to 3.2x and is down 2.5x since merger close in June 2020
- Making excellent progress on our IT/Digital roadmap
- Exceptionally well positioned to benefit from secular growth trends

Differentiated capabilities and execution drive strong outlook



# APPENDIX



# Underlying Assumptions

	<b>Fourth Quarter</b>	<b>FY 2022</b>
Depreciation and Amortization	~\$40–45 million	~\$175–180 million
Interest Expense	~\$80–85 million	~\$285–290 million
Share Count	~52-53 million	~52-53 million
Effective Tax Rate	~26%	~24-25%

# Glossary

Abbreviations	
<b>1H:</b> First half of fiscal year	<b>MSD:</b> Mid-single digit
<b>2H:</b> Second half of fiscal year	<b>PF:</b> Pro Forma
<b>A/V:</b> Audio/visual	<b>PY:</b> Prior Year
<b>COGS:</b> Cost of goods sold	<b>OEM:</b> Original equipment manufacturer
<b>CIG:</b> Commercial, Institutional and Government	<b>OPEX:</b> Operating expenses
<b>CSS:</b> Communications & Security Solutions (strategic business unit)	<b>ROW:</b> Rest of world
<b>EES:</b> Electrical & Electronic Solutions (strategic business unit)	<b>RTW:</b> Return to Workplace
<b>ETR:</b> Effective tax rate	<b>SBU:</b> Strategic Business Unit
<b>FTTx:</b> Fiber-to-the-x (last mile fiber optic network connections)	<b>Seq:</b> Sequential
<b>HSD:</b> High-single digit	<b>TTM:</b> Trailing twelve months
<b>LSD:</b> Low-single digit	<b>UBS:</b> Utility & Broadband Solutions (strategic business unit)
<b>MRO:</b> Maintenance, repair and operating	<b>WD:</b> Workday
<b>MTDC:</b> Multi-tenant data center	<b>YOY:</b> Year-over-year
Definitions	
<b>Executed synergies:</b> Initiatives fully implemented – actions taken to generate savings	
<b>Realized synergies:</b> Savings that impact financial results versus pro forma 2019	
<b>One-time operating expenses:</b> Operating expenses that are in or will be realized in the P&L (including cash and non-cash)	
<b>Leverage:</b> Debt, net of cash, divided by trailing-twelve-month adjusted EBITDA	

# Workdays

	Q1	Q2	Q3	Q4	FY
2019	63	64	63	62	252
2020	64	64	64	61	253
2021	62	64	64	62	252
2022	63	64	64	62	253
2023	63	64	63	62	252

# Non-GAAP Measure Definitions

Organic sales growth is a non-GAAP financial measure of sales performance. Organic sales growth is calculated by deducting the percentage impact from acquisitions and divestitures for one year following the respective transaction, foreign exchange rates and number of workdays from the reported percentage change in consolidated net sales.

Gross profit is a financial measure commonly used in the distribution industry. Gross profit is calculated by deducting cost of goods sold, excluding depreciation and amortization, from net sales. Gross margin is calculated by dividing gross profit by net sales.

EBITDA, Adjusted EBITDA and Adjusted EBITDA margin % are non-GAAP financial measures that provide indicators of the Company's performance and its ability to meet debt service requirements. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before foreign exchange and other non-operating expenses (income), non-cash stock-based compensation expense, merger-related and integration costs, and net gain on the divestiture of Wesco's legacy utility and data communications businesses in Canada. Adjusted EBITDA margin % is calculated by dividing Adjusted EBITDA by net sales.

Free cash flow is a non-GAAP financial measure of liquidity. Capital expenditures are deducted from operating cash flow to determine free cash flow. Free cash flow is available to fund investing and financing activities.

Financial leverage is a non-GAAP measure of the use of debt. Financial leverage ratio is calculated by dividing total debt, excluding debt discount, debt issuance costs and fair value adjustments, net of cash, by adjusted EBITDA. EBITDA is defined as the trailing twelve months earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as the trailing twelve months EBITDA before foreign exchange and other non-operating expenses (income), non-cash stock-based compensation expense, merger-related and integration costs, and net gain on the divestiture of Wesco's legacy utility and data communications businesses in Canada.



# Organic Sales Growth by Segment

\$ thousands

## Organic Sales Growth by Segment - QTD:

	Three Months Ended		Growth/(Decline)				
	September 30, 2022	September 30, 2021	Reported	Divestiture Impact	Foreign Exchange Impact	Workday Impact	Organic Growth
EES	\$2,234,771	\$1,982,485	12.7%	— %	(2.2)%	— %	14.9%
CSS	1,602,459	1,488,689	7.6%	— %	(2.0)%	— %	9.6%
UBS	1,608,686	1,257,151	28.0%	— %	(0.6)%	— %	28.6%
<b>Total net sales</b>	<b>\$5,445,916</b>	<b>\$4,728,325</b>	<b>15.2%</b>	<b>— %</b>	<b>(1.7)%</b>	<b>— %</b>	<b>16.9%</b>

## Organic Sales Growth by Segment - Sequential:

	Three Months Ended		Growth/(Decline)				
	September 30, 2022	June 30, 2022	Reported	Divestiture Impact	Foreign Exchange Impact	Workday Impact	Organic Growth
EES	\$2,234,771	\$2,330,153	(4.1)%	— %	(0.9)%	— %	(3.2)%
CSS	1,602,459	1,601,997	— %	— %	(0.8)%	— %	0.8%
UBS	1,608,686	1,551,375	3.7%	— %	(0.3)%	— %	4.0%
<b>Total net sales</b>	<b>\$5,445,916</b>	<b>\$5,483,525</b>	<b>(0.7)%</b>	<b>— %</b>	<b>(0.7)%</b>	<b>— %</b>	<b>— %</b>

# Gross Profit and Free Cash Flow

\$ thousands

	Three Months Ended			Nine Months Ended	
	September 30, 2022	September 30, 2021	June 30, 2022	September 30, 2022	September 30, 2021
<b>Gross Profit:</b>					
Net sales	\$5,445,916	\$4,728,325	\$5,483,525	\$15,861,622	\$ 13,365,592
Cost of goods sold (excluding depreciation and amortization)	4,241,401	3,720,332	4,294,086	12,418,561	10,581,406
<b>Gross profit</b>	<b>\$1,204,515</b>	<b>\$1,007,993</b>	<b>\$1,189,439</b>	<b>\$3,443,061</b>	<b>\$2,784,186</b>
<b>Gross margin</b>	<b>22.1%</b>	<b>21.3%</b>	<b>21.7%</b>	<b>21.7%</b>	<b>20.8%</b>

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>Free Cash Flow:</b>				
Cash flow (used in) provided by operations	\$(106,090)	\$69,875	\$(410,621)	\$172,670
Less: Capital expenditures	(27,725)	(4,979)	(59,366)	(25,170)
Add: Merger-related and integration cash costs	6,200	20,109	49,460	61,676
<b>Free cash flow</b>	<b>\$ (112,615)</b>	<b>\$85,005</b>	<b>\$(420,527)</b>	<b>\$209,176</b>
<b>Percentage of adjusted net income</b>	<b>(51)%</b>	<b>54%</b>	<b>(61)%</b>	<b>53%</b>

# Adjusted EBITDA

\$ thousands

EBITDA and Adjusted EBITDA by Segment:	Three Months Ended September 30, 2022				
	EES	CSS	UBS	Corporate	Total
Net income attributable to common stockholders	\$214,054	\$138,747	\$180,354	\$ (307,905)	\$225,250
Net income attributable to noncontrolling interests	200	—	—	408	608
Preferred stock dividends	—	—	—	14,352	14,352
Provision for income taxes	—	—	—	85,637	85,637
Interest expense, net	—	—	—	75,057	75,057
Depreciation and amortization	9,596	15,929	5,859	11,339	42,723
<b>EBITDA</b>	<b>\$223,850</b>	<b>\$154,676</b>	<b>\$186,213</b>	<b>\$(121,112)</b>	<b>\$443,627</b>
Other (income) expense, net	(1,069)	266	(1,063)	2,554	688
Stock-based compensation expense <sup>(1)</sup>	2,983	1,428	1,107	2,853	8,371
Merger-related and integration costs	—	—	—	13,210	13,210
<b>Adjusted EBITDA</b>	<b>\$225,764</b>	<b>\$156,370</b>	<b>\$186,257</b>	<b>\$(102,495)</b>	<b>\$465,896</b>
<b>Adjusted EBITDA margin %</b>	<b>10.1%</b>	<b>9.8%</b>	<b>11.6%</b>		<b>8.6%</b>

EBITDA and Adjusted EBITDA by Segment:	Three Months Ended September 30, 2021				
	EES	CSS	UBS	Corporate	Total
Net income attributable to common stockholders	\$155,627	\$107,898	\$108,150	\$ (266,431)	\$105,244
Net income attributable to noncontrolling interests	309	—	—	291	600
Preferred stock dividends	—	—	—	14,352	14,352
Provision for income taxes	—	—	—	44,870	44,870
Interest expense, net	—	—	—	69,720	69,720
Depreciation and amortization	16,840	24,723	5,869	9,300	56,732
<b>EBITDA</b>	<b>\$172,776</b>	<b>\$132,621</b>	<b>\$114,019</b>	<b>\$(127,898)</b>	<b>\$291,518</b>
Other (income) expense, net	(726)	328	22	(4,944)	(5,320)
Stock-based compensation expense <sup>(1)</sup>	1,848	752	633	5,079	8,312
Merger-related and integration costs	—	—	—	35,750	35,750
<b>Adjusted EBITDA</b>	<b>\$173,898</b>	<b>\$133,701</b>	<b>\$114,674</b>	<b>\$(92,013)</b>	<b>\$ 330,260</b>
<b>Adjusted EBITDA margin %</b>	<b>8.8%</b>	<b>9.0%</b>	<b>9.1%</b>		<b>7.0%</b>

<sup>(1)</sup> Stock-based compensation expense in the calculation of adjusted EBITDA for the three months ended September 30, 2022 and September 30, 2021 excludes \$1.3 million as such amount is included in merger-related and integration costs.



# Adjusted EPS

\$ thousands	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2022</b>	<b>September 30, 2021</b>	<b>September 30, 2022</b>	<b>September 30, 2021</b>
<b>Adjusted Income from Operations:</b>	\$401,592	\$229,466	\$1,056,330	\$581,589
Merger-related and integration costs	13,210	35,750	52,200	119,792
Accelerated trademark amortization	389	15,147	9,384	20,196
Net gain on divestitures	—	—	—	(8,927)
<b>Adjusted income from operations</b>	<b>\$415,191</b>	<b>\$280,363</b>	<b>\$1,117,914</b>	<b>\$712,650</b>
<b>Adjusted Provision for Income Taxes:</b>				
Provision for income taxes	\$85,637	\$44,870	\$203,178	\$84,201
Income tax effect of adjustments to income from operations <sup>(1)</sup>	3,673	13,512	16,371	32,968
<b>Adjusted provision for income taxes</b>	<b>\$89,310</b>	<b>\$58,382</b>	<b>\$219,549</b>	<b>\$117,169</b>
<b>Adjusted Earnings per Diluted Share:</b>				
Adjusted income from operations	\$415,191	\$280,363	\$1,117,914	\$712,650
Interest expense, net	75,057	69,720	207,155	207,683
Other expense (income), net	688	(5,320)	3,007	(8,929)
Adjusted income before income taxes	339,446	215,963	907,752	513,896
Adjusted provision for income taxes	89,310	58,382	219,549	117,169
Adjusted net income	250,136	157,581	688,203	396,727
Net income attributable to noncontrolling interests	608	600	1,439	665
Adjusted net income attributable to WESCO International, Inc.	249,528	156,981	686,764	396,062
Preferred stock dividends	14,352	14,352	43,056	43,056
Adjusted net income attributable to common stockholders	\$235,176	\$142,629	\$643,708	\$353,006
Diluted shares	52,389	52,063	52,386	51,896
<b>Adjusted earnings per diluted share</b>	<b>\$4.49</b>	<b>\$2.74</b>	<b>\$12.29</b>	<b>\$6.80</b>

<sup>(1)</sup> The adjustments to income from operations have been tax effected at a rate of approximately 27% for the three and nine months ended September 30, 2022, and at rates of approximately 27% and 25% for the three and nine months ended September 30, 2021, respectively.

# Capital Structure and Leverage

\$ thousands

	Twelve Months Ended	
	September 30, 2022	December 31, 2021
<b>Financial Leverage:</b>		
Net income attributable to common stockholders	\$751,555	\$407,974
Net income attributable to noncontrolling interests	1,794	1,020
Preferred stock dividends	57,408	57,408
Provision for income taxes	234,487	115,510
Interest expense, net	267,545	268,073
Depreciation and amortization	189,478	198,554
<b>EBITDA</b>	<b>1,502,267</b>	<b>1,048,539</b>
Other income, net <sup>(1)</sup>	(36,176)	(48,112)
Stock-based compensation expense	37,122	25,699
Merger-related and integration costs	90,892	158,484
Net gain on divestitures	—	(8,927)
<b>Adjusted EBITDA</b>	<b>\$1,594,105</b>	<b>\$1,175,683</b>
	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Short-term debt and current portion of long-term debt, net	\$69,295	\$9,528
Long-term debt, net	5,192,816	4,701,542
Debt discount and debt issuance costs <sup>(2)</sup>	60,765	70,572
Fair value adjustments to Anixter Senior Notes due 2023 and 2025 <sup>(2)</sup>	(439)	(957)
<b>Total debt</b>	<b>5,322,437</b>	<b>4,780,685</b>
Less: cash and cash equivalents	234,083	212,583
<b>Total debt, net of cash</b>	<b>\$5,088,354</b>	<b>\$4,568,102</b>
<b>Financial leverage ratio</b>	<b>3.2</b>	<b>3.9</b>

<sup>(1)</sup> Other non-operating income for the twelve months ended September 30, 2022 and December 31, 2021 includes a \$36.6 million curtailment gain resulting from the remeasurement of the Company's pension obligations in the U.S. and Canada due to amending certain terms of such defined benefit plans.

<sup>(2)</sup> Debt is presented in the condensed consolidated balance sheets net of debt discount and debt issuance costs, and includes adjustments to record the long-term debt assumed in the merger with Anixter at its acquisition date fair value.

