

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 30, 2020

WESCO International, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

225 West Station Square Drive
Suite 700
Pittsburgh, Pennsylvania
(Address of principal executive offices)

001-14989
(Commission File Number)

25-1723342
(IRS Employer
Identification No.)

15219
(Zip Code)

(412) 454-2200
(Registrant's telephone number, including area code)

Not applicable.
(Former name or former address, if changed since last report)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Class	Trading Symbol(s)	Name of Exchange on which registered
Common Stock, par value \$.01 per share	WCC	New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

The information in this Item 2.02 is being furnished and shall not be deemed "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Item 2.02 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

On January 30, 2020, WESCO International, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter and full year 2019. A copy of the press release is attached hereto as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure.

The information in this Item 7.01 is being furnished and shall not be deemed "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Item 7.01 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

A slide presentation to be used by senior management of the Company in connection with its discussions with investors regarding the Company's financial results for the fourth quarter and full year 2019 is included in Exhibit 99.2 to this report and is being furnished in accordance with Regulation FD of the Securities and Exchange Commission.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits.**

The following are furnished as exhibits to this report.

[99.1 Press Release, dated January 30, 2020](#)

[99.2 Slide presentation for investors](#)

Additional Information and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended. In connection with the potential transaction between WESCO International, Inc. ("WESCO") and Anixter International Inc. ("Anixter"), WESCO expects to file a registration statement on Form S-4 with the U.S. Securities and Exchange Commission ("SEC") containing a preliminary prospectus of WESCO that also constitutes a preliminary proxy statement of Anixter. After the registration statement is declared effective Anixter will mail a definitive proxy statement/prospectus to stockholders of Anixter. This communication is not a substitute for the proxy statement/prospectus or registration statement or for any other document that WESCO or Anixter may file with the SEC and send to Anixter's stockholders in connection with the potential transaction. INVESTORS AND SECURITY HOLDERS OF WESCO AND ANIXTER ARE URGED TO READ THE REGISTRATION STATEMENT, PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of the registration statement, proxy statement/prospectus and other documents filed with the SEC by WESCO or Anixter through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by WESCO will be available free of charge on WESCO's website at <http://wesco.investorroom.com/sec-filings> and copies of the documents filed with the SEC by Anixter will be available free of charge on Anixter's website at <http://investors.anixter.com/financials/sec-filings>.

Participants in the Solicitation

WESCO and Anixter and certain of their respective directors, certain of their respective executive officers and other members of management and employees may be considered participants in the solicitation of proxies from Anixter shareholders with respect to the potential transaction under the rules of the SEC. Information about the directors and executive officers of WESCO is set forth in its Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the SEC on February 27, 2019, and its proxy statement for its 2019 annual meeting of stockholders, which was filed with the SEC on April 15, 2019. Information about the directors and executive officers of Anixter is set forth in its Annual Report on Form 10-K for the year ended December 28, 2018, which was filed with the SEC on February 21, 2019, and its proxy statement for its 2019 annual meeting of stockholders, which was filed with the SEC on April 18, 2019. These documents can be obtained free of charge from the sources

indicated above. Additional information regarding the interests of such participants in the solicitation of proxies in respect of the potential transaction will be included in the registration statement and proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

Cautionary Note Regarding 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 completion and timing of the proposed transaction, expected benefits and costs of the proposed transaction, and management plans relating to the proposed transaction, and statements that address WESCO'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. Certain of these risks are set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as well as the Company's other reports filed with the SEC.

These risks, uncertainties and assumptions also include the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed transaction between WESCO and Anixter that could reduce anticipated benefits or cause the parties to abandon the proposed transaction, the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, the possibility that stockholders of Anixter may not adopt the merger agreement, the risk that the parties may not be able to satisfy the conditions to the proposed transaction in a timely manner or at all, risks related to disruption of management time from ongoing business operations due to the proposed transaction, the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of WESCO's common stock, the risk of any unexpected costs or expenses resulting from the proposed transaction, the risk of any litigation relating to the proposed transaction, the risk that the proposed transaction and its announcement could have an adverse effect on the ability of WESCO or Anixter to retain customers and retain and hire key personnel and maintain relationships with their suppliers, customers and other business relationships and on their operating results and businesses generally, the risk that the pending proposed transaction could distract management of both entities and they will incur substantial costs, 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 proposed transaction or it may take longer than expected to achieve those synergies or benefits 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 WESCO's control.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WESCO International, Inc.

(Registrant)

January 30, 2020

(Date)

By: /s/ David S. Schulz

David S. Schulz

Senior Vice President and Chief Financial Officer



NEWS RELEASE

WESCO International, Inc. / Suite 700, 225 West Station Square Drive / Pittsburgh, PA 15219

WESCO International, Inc. Reports Fourth Quarter and Full Year 2019 Results

Fourth quarter highlights:

- Consolidated net sales of \$2.1 billion, up 4.4% versus prior year
 - Organic sales growth of 3.9%
- Earnings per diluted share of \$1.26
 - \$1.32 adjusted for merger-related transaction costs
- Operating cash flow of \$108 million; free cash flow of \$94 million, or 178% of net income
- Leverage of 2.8x, down 0.2x sequentially
- Announced merger agreement with Anixter; expected to close Q2 or Q3 of 2020

Full year results:

- Record consolidated net sales of \$8.4 billion, up 2.2% versus prior year
 - Organic sales growth of 2.6%
- Earnings per diluted share of \$5.14, up 7% versus prior year
 - \$5.20 adjusted for merger-related transaction costs, up 8% versus prior year
- Operating cash flow of \$224 million; free cash flow of \$180 million, or 81% of net income
- Repurchased \$150 million of shares

PITTSBURGH, January 30, 2020 /PRNewswire/ -- WESCO International, Inc. (NYSE: WCC), a leading provider of electrical, industrial, and communications maintenance, repair and operating (MRO) and original equipment manufacturer (OEM) products, construction materials, and advanced supply chain management and logistics services, announces its results for the fourth quarter and full year 2019.

Mr. John J. Engel, WESCO's Chairman, President and CEO, commented, "We achieved record fourth quarter and full year sales results against end market conditions that were more challenging than expected. Notably, all of our end markets and geographies grew on a year-over-year basis for the third consecutive year. Gross margin was down versus prior year driven by business mix and the impact of supplier price increases, which we continue to work into the market. Operating margin was within our expected range, after adjusting for Anixter merger-related transaction costs, and was driven by effective cost management. EPS grew 8% to a record \$5.20 in 2019, after adjusting for the Anixter-related costs. Free cash flow generation was also strong in the quarter and financial leverage ended the year at 2.8 times net debt to EBITDA after completing \$150 million of share repurchases in 2019."

Mr. Engel continued, "As announced earlier this month, the transformational combination of WESCO and Anixter will create a premier electrical and data communications distribution and supply chain services company. As a result, we expect 2020 to be a watershed year for WESCO and we look forward to the substantial value creation for our stockholders, customers, suppliers, and people. We continue to expect to close this transaction in the second or third quarter of 2020 after receiving approvals from Anixter stockholders and certain regulatory authorities."

Mr. Engel added, "Our end market outlook for 2020 provided last quarter remains unchanged. We expect to outperform the market by leveraging our full range of WESCO services and supply chain solutions, by making investments in our people and digital capabilities, and by maintaining our cash and cost management discipline. As a result, we continue to expect sales growth in the range of zero to 4% this year, and provide our full year 2020 outlook for operating margin of 4.1% to 4.4%, EPS of \$5.10 to \$5.70 per diluted share, and free cash flow generation of at least 90% of net income excluding any impacts of the announced merger with Anixter."

The following are results for the three months ended December 31, 2019 compared to the three months ended December 31, 2018:

- Net sales were \$2.1 billion for the fourth quarter of 2019, up 4.4% compared to the fourth quarter of 2018. Organic sales for the fourth quarter of 2019 grew by 3.9% as foreign exchange rates negatively impacted net sales by 0.3%, and acquisitions positively impacted net sales by 0.8%.
- Cost of goods sold for the fourth quarter of 2019 was \$1.7 billion and gross profit was \$389.8 million, compared to cost of goods sold and gross profit of \$1.6 billion and \$390.3 million, respectively, for the fourth quarter of 2018. As a percentage of net sales, gross profit was 18.6% and 19.4% for the fourth quarter of 2019 and 2018, respectively. Sequentially, gross profit as a percentage of net sales was flat. Gross profit as a percentage of net sales for the fourth quarter of 2019 was negatively impacted by a challenging pricing environment, as well as business mix.
- Selling, general and administrative ("SG&A") expenses were \$289.9 million, or 13.8% of net sales, for the fourth quarter of 2019, compared to \$284.2 million, or 14.1% of net sales, for the fourth quarter of 2018. SG&A expenses for the fourth quarter of 2019 include \$3.1 million of transaction costs related to WESCO's merger with Anixter International, as announced on January 10, 2020.
- Operating profit was \$83.8 million for the fourth quarter of 2019, compared to \$90.5 million for the fourth quarter of 2018. Operating profit as a percentage of net sales was 4.0% for the current quarter, compared to 4.5% for the fourth quarter of the prior year. Adjusted for merger-related transaction costs of \$3.1 million, operating profit was \$86.9 million for the fourth quarter of 2019, or 4.1% of net sales.
- Net interest and other for the fourth quarter of 2019 was \$16.2 million, compared to \$16.8 million for the fourth quarter of 2018.
- The effective tax rate for the fourth quarter of 2019 was 22.0%, compared to 21.2% for the fourth quarter of 2018. The higher effective tax rate in the current quarter is primarily due to the full application of the international provisions of U.S. tax reform.
- Net income attributable to WESCO International, Inc. was \$53.1 million for the fourth quarter of 2019, compared to \$58.1 million for the fourth quarter of 2018.
- Earnings per diluted share for the fourth quarter of 2019 and 2018 was \$1.26, based on 42.2 million and 46.2 million diluted shares, respectively. Adjusted earnings per diluted share for the fourth quarter of 2019 was \$1.32.
- Operating cash flow for the fourth quarter of 2019 was \$107.7 million, compared to \$122.3 million for the fourth quarter of 2018. Free cash flow for the fourth quarter of 2019 was \$94.0 million, or 178% of net income, compared to \$109.8 million, or 189% of net income, for the fourth quarter of 2018.

The following are results for the year ended December 31, 2019 compared to the year ended December 31, 2018:

- Net sales were \$8.4 billion for 2019, compared to \$8.2 billion for 2018, an increase of 2.2%. Organic sales for 2019 grew by 2.6% as foreign exchange rates and the number of workdays negatively impacted net sales by 0.8% and 0.4%, respectively, and were partially offset by the positive 0.8% impact from acquisitions.
- Cost of goods sold for 2019 was \$6.8 billion, compared to \$6.6 billion for 2018. Gross profit was \$1.6 billion for 2019 and 2018. As a percentage of net sales, gross profit was 18.9% and 19.2% for 2019 and 2018, respectively. Gross profit as a percentage of net sales for 2019 was negatively impacted by a challenging pricing environment, as well as business mix.
- SG&A expenses were \$1.2 billion for 2019 and 2018. SG&A expenses were 14.0% and 14.1% of net sales for 2019 and 2018, respectively.
- Operating profit was \$346.2 million for 2019, or 4.1% of net sales, compared to \$352.5 million for 2018, or 4.3% of net sales. Adjusted for merger-related transaction costs of \$3.1 million, operating profit was \$349.3 million for 2019, or 4.2% of net sales.
- Net interest and other for 2019 was \$64.2 million, compared to \$71.4 million for 2018. The resolution of transfer pricing matters associated with the Canadian taxing authority resulted in non-cash interest income of \$3.7 million for the year ended December 31, 2019. For the year ended December 31, 2018, net interest and other includes a foreign exchange loss of \$3.0 million from the remeasurement of a financial instrument, as well as accelerated amortization of debt discount and debt issuance costs totaling \$0.8 million due to early repayments of our then outstanding term loan facility.

- The effective tax rate for 2019 was 21.2%, compared to 19.8% for 2018. The higher effective tax rate in the current year is primarily due to the full application of the international provisions of U.S. tax reform.
- Net income attributable to WESCO International, Inc. was \$223.4 million and \$227.3 million for 2019 and 2018, respectively.
- Earnings per diluted share for 2019 was \$5.14, based on 43.5 million diluted shares, compared to \$4.82 for 2018, based on 47.2 million diluted shares. Adjusted earnings per diluted share for 2019 was \$5.20.
- Operating cash flow for 2019 was \$224.4 million, compared to \$296.7 million for 2018. Free cash flow for 2019 was \$180.3 million, or 81% of net income, compared to \$260.5 million, or 116% of net income, for 2018. The Company repurchased \$150.0 million of shares during 2019.

Webcast and Teleconference Access

WESCO will conduct a webcast and teleconference to discuss the fourth quarter and full year 2019 earnings as described in this News Release on Thursday, January 30, 2020, at 10:00 a.m. E.T. The call will be broadcast live over the internet and can be accessed from the Investor Relations page of the Company's website at www.wesco.investorroom.com. The call will be archived on this internet site for seven days.

WESCO International, Inc. (NYSE: WCC), a publicly traded Fortune 500 holding company headquartered in Pittsburgh, Pennsylvania, is a leading provider of electrical, industrial, and communications maintenance, repair and operating (MRO) and original equipment manufacturer (OEM) products, construction materials, and advanced supply chain management and logistic services. 2019 annual sales were approximately \$8.4 billion. The company employs approximately 9,500 people, maintains relationships with approximately 30,000 suppliers, and serves approximately 70,000 active customers worldwide. Customers include commercial and industrial businesses, contractors, government agencies, institutions, telecommunications providers, and utilities. WESCO operates 11 fully automated distribution centers and approximately 500 branches in North America and international markets, providing a local presence for customers and a global network to serve multi-location businesses and multi-national corporations.

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 completion and timing of the proposed transaction between WESCO International, Inc. ("WESCO") and Anixter International Inc. ("Anixter"), expected benefits and costs of the proposed transaction, and management plans relating to the proposed transaction, and statements that address WESCO'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. Certain of these risks are set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as well as the Company's other reports filed with the U.S. Securities and Exchange Commission ("SEC").

These risks, uncertainties and assumptions also include the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed transaction between WESCO and Anixter that could reduce anticipated benefits or cause the parties to abandon the proposed transaction, the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, the possibility that stockholders of Anixter may not adopt the merger agreement, the risk that the parties may not be able to satisfy the conditions to the proposed transaction in a timely manner or at all, risks related to disruption of management time from ongoing business operations due to the proposed transaction, the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of WESCO's common stock, the risk of any unexpected costs or expenses resulting from the proposed transaction, the risk of any litigation relating to the proposed transaction, the risk that the proposed transaction and its announcement could have an adverse effect on the ability of WESCO or Anixter to retain customers and retain and hire key personnel and maintain relationships with their suppliers, customers and other business relationships and on their operating results and businesses generally, the risk that the pending proposed transaction could distract management of both entities

and they will incur substantial costs, 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 proposed transaction or it may take longer than expected to achieve those synergies or benefits 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 WESCO's control.

Additional Information and Where to Find It

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Participants in the Solicitation

WESCO and Anixter and certain of their respective directors, certain of their respective executive officers and other members of management and employees may be considered participants in the solicitation of proxies from Anixter shareholders with respect to the potential transaction under the rules of the SEC. Information about the directors and executive officers of WESCO is set forth in its Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the SEC on February 27, 2019, and its proxy statement for its 2019 annual meeting of stockholders, which was filed with the SEC on April 15, 2019. Information about the directors and executive officers of Anixter is set forth in its Annual Report on Form 10-K for the year ended December 28, 2018, which was filed with the SEC on February 21, 2019, and its proxy statement for its 2019 annual meeting of stockholders, which was filed with the SEC on April 18, 2019. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of such participants in the solicitation of proxies in respect of the potential transaction will be included in the registration statement and proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

Contact Information:
Will Ruthrauff
Director, Investor Relations and Corporate Communications
(412) 454-4220
<http://www.wesco.com>

WESCO INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(dollar amounts in thousands, except per share amounts)
(Unaudited)

	Three Months Ended				
	December 31, 2019		December 31, 2018		
Net sales	\$	2,099,452		\$	2,011,447
Cost of goods sold (excluding depreciation and amortization)		1,709,658	81.4%		1,621,117
Selling, general and administrative expenses		289,914	13.8%		284,155
Depreciation and amortization		16,072			15,675
Income from operations		83,808	4.0%		90,500
Net interest and other		16,221			16,840
Income before income taxes		67,587	3.2%		73,660
Provision for income taxes		14,893			15,592
Net income		52,694	2.5%		58,068
Net loss attributable to noncontrolling interests		(404)			(67)
Net income attributable to WESCO International, Inc.	\$	53,098	2.5%	\$	58,135
Earnings per diluted common share	\$	1.26		\$	1.26
Weighted-average common shares outstanding and common share equivalents used in computing earnings per diluted common share (in thousands)		42,210			46,179

WESCO INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(dollar amounts in thousands, except per share amounts)
(Unaudited)

	Twelve Months Ended				
	December 31, 2019		December 31, 2018		
Net sales	\$	8,358,917		\$	8,176,601
Cost of goods sold (excluding depreciation and amortization)		6,777,456	81.1%		6,609,220
Selling, general and administrative expenses		1,173,137	14.0%		1,151,944
Depreciation and amortization		62,107			62,997
Income from operations		346,217	4.1%		352,440
Net interest and other		64,156			71,415
Income before income taxes		282,061	3.4%		281,025
Provision for income taxes		59,863			55,670
Net income		222,198	2.7%		225,355
Net loss attributable to noncontrolling interests		(1,228)			(1,988)
Net income attributable to WESCO International, Inc.	\$	223,426	2.7%	\$	227,343
Earnings per diluted common share	\$	5.14		\$	4.82
Weighted-average common shares outstanding and common share equivalents used in computing earnings per diluted common share (in thousands)		43,487			47,199

WESCO INTERNATIONAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollar amounts in thousands)

(Unaudited)

Assets	December 31, 2019	December 31, 2018
Current Assets		
Cash and cash equivalents	\$ 150,902	\$ 96,343
Trade accounts receivable, net	1,187,359	1,166,607
Inventories	1,011,674	948,726
Other current assets	190,476	173,964
Total current assets	2,540,411	2,385,640
Other assets ⁽¹⁾	2,477,224	2,219,396
Total assets	\$ 5,017,635	\$ 4,605,036
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 830,478	\$ 794,348
Short-term borrowings and current debt	26,685	56,214
Other current liabilities ⁽¹⁾	226,896	211,384
Total current liabilities	1,084,059	1,061,946
Long-term debt, net	1,257,067	1,167,311
Other noncurrent liabilities ⁽¹⁾	417,838	246,053
Total liabilities	2,758,964	2,475,310
Stockholders' Equity		
Total stockholders' equity	2,258,671	2,129,726
Total liabilities and stockholders' equity	\$ 5,017,635	\$ 4,605,036

⁽¹⁾ Effective January 1, 2019, the Company adopted Accounting Standards Update 2016-02, *Leases*, and all the related amendments ("Topic 842") using the effective date method. The adoption of Topic 842 resulted in the recognition of right-of-use assets and lease liabilities in the balance sheet. As of December 31, 2019, other assets includes \$235.8 million of operating lease assets, and other current liabilities and other noncurrent liabilities include \$62.0 million and \$179.8 million, respectively, of operating lease liabilities.

WESCO INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollar amounts in thousands)

(Unaudited)

	Twelve Months Ended	
	December 31, 2019	December 31, 2018
Operating Activities:		
Net income	\$ 222,198	\$ 225,355
Add back (deduct):		
Depreciation and amortization	62,107	62,997
Deferred income taxes	13,205	9,137
Change in trade receivables, net	11,453	(22,934)
Change in inventories	(47,297)	(8,702)
Change in accounts payable	23,506	9,193
Other	(60,805)	21,675
Net cash provided by operating activities	224,367	296,721
Investing Activities:		
Capital expenditures	(44,067)	(36,210)
Other	(16,733)	2,068
Net cash used in investing activities	(60,800)	(34,142)
Financing Activities:		
Debt borrowings (repayments), net	57,187	(128,068)
Equity activity, net	(153,049)	(127,169)
Other	(13,904)	(19,857)
Net cash used in financing activities	(109,766)	(275,094)
Effect of exchange rate changes on cash and cash equivalents	758	(9,095)
Net change in cash and cash equivalents	54,559	(21,610)
Cash and cash equivalents at the beginning of the period	96,343	117,953
Cash and cash equivalents at the end of the period	\$ 150,902	\$ 96,343

NON-GAAP FINANCIAL MEASURES

This earnings release includes certain non-GAAP financial measures. These financial measures include organic sales growth, gross profit, gross margin, financial leverage, earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA free cash flow, adjusted income from operations, 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 sales performance, and the use of debt and liquidity on a comparable basis. Management does not use these non-GAAP financial measures for any purpose other than the reasons stated above.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands, except organic sales data)

(Unaudited)

Organic Sales Growth:	Three Months Ended	Twelve Months Ended
	December 31, 2019	December 31, 2019
Change in net sales	4.4 %	2.2 %
Impact from acquisitions	0.8 %	0.8 %
Impact from foreign exchange rates	(0.3)%	(0.8)%
Impact from number of workdays	— %	(0.4)%
Organic sales growth	<u>3.9 %</u>	<u>2.6 %</u>

Note: Organic sales growth is a measure of sales performance. Organic sales growth is calculated by deducting the percentage impact from acquisitions in the first year of ownership, foreign exchange rates and number of workdays from the overall percentage change in consolidated net sales.

Gross Profit:	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Net sales	\$ 2,099,452	\$ 2,011,447	\$ 8,358,917	\$ 8,176,601
Cost of goods sold (excluding depreciation and amortization)	1,709,658	1,621,117	6,777,456	6,609,220
Gross profit	<u>\$ 389,794</u>	<u>\$ 390,330</u>	<u>\$ 1,581,461</u>	<u>\$ 1,567,381</u>
Gross margin	18.6%	19.4%	18.9%	19.2%

Gross Profit:	Three Months Ended September 30, 2019
Net sales	\$ 2,148,110
Cost of goods sold (excluding depreciation and amortization)	1,747,913
Gross profit	<u>\$ 400,197</u>
Gross margin	18.6%

Note: Gross profit is a financial measure commonly used within 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.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands)

(Unaudited)

Financial Leverage:	Twelve Months Ended	
	December 31,	December 31,
	2019	2018
Income from operations	\$ 346,217	\$ 352,440
Depreciation and amortization	62,107	62,997
EBITDA	\$ 408,324	\$ 415,437
	December 31,	December 31,
	2019	2018
Short-term borrowings and current debt	\$ 26,685	\$ 56,214
Long-term debt	1,257,067	1,167,311
Debt discount and debt issuance costs ⁽¹⁾	8,876	9,731
Total debt	1,292,628	1,233,256
Less: cash and cash equivalents	150,902	96,343
Total debt, net of cash	\$ 1,141,726	\$ 1,136,913
Financial leverage ratio	2.8	2.7

⁽¹⁾ Debt is presented in the condensed consolidated balance sheets net of debt discount and debt issuance costs.

Note: Financial leverage measures the use of debt. Financial leverage ratio is calculated by dividing total debt, including debt discount and debt issuance costs, net of cash, by EBITDA. EBITDA is defined as the trailing twelve months earnings before interest, taxes, depreciation and amortization.

Free Cash Flow:	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Cash flow provided by operations	\$ 107,703	\$ 122,261	\$ 224,367	\$ 296,721
Less: capital expenditures	(13,744)	(12,461)	(44,067)	(36,210)
Free cash flow	\$ 93,959	\$ 109,800	\$ 180,300	\$ 260,511
Percentage of net income	178%	189%	81%	116%

Note: Free cash flow is a 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.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollar amounts in thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Adjusted Income from Operations / Adjusted EBITDA:				
Income from operations	\$ 83,808	\$ 90,500	\$ 346,217	\$ 352,440
Merger-related transaction costs	3,130	—	3,130	—
Adjusted income from operations	\$ 86,938	\$ 90,500	\$ 349,347	\$ 352,440
Depreciation and amortization	16,072	15,675	62,107	62,997
Adjusted EBITDA	\$ 103,010	\$ 106,175	\$ 411,454	\$ 415,437
Adjusted Provision for Income Taxes:				
Provision for income taxes	\$ 14,893	\$ 15,592	\$ 59,863	\$ 55,670
Income tax effect of merger-related transaction costs	664	—	664	—
Adjusted provision for income taxes	\$ 15,557	\$ 15,592	\$ 60,527	\$ 55,670
Adjusted Earnings Per Diluted Share:				
Adjusted income from operations	\$ 86,938	\$ 90,500	\$ 349,347	\$ 352,440
Net interest and other	16,221	16,840	64,156	71,415
Adjusted income before income taxes	70,717	73,660	285,191	281,025
Adjusted provision for income taxes	15,557	15,592	60,527	55,670
Adjusted net income	55,160	58,068	224,664	225,355
Net loss attributable to noncontrolling interests	(404)	(67)	(1,228)	(1,988)
Adjusted net income attributable to WESCO International, Inc.	\$ 55,564	\$ 58,135	\$ 225,892	\$ 227,343
Diluted shares	42,210	46,179	43,487	47,199
Adjusted earnings per diluted share	\$ 1.32	\$ 1.26	\$ 5.20	\$ 4.82

WESCO®

Fourth Quarter & Full Year 2019

Webcast Presentation

January 30, 2020



Additional Information and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act as amended. In connection with the potential transaction, WESCO International, Inc. ("WESCO") expects to file a registration statement on Form S-4 with the U.S. Securities and Exchange Commission ("SEC") containing a preliminary prospectus that also constitutes a preliminary proxy statement of Anixter International Inc. ("Anixter"). After the registration statement is declared effective Anixter will mail a definitive proxy statement/prospectus to stockholders of Anixter. This communication is not a substitute for the proxy statement/prospectus or registration statement or for any other document that WESCO or Anixter may file with the SEC and send to Anixter's stockholders in connection with the potential transaction. INVESTORS AND SECURITY HOLDERS OF WESCO AND ANIXTER ARE URGED TO READ THE REGISTRATION STATEMENT, PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BEFORE THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT WESCO, ANIXTER AND THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain free copies of the registration statement/prospectus and other documents filed with the SEC by WESCO or Anixter through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by WESCO will be available free of charge on WESCO's website at <http://wesco.investorroom.com/sec-filings> and copies of the documents filed with the SEC by Anixter will be available free of charge on Anixter's website at <http://investors.anixter.com/financials/sec-filings>.

Participants in the Solicitation

WESCO and Anixter and certain of their respective directors, certain of their respective executive officers and other members of management and employees may be considered participants in the solicitation of proxies from Anixter shareholders with respect to the potential transaction under the rules of the SEC. Information about the directors and executive officers of WESCO is set forth in its Annual Report on Form 10-K for the year ended December 31, 2018, which was filed with the SEC on February 27, 2019, and its proxy statement for its 2019 annual meeting of stockholders, which was filed with the SEC on April 15, 2019. Information about the directors and executive officers of Anixter is set forth in its Annual Report on Form 10-K for the year ended December 28, 2018, which was filed with the SEC on February 21, 2019, and its proxy statement for its 2019 annual meeting of stockholders, which was filed with the SEC on April 18, 2019. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of such participants in the solicitation of proxies in respect of the potential transaction will be included in the registration statement and proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

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 completion and timing of the proposed transaction, expected benefits of the proposed transaction, and management plans relating to the proposed transaction, and statements that address each 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 the management of WESCO and Anixter, as well as assumptions made by, and information currently available to, such management, current market trends and market conditions and involve risks and uncertainties, many of which are outside of each company'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 timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed transaction that could reduce anticipated benefits or cause the parties to abandon the proposed transaction, the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, the possibility that stockholders of Anixter may not adopt the merger agreement, the risk that the parties may not be able to satisfy the conditions to the proposed transaction in a timely manner or at all, risks related to disruption of management time from ongoing business operations due to the proposed transaction, the risk that any announcement relating to the proposed transaction could have adverse effects on the market price of WESCO's common stock or Anixter's common stock, the risk of any unexpected costs or expenses resulting from the proposed transaction, the risk of litigation relating to the proposed transaction, the risk that the proposed transaction and its announcement could have an adverse effect on the ability of WESCO or Anixter to retain customers and retain and hire key personnel and maintain relationships with their suppliers, customers and other business relationships and on their operating results and businesses generally, the risk the pending proposed transaction could distract management of both entities and they will incur substantial costs, 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 combination may be unable to achieve synergies or other anticipated benefits of the proposed transaction or it may take longer than expected to achieve those synergies or benefits and other important factors that could cause actual results to differ from those projected. All such factors are difficult to predict and are beyond WESCO's control. Additional factors that could cause results to differ materially from those described above can be found in WESCO's most recent Annual Report on Form 10-K, as it may be updated from time to time by quarterly reports on Form 10-Q and current reports on Form 8-K all of which are available on WESCO's website at <http://wesco.investorroom.com/sec-filings> and on the SEC's website at <http://www.sec.gov>, and in Anixter's most recent Annual Report on Form 10-K, as it may be updated from time to time by quarterly reports on Form 10-Q and current reports on Form 8-K all of which are available on Anixter's website at <http://investors.anixter.com/financials/sec-filings> and on the SEC's website at <http://www.sec.gov>. Forward-looking statements speak only as of the date of this communication. Neither WESCO nor Anixter undertake any intent or obligation to publicly update or revise any of the estimates and other forward-looking statements made in this announcement, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Measures

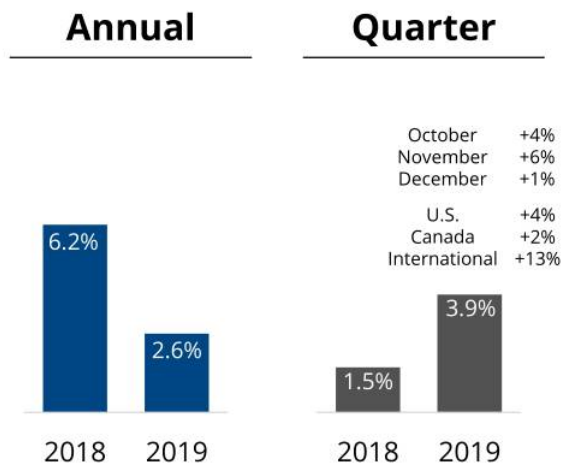
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Anixter Acquisition Update

- Announced acquisition of Anixter International in early January
- Integration planning process is underway
- Required filings with the SEC and regulatory approvals are in process
- Expect to close transaction in second or third quarter of 2020

Fourth Quarter and Full Year 2019 Highlights

Organic Sales Growth versus Prior Year



Fourth Quarter

- Record fourth quarter sales of \$2.1 billion; Organic sales up 3.9%
 - Strength in Utility, CIG, and Datacom
 - Down 1% sequentially, in line with seasonality
- Year-over-year growth in all end markets and geographies for the second consecutive quarter
- Free cash flow of \$94 million; 178% of net income
- Adjusted operating margin down 40 basis points versus prior year
- Estimated pricing impact of +1%
- Preliminary January sales up low single digits

FY 2019

- Record sales of \$8.4 billion; Organic sales up 2.6%
- Year-over-year growth in all end markets and geographies for the third consecutive year
- Record adjusted diluted earnings per share of \$5.20; up 8% versus prior year
- Free cash flow of \$180 million; 81% of net income
- Repurchased \$150 million of shares
- Financial leverage of 2.8x at year-end
- Announced acquisition of Anixter International in early January

Record sales and adjusted EPS in 2019

Note: Organic sales growth excludes the impact of acquisitions in the first year of ownership, foreign exchange rates and differences in the number of workdays. See appendix for non-GAAP reconciliations.

Fourth Quarter and Full Year 2019 Results

\$ Millions, except per share amounts	Fourth Quarter				Full Year			
	2018	2019	Versus PY	Implied Midpoint	2018	2019	Versus PY	2019 Outlook
Sales	\$2,011	\$2,099	4.4%	~3.5%	\$8,177	\$8,359	2.2%	1% - 3%
Gross Profit	\$390	\$390	flat		\$1,567	\$1,581	0.9%	
<i>% of sales</i>	19.4%	18.6%	(80) bps		19.2%	18.9%	(30) bps	
SG&A	\$284	\$290	2.0%		\$1,152	\$1,173	1.8%	
<i>% of sales</i>	14.1%	13.8%	(30) bps		14.1%	14.0%	(10) bps	
Operating Profit	\$91	\$84	(7.4)%		\$352	\$346	(1.8)%	
<i>% of sales</i>	4.5%	4.0%	(50) bps		4.3%	4.1%	(20) bps	
Adjusted Operating Profit	\$91	\$87	(3.9)%	~4.2%	\$352	\$349	(0.9)%	~4.2%
<i>% of Sales</i>	4.5%	4.1%	(40) bps		4.3%	4.2%	(10) bps	
Effective Tax Rate	21.2%	22.0%	80 bps	~21%	19.8%	21.2%	140 bps	~21%
Diluted EPS	\$1.26	\$1.26	flat		\$4.82	\$5.14	6.6%	
Adjusted Diluted EPS	\$1.26	\$1.32	4.8%		\$4.82	\$5.20	7.9%	\$5.00 - \$

Note: See appendix for non-GAAP reconciliations.

Fourth Quarter Gross Margin Influencers

Q4 2019 vs. Q4 2018

Gross margin down driven by two factors:

1. Price / Cost
 - Supplier price increases
 - Competitive environment
2. Business Mix

Q4 2019 vs. Q3 2019

Gross margin flat with no overall mix impact

		Mix Impact Summary		
		Historical Gross Margin vs. WESCO Average ⁽¹⁾	Q4 2019 vs. Q4 2018	Q4 2019 vs. Q3 2019
END MARKET	Industrial	ABOVE	Headwind	Tailwind
	CIG	AVERAGE		
	Construction	BELOW		
	Utility	BELOW		
GEOGRAPHY	Canada	ABOVE	Headwind	Headwind
	U.S.	AVERAGE		
	International	BELOW		
SHIPMENT	Stock	ABOVE	Neutral	Neutral
	Special Order	AVERAGE		
	Direct	BELOW		

⁽¹⁾ Presented at June, 2019 Investor Day

Fourth Quarter Diluted EPS and Sales Growth Walk

Diluted EPS Walk¹

Reported Q4 2018 Diluted EPS	\$1.26
Core operations	\$0.05
Foreign exchange rates	\$(0.01)
SLS acquisition	\$(0.08)
Tax	\$(0.02)
Lower share count	\$0.12
Adjusted Q4 2019 Diluted EPS	\$1.32
Merger-related transaction costs	\$(0.06)
Reported Q4 2019 Diluted EPS	\$1.26

Sales Growth Walk

Q4 2018 Sales	\$2,011 M
U.S.	290 bps
Canada	30 bps
International	70 bps
Organic Growth	3.9%
Foreign exchange rates	(30) bps
SLS acquisition	80 bps
Q4 2019 Sales	\$2,099M
Reported Growth	4.4%

¹ Calculation differences due to rounding.

Full Year 2019 Diluted EPS and Sales Growth Walk

Diluted EPS Walk¹

Reported FY 2018 Diluted EPS	\$4.82
Core operations	\$0.12
Foreign exchange rates	\$(0.02)
SLS acquisition	\$(0.11)
Tax, net of interest benefit	\$(0.02)
Lower share count	\$0.41
Adjusted FY 2019 Diluted EPS	\$5.20
Merger-related transaction costs	\$(0.06)
Reported FY 2019 Diluted EPS	\$5.14

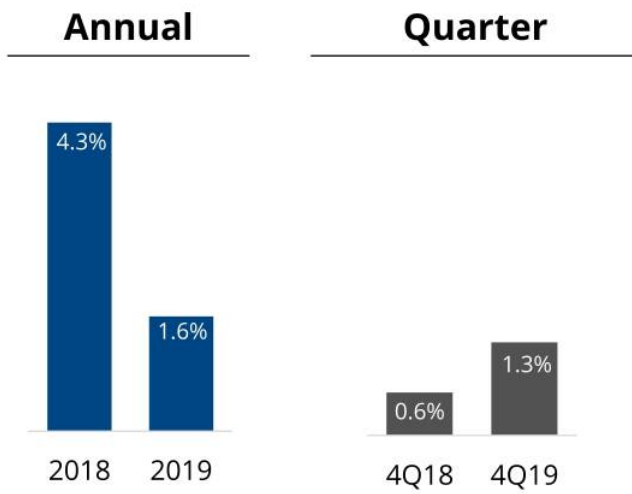
Sales Growth Walk

FY 2018 Sales	\$8,177 M
U.S.	170 bps
Canada	60 bps
International	30 bps
Organic Growth	2.6%
Foreign exchange rates	(80) bps
SLS acquisition	80 bps
Number of workdays	(40) bps
FY 2019 Sales	\$8,359 M
Reported Growth	2.2%

¹ Calculation differences due to rounding.

Industrial End Market

Organic Sales Growth versus Prior Year



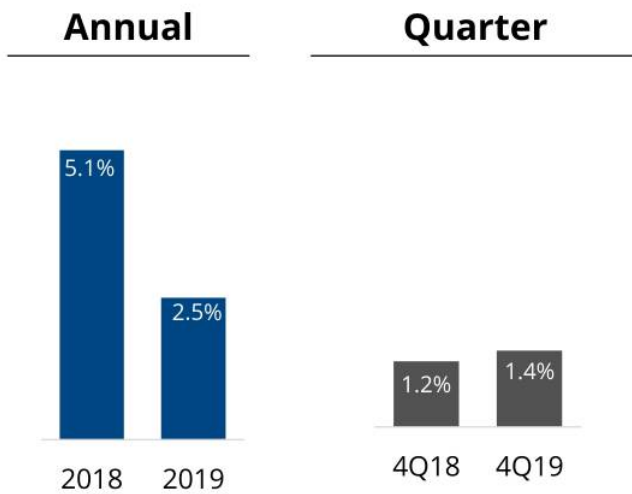
- Q4 2019 organic sales
 - Up 1% versus prior year
 - U.S. down 2%; Canada up 6% in local currency
 - Up 1% sequentially
 - 3rd consecutive quarter of organic growth
- FY 2019 organic sales
 - Up 2% versus prior year
 - Up 1% in U.S.; Canada up 5% in local currency
- Manufacturing demand remains in soft patch
- Continued growth with global accounts for technology and petrochemical customers
- Bidding activity levels remain high in Global Accounts and Integrated Supply platforms

Global Accounts	Integrated Supply	OEM	General Industrial
36% of WESCO Sales			

Awarded multiple contracts with a total value of \$18 million with a petroleum refinery to provide electrical equipment for a plant expansion in the U.S. Gulf Coast region.

Construction End Market

Organic Sales Growth versus Prior Year



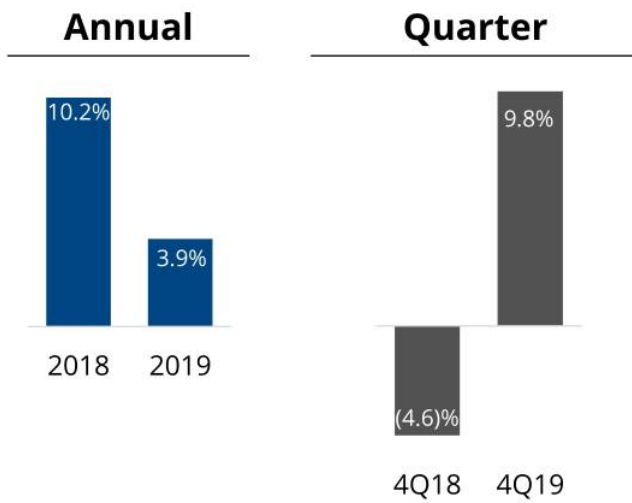
- Q4 2019 organic sales
 - Up 1% versus prior year
 - Up 2% in the U.S. and flat in Canada in local currency
 - Down 1% sequentially
 - 10th consecutive quarter of organic growth
- FY 2019 organic sales
 - Up 2% versus prior year
 - Up 1% in the U.S.; Canada up 4% in local currency
- Backlog remains at historically strong level; down sequentially in line with normal seasonality
- Contractors continue to be challenged by tariff-related budget pressures and an exceptionally tight skilled-labor market
- Continue to see some customer project delays part to slowing business output and uncertainty around

Non-Residential | Contractors
33% of WESCO Sales

Awarded a multimillion dollar contract to provide electrical switchgear, lighting, and other materials for the expansion of a food retailer's distribution facility in Canada.

Utility End Market

Organic Sales Growth versus Prior Year



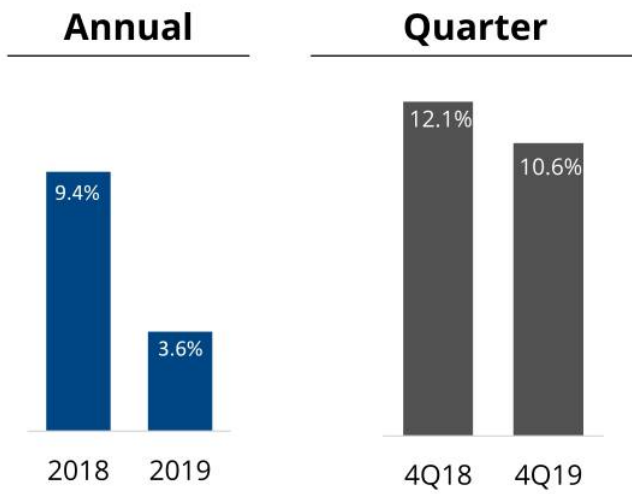
- Q4 2019 organic sales
 - Up 10% versus prior year
 - Up 11% in the U.S.; down 7% in Canada in local currency
 - Down 5% sequentially
- FY 2019 organic sales
 - Up 4% versus prior year
 - 9th consecutive year of organic growth
- Growth driven by product and service scope expansion for existing customers; increased our inventory and initiated delivery on new contract wins
- Integrated Supply solutions continue to drive value for existing customers
- Expect grid reliability and modernization projects as well as growth in renewable energy to drive future demand

Investor Owned | Public Power | Utility Contractors
16% of WESCO Sales

Awarded a multi-year contract valued at \$25 million to provide lighting products and material management to a public utility, expanding our scope of supply and services

CIG End Market

Organic Sales Growth versus Prior Year



- Q4 2019 organic sales
 - Up 11% versus prior year
 - Up 15% in the U.S.; up 5% in Canada in local currency
 - Up 4% sequentially
 - 11th consecutive quarter of organic growth
- FY 2019 organic sales
 - Up 4% versus prior year
 - Up 3% in the U.S.; up 10% in Canada in local currency
- Supply chain solutions driving results in datacenter security, and cloud technology projects
- Continue to be well positioned to serve data center construction, LED lighting renovation and retrofits, deployments and broadband build outs

Commercial | Institutional | Government
15% of WESCO Sales

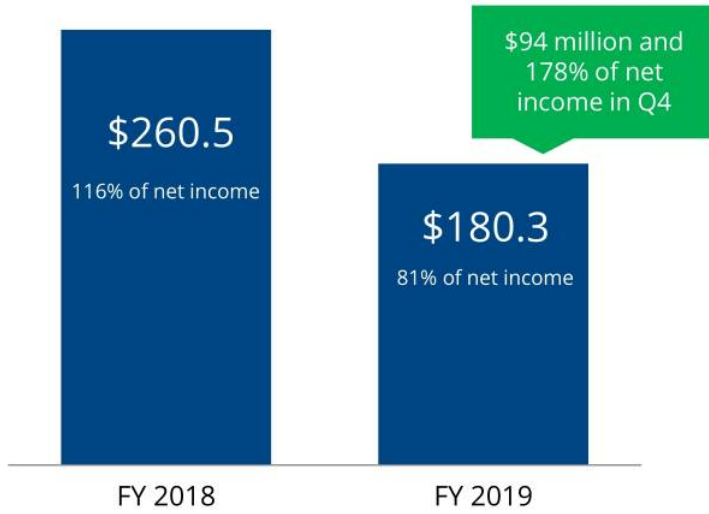
Awarded a multimillion dollar contract to provide turnkey LED lighting retrofit materials and services to upgrade a convention center facility in the U.S.

Free Cash Flow & Leverage

Free Cash Flow

(\$ Millions)

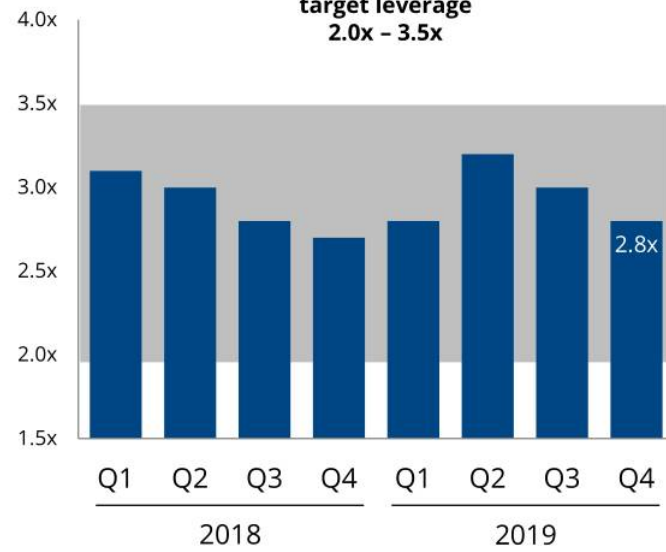
~ \$1.1B of free cash flow over the last 5 years



Leverage

(Debt, Net of Cash, to TTM EBITDA)

target leverage
2.0x - 3.5x



2020 Outlook

Full Year Sales Outlook (unchanged from outlook provided on 10/31/19)

End Market	Range
Industrial	(LSD) to LSD
Construction	(LSD) to LSD
Utility	LSD
CIG	Flat to LSD
End Market Sales Growth	(1%) to 3%
Market Outperformance	1% to 2%
Foreign Currency/M&A ¹	Neutral
Consolidated WESCO	0% to 4%

Notes

Excludes the impact of the announced Anixter merger expected to close in Q2 or Q3 of 2020.

Assumes a CAD/USD exchange rate of 0.75 in FY20.

Q1 and full year 2020 have one additional workday than 2019

See appendix for non-GAAP reconciliations.

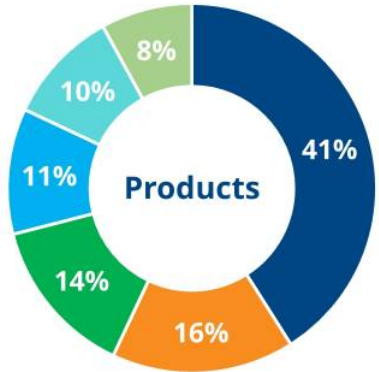
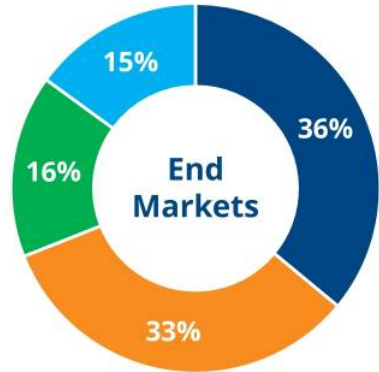
¹Foreign currency exchange rates expected to be a slight headwind offset by the carryover impact of the SLS acquisition in March, 2019

First Quarter and Full Year Outlook

	First Quarter	Full Year
Sales	2% to 5%	0% to 4%
Operating Margin	3.4% to 3.6%	4.1% to 4.4%
Effective Tax Rate	~22%	~22%
Diluted EPS		\$5.10 to \$5.70
Free Cash Flow		~90% of net income

APPENDIX

Trailing Twelve Month Sales Mix



Adjusted Results

	Q4 2019			YTD 2019		
	Reported Results	Adjustments ⁽¹⁾	Adjusted Results	Reported Results	Adjustments ⁽¹⁾	Adjusted Results
<i>(in millions, except for EPS)</i>						
Income from operations	\$ 83.8	\$ 3.1	\$ 86.9	\$ 346.2	\$ 3.1	\$ 349.4
Net interest and other	16.2	-	16.2	64.2	-	64.2
Income before income taxes	\$ 67.6	3.1	\$ 70.7	\$ 282.1	3.1	\$ 285.2
Income tax	14.9	0.7	15.6	59.9	0.7	60.5
<i>Effective tax rate</i>	<i>22.0%</i>		<i>22.0%</i>	<i>21.2%</i>		<i>21.2%</i>
Net income	52.7	2.5	55.2	222.2	2.5	224.7
<i>Less: Non-controlling interests</i>	<i>(0.4)</i>	<i>-</i>	<i>(0.4)</i>	<i>(1.2)</i>	<i>-</i>	<i>(1.2)</i>
Net income attributable to WESCO	\$ 53.1	2.5	\$ 55.6	\$ 223.4	2.5	\$ 225.9
Diluted Shares	42.2		42.2	43.5		43.5
EPS	\$ 1.26		\$ 1.32	\$ 5.14		\$ 5.20

⁽¹⁾ Merger-related transaction costs included in SG&A expenses and related income tax effect.

Fourth Quarter Organic Sales Growth

(\$ Millions)

Year-over-Year

	Three Months Ended,		Core Growth	Less: FX Impact	Less: Workday	Organic Growth
	December 31, 2018	December 31, 2019				
Industrial core sales	739	746	0.9%	(0.4)%	0.0%	1.3%
Construction core sales	677	684	1.0%	(0.4)%	0.0%	1.4%
Utility core sales	305	335	9.6%	(0.2)%	0.0%	9.8%
CIG core sales	290	319	10.1%	(0.5)%	0.0%	10.6%
Total core sales	\$ 2,011	\$ 2,084	3.6%	(0.3)%	0.0%	3.9%
U.S. core sales	1,482	1,540	4.0%	0.0%	0.0%	4.0%
Canada core sales	413	415	0.5%	(1.0)%	0.0%	1.5%
International core sales	116	128	10.5%	(2.2)%	0.0%	12.7%
Total core sales	\$ 2,011	\$ 2,084	3.6%	(0.3)%	0.0%	3.9%
Plus: SLS sales	-	16				
Total net sales	\$ 2,011	\$ 2,099				

Sequential

	Three Months Ended,		Reported Growth	Less: FX Impact	Less: Workday	Organic Growth
	September 30, 2019	December 31, 2019				
Industrial sales	755	746	(1.2)%	(0.2)%	(1.6)%	0.6%
Construction sales	715	692	(3.2)%	(0.1)%	(1.6)%	(1.5)%
Utility sales	358	335	(6.4)%	0.0%	(1.6)%	(4.8)%
CIG sales	321	327	1.8%	(0.1)%	(1.6)%	3.5%
Total net sales	2,148	2,099	(2.3)%	(0.1)%	(1.6)%	(0.6)%

Note: Prior period end market amounts may contain reclassifications to conform to current period presentation.

Full Year Organic Sales Growth

(\$ Millions)

Year-over-Year	Twelve Months Ended,		Core Growth	Less: FX Impact	Less: Workday	Org Gro
	December 31, 2018	December 31, 2019				
Industrial core sales	2,983	2,999	0.5%	(0.7)%	(0.4)%	1
Construction core sales	2,685	2,712	1.0%	(1.2)%	(0.4)%	2
Utility core sales	1,304	1,347	3.4%	(0.3)%	(0.4)%	3
CIG core sales	1,205	1,234	2.4%	(0.8)%	(0.4)%	3
Total core sales	\$ 8,177	\$ 8,292	1.4%	(0.8)%	(0.4)%	2
U.S. core sales	6,053	6,172	2.0%	0.0%	(0.4)%	2
Canada core sales	1,648	1,643	(0.3)%	(2.9)%	(0.4)%	3
International core sales	475	478	0.5%	(3.3)%	(0.4)%	4
Total core sales	\$ 8,177	\$ 8,292	1.4%	(0.8)%	(0.4)%	2
Plus: SLS sales	-	67				
Total net sales	\$ 8,177	\$ 8,359				

Note: Prior period end market amounts may contain reclassifications to conform to current period presentation.

Capital Structure and Leverage

(\$ Millions)

EBITDA	Twelve Months Ended,	
	December 31, 2018	December 31, 2019
Income from operations	352	346
Depreciation and amortization	63	62
EBITDA	415	408

Debt	As of,		Maturity
	December 31, 2018	December 31, 2019	
AR Revolver (variable)	275	415	2022
Inventory Revolver (variable)	52	-	2024
Term Loans (variable)	25	-	2019
2021 Senior Notes (fixed)	500	500	2021
2024 Senior Notes (fixed)	350	350	2024
Other	31	28	Various
Total debt¹	1,233	1,293	
Less: cash and cash equivalents	96	151	
Total debt, net of cash	1,137	1,142	
Leverage	2.7x	2.8x	

Liquidity²	December 31, 2018	December 31, 2019
Liquidity	824	823

⁽¹⁾ Debt is presented in the condensed consolidated balance sheets net of debt discount and debt issuance costs.

⁽²⁾ Total availability under asset-backed credit facilities plus cash in investment accounts.

Note: For financial leverage ratio in prior periods, see quarterly earnings webcasts as previously furnished to the Securities & Exchange Commission, which can be obtained from the Investor Relations page of WESCO's website at www.wesco.com.

Gross Profit and Free Cash Flow

(\$ Millions)

Gross Profit	Three Months Ended,	
	December 31, 2018	December 31, 2019
Net sales	2,011	2,099
Cost of goods sold ¹	1,621	1,710
Gross profit²	390	390
<i>Gross margin²</i>	<i>19.4%</i>	<i>18.6%</i>

Free Cash Flow	Twelve Months Ended,	
	December 31, 2018	December 31, 2019
Net cash provided by operating activities	297	224
Less: capital expenditures	(36)	(44)
Free cash flow³	261	180
Net income	225	222
<i>% of net income</i>	<i>116%</i>	<i>81%</i>

¹ Excluding depreciation and amortization.

² 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.

³ Free cash flow is provided by the Company as an additional liquidity measure. Capital expenditures are deducted from operating cash flow to determine free cash flow. Free cash flow is available to fund investing and financing activities.

Note: For gross profit in prior periods, see quarterly earnings webcasts as previously furnished to the Securities & Exchange Commission, which can be obtained from the Investor Relations page of WESCO's website at www.wesco.com.

Work Days

	Q1	Q2	Q3	Q4	FY
2017	64	64	63	62	253
2018	64	64	63	62	253
2019	63	64	63	62	252
2020	64	64	64	61	253

