

WESCO®

Q3 2019 Earnings

Webcast Presentation

October 31, 2019



WESCO



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 Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to: adverse economic conditions; increase in competition; expansion of business activities; disruptions in operations or information technology systems; supply chain disruptions, changes in supplier strategy or loss of key suppliers; personnel turnover or labor cost increases; risks related to acquisitions, including the integration of acquired businesses; changes in tax laws, regulations and guidance, and uncertainties regarding their application, and challenges by tax authorities to the company’s tax positions; exchange rate fluctuations; debt levels, terms, financial market conditions or interest rate fluctuations; stock market, economic or political instability; legal or regulatory matters; litigation, disputes, contingencies or claims; and other factors described in detail in the Form 10-K for WESCO International, Inc. for the year ended December 31, 2018 and any subsequent filings with the Securities and Exchange Commission. The following presentation includes a discussion of certain non-GAAP financial measures. Information required by Regulation G with respect to such non-GAAP financial measures can be found in the appendix and obtained via WESCO’s website, www.wesco.com.

Non-GAAP Measures

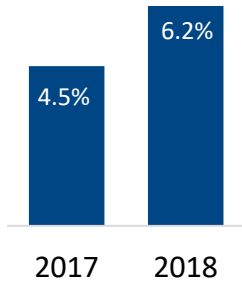
This presentation includes certain non-GAAP financial measures. These financial measures include organic sales growth, gross profit, gross margin, financial leverage, earnings before interest, taxes, depreciation and amortization (EBITDA), and free cash flow. The Company believes that these non-GAAP 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.



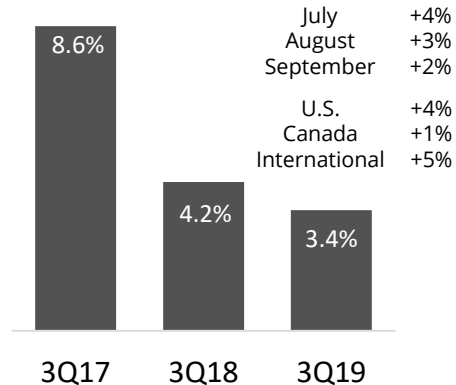
Q3 2019 Highlights

Organic Sales Growth versus Prior Year

Annual



Quarter



Third Quarter

- Reported sales up 3.9%
 - Record Q3 sales with improving results in the U.S. and strength in Industrial, Utility, and Datacom
- Organic sales up 3.4%
 - Up 1.2% sequentially
 - YOY growth in all end markets and geographies
- Free cash flow of \$117 million; 181% of net income
- Operating margin down 30 basis points versus prior year
- Estimated pricing impact of +1%
- Diluted EPS up \$0.11, or 8%, over prior year
- Completed previously-announced \$150 million share repurchase transaction, received incremental 0.7 million shares
- Extended maturity dates for our two bank credit facilities; increased liquidity available by \$50 million
- Preliminary October sales up low single digits

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.

Q3 2019 Results



Millions, except per share amounts	Q3 2018	Q3 2019	Versus prior year	Q3 Outlook
Sales	\$2,067	\$2,148	3.9%	3% – 5%
Gross Profit	\$397	\$400	0.8%	
<i>% of Sales</i>	19.2%	18.6%	(60) bps	
SG&A	\$284	\$291	2.4%	
<i>% of Sales</i>	13.7%	13.5%	(20) bps	
Operating Profit	\$98	\$94	(3.9)%	
<i>% of Sales</i>	4.7%	4.4%	(30) bps	4.3% – 4.7%
Effective Tax Rate	17.2%	19.8%	260 bps	~22%
Diluted EPS	\$1.41	\$1.52	7.8%	

Note: See appendix for non-GAAP reconciliations.



Third Quarter Gross Margin Influencers

Decline versus prior year primarily driven by two factors:

- 1) Mix – Headwinds from differences in growth rates by end market, geography and shipment type
- 2) Price/Cost – Impact of significant price increases including those driven by tariffs

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

⁽¹⁾ Presented at June, 2019 Investor Day



Diluted EPS and Sales Growth Walk

Diluted EPS Walk

Q3 2018 Diluted EPS	\$1.41
Core operations	\$(0.05)
Foreign exchange rates	\$0.01
SLS acquisition	\$(0.05)
Tax, net of interest benefit	\$0.03
Lower share count	\$0.17
Q3 2019 Diluted EPS	\$1.52
Reported Growth	8%

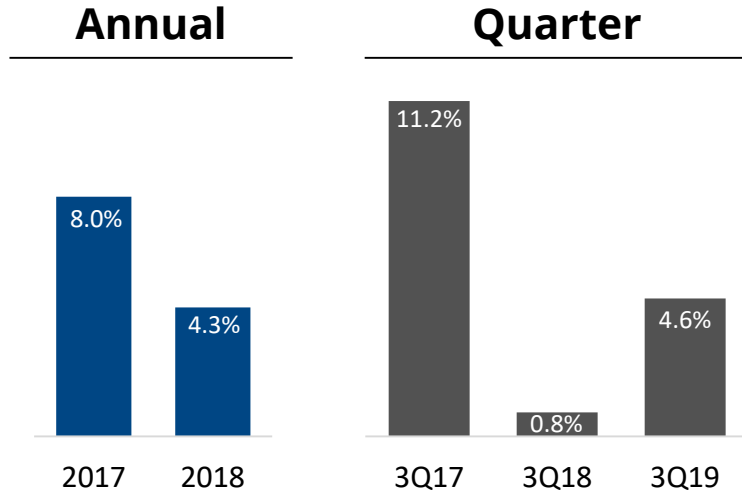
Sales Growth Walk

Q3 2018 Sales	\$2,067 M
U.S.	290 bps
Canada	20 bps
International	30 bps
Organic Growth	3.4%
Foreign exchange rates	(35) bps
SLS acquisition	85 bps
Q3 2019 Sales	\$2,148 M
Reported Growth	3.9%



Industrial End Market

Organic Sales Growth versus Prior Year



- Q3 2019 organic sales
 - Up 5% versus prior year
 - U.S. up 3%; Canada up 7% in local currency
 - Up 1% sequentially
- Pickup in sales growth rate against stiffer headwinds in Industrial market in Q3
 - Increased uncertainty impacting business spending
 - Labor supply constraints continue
- Continued strength in petrochemical, metals and mining, and food & beverage markets
- Global Account and Integrated Supply opportunity pipeline is strong; bidding activity levels remain high

Global Accounts | Integrated Supply | OEM | General Industrial

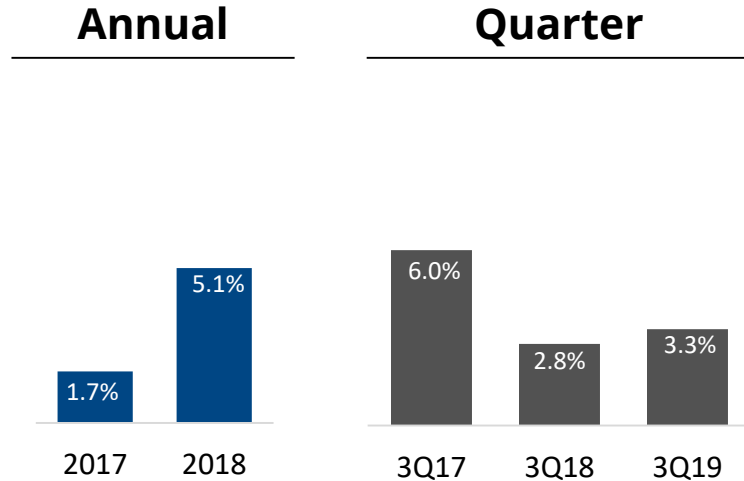
36% of WESCO Sales

Awarded a new three year contract to provide electrical MRO and OEM products to support the U.S. and Canadian operations of a high voltage equipment manufacturer.



Construction End Market

Organic Sales Growth versus Prior Year



- Q3 2019 organic sales
 - Up 3% versus prior year
 - Up 4% in the U.S. and 1% in Canada in local currency
 - Up 2% sequentially
- Backlog at historically strong level and flat sequentially (better than normal seasonality)
- Some customer project delays partly due to uncertainty around trade
- Contractors continue to be challenged by tariff-related budget pressures and an exceptionally tight skilled-labor market

Non-Residential | Contractors

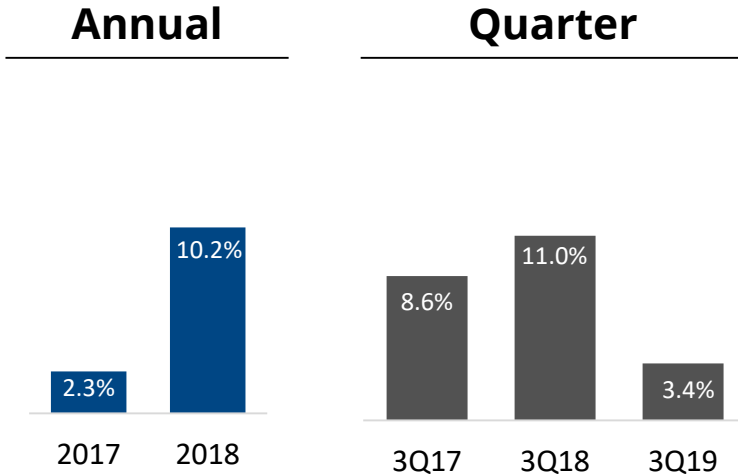
33% of WESCO Sales

Awarded a multi-million dollar contract to provide switchgear for the construction of a new hospital in Canada.



Utility End Market

Organic Sales Growth versus Prior Year



- Q3 2019 organic sales
 - Up 3% versus prior year
 - Up 6% in the U.S.; down 28% in Canada in local currency due to non-renewal of Canadian contract in 4Q18
 - Up 5% sequentially
- Continue to drive product and service scope expansion with investor owned utility, public power, and generation customers
- Customer interest in Integrated Supply solutions remains high
- Expect grid reliability and modernization projects as well as growth in renewable energy to drive future demand

Investor Owned | Public Power | Utility Contractors

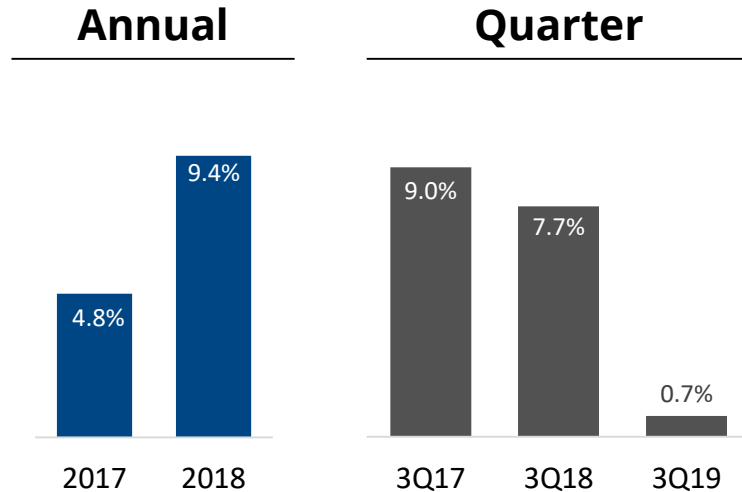
16% of WESCO Sales

Awarded a multi-year contract to provide broadband cable and fiber equipment to support a FTTx project for a municipal utility in the U.S.



CIG End Market

Organic Sales Growth versus Prior Year



- Q3 2019 organic sales
 - Up 1% versus prior year
 - Up 2% in the U.S.; up 6% in Canada in local currency
 - Down 3% sequentially
- Supply chain solutions driving results in datacenter, security, and cloud technology projects
- Continue to be well positioned to serve LED lighting renovation and retrofits, FTTx deployments and broadband build outs

Commercial | Institutional | Government

15% of WESCO Sales

Awarded a multi-million dollar contract to provide data communications products for the construction of a U.S. federal government facility.

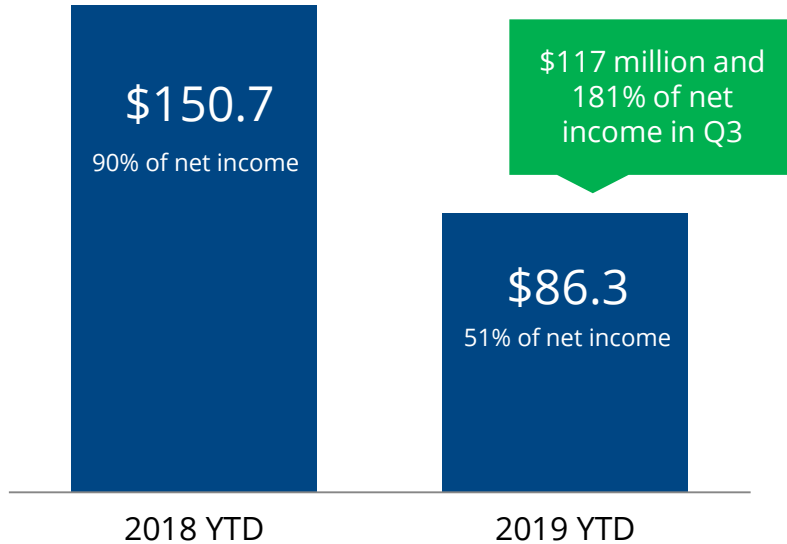


Free Cash Flow & Leverage

Free Cash Flow

(\$ Millions)

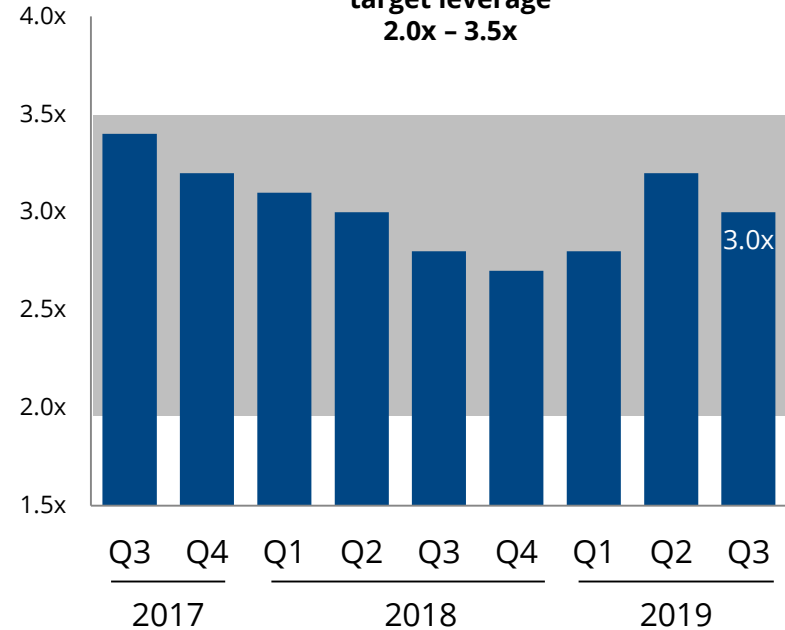
~ \$1.1B of free cash flow over the last 5 years



Leverage

(Debt, Net of Cash, to TTM EBITDA)

target leverage
2.0x - 3.5x



2019 Outlook



	Q4 implied at full year midpoint	Full Year (current)	Full Year (prior)
Sales	~3.5%	1% to 3%	1% to 4%
Operating Margin	~4.2%	~4.2%	4.2% to 4.5%
Effective Tax Rate	~21%	~21%	~21 to 23%
Diluted EPS		\$5.00 to \$5.40	\$5.00 to \$5.60
Free Cash Flow		~ 90% of net income	~ 90% of net income

Notes

Excludes unannounced acquisitions.

Assumes a CAD/USD exchange rate of 0.75 in Q4.

FY 2019 has one fewer workday than FY 2018.

See appendix for non-GAAP reconciliations.

2020 Preliminary Outlook



End Market:

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&A¹

neutral

Consolidated WESCO

Flat to 4%

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



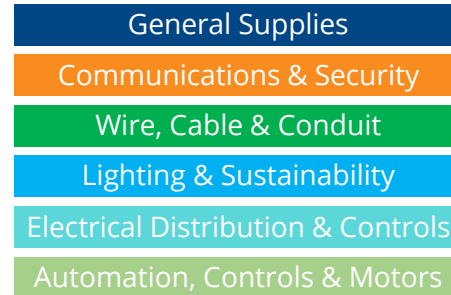
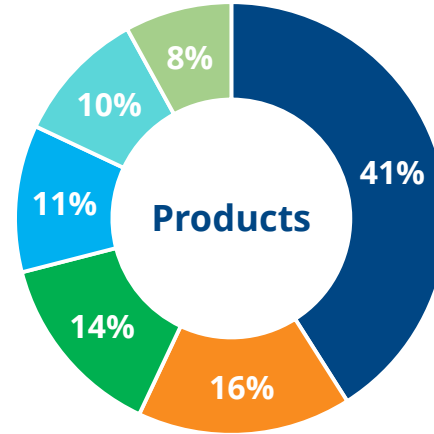
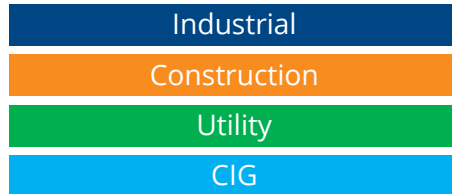
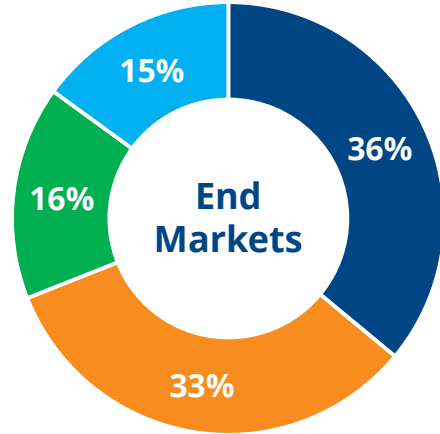
Operations Reorganization

- Announced appointment of Nelson Squires to Senior Vice President and Chief Operating Officer on October 1
- Streamlines our reporting structure
 - Business leaders report directly to COO
 - Global Operations and Supply Chain leader reports to COO
- U.S. Vice President and Group G.M. position eliminated

APPENDIX



Trailing Twelve Month Sales Mix





Organic Sales Growth

(\$ Millions)

Year-over-Year

	Three Months Ended,		Core Growth	Less: FX Impact	Less: Workday	Organic Growth
	September 30, 2018	September 30, 2019				
Industrial core sales	724	755	4.2%	(0.4)%	0.0%	4.6%
Construction core sales	686	706	2.9%	(0.4)%	0.0%	3.3%
Utility core sales	346	358	3.3%	(0.1)%	0.0%	3.4%
CIG core sales	311	312	0.2%	(0.5)%	0.0%	0.7%
Total core sales	\$ 2,067	\$ 2,131	3.0%	(0.4)%	0.0%	3.4%
U.S. core sales	1,525	1,586	3.9%	0.0%	0.0%	3.9%
Canada core sales	430	430	0.0%	(1.1)%	0.0%	1.1%
International core sales	112	115	2.6%	(2.6)%	0.0%	5.2%
Total core sales	\$ 2,067	\$ 2,131	3.0%	(0.4)%	0.0%	3.4%
Plus: SLS sales	-	17				
Total net sales	\$ 2,067	\$ 2,148				

Sequential

	Three Months Ended,		Reported Growth	Less: FX Impact	Less: Workday	Organic Growth
	June 30, 2019	September 30, 2019				
Industrial sales	762	755	(0.9)%	0.2%	(1.6)%	0.5%
Construction sales	704	714	1.5%	0.6%	(1.6)%	2.5%
Utility sales	347	358	3.0%	0.1%	(1.6)%	4.5%
CIG sales	337	321	(4.9)%	0.1%	(1.6)%	(3.4)%
Total net sales	\$ 2,150	2,148	(0.1)%	0.3%	(1.6)%	1.2%

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	September 30, 2019	
Income from operations	352	353	
Depreciation and amortization	63	62	
EBITDA	415	415	

Debt	Outstanding as of,		Maturity
	December 31, 2018	September 30, 2019	
AR Revolver (variable)	275	490	2022
Inventory Revolver (variable)	52	15	2024
Term Loans (variable)	25	-	2019
2021 Senior Notes (fixed)	500	500	2021
2024 Senior Notes (fixed)	350	350	2024
Other	31	27	Various
Total debt¹	1,233	1,382	
Less: cash and cash equivalents	96	138	
Total debt, net of cash	1,137	1,244	
Leverage	2.7x	3.0x	

Liquidity²	December 31, 2018	September 30, 2019
Liquidity	824	723

⁽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,	
	September 30, 2018	September 30, 2019
Net sales	2,067	2,148
Cost of goods sold ¹	1,670	1,748
Gross profit²	397	400
<i>Gross margin²</i>	19.2%	18.6%

Free Cash Flow

	Nine Months Ended,	
	September 30, 2018	September 30, 2019
Net cash provided by operating activities	175	117
Less: capital expenditures	(24)	(31)
Free cash flow³	151	86
Net income	167	170
<i>% of net income</i>	90%	51%

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