Earnings Presentation

Second Quarter 2016

July 20, 2016

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BEYOND ESSENTIAL

Forward-Looking Statements

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Q2 2016 Overview

- **Q2 results disappointing and well below our expectation**
  - Organic sales increased 0.9% year-over-year; net sales increased 0.9%
    - Fully ramped new account wins from Q1
  - Adjusted EPS[(1)] fell 26 cents to $0.55
    - Market pressures affected profitability
- **Reducing our FY 2016 Guidance**
- **Accelerating efforts to advance strategy and increase efficiency**
  - Actions in 2H 2016 will reduce costs, increase margin and improve free cash flow
  - Designed to improve run-rate financial performance and included in revised FY 2016 guidance

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1) For a definition and reconciliation of Adjusted EPS, please see appendix.

Market Pressures Affected Q2 Gross Margin

- **Shift in mix to lower margin products and categories**
  - More items such as paper and ink & toner were sold
    - These items have lower margin and earn less in supplier support
- **Customer consolidation has benefits and drawbacks**
  - Consolidation of volumes from small and mid-size to larger customers
    - ESND well-suited to partner with larger resellers and remains closely aligned
  - Larger customers have lower profit margin than smaller customers
- **General market pressure increased**
  - Margin pressure to convert and keep customers

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Actions to Reduce Cost and Increase Margin & Cash Flow

- **Pursuing additional cost reduction activities**
  - Plan to further simplify organization in recognition of challenges
    - Trimming discretionary spend
    - Already reduced salaried headcount by 11%+ since beginning of 2015 ex. Nestor
  - Plan to reduce distribution center footprint
    - Will provides future updates as detailed plan is established

- **Aligning pricing with cost to serve**
  - Obtain rates commensurate with value we bring and reduce ongoing freight costs
  - Pursue merchandising excellence to focus volume with key suppliers

- **Reducing inventory purchases $100M by year-end**
  - Will lower supplier allowances, but right thing to do from ROIC standpoint
  - Expect to drive $150 million of free cash flow in remainder of year

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Three Key Focus Areas in 2H 2016

1) Apply resources to channels with best prospects for profitable growth

– E-tail, Vertical Markets (enterprise account focus) and strategic JanSan customers

– Aligns with resellers who are gaining share in OP and JanSan categories

2) Capture more gross margin dollars through action plan

– More effective pricing and merchandising excellence

– Earn our share of industry profit pool for value we provide

3) Continue to reduce cost structure

– Simplification of our businesses and rationalization of distribution footprint

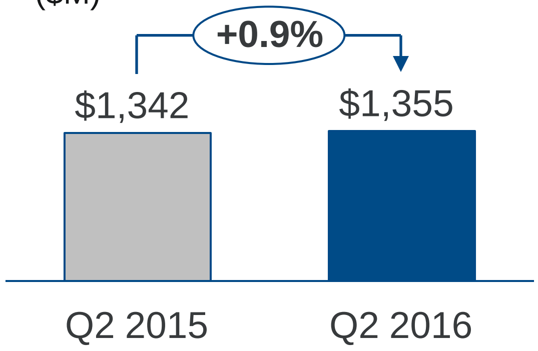
Q2 2016 Financial Results

- Organic sales increased 0.9%
  - Overall sales up 0.9%
  - Inorganic neutral as decrease from sold Mexico business offset by Nestor automotive acquisition

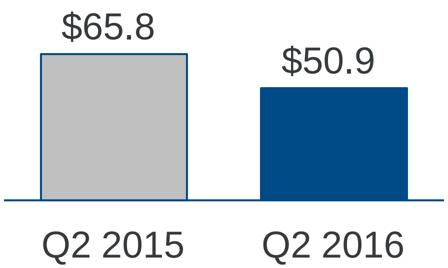
- Adjusted EBITDA(1) decreased $14.8M due to lower gross margin of $14.3M YOY

- Adjusted EPS(1) of $0.55 down 26 cents YOY

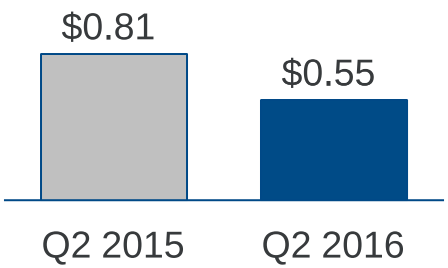
Net Sales
($M)



Adjusted EBITDA(1)
($M)



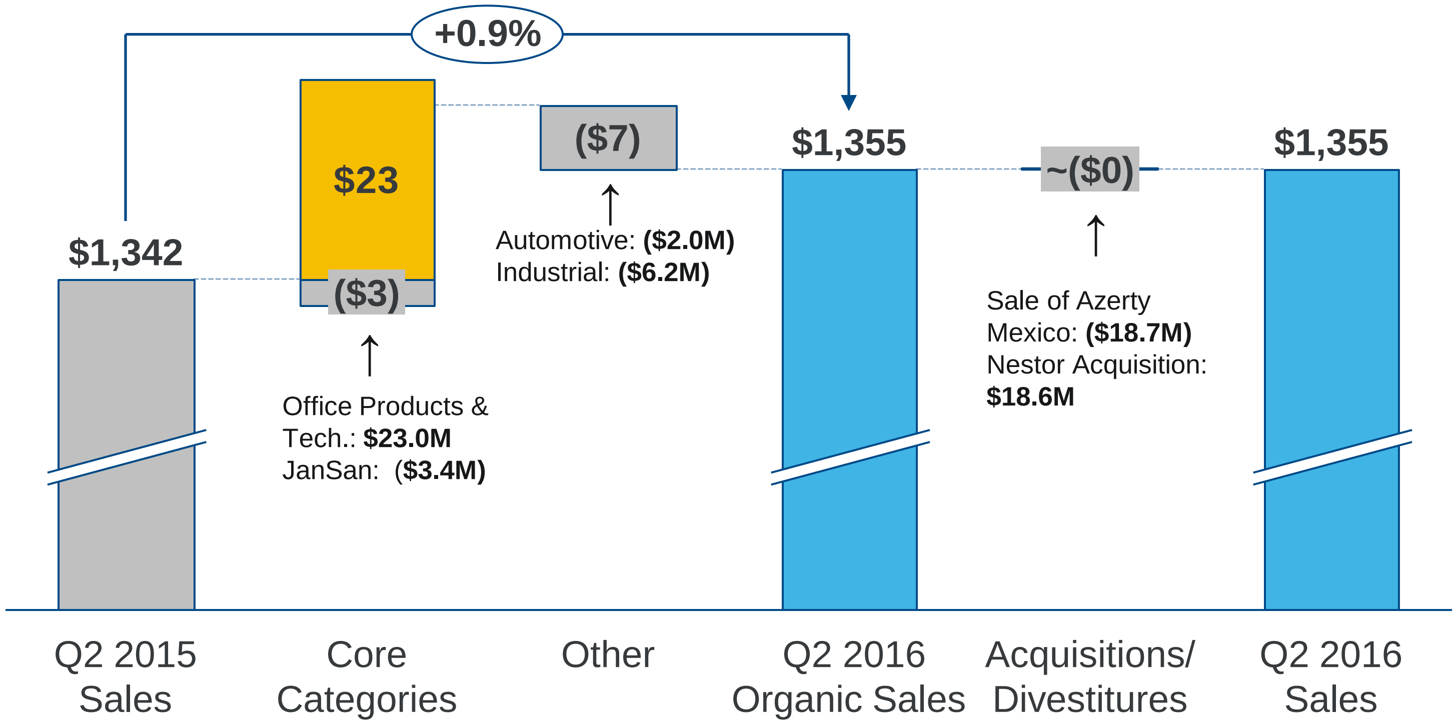
Adjusted EPS(1)
($/share)



1) For a definition and reconciliation of Adjusted EBITDA and Adjusted EPS, please see appendix.

Q2 Organic Sales Increased 0.9%, Driven by Technology and Office Products

Q2 2016 Net Sales Bridge
($M)



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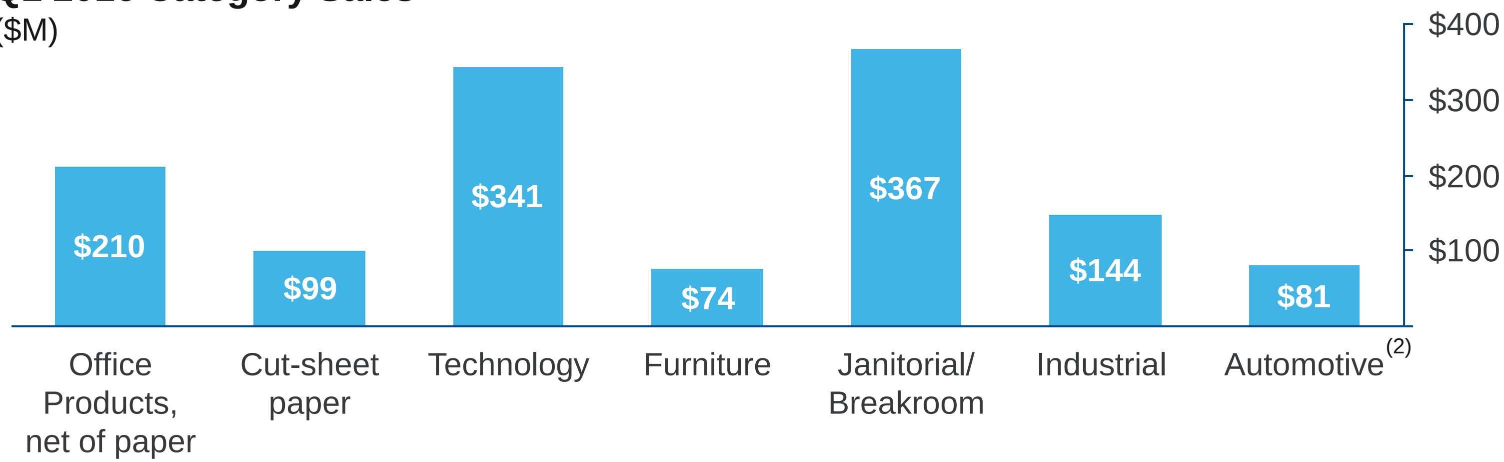
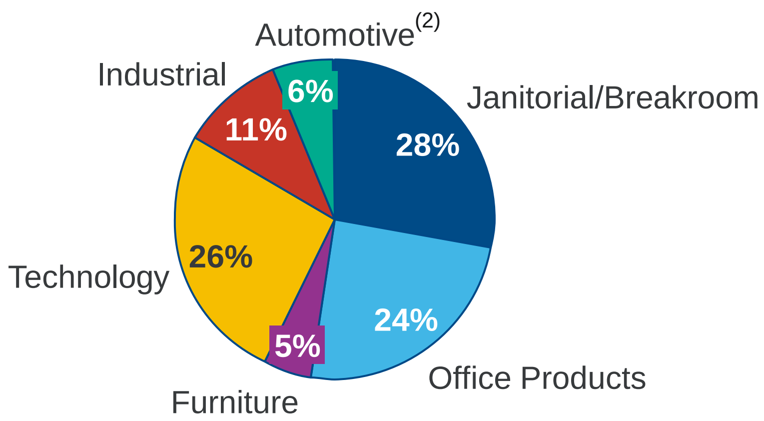
Q2 Category Sales Trends

Q2 2016 Category Sales
($M)



YOY % Δ	**1.1%**	**16.6%**	**3.3%**[1]	**(5.4%)**	**(0.9%)**	**(4.1%)**	**25.9%**

Q2 2016 Sales Mix



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1) YOY growth rate adjusted to exclude impact of Mexico business divestiture last year.
2) Includes acquisition of Nestor Sales LLC in July 2015.

Reducing Full-Year 2016 Guidance

	FY 2015A	Original Guidance Range	2016E Guidance Range
Revenue	$5,363M	$5.4B - $5.6B	**$5.4B - $5.475B**
Adjusted EPS	$3.08	$3.20 - $3.40	**$2.15 - $2.30**

- Expect 2H 2016 Free Cash Flow to be ~$150M, driven in part by significant reduction to inventory
- Guidance above excludes impact of any new acquisitions or unusual charges

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Appendix

Non-GAAP Reconciliation

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015 (Revised)*	2016	2015 (Revised)*
Operating expenses	$ 169,369	$ 156,912	$ 337,047	$ 354,493
Defined benefit plan settlement charge	(11,744)	-	(11,744)	-
Workforce reduction and facility consolidations	-	138	(254)	(6,295)
Intangible asset impairment charge and accelerated amortization related to rebranding	-	(512)	-	(10,975)
Asset held for sale impairment	-	(1,361)	-	(14,927)
Adjusted operating expenses	$ 157,625	$ 155,177	$ 325,049	$ 322,296
Operating income	$ 26,454	$ 53,207	$ 58,858	$ 56,021
Operating expense items noted above	11,744	1,735	11,998	32,197
Adjusted operating income	$ 38,198	$ 54,942	$ 70,856	$ 88,218
Depreciation and amortization	$ 9,966	$ 10,221	$ 20,454	$ 20,932
Equity compensation	2,778	628	5,689	3,268
Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 50,942	$ 65,791	$ 96,999	$ 112,418
Net income	$ 12,933	$ 29,834	$ 29,463	$ 23,827
Operating expense items noted above, net of tax	7,328	942	7,480	24,837
Adjusted net income	$ 20,261	$ 30,776	$ 36,943	$ 48,664
Diluted net income per share	$ 0.35	$ 0.78	$ 0.80	$ 0.62
Per share operating expense items noted above	0.20	0.03	0.20	0.65
Adjusted diluted net income per share	$ 0.55	$ 0.81	$ 1.00	$ 1.27
Net cash (used in) provided by operating activities			$ (15,984)	$ 120,848
Net cash used in investing activities			(16,557)	(12,445)
Less: Acquisition, net of cash acquired			-	532
Free cash flow			$ (32,541)	$ 108,935

Note: Adjusted Operating Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings Per Share in the second quarter of 2016 exclude the effects of a defined benefit plan settlement charge. The 2015 quarter excludes the effects of a workforce reduction and facility consolidation charge, intangible asset impairment charge and accelerated amortization related to rebranding, and an impairment charge related to listing a non-strategic business for sale. Generally Accepted Accounting Principles require that the effects of these items be included in the Condensed Consolidated Statements of Income. Management believes that excluding these items is an appropriate comparison of its ongoing operating results and to the results of the prior year. It is helpful to provide readers of its financial statements with a reconciliation of these items to its Condensed Consolidated Statements of Income reported in accordance with Generally Accepted Accounting Principles.

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