

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): October 31, 2019

WESCO International, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-14989
(Commission File Number)

25-1723342
(IRS Employer
Identification No.)

225 West Station Square Drive
Suite 700

Pittsburgh, Pennsylvania
(Address of principal executive offices)

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 October 31, 2019, WESCO International, Inc. (the “Company”) issued a press release announcing its financial results for the third quarter of 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 third quarter of 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 October 31, 2019](#)

[99.2 Slide presentation for investors](#)

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)

October 31, 2019

(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 Third Quarter 2019 Results

Third quarter highlights:

- Record consolidated net sales of \$2.1 billion, up 3.9% versus prior year
 - Organic sales growth of 3.4%
- Cost of goods sold as a percentage of net sales of 81.4%
 - Gross margin of 18.6%
- Operating profit of \$94 million
 - Operating margin of 4.4%
- Earnings per diluted share of \$1.52, up 8%
- Operating cash flow of \$125.4 million; free cash flow of \$116.5 million, or 181% of net income
- Leverage of 3.0x, down 0.2x sequentially

PITTSBURGH, October 31, 2019 /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 third quarter of 2019.

Mr. John J. Engel, WESCO's Chairman, President and CEO, commented, "We achieved record third quarter sales due to improving results in the U.S. and strength in Industrial, Utility and Datacom. Despite an economic backdrop of increased headwinds, all of our end markets and geographies grew on a year-over-year basis as expected. Gross margin was down versus prior year primarily driven by business mix and the impact of supplier price increases, which we continue to aggressively work to pass through. Operating margin was within our expected range driven by effective cost management and EPS grew 8% versus prior year. Free cash flow generation was also very strong at over 180% of net income due to inventory reduction and strong collections in the quarter."

The following are results for the three months ended September 30, 2019 compared to the three months ended September 30, 2018:

- Net sales were \$2.1 billion for the third quarter of 2019, up 3.9% compared to the third quarter of 2018. Organic sales for the third quarter of 2019 grew by 3.4% as foreign exchange rates negatively impacted net sales by 0.4%, and acquisitions positively impacted net sales by 0.9%. Sequentially, there was no change in net sales; organic sales increased 1.2%.
- Cost of goods sold for the third quarter of 2019 and 2018 was \$1.7 billion, and gross profit was \$400.2 million and \$397.2 million, respectively. As a percentage of net sales, gross profit was 18.6% and 19.2% for the third quarter of 2019 and 2018, respectively. Gross profit as a percentage of net sales for the third quarter of 2019 primarily reflects unfavorable business mix and the impact of supplier price increases.
- Selling, general and administrative expenses were \$290.9 million, or 13.5% of net sales, for the third quarter of 2019, compared to \$284.1 million, or 13.7% of net sales, for the third quarter of 2018.
- Operating profit was \$93.7 million for the third quarter of 2019, compared to \$97.5 million for the third quarter of 2018. Operating profit as a percentage of net sales was 4.4% for the current quarter, compared to 4.7% for the third quarter of the prior year.
- Net interest and other for the third quarter of 2019 was \$13.5 million, compared to \$17.1 million for the third quarter of 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 third quarter of 2019.

- The effective tax rate for the third quarter of 2019 was 19.8%, compared to 17.2% for the third 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, as well as taxes attributable to the undistributed earnings of operations in China that are expected to be remitted in the future.
- Net income attributable to WESCO International, Inc. was \$64.5 million for the third quarter of 2019, compared to \$66.8 million for the third quarter of 2018.
- Earnings per diluted share for the third quarter of 2019 was \$1.52, based on 42.4 million diluted shares, compared to \$1.41 for the third quarter of 2018, based on 47.5 million diluted shares, an increase of 8%.
- Operating cash flow for the third quarter of 2019 was \$125.4 million, compared to \$87.6 million for the third quarter of 2018. Free cash flow for the third quarter of 2019 was \$116.5 million, or 181% of net income, compared to \$80.3 million, or 120% of net income, for the third quarter of 2018.

The following are results for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018:

- Net sales were \$6.3 billion for the first nine months of 2019, compared to \$6.2 billion for the first nine months of 2018, an increase of 1.5%. Organic sales for the first nine months of 2019 grew by 2.1% as foreign exchange rates and the number of workdays negatively impacted net sales by 0.9% and 0.5%, respectively, and were partially offset by the positive 0.8% impact from acquisitions.
- Cost of goods sold for the first nine months of 2019 was \$5.1 billion and gross profit was \$1.2 billion, compared to \$5.0 billion and \$1.2 billion, respectively, for the first nine months of 2018. As a percentage of net sales, gross profit was 19.0% and 19.1% for the first nine months of 2019 and 2018, respectively.
- Selling, general and administrative expenses were \$883.2 million, or 14.1% of net sales, for the first nine months of 2019, compared to \$867.8 million, or 14.1% of net sales, for the first nine months of 2018.
- Operating profit was \$262.4 million for the first nine months of 2019, compared to \$262.0 million for the first nine months of 2018. Operating profit as a percentage of net sales was 4.2% for both the current and prior nine month periods.
- Net interest and other for the first nine months of 2019 was \$47.9 million, compared to \$54.6 million for the first nine months of 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 first nine months of 2019. For the nine months ended September 30, 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 the first nine months of 2019 was 21.0%, compared to 19.3% for the first nine months of 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, as well as taxes attributable to the undistributed earnings of operations in China that are expected to be remitted in the future.
- Net income attributable to WESCO International, Inc. was \$170.3 million for the first nine months of 2019, compared to \$169.2 million for the first nine months of 2018.
- Earnings per diluted share for the first nine months of 2019 was \$3.88, based on 43.9 million diluted shares, compared to \$3.56 for the first nine months of 2018, based on 47.5 million diluted shares, an increase of 9%.
- Operating cash flow for the first nine months of 2019 was \$116.7 million, compared to \$174.5 million for the first nine months of 2018. Free cash flow for the first nine months of 2019 was \$86.3 million, or 51% of net income, compared to \$150.7 million, or 90% of net income, for the first nine months of 2018. The Company repurchased \$150.0 million of shares during the first nine months of 2019.

Mr. Engel continued, "We remain committed to delivering profitable growth in 2019 and beyond. Based on our year-to-date results and our view of the end markets, we have narrowed the range for our full-year expectations for sales, operating margin and EPS while maintaining our outlook for free cash flow generation of at least 90% of net income. As the economy slows and end markets become more challenging, the strong free cash flow generation capability of our business supports execution of our strategy and capital allocation priorities."

Mr. Engel added, "Consistent with our past practice, we are providing our first end market outlook for 2020 today. Overall we expect our end markets to provide profitable growth opportunities for WESCO, while macroeconomic uncertainties could limit growth rates in the Industrial and Construction end markets. 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 expect sales growth in the range of flat to 4% for next year and will provide the balance of our 2020 outlook during our fourth quarter earnings call in January. Customers are seeking continuous improvement and supply chain stability in an increasingly complex and rapidly changing world. Our talented team of associates and our robust portfolio of products and value-added services continue to differentiate WESCO in providing our customers with complete solutions for their MRO, OEM and capital project needs."

Webcast and Teleconference Access

WESCO will conduct a webcast and teleconference to discuss the third quarter of 2019 earnings as described in this News Release on Thursday, October 31, 2019, 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. 2018 annual sales were approximately \$8.2 billion. The company employs approximately 9,300 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.

The matters discussed herein may contain forward-looking statements that are subject to certain risks and uncertainties that could cause actual results to differ materially from expectations. 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 Securities and Exchange Commission.

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				
	September 30, 2019		September 30, 2018		
Net sales	\$	2,148,110		\$	2,067,245
Cost of goods sold (excluding depreciation and amortization)		1,747,913	81.4%		1,670,037 80.8%
Selling, general and administrative expenses		290,852	13.5%		284,073 13.7%
Depreciation and amortization		15,612			15,618
Income from operations		93,733	4.4%		97,517 4.7%
Net interest and other		13,508			17,050
Income before income taxes		80,225	3.7%		80,467 3.9%
Provision for income taxes		15,886			13,822
Net income		64,339	3.0%		66,645 3.2%
Net loss attributable to noncontrolling interests		(156)			(204)
Net income attributable to WESCO International, Inc.	\$	64,495	3.0%	\$	66,849 3.2%
Earnings per diluted common share	\$	1.52		\$	1.41
Weighted-average common shares outstanding and common share equivalents used in computing earnings per diluted common share (in thousands)		42,378			47,486

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

	Nine Months Ended				
	September 30, 2019		September 30, 2018		
Net sales	\$	6,259,465		\$	6,165,154
Cost of goods sold (excluding depreciation and amortization)		5,067,799	81.0%		4,988,103 80.9%
Selling, general and administrative expenses		883,222	14.1%		867,790 14.1%
Depreciation and amortization		46,035			47,321
Income from operations		262,409	4.2%		261,940 4.2%
Net interest and other		47,934			54,574
Income before income taxes		214,475	3.4%		207,366 3.4%
Provision for income taxes		44,970			40,077
Net income		169,505	2.7%		167,289 2.7%
Net loss attributable to noncontrolling interests		(824)			(1,921)
Net income attributable to WESCO International, Inc.	\$	170,329	2.7%	\$	169,210 2.7%
Earnings per diluted common share	\$	3.88		\$	3.56
Weighted-average common shares outstanding and common share equivalents used in computing earnings per diluted common share (in thousands)		43,901			47,547

WESCO INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollar amounts in thousands)
(Unaudited)

	September 30, 2019	December 31, 2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 138,160	\$ 96,343
Trade accounts receivable, net	1,315,026	1,166,607
Inventories	961,997	948,726
Other current assets	163,297	173,964
Total current assets	2,578,480	2,385,640
Other assets ⁽¹⁾	2,468,931	2,219,396
Total assets	\$ 5,047,411	\$ 4,605,036
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 849,584	\$ 794,348
Short-term borrowings and current debt	25,899	56,214
Other current liabilities ⁽¹⁾	229,041	211,384
Total current liabilities	1,104,524	1,061,946
Long-term debt, net	1,346,333	1,167,311
Other noncurrent liabilities ⁽¹⁾	409,844	246,053
Total liabilities	2,860,701	2,475,310
Stockholders' Equity		
Total stockholders' equity	2,186,710	2,129,726
Total liabilities and stockholders' equity	\$ 5,047,411	\$ 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 September 30, 2019, other assets includes \$237.3 million of operating lease assets, and other current liabilities and other noncurrent liabilities include \$61.1 million and \$182.0 million, respectively, of operating lease liabilities.

WESCO INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollar amounts in thousands)
(Unaudited)

	Nine Months Ended	
	September 30, 2019	September 30, 2018
Operating Activities:		
Net income	\$ 169,505	\$ 167,289
Add back (deduct):		
Depreciation and amortization	46,035	47,321
Deferred income taxes	4,621	12,194
Change in trade receivables, net	(122,903)	(104,215)
Change in inventories	(1,500)	23,189
Change in accounts payable	46,902	18,235
Other	(25,996)	10,447
Net cash provided by operating activities	116,664	174,460
Investing Activities:		
Capital expenditures	(30,323)	(23,749)
Other	(23,167)	3,609
Net cash used in investing activities	(53,490)	(20,140)
Financing Activities:		
Debt borrowings (repayments), net	147,605	(90,356)
Equity activity, net	(152,735)	(27,055)
Other	(12,952)	(7,409)
Net cash used in financing activities	(18,082)	(124,820)
Effect of exchange rate changes on cash and cash equivalents	(3,275)	(4,693)
Net change in cash and cash equivalents	41,817	24,807
Cash and cash equivalents at the beginning of the period	96,343	117,953
Cash and cash equivalents at the end of the period	\$ 138,160	\$ 142,760

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), 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.

WESCO INTERNATIONAL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(dollar amounts in thousands, except organic sales data)
(Unaudited)

Organic Sales Growth:	Three Months Ended	Nine Months Ended
	September 30, 2019	September 30, 2019
Change in net sales	3.9 %	1.5 %
Impact from acquisitions	0.9 %	0.8 %
Impact from foreign exchange rates	(0.4)%	(0.9)%
Impact from number of workdays	— %	(0.5)%
Organic sales growth	3.4 %	2.1 %

Organic Sales Growth - Sequential:	Three Months Ended September 30, 2019
Change in net sales	(0.1)%
Impact from acquisitions	— %
Impact from foreign exchange rates	0.3 %
Impact from number of workdays	(1.6)%
Organic sales growth	1.2 %

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		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net sales	\$ 2,148,110	\$ 2,067,245	\$ 6,259,465	\$ 6,165,154
Cost of goods sold (excluding depreciation and amortization)	1,747,913	1,670,037	5,067,799	4,988,103
Gross profit	\$ 400,197	\$ 397,208	\$ 1,191,666	\$ 1,177,051
Gross margin	18.6%	19.2%	19.0%	19.1%

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	
	September 30, 2019	December 31, 2018
Income from operations	\$ 352,909	\$ 352,440
Depreciation and amortization	61,711	62,997
EBITDA	\$ 414,620	\$ 415,437
	September 30, 2019	December 31, 2018
Short-term borrowings and current debt	\$ 25,899	\$ 56,214
Long-term debt	1,346,333	1,167,311
Debt discount and debt issuance costs ⁽¹⁾	9,371	9,600
Total debt	1,381,603	1,233,125
Less: cash and cash equivalents	138,160	96,343
Total debt, net of cash	\$ 1,243,443	\$ 1,136,782
Financial leverage ratio	3.0	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		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Cash flow provided by operations	\$ 125,439	\$ 87,639	\$ 116,664	\$ 174,460
Less: capital expenditures	(8,921)	(7,365)	(30,323)	(23,749)
Free cash flow	\$ 116,518	\$ 80,274	\$ 86,341	\$ 150,711
Percentage of net income	181%	120%	51%	90%

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®

Q3 2019 Earnings

Webcast Presentation

October 31, 2019



Forward Looking Statements

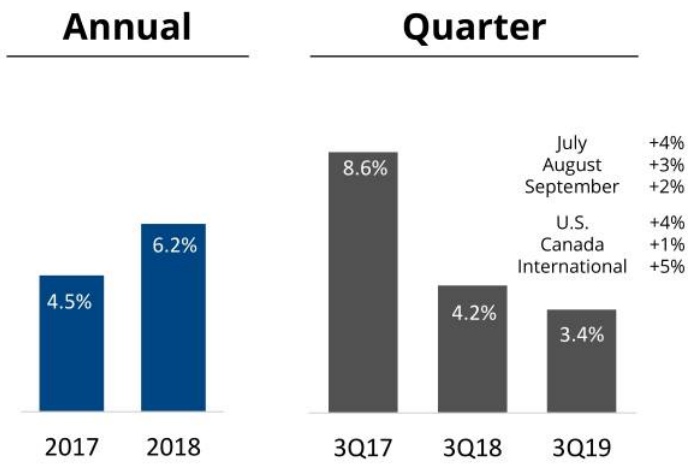
All statements made herein that are not historical facts should be considered as “forward-looking statements” within the meaning of the Private Securities Litigation Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. 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, 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 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



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 re

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	
GEOGRAPHY	Utility	BELOW	Headwind
	Canada	ABOVE	
	U.S.	AVERAGE	
SHIPMENT	International	BELOW	Headwind
	Stock	ABOVE	
	Special Order	AVERAGE	
	Direct	BELOW	

⁽¹⁾ Presented at June, 2019 Investor Day

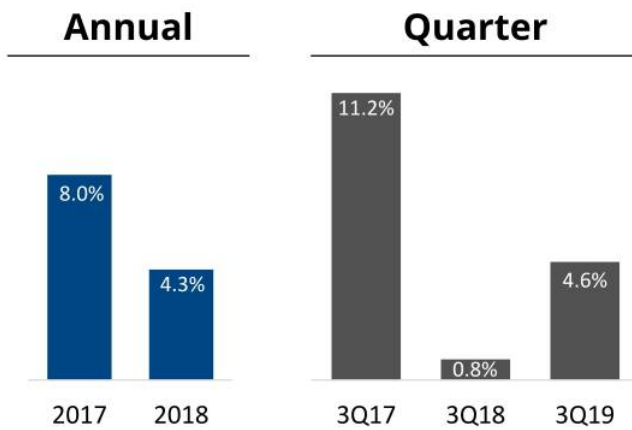
Diluted EPS and Sales Growth Walk

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



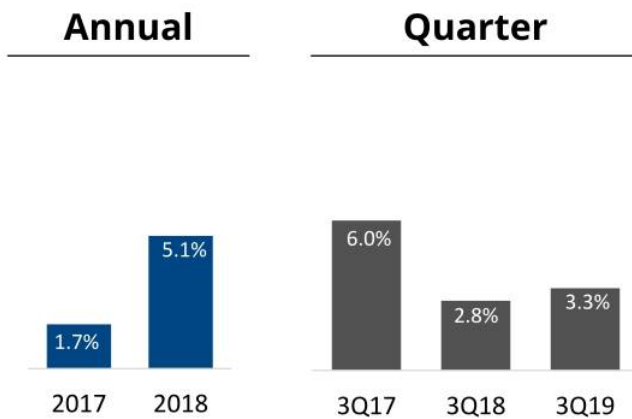
- Q3 2019 organic sales
 - Up 5% versus prior year
 - U.S. up 3%; Canada up 7% in local currency
 - Up 1% sequentially
- Pickup in sales growth rate against stiffer headwinds in Industrial market in Q3
 - Increased uncertainty impacting business spending
 - Labor supply constraints continue
- Continued strength in petrochemical, metals and 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 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 in investor owned utility, public power, and generative customers
- Customer interest in Integrated Supply solutions is high
- Expect grid reliability and modernization projects 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

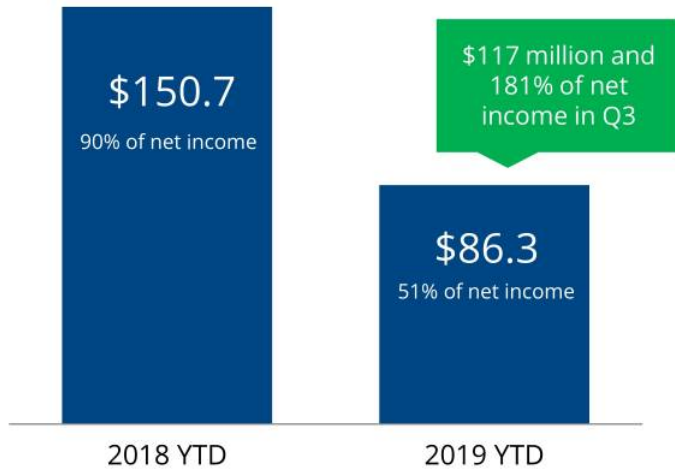
Awarded a multi-million dollar contract to provide data communications products for the construction of a U.S. federal government facility.

Free Cash Flow & Leverage

Free Cash Flow

(\$ Millions)

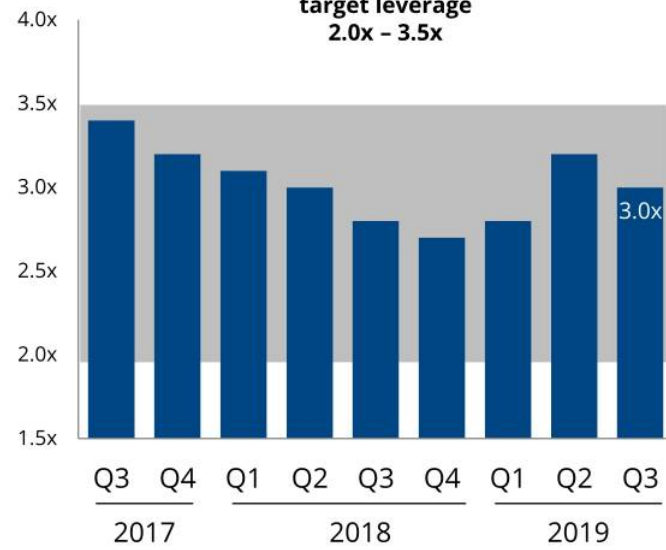
~ \$1.1B of free cash flow over the last 5 years



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:	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	Flat to 4%

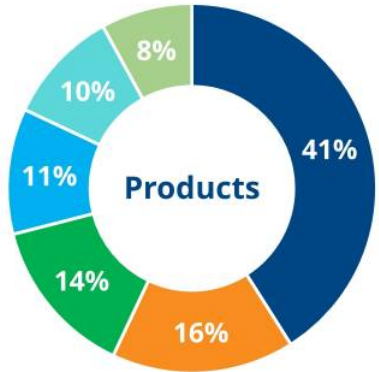
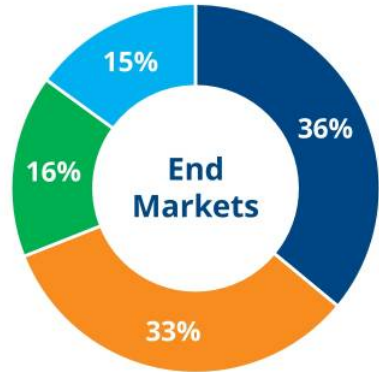
¹ Foreign currency exchange rates expected to be a slight headwind offset by the carryover impact of the SLS acquisition in March, 2019

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

