**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): April 26, 2018

# WESCO International, Inc.

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Delaware**<br>(State or other jurisdiction of incorporation) | **001-14989**<br>(Commission File Number) | **25-1723342**<br>(IRS Employer Identification No.) |
| **225 West Station Square Drive**<br>**Suite 700**<br>**Pittsburgh, Pennsylvania**<br>(Address of principal executive offices) | | **15219**<br>(Zip Code) |

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

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

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 o

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. o

**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 April 26, 2018, WESCO International, Inc. (the “Company”) issued a press release announcing its financial results for the first quarter of 2018. 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 first quarter of 2018 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 April 26, 2018

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) |
| April 26, 2018 | By: /s/ David S. Schulz |
| (Date) | 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 First Quarter 2018 Results

*First quarter highlights:*

- *Consolidated net sales of $2.0 billion, up 12% versus prior year*
- *Operating profit of $73.2 million, up 10% versus prior year*
- *Earnings per diluted share of $0.93, up 22% versus prior year*
- *Operating cash flow of $53.0 million; free cash flow of $45.3 million, or 105% of net income*

PITTSBURGH, April 26, 2018 /PRNewswire/ -- WESCO International, Inc. (NYSE: WCC), a leading provider of electrical, industrial, and communications maintenance, repair and operating (MRO) and original equipment manufacturers (OEM) products, construction materials, and advanced supply chain management and logistics services, announces its results for the first quarter of 2018.

Mr. John J. Engel, WESCO's Chairman, President and CEO, commented, "We are seeing continued positive and broad-based momentum in our business. Sales grew 11% organically, our highest growth rate in seven years, with all end markets and geographies contributing. Sales growth was consistently strong throughout the quarter and backlog expanded to another all-time record level. Operating profit and EPS both grew on a double digit percentage basis versus prior year, reflecting the positive pull through and operating leverage of our business. Free cash flow generation was also strong, exceeding 100% of net income."

The following are results for the three months ended March 31, 2018 compared to the three months ended March 31, 2017:

- Net sales were $2.0 billion for the first quarter of 2018, compared to $1.8 billion for the first quarter of 2017, an increase of 12.5%. Organic sales for the first quarter of 2018 grew by 10.9% and foreign exchange rates positively impacted net sales by 1.6%.

- Cost of goods sold for the first quarter of 2018 was $1.6 billion and gross profit was $379.9 million, compared to cost of goods sold and gross profit of $1.4 billion and $350.0 million, respectively, for the first quarter of 2017. As a percentage of net sales, gross profit was 19.1% and 19.7% for the first quarter of 2018 and 2017, respectively. Over half of the decline in gross profit as a percentage of net sales versus the prior year was due to growth in International projects and a reclassification of certain labor costs from selling, general and administrative expenses.

- Selling, general and administrative expenses were $290.8 million, or 14.6% of net sales, for the first quarter of 2018, compared to $267.4 million, or 15.1% of net sales, for the first quarter of 2017.

- Operating profit was $73.2 million for the first quarter of 2018, compared to $66.6 million for the first quarter of 2017, an increase of 9.9%. Operating profit as a percentage of net sales was 3.7% for the current quarter, compared to 3.8% for the first quarter of the prior year.

- Net interest and other for the first quarter of 2018 was $19.8 million, compared to $16.2 million for the first quarter of 2017. For the three months ended March 31, 2018, net interest and other includes a foreign exchange loss of $3.0 million from the remeasurement of a financial instrument.

- The effective tax rate for the first quarter of 2018 was 19.6%, compared to 25.0% for the first quarter of 2017. The lower effective tax rate in the current quarter is primarily due to the Tax Cuts and Jobs Act of 2017, which permanently reduced the U.S. federal statutory income tax rate from 35% to 21%, effective January 1, 2018.

- Net income attributable to WESCO International, Inc. was $44.4 million and $37.7 million for the first quarter of 2018 and 2017, respectively.

- Earnings per diluted share for the first quarter of 2018 was $0.93, based on 47.6 million diluted shares, compared to $0.76 for the first quarter of 2017, based on 49.4 million diluted shares. Earnings per diluted share for the first quarter of 2018 increased 22.4% as compared to the first quarter of 2017.

- Operating cash flow for the first quarter of 2018 was $53.0 million, compared to $47.6 million for the first quarter of 2017. Free cash flow for the first quarter of 2018 was $45.3 million, or 105% of net income, compared to $43.1 million, or 114% of net income, for the first quarter of 2017.

Mr. Engel continued, "After returning to above-market sales growth in the second half of last year, our top priority was to return to profitable growth in 2018, and we are off to a good start in the first quarter. Sales growth momentum has continued in April, and we expect the favorable economic conditions and the positive growth in our end markets to continue this year. Our plan includes continued above-market performance, execution of our profitable growth initiatives, investments in our people and processes, and maintaining our cost and cash management discipline. Based on our first quarter results, we have increased our full year expectations for sales growth to be in the range of 5% to 8%, and EPS to be in the range of $4.50 to $5.00 per diluted share, while reaffirming our expectation for free cash flow generation of at least 90% of net income."

Mr. Engel added, "Our customers and suppliers look to WESCO to provide leading supply chain solutions, supported by our broad portfolio of products, value-added services and global footprint. I am confident in our team’s ability to provide outstanding customer service and deliver value to our customers' operations and supply chains in 2018 and beyond."

## Webcast and Teleconference Access

WESCO will conduct a webcast and teleconference to discuss the first quarter of 2018 earnings as described in this News Release on Thursday, April 26, 2018, 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 manufacturers (OEM) products, construction materials, and advanced supply chain management and logistic services. 2017 annual sales were approximately $7.7 billion. The company employs approximately 9,100 people, maintains relationships with over 26,000 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 10 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, 2017, as well as the Company's other reports filed with the Securities and Exchange Commission.*

Contact: Mary Ann Bell, Vice President, Investor Relations
WESCO International, Inc. (412) 454-4220, Fax: (412) 222-7409
http://www.wesco.com

## WESCO INTERNATIONAL, INC.

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
(dollar amounts in millions, except per share amounts)
(Unaudited)

| | Three Months Ended | | | |
|---|---|---|---|---|
| | March 31, 2018 | | March 31, 2017 | |
| Net sales | $ 1,993.9 | | $ 1,772.6 | |
| Cost of goods sold (excluding depreciation and amortization) | 1,614.0 | 80.9% | 1,422.6 | 80.3% |
| Selling, general and administrative expenses [(1)] | 290.8 | 14.6% | 267.4 | 15.1% |
| Depreciation and amortization | 15.9 | | 16.0 | |
| Income from operations | 73.2 | 3.7% | 66.6 | 3.8% |
| Net interest and other [(1)] | 19.8 | | 16.2 | |
| Income before income taxes | 53.4 | 2.7% | 50.4 | 2.8% |
| Provision for income taxes | 10.5 | | 12.6 | |
| Net income | 42.9 | 2.2% | 37.8 | 2.1% |
| Net (loss) income attributable to noncontrolling interests | (1.5) | | 0.1 | |
| Net income attributable to WESCO International, Inc. | $ 44.4 | 2.2% | $ 37.7 | 2.1% |
| | | | | |
| Earnings per diluted common share | $ 0.93 | | $ 0.76 | |
| Weighted-average common shares outstanding and common share equivalents used in computing earnings per diluted share (in millions) | 47.6 | | 49.4 | |

(1) The Company adopted Accounting Standards Update (ASU) 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, on a retrospective basis during the first quarter of 2018. This ASU requires the disaggregation of service cost from the other components of net periodic benefit cost. For the three months ended March 31, 2018 and 2017, the non-service cost components of net periodic benefit cost aggregated to a benefit of $0.5 million and are included in net interest and other.

## WESCO INTERNATIONAL, INC.

### CONDENSED CONSOLIDATED BALANCE SHEETS

(dollar amounts in millions)
(Unaudited)

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 123.9 | $ 118.0 |
| Trade accounts receivable, net | 1,205.0 | 1,170.1 |
| Inventories | 949.5 | 956.1 |
| Other current assets | 140.3 | 164.7 |
| Total current assets | 2,418.7 | 2,408.9 |
| | | |
| Other assets | 2,294.6 | 2,326.6 |
| Total assets | $ 4,713.3 | $ 4,735.5 |
| | | |
| **Liabilities and Stockholders' Equity** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 805.4 | $ 799.5 |
| Short-term borrowings and current debt | 42.9 | 35.3 |
| Other current liabilities | 173.3 | 206.2 |
| Total current liabilities | 1,021.6 | 1,041.0 |
| | | |
| Long-term debt, net | 1,292.1 | 1,313.3 |
| Other noncurrent liabilities | 266.7 | 265.1 |
| Total liabilities | 2,580.4 | 2,619.4 |
| | | |
| **Stockholders' Equity** | | |
| Total stockholders' equity | 2,132.9 | 2,116.1 |
| Total liabilities and stockholders' equity | $ 4,713.3 | $ 4,735.5 |

## WESCO INTERNATIONAL, INC.

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollar amounts in millions)
(Unaudited)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| **Operating Activities:** | | |
| Net income | $ 42.9 | $ 37.8 |
| Add back (deduct): | | |
| Depreciation and amortization | 15.9 | 16.0 |
| Deferred income taxes | 2.7 | 2.3 |
| Change in trade receivables, net | (37.5) | (22.1) |
| Change in inventories | 3.0 | (26.4) |
| Change in accounts payable | 8.1 | 26.1 |
| Other | 17.9 | 13.9 |
| Net cash provided by operating activities | 53.0 | 47.6 |
| | | |
| **Investing Activities:** | | |
| Capital expenditures | (7.7) | (4.5) |
| Other | (8.7) | — |
| Net cash used in investing activities | (16.4) | (4.5) |
| | | |
| **Financing Activities:** | | |
| Debt repayments, net | (16.6) | (48.2) |
| Equity activity, net | (1.7) | (6.5) |
| Other | (10.6) | 4.0 |
| Net cash used in financing activities | (28.9) | (50.7) |
| | | |
| Effect of exchange rate changes on cash and cash equivalents | (1.8) | 0.5 |
| | | |
| Net change in cash and cash equivalents | 5.9 | (7.1) |
| Cash and cash equivalents at the beginning of the period | 118.0 | 110.1 |
| Cash and cash equivalents at the end of the period | $ 123.9 | $ 103.0 |

## NON-GAAP FINANCIAL MEASURES

This earnings release includes certain non-GAAP financial measures. These financial measures include organic sales growth, gross profit, 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 millions, except organic sales data)
(Unaudited)

| Organic Sales Growth: | Three Months Ended March 31, 2018 |
|---|---|
| Change in net sales | 12.5% |
| Impact from acquisitions | —% |
| Impact from foreign exchange rates | 1.6% |
| Impact from number of workdays | —% |
| Organic sales growth | 10.9% |

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.

| | Three Months Ended | |
|---|---|---|
| **Gross Profit:** | **March 31, 2018** | **March 31, 2017** |
| Net sales | $ 1,993.9 | $ 1,772.6 |
| Cost of goods sold (excluding depreciation and amortization) | 1,614.0 | 1,422.6 |
| Gross profit | $ 379.9 | $ 350.0 |
| Gross margin | 19.1% | 19.7% |

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 millions)
(Unaudited)

| Financial Leverage: | Twelve Months Ended March 31, 2018 | Twelve Months Ended December 31, 2017 |
|---|---|---|
| Income from operations [1] | $ 325.6 | $ 319.2 |
| Depreciation and amortization | 63.9 | 64.0 |
| EBITDA | $ 389.5 | $ 383.2 |
| | **March 31, 2018** | **December 31, 2017** |
| Short-term borrowings and current debt | $ 42.9 | $ 35.3 |
| Long-term debt | 1,292.1 | 1,313.3 |
| Debt discount and debt issuance costs [2] | 13.2 | 14.2 |
| Total debt | $ 1,348.2 | $ 1,362.8 |
| | | |
| Financial leverage ratio | 3.5 | 3.6 |

[1] Due to the adoption of ASU 2017-07 on a retrospective basis in the first quarter of 2018, the Company classified the non-service cost components of net periodic benefit cost as part of net interest and other for the twelve months ended March 31, 2018 and December 31, 2017. These components aggregated to a benefit of $1.9 million and $1.8 million, respectively.

[2] Long-term 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, by EBITDA. EBITDA is defined as the trailing twelve months earnings before interest, taxes, depreciation and amortization.

| Free Cash Flow: | Three Months Ended March 31, 2018 | Three Months Ended March 31, 2017 |
|---|---|---|
| Cash flow provided by operations | $ 53.0 | $ 47.6 |
| Less: Capital expenditures | (7.7) | (4.5) |
| Free cash flow | $ 45.3 | $ 43.1 |
| Percentage of net income | 105% | 114% |

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

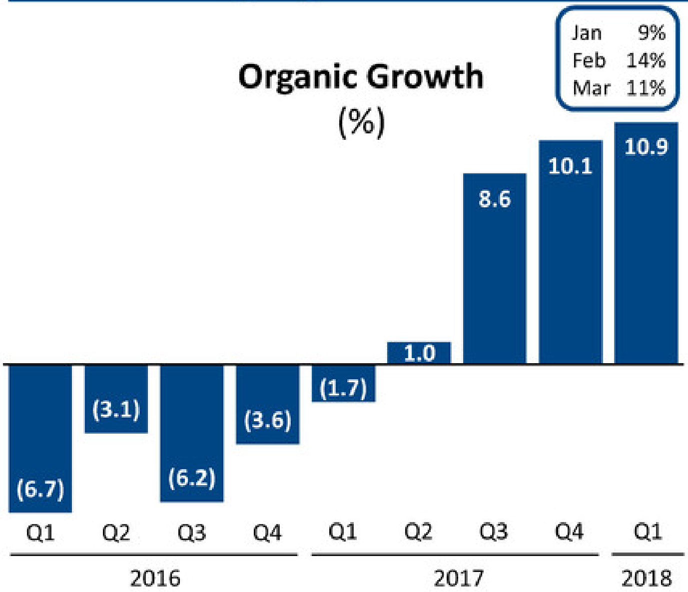
# Q1 2018 Earnings

## Webcast Presentation – April 26, 2018

# Safe Harbor Statement

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; disruptions in operations or information technology systems; increase in competition; expansion of business activities; 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; tax law changes or challenges to tax matters, including uncertainties in the interpretation and application of the Tax Cuts and Jobs Act of 2017; 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, 2017 and any subsequent filings with the Securities & 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.

# Q1 2018 Highlights



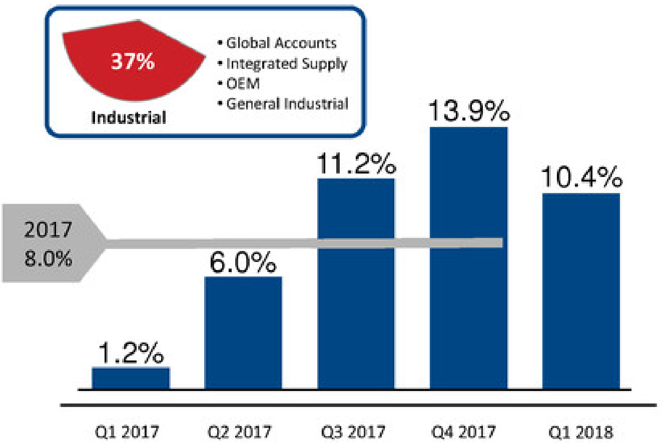

Note: Organic growth excludes the impact of acquisitions in the first year of ownership, foreign exchange rates and number of workdays. See appendix for non-GAAP reconciliations.

- Strong first quarter results
  - Double digit sales, operating profit and EPS growth versus prior year
- Continued positive business momentum and growth across all end markets and geographies
- Reported sales were up 12%, organic sales were up 11%:
  - Up 10% in the U.S.
  - Up 10% in Canada
  - Up 24% in International
- Highest organic sales growth rate since 2011
- Estimated pricing impact +2%
- April MTD sales up low double digits
- Q1 backlog at an all-time record level, up 4% sequentially and up 14% versus prior year
- Free cash flow at 105% of net income

***…performance exceeded outlook***

# Industrial End Market

**Organic Sales Growth versus Prior Year**



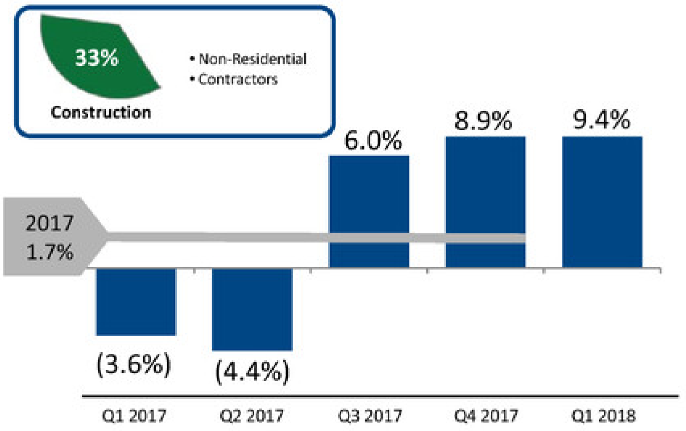

Note: See appendix for non-GAAP reconciliations.

- Q1 2018 Sales
  - Organic sales were up 10% versus prior year (up 9% in the U.S. and up 17% in Canada in local currency)
  - Down 1% sequentially
- Increasing business momentum with industrial customers
- Sales growth was broad-based across the U.S. and Canada
- Global Account and Integrated Supply opportunity pipeline and bidding activity levels remain strong
- Customer trends include continued high expectations for supply chain process improvements, cost reductions, and supplier consolidation

Awarded a multi-year contract to supply electrical MRO materials and support capital projects for a large chemical manufacturer in the U.S. and Canada.

# Construction End Market

**Organic Sales Growth versus Prior Year**



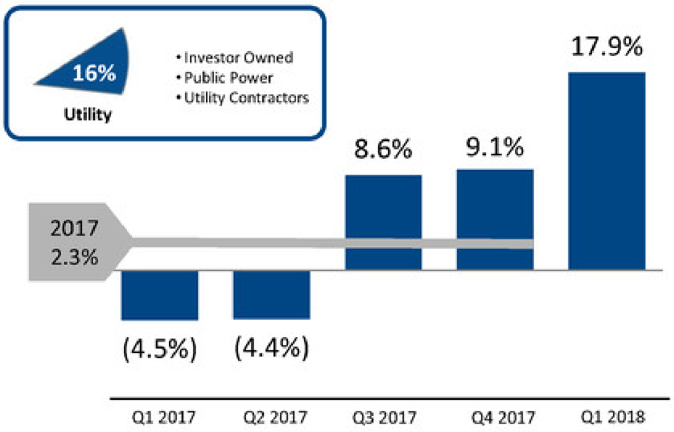

Note: See appendix for non-GAAP reconciliations.

- Q1 2018 Sales
  - Organic sales were up 9% versus prior year (up 10% in both the U.S. and in Canada in local currency)
  - Down 9% sequentially
- Increasing business momentum with construction/contractor customers
- Sales growth was broad-based across the U.S. and Canada
- Backlog is up 14% versus prior year and is up 4% from Q4
- Expecting moderate growth and uptrend in non-residential construction market to continue

Awarded a contract to provide electrical materials and services to a contractor to upgrade a nuclear plant in Canada.

# Utility End Market

**Organic Sales Growth versus Prior Year**



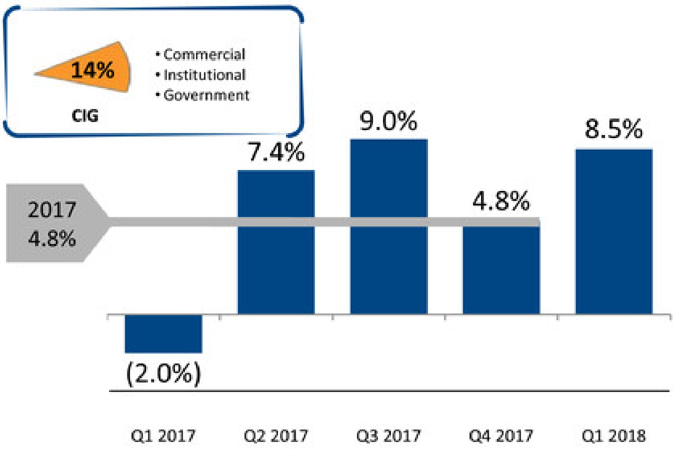

Note: See appendix for non-GAAP reconciliations.

- Q1 2018 Sales
  - Organic sales were up 18% versus prior year (up 21% in the U.S. and down 6% in Canada in local currency)
  - Down 5% sequentially
- Continued scope expansion and value creation with investor-owned utility, public power, and generation customers
- Continued interest in Integrated Supply solution offerings
- Favorable economic conditions, continued improvement in construction market, renewables growth, and consolidation trend within Utility industry remain positive catalysts for future spending

Awarded a contract to provide electrical materials for wind farm substation project in the US.

# CIG End Market

**Organic Sales Growth versus Prior Year**



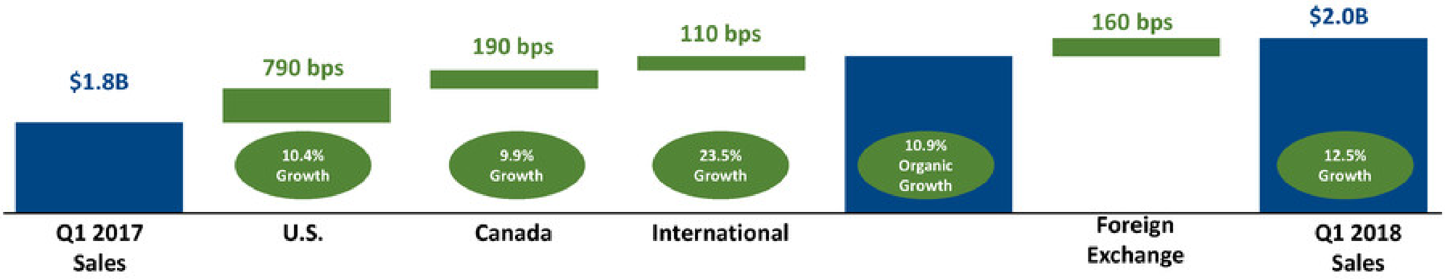

Note: See appendix for non-GAAP reconciliations.

- Q1 2018 Sales
  - Organic sales were up 9% versus prior year (up 3% in the U.S. and up 5% in Canada in local currency; balance of growth in International)
  - Up 5% sequentially
- Technical expertise and supply chain solutions driving positive momentum in datacenter, broadband, and cloud technology projects
- Increasing momentum seen in LED lighting retrofits, FTTX deployments, broadband build outs, and cyber and physical security for critical infrastructure protection

Awarded a contract to provide electrical materials for a public water treatment facility upgrade in the U.S.

# Q1 2018 Results

| | Outlook | Actual | YOY |
|---|---|---|---|
| Sales | 6% to 9% | $2.0B | Up 12.5% |
| Gross Margin | | 19.1% | Down 60 bps, down 10 bps sequentially (1) |
| SG&A | | $291M, 14.6% | Up 9%, improved 50 bps |
| Operating Profit | | $73M | Up 10% |
| Operating Margin | 3.5% to 3.8% | 3.7% | Down 10 bps |
| Effective Tax Rate | ~22% | 19.6% | Down 540 bps |
| EPS | | $0.93 | Up 22% |



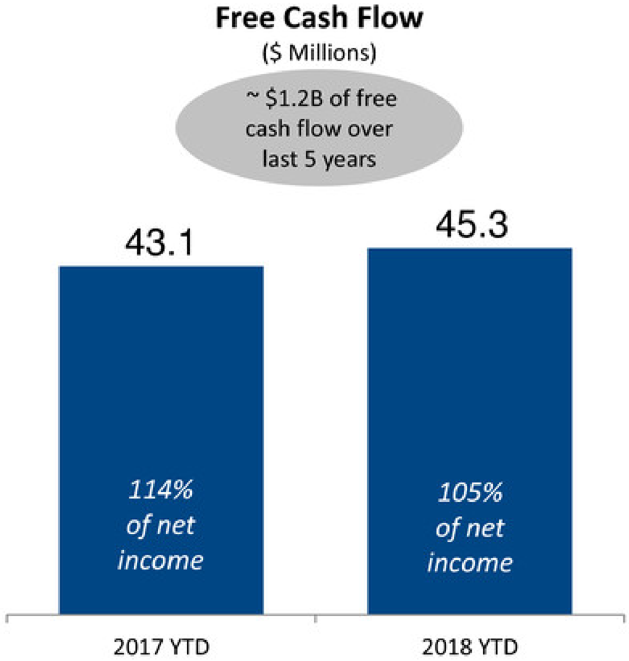

Note: See appendix for non-GAAP reconciliations.
(1) Reflects the impact of a 15 bps reclassification of certain labor costs from selling, general and administrative expenses.

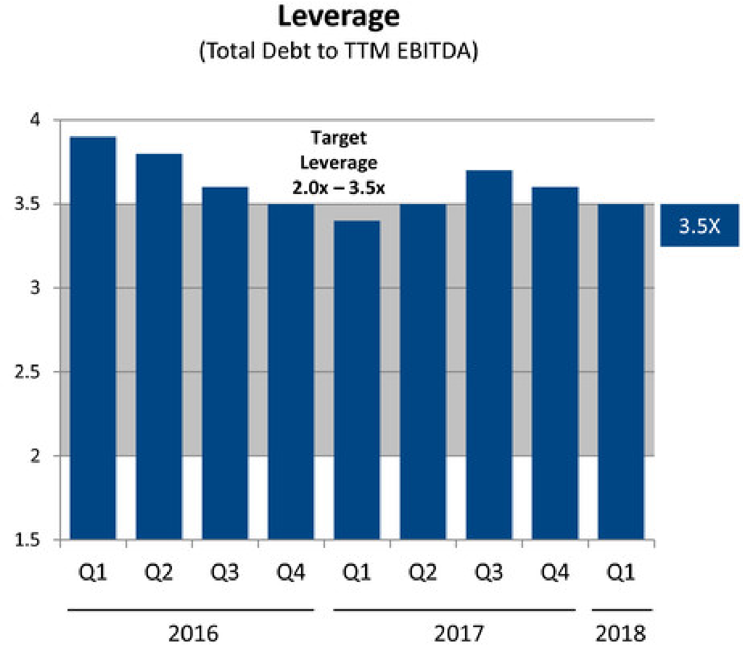
***...margins stabilizing, positive operating profit pull through***

# Diluted EPS Walk

| | | Q1 |
|---|---|---|
| 2017 | | $0.76 |
| Core operations | (Includes the planned restoration of variable compensation versus prior year) | 0.07 |
| Foreign exchange | | 0.01 |
| Tax | | 0.06 |
| Share count | | 0.03 |
| 2018 | | $0.93 |

# Free Cash Flow & Leverage




Note: See appendix for non-GAAP reconciliations.

# 2018 Outlook

| | Q2 | FY (Current) | FY (Previous) |
|---|---|---|---|
| Sales | 7% to 10% | 5% to 8% | 3% to 6% |
| Operating Margin | 4.2% to 4.5% | 4.2% to 4.6% | 4.2% to 4.6% |
| Effective Tax Rate | ~ 21% | 21% to 23% | 21% to 23% |
| Diluted EPS | | \$4.50 to \$5.00 | \$4.40 to \$4.90 |
| Free Cash Flow | | >90% of net income | >90% of net income |

Notes: Excludes unannounced acquisitions.
Assumes a CAD/USD exchange rate of 0.78.
See appendix for non-GAAP reconciliations.

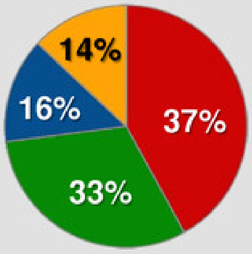
# Appendix

**NON-GAAP FINANCIAL MEASURES**

This presentation includes certain non-GAAP financial measures. These financial measures include organic sales growth, gross profit, financial leverage, earnings before interest, taxes, depreciation and amortization (EBITDA), and free cash flow. Management 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 Profile 2018

## Markets & Customers




**Industrial**

Global Accounts | Integrated Supply
OEM | General Industrial

**Construction**

Non-Residential | Contractors

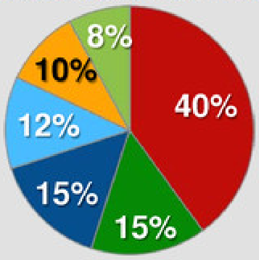
**Utility**

Investor Owned | Public Power
Utility Contractors

**CIG**

Commercial | Institutional | Government

## Products & Services




- General Supplies
- Communications & Security
- Wire, Cable & Conduit
- Lighting & Sustainability
- Electrical Distribution & Controls
- Automation, Controls & Motors

Note: Markets & Customers and Products & Services percentages reported on a TTM consolidated basis.

# Sales Growth

(%)

| | 2016 | | | | | 2017 | | | | | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 |
| **Change in Net Sales** | **(2.2)** | **(0.3)** | **(3.6)** | **(3.7)** | **(2.4)** | **(0.2)** | **(0.1)** | **7.8** | **11.3** | **4.7** | **12.5** |
| Acquisition Impact | 3.9 | 3.7 | 2.9 | 1.8 | 3.1 | 0.9 | | | | 0.2 | |
| **Core** | **(6.1)** | **(4.0)** | **(6.5)** | **(5.5)** | **(5.5)** | **(1.1)** | **(0.1)** | **7.8** | **11.3** | **4.5** | **12.5** |
| FX Impact | (2.6) | (0.9) | (0.3) | (0.3) | (1.0) | 0.6 | (1.1) | 0.8 | 1.2 | 0.4 | 1.6 |
| Workday Impact | 3.2 | | | (1.6) | 0.4 | | | (1.6) | | (0.4) | |
| **Organic** | **(6.7)** | **(3.1)** | **(6.2)** | **(3.6)** | **(4.9)** | **(1.7)** | **1.0** | **8.6** | **10.1** | **4.5** | **10.9** |

Note: Core sales growth excludes acquisitions during the first year of ownership.

# Q1 2018 Organic Sales Growth by Geography

(%)

| | U.S. | Canada | International | WESCO |
|---|---|---|---|---|
| **Change in net sales (USD)** | 10.4 | 15.6 | 32.7 | 12.5 |
| Impact from acquisitions | - | - | - | - |
| Impact from foreign exchange rates | - | 5.7 | 9.2 | 1.6 |
| Impact from number of workdays | - | - | - | - |
| **Organic sales growth** | 10.4 | 9.9 | 23.5 | 10.9 |

# Sales Growth-End Markets

## ($ Millions)

| | Q1 2018 vs. Q1 2017 | | | Q1 2018 vs. Q4 2017 | | |
|---|---|---|---|---|---|---|
| | Q1 2018 | Q1 2017 | % Growth | Q1 2018 | Q4 2017 | % Growth |
| Industrial Core | 762 | 681 | 11.9% | 762 | 744 | 2.4% |
| Construction Core | 640 | 574 | 11.5% | 640 | 679 | (5.7)% |
| Utility Core | 317 | 267 | 18.5% | 317 | 322 | (1.6)% |
| CIG Core | 283 | 258 | 9.8% | 283 | 261 | 8.4% |
| Total Core Gross Sales | 2,002 | 1,780 | 12.5% | 2,002 | 2,006 | (0.2)% |
| Total Gross Sales from Acquisitions | - | - | | - | - | |
| Total Gross Sales | 2,002 | 1,780 | 12.5% | 2,002 | 2,006 | (0.2)% |
| Gross Sales Reductions/Discounts | (8) | (8) | | (8) | (9) | |
| Total Net Sales | 1,994 | 1,773 | 12.5% | 1,994 | 1,997 | (0.1)% |

Note: The prior period end market amounts noted above may contain reclassifications to conform to current period presentation.

# Q1 2018 Organic Sales by End Market

(%)

| | Industrial | Construction | Utility | CIG | WESCO |
|---|---|---|---|---|---|
| **Core Sales Growth** | 11.9 | 11.5 | 18.5 | 9.8 | 12.5 |
| FX Impact | 1.5 | 2.1 | 0.6 | 1.3 | 1.6 |
| Workday Impact | - | - | - | - | - |
| **Organic Growth** | 10.4 | 9.4 | 17.9 | 8.5 | 10.9 |

# Gross Margin

($ Millions)

| | Three Months Ended | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Net sales | $1,994 | $1,773 |
| Cost of goods sold (excluding depreciation and amortization) | 1,614 | 1,423 |
| Gross profit | $380 | $350 |
| Gross margin | 19.1% | 19.7% |

# Capital Structure

## ($ Millions)

| | Outstanding at December 31, 2017 | Outstanding at March 31, 2018 | Debt Maturity Schedule |
|---|---|---|---|
| AR Revolver (V) | 380 | 390 | 2020 |
| Inventory Revolver (V) | 12 | 0 | 2020 |
| 2019 Term Loans (V) | 85 | 65 | 2019 |
| 2021 Senior Notes (F) | 500 | 500 | 2021 |
| 2024 Senior Notes (F) | 350 | 350 | 2024 |
| Other (V) | 36 | 43 | N/A |
| **Total Debt** | **1,363** | **1,348** | |

| Key Financial Metrics | | |
|---|---|---|
| | YE 2017 | Q1 2018 |
| Cash | 118 | 124 |
| Capital Expenditures | 22 | 8 |
| Free Cash Flow [1] | 128 | 45 |
| Liquidity [2] | 794 | 813 |

(V) Variable Rate Debt

(F) Fixed Rate Debt

[1] Cash flow provided by operations less capital expenditures.

[2] Total availability under asset-backed credit facilities plus cash in investment accounts.

# Financial Leverage

## ($ Millions)

| | | Twelve Months Ended March 31, 2018 |
|---|---|---|
| Income from operations [1] | $ | 326 |
| Depreciation and amortization | | 64 |
| EBITDA | $ | 390 |
| | | **March 31, 2018** |
| Short-term borrowings and current debt | $ | 43 |
| Long-term debt | | 1,292 |
| Debt discount and debt issuance costs [2] | | 13 |
| Total debt | $ | 1,348 |
| Less: cash and cash equivalents | $ | 124 |
| Total debt, net of cash | $ | 1,224 |
| | | |
| Financial leverage ratio | | 3.5X |
| Financial leverage ratio, net of cash | | 3.1X |

(1) Due to the adoption of ASU 2017-07 on a retrospective basis in the first quarter of 2018, the Company classified the non-service cost components of net periodic benefit cost as part of net interest and other for the twelve months ended March 31, 2018. These components aggregate to a benefit of $1.9 million.

(2) Long-term debt is presented in the condensed consolidated balance sheet as of March 31, 2018 net of debt discount and debt issuance costs.

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.

# Free Cash Flow Reconciliation

## ($ Millions)

| | Q1 2017 | Q1 2018 |
|---|---|---|
| Cash flow provided by operations | 47.6 | 53.0 |
| Less: Capital expenditures | (4.5) | (7.7) |
| Free cash flow | 43.1 | 45.3 |
| Net income | 37.8 | 42.9 |
| Percentage of net income | 114% | 105% |

Note: 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.

# Work Days

| | Q1 | Q2 | Q3 | Q4 | FY |
|---|---|---|---|---|---|
| **2016** | 64 | 64 | 64 | 62 | 254 |
| **2017** | 64 | 64 | 63 | 62 | 253 |
| **2018** | 64 | 64 | 63 | 62 | 253 |