



# Investor Presentation

May 2016

## Safe Harbor Statement

Statements in this presentation that are not historical facts may be deemed to be "forward-looking statements." Actual and anticipated future results may vary materially due to certain risks and uncertainties, including, without limitation, possible adverse effects resulting from financial market disruption and fluctuations in foreign currency rates, and general slowdown of the U.S. economy such as our current and potential customers' delaying or reducing technology purchases or put downward pressure on prices, increasing credit risk associated with our customers and vendors, reduction of vendor incentive programs, the possibility of additional goodwill impairment charges, and restrictions on our access to capital necessary to fund our operations; significant adverse changes in, reductions in, or losses of relationships with major customers or vendors; our ability to implement comprehensive plans to archive customer account coverage, cost containment, asset rationalization, systems integration and other key strategies; our ability to secure our electronic and other confidential information or that of our customers or partners; changes to our senior management team; the demand for and acceptance of, our products and services; our ability to adapt our services to meet changes in market developments; our ability to adapt to changes in the IT industry and/or rapid change in product standards; our ability to hire and retain sufficient personnel; our ability to realize our investment in leased equipment; our ability to protect our intellectual property; our ability to consummate and integrate acquisitions; the creditworthiness of our customers; our ability to raise capital and obtain non-recourse financing for our transactions; our ability to reserve adequately for credit losses; the impact of competition in our markets; the possibility of defects in our products or catalog content data; and other risks or uncertainties detailed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2016 and other periodic filings with the Securities and Exchange Commission and available at the SEC's website at <http://www.sec.gov>.

We wish to caution you that these factors could affect our financial performance and could cause actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. All information set forth in this presentation is current as of the date of this presentation and ePlus undertakes no duty or obligation to update this information.



**Mark Marron**  
Chief Operating Officer



## ePlus at a Glance

- + Leading provider of technology solutions focused on cloud, data center, security, infrastructure, and collaboration solutions
- + Technology partners include Cisco, HPE, NetApp, EMC and VMware
- + FY16 net sales: \$1.2 billion
  - 10% CAGR FY12-FY16
- + FY16 non-GAAP earnings per share: \$6.33
  - 22% CAGR on Non-GAAP EPS FY12-FY16
- + Headquarters: Herndon, Virginia
- + Presence in 32 states and the U.K.
- + 1,074 employees as of 3/31/16

# Experienced Leadership Team, Strong Alignment of Interest

Stable senior management team; compensation aligned with growth objectives



**Phil Norton**  
Chairman, Chief Executive Officer and President  
*21 Years with ePlus + 44 Years of Experience*



**Mark Marron**  
Chief Operating Officer, President of ePlus Technology, inc  
*10 Years with ePlus + 30 Years of Experience*



**Elaine Marion**  
Chief Financial Officer  
*17 Years with ePlus + 24 Years of Experience*



**Dan Farrell**  
Senior Vice President of National Professional Services  
*6 Years with ePlus + 31 Years of Experience*



**Kley Parkhurst**  
Senior Vice President, Corporate Development  
*25 Years with ePlus + 29 Years of Experience*



**Darren Raiguel**  
Executive Vice President, Technology Sales  
*18 Years with ePlus + 23 Years of Experience*



**Mark Melvin**  
Chief Technology Officer  
*10 Years with ePlus + 33 Years of Experience*



**Steve Mencarini**  
Senior Vice President of Business Operations  
*18 Years with ePlus + 35 Years of Experience*



**Erica Stoecker**  
General Counsel  
*15 Years with ePlus + 20 Years of Experience*

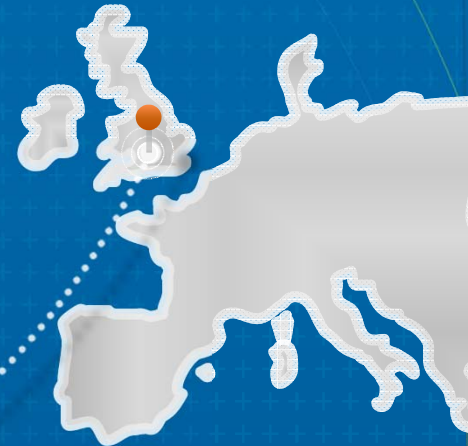
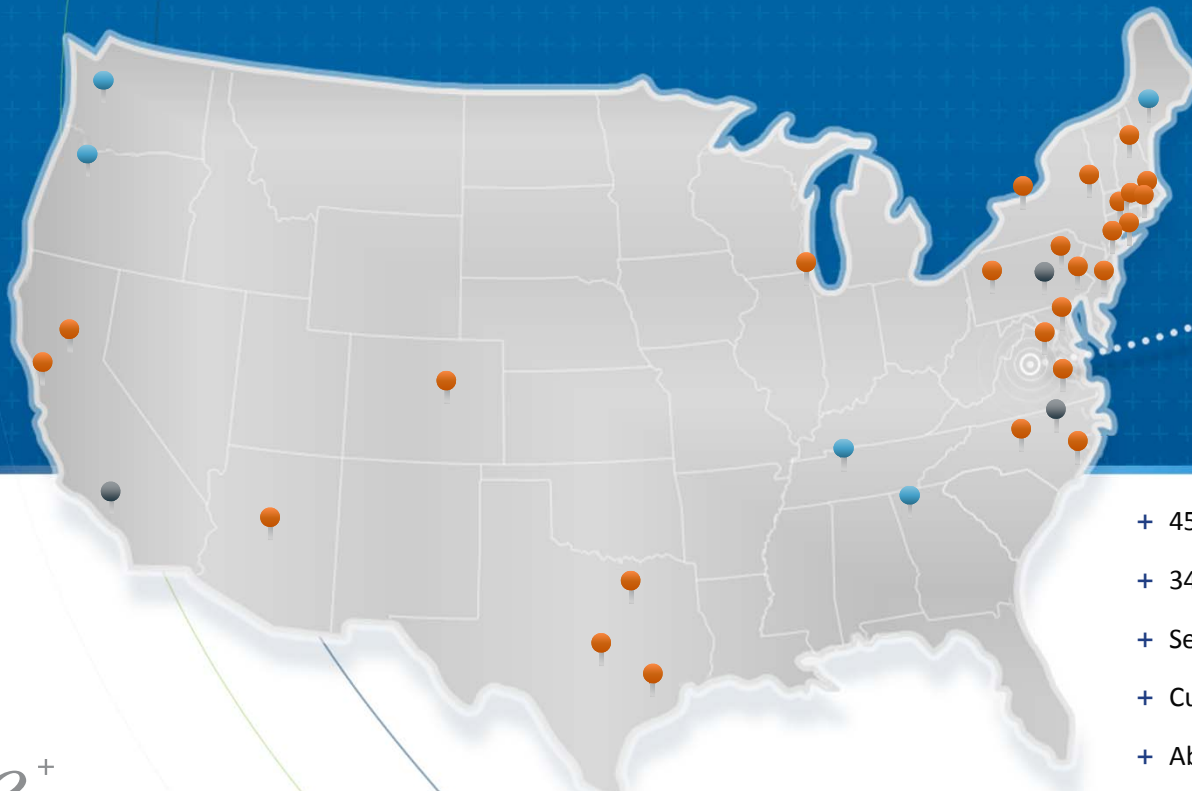
# Well Positioned within the IT Ecosystem

ePlus' range of complex solutions and services place it at the high end of the IT market



<sup>1</sup> Based on LTM GAAP gross margin

Our footprint  
means we are never far away.



Regional Offices



Sales Offices



Managed Services Centers



- + 457 sales resources
- + 342 engineering professionals
- + Serving middle-market clients to large multinational enterprises
- + Customer-centric project management
- + Ability to deploy complex solutions globally

## Targeted M&A Strategy with Track Records of Success



- + December 2015 (\$16.6 million)
- + Expand security offerings
- + UK location to serve UK and global customers



- + February 2012 (\$7.0 million)
- + SoCal Cisco reseller
- + Acquired new customers and west coast NOC



- + August 2014 (\$10.5 million)
- + Sacramento Cisco VAR, largest Cisco VAR to State
- + Grow western SLED business



- + January 2012 (\$2.2 million)
- + Northern New England
- + Gained state contracts and Cisco Call Center Express expertise



- + November 2013 (\$2.8 million)
- + Rochester area reseller with storage expertise
- + Strengthened position as leading US FlexPod reseller



- + June 2011 (\$5.0 million)
- + Security expertise and Security Operations Center (SOC)
- + Acquired nationwide security sales capabilities

*Note: amounts in parenthesis represent purchase price.*





**DATA CENTER**

- + Automation and Orchestration
- + Virtualization
- + Compute
- + Storage
- + Assessments

**SECURITY**

- + Perimeter
- + Data
- + Executive Consulting
- + Managed Security
- + Assessments

- + Peripherals and Accessories
- + Assessments

**COLLABORATION**

- + Unified Communications
- + Premise and Cloud Based Video
- + Web Collaboration
- + Assessments

+ Drive consistent growth in services revenue

+ Generated recurring revenue

### KEY SERVICES

+ Enhanced Maintenance Support

+ Managed Services




















+ Staffing

+ Executive Services Portfolio

### SERVICES REVENUE GENERATES A HIGHER GROSS MARGIN



# Independent Provider with Deep Strategic Relationships

SELECTED STRATEGIC PARTNERS		EMERGING VENDORS							
 <ul style="list-style-type: none"> <li>+ Excellent channel partner for ePlus, representing 49% of technology sales<sup>1</sup></li> <li>+ Networking, security, converged infrastructure</li> <li>+ ePlus engineers are trained in 26 different Cisco product lines</li> </ul>	 <ul style="list-style-type: none"> <li>+ Converged infrastructure, enterprise storage, networking and virtualization</li> <li>+ Cloud, server, storage and security solutions</li> </ul>	 <ul style="list-style-type: none"> <li>+ NetApp Star Partner and Professional Services Partner</li> <li>+ Network storage and services focused applications, such as virtualization, file server consolidation, private cloud, and public cloud</li> </ul>	 <ul style="list-style-type: none"> <li>+ ePlus professionals maintain a variety of EMC engineering certifications</li> <li>+ Networking storage and services</li> </ul>	 <ul style="list-style-type: none"> <li>+ Virtual infrastructure solutions</li> </ul>	  	  	 		
								STORAGE	  
									SECURITY
								BIG DATA	  
								NETWORK	

<sup>1</sup>Based on the year ended March 31, 2016

# Select Clients



STATE & LOCAL  
GOVERNMENT,  
EDUCATION

TECHNOLOGY

HEALTHCARE

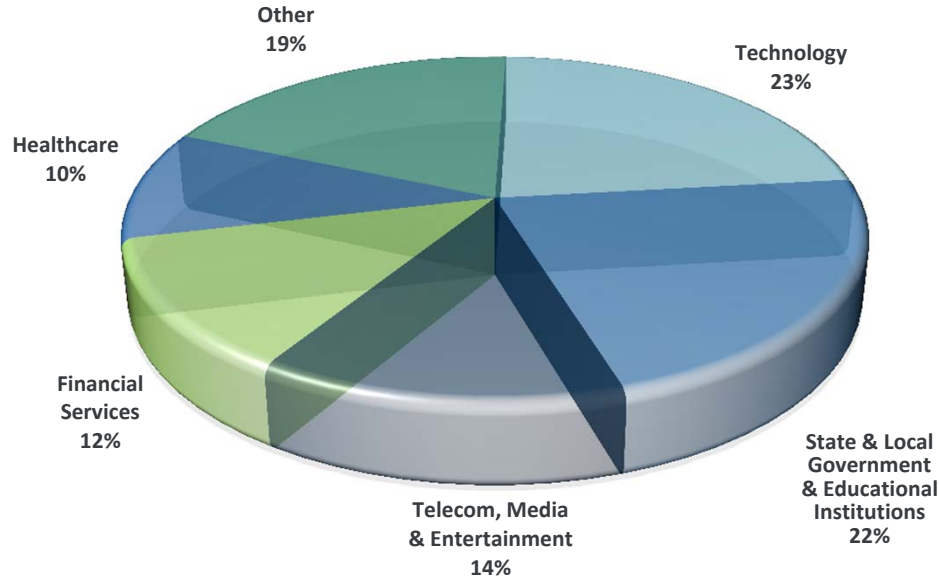
FINANCIAL  
SERVICES

TELECOM, MEDIA  
& ENTERTAINMENT

OTHER



## Broad and Diverse Customer Base Revenue FY16



- + Focused on enterprise and middle-market customers
- + > 3,100 existing customers (as of 3/31/2016)
- + No customers in excess of 10% of net sales in FY16
- + Broad-based services capabilities and multi-vendor relationships driving customer acquisition
- + Trusted IT advisor with vendor-agnostic approach
- + Acquisitions to further broaden customer base and solutions offerings



# Elaine Marion

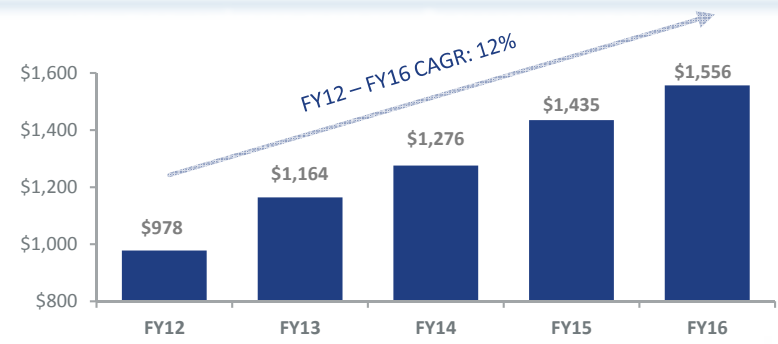
Chief Financial Officer

# Impressive Financial Results:

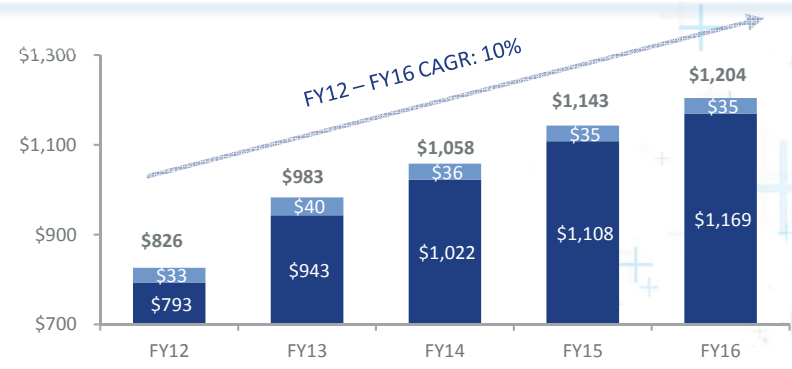
- + Operations are conducted through two segments. The technology segment sells information technology products, software and services, while the financing segment provides lease and financing solutions.
- + Over the last five years, adjusted gross billings of product and services and net sales have increased at a compound annual rate of 12% and 10%, respectively.
- + The majority of our net sales are derived from our technology segment, representing 97% of revenues in FY16.

\* See Non-GAAP Financial Information  
 \$ in millions, FYE 3/31 / ■: Technology ■: Financing

**Non-GAAP Adjusted Gross Billings of Product and Services \***



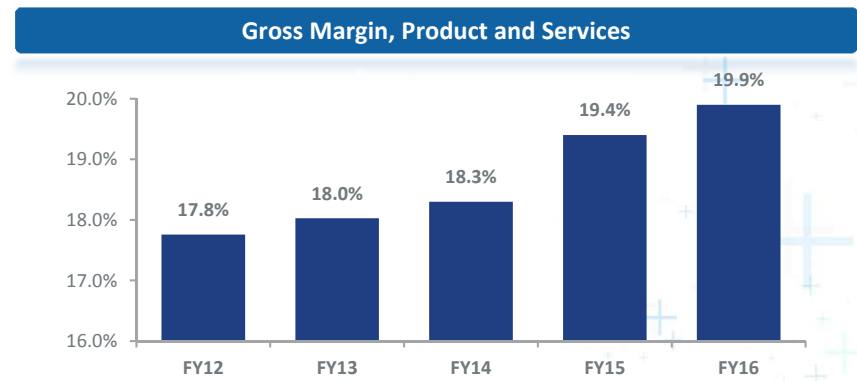
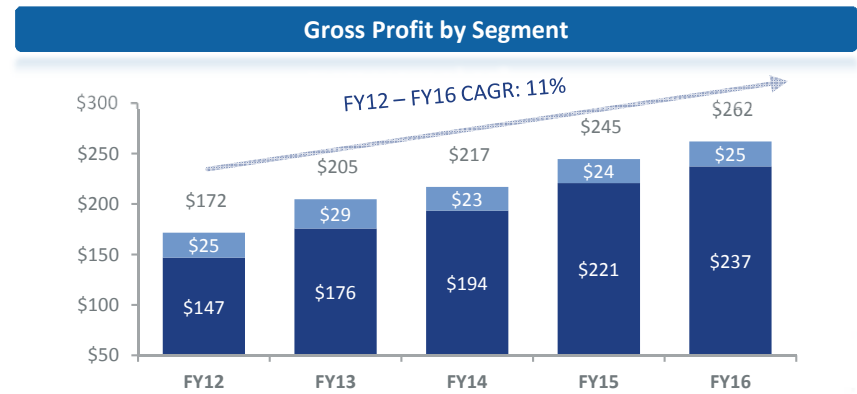
**Net Sales**



# Impressive Financial Results:

\$ in millions, FYE 3/31 / ■ : Technology ■ : Financing

- + Consolidated gross profit increased at a compounded annual rate of 11% from FY12 to FY16, driven by our technology segment, which represented 88% of our total gross profit in fiscal year 2016.
- + Gross margin on the sale of product and services has increased from 17.8% in FY12 to 19.9% in FY16, as services capabilities continued to expand.

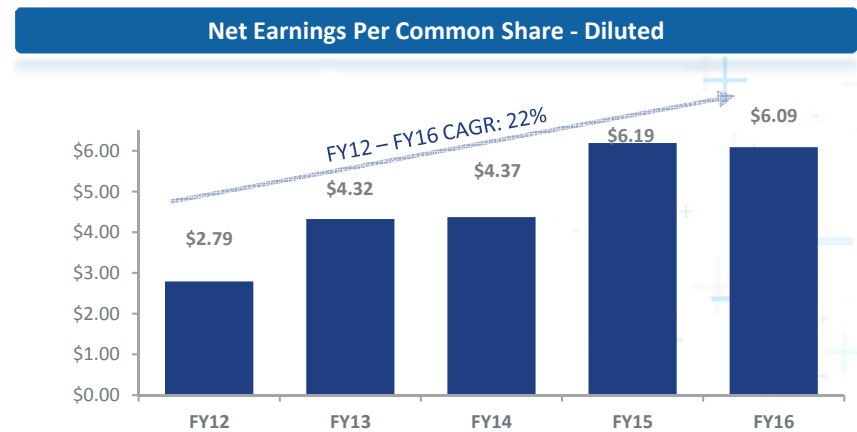
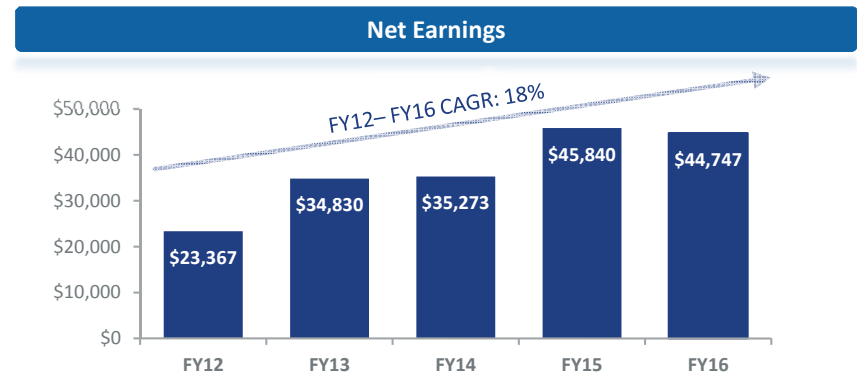




# Impressive Financial Results:

\$ in millions, except per share data, FYE 3/31

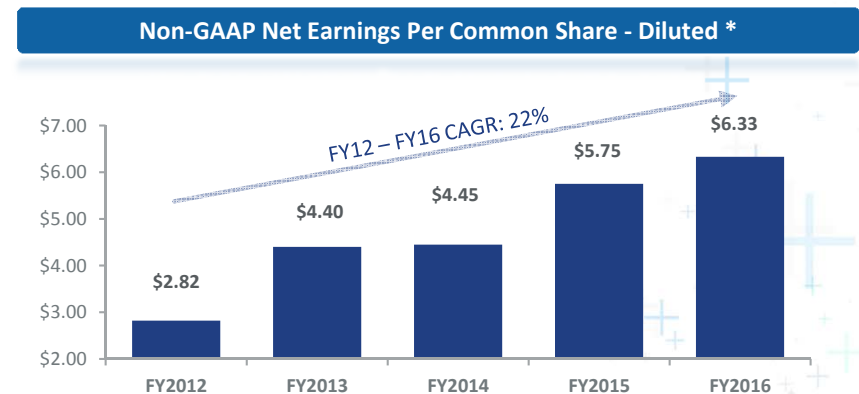
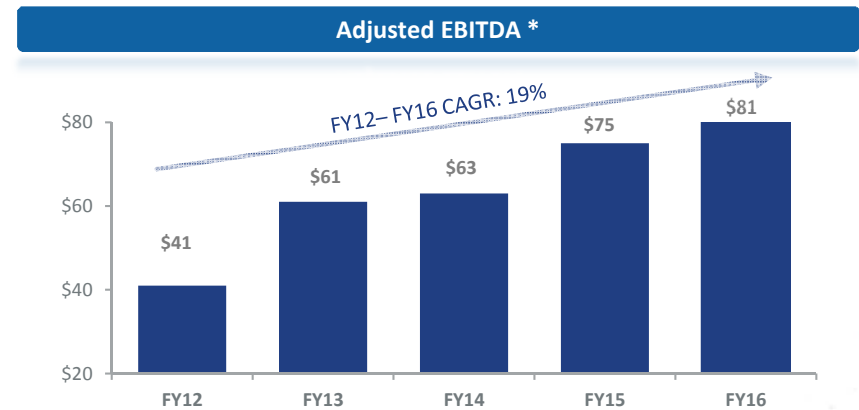
- + From FY12 to FY16, net earnings increased at a compounded annual rate of 18% as a result of focusing on revenue growth and controlling overhead expenses.
- + Diluted net earnings per share increased 22% over the last five years.



## Impressive Financial Results:

\* See Non-GAAP Financial Information  
\$ in millions, except per share data, FYE 3/31

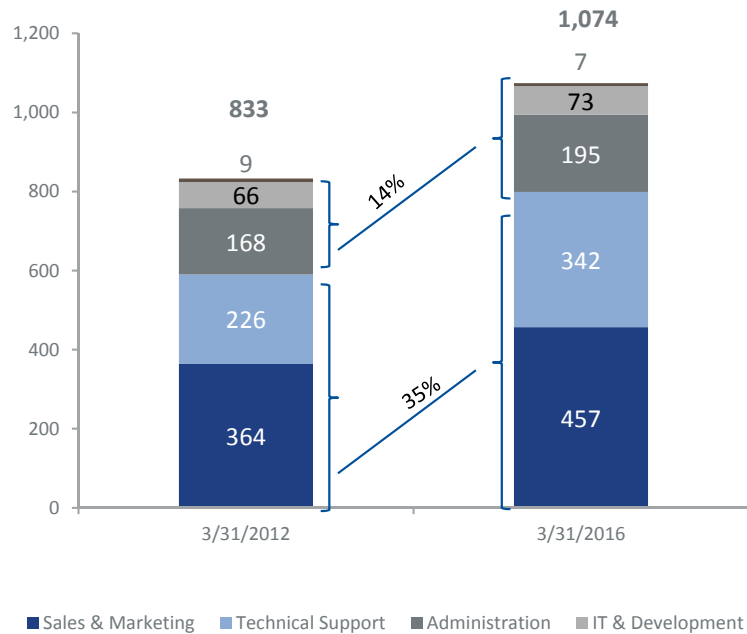
- + Adjusted EBITDA represents net earnings before interest expense, depreciation and amortization, provision for income taxes, and other income. Interest on notes payable and depreciation expense presented within cost of sales represent operating expenses of financing segment, as such they are not added back to net earnings.
- + Over the last five years, adjusted EBITDA increased at a compounded annual rate of 19%, and Non-GAAP net earnings per share increased 22%.
- + Non-GAAP net earnings per common share – diluted excludes acquisition related amortization expense and other income, net of taxes.



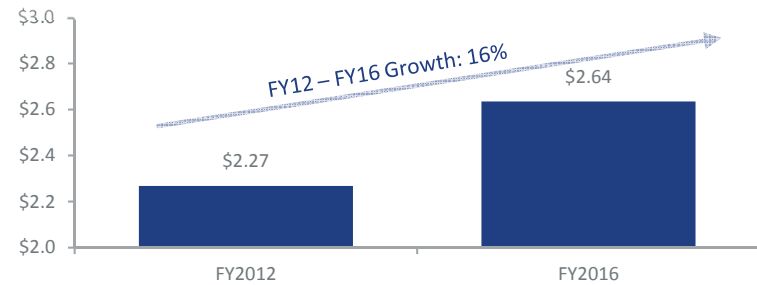
# Growing Productivity While Strategically Expanding Workforce

\$ in millions, except per share data, FYE 3/31

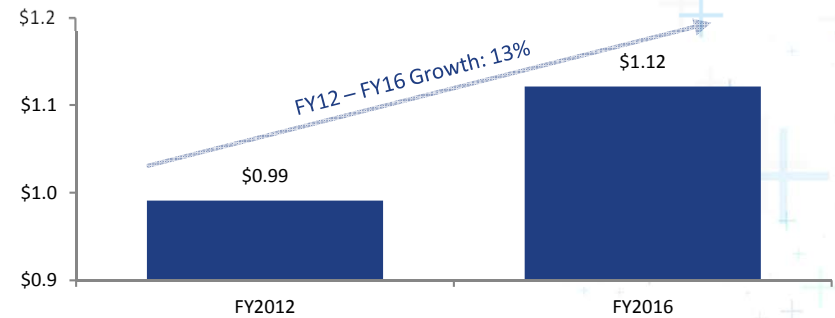
### Employee Headcount Growth by Function



### Revenue per Sales & Marketing Employee



### Revenue per Employee



## Strong Balance Sheet: \$ in millions

- + \$95 million in cash and equivalents
- + \$250 million financing facility with GE Commercial Distribution Finance
- + Financing portfolio of \$132 million as of 3/31/2016, representing investments in leases and notes
- + Portfolio monetization can be utilized to raise additional cash
- + Minimal capex
- + ROIC 12.4% at 3/31/2016 <sup>1</sup>

Assets	3/31/2016	3/31/2015
Cash and equivalents	\$ 95	\$ 76
Accounts receivable	276	250
Inventory	33	20
Financing investments	132	144
Goodwill & other intangibles	54	41
Property & equipment , deferred costs and other	26	41
<b>Total assets</b>	<b>\$ 616</b>	<b>\$ 572</b>
Liabilities		
Accounts payable	\$ 199	\$ 166
Recourse notes payable	3	4
Non-recourse notes payable	44	53
Other liabilities	51	70
<b>Total liabilities</b>	<b>\$ 297</b>	<b>\$ 293</b>
Shareholders' Equity		
Equity	319	279
<b>Total liabilities &amp; equity</b>	<b>\$ 616</b>	<b>\$ 572</b>

<sup>1</sup> ROIC = Operating Income x (1 - 40%) / (BV of debt + equity)



# Appendix

# Non-GAAP Financial Information: \$ in thousands, except per share data

	For the years ended March 31,				
	2012	2013	2014	2015	2016
Sales of products and services, as reported	\$784,951	\$936,228	\$1,013,374	\$1,100,884	\$1,163,337
Costs incurred related to sales of third party services	193,229	227,349	262,759	334,155	393,126
Adjusted gross billings of products and services	<u>\$978,180</u>	<u>\$1,163,577</u>	<u>\$1,276,133</u>	<u>\$1,435,039</u>	<u>\$1,556,463</u>
Net earnings	\$23,367	\$34,830	\$35,273	\$45,840	\$44,747
Provision for income taxes	16,207	23,915	24,825	32,473	31,004
Depreciation and amortization [1]	1,665	2,389	2,792	4,333	5,548
Other income [2]	-	-	-	(7,603)	-
Adjusted EBITDA	<u>\$41,239</u>	<u>\$61,134</u>	<u>\$62,890</u>	<u>\$75,043</u>	<u>\$81,299</u>
Adjusted EBITDA margin	<u>5.0%</u>	<u>6.2%</u>	<u>5.9%</u>	<u>6.6%</u>	<u>6.8%</u>
GAAP: Earnings before provision for income taxes	\$39,574	\$58,745	\$60,098	\$78,313	\$75,751
Plus: Acquisition related amortization expense [3]	340	1,000	1,100	1,888	2,917
Less: Other income [2]	-	-	-	(7,603)	-
Non-GAAP: Earnings before provision for income taxes	39,914	59,745	61,198	72,598	78,668
Non-GAAP: Provision for income taxes [4]	16,346	24,322	25,283	30,069	32,188
Non-GAAP: Net earnings	<u>\$23,568</u>	<u>\$35,423</u>	<u>\$35,915</u>	<u>\$42,529</u>	<u>\$46,480</u>
GAAP: Net earnings per common share – diluted	<u>\$2.79</u>	<u>\$4.32</u>	<u>\$4.37</u>	<u>\$6.19</u>	<u>\$6.09</u>
Non-GAAP: Net earnings per common share – diluted	<u>\$2.82</u>	<u>\$4.40</u>	<u>\$4.45</u>	<u>\$5.75</u>	<u>\$6.33</u>

[1] Amount consists of depreciation and amortization for assets used internally.

[2] Gain on retirement of a liability and gain on legal settlement.

[3] Amount consists of amortization of intangible assets from acquired businesses.

[4] Non-GAAP provision for income taxes is calculated at the same effective tax rate as GAAP earnings.

# Investor Relations

Kley Parkhurst, SVP

(703) 984-8150

[investors@eplus.com](mailto:investors@eplus.com)



**ePlus inc.**

13595 Dulles Technology Drive,  
Herndon, VA 20171-3413  
(703) 984-8400 / [eplus.com](http://eplus.com)



©2016 ePlus inc. All rights reserved. ePlus, the ePlus logo, and all referenced product names are trademarks or registered trademarks of ePlus inc. All other company names, product images and products mentioned herein are trademarks or registered trademarks of their respective companies.