

*e*<sup>+</sup>



*e*Plus inc.  
Investor Presentation

ICR XChange Conference

January 2010

Statements in this presentation, which are not historical facts, may be deemed to be "forward-looking statements." Actual and anticipated future results may vary due to certain risks and uncertainties, including, without limitation; possible adverse effects resulting from the recent financial crisis in the credit markets and general slowdown of the U.S. economy such as our current and potential customers delaying or reducing technology purchases, 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; the effects of any lawsuits alleging, among other things, violations of federal securities laws, by the Company or any of its directors or executive officers; the existence of demand for, and acceptance of, our products and services; our ability to hire and retain sufficient personnel; our ability to protect our intellectual property; our ability to raise capital and obtain non-recourse financing for our transactions; our ability to realize our investment in leased equipment; our ability to reserve adequately for credit losses; fluctuations in our operating results; and other risks or uncertainties detailed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2009 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.

## ePlus' vision is....

*...to be our customer's partner for technology solutions, services, and financing in the most cost effective manner.*

Mark Marron, SVP

ePlus provides technology solutions and IT products, specializing in advanced technology engineering services, leasing, and proprietary software, to automate the supply chain including spend analytics, procurement and asset management.

- + FYE 3/31/2009:

  - + \$700 million in revenues

  - + Non-GAAP earnings of \$15.5 million, or \$1.84 per diluted share<sup>1</sup>

- + Strong Balance Sheet

- + 656 employees (9/30/09)

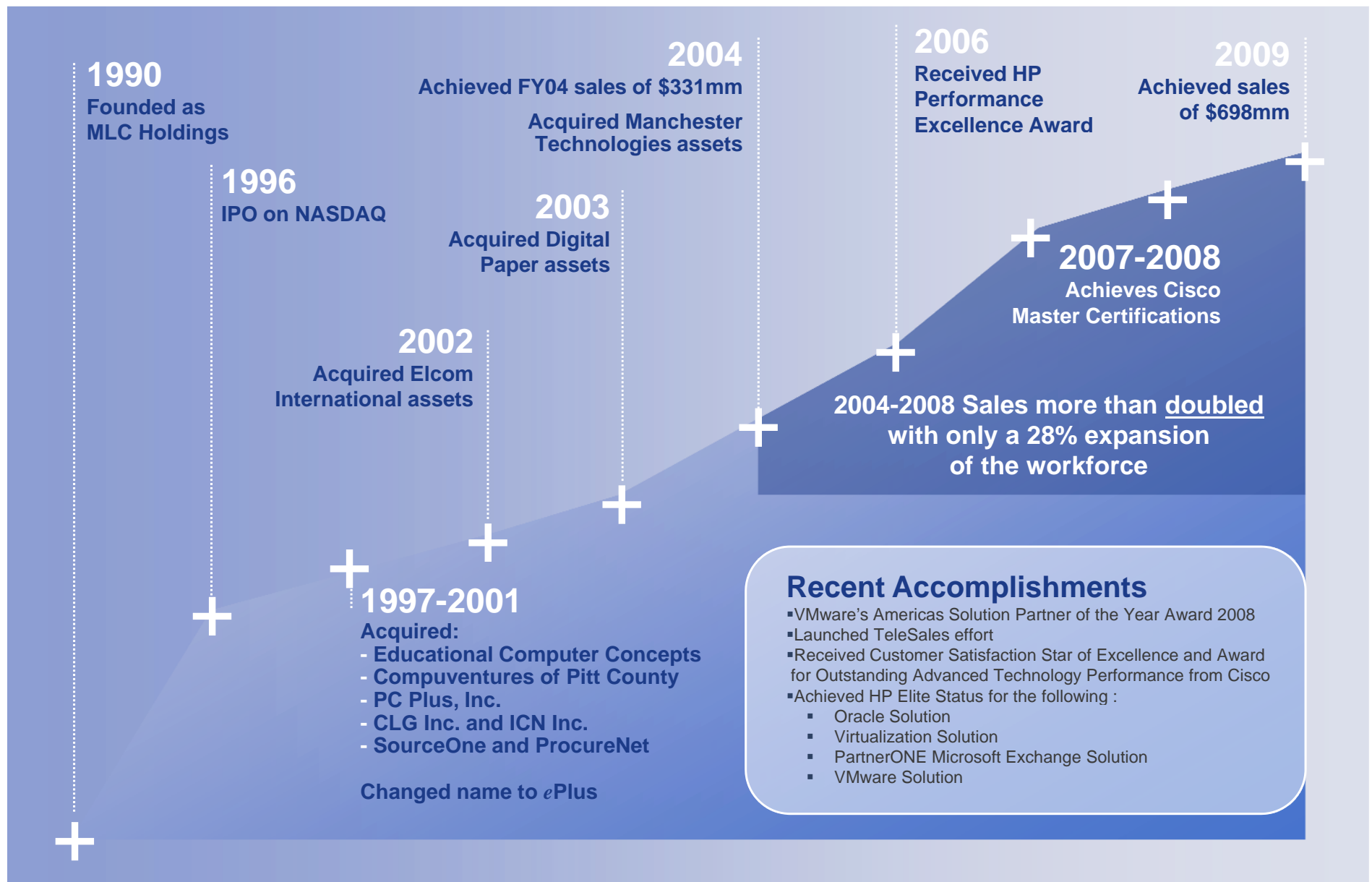
- + 20+ offices nationwide

- + Diversity: 3 interrelated solution sets--technology, financing, & software

- + Certified with world's technology leaders

<sup>1</sup> Excludes a pre-tax goodwill impairment charge of \$4.6 million, see appendix.

# History of Accomplishments



- + Maintain strong balance sheet
- + Organic Growth:
  - + Capture more spend within customer base
    - New technology solutions
    - Add-on sales and services
  - + Profitably expand market share
    - TeleSales for new customers
    - Hire sales professionals
- + Acquisitions
  - Tuck-under within present market areas
  - New territories/technologies
- + Continue to expand professional services for advanced technologies
- + Improve operating leverage with increased productivity/better systems
- + Drive OneSource<sup>®</sup> to be our customer's preferred web portal for IT searching, procurement, and supply chain management

# Corporate Capabilities & Focus on the Customer

## Technology Solutions

- + Assessment, Design, Implementation, Fulfillment
- + Technologies:
  - Data Center ■ Virtualization ■ Network Infrastructure ■ Collaboration ■ Security
  - Unified Communications
- + Managed Services
- + 125+ Engineers
- + Top Certs from Leading Partners

## Financing Solutions

- + Equipment & Software Leasing
- + Technology Refresh Programs
- + Total Lifecycle Management Approach:
  - Acquisition Programs
  - Asset Management
  - Refresh
  - End of Life Services

## Software & Business Processes

- + OneSource<sup>©</sup>
  - Automates IT procurement
  - Extensive ePlus catalog
  - Real-time price and availability
  - Contract compliance
- Maximize existing investments in eProcurement and/or supplier networks
- Comprehensive reporting and toolset
- + eProcurement, Catalog Management
- + Spend Management



# Why Clients Choose ePlus



## + Our Focus on Advanced Technologies

- Data Center
- Networking
- Security
- Virtualization

## + Our Focus on the Customer

- Our customer-centric, project management approach ensures customer satisfaction

## + Our Web Portal, OneSource, Helps Streamline and Optimize Supply Chain for Our Clients

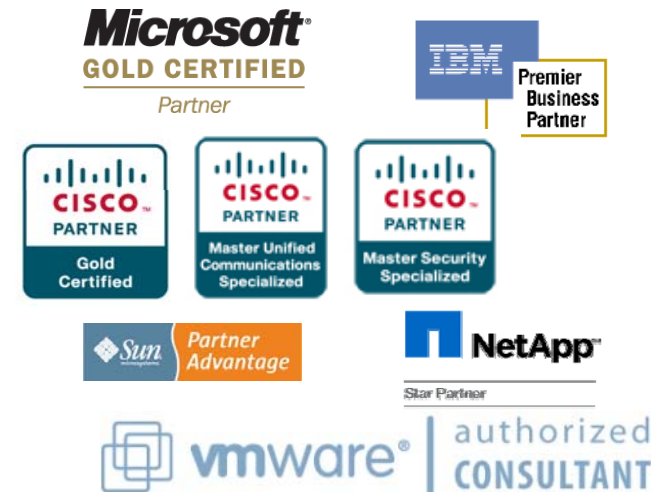
- Proprietary software & business methods reduce costs

## + Our Team

- Industry leading engineers, account managers and inside sales to support our clients

## + Our Complete Solution Set

- Technology, financing, and sourcing



### HP Enterprise & Platinum Elite Partner

- Highest Level of Authorization

### Cisco Gold Certified Partner

- Master Unified Communications and Security Specialized

### VMware Premier Partner & VAC Gold

- Highest Level of Authorization

### Microsoft Gold Certified Partner

- National Systems Integrator

### IBM Premier Business Partner

- IBM Exact Program

### NetApp Star Partner

- Certified Engineers, Architects and Executives

### Sun Partner Advantage

- StorageTek, DataCenter, Software Elite

# Business Results

Kley Parkhurst, SVP

# Strong Balance Sheet



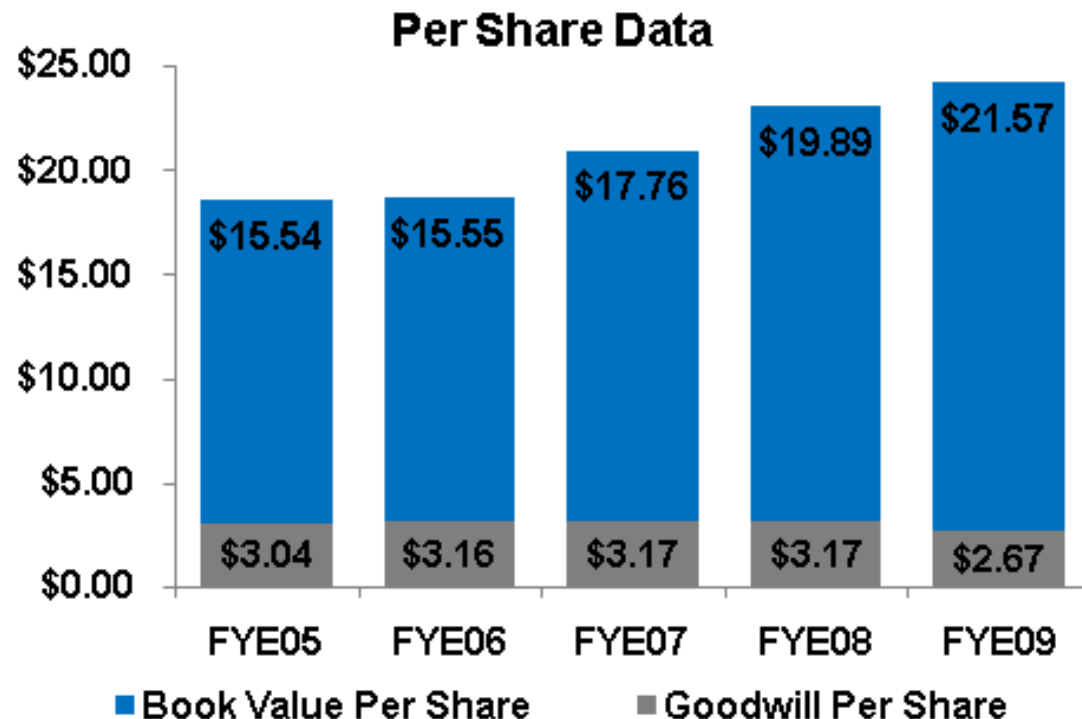
## Strong Balance Sheet (9/30/09):

- + Cash: \$88.3 million
- + Shareholders' equity: \$184.1 million
- + Book Value per share: \$21.86 per share, \$2.67 of goodwill
- + De-leveraged: debt is non-recourse

## As of 1/6/10<sup>1</sup>:

- + Closing price per share: \$16.62
- + Market Cap: \$139.8 million

<sup>1</sup>Source: [www.quotes.nasdaq.com](http://www.quotes.nasdaq.com)



### Priorities for Use of Cash

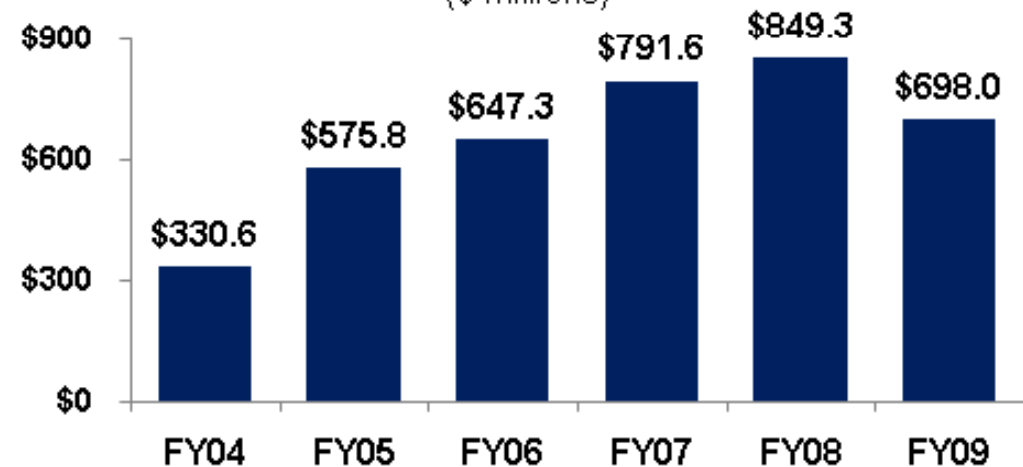
- 1) Retain reasonable amount on balance sheet
- 2) Invest in high credit quality leases
- 3) Strategic & prudent acquisitions
- 4) Share repurchases

## Annual Results (March YE)

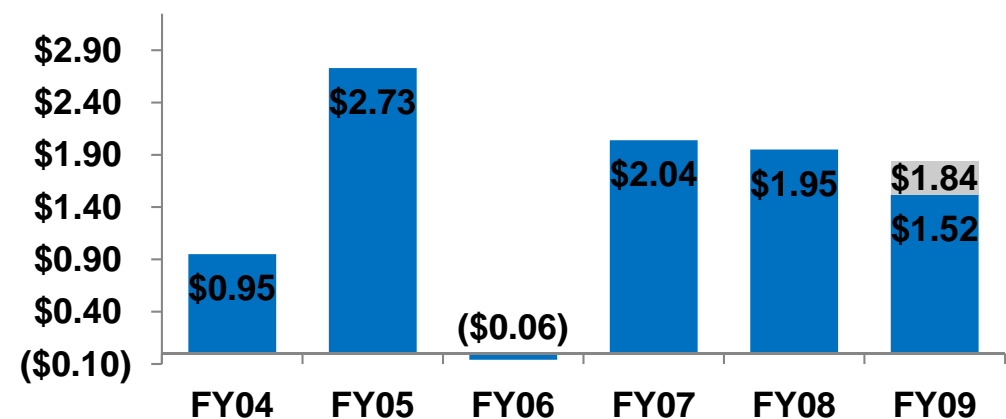
- + FY09 revenues and net earnings declined as a result of general economic conditions
- + Some of the revenue decline is attributable to lower sales of leased equipment (FY09: \$4.6 mm vs. FY08:\$45.5mm)
- + Reduction in net earnings include a pre-tax goodwill impairment charge of \$4.6 million
  - GAAP earnings: \$12.8 million or \$1.52 per diluted share (21.6% decline)
  - Non-GAAP net earnings: \$15.5 million or \$1.84 per diluted share (5.0% decline)

## Revenue

(\$ millions)



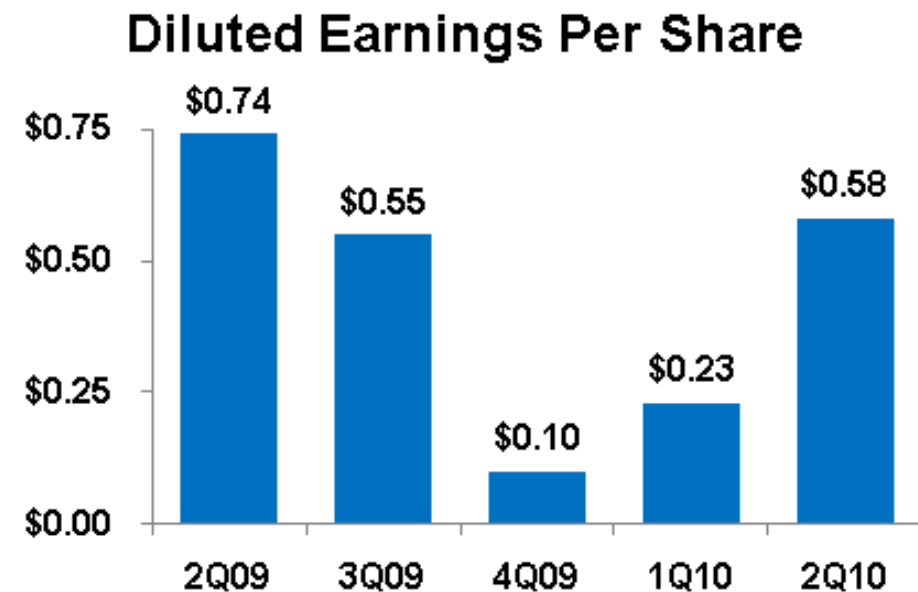
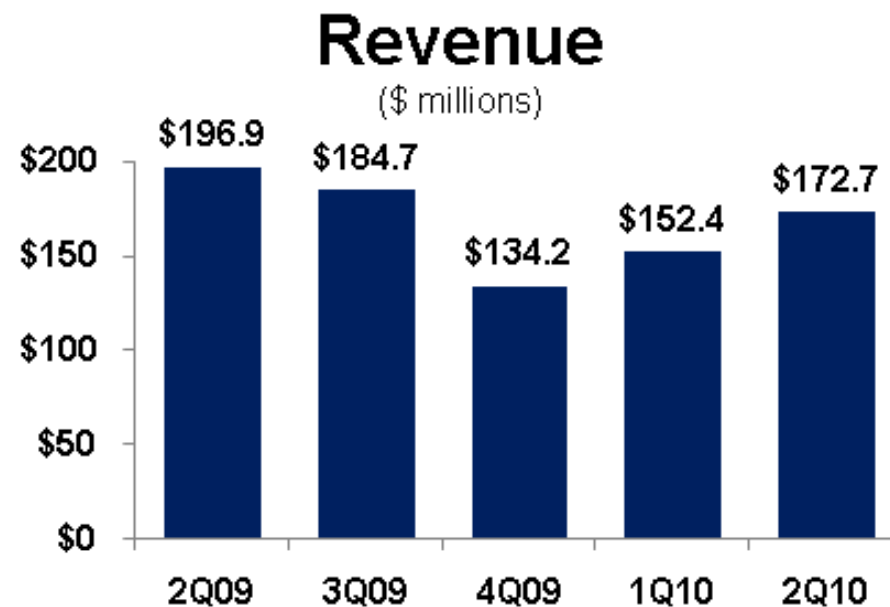
## Diluted Earnings Per Share



Fiscal year ended March 31

## + Fiscal 2Q10 Results (ended 09/30/09):

- Revenues totaled \$172.7 million, down 12.3% from 2Q09
- Sales of product & services totaled \$157.3 million, down 12.4% from 2Q09
- Gross margins on products & services improved 60 basis points to 14.6% from 2Q09
- Selling, general and administrative expenses totaled \$24.5 million, up 1.1% from 2Q09
- Net earnings totaled \$5.0 million, or \$0.58 per diluted share, compared to \$6.4 million, or \$0.74 per diluted share, in 2Q09



\* 3Q09 results exclude \$4.6 million goodwill impairment charge, see appendix.

# Multiple Sources of Revenue and Earnings



## + Technology Segment

### Sales

- In FY09, sales of Cisco products generated 36% of revenue; sales of HP products generated 18% of revenue
- Other major mfgs: VMware, NetApp, Sun, Microsoft, EMC, IBM, etc.
- Tiered mfg. incentive programs and rebates
- Category Diversity
- Customer/Geographical Diversity

### Services

- UC, Data Center, Security Solutions, Storage Services

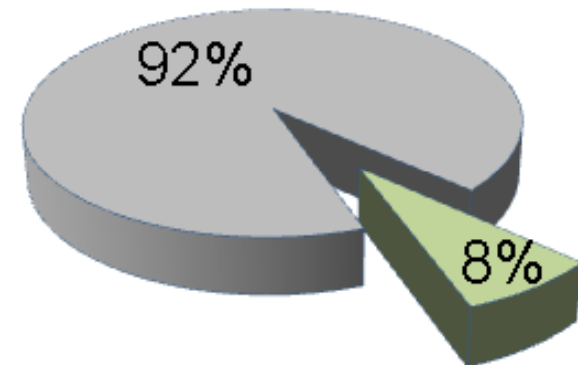
### ePlus Software

- Procurement, lifecycle asset management services, document management

## + Financing Segment

- IT & medical equipment
- Commercial, federal, state, local, and education

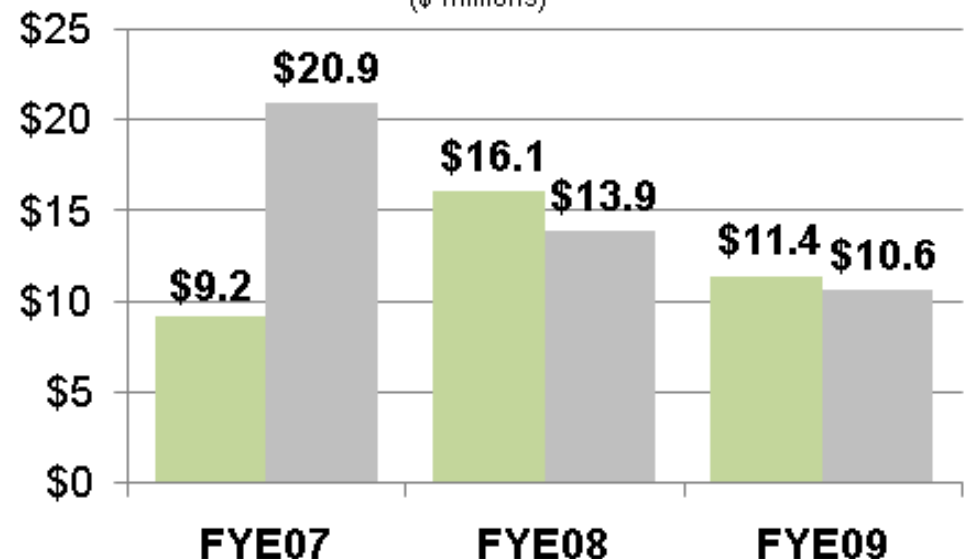
## Segment Revenues FYE09



■ Technology ■ Financing

## Segment Pre Tax Earnings

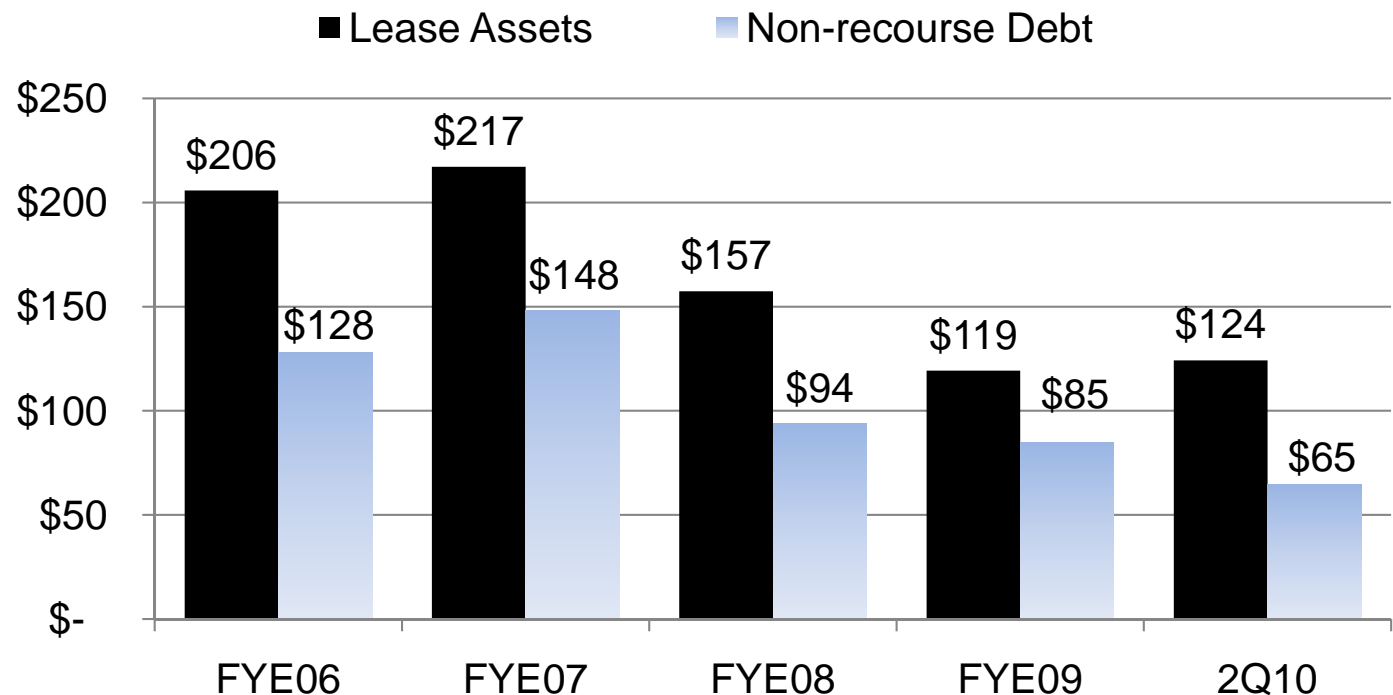
(\$ millions)



- + Maintain credit quality and risk profile
- + Use balance sheet to provide financing to credit worthy customers
- + Increase focus on federal government & public sector
- + Focus on *ePlus* Technology customers to increase leasing volume and technology sales
- + Hire more sales professionals

## Financing Segment

(\$ in millions)



# Diversified Customer Base



- + More than 1,500 customers in a variety of industries and geographies
  - No single customer represents more than 5% of revenue
  - Public sector
- + Majority of commercial customers are middle market in size
- + Significant opportunity to expand current client base
  - 50,000 potential customers with annual revenues between \$25 million and \$2.5 billion
- + Actively seeking new accounts
  - Direct field sales
  - TeleSales effort
  - Electronic commerce (OneSource<sup>®</sup>)
  - Targeted direct marketing



With locations all across the country, ePlus has a strong local presence and national exposure


- + 20+ office locations with regional centers in: CA, MA, MD, NC, NY, NJ, PA, TX, VA



# Q&A

- + Large addressable market
  - *\$491 billion market for IT spending in North America<sup>1</sup>*
  - *Highly fragmented: 50,000 potential middle market to larger companies with annual revenues between \$25 million and \$2.5 billion*
- + Diversified customer base: commercial, federal, and state/local governments and educational institutions (“SLED”)
- + Differentiated business model serving entire IT lifecycle & process
- + Key industry partnerships (HP, Cisco, Microsoft, IBM, VMware, EMC, NetApp)
- + Included in Russell 2000<sup>®</sup> Index and Russell 3000<sup>®</sup> Index
- + Deep expertise in key technologies
- + History of strong organic growth and successful acquisitions
- + Solid balance sheet with significant tangible net worth
- + National direct sales force supported by inside sales and telesales

<sup>1</sup> Source: IDC - Press Release, [IDC Forecasts Worldwide IT Spending Growth of 0.5% in 2009](#), February 25, 2009



Kley Parkhurst, SVP  
*ePlus inc.*

(703) 984-8150

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

*ePlus inc.*

13595 Dulles Technology Drive

Herndon, VA 20171-3413

(703) 984-8400

[www.eplus.com](http://www.eplus.com)

# Appendix: Non-GAAP Financial Results



## RECONCILIATION OF NON-GAAP INFORMATION

	Year Ended	
	March 31,	
	2009	2008 [2]
	(in thousands, except per share amounts)	
GAAP earnings before provision for income taxes as reported	\$22,048	\$29,942
Plus: Impairment of goodwill	4,644	-
Non-GAAP Earnings before provision for income taxes	26,692	29,942
Non-GAAP Provision for income taxes [1]	11,161	13,582
Non-GAAP proforma net earnings	\$15,531	\$16,360
GAAP net earnings per common share-diluted	\$1.52	\$1.95
Non-GAAP proforma net earnings per common share-diluted	\$1.84	\$1.95
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC	8,219,318	8,231,741
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED	8,453,333	8,378,683

[1] Non-GAAP tax rate is calculated at the same tax rate as GAAP earnings

[2] Figures in the 2008 column are GAAP and provided for comparative purposes.

### Use of Non-GAAP Financial Information

In this presentation, ePlus discloses non-GAAP measures of net income and earnings per share showing the effect of the goodwill impairment charge. A "non-GAAP financial measure" is a numerical measure of a company's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows of the company; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. ePlus uses the financial measures that are included in this presentation in its internal evaluation and management of its business. Management believes that these measures and the information they provide are useful to investors because they permit investors to view the Company's performance using the same tools that ePlus uses and to better evaluate the Company's ongoing business performance. These measures should not be considered an alternative to measurements required by accounting principles generally accepted in the United States (GAAP), such as net income and earnings per share. These non-GAAP measures are unlikely to be comparable to non-GAAP information provided by other companies. In accordance with SEC regulations, reconciliation of the ePlus GAAP information to the pro forma information is provided in the table above. We will also make this presentation available on the investor relations page of our web site at [www.eplus.com](http://www.eplus.com).