



# Investor Presentation

June 2015

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Mark Marron  
COO

# ePlus at a Glance



- + Leading provider of technology solutions focused on cloud, data center, security, infrastructure, and collaboration solutions
- + Technology partners include Cisco, EMC, HP, NetApp and VMware
- + FY15 net sales: \$1.1 billion
  - 12% CAGR FY11-FY15
- + FY 15 earnings per share: \$6.19
- + FY 15 non-GAAP earnings per share: \$5.59
  - 19% CAGR on Non-GAAP EPS FY11-FY15
- + Headquarters: Herndon, Virginia
- + Presence in 29 states
- + 986 employees as of 3/31/2015



Note: Fiscal year ends March 31

<sup>1</sup> See appendix for operating income calculation



# Experienced Leadership Team, Strong Alignment of Interest



+ Stable senior management team; compensation aligned with growth objectives



**Phil Norton**  
*Chairman, Chief Executive Officer  
and President*



**Mark Marron**  
*Chief Operating Officer and  
President of ePlus Technology, inc.*



**Elaine Marion**  
*Chief Financial Officer*



**Dan Farrell**  
*Senior Vice President of National  
Professional Services*

**Years with ePlus:**  
**Years of experience:**

20	9	16	5
44	30	24	31



**Kley Parkhurst**  
*Senior Vice President,  
Corporate Development*



**Darren Raiguel**  
*Executive Vice President,  
Technology Sales*



**Mark Melvin**  
*Chief Technology Officer*



**Steve Mencarini**  
*Senior Vice President of  
Business Operations*



**Erica Stoecker**  
*General Counsel*

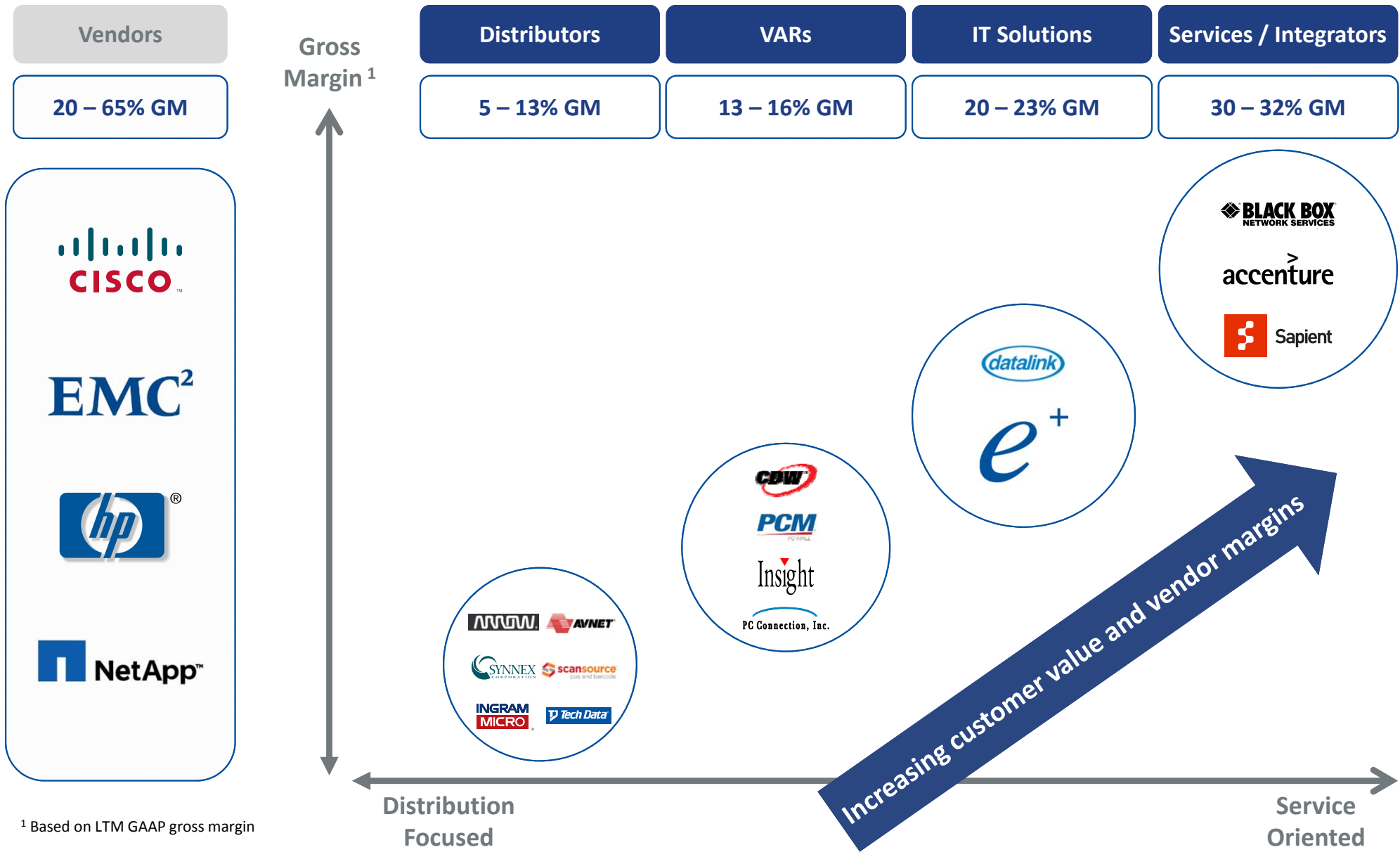
**Years with ePlus:**  
**Years of experience:**

23	18	9	17	14
27	23	32	34	19

# Well Positioned within the IT Ecosystem



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



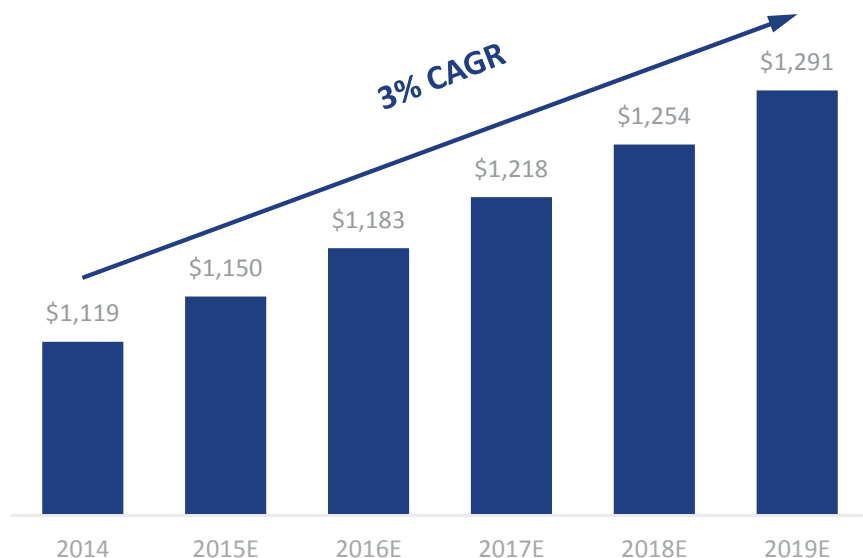
<sup>1</sup> Based on LTM GAAP gross margin

# Large TAM with Solid Fundamentals



## Expectations for U.S. IT Spending <sup>1</sup>

(\$ in billions)



### Trends Driving IT Spending Growth

Emerging Technologies	Bring Your Own Device	Focus on User Experience
Total Cost of Ownership	Business Efficiency	Business Transformation

## Expected Growth for Complex IT Solutions in the U.S. <sup>2</sup>

(\$ in billions)

Market	2014	2019E	CAGR
Mobility	\$6.5	\$10.8	11%
Cloud	\$26.5	\$59.6	18%
Security	\$29.6	\$43.4	8%
Managed Services	\$45.0	\$54.9	4%
Virtualization	\$2.5	\$3.2	5%
<b>Total</b>	<b>\$110.1</b>	<b>\$171.9</b>	<b>9%</b>

<sup>1</sup> Gartner, "Market Databook, 1Q15 Update," 2013-2019 End-User Spending on IT Products and Services (U.S.).

<sup>2</sup> Gartner, "Forecast: IT Services, Worldwide, 2013-2019, 1Q15 Update," 2014-2019 Cloud Access (U.S.); Gartner, "Forecast: Information Security, Worldwide, 2012-2018, 4Q14 Update," 2013-2018 Security Spending (U.S.); Gartner, "Forecast: IT Services, Worldwide, 2013-2019, 1Q15 Update," 2014-2019 Data Center Outsourcing, Colocation, Hosting (U.S.); Gartner, "Forecast: Enterprise Software Markets, Worldwide, 2012-2019, 1Q15 Update" 2013-2019 Virtualization Infrastructure Software (U.S.); Gartner, "Forecast: PCs, Ultramobiles and Mobile Phones Worldwide, 2012-2019, 1Q15 Update" 2013-2019 Ultramobiles purchased by business customers (U.S.).

# Expanding Footprint and Capabilities



+ = Regional Offices    ★ = Sales Offices    👤 = Managed Services Centers

- + 404 sales resources
- + 308 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 Record of Success



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



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



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



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



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



- + November 2010 (\$1.8 million)
- + Tandberg Platinum VAR
- + Acquired Cisco/Tandberg resale capability nationwide

Note: amounts in parenthesis represent purchase price.



# End-to-End Suite of Customized Solutions



## Cloud

- + Private
- + Hybrid
- + Public
- + Cloud Networking
- + Disaster Recovery as a Service

## Collaboration

- + Unified Communications
- + Premise & Cloud Based Video
- + Web Collaboration

## Infrastructure

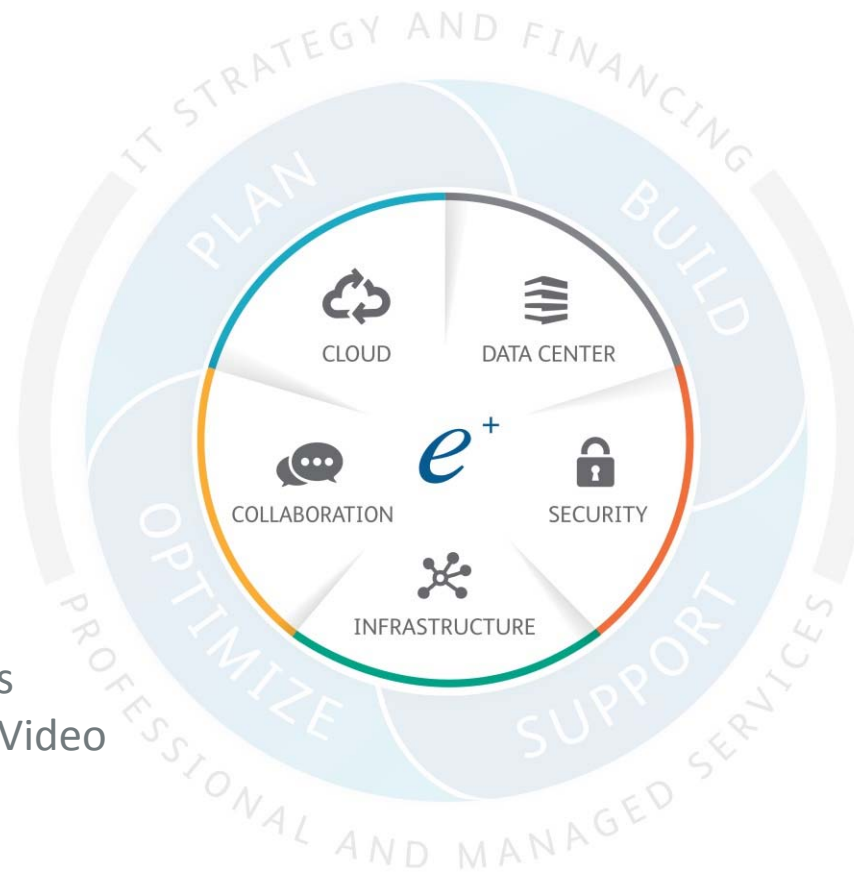
- + Mobility and Wireless
- + Networking
- + Client Devices
- + Peripherals and Accessories

## Data Center

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

## Security

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



# Expanding Professional and Managed Services



- + Hired Dan Farrell as Senior Vice President of National Professional Services in 2010
- + Assessment Led, Consultative Approach: Focus on Customer Business Outcomes

## Expansion Highlights (since 2010)

- + Expanded services headcount by 103%
- + Grew managed service center locations from 1 to 3
- + Consistent growth in services revenue

## Key Services

- + Enhanced Maintenance Support
- + Managed Services
- + Staffing
- + Executive Services Portfolio



Services revenue carries a higher gross margin

# Independent Provider with Deep Strategic Relationships

## Selected Strategic Partners



- + Excellent channel partner for ePlus, representing 49% of technology sales <sup>1</sup>
- + Networking, security, converged infrastructure
- + ePlus engineers are trained in 26 different Cisco product lines



- + Represents ~8% of technology sales <sup>1</sup>
- + Converged infrastructure, enterprise storage, networking and virtualization



- + NetApp Star Partner and Professional Services Partner
- + Network storage and services focused applications, such as virtualization, file server consolidation, private cloud, and public cloud



- + ePlus professionals maintain a variety of EMC engineering certifications
- + Networking storage and services



- + Virtual infrastructure solutions

<sup>1</sup> Based on the year ended March 31, 2015

## Complemented by Additional Relationships

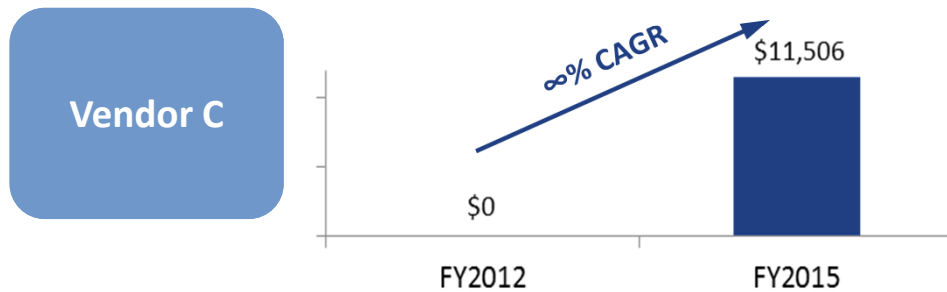
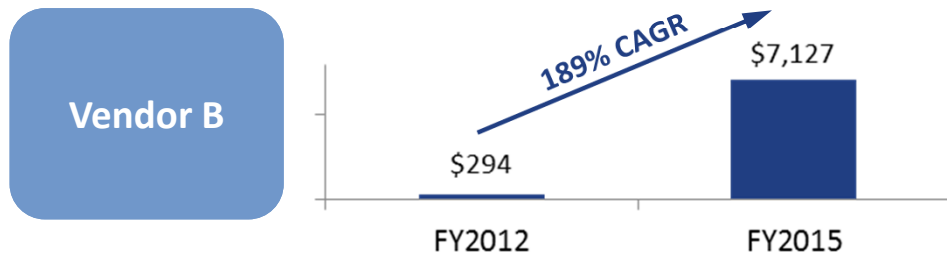


ePlus serves as an extension of vendors' internal sales force with the ability to select best-of-breed solutions

# Deep Expertise and Experience with Emerging Vendors

## Selected Emerging Vendors

(\$ in thousands, FYE 3/31)



## Featured Vendors

### Storage



### Security



### Big Data



### Network

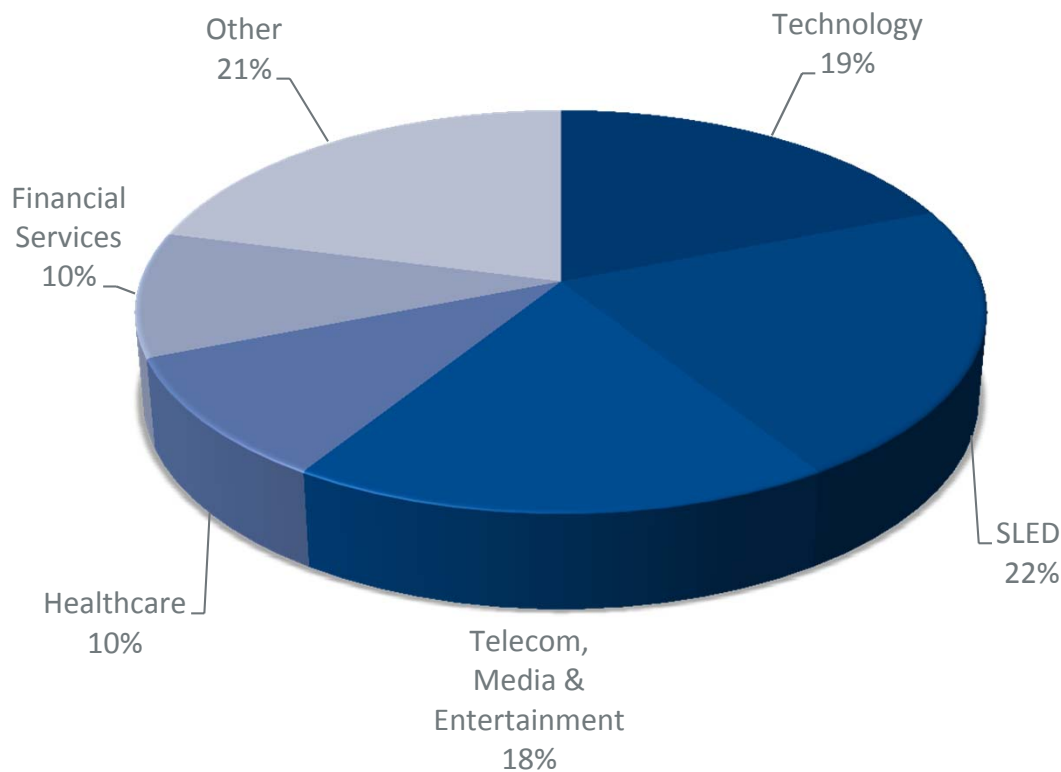


Well-positioned for continued above-market growth as disruptive vendors take market share

# Broad and Diverse Customer Base



### Net Sales FY 2015



- + Focused on enterprise and middle-market customers
- + > 2,900 customers\*
- + No customers in excess of 10% of net sales in FY2015
- + Broad-based services capabilities and multi-vendor relationships driving customer acquisition
- + Trusted IT advisor with vendor agnostic approach
- + Evolve Technology Group acquisition to further enhance SLED offering

\*As of 3/31/2015



# Select Clients

## Technology



## State & Local Government and Education



## Telecom, Media & Entertainment



## Financial Services



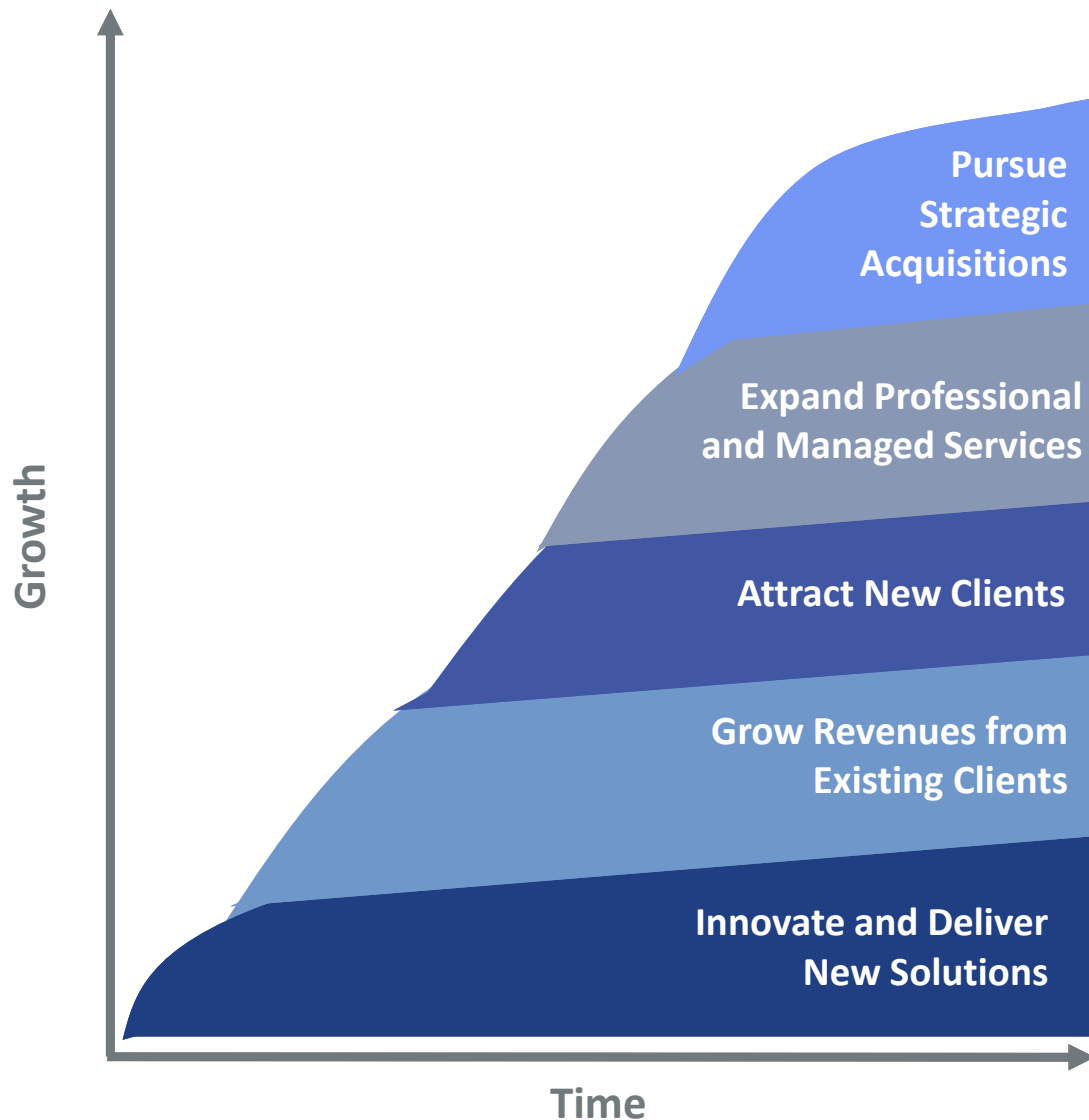
## Healthcare



## Other



# Multiple Vectors of Growth: Investment Considerations



- + Continue to consolidate fragmented industry
- + Focus on expanding customer base, geographic coverage and vendor relationships
- + Build out national footprint
- + Continue to hire and retain engineering talent
- + Continue to grow Managed Service business
- + Capitalize on reputation as trusted advisor
- + Continue to build relationships with OEMs to ensure customer referrals
- + Cross-sell full breadth of products and technologies
- + Further penetrate with expanding Service offerings
- + Continue to expand next generation capabilities

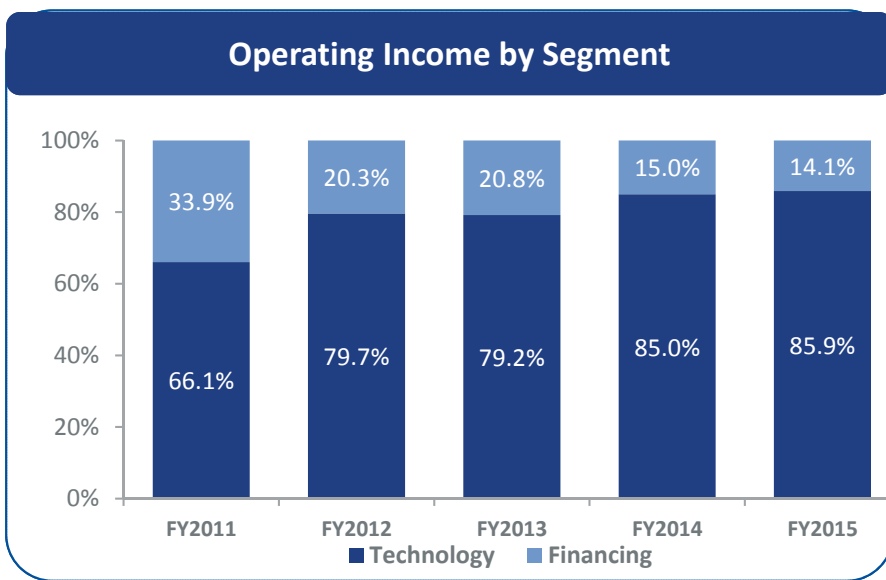
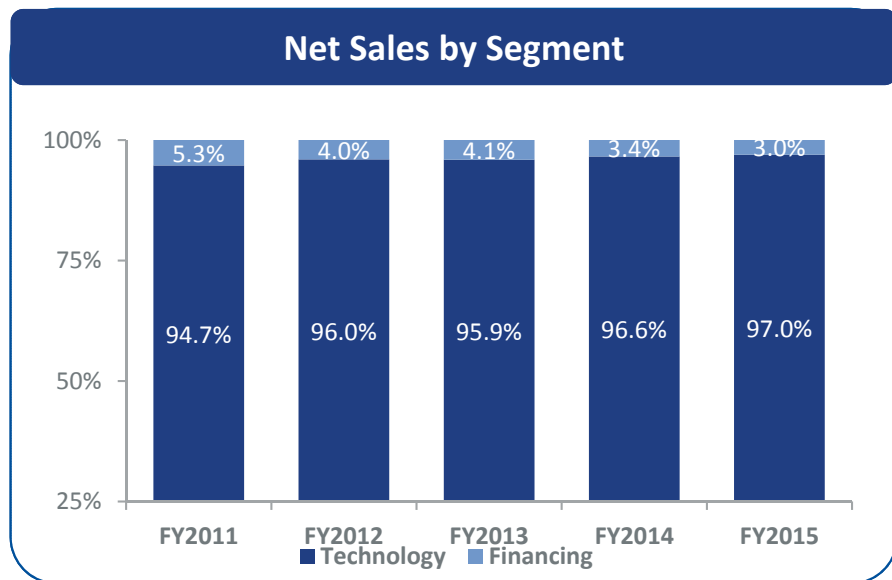
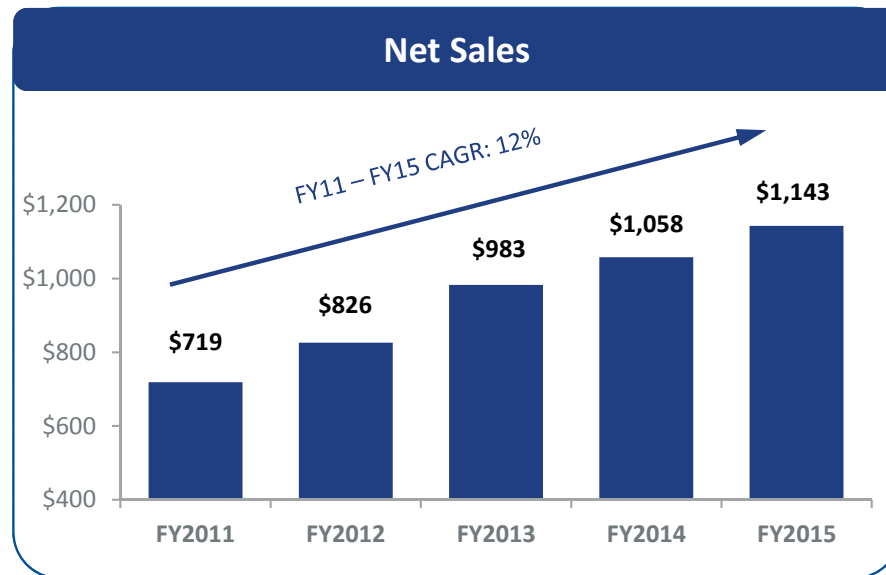
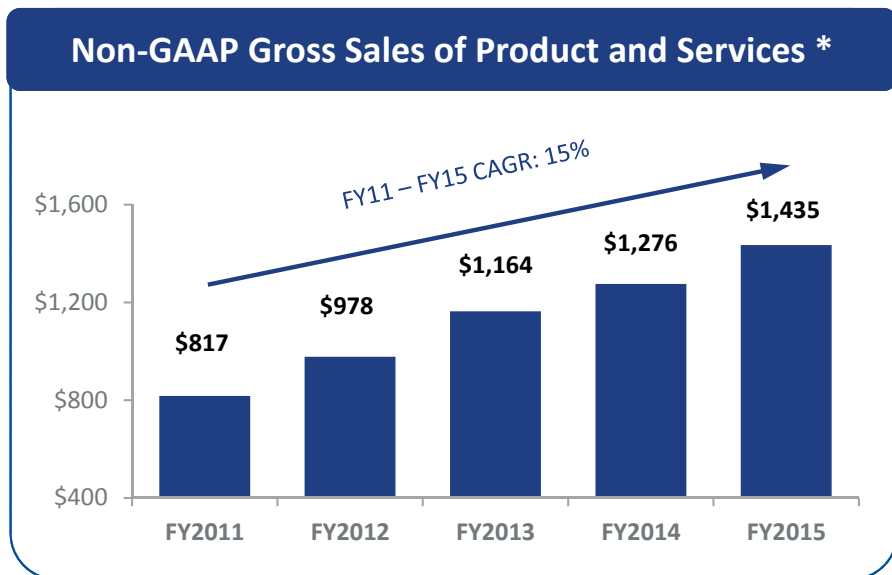


Elaine Marion  
Chief Financial Officer

# Impressive Financial Results



(\$ in millions, FYE 3/31)

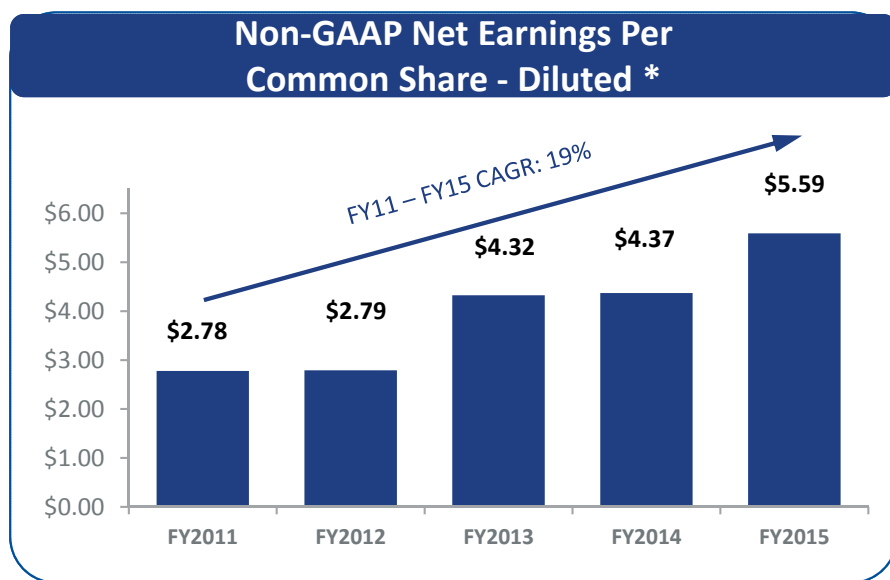
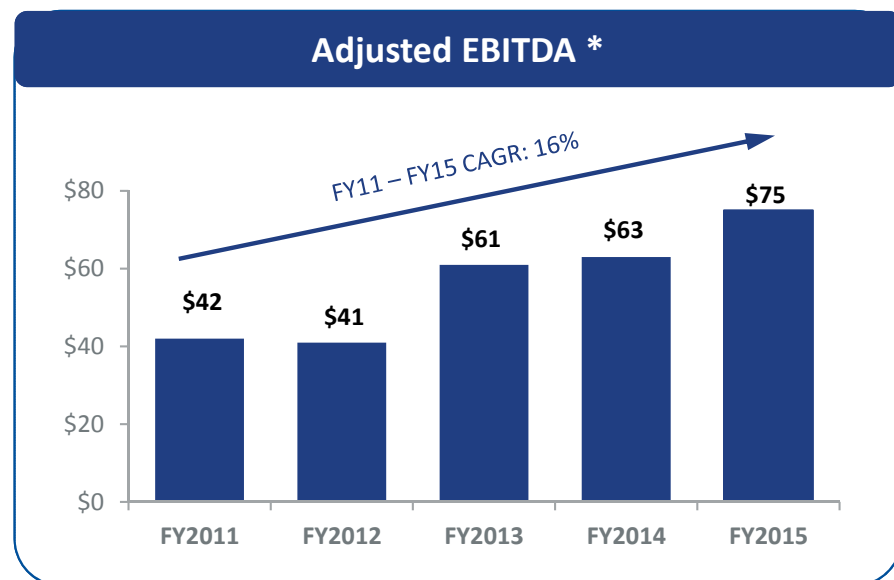
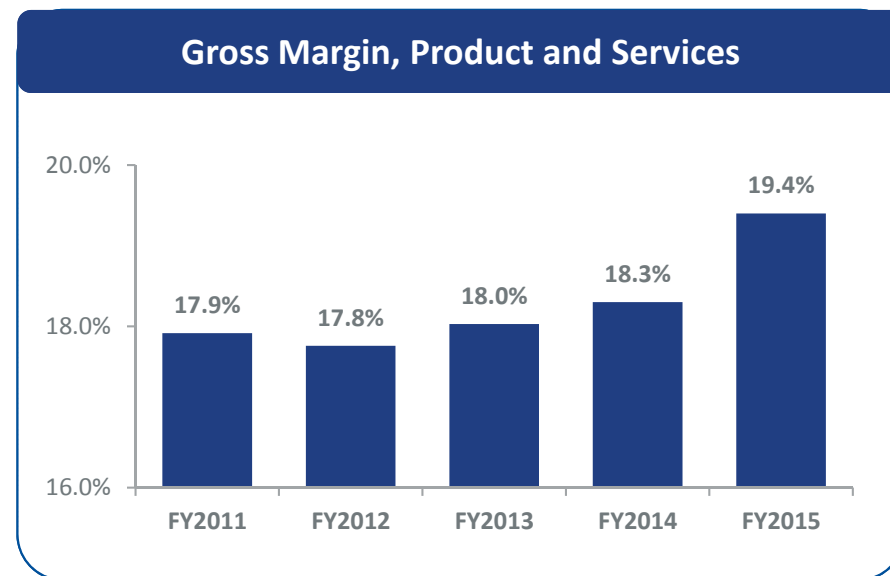
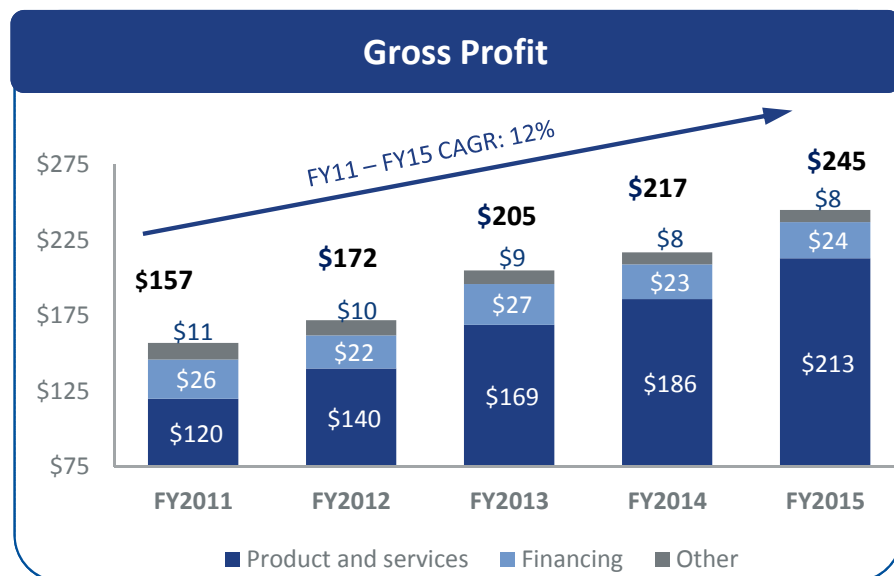


\* See Non-GAAP Financial Information.

# Impressive Financial Results



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



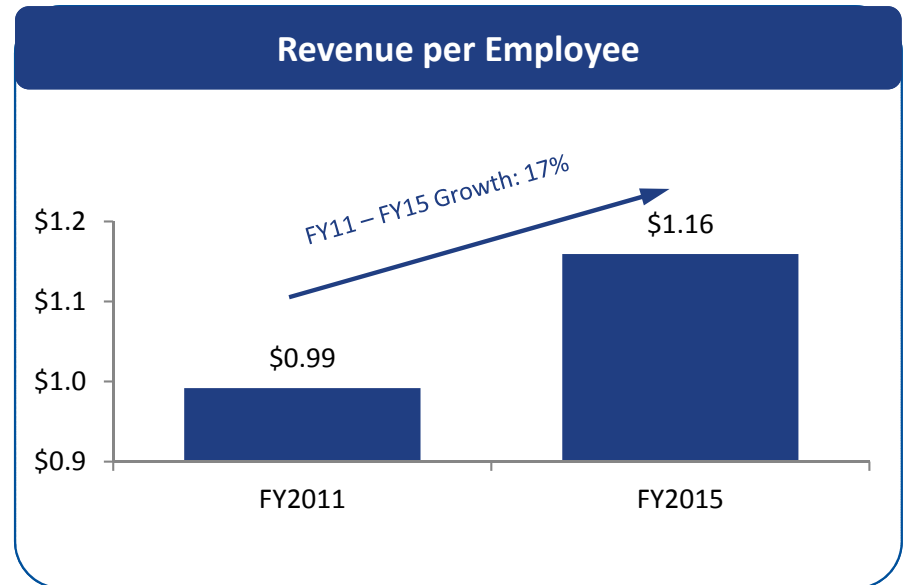
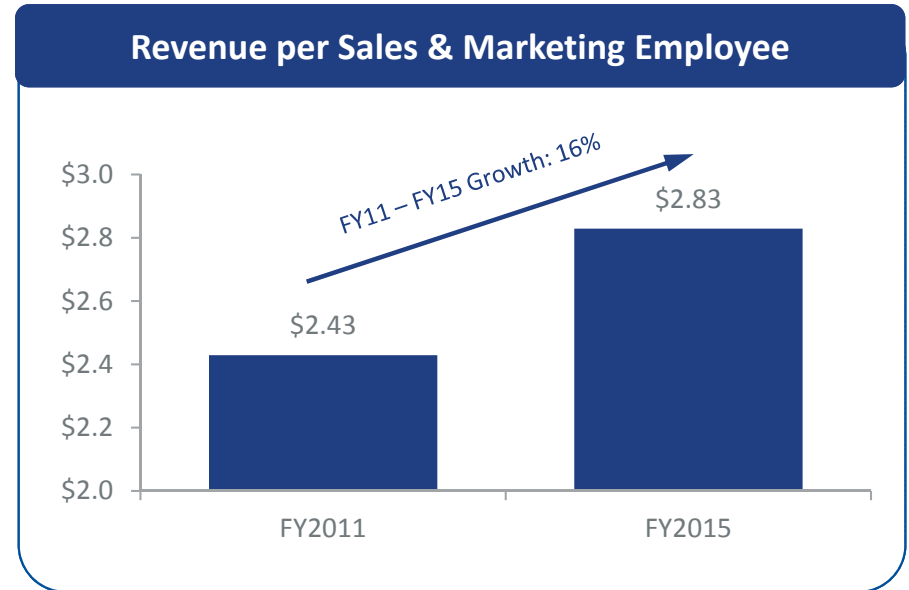
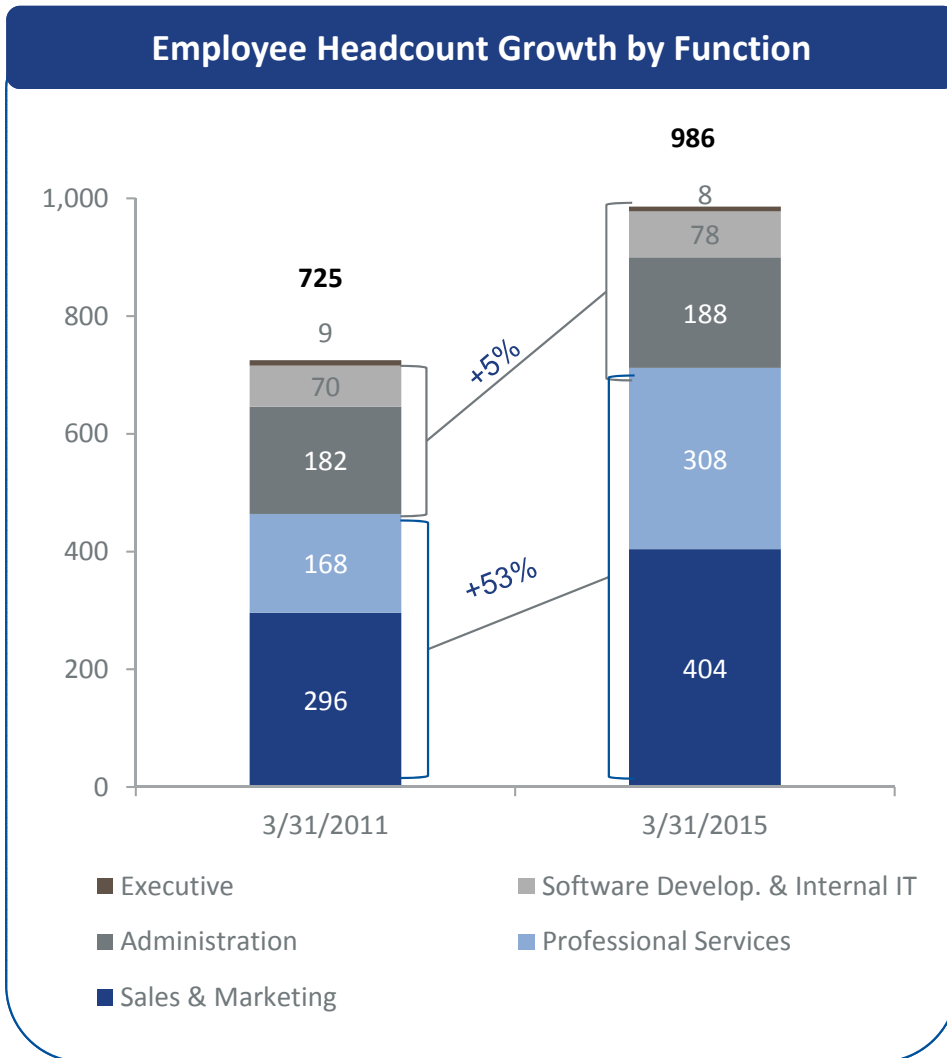
\* See Non-GAAP Financial Information.



# Growing Productivity While Strategically Expanding Workforce



(\$ in millions, FYE 3/31)



# Strong Balance Sheet



- + \$76 million in cash and equivalents
- + \$225 million financing facility with GE Commercial Distribution Finance
- + Financing portfolio of \$144 million as of 3/31/15, representing investments in leases and notes
- + Portfolio monetization can be utilized to raise additional cash
- + Minimal capex
- + 400,000 share repurchase in connection with secondary offering, May 2014; total of 735,000 shares repurchased in year ended March 31, 2015
- + Evolve Technology Group acquired in August 2014

(\$ in millions)

Assets	3/31/2015	3/31/2014
Cash and equivalents	\$76	\$80
Accounts receivable	250	243
Inventory	20	23
Financing investments	144	144
Goodwill & other intangibles	41	35
Property & equipment , deferred costs and other	41	29
<b>Total assets</b>	<b>\$572</b>	<b>\$554</b>
Liabilities		
Accounts payable	166	162
Recourse notes payable	4	4
Non-recourse notes payable	53	65
Other liabilities	70	57
<b>Total liabilities</b>	<b>\$293</b>	<b>\$288</b>
Shareholders' Equity		
Equity	279	266
<b>Total liabilities &amp; equity</b>	<b>\$572</b>	<b>\$554</b>



# Appendix

# Non-GAAP Financial Information



	For the years ended March 31,				
	2011	2012	2013	2014	2015
	(amounts in thousands)				
Sales of products and services, as reported	\$ 672,303	\$ 784,951	\$ 936,228	\$ 1,013,374	\$ 1,100,884
Costs incurred related to sales of third party software assurance, maintenance and services	144,510	193,229	227,349	262,759	334,155
Non-GAAP gross sales of products and services	<u>\$ 816,813</u>	<u>\$ 978,180</u>	<u>\$ 1,163,577</u>	<u>\$ 1,276,133</u>	<u>\$ 1,435,039</u>

	For the years ended March 31,				
	2011	2012	2013	2014	2015
	(amounts in thousands)				
Cost of sales, product and services, as reported	\$ 551,860	\$ 645,558	\$ 767,447	\$ 827,875	\$ 887,673
Costs incurred related to sales of third party software assurance, maintenance and services	144,510	193,229	227,349	262,759	334,155
Non-GAAP gross cost of sales, product and services	<u>\$ 696,370</u>	<u>\$ 838,787</u>	<u>\$ 994,796</u>	<u>\$ 1,090,634</u>	<u>\$ 1,221,828</u>

	For the years ended March 31,				
	2011	2012	2013	2014	2015
	(amounts in thousands)				
Net earnings	\$ 23,727	\$ 23,367	\$ 34,830	\$ 35,273	\$ 45,840
Provision for income taxes	16,841	16,207	23,915	24,825	32,473
Other income [1]	-	-	-	-	(7,603)
Depreciation and amortization [2]	1,349	1,665	2,389	2,792	4,333
Adjusted EBITDA	<u>\$ 41,917</u>	<u>\$ 41,239</u>	<u>\$ 61,134</u>	<u>\$ 62,890</u>	<u>\$ 75,043</u>

	For the years ended March 31,				
	2011 [4]	2012 [4]	2013 [4]	2014 [4]	2015
	(amounts in thousands, except per share data)				
GAAP: Earnings before provision for income taxes	\$ 40,568	\$ 39,574	\$ 58,745	\$ 60,098	\$ 78,313
Less: Other income [1]	-	-	-	-	(7,603)
Non-GAAP: Earnings before provision for income taxes	40,568	39,574	58,745	60,098	70,710
Non-GAAP: Provision for income taxes [3]	16,841	16,207	23,915	24,825	29,320
Non-GAAP: Net earnings	<u>\$ 23,727</u>	<u>\$ 23,367</u>	<u>\$ 34,830</u>	<u>\$ 35,273</u>	<u>\$ 41,390</u>
GAAP: Net earnings per common share – diluted	\$ 2.78	\$ 2.79	\$ 4.32	\$ 4.37	\$ 6.19
Non-GAAP: Net earnings per common share – diluted	<u>\$ 2.78</u>	<u>\$ 2.79</u>	<u>\$ 4.32</u>	<u>\$ 4.37</u>	<u>\$ 5.59</u>

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

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

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

[4] Amounts for the years ended March 31, 2011, 2012, 2013 and 2014 are GAAP and provided for comparative purposes.

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