



CDW Corporation (CDW)

Updated September 16th, 2025 by Felix Martinez

Key Metrics

Current Price:	\$166	5 Year Annual Expected Total Return:	9.7%	Market Cap:	\$21.4B
Fair Value Price:	\$177	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	11/25/25
% Fair Value:	94%	5 Year Valuation Multiple Estimate:	1.3%	Dividend Payment Date:	12/10/25
Dividend Yield:	1.5%	5 Year Price Target	\$248	Years Of Dividend Growth:	12
Dividend Risk Score:	B	Sector:	X	Rating:	Buy

Overview & Current Events

CDW Corporation is a leading provider of technology solutions for business, government, education, and healthcare sectors. Established in 1984 and headquartered in Vernon Hills, Illinois, CDW offers a broad portfolio of products and services, including hardware, software, networking, cloud computing, and IT consulting. The company serves a wide range of customers, from small businesses to large enterprises, by helping them implement and manage IT infrastructure. CDW's business model revolves around partnering with major technology vendors, such as Cisco, Microsoft, and Dell, allowing it to deliver comprehensive solutions to its clients. CDW is publicly traded under the ticker symbol CDW on the NASDAQ. It has consistently reported strong financial performance, driven by growing demand for digital transformation, cloud services, and cybersecurity solutions. The company continues to expand both organically and through acquisitions to broaden its capabilities and market reach.

CDW Corporation reported its second-quarter earnings on August 6th, 2025. The company reported strong second-quarter 2025 results, with revenue rising 10.2% year-over-year to \$5.98 billion, beating expectations by \$464 million. Earnings per share came in at \$2.60 on a non-GAAP basis, up 3.9% from last year and \$0.11 above consensus. Growth was broad-based, led by the Corporate segment (+17.6%) and Small Business segment (+12.6%). The Public segment grew more modestly at 2.2%, as gains in healthcare (+24.1%) and government (+2.7%) offset a 10.9% decline in education. International sales (UK and Canada) were also strong, rising 11.6% year-over-year.

Despite higher sales, profitability was pressured. Gross profit increased 4.9% to \$1.24 billion, but gross margin declined to 20.8% from 21.8% due to lower hardware pricing in categories like servers, storage, and networking. Operating income slipped 3% to \$420 million, though non-GAAP operating income grew 1.8% to \$520 million. Net income was \$271 million, down 3.5% from the prior year, while non-GAAP net income edged up 1.4% to \$344 million. Diluted EPS declined slightly to \$2.05 from \$2.07, but on a non-GAAP basis improved to \$2.60 versus \$2.50 last year.

Management highlighted CDW's ability to deliver across the full IT stack, emphasizing strong customer demand for infrastructure and device refresh solutions. CEO Christine Leahy pointed to CDW's broad portfolio and customer-centric strategy as key advantages, while CFO Albert Miralles noted effective working capital management helped maintain strong cash flow and shareholder returns. The company's board approved a quarterly dividend of \$0.625 per share, payable September 10, 2025. Looking ahead, CDW expects to continue outpacing U.S. IT market growth by 200–300 basis points on a constant-currency basis, supported by its scale, expertise, and global customer base.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.93	\$3.43	\$3.83	\$5.17	\$6.10	\$6.59	\$7.97	\$9.79	\$9.88	\$9.52	\$9.84	\$13.80
DPS	\$0.31	\$0.48	\$0.69	\$0.92	\$1.26	\$1.54	\$1.70	\$2.09	\$2.39	\$2.49	\$2.50	\$3.51
Shares¹	170.3	163.6	155.4	150.9	145.1	142.6	138.5	135.2	134.6	135.2	135.0	134.0

CDW Corporation's growth prospects remain strong, driven by increasing demand for digital transformation, cloud computing, and cybersecurity solutions across its key sectors: business, government, education, and healthcare. The

¹ Share count is in millions.

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company is well-positioned to capitalize on IT market trends, leveraging its partnerships with major technology vendors and expanding through strategic acquisitions. Over the past ten years, earnings have grown a CAGR of 14.0%. However, it has slowed down over the past five year to a CAGR of 8.3%. We expect the company to continue this growth rate of 7% over the next five years. We also expect the company to grow its dividend at an 7% annual rate as well over the next five years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	14.3	15.2	18.2	15.5	23.6	19.6	25.7	18.3	23.0	18.3	16.9	18.0
Avg. Yld.	0.7%	0.9%	1.0%	1.1%	0.9%	1.2%	0.8%	1.2%	1.1%	1.4%	1.5%	1.4%

The company looks undervalued at the current price. The current PE of 16.9x is lower than the past ten years average of 19.2x. We think that a PE of 18 is fair for this company. Thus, at the current price, there is a valuation tailwind of 1.3%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

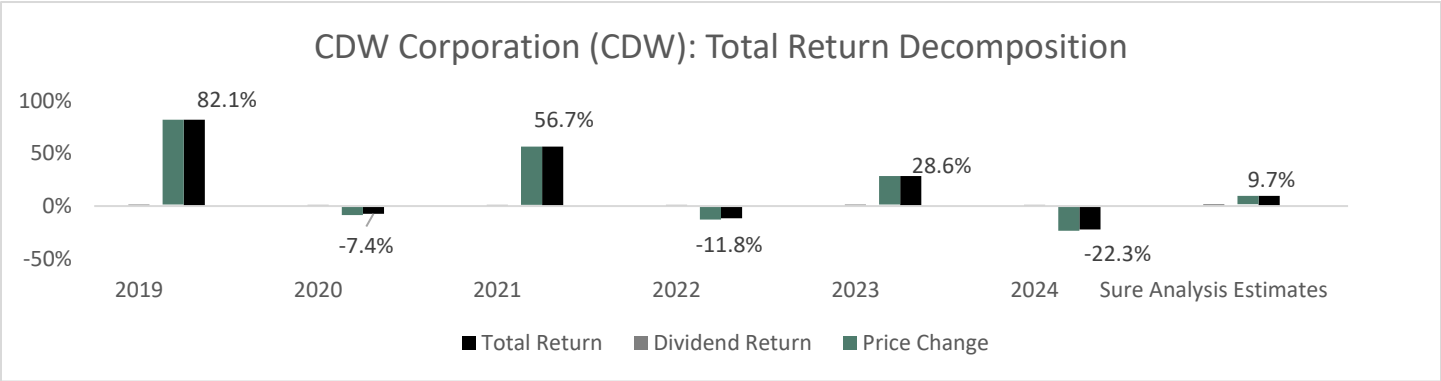
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	11%	14%	18%	18%	21%	23%	21%	21%	24%	26%	25%	25%

CDW’s competitive advantage lies in its extensive portfolio of technology solutions, strong partnerships with leading technology vendors, and its ability to offer tailored IT solutions to a wide range of clients, from small businesses to large enterprises. The company's deep expertise in cloud computing, security, and networking, combined with its consultative approach, enables it to serve as a trusted advisor to its customers. Its diverse customer base across industries such as business, government, healthcare, and education also provide stability, even during economic fluctuations. The company has a debt-to-equity ratio of 2.3, which is a little on the high side, but it does cover the interest by 7.4 times. Currently the company has an investment grade rating of BBB- from S&P Credit rating.

Final Thoughts & Recommendation

Investing in CDW Corporation carries risks related to economic downturns, which can lead to reduced IT spending by businesses, government, and other sectors. The company also faces competitive pressures from both large technology vendors and smaller niche players in the IT solutions space. Additionally, shifts in technology trends or customer preferences, such as rapid changes in cloud or cybersecurity needs, could impact its ability to maintain growth and profitability. However, at the current price, we rate the stock as a buy because of the expected five-year annual return of 9.7%.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	12,989	13,673	14,833	16,241	18,032	18,468	20,821	23,749	21,376	21000
Gross Profit	2,116	2,328	2,450	2,707	3,040	3,210	3,569	4,687	4,652	4602
Gross Margin	16.3%	17.0%	16.5%	16.7%	16.9%	17.4%	17.1%	19.7%	21.8%	21.9%
SG&A Exp.	1,374	1,508	1,584	1,720	1,906	2,031	2,150	2,951	2,972	2951
D&A Exp.	227	255	261	266	267	426	191	291	271	275
Operating Profit	742	820	867	987	1,134	1,179	1,419	1,735	1,681	1651
Operating Margin	5.7%	6.0%	5.8%	6.1%	6.3%	6.4%	6.8%	7.3%	7.9%	7.9%
Net Profit	403	425	523	643	737	789	989	1,115	1,104	1078
Net Margin	3.1%	3.1%	3.5%	4.0%	4.1%	4.3%	4.7%	4.7%	5.2%	5.1%
Free Cash Flow	187	541	697	820	791	1,156	685	1,208	1,451	1155
Income Tax	244	248	138	198	213	214	309	373	346	358

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	6,755	6,948	6,967	7,168	7,999	9,345	13,199	13,132	13,285	14680
Cash & Equivalents	38	264	144	206	154	1,410	258	315	589	504
Accounts Receivable	2,017	2,169	2,329	2,671	3,002	3,213	4,499	4,461	4,568	5136
Inventories	393	452	412	454	611	760	928	800	668	605
Goodwill & Int. Ass.	3,777	3,511	3,377	3,175	3,147	3,041	6,011	5,833	5,783	5977
Total Liabilities	5,659	5,903	5,981	6,193	7,039	8,048	12,494	11,528	11,242	12330
Accounts Payable	867	1,073	1,318	1,577	1,835	2,088	3,114	2,821	2,881	3381
Long-Term Debt	3,260	3,234	3,236	3,209	3,696	4,397	7,169	5,923	5,645	5843
Shareholder's Equity	1,096	1,046	986	975	960	1,297	706	1,603	2,043	2353
D/E Ratio	2.97	3.09	3.28	3.29	3.85	3.39	10.16	3.69	2.76	2.48

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.3%	6.2%	7.5%	9.1%	9.7%	9.1%	8.8%	8.5%	8.4%	7.7%
Return on Equity	39.7%	39.7%	51.5%	65.6%	76.1%	69.9%	98.7%	96.5%	60.6%	2.5%
ROIC	9.5%	9.8%	12.3%	15.3%	16.7%	15.2%	14.6%	14.5%	14.5%	7.7%
Shares Out.	170.3	163.6	155.4	150.9	145.1	142.6	138.5	135.2	134.6	135.2
Revenue/Share	75.60	82.37	93.76	105.73	122.01	127.54	148.19	173.35	156.83	155.32
FCF/Share	1.09	3.26	4.40	5.34	5.35	7.99	4.87	8.82	10.64	8.54

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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