

**BETTERINVESTING**  
Empowering Investors Since 1951

# ePlus

**Navigate the Next**

Whatever is waiting around the next corner, and whatever business and technology objectives you need to achieve on the path forward, ePlus can help you navigate the next.

[See how you can navigate the next.](#)

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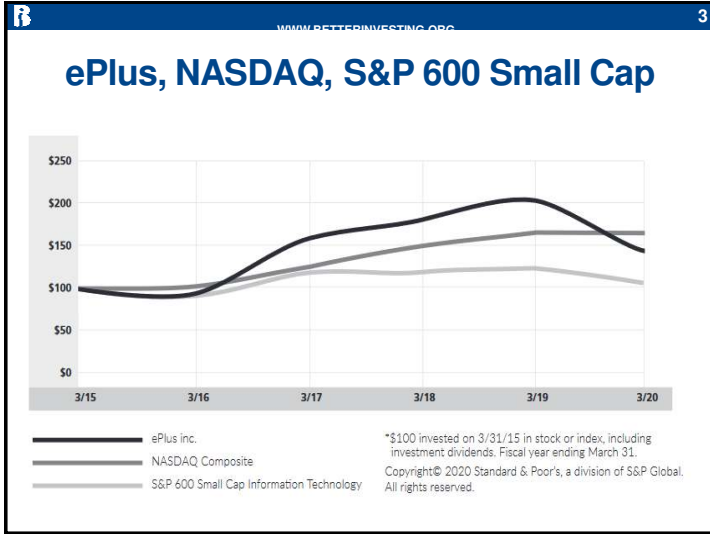
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### How ePlus Makes Money

- **Technology ~ 85% of revenue**
  - Hardware, software and maintenance
  - Internal and out-sourced services
  - Advanced and professionally managed services
- **Financing ~ 15% of revenue**
  - IT equipment, communications related equipment, medical and industrial equipment, office furniture

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## Where technology means more.

Helping customers use technology to successfully navigate business challenges is at the center of everything we do.

SERVICES FINANCING

CLOUD DATA CENTER NETWORKING COLLABORATION AI/EMERGING SECURITY

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## COVID-19 Impact

- + Majority of workforce at home since mid-March, no material impact on operations
- + Onsite personnel conforming to customer/partner requirements and local ordinances
- + Future IT spending is impacted by general economic trends
- + Solution set easily pivoted to fulfill customer needs for remote workforce enablement and related security
- + Built specific solutions for the new hybrid at-work/remote-workforce model
- + Created internal, inter-disciplinary Pandemic Response Team to enable, monitor, and manage ePlus business operations strategy and remote workforce

SOCIALLY DISTANCED  
VIRTUALLY CONNECTED  
BESAFEBESMARTBEKIND  
e+  
Where Technology Means More®  
PLUS Nasdaq Listed  
Nasdaq PLUS Nasdaq Listed

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## The CIO Today: Unpredictability from COVID causes a heightened focus on:

Cloud Acceleration Collaboration Remote Workforce Enablement Security Managed and Professional Services AI: Analytics and Automation

*"Business executives who experienced firsthand the shortcomings of legacy technology environments will suddenly demand that IT accelerate roadmaps for app and infrastructure modernization, refined service management, high-availability architectures, automation for speed and reliability, cloud for scale and flexibility, and a network that delivers high performance. The time to start designing for dependability is now."*

Source: Everest Group, "The 2020 Global IT Spend Forecast: A Fairly Steady State with Dependability Technology", December 2019

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## Well Positioned within the IT Ecosystem

Our range of complex solutions and services places us in high end of the IT market

Vendors	Distributors	VARs	IT Solutions	Services/Integrators
25 – 65% GM	5 – 13% GM	13 – 16% GM	20 – 25% GM	29 – 32% GM

GISS MARGINS

DISTRIBUTION FOCUSED SERVICE ORIENTED

INCREASING CUSTOMER VALUE AND VENDOR MARGINS

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### Expanding Footprint

Resources to implement locally and globally

INTERNATIONAL OFFICES

- 35+ locations serving the U.S., Europe, and Asia-Pac
- 4 Managed Services Centers and 3 Integration Centers throughout the U.S.
- 650+ technical and support resources certified by the top IT manufacturers in the world

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

<p><b>ABS TECHNOLOGY</b></p> <p>August 2019</p> <p>Southern and Western Virginia</p> <p>New customers, SLED focus, and managed services</p>	<p><b>SLAIT Consulting</b></p> <p>+ January 2019</p> <p>+ Southern and central Virginia</p> <p>+ Security managed services and consulting, helpdesk, staffing, new customers</p>	<p><b>IDS</b></p> <p>+ September 2017</p> <p>+ Chicago and Indianapolis data centers</p> <p>+ New geography and customers</p>	<p><b>OneCloud</b></p> <p>+ May 2017</p> <p>+ Cloud-based services, solutions and DevOps</p> <p>+ Offices in Milpitas, CA and India</p>
<p><b>Consolidated communications</b></p> <p>December 2016 (division of CCI)</p> <p>Minneapolis, MN Cisco VAR</p> <p>New geography and customers</p>	<p><b>IGX GLOBAL</b></p> <p>+ December 2015</p> <p>+ UK location to serve UK and global customers</p> <p>+ Expand security offerings</p>	<p><b>EVOLVE TECHNOLOGY GROUP</b></p> <p>+ August 2014</p> <p>+ Sacramento, CA Cisco VAR, largest Cisco VAR to State</p> <p>+ Grow western SLED business</p>	<p><b>ADVISTOR INFRASTRUCTURE</b></p> <p>+ November 2013</p> <p>+ Rochester area reseller with storage expertise</p> <p>+ Strengthened position as leading US FlexPod reseller</p>

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### Independent Provider with Deep Strategic Relationships

**SELECT STRATEGIC PARTNERS**

- Excellent channel partner for ePlus, representing 40% of technology segment net sales<sup>1</sup>
- All core products plus data center, collaboration, security, enterprise software, and lifecycle services
- ePlus holds over 600 active certifications in Cisco technologies
- Converged infrastructure, enterprise storage, networking and virtualization
- Cloud, server and storage solutions
- NetApp Star Partner and Professional Services Partner
- Network storage (including All Flash Data Storage arrays) and services focused applications, file server consolidation, private and public cloud
- ePlus professionals maintain a variety of Dell Technologies engineering certifications
- Client, servers, networking, services, and storage including the legacy EMC offerings
- Cloud, data center, virtual infrastructure solutions and the remainder of their portfolio

**ADDITIONAL CATEGORY SPECIFIC PARTNERS**

<p>AMAZON SECURITY</p> <p>netkope</p> <p>okta</p> <p>VARONIS</p> <p>proofpoint</p>	<p>PUBLIC CLOUD</p> <p>aws</p> <p>Google</p> <p>Microsoft Azure</p>
<p>BACKUP</p> <p>rubrik</p> <p>COHESITY</p> <p>VEEAM</p> <p>COMMVAULT</p>	<p>MANAGED CLOUD</p> <p>kubernetes</p> <p>KubeFlow</p> <p>TensorFlow</p> <p>relayr.</p>

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### Broad and Diverse Customer Base

TECHNOLOGY	GOVERNMENT & EDUCATION	TELECOM, ENTERTAINMENT & MEDIA	FINANCIAL SERVICES	HEALTHCARE	OTHER
<p>Adobe</p> <p>Cisco</p> <p>NetApp</p> <p>Bottomline</p>	<p>COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK</p> <p>Public Schools</p> <p>JOHNS HOPKINS UNIVERSITY</p>	<p>Disney</p> <p>EA</p> <p>Go! Spring BREAKERS</p> <p>verizon</p>	<p>PENFED CREDIT UNION</p> <p>Bloomberg</p> <p>FINRA</p> <p>GEICO</p>	<p>CHOC Children's</p> <p>New York Presbyterian</p> <p>Texas Children's Hospital</p> <p>Quest Diagnostics</p> <p>Yale New Haven Health</p>	<p>ALCOA</p> <p>BE THE MATCH</p> <p>jiffylube</p> <p>NORTHROP GRUMMAN</p>
21%	16%	19%	13%	15%	16%

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## ePLUS

**What's Next:**  
Return to  
Workplace

Learn more

**What's Next:**  
Secure Remote  
Access

Learn more

**What's Next:**  
Expense  
Management

Learn more

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## Build a Flexible Foundation

Mitigate disruption, now and in the future, with technology that supports organizational agility.

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## Customers

- 21% Technology Sector
- 19% Telecommunications, media, entertainment
- 16% state & local governments, education institutions
- 15% Healthcare
- 14% Financial
  - Sales to Verizon equal 15%
  - No other customer no more than 10%
  - Most of sales generated in U.S.
  - Physical locations in U.K., India and Singapore



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## SWOT


- **Strengths & Weakness**
  - Internal factors that affect the company
- **Opportunities & Threats**
  - External factors that affect the company

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## Strengths

- Offers lifecycle approach of integrated solutions is unique in the industry.
- Ability to deliver advanced professional services
  - “Go-to” Partner
  - Differentiator against competitors
- Chosen for track record of best-of-breed solutions and value added services
- Possess over 1700 engineering certifications



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## Weaknesses

- Must overcome potential customers’ reluctance to move away from legacy systems, processes, and solution providers
- Subject to changing economic conditions and market activities of leading industry participants




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## Opportunities

- Provides the breadth of product, service, and software offerings that competitors don’t provide
- The legacy software model is shifting from an upfront sale to a recurring revenue model




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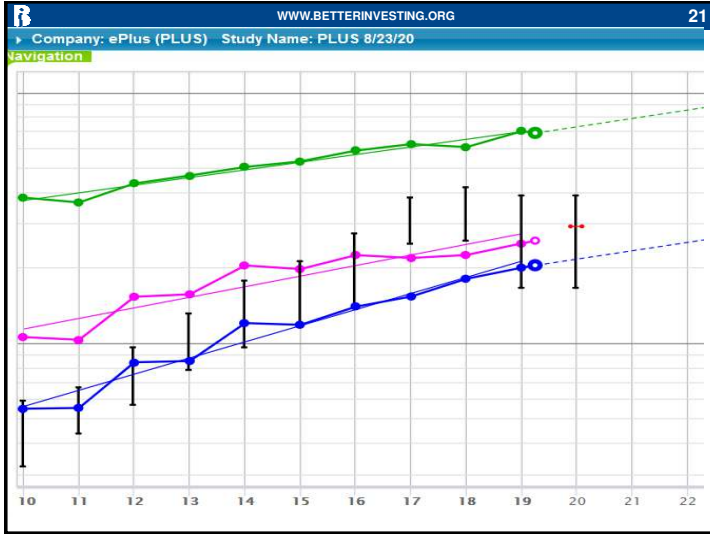
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## Threats

- Subject to macro-economic cycles and the entry of new competitors
- Consolidation can create significantly larger competitors
- Competitors may be able to respond more quickly



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Projection Starting Point  
 Annual  Quarter  Trend

Recent Quarterly Figures  
**FY2020 Quarter Ending (06/20)**

	Sales	EPS
Latest Quarter	355	1.30
Year Ago Quarter	381	1.20
Percentage Change	-6.9%	8.3%

Analyst Consensus Estimates

Sales 2 Year Estimate:	---
EPS Long Term Estimate:	---

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Fundamental Company Data

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Growth(%)	Forecast (%)	5 yr Est
Historical Sales (\$M)	863	826	983	1,058	1,143	1,204	1,329	1,411	1,373	1,588	7.3%	8	2,295
Historical EPS (\$)	1.41	1.42	2.16	2.19	3.10	3.04	3.60	3.95	4.65	5.15	16.0%	8	7.73
Pre-Tax Profit (\$M)	41	40	59	60	78	76	86	84	86	96	10.2%		

Evaluate Management

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	5 Yr Avg	Trend
% Pre-Tax Profit on Sales	4.7%	4.8%	6.0%	5.7%	6.8%	6.3%	6.5%	5.0%	6.3%	6.0%	6.2%	
% Return on Equity	11.3%	10.3%	15.3%	13.5%	16.9%	14.2%	15.3%	14.2%	15.5%	14.7%	14.8%	
% Debt To Capital	12.2%	11.3%	14.9%	20.5%	16.8%	12.9%	9.8%	12.3%	10.3%	15.0%	12.1%	

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3. PRICE EARNINGS HISTORY as an indicator of the future

CLOSING PRICE (09/22/20): 73.90    HIGH THIS YEAR: 99.63    LOW THIS YEAR: 42.53

Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2015	54.7	30.9	3.04	18.0	10.1	0.00	0.0%	0.0%
2016	70.5	36.2	3.60	19.6	10.0	0.00	0.0%	0.0%
2017	97.8	63.8	3.95	24.7	16.1	0.00	0.0%	0.0%
2018	107.3	65.5	4.65	23.1	14.1	0.00	0.0%	0.0%
2019	99.6	42.5	5.15	19.3	8.3	0.00	0.0%	0.0%
AVERAGE	47.8			20.0	10.6		0.0%	
CURRENT/TTM			5.26			0.00	0.0%	0.0%

AVERAGE PRICE EARNINGS RATIO: 15.3    CURRENT PRICE EARNINGS RATIO: 14.0

[Show / Hide Price/Earnings Chart](#)    [Compare Peers](#)

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4. EVALUATING RISK and REWARD over the next 5 years

**A. HIGH PRICE - NEXT 5 YEARS**  
 Avg. High P/E: 20.0 X Estimate High Earnings / Share: 7.73 = Forecasted High Price: **154.6**

**B. LOW PRICE - NEXT 5 YEARS**  
 (a) Avg. Low P/E: 10.5 X Estimate Low Earnings/Share: 5.26 = Forecasted Low Price: 55.2  
 (b) Avg. Low Price of Last 5 Years: 47.8  
 (c) Recent Market Low Price: 42.5  
 2018 Low Stock Price: 65.5      52 Week Low Stock Price: 42.5  
 2019 Low Stock Price: 42.5  
 (d) Price Dividend Will Support: Indicated Dividend = 0.00 = --  
 High Yield: --

Selected Forecasted Low Price: **55.2**

**C. ZONING** using 25%-50%-25% (click to toggle)  
 Forecasted High Price: 154.6 Minus Forecast Low Price: 55.2 = 99.4 Range: 25% of Range: 24.8  
 Buy Zone: 55.2 to 80.0  
 Hold Zone: 80.0 to 129.7  
 Sell Zone: 129.7 to 154.6  
 Closing Stock Price of 73.90 is in the **BUY** Zone.  
 Show / Hide Gain vs Loss Chart

Evaluating Risk At A Glance:  
 Zone: **BUY**  
 Forecasted High Price: **154.6**  
 Forecasted Low Price: **55.2**  
 Closing Price (09/22/20): **73.90**  
 Upside Downside Ratio: **4.3 To 1**  
 Potential Price Appreciation: **109.2%**

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**D. UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)**

$$\frac{\text{Forecasted High Price} - \text{Closing Price}}{\text{Closing Price} - \text{Forecasted Low Price}} = \frac{(154.6 - 73.90)}{(73.90 - 55.2)} = \frac{80.67}{18.70} = 4.3 \text{ To } 1$$

**E. PRICE TARGET** (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$$\frac{\text{Forecasted High Price}}{\text{Closing Price}} = \frac{154.6}{73.90} = (2.0917 \times 100) = (209.17 - 100) = 109.2\% \text{ Appreciation}$$

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5. FIVE-YEAR POTENTIAL

**A. CURRENT YIELD**  
 $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{73.90} = 0.0000 = 0.0\%$

**B. AVERAGE YIELD - USING FORECAST HIGH P/E**  
 $\frac{\text{Avg. \% Payout}}{\text{Forecast High P/E}} = \frac{0}{20.0} = 0.0\%$

**AVERAGE YIELD - USING FORECAST AVERAGE P/E**  
 $\frac{\text{Avg. \% Payout}}{\text{Forecast Average P/E}} = \frac{0}{15.25} = 0.0\%$

**C. COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E**  
 Annualized Price Appreciation: 15.9%  
 Average Yield: 0.0%  
 Annualized Rate of Return: 15.9%

**COMPOUND ANNUAL RETURN - USING FORECAST AVERAGE P/E**  
 Annualized Price Appreciation: 9.8%  
 Average Yield: 0.0%  
 Annualized Rate of Return: 9.8%

SSG Results Summary  
 Zone: **BUY**  
 Upside Downside Ratio: **4.3 To 1**  
 Total Return (High P/E): **15.9%**  
 Projected Return (Avg P/E): **9.8%**  
 Buy price to satisfy US/DS of 3 to 1 and 15% total return: **76.9**  
 Buy Below price based on zoning selection: **80.0**  
 Closing Price (09/22/20): **73.90**

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**Sales Estimate**

- 7.3      10 year historical
- 6.0      5 year historical
- 8.0      Small Cap Informer
- 15.0     Last fiscal year

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## EPS Estimate

- 16.0 10 year historical
- 14.0 5 year historical & last fiscal year
- 8.0 Small Cap Informer

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## High P/E Estimate

- 20.9 No outliers
- 20.0 One Outlier
- 19.0 Two Outliers

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## Low P/E Estimate

- 11.7 No outliers
- 10.6 One Outlier
- 9.5 Two Outliers

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## My Interest in ePlus

- Have no interest at this time
- I will put it on my watch list
- Need to study further
- Not sure of pandemic affect

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## Questions or Comments?

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