

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): September 27, 2018

PC CONNECTION, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

*(State or other jurisdiction
of incorporation)*

0-23827

*(Commission
File Number)*

02-0513618

*(IRS Employer
Identification Number)*

Rt. 101A, 730 Milford Road, Merrimack, NH 03054
(Address of principal executive offices) (Zip Code)

(603) 683-2000

(Registrant's telephone number, including area code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below).

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

A copy of the Company's current investor presentation is attached to this Current Report on Form 8-K as Exhibit 99.1. A copy of the presentation is also available on the Company's website.

The information in this Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
99.1	Investor Presentation



Investor Presentation

Sidoti & Company Fall 2018 Conference

September 27th, 2018

Disclosures

[Safe Harbor Statement](#)

Under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements that are subject to risks and uncertainties, including, but not limited to, the impact of changes in market demand and the overall level of economic activity and environment, or in the level of business investment in information technology products, competitive products and pricing, product availability and market acceptance, new products, fluctuations in operating results, and the ability of the Company to manage personnel levels in response to fluctuations in revenue, and other risks that could cause actual results to differ materially from those detailed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2017. More specifically, the statements in this presentation concerning the Company's outlook and other statements of a non-historical basis (including statements regarding the Company's ability to grow revenues and increase market share) are forward-looking statements that involve certain risks and uncertainties. Such risks and uncertainties include the ability to realize market demand for and competitive pricing pressures on the products and services marketed by the Company, the continued acceptance of the Company's distribution channel by vendors and customers, continuation of key vendor and customer relationships and support programs, and the ability of the Company to hire and retain qualified sales representatives and other essential personnel. The Company assumes no obligation to update the information in this presentation or revise any forward-looking statements, whether as a result of any new information, future events, or otherwise.

[Non-GAAP Financial Information](#)

Adjusted EBITDA is a non-GAAP financial measure. This information is included to provide information with respect to the Company's operating performance and earnings. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the GAAP financial measures. Our non-GAAP financial measures may not be comparable to other similarly titled measures of other companies.

Our Mission



As a leading Global Solutions Provider,
we connect our customers with technology that:

» Enhances growth » Elevates productivity » Empowers innovation

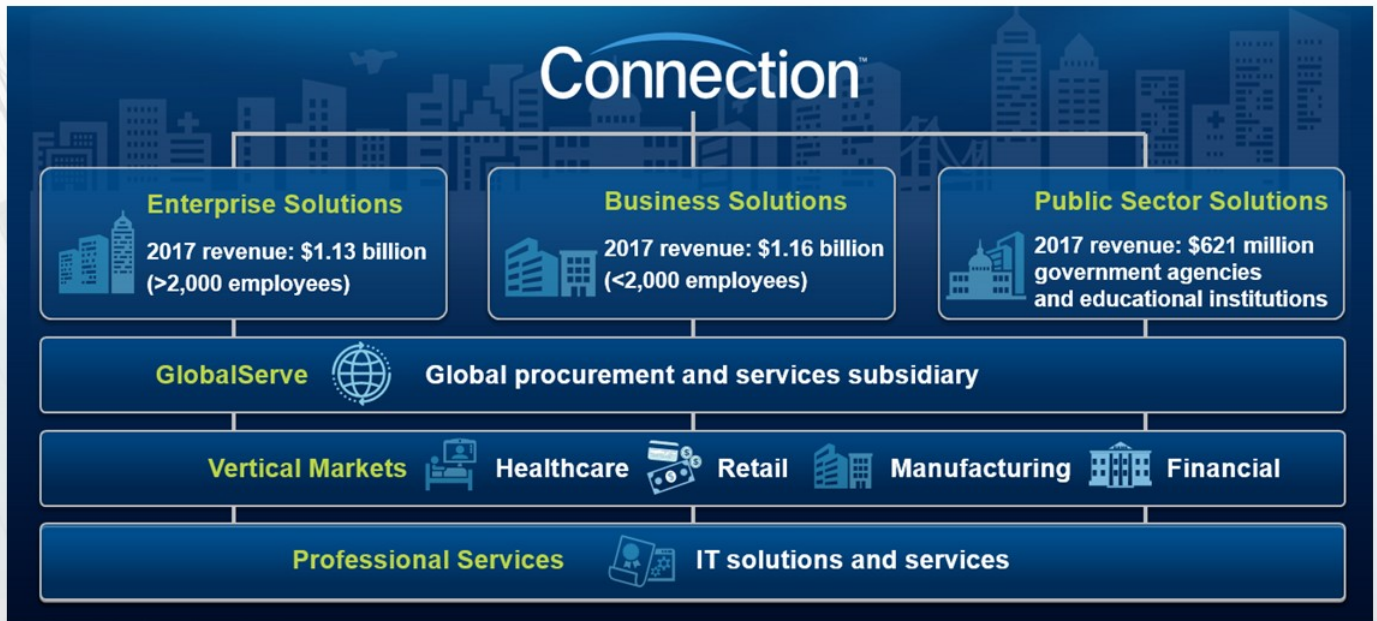
Fortune 1000 Global Solutions Provider

Founded	1982
Employees	2,500
Exchange	NASDAQ
Symbol	CNXN
Shares Outstanding	26.9 Million
Net Sales – 2017	\$ 2.9 Billion
Cash Balance – 12/31/17	\$ 50 Million
Adjusted EBITDA – 2017	\$ 94.0 Million
EPS – 2017	\$ 2.04
Current Price – 9/20/18	\$ 38.74
Market Capitalization – 9/20/18	\$ 1.035 Billion



Go-to-Market Strategy

Serving All Segments and Specializing in Verticals



Your IT Partner for Strong Industry Partnerships



Hewlett Packard Enterprise

HPE NSP SLED Partner of the Year, 2017
Federal Enterprise Group Partner of the Year, 2015



Lenovo
Data Center Partner
Platinum

Lenovo Platinum Data Center Partner, 2017



Microsoft

Microsoft Excellence in Operations Awards:
• Double Gold Level, 2017
• Gold Level, 2016 & 2015



redhat.

RedHat Rising Star Partner of the Year, 2017



DELL EMC

Dell EMC Healthcare Partner of the Year, 2016
Dell Partner of the Year, 2015

We allow you greater access to resources from a successful and proven expert team



hp

HP MPS Best in Class Award, 2016
HP Partner in Excellence Award, 2013



Symantec.

Symantec Growth Partner of the Year, 2015



Adobe

Adobe Reseller Partner of the Year, 2014



vmware
PARTNER
PREMIER CORPORATE RESELLER

VMware Mid-Market Partner of the Year for Americas, 2014



cisco
Gold Partner

Cisco U.S. Commercial Partner of the Year, 2013

Solve Your Toughest IT Challenges with Expertise You Can Count On

THE TEAM

2,500+
Employees

860+
Account
managers

10 Years
Average tenure

540+
Engineering,
services, and
technical staff

THE EXPERTISE

44,000
Hours of training
annually

2,500+
Professional
certifications

Hundreds
of training hours
per engineer
every year

THE BUYING POWER

1,600+
Technology
partners

300,000
IT products
available

225,000+
Custom
configurations
completed
every year
and growing



Committed to Understanding Customer Needs

Self-Driven



Social, mobile,
new ways to work

Market Driven



Outpace competitors,
meet customers'
needs

Governance Driven



Regulatory
and industry
specific demands

Technology Driven



Cloud, always on,
real-time

Your IT Partner for Emerging Tech Players

More Choices, More Options, More Relevance



- **Flash Storage** to tackle explosive data growth
- **Hyper-converged Infrastructure** for the modern data center, transformed

- **Cloud Computing** built for cloud power in private, public, and hybrid models
- **Advances in Security** provide a comprehensive approach that safeguards against cyber crime and data breaches



Data Center



IT Security



End-User Computing
and Mobility



Networking and
Collaboration



Microsoft
Software



IT Lifecycle



Digital Signage

Optimize Your Entire Infrastructure with a Full Line of Professional Services

Your IT Partner

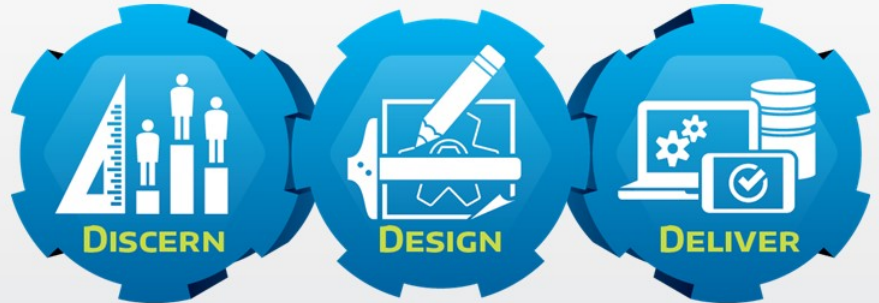
for Trusted, Proven Methodology

Execution Excellence Throughout the Entire Solution Lifecycle

Discern—Assess unique requirements for optimal efficiency and cost savings across the entire IT infrastructure

Design—Create flexible and tailored solutions for every business need

Deliver—Implement the right technologies for superior ongoing performance, measurable competitive advantage, and manage to maximize ROI throughout the entire IT lifecycle



Customer-Focused Investments

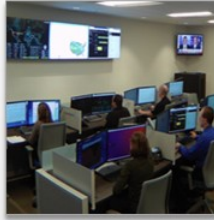
Global
Capabilities



Softmart
Software
Expertise



Launch of
Network
Operations
Center



New World
Class Custom
Configuration
& Distribution
Facility



IL and PA
Sales Team
Expansion



We Have Unique and Valuable Assets

Organizational Assets



Simplify the IT
Procurement Process

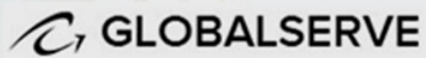


Services
Management Tool


Global IT Procurement Expertise

We Solve Global. We Connect the World.

- Partnered with the largest global resellers, System Integrators, and VARs around the world
- 25,000 certified IT professionals
- IT services in 174 countries
- Industry recognize global asset disposal services:
 - Built around very stringent IEEE, DoD, and EU standards



Over 35 Years of Success and Innovation

Pick, Pack & Ship		Value Added Reseller			IT Services & Solutions	
1982 Founded	1990 Opened Ohio Distribution Center and Introduced <i>Everything Overnight</i> ®	1999 Acquired Comteq Federal, now Public Sector Solutions Achieved \$1B in sales	2002 Acquired MoreDirect, Inc. Enterprise	2007 & 2008 <i>Forbes</i> "Americas Most Trustworthy Companies"	2011 Acquired ValCom (now <i>Services and Solutions Division</i>) Achieved \$2B in sales	2016 Acquired Softmart & GlobalServe Launched new brand name 
1984 MacConnection Established	1998 Initial Public Offering NASDAQ: PCCC (now CNXN)	2000 Corporate IT Systems	2005 Acquired Amherst Technologies (now <i>Services and Solutions Division</i>)	2010 National Solutions Provider	2014 Launched Global Alliance with Bechtle 450+ services, technical and engineering staff 2,500+ Certifications	2017 Celebrated 35 years

Drivers of Growth

- Digital Transformation
- Data Center Modernization
- Workplace Transformation
- Security Transformation



It All Adds Up to Complete Support for the Complete IT Lifecycle



Enhance Growth

- Gain competitive advantage
- Utilize proven methodology
- Employ the right solutions
- Extract full value of investments



Elevate Productivity

- Modernize data centers
- Save time and money
- Increase agility
- Focus on needs of business



Empower Innovation

- Enable 360° improvement
- Deploy modern technologies
- Optimize IT operations
- Solve challenges for better ROI

Consistent Revenue Growth

2009 – 2017 Net Sales



\$ in millions

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Improving Gross Margins

2009 – 2017 Net Sales



\$ in millions

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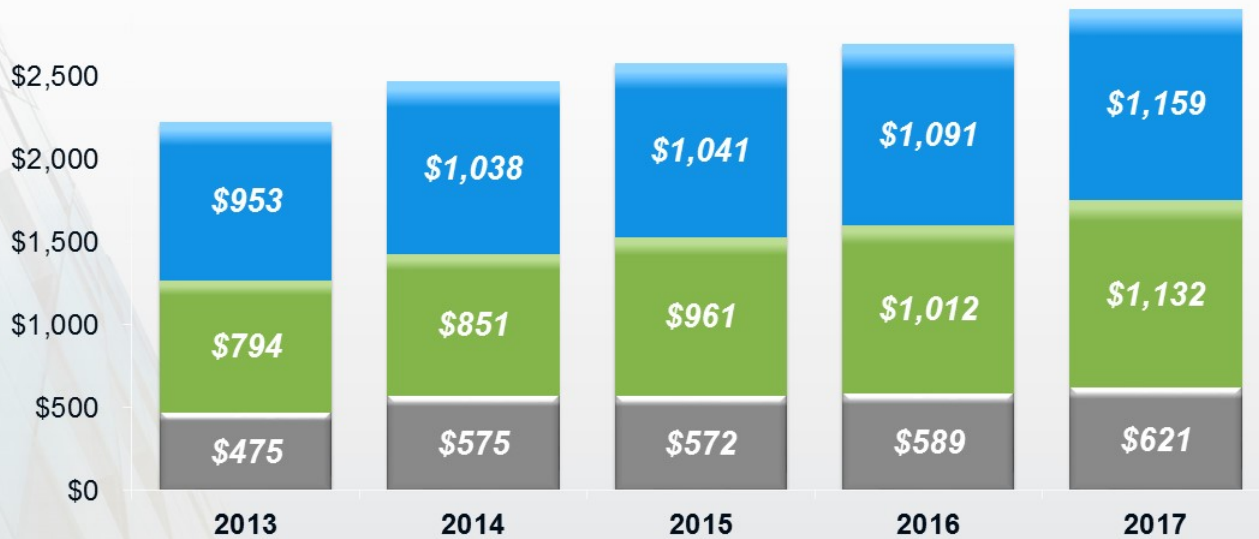
Earnings Per Share

2010 – 2017 Net Sales



Diversified Sales by Segment

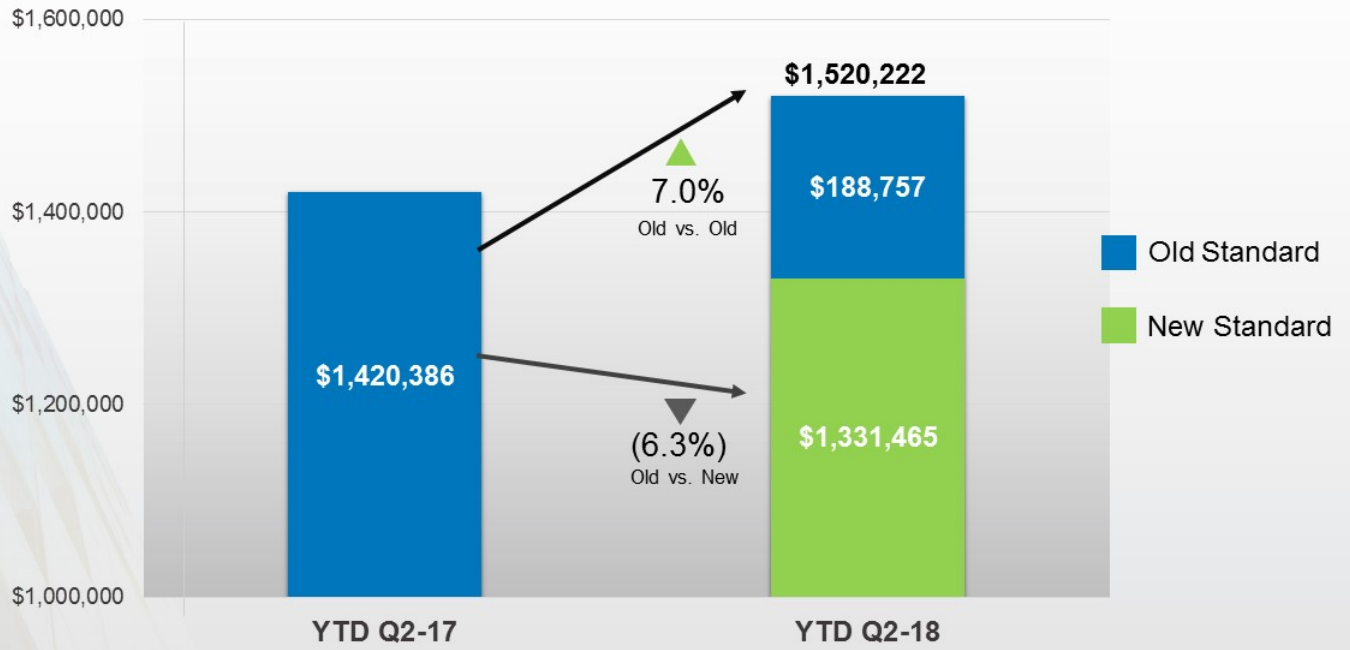
2013 – 2017 Net Sales



■ Public Sector Solutions ■ Enterprise Solutions ■ Business Solutions

Consistent Revenue Growth

YTD Q2 2017 vs. YTD Q2 2018



\$ in thousands

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Consistent Gross Margin Growth

YTD Q2 2017 vs. YTD Q2 2018



Balance Sheet and Cash Flow Highlights

- Q2 YTD '18 operating cash flow of \$41.5M vs. a use of (\$9.8M) Q2 YTD '17
 - AR and AP and Accruals grew at 3% and 2%, respectively
- Debt-free
- 169,462 shares repurchased as of Q2 YTD for \$4.4M
 - Weighted average cost of repurchases was \$25.87



Shareholder Transactions

2011—2017

2017 Special Dividend	\$ 9.1M (\$.34 per share)
2016 Special Dividend	\$ 9.0M (\$.34 per share)
2015 Special Dividend	\$10.6M (\$.40 per share)
2014 Special Dividend	\$10.5M (\$.40 per share)
2013 Special Dividend	\$10.5M (\$.40 per share)
2012 Special Dividend	\$10.1M (\$.38 per share)
2011 Special Dividend	\$10.6M (\$.40 per share)
Share Repurchases 2011/2012	<u>\$11.6M</u> (1.2 million shares)
Total cash used in transactions	<u><u>\$82.0M</u></u>



Statements from August 2nd Q2 Earnings Call

PC Connection, Inc. & Subsidiaries Income Statement Condensed Consolidated Statements of Income

(amounts in thousands, except for per share data)

	Six Months Ended June 30, 2018
Net sales	\$1,331,465
Cost of sales	1,127,625
Gross Profit	203,840
Gross Profit Margin	15.3%
Selling, general and administrative expenses	163,421
SG&A as a percentage of net sales	12.3%
Interest/other expense, net	298
Pretax income	40,717
Income tax provision	(11,191)
Income tax provision as a percentage of net sales	27.5%
Net Income	\$29,526
Earnings per common share	
Basic	\$1.10
Diluted	\$1.10
Shares used in the calculation of earnings per common share	
Basic	26,760
Diluted	26,868

Net Sales:

"Consistent with industry trends, the IT market is estimated to grow at approximately 3% plus and our goal is to double this rate of growth"

"We expect Q3's new revenue standard adjustment to be similar to the \$78 million adjustment that we saw in Q1"

Gross Margin:

"We expect our Q3 gross margins to be similar to our 2018 year-to-date levels"

SG&A:

"We expect SG&A as a percentage of revenue in Q3 to be similar to our 2018 year-to-date levels"

Tax Rate:

"We expect our rate for the year to be in the range of 27 to 29%"

Our Difference

Why Invest in Connection

- Recurring Revenue Stream
- Increasing Revenue and Profits
- Financial Stability
- Experienced Team
- Global Solutions Provider
- Large and Fragmented Market
- Technology Transformations





Thank you!

Appendix

PC Connection, Inc. & Subsidiaries

Business Segments – Sales & Margin

RECONCILIATION OF CHANGES IN REVENUE STANDARD FOR SEGMENT NET SALES

(Unaudited, in thousands)

	Three Months Ended June 30,				Change As Presented		Change Previous Revenue Standard	
	2018		2017		Amount	Percent	Amount	Percent
	As Presented	Impact of New Revenue Standard	Previous Revenue Standard					
Net sales								
Business Solutions	\$ 270,042	\$ 41,260	\$ 311,302	\$ 296,420	\$ (26,378)	(8.9%)	\$ 14,882	5.0%
Enterprise Solutions	301,065	47,977	349,042	302,077	(1,012)	(0.3%)	46,965	15.5%
Public Sector Solutions	135,463	23,962	159,425	151,295	(15,832)	(10.5%)	8,130	5.4%
Total	\$ 706,570	\$ 113,199	\$ 819,769	\$ 749,792	\$ (43,222)	(5.8%)	\$ 69,977	9.3%

RECONCILIATION OF CHANGES IN REVENUE STANDARD FOR SEGMENT GROSS PROFITS

(Unaudited, in thousands)

	Three Months Ended June 30,				Change As Presented		Change Previous Revenue Standard	
	2018		2017		Amount	Percent	Amount	Percent
	As Presented	Impact of New Revenue Standard	Previous Revenue Standard					
Gross profits								
Business Solutions	\$ 47,329	\$ 784	\$ 48,113	\$ 46,277	\$ 1,052	2.3%	\$ 1,836	4.0%
Enterprise Solutions	43,256	618	43,874	37,107	6,149	16.6%	6,767	18.2%
Public Sector Solutions	16,883	-	16,883	16,286	597	3.7%	597	3.7%
Total	\$ 107,468	\$ 1,402	\$ 108,870	\$ 99,670	\$ 7,798	7.8%	\$ 9,200	9.2%

RECONCILIATION OF CHANGES IN REVENUE STANDARD FOR SEGMENT GROSS MARGINS

(Unaudited, in thousands)

	Three Months Ended June 30,				Change As Presented	Change Previous Revenue Standard
	2018		2017		Amount	Amount
	As Presented	Impact of New Revenue Standard	Previous Revenue Standard			
Gross margins						
Business Solutions	17.5%	(207)	15.5%	15.6%	191	(16)
Enterprise Solutions	14.4%	(180)	12.6%	12.3%	208	29
Public Sector Solutions	12.5%	(187)	10.6%	10.8%	170	(17)
Total	15.2%	(193)	13.3%	13.3%	192	(1)

PC Connection, Inc. & Subsidiaries Income Statement

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,		Six Month Ended June 30,	
	2018	2017	2018	2017
<i>(amounts in thousands, except per share data)</i>				
Net sales	\$ 706,570	\$ 749,792	\$ 1,331,465	\$ 1,420,386
Cost of sales	599,102	650,122	1,127,625	1,233,983
Gross profit	107,468	99,670	203,840	186,403
Selling, general and administrative expenses	82,521	77,230	163,421	152,511
Income from operations	24,947	22,440	40,419	33,892
Interest/other expense, net	182	9	298	28
Income tax provision	(6,903)	(8,864)	(11,191)	(12,903)
Net income	\$ 18,226	\$ 13,585	\$ 29,526	\$ 21,017
Earnings per common share:				
Basic	\$ 0.68	\$ 0.51	\$ 1.10	\$ 0.79
Diluted	\$ 0.68	\$ 0.51	\$ 1.10	\$ 0.78
Shares used in the computation of earnings per common share:				
Basic	26,686	26,761	26,760	26,729
Diluted	26,820	26,893	26,868	26,879

Note: Amounts are not restated and represent the amounts recognized under generally accepted accounting principles in place during the relevant reporting period.

PC Connection, Inc. & Subsidiaries Adjusted EBITDA

EBITDA AND ADJUSTED EBITDA

(amounts in thousands)

	LTM Ended June 30, ⁽¹⁾				Change As Presented	Change Previous Revenue Standard
	2018		2017		Percent	Percent
	As Presented	Impact of New Revenue Standard	As Presented	Previous Revenue Standard		
Net income	\$ 63,366	\$ 422	\$ 63,788	\$ 47,607	33%	34%
Depreciation and amortization	12,858	-	12,858	11,359	13%	13%
Income tax expense	21,056	162	21,218	30,618	(31%)	(31%)
Interest expense	121	-	121	139	(13%)	(13%)
EBITDA	97,401	584	97,985	89,723	9%	9%
Special charges ⁽²⁾	2,695	-	2,695	3,506	(23%)	(23%)
Stock-based compensation	822	-	822	788	4%	4%
Adjusted EBITDA	<u>\$ 100,918</u>	<u>\$ 584</u>	<u>\$ 101,502</u>	<u>\$ 94,017</u>	7%	8%

(1) LTM: Last twelve months

(2) Special charges in 2017 consist of a fourth quarter one-time bonus paid to all employees except executive officers as well as severance and relocation costs for our Softmart facility incurred in the second quarter 2017. Special charges in last twelve months of 2017 consist of our acquisition of Softmart, the rebranding of the Company, and duplicate costs incurred with the move of our Chicago-area facility.

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PC Connection, Inc. & Subsidiaries Balance Sheet

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2018	December 31, 2017 ⁽¹⁾
<i>(amounts in millions)</i>		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 68.7	\$ 50.0
Accounts receivable, net	464.0	449.7
Inventories, net	107.5	106.8
Prepaid expenses and other current assets	6.3	5.7
Income taxes receivable	0.9	3.9
Total current assets	647.4	616.1
Property and equipment, net	46.0	41.6
Goodwill	73.6	73.6
Other intangibles, net	10.3	11.0
Long-term accounts receivable	1.9	-
Other assets	1.8	5.6
Total Assets	\$ 781.0	\$ 747.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 200.9	\$ 194.3
Accrued expenses and other liabilities	28.9	31.0
Accrued payroll	23.5	22.7
Total current liabilities	253.3	248.0
Deferred income taxes	16.1	15.7
Other liabilities	1.9	1.9
Total Liabilities	271.3	265.6
Stockholders' Equity:		
Common stock	0.3	0.3
Additional paid-in capital	115.2	114.2
Retained earnings	414.4	383.7
Treasury stock at cost	(20.2)	(15.9)
Total Stockholders' Equity	509.7	482.3
Total Liabilities and Stockholders' Equity	\$ 781.0	\$ 747.9

(1) Amounts are not restated and represent the amounts recognized under generally accepted accounting principles in place during that period.

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PC Connection, Inc. & Subsidiaries Cash Flow Trend

(Amounts in millions) Cash Flow Activity	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net Cash provided by (used for) operating activities	4.3	(35.2)	41.5	(9.8)
Net Cash used for investing activities	(4.9)	(3.0)	(9.9)	(4.5)
Net Cash (used for) provided by financing activities	(1.6)	0.6	(12.9)	(6.8)
(Decrease) increase in cash and cash equivalents	(2.3)	(37.6)	18.7	(21.0)
Cash and cash equivalents, beginning of period	71	65.8	50	49.9
Cash and cash equivalents, end of period	\$ 68.7	\$ 28.1	\$ 68.7	\$ 28.1

PC Connection, Inc. & Subsidiaries

Other Key Operating Metrics / Stock Repurchases

CONSOLIDATED SELECTED FINANCIAL INFORMATION UNDER PREVIOUS REVENUE RECOGNITION STANDARD

	2018		2017	
	As Presented	Impact of New Revenue Standard	Previous Revenue Standard	Revenue Standard
Inventory turns	26	5	31	22
Days sales outstanding	53	(6)	47	47

	Held in Treasury		
	Shares	Dollars	Avg Price
December 31, 2017	1,856,107	\$ 15,862,317	\$ 8.55
Q1 2018 Purchases	116,241	\$ 2,997,217	\$ 25.78
March 31, 2018	1,972,348	\$ 18,859,534	\$ 9.56

Q2 2018 Purchases	53,221	\$ 1,386,556	\$ 26.05
Total Treasury Purchases as of June, 30, 2018	2,025,569	\$ 20,246,090	\$ 10.00

Remaining Authorized \$ at June 30, 2018 \$ 13,382,763