

Anixter International Inc. (AXE)

1Q13: Several Trends Point to 2H13 Improvement

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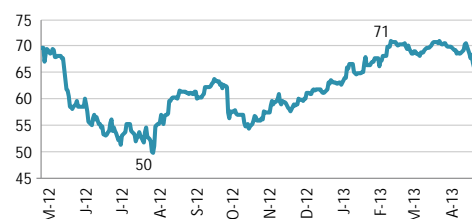
Maintain Outperform rating and \$80 price target. AXE rose 4% despite 1Q13 results that were moderately below expectations, as the company outlined a consistent 2013 outlook and highlighted several favorable trends that point to better 2H13 trends, including improved Enterprise quoting activity/backlog (a key takeaway of our recent Distribution Survey). As such, we recommend purchase at current levels, as we continue to see good potential for outperformance assuming even only modest organic growth, as valuation/expectations seemingly remain relatively low.

- **Maintain Outperform rating and \$80 price target** based on 8x EV/C2014E EBITDA.
- **Estimate changes.** Adjusting our 2013 and 2014 EPS estimates to \$5.99 and \$6.47, respectively.
- **1Q13 results moderately below expectations.** Lower-than-expected revenue was only partially offset by better gross margin – driving EPS of \$1.27 vs. our \$1.36 estimate.
- **Consistent 2013 outlook.** Management's outlook for 2013 growth continues to be weighted to 2H13, consistent with our mid-cycle thesis, and low-single-digit organic growth is expected for the year overall. While this is optically different vs. last quarter's outlook for low- to mid-single-digit growth, the change is only optical in nature due to weaker 1Q13 trends, as management's outlook for the remainder of the year is unchanged.
- **Several favorable trends point to 2H13 improvement.** Several favorable trends seen in 1Q13 support the company's outlook for improved growth, including improved Enterprise Cabling & Security backlog (+20% vs. year-end), continued solid project activity in key Electrical Wire & Cable verticals (including oil & gas and mining), and daily sales improvement through the quarter in OEM Supply (trends seen as bouncing off the bottom).
- **Only modest organic growth necessary to drive solid EPS growth.** We forecast approximately 1% organic growth for 2013, but expect EPS growth to be +11%, driven by solid contribution margins (mid-single-digits), cost savings actions (\$20 million run rate to be achieved in 2Q13), and a number of ancillary factors that are positive for optics in aggregate (acquisition carry-over, easier comparisons, lower interest expense, and lower share count).
- **Current copper pricing a moderate offset.** If current weaker pricing persists through 2013, copper would be an approximate 0.5% headwind to sales growth.
- **1Q13 results.** EPS \$1.27 vs. \$1.34 estimate. Sales \$1.49 billion vs. \$1.54 billion estimate. Gross margin 22.7% vs. 22.3% estimate. EBIT margin 5.4% vs. 5.7% estimate.

Anixter is a leading global distributor of communications infrastructure products, industrial wire and cable, and a leading distributor of fasteners and other "C" class components.

ESTIMATE CHANGE

1-Year Price Chart



Stock Data

Rating:	Outperform
Suitability:	Higher Risk
Price Target:	\$80
Price (4/23/13):	\$68.70
Market Cap (mil):	\$2,274
Shares Out (mil):	33.1
Average Daily Vol (mil):	0.44
Dividend Yield:	0.0%

Estimates

FY Dec	2012A	2013E	2014E
Q1	1.37 A	1.27 A	
Q2	1.28 A	1.48 E	
Q3	1.41 A	1.66 E	
Q4	1.31 A	1.58 E	
Fiscal EPS	5.38 A	5.99 E	6.47 E
Previous (FY)		6.15 E	6.71 E
Fiscal P/E	12.8x	11.5x	10.6x

Chart/Table Sources: Bloomberg and Baird Data

Please refer to Appendix
- Important Disclosures
and Analyst Certification

Details

Anixter International (AXE - NYSE)								
Quarterly Results and Variance Sheet								
	Quarterly Results					Percent of Revenue		
	1Q13	1Q12	Change	Baird/	Variance	1Q13	1Q12	Baird/
Net Sales	\$ 1,490.9	\$ 1,522.7	(2%)	\$ 1,538.8	(3%)			
Cost of Sales	1,152.7	1,173.5	(2%)	1,195.2	(4%)			
Gross Profit	338.2	349.2	(3%)	343.5	(2%)	22.7%	22.9%	22.3%
SG&A	257.2	262.5	(2%)	255.9	1%	17.3%	17.2%	16.6%
Operating Income	81.0	86.7	(7%)	87.7	(8%)	5.4%	5.7%	5.7%
Other Exp (Inc)	15.5	13.5	15%	15.3	1%			
Pretax Income	65.5	73.2	(11%)	72.3	(9%)	4.4%	4.8%	4.7%
Taxes	22.9	26.2	(13%)	26.8	(14%)	35.0%	35.8%	37.0%
Net Income	\$ 42.6	\$ 47.0	(9%)	\$ 45.6	(7%)	2.9%	3.1%	3.0%
Diluted EPS	\$ 1.27	\$ 1.37	(7%)	\$ 1.36	(7%)			
Diluted Shares	33.5	34.2	(2%)	33.5	0%			

Source: Company reports, Robert W. Baird & Co. estimates

1Q13 results

- **EPS.** EPS was \$1.27 vs. \$1.37 y/y, below our \$1.36 estimate (\$1.34 consensus).
- **Sales.** 1Q13 sales were \$1.49 billion vs. \$1.52 billion y/y, below our \$1.54 billion estimate (also consensus). Sales would have been slightly positive y/y excluding the impact of unfavorable holiday timing and the conclusion of a large security contract (our estimates adjust for the days issue).
- **Organic sales.** Organic sales (excluding +2.2% acquisitions, -0.4% copper and -0.2% foreign exchange) were -3.8% y/y vs. our -1.0% estimate. North America -0.9%, Europe -8.1%, and Emerging Markets -14.0%.
- **Gross margin.** Gross margin of 22.7% was above our 22.3% estimate and down slightly vs. 22.9% y/y, attributable to unfavorable mix (customer/projects) in the OEM Supply and Electrical Wire & Cable segments. This was partially offset by improvement in Enterprise Cabling and Security.
- **Operating margin.** Operating margin of 5.4% was below with our 5.7% estimate, and down vs. 5.7% y/y. Better gross margin was more than offset by lower sales and SG&A slightly above our estimate.
- **Organic sales by end market.** Enterprise Cabling and Security -4.2%, Electrical Wire & Cable +1.3%, and OEM Supply -11.8% (all figures in local currency).
- **Operating margin by end market.** Enterprise Cabling and Security 4.7%, Electrical Wire & Cable 8.0%, and OEM Supply 2.1%.

Management outlook

- **Sales.** Management's outlook for 2013 growth continues to be weighted to 2H13, with low-single-digit organic growth (excluding copper, FX) expected for the year overall. While this is optically different than last quarter's outlook for low- to mid-single-digit growth, expectations appear to be largely unchanged for the remainder of the year with moderately weaker 1Q13 trends the only delta vs. management's previous view. Trends within each of the company's major end markets support this view, including increased project quoting activity within Enterprise Cabling and Security, which is very consistent with our recent Distribution Survey. Details by end market are as follows:
 - **Enterprise Cabling and Security.** Trends were cited as improving through the quarter, and the company's sales backlog stands +20% vs. year-end levels. Given the relatively weak trends seen over the past 18 months and recent customer discussions, it is also believed that some pent-up demand exists in the market. Strengthening is expected to be most noticeable in 3Q13/4Q13.
 - **Electrical Wire & Cable.** Despite recent negative headlines, the company appears to be favorably positioned in both oil & gas (AXE more exposed to oily plays) and mining (exposure is primarily in Latin America and Canada, with little exposure to Australia or Asia). Strong quoting

activity was also cited.

- **OEM Supply.** Expectations continue to call for improved trends in 2H13, consistent with industry forecasts that call for improved heavy truck build rates (represents 40% of North American OEM Supply and 20% of global OEM Supply business). Encouragingly, daily sales dollars were cited as improving sequentially through the quarter, while new contract wins and an active pipeline of new business opportunities are also key positives.
- **Pricing.** If recent weakness in copper pricing persists through the year, copper would swing to a modest headwind for the year overall. More on this below.
- **Gross margin.** Sequential gross margin improvement was cited across each of the company's end markets, and gross margin improvement initiatives, in addition to day-to-day pricing diligence, are expected to drive further improvement over the balance of the year.
- **SG&A/Contribution margin.** Management expects the organic revenue guidance mentioned above to drive mid-single-digit contribution margins. This outlook is exclusive of \$20 million in targeted annual cost savings (\$4 million run-rate achieved in 1Q13, full \$5 million quarterly run-rate expected in 2Q13 and beyond.).
- **Tax rate.** The full-year 2013 tax rate is now expected to be approximately 35%, down vs. the prior 36.5%-37.0% view.
- **Share count.** As a reminder, the diluted share count is expected to be approximately 33 million in 2013 (-2% y/y), reflecting recent repurchase activity and the February 2013 extinguishment of convertible notes.

Copper impact

- **Slight copper headwind in 1Q13.** It is estimated that copper pricing was a -0.4% headwind to y/y sales growth in 1Q13, inflecting from a modest tailwind in 4Q12. Our copper model estimates that the per pound cost in Anixter's 1Q13 sales declined -3% y/y vs. the -5% decrease in average spot prices. This translates to an approximately \$0.02 drag to EPS, down vs. the \$0.02 estimated benefit seen in 4Q12.
- **Direct exposure is limited.** While Anixter carries many products with some copper content, the company's only direct exposure to short-term changes in prices is on large cabling within the Electrical Wire & Cable business. Total exposure to short-term changes in copper pricing is approximately 10% of overall sales.
- **Market prices typically lag spot prices.** With significant copper inventory in the supply chain (both at manufacturers and distributors), changes in spot copper prices don't immediately filter into the market. This causes higher prices to be sticky when prices decline, while lower prices conversely tend to be sticky when prices increase.
- **Our outlook.** We are modeling ~\$3.40 copper in 2013 (a ~0.5% headwind), or a ~\$0.10-\$0.15 headwind to EPS.

Enterprise Cabling and Security (50% of 1Q13 sales)

- **Sales.** Sales of \$745.1 million (-4.3% y/y) were below our \$785.9 million estimate. On an organic basis (ex-acquisitions, copper and foreign exchange) sales were -4.2% y/y vs. our +1.3% estimate. One large security project that wound down in 4Q12 represented approximately a 2% headwind to the segment.
- **Acquisitions/Foreign exchange/Copper.** Currency was a -0.1% headwind, while acquisitions and copper did not impact sales growth.
- **Geographies.** Organic sales growth was +1.4% in North America, -18.8% in Europe and -18.3% in Emerging Markets. North America was slightly below expectations, while weakness in Europe and Emerging Markets was much worse than expected.
- **End market commentary.** Information on geographic/end market themes below.
- **Operating margin.** Segment operating margins were 4.7% vs. our 4.8% estimate, declining vs. 4.9% y/y, as improved gross margin was more than offset by negative operating leverage on lower Emerging Market sales.
- **Our outlook.** We expect organic growth to flatten out in 2Q13, reflecting slightly better underlying

trends and normalized holiday comparisons, improving to low- to mid-single-digit growth thereafter, as Europe/Emerging Markets y/y comparisons ease significantly in 4Q13 and beyond. Turning to EBIT margin, we are modeling margins flat to slightly higher y/y over the balance of 2013.

Enterprise Cabling & Security	
<u>Positive</u>	<u>Negative</u>
+ Trends improved through the quarter across all geographies; Backlog +20% vs. year-end	- Recessionary pressures persist in Europe
+ Pent-up project demand seen based on customer discussions and pipeline activity	- Weaker Emerging Market driven by Asia & Brazil
+ Underlying Security trends remain solid excluding large non-repeating contract	- Move/Add/Change trends relatively weaker
+ Digital marketing initiative gaining traction	
+ Data Center trends relatively better	

Source: Company reports

Electrical Wire & Cable (35% of 1Q13 sales)

- **Sales.** Sales of \$517.8 million (+6.8% y/y) were below our \$538.7 million estimate. On an organic basis (ex-acquisitions, copper and foreign exchange) sales were +1.3% y/y vs. our +8.2% estimate.
- **Acquisitions/Foreign exchange/Copper.** Acquisitions added +7.0% to growth, offset by currency and copper headwinds of -0.3% and -1.1%, respectively.
- **Geographies.** Organic sales growth was -0.1% in North America, +6.3% in Europe and +7.4% in Emerging Markets. Europe was above expectations, while North America and Emerging Markets were below.
- **End market commentary.** Information on geographic/end market themes below.
- **Operating margin.** Segment operating margins were 8.0% vs. our 9.3% estimate, declining vs. 8.2% y/y, primarily driven by lower gross margin due to both unfavorable geographic mix (shift away from US) and unfavorable product mix (shift to industrial vs. OEM).
- **Our outlook.** We expect organic growth to rebound to the mid-single-digits in 2Q13 and beyond, based upon our expectations for continued positive trends in Europe/Emerging Markets and improved trends in North America. Turning to EBIT margin, we are modeling slight y/y gains over the balance of 2013.

Electrical Wire & Cable	
<u>Positive</u>	<u>Negative</u>
+ Continued solid project activity with power generation, oil & gas, and mining customers	- Canadian business down vs. tough y/y comparison, although underlying activity steady
+ Europe up on Middle East strength and higher project volume with large European EPCs	
+ Industrial automation building momentum, with additional products and expanded vendor base	
+ Daily sales dollars improved through the quarter	

Source: Company reports

OEM Supply (15% of 1Q13 sales)

- **Sales.** Sales of \$228.0 million (-12.0% y/y) were above our \$214.2 million estimate. On an organic basis (ex-acquisitions, copper and foreign exchange) sales were -11.8% y/y vs. our -17.1% estimate.
- **Acquisitions/Foreign exchange.** Currency was a -0.2% headwind, while acquisitions did not impact sales growth.
- **Geographies.** Organic sales growth was -14.9% in North America, -9.0% in Europe and -11.7% in Emerging Markets. Europe was above low expectations, while weakness in Europe and Emerging Markets was generally consistent with our expectations.
- **End market commentary.** Information on geographic/end market themes below.
- **Operating margin.** Segment operating margins were 2.1% vs. our -0.1% estimate, declining vs.

3.4% y/y, but rebounding vs. -1.3% q/q. The y/y decline was driven by weaker volumes in North America and unfavorable customer mix, while the sequential gain reflects the benefit of recent cost actions in Europe, which drove EBIT profitability in that geography.

- **Our outlook.** We expect continued organic declines in 2Q13, inflecting positively to mid-single-digit growth in 3Q13 and beyond as comparisons ease significantly. As trends improve, we expect better relative growth in Europe and Emerging Markets vs. North America. Turning to EBIT margin, we are conservatively modeling only slight profitability over the balance of 2013, which could be a source of upside if volumes reaccelerate.

OEM Supply	
<u>Positive</u>	<u>Negative</u>
+ Heavy truck expected to rebound in 2H13	- Heavy truck down significantly y/y in 1Q13
+ New contract wins & active new busines pipeline	- Europe weakness broad and persistent
+ Daily sales dollars improved through the quarter, trends believed to be bouncing off the bottom	

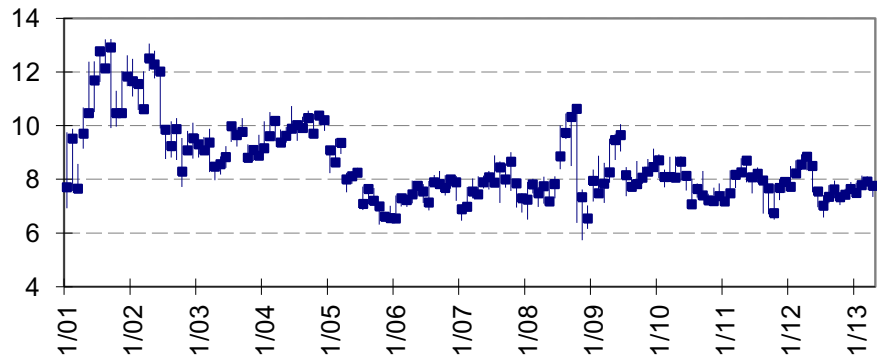
Source: Company reports

Balance Sheet

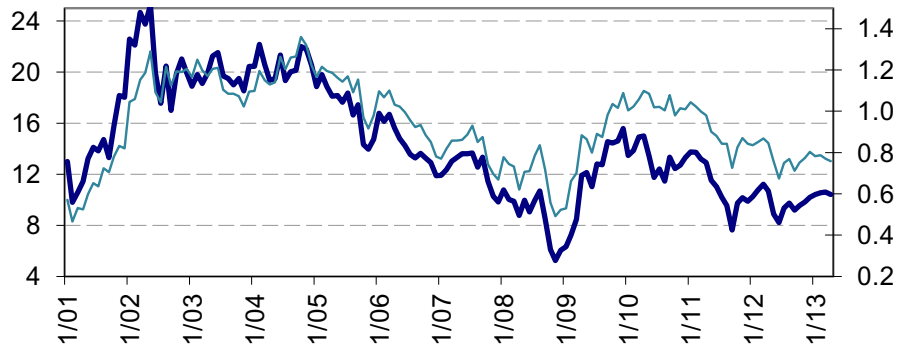
- **Total debt to capital.** Total debt to capital was 47.2% vs. 44.0% y/y and 50.3% q/q, reflecting the February extinguishment of the 2013 convertible notes. This level of leverage is also consistent with the company's targeted 45%-50% range.
- **Cash conversion days.** Cash conversion days (Inventory days + DSO – DPO) were 98.4 days vs. 99.4 y/y and 97.8 q/q.
- **DSOs.** TTM DSOs were 71.4 vs. 70.2 y/y and 70.6 q/q.
- **Inventory turns.** TTM inventory turns were 4.6x vs. 4.4x y/y and 4.5x q/q.
- **ROE.** TTM ROE was 17.8% vs. 18.4% y/y and 18.3% q/q.

Anixter International (AXE - NYSE)			
Estimate Changes			
2Q13E	New	Old	Change
Sales (millions)	\$1,588.8	\$1,618.0	(\$29.2)
Sales Growth	0.7%	2.6%	(1.9%)
Gross Profit Margin	22.6%	22.4%	16bp
Op Ex.	\$269.5	\$269.4	\$0.1
Op Ex % of Sales	17.0%	16.7%	31bp
EBIT Margin	5.6%	5.7%	(15bp)
Diluted EPS	\$1.48	\$1.54	(\$0.06)
2013E	New	Old	Change
Sales (millions)	\$6,308.0	\$6,405.2	(\$97.2)
Sales Growth	0.9%	2.4%	(1.6%)
Gross Profit Margin	22.6%	22.5%	8bp
Op Ex.	\$1,063.7	\$1,066.0	(\$2.3)
Op Ex % of Sales	16.9%	16.6%	22bp
EBIT Margin	5.7%	5.9%	(14bp)
Diluted EPS	\$5.99	\$6.15	(\$0.16)
2014E	New	Old	Change
Sales (millions)	\$6,539.8	\$6,634.2	(\$94.5)
Sales Growth	3.7%	3.6%	0.1%
Gross Profit Margin	23.1%	22.7%	36bp
Op Ex.	\$1,119.8	\$1,099.4	\$20.4
Op Ex % of Sales	17.1%	16.6%	55bp
EBIT Margin	5.9%	6.1%	(19bp)
Diluted EPS	\$6.47	\$6.71	(\$0.24)

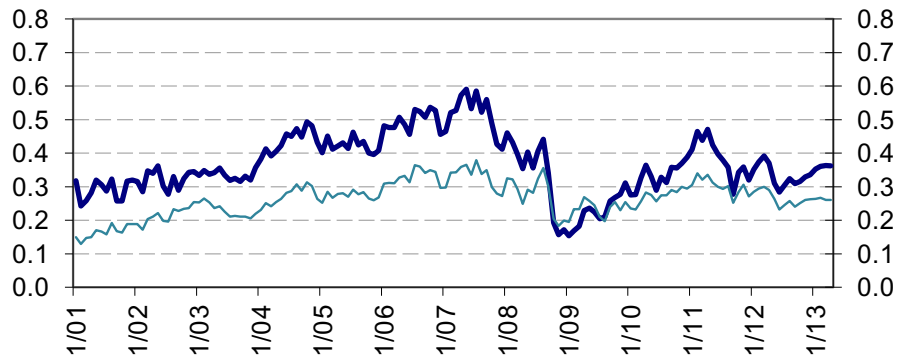
Source: Robert W. Baird & Co. estimates



■ NTM Enterprise Value/EBITDA



— Actual NTM PE (left) — Relative NTM PE (right)



— Actual P/S (left) — Relative P/S (right)

Source: FactSet, Robert W. Baird & Co. estimates

Investment Thesis

The call. We rate AXE Outperform. Our \$80 price target is based on 8x EV/2014E EBITDA, at the mid-point of the typical 7-9x range seen for the Wire & Cable Group. Valuation/expectations are seemingly low, improving conditions are expected in 2013 (especially in Enterprise/OEM Supply) consistent with our mid-cycle thesis, management is seemingly refocused on operations, and the company's exposure to later-cycle verticals is positive. As such, we see good potential for outperformance even if trends improve only modestly, and attractive optionality should organic growth and operating leverage gravitate toward the high end of management's expectations in 2013.

Secular thesis. Long term, we believe Anixter can achieve mid- to upper-single-digit organic sales growth with EPS growing in the mid teens. The company is also positioned to supplement organic growth through acquisitions, and continues to invest in various growth initiatives focused on product line/serving offering expansion, geographic expansion, and share gains.

Enterprise segment (50% of sales). Long-term secular trends include increasing speed and bandwidth needs, datacenters (especially multi-tenant), security solutions, access control and in-building wireless. 40% of revenues are cable, with about 75% copper and 25% fiber. The company continues to benefit from initiatives to grow supply chain services, global accounts and expand the security business (nearly one-third of segment revenues and growing).

Industrial wire and cable segment (35% of sales). This is a longer-cycle business with secular growth in the high single-digits. Major projects are favorably exposed to the oil and gas, natural resources and power generation end markets. Anixter has begun leveraging the international platform to drive wire and cable sales outside the US, which should drive future sales growth and greater international profitability, and adding industrial automation capabilities both in the US (initial target market) and abroad (increasing factor in 2013).

OEM supply segment (15% of sales). This segment represents attractive longer-term growth given geographic diversity and continued customer penetration. Key end markets include heavy duty trucks, agriculture and luxury auto. OEM supply products include fasteners and other "C" class components that feed production lines.

Experienced management. Most members of senior management team have 10-20+ years of tenure with the company.

Risks & Caveats

Economic conditions. Earnings can be impacted by economic factors including employment, capital spending and engineering and construction projects.

Copper prices. Dramatic fluctuations in copper prices are likely to have an impact on AXE's business, although only about 10% of COGS is copper-based. Given the fact there is little incremental expense related to pure copper-driven price increases, the incremental sales are highly profitable and therefore leverage both to the upside and the downside.

Wireless / Virtualization / Other Technology Changes. Although applications such as WiFi and server virtualization could cut into AXE's traditional market, widespread application may actually expand the potential market given the considerable amount of wiring needed to support a "wireless" infrastructure. Wireless may remain an "also" rather than an "instead of" technology in many data-intensive business environments. New markets such as IP security, access control, plant automation and in-building wireless should more than offset any degradation in the core market.

International markets. While international markets present certain challenges, Anixter has been competing globally for many years. Unforeseen political, economic and currency risks could also potentially impact results.

Leverage. Anixter's debt to capitalization ratio is just over 50%. As with any distributor, as activity slows, cash can be generated from reductions in working capital, adding a degree of stability.

Company Description

Anixter is a leading global distributor of communications infrastructure products, industrial wire and cable, and a leading distributor of fasteners and other "C" class components sold to OEMs for use in assembled products. Anixter distributes more than 450,000 products to an estimated \$70-\$80 billion combined addressable market from over 6,500 suppliers (five largest suppliers are approximately 30% of sales) through locations in 250+ cities in 50+ countries to 100,000+ customers, and maintains over \$1.0 billion in inventory in 220 warehouses. Anixter sells across a wide variety of geographies including North America, Europe and Asia Pacific/Latin America.



Anixter International, Inc.

(AXE - NYSE)

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Recent Price \$69.00
Fiscal Year End December
Date Printed April 23, 2013

(\$ millions, except per share)

Fiscal Year	Revenue		Gross Profit			Operating Expenses			EBITDA		Operating Income			Other Exp (Inc)	Pretax Income			Income Taxes		Net Income			Comm Div	Diluted EPS		Avg Shrs
	\$	Chg	\$	%	Chg	\$	%	Chg	\$	%	\$	%	Chg		\$	%	Chg	\$	Rate	\$	%	Chg		\$	Chg	
1996	1,847.4		507.2	27.5%		438.9	23.8%		89.1	4.8%	68.3	3.7%	24.0	44.3	2.4%	24.2	54.6%	20.1	1.1%	20.1	1.1%	0.00	0.40	49.9		
1997	2,126.4	15.1%	557.8	26.2%	10.0%	467.5	22.0%	6.5%	110.1	5.2%	90.3	4.2%	32.2%	28.5	61.8	2.9%	39.5%	29.9	48.4%	31.9	1.5%	58.7%	0.00	0.67	65.7%	47.8
1998	2,390.1	12.4%	617.2	25.8%	10.6%	526.0	22.0%	12.5%	117.3	4.9%	91.2	3.8%	1.0%	34.8	56.4	2.4%	(8.7%)	23.7	42.0%	32.7	1.4%	2.5%	0.00	0.72	8.2%	45.3
1999	2,712.0	13.5%	670.5	24.7%	8.6%	554.7	20.5%	5.5%	142.6	5.3%	115.8	4.3%	27.0%	34.6	81.2	3.0%	44.0%	34.0	41.8%	47.2	1.7%	44.4%	0.00	1.24	71.7%	38.1
2000	3,514.4	29.6%	821.9	23.4%	22.6%	632.1	18.0%	14.0%	219.1	6.2%	189.8	5.4%	63.9%	46.4	143.4	4.1%	76.6%	59.4	41.4%	84.0	2.4%	77.9%	0.00	2.16	73.9%	40.9
2001	3,144.2	(10.5%)	736.9	23.4%	(10.3%)	603.2	19.2%	(4.6%)	166.1	5.3%	133.7	4.3%	(29.6%)	40.1	93.6	3.0%	(34.7%)	37.6	40.2%	56.0	1.8%	(33.3%)	0.00	1.60	(25.6%)	37.8
2002	2,520.1	(19.8%)	605.4	24.0%	(17.8%)	517.7	20.5%	(14.2%)	111.2	4.4%	87.7	3.5%	(34.4%)	18.3	69.4	2.8%	(25.9%)	27.8	40.0%	41.6	1.7%	(25.7%)	0.00	1.09	(32.1%)	38.2
2003	2,625.2	4.2%	642.2	24.5%	6.1%	551.5	21.0%	6.5%	115.0	4.4%	90.7	3.5%	3.4%	14.4	76.3	2.9%	10.0%	32.2	42.3%	44.1	1.7%	5.9%	0.00	1.18	8.7%	37.2
2004	3,275.2	24.8%	780.1	23.8%	21.5%	645.3	19.7%	17.0%	151.2	4.6%	134.8	4.1%	48.6%	23.8	111.0	3.4%	45.5%	42.8	38.6%	68.2	2.1%	54.8%	1.50	1.77	49.2%	38.6
2005	3,847.4	17.5%	925.1	24.0%	18.6%	735.7	19.1%	14.0%	219.7	5.7%	189.4	4.9%	40.5%	31.3	158.1	4.1%	42.4%	59.7	37.8%	98.4	2.6%	44.3%	4.00	2.41	36.5%	40.8
2006	4,938.6	28.4%	1,199.3	24.3%	29.6%	862.2	17.5%	17.2%	372.4	7.5%	337.1	6.8%	78.0%	41.0	296.1	6.0%	87.3%	113.8	38.4%	182.3	3.7%	85.3%	0.00	4.23	75.4%	43.1
2007	5,852.9	18.5%	1,413.3	24.1%	17.8%	974.2	16.6%	13.0%	483.6	8.3%	439.1	7.5%	30.3%	42.1	397.1	6.8%	34.1%	156.7	39.5%	240.4	4.1%	31.9%	0.00	5.70	34.7%	42.2
2008	6,136.6	4.8%	1,444.8	23.5%	2.2%	1,014.5	16.5%	4.1%	485.3	7.9%	430.3	7.0%	(2.0%)	60.0	370.3	6.0%	(6.7%)	142.3	38.4%	228.0	3.7%	(5.1%)	0.00	5.91	3.7%	38.6
2009	4,982.4	(18.8%)	1,134.8	22.8%	(21.5%)	927.1	18.6%	(8.6%)	247.7	5.0%	207.7	4.2%	(51.7%)	70.2	137.5	2.8%	(62.9%)	61.2	44.5%	76.3	1.5%	(66.5%)	0.00	2.12	(64.1%)	36.0
[Start Restatement for Aerospace Divestiture]																										
2010	5,274.5	5.9%	1,207.6	22.9%	6.4%	940.4	17.8%	1.4%	303.7	5.8%	267.2	5.1%	28.6%	57.4	209.8	4.0%	52.6%	84.1	40.1%	125.7	2.4%	64.7%	3.25	3.54	66.7%	35.5
Q1	1,470.8	20.4%	338.7	23.0%	22.7%	255.9	17.4%	13.9%	91.7	6.2%	82.8	5.6%	61.1%	12.1	70.7	4.8%	103.2%	26.5	37.5%	44.2	3.0%	105.7%	0.00	1.22	103.9%	36.1
Q2	1,565.3	18.5%	358.0	22.9%	19.1%	266.0	17.0%	13.6%	101.4	6.5%	92.0	5.9%	38.3%	14.4	77.6	5.0%	53.1%	29.2	37.6%	48.4	3.1%	57.2%	0.00	1.33	53.3%	36.3
Q3	1,611.8	19.8%	362.0	22.5%	17.1%	260.3	16.1%	9.2%	110.5	6.9%	101.7	6.3%	43.6%	18.4	83.3	5.2%	39.3%	30.5	36.6%	52.8	3.3%	54.4%	0.00	1.53	58.0%	34.6
Q4	1,499.0	8.1%	348.7	23.3%	8.3%	257.1	17.2%	5.6%	100.5	6.7%	91.6	6.1%	16.7%	14.4	77.2	5.2%	19.7%	29.4	38.0%	47.9	3.2%	22.1%	0.00	1.43	29.4%	33.5
2011	6,146.9	16.5%	1,407.4	22.9%	16.5%	1,039.3	16.9%	10.5%	404.1	6.6%	368.1	6.0%	37.8%	59.3	308.8	5.0%	47.2%	115.6	37.4%	193.2	3.1%	53.7%	0.00	5.50	55.5%	35.1
Q1	1,522.7	3.5%	349.2	22.9%	3.1%	262.5	17.2%	2.6%	95.5	6.3%	86.7	5.7%	4.7%	13.5	73.2	4.8%	3.5%	26.2	35.8%	47.0	3.1%	6.4%	0.00	1.37	12.3%	34.2
Q2	1,577.0	0.7%	357.9	22.7%	(0.0%)	268.0	17.0%	0.8%	98.9	6.3%	89.9	5.7%	(2.3%)	20.3	69.6	4.4%	(10.3%)	25.6	36.8%	44.0	2.8%	(9.1%)	4.39	1.28	(3.8%)	34.3
Q3	1,609.0	(0.2%)	358.7	22.3%	(0.9%)	263.0	16.3%	1.0%	104.3	6.5%	95.7	5.9%	(5.9%)	19.8	75.9	4.7%	(8.9%)	28.7	37.8%	47.2	2.9%	(10.6%)	0.00	1.41	(7.7%)	33.5
Q4	1,544.4	3.0%	342.9	22.2%	(1.7%)	257.6	16.7%	0.2%	94.5	6.1%	85.3	5.5%	(6.9%)	18.0	67.3	4.4%	(12.8%)	23.8	35.4%	43.5	2.8%	(9.1%)	0.00	1.31	(8.0%)	33.1
2012	6,253.1	1.7%	1,408.7	22.5%	0.1%	1,051.1	16.8%	1.1%	393.2	6.3%	357.6	5.7%	(2.9%)	71.6	286.0	4.6%	(7.4%)	104.3	36.5%	181.7	2.9%	(6.0%)	4.39	5.38	(2.2%)	33.8
Q1	1,490.9	(2.1%)	338.2	22.7%	(3.2%)	257.2	17.3%	(2.0%)	89.2	6.0%	81.0	5.4%	(6.6%)	15.5	65.5	4.4%	(10.5%)	22.9	35.0%	42.6	2.9%	(9.3%)	0.00	1.27	(7.5%)	33.5
Q2E	1,588.8	0.7%	358.4	22.6%	0.1%	269.5	17.0%	0.6%	97.0	6.1%	88.9	5.6%	(1.1%)	13.5	75.4	4.7%	8.4%	26.4	35.0%	49.0	3.1%	11.4%	0.00	1.48	15.5%	33.1
Q3E	1,643.9	2.2%	371.2	22.6%	3.5%	273.1	16.6%	3.8%	106.2	6.5%	98.2	6.0%	2.6%	13.5	84.7	5.2%	11.6%	29.6	35.0%	55.0	3.3%	16.6%	0.00	1.66	17.6%	33.2
Q4E	1,584.4	2.6%	358.4	22.6%	4.5%	263.9	16.7%	2.4%	102.4	6.5%	94.5	6.0%	10.8%	13.5	81.0	5.1%	20.4%	28.4	35.0%	52.7	3.3%	21.1%	0.00	1.58	20.4%	33.3
2013E	6,308.0	0.9%	1,426.3	22.6%	1.2%	1,063.7	16.9%	1.2%	394.8	6.3%	362.6	5.7%	1.4%	56.0	306.6	4.9%	7.2%	107.3	35.0%	199.3	3.2%	9.7%	0.00	5.99	11.4%	33.3
2014E	6,539.8	3.7%	1,507.8	23.1%	5.7%	1,119.8	17.1%	5.3%	418.6	6.4%	388.0	5.9%	7.0%	54.0	334.0	5.1%	8.9%	116.9	35.0%	217.1	3.3%	8.9%	0.00	6.47	8.0%	33.5

Note: All figures exclude non-recurring items.

Source: Company reports, Robert W. Baird & Co. estimates

Reflects adoption of SFAS 123R as of 1Q06. Historical figures have not been restated.

Restated for divestiture of Aerospace business starting in 1Q10. Prior periods have not been restated.

Please refer to Appendix - Important Disclosures and Analyst Certification



Anixter International, Inc.

(AXE - NYSE)

(\$ millions, except per share)

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Recent Price \$69.00
Fiscal Year End December
Date Printed April 23, 2013

Balance Sheet	2006	2007	2008	2009	2010	2011	1Q13
ASSETS							
Cash & Equivalents	50.9	42.2	65.3	111.5	78.4	106.1	58.7
Receivables	1,016.1	1,215.9	1,051.7	941.5	1,099.3	1,151.0	1,194.0
Inventory	904.9	1,065.0	1,153.3	918.8	1,002.7	1,070.7	1,010.5
Other	48.4	55.8	74.1	79.2	100.8	75.1	73.6
Total current	2,020.3	2,378.9	2,344.4	2,051.0	2,281.2	2,402.9	2,336.8
Fixed Assets	62.0	78.1	86.0	87.5	84.6	88.3	99.1
Intangibles	364.8	403.2	458.6	357.7	374.3	351.7	341.6
Other Assets	119.1	156.0	202.7	175.5	193.2	191.1	177.1
Total Assets	2,566.2	3,016.2	3,091.7	2,671.7	2,933.3	3,034.0	2,954.6
LIABILITIES & EQUITY							
Current Debt	212	84	250	9	204	3	5
Payables	506.8	654.8	582.1	505.4	648.7	706.5	669.6
Other	203.4	201.0	161.9	155.9	218.9	317.4	219.5
Total current	922.5	939.9	993.5	670.0	1,071.2	1,026.9	893.7
LT Debt & Lease	596.2	937.2	917.5	821.4	688.8	806.8	900.2
Deferred Taxes	-	-	-	-	-	-	-
Other Liabilities	85.5	91.3	144.9	156.2	162.5	199.1	148.1
Common Equity	962.0	1,047.8	1,035.8	1,024.1	1,010.8	1,001.2	1,012.6
Total Liabilities & Equity	2,566.2	3,016.2	3,091.7	2,671.7	2,933.3	3,034.0	2,954.6

Ratios	2006	2007	2008	2009	2010	2011	1Q13
Days in Inventory	79	81	86	98	86	80	82
Days A/R Outstanding	66	70	67	73	71	67	74
Days Payables Outstanding	(44)	(46)	(47)	(55)	(51)	(51)	(57)
Cash Conversion Days	101	104	107	116	106	95	98
Current Ratio ¹	2.2	2.5	2.4	3.1	2.1	2.3	2.6
Quick Ratio	1.2	1.3	1.1	1.6	1.1	1.2	1.4
Inventory Turns	4.6	4.5	4.2	3.7	4.2	4.6	4.5
TTM Return on Assets	8.0%	8.6%	7.5%	2.6%	4.5%	6.5%	5.7%
TD/Cap ¹	45.7%	49.4%	53.0%	44.8%	46.9%	44.7%	47.2%
TTM EBITDA Int Cov	9.1	11.5	8.1	3.5	5.3	6.8	5.3
TTM EBITDA/TD ¹	0.5	0.5	0.4	0.3	0.3	0.5	0.4

Du Pont Formula	2006	2007	2008	2009	2010	2011	LTM
Net Margins (N/S)	3.7%	4.1%	3.7%	1.5%	2.4%	3.1%	2.9%
Asset Turnover (S/A) ¹	2.2	2.1	2.0	1.7	1.9	2.1	2.0
Leverage (A/E) ¹	2.8	2.8	2.9	2.8	2.8	3.0	3.1
Return On Equity¹	22.0%	23.9%	21.9%	7.4%	12.4%	19.2%	17.8%

Market Capitalization:	\$2,311.5 Million
Insider Ownership:	17%
Institutional Ownership:	83%
Average Daily Volume:	300,000

¹ Adjusted for Accounts Receivable Securitization Program

Cash Flow Statement	2006	2007	2008	2009	2010	2011	2012	2013E	2014E
Net Income	182.3	253.5	195.7	(29.3)	108.5	188.2	124.8	199.2	217.1
D&A	35.3	44.5	55.0	40.0	36.5	36.0	35.6	32.2	30.6
Inventory	(159.5)	(112.6)	(141.8)	264.8	(63.6)	(200.4)	41.9	(55.5)	(36.5)
A/R	(200.1)	(151.8)	87.8	149.4	(136.0)	(98.3)	(24.7)	(37.2)	(51.7)
A/P	72.8	124.6	(68.8)	(107.3)	166.1	171.6	(89.8)	115.0	26.9
Other	29.2	(20.0)	(2.9)	123.3	83.7	47.3	53.8	(20.2)	13.6
Operating Cash Flow	(40.0)	138.2	125.0	440.9	195.2	144.4	141.6	233.5	200.0
Capital Expenditures	(24.8)	(36.1)	(32.7)	(22.2)	(19.6)	(26.4)	(34.2)	(35.6)	(36.9)
Dividends	(0.8)	-	-	(0.3)	(111.0)	(0.9)	(150.6)	-	-
Free Cash Flow	(65.6)	102.1	92.3	418.4	64.6	117.1	(43.2)	197.9	163.1

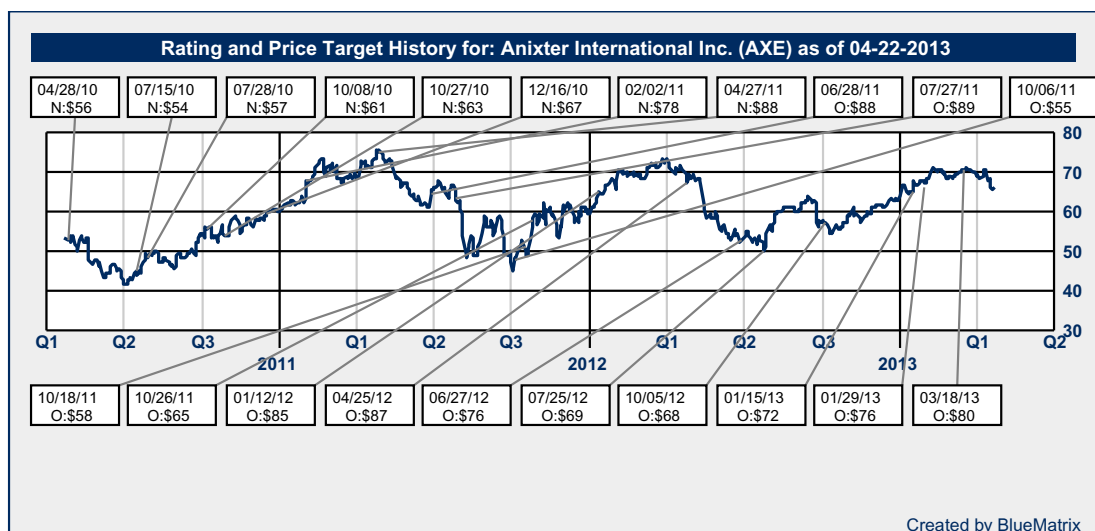
Per Share Data	2006	2007	2008	2009	2010	2011	2012	2013E	2014E
Diluted Average Shares	43.1	42.2	38.6	36.0	35.5	35.1	33.8	33.3	33.5
EPS	4.23	5.70	5.91	2.12	3.54	5.50	5.38	5.99	6.47
Free Cash Flow (FCF)	(1.52)	2.42	2.39	11.64	1.82	3.33	(1.28)	5.95	4.86
EBITDA	8.64	11.46	12.57	6.89	8.55	11.50	11.64	11.87	12.48
Cash	1.18	1.00	1.69	3.10	2.21	3.02	2.65	7.02	12.66
Book Value	22.32	24.83	26.83	28.49	28.45	28.50	28.72	35.77	42.79
Tangible Book Value	13.86	15.27	14.95	18.54	17.92	18.49	18.59	25.51	32.61

Valuation Measures	2006	2007	2008	2009	2010	2011	2012	PT/13E	PT/14E
Price - High	\$61.45	\$88.40	\$75.07	\$48.55	\$61.17	\$74.67	\$73.37		
Price - Low	\$38.57	\$49.28	\$20.97	\$24.46	\$38.42	\$45.10	\$49.76		
Price - Average	\$50.88	\$69.29	\$56.11	\$35.68	\$49.30	\$62.00	\$61.97		
TTM P/E - High	14.5x	15.5x	12.7x	22.9x	17.3x	13.6x	13.6x		
TTM P/E - Low	9.1	8.7	3.5	11.5	10.9	8.2	9.2		
TTM P/E - Average	12.0	12.2	9.5	16.8	13.9	11.3	11.5	13.4	12.4
FTM P/E - High	10.8	15.0	35.4	13.7	11.1	12.5	11.3		
FTM P/E - Low	6.8	8.3	9.9	6.9	7.0	7.5	7.7		
FTM P/E - Average	8.9	11.7	26.4	10.1	9.0	10.3	9.6		
FCF Yield - Average	-3.0%	3.5%	4.3%	32.6%	3.7%	5.4%	-2.1%	7.4%	6.1%
EV/TTM Sales - Average	0.61	0.68	0.56	0.43	0.52	0.50	0.50	0.55	0.51
Price / TTM Sales - Average	0.44	0.50	0.35	0.26	0.33	0.35	0.33	0.42	0.41
Price / TTM TBV - Average	3.7	4.5	3.8	1.9	2.8	3.4	3.3	3.1	2.5
Dividend Yield - Average	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Enterprise Value	2006	2007	2008	2009	2010	2011	2012	PT/13E	PT/14E
Market Value of Equity	\$2,193.0	\$2,924.2	\$2,165.7	\$1,282.8	\$1,751.2	\$2,177.7	\$2,093.0	\$2,663.80	\$2,695.80
Preferred Stock	-	-	-	-	-	-	-	-	-
Total Debt ¹	808.5	1,021.3	1,167.0	830.1	892.4	809.8	983.1	904.8	904.8
Other Long-term Liabilities	85.5	91.3	144.9	156.2	162.5	199.1	170.2	156.4	180.7
Cash & Equivalents	(50.9)	(42.2)	(65.3)	(111.5)	(78.4)	(106.1)	(89.4)	(233.6)	(424.7)
Total EV ¹	\$3,036.1	\$3,994.6	\$3,412.3	\$2,157.6	\$2,727.7	\$3,080.5	\$3,156.9	\$3,491.4	\$3,356.6
EBITDA	\$372.4	\$483.6	\$485.3	\$247.7	\$303.7	\$404.1	\$393.2	\$394.8	\$418.6
EV / EBITDA¹	8.2x	8.3x	7.0x	8.7x	9.0x	7.6x	8.0x	8.8x	8.0x

Source: Company reports, Robert W. Baird & Co. estimates

Appendix - Important Disclosures and Analyst Certification



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