
**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): **June 29, 2020**

WAYSIDE TECHNOLOGY GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-26408
(Commission
File Number)

13-3136104
(IRS Employer
Identification No.)

**4 Industrial Way West, Suite 300,
Eatontown, New Jersey**
(Address of principal executive offices)

07724
(Zip Code)

732-389-0932
(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, \$.01 par value	WSTG	The NASDAQ Global Market

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.

Wayside Technology Group, Inc. has attached hereto as Exhibit 99.1 a copy of presentation materials concerning its business that it intends to use in connection with meetings with investors and other interested parties and in connection with presentations and speeches to various audiences.

The information furnished in this Item 7.01, including the presentation attached hereto as Exhibit 99.1, shall not be deemed “filed” for 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 such information 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.

Except for historical information contained in the presentation attached as an exhibit hereto, the presentation contains forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Please refer to the cautionary notes in the presentation regarding these forward-looking statements.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Investor Presentation.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Wayside Technology Group, Inc.

Date: June 29, 2020

By: /s/ Michael Vesey
Michael Vesey, Vice President and
Chief Financial Officer



June 2020 | Nasdaq:WSTG

Wayside Technology Investor Presentation



DISCLAIMERS

This presentation is for informational purposes only and is not an offer to sell securities or a solicitation of an offer to buy any securities and may not be relied upon in connection with the purchase or sale of any security. Sales and offers to sell Wayside Technology Group, Inc. securities will only be made in accordance with the Securities Act of 1933, as amended, and applicable Securities and Exchange Commission ("SEC") regulations, including the written prospectus requirements.

This presentation is proprietary and is intended solely for the information of the persons to whom it is presented. It may not be retained, reproduced or distributed, in whole or in part, by any means (including electronic) without the prior written consent of Wayside Technology Group, Inc..

This presentation may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, in this release that address activities, events or developments which we expect will or may occur in the future are forward-looking statements, including statements regarding the intent, belief or current expectations of Wayside and members of our management team. The words "will," "believe," "intend," "expect," "anticipate," "project," "estimate," "predict" and similar expressions are also intended to identify forward-looking statements, including those regarding guidance on future financial results; expectations concerning market opportunities and our ability to capitalize on them; and the amount and timing of the benefits expected from acquisitions, new products or services and other potential sources of additional revenue. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties. These risk and uncertainties include, without limitation, the continued acceptance of the Wayside's distribution channel by vendors and customers, the timely availability and acceptance of new products, product mix, market conditions, contribution of key vendor relationships and support programs, as well as factors that affect the software industry in general and other factors. Currently, one of the most significant factors, however, is the potential adverse effect of the current pandemic of the novel coronavirus, or COVID-19, on Wayside, the global economy and financial markets. The extent to which COVID-19 impacts Wayside will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, including the impact on our reseller partners and the end customer markets they serve, among others. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in our filings with the SEC, including our Annual Report on Form 10-K. Actual results may differ materially from those contemplated by the forward-looking statements. We undertake no obligation to update our forward-looking statements to reflect future events or circumstances.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A presentation of and reconciliation to the most directly comparable GAAP financial measure, where such can be done without unreasonable effort, can be found in the appendix to this presentation or on our Web site at www.waysidetechnology.com/investor.

This presentation contains statistical data that we obtained from industry publications and reports generated by third parties. Although industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable, we have not independently verified this statistical data.



Connecting the **World** with **Emerging Technology**



WHO WE ARE



Wayside is an IT distributor focused on **emerging technologies** through its Climb Channel Solutions business



We specialize in **cloud based and data center technology software**, distributing products to 4,000+ partners across the US

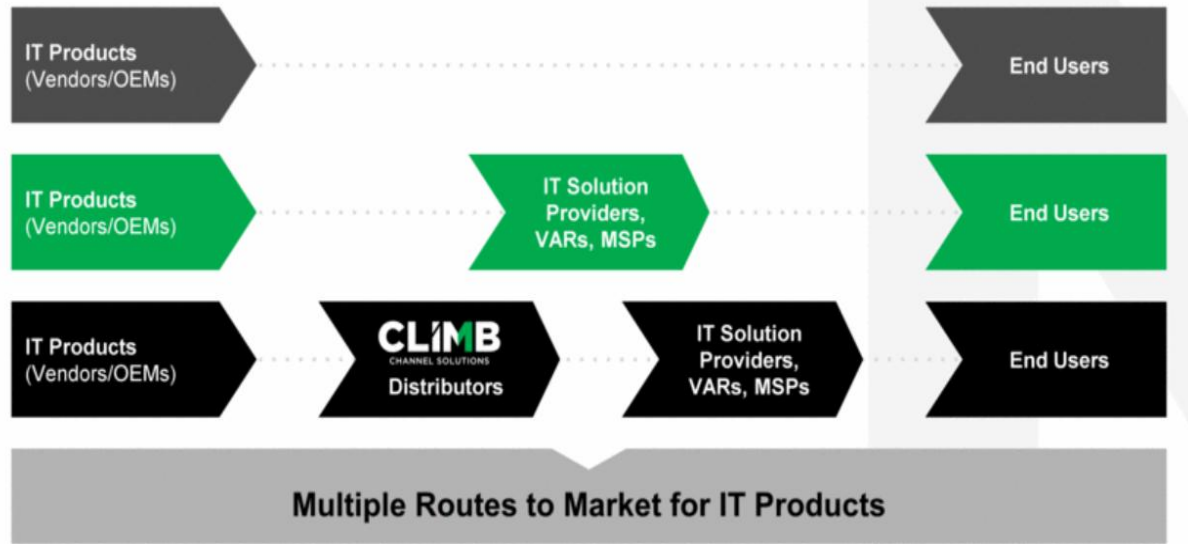


New management team with decades of IT distribution experience leading company to double digit growth in gross profit & adjusted EBITDA



Early stages of establishing Wayside as a leader in the underserved market of emerging technology distribution

THE IT CHANNEL



THE PROBLEM

EMERGING OEM VENDORS

VARS AND END USERS

Don't have the resources to effectively manage sales & logistics

So many options for technology products

"How can we get our products to market faster?"

New entrants come to market every day

"No one knows who we are."

"What technology makes the most sense for us?"

THE SOLUTION

A Critical Link in the IT Supply Chain

ONE STOP SHOPPING FOR OUR CUSTOMERS



CREATING AN EFFICIENT ROUTE TO MARKET FOR OUR VENDORS

WHAT WE SELL AND DISTRIBUTE

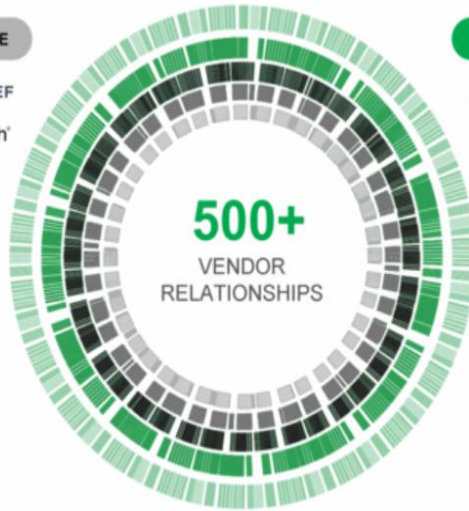
SOFTWARE AND APPLICATION LIFECYCLE



SECURITY



CONNECTIVITY



STORAGE AND HCI



VIRTUALIZATION AND CLOUD



DATA MANAGEMENT



WHO WE SELL TO

DIRECT MARKET RESELLERS (DMRs)



SYSTEM INTEGRATORS, SOLUTION PROVIDERS



THOUSANDS OF SMALLER VARS, MSP & CLOUD INTEGRATORS

OVER 4,000 TRANSACTING CUSTOMERS

WHY WE WIN



We find disruptive technology vendors and partner with them early – enables strong organic growth for years ahead.

We are highly focused on our core vendors and can actively pitch their products, in comparison to large distributors that focus on volume of products that sell themselves.

These products sell themselves

Heard of them?



Distributed by volume distributors



These products do not



Distributed by specialists





Financial Review

OUR RETURN TO DOUBLE-DIGIT GROWTH

2019/2020: Our Investments Are Paying Off



New management team joins in 2018



Commits to reinvesting for growth



Implements new vendor recruit plan



Expands sales and marketing efforts



1) See appendix for reconciliation of this non-GAAP measure.

HIGHLY SCALABLE OPERATING MODEL



1) See appendix for reconciliation of this non-GAAP measure.



Every incremental dollar of gross profit now generates
~40-50 CENTS IN Adjusted EBITDA



Operating leverage drives

**MEANINGFUL IMPROVEMENTS TO
BOTTOM LINE.**

ASSET LIGHT AND HIGH ROIC

LOW CAPITAL REQUIREMENTS

~1%

of Gross Profit (2010 - 2019)
is equal to Annual Capex

HIGH RETURN ON INVESTED CAPITAL

~22%

Avg 2015 - 2019

PRUDENT STEWARDS OF CAPITAL

Wayside's Capital Allocation Top Priorities



Investments in
Core Business



Investments in
New Markets



Strategic M&A



Shareholder Returns

CapEx

- Disciplined CapEx spend
- Reinvestment in core verticals

M&A

- Interwork Technologies acquisition closed Q2 2020.
- Continue to seek accretive transactions to expand our portfolio of offerings that meet our stringent ROIC requirements

Dividends

- 15-year history

Capital Allocation

- Opportunistic given multiple avenues for growth and profitability

KEY TAKEAWAYS



Emerging technology distributor filling a critical void in the value chain



New management team with proven track record of execution in ~2 years



Delivering sustainable double-digit growth on our top and bottom line (GP & AEBITDA)



Foundation in place to **become a leader** in emerging tech distribution



3,500+

Transacting Customers



500+

Vendor Network



~40-50%

GP → AEBITDA
Flow Through



35%

Effective Margin
(2019)

KEY STATS¹

TRADING DATA @ (6/24/20)

Stock Price
\$23.85

\$9.52/\$25.50
52 WEEK LOW/HIGH

23,939
AVG. DAILY VOL. (3 MO.)

4.2M
SHARES OUTSTANDING

77%
PUBLIC FLOAT, EST.

54%
INSTITUTIONAL HOLDINGS

VALUATION MEASURES @ (6/24/20)

Enterprise Value
\$89.1M

\$100.7M
MARKET CAP

7.8x
EV/TTM ADJ. EBITDA

FINANCIAL HIGHLIGHTS² (TTM @ 3/31/20)

Adjusted EBITDA
\$11.4M

\$226.5M
NET SALES

\$30.9M
GROSS PROFIT

\$6.2M
NET INCOME

\$11.6M
CASH &
EQUIVALENTS

Nil
TOTAL DEBT

\$0.68
DIVIDEND PER
SHARE

STOCK TREND



1) Source: Capital IQ

2) Financial highlights reflect results from the full year ended December 31, 2019.

RETURNING TO DOUBLE-DIGIT GROWTH



CONTACT

Investor Relations:

Sean Mansouri, CFA or Cody Slach

Gateway Investor Relations

1-949-574-3860

WSTG@gatewayir.com

Company:

Michael Vesey

Chief Financial Officer

1-732-389-0932

michael.vesey@waysidetechnology.com

Appendix



MANAGEMENT TEAM & BOARD OF DIRECTORS

<p>Dale Foster Chief Executive Officer & Director</p>	<ul style="list-style-type: none"> Over 20 years of technology distribution industry experience Former president of Promark Technology, led emerging vendor division after Ingram Micro acquisition in 2012 	<p>Jeffrey Geygan Chairman of the Board</p>	<ul style="list-style-type: none"> Significant experience in the financial services industry providing investment research and advisory services President and CEO of GVIC and former senior portfolio manager at UBS Financial Services
<p>Michael Vesey Chief Financial Officer</p>	<ul style="list-style-type: none"> More than 25 years of financial and accounting experience for public and private technology companies Holds a Master of Finance from Penn State University and is a licensed CPA 	<p>Andrew Bryant Independent Director</p>	<ul style="list-style-type: none"> Extensive executive level experience in the technology distribution industry Former COO of Arrow Electronics (NYSE: ARW), previously held executive-level roles with Avnet (Nasdaq: AVT)
<p>Vito Legrottaglie Vice President and Chief Information Officer</p>	<ul style="list-style-type: none"> Substantial executive level experience in information systems and technology Former Vice President at Information Systems and Chief Technology Officer at Swell Commerce Inc. 	<p>John McCarthy Independent Director</p>	<ul style="list-style-type: none"> Substantial leadership experience in the technology industry driving innovation and managing growth Former CEO of Mainline Information Systems and previously held executive positions with EMC, StorageApps, CNT, MCDATA and Virtual Iron
<p>Charles Bass Vice President of Vendor Development, Climb Channel Solutions</p>	<ul style="list-style-type: none"> Over 26 years of sales, channel, marketing and business development experience Former Vice President of Channel Sales at Blue Medora and Vice President of Vendor Alliances and Marketing at Promark Technology 	<p>Ross Crane Independent Director</p>	<ul style="list-style-type: none"> Extensive senior executive experience in technology distribution, manufacturing and consumer electronic products Former CFO for Nexeo Solutions and Belkin Intl; senior level finance roles with Ingram Micro
<p>Diana Kurty Independent Director</p>	<ul style="list-style-type: none"> Three decades of leadership experience in financial strategy, operations and controls Currently serves as a principal for Lumina Partners, was formerly the CFO of IEC Electronics and is a licensed CPA 	<p>Carol DiBattiste Independent Director</p>	<ul style="list-style-type: none"> More than two decades of executive experience in information technology and data analytics Chief legal and compliance officer and corporate secretary at comScore, Inc. (Nasdaq: SCOR)

ADJUSTED EBITDA RECONCILIATION

We define adjusted EBITDA, as net income, plus provision for income taxes, depreciation, amortization, share-based compensation, interest, legal and financial advisory expenses – unsolicited bid and related matters and acquisition related costs. We define effective margin as adjusted EBITDA as a percentage of gross profit. We provided a reconciliation of adjusted EBITDA to net income, which is the most directly comparable US GAAP measure. We use adjusted EBITDA as a supplemental measure of our performance to gain insight into our businesses profitability when compared to the prior year and our competitors. Adjusted EBITDA is also a component to our financial covenants in our credit facility. Our use of adjusted EBITDA has limitations, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under US GAAP. In addition, other companies, including companies in our industry, might calculate adjusted EBITDA, or similarly titled measures differently, which may reduce their usefulness as comparative measures.

	YE 2016	YE 2017	YE 2018	YE 2019	TTM @ March-2020
Net Income	\$ 5,901	\$ 5,062	\$ 3,538	\$ 6,787	\$ 6,160
Taxes	3,032	3,491	1,579	2,261	2,053
Depreciation and Amortization	296	477	482	488	449
Interest Expense	-	67	37	58	67
EBITDA	\$ 9,229	\$ 9,097	\$ 5,636	\$ 9,594	\$ 8,729
Stock Comp	1,673	1,512	1,108	759	761
Legal and financial advisory expenses – unsolicited bid and related matters	-	-	-	120	1,443
Acquisition-related costs	-	-	-	-	403
Separation expenses	-	-	2,446	100	100
Adjusted EBITDA	\$ 10,902	\$ 10,609	\$ 9,190	\$ 10,573	\$ 11,436

RETURN ON INVESTED CAPITAL RECONCILIATION

We define return on invested capital as net income excluding separation expenses, net of taxes (a non-GAAP financial measure) divided by average invested capital. We define average invested capital as the average stockholders' equity less cash.

Reconciliation to average invested capital (\$ thousands)

	YE 2015	YE 2016	YE 2017	YE 2018	YE 2019
Stockholders' equity	38,659	37,611	38,712	40,573	45,256
Less: cash	(23,823)	(13,524)	(5,530)	(14,883)	(14,984)
Invested Capital	14,836	24,087	33,182	25,690	30,272
Average Invested Capital		19,462	28,635	29,436	27,981

Reconciliation to return on invested capital (\$ thousands)

	YE 2016	YE 2017	YE 2018	YE 2019
Net income excluding separation expenses, net of taxes	5,901	5,062	5,546	6,863
Average Invested Capital	19,462	28,635	29,436	27,981
Return on Invested Capital	30.3%	17.7%	18.8%	24.5%
Average Return on Invested Capital				22.2%

MARGINAL PROFITABILITY RECONCILIATION

We define marginal profitability as the change in adjusted EBITDA divided by the change in gross profit. We provided a reconciliation of adjusted EBITDA to net income, which is the most directly comparable US GAAP measure, above. We use marginal profitability as a supplemental measure of our performance to gain insight into our businesses profitability when compared to the prior year and our competitors. Our use of marginal profitability has limitations, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under US GAAP. In addition, other companies, including companies in our industry, might calculate marginal profitability, or similarly titled measures differently, which may reduce their usefulness as comparative measures.

	YE 2017	YE 2018	YE 2019
Adjusted EBITDA	\$ 10,609	\$ 9,190	\$ 10,573
Gross Profit	<u>\$ 27,076</u>	<u>\$26,920</u>	<u>\$ 29,967</u>
Change in Adjusted EBITDA	(293)	(1,419)	1,383
Change in Gross Profit	(255)	(156)	3,047
Marginal Profitability			45%