November 5, 2019

Ingram Micro Reports Third Quarter Financial Results

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the third quarter ended Sept. 28, 2019. The company experienced solid global demand and a strong increase in profits, led by double-digit sales growth in commerce and lifecycle services and cloud, and a strong increase in operating profitability across all lines of business. Worldwide 2019 third quarter net sales were $11.87 billion, a decrease of 1 percent in USD, with gross margin increasing strongly to 6.73 percent, up 38 basis points, as the company maintained continued focus on a better mix of higher margin sales. This compares to net sales of $12.04 billion and gross margin of 6.35 percent in the 2018 third quarter. The translation of foreign currencies versus last year had a negative impact of approximately 2 percentage points on worldwide net sales. Non-GAAP operating income for the 2019 third quarter increased 4 percent to $186 million, or 1.57 percent of sales, and non-GAAP net income was $116 million. This compares to 2018 third quarter non-GAAP operating income of $180 million, or 1.49 percent of sales, and non-GAAP net income of $114 million. GAAP operating income and net income for the 2019 third quarter were $160 million, or 1.35 percent of sales, and $102 million, respectively, including: the pre-tax negative impact of $7 million in restructuring, acquisition and transition costs and the pre-tax negative impact of $19 million in amortization expense. This compares to 2018 third quarter GAAP operating income and net income of $140 million, or 1.16 percent of sales, and $94 million, respectively.

Non-GAAP Disclosures

In addition to GAAP results, Ingram Micro is reporting non-GAAP operating income, non-GAAP operating margin and non-GAAP net income for the 2019 third quarter and the nine months ended Sept. 28, 2019. These non-GAAP measures exclude charges associated with reorganization, acquisitions, integration and transition costs, including those associated with the company's cost savings programs, and the amortization of intangible assets. These non-GAAP financial measures also exclude a benefit in the second quarter of 2019 related to the receipt of an LCD flat panel class action settlement. Non-GAAP net income also excludes the impact of foreign exchange gains or losses related to the translation effect on Euro-based inventory purchases in Ingram Micro's pan-European entity. 2018 year to date non-GAAP operating income further excludes a gain on the sale of affiliates and non-GAAP net income also excludes a non-cash tax benefit primarily related to the intercompany sale of certain intangible assets and the impact on U.S. tax reform repatriation tax. The non-GAAP measures noted above are primary indicators that Ingram Micro's management uses internally to conduct and measure its business and evaluate the performance of its consolidated operations and operating segments. Ingram Micro's management believes these non-GAAP financial measures are useful because they provide meaningful comparisons to prior periods and an alternate view of the impact of acquired businesses. These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP. These non-GAAP financial measures reflect an

additional way of viewing aspects of our operations that, when viewed with our GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting Ingram Micro's business. A material limitation associated with these non-GAAP measures as compared to the GAAP measures is that they may not be comparable to other companies with similarly titled items that present related measures differently. The non-GAAP measures should be considered as a supplement to, and not as a substitute for or superior to, the corresponding measures calculated in accordance with GAAP. A reconciliation of GAAP to non-GAAP financial measures for the periods presented is attached to this press release.

About Ingram Micro Inc.

Ingram Micro helps businesses realize the promise of technology™. It delivers a full spectrum of global technology and supply chain services to businesses around the world. Deep expertise in technology solutions, mobility, cloud, and supply chain solutions enables its business partners to operate efficiently and successfully in the markets they serve. More at www.ingrammicro.com.

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Ingram Micro Inc.
Consolidated Balance Sheets
(Amounts in 000s)
(Unaudited)

	September 28, 2019	December 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 414,461	$ 533,949
Trade accounts receivable, net	7,023,168	7,756,983
Inventory	4,296,109	4,509,474
Other current assets	691,478	669,044
Total current assets	12,425,216	13,469,450
Property and equipment, net	442,741	421,008
Goodwill	934,794	938,407
Intangible assets, net	264,108	316,597
Other assets	321,837	317,318
Total assets	$ 14,388,696	$ 15,462,780
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 7,335,723	$ 8,578,895
Accrued expenses	904,859	835,474
Short-term debt and current maturities of long-term debt	143,845	175,215
Total current liabilities	8,384,427	9,589,584
Long-term debt, less current maturities	1,392,397	1,313,287
Other liabilities	161,939	163,806
Total liabilities	9,938,763	11,066,677
Stockholder's equity	4,449,933	4,396,103
Total liabilities and stockholder's equity	$ 14,388,696	$ 15,462,780

Ingram Micro Inc.
Consolidated Statements of Income
(Amounts in 000s)
(Unaudited)

	Thirteen Weeks Ended	
	September 28, 2019	**September 29, 2018**
Net sales	$ 11,869,975	$ 12,043,164
Cost of sales	11,070,711	11,278,280
Gross profit	799,264	764,884
Operating expenses:		
Selling, general and administrative	620,272	592,266
Amortization of intangible assets	18,732	22,781
Reorganization costs	(120)	9,630
	638,884	624,677
Income from operations	160,380	140,207
Other (income) expense:		
Interest income	(3,765)	(6,283)
Interest expense	26,601	25,255
Net foreign currency exchange gain	(5,347)	(1,893)
Other	5,246	5,425
	22,735	22,504
Income before income taxes	137,645	117,703
Provision for income taxes	35,814	23,834
Net income	$ 101,831	$ 93,869

Ingram Micro Inc.
Consolidated Statements of Income
(Amounts in 000s)
(Unaudited)

	Thirty-nine Weeks Ended	
	September 28, 2019	**September 29, 2018**
Net sales	$ 34,983,036	$ 35,606,002
Cost of sales	32,602,494	33,326,328
Gross profit	2,380,542	2,279,674
Operating expenses:		
Selling, general and administrative	1,878,129	1,828,930
Amortization of intangible assets	56,283	70,858
Reorganization costs	4,114	44,984
Gain on sale of affiliates	-	(1,940)
	1,938,526	1,942,832
Income from operations	442,016	336,842
Other (income) expense:		
Interest income	(6,756)	(16,015)
Interest expense	80,489	78,708
Net foreign currency exchange gain	(22,357)	(7,373)
Other	16,579	15,847
	67,955	71,167
Income before income taxes	374,061	265,675
Provision for income taxes	99,076	57,865
Net income	$ 274,985	$ 207,810

Ingram Micro Inc.
Consolidated Statements of Cash Flows
(Amounts in 000s)
(Unaudited)

	Thirty-nine Weeks Ended	
	September 28, 2019	**September 29, 2018**
Cash flows from operating activities:		
Net income	$ 274,985	$ 207,810
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	148,078	154,155
Gain on marketable securities, net	(7,413)	(3,396)
Gain on sale of property and equipment	(950)	(1,161)
Gain on sale of affiliates	-	(1,940)
Impairment of property and equipment	-	1,802
Revaluation of other consideration for acquisitions	(449)	-
Noncash charges for interest and bond discount amortization	1,465	2,856
Deferred income taxes	(1,106)	(17,765)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	864,322	743,557
Inventory	74,048	(98,106)
Other current assets	(39,189)	(93,357)
Accounts payable	(1,057,097)	105,497
Change in book overdrafts	(66,890)	57,616
Accrued expenses	(34,841)	(118,486)
Cash provided by operating activities	154,963	939,082
Cash flows from investing activities:		
Capital expenditures	(125,558)	(92,651)
Movements from restricted cash	-	14,379
(Purchase) sale of marketable securities, net	(2,174)	2,728
Proceeds from sale of property and equipment	2,996	965
Proceeds from sale of affiliates	-	1,318
Return of investment	-	163
Acquisitions, net of cash acquired	(9,038)	(3,188)
Cash used by investing activities	(133,774)	(76,286)
Cash flows from financing activities:		
Settlement of stock-based awards due to Merger	-	(13,520)
Other consideration for acquisitions	(1,967)	(6,001)
Dividends paid to shareholders	(188,512)	(44,242)
Net proceeds from (repayments of) revolving and other credit facilities	58,115	(866,730)
Cash used by financing activities	(132,364)	(930,493)
Effect of exchange rate changes on cash and cash equivalents	(8,313)	(1,870)
Decrease in cash and cash equivalents	(119,488)	(69,567)
Cash and cash equivalents, beginning of period	533,949	549,558
Cash and cash equivalents, end of period	$ 414,461	$ 479,991

Ingram Micro Inc.
Supplementary Information
Income from Operations - Reconciliation of GAAP to Non-GAAP Information
(Amounts in Millions)
(Unaudited)

	Thirteen Weeks Ended	
	September 28, 2019	**September 29, 2018**
Net Sales	$ 11,870.0	$ 12,043.2
GAAP Operating Income	$ 160.4	$ 140.2
Reorganization, integration and transition costs	7.1	16.7
Amortization of intangible assets	18.7	22.8
Non-GAAP Operating Income	$ 186.2	$ 179.7
GAAP Operating Margin	1.35%	1.16%
Non-GAAP Operating Margin	1.57%	1.49%

	Thirty-nine Weeks Ended	
	September 28, 2019	**September 29, 2018**
Net Sales	$ 34,983.0	$ 35,606.0
GAAP Operating Income	$ 442.0	$ 336.8
Reorganization, integration and transition costs	29.6	69.8
Amortization of intangible assets	56.3	70.9
Settlement of a class action lawsuit	(4.2)	-
Gain on sale of affiliates	-	(1.9)
Non-GAAP Operating Income	$ 523.7	$ 475.6
GAAP Operating Margin	1.26%	0.95%
Non-GAAP Operating Margin	1.50%	1.34%

Ingram Micro Inc.
Supplementary Information
Reconciliation of GAAP to Non-GAAP Financial Measures
(Amounts in Millions)
(Unaudited)

	Thirteen Weeks Ended	
	September 28, 2019	September 29, 2018
	Net Income	Net Income
As Reported Under GAAP	$ 101.8	$ 93.9
Reorganization, integration and transition costs	4.7	12.6
Amortization of intangible assets	12.5	17.4
Pan-Europe foreign currency exchange (gain) loss	(3.3)	1.0
Tax impact on US tax reform repatriation tax	-	(4.0)
Tax impact on intercompany sale of certain intangible assets	-	(6.8)
Non-GAAP Financial Measure	$ 115.7	$ 114.1

	Thirty-nine Weeks Ended	
	September 28, 2019	September 29, 2018
	Net Income	Net Income
As Reported Under GAAP	$ 275.0	$ 207.8
Reorganization, integration and transition costs	20.8	51.8
Amortization of intangible assets	39.7	52.5
Settlement of a class action lawsuit	(2.9)	-
Gain on sale of affiliates	-	(1.5)
Pan-Europe foreign currency exchange gain	(2.6)	(1.3)
Tax impact on US tax reform repatriation tax	-	(4.0)
Tax impact on intercompany sale of certain intangible assets	-	(15.3)
Non-GAAP Financial Measure	$ 330.0	$ 290.0

Note: Amounts above are net of applicable income taxes.

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