April 20, 2020

Ingram Micro Reports 2019 Fiscal Year Financial Results

Strategic Focus on High-Value Services and Solutions Results in Record Profitability; FY19 Worldwide Non-GAAP Operating Margin Hits 1.73%

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the 2019 fiscal year ended Dec. 28, 2019. Ingram Micro delivered robust revenues and record profits for the year, including double-digit increases in Cloud and Commerce & Lifecycle Services revenues and profitability, as the company benefited from a strategic focus on growing high-value services and solutions. Worldwide 2019 fiscal year sales were $47.2 billion, a decrease of $3.2 billion, or 6 percent in USD, as the company focused on delivering a better mix of higher margin sales. The translation of foreign currencies compared to last year had a negative impact of approximately $1.2 billion, or nearly 2.5%, on 2019 fiscal year sales. The company also said that the adoption of ASC 606, related to changes in the reporting of certain software revenue transactions from a gross to a net basis, had a negative impact to fiscal 2019 annual sales of approximately $1.5 billion, or 3%, when compared to fiscal 2018 annual sales. 2019 fiscal year gross profit increased by $170 million to $3.3 billion, with gross margin growing by 79 basis points to 7.09 percent. This compares to sales of $50.4 billion, gross profit of $3.2 billion and gross margin of 6.30 percent for the 2018 fiscal year. 2019 fiscal year non-GAAP operating income increased by more than $80 million to $820 million, or 1.73 percent of revenue, a 27 basis-point increase over last year, with non-GAAP net income for the 2019 fiscal year up $70 million to $530 million. This compares to 2018 fiscal year non-GAAP operating income of $730 million, or 1.46 percent of revenue, and non-GAAP net income of $460 million. 2019 fiscal year GAAP operating income and net income were $700 million, or 1.48 percent of revenue, and $505 million, respectively, including: the pre-tax negative impact of $73 million in amortization expense and $48 million in restructuring, acquisition and transition costs, partially offset by the pre-tax positive impact of the receipt of an LCD flat panel class action settlement of $4 million and the $58 million tax benefit related to a worthless stock deduction. This compares to 2018 fiscal year GAAP operating income and net income of $550 million, or 1.09 percent of revenue, and $350 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 two years covered in this release. 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 to the receipt of an LCD flat panel class action settlement, as well as a tax benefit related to a worthless stock deduction. 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 fiscal year non-GAAP

operating and net income also excludes the gain on the sale of affiliates, non-cash tax benefits primarily related to the intercompany sale of certain intangible assets and the impact on U.S. tax reform repatriation tax and additional tax expense on the write-off of net operating loss carryforward of a subsidiary and related to the foreign currency exchange gain of another subsidiary. 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)

	December 28, 2019	December 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 671,821	$ 533,949
Trade accounts receivable, net	7,903,900	7,756,983
Inventory	4,193,232	4,509,474
Other current assets	688,627	669,044
Total current assets	13,457,580	13,469,450
Property and equipment, net	455,440	421,008
Goodwill	946,953	938,407
Intangible assets, net	253,179	316,597
Other assets	360,296	317,318
Total assets	$ 15,473,448	$ 15,462,780
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 8,088,974	$ 8,578,895
Accrued expenses	1,065,307	835,474
Short-term debt and current maturities of long-term debt	142,437	175,215
Total current liabilities	9,296,718	9,589,584
Long-term debt, less current maturities	1,337,788	1,313,287
Other liabilities	169,289	163,806
Total liabilities	10,803,795	11,066,677
Stockholder's equity	4,669,653	4,396,103
Total liabilities and stockholder's equity	$ 15,473,448	$ 15,462,780

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

	Thirteen Weeks Ended	
	December 28, 2019	**December 29, 2018**
Net sales	$ 12,213,912	$ 14,830,668
Cost of sales	11,248,182	13,931,976
Gross profit	965,730	898,692
Operating expenses:		
Selling, general and administrative	688,574	660,327
Amortization of intangible assets	16,577	21,708
Reorganization costs	2,792	2,913
	707,943	684,948
Income from operations	257,787	213,744
Other (income) expense:		
Interest income	(5,190)	(3,584)
Interest expense	26,998	27,652
Net foreign currency exchange gain	(1,900)	(533)
Other	4,581	5,014
	24,489	28,549
Income before income taxes	233,298	185,195
Provision for income taxes	3,144	40,819
Net income	$ 230,154	$ 144,376

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

	Fifty-two Weeks Ended	
	December 28, 2019	**December 29, 2018**
Net sales	$ 47,196,948	$ 50,436,670
Cost of sales	43,850,676	47,258,304
Gross profit	3,346,272	3,178,366
Operating expenses:		
Selling, general and administrative	2,566,703	2,489,257
Amortization of intangible assets	72,860	92,566
Reorganization costs	6,906	47,897
Gain on sale of affiliates	-	(1,940)
	2,646,469	2,627,780
Income from operations	699,803	550,586
Other (income) expense:		
Interest income	(11,946)	(19,599)
Interest expense	107,487	106,360
Net foreign currency exchange gain	(24,257)	(7,906)
Other	21,160	20,861
	92,444	99,716
Income before income taxes	607,359	450,870
Provision for income taxes	102,220	98,684
Net income	$ 505,139	$ 352,186

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

	Fifty-two Weeks Ended	
	December 28, 2019	**December 29, 2018**
Cash flows from operating activities:		
Net income	$ 505,139	$ 352,186
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	194,731	208,983
(Gain) loss on marketable securities, net	(11,734)	2,737
Gain on sale of property and equipment	(788)	(1,831)
Gain on sale of affiliates	-	(1,940)
Impairment of property and equipment	-	1,802
Revaluation of other consideration for acquisitions	(2,775)	1,930
Noncash charges for interest and bond discount amortization	2,123	3,783
Deferred income taxes	(14,459)	(26,361)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	56,629	(380,866)
Inventory	225,398	(179,745)
Other assets	(40,248)	(100,016)
Accounts payable	(398,086)	1,214,136
Change in book overdrafts	(63,570)	(98,738)
Accrued expenses	109,315	(91,296)
Cash provided by operating activities	561,675	904,764
Cash flows from investing activities:		
Capital expenditures	(168,782)	(136,853)
Movements from restricted cash	-	14,379
(Purchase) sale of marketable securities, net	(2,250)	3,442
Proceeds from sale of property and equipment	3,333	711
Proceeds from sale of affiliates	-	1,318
Return of investment	-	2,361
Acquisitions, net of cash acquired	(5,701)	(3,424)
Cash used by investing activities	(173,400)	(118,066)
Cash flows from financing activities:		
Settlement of stock-based awards due to Merger	-	(13,520)
Other consideration for acquisitions	(2,582)	(7,479)
Dividends paid to shareholders	(248,665)	(182,505)
Net repayments of revolving and other credit facilities	(1,178)	(584,966)
Cash used by financing activities	(252,425)	(788,470)
Effect of exchange rate changes on cash and cash equivalents	2,022	(13,837)
Increase (decrease) in cash and cash equivalents	137,872	(15,609)
Cash and cash equivalents, beginning of year	533,949	549,558
Cash and cash equivalents, end of year	$ 671,821	$ 533,949

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

	Thirteen Weeks Ended	
	December 28, 2019	**December 29, 2018**
Net Sales	$ 12,213.9	$ 14,830.7
GAAP Operating Income	$ 257.8	$ 213.7
Reorganization, integration and transition costs	18.0	23.5
Amortization of intangible assets	16.6	21.7
Non-GAAP Operating Income	$ 292.4	$ 258.9
GAAP Operating Margin	2.11%	1.44%
Non-GAAP Operating Margin	2.39%	1.75%

	Fifty-two Weeks Ended	
	December 28, 2019	**December 29, 2018**
Net Sales	$ 47,196.9	$ 50,436.7
GAAP Operating Income	$ 699.8	$ 550.6
Reorganization, integration and transition costs	47.5	93.3
Amortization of intangible assets	72.9	92.6
Settlement of a class action lawsuit	(4.2)	-
Gain on sale of affiliates	-	(1.9)
Non-GAAP Operating Income	$ 816.0	$ 734.6
GAAP Operating Margin	1.48%	1.09%
Non-GAAP Operating Margin	1.73%	1.46%

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

	Thirteen Weeks Ended	
	December 28, 2019	**December 29, 2018**
	Net Income	**Net Income**
As Reported Under GAAP	$ 230.2	$ 144.4
Reorganization, integration and transition costs	12.2	18.3
Amortization of intangible assets	11.3	17.0
Pan-Europe foreign currency exchange loss	3.5	2.0
Tax benefit on worthless stock deduction	(57.9)	-
Tax impact on US tax reform repatriation tax	-	(8.5)
Tax impact on intercompany sale of certain intangible assets	-	(11.3)
Tax impact on the write-off of net operating net loss carryforward of a subsidiary	-	2.8
Tax impact on a subsidiary's foreign currency exchange gain	-	3.1
Non-GAAP Financial Measure	$ 199.3	$ 167.8

	Fifty-two Weeks Ended	
	December 28, 2019	**December 29, 2018**
	Net Income	**Net Income**
As Reported Under GAAP	$ 505.1	$ 352.2
Reorganization, integration and transition costs	33.1	70.1
Amortization of intangible assets	51.0	69.5
Settlement of a class action lawsuit	(2.9)	-
Gain on sale of affiliates	-	(1.5)
Pan-Europe foreign currency exchange loss	0.8	0.7
Tax benefit on worthless stock deduction	(57.9)	-
Tax impact on US tax reform repatriation tax	-	(12.5)
Tax impact on intercompany sale of certain intangible assets	-	(26.6)
Tax impact on the write-off of net operating loss carryforward of a subsidiary	-	2.8
Tax impact on a subsidiary's foreign currency exchange gain	-	3.1
Non-GAAP Financial Measure	$ 529.2	$ 457.8

Note: Amounts above are net of applicable income taxes.

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