May 1, 2019

Ingram Micro Reports First Quarter Financial Results

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the first quarter ended March 30, 2019. Ingram Micro experienced solid global demand and a strong increase in profits, led by strong double-digit sales growth in commerce and lifecycle services and cloud and an increase in profitability across all lines of business. Worldwide 2019 first quarter sales were $11.58 billion, a decrease of 2 percent in USD, with gross margin of 6.66 percent, up 33 basis points. This compares to sales of $11.76 billion and gross margin of 6.33 percent in the 2018 first quarter. The translation of foreign currencies versus last year had a negative impact of approximately 4 percentage points on worldwide sales. 2019 first quarter non-GAAP operating income was $154 million, or 1.33 percent of revenue, and non-GAAP net income was $95 million. This compares to 2018 first quarter non-GAAP operating income of $135 million, or 1.15 percent of revenue, and non-GAAP net income of $82 million. 2019 first quarter GAAP operating income and net income were $126 million, or 1.08 percent of revenue, and $77 million, respectively, including: the pre-tax negative impact of $8 million in restructuring, acquisition and transition costs and the pre-tax negative impact of $20 million in amortization expense. This compares to 2018 first quarter GAAP operating income and net income of $87 million, or 0.74 percent of revenue, and $47 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 first quarter ended March 30, 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. 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. 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.

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

	March 30, 2019	December 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 553,926	$ 533,949
Trade accounts receivable, net	6,801,761	7,756,983
Inventory	4,514,009	4,509,474
Other current assets	670,120	669,044
Total current assets	12,539,816	13,469,450
Property and equipment, net	433,129	421,008
Goodwill	936,496	938,407
Intangible assets, net	296,426	316,597
Other assets	319,257	317,318
Total assets	$14,525,124	$ 15,462,780
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 7,590,896	$ 8,578,895
Accrued expenses	904,968	835,474
Short-term debt and current maturities of long-term debt	128,119	175,215
Total current liabilities	8,623,983	9,589,584

Long-term debt, less current maturities	1,308,469	1,313,287
Other liabilities	174,004	163,806
Total liabilities	10,106,456	11,066,677
Stockholder's equity	4,418,668	4,396,103
Total liabilities and stockholder's equity	$14,525,124	$ 15,462,780

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

	Thirteen Weeks Ended	
	March 30, 2019	**March 30, 2018**
Net sales	$ 11,575,516	$ 11,762,140
Cost of sales	10,804,055	11,017,579
Gross profit	771,461	744,561
Operating expenses:		
Selling, general and administrative	625,926	618,246
Amortization of intangible assets	19,708	24,733
Reorganization costs	303	14,916
	645,937	657,895
Income from operations	125,524	86,666
Other (income) expense:		
Interest income	(2,353)	(5,122)
Interest expense	27,038	27,059
Net foreign currency exchange gain	(11,070)	(5,077)
Other	6,369	6,085
	19,984	22,945
Income before income taxes	105,540	63,721
Provision for income taxes	29,005	17,128

Net income	$ 76,535	$ 46,593

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

	Thirteen Weeks Ended	
	March 30, 2019	**March 31, 2018**
Cash flows from operating activities:		
Net income	$ 76,535	$ 46,593
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	48,598	51,808
Gain on marketable securities, net	(5,309)	(1,724)
Loss (gain) on sale of property and equipment	20	(425)
Noncash charges for interest and bond discount amortization	578	1,002
Deferred income taxes	(549)	12,711
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	1,189,276	913,663
Inventory	(91,181)	8,970
Other current assets	641	37,033
Accounts payable	(874,940)	(444,998)
Change in book overdrafts	(94,607)	(133,033)
Accrued expenses	(43,094)	(204,268)
Cash provided by operating activities	205,968	287,332
Cash flows from investing activities:		
Capital expenditures	(42,953)	(31,523)
Movements from restricted cash	-	14,379
(Purchase) sale of marketable securities, net	(2,095)	2,717
Proceeds from sale of property and equipment	337	769
Return of investment	-	163
Acquisitions, net of cash acquired	-	(2,153)
Cash used by investing activities	(44,711)	(15,648)

Cash flows from financing activities:		
Settlement of stock-based awards due to Merger	-	(13,488)
Other consideration for acquisitions	(1,600)	(3,609)
Dividends paid to shareholders	(82,710)	(39,779)
Net repayments of revolving and other credit facilities	(53,499)	(270,303)
Cash used by financing activities	(137,809)	(327,179)
Effect of exchange rate changes on cash and cash equivalents	(3,471)	(9,569)
Increase (decrease) in cash and cash equivalents	19,977	(65,064)
Cash and cash equivalents, beginning of period	533,949	549,558
Cash and cash equivalents, end of period	$ 553,926	$ 484,494

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

	Thirteen Weeks Ended	
	March 30, 2019	**March 31, 2018**
Net Sales	$ 11,575.5	$ 11,762.1
GAAP Operating Income	$ 125.5	$ 86.7
Reorganization, integration and transition costs	8.4	23.5
Amortization of intangible assets	19.7	24.7
Non-GAAP Operating Income	$ 153.6	$ 134.9
GAAP Operating Margin	1.08%	0.74%
Non-GAAP Operating Margin	1.33%	1.15%

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

	Thirteen Weeks Ended	
	March 30, 2019	**March 31, 2018**
	Net Income	**Net Income**
As Reported Under GAAP	$ 76.5	$ 46.6
Reorganization, integration and transition costs	6.3	16.6
Amortization of intangible assets	14.8	17.5
Pan-Europe foreign currency exchange (gain) loss	(2.5)	1.0
Non-GAAP Financial Measure	$ 95.1	$ 81.7

Note: Amounts above are net of applicable income taxes.

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Source: Ingram Micro Inc.