May 1, 2018

Ingram Micro Reports First Quarter Financial Results

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the first quarter ended March 31, 2018. Ingram Micro experienced strong global demand, led by double-digit growth in all business lines, including technology solutions, commerce and lifecycle services and cloud. Worldwide 2018 first quarter sales were $11.76 billion, an increase of 13 percent in USD, with gross margin of 6.33 percent. This compares to sales of $10.40 billion and gross margin of 6.33 percent in the 2017 first quarter. The translation of foreign currencies versus last year had a positive impact of approximately 6 percentage points on worldwide sales. 2018 first quarter non-GAAP operating income was $135 million, or 1.15 percent of revenue, and non-GAAP net income was $82 million. This compares to 2017 first quarter non-GAAP operating income of $102 million, or 0.98 percent of revenue, and non-GAAP net income of $56 million. 2018 first quarter GAAP operating income and net income was $87 million, or 0.74 percent of revenue, and $47 million, respectively, including: the pre-tax negative impact of $24 million in restructuring, acquisition and transition costs primarily related to a global reorganization program executed during the first quarter of 2018, and the pre-tax negative impact of $25 million in amortization expense. This compares to 2017 first quarter GAAP operating income and net income of $41 million, or 0.39 percent of revenue, and $38 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 2018 first quarter ended March 31, 2018. 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. 2017 first quarter non-GAAP operating income also excludes merger costs and 2017 non-GAAP net income also excludes a non-cash tax benefit primarily related to the reversal of a valuation allowance against certain deferred tax assets in Australia. 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 Sheet
(Amounts in 000s)
(Unaudited)

	March 31, 2018	December 30, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 484,494	$ 549,558
Restricted cash	-	14,379
Trade accounts receivable, net	6,775,869	7,626,191
Inventory	4,490,411	4,471,440
Other current assets	595,193	618,733
Total current assets	12,345,967	13,280,301
Property and equipment, net	423,976	417,439
Goodwill	973,708	990,372
Intangible assets, net	403,216	385,152
Other assets	278,090	299,879
Total assets	$14,424,957	$ 15,373,143
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 7,257,736	$ 7,760,380
Accrued expenses	759,025	881,672
Short-term debt and current maturities of long-term debt	139,004	127,512
Total current liabilities	8,155,765	8,769,564
Long-term debt, less current maturities	1,706,637	1,982,118
Other liabilities	228,193	298,904
Total liabilities	10,090,595	11,050,586
Stockholder's equity	4,334,362	4,322,557
Total liabilities and stockholder's equity	$14,424,957	$ 15,373,143

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

	Thirteen Weeks Ended	
	March 31, 2018	**April 1, 2017**
Net sales	$ 11,762,140	$10,402,939
Cost of sales	11,017,579	9,744,311
Gross profit	744,561	658,628
Operating expenses:		
Selling, general and administrative	618,246	557,623
Amortization of intangible assets	24,733	22,359
Reorganization costs	14,916	4,468
Merger related costs	-	33,674
	657,895	618,124
Income from operations	86,666	40,504
Other expense (income):		
Interest income	(5,122)	(2,079)
Interest expense	27,059	26,163
Net foreign currency exchange gain	(5,077)	(3,327)
Other	6,085	4,616
	22,945	25,373
Income before income taxes	63,721	15,131
Provision for (benefit from) income taxes	17,128	(22,722)
Net income	$ 46,593	$ 37,853

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

	Thirteen Weeks Ended	
	March 31, 2018	**April 1, 2017**
Cash flows from operating activities:		
Net income	$ 46,593	$ 37,853
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	51,808	49,204
Share-based compensation	3,397	3,191
Unpaid merger related costs	-	33,674
Gain on marketable securities, net	(1,724)	(2,081)
Gain on sale of property and equipment	(425)	(369)
Noncash charges for interest and bond discount amortization	1,002	1,311
Deferred income taxes	12,711	(33,959)
Changes in operating assets and liabilities:		
Trade accounts receivable	913,663	939,970
Inventory	8,970	(21,398)
Other current assets	37,033	42,616
Accounts payable	(444,998)	(1,202,591)
Change in book overdrafts	(133,033)	(113,085)
Accrued expenses	(207,665)	(170,474)
Cash provided (used) by operating activities	287,332	(436,138)
Cash flows from investing activities:		
Capital expenditures	(31,523)	(34,811)
Movements from restricted cash	14,379	23,766
Sale of marketable securities, net	2,717	-
Realized gain on marketable securities, net	-	(109)
Proceeds from sale of property and equipment	769	326
Return of investment	163	-
Acquisitions, net of cash acquired	(2,153)	-
Cash used by investing activities	(15,648)	(10,828)
Cash flows from financing activities:		
Equity contribution from Parent	-	37,500
Settlement of stock-based awards due to Merger	(13,488)	(22,145)
Other consideration for acquisitions	(3,609)	(1,070)
Dividend paid to shareholder	(39,779)	-
Net (repayments of) proceeds from revolving and other credit facilities	(270,303)	89,435
Cash (used) provided by financing activities	(327,179)	103,720
Effect of exchange rate changes on cash and cash equivalents	(9,569)	(1,535)
Decrease in cash and cash equivalents	(65,064)	(344,781)
Cash and cash equivalents, beginning of period	549,558	796,164
Cash and cash equivalents, end of period	$ 484,494	$ 451,383

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

	Thirteen Weeks Ended	
	March 31, 2018	**April 1, 2017**
Net Sales	$ 11,762.1	$ 10,403.0
GAAP Operating Income	$ 86.7	$ 40.5
Reorganization, integration and transition costs	23.5	5.7
Amortization of intangible assets	24.7	22.4
Merger related costs	-	33.7
Non-GAAP Operating Income	$ 134.9	$ 102.3
GAAP Operating Margin	0.74%	0.39%
Non-GAAP Operating Margin	1.15%	0.98%

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

	Thirteen Weeks Ended	
	March 31, 2018	**April 1, 2017**
	Net Income	**Net Income**
As Reported Under GAAP	$ 46.6	$ 37.9
Reorganization, integration and transition costs	16.6	4.3
Amortization of intangible assets	17.5	16.8
Merger related costs	-	25.3
Pan-Europe foreign currency exchange loss	1.0	1.8
Reversal of a valuation allowance against certain deferred tax assets in Australia	-	(30.6)
Non-GAAP Financial Measure	$ 81.7	$ 55.5

Note: Amounts above are net of applicable income taxes.

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