August 31, 2018

Ingram Micro Reports Second Quarter Financial Results

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the second quarter ended June 30, 2018. Ingram Micro experienced strong global demand, led by growth across all lines of business. Cash flow from operations for the 2018 second quarter was also strong, improving by more than $700 million when compared to the second quarter of 2017. The company generated $580 million in cash flow from operations in the 2018 second quarter, compared to cash usage from operations of $135 million in the year earlier period. Worldwide 2018 second quarter sales were $11.80 billion, an increase of 9 percent in USD, with gross margin of 6.53 percent. This compares to sales of $10.83 billion and gross margin of 6.54 percent in the 2017 second quarter. The translation of foreign currencies versus last year had a positive impact of approximately 2.5 percentage points on worldwide sales. 2018 second quarter non-GAAP operating income was $161 million, or 1.36 percent of revenue, and non-GAAP net income was $94 million. This compares to 2017 second quarter non-GAAP operating income of $156 million, or 1.44 percent of revenue, and non-GAAP net income of $93 million. 2018 second quarter GAAP operating income and net income was $110 million, or 0.93 percent of revenue, and $67 million, respectively, including: the pre-tax negative impact of $30 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 $23 million in amortization expense. This compares to 2017 second quarter GAAP operating income and net income of $91 million, or 0.84 percent of revenue, and $45 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 second quarter and the six months ended June 30, 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. These non-GAAP financial measures also exclude a gain on the sale of affiliates. 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 second quarter non-GAAP net income excludes a non-cash tax benefit primarily related to the intercompany sale of certain intangible assets. 2017 year to date non-GAAP operating income further 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)

	June 30, 2018	December 30, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 514,474	$ 549,558
Restricted cash	-	14,379
Trade accounts receivable, net	6,493,032	7,626,191
Inventory	4,183,652	4,471,440
Other current assets	696,221	618,733
Total current assets	11,887,379	13,280,301
Property and equipment, net	413,363	417,439
Goodwill	946,522	990,372
Intangible assets, net	365,645	385,152
Other assets	284,330	299,879
Total assets	$13,897,239	$ 15,373,143
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 7,324,496	$ 7,760,380
Accrued expenses	746,604	881,672
Short-term debt and current maturities of long-term debt	147,419	127,512
Total current liabilities	8,218,519	8,769,564
Long-term debt, less current maturities	1,151,405	1,982,118
Other liabilities	199,194	298,904
Total liabilities	9,569,118	11,050,586
Stockholder's equity	4,328,121	4,322,557
Total liabilities and stockholder's equity	$13,897,239	$ 15,373,143

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

	Thirteen Weeks Ended	
	June 30, 2018	**July 1, 2017**
Net sales	$ 11,800,698	$10,826,707
Cost of sales	11,030,469	10,118,321
Gross profit	770,229	708,386
Operating expenses:		
Selling, general and administrative	618,418	558,683
Amortization of intangible assets	23,344	22,907
Reorganization costs	20,438	4,882
Gain on sale of affiliates	(1,940)	-
Merger related costs	-	30,783
	660,260	617,255
Income from operations	109,969	91,131
Other expense (income):		
Interest income	(4,610)	(3,256)
Interest expense	26,394	25,237
Net foreign currency exchange (gain) loss	(403)	1,770
Other	4,337	4,810
	25,718	28,561
Income before income taxes	84,251	62,570
Provision for income taxes	16,903	18,013
Net income	$ 67,348	$ 44,557

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

	Twenty-six Weeks Ended	
	June 30, 2018	**July 1, 2017**
Net sales	$ 23,562,838	$21,229,646
Cost of sales	22,048,048	19,862,632
Gross profit	1,514,790	1,367,014
Operating expenses:		
Selling, general and administrative	1,236,664	1,116,306
Amortization of intangible assets	48,077	45,266
Reorganization costs	35,354	9,350
Gain on sale of affiliates	(1,940)	-
Merger related costs	-	64,457
	1,318,155	1,235,379
Income from operations	196,635	131,635
Other expense (income):		
Interest income	(9,732)	(5,335)
Interest expense	53,453	51,400
Net foreign currency exchange gain	(5,480)	(1,557)
Other	10,422	9,426
	48,663	53,934
Income before income taxes	147,972	77,701
Provision for (benefit from) income taxes	34,031	(4,709)
Net income	$ 113,941	$ 82,410

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

	Twenty-six Weeks Ended	
	June 30, 2018	**July 1, 2017**
Cash flows from operating activities:		
Net income	$ 113,941	$ 82,410
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	103,303	99,585
Share-based compensation	14,073	11,961
Unpaid merger related costs	-	64,457
Gain on marketable securities, net	(2,541)	(3,073)
Gain on sale of property and equipment	(754)	(956)
Gain on sale of affiliates	(1,940)	-
Noncash charges for interest and bond discount amortization	1,929	2,305
Deferred income taxes	(3,074)	(38,626)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	1,006,509	684,629
Inventory	202,766	(325,735)
Other current assets	(90,246)	46,606
Accounts payable	(354,385)	(942,351)
Change in book overdrafts	72,701	(150,898)
Accrued expenses	(191,982)	(102,480)
Cash provided (used) by operating activities	870,300	(572,166)
Cash flows from investing activities:		
Capital expenditures	(59,374)	(66,506)
Movements from restricted cash	14,379	51,021
Sale of marketable securities, net	3,968	-
Realized gain on marketable securities, net	-	(415)
Proceeds from sale of property and equipment	1,755	719
Proceeds from sale of affiliates	1,318	-
Return of investment	163	-
Acquisitions, net of cash acquired	(3,153)	(20,737)
Cash used by investing activities	(40,944)	(35,918)
Cash flows from financing activities:		
Equity contribution from Parent	-	37,500
Settlement of stock-based awards due to Merger	(13,520)	(34,779)
Other consideration for acquisitions	(6,001)	(14,164)
Dividends paid to shareholder	(44,242)	-
Net (repayments of) proceeds from revolving and other credit facilities	(786,389)	347,162
Cash (used) provided by financing activities	(850,152)	335,719
Effect of exchange rate changes on cash and cash equivalents	(14,288)	9,165
Decrease in cash and cash equivalents	(35,084)	(263,200)
Cash and cash equivalents, beginning of period	549,558	796,164
Cash and cash equivalents, end of period	$ 514,474	$ 532,964

Ingram Micro Inc.
Supplementary Information
Income from Operations - Reconciliation of GAAP to Non-GAAP Information

(Amounts in Millions)
(Unaudited)

	Thirteen Weeks Ended	
	June 30, 2018	**July 1, 2017**
Net Sales	$ 11,800.7	$ 10,826.7
GAAP Operating Income	$ 110.0	$ 91.1
Reorganization, integration and transition costs	29.7	11.3
Amortization of intangible assets	23.3	22.9
Gain on sale of affiliates	(1.9)	-
Merger related costs	-	30.8
Non-GAAP Operating Income	$ 161.1	$ 156.1
GAAP Operating Margin	0.93%	0.84%
Non-GAAP Operating Margin	1.36%	1.44%

	Twenty-six Weeks Ended	
	June 30, 2018	**July 1, 2017**
Net Sales	$ 23,562.8	$ 21,229.6
GAAP Operating Income	$ 196.6	$ 131.6
Reorganization, integration and transition costs	53.2	17.0
Amortization of intangible assets	48.1	45.3
Gain on sale of affiliates	(1.9)	-
Merger related costs	-	64.5
Non-GAAP Operating Income	$ 296.0	$ 258.4
GAAP Operating Margin	0.83%	0.62%
Non-GAAP Operating Margin	1.26%	1.22%

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

	Thirteen Weeks Ended	
	June 30, 2018	July 1, 2017
	Net Income	Net Income
As Reported Under GAAP	$ 67.3	$ 44.6
Reorganization, integration and transition costs	22.6	7.8
Amortization of intangible assets	17.7	15.8
Gain on sale of affiliates	(1.5)	-
Merger related costs	-	21.2
Pan-Europe foreign currency exchange (gain) loss	(3.4)	3.9
Tax impact on intercompany sale of certain intangible assets	(8.5)	-
Non-GAAP Financial Measure	$ 94.2	$ 93.3

	Twenty-six Weeks Ended	
	June 30, 2018	July 1, 2017
	Net Income	Net Income
As Reported Under GAAP	$ 113.9	$ 82.4
Reorganization, integration and transition costs	39.2	12.1
Amortization of intangible assets	35.2	32.6
Gain on sale of affiliates	(1.5)	-
Merger related costs	-	46.6
Pan-Europe foreign currency exchange (gain) loss	(2.4)	5.7
Reversal of a valuation allowance against certain deferred tax assets in Australia	-	(30.6)
Tax impact on intercompany sale of certain intangible assets	(8.5)	-
Non-GAAP Financial Measure	$ 175.9	$ 148.8

Note: Amounts above are net of applicable income taxes.

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Source: Ingram Micro Inc.