December 3, 2018

Ingram Micro Reports Third Quarter Financial Results

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the third quarter ended Sept. 29, 2018. Ingram Micro experienced solid global demand and a strong increase in profitability, with growth across all lines of business. Worldwide 2018 third quarter sales were $12.04 billion, an increase of 3 percent in USD, with gross margin of 6.35 percent. This compares to sales of $11.66 billion and gross margin of 6.23 percent in the 2017 third quarter. The translation of foreign currencies versus last year had a negative impact of approximately 2 percentage points on worldwide sales for the quarter. 2018 third quarter non-GAAP operating income was $180 million, or 1.49 percent of revenue, and non-GAAP net income was $114 million. This compares to 2017 third quarter non-GAAP operating income of $147 million, or 1.26 percent of revenue, and non-GAAP net income of $87 million. 2018 third quarter GAAP operating income and net income was $140 million, or 1.16 percent of revenue, and $94 million, respectively, including: the pre-tax negative impact of $23 million in amortization expense and the pre-tax negative impact of $17 million in restructuring, acquisition and transition costs primarily related to a global reorganization program executed during the first quarter of 2018. This compares to 2017 third quarter GAAP operating income and net income of $105 million, or 0.90 percent of revenue, and $61 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 third quarter and the nine months ended Sept. 29, 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 third quarter and year to date non-GAAP net income excludes non-cash tax benefits primarily related to the intercompany sale of certain intangible assets and the impact on U.S. tax reform repatriation tax. 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 Sheets
(Amounts in 000s)
(Unaudited)

	September 29, 2018	December 30, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 479,991	$ 549,558
Restricted cash	-	14,379
Trade accounts receivable, net	6,698,457	7,626,191
Inventory	4,454,516	4,471,440
Other current assets	687,351	618,733
Total current assets	12,320,315	13,280,301
Property and equipment, net	412,875	417,439
Goodwill	942,685	990,372
Intangible assets, net	341,775	385,152
Other assets	301,837	299,879
Total assets	$ 14,319,487	$ 15,373,143
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 7,707,196	$ 7,760,380
Accrued expenses	813,628	881,672
Short-term debt and current maturities of long-term debt	128,360	127,512
Total current liabilities	8,649,184	8,769,564
Long-term debt, less current maturities	1,090,537	1,982,118
Other liabilities	186,231	298,904
Total liabilities	9,925,952	11,050,586
Stockholder's equity	4,393,535	4,322,557
Total liabilities and stockholder's equity	$ 14,319,487	$ 15,373,143

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

	Thirteen Weeks Ended	
	September 29, 2018	**September 30, 2017**
Net sales	$ 12,043,164	$ 11,660,547
Cost of sales	11,278,280	10,933,761
Gross profit	764,884	726,786
Operating expenses:		
Selling, general and administrative	592,266	584,242
Amortization of intangible assets	22,781	23,211
Reorganization costs	9,630	2,071
Merger related costs	-	12,456
	624,677	621,980
Income from operations	140,207	104,806
Other (income) expense:		
Interest income	(6,283)	(3,608)
Interest expense	25,255	25,806
Net foreign currency exchange gain	(1,893)	(8,816)
Other	5,425	4,790
	22,504	18,172
Income before income taxes	117,703	86,634
Provision for income taxes	23,834	25,679
Net income	$ 93,869	$ 60,955

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

	Thirty-nine Weeks Ended	
	September 29, 2018	**September 30, 2017**
Net sales	$ 35,606,002	$ 32,890,193
Cost of sales	33,326,328	30,796,393
Gross profit	2,279,674	2,093,800
Operating expenses:		
Selling, general and administrative	1,828,930	1,700,548
Amortization of intangible assets	70,858	68,477
Reorganization costs	44,984	11,421
Gain on sale of affiliates	(1,940)	-
Merger related costs	-	76,913
	1,942,832	1,857,359
Income from operations	336,842	236,441
Other (income) expense:		
Interest income	(16,015)	(8,943)
Interest expense	78,708	77,206
Net foreign currency exchange gain	(7,373)	(10,373)
Other	15,847	14,216
	71,167	72,106
Income before income taxes	265,675	164,335
Provision for income taxes	57,865	20,970
Net income	$ 207,810	$ 143,365

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

	Thirty-nine Weeks Ended	
	September 29, 2018	**September 30, 2017**
Cash flows from operating activities:		
Net income	$ 207,810	$ 143,365
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	154,155	150,931
Share-based compensation	21,333	20,517
Unpaid merger related costs	-	44,540
Gain on marketable securities, net	(3,396)	(5,318)
Gain on sale of property and equipment	(1,161)	(2,930)
(Gain) loss on sale of affiliates	(1,940)	1,739
Impairment of property and equipment	1,802	-
Noncash charges for interest and bond discount amortization	2,856	3,283
Deferred income taxes	(17,765)	(43,430)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	743,557	322,006
Inventory	(98,106)	(424,014)
Other current assets	(93,357)	(15,476)
Accounts payable	105,497	(893,984)
Change in book overdrafts	57,616	(33,480)
Accrued expenses	(139,819)	(94,554)
Cash provided (used) by operating activities	939,082	(826,805)
Cash flows from investing activities:		
Capital expenditures	(92,651)	(94,544)
Movements from restricted cash	14,379	51,021
Sale of marketable securities, net	2,728	-
Proceeds from sale of property and equipment	965	3,197
Proceeds from sale of affiliates	1,318	9,825
Return of investment	163	-
Acquisitions, net of cash acquired	(3,188)	(20,771)
Cash used by investing activities	(76,286)	(51,272)
Cash flows from financing activities:		
Equity contribution from Parent	-	37,500
Settlement of stock-based awards due to Merger	(13,520)	(48,177)
Other consideration for acquisitions	(6,001)	(15,100)
Dividends paid to shareholder	(44,242)	-
Net (repayments of) proceeds from revolving and other credit facilities	(866,730)	545,482
Cash (used) provided by financing activities	(930,493)	519,705
Effect of exchange rate changes on cash and cash equivalents	(1,870)	(5,897)
Decrease in cash and cash equivalents	(69,567)	(364,269)
Cash and cash equivalents, beginning of period	549,558	796,164
Cash and cash equivalents, end of period	$ 479,991	$ 431,895

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

	Thirteen Weeks Ended	
	September 29, 2018	**September 30, 2017**
Net Sales	$ 12,043.2	$ 11,660.5
GAAP Operating Income	$ 140.2	$ 104.8
Reorganization, integration and transition costs	16.7	6.8
Amortization of intangible assets	22.8	23.2
Merger related costs	-	12.5
Non-GAAP Operating Income	$ 179.7	$ 147.3
GAAP Operating Margin	1.16%	0.90%
Non-GAAP Operating Margin	1.49%	1.26%

	Thirty-nine Weeks Ended	
	September 29, 2018	**September 30, 2017**
Net Sales	$ 35,606.0	$ 32,890.2
GAAP Operating Income	$ 336.8	$ 236.4
Reorganization, integration and transition costs	69.8	23.8
Amortization of intangible assets	70.9	68.5
Gain on sale of affiliates	(1.9)	-
Merger related costs	-	76.9
Non-GAAP Operating Income	$ 475.6	$ 405.6
GAAP Operating Margin	0.95%	0.72%
Non-GAAP Operating Margin	1.34%	1.23%

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

	Thirteen Weeks Ended	
	September 29, 2018	**September 30, 2017**
	Net Income	**Net Income**
As Reported Under GAAP	$ 93.9	$ 61.0
Reorganization, integration and transition costs	12.6	4.7
Amortization of intangible assets	17.4	16.0
Merger related costs	-	8.6
Pan-Europe foreign currency exchange loss (gain)	1.0	(3.1)
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	$ 114.1	$ 87.2

	Thirty-nine Weeks Ended	
	September 29, 2018	**September 30, 2017**
	Net Income	**Net Income**
As Reported Under GAAP	$ 207.8	$ 143.4
Reorganization, integration and transition costs	51.8	16.8
Amortization of intangible assets	52.5	48.7
Gain on sale of affiliates	(1.5)	-
Merger related costs	-	55.1
Pan-Europe foreign currency exchange (gain) loss	(1.3)	2.6
Reversal of a valuation allowance against certain deferred tax assets in Australia	-	(30.6)
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	$ 290.0	$ 236.0

Note: Amounts above are net of applicable income taxes.

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