September 5, 2019

Ingram Micro Reports Second Quarter Financial Results

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the second quarter ended June 29, 2019. Ingram Micro experienced solid global demand and a strong increase in profits, led by double-digit sales growth, on a currency neutral basis, in commerce and lifecycle services and cloud and an increase in profitability across all lines of business. Worldwide 2019 second quarter net sales were $11.54 billion, a decrease of 2 percent in USD, with gross margin increasing strongly to 7.02 percent, up 49 basis points, as the company maintained continued focus on a better mix of higher margin sales. This compares to net sales of $11.80 billion and gross margin of 6.53 percent in the 2018 second quarter. The translation of foreign currencies versus last year had a negative impact of approximately 3 percentage points on worldwide net sales. Non-GAAP operating income for the 2019 second quarter increased 14 percent to $184 million, or 1.59 percent of sales, and non-GAAP net income was $119 million. This compares to 2018 second quarter non-GAAP operating income of $161 million, or 1.36 percent of sales, and non-GAAP net income of $94 million. GAAP operating income and net income for the 2019 second quarter were $156 million, or 1.35 percent of sales, and $97 million, respectively, including: the pre-tax negative impact of $10 million in restructuring, acquisition and transition costs, net of the receipt of an LCD flat panel class action settlement, and the pre-tax negative impact of $18 million in amortization expense. This compares to 2018 second quarter GAAP operating income and net income of $110 million, or 0.93 percent of sales, and $67 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 second quarter and the six months ended June 29, 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. These non-GAAP financial measures also exclude a benefit in the second quarter of 2019 related to the receipt of an LCD flat panel class action settlement. 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 and year to date non-GAAP operating income further excludes a gain on the sale of affiliates and non-GAAP net income also excludes a non-cash tax benefit primarily related to the intercompany sale of certain intangible assets. 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)

	June 29, 2019	December 29, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 468,998	$ 533,949
Trade accounts receivable, net	6,816,826	7,756,983
Inventory	4,487,645	4,509,474
Other current assets	690,638	669,044
Total current assets	12,464,107	13,469,450
Property and equipment, net	438,431	421,008
Goodwill	939,321	938,407
Intangible assets, net	279,042	316,597
Other assets	326,437	317,318
Total assets	$ 14,447,338	$ 15,462,780
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 7,295,606	$ 8,578,895
Accrued expenses	879,041	835,474
Short-term debt and current maturities of long-term debt	152,178	175,215
Total current liabilities	8,326,825	9,589,584
Long-term debt, less current maturities	1,489,442	1,313,287
Other liabilities	158,930	163,806
Total liabilities	9,975,197	11,066,677
Stockholder's equity	4,472,141	4,396,103
Total liabilities and stockholder's equity	$ 14,447,338	$ 15,462,780

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

	Thirteen Weeks Ended	
	June 29, 2019	**June 30, 2018**
Net sales	$ 11,537,545	$ 11,800,698
Cost of sales	10,727,728	11,030,469
Gross profit	809,817	770,229
Operating expenses:		
Selling, general and administrative	631,931	618,418
Amortization of intangible assets	17,843	23,344
Reorganization costs	3,931	20,438
Gain on sale of affiliates	-	(1,940)
	653,705	660,260
Income from operations	156,112	109,969
Other (income) expense:		
Interest income	(638)	(4,610)
Interest expense	26,850	26,394
Net foreign currency exchange gain	(5,940)	(403)
Other	4,964	4,337
	25,236	25,718
Income before income taxes	130,876	84,251
Provision for income taxes	34,257	16,903
Net income	$ 96,619	$ 67,348

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

	Twenty-six Weeks Ended	
	June 29, 2019	**June 30, 2018**
Net sales	$ 23,113,061	$ 23,562,838
Cost of sales	21,531,783	22,048,048
Gross profit	1,581,278	1,514,790
Operating expenses:		
Selling, general and administrative	1,257,857	1,236,664
Amortization of intangible assets	37,551	48,077
Reorganization costs	4,234	35,354
Gain on sale of affiliates	-	(1,940)
	1,299,642	1,318,155
Income from operations	281,636	196,635
Other (income) expense:		
Interest income	(2,991)	(9,732)
Interest expense	53,888	53,453
Net foreign currency exchange gain	(17,010)	(5,480)
Other	11,333	10,422
	45,220	48,663
Income before income taxes	236,416	147,972
Provision for income taxes	63,262	34,031
Net income	$ 173,154	$ 113,941

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

	Twenty-six Weeks Ended	
	June 29, 2019	**June 30, 2018**
Cash flows from operating activities:		
Net income	$ 173,154	$ 113,941
Adjustments to reconcile net income to cash (used) provided by operating activities:		
Depreciation and amortization	97,668	103,303
Gain on marketable securities, net	(7,210)	(2,541)
Gain on sale of property and equipment	(439)	(754)
Gain on sale of affiliates	-	(1,940)
Noncash charges for interest and bond discount amortization	1,178	1,929
Deferred income taxes	583	(3,074)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	1,168,517	1,006,509
Inventory	(58,345)	202,766
Other current assets	(26,019)	(90,246)
Accounts payable	(1,162,919)	(354,385)
Change in book overdrafts	(131,991)	72,701
Accrued expenses	(58,321)	(177,909)
Cash (used) provided by operating activities	(4,144)	870,300
Cash flows from investing activities:		
Capital expenditures	(80,773)	(59,374)
Movements from restricted cash	-	14,379
(Purchase) sale of marketable securities, net	(2,586)	3,968
Proceeds from sale of property and equipment	1,084	1,755
Proceeds from sale of affiliates	-	1,318
Return of investment	-	163
Acquisitions, net of cash acquired	(1,381)	(3,153)
Cash used by investing activities	(83,656)	(40,944)
Cash flows from financing activities:		
Settlement of stock-based awards due to Merger	-	(13,520)
Other consideration for acquisitions	(1,967)	(6,001)
Dividends paid to shareholders	(131,067)	(44,242)
Net proceeds from (repayments of) revolving and other credit facilities	152,680	(786,389)
Cash provided (used) by financing activities	19,646	(850,152)
Effect of exchange rate changes on cash and cash equivalents	3,203	(14,288)
Decrease in cash and cash equivalents	(64,951)	(35,084)
Cash and cash equivalents, beginning of period	533,949	549,558
Cash and cash equivalents, end of period	$ 468,998	$ 514,474

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

	Thirteen Weeks Ended	
	June 29, 2019	**June 30, 2018**
Net Sales	$ 11,537.5	$ 11,800.7
GAAP Operating Income	$ 156.1	$ 110.0
Reorganization, integration and transition costs	14.1	29.7
Amortization of intangible assets	17.8	23.3
Settlement of a class action lawsuit	(4.2)	-
Gain on sale of affiliates	-	(1.9)
Non-GAAP Operating Income	$ 183.8	$ 161.1
GAAP Operating Margin	1.35%	0.93%
Non-GAAP Operating Margin	1.59%	1.36%

	Twenty-six Weeks Ended	
	June 29, 2019	**June 30, 2018**
Net Sales	$ 23,113.1	$ 23,562.8
GAAP Operating Income	$ 281.6	$ 196.6
Reorganization, integration and transition costs	22.4	53.2
Amortization of intangible assets	37.6	48.1
Settlement of a class action lawsuit	(4.2)	-
Gain on sale of affiliates	-	(1.9)
Non-GAAP Operating Income	$ 337.4	$ 296.0
GAAP Operating Margin	1.22%	0.83%
Non-GAAP Operating Margin	1.46%	1.26%

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

	Thirteen Weeks Ended	
	June 29, 2019	June 30, 2018
	Net Income	Net Income
As Reported Under GAAP	$ 96.6	$ 67.3
Reorganization, integration and transition costs	9.7	22.6
Amortization of intangible assets	12.5	17.7
Settlement of a class action lawsuit	(2.9)	-
Gain on sale of affiliates	-	(1.5)
Pan-Europe foreign currency exchange loss (gain)	3.2	(3.4)
Tax impact on intercompany sale of certain intangible assets	-	(8.5)
Non-GAAP Financial Measure	$ 119.1	$ 94.2

	Twenty-six Weeks Ended	
	June 29, 2019	June 30, 2018
	Net Income	Net Income
As Reported Under GAAP	$ 173.2	$ 113.9
Reorganization, integration and transition costs	16.1	39.2
Amortization of intangible assets	27.2	35.2
Settlement of a class action lawsuit	(2.9)	-
Gain on sale of affiliates	-	(1.5)
Pan-Europe foreign currency exchange loss (gain)	0.6	(2.4)
Tax impact on intercompany sale of certain intangible assets	-	(8.5)
Non-GAAP Financial Measure	$ 214.2	$ 175.9

Note: Amounts above are net of applicable income taxes.

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Ingram Micro Inc.
Damon Wright
(714) 382-5013
damon.wright@ingrammicro.com

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