

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](http://www.ingrammicro.com).

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

|                                                          | <b>September 29,<br/>2018</b> | <b>December 30,<br/>2017</b> |
|----------------------------------------------------------|-------------------------------|------------------------------|
| <b>ASSETS</b>                                            |                               |                              |
| 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                                     | <u>687,351</u>                | <u>618,733</u>               |
| 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                                             | <u>301,837</u>                | <u>299,879</u>               |
| Total assets                                             | <u><u>\$ 14,319,487</u></u>   | <u><u>\$ 15,373,143</u></u>  |
| <b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>              |                               |                              |
| 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 | <u>128,360</u>                | <u>127,512</u>               |
| Total current liabilities                                | 8,649,184                     | 8,769,564                    |
| Long-term debt, less current maturities                  | 1,090,537                     | 1,982,118                    |
| Other liabilities                                        | <u>186,231</u>                | <u>298,904</u>               |
| Total liabilities                                        | 9,925,952                     | 11,050,586                   |
| Stockholder's equity                                     | <u>4,393,535</u>              | <u>4,322,557</u>             |
| Total liabilities and stockholder's equity               | <u><u>\$ 14,319,487</u></u>   | <u><u>\$ 15,373,143</u></u>  |

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

|                                     | <b>Thirteen Weeks Ended</b> |                           |
|-------------------------------------|-----------------------------|---------------------------|
|                                     | <b>September 29, 2018</b>   | <b>September 30, 2017</b> |
| Net sales                           | \$ 12,043,164               | \$ 11,660,547             |
| Cost of sales                       | 11,278,280                  | 10,933,761                |
| Gross profit                        | <u>764,884</u>              | <u>726,786</u>            |
| 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                    |
|                                     | <u>624,677</u>              | <u>621,980</u>            |
| Income from operations              | <u>140,207</u>              | <u>104,806</u>            |
| 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                     |
|                                     | <u>22,504</u>               | <u>18,172</u>             |
| Income before income taxes          | 117,703                     | 86,634                    |
| Provision for income taxes          | <u>23,834</u>               | <u>25,679</u>             |
| Net income                          | <u>\$ 93,869</u>            | <u>\$ 60,955</u>          |

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

|                                     | <b>Thirty-nine Weeks Ended</b> |                           |
|-------------------------------------|--------------------------------|---------------------------|
|                                     | <b>September 29, 2018</b>      | <b>September 30, 2017</b> |
| Net sales                           | \$ 35,606,002                  | \$ 32,890,193             |
| Cost of sales                       | 33,326,328                     | 30,796,393                |
| Gross profit                        | <u>2,279,674</u>               | <u>2,093,800</u>          |
| 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                    |
|                                     | <u>1,942,832</u>               | <u>1,857,359</u>          |
| Income from operations              | <u>336,842</u>                 | <u>236,441</u>            |
| 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                    |
|                                     | <u>71,167</u>                  | <u>72,106</u>             |
| Income before income taxes          | 265,675                        | 164,335                   |
| Provision for income taxes          | <u>57,865</u>                  | <u>20,970</u>             |
| Net income                          | <u>\$ 207,810</u>              | <u>\$ 143,365</u>         |

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

|                                                                                      | <b>Thirty-nine Weeks Ended</b> |                           |
|--------------------------------------------------------------------------------------|--------------------------------|---------------------------|
|                                                                                      | <b>September 29, 2018</b>      | <b>September 30, 2017</b> |
| <b>Cash flows from operating activities:</b>                                         |                                |                           |
| 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                                         | <u>939,082</u>                 | <u>(826,805)</u>          |
| <b>Cash flows from investing activities:</b>                                         |                                |                           |
| 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                                                    | <u>(76,286)</u>                | <u>(51,272)</u>           |
| <b>Cash flows from financing activities:</b>                                         |                                |                           |
| 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                                         | <u>(930,493)</u>               | <u>519,705</u>            |
| Effect of exchange rate changes on cash and cash equivalents                         | <u>(1,870)</u>                 | <u>(5,897)</u>            |
| Decrease in cash and cash equivalents                                                | (69,567)                       | (364,269)                 |
| Cash and cash equivalents, beginning of period                                       | <u>549,558</u>                 | <u>796,164</u>            |
| Cash and cash equivalents, end of period                                             | <u><u>\$ 479,991</u></u>       | <u><u>\$ 431,895</u></u>  |

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

|                                                  | <b>Thirteen Weeks Ended</b> |                           |
|--------------------------------------------------|-----------------------------|---------------------------|
|                                                  | <b>September 29, 2018</b>   | <b>September 30, 2017</b> |
| 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% |

|                                                  | <b>Thirty-nine Weeks Ended</b> |                           |
|--------------------------------------------------|--------------------------------|---------------------------|
|                                                  | <b>September 29, 2018</b>      | <b>September 30, 2017</b> |
| 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)**

|                                                              | <b>Thirteen Weeks Ended</b> |                           |
|--------------------------------------------------------------|-----------------------------|---------------------------|
|                                                              | <b>September 29, 2018</b>   | <b>September 30, 2017</b> |
|                                                              | <b>Net Income</b>           | <b>Net Income</b>         |
| 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                                   | <u>\$ 114.1</u>             | <u>\$ 87.2</u>            |

|                                                                                    | <b>Thirty-nine Weeks Ended</b> |                           |
|------------------------------------------------------------------------------------|--------------------------------|---------------------------|
|                                                                                    | <b>September 29, 2018</b>      | <b>September 30, 2017</b> |
|                                                                                    | <b>Net Income</b>              | <b>Net Income</b>         |
| 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                                                         | <u>\$ 290.0</u>                | <u>\$ 236.0</u>           |

Note: Amounts above are net of applicable income taxes.

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