



## Ingram Micro Reports 2020 Fiscal Third Quarter Financial Results

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the 2020 fiscal third quarter ended Sept. 26, 2020. Ingram Micro continued to deliver solid financial results with a strong increase in profitability led by double-digit, year-over-year improvement across all lines of business. Worldwide 2020 third quarter net sales increased modestly over last year by 2.1 percent to \$12.12 billion, with gross profit of \$883 million, or 7.29 percent of sales. The company continued to generate stronger year-over-year profitability based on a better mix of higher margin sales, including for offerings supporting ongoing requirements for learn- and work-from-home IT needs, robust delivery of ecommerce logistics services, and increasing demand for the company's leading Cloud solutions. These combined line of business improvements led to meaningful gross margin expansion – up 56 basis points – over the 2019 third quarter. The translation of foreign currencies compared to last year had a positive impact of approximately 0.5 percent on 2020 third quarter net sales. These financial results compare to net sales of \$11.87 billion, gross profit of \$799 million and gross margin of 6.73 percent for the 2019 third quarter. 2020 third quarter non-GAAP operating income was \$265 million, or 2.19 percent of sales, a 62 basis-point increase over last year, with non-GAAP net income for the 2020 third quarter of \$185 million. This compares to 2019 third quarter non-GAAP operating income of \$186 million, or 1.57 percent of sales, and non-GAAP net income of \$116 million. 2020 third quarter GAAP operating income was \$248 million, or 2.05 percent of sales (with the primary GAAP to non-GAAP difference made up of pre-tax amortization expense of \$16 million), and GAAP net income was \$185 million. This compares to 2019 third quarter GAAP operating income of \$160 million, or 1.35 percent of sales, and GAAP net income of \$102 million.

### **Impact of COVID-19**

The company has benefited from its broad portfolio of products and solutions, as a decrease in demand for certain services and Advanced Solutions offerings during the third quarter related to the COVID-19 pandemic was offset by strength in Technology Solutions and ecommerce and Cloud solutions demand across multiple categories and geographies as businesses and consumers shifted spending patterns in the work-from-home and shelter-in-place environment. While profitability has been strong during the first nine months of fiscal 2020, the shutdown of many businesses around the world could have a negative impact on the company's financial performance through the remainder of the fiscal year.

### **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 third quarter and nine months ended Sept. 26, 2020 and Sept. 28, 2019 as covered in this release. 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 for the nine months ended in 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. 2020 nine months ended non-GAAP net income also excludes the non-cash tax benefit of a research and development credit, reversal of a Spain reserve for an uncertain tax position upon a favorable court ruling, less non-deductible meal and entertainment in the US, and reduced US tax expense as a result of higher expected foreign tax credit utilization. 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 26,<br/>2020</b> | <b>December 28,<br/>2019</b> |
|--|-------------------------------|------------------------------|
|  | <hr/>                         | <hr/>                        |
| <b>ASSETS</b>  |                               |                              |
| Current assets:  |                               |                              |
| Cash and cash equivalents                                | \$ 1,365,994                  | \$ 671,821                   |
| Trade accounts receivable, net                           | 7,021,394                     | 7,903,900                    |
| Inventory  | 4,341,810                     | 4,193,232                    |
| Other current assets                                     | 580,920                       | 688,627                      |
|  | <hr/>                         | <hr/>                        |
| Total current assets                                     | 13,310,118                    | 13,457,580                   |
| Property and equipment, net                              | 457,646                       | 455,440                      |
| Goodwill   | 952,231                       | 946,953                      |
| Intangible assets, net                                   | 219,040                       | 253,179                      |
| Other assets   | 338,638                       | 360,296                      |
|  | <hr/>                         | <hr/>                        |
| Total assets   | <b>\$ 15,277,673</b>          | <b>\$ 15,473,448</b>         |
|  | <hr/> <hr/>                   | <hr/> <hr/>                  |
| <b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>              |                               |                              |
| Current liabilities:                                     |                               |                              |
| Accounts payable   | \$ 7,943,183                  | \$ 8,088,974                 |
| Accrued expenses   | 943,747                       | 1,065,307                    |
| Short-term debt and current maturities of long-term debt | 84,298                        | 142,437                      |
|  | <hr/>                         | <hr/>                        |

|  |               |               |
|--|---------------|---------------|
| Total current liabilities                  | 8,971,228     | 9,296,718     |
| Long-term debt, less current maturities    | 1,391,456     | 1,337,788     |
| Other liabilities                          | 168,283       | 169,289       |
| Total liabilities                          | 10,530,967    | 10,803,795    |
| Stockholder's equity                       | 4,746,706     | 4,669,653     |
| Total liabilities and stockholder's equity | \$ 15,277,673 | \$ 15,473,448 |

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

|                                     | <b>Thirteen Weeks Ended</b> |                           |
|-------------------------------------|-----------------------------|---------------------------|
|                                     | <b>September 26, 2020</b>   | <b>September 28, 2019</b> |
| Net sales                           | \$ 12,116,740               | \$ 11,869,975             |
| Cost of sales                       | 11,233,346                  | 11,070,711                |
| Gross profit                        | 883,394                     | 799,264                   |
| Operating expenses:                 |                             |                           |
| Selling, general and administrative | 619,454                     | 620,152                   |
| Amortization of intangible assets   | 15,852                      | 18,732                    |
|                                     | 635,306                     | 638,884                   |
| Income from operations              | 248,088                     | 160,380                   |
| Other (income) expense:             |                             |                           |
| Interest income                     | (5,643)                     | (3,765)                   |
| Interest expense                    | 19,892                      | 26,601                    |
| Net foreign currency exchange gain  | (4,413)                     | (5,347)                   |
| Other                               | (1,682)                     | 5,246                     |
|                                     | 8,154                       | 22,735                    |
| Income before income taxes          | 239,934                     | 137,645                   |

|                            |             |             |
|----------------------------|-------------|-------------|
| Provision for income taxes | 55,212      | 35,814      |
|                            | <hr/>       | <hr/>       |
| Net income                 | \$ 184,722  | \$ 101,831  |
|                            | <hr/> <hr/> | <hr/> <hr/> |

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

|                                     | <b>Thirty-nine Weeks Ended</b> |                           |
|-------------------------------------|--------------------------------|---------------------------|
|                                     | <b>September 26, 2020</b>      | <b>September 28, 2019</b> |
|                                     | <hr/>                          | <hr/>                     |
| Net sales                           | \$ 33,557,147                  | \$ 34,983,036             |
| Cost of sales                       | 31,057,123                     | 32,602,494                |
|                                     | <hr/>                          | <hr/>                     |
| Gross profit                        | 2,500,024                      | 2,380,542                 |
|                                     | <hr/>                          | <hr/>                     |
| Operating expenses:                 |                                |                           |
| Selling, general and administrative | 1,857,447                      | 1,878,129                 |
| Amortization of intangible assets   | 47,062                         | 56,283                    |
| Reorganization costs                | 1,016                          | 4,114                     |
|                                     | <hr/>                          | <hr/>                     |
|                                     | 1,905,525                      | 1,938,526                 |
|                                     | <hr/>                          | <hr/>                     |
| Income from operations              | 594,499                        | 442,016                   |
|                                     | <hr/>                          | <hr/>                     |
| Other (income) expense:             |                                |                           |
| Interest income                     | (15,347)                       | (6,756)                   |
| Interest expense                    | 67,026                         | 80,489                    |
| Net foreign currency exchange gain  | (9,176)                        | (22,357)                  |
| Other                               | 3,928                          | 16,579                    |
|                                     | <hr/>                          | <hr/>                     |
|                                     | 46,431                         | 67,955                    |
|                                     | <hr/>                          | <hr/>                     |
| Income before income taxes          | 548,068                        | 374,061                   |
|                                     | <hr/>                          | <hr/>                     |
| Provision for income taxes          | 129,901                        | 99,076                    |
|                                     | <hr/>                          | <hr/>                     |
| Net income                          | \$ 418,167                     | \$ 274,985                |
|                                     | <hr/> <hr/>                    | <hr/> <hr/>               |

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

(Unaudited)

|   | Thirty-nine Weeks Ended |                    |
|---|-------------------------|--------------------|
|   | September 26, 2020      | September 28, 2019 |
| <b>Cash flows from operating activities:</b>                                  |                         |                    |
| Net income  | \$ 418,167              | \$ 274,985         |
| Adjustments to reconcile net income to cash provided by operating activities: |                         |                    |
| Depreciation and amortization   | 142,362                 | 148,078            |
| Gain on marketable securities, net  | (306)                   | (7,413)            |
| Gain on sale of property and equipment  | (1,309)                 | (950)              |
| Revaluation of other consideration for acquisitions                           | 224                     | (449)              |
| Noncash charges for interest and bond discount amortization                   | 1,984                   | 1,465              |
| Deferred income taxes   | 19,171                  | (1,106)            |
| Changes in operating assets and liabilities, net of effects of acquisitions:  |                         |                    |
| Trade accounts receivable   | 823,546                 | 864,322            |
| Inventory   | (181,476)               | 74,048             |
| Other assets  | 81,751                  | (39,189)           |
| Accounts payable  | 30,146                  | (1,057,097)        |
| Change in book overdrafts   | (140,251)               | (66,890)           |
| Accrued expenses  | (122,888)               | (34,841)           |
| Cash provided by operating activities   | 1,071,121               | 154,963            |
| <b>Cash flows from investing activities:</b>                                  |                         |                    |
| Capital expenditures  | (100,283)               | (125,558)          |
| Sale (purchase) of marketable securities, net                                 | 630                     | (2,174)            |
| Proceeds from sale of property and equipment                                  | 1,498                   | 2,996              |
| Acquisitions, net of cash acquired  | (24,880)                | (9,038)            |
| Cash used by investing activities   | (123,035)               | (133,774)          |
| <b>Cash flows from financing activities:</b>                                  |                         |                    |
| Other consideration for acquisitions  | (124)                   | (1,967)            |
| Dividends paid to shareholders  | (259,656)               | (188,512)          |
| Net proceeds from revolving and other credit facilities                       | 457                     | 58,115             |
| Cash used by financing activities   | (259,323)               | (132,364)          |
| Effect of exchange rate changes on cash and cash equivalents                  | 5,410                   | (8,313)            |

|  |                     |                   |
|--|---------------------|-------------------|
| Increase (decrease) in cash and cash equivalents | 694,173             | (119,488)         |
| Cash and cash equivalents, beginning of period   | <u>671,821</u>      | <u>533,949</u>    |
| Cash and cash equivalents, end of period         | <u>\$ 1,365,994</u> | <u>\$ 414,461</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> |                           |
|--|-----------------------------|---------------------------|
|  | <u>September 26, 2020</u>   | <u>September 28, 2019</u> |
| Net Sales  | <u>\$ 12,116.7</u>          | <u>\$ 11,870.0</u>        |
| GAAP Operating Income                            | \$ 248.1                    | \$ 160.4                  |
| Reorganization, integration and transition costs | 1.1                         | 7.1                       |
| Amortization of intangible assets                | <u>15.9</u>                 | <u>18.7</u>               |
| Non-GAAP Operating Income                        | <u>\$ 265.1</u>             | <u>\$ 186.2</u>           |
| GAAP Operating Margin                            | 2.05%                       | 1.35%                     |
| Non-GAAP Operating Margin                        | 2.19%                       | 1.57%                     |

|  | <b>Thirty-nine Weeks Ended</b> |                           |
|--|--------------------------------|---------------------------|
|  | <u>September 26, 2020</u>      | <u>September 28, 2019</u> |
| Net Sales  | <u>\$ 33,557.1</u>             | <u>\$ 34,983.0</u>        |
| GAAP Operating Income                            | \$ 594.5                       | \$ 442.0                  |
| Reorganization, integration and transition costs | 4.7                            | 29.6                      |
| Amortization of intangible assets                | 47.1                           | 56.3                      |
| Settlement of a class action lawsuit             | <u>-</u>                       | <u>(4.2)</u>              |

|                           |          |          |
|---------------------------|----------|----------|
| Non-GAAP Operating Income | \$ 646.3 | \$ 523.7 |
|---------------------------|----------|----------|

|                           |       |       |
|---------------------------|-------|-------|
| GAAP Operating Margin     | 1.77% | 1.26% |
| Non-GAAP Operating Margin | 1.93% | 1.50% |

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

|  | <b>Thirteen Weeks Ended</b> |                           |
|--|-----------------------------|---------------------------|
|  | <b>September 26, 2020</b>   | <b>September 28, 2019</b> |
|  | <b>Net Income</b>           | <b>Net Income</b>         |
| As Reported Under GAAP   | \$ 184.7                    | \$ 101.8                  |
| Reorganization, integration and transition costs   | 0.8                         | 4.7                       |
| Amortization of intangible assets  | 11.5                        | 12.5                      |
| Pan-Europe foreign currency exchange gain  | (2.4)                       | (3.3)                     |
| Tax benefit on research and development credit   | (1.5)                       | -                         |
| Tax benefit on Spain UTP reversal, non-deductible meal and entertainment expenses and foreign tax credit utilization | (8.0)                       | -                         |
| Non-GAAP Financial Measure   | \$ 185.1                    | \$ 115.7                  |

|  | <b>Thirty-nine Weeks Ended</b> |                           |
|--|--------------------------------|---------------------------|
|  | <b>September 26, 2020</b>      | <b>September 28, 2019</b> |
|  | <b>Net Income</b>              | <b>Net Income</b>         |
| As Reported Under GAAP                           | \$ 418.2                       | \$ 275.0                  |
| Reorganization, integration and transition costs | 3.1                            | 20.8                      |
| Amortization of intangible assets                | 31.3                           | 39.7                      |
| Settlement of a class action lawsuit             | -                              | (2.9)                     |

|  |                 |                 |
|--|-----------------|-----------------|
| Pan-Europe foreign currency exchange gain  | (2.1)           | (2.6)           |
| Tax benefit on research and development credit   | (3.2)           | -               |
| Tax benefit on Spain UTP reversal, non-deductible meal and entertainment expenses and foreign tax credit utilization | (11.4)          | -               |
|  | <hr/>           | <hr/>           |
| Non-GAAP Financial Measure   | <u>\$ 435.9</u> | <u>\$ 330.0</u> |

Note: Amounts above are net of applicable income taxes.

### Contacts

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Source: Ingram Micro Inc.