



Ingram Micro Reports Record Revenues and Profits for 2018 Fiscal Year

Annual sales exceed \$50 billion for the first time, led by strong growth across all lines of business

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IRVINE, Calif.--(BUSINESS WIRE)--Ingram Micro Inc. today announced financial results for the 2018 fiscal year ended Dec. 29, 2018. Ingram Micro delivered record revenues and profits for the year, benefiting from growth across all lines of business and strong global demand. Worldwide 2018 fiscal year sales were \$50.4 billion, an increase of \$3.8 billion, or 8 percent in USD. 2018 fiscal year gross profit increased by \$230 million to \$3.2 billion, with gross margin of 6.30 percent. This compares to sales of \$46.7 billion, gross profit of \$2.9 billion and gross margin of 6.32 percent for the 2017 fiscal year. 2018 fiscal year non-GAAP operating income increased by more than \$100 million to \$730 million, or 1.46 percent of revenue, and non-GAAP net income for the 2018 fiscal year was up \$80 million to \$460 million. This compares to 2017 fiscal year non-GAAP operating income of \$620 million, or 1.33 percent of revenue, and non-GAAP net income of \$380 million. 2018 fiscal year GAAP operating income and net income were \$550 million, or 1.09 percent of revenue, and \$350 million, respectively, including: the pre-tax negative impact of \$90 million in amortization expense and the pre-tax negative impact of \$90 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 fiscal year GAAP operating income and net income of \$410 million, or 0.88 percent of revenue, and \$200 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 fiscal year ended Dec. 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 fiscal year 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, as well as additional tax expense on the write-off of net operating loss carryforward of a subsidiary and tax expense related to the foreign currency exchange gain of another subsidiary. 2017 fiscal year non-GAAP operating income further excludes merger costs and loss on sale of affiliates 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 and an additional tax expense related to the impact of the US tax reform. 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)

	<u>December 29,</u> <u>2018</u>	<u>December 30,</u> <u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 533,949	\$ 549,558
Restricted cash	-	14,379
Trade accounts receivable, net	7,756,983	7,626,191
Inventory	4,509,474	4,471,440
Other current assets	<u>669,044</u>	<u>618,733</u>
 Total current assets	 13,469,450	 13,280,301
 Property and equipment, net	 421,008	 417,439
Goodwill	938,407	990,372
Intangible assets, net	316,597	385,152
Other assets	<u>317,318</u>	<u>299,879</u>
 Total assets	 <u>\$ 15,462,780</u>	 <u>\$ 15,373,143</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	\$ 8,578,895	\$ 7,760,380
Accrued expenses	835,474	881,672
Short-term debt and current maturities of long-term debt	<u>175,215</u>	<u>127,512</u>
 Total current liabilities	 9,589,584	 8,769,564
 Long-term debt, less current maturities	 1,313,287	 1,982,118
Other liabilities	<u>163,806</u>	<u>298,904</u>
 Total liabilities	 11,066,677	 11,050,586
 Stockholder's equity	 <u>4,396,103</u>	 <u>4,322,557</u>

Total liabilities and stockholder's equity

\$ 15,462,780\$ 15,373,143

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

	Thirteen Weeks Ended	
	December 29, 2018	December 30, 2017
Net sales	\$ 14,830,668	\$ 13,784,599
Cost of sales	13,931,976	12,929,159
Gross profit	<u>898,692</u>	<u>855,440</u>
Operating expenses:		
Selling, general and administrative	660,327	640,935
Amortization of intangible assets	21,708	22,676
Reorganization costs	2,913	3,709
Merger related costs	-	12,872
Loss on sale of affiliates	-	3,028
	<u>684,948</u>	<u>683,220</u>
Income from operations	<u>213,744</u>	<u>172,220</u>
Other (income) expense:		
Interest income	(3,584)	(8,394)
Interest expense	27,652	25,730
Net foreign currency exchange gain	(533)	(7,489)
Other	5,014	5,615
	<u>28,549</u>	<u>15,462</u>
Income before income taxes	185,195	156,758
Provision for income taxes	<u>40,819</u>	<u>101,165</u>
Net income	<u>\$ 144,376</u>	<u>\$ 55,593</u>

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

	Fifty-two Weeks Ended	
	December 29, 2018	December 30, 2017
Net sales	\$ 50,436,670	\$ 46,674,792
Cost of sales	47,258,304	43,725,552
Gross profit	3,178,366	2,949,240
Operating expenses:		
Selling, general and administrative	2,489,257	2,341,483
Amortization of intangible assets	92,566	91,153
Reorganization costs	47,897	15,130
Merger related costs	-	89,785
(Gain) loss on sale of affiliates	(1,940)	3,028
	2,627,780	2,540,579
Income from operations	550,586	408,661
Other (income) expense:		
Interest income	(19,599)	(17,337)
Interest expense	106,360	102,936
Net foreign currency exchange gain	(7,906)	(17,862)
Other	20,861	19,831
	99,716	87,568
Income before income taxes	450,870	321,093
Provision for income taxes	98,684	122,135
Net income	\$ 352,186	\$ 198,958

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

	Fifty-two Weeks Ended	
	December 29, 2018	December 30, 2017
Cash flows from operating activities:		
Net income	\$ 352,186	\$ 198,958
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	208,983	202,926
Share-based compensation	29,639	28,056
Unpaid merger related costs	-	54,262
Loss (gain) on marketable securities, net	2,737	(8,215)
Gain on sale of property and equipment	(1,831)	(3,244)
(Gain) loss on sale of affiliates	(1,940)	3,028
Impairment of property and equipment	1,802	-
Revaluation of other consideration for acquisitions	1,930	(3,162)
Noncash charges for interest and bond discount amortization	3,783	4,223
Deferred income taxes	(26,361)	(44,177)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	(380,866)	(915,120)
Inventory	(179,745)	(388,553)
Other current assets	(100,016)	2,435
Accounts payable	1,214,136	257,586
Change in book overdrafts	(98,738)	(91,398)
Accrued expenses	(120,935)	63,000
Cash provided (used) by operating activities	904,764	(639,395)
Cash flows from investing activities:		
Capital expenditures	(136,853)	(139,647)
Movements from restricted cash	14,379	50,537
Sale of marketable securities, net	3,442	1,280
Proceeds from sale of property and equipment	711	3,654
Proceeds from sale of affiliates	1,318	10,025
Return of investment	2,361	4,350

Acquisitions, net of cash acquired	(3,424)	(82,748)
Cash used by investing activities	<u>(118,066)</u>	<u>(152,549)</u>
Cash flows from financing activities:		
Redemption of senior unsecured notes	-	(300,000)
Equity contribution from Parent	-	37,500
Settlement of stock-based awards due to Merger	(13,520)	(48,997)
Other consideration for acquisitions	(7,479)	(20,138)
Dividends paid to shareholders	(182,505)	(105,758)
Net (repayments of) proceeds from revolving and other credit facilities	<u>(584,966)</u>	<u>983,376</u>
Cash (used) provided by financing activities	<u>(788,470)</u>	<u>545,983</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(13,837)</u>	<u>(645)</u>
Decrease in cash and cash equivalents	(15,609)	(246,606)
Cash and cash equivalents, beginning of year	<u>549,558</u>	<u>796,164</u>
Cash and cash equivalents, end of year	<u>\$ 533,949</u>	<u>\$ 549,558</u>

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

	Thirteen Weeks Ended	
	December 29, 2018	December 30, 2017
Net Sales	\$ 14,830.7	\$ 13,784.6
GAAP Operating Income	\$ 213.7	\$ 172.2
Reorganization, integration and transition costs	23.5	6.0
Amortization of intangible assets	21.7	22.7
Merger related costs	-	12.9
Loss on sale of affiliates	-	3.0
	\$ 258.9	\$ 216.8
Non-GAAP Operating Income		
GAAP Operating Margin	1.44%	1.25%
Non-GAAP Operating Margin	1.75%	1.57%

	Fifty-two Weeks Ended	
	December 29, 2018	December 30, 2017
Net Sales	\$ 50,436.7	\$ 46,674.8
GAAP Operating Income	\$ 550.6	\$ 408.7
Reorganization, integration and transition costs	93.3	29.7
Amortization of intangible assets	92.6	91.2
Merger related costs	-	89.8
(Gain) loss on sale of affiliates	(1.9)	3.0
	\$ 734.6	\$ 622.4
Non-GAAP Operating Income		

GAAP Operating Margin	1.09%	0.88%
Non-GAAP Operating Margin	1.46%	1.33%

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

	Thirteen Weeks Ended	
	December 29,	December 30,
	2018	2017
	Net Income	Net Income
As Reported Under GAAP	\$ 144.4	\$ 55.6
Reorganization, integration and transition costs	18.3	4.0
Amortization of intangible assets	17.0	15.1
Loss on sale of affiliates	-	2.0
Merger related costs	-	8.6
Pan-Europe foreign currency exchange loss (gain)	2.0	(0.3)
Tax impact on US tax reform repatriation tax	(8.5)	-
Tax impact on intercompany sale of certain intangible assets	(11.3)	-
Tax impact on the write-off of net operating loss carryforward of a subsidiary	2.8	-
Tax impact on a subsidiary's foreign currency exchange gain	3.1	-
Impact of US tax reform	-	55.6
Non-GAAP Financial Measure	\$ 167.8	\$ 140.6

	Fifty-two Weeks Ended	
	December 29,	December 30,
	2018	2017
	Net Income	Net Income
As Reported Under GAAP	\$ 352.2	\$ 199.0
Reorganization, integration and transition costs	70.1	20.8
Amortization of intangible assets	69.5	63.7
(Gain) loss on sale of affiliates	(1.5)	2.0
Merger related costs	-	63.7
Pan-Europe foreign currency exchange loss	0.7	2.4
Tax impact on US tax reform repatriation tax	(12.5)	-

Tax impact on intercompany sale of certain intangible assets	(26.6)	-
Tax impact on the write-off of net operating loss carryforward of a subsidiary	2.8	-
Tax impact on a subsidiary's foreign currency exchange gain	3.1	-
Reversal of a valuation allowance against certain deferred tax assets in Australia	-	(30.6)
Impact of US tax reform	-	55.6
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Non-GAAP Financial Measure	\$ 457.8	\$ 376.6
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Note: Amounts above are net of applicable income taxes.

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