

Ingram Micro Reports 2020 Fiscal Year Financial Results

Growth in Cloud, e-Commerce Services, Work- and Learn-from-Home Technology Solutions Helps Drive Sales Growth and Record Profitability

Acquisition by Platinum Equity Remains On-Track to Close at the end of the 2021 Second Quarter

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the 2020 fiscal year ended Jan. 2, 2021. Led by growth in Cloud, e-commerce services and work- and learn-from-home technology solutions, Ingram Micro delivered robust sales and record profits for the year. The company was able to adapt quickly to support global business and consumer shifts in demand created by the global pandemic, helping keep the global supply chain functioning.

Worldwide 2020 fiscal year net sales were \$49.1 billion, an increase of nearly \$2 billion, or 4 percent in USD. The translation of foreign currencies compared to 2019 had a de minimis negative impact on 2020 fiscal year net sales. 2020 fiscal year gross profit increased by more than \$260 million to \$3.6 billion, with gross margin growing by 26 basis points to 7.35 percent. This compares to net sales of \$47.2 billion, gross profit of \$3.3 billion and gross margin of 7.09 percent for the 2019 fiscal year. 2020 fiscal year non-GAAP operating income increased by more than \$160 million to \$979 million, or 1.99 percent of net sales, a 26 basis-point increase over last year, with non-GAAP net income for the 2020 fiscal year up nearly \$150 million to \$676 million. This compares to 2019 fiscal year non-GAAP operating income of \$816 million, or 1.73 percent of net sales, and non-GAAP net income of \$529 million. 2020 fiscal year GAAP operating income was \$896 million, or 1.82 percent of net sales, (with the primary GAAP to non-GAAP difference made up of pre-tax amortization expense of \$63 million), and GAAP net income was \$644 million. This compares to 2019 fiscal year GAAP operating income and net income of \$700 million, or 1.48 percent of net sales, and \$505 million, respectively.

The company also said Platinum Equity's acquisition of Ingram Micro from HNA Technology Co., Ltd. remains on-track to close at the end of the 2021 second quarter.

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 two years 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 tax benefits related to research and development credit, foreign tax credit utilization, net uncertain tax position release and others. 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. 2019 fiscal year non-GAAP operating and net income also excludes the benefit from the receipt of an LCD flat panel class action settlement, as well as tax benefit related to a worthless stock deduction. 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)

	January 2, 2021	December 28, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,410,468	\$ 671,821
Trade accounts receivable, net	8,478,281	7,903,900
Inventory	4,645,902	4,193,232
Other current assets	607,999	688,627
Total current assets	15,142,650	13,457,580
Property and equipment, net	459,308	455,440
Goodwill	975,375	946,953
Intangible assets, net	210,206	253,179
Other assets	397,374	360,296
Total assets	\$ 17,184,913	\$ 15,473,448
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	\$ 9,687,427	\$ 8,088,974
Accrued expenses	1,272,145	1,065,307
Short-term debt and current maturities of long-term debt	79,032	142,437
Total current liabilities	11,038,604	9,296,718
Long-term debt, less current maturities	931,579	1,337,788
Other liabilities	193,970	169,289
Total liabilities	12,164,153	10,803,795
Stockholder's equity	5,020,760	4,669,653
Total liabilities and stockholder's equity	\$ 17,184,913	\$ 15,473,448

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

Fourteen Weeks Ended Thirteen Weeks Ended

	<u>January 2, 2021</u>	<u>December 28, 2019</u>
Net sales	\$ 15,563,306	\$ 12,213,912
Cost of sales	14,453,133	11,248,182
Gross profit	<u>1,110,173</u>	<u>965,730</u>
Operating expenses:		
Selling, general and administrative	792,536	691,366
Amortization of intangible assets	15,745	16,577
	<u>808,281</u>	<u>707,943</u>
Income from operations	<u>301,892</u>	<u>257,787</u>
Other (income) expense:		
Interest income	(7,426)	(5,190)
Interest expense	19,667	26,998
Net foreign currency exchange loss (gain)	175	(1,900)
Other	(6,191)	4,581
	<u>6,225</u>	<u>24,489</u>
Income before income taxes	295,667	233,298
Provision for income taxes	<u>69,615</u>	<u>3,144</u>
Net income	<u>\$ 226,052</u>	<u>\$ 230,154</u>

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

	<u>Fifty-three Weeks Ended</u> <u>January 2, 2021</u>	<u>Fifty-two Weeks Ended</u> <u>December 28, 2019</u>
Net sales	\$ 49,120,453	\$ 47,196,948
Cost of sales	45,510,256	43,850,676
Gross profit	<u>3,610,197</u>	<u>3,346,272</u>
Operating expenses:		
Selling, general and administrative	2,650,999	2,573,609
Amortization of intangible assets	62,807	72,860
	<u>2,713,806</u>	<u>2,646,469</u>
Income from operations	<u>896,391</u>	<u>699,803</u>
Other (income) expense:		
Interest income	(22,773)	(11,946)
Interest expense	86,693	107,487
Net foreign currency exchange gain	(9,001)	(24,257)
Other	(2,263)	21,160
	<u>52,656</u>	<u>92,444</u>
Income before income taxes	843,735	607,359

Provision for income taxes	199,516	102,220
Net income	<u>\$ 644,219</u>	<u>\$ 505,139</u>

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

	Fifty-three Weeks Ended January 2, 2021	Fifty-two Weeks Ended December 28, 2019
Cash flows from operating activities:		
Net income	\$ 644,219	\$ 505,139
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	194,541	194,731
Gain on marketable securities, net	(7,215)	(11,734)
Gain on sale of property and equipment	(1,700)	(788)
Revaluation of other consideration for acquisitions	1,329	(2,775)
Noncash charges for interest and bond discount amortization	2,668	2,123
Deferred income taxes	7,841	(14,459)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	(407,592)	56,629
Inventory	(376,193)	225,398
Other assets	40,055	(40,248)
Accounts payable	1,299,991	(398,086)
Change in book overdrafts	38,286	(63,570)
Accrued expenses	192,342	109,315
Cash provided by operating activities	<u>1,628,572</u>	<u>561,675</u>
Cash flows from investing activities:		
Capital expenditures	(135,125)	(168,782)
Sale (purchase) of marketable securities, net	868	(2,250)
Proceeds from sale of property and equipment	4,332	3,333
Acquisitions, net of cash acquired	(25,169)	(5,701)
Cash used by investing activities	<u>(155,094)</u>	<u>(173,400)</u>
Cash flows from financing activities:		
Other consideration for acquisitions	(124)	(2,582)
Dividends paid to shareholders	(359,938)	(248,665)
Net repayments of revolving and other credit facilities	(477,413)	(1,178)
Cash used by financing activities	<u>(837,475)</u>	<u>(252,425)</u>
Effect of exchange rate changes on cash and cash equivalents	102,644	2,022
Increase in cash and cash equivalents	738,647	137,872
Cash and cash equivalents, beginning of year	<u>671,821</u>	<u>533,949</u>
Cash and cash equivalents, end of year	<u>\$ 1,410,468</u>	<u>\$ 671,821</u>

Ingram Micro Inc.

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

	Fourteen Weeks Ended January 2, 2021	Thirteen Weeks Ended December 28, 2019
Net Sales	\$ 15,563.3	\$ 12,213.9
GAAP Operating Income	\$ 301.9	\$ 257.8
Reorganization, integration and transition costs	15.2	18.0
Amortization of intangible assets	15.7	16.6
Non-GAAP Operating Income	\$ 332.8	\$ 292.4
GAAP Operating Margin	1.94%	2.11%
Non-GAAP Operating Margin	2.14%	2.39%

	Fifty-three Weeks Ended January 2, 2021	Fifty-two Weeks Ended December 28, 2019
Net Sales	\$ 49,120.5	\$ 47,196.9
GAAP Operating Income	\$ 896.4	\$ 699.8
Reorganization, integration and transition costs	19.8	47.5
Amortization of intangible assets	62.8	72.9
Settlement of a class action lawsuit	-	(4.2)
Non-GAAP Operating Income	\$ 979.0	\$ 816.0
GAAP Operating Margin	1.82%	1.48%
Non-GAAP Operating Margin	1.99%	1.73%

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

Fourteen Weeks Ended January 2, 2021	Thirteen Weeks Ended December 28, 2019
Net	

	Net Income	Income
As Reported Under GAAP	\$ 226.1	\$ 230.2
Reorganization, integration and transition costs	9.1	12.2
Amortization of intangible assets	9.5	11.3
Pan-Europe foreign currency exchange loss	1.2	3.5
Tax benefit on worthless stock deduction	-	(57.9)
Tax benefit on foreign tax credit utilization, net uncertain tax position release and various other tax benefits	(6.1)	-
Non-GAAP Financial Measure	<u>\$ 239.8</u>	<u>\$ 199.3</u>

	Fifty-three Weeks Ended	Fifty-two Weeks Ended
	January 2, 2021	December 28, 2019
	Net Income	Net Income
As Reported Under GAAP	\$ 644.2	\$ 505.1
Reorganization, integration and transition costs	12.2	33.1
Amortization of intangible assets	40.7	51.0
Settlement of a class action lawsuit	-	(2.9)
Pan-Europe foreign currency exchange (gain) loss	(0.9)	0.8
Tax benefit on worthless stock deduction	-	(57.9)
Tax benefit on research and development credit	(3.2)	-
Tax benefit on foreign tax credit utilization, net uncertain tax position release and various other tax benefits	(17.3)	-
Non-GAAP Financial Measure	<u>\$ 675.7</u>	<u>\$ 529.2</u>

Note: Amounts above are net of applicable income taxes.

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Source: Ingram Micro Inc.