



Ingram Micro Reports 2020 Fiscal First Quarter Financial Results

IRVINE, Calif.--(BUSINESS WIRE)-- Ingram Micro Inc. today announced financial results for the 2020 fiscal first quarter ended Mar. 28, 2020. Ingram Micro delivered solid performance with a strong increase in gross margin led by robust performance particularly across Technology Solutions and Commerce & Lifecycle Services, as the company continues to execute on its strategic focus on selling higher value solutions and services. Worldwide 2020 first quarter sales were \$10.95 billion, a year-over-year decrease of \$600 million, or 5 percent in USD, as the company focused on delivering a better mix of higher margin sales, as well as addressing increasing requirements for work-from-home solutions. The translation of foreign currencies compared to last year had a negative impact of approximately \$200 million, or nearly 2%, on 2020 first quarter sales. 2020 first quarter gross profit was \$800 million, with gross margin growing by 60 basis points to 7.26 percent. This compares to sales of \$11.58 billion, gross profit of \$770 million and gross margin of 6.66 percent for the 2019 first quarter. 2020 first quarter non-GAAP operating income was \$160 million, or 1.45 percent of revenue, a 12 basis-point increase over last year, with non-GAAP net income for the 2020 first quarter of \$100 million. This compares to 2019 first quarter non-GAAP operating income of \$154 million, or 1.33 percent of revenue, and non-GAAP net income of \$95 million. 2020 first quarter GAAP operating income was \$140 million, or 1.28 percent of revenue, and GAAP net income was \$90 million, with the primary GAAP to non-GAAP difference made up of pre-tax amortization expense of \$15 million. This compares to 2019 first quarter GAAP operating income of \$125 million, or 1.08 percent of revenue, and GAAP net income of \$75 million.

The company said that it began to see a slowdown in demand in March of 2020 related to the COVID-19 pandemic, particularly in certain services and Advanced Solutions categories. In April, Technology Solutions and ecommerce solutions demand continued to be solid across many categories and geographies. However, the shutdown of many businesses around the world may negatively impact the company's financial performance through the remainder of the second and third quarters of 2020.

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 periods 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. 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 first quarter non-GAAP net income also excludes the non-cash tax benefit of a research and development credit. 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>March 28,</u> <u>2020</u>	<u>December 28,</u> <u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 591,465	\$ 671,821
Trade accounts receivable, net	6,814,254	7,903,900
Inventory	4,041,712	4,193,232
Other current assets	<u>683,281</u>	<u>688,627</u>
Total current assets	12,130,712	13,457,580
Property and equipment, net	451,710	455,440
Goodwill	941,536	946,953
Intangible assets, net	231,966	253,179
Other assets	<u>310,117</u>	<u>360,296</u>
Total assets	<u>\$ 14,066,041</u>	<u>\$ 15,473,448</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	\$ 6,996,082	\$ 8,088,974
Accrued expenses	860,366	1,065,307
Short-term debt and current maturities of long-term debt	<u>159,695</u>	<u>142,437</u>
Total current liabilities	8,016,143	9,296,718
Long-term debt, less current maturities	1,410,121	1,337,788
Other liabilities	<u>161,255</u>	<u>169,289</u>
Total liabilities	9,587,519	10,803,795
Stockholder's equity	<u>4,478,522</u>	<u>4,669,653</u>
Total liabilities and stockholder's equity	<u>\$ 14,066,041</u>	<u>\$ 15,473,448</u>

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

	Thirteen Weeks Ended	
	March 28, 2020	March 30, 2019
Net sales	\$ 10,951,448	\$ 11,575,516
Cost of sales	10,156,047	10,804,055
Gross profit	<u>795,401</u>	<u>771,461</u>
Operating expenses:		
Selling, general and administrative	639,272	625,926
Amortization of intangible assets	15,463	19,708
Reorganization costs	205	303
	<u>654,940</u>	<u>645,937</u>
Income from operations	<u>140,461</u>	<u>125,524</u>
Other (income) expense:		
Interest income	(4,442)	(2,353)
Interest expense	24,643	27,038
Net foreign currency exchange gain	(7,414)	(11,070)
Other	6,759	6,369
	<u>19,546</u>	<u>19,984</u>
Income before income taxes	120,915	105,540
Provision for income taxes	<u>29,586</u>	<u>29,005</u>
Net income	<u>\$ 91,329</u>	<u>\$ 76,535</u>

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

	Thirteen Weeks Ended	
	March 28, 2020	March 30, 2019
Cash flows from operating activities:		
Net income	\$ 91,329	\$ 76,535
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	46,533	48,598
Loss (gain) on marketable securities, net	8,906	(5,309)
(Gain) loss on sale of property and equipment	(358)	20

Revaluation of other consideration for acquisitions	224	-
Noncash charges for interest and bond discount amortization	660	578
Deferred income taxes	35,358	(549)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Trade accounts receivable	882,436	1,189,276
Inventory	37,407	(91,181)
Other current assets	(18,744)	641
Accounts payable	(544,938)	(874,940)
Change in book overdrafts	(337,665)	(94,607)
Accrued expenses	(189,709)	(43,094)
Cash provided by operating activities	<u>11,439</u>	<u>205,968</u>

Cash flows from investing activities:

Capital expenditures	(33,670)	(42,953)
Purchase of marketable securities, net	(905)	(2,095)
Proceeds from sale of property and equipment	569	337
Acquisitions, net of cash acquired	(18,260)	-
Cash used by investing activities	<u>(52,266)</u>	<u>(44,711)</u>

Cash flows from financing activities:

Other consideration for acquisitions	-	(1,600)
Dividends paid to shareholders	(124,785)	(82,710)
Net proceeds from (repayments of) revolving and other credit facilities	118,568	(53,499)
Cash used by financing activities	<u>(6,217)</u>	<u>(137,809)</u>

Effect of exchange rate changes on cash and cash equivalents	<u>(33,312)</u>	<u>(3,471)</u>
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(Decrease) increase in cash and cash equivalents	(80,356)	19,977
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Cash and cash equivalents, beginning of period	<u>671,821</u>	<u>533,949</u>
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Cash and cash equivalents, end of period	<u>\$ 591,465</u>	<u>\$ 553,926</u>
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Ingram Micro Inc.
Supplementary Information
Income from Operations - Reconciliation of GAAP to Non-GAAP Information
(Amounts in Millions)
(Unaudited)

	Thirteen Weeks Ended	
	March 28, 2020 March 30, 2019	
Net Sales	<u>\$ 10,951.4</u>	<u>\$ 11,575.5</u>
GAAP Operating Income	\$ 140.5	\$ 125.5
Reorganization, integration and transition costs	2.5	8.4
Amortization of intangible assets	<u>15.5</u>	<u>19.7</u>

Non-GAAP Operating Income	\$ 158.5	\$ 153.6
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GAAP Operating Margin	1.28%	1.08%
Non-GAAP Operating Margin	1.45%	1.33%

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

Thirteen Weeks Ended
March 28, 2020 **March 30, 2019**

	<u>Net Income</u>	<u>Net Income</u>
As Reported Under GAAP	\$ 91.3	\$ 76.5
Reorganization, integration and transition costs	1.6	6.3
Amortization of intangible assets	10.1	14.8
Pan-Europe foreign currency exchange gain	(0.2)	(2.5)
Tax benefit on research and development credit	(1.7)	-
Non-GAAP Financial Measure	<u>\$ 101.1</u>	<u>\$ 95.1</u>

Note: Amounts above are net of applicable income taxes.

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Source: Ingram Micro Inc.