

NEWS RELEASE

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Ingram Micro Reports Fourth Quarter Earnings

Strong Revenue Growth Drives 17% Increase in Non-GAAP Operating Income

SANTA ANA, Calif., Feb. 26, 2015 /PRNewswire/ -- Ingram Micro Inc. (NYSE: IM) today announced financial results for the fourth quarter ended Jan. 3, 2015

<i>(US\$ in millions, except EPS and diluted shares)</i>	Fourth Quarter Ended			Year Ended		
	Jan. 3,	Dec. 28,	Change	Jan. 3,	Dec. 28,	Change
	2015	2013		2015	2013	
Net sales	\$13,956	\$11,833	18%	\$46,487	\$42,554	9%
Non-GAAP operating income	\$247	\$211	17%	\$676	\$598	13%
Non-GAAP operating margin	1.77%	1.78%	-1 bps	1.45%	1.41%	4 bps
Operating income	\$201	\$173	16%	\$487	\$515	-5%
Operating margin	1.44%	1.46%	-2 bps	1.05%	1.21%	-16 bps
Non-GAAP net income	\$156	\$139	12%	\$409	\$371	10%
Net income	\$119	\$112	6%	\$267	\$311	-14%
Non-GAAP earnings per diluted share	\$0.98	\$0.88	11%	\$2.56	\$2.37	8%
Earnings per diluted share	\$0.74	\$0.71	4%	\$1.67	\$1.99	-16%
Diluted shares outstanding (millions)	159.9	158.1		159.5	156.3	
<i>A reconciliation of GAAP financial measures to non-GAAP financial measures is presented in the Supplementary Information section in this press release.</i>						

Alain Monie, Ingram Micro CEO, commented, "As illustrated by strong financial performance, the fourth quarter was an excellent finish to another year of executing on our long-term plans and financial commitments. We continued to grow revenue well above market rates, resulting from strong performance across all regions and in all of our major product and services lines, including accelerated growth rates in mobility, supply chain solutions and cloud. We are consistently winning important customer contracts and vendor authorizations globally and we are profitably gaining share in a number of markets as illustrated by a 17 percent increase in non-GAAP operating income and 11 percent growth in non-GAAP earnings per diluted share. As our full year financial expectations indicate, we remain confident in our ability to deliver continued strong earnings growth, improved returns on capital and meaningful local currency revenue growth, particularly in our services business."

Fourth Quarter Results of Operations

Driven by strong growth across all geographies, worldwide sales increased year-over-year by more than \$2 billion to \$14.0 billion versus \$11.8 billion in the 2013 fourth quarter. The addition of a 14th week in the 2014 fourth quarter benefited worldwide sales by approximately 7 percentage points when compared to last year. The translation of foreign currencies resulted in a year-over-year headwind to fourth quarter revenue growth of more than 4 percentage points. Non-GAAP operating income was up 17% over last year benefiting from strong performance in North America and Asia Pacific, driven by solid operating leverage and increasing revenue contribution from key strategic initiatives, including mobility, supply chain solutions and cloud. Europe's profitability was negatively impacted by the strengthening U.S. Dollar, a greater mix of consumer product sales and increased competitive pricing pressure. Interest and other expense increased by more than \$10 million over the 2013 fourth quarter, due primarily to higher interest expense and nearly \$4 million in higher foreign currency exchange losses.

2014 fourth quarter non-GAAP net income was \$156 million, leading to an historical high in earnings of 98 cents per diluted share, up from non-GAAP net income of \$139 million, or 88 cents per diluted share in the prior year's fourth quarter. The translation of foreign currencies negatively impacted 2014 fourth quarter non-GAAP net income by \$8 million, or 5 cents per diluted share, when compared to the 2013 fourth quarter.

Key 2014 fourth quarter business highlights:

- Ingram Micro is strengthening its position as a leading global provider of device lifecycle services with the acquisition of ANOVO, a provider of reverse logistics and repair services for high-tech products such as smartphones and set-top boxes. The acquisition is expected to close in the 2015 first quarter. ANOVO generates annual revenue in excess of \$300 million from operations in 11 countries across Europe and Latin America.
- The company broadened its geographic reach and expanded its capabilities around high value solutions with the acquisition of a majority interest in Armada, the largest value-added technology distributor in Turkey with annual revenues of approximately \$300 million.
- Gartner, Inc. named CloudBlue, an Ingram Micro company and a leading provider of IT [asset disposition services](#) (ITAD), a "Leader" in the recently released "Magic Quadrant for IT Asset Disposition, Worldwide."
- Ingram Micro further expanded its cloud marketplace to channel partners in Canada and Mexico, bringing an automated platform that makes it easier and more profitable for channel partners to deliver cloud services to small and mid-sized businesses. For the 2014 year, the company's cloud business grew in excess of 100 percent.
- Google has teamed with Ingram Micro to handle inventory and shipping for a "modular" smartphone in a pilot region.
- Ingram Micro further expanded its government business with the addition of VMWare's line of solutions.
- Dell named Ingram Micro "Distribution Partner of the Year" for the second consecutive year.
- Microsoft awarded Ingram Micro the Gold Level of Excellence in Operations for delivering market-leading operational excellence supporting Microsoft technology over the past year.
- Cisco honored the company as its [Global Collaboration Midmarket Distributor of the Year](#).

Outlook

The following statements are based on the company's current expectations for the 2015 first quarter and fiscal year and exclude the amortization of intangible assets, charges associated with acquisition-related costs, reorganization, integration and transition costs and other expense reduction programs and 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. These statements are forward-looking and actual results may differ materially.

For 2015, Ingram Micro expects the demand environment to remain stable and expects that the company will continue to outpace IT spending growth in local currency in the majority of its countries.

For the 2015 year, revenue is expected to grow mid-single digits in local currency and to be relatively flat in U.S. dollars. The negative effect of currency translation versus last year impacts Ingram Micro's previously provided earnings expectations for 2015 by approximately 15 cents per diluted share. The company's financial expectations assume the average exchange rate for the 2015 year to be a \$1.15 per Euro.

For the 2015 first quarter, revenue in U.S. dollars is expected to be flat to up 3 percent versus last year. The company anticipates, however, that it will continue to face increased competitive pricing pressure in Europe. Non-GAAP earnings per diluted share for the 2015 first quarter is expected to be in the range of 40 to 47 cents, which includes a negative impact of 4 cents related to currency movement, when compared with the first quarter last year.

Non-GAAP Disclosures

In addition to GAAP results, Ingram Micro is reporting non-GAAP operating income, non-GAAP operating margin, non-GAAP net income and non-GAAP earnings per diluted share. These non-GAAP measures exclude charges associated with reorganization, integration and transition costs, including those associated with the company's previously announced organizational effectiveness program and integration of BrightPoint, as well as acquisition-related costs and the amortization of intangible assets. These non-GAAP financial measures also exclude a benefit related to the receipt of an LCD flat panel class action settlement and the impact of a reserve recorded in 2013 for estimated potential charges related to indirect tax declarations in Europe. Non-GAAP net income and non-GAAP earnings per diluted share also exclude 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.

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 similar 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 and may not be comparable to similarly titled measures used by other companies.

Reconciliation of GAAP to non-GAAP financial measures for the periods presented are attached to the press release.

Conference Call and Webcast

Additional information about Ingram Micro's financial results will be presented in a conference call with presentation slides today at 5 p.m. ET. To listen to the conference call webcast and view the accompanying presentation slides, visit the company's website at www.ingrammicro.com (Investor Relations section). The conference call is also accessible by telephone at (877) 869-3847 (toll-free within the United States and Canada) or (201) 689-8261 (other countries).

The replay of the conference call with presentation slides will be available for one week at www.ingrammicro.com (Investor Relations section) or by calling (877) 660-6853 or (201) 612-7415, conference ID "13599198."

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.

Cautionary Statement for the Purpose of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995

The matters in this press release that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act, including statements relating to the expected benefits from new wins and market share and our ability to enhance earnings power, are based on current management expectations. Certain risks may cause such expectations to not be achieved and, in turn, may have a material adverse effect on Ingram Micro's business, financial condition and results of operations. Ingram Micro disclaims any duty to update any forward-looking statements. Important risk factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, without limitation: (1) changes in macro-economic conditions can affect our business and results of operations; (2) our acquisition and investment strategies may not produce the expected benefits, which may adversely affect results of operations; (3) we are dependent on a variety of information systems, which, if not properly functioning, and available, or if we experience system security breaches, data protection breaches or other cyber-attacks, could adversely disrupt our business and harm our reputation and net sales; (4) failure to retain and recruit key personnel would harm our ability to meet key objectives; (5) we operate a global business that exposes us to risks associated with conducting business in multiple jurisdictions; (6) our failure to adequately adapt to industry changes could negatively impact our future operating results; (7) we continually experience intense competition across all markets for our products and services; (8) termination of a key supply or services agreement or a significant change in supplier terms or conditions of sale could negatively affect our operating margins, revenue or the level of capital required to fund our operations; (9) substantial defaults by our customers or the loss of significant customers could negatively impact our business, results of operations, financial condition or liquidity; (10) changes in, or interpretations of, tax rules and regulations, changes in the mix of our business amongst different tax jurisdictions, and deterioration of the performance of our business may adversely affect our effective income tax rates or operating

margins and we may be required to pay additional taxes and/or tax assessments, as well as record valuation allowances relating to our deferred tax assets; (11) our goodwill and identifiable intangible assets could become impaired, which could reduce the value of our assets and reduce our net income in the year in which the write-off occurs; (12) changes in our credit rating or other market factors, such as adverse capital and credit market conditions or reductions in cash flow from operations may affect our ability to meet liquidity needs, reduce access to capital, and/or increase our costs of borrowing; (13) we cannot predict the outcome of litigation matters and other contingencies that we may be involved with from time to time; (14) We may become involved in intellectual property disputes that could cause us to incur substantial costs, divert the efforts of management or require us to pay substantial damages or licensing fees; (15) Our failure to comply with the requirements of environmental regulations could adversely affect our business; (16) we face a variety of risks in our reliance on third-party service companies, including shipping companies, for the delivery of our products and outsourcing arrangements; (17) changes in accounting rules could adversely affect our future operating results; and (18) our quarterly results have fluctuated significantly. There are additional contingencies associated with each of the above identified risks. For example, in connection with our acquisition strategy, we risk failing to realize the anticipated benefits of an acquisition due to, among other things, the unsuccessful integration of an acquired business. Despite its global presence, Ingram Micro may fail to proactively identify and tap into emerging markets and geographies. We have historically instituted, and will continue to institute, changes to our strategies, operations and processes in an effort to address and mitigate risks; however, there are no assurances that Ingram Micro will be successful in these efforts. For a further discussion of significant factors to consider in connection with forward-looking statements concerning Ingram Micro, reference is made to our SEC filings, and specifically to Item 1A- Risk Factors, of our latest Annual Report on Form 10K .

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SOURCE Ingram Micro Inc.

Headquarter Santa Ana:

Damon Wright, (714) 382-5013, damon.wright@ingrammicro.com