



NEWS

FOR IMMEDIATE RELEASE

Tech Data Reports First Quarter Fiscal Year 2020 Results

CLEARWATER, Fla., (May 30, 2019) -- Tech Data (NASDAQ: TECD) (the “Company”) today announced its financial results for the first quarter ended April 30, 2019.

	First quarter ended April 30,		
	2019	2018	Y/Y Change
<i>(\$ in millions, except per share amounts)</i>			
Net Sales	\$8,406.4	\$8,548.3	-2%
Gross profit	\$509.4	\$523.1	-3%
Gross margin	6.06%	6.12%	-6 bps
SG&A expenses (GAAP)	\$405.8	\$422.4	-4%
<i>% of net sales</i>	4.83%	4.94%	-11 bps
SG&A expenses (Non-GAAP)	\$384.6	\$399.1	-4%
<i>% of net sales</i>	4.58%	4.67%	-9 bps
Operating income (GAAP)	\$97.6	\$70.5	38%
Operating margin (GAAP)	1.16%	0.82%	34 bps
Operating income (Non-GAAP)	\$124.8	\$124.1	1%
Operating margin (Non-GAAP)	1.48%	1.45%	3 bps
Net income (GAAP)	\$55.4	\$33.7	64%
Net income (Non-GAAP)	\$75.9	\$70.8	7%
EPS - diluted (GAAP)	\$1.49	\$0.87	71%
EPS - diluted (Non-GAAP)	\$2.04	\$1.84	11%

A reconciliation of GAAP to non-GAAP financial measures is presented in the financial tables of this press release. This information is also available on the Investor Relations section of Tech Data’s website at www.techdata.com/investor.

“We are pleased to report a solid start to Tech Data’s fiscal year 20. In Q1 we delivered double-digit earnings per share growth, generated positive cash flow and earned an industry-leading return on invested capital – all while making good progress on our strategy and continuing to invest for the future. Our worldwide teams executed well in the quarter, despite market uncertainty,” said Rich Hume, chief executive officer. “Looking ahead, although IT market growth has slowed somewhat from the year ago levels, demand continues to be solid and we remain positive on the overall IT spending outlook.”

Regional Financial Highlights for the First Quarter Ended April 30, 2019:

(\$ in millions)	First quarter ended April 30,		
	2019	2018	Y/Y Change
AMERICAS			
Net Sales	\$3,789.2	\$3,618.2	5%
<i>% of WW net sales</i>	45%	42%	
Operating income (GAAP)	\$68.6	\$61.3	12%
<i>% of net sales</i>	1.81%	1.70%	11 bps
Operating income (Non-GAAP)	\$84.7	\$85.9	-1%
<i>% of net sales</i>	2.24%	2.38%	-14 bps
EUROPE			
Net Sales	\$4,309.5	\$4,661.7	-8%
<i>% of WW net sales</i>	51%	55%	
Operating income (GAAP)	\$36.4	\$17.3	110%
<i>% of net sales</i>	0.85%	0.37%	48 bps
Operating income (Non-GAAP)	\$45.6	\$43.6	4%
<i>% of net sales</i>	1.06%	0.94%	12 bps
ASIA PACIFIC			
Net Sales	\$307.7	\$268.4	15%
<i>% of WW net sales</i>	4%	3%	
Operating income (loss) (GAAP)	\$0.9	(\$0.6)	NM
<i>% of net sales</i>	0.28%	-0.21%	49 bps
Operating income (Non-GAAP)	\$2.8	\$1.1	161%
<i>% of net sales</i>	0.91%	0.40%	51 bps

Note: NM = not meaningful, WW = worldwide

Stock-based compensation expense was \$8.3 million, an increase of \$0.7 million, compared to the prior-year quarter. These expenses are excluded from the regional operating results and presented as a separate line item in the company's segment reporting (see the GAAP to non-GAAP reconciliation in the financial tables of this press release).

- Net sales were \$8.4 billion, a decrease of 2 percent compared to the prior-year quarter. On a constant currency basis, net sales increased 3 percent.
 - Americas: Net sales were \$3.8 billion, an increase of 5 percent compared to the prior-year quarter. On a constant currency basis, net sales increased 6 percent.
 - Europe: Net sales were \$4.3 billion, a decrease of 8 percent compared to the prior-year quarter. On a constant currency basis, net sales increased 1 percent.
 - Asia Pacific: Net sales were \$0.3 billion, an increase of 15 percent compared to the prior-year quarter. On a constant currency basis, net sales increased 19 percent.
- Net cash generated by operations during the quarter was \$63 million.

- Return on invested capital for the trailing twelve months was 13 percent, compared to 4 percent in the prior year. Adjusted return on invested capital for the trailing twelve months was 14 percent, compared to 11 percent in the prior year.

“During Q1, we generated \$63 million in cash from operations, returned \$36 million to our shareholders through share repurchases, and for the trailing twelve month period, earned an adjusted return on invested capital of 14 percent. In addition, we recently improved our liquidity profile to enhance our financial strength and flexibility – all of which reflect our disciplined approach to optimizing our business and commitment to creating shareholder value,” said Chuck Dannewitz, executive vice president, chief financial officer.

Business Outlook

- For the quarter ending July 31, 2019, the Company anticipates:
 - Worldwide net sales to be in the range of \$8.6 billion to \$8.9 billion
 - EPS to be in the range of \$1.53 to \$1.83 and non-GAAP EPS to be in the range of \$2.15 to \$2.45
 - An effective tax rate in the range of 24 percent to 26 percent
- This guidance assumes an average U.S. dollar to euro exchange rate of \$1.12 to €1.00 which compares to \$1.17 to €1.00 in the year-ago period.

Webcast Details

Tech Data will hold a conference call today at 9:00 a.m. (ET) to discuss its financial results for the first quarter ended April 30, 2019. A webcast of the call, including supplemental schedules, will be available to all interested parties and can be obtained at www.techdata.com/investor. The webcast will be available for replay for three months.

Non-GAAP Financial Information

The non-GAAP financial information contained in this release is included with the intention of providing investors a more complete understanding of the Company’s operational results and trends, but should only be used in conjunction with results reported in accordance with Generally Accepted Accounting Principles (“GAAP”). Certain non-GAAP measures presented in this release or other releases, presentations and similar documents issued by the Company include sales, income or expense items as adjusted for the impact of changes in foreign currencies (referred to as “constant currency”), non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP earnings per diluted share and Adjusted Return on Invested Capital. Certain non-GAAP measures also exclude acquisition-related intangible assets amortization expense, benefits associated with legal settlements, acquisition, integration and restructuring expenses, value-added tax assessments and related interest expense, tax indemnifications and changes in deferred tax valuation allowances. A detailed reconciliation of the adjustments between results calculated using GAAP and non-GAAP in this release is contained in the attached financial schedules. This information can also be obtained from the Company’s Investor Relations website at www.techdata.com/investor.

Forward-Looking Statements

Certain statements in this communication may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, including statements regarding Tech Data’s plans, objectives, expectations and intentions, Tech Data’s financial results and estimates and/or business prospects, involve a number of risks and uncertainties and actual results could differ materially from those projected. These forward looking statements are based on current expectations, estimates, forecasts, and projections about the operating environment, economies and markets in which Tech Data operates and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words, and similar expressions are intended to identify such forward looking statements. In addition, any statements that refer to projections of Tech Data’s future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances, are forward looking statements. These forward looking statements are only predictions and are subject to risks, uncertainties, and assumptions. Therefore, actual results may differ materially and adversely from those expressed in any forward looking statements.

For additional information with respect to risks and other factors which could occur, see Tech Data’s Annual Report on Form 10-K for the year ended January 31, 2019, including Part I, Item 1A, “Risk Factors” therein, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other securities filings with the

Securities and Exchange Commission (the "SEC") that are available at the SEC's website at www.sec.gov and other securities regulators. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Many of these factors are beyond Tech Data's control. Unless otherwise required by applicable securities laws, Tech Data disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Tech Data undertakes no duty to update any forward looking statements contained herein to reflect actual results or changes in Tech Data's expectations.

About Tech Data

Tech Data connects the world with the power of technology. Our end-to-end portfolio of products, services and solutions, highly specialized skills, and expertise in next-generation technologies enable channel partners to bring to market the products and solutions the world needs to connect, grow and advance. Tech Data is ranked No. 88 on the Fortune 500® and has been named one of Fortune's "World's Most Admired Companies" for 10 straight years. To find out more, visit www.techdata.com or follow us on [Twitter](#), [LinkedIn](#), and [Facebook](#).

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TECH DATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three months ended April 30,	
	2019	2018
Net sales	\$ 8,406,424	\$ 8,548,319
Cost of products sold	7,897,045	8,025,202
Gross profit	509,379	523,117
Operating expenses:		
Selling, general and administrative expenses	405,816	422,361
Acquisition, integration, and restructuring expenses	6,221	33,225
Legal settlements and other, net	(282)	(2,965)
	<u>411,755</u>	<u>452,621</u>
Operating income	97,624	70,496
Interest expense	26,257	25,922
Other (income) expense, net	(693)	1,917
Income before income taxes	72,060	42,657
Provision for income taxes	16,660	8,958
Net income	<u>\$ 55,400</u>	<u>\$ 33,699</u>
Earnings per share:		
Basic	<u>\$ 1.50</u>	<u>\$ 0.88</u>
Diluted	<u>\$ 1.49</u>	<u>\$ 0.87</u>
Weighted average common shares outstanding:		
Basic	<u>37,011</u>	<u>38,281</u>
Diluted	<u>37,247</u>	<u>38,561</u>

TECH DATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(In thousands, except par value and share amounts)
(Unaudited)

	April 30, 2019	January 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 797,500	\$ 799,123
Accounts receivable, net	5,423,370	6,241,740
Inventories	3,260,840	3,297,385
Prepaid expenses and other assets	367,858	354,601
Total current assets	<u>9,849,568</u>	<u>10,692,849</u>
Property and equipment, net	271,906	274,917
Goodwill	887,175	892,990
Intangible assets, net	924,338	950,858
Other assets, net	378,762	174,938
Total assets	<u>\$ 12,311,749</u>	<u>\$ 12,986,552</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,715,555	\$ 7,496,466
Accrued expenses and other liabilities	984,366	1,000,126
Revolving credit loans and current maturities of long-term debt, net	123,092	110,368
Total current liabilities	<u>7,823,013</u>	<u>8,606,960</u>
Long-term debt, less current maturities	1,297,943	1,300,554
Other long-term liabilities	274,887	142,315
Total liabilities	<u>\$ 9,395,843</u>	<u>\$ 10,049,829</u>
Shareholders' equity:		
Common stock, par value \$0.0015; 200,000,000 shares authorized; 59,245,585 shares issued at April 30, 2019 and January 31, 2019	\$ 89	\$ 89
Additional paid-in capital	836,508	844,206
Treasury stock, at cost (22,483,529 and 22,305,464 shares at April 30, 2019 and January 31, 2019)	(1,065,657)	(1,037,872)
Retained earnings	3,141,914	3,086,514
Accumulated other comprehensive income	3,052	43,786
Total shareholders' equity	<u>2,915,906</u>	<u>2,936,723</u>
Total liabilities and shareholders' equity	<u>\$ 12,311,749</u>	<u>\$ 12,986,552</u>

TECH DATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

(Unaudited)

	Three months ended April 30,	
	2019	2018
Cash flows from operating activities:		
Cash received from customers	\$ 11,913,347	\$ 11,514,374
Cash paid to vendors and employees	(11,800,318)	(12,038,399)
Interest paid, net	(35,101)	(33,763)
Income taxes paid	(14,739)	(8,830)
Net cash provided by (used in) operating activities	<u>63,189</u>	<u>(566,618)</u>
Cash flows from investing activities:		
Expenditures for property and equipment	(7,745)	(4,894)
Software and software development costs	(7,534)	(3,561)
Other	(548)	(267)
Net cash used in investing activities	<u>(15,827)</u>	<u>(8,722)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	(5,224)	(2,899)
Cash paid for debt issuance costs	(1,028)	—
Net borrowings (repayments) on revolving credit loans	14,227	(13,291)
Payments for employee tax withholdings on equity awards	(8,602)	(6,255)
Proceeds from the reissuance of treasury stock	495	442
Repurchases of common stock	(35,681)	—
Net cash used in financing activities	<u>(35,813)</u>	<u>(22,003)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(13,172)</u>	<u>(12,708)</u>
Net decrease in cash and cash equivalents	(1,623)	(610,051)
Cash and cash equivalents at beginning of year	799,123	955,628
Cash and cash equivalents at end of period	<u>\$ 797,500</u>	<u>\$ 345,577</u>
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ 55,400	\$ 33,699
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	37,257	40,481
Provision for losses on accounts receivable	1,765	924
Stock-based compensation expense	8,305	7,587
Accretion of debt discount and debt issuance costs	378	378
Changes in operating assets and liabilities:		
Accounts receivable	751,836	670,528
Inventories	2,450	(7,387)
Prepaid expenses and other assets	2,245	(30,344)
Accounts payable	(706,381)	(1,132,019)
Accrued expenses and other liabilities	(90,066)	(150,465)
Total adjustments	<u>7,789</u>	<u>(600,317)</u>
Net cash provided by (used in) operating activities	<u>\$ 63,189</u>	<u>\$ (566,618)</u>

TECH DATA CORPORATION AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION

(In thousands)

	Three months ended April 30, 2019				Consolidated
	Americas ⁽¹⁾	Europe ⁽¹⁾	Asia Pacific ⁽¹⁾	Stock Compensation Expense	
Net Sales	\$ 3,789,198	\$ 4,309,500	\$ 307,726		\$ 8,406,424
Operating income (GAAP) ⁽¹⁾	\$ 68,633	\$ 36,420	\$ 876	\$ (8,305)	\$ 97,624
Acquisition, integration and restructuring expenses	2,911	3,024	286	-	6,221
Legal settlements and other, net	(282)	-	-	-	(282)
Tax indemnifications	-	-	320	-	320
Acquisition-related intangible assets amortization expense	13,440	6,115	1,324	-	20,879
Total non-GAAP operating income adjustments	\$ 16,069	\$ 9,139	\$ 1,930	\$ -	\$ 27,138
Operating income (non-GAAP)	\$ 84,702	\$ 45,559	\$ 2,806	\$ (8,305)	\$ 124,762
Operating margin (GAAP)	1.81%	0.85%	0.28%		1.16%
Operating margin (non-GAAP)	2.24%	1.06%	0.91%		1.48%

⁽¹⁾ GAAP operating income does not include stock compensation expense at the regional level.

	Three months ended April 30, 2018				Consolidated
	Americas ⁽¹⁾	Europe ⁽¹⁾	Asia Pacific ⁽¹⁾	Stock Compensation Expense	
Net Sales	\$ 3,618,206	\$ 4,661,702	\$ 268,411		\$ 8,548,319
Operating income (loss) (GAAP) ⁽¹⁾	\$ 61,342	\$ 17,318	\$ (577)	\$ (7,587)	\$ 70,496
Acquisition, integration and restructuring expenses	13,916	17,988	321	1,000	33,225
Legal settlements and other, net	(2,965)	-	-	-	(2,965)
Acquisition-related intangible assets amortization expense	13,643	8,329	1,332	-	23,304
Total non-GAAP operating income adjustments	\$ 24,594	\$ 26,317	\$ 1,653	\$ 1,000	\$ 53,564
Operating income (non-GAAP)	\$ 85,936	\$ 43,635	\$ 1,076	\$ (6,587)	\$ 124,060
Operating margin (GAAP)	1.70%	0.37%	-0.21%		0.82%
Operating margin (non-GAAP)	2.38%	0.94%	0.40%		1.45%

⁽¹⁾ GAAP operating income does not include stock compensation expense at the regional level.

TECH DATA CORPORATION AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION

(In thousands)

Selling, general and administrative expenses ("SG&A")	Three months ended April 30,	
	2019	2018
Net Sales	<u>\$ 8,406,424</u>	<u>\$ 8,548,319</u>
SG&A Expenses (GAAP)	<u>\$ 405,816</u>	<u>\$ 422,361</u>
Tax indemnifications	(320)	-
Acquisition-related intangible assets amortization expense	(20,879)	(23,304)
SG&A Expenses (non-GAAP)	<u>\$ 384,617</u>	<u>\$ 399,057</u>
SG&A Expenses (GAAP) %	4.83%	4.94%
SG&A Expenses (non-GAAP) %	4.58%	4.67%

	Three months ended April 30,			
	2019		2018	
	Net Income	Diluted EPS	Net Income	Diluted EPS
GAAP Results	\$55,400	\$1.49	\$33,699	\$0.87
Acquisition, integration and restructuring expenses	6,221	0.17	33,225	0.86
Legal settlements and other, net	(282)	(0.01)	(2,965)	(0.08)
Value added tax assessments and related interest expense	-	-	(928)	(0.02)
Tax indemnifications	320	0.01	-	-
Acquisition-related intangible assets amortization expense	20,879	0.56	23,304	0.61
Income tax effect of tax indemnifications	(320)	(0.01)	-	-
Income tax effect of other adjustments above	(6,321)	(0.17)	(12,908)	(0.33)
Change in deferred tax valuation allowances	-	-	(2,600)	(0.07)
Non-GAAP Results	<u>\$75,897</u>	<u>\$2.04</u>	<u>\$70,827</u>	<u>\$1.84</u>

Return on Invested Capital (ROIC)

	Twelve months ended April 30,	
	2019	2018
TTM Net Operating Profit After Tax (NOPAT)*:		
Operating income	\$ 520,930	\$ 405,497
Income taxes on operating income ⁽¹⁾	(52,272)	(242,229)
NOPAT	\$ 468,658	\$ 163,268
Average Invested Capital:		
Short-term debt (5-qtr end average)	\$ 115,018	\$ 262,413
Long-term debt (5-qtr end average)	1,361,506	1,683,828
Shareholders' Equity (5-qtr end average)	2,881,968	2,745,501
Total average capital	4,358,492	4,691,742
Less: Cash (5-qtr end average)	(676,308)	(751,732)
Average invested capital less average cash	\$ 3,682,184	\$ 3,940,010
ROIC	13%	4%

* Trailing Twelve Months is abbreviated as TTM.

⁽¹⁾ Income taxes on operating income was calculated using the trailing twelve months effective tax rate.

Adjusted Return on Invested Capital (ROIC)

	Twelve months ended April 30,	
	2019	2018
TTM Net Operating Profit After Tax (NOPAT), as adjusted*:		
Non-GAAP operating income ⁽¹⁾	\$ 708,588	\$ 603,559
Income taxes on non-GAAP operating income ⁽²⁾	(179,283)	(178,518)
NOPAT, as adjusted	\$ 529,305	\$ 425,041
Average Invested Capital, as adjusted:		
Short-term debt (5-qtr end average)	\$ 115,018	\$ 262,413
Long-term debt (5-qtr end average)	1,361,506	1,683,828
Shareholders' Equity (5-qtr end average)	2,881,968	2,745,501
Tax effected impact of non-GAAP adjustments ⁽³⁾	44,860	95,713
Total average capital, as adjusted	4,403,352	4,787,455
Less: Cash (5-qtr end average)	(676,308)	(751,732)
Average invested capital less average cash	\$ 3,727,044	\$ 4,035,723
Adjusted ROIC	14%	11%

* Trailing Twelve Months is abbreviated as TTM.

⁽¹⁾ Represents operating income as adjusted to exclude acquisition, integration and restructuring expenses, legal settlements and other, net, gain on disposal of subsidiary, value added tax assessments, acquisition-related intangible assets amortization expense, goodwill impairment and tax indemnifications.

⁽²⁾ Income taxes on non-GAAP operating income was calculated using the trailing twelve months effective tax rate adjusted for the impact of non-GAAP adjustments during the respective periods.

⁽³⁾ Represents the 5 quarter average of the year-to-date impact of non-GAAP adjustments.

Guidance Reconciliation

	Three months ending July 31, 2019	
	Low end of guidance range	High end of guidance range
Earnings per share - diluted	\$1.53	\$1.83
Acquisition, integration and restructuring expenses	0.59	0.59
Acquisition-related amortization of intangibles	0.24	0.24
Income tax effect of the above adjustments	(0.21)	(0.21)
Non-GAAP earnings per share - diluted	\$2.15	\$2.45