PARTICIPANTS

Corporate Participants

Lori Barker – Senior Director-Investor Relations
Thomas C. Alsborg – Chief Financial Officer
Kevin M. Murai – President, Chief Executive Officer & Director
Dennis Polk – Chief Operating Officer
Christopher Caldwell – Senior VP & GM-Global Business Services

Other Participants

Matt Sheerin – Analyst, Stifel, Nicolaus & Co., Inc.
Brian G. Alexander – Analyst, Raymond James & Associates
Louis R. Miscioscia – Analyst, Collins Stewart LLC
Ananda Baruah – Analyst, Brean, Murray, Carret & Co. LLC
Craig M. Hettenbach – Analyst, Goldman Sachs & Co.

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Doris and I will be your conference operator today. At this time, I would like to welcome everyone to the SYNNEX 2011 Fourth Quarter Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. Thank you.

At this time, I would like to pass the call over to Lori Barker, Senior Director-Investor Relations at SYNNEX Corporation.

Ms. Barker, you may begin your conference.

Lori Barker, Senior Director-Investor Relations

Thank you, Doris. Good afternoon and welcome to the SYNNEX Corporation's fiscal 2011 fourth quarter and fiscal year end conference call for the period ended November 30, 2011. Joining us on today's call are: Kevin Murai, President and Chief Executive Officer; Dennis Polk, Chief Operating Officer; Thomas Alsborg, Chief Financial Officer; and Chris Caldwell, Senior Vice President and General Manager of Global Business Services.

Before we begin, I would like to note that the statements on today's call, which are not historical facts, may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements include, but are not limited to, statements regarding our strategy, including growth, market share, profitability and returns, our leadership position, expectations of our revenues, net income and diluted earnings per share for the first quarter of fiscal 2012, our performance, general and economic recovery, the impact and integration of our recent acquisitions, the impact of events in Japan, benefits of our business model, our product mix including the launch of our new products and services, anticipated benefits of our new BPO renewal business, IT demand expectations and market conditions, operating expenses and operating margins.

These are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements. Please refer to today's press release and documents filed with the Securities and Exchange Commission, specifically on our most recent Form 10-Q for information on risk factors that could cause actual results to differ materially from those discussed in forward-looking statements. Additionally, this conference call is the property of SYNNEX Corporation and may not be recorded or rebroadcast without specific written permission from the company.

Now, I'd like to turn the call over to Thomas Alsborg for an update on our financial performance. Thomas?

Thomas C. Alsborg, Chief Financial Officer

Thank you, Lori. Good afternoon, everyone and thank you for joining our call today. I'll begin with a few highlights and by summarizing our results of operations and key financial metrics. Then I'll conclude with guidance for the first quarter of fiscal 2012.

I am pleased to report that our fourth quarter earnings grew an even better than expected 32% year-over-year to $1.37 per diluted share from continuing operations. This marks SYNNEX 98th consecutive quarter of profitability. In the quarter, we drove solid revenue growth, exceptional margin expansion, and achieved our 17th consecutive quarter of year-over-year growth in ROIC.

The quarter topped off another year in which we grew faster than the market and expanded our margins even as we made substantial investments in our key business lines including our 2011 acquisitions, which we believe will help further expand our margins, EPS growth and ROIC expansion in 2012 and beyond.

Let me share some of the details behind our excellent Q4 performance starting with revenue. In our fourth quarter, total consolidated revenue from continuing operations was $2.84 billion, up 15.1% over Q4 of 2010 and up 10.5% sequentially. This core growth was in line with our guidance. And our results include the transition of certain customer business to higher margin fee service logistics relationships. The result of this is to expand our operating margin and reduce our working capital consistent with our continued focus on enhancing the quality of our revenue streams.

Our Japan operations contributed approximately $304.9 million to our fourth quarter revenue. For the full year, SYNNEX revenue was $10.4 billion, an increase of 20.8% from the prior year. At the segment level, in the fourth quarter revenue from the distribution segment was $2.80 billion, up 14.6% year-over-year and up 10.4% sequentially, which is in line with our current seasonal expectations for sequential growth quarterly.

The organic year-over-year distribution growth was 2.1% net of the aforementioned transition of certain customer revenues to a fee-for-service basis. Without that change, our organic year-over-year revenue would have been up 9.6%, well ahead of the overall market growth rate.

For the full year, distribution revenues grew 20.5% over the prior year including a strong organic growth of 8.3% as SYNNEX continued to grow market share in both U.S. and Canada.

In our GBS segment, revenues were $44.9 million, up 62.1% year-over-year and up 10.9% compared to the fiscal third quarter of 2011. The September 6 acquisition of GEM brought $4.3 million in revenue during Q4. For the full year, GBS revenue grew 45.4%. Our run rate for GBS is now approaching the $200 million milestone bringing substantial scale to our Concentrix business.

This quarter, SYNNEX achieved an exceptional consolidated gross margin of 6.61% compared to 5.71% in the fourth quarter of 2010, and 5.98% in Q3 2011. For the full year, gross margin expanded to 6.06% from 5.71%. Throughout the year, SYNNEX executed very well in our core business. We also drove a margin enhancing favorable mix change during the year towards our value-added products and services. In addition to the value-add mix benefit and the previously mentioned benefit of moving certain customers to fee service, fourth quarter margins were further enhanced by the SYNNEX team's ability to quickly respond to the unexpected supply demand constraints of certain products.

Fourth quarter total selling, general and administrative expense was $103.1 million or 3.63%. This compares to $76.3 million or 3.09% of revenues in the fourth quarter of fiscal 2010. Acquisitions accounted for approximately three quarters of the increase. The largest part of the remaining increase is due to growth and variable comp related to the company's strong performance in 2011. With regard to our acquisitions, we are making further reductions in SG&A spending and balancing these cuts against investments in ramping new solutions and programs that are expected to drive greater margin expansion going forward. We expect to garner more SG&A leverage as we grow profit in 2012.

Consolidated operating income from continuing operations before non-operating items, income taxes, and non-controlling interest was $84.7 million or 2.98% of revenues, yet another record margin performance for the company. This compares to the $64.6 million or 2.62% in the prior year fourth quarter.

For the full year, even with the investments we made in our business, including integrating multiple acquisitions and the absorption of redundant cost during the interim as the business is on-boarded and integrated, SYNNEX operating margin grew 15 basis points to a record 2.46% for the fiscal year 2011.

In fiscal Q4, on a segment basis, the distribution income from continuing operations before non-operating items, income taxes and non-controlling interests grew to $81.1 million or 2.89% of distribution revenues compared to $63.1 million or 2.58% in the prior year quarter. The GBS segment income from continuing operations before non-operating items, income taxes, and non-controlling interests grew to $3.6 million or 8.11% of GBS revenues compared to $1.5 million or 5.43% in the prior year quarter. We believe this segment continues to have significant margin upside in 2012 and beyond as the newly integrated GBS businesses continue to ramp.

Net total interest expense and finance charges for the fourth quarter of 2011 were $6.6 million and fairly consistent with the third quarter. Other expense was $0.9 million and largely made up of FX gains and losses and changes in the market value of the deferred compensation investments.

The GAAP tax rate for the fourth quarter of fiscal 2011 was 34.9% and for the fiscal year it was 34.5%. On an effective basis, excluding the tax impacted, the credit adjusted M&A considerations the rate would have been 35.3% for the fiscal year of 2011.

Our fourth quarter net income for SYNNEX was $50.2 million or $1.37, that is $1.37 per diluted share. This compares to $37.5 million or $1.04 per share diluted in Q4 2010.

Turning to the balance sheet, our accounts receivable totaled $1.1 billion at November 30, 2011, for a DSO of 42 days, which is consistent with the prior year quarter. Inventory totaled $975 million or 33 days at the end of the fourth quarter, which is down three days from the fourth quarter of 2010.

Days payable outstanding was 36 days and consistent with the end of the prior year fourth quarter. Hence, our overall cash conversion cycle for the fourth quarter 2011 was 39 days, a nice improvement of six days from Q3 2011 and a three day improvement from the same quarter last year.

At 24.7%, our debt-to-capitalization ratio remains at historically low end of our range. Our liquidity in excess to cash remains excellent. At the end of Q4, the company had over $600 million available between its cash and credit facilities.

Other financial data and metrics of note for the fourth quarter are as follows. Depreciation expense was $5.1 million. Amortization expense was $2.0 million. Hewlett-Packard at approximately 36.8% of sales was the only vendor accounting for more than 10% of sales. Q4 cash capital expenditures were $18.8 million. This includes the purchase of a new distribution centre in the U.S. Preliminary cumulative year-to-date cash flows provided by operations was approximately $219 million. Q4 annualized ROIC with 14.1%, up from 12.1% in the prior year, trailing fourth quarter ROIC was 11.1%, up from 10.3% as of Q4 2010.

Now moving to our first quarter 2012 expectations. We expect revenue to be in the range of $2.48 billion to $2.58 billion. This is consistent with our current seasonal expectations for a low double-digit decline from Q4 to Q1 and also takes into consideration aforementioned business that has transitioned to fee based services, as well as some uncertainty related to the continuing supply constraints on certain products.

For net income, the forecast is expected to be in the range of $33.1 million to $34.3 million and the corresponding diluted earnings per share is anticipated to be in the range of $0.89 to $0.93 per share. As a reminder, all of these statements are forward-looking and actual results may differ materially.

I will now turn the call over to Kevin Murai, President and Chief Executive Officer, for his perspective on the business and our quarterly results. Kevin?

Kevin M. Murai, President, Chief Executive Officer & Director

Thank you, Thomas. Good afternoon, everyone and thank you for joining our call today. As we've now successfully completed our fiscal 2011, I'm pleased to share our results with you and also want to thank all of the SYNNEX associates around the world for delivering another exceptional quarter and year.

In fiscal 2011, we achieved three important financial milestones. We grew our revenue 21% and surpassed $10 billion at $10.41 billion. Our earnings per share grew 25% surpassing the $4 mark at $4.08 and our ROIC expanded to a record 11.1%.

I believe there are three important takeaways from 2011. First, 2011 marks yet another year of consistent excellence and execution for SYNNEX. Second, our results continued to underscore our success and value creation as our business mix continues to grow in favor of our more value-added service offerings, which create lasting value for our customers, vendors and shareholders alike. And third, our continuing growing momentum bodes well for 2012 and beyond and we have significant opportunities that are still in front of us.

I will provide some color on the quarter and year. Within our distribution segment, we had excellent performance in our core business and we exceeded our own margin expansion goals by proactively managing our business mix highlighted by strong sales of our value added solution and in part responding quickly on behalf of our customers to unexpected market dynamics related to availability of products during periods of constraint and as Thomas noted the transition of certain customer business to a fee-for-service relationship.

In the U.S., demand for IT products were solid and we continue to grow faster than the overall market. In our retail segment, after several quarters of softness, we were pleased to see strong Black Friday sales kick off a relatively good holiday season.

The Canadian market demand in 2011 was somewhat muted, however, SYNNEX performed well with strong execution and market share gains through the fourth quarter. We also performed well in

Japan in an environment where the market continues to recover slowly. We have seen positive growth in the last two quarters in local currency. SYNNEX has taken this business from below breakeven at the time of acquisition to much better operating profit through our fourth quarter.

Now, turning to our GBS segment, 2011 was a year of transformation in our GBS business. And I am pleased with the progress we've made. We brought on new capabilities, which enabled us to enhance our platform of offerings in the areas of renewals and social media analysis. We continue to move the needle by providing more services that help our clients enhance their customers experience through our acquire, support, retain and renew strategy. Equally important, synergies between GBS and our distribution business were accelerated with our acquisitions in the renewals business.

With the acquisitions we have made over the past 14 months, in addition to the capabilities we acquired, we also strengthened our GBS presence in EMEA and established service delivery capability in India. Going forward, we expect to grow our BPO business with our new and existing clients by leveraging the entire portfolio of services we offer.

With a 45% increase in annual revenue over 2010, GBS is developing the scale and footprint to compete globally. With locations in 11 countries and providing services in over 30 languages around the world, we are competing in larger opportunities. 2011 has been a year of investments and focusing on customers that will drive the next wave of growth. The core Concentrix business has performed well and we have received recognition and numerous accolades from our customers.

In 2012, we plan on continuing our investments in our proprietary platform which are essential to our long-term strategy. We are now laser-focused on driving the intended incremental margin improvement as we gain leverage from these investments. Our fourth quarter margins of 8.1% still reflect a significant margin expansion opportunity for GBS, which we believe is achievable over the course of 2012.

Overall, I am extremely pleased with our fourth quarter and full year results. As we started this year, our primary objectives were to drive growth and leverage in our business and introduce new capabilities and services that enhance our value in the marketplace. I believe we've made excellent progress in both.

In 2011, we believe our distribution segment gain market share in all our geographies on an organic basis. Through stellar execution and consistency, we grow our core IT business faster than market and we also made additions to our line card in strategic areas by adding vendors such as Arista, Aruba and Toshiba Retail to name a few. In our key focus areas of value-add distribution, we grew those businesses much faster than our overall business, which positively impacted our margin and mix of business.

We also launched two very important platforms in RENEWSolv and CLOUDSolv. As we mentioned before, RENEWSolv leverages the capability we acquired a year ago in our GBS segment and a platform that we believe to be a game changer in software license and hardware warranty renewals. Our CLOUDSolv solution was not only first to market, but it is a comprehensive business platform that our resellers can use to manage their entire as-a-service business, most notably services that are offered in the cloud. And finally we launched our Hyve Solutions division, a key participant in the large scale data centre Open Compute space. Earlier this year, we were named Facebook Supplier of The Year for Open Compute.

Switching gears to Japan, our investment in Infotech marked our first significant distribution business outside of North America. We quickly turned the business to profitability and are making good progress on enhancing the business with a goal of delivering similar margins to our North American broadline business.

As a pure play distributor in a vertically integrated market, we believe we have a market advantage in particular with non-Japan based vendors. And our Concentrix GBS business has garnered significant scale and competencies to compete in both the traditional tech support and renewals platform arenas and the opportunity that lays before us with our Concentrix brand in terms of dry powder for strong margin expansion is exciting.

Our first quarter guidance reflects solid performance in a stable market environment with normal seasonal trends notwithstanding the supply chain dynamics that Thomas referred to. And through our continued focus on higher growth, higher margin segments we expect to continue to manage our business portfolio to drive higher year-over-year margin improvement.

I will conclude my prepared remarks and talk about the road in front of us for 2012 and beyond. Our primary goal of driving increased shareholder value through EPS growth at healthy ROIC is embraced throughout our company. Our three-prong strategy of enhancing our core business, pursuing adjacent markets and creating more service capability will continue to drive our behaviors and investments going forward.

As mentioned earlier, we have made excellent progress in all three areas of our strategy. But what I am most excited about for 2012 is that we still have a lot of runway to improve in many areas, including our GBS margin and Japan performance. I'm very proud of the entire SYNNEX team for their ability to out execute in the market and drive excellent operational performance each quarter.

We further separate ourselves from the pack by being the most innovative company in our respective businesses, developing ways to create more value through different go-to-market strategies and new service capabilities. Last month a rare typhoon flooded parts of the Island of Mindanao in the Philippines. Many of our Concentrix associates were personally affected and displaced from their homes, however, thankfully are all accounted for and are safe. Our hearts go out to all our affected associates and I want to thank our local Philippines team for their rapid response in providing food, water and shelter and managing minimal impact to our business. I also want to thank our SYNNEX employees around the world as well as some of our customers for providing financial assistance to those affected.

In closing our fourth quarter was an excellent finish to a strong year where SYNNEX grew revenues 21%, EPS 25% and we achieved a record ROIC of 11.1%. I would like to acknowledge the hard work and dedication of all of our 10,000 plus SYNNEX associates around the world and also thank our vendors, customers and shareholders for their continued partnership and support.

And with that, Lori, let's turn the call over to the operator for questions.

Lori Barker, Senior Director-Investor Relations

Thank you. Doris, we're ready for the first question.

QUESTION AND ANSWER SECTION

Operator: Certainly, your first question is from the line of Matt Sheerin.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Yes, thanks, from Stifel Nicolaus. So just question on the very strong gross margin expansion that you saw, it was up 63 basis points or so quarter-on-quarter. Could you give us a breakdown at least roughly what percentage of that or how many basis points was due to the favorable hard disk drive pricing environment, the mix of business to our value add and then the conversion to the logistics business, and I guess also the other factor there would be the GBS business?

<A – Thomas Alsborg – SYNNEX Corp.>: Matt, in order of magnitude, I can tell you that first of all, the product constraints related to the hard drive situation would have been the largest impacter. That would be followed by the mix of our products within the portfolio that we're providing towards the higher end of our business. Following that would be the GBS segment with result of the growth that we've had through M&A and organic over the year. But we also had very strong marketing money that we've earned throughout the quarter. I don't think I've left anything else. As far as the transition of the fee-for-service, that is going to be probably right in the middle of that mix.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay. And if you look at your guidance top line and then EPS, it implies margins sort of back to sort of, I mean, certainly up year-over-year but certainly down pretty significantly and there is certainly seasonality there. But I'm trying to figure out how much again is the HDD benefit? And was that a one-time quarter phenomenon and do you see that going away, in other words you don't get the benefit because either there is no inventory or suppliers picking up for customers?

<A – Thomas Alsborg – SYNNEX Corp.>: So Matt, one thing I just point out, this is obviously a more extreme situation of supply-demand dynamics. At the end of the day, we are in the business of getting products for our customers and we're going to deal with supply chain management all the time. Q1 will also have an impact from this as well of course the situation continues to carry forward. I expect – we expect that it will be more subdued, the supply chain dynamics around the hard drive situation are moderating, the pricing environment is becoming more stable, but indeed, we do expect that Q1 will also be impacted. We expect that in the end of the day the shortages that we're going to incur with regards to a unit availability well in good part be offset by the residual pricing dynamics.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay, great. And just lastly just quickly on Japan, it sounds like, Kevin, the profitability there is improving. Could you give us a ballpark? I know you were at breakeven and just better than breakeven. Your goal is to get to the North America number of 2% plus. Where are you, are you halfway there or do you still have a significant way to go?

<A – Kevin Murai – SYNNEX Corp.>: Matt, I think last quarter we had posted that our margin in Japan was somewhere in the range of 60 basis points. So moving forward, as we consolidate the businesses, we're not going to be breaking that out. But our fourth quarter margins were similar.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay. Thanks very much.

Operator: And your next question is from the line of [indiscernible] (27:41).

<Q>: Yes, good afternoon. Thank you for taking my call. My first question is with respect to the fee-for-service related business, what is the likelihood of you increasing the penetration of such activity?

<A – Dennis Polk – SYNNEX Corp.>: Hi, [ph] Austin (28:03). This is Dennis Polk. There are opportunities out there to increase that type of business and we are always looking for them. The one that occurred over the past quarter was rather significant, and we don't expect anything like that size to occur in the near future. But again, we are always searching for new opportunities to increase our logistics business and improve our fee-for-service revenue.

<A – Thomas Alsborg – SYNNEX Corp.>: Also, this is Thomas, for the benefit of the analysts, I should point out that this relationship that Dennis just described in particular is a highly seasonal line of our business. And so as we look forward to Q1, while we still, as I mentioned in my prepared remarks, will still have an impact from that, it would be much lower than the impact that we saw in the fourth quarter.

<Q>: Okay, okay. That's helpful. And secondly, with respect to the product constraints that you experienced, could you perhaps share any color with regarding types of conversations you are having with your suppliers and sort of what type of visibility you are gaining today versus perhaps earlier in the quarter?

<A – Kevin Murai – SYNNEX Corp.>: Yeah, we get our information obviously both direct from our suppliers, OEMs as well as from other sources that are kind of out there in the marketplace. I think what we hear is consistent with what you've been reading about and what the hard drive manufacturers have been saying, which is there are still shortages out there. Kind of a timeline in terms of when that starts to – when supply catches up with demand is probably sometime midpoint this year, maybe a bit earlier or maybe a bit later.

But again, I think what's happened over the past number of weeks since the flooding happened in Thailand is that I think there's been a bit more of normalization just in terms of the overall pricing environment in that market as well. So we do continue to see shortages and we also see some shortages in product that uses hard drives as well, when you look at, say, enterprise storage solutions as an example. So there are some consequential impacts of what's happening in the hard drive space.

<Q>: And lastly, has that constraint in any way, has that altered sort of your marketing incentives that you have with some of your vendors, and if so, how?

<A – Kevin Murai – SYNNEX Corp.>: I guess, in some ways programs have changed somewhat. Typically for volume-driven benefit programs because of a shortage in supply, those have changed quite significantly. We do expect, though, those to return fairly quickly.

<Q>: Thank you very much.

Operator: Your next question is from the line of Brian Alexander.

<Q – Brian Alexander – Raymond James & Associates>: Thanks. With Raymond James. Back to Matt's question on margins, Kevin or Thomas, what's the baseline gross in operating margin we should be thinking about excluding some of the temporary items that you talked about like the HDD shortages and maybe some unusually strong vendor incentives that may not recur going forward? I guess, what I'm getting at is, how much do you think the Q1 distribution margins will be inflated by some of these temporary items so we could just get a sense for what the right baseline is going forward?

<A – Thomas Alsborg – SYNNEX Corp.>: It's probably best to address this maybe from an operating margin perspective. It's a difficult question to answer frankly, Brian. And we are not normally in the business of breaking out profitability by product or lines of customers and so forth. So in the past, I have shared comments that the expectation for our business as we continue to move forward is for operating margin expansion consistent with the trajectory that we've been on, that's been accelerated in Q4. We will, again we expect benefit somewhat from that in Q1. But the underlying business I can assure you for the core business continues to be moving up and to the right consistent with how we've been in prior years and quarters.

<Q – Brian Alexander – Raymond James & Associates>: Right. That part is clear. I'm just wondering if the benefit in Q1 is, I mean, obviously it's smaller than what we just saw in the fourth quarter, but are we talking about 10 basis points for your guidance? Are we talking about 20 or 30 basis points? What are you assuming to get to the earnings range that you outlined?

<A – Thomas Alsborg – SYNNEX Corp.>: Yeah. Again, Brian, I'm reluctant to want to share specific number around that, okay.

<Q – Brian Alexander – Raymond James & Associates>: And then may be just related, how much were sales negatively impacted by shortages and then maybe back to margins, did you think about the drivers of operating margin expansion for 2012 which obviously you are confident you could achieve? How would you rank order the impact of improving Japanese profitability versus expanding GBS margins into the – I think you want to get to the low to mid-teens versus improving core distribution margins? I'm just trying to get a sense for where you think the biggest impact is going to be?

<A – Kevin Murai – SYNNEX Corp.>: So Brian, handling the first part of your question on how much were sales impacted in fourth quarter. It was a minimal impact and part of it was because we had ample supply of hard drives prior to the issue. That being said, going forward, I do believe we have significant expansion of margin opportunity ahead of us. It's hard to rank order what they are, but certainly the ones that we identified in terms of GBS margins improving and operating margins and our Japanese business improving are two key aspects to that. But underlying all of that too is that when you break down our core distribution business in the U.S. and in Canada, we continue to see good margin expansion just through proactive management of our business mix.

<Q – Brian Alexander – Raymond James & Associates>: And then finally, just on the renewals business, Kevin, I think when you bought Aspire and Encover, they were doing about $25 million in revenue combined. Where are they now? And where do you think that can be over the next two to three years? How big of a business can this be and are there any metrics that you plan to share with us in terms of number of customers and deal size so that we can kind of track the progress of that business specifically because it would seem like that would get a disproportionally higher valuation than the rest of your portfolio? Thanks.

<A – Christopher Caldwell – SYNNEX Corp.>: So Brian, it's Chris. First off, we generally don't break out our numbers in regards to the Concentrix segment. I will say that we've been happy with the growth that we've seen and the customers that we've won over the past year and the investments that we made to continue to grow that business as it's sort of integrated as has been over the last year and the rest of our service offering. It becomes very solution-based while we are talking to vendors in regards to complete management of their entitlement business, support business and their supply and sales business. So I don't think we will get into breaking out specific customers within that segment. Suffice it to say that market is very receptive to our value offering and we are very happy with the pipeline of business that we are building.

<Q – Brian Alexander – Raymond James & Associates>: Hey, Chris, could you just spend a second on what differentiates Concentrix in that market relative to some of the independent players out there like a server source?

<A – Christopher Caldwell – SYNNEX Corp.>: Yeah, absolutely. I think a few things. First of all, we come from a basis of technology where some of our competitors are talking about new technology innovations being in the cloud and so forth and so on. We've actually been in the cloud for probably 9 or 10 years and have a very, very strong technology fundamental basis to our business and that's allowed us to help vendors, frankly, capture smaller ASP-types of renewal opportunities which can't normally be done by a fully manual process, for lack of a better term, or for a full-color campaign. So that's been a big advantage to us as we've seen in the marketplace.

The other thing that we have seen from a differentiation standpoint is that holistically when we are talking to a vendor, we can talk about the support experience which has an impact on renewal rates because if people aren't happy with our type of support experience, they are less likely to renew from a ongoing perspective with that vendor and we are able to tackle that which is unique in the marketplace.

I think the third thing that we look at is from a domain knowledge of the distribution and go-to-market channel strategies with resellers. That is sort of inbred in our DNA both from obviously the distribution side as well as the Concentrix side. And so, when we are talking to vendors, we are the only company that can essentially have not business intelligence on a global basis and enable their strategy that differs by geography with each region that we support. And so, it's very, very powerful when you're talking to vendors with that type of message.

<Q – Brian Alexander – Raymond James & Associates>: Great. Thanks for the details, and congrats on a wonderful quarter.

<A – Kevin Murai – SYNNEX Corp.>: Thank you.

<A – Lori Barker – SYNNEX Corp.>: We are ready for the next caller, please.

Operator: Yes, ma'am. Your next question is from the line of Louis Miscioscia.

<Q – Louis Miscioscia – Collins Stewart LLC>: Okay, thanks. Louis Miscioscia, Collins Stewart. Maybe you could give us a comment on GBS. It seems like the margins maybe were a bit below what I was looking for just -- was there anything in that quarter and do you expect to maybe to be double digits for most of next year?

<A – Christopher Caldwell – SYNNEX Corp.>: Hi. This is Chris again. I think there is two things from our standpoint. One, we're making heavy investments in our technology platforms both from what we see the market going as well as some of what our customers are looking for as we build out our solution. That certainly will mute the bottom operating income perspective, but it's the right foundation to build the businesses we're going forward. The second thing is that the sales cycle in the renewals business when we are talking about the full solution, is a little longer than our traditional BPO sales cycle that we had at the beginning of the year when we are more just on the technical support customer care and sales side. So, we'll start to see the benefits of that coming into this New Year and start to see that margin expansion as we've talked about in the past on our operating income.

<Q – Louis Miscioscia – Collins Stewart LLC>: Okay, thank you. Switching over to the hard disk drive situation, obviously it seems like you had great benefit from the inventory you had. Is most of the benefit from maybe the inventory that you did have in drives now over and now it's really just the – and I think Tom had mentioned the situation where whatever you can get obviously now you are going to get a nice higher price, maybe a little bit more margin from it.

<A – Thomas Alsborg – SYNNEX Corp.>: Sure Louis. This is Thomas. As Kevin commented, we had a fair amount of inventory to work with, but the demand was strong though. Our aim was to try to satisfy the needs of our customers as best we could. And throughout the fourth quarter, I would say that we're also drawing on good vendor relationships to procure additional supply as needed. A large part of our inventory has been worked through, but we still have good supply relationships. And so we think that as I mentioned before, the pricing environment here is moderating anyway, but the amount of benefit that we received from being able to manage the channel as well in Q4 will not be the same as being in Q1, it will be lower.

<Q – Louis Miscioscia – Collins Stewart LLC>: And when you say the pricing is moderating, you mean the price increases are moderating or the actual price is starting to drop off?

<A – Thomas Alsborg – SYNNEX Corp.>: The latter.

<Q – Louis Miscioscia – Collins Stewart LLC>: Okay. I guess a number of numbers suggest there could be 30 million drive short in first quarter and that some have not and the industry really recognize the actual impact that this could have. I think Kevin had mentioned that maybe there might have been a little bit of shortage on one of the storage vendors. I guess the perception is that the Tier 1 storage vendors really won't have much of an issue, maybe if you could comment on that and it would be also really helpful though if you could also comment where if the drive companies do have to allocate in a serious way where we'd see the best allocation, where we might see the worst allocation, because this is obviously a big issue right now. Thank you.

<A – Kevin Murai – SYNNEX Corp.>: Yeah, Louis. It's actually very difficult for me to comment specifically on what you're asking for because we don't have full visibility into exactly how these drives do get allocated to different markets that the manufacturers address directly. What we do see though is our own allocation and how that gets done through the channel. As Tom has mentioned, we do have strong relationships with the key hard drive manufacturers, so we do believe that at least maintaining our fair share of supply will certainly be there. The only other color I can add on it for you though is that, the issue seems to be a little more heavily weighted towards enterprise drives and a little bit less so on the desktop drive space, although both are certainly impacted.

<Q – Louis Miscioscia – Collins Stewart LLC>: Okay, great. Well, nice quarter and good luck on the New Year. Thank you.

<A – Kevin Murai – SYNNEX Corp.>: Thank you very much.

Operator: And your next question is from the line of Ananda Baruah [Brean, Murray, Carret]

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Hey, guys. Can you hear me okay?

<A – Kevin Murai – SYNNEX Corp.>: Yeah.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Okay, great. Thanks. Congrats on a strong quarter. Just couple of follow-ups if I could, I guess the first one is more of a clarification. So the biggest opportunity for operating margin expansion for this year are in GBS, are in demand, is that correct?

<A – Kevin Murai – SYNNEX Corp.>: Yeah. That is correct.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: I want to make sure we are not missing any. Okay, great.

<A – Kevin Murai – SYNNEX Corp.>: Yeah. That's correct.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Thanks. And then, Kevin, what – I mean, as we think about revenue growth opportunities through this year, what do you consider to be the kind of the handful of most meaningful?

<A – Kevin Murai – SYNNEX Corp.>: Anand, I think with a lot of traction and success that we've had through the past, not even 2011, but even prior to that where we've made investments in our technical solutions division, and that is a group inclusive of enterprise server and storage networking in some specialty areas, traditional niche distributors area like wide format print. Those are going to continue to be key growth areas for us, but in addition to that with the very large base of core IT business that we already do just through out-executing in the marketplace and by gaining market share, that also represents a fair size opportunity and growth too.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Do you see, Kevin, do you see anything going on in the marketplace that wouldn't be evident to us, that's helping you continue to gain share and execute like you've always done. Are there things that have sort of whether it's from component availability or other shift in demand that you guys are able to meet, is there anything that we should know about that's sort of helping you guys gain – continue to be able to execute, I guess in the last couple of quarters let's call it?

<A – Kevin Murai – SYNNEX Corp.>: Sure. I mean beyond the table stakes which I don't want to minimize, which is just day-in and day-out relationship and execution. We've really delivered a lot of new services for the market over the past year. The innovation that we drive in the company I'm very, very proud of in platforms like our RENEWSolv platform and what we are doing in the cloud both in terms of as a service delivery in CLOUDSolv as well as what we are doing in high solutions. Those are all in some cases first to market or certainly very unique to a traditional distributor model. And those are things that I think not only gain incremental footprint into the technology marketplace, but I think it also sheds a much more positive perception on SYNNEX as not just a distributor but also a technology company. And because of that perception, I think, we also gain incremental importance in terms of our role in the market and that helps us to gain share as well.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: And then, that's helpful, thanks. And can you just remind us what the revenue, I guess, leverage opportunity this year in Japan? And, how should we think about it? Can you kind of give us a sense of what the revenue leverage opportunity might be over the next few years actually kind of collectively, what's the right way to think about that?

<A – Kevin Murai – SYNNEX Corp.>: Can you define what you mean by revenue leverage?

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Well, I guess, adding line card and you guys have sort of taken time to go through and look at I think at what VARs you'd like to work with, which ones you wouldn't, which ones you don't want to work with, things like that. I guess, just how does that whole mosaic feel to you as you look out over the next couple of years?

<A – Kevin Murai – SYNNEX Corp.>: So, I think, if I understand your question, there is opportunities, Ananda both in terms of incremental growth opportunities on revenue as well as quality of revenue. On the incremental growth piece, we still do have some opportunities in expanding our line card here domestically as well as in Japan. And, I think, one of the benefits that we had identified as we acquired the Infotec business in Japan was leveraging relationships here in the U.S. to drive growth in Japan and vice versa as well.

But in addition to that as we take a look at some emerging technology trends and emerging vendors for that matter, there's even more opportunity as we expand our line to expand into product categories with vendors that we believe are going to be winners and in particular where we have a services component or an incremental value-add component that not only makes it a top-line play but also a margin play.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Got it. That's helpful. Just last one for me, Kevin. How is PC demand feel at this point in the quarter?

<A – Kevin Murai – SYNNEX Corp.>: Well, through fourth-quarter our PC demand was pretty solid in particularly here in the U.S. As we have gone through December, I would say, that market continues to be stable.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Okay great. Very helpful. Thanks a lot. Congrats on a solid quarter.

<A – Kevin Murai – SYNNEX Corp.>: Thanks, Ananda.

<A – Lori Barker – SYNNEX Corp.>: Thanks. We are ready for the next caller.

Operator: Your next question is from the line of [indiscernible] (48:00). Your line is open.

<A – Kevin Murai – SYNNEX Corp.>: Go to next caller.

<A – Lori Barker – SYNNEX Corp.>: Go to the next caller, please.

Operator: You do have a follow up from the line of Brian Alexander.

<A – Lori Barker – SYNNEX Corp.>: Thank you.

<Q – Brian Alexander – Raymond James & Associates>: Okay thanks. Just one point of confusion on GBS. If you are still expecting to generate significant growth in GBS this year and beyond and if new programs typically come with high start-up costs, why are we at an inflection point on profitability in GBS and why are you so confident that the GBS margins will grow from single digits to potentially low-to-mid teens. I'm just trying to understand that.

<A – Christopher Caldwell – SYNNEX Corp.>: So, Brian, it's Chris. I think of few things. I don't – in terms of inflection point, it's not in a quarter that is suddenly going to see a big change. As far as we talk about in the course of 2012, you are going to see the gradual progression as we start to see the operating leverage of our platform business and the renewal side of the business. And so, as we do have higher start-up costs which we have incurred through the last couple of quarters as we brought our new customers and will have as we were driving that scale, you'll start to see more and more that fall through to the bottom operating income line.

As we are doing that, obviously with the businesses that we bought, we had some rationalization of some customers in some of the unprofitable segments. And then you are starting to see that drift out of that business. So that's why we feel very confident where we are going from a margin perspective over the course of the year.

<A – Kevin Murai – SYNNEX Corp.>: And, Brian, I would just add a couple of more points to that. Number one is the investments that – the investments or start up costs that Chris refers to can be leveraged across new customers going forward as well.

And then, secondly, from an accounting perspective through the acquisitions that we've made over the past 14 months and because of relatively new accounting rules, the depreciation and amortization burden does hit our P&L early on. If you actually take a look at our EBITDA, the picture is a little bit better.

<Q – Brian Alexander – Raymond James & Associates>: Okay. And low to mid teens is the right way to think about that business per your objectives?

<A – Kevin Murai – SYNNEX Corp.>: Long-term, correct, yes.

<Q – Brian Alexander – Raymond James & Associates>: Okay. And then just on Japan, Kevin, update on the systems conversion? I think that was supposed to be a milestone this quarter. And then with the CEO change that you had about a quarter ago, how should we think about changes either in terms of strategic direction or operational changes that that individual could implement going forward?

<A – Dennis Polk – SYNNEX Corp.>: Hi, Brian, this is Dennis. I'll take the first and allow Kevin to take the second. On the ERP, we have not completed that conversion at this point of time. There is no major issues, we're just being pragmatic through our final testing and cut over efforts. We will enjoy some additional operating leverage once this occurs. I think the key point to note is that we've been moving the Infotec data to our CIS system for basically the past year. And this is where we gained the most visibility to our customers' and our vendors' P&Ls. And so, we've had that base for quite some time now and are enjoying the additional profitability as a result of that visibility.

<A – Kevin Murai – SYNNEX Corp.>: And, Brain, in answer to your second question, Matsumoto-san, we brought on back in August. I think the first and foremost point to make is that he is a very strong leader. And that's what we were looking for was somebody that was local, that was strong, that had experience in the industry. And we are very, very happy with Matsumoto being on board today.

In addition to that, what he does bring with him, though, is a lot of relationships within the industry. And so he spent many years at HP, so that one would be a natural to leverage and grow. But many other vendor relationships and customer relationships that he has had that we believe that we can leverage the relationships and help to grow the business as well.

Strategically though, I would tell you that I think the so-called low-hanging fruit on strategy and enhancing the overall Japanese business really is taking a look at a number of the things that we are already doing here in the U.S. and then translating them locally to Japan. And that's where our new leader is spending a lot of his time is over here talking with our people, understanding some of the new platforms and go-to market strategies that we have and then localizing them to the Japanese market.

<Q – Brian Alexander – Raymond James & Associates>: Got it. Thanks, Kevin.

<A – Kevin Murai – SYNNEX Corp.>: Thanks, Brian.

<A – Lori Barker – SYNNEX Corp.>: And we have time for one additional caller.

Operator: And your last question is from the line of Craig Hettenbach [Goldman Sachs].

<Q – Craig Hettenbach – Goldman Sachs & Co.>: Hey, thank you. Kevin, just following up on the value-add space, can you talk about the growth opportunities in the existing line card and how that compares to your ability to expand the line card? In other words, where do you see the biggest growth opportunities in value-add going forward?

<A – Kevin Murai – SYNNEX Corp.>: Sorry, Craig, I didn't catch all of that question.

<Q – Craig Hettenbach – Goldman Sachs & Co.>: Just on the value-add distribution space, the opportunities from existing vendors on line card versus expanding it, where you see the best growth opportunities going forward?

<A – Kevin Murai – SYNNEX Corp.>: Oh, sure, and I apologize, I didn't hear. As so as I said, when we think about our value-add business, the vast majority of those do come under our umbrella of Technical Solutions division. Some key areas of focus that we have are in the network, security and communications space. That's where we made some pretty significant line card additions over the past little while. In my prepared remarks, I mentioned Arista and Aruba and just that's just a couple indicative. But as we continue to see opportunities in networking and in security, those do represent I would say one of the bigger growth opportunities.

In addition to that, we have line card gaps in our point of sale and data capture space that will continue to be opportunities. And as we are successful in on-boarding new vendors there, I believe that represents a good growth opportunity as well.

And I think where we are different in our view on the point of sale and AIDC space is in some of the intellectual property that we have in the company in terms of being able to provide software applications in addition to the overall hardware that create more of an end-to-end solution that can be very specific to some key enterprise retailers.

Beyond that, though, there is still a lot of runway in our growth in enterprise server and storage, and that continues to be a growing business on top of a fairly large base.

<Q – Craig Hettenbach – Goldman Sachs & Co.>: Got it. And then just in Japan, at this stage of the integration you talked about expectations from margin expansion this year. Can you talk about some of the more meaningful drivers for that margin expansion?

<A – Kevin Murai – SYNNEX Corp.>: A lot of it has to do with just enhancing overall process and blocking and tackling. As Dennis gave the update on where we are in our systems integration, we are continuing to train that organization on how to leverage the information and the data that they have and enhancing our overall process in terms of margin management, both on the front-end pricing as well as back-end margin management. So that really represents probably the biggest opportunity. But in addition to that, we do have solid focus on on-boarding of new business and new vendors. And obviously the focus area there is in key areas that have higher margin opportunity for us.

<Q – Craig Hettenbach – Goldman Sachs & Co.>: Okay, thank you.

<A – Kevin Murai – SYNNEX Corp.>: Thanks, Craig.

<A – Lori Barker – SYNNEX Corp.>: Okay. I believe that's our last caller. Kevin, would you like to summarize?

Kevin M. Murai, President, Chief Executive Officer & Director

All right. In closing, our fourth quarter was an excellent finish to a strong year where SYNNEX grew revenues 21%, EPS 25%, and we achieved a record ROIC of 11.1%. Again, I'd like to acknowledge the hard work and dedication of our SYNNEX associates around the world and also thank all of you, our vendors, customers and shareholders, for your continued partnership and support. Thank you.

Lori Barker, Senior Director-Investor Relations

Thanks so much.

Operator: This does conclude today's conference call. You may now disconnect.