

# Q2 Fiscal Year 2016

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## Financial Highlights

August 20, 2015

## ***Non-GAAP Financial Information***

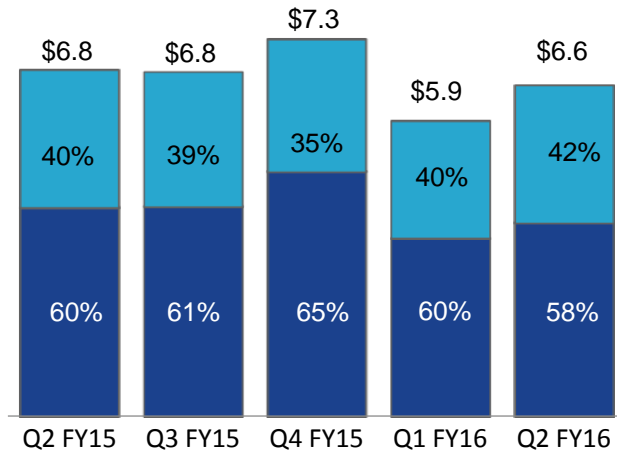
This document includes financial results prepared in accordance with generally accepted accounting principles (“GAAP”). In addition to GAAP results, Tech Data management believes that the presentation of non-GAAP financial measures is useful to investors because it provides investors with a more complete understanding of our operational results and a meaningful comparison of our performance between periods. The non-GAAP results should only be used in conjunction with results reported in accordance with GAAP and are not intended to be a substitute for results reported in accordance with GAAP. Non-GAAP financial measures presented in this presentation or other presentations, press releases and similar documents issued by Tech Data, include but are not limited to non-GAAP selling, general and administrative expenses (“SG&A”), non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP earnings per diluted share and Return on Invested Capital. These non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by comparable companies. Management may also use these non-GAAP financial measures to establish operational goals and, in some cases, for measuring performance for compensation purposes. This presentation provides a detailed reconciliation between results reported in accordance with GAAP and non-GAAP financial measures



# Worldwide

## Net Sales

\$ in Billions



- Americas
- Europe

Reported Y/Y Growth	8%	6%	-8%	-12%	-4%
FX - Adj. Y/Y Growth	6%	9%	0%	2%	8%

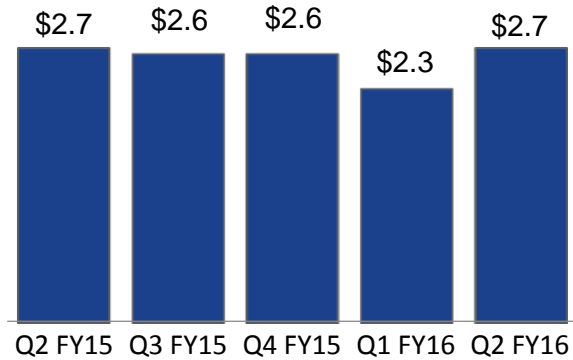
- Q2 FY16 worldwide reported net sales declined 4% year-over-year to \$6.6 billion.
- On a constant currency basis, Q2 FY16 worldwide net sales increased approximately 8% year-over-year and increased approximately 11% sequentially.



## The Americas

Net Sales

\$ in Billions



Reported Y/Y Growth    4%    3%    -5%    -6%    1%

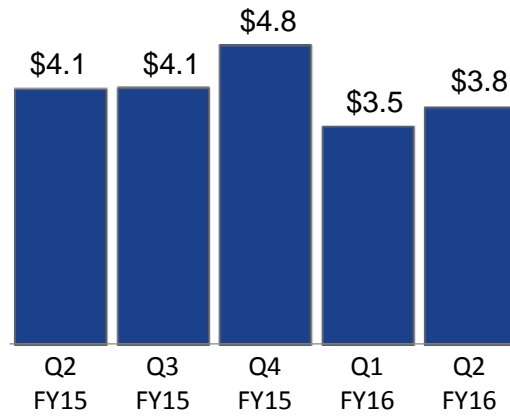
- The Americas Q2 FY16 reported net sales increased 1% year-over-year to \$2.7 billion.
- On a constant currency basis, and excluding from both periods, sales generated in Chile, Peru and Uruguay, net sales increased approximately 5% year-over-year and increased approximately 18% sequentially.



# Europe

## Net Sales

\$ in Billions



Reported Y/Y Growth	11%	8%	-9%	-17%	-7%

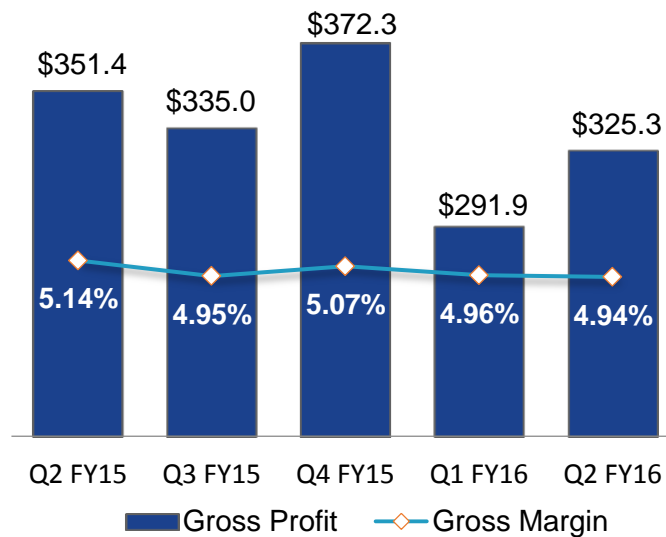
- Europe's Q2 FY16 reported net sales decreased 7% year-over-year to \$3.8 billion.
- On a constant currency basis, net sales increased 11% year-over-year and increased 6% sequentially.



## Worldwide

### Gross Profit and Margin

\$ in Millions



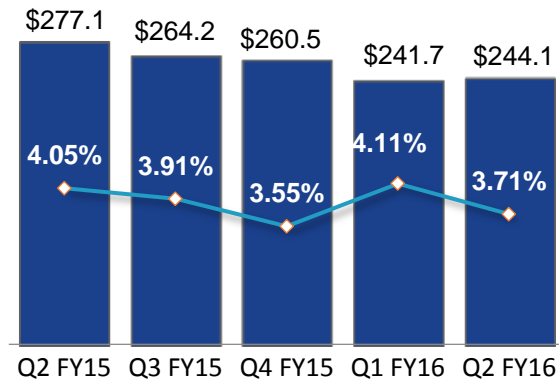
- Q2 FY16 worldwide gross profit dollars declined approximately 7% year-over-year to \$325 million, due primarily to the impact of weaker foreign currencies, partially offset by additional sales volumes. On a constant currency basis, gross profit increased approximately 5 percent year-over-year.
- Q2 FY16 worldwide gross profit margin of 4.94% declined 20 basis points year-over-year, primarily due to product mix.



## Worldwide

### SG&A Expenses (Non-GAAP) <sup>(1)</sup>

\$ in Millions



■ Non-GAAP SG&A exp

◆ Non-GAAP SG&A %

GAAP SG&A exp	\$284.5	\$271.2	\$266.9	\$247.5	\$250.0
GAAP SG&A %	4.16%	4.01%	3.64%	4.20%	3.80%

- Q2 FY16 worldwide non-GAAP SG&A expenses, which exclude acquisition-related intangibles amortization expense of \$5.7 million, declined 12% year-over-year to \$244.1 million, due primarily to weaker foreign currencies.
- Q2 FY16 worldwide non-GAAP SG&A as a percentage of net sales declined 34 basis points year-over-year and declined 40 basis points sequentially due primarily to improved operating leverage from increased sales and good expense management.
- Q2 FY16 depreciation and amortization expense was \$14.0 million.

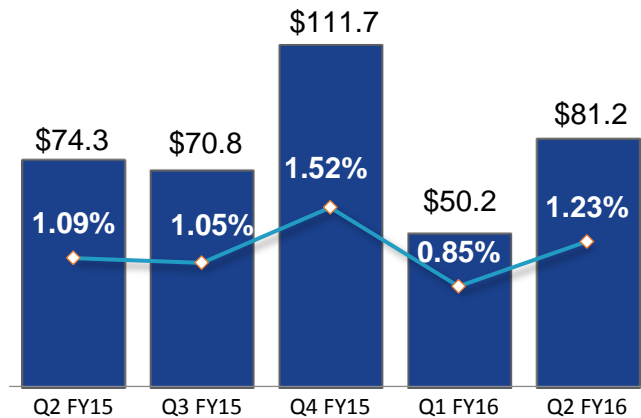
<sup>(1)</sup> Non-GAAP SG&A excludes acquisition-related amortization of intangibles. Please see GAAP to Non-GAAP reconciliation in the appendix.



# Worldwide

## Operating Income (Non-GAAP) <sup>(1)</sup>

\$ in Millions



■ Non-GAAP Operating Income  
 ◆ Non-GAAP Operating Margin

GAAP Operating Inc	\$67.7	\$66.7	\$101.9	\$81.9	\$106.2
GAAP Operating Mrgn.	0.99%	0.99%	1.39%	1.39%	1.61%

- Q2 FY16 worldwide non-GAAP operating income dollars increased 9% year-over-year to \$81.2 million.
- Weaker foreign currencies against the U.S. dollar compared to the prior-year quarter negatively impacted non-GAAP operating income by approximately \$10 million.
- Q2 FY16 worldwide non-GAAP operating margin improved 14 basis points year-over-year to 1.23% of net sales.

<sup>(1)</sup> See the GAAP to Non-GAAP reconciliation in the appendix.

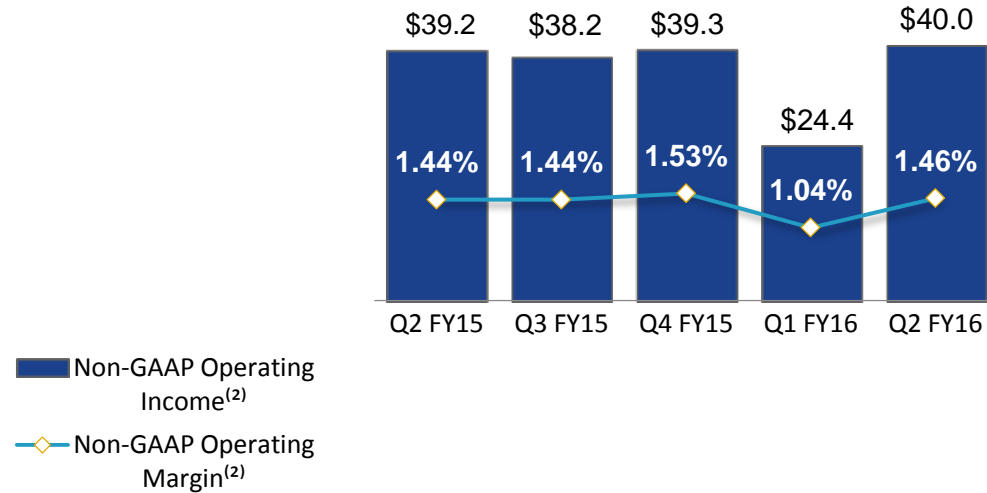




# The Americas

Operating Income (Non-GAAP) <sup>(1)(2)</sup>

\$ in Millions



GAAP Operating Income <sup>(1)</sup>	\$38.9	\$42.2	\$37.8	\$62.4	\$60.8
GAAP Operating Margin <sup>(1)</sup>	1.43%	1.60%	1.47%	2.67%	2.21%

- The Americas' Q2 FY16 non-GAAP operating income of \$40 million increased 2% year-over-year and 64% sequentially.
- Q2 FY16 non-GAAP operating margin improved 2 basis points year-over year to 1.46%, and improved 42 basis points sequentially.

<sup>(1)</sup> Before stock compensation expense.

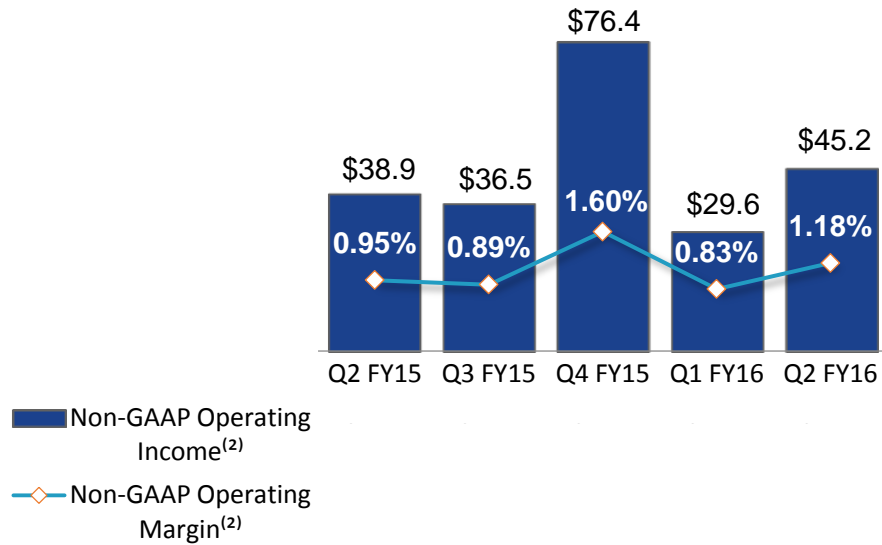
<sup>(2)</sup> See the GAAP to non-GAAP reconciliation in the appendix.



# Europe

## Operating Income (Non-GAAP) <sup>(1)(2)</sup>

\$ in Millions



GAAP Operating Income <sup>(1)</sup>	\$32.7	\$28.4	\$67.9	\$23.4	\$49.4
GAAP Operating Margin <sup>(1)</sup>	0.79%	0.69%	1.42%	0.66%	1.29%

- Europe's Q2 FY16 non-GAAP operating income increased 16% year-over-year to \$45.2 million.
- On a constant currency basis, Europe's non-GAAP operating income grew 41 percent.
- Q2 FY16 non-GAAP operating margin improved 23 basis points year-over-year to 1.18% and improved 35 basis points sequentially.

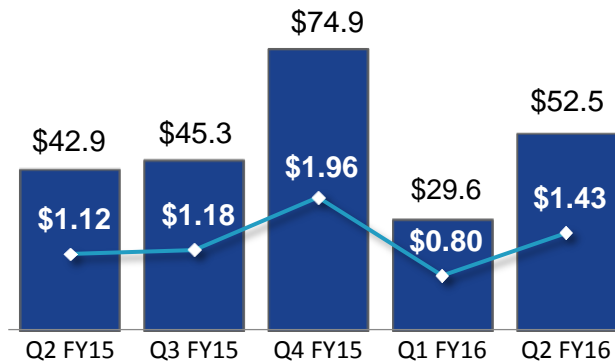
<sup>(1)</sup> Before stock compensation expense.

<sup>(2)</sup> See the GAAP to non-GAAP reconciliation in the appendix.



## Worldwide

**Net Income and EPS (Non-GAAP) <sup>(1)</sup>** \$ in Millions except EPS



■ Non-GAAP Net Income  
— Non-GAAP EPS - diluted

GAAP Net Income	\$39.3	\$41.7	\$80.7	\$51.3	\$76.4
GAAP EPS - diluted	\$1.03	\$1.09	\$2.11	\$1.38	\$2.09
Weighted Average Shares Outstanding - Diluted	38,368	38,433	38,282	37,036	36,615

- Excluding non-GAAP adjustments, the effective tax rate for Q2 FY16 was 30.4%, compared to 35.3% in the prior year quarter.
- Non-GAAP net income for Q2 FY16 increased 22% year-over-year to \$52.5 million. Non-GAAP earnings per diluted share grew 28% year-over-year to \$1.43.
- Weaker foreign currencies against the U.S. dollar compared to the prior-year quarter negatively impacted non-GAAP net income by approximately \$7.0 million, or \$0.19 per diluted share.

<sup>(1)</sup>See the GAAP to non-GAAP reconciliation in the appendix.



# Worldwide

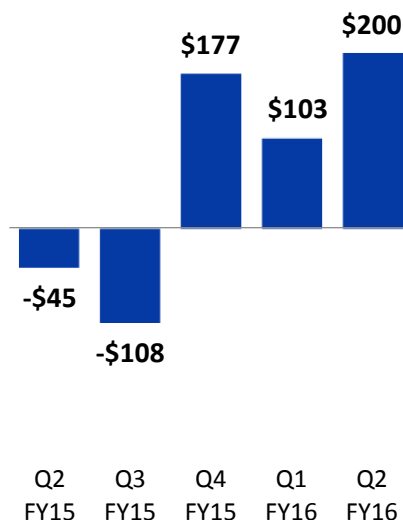
## Cash Metrics

### Cash Conversion Cycle

	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16
Days of Sales Outstanding	40	41	35	40	37
Days of Supply	31	33	26	32	29
Days of Purchases Outstanding	(49)	(50)	(41)	(49)	(47)
<b>Cash Conversion Cycle</b>	<b>22</b>	<b>24</b>	<b>20</b>	<b>23</b>	<b>19</b>

### Cash Flow from Operations

\$ in Millions



- Cash flow from operations in Q2 FY16 was approximately \$200 million.
- On a year-to-date basis, cash flow from operations was \$303 million.
- The cash balance at the end of Q2 FY16 was \$709 million.

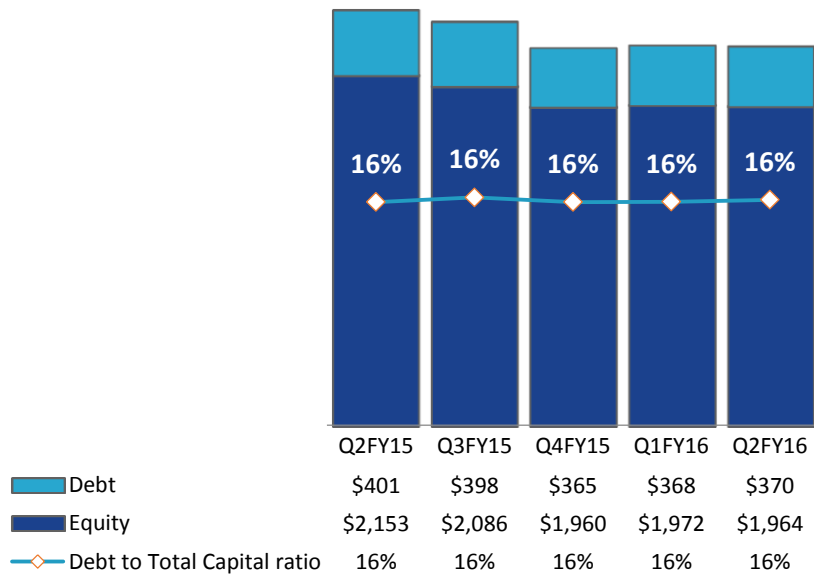


# Worldwide

## Balance Sheet Highlights

\$ in Millions

Debt to Total Capital



- Accumulated other comprehensive income, which consists of currency translation, net of applicable taxes, was \$33.3 million at Q2 FY16.
- Capital expenditures were \$8 million in Q2 FY16. For fiscal 2016 the company expects capital expenditures of approximately \$43 million.
- At July 31, 2015, the company had approximately \$1.96 billion of equity, and 35.7 million shares outstanding resulting in book value of \$55.06 per share. The company had approximately \$335 million of goodwill and acquired intangibles resulting in tangible book value of approximately \$45.67 per share.



## Worldwide

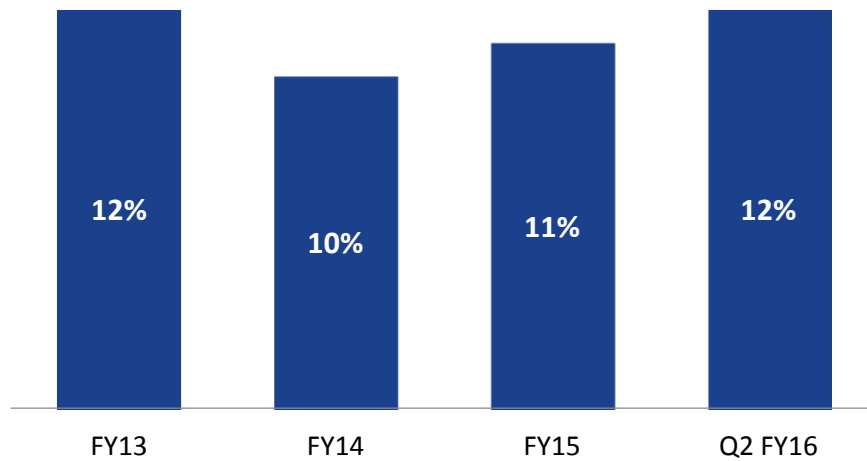
### Share Repurchase Activity Q2 FY16

	<b>Amount Repurchased (\$ millions)</b>	<b>Number of Shares Repurchased (millions)</b>	<b>Average Price Per Share</b>
Q2 FY16 Share Repurchases	\$63.1	1.092	\$57.78
Q2 YTD FY16 Share Repurchases	\$110.1	1.894	\$58.13
Cumulative Repurchases To Date Since FY 2006	\$1,263.1	29.456	\$42.88



## Worldwide

### Return on Invested Capital<sup>(1)</sup> (Non-GAAP)



- Company's estimated Weighted Average Cost of Capital ~ 9.7% <sup>(2)</sup>

(1) See reconciliation of GAAP to non-GAAP financial measures and ROIC calculation in appendix.

(2) Source: Bloomberg, August 17, 2015.

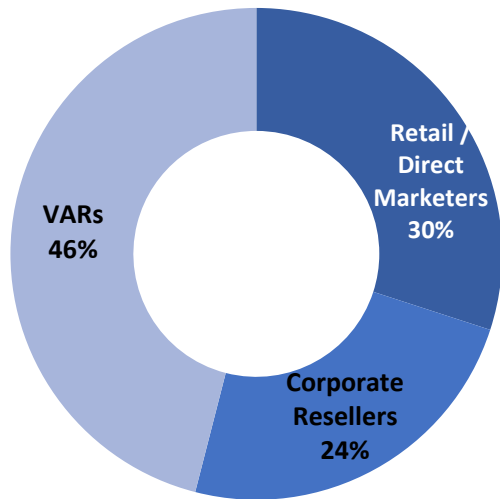


# Worldwide

## Customer and Product Mix

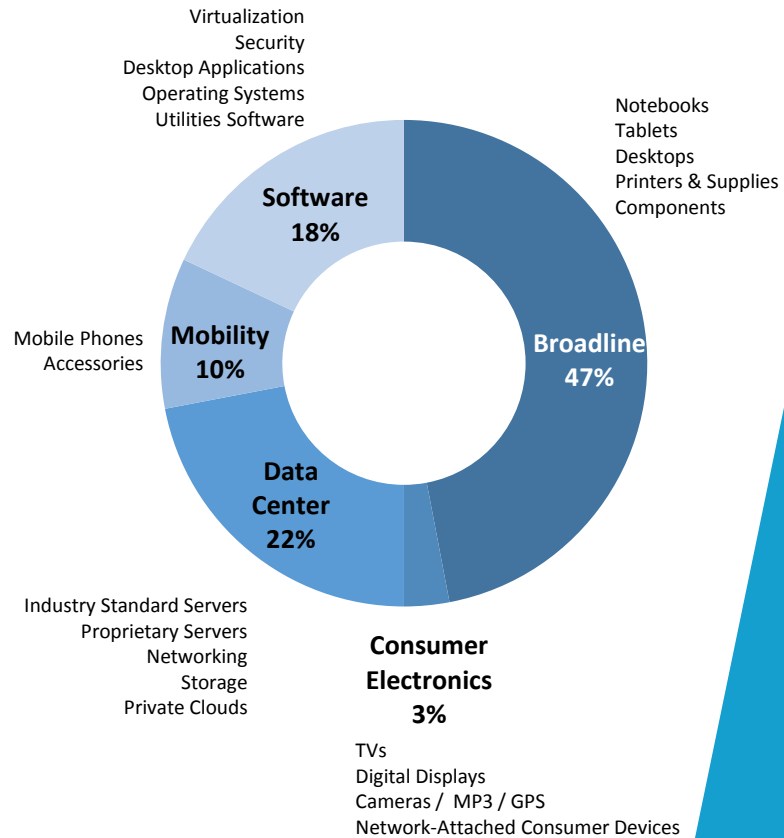
### Customers

(% of total net sales)



### Products

(% of total net sales)



- In Q2 FY16, HP represented approximately 18% of net sales and Apple approximately 17% of net sales.

Company estimates for the 12-months ended July 31, 2015.





## Business Outlook

Q3 Fiscal Year 2016

- For the third quarter ending October 31, 2015, the Company expects year-over-year local currency sales growth of mid-single digits in the Americas, and mid- to high-single digits in Europe.
- This outlook excludes approximately \$77 million of net sales from the previous year's third quarter due to the Company's exit from Chile, Peru and Uruguay.
- For the third quarter, the Company estimates its non-GAAP effective tax rate to be between 29% to 31%.

### *Forward-Looking Statements*

Certain statements made in this document are “Forward-Looking Statements” as described in the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties further described in Tech Data Corporation’s (the “Company”) Annual Report on Form 10-K filed March 26, 2015, a copy of which can be obtained from the Company’s Investor Relations website at [www.techdata.com/investor](http://www.techdata.com/investor). A number of important factors, some of which are beyond the Company’s control, could cause actual events and results to differ materially from those contained in or implied by the forward-looking statements. Forward-looking statements reflect management’s analysis as of the filing date of this presentation. The Company does not undertake to update or revise these statements to reflect subsequent developments.

# APPENDIX

## GAAP to Non-GAAP Reconciliations

# SG&A

Selling, general and administrative ("SG&A") (In thousands)	Three months ended				Three months ended
	July 31, 2014	October 31, 2014	January 31, 2015	April 30, 2015	July 31, 2015
<b>Net Sales</b>	<b>\$ 6,841,809</b>	<b>\$ 6,761,181</b>	<b>\$ 7,339,491</b>	<b>\$ 5,887,229</b>	<b>\$ 6,580,393</b>
GAAP SG&A expenses	\$ 284,513	\$ 271,235	\$ 266,890	\$ 247,481	\$ 249,816
Acquisition-related amortization of intangibles	(7,424)	(7,053)	(6,354)	(5,780)	(5,707)
<b>Non-GAAP SG&amp;A expenses</b>	<b>\$ 277,089</b>	<b>\$ 264,182</b>	<b>\$ 260,536</b>	<b>\$ 241,701</b>	<b>\$ 244,109</b>
<b>GAAP SG&amp;A percentage of net sales</b>	<b>4.16%</b>	<b>4.01%</b>	<b>3.64%</b>	<b>4.20%</b>	<b>3.80%</b>
<b>Non- GAAP SG&amp;A percentage of net sales</b>	<b>4.05%</b>	<b>3.91%</b>	<b>3.55%</b>	<b>4.11%</b>	<b>3.71%</b>

## Operating Income Q2 FY16

(In thousands)	Three months ended July 31, 2015			Consolidated
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	
<b>Net Sales</b>	<b>\$ 2,745,429</b>	<b>\$ 3,834,964</b>		<b>\$ 6,580,393</b>
GAAP operating income <sup>(1)</sup>	\$ 60,752	\$ 49,443	\$ (3,960)	\$ 106,235
Restatement and remediation-related expenses	146	18		164
LCD settlements	(21,527)	-		(21,527)
Value added tax assessment	-	(9,563)		(9,563)
Loss on disposal of subsidiaries	154	-		154
Acquisition-related amortization of intangibles	445	5,262		5,707
Total non-GAAP operating income adjustments	(20,782)	(4,283)		(25,065)
<b>Non-GAAP operating income</b>	<b>\$ 39,970</b>	<b>\$ 45,160</b>	<b>\$ (3,960)</b>	<b>\$ 81,170</b>
<b>GAAP operating margin</b>	<b>2.21%</b>	<b>1.29%</b>		<b>1.61%</b>
<b>Non-GAAP operating margin</b>	<b>1.46%</b>	<b>1.18%</b>		<b>1.23%</b>

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

## Operating Income Q1 FY16

(In thousands)	Three months ended April 30, 2015			Consolidated
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	
<b>Net Sales</b>	<b>\$ 2,339,260</b>	<b>\$ 3,547,969</b>		<b>\$ 5,887,229</b>
GAAP operating income <sup>(1)</sup>	\$ 62,359	\$ 23,397	\$ (3,818)	\$ 81,938
Restatement and remediation-related expenses	38	580		618
LCD settlements	(38,511)	-		(38,511)
Loss on disposal of subsidiaries	363	-		363
Acquisition-related amortization of intangibles	170	5,610		5,780
Total non-GAAP operating income adjustments	(37,940)	6,190		(31,750)
<b>Non-GAAP operating income</b>	<b>\$ 24,419</b>	<b>\$ 29,587</b>	<b>\$ (3,818)</b>	<b>\$ 50,188</b>
<b>GAAP operating margin</b>	<b>2.67%</b>	<b>0.66%</b>		<b>1.39%</b>
<b>Non-GAAP operating margin</b>	<b>1.04%</b>	<b>0.83%</b>		<b>0.85%</b>

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

## Operating Income Q4 FY15

(In thousands)	Three months ended January 31, 2015			
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 2,563,662</b>	<b>\$ 4,775,829</b>		<b>\$ 7,339,491</b>
GAAP operating income <sup>(1)</sup>	\$ 37,776	\$ 67,878	\$ (3,970)	\$ 101,684
Restatement and remediation-related expenses	36	2,329		2,365
Loss on disposal of subsidiaries	1,330	-		1,330
Acquisition-related amortization of intangibles	170	6,184		6,354
Total non-GAAP operating income adjustments	1,536	8,513		10,049
<b>Non-GAAP operating income</b>	<b>\$ 39,312</b>	<b>\$ 76,391</b>	<b>\$ (3,970)</b>	<b>\$ 111,733</b>
<b>GAAP operating margin</b>	<b>1.47%</b>	<b>1.42%</b>		<b>1.39%</b>
<b>Non-GAAP operating margin</b>	<b>1.53%</b>	<b>1.60%</b>		<b>1.52%</b>

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

## Operating Income Q3 FY15

(In thousands)	Three months ended October 31, 2014			
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 2,644,085</b>	<b>\$ 4,117,096</b>		<b>\$ 6,761,181</b>
GAAP operating income <sup>(1)</sup>	\$ 42,194	\$ 28,407	\$ (3,856)	\$ 66,745
Restatement and remediation-related expenses	877	1,187		2,064
LCD settlements	(5,059)	-		(5,059)
Acquisition-related amortization of intangibles	170	6,883		7,053
Total non-GAAP operating income adjustments	(4,012)	8,070		4,058
<b>Non-GAAP operating income</b>	<b>\$ 38,182</b>	<b>\$ 36,477</b>	<b>\$ (3,856)</b>	<b>\$ 70,803</b>
<b>GAAP operating margin</b>	<b>1.60%</b>	<b>0.69%</b>		<b>0.99%</b>
<b>Non-GAAP operating margin</b>	<b>1.44%</b>	<b>0.89%</b>		<b>1.05%</b>

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

## Operating Income Q2 FY15

(In thousands)	Three months ended July 31, 2014			
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 2,722,191</b>	<b>\$ 4,119,618</b>		<b>\$ 6,841,809</b>
GAAP operating income <sup>(1)</sup>	\$ 38,854	\$ 32,725	\$ (3,869)	\$ 67,710
Restatement and remediation-related expenses	190	5,188		5,378
Value added tax assessment	-	(6,229)		(6,229)
Acquisition-related amortization of intangibles	170	7,254		7,424
Total non-GAAP operating income adjustments	360	6,213		6,573
<b>Non-GAAP operating income</b>	<b>\$ 39,214</b>	<b>\$ 38,938</b>	<b>\$ (3,869)</b>	<b>\$ 74,283</b>
<b>GAAP operating margin</b>	<b>1.43%</b>	<b>0.79%</b>		<b>0.99%</b>
<b>Non-GAAP operating margin</b>	<b>1.44%</b>	<b>0.95%</b>		<b>1.09%</b>

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



# Net Income and EPS

(In thousands, except per share data)	Three months ended <sup>(1)</sup>									Three months ended <sup>(2)</sup>					
	July 31, 2014			October 31, 2014			January 31, 2015			April 30, 2015			July 31, 2015		
	Operating Income	Net Income	Diluted EPS	Operating Income	Net Income	Diluted EPS	Operating Income	Net Income	Diluted EPS	Operating Income	Net Income	Diluted EPS	Operating Income	Net Income	Diluted EPS
GAAP results	\$67,710	\$39,328	\$1.03	\$66,745	\$41,700	\$1.09	\$101,684	\$80,677	\$2.11	\$81,938	\$51,277	\$1.38	\$106,235	\$76,412	\$2.09
Restatement and remediation-related expenses	5,378	4,328	0.11	2,064	1,585	0.04	2,365	1,845	0.05	618	478	0.01	164	101	-
LCD settlements	-	-	-	(5,059)	(3,162)	(0.08)	-	-	-	(38,511)	(26,823)	(0.72)	(21,527)	(13,301)	(0.36)
Loss on disposal of subsidiaries	-	-	-	-	-	-	1,330	1,330	0.03	363	363	0.01	154	96	-
Reversal of deferred tax valuation allowances and income taxes on undistributed earnings of assets held for sale <sup>(1)</sup>	-	-	-	-	-	-	-	(13,601)	(0.35)	-	-	-	-	-	-
Value added tax assessment	(6,229)	(6,229)	(0.16)	-	-	-	-	-	-	-	-	-	(9,563)	(15,011)	(0.41)
Acquisition-related amortization of intangibles	7,424	5,456	0.14	7,053	5,181	0.13	6,354	4,667	0.12	5,780	4,284	0.12	5,707	4,198	0.11
Total non-GAAP adjustments	6,573	3,555	0.09	4,058	3,604	0.09	10,049	(5,759)	(0.15)	(31,750)	(21,698)	(0.58)	(25,065)	(23,917)	(0.66)
<b>Non-GAAP results</b>	<b>\$ 74,283</b>	<b>\$ 42,883</b>	<b>\$ 1.12</b>	<b>\$ 70,803</b>	<b>\$ 45,304</b>	<b>\$ 1.18</b>	<b>\$ 111,733</b>	<b>\$ 74,918</b>	<b>\$ 1.96</b>	<b>\$ 50,188</b>	<b>\$ 29,579</b>	<b>\$ 0.80</b>	<b>\$ 81,170</b>	<b>\$ 52,495</b>	<b>\$ 1.43</b>

<sup>(1)</sup> During the fourth quarter of fiscal 2015, the company recorded income tax benefits of \$19.2 million primarily related to the reversal of deferred tax valuation allowances in certain jurisdictions in Europe, partially offset by income tax expenses of \$5.6 million related to undistributed earnings of assets held for sale in certain Latin American jurisdictions.

<sup>(2)</sup> Non-GAAP operating income for the three months ended July 31, 2015 excludes a net benefit related to value added tax assessments of \$9.6 million. Non-GAAP net income and non-GAAP diluted EPS exclude this item and a reduction in the accrual for associated interest expense of \$9.0 million, net of the tax impact.

## Return on Invested Capital (Non-GAAP)

TECD ROIC Formula: 
$$\frac{\text{TTM Net Operating Profit After Tax}}{\text{Average Invested Capital} - \text{Average Cash}}$$

\$ in thousands

	<u>January 31, 2013</u>	<u>January 31, 2014</u>	<u>January 31, 2015</u>	<u>July 31, 2015</u>
<b>Non-GAAP Net Operating Profit After Tax (NOPAT):</b>				
Non-GAAP Operating Income	\$310,259	\$274,937	\$307,985	\$313,895
Non-GAAP effective tax rate	28.9%	31.5%	31.8%	30.0%
Non-GAAP NOPAT (Non-GAAP operating income x (1 - non-GAAP effective tax rate))	\$220,666	\$188,200	\$210,172	\$219,685
<b>Average Invested Capital:</b>				
Short-term debt (5-qtr average)	\$70,141	\$66,601	\$40,342	\$28,592
Long-term debt (5-qtr average)	174,957	351,689	351,967	351,793
Non-GAAP Shareholders' Equity (5-qtr average)	1,920,376	1,973,198	2,103,329	2,024,495
Total average capital	2,165,474	2,391,488	2,495,638	2,404,880
Less: Cash (5-qtr average)	(389,029)	(459,011)	(573,199)	(589,743)
Average invested capital less average cash	<u>\$1,776,445</u>	<u>\$1,932,477</u>	<u>\$1,922,439</u>	<u>\$1,815,137</u>
<b>ROIC</b>	<b>12%</b>	<b>10%</b>	<b>11%</b>	<b>12%</b>

\* Trailing Twelve Months is abbreviated as TTM.