

# Q2 Fiscal Year 2017 Financial Highlights

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For the quarter ended July 31, 2016

August 25, 2016

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

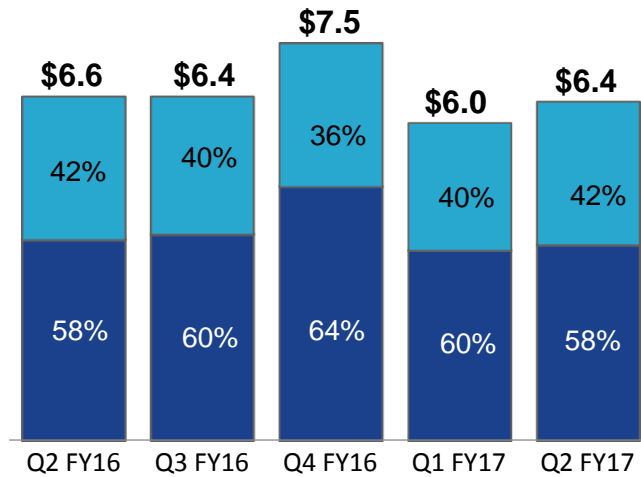
This document includes financial results prepared in accordance with generally accepted accounting principles (“GAAP”). In addition to GAAP results, Tech Data management believes that the presentation of non-GAAP financial measures is useful to investors because it provides investors with a more complete 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 sales, income or expense items as adjusted for the impact of changes in foreign currencies (referred to as “constant currency”) , sales adjusted for the impact of the exit of certain country operations, 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	-4%	-5%	2%	1%	-3%
Adjusted Y/Y Growth <sup>(1)</sup>	9%	5%	11%	2%	-2%

- Q2 FY17 worldwide reported net sales of \$6.4 billion decreased 3% year-over-year and increased 7% sequentially.
- On a constant currency basis, Q2 FY17 worldwide net sales declined 2% year-over-year and increased 7% sequentially.

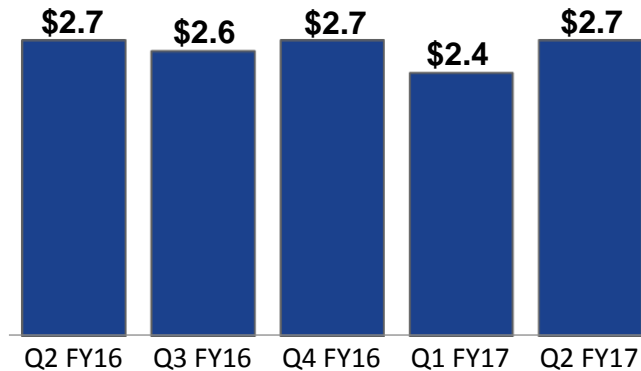
<sup>(1)</sup> Adjusted for the impact of changes in foreign currencies ; Q2 FY16 through Q1 FY17 adjusted sales growth also excludes sales generated in Chile, Peru and Uruguay due to the Company's exit from those countries.



## The Americas

Net Sales

\$ in Billions



Reported Y/Y growth	1%	-3%	5%	2%	-3%
Adjusted y/y growth <sup>(1)</sup>	5%	2%	11%	4%	-2%

- The Americas Q2 FY17 reported net sales of \$2.7 billion decreased 3% year-over-year and increased 12% sequentially.
- On a constant currency basis, the Americas' Q2 FY17 net sales declined 2% year-over-year and increased 12% sequentially.

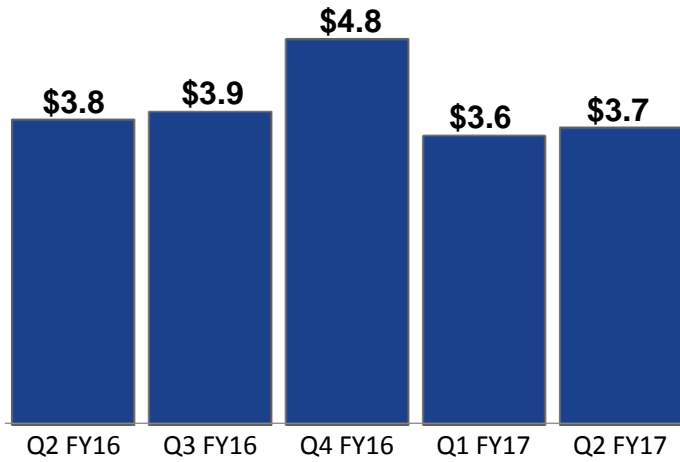
<sup>(1)</sup> Adjusted for the impact of changes in foreign currencies ; Q2 FY16 through Q1 FY17 adjusted sales growth also excludes sales generated in Chile, Peru and Uruguay due to the Company's exit from those countries.



# Europe

## Net Sales

\$ in Billions



Reported Y/Y growth	-7%	-6%	0%	1%	-4%
Y/Y CC growth <sup>(1)</sup>	11%	6%	11%	1%	-2%

- Europe's Q2 FY17 reported net sales of \$3.7 billion decreased 4% year-over-year and increased 3% sequentially.
- On a constant currency basis, Europe's Q2 FY17 net sales declined 2% year-over-year and increased 3% sequentially.

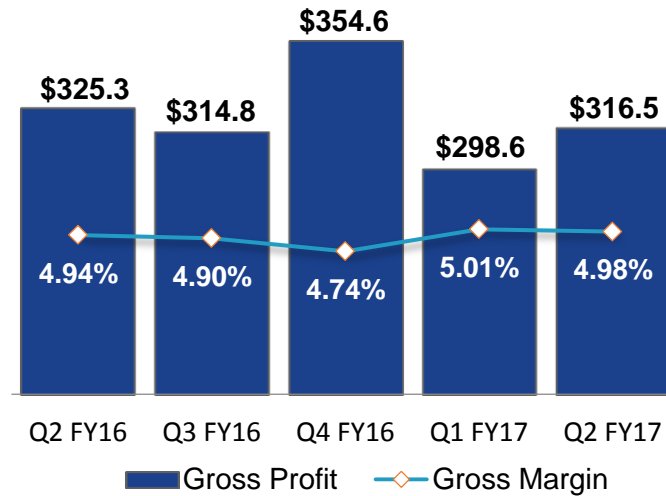
<sup>(1)</sup> CC: constant currency



## Worldwide

### Gross Profit and Margin

\$ in Millions



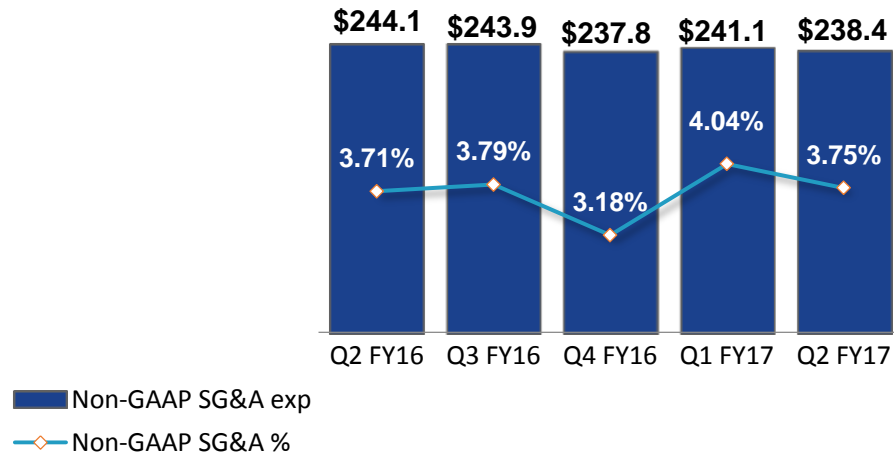
- Q2 FY17 gross profit was \$316.5 million, a decrease of \$8.8 million or 3%, compared to the prior-year quarter.
- Q2 FY17 gross profit margin was 4.98% , an improvement of 4 basis points year-over-year.



## Worldwide

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

\$ in Millions



GAAP SG&A exp	\$250.1	\$249.8	\$244.0	\$246.5	\$243.8
GAAP SG&A %	3.80%	3.89%	3.26%	4.13%	3.84%

- Q2 FY17 non-GAAP SG&A expenses were \$238.4 million, a decrease of \$5.8 million or 2%, compared to the prior-year quarter.
- Q2 FY17 non-GAAP SG&A as a percentage of net sales was 3.75%, compared to 3.71% in the prior-year quarter.
- Q2 FY17 GAAP depreciation and amortization expense was \$14.0 million, consistent with the prior-year quarter.

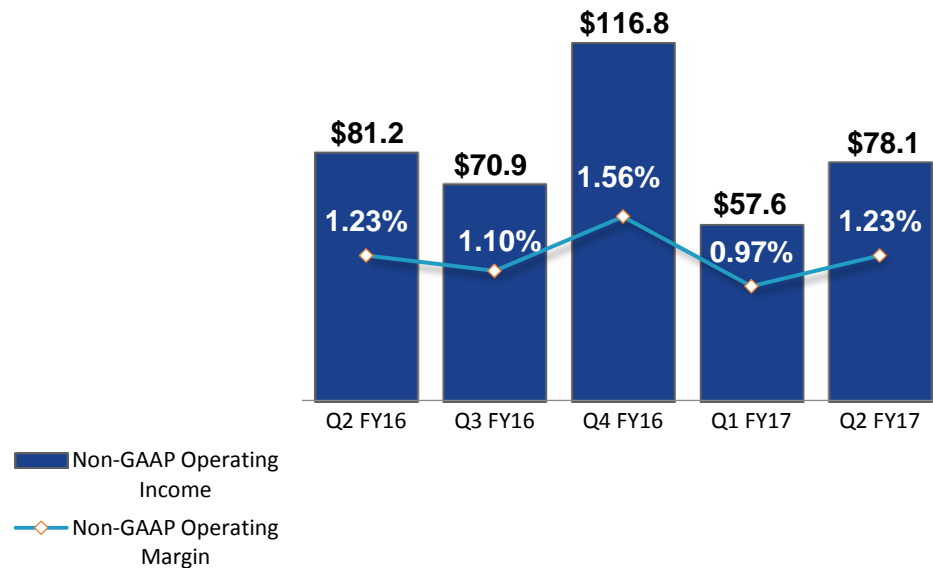
<sup>(1)</sup> Non-GAAP SG&A excludes acquisition-related amortization of intangibles expenses, restatement and remediation related expenses and loss on disposal of subsidiaries. See GAAP to Non-GAAP reconciliation in the appendix.



## Worldwide

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

\$ in Millions



GAAP Operating Inc	\$106.2	\$68.1	\$145.2	\$52.6	\$73.4
GAAP Operating Mrgn.	1.61%	1.06%	1.94%	0.88%	1.15%

- Q2 FY17 worldwide non-GAAP operating income was \$78.1 million, a decrease of \$3.1 million or 4%, compared to the prior-year quarter.
- Q2 FY17 worldwide non-GAAP operating margin of 1.23% was unchanged compared to the prior-year quarter.
- On a constant currency basis, non-GAAP operating income declined \$1 million or 1% year-over-year.
- GAAP operating income and GAAP operating margin for the prior-year quarter (Q2 FY16) included \$21.5 million of gains related to LCD settlement agreements, net of attorney fees and expenses.

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

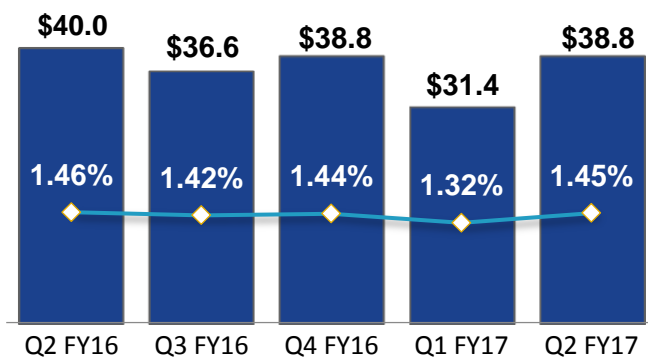




## The Americas

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

\$ in Millions



■ Non-GAAP Operating Income<sup>(2)</sup>  
 ◆ Non-GAAP Operating Margin<sup>(2)</sup>

GAAP Operating Income <sup>(1)</sup>	\$60.8	\$38.9	\$73.6	\$31.3	\$41.2
GAAP Operating Margin <sup>(1)</sup>	2.21%	1.51%	2.73%	1.31%	1.54%

- The Americas' Q2 FY17 non-GAAP operating income was \$38.8 million, a decrease of \$1.2 million or 3%, compared to the prior-year quarter.
- Q2 FY17 non-GAAP operating margin was 1.45%, compared to 1.46% in the prior-year quarter.
- GAAP operating income and GAAP operating margin for the prior-year quarter (Q2 FY16) included \$21.5 million of gains related to LCD settlement agreements, net of attorney fees and expenses.

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

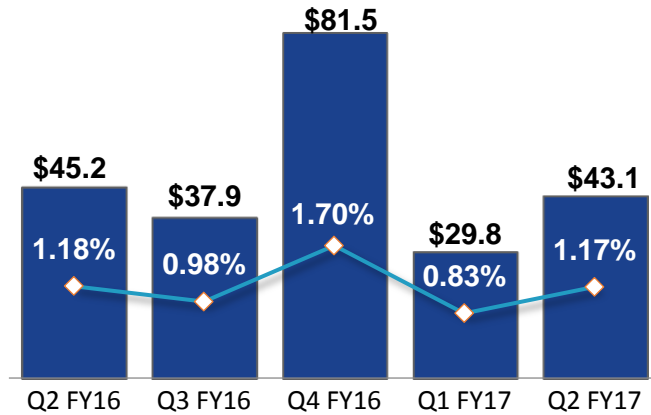
<sup>(2)</sup> See the GAAP to non-GAAP reconciliation in the appendix.



# Europe

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

\$ in Millions



■ Non-GAAP Operating Income<sup>(2)</sup>  
 ◆ Non-GAAP Operating Margin<sup>(2)</sup>

GAAP Operating Income <sup>(1)</sup>	\$49.4	\$32.8	\$75.1	\$24.9	\$35.9
GAAP Operating Margin <sup>(1)</sup>	1.29%	0.85%	1.57%	0.70%	0.98%

- Europe's Q2 FY17 non-GAAP operating income was \$43.1 million, a decrease of \$2.0 million or 4%, compared to the prior-year quarter.
- On a constant currency basis, non-GAAP operating income was essentially flat compared to the prior-year quarter.
- Q2 FY17 non-GAAP operating margin was 1.17%, compared to 1.18% in the prior-year quarter.

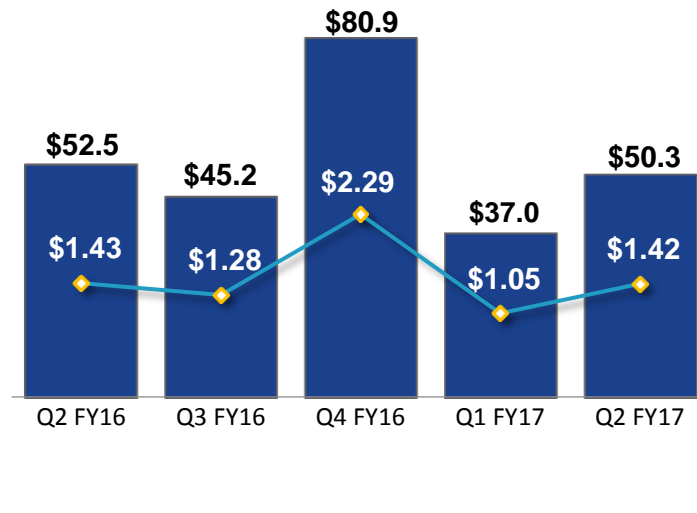
<sup>(1)</sup> Before stock compensation expense.

<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



GAAP Net Income	\$76.4	\$41.9	\$96.1	\$33.4	\$46.4
GAAP EPS - diluted	\$2.09	\$1.18	\$2.72	\$0.94	\$1.31
Weighted Average Shares Outstanding - Diluted	36,615	35,397	35,305	35,370	35,378

- Non-GAAP net income for Q2 FY17 was \$50.3 million, a decrease of \$2.2 million or 4%, compared to the prior-year quarter.
- Non-GAAP EPS was \$1.42, a decrease of \$0.01 or 1%, compared to the prior-year quarter.
- On a constant currency basis, non-GAAP net income declined \$1 million or 2% year-over-year.
- On a constant currency basis, non-GAAP EPS improved \$0.03 per diluted share or 2% year-over-year.
- Excluding non-GAAP adjustments, the effective tax rate for Q2 FY17 was 31.5%, compared to 30.4% in the prior-year quarter.

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



# Worldwide

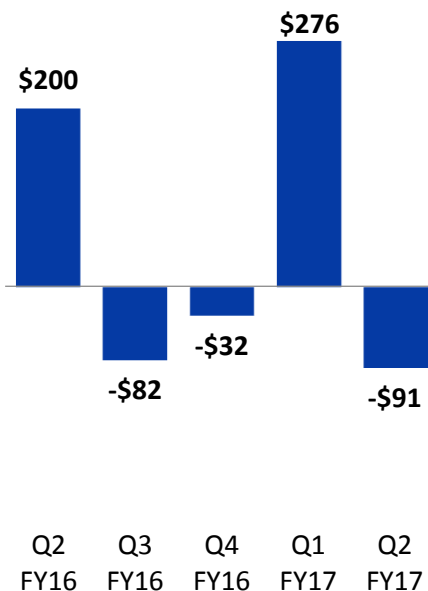
## Cash Metrics

### Cash Conversion Cycle

	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17
Days of Sales Outstanding	37	41	37	39	39
Days of Supply	29	32	27	34	32
Days of Purchases Outstanding	(47)	(52)	(44)	(51)	(49)
<b>Cash Conversion Cycle</b>	<b>19</b>	<b>21</b>	<b>20</b>	<b>22</b>	<b>22</b>

### Cash Flow from Operations

\$ in Millions



- Net cash used by operations in Q2 FY17 was \$91 million.
- The cash balance at the end of Q2 FY17 was \$697 million.
- Funds available for use under credit facilities were \$887 million at the end of Q2 FY17.

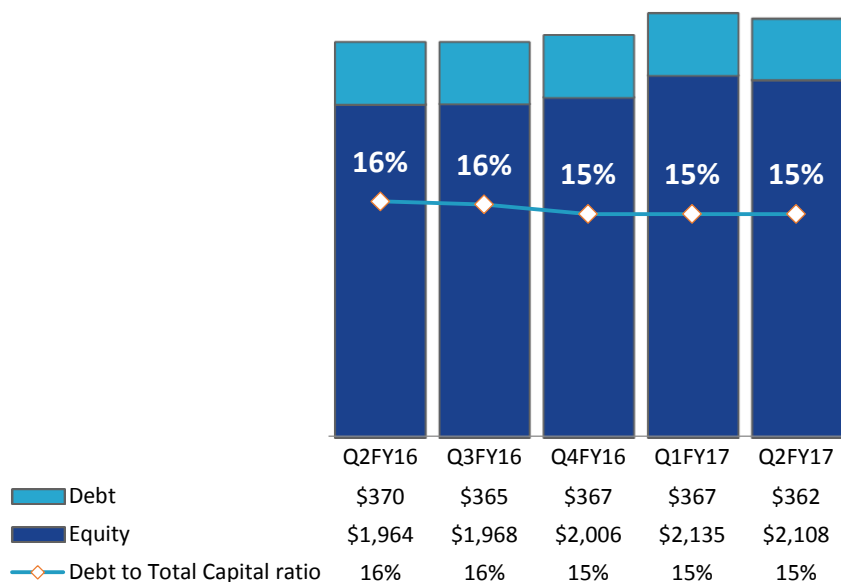


## Worldwide

### Balance Sheet Highlights

\$ in Millions

#### Debt to Total Capital

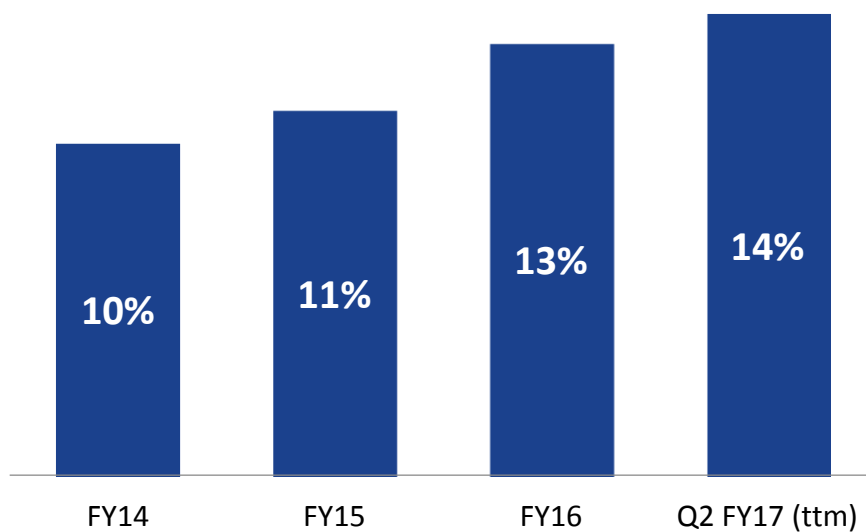


- Q2FY17 accumulated other comprehensive loss, which consists of currency translation, net of applicable taxes, was \$14 million
- Capital expenditures were \$11 million in Q2 FY17. For FY17, the company expects capital expenditures of approximately \$44 million.
- At July 31, 2016, the company had \$2.1 billion of equity, and 35.2 million shares outstanding resulting in book value of \$59.87 per share.
- The company had \$300 million of goodwill and acquired intangibles resulting in tangible book value of \$51.36 per share.



## Worldwide

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



- Company's Weighted Average Cost of Capital is approximately 9%<sup>(2)</sup>

(1) See reconciliation of ROIC calculation in appendix.

(2) Source: Bloomberg, August 19, 2016.



## Worldwide

### Product Mix

	Products	Q2 FY17 <i>(TTM)</i> <i>(% of total net sales)</i>
Broadline	Notebooks, Tablets, Desktops, Printers & Supplies Components	47%
Data Center	Industry Standard Servers, Proprietary Servers, Networking, Storage	21%
Software	Virtualization, Cloud, Security, Desktop Applications, Operating Systems, Utilities Software	18%
Mobility	Mobile Phones, Accessories	10%
Consumer Electronics	TVs, Digital Displays, Consumer A/V Devices Network-Attached Consumer Devices	3%
Services		Less than 1%

*Total may not foot due to rounding.*

*Company estimates for the 12-months ended July 31, 2016.*

- In Q2 FY17, the following vendors exceeded 10% of consolidated net sales:
  - Apple 17%
  - HP Inc. 14%
  - Cisco 11%



# Business Outlook

Q3 Fiscal Year 2017

## Q3 FY17

Net Sales	\$6.25 billion - \$6.45 billion
Non-GAAP Earnings per share	\$1.20 - \$1.30

### Above guidance assumes the following:

- Year-over-year constant currency net sales growth of flat to low-single-digits in both regions.
- U.S. dollar to euro exchange rate of \$1.10 to €1.00
- Tax rate: 29% - 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 24, 2016, 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")	Three months ended				Three months ended
	July 31, 2015	October 31, 2015	January 31, 2016	April 30, 2016	July 31, 2016
<b>(In thousands)</b>					
<b>Net Sales</b>	<b>\$ 6,580,393</b>	<b>\$ 6,428,540</b>	<b>\$ 7,483,621</b>	<b>\$ 5,963,362</b>	<b>\$ 6,353,739</b>
GAAP SG&A expenses	\$ 250,134	\$ 249,840	\$ 244,026	\$ 246,496	\$ 243,763
Acquisition-related amortization of intangibles	(5,707)	(5,671)	(6,184)	(5,445)	(5,408)
Restatement and remediation related expenses	(164)	(47)	-	-	-
Loss on disposal of subsidiaries	(154)	(182)	-	-	-
<b>Non-GAAP SG&amp;A expenses</b>	<b>\$ 244,109</b>	<b>\$ 243,940</b>	<b>\$ 237,842</b>	<b>\$ 241,051</b>	<b>\$ 238,355</b>
<b>GAAP SG&amp;A percentage of net sales</b>	<b>3.80%</b>	<b>3.89%</b>	<b>3.26%</b>	<b>4.13%</b>	<b>3.84%</b>
<b>Non- GAAP SG&amp;A percentage of net sales</b>	<b>3.71%</b>	<b>3.79%</b>	<b>3.18%</b>	<b>4.04%</b>	<b>3.75%</b>

## Operating Income Q2 FY17

(In thousands)	Three months ended July 31, 2016			
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 2,674,886</b>	<b>\$3,678,853</b>		<b>\$ 6,353,739</b>
GAAP operating income <sup>(1)</sup>	\$ 41,241	\$ 35,927	\$ (3,813)	\$ 73,355
Value added tax assessments	(407)	1,456		1,049
Acquisition-related amortization of intangibles	580	4,828		5,408
LCD settlements and other, net	(2,653)	936		(1,717)
Total non-GAAP operating income adjustments	\$ (2,480)	\$ 7,220		\$ 4,740
<b>Non-GAAP operating income</b>	<b>\$ 38,761</b>	<b>\$ 43,147</b>	<b>\$ (3,813)</b>	<b>\$ 78,095</b>
<b>GAAP operating margin</b>	<b>1.54%</b>	<b>0.98%</b>		<b>1.15%</b>
<b>Non-GAAP operating margin</b>	<b>1.45%</b>	<b>1.17%</b>		<b>1.23%</b>

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

## Operating Income Q1 FY17

(In thousands)	Three months ended April 30, 2016			
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 2,388,004</b>	<b>\$3,575,358</b>		<b>\$ 5,963,362</b>
GAAP operating income <sup>(1)</sup>	\$ 31,275	\$ 24,940	\$ (3,657)	\$ 52,558
LCD settlements and other, net	(443)	-		(443)
Acquisition-related amortization of intangibles	580	4,865		5,445
Total non-GAAP operating income adjustments	\$ 137	\$ 4,865		\$ 5,002
<b>Non-GAAP operating income</b>	<b>\$ 31,412</b>	<b>\$ 29,805</b>	<b>\$ (3,657)</b>	<b>\$ 57,560</b>
<b>GAAP operating margin</b>	<b>1.31%</b>	<b>0.70%</b>		<b>0.88%</b>
<b>Non-GAAP operating margin</b>	<b>1.32%</b>	<b>0.83%</b>		<b>0.97%</b>

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

## Operating Income Q4 FY16

(In thousands)	Q4 FY16 - Three months ended January 31, 2016			
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 2,699,276</b>	<b>\$ 4,784,345</b>		<b>\$ 7,483,621</b>
GAAP operating income <sup>(1)</sup>	\$ 73,609	\$ 75,084	\$ (3,491)	\$ 145,202
LCD settlements and other, net	(35,346)	-		(35,346)
Value added tax assessments	-	767		767
Acquisition-related amortization of intangibles	582	5,602		6,184
Total non-GAAP operating income adjustments	\$ (34,764)	\$ 6,369		\$ (28,395)
<b>Non-GAAP operating income</b>	<b>\$ 38,845</b>	<b>\$ 81,453</b>	<b>\$ (3,491)</b>	<b>\$ 116,807</b>
<b>GAAP operating margin</b>	<b>2.73%</b>	<b>1.57%</b>		<b>1.94%</b>
<b>Non-GAAP operating margin</b>	<b>1.44%</b>	<b>1.70%</b>		<b>1.56%</b>

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

## Operating Income Q3 FY16

(In thousands)	Three months ended October 31, 2015			
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 2,572,751</b>	<b>\$ 3,855,789</b>		<b>\$ 6,428,540</b>
GAAP operating income <sup>(1)</sup>	\$ 38,857	\$ 32,817	\$ (3,621)	\$ 68,053
Restatement and remediation-related expenses	34	13		47
Loss on disposal of subsidiaries	182	-		182
Acquisition-related amortization of intangibles	583	5,088		5,671
LCD settlements and other, net	(3,049)	-		(3,049)
Total non-GAAP operating income adjustments	(2,250)	5,101		2,851
<b>Non-GAAP operating income</b>	<b>\$ 36,607</b>	<b>\$ 37,918</b>	<b>\$ (3,621)</b>	<b>\$ 70,904</b>
<b>GAAP operating margin</b>	<b>1.51%</b>	<b>0.85%</b>		<b>1.06%</b>
<b>Non-GAAP operating margin</b>	<b>1.42%</b>	<b>0.98%</b>		<b>1.10%</b>

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

## Operating Income Q2 FY16

(In thousands)	Three months ended July 31, 2015			
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<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 and other, net	(21,527)	-		(21,527)
Value added tax assessments	-	(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.

## Net Income and EPS

(In thousands, except per share data)	Three months ended,									
	July 31, 2015		October 31, 2015		January 31, 2016		April 30, 2016		July 31, 2016	
	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
<b>GAAP Results</b>	<b>\$76,412</b>	<b>\$2.09</b>	<b>\$41,900</b>	<b>\$1.18</b>	<b>\$96,147</b>	<b>\$2.72</b>	<b>\$33,373</b>	<b>\$0.94</b>	<b>\$46,394</b>	<b>\$1.31</b>
LCD settlements and other, net	(21,527)	(0.59)	(3,049)	(0.08)	(35,346)	(1.00)	(443)	(0.01)	(1,717)	(0.05)
Value added tax assessments	(18,559)	(0.51)	-	-	767	0.02	-	-	1,386	0.04
Restatement and remediation related expenses	164	-	47	-	-	-	-	-	-	-
Loss on disposal of subsidiaries	154	-	182	0.01	-	-	-	-	-	-
Acquisition-related intangible assets amortization expense	5,707	0.16	5,671	0.16	6,184	0.18	5,445	0.15	5,408	0.15
Income tax effect of the above adjustments	10,144	0.28	443	0.01	13,151	0.37	(1,333)	(0.03)	(1,178)	(0.03)
<b>Non-GAAP results</b>	<b>\$52,495</b>	<b>\$1.43</b>	<b>\$45,194</b>	<b>\$1.28</b>	<b>\$80,903</b>	<b>\$2.29</b>	<b>\$37,042</b>	<b>\$1.05</b>	<b>\$50,293</b>	<b>\$1.42</b>



# Return on Invested Capital

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

\$ in thousands

	Twelve months ended			
	January 31, 2014	January 31, 2015	January 31, 2016	July 31, 2016
<b>Non-GAAP Net Operating Profit After Tax (NOPAT):</b>				
Non-GAAP Operating Income	\$274,937	\$307,985	\$319,069	\$ 323,366
Non-GAAP effective tax rate	31.5%	31.8%	28.5%	28.3%
Non-GAAP NOPAT (Non-GAAP operating income x (1 - non-GAAP effective tax rate))	\$188,200	\$210,172	\$228,201	\$ 231,847
<b>Average Invested Capital:</b>				
Short-term debt (5-qtr average)	\$66,601	\$40,342	\$16,539	\$ 16,796
Long-term debt (5-qtr average)	351,689	351,967	350,394	349,316
Non-GAAP Shareholders' Equity (5-qtr average)	1,973,198	2,103,329	1,943,683	2,009,233
Total average capital	2,391,488	2,495,638	2,310,616	2,375,345
Less: Cash (5-qtr average)	(459,011)	(573,199)	(597,715)	(669,836)
Average invested capital less average cash	\$1,932,477	\$1,922,439	\$1,712,901	\$ 1,705,509
<b>ROIC</b>	<b>10%</b>	<b>11%</b>	<b>13%</b>	<b>14%</b>

\* Trailing Twelve Months is abbreviated as TTM.