# Tech Data Corporation

Bob Dutkowsky
CEO

**Nasdaq 34th Investor Program**

## *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. 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.

## *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

# Tech Data Today

- **One of the world's largest distributors of technology products**
  - #1 overall market position in Europe
    - #1 Broadline Distributor
    - #1 Value Distributor
    - #1 Mobility Distributor
  - Leading market position in North America
- **An indispensable link in the IT supply chain**
  - Hundreds of thousands of products sold through 105,000+ value added resellers (VARs), direct marketers, retailers
- **An end-to-end portfolio of IT product and service offerings**
  - Strategic focus areas aligned with IT megatrends
- **Solid EPS growth, cash flow generation and ROIC**
  - Strong, low-risk balance sheet, excellent liquidity
- **Balanced approach to capital allocation**
  - Organic growth initiatives, selective M&A, share repurchases

# Strategic Link in the IT Ecosystem

***Vendor Strength:***

- Innovation through R&D
- Serving enterprise customers and consumers through big box retailers

***Vendor Challenge:***

- Reaching highly fragmented markets

**Enterprise**

**Consumer**

**SMB**

# Indispensable Link in the IT Ecosystem

***ONE-STOP SHOPPING FOR OUR CUSTOMERS***

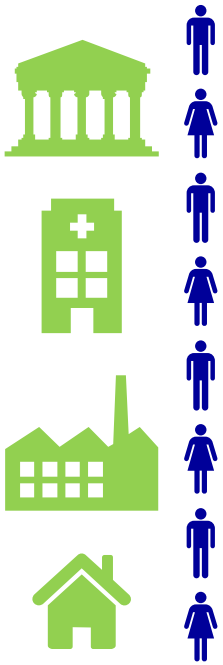
Cisco Authorized Distributor
Microsoft
hp
vmware
IBM
Apple
lenovo. FOR THOSE WHO DO.
EMC²
SONY make.believe
xerox
DELL
Hewlett Packard Enterprise
autodesk
intel
Symantec.
SAMSUNG

- Access to Fragmented Mkt
- Variable-Cost Route to Market
- World Class Logistics
- Integrated Supply Chain
- Cloud Aggregation

TechData

- Product Availability
- Multi-vendor solutions
- Financing / Inventory Mgmt
- Technical Support
- Marketing Support

Resellers
Direct Marketers
Retailers



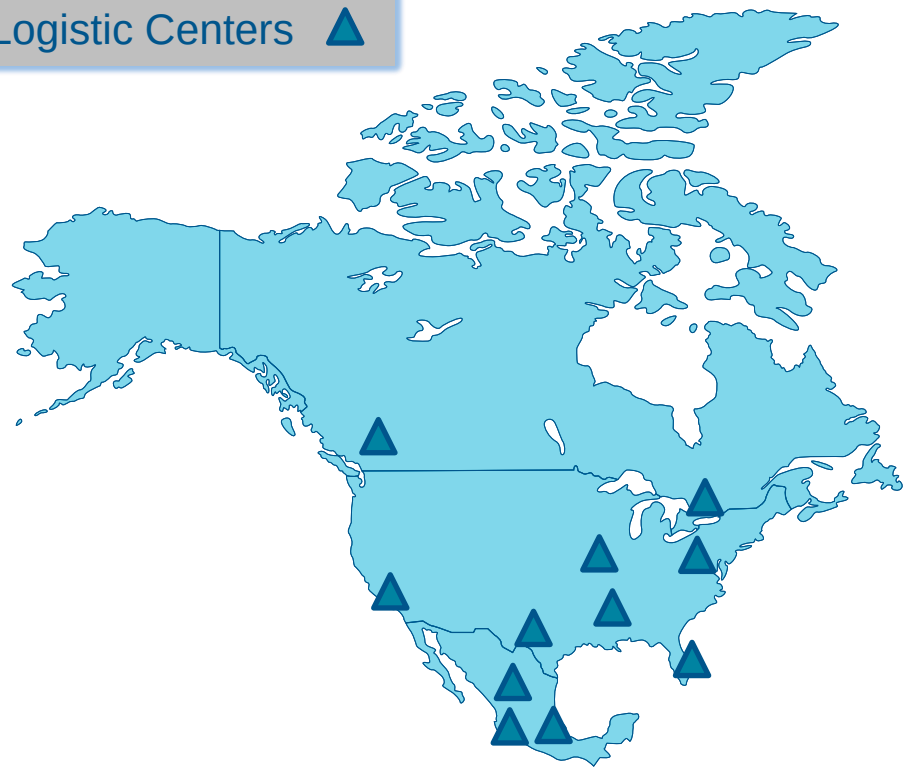
End-User customers

***AN EFFICIENT ROUTE TO MARKET FOR OUR VENDORS***

# Where We Operate

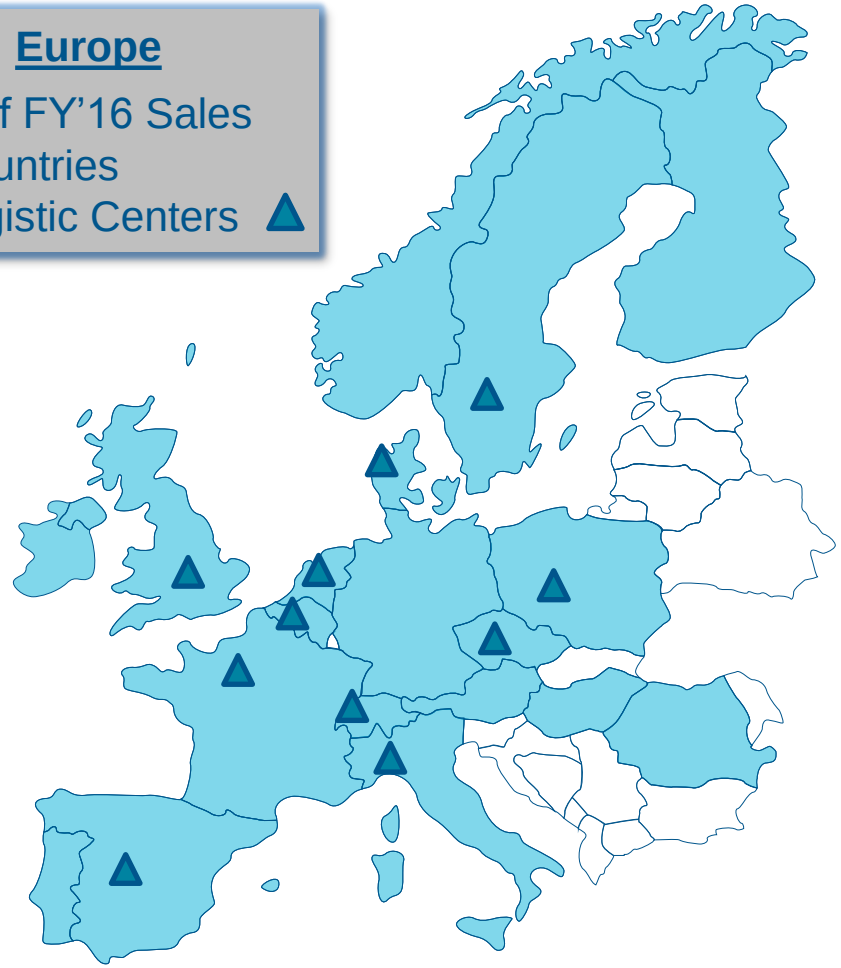
**North America**

39% of FY'16 Sales
3 Countries
11 Logistic Centers



**Europe**

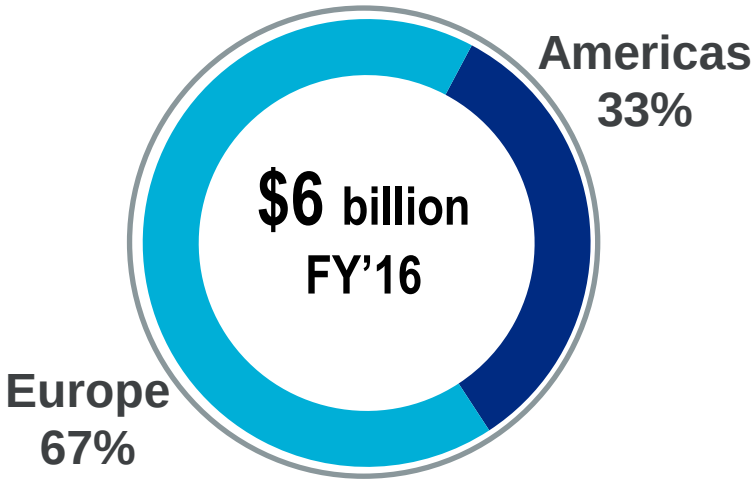
61% of FY'16 Sales
18 Countries
11 Logistic Centers



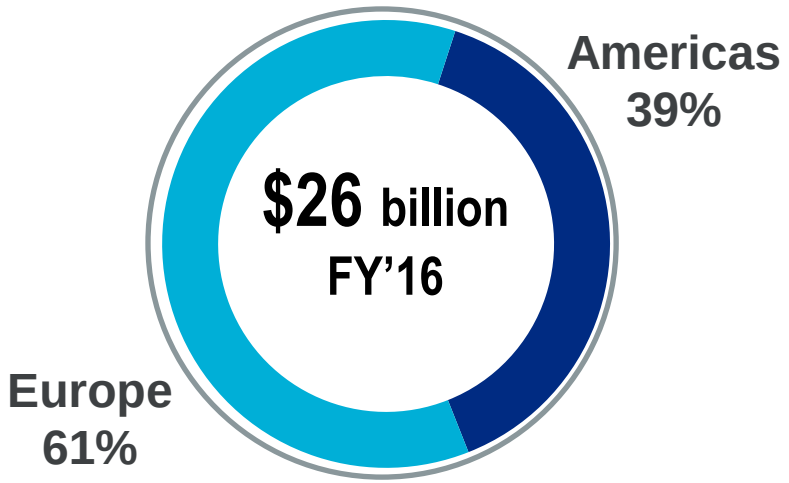
# Regional Operating Mix

**Fiscal year ended January 31, 2016**

## Assets

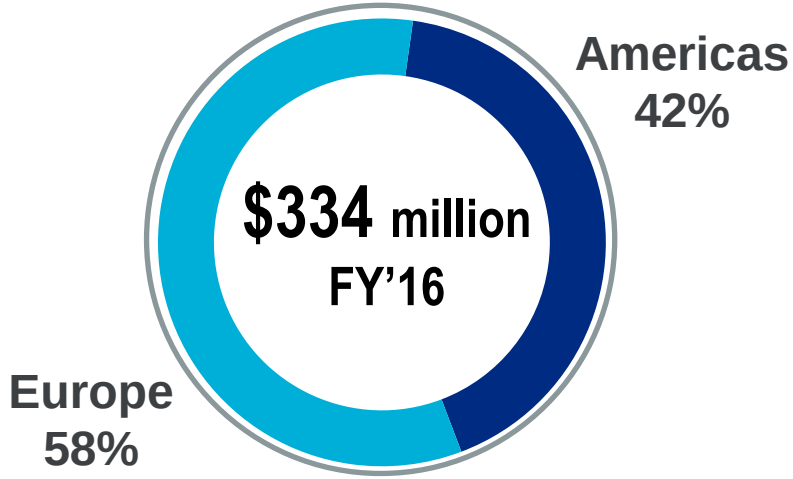



## Sales




## Operating Income (1)

(non-GAAP)

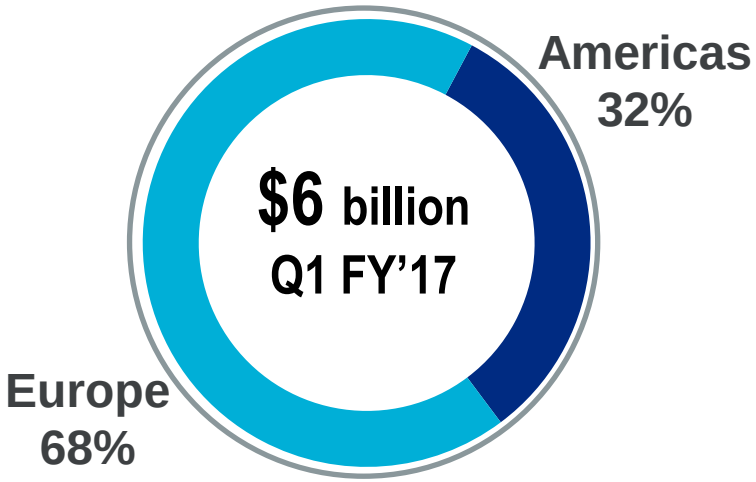



(1) Excluding stock compensation

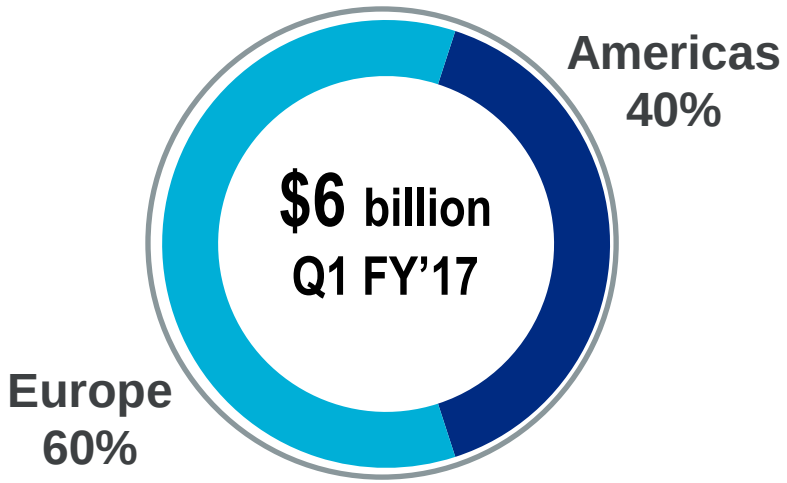
# Regional Operating Mix

**Quarter ended April 30, 2016**

## Assets

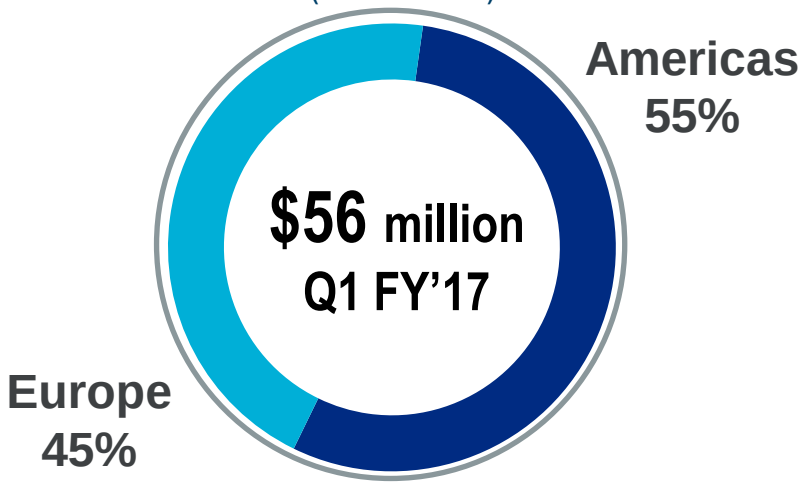



## Sales




## Operating Income (1)

(non-GAAP)




(1) Excluding stock compensation

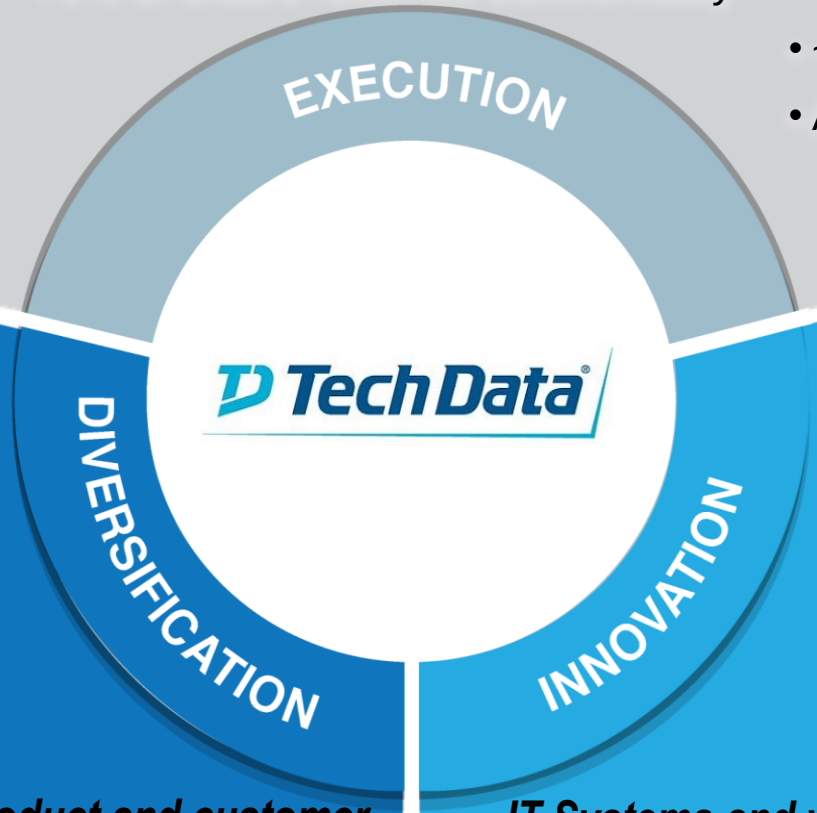
# A Consistent Strategy

***Competitive advantage focused on delivering excellent execution***

22 strategically-located distribution centers

70% of orders received electronically

- ~ 95% of worldwide sales on SAP
- ~ $100 million of orders processed daily
- Average order size ~ $2,000




- **Broadline**
- **Data Center Solutions**
- **Software & Cloud Aggregation**
- **Mobility**
- **Consumer Electronics**
- **Integrated Supply Chain Solutions**

***Expand product and customer portfolios to leverage infrastructure and improve profitability***

***IT Systems and value-added services that provide flexibility and strengthen channel partnerships***

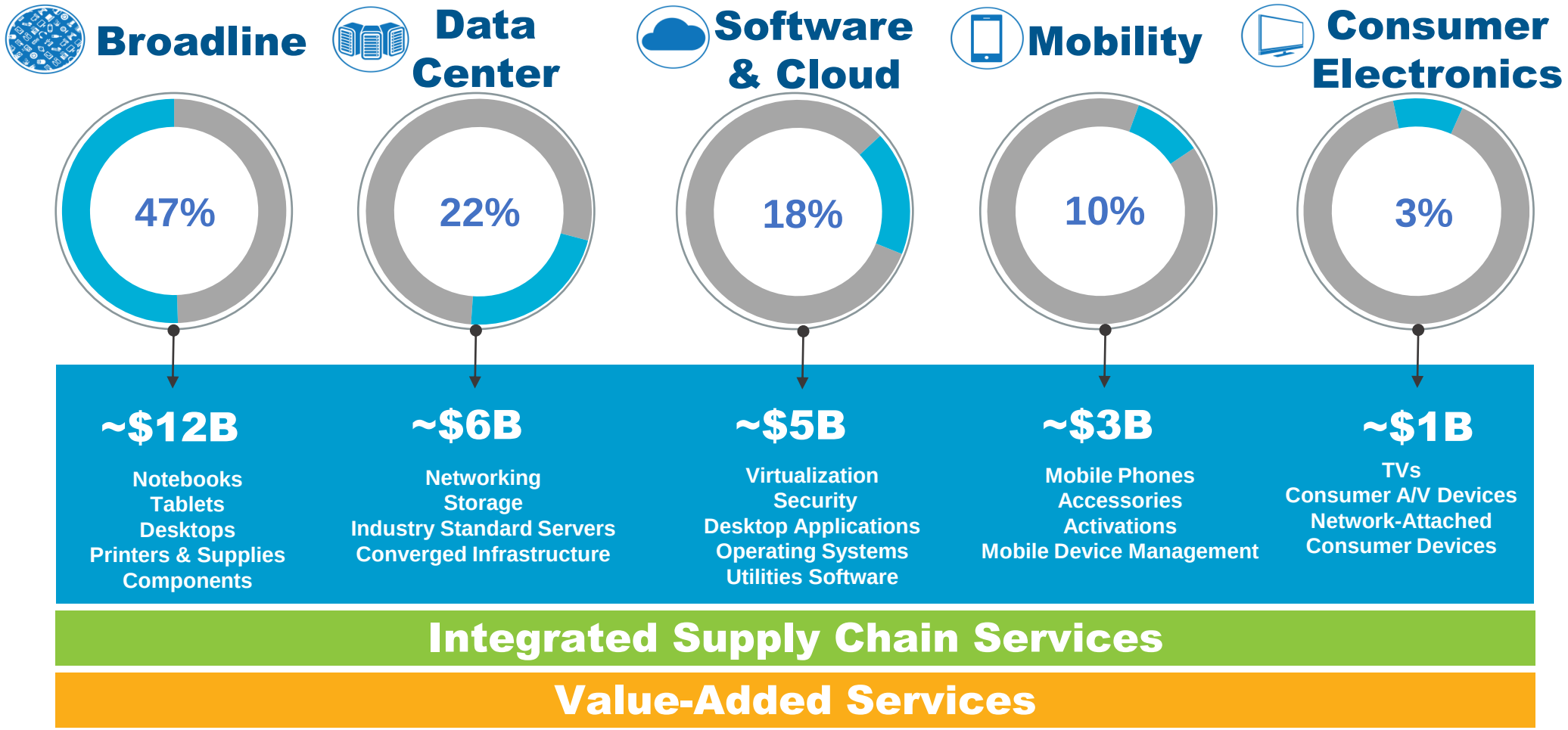
SIGNATURE TECHNOLOGY GROUP, INC.

TechData InTouch

TechData SMB

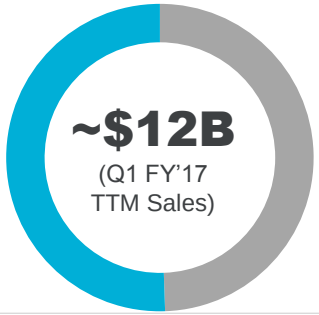
STREAMONE

# Strategic Focus Areas Aligned with IT Megatrends

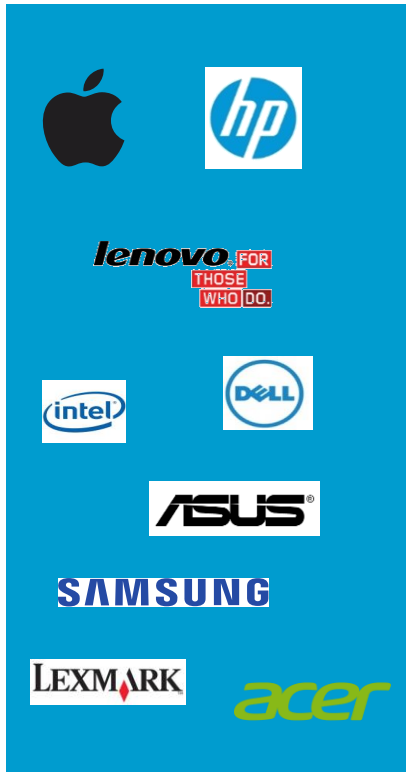


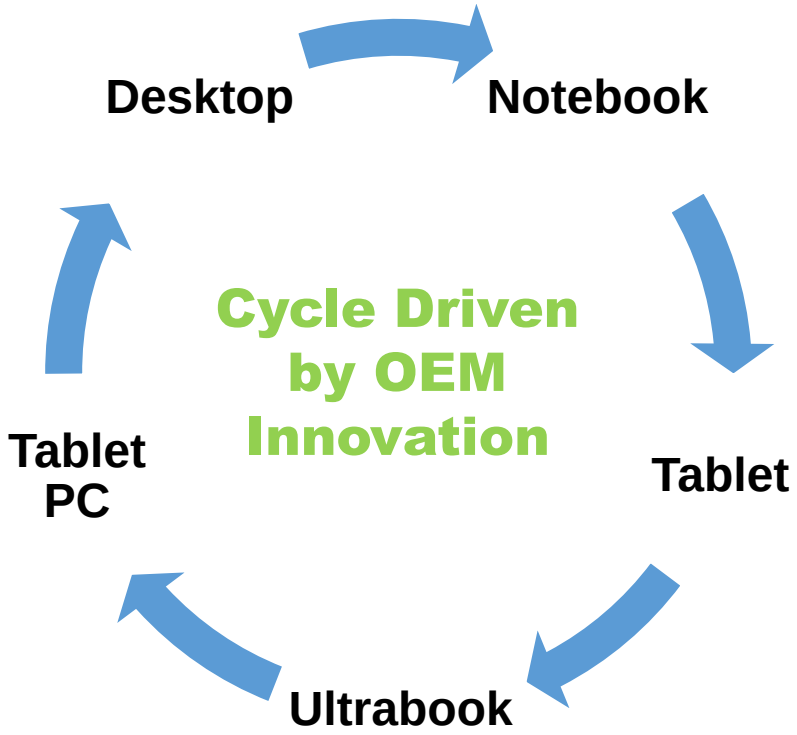

*Company estimates for the 12-months ended April 30, 2016.*

# Broadline




- **#1 market position in Europe**
- Volume Engine
- Successfully navigating the ever-evolving IT market landscape
- 40+ year history of adapting and capitalizing on emerging trends & shifting demand



# Data Center

**Data Center Hardware & Software sales**

- **#1 market position in Europe & #3 in the Americas**
- 12% CAGR (FY'07 – Q1 FY'17 TTM)
- Accelerating the Data Center Through
  - Networking Security and Collaboration
  - Industry Standard and Proprietary Servers
  - Virtualization and Software Defined Networks
  - Converged Infrastructure
  - Enabling Cloud Solutions

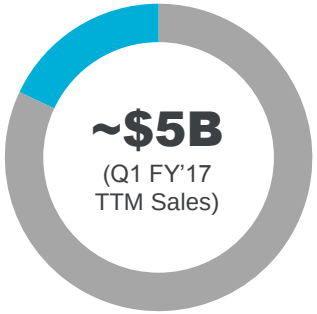
## Europe

*Data Center Hardware and Software Sales (TTM, $B)*

## The Americas

*Data Center Hardware and Software Sales (TTM, $B)*

# Software & Cloud




- Low capital-intensive software drives **operating income $** and **ROIC**
- **TDCloud:**
  - Growing ~100% annually
  - Scalability through multi-vendor technology solutions offered through a menu of web services for portable digital processes
  - Recurring revenue stream
- TDCloud powered by STREAMONE Software and Services on Demand

Microsoft
Hewlett Packard Enterprise
autodesk
Symantec.
IBM
ORACLE
SOFTLAYER an IBM Company
peak 10
amazon web services
CISCO Authorized Distributor
CARBONITE

## Physical

Traditional Software Sales

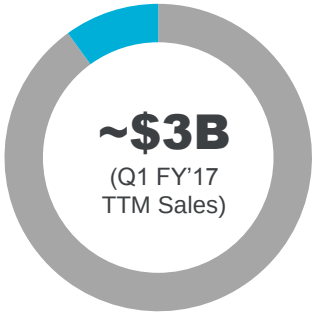
- Software licenses
- Renewals
- Multi-vendor provisioning
- Technical Support

## Virtual

Cloud Commerce

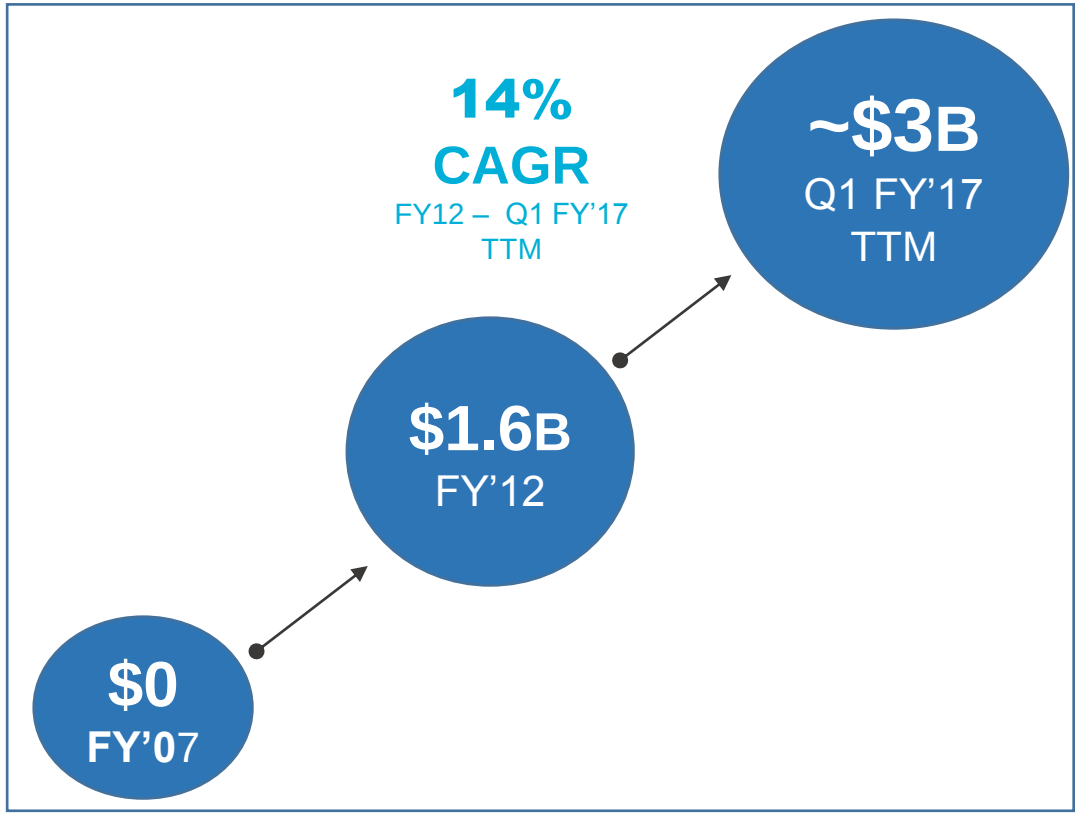
- API integration of cloud solutions
- Aggregation & marketplace
- Pre-packaged, multi-vendor bundled products
- Consumption and operating metrics
- White label storefronts
- Assessments and Migration
- Consolidated, simplified billing
- Business tracking and analytics
- Recurring billing

# Mobility

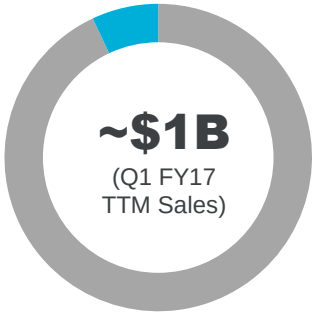



- **#1 market position in Europe**
- Launched 2007 as a greenfield JV
- Investing to grow a differentiated model in the Americas
- Diversified Product & Services Portfolio
  - Mobile Phones
  - Accessories
  - Activations
  - Mobile Device Management

## Mobility Sales

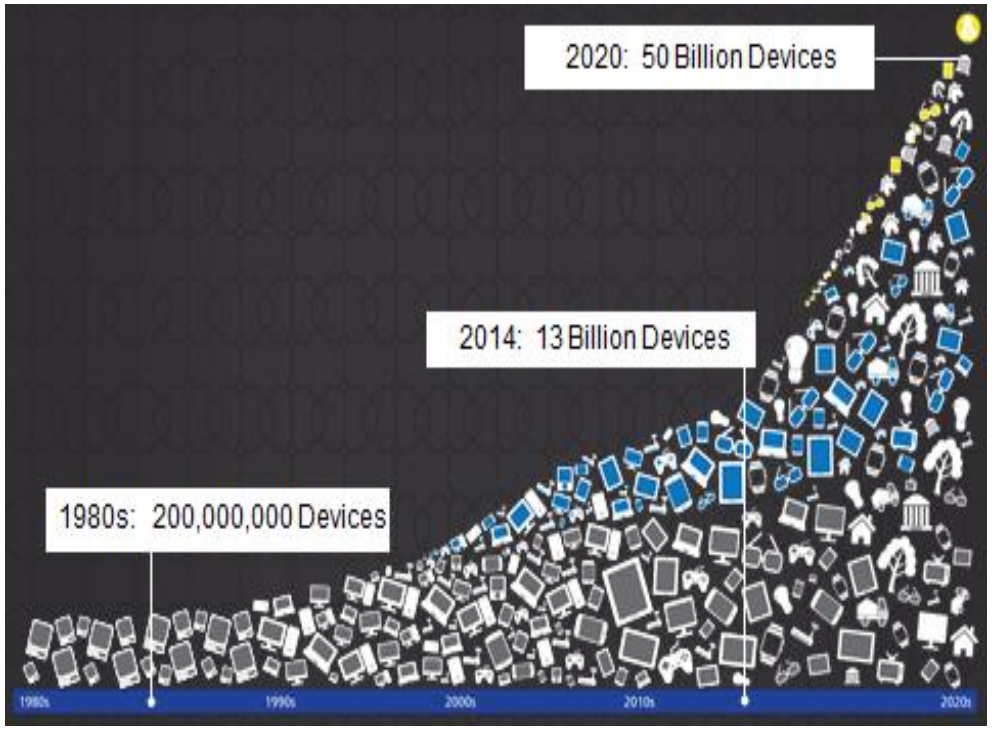


# Consumer Electronics




- **The Internet of Things** opens up significant opportunities
- **New** products / vendors / customers
- **Disruptive** technologies

***Cisco's Estimate of Connected Devices***



# Integrated Supply Chain Services

***End-to-end supply chain support guided by consultative solutions***

## Traditional 3PL

Warehousing & Distribution

Logistics & Transportation Management

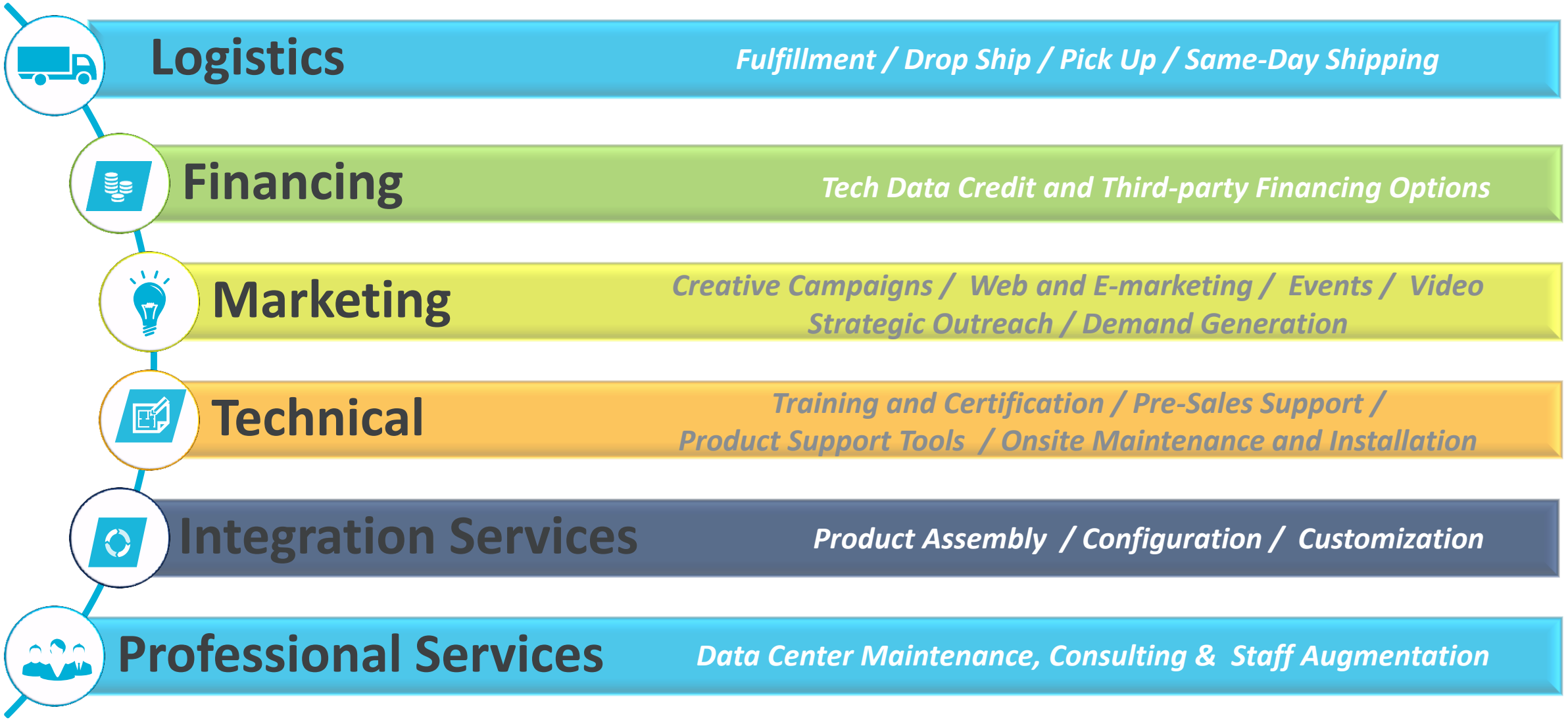
Order Management

E-Commerce

## Beyond 3PL

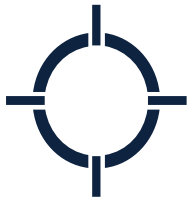
- Market Demand Planning
- Geographic Product Placement Planning
- Financial Clearinghouse Services
- Reverse Logistics
- Customer Care
- Credit and Collections
- Call Center – inbound and outbound

# Value-Added Services offered to our Reseller Customers



# Financial Metrics that Drive Tech Data

## Select Market Share Gains



## Gross Profit $ | Operating Income $

## Earnings Per Share

## Cash Flow Generation

## Return on Invested Capital

# Worldwide Financial Highlights – Q1 FY'17

## Sales

**$6 billion**

↑ **1%** in US$

↑ **2%** in CC*

## Non-GAAP Operating Income

**$57.6 million**

↑ **15%** in US$

## Non-GAAP EPS

**$1.05**

↑ **31%** in US$

**Solid execution delivers excellent results**

** In constant currency and adjusted for sales generated in the prior-year quarter in Chile, Peru and Uruguay due to the Company's exit from those countries.*
*GAAP to non-GAAP reconciliation available at www.techdata.com/investor*

# Regional Financial Highlights – Q1 FY'17

## The Americas

### Sales

**$2.4 billion**

**2%** in US$

**4%** in CC(1)

### Non-GAAP Operating Income(2)

**$31 million**

**29%** in US$

## Europe

### Sales

**$3.6 billion**

**1%** in US$

**1%** in CC

### Non-GAAP Operating Income(2)

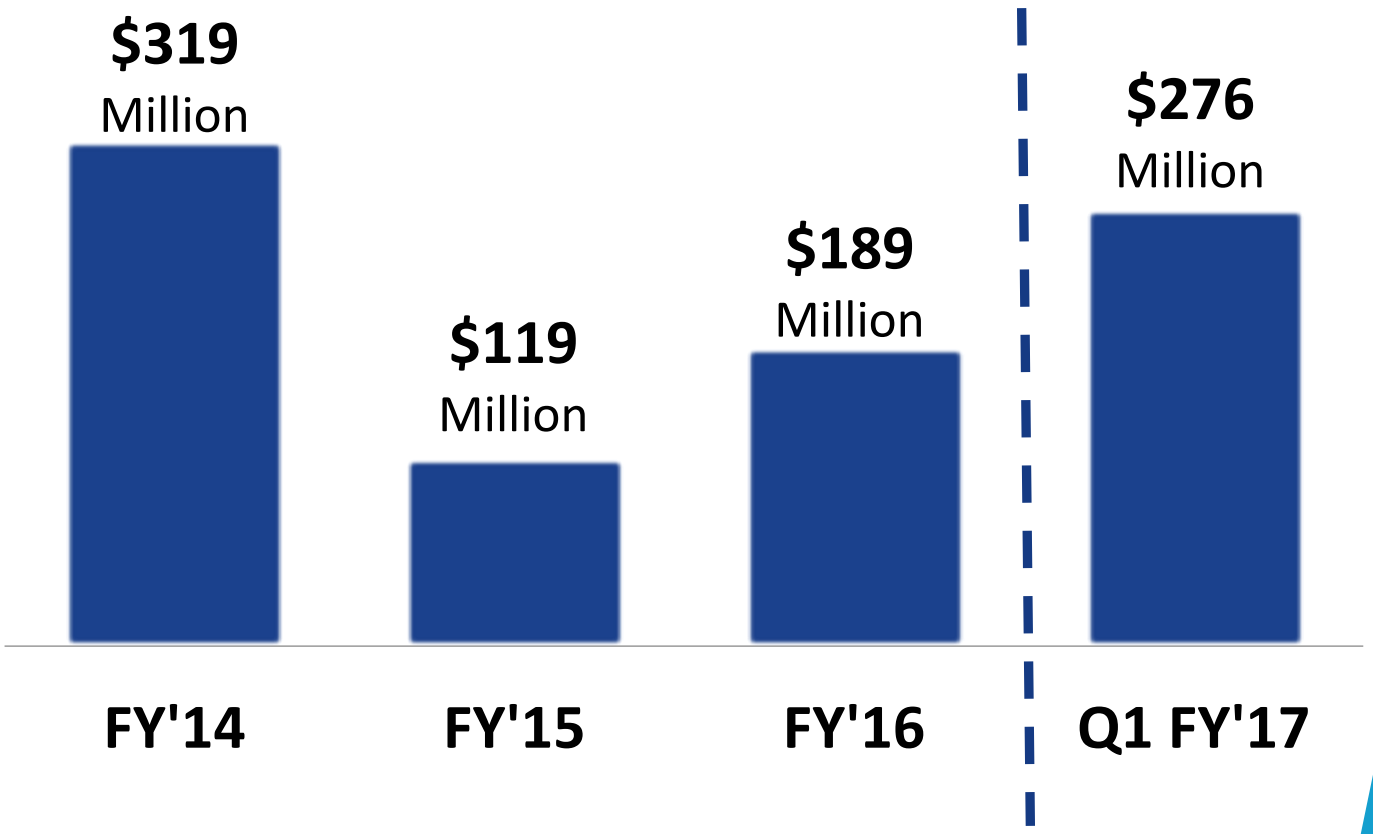
**$30 million**

**1%** in US$

*(1) In constant currency and adjusted for sales generated in the prior-year quarter in Chile, Peru and Uruguay due to the Company's exit from those countries.*

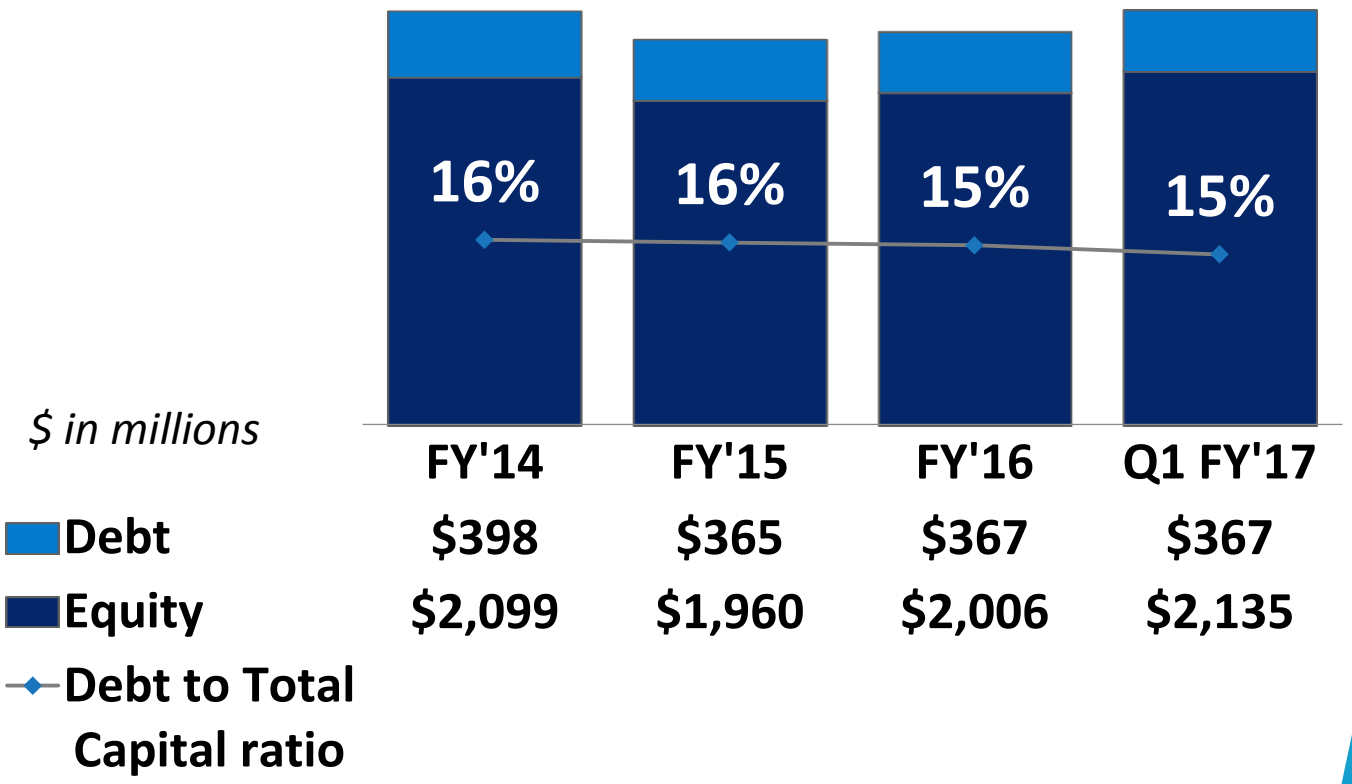
*(2) Regional operating income and margin exclude stock compensation expense. Reconciliation of GAAP to non-GAAP financial measures available at www.techdata.com/investor*

# Cash Flow from Operations




- *Counter cyclical balance sheet positively impacts cash flow during down sales cycles*

# Strong, Low-risk Balance Sheet




***Debt:***

- ***Investment-grade debt ratings from S&P and Moody's***

***<u>Low-risk profile:</u>***

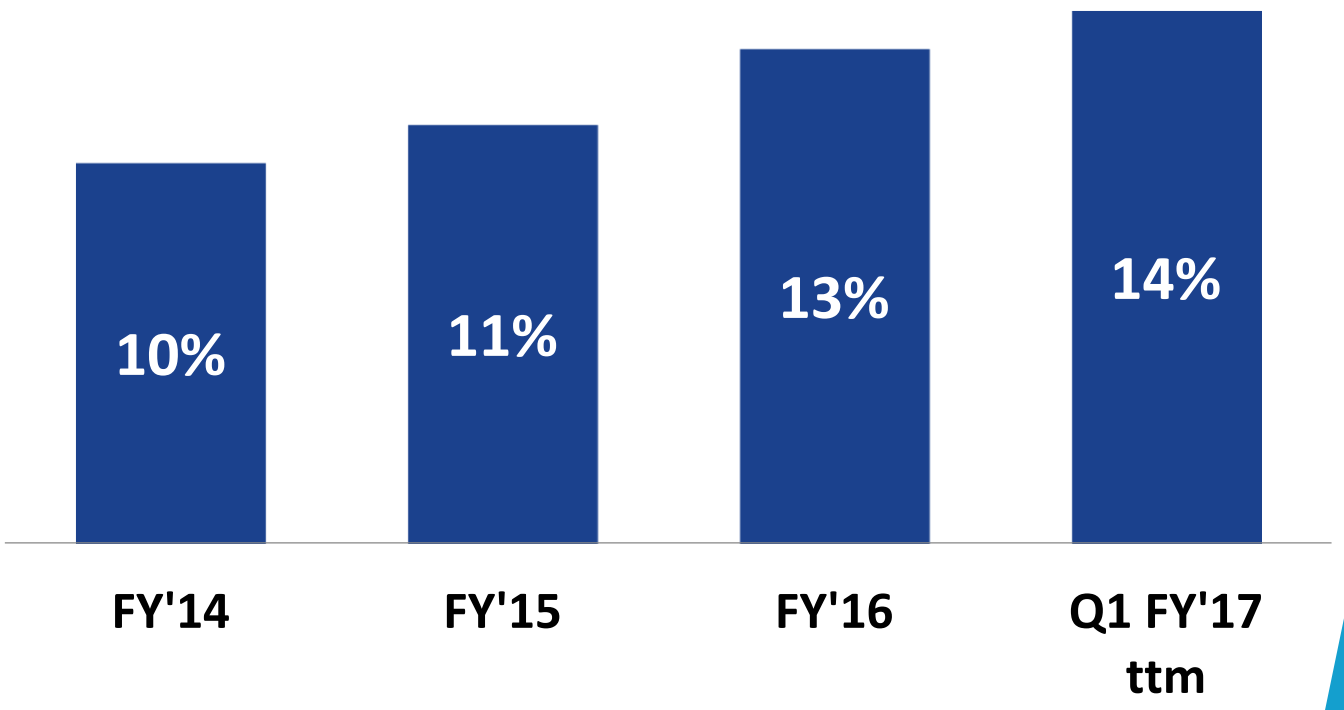
***Accounts Receivable:***

- ***Wide and diverse customer base - no customers exceed 10% of sales***
- ***Large portion of European A/R insured through credit insurance***

***Inventory:***

- ***Many vendor agreements allow for stock rotation and price protection***

# Return on Invested Capital (1)




- ***Estimated Weighted Average Cost of Capital: ~ 9% (2)***

(1) *Reconciliation of ROIC calculation available at www.techdata.com/investor*
(2) *Source: Bloomberg, May 20, 2016.*

# Balanced Capital Allocation

## Return of Capital to Shareholders

- $1.3 billion in **share repurchases** since FY'06
- Returned nearly **half of Free Cash Flow** to shareholders through share buybacks since FY'06

## Selective M&A

- Invested **~$900 million** in 18 acquisitions since FY'08
- 16 of 18 acquisitions in Europe

## Organic Growth Initiatives

- Worldwide SAP platform
- Data Center
- Mobility
- ISCS
- Value-Added Services
- Software & Cloud Solutions

# Tech Data In Summary

- End-to-End Portfolio Diversified Across Geographies, Customers & Products
- One Worldwide IT Platform
- Deep Vendor Relationships
- Solid EPS Growth, Cash Flow Generation and ROIC
- Strong, Low-risk Balance Sheet and Flexible Capital Structure

Tech Data