

# News Release

## INGRAM MICRO REPORTS THIRD QUARTER 2007 RESULTS

*Double-digit growth in worldwide sales and net income  
EMEA and Asia-Pacific sales and operating income hit third-quarter records*

**SANTA ANA, Calif., Oct. 25, 2007** — Ingram Micro Inc. (NYSE: IM), the world's largest technology distributor, today announced financial results for the third quarter of 2007, which ended Sept. 29, 2007.

Worldwide sales for the third quarter were \$8.61 billion, a 15 percent increase over the \$7.51 billion posted in the year-ago period and an all-time record for a third quarter. The translation impact of the relatively stronger foreign currencies had an approximate five percentage-point positive effect on comparisons to the prior year.

Third-quarter net income increased 24 percent to \$72.4 million, or \$0.41 per diluted share, compared with \$58.5 million, or \$0.34 per diluted share, in the prior-year period.

“We’re pleased to deliver another record-breaking quarter,” said Gregory M. Spierkel, chief executive officer, Ingram Micro Inc. “Our record sales were driven primarily by robust growth in Asia-Pacific and Europe. Both regions achieved third-quarter records in sales and operating income. In Asia-Pacific, strong economies and our proactive business improvements helped us generate 81-percent operating income growth on a 36-percent sales increase. European demand was firm throughout the quarter, fueled by a strong back-to-school season in many countries. North America and Latin America operations both posted meaningful revenue growth, consistent with investments in expansion initiatives. Our global portfolio of operations continues to drive financial performance, allowing us to exceed our guidance range and analysts’ estimates for sales and earnings per share.”



### ***Additional Third-Quarter Highlights***

*For more detail regarding the results outlined below, please refer to the financial statements and schedules attached to this news release or visit [www.ingrammicro.com](http://www.ingrammicro.com).*

### ***Regional Sales***

- North American sales were \$3.50 billion (41 percent of total revenues), an increase of 4 percent versus the \$3.37 billion reported in the year-ago quarter. As described in the first six months of this year, warranty sales on behalf of vendors are now recognized as net fees, rather than gross revenues and cost of sales as reported in the prior-year period, which had an approximate four percent negative impact on year-over-year sales comparisons.
- Europe, Middle East and Africa (EMEA) sales were \$2.86 billion (33 percent of total revenues), an increase of 18 percent versus \$2.43 billion in the year-ago period. The translation impact of the relatively stronger European currencies had an approximate eight percentage-point impact on comparisons to the prior year.
- Asia-Pacific sales were \$1.86 billion (22 percent of total revenues), an increase of 36 percent versus the \$1.36 billion reported in the year-ago quarter. The translation impact of the relatively stronger regional currencies had an approximate 12-percentage point impact on comparisons to the prior year.
- Latin American sales were \$382 million (4 percent of total revenues), an increase of 9 percent versus the \$349 million reported in the year-ago quarter.

### ***Gross Margin***

Gross margin in the 2007 third quarter was 5.52 percent, an increase of 12 basis points versus the prior-year quarter, driven primarily by the positive impact from the net reporting of warranty contract sales discussed previously. Sequentially, gross margin improved 11 basis points versus the second quarter of 2007.

### ***Operating Expenses***

Total operating expenses were \$364.0 million, or 4.23 percent of revenues, versus \$311.9 million, or 4.15 percent of revenues, in the year-ago quarter. In the current quarter, the net reporting of warranty sales, as described above, had an unfavorable impact on operating expenses as a percentage of revenues of approximately seven basis points.

### *Operating Income*

Worldwide operating income was \$111.0 million, or 1.29 percent of revenues, as compared to \$93.8 million or 1.25 percent of revenues in the year-ago quarter.

- North American operating income was \$55.4 million, or 1.58 percent of revenues, versus \$55.3 million, or 1.64 percent of revenues, in the year-ago quarter.
  - EMEA operating income was \$29.0 million, or 1.01 percent of revenues, versus \$23.6 million, or 0.97 percent of revenues, in the year-ago quarter.
  - Asia-Pacific operating income was \$30.6 million, or 1.65 percent of revenues, versus \$16.9 million, or 1.24 percent of revenues, in the year-ago quarter.
  - Latin American operating income was \$4.4 million, or 1.15 percent of revenues, versus \$4.6 million, or 1.31 percent of revenues in the year-ago quarter.
  - Stock-based compensation expense, which amounted to \$8.4 million in the current quarter and \$6.5 million in the prior-year quarter, is presented as a separate reconciling amount in the company's segment reporting in both periods. As such, these expenses are not included in the regional operating results, but are included in the worldwide operating results.
- **Other expenses**, net, for the quarter were \$12.5 million, versus \$12.6 million in the year-ago period.
  - The **effective tax rate** was 26.5 percent versus 28 percent in the prior-year quarter. The favorable movement in the tax rate was driven primarily by changes in the profit mix across geographies.
  - **Total depreciation and amortization** was \$16.0 million.
  - **Capital expenditures** were \$11.2 million.

### *Balance Sheet*

- The cash balance at the end of the quarter was \$580 million, an increase of \$246 million versus the end of 2006. Total debt was \$625 million, an increase of \$115 million from year-end. Debt-to-capitalization was 16 percent, compared with 15 percent at year-end.
- Inventory was \$2.73 billion or 30 days on hand compared with \$2.68 billion or 29 days on hand at the end of the year. The increase in inventory days was due to

product purchases as the company prepares for the seasonally active fourth quarter, as well as the impact on revenue and cost of sales from the reclassification of warranty sales, as described above.

- Working capital days were 24, an increase of 2 days from year-end 2006, but flat sequentially.

“We’ve made excellent progress toward developing four profitable, solidly performing businesses throughout the world,” said William D. Humes, executive vice president and chief financial officer, Ingram Micro Inc. “Looking forward, our focus is on further improvement. We haven’t yet fully leveraged some of our diversification efforts and infrastructure investments. Working capital increased in preparation for a seasonally stronger fourth quarter and from a greater mix of retail business from our consumer electronic initiatives. While we’re pleased with our double-digit growth in sales and profits, we are intently focused on opportunities to enhance our results – both in our core business and through expansion – which will drive even greater strength in the future.”

#### ***Nine-Month Period***

For the nine months ended Sept. 29, 2007, worldwide sales were \$25.04 billion, an 11 percent increase over the \$22.50 billion reported a year ago. Regional sales were \$10.09 billion for North America (a 2 percent increase versus the prior-year period, with the warranty reclassification unfavorably impacting comparisons by four percentage points); \$8.69 billion for Europe, (an increase of 16 percent, to which the translation impact of stronger European currencies had an approximate nine percentage-point positive effect on comparisons to the prior year); \$5.19 billion for Asia-Pacific (an increase of 29 percent); and \$1.07 billion for Latin America (an increase of 3 percent).

Worldwide operating income for the nine-month period was \$270.4 million, or 1.08 percent of revenues, which included the previously disclosed first-quarter charge of approximately \$33.8 million (approximately 0.13 percent of revenues) for Brazilian commercial taxes and a second-quarter charge of \$15 million (approximately 0.06 percent of revenues) for an SEC-related matter. In the year-ago period, operating income was \$280.8 million, or 1.25 percent of revenues.

Nine-month net income was \$161.8 million, or \$0.92 per diluted share, which included the first-quarter charge for commercial taxes in Brazil of \$33.8 million after tax or \$0.19 per diluted share and the second-quarter charge for the SEC matter of \$9.2 million after tax or \$0.05 per diluted share. These charges totaled \$43.0 million after tax or \$0.24 per diluted share for the nine-month period. In the year-ago period, net income was \$174.0 million, or \$1.03 per diluted share.

#### ***Outlook for the Fourth Quarter***

The following statements are based on the company's current expectations and internal forecasts. These statements are forward-looking and actual results may differ materially, as outlined in the company's periodic filings with the Securities and Exchange Commission.

According to the company's guidance for the fourth quarter ending Dec. 29, 2007:

- Sales are expected to range from \$9.70 billion to \$9.95 billion.
- Net income is expected to range from \$103 million to \$108 million, or \$0.58 to \$0.61 per diluted share.
- The weighted average shares outstanding is expected to be approximately 178 million and an effective tax rate of approximately 27 percent is estimated for the fourth quarter.

“Fourth-quarter sales are expected to reach the highest quarterly levels in company history,” said Spierkel. “We expect solid top-line growth in every region, with worldwide net income growth of up to 18 percent compared to the year-ago period. Sales in Asia-Pacific and Europe should remain robust, with more modest growth in the Americas. Technology deployment continues to be a key business enabler, particularly in the small to medium business markets we serve. We feel good about our ability to tap that demand throughout the world, and we plan to stay ahead of the market through innovation, diversification and continuous improvement.”

## About Ingram Micro

Ingram Micro Inc. is the world's largest technology distributor. As a vital link in the technology value chain, Ingram Micro creates sales and profitability opportunities for vendors and resellers through unique marketing programs, logistics services, technical support, financial services and product aggregation and distribution. The company serves 150 countries and is the only global broadline IT distributor with operations in Asia. Ranked 70 on the Fortune 500, Ingram Micro generated \$31.36 billion in revenues for fiscal year 2006.

Visit [www.ingrammicro.com](http://www.ingrammicro.com) or [www.ingrammicro-europress.com](http://www.ingrammicro-europress.com).

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