

# Q3 Fiscal Year 2019 Financial Highlights

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For the quarter ended October 31, 2018

November 29, 2018

## Forward-Looking Statements

Certain statements in this communication may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, including statements regarding Tech Data’s plans, objectives, expectations and intentions, Tech Data’s financial results and estimates and/or business prospects, involve a number of risks and uncertainties and actual results could differ materially from those projected. These forward looking statements are based on current expectations, estimates, forecasts, and projections about the operating environment, economies and markets in which Tech Data operates and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words, and similar expressions are intended to identify such forward looking statements. In addition, any statements that refer to Tech Data’s future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances, are forward looking statements. These forward looking statements are only predictions and are subject to risks, uncertainties, and assumptions. Therefore, actual results may differ materially and adversely from those expressed in any forward looking statements.

For additional information with respect to important risks and other factors that could cause actual results to differ materially from those in the forward-looking statements, see Tech Data’s Annual Report on Form 10-K for the year ended January 31, 2018, including Part I, Item 1A, “Risk Factors” therein, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other securities filings with the Securities and Exchange Commission (the “SEC”) that are available at the SEC’s website at [www.sec.gov](http://www.sec.gov) and other securities regulators. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Many of these factors are beyond Tech Data’s control. Unless otherwise required by applicable securities laws, Tech Data disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Tech Data undertakes no duty to update any forward looking statements contained herein to reflect actual results or changes in Tech Data’s expectations.

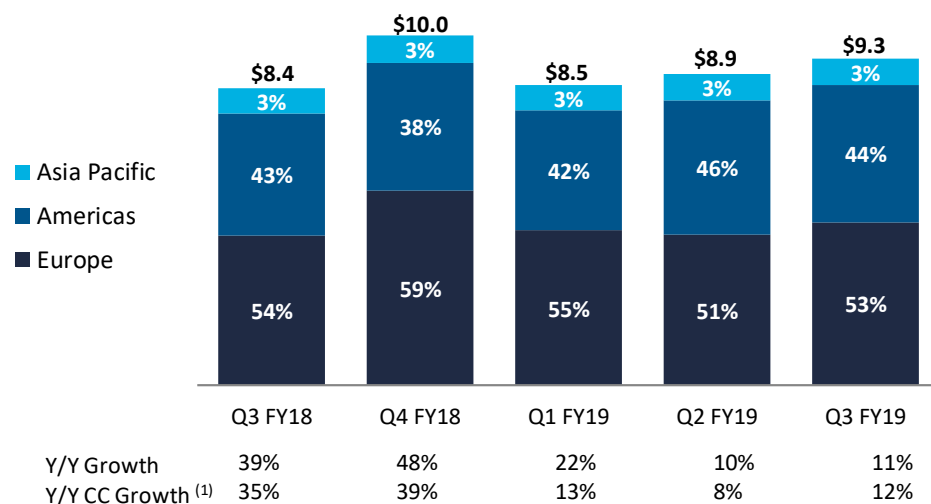
## Use of Non-GAAP Financial Information

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 and outlook 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”), 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 Adjusted 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



### Q3 FY19:

- Worldwide reported net sales of \$9.3 billion increased 11% year-over-year and 5% sequentially.
- On a constant currency basis, net sales increased 12% year-over-year and 6% sequentially.
- Three of our vendor partners represented 10% or more of our net sales; Apple represented 17%, HP Inc. represented 11% and Cisco represented 10% of net sales.

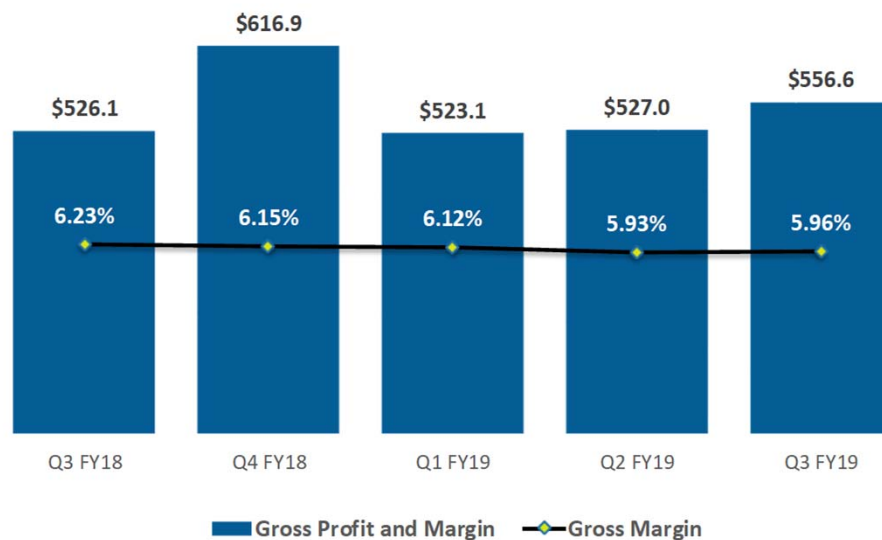
<sup>(1)</sup> CC: constant currency

Note: Prior year (FY18) growth rates reflect the acquisition of Technology Solutions on February 27, 2017. Net sales and related growth rates adjusted to reflect adoption of new revenue recognition standard ASC 606.

# Worldwide

## Gross Profit and Margin

\$ in Millions



### Q3 FY19:

- Gross profit of \$556.6 million increased \$30.5 million or 6% compared to the prior-year quarter.
- Gross profit margin declined 27 basis points from the prior-year quarter.

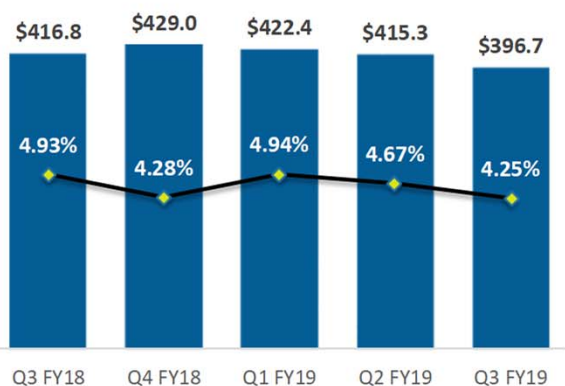
Note: Gross margin percentage adjusted to reflect adoption of ASC 606.

# Worldwide

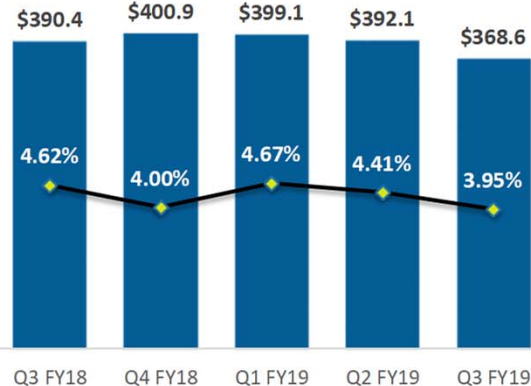
## SG&A Expenses

\$ in Millions

SG&A Expenses



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



### Q3 FY19:

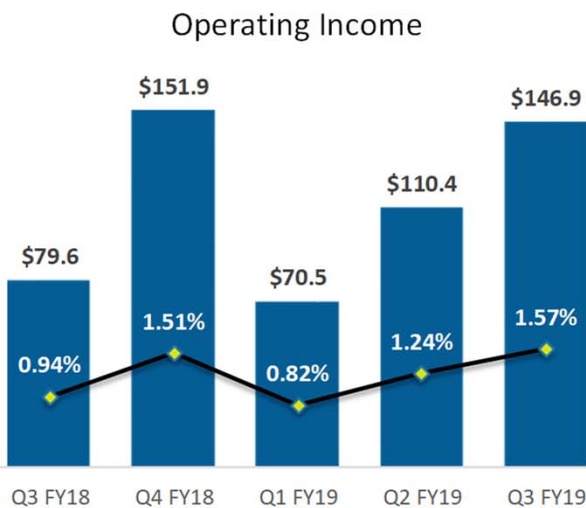
- Non-GAAP SG&A expenses of \$368.6 million decreased \$21.8 million or 6% compared to the prior-year quarter.
  - Included in SG&A and non-GAAP SG&A expenses is a \$25 million benefit from the collection of a previously reserved accounts receivable.
- Non-GAAP SG&A as a percentage of net sales decreased 67 basis points from the prior-year quarter.
- GAAP depreciation and amortization expense was \$39.2 million compared to \$42.3 million in the prior-year quarter.

(1) Non-GAAP SG&A excludes acquisition-related amortization of intangibles expenses and tax indemnifications. See GAAP to Non-GAAP reconciliation in the appendix.  
 Note: Both GAAP and non-GAAP SG&A percentage of net sales adjusted to reflect adoption of ASC 606.

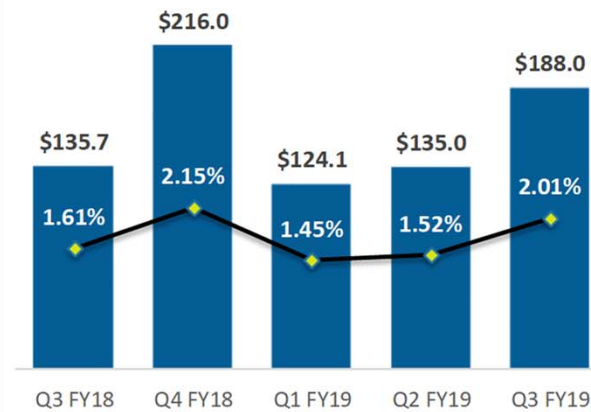
# Worldwide

## Operating Income

\$ in Millions



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



### Q3 FY19:

- Worldwide non-GAAP operating income of \$188.0 million increased \$52.3 million or 39% compared to the prior-year quarter.
  - Included in Q3 FY19 operating income and non-GAAP operating income is a \$25 million benefit from the collection of a previously reserved accounts receivable.
- Worldwide non-GAAP operating margin improved 40 basis points from the prior-year quarter.

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

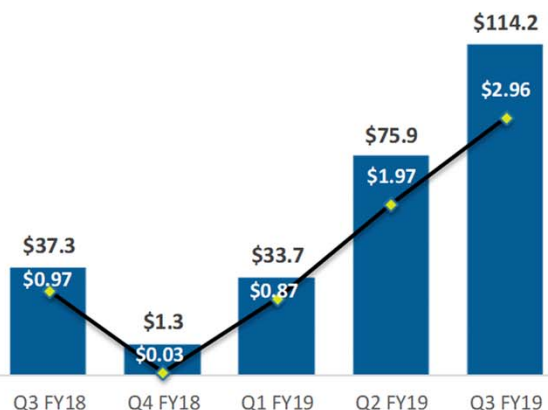
Note: Both GAAP and non-GAAP operating margin percentage adjusted to reflect adoption of ASC 606.

# Worldwide

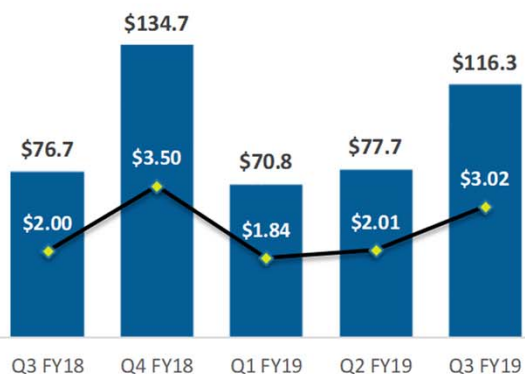
## Net Income and EPS

\$ in Millions (except EPS)

Net Income and EPS



Net Income and EPS (Non-GAAP)<sup>(1)</sup>



### Q3 FY19:

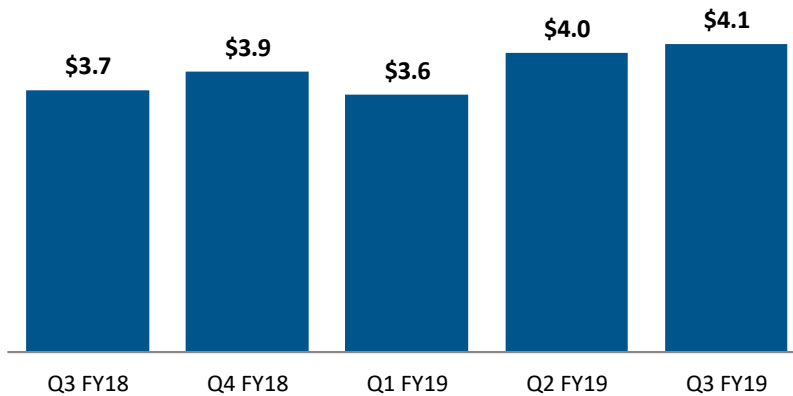
- The effective tax rate was 2%, compared to 32% in the prior-year quarter. Excluding non-GAAP adjustments, the effective tax rate was 26%, compared to 31% in the prior-year quarter.
- Non-GAAP net income of \$116.3 million increased \$39.6 million or 52% compared to the prior-year quarter.
  - Included in Q3 FY19 net income and non-GAAP net income is \$18 million (net of tax) benefit from the collection of a previously reserved accounts receivable.
- Non-GAAP EPS of \$3.02 increased \$1.02 or 51% compared to the prior-year quarter.
  - Included in Q3 FY19 EPS and non-GAAP EPS is a \$0.47 benefit related to the aforementioned collection of a previously reserved accounts receivable.

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

# Regional Results - Americas

## Net Sales

\$ in Billions



Americas	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19
Y/Y Growth	52%	57%	15%	7%	13%
Y/Y CC Growth <sup>(1)</sup>	52%	56%	15%	7%	14%

### Q3 FY19:

- Americas' reported net sales were \$4.1 billion, an increase of 13% year-over-year and 2% sequentially
- On a constant currency basis, net sales increased 14% year-over-year and 2% sequentially.

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

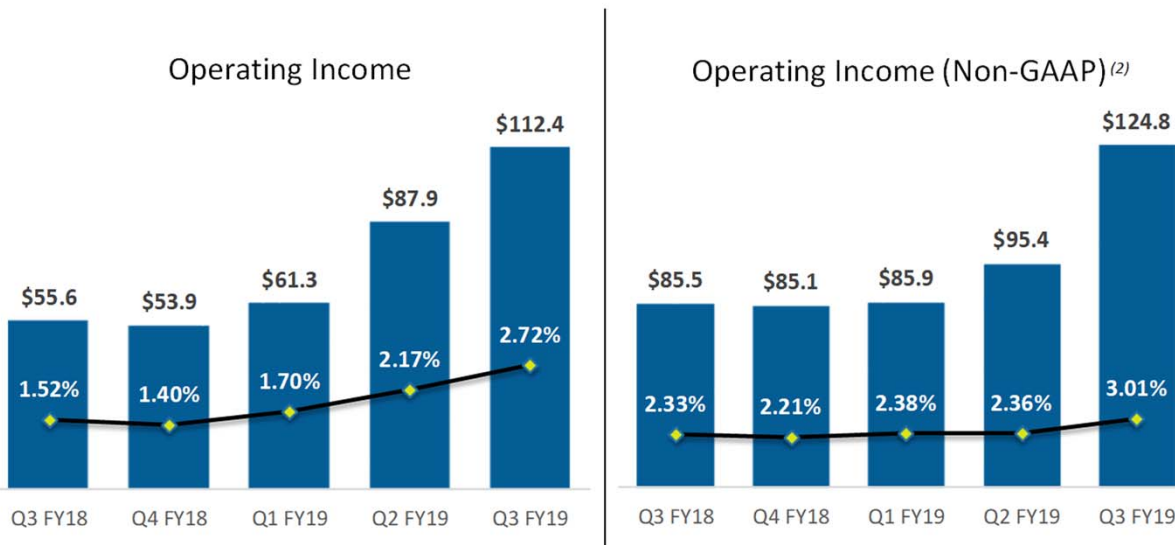
Note: Prior year (FY18) growth rates reflect the acquisition of Technology Solutions on February 27, 2017. Net sales and related growth rates adjusted to reflect adoption of new revenue recognition standard ASC 606.



# Regional Results - Americas

## Operating Income <sup>(1)</sup>

\$ in Millions



## Q3 FY19:

- Americas' non-GAAP operating income of \$124.8 million increased \$39.3 million or 46% compared to the prior-year quarter.
  - Included in Q3 FY19 operating income and non-GAAP operating income is a \$25 million benefit from the collection of a previously reserved accounts receivable.
- Non-GAAP operating margin improved 68 basis points over the prior-year quarter.

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

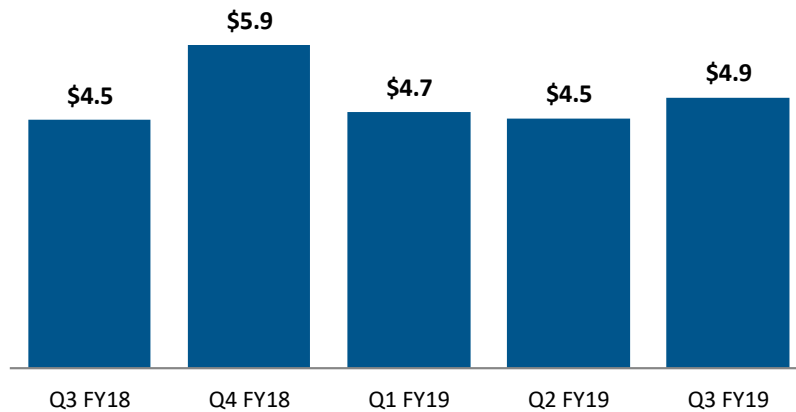
<sup>(2)</sup> See the GAAP to non-GAAP reconciliation in the appendix.

Note: Both GAAP and non-GAAP operating margin percentage adjusted to reflect adoption of ASC 606.

# Regional Results - Europe

## Net Sales

\$ in Billions



Europe	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19
Y/Y Growth	23%	36%	26%	13%	9%
Y/Y CC Growth <sup>(1)</sup>	17%	23%	10%	9%	12%

### Q3 FY19:

- Europe's reported net sales were \$4.9 billion, an increase of 9% year-over-year and 8% sequentially.
- On a constant currency basis, net sales increased 12% year-over-year and 10% sequentially.

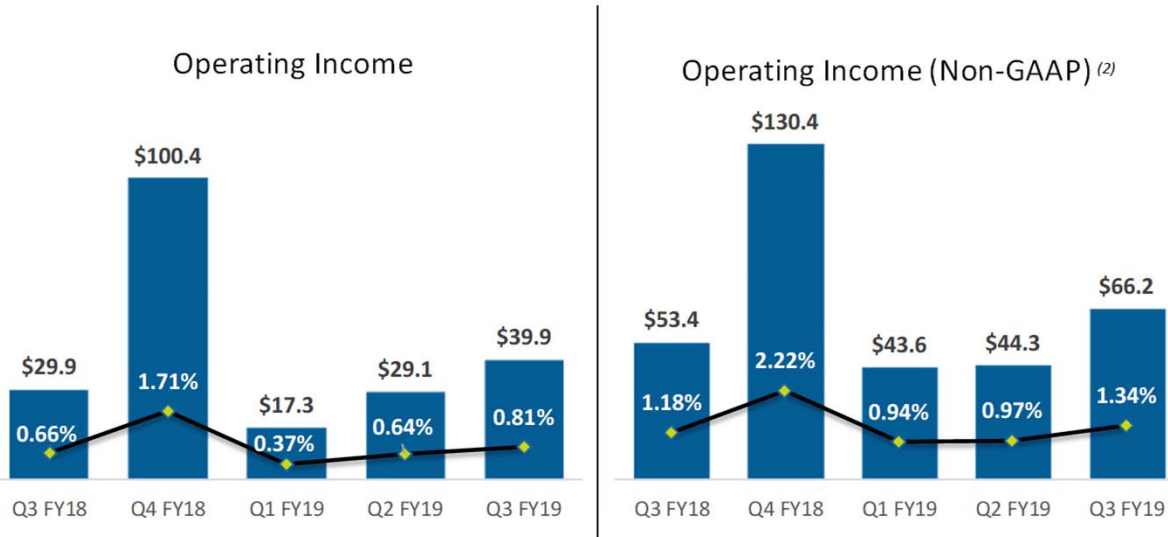
<sup>(1)</sup> CC: constant currency

Note: Prior year (FY18) growth rates reflect the acquisition of Technology Solutions on February 27, 2017. Net sales and related growth rates adjusted to reflect adoption of new revenue recognition standard ASC 606.

# Regional Results - Europe

## Operating Income <sup>(1)</sup>

\$ in Millions



### Q3 FY19:

- Europe's non-GAAP operating income of \$66.2 million increased \$12.8 million or 24% compared to the prior-year quarter.
- Non-GAAP operating margin improved 16 basis points from the prior-year quarter.

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

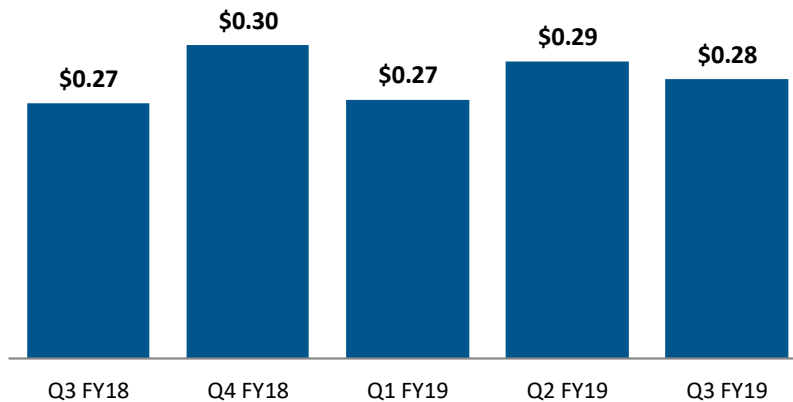
<sup>(2)</sup> See the GAAP to non-GAAP reconciliation in the appendix.

Note: Both GAAP and non-GAAP operating margin percentage adjusted to reflect adoption of ASC 606.

# Regional Results - Asia Pacific

## Net Sales

\$ in Billions



Asia Pacific	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19
Y/Y Growth <sup>(1)</sup>	N/A	N/A	48%	5%	6%
Y/Y CC Growth <sup>(2)</sup>	N/A	N/A	46%	7%	12%

### Q3 FY19:

- Asia Pacific reported net sales were \$0.28 billion, an increase of 6% year-over-year and a decline of 4% sequentially.
- On a constant currency basis, net sales increased 12% year-over-year and declined 1% sequentially.

<sup>(1)</sup> Tech Data had no operations in the Asia Pacific region prior to the acquisition of Technology Solutions on February 27, 2017

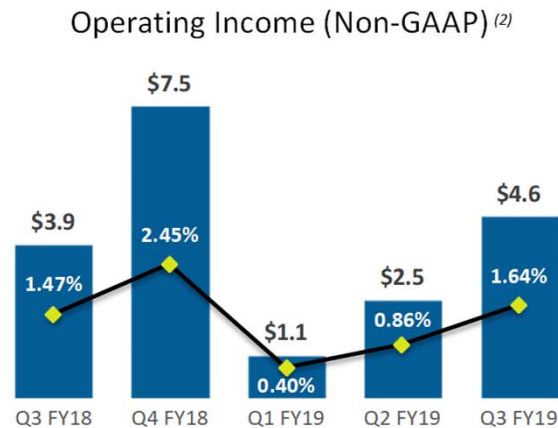
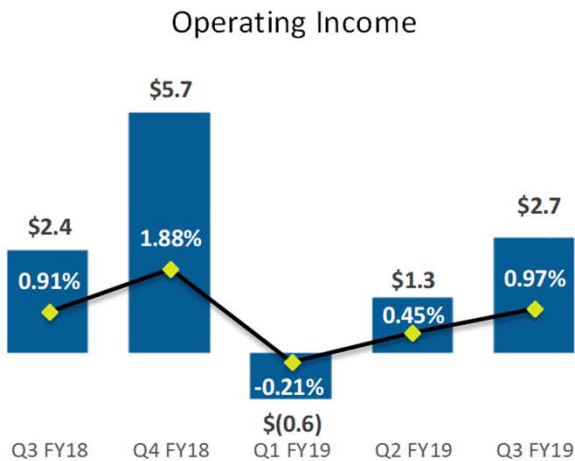
<sup>(2)</sup> CC: constant currency

Note: Net sales and related growth rates adjusted to reflect adoption of new revenue recognition standard ASC 606.

# Regional Results - Asia Pacific

## Operating Income <sup>(1)</sup>

\$ in Millions



### Q3 FY19:

- The Asia Pacific region's non-GAAP operating income of \$4.6 million increased \$0.7 million or 18% compared to the prior-year quarter.
- Non-GAAP operating margin improved 17 basis points from the prior-year quarter.

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

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

Note: Both GAAP and non-GAAP operating margin percentage adjusted to reflect adoption of ASC 606.

# Worldwide

## Cash Metrics

### Cash Conversion Cycle <sup>(1)</sup>

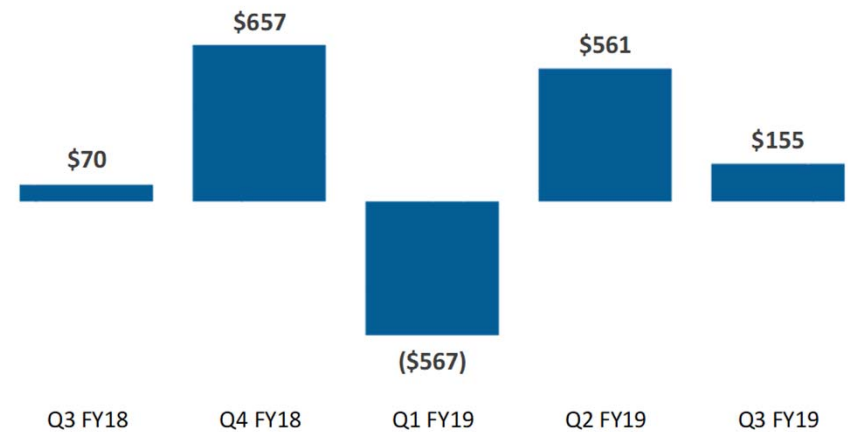
	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19
Days of Sales Outstanding	54	55	56	53	58
Days of Supply	32	29	33	33	33
Days of Purchases Outstanding	(63)	(68)	(65)	(68)	(73)
<b>Cash Conversion Cycle</b>	<b>23</b>	<b>16</b>	<b>24</b>	<b>18</b>	<b>18</b>

### Q3 FY19:

- Net cash generated by operations was \$155 million.
- The cash balance at the end of the quarter was \$646 million.

### Cash Flow from Operations

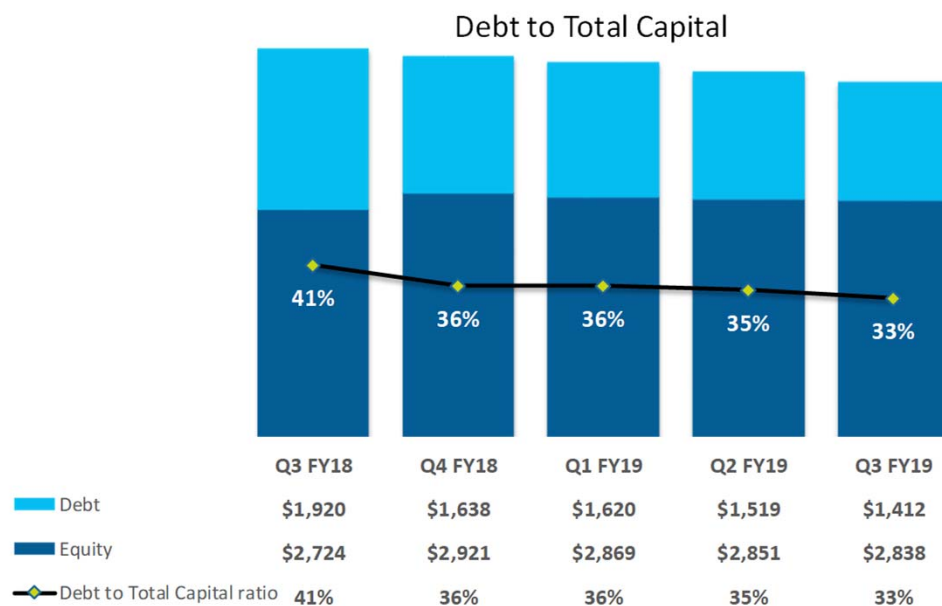
\$ in Millions



<sup>(1)</sup> Adjusted to reflect adoption of ASC 606.

# Worldwide

## Balance Sheet Highlights

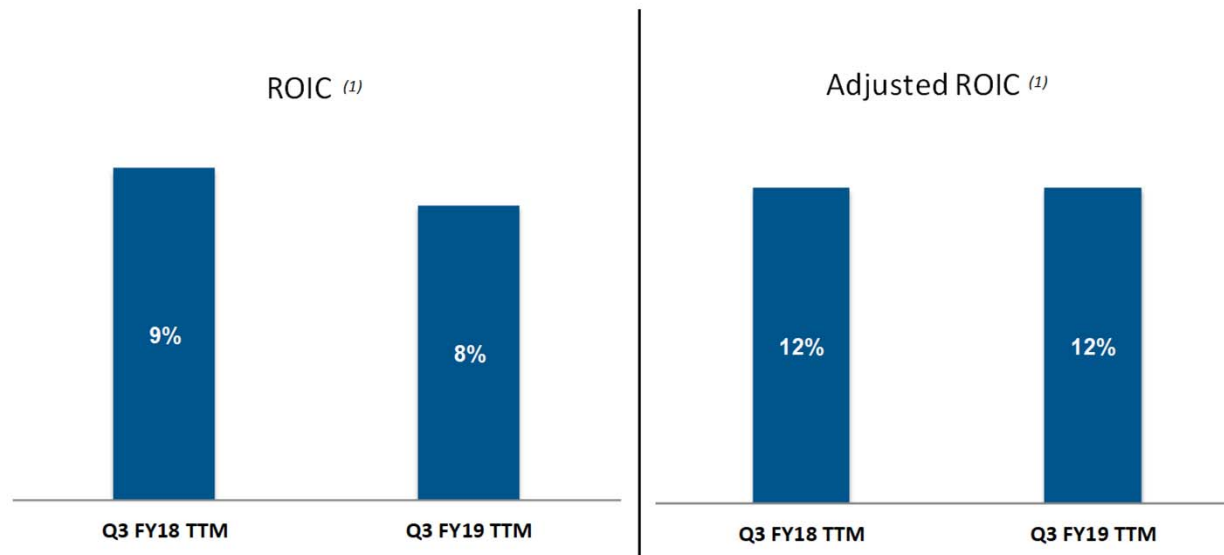


### Q3 FY19:

- Accumulated other comprehensive income, which consists of currency translation, net of applicable taxes, was \$7 million.
- Capital expenditures were \$17 million.
- At October 31, 2018, the company had \$2.8 billion of equity, and 37.74 million shares outstanding resulting in book value of \$75.20 per share.
- At October 31, 2018, the company had approximately \$1.8 billion of goodwill and acquired intangibles.

# Worldwide

## Return on Invested Capital



- Company's Weighted Average Cost of Capital is approximately 9%

(1) See reconciliation of ROIC to adjusted ROIC calculation in appendix.



# Worldwide

## Share Repurchase Activity

	Amount Repurchased (\$ millions)	Number of Shares Repurchased (millions)	Average Price Per Share
Q3 FY19 Share Repurchases	\$44	0.621	\$70.48

# Business Outlook

*For the quarter ending January 31, 2019*

Net Sales Range	\$10.5 billion to \$10.9 billion
EPS Range	\$3.00 to \$3.30
Non-GAAP EPS Range <sup>(1)</sup>	\$3.90 to \$4.20

**Q4 FY19 business outlook assumes the following:**

- U.S. dollar to euro exchange rate of \$1.15 to €1.00
- For the quarter ending January 31, 2019, the Company anticipates its effective tax rate will be in the range of 24 percent to 26 percent.

<sup>(1)</sup> See reconciliation in appendix.

## **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 for the year ended January 31, 2018, 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

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## GAAP to Non-GAAP Reconciliations

# ASC 606 Impact to Previously Reported Results

	Three months ended,							
	April 30, 2017		July 31, 2017		October 31, 2017		January 31, 2018	
	As reported	Adjusted for ASC 606	As reported	Adjusted for ASC 606	As reported	Adjusted for ASC 606	As reported	Adjusted for ASC 606
<b>Net sales</b>	<b>\$7,664,063</b>	<b>\$7,023,620</b>	<b>\$8,882,691</b>	<b>\$8,092,353</b>	<b>\$9,135,728</b>	<b>\$8,448,471</b>	<b>\$11,092,529</b>	<b>\$10,033,397</b>
Gross profit margin	5.96%	6.51%	5.80%	6.37%	5.76%	6.23%	5.56%	6.15%
SG&A percentage of net sales	4.60%	5.02%	4.62%	5.07%	4.56%	4.93%	3.87%	4.28%
Operating income margin	0.98%	1.07%	1.17%	1.28%	0.87%	0.94%	1.37%	1.51%
Non-GAAP SG&A percentage of net sales	4.36%	4.75%	4.37%	4.79%	4.27%	4.62%	3.61%	4.00%

# SG&A

\$ in thousands

	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19
<b>Net Sales</b>	<b>\$ 8,448,471</b>	<b>\$ 10,033,397</b>	<b>\$ 8,548,319</b>	<b>\$ 8,886,101</b>	<b>\$ 9,340,029</b>
SG&A Expenses (GAAP)	<b>\$ 416,766</b>	<b>\$ 428,965</b>	<b>\$ 422,361</b>	<b>\$ 415,319</b>	<b>\$ 396,675</b>
Tax indemnifications	-	(6,526)	-	(554)	(5,541)
Acquisition-related intangible assets amortization expense	(26,385)	(21,529)	(23,304)	(22,715)	(22,523)
<b>SG&amp;A Expenses (non-GAAP)</b>	<b>\$ 390,381</b>	<b>\$ 400,910</b>	<b>\$ 399,057</b>	<b>\$ 392,050</b>	<b>\$ 368,611</b>
<b>SG&amp;A Expenses (GAAP) %</b>	<b>4.93%</b>	<b>4.28%</b>	<b>4.94%</b>	<b>4.67%</b>	<b>4.25%</b>
<b>SG&amp;A Expenses (non-GAAP) %</b>	<b>4.62%</b>	<b>4.00%</b>	<b>4.67%</b>	<b>4.41%</b>	<b>3.95%</b>

# Operating Income Q3 FY19

(In thousands)	Q3 FY19				
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Asia Pacific <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 4,137,852</b>	<b>\$ 4,920,156</b>	<b>\$ 282,021</b>		<b>\$ 9,340,029</b>
Operating income (GAAP) <sup>(1)</sup>	\$ 112,399	\$ 39,889	\$ 2,739	\$ (8,139)	\$ 146,888
Acquisition, integration and restructuring expenses	5,989	13,132	578	578	20,277
Acquisition-related intangible assets amortization expense	13,569	7,640	1,314		22,523
Tax indemnifications	-	5,541	-		5,541
Gain on disposal of subsidiary	-	(29)	-		(29)
Legal settlements and other, net	(7,207)	-	-		(7,207)
Total non-GAAP operating income adjustments	\$ 12,351	\$ 26,284	\$ 1,892	\$ 578	\$ 41,105
<b>Operating income (non-GAAP)</b>	<b>\$ 124,750</b>	<b>\$ 66,173</b>	<b>\$ 4,631</b>	<b>\$ (7,561)</b>	<b>\$ 187,993</b>
<b>Operating margin (GAAP)</b>	<b>2.72%</b>	<b>0.81%</b>	<b>0.97%</b>		<b>1.57%</b>
<b>Operating margin (non-GAAP)</b>	<b>3.01%</b>	<b>1.34%</b>	<b>1.64%</b>		<b>2.01%</b>

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

# Operating Income Q2 FY19

(In thousands)	Q2 FY19				
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Asia Pacific <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 4,043,331</b>	<b>\$ 4,549,127</b>	<b>\$ 293,643</b>		<b>\$ 8,886,101</b>
Operating income (GAAP) <sup>(1)</sup>	\$ 87,930	\$ 29,085	\$ 1,318	\$ (7,968)	\$ 110,365
Acquisition, integration and restructuring expenses	(844)	13,342	131	668	13,297
Acquisition-related intangible assets amortization expense	13,570	7,727	1,418		22,715
Tax indemnifications	-	910	(356)		554
Gain on disposal of subsidiary	-	(6,717)	-		(6,717)
Legal settlements and other, net	(5,234)	-	-		(5,234)
Total non-GAAP operating income adjustments	\$ 7,492	\$ 15,262	\$ 1,193	\$ 668	\$ 24,615
<b>Operating income (non-GAAP)</b>	<b>\$ 95,422</b>	<b>\$ 44,347</b>	<b>\$ 2,511</b>	<b>\$ (7,300)</b>	<b>\$ 134,980</b>
<b>Operating margin (GAAP)</b>	<b>2.17%</b>	<b>0.64%</b>	<b>0.45%</b>		<b>1.24%</b>
<b>Operating margin (non-GAAP)</b>	<b>2.36%</b>	<b>0.97%</b>	<b>0.86%</b>		<b>1.52%</b>

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

# Operating Income Q1 FY19

(In thousands)

	Q1 FY19				
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Asia Pacific <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 3,618,206</b>	<b>\$ 4,661,702</b>	<b>\$ 268,411</b>		<b>\$ 8,548,319</b>
Operating income (GAAP) <sup>(1)</sup>	\$ 61,342	\$ 17,318	\$ (577)	\$ (7,587)	\$ 70,496
Acquisition, integration and restructuring expenses	13,916	17,988	321	1,000	33,225
Acquisition-related intangible assets amortization expense	13,643	8,329	1,332		23,304
Legal settlements and other, net	(2,965)	-	-		(2,965)
Total non-GAAP operating income adjustments	\$ 24,594	\$ 26,317	\$ 1,653	\$ 1,000	\$ 53,564
<b>Operating income (non-GAAP)</b>	<b>\$ 85,936</b>	<b>\$ 43,635</b>	<b>\$ 1,076</b>	<b>\$ (6,587)</b>	<b>\$ 124,060</b>
<b>Operating margin (GAAP)</b>	<b>1.70%</b>	<b>0.37%</b>	<b>-0.21%</b>		<b>0.82%</b>
<b>Operating margin (non-GAAP)</b>	<b>2.38%</b>	<b>0.94%</b>	<b>0.40%</b>		<b>1.45%</b>

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



# Operating Income Q4 FY18

(In thousands)

	Q4 FY18				
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Asia Pacific <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 3,850,705</b>	<b>\$ 5,878,873</b>	<b>\$ 303,819</b>		<b>\$ 10,033,397</b>
Operating income (GAAP) <sup>(1)</sup>	\$ 53,924	\$ 100,439	\$ 5,704	\$ (8,164)	\$ 151,903
Acquisition, integration and restructuring expenses	16,990	15,807	322	1,222	34,341
Acquisition-related intangible assets amortization expense	13,664	6,434	1,431		21,529
Value added tax assessments	494	1,158	-		1,652
Tax indemnifications	-	6,526	-		6,526
Total non-GAAP operating income adjustments	\$ 31,148	\$ 29,925	\$ 1,753	\$ 1,222	\$ 64,048
<b>Operating income (non-GAAP)</b>	<b>\$ 85,072</b>	<b>\$ 130,364</b>	<b>\$ 7,457</b>	<b>\$ (6,942)</b>	<b>\$ 215,951</b>
<b>Operating margin (GAAP)</b>	<b>1.40%</b>	<b>1.71%</b>	<b>1.88%</b>		<b>1.51%</b>
<b>Operating margin (non-GAAP)</b>	<b>2.21%</b>	<b>2.22%</b>	<b>2.45%</b>		<b>2.15%</b>

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

# Operating Income Q3 FY18

(In thousands)

	Q3 FY18				
	Americas <sup>(1)</sup>	Europe <sup>(1)</sup>	Asia Pacific <sup>(1)</sup>	Stock Compensation Expense	Consolidated
<b>Net Sales</b>	<b>\$ 3,663,498</b>	<b>\$ 4,518,669</b>	<b>\$ 266,304</b>		<b>\$ 8,448,471</b>
Operating income (GAAP) <sup>(1)</sup>	\$ 55,551	\$ 29,909	\$ 2,432	\$ (8,325)	\$ 79,567
Acquisition, integration and restructuring expenses	14,149	14,128	287	1,184	29,748
Acquisition-related intangible assets amortization expense	15,816	9,362	1,207		26,385
Total non-GAAP operating income adjustments	\$ 29,965	\$ 23,490	\$ 1,494	\$ 1,184	\$ 56,133
<b>Operating income (non-GAAP)</b>	<b>\$ 85,516</b>	<b>\$ 53,399</b>	<b>\$ 3,926</b>	<b>\$ (7,141)</b>	<b>\$ 135,700</b>
<b>Operating margin (GAAP)</b>	<b>1.52%</b>	<b>0.66%</b>	<b>0.91%</b>		<b>0.94%</b>
<b>Operating margin (non-GAAP)</b>	<b>2.33%</b>	<b>1.18%</b>	<b>1.47%</b>		<b>1.61%</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)	Q3 FY18		Q4 FY18		Q1 FY19		Q2 FY19		Q3 FY19	
	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>\$37,268</b>	<b>\$0.97</b>	<b>\$1,260</b>	<b>\$0.03</b>	<b>\$33,699</b>	<b>\$0.87</b>	<b>\$75,866</b>	<b>\$1.97</b>	<b>\$114,216</b>	<b>\$2.96</b>
Legal settlements and other, net	-	-	-	-	(2,965)	(0.08)	(5,234)	(0.13)	(7,207)	(0.19)
Value added tax assessments and related interest expense	-	-	2,568	0.07	(928)	(0.02)	-	-	-	-
Acquisition, integration and restructuring expenses	29,748	0.77	34,341	0.89	33,225	0.86	13,297	0.34	20,277	0.53
Acquisition-related intangible assets amortization expense	26,385	0.69	21,529	0.56	23,304	0.61	22,715	0.59	22,523	0.58
Gain on disposal of subsidiary	-	-	-	-	-	-	(6,717)	(0.17)	(29)	-
Tax indemnifications	-	-	6,526	0.17	-	-	554	0.01	5,541	0.14
Income tax effect of tax indemnifications	-	-	(6,526)	(0.17)	-	-	(554)	(0.01)	(5,541)	(0.14)
Income tax effect of other adjustments above	(16,652)	(0.43)	(21,565)	(0.56)	(12,908)	(0.33)	(9,404)	(0.25)	(8,798)	(0.23)
Income tax benefit from acquisition settlement	-	-	-	-	-	-	(12,839)	(0.34)	(207)	-
Change in deferred tax valuation allowances	-	-	1,224	0.03	(2,600)	(0.07)	-	-	(473)	(0.01)
Impact of US tax reform	-	-	95,369	2.48	-	-	-	-	(24,000)	(0.62)
<b>Non-GAAP Results</b>	<b>\$76,749</b>	<b>\$2.00</b>	<b>\$134,726</b>	<b>\$3.50</b>	<b>\$70,827</b>	<b>\$1.84</b>	<b>\$77,684</b>	<b>\$2.01</b>	<b>\$116,302</b>	<b>\$3.02</b>
Weighted average shares outstanding - diluted	38,433		38,529		38,561		38,566		38,526	

# Return on Invested Capital

\$ in thousands

**TTM Net Operating Profit After Tax (NOPAT)\*:**

Operating income

Income taxes on operating income <sup>(1)</sup>

NOPAT

**Average Invested Capital:**

Short-term debt (5-qtr end average)

Long-term debt (5-qtr end average)

Shareholders' Equity (5-qtr end average)

Total average capital

Less: Cash (5-qtr end average)

Average invested capital less average cash

**ROIC**

**Twelve months ended October 31,**

	<b>2017</b>	<b>2018</b>
Operating income	\$ 361,293	\$ 479,652
Income taxes on operating income <sup>(1)</sup>	(94,679)	(184,189)
<b>NOPAT</b>	<b>\$ 266,614</b>	<b>\$ 295,463</b>
Short-term debt (5-qtr end average)	\$ 360,705	\$ 117,542
Long-term debt (5-qtr end average)	1,279,729	1,504,148
Shareholders' Equity (5-qtr end average)	2,439,925	2,840,505
Total average capital	4,080,359	4,462,195
Less: Cash (5-qtr end average)	(1,054,922)	(660,638)
<b>Average invested capital less average cash</b>	<b>\$ 3,025,437</b>	<b>\$ 3,801,557</b>
<b>ROIC</b>	<b>9%</b>	<b>8%</b>

\* Trailing Twelve Months is abbreviated as TTM.

<sup>(1)</sup> Income taxes on operating income was calculated using the trailing twelve months effective tax rate.

# Adjusted Return on Invested Capital

\$ in thousands

	Twelve months ended October 31,	
	2017	2018
<b>TTM Net Operating Profit After Tax (NOPAT), as adjusted*:</b>		
Non-GAAP operating income <sup>(1)</sup>	\$ 508,902	\$ 662,984
Income taxes on non-GAAP operating income <sup>(2)</sup>	(151,859)	(180,184)
NOPAT, as adjusted	<u>\$ 357,043</u>	<u>\$ 482,800</u>
<b>Average Invested Capital, as adjusted:</b>		
Short-term debt (5-qtr end average)	\$ 360,705	\$ 117,542
Long-term debt (5-qtr end average)	1,279,729	1,504,148
Shareholders' Equity (5-qtr end average)	2,439,925	2,840,505
Tax effected impact of non-GAAP adjustments <sup>(3)</sup>	<u>50,441</u>	<u>90,378</u>
Total average capital, as adjusted	4,130,800	4,552,573
Less: Cash (5-qtr end average)	<u>(1,054,922)</u>	<u>(660,638)</u>
Average invested capital less average cash	<u>\$ 3,075,878</u>	<u>\$ 3,891,935</u>
<b>Adjusted ROIC</b>	<b>12%</b>	<b>12%</b>

\* Trailing Twelve Months is abbreviated as TTM.

<sup>(1)</sup> Represents operating income as adjusted to exclude acquisition, integration and restructuring expenses, legal settlements and other, net, gain on disposal of subsidiary, value added tax assessments and acquisition-related intangible assets amortization expense.

<sup>(2)</sup> Income taxes on non-GAAP operating income was calculated using the trailing twelve months effective tax rate adjusted for the impact of non-GAAP adjustments during the respective periods.

<sup>(3)</sup> Represents the 5 quarter average of the year-to-date impact of non-GAAP adjustments.

# Guidance Reconciliation

	Three months ending January 31, 2019	
	Low end of guidance range	High end of guidance range
<b>Earnings per share - diluted</b>	<b>\$3.00</b>	<b>\$3.30</b>
Acquisition, integration and restructuring expenses	0.59	0.59
Acquisition-related intangible assets amortization expense	0.61	0.61
Income tax effect of the above adjustments	(0.30)	(0.30)
<b>Non-GAAP earnings per share - diluted</b>	<b>\$3.90</b>	<b>\$4.20</b>