

INVESTOR PRESENTATION

September 2014



Safe Harbor

This presentation may contain certain comments, which are “forward-looking” statements that involve plans, strategies, economic performance and trends, projections, expectations, or beliefs about future events and other statements that are not descriptions of historical facts, may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking information is inherently subject to risks and uncertainties; these statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995.

Any number of factors could cause actual results to differ materially from anticipated results. For more information concerning factors that could cause actual results to differ from anticipated results, see the “Risk Factors” included in the Company’s annual report on Form 10-K for the fiscal year ended June 30, 2014 filed with the Securities and Exchange Commission (“SEC”). Although ScanSource believes the expectations reflected in its forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements.

ScanSource disclaims any intentions or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required by law.

In addition to disclosing results that are determined in accordance with United States Generally Accepted Accounting Principles (“GAAP”), the Company also discloses certain non-GAAP measures, including adjusted operating income and adjusted net income, return on invested capital (“ROIC”) and the percentage change in net sales excluding the impact of foreign currency exchange rates. A reconciliation of the Company’s non-GAAP financial information to GAAP financial information is provided in the Appendix and in the Company’s Form 8-K, filed with the SEC, with the quarterly earnings press release for the period indicated.



Overview

- The leading international value-added distributor of specialty technology products
- Attractive markets:
 - Point-of-Sale (POS) and Barcode
 - Communications (voice, video, data)
 - Physical Security (surveillance, access, networking)
 - 3D Printing (launched in April 2014)
- Distribute for ~ 290 technology manufacturers
- Sell to ~ 28,000 value-added technology resellers
- Central logistics strategy for major geographic regions

AT A GLANCE

NASDAQ: SCSC

Headquarters: Greenville, SC

~1,500 Employees

Founded in 1992

26 offices: U.S., Canada, Latin America, Europe



The ScanSource Difference

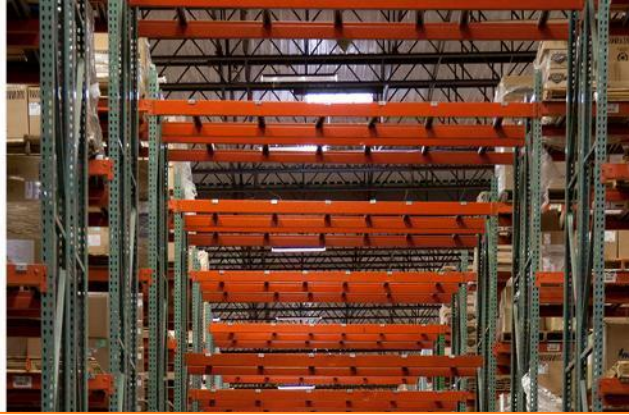




Attractive Markets

- Focused on resellers in attractive markets
 - Point-of-Sale (POS) and Barcode
 - Communications (voice, video, data)
 - Physical Security (video surveillance, access control, networking)
 - 3D Printing (launched in April 2014)





Proven Business Model

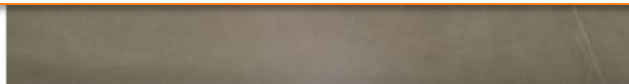
- Growth – Incremental and Channel Shift
- Best-of-Breed Technology Vendors
- Dedicated Business Units
- Shared Services, e.g. centralized distribution
- Committed to Channel (two-tier) – sell only to resellers
- Value-Added Services
- Superior Customer Service





Growth Strategy

- Incremental Market Growth
- Channel Shift
 - Direct to Indirect
 - One-Tier to Two-Tier
- Multi-Vendor Solutions
- Market Share
- New Vendors and New Geographies



Segments Enhance Technology Focus

Worldwide Barcode and Security

President: Buck Baker

Technologies:
POS and Barcode
Physical Security
3D Printing

Business Units:



Worldwide Communications and Services

President: Mike Ferney

Technologies:
Communications
Services

Business Units:



Dedicated Business Units

By Technology and Geography

POS and Barcode

Business Unit President
Sales
Merchandising
Technical Support

Business Units:
North America, Europe,
Latin America, Brazil

Physical Security

Business Unit President
Sales
Merchandising
Technical Support

Business Units:
North America

Communications

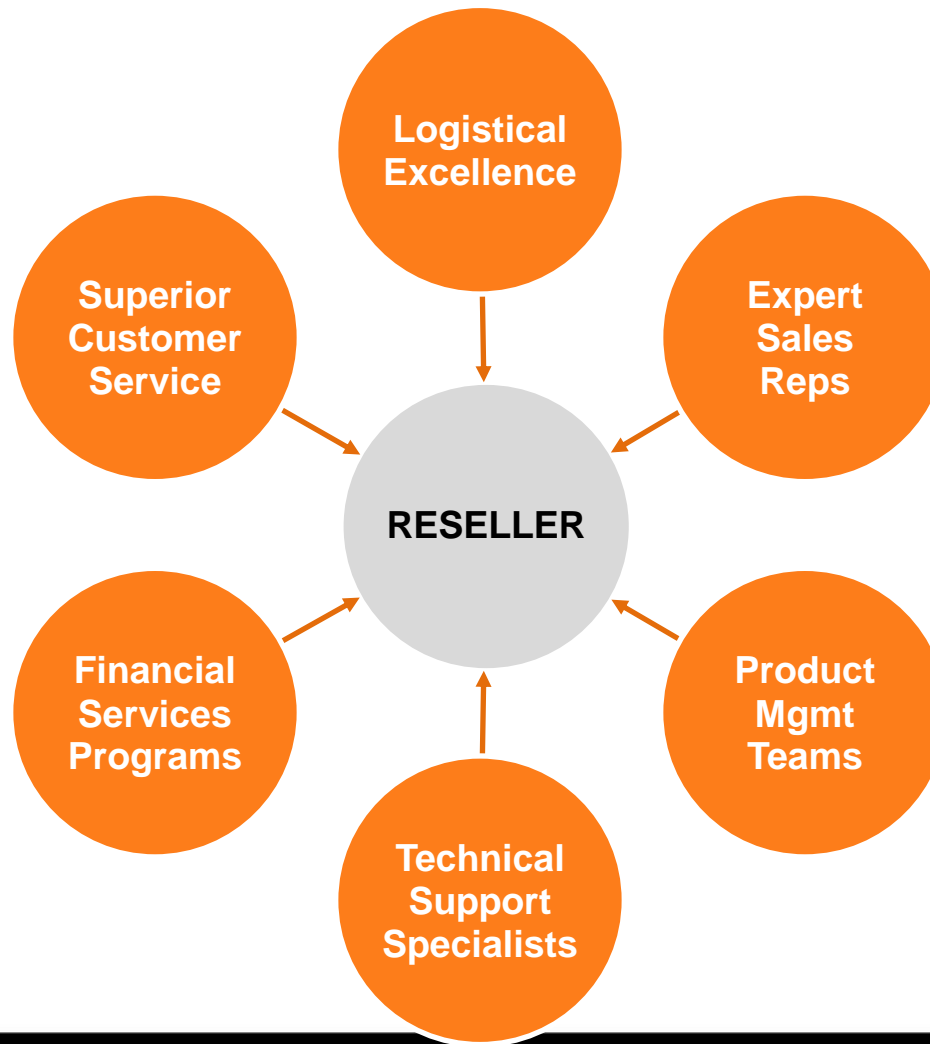
Business Unit President
Sales
Merchandising
Technical Support

Business Units:
North America, Europe;
ScanSource Catalyst (NA)

Shared Services

Centralized Logistics Reseller Financial Services Customer Service Marketing
Services Group Human Resources Finance & Accounting Legal

Value-Added Services



Professional Services Add More Value



- Customer configuration center
 - Training and certification programs
 - E-commerce solutions
 - Network assessments
 - Strategic marketing services
 - Online networking community
-
- PLUS, Business Unit tools, such as online configuration, pricing, and product selection, and educational programs

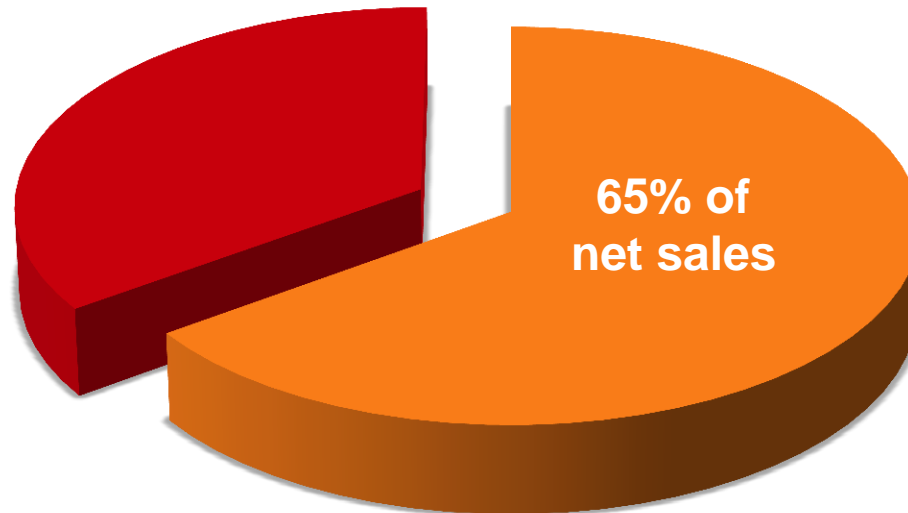


Distributor of Growth Technologies

- Unified Communications
- Videoconferencing
- IP Video Surveillance
- RFID and Barcode Imaging
- Enterprise Mobility
- Retail – Mobile POS, Mobile Payments
- Payment Processing Terminals
- Cloud-based Services
- 3D Printing

Worldwide Barcode and Security

% of Net Sales, Q4 FY14



- Worldwide Barcode and Security
- Worldwide Communications and Services

POS and Barcode Vendors

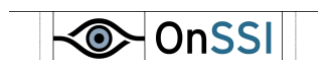


SEE MORE. DO MORE.

Business Units: ScanSource POS and Barcode in US/Canada, Europe, Latin America and Brazil

Security Vendors

Video Surveillance, Identification/Access Control, and Network Infrastructure



SEE MORE. DO MORE.

Business Unit: ScanSource Security in US/Canada

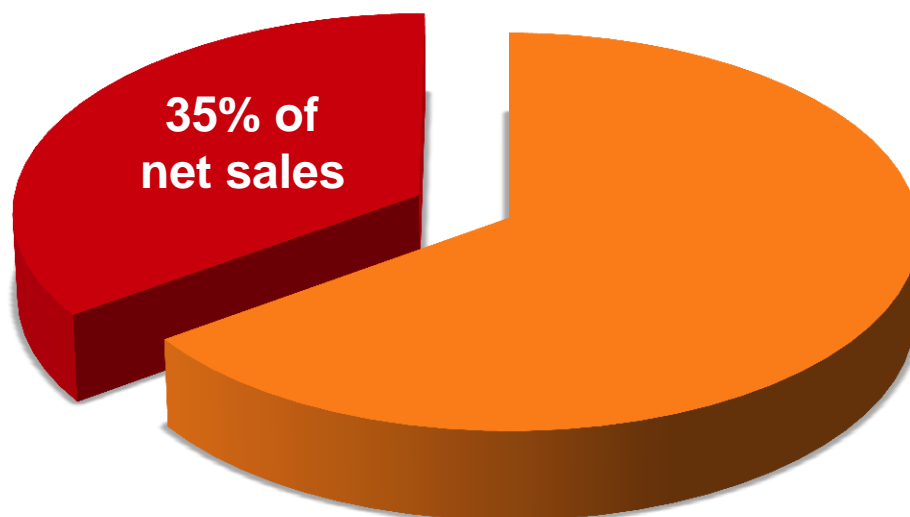
Launching a New Technology – 3D Printing

- 3D printing ready for value-added distribution
 - Lower product costs, advancements in technology capabilities, emergence of a reseller channel, high-growth market
- Key vendor relationship:
 - 3D Systems
(leader in 3D printing and design-to-manufacturing solutions)
- Solutions targeted for manufacturing, health care, aerospace, and automotive
- New opportunity for existing channel
- Focus on United States with dedicated ScanSource 3D team



Worldwide Communications & Services

% of Net Sales, Q4 FY14



- Worldwide Barcode and Security
- Worldwide Communications and Services

Communications Vendors



Business Units: ScanSource Catalyst in US/Canada; ScanSource Communications in US/Canada and Europe

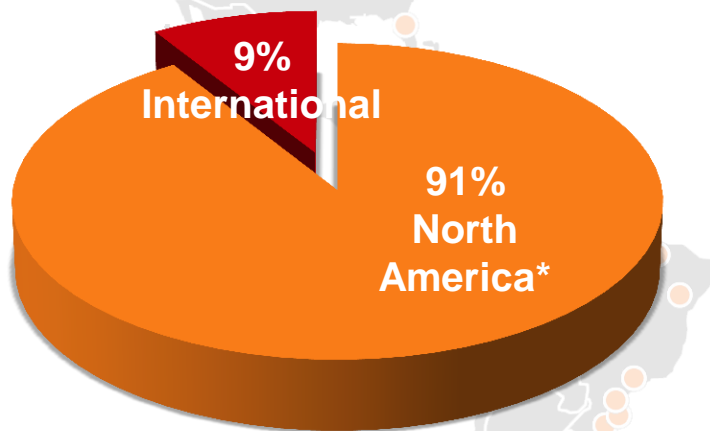


International Growth

26 offices in U.S., Canada, Latin America and Europe

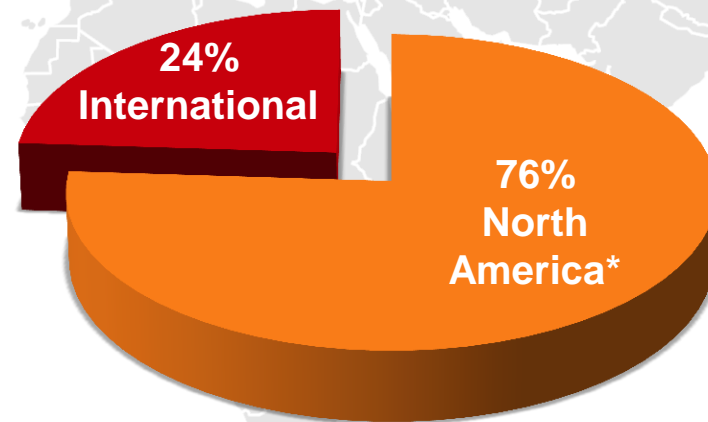
International Growth

10 Years Ago



% of Net Sales, Q4 FY04

Now



% of Net Sales, Q4 FY14

** Includes the United States and Canada*



Europe POS and Barcode

Europe Communications

Europe Physical Security

LA POS and Barcode

LA Communications

LA Physical Security

International Growth

- Expand Communications and Security
- Add presence in new geographies

Proposed Acquisition - About Network1

Description	<ul style="list-style-type: none">▪ Leading value-added distributor of communications products and services in Brazil▪ Established in 2004; HQ in Brazil (Sao Paulo)
Key Vendors	<ul style="list-style-type: none">▪ ~ 65 vendors and >8,000 customers▪ Avaya, Checkpoint, Dell, Extreme, F5, HP, Juniper, Microsoft, Polycom, Riverbed, Schneider-Electric
Key Talent/ Employees	<ul style="list-style-type: none">▪ Rafael Paloni, Network1's CEO and controlling shareholder, to lead ScanSource's Communications business in Latin America▪ Nearly 400 employees
Location	<ul style="list-style-type: none">▪ Local branches: Brazil, Mexico, Colombia, Chile, Peru, and Miami Export▪ Platform for value-added distribution in Latin America
Financials	<ul style="list-style-type: none">▪ Calendar year 2014 net sales estimated at ~ R\$850 million (approximately US\$376 million)▪ Demonstrated double-digit sales growth with operating margins consistent with ScanSource's Communications business

Note: Reais converted into USD using 0.442 exchange rate.

Announces Agreement to Acquire Network1

- Great fit with existing Brazil operations; adds Communications and platform for Latin America business
- Aligned with leading vendors and growth technologies in attractive LATAM markets
- Transaction summary:

Purchase Price	<ul style="list-style-type: none">▪ All-cash share purchase▪ Debt-free/cash-free initial purchase price R\$160 million (52% of purchase price) (approximately US\$71 million)▪ Earn-out payments based on EBITDA over 4 years (12% annually)
Multiple	<ul style="list-style-type: none">▪ Adjusted EBITDA multiple: Initial 7x; Earnouts 7.1x, 7.3x, 7.5x, 7.7x
Accretion	<ul style="list-style-type: none">▪ Expected to be accretive to EPS and ROIC in the first year after closing, excluding one-time acquisition costs
Funding	<ul style="list-style-type: none">▪ Funded with cash on hand
Closing	<ul style="list-style-type: none">▪ Announced 8/15/14▪ Subject to completion of due diligence and regulatory approvals▪ Expect to close by the end of calendar year 2014

Note: Reais converted into USD using 0.442 exchange rate.

Proposed Acquisition - About Imago

Description	<ul style="list-style-type: none">▪ Europe's leading value-added video and voice communications distributor▪ Established in 1991; HQ in UK (Thatcham, Berkshire)
Key Vendors	<ul style="list-style-type: none">▪ Largest Polycom distributor in Europe▪ Polycom, Barco, Samsung, NEC
Key Talent/ Employees	<ul style="list-style-type: none">▪ Ian Vickerage, Imago's Managing Director, founder, and majority owner, to continue to lead the company▪ Nearly 120 employees
Location	<ul style="list-style-type: none">▪ Operations in UK and France▪ Recent acquisition of Vitec, a videoconferencing distributor in Germany (6/14)
Financials	<ul style="list-style-type: none">▪ Sales for fiscal year ended 7/31/14 estimated at ~ GBP 50 million (approximately US\$83 million)▪ Demonstrated double-digit sales growth with operating margins consistent with ScanSource's Communications business

Note: GBP converted into USD using 1.667 exchange rate.

Announces Letter of Intent to Acquire Imago

- Next step in strategy to be the leading value-added distributor of video, voice and data solutions for resellers in Europe
- In 2013, Polycom named Imago its distributor of the year in EMEA
- Transaction summary:

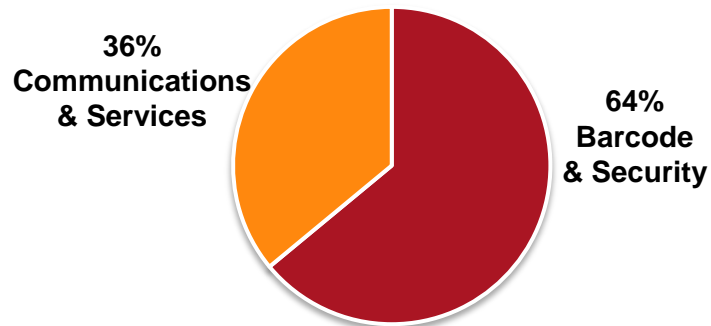
Purchase Price	<ul style="list-style-type: none">▪ All-cash share purchase▪ Debt-free/cash-free initial purchase price GBP 24.5 million (90% of purchase price) (approximately US\$41 million)▪ Earn-out payments based on EBITDA over 2 years (5% annually)
Multiple	<ul style="list-style-type: none">▪ Adjusted EBITDA multiple: Initial 7x; Blended 7.1x
Accretion	<ul style="list-style-type: none">▪ Expected to be accretive to EPS and ROIC in the first year after closing, excluding one-time acquisition costs
Funding	<ul style="list-style-type: none">▪ Funded with cash on hand
Closing	<ul style="list-style-type: none">▪ Announced 8/21/14▪ Subject to a definitive agreement and regulatory approvals▪ Expect to close by the end of September 2014

Note: GBP converted into USD using 1.667 exchange rate.

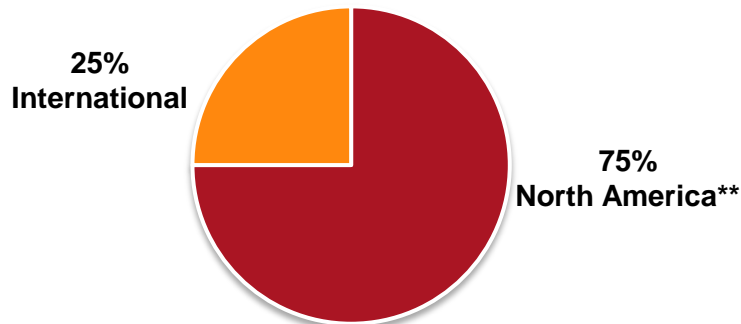
Proposed Acquisitions – Strategic Focus Areas

Actual, FY 2014

By Technology:

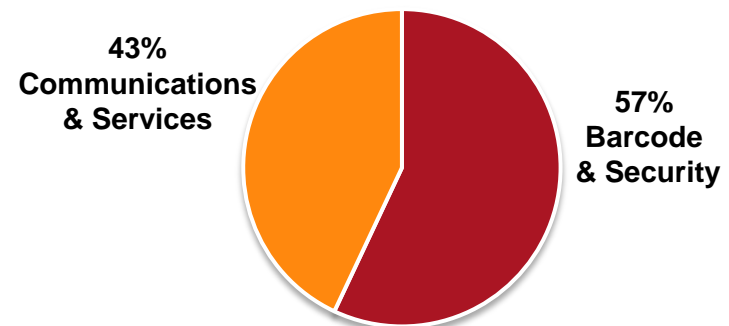


By Geography:

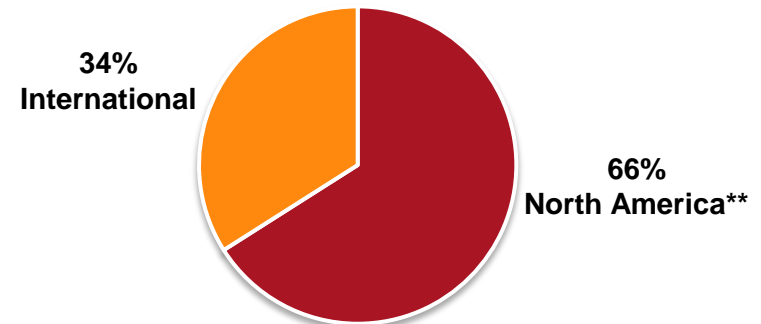


Pro Forma, Acquisitions*

By Technology:



By Geography:



As a % of FY14 net sales of \$2.9 billion

* Pro Forma reflects proposed acquisitions using estimated FY14 net sales for Network1 and Imago translated into US\$ average FX rates for FY14

** Includes the United States and Canada.



Financial Overview



Strong Financial Position for Growth

Solid Capital Structure

- 0.7% debt to equity ratio*
- \$300 million available on revolving credit facility
- Extended credit facility term 5 years (matures 11/18)

Excellent Liquidity and Financial Flexibility

- 2.4 current ratio – consistently strong at over 2 for last 5 fiscal year ends
- Generated \$48 million in cash from operations during trailing 12-month period

Working Capital Management

- 5.6 inventory turns (5-qtr range: 5.1- 6.3 turns)
- Paid for inventory days of 11 (5-qtr range: 2-15 days)
- 55 days sales outstanding in receivables (5-qtr range: 53-55 days)

*Information as of 6/30/14, unless otherwise indicated; * Debt reflects short-term and long-term debt*

Highlights – Q4 FY14

- Fourth quarter 2014 net sales of \$ 758 million, up 6% Y/Y, and adjusted EPS of \$0.60*; both above our expected range
- Record sales quarter for Worldwide Barcode & Security, up 10% Y/Y
 - Record sales quarters for North America POS & Barcode and Security
 - Another solid sales growth quarter for Brazil and Europe
- Worldwide Communications & Services sales unchanged from the prior year
 - Strong rebound from previous quarter, up 18% Q/Q
 - Record sales quarter for North America Communications unit
- Fourth quarter 2014 return on invested capital of 13.9%* adjusted to exclude legal recovery, net of attorney fees
- Announced agreement to acquire Network1, Brazil's leading value-added communications distributor, and letter of intent to acquire Imago, Europe's leading value-added video and voice communications distributor

* See Appendix for calculation of adjusted EPS and ROIC, non-GAAP measures.

Performance Metrics vs. Competitors

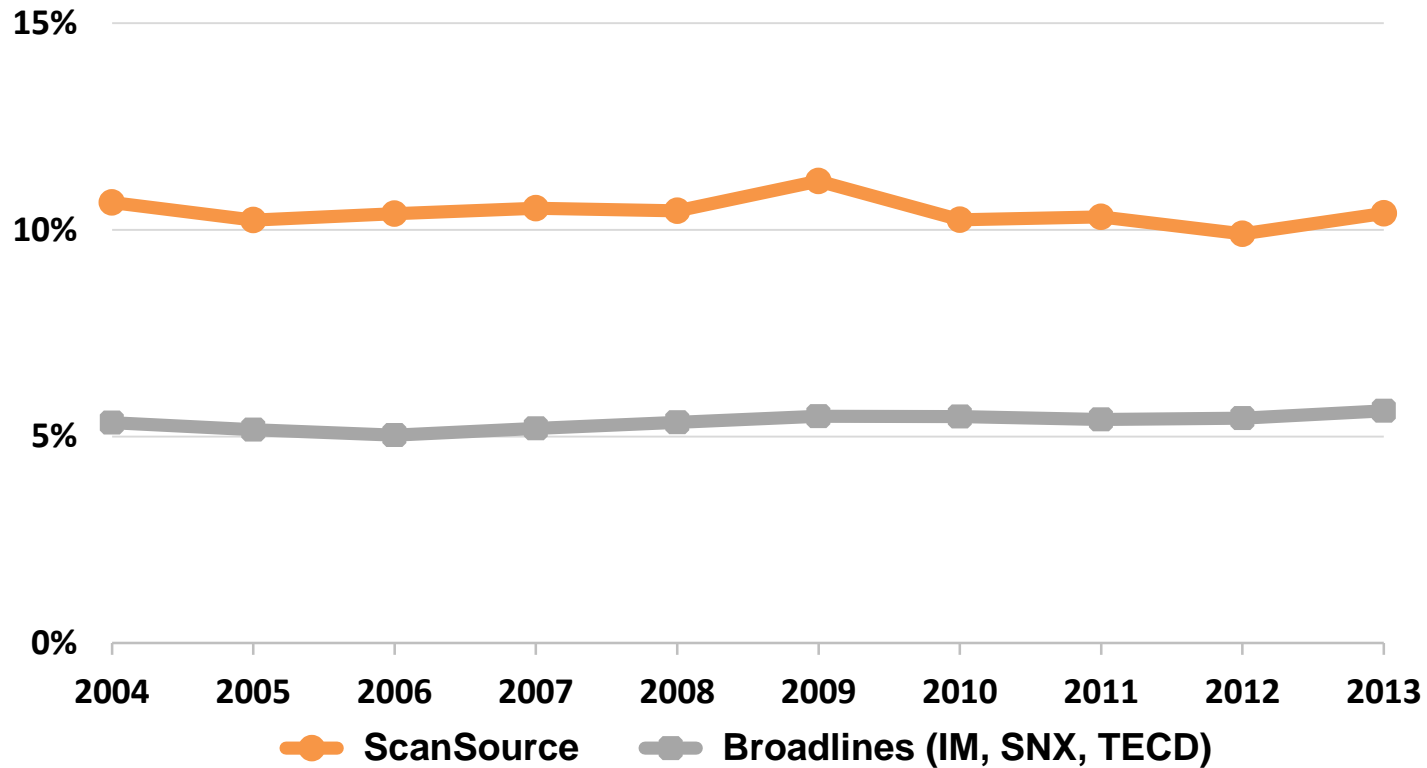
Performance Metric:*	Broadline Technology Distributors	SCSC
Gross Profit Margin	~6.3%	9.8%
SG&A Expense	~4.9%	6.5%
Operating Margin	~1.3%	3.3%**
Net Income	~0.7%	2.3%**

* As a % of net sales. Reflects performance for the quarter ended June 30, 2014 for SCSC and for competitors (broadline technology distributors) based on the following publicly-filed results: IM (QE 6/28/14), SNX (QE 5/31/14), and TECD (QE 7/31/14)

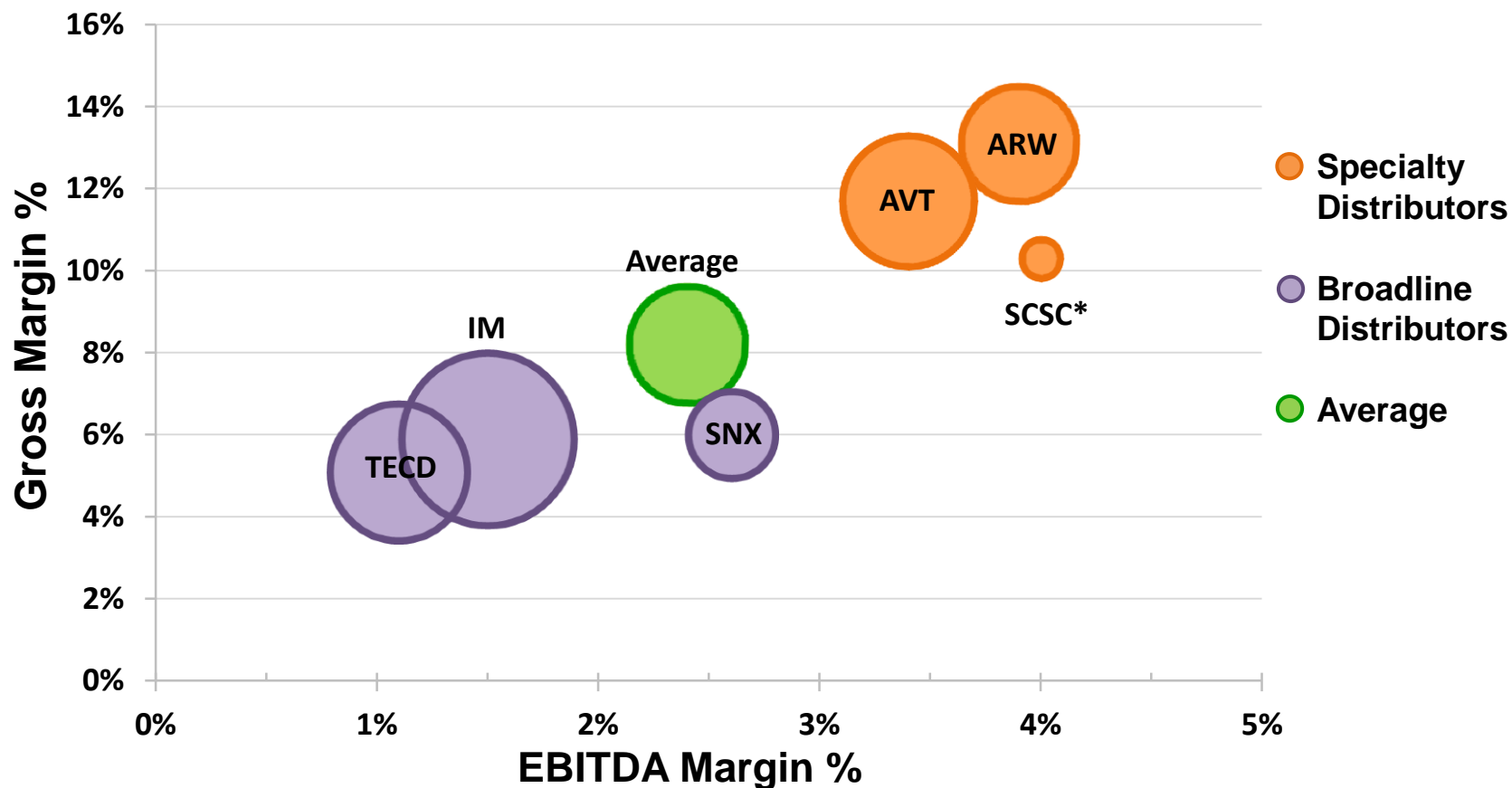
** Excludes \$15.5 million legal recovery, net of attorney fees. See Appendix for reconciliation to GAAP measure.

Gross Margin %

SCSC vs. Broadlines



Financial Margins Analysis



Note: Data from latest annual 10-K SEC filings based upon continuing operations.

* SCSC EBITDA excludes legal recovery, net of attorney fees. See Appendix for reconciliation to GAAP measure.

Return on Invested Capital

- ROIC is a key metric used to manage our business
- Executive compensation is directly tied to ROIC performance

Sep '12	Dec '12	Mar '13	Jun '13	Sep '13	Dec '13	Mar '14	Jun '14
17%	15%	13%	17%	17%	16%	15%	14%

ROIC, a non-GAAP measure, is calculated as net income plus interest expense, income taxes, depreciation and amortization (EBITDA) divided by invested capital for the period. Invested capital is defined as average equity plus average daily interest-bearing debt for the period. EBITDA excludes \$15.5 million for a legal recovery, net of attorney fees for the quarter ended June 30, 2014 and \$48.8 million in non-cash impairment charges for the quarter ended June 30, 2013. A reconciliation of the Company's non-GAAP financial information to GAAP financial information is provided in the Company's Form 8-K, filed with the SEC, with the quarterly press release for the period indicated.



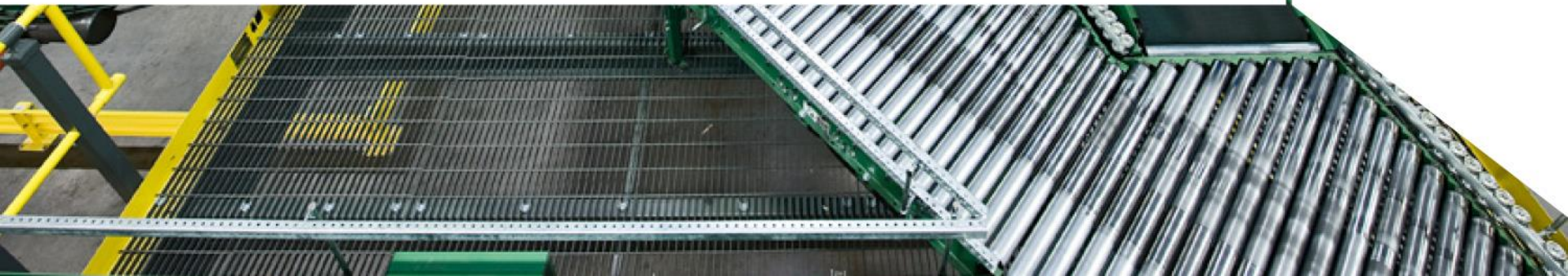
In Summary

- Leading distributor in the specialty technology markets we serve
- Attractive target markets
- Proven and focused business model
- Experienced and committed management team
- Balance sheet strength and financial flexibility
- History of consistent performance
- Positioned for growth

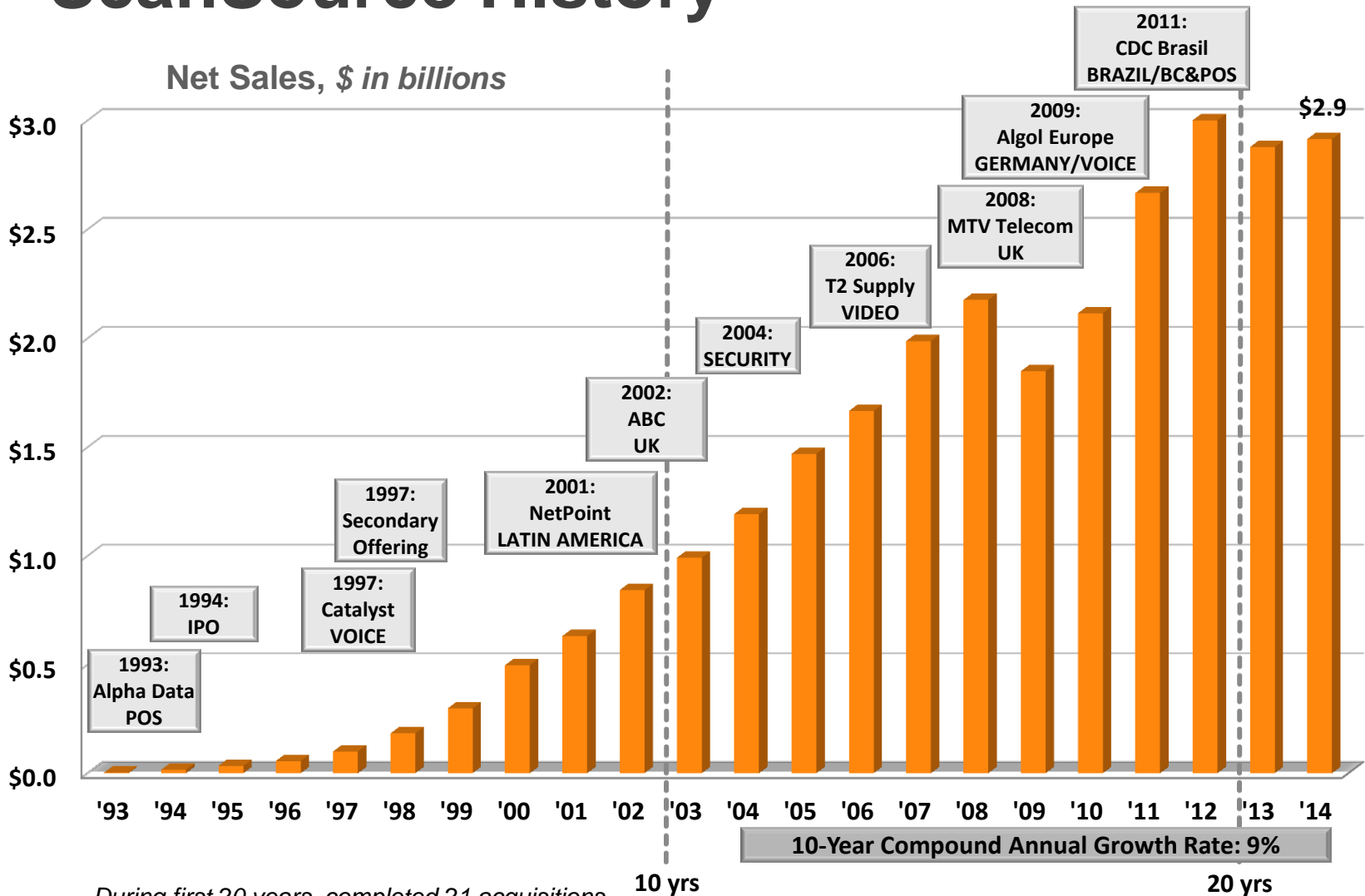


scansource.com

Appendix



ScanSource History



Markets We Serve

	Estimated Worldwide Market Size	Estimated Americas Market Size
Point-of-Sale (POS) and Barcode (AIDC)	~\$22 billion	~\$10 billion
Communications	~\$19 billion	~\$7 billion
Physical Security	~\$23 billion	~\$8 billion

SOURCE: VDC Research Group, IHL Group, ABI Research, The Freedonia Group, Inc., and Company estimates

Note: Excludes service contracts

Segment Financial Results – Q4 FY14

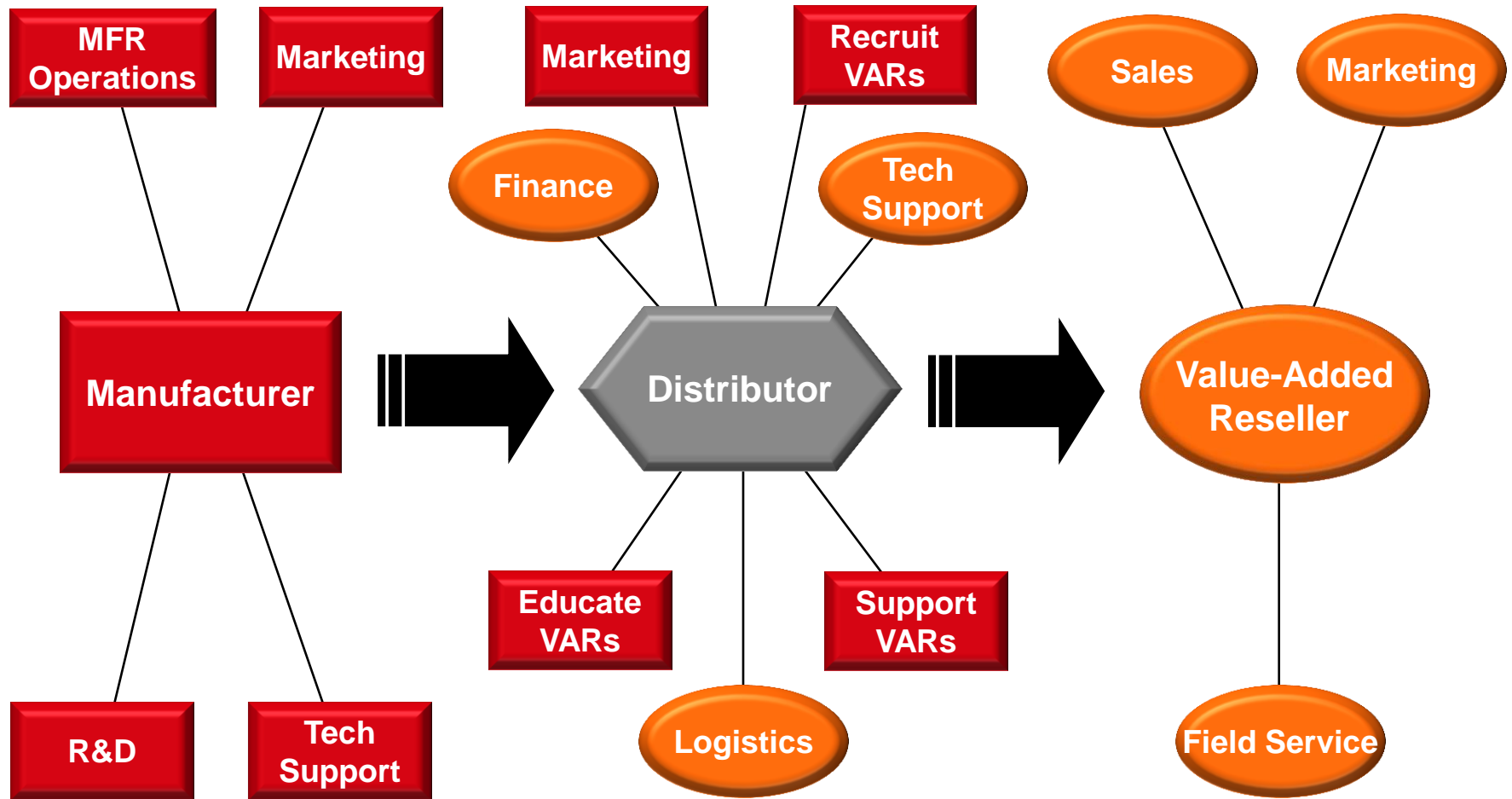
WW Barcode & Security

<i>\$ in millions</i>	Q4 FY14	Q4 FY13
Net sales	\$490.5	\$444.8
Gross profit	\$41.7	\$43.3
Gross margin	8.5%	9.7%
Operating income	\$12.8	\$(1.7)
Impairment charge, goodwill	--	15.1
Adjusted operating income	\$12.8	\$13.5
Operating income %	2.6%	3.0%

WW Communications & Services

<i>\$ in millions</i>	Q4 FY14	Q4 FY13
Net sales	\$267.6	\$267.9
Gross profit	\$32.3	\$32.3
Gross margin	12.1%	12.1%
Operating income	\$12.2	\$9.5
Impairment charge – goodwill	--	5.4
Adjusted operating income	\$12.2	\$14.9
Operating income %	4.5%	5.6%

Two-Tier Business Model



Appendix: Non-GAAP Financial Information

	Year Ended June 30,	
	2014	2013
Return on invested capital (ROIC), annualized (a)	15.4%	16.0%
<u>Reconciliation of Net Income (Loss) to EBITDA</u>		
Net income (loss) - GAAP	\$ 81,789	\$ 34,662
Plus: Income taxes	41,318	18,364
Plus: Interest expense	731	775
Plus: Depreciation and amortization	7,375	8,457
EBITDA	131,213	62,258
Adjustments: Impairment charges, including ERP & goodwill, and Belgian costs	(15,490)	50,893
Adjusted EBITDA (numerator for ROIC)(non-GAAP)	\$ 115,723	\$ 113,151
<u>Invested Capital Calculation</u>		
Equity - beginning of the quarter/year	\$ 695,956	\$ 652,311
Equity - end of quarter/year	802,643	695,956
Add: Impairment charges, including ERP & goodwill, and Belgian costs. net of tax	(9,756)	34,616
Average equity	744,422	691,442
Average funded debt (b)	5,429	15,405
Invested capital (denominator for ROIC)(non-GAAP)	\$ 749,851	\$ 706,847

Notes:

(a) Calculated as net income plus interest expense, income taxes, depreciation and amortization (EBITDA), annualized and divided by invested capital for the period. EBITDA excludes a legal recovery, net of attorney fees for the year ended June 30, 2014 and non-cash impairment charges and costs associated with Belgian tax compliance and personnel replacement costs, including related professional fees for the year ended June 30, 2013.

(b) Average daily amounts outstanding on our short-term and long-term interest-bearing debt.

Appendix: Non-GAAP Financial Information

	Q4 FY14	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	Q2 FY13	Q1 FY13
Return on invested capital (ROIC), annualized (a)	13.9%	14.8%	15.9%	16.9%	17.2%	13.3%	15.2%	17.0%
<u>Reconciliation of Net Income (Loss) to EBITDA</u>								
Net income (loss) - GAAP	\$ 27,105	\$ 16,949	\$ 18,298	\$ 19,437	\$ (13,315)	\$ 13,978	\$ 16,357	\$ 17,642
Plus: Income taxes	13,774	9,031	9,511	9,002	(6,352)	7,202	8,417	9,097
Plus: Interest expense	33	217	235	247	419	102	130	124
Plus: Depreciation and amortization	1,985	1,743	1,778	1,869	1,594	2,274	2,275	2,314
EBITDA (numerator for ROIC)(non-GAAP)	42,897	27,940	29,822	30,555	(17,654)	23,556	27,179	29,177
Adjustments (a)	(15,490)	-	-	-	48,772	-	-	-
Adjusted EBITDA (numerator for ROIC)(non-GAAP)	\$ 27,407	\$ 27,940	\$ 29,822	\$ 30,555	\$ 31,118	\$ 23,556	\$ 27,179	\$ 29,177
<u>Invested Capital Calculation</u>								
Equity - beginning of the quarter	\$ 772,786	\$ 751,446	\$ 723,748	\$ 695,956	\$ 709,912	\$ 696,960	\$ 676,136	\$ 652,311
Equity - end of quarter	802,643	772,786	751,446	723,748	695,956	709,912	696,960	676,136
Add: Impairment charges, net of tax (a)	(9,756)	-	-	-	33,216	-	-	-
Average equity	782,837	762,116	737,597	709,852	719,542	703,436	686,548	664,224
Average funded debt (b)	5,429	5,429	5,429	5,429	5,429	15,675	23,850	16,563
Invested capital (denominator for ROIC)(non-GAAP)	\$ 788,266	\$ 767,545	\$ 743,026	\$ 715,281	\$ 724,971	\$ 719,111	\$ 710,398	\$ 680,787

Notes:

(a) Calculated as net income plus interest expense, income taxes, depreciation and amortization (EBITDA), annualized and divided by invested capital for the period. EBITDA excludes \$15.5 million for a legal recovery, net of attorney fees for the quarter ended June 30, 2014 and \$48.8 million in non-cash impairment charges for the quarter ended June 30, 2013.

(b) Average daily amounts outstanding on our short-term and long-term interest-bearing debt.