



INVESTOR PRESENTATION

NOVEMBER 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, as well as the quarterly report on Form 10-Q for the quarter ended September 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 non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP diluted earnings per share, 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

- Leading international value-added distributor of specialty technology products
- Attractive markets:
 - Point-of-Sale and Barcode
 - Communications (voice, video and data)
 - Physical Security
 - 3D Printing
- Distribute for ~300 technology manufacturers
- Sell to ~28,000 value-added technology resellers

NASDAQ: SCSC Headquarters: Greenville, SC
~1,600 Employees • Founded in 1992
31 offices: US, Canada, Latin America, Europe



THE **SCANSOURCE** DIFFERENCE



ATTRACTIVE MARKETS

Point-of-Sale (POS) and Barcode

Communications

(voice, video and data)

Physical Security

(video surveillance, access control, networking)

3D Printing

(launched April 2014)



PROVEN BUSINESS MODEL

- Growth – Incremental and Channel Shift
- Best-of-Breed Technology Vendors
- Dedicated Business Units
- Shared Services
- 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	Physical Security	Communications
Business Unit President Sales Merchandising Technical Support Business Units: North America, Europe, Latin America, Brazil	Business Unit President Sales Merchandising Technical Support Business Units: North America	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 services
- Education, training and certifications
- Strategic marketing services
- Network assessments/ WiFi services
- Partner enablement programs
- Online networking community

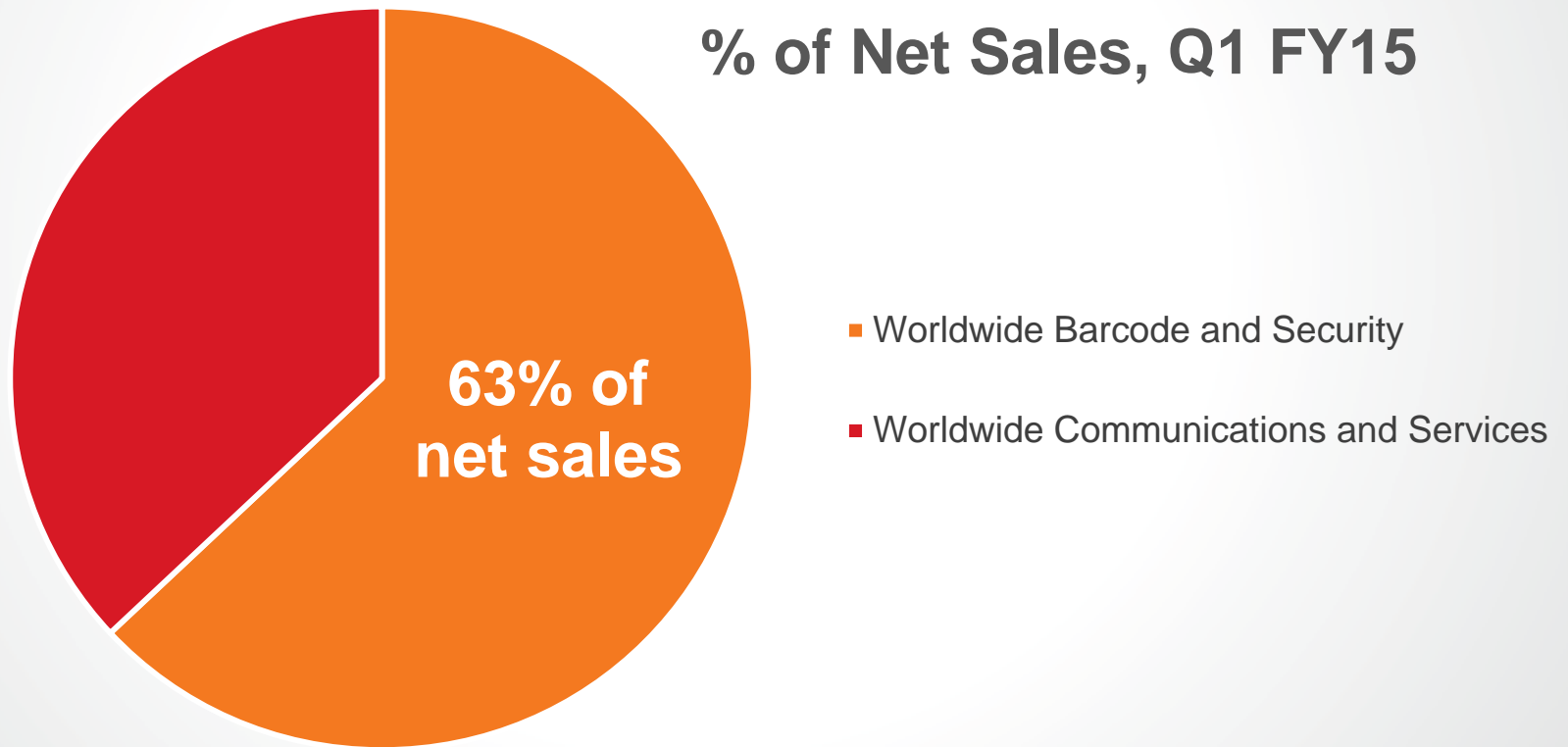
PLUS, Business Unit tools, such as online configuration, pricing and product selection, and educational programs



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



POS AND BARCODE VENDORS

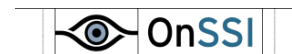


Business Units: ScanSource POS and Barcode in US/Canada, Europe, Latin America and Brazil



SECURITY VENDORS

Video Surveillance, Identification/Access Control, and Networking



SEE MORE. DO MORE.

Business Unit: ScanSource Security in US/Canada

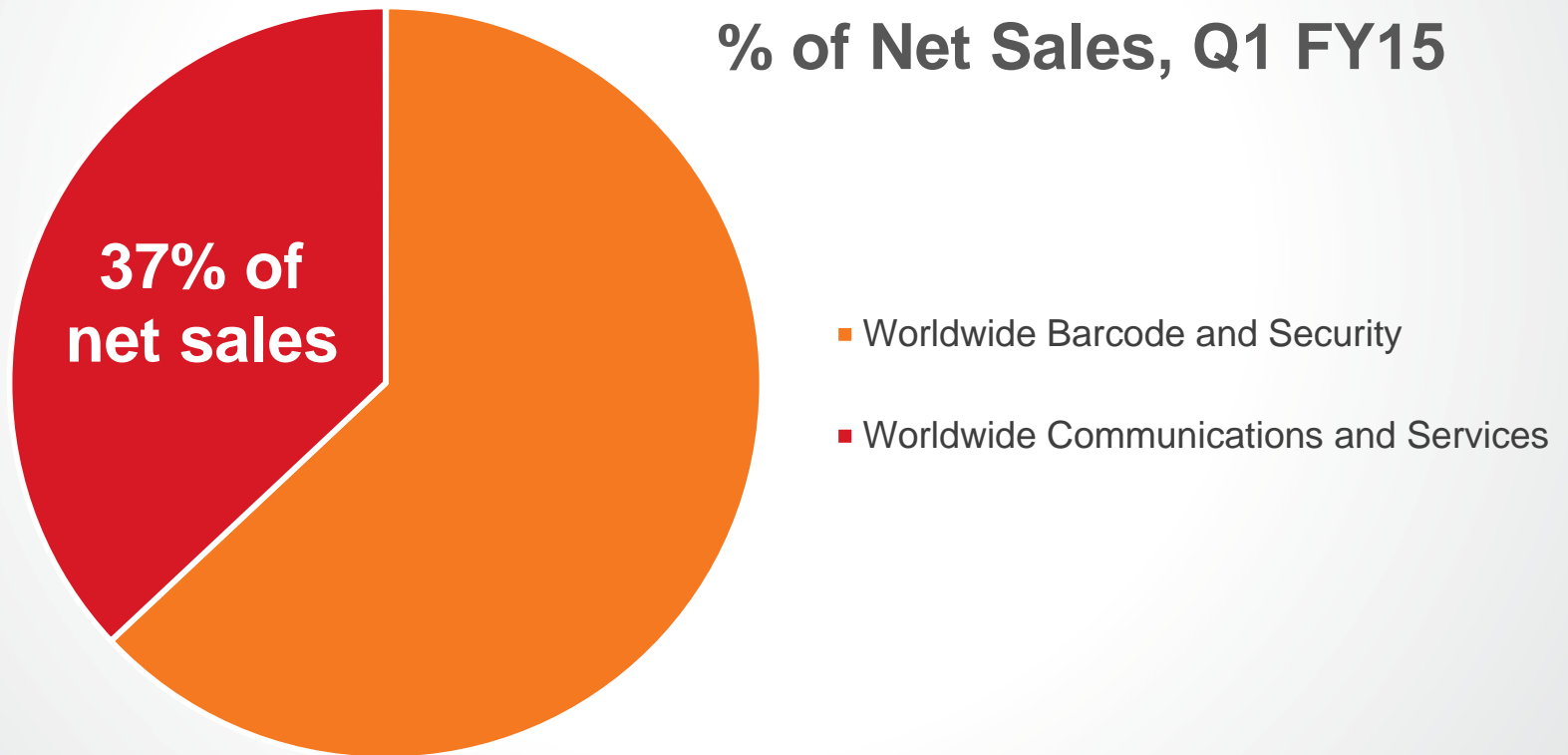


A NEW TECHNOLOGY: 3D PRINTING

- 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



COMMUNICATIONS VENDORS



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



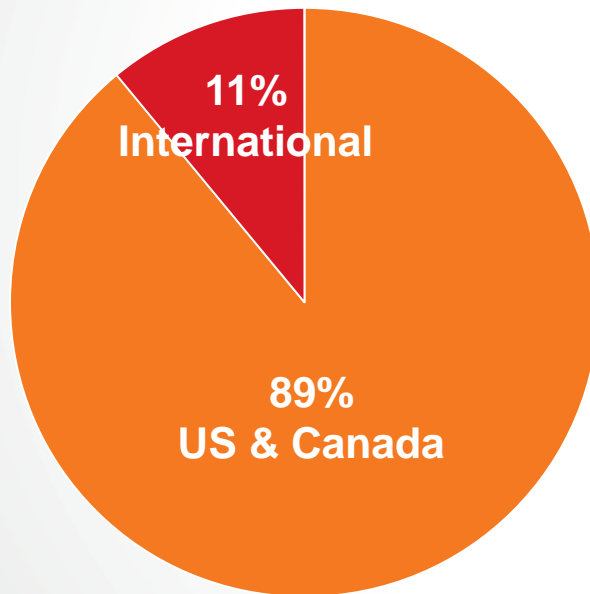
INTERNATIONAL GROWTH

31 offices in US, Canada, Latin America and Europe



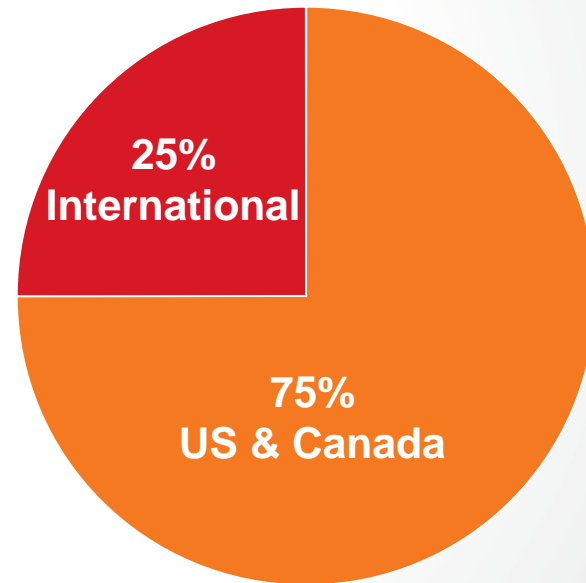
INTERNATIONAL GROWTH

10 years ago



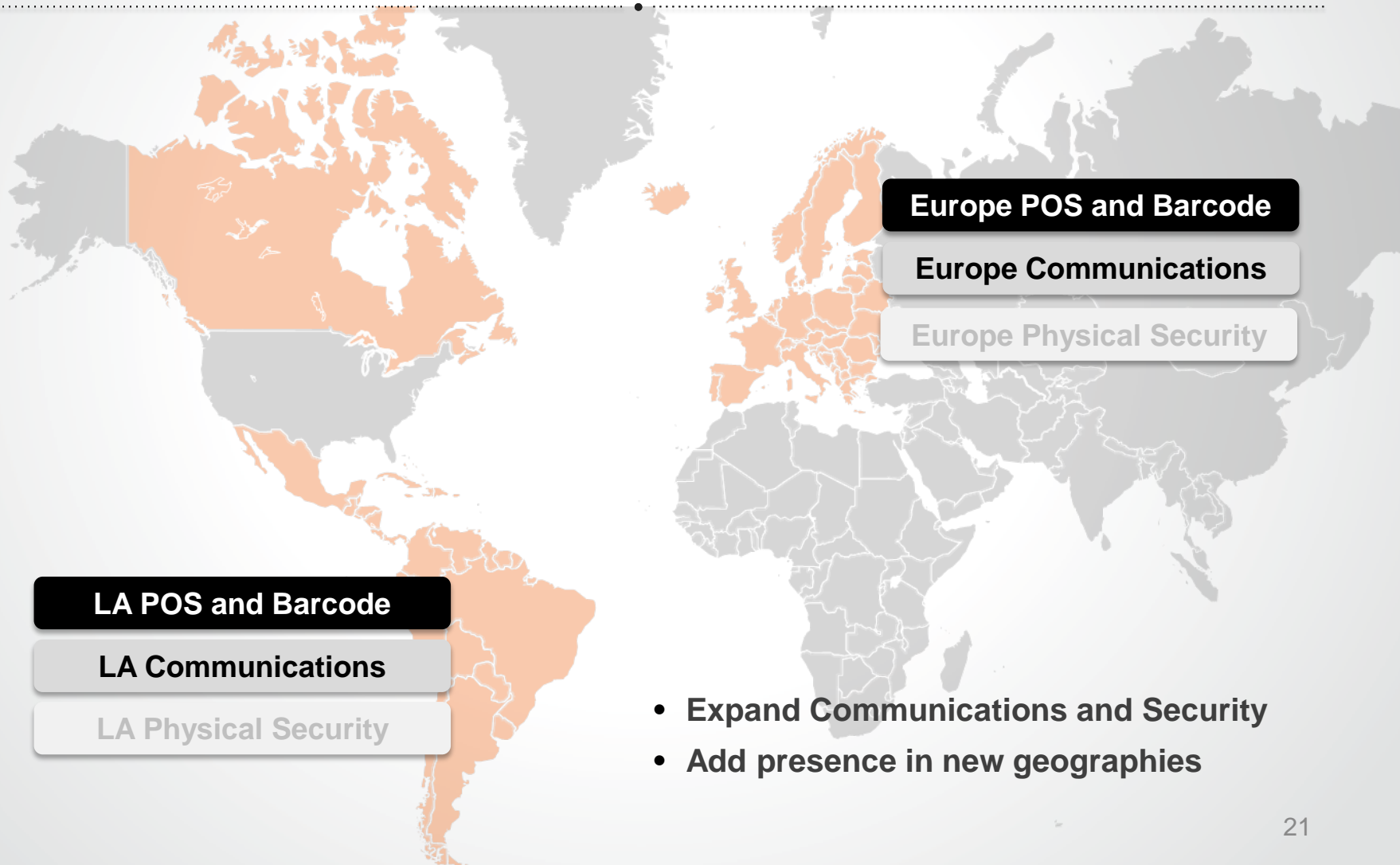
% of Net Sales, Q1 FY05

Now



% of Net Sales, Q1 FY15

INTERNATIONAL GROWTH



COMPLETED ACQUISITION: IMAGO GROUP

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)▪ Completed 9/19/14
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▪ ~120 employees
Location	<ul style="list-style-type: none">▪ Operations in UK, France, and Germany▪ Includes 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 ~US\$80 million*▪ Demonstrated double-digit sales growth with operating margins consistent with ScanSource's Communications business

* GBP converted into USD using 1.6 exchange rate.

PROPOSED ACQUISITION: NETWORK1

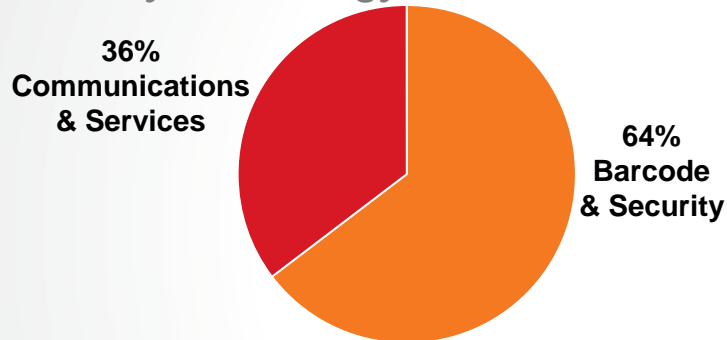
Description	<ul style="list-style-type: none">▪ Leading value-added distributor in Brazil▪ Established in 2004; HQ in Brazil (Sao Paulo)▪ Announced 8/15/14; subject to completion of due diligence and regulatory approvals
Key Vendors	<ul style="list-style-type: none">▪ ~65 vendors and >8,000 customers▪ 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 ~US\$340 million*▪ Demonstrated double-digit sales growth with operating margins consistent with ScanSource's Communications business

* Reais converted into USD using 0.4 exchange rate.

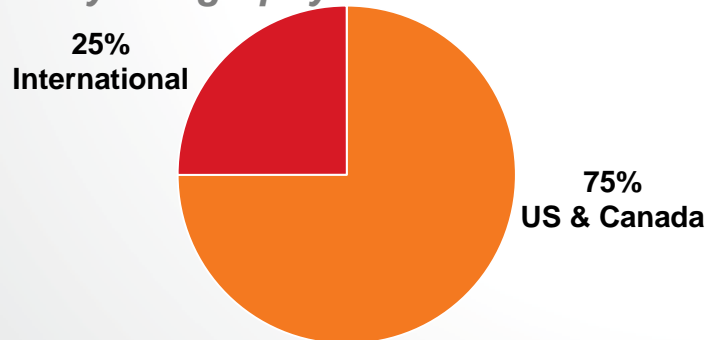
ACQUISITIONS: STRATEGIC FOCUS AREAS

Actual, FY 2014

By Technology:

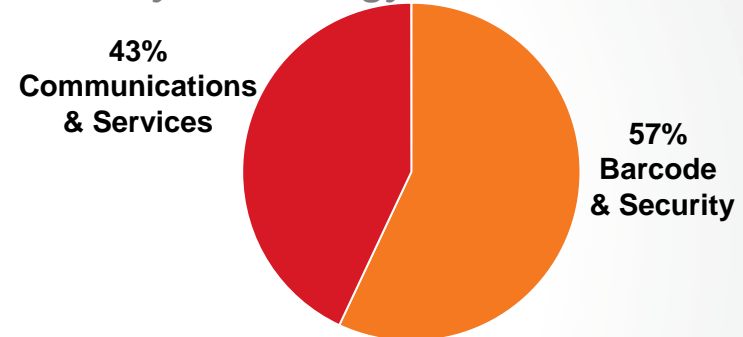


By Geography:

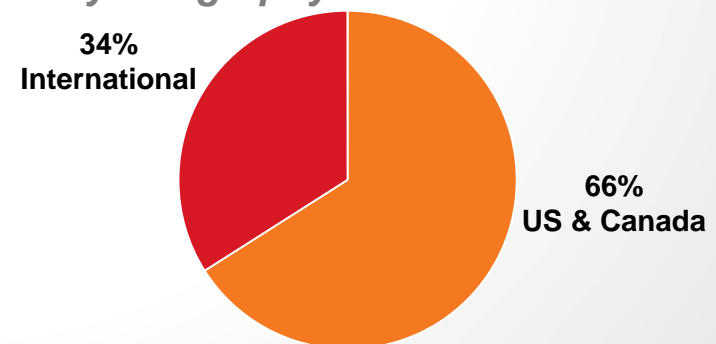


Pro Forma, Acquisitions*

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\$ using average FX rates for FY14



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 (matures 11/18)

Excellent Liquidity and Financial Flexibility

- 2.3 current ratio – consistently strong at over 2 for last 5 fiscal year ends
- Generated \$3 million in cash from operations during trailing 12-month period

Working Capital Management

- 5.7** inventory turns (5-qtr range: 5.1-6.3 turns)
- Paid for inventory days of 10** (5-qtr range: 2-15 days)
- 55** days sales outstanding in receivables (5-qtr range: 53-55 days)

Information as of 9/30/14, unless otherwise indicated

** Debt reflects short-term and long-term debt; ** Excludes the impact of Imago acquisition, which was completed 9/19/14*



HIGHLIGHTS – Q1 FY15

- Record net sales for first quarter 2015 of \$792 million, up 8% Y/Y, and non-GAAP diluted EPS of \$0.75*; both above our expected range
- Record sales quarter for Worldwide Barcode & Security, up 11% Y/Y
- Worldwide Communications & Services sales increased 3% Y/Y
- First quarter 2015 return on invested capital of 16.2%* excluding acquisition costs and contingent consideration
- On September 19, 2014, completed acquisition of Imago, Europe's leading value-added video and voice communications distributor

** See Appendix for calculation of non-GAAP measures and reconciliations to GAAP measures.*

PERFORMANCE METRICS VS. COMPETITORS

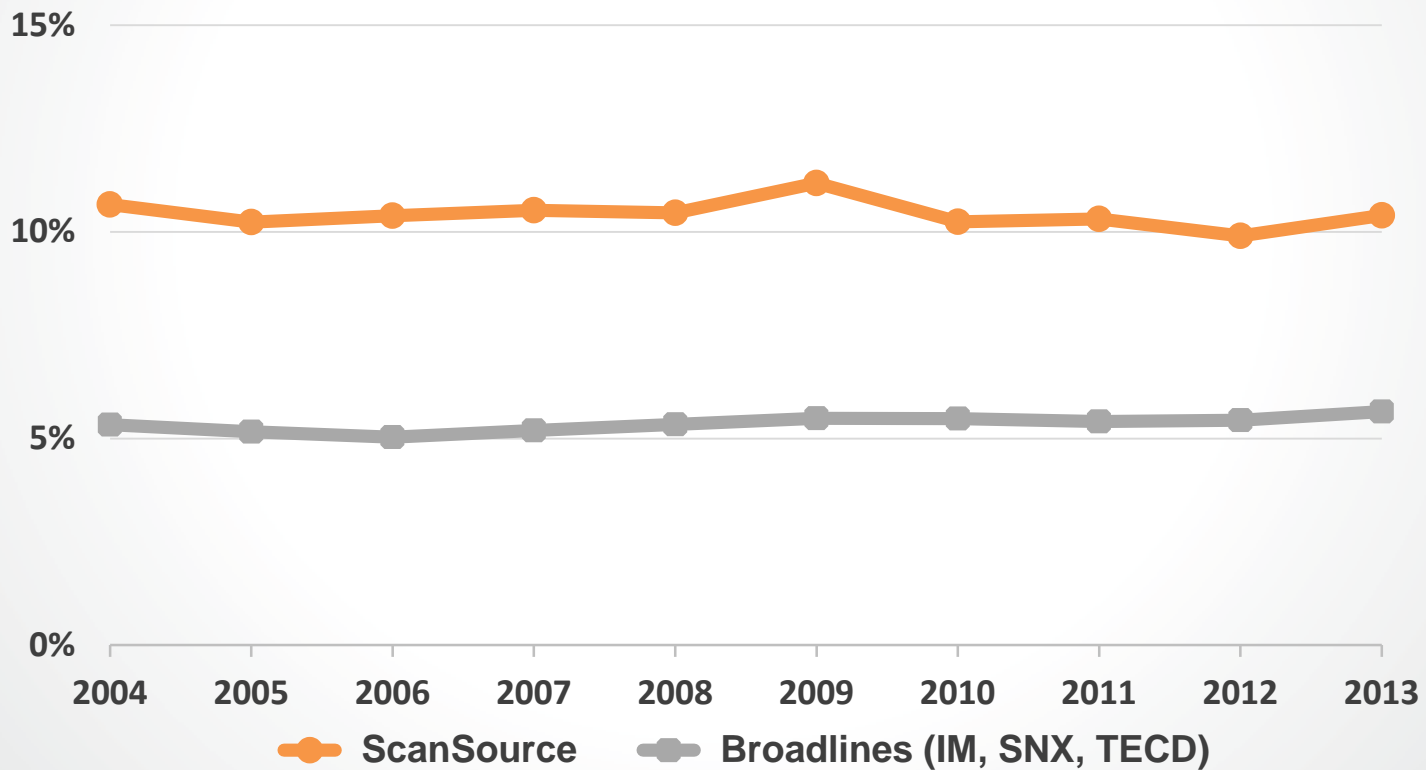
Performance Metric:*	Broadline Technology Distributors	SCSC
Gross Profit Margin	~6.5%	9.8%
SG&A Expense**	~4.9%	5.9%
Operating Margin (GAAP)	~1.4%	3.7%
EBITDA**	~2.0%	4.2%

* As a % of net sales. Reflects performance for the quarter ended September 30, 2014 for SCSC and for competitors (broadline technology distributors) based on the following publicly-filed results: IM (QE 9/27/14), SNX (QE 8/31/14), and TECD (QE 7/31/14)

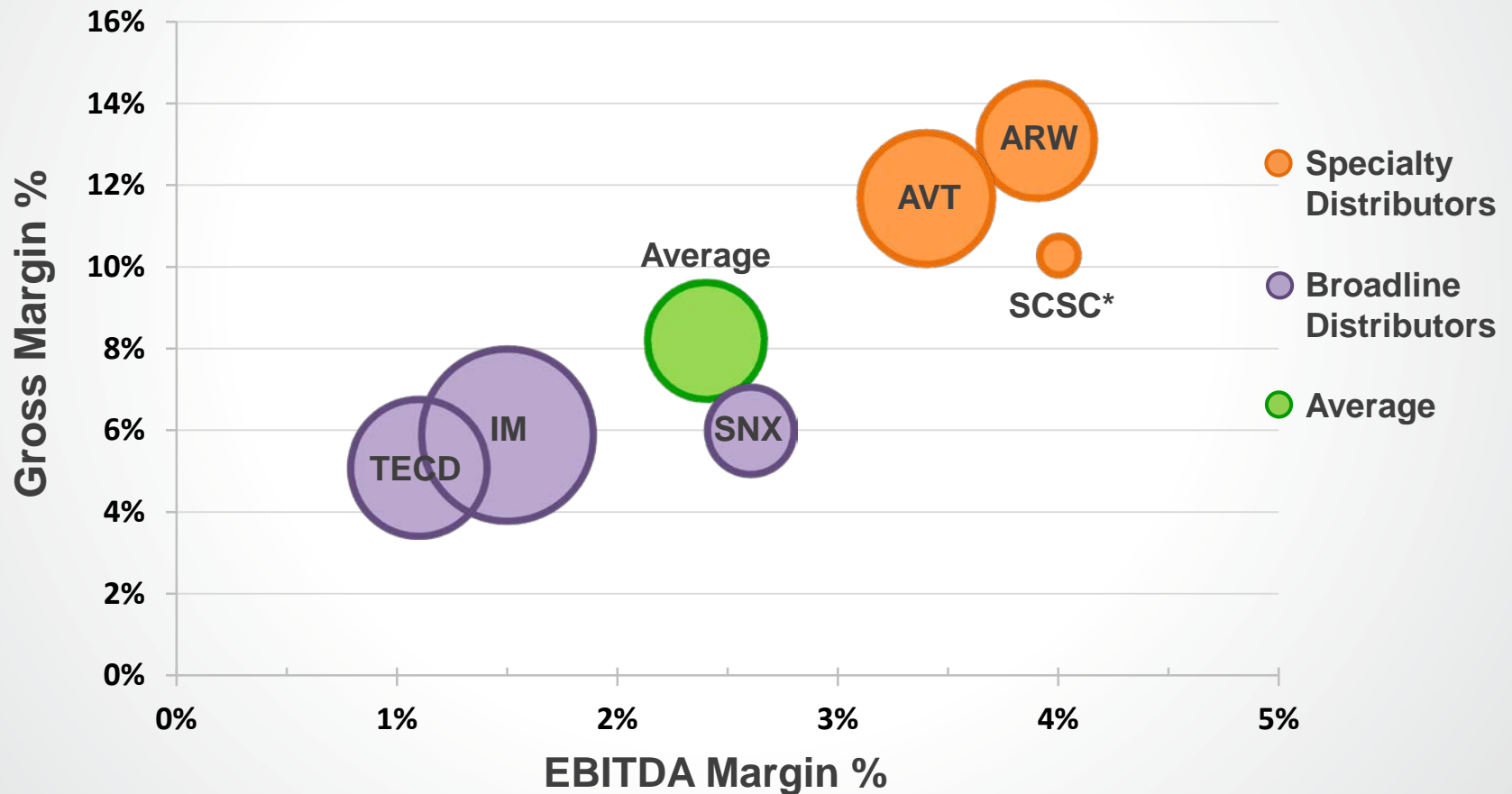
** Excludes acquisition costs and change in fair value of contingent consideration

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 and change in fair value of contingent consideration.*

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

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

ROIC, a non-GAAP measure, is calculated as net income plus interest expense, income taxes, depreciation and amortization (EBITDA), plus change in fair value of contingent consideration divided by invested capital for the period. Invested capital is defined as average equity plus average daily funded interest-bearing debt for the period. EBITDA excludes acquisition costs of \$1.3 million for the quarter ended September 30, 2014, \$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 Appendix.



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

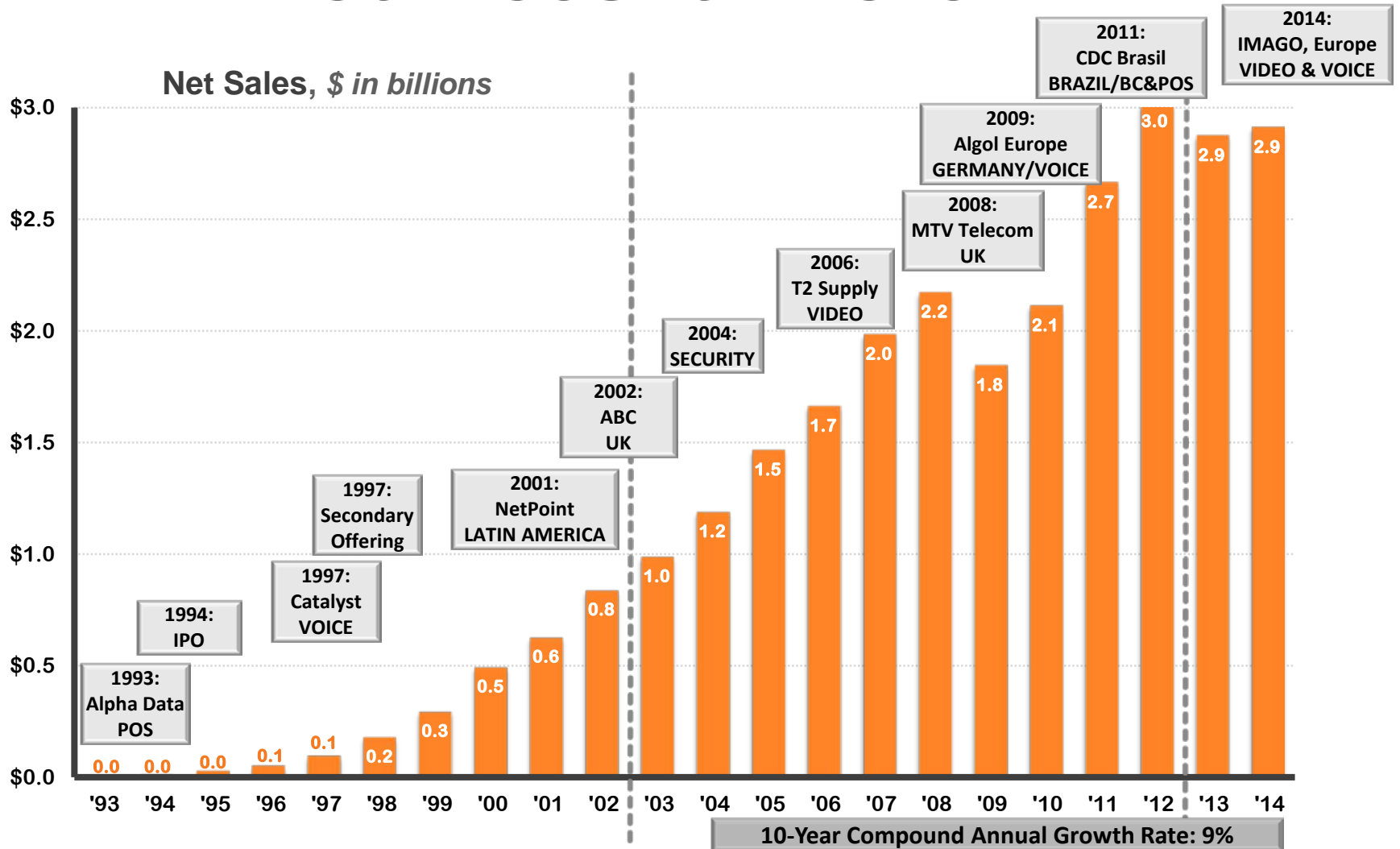
APPENDIX



scansource®

scansource.com

SCANSOURCE HISTORY



Since inception, completed 22 acquisitions
 Net sales for fiscal years ended 6/30

MARKETS WE SERVE

	Estimated Worldwide Market Size	Estimated Americas Market Size
Point-of-Sale (POS) and Barcode	~\$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 – Q1 FY15

WW Barcode & Security

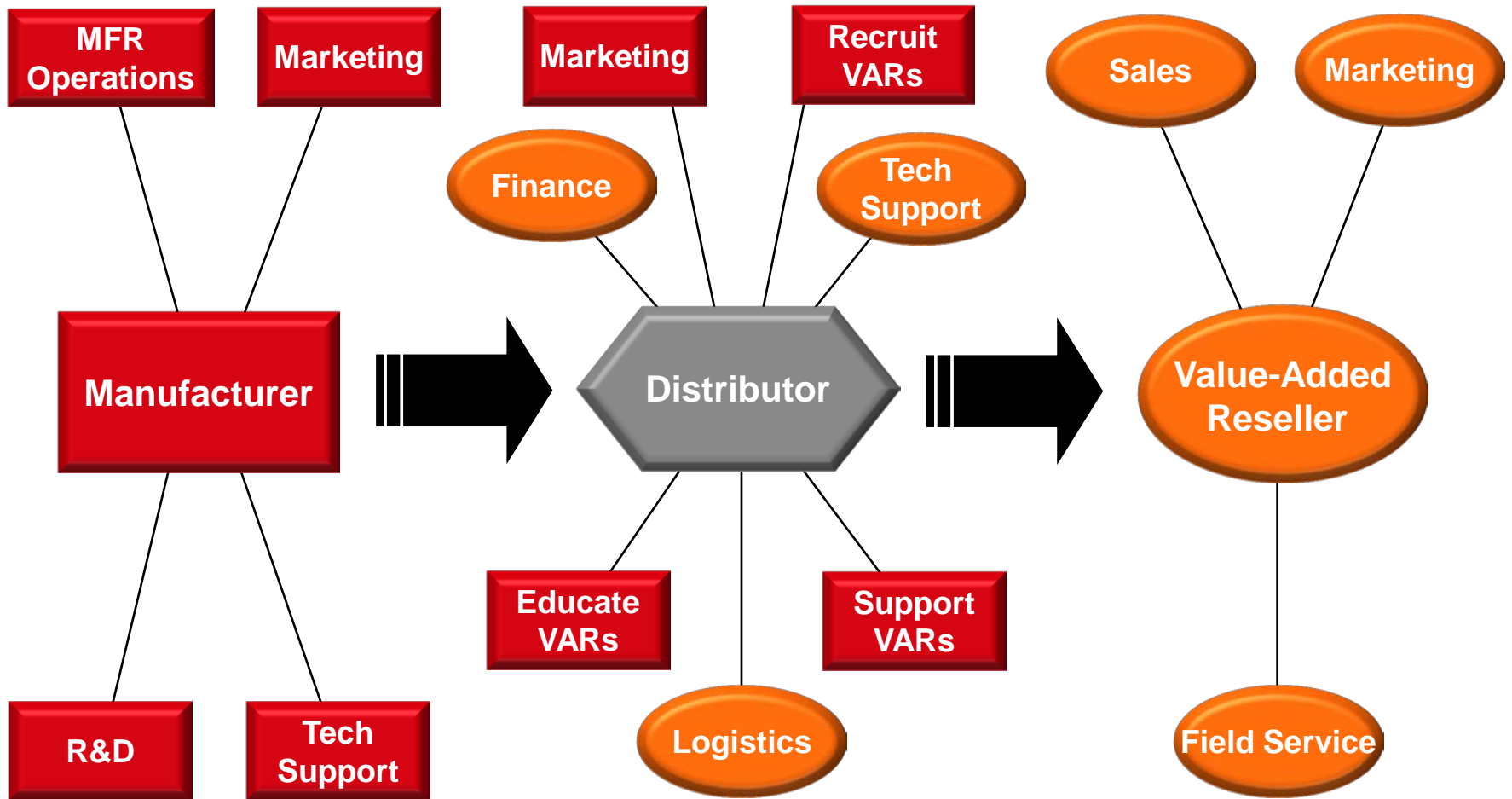
<i>\$ in millions</i>	Q1 FY15	Q1 FY14
Net sales	\$501.0	\$450.6
Gross profit	\$43.0	\$40.7
Gross margin	8.6%	9.0%
Operating income	\$12.5	\$12.0
Operating income %	2.5%	2.7%
Non-GAAP operating income	\$13.6	\$13.3
Non-GAAP operating income %	2.7%	2.9%

WW Communications & Services

<i>\$ in millions</i>	Q1 FY15	Q1 FY14
Net sales	\$290.8	\$281.3
Gross profit	\$34.6	\$35.8
Gross margin	11.9%	12.7%
Operating income	\$17.8	\$16.3
Operating income %	6.1%	5.8%
Non-GAAP operating income	\$18.2	\$16.6
Non-GAAP operating income %	6.3%	5.9%

Non-GAAP operating income excludes amortization of intangibles and change in fair value of contingent consideration. See Appendix for calculation of non-GAAP measures and reconciliations to GAAP measures.

TWO-TIER BUSINESS MODEL



APPENDIX: NON-GAAP FINANCIAL INFORMATION

	Year Ended June 30,	
	2014	2013
Return on invested capital (ROIC), annualized (a)	15.7%	16.3%
<u>Reconciliation of Net Income (Loss) to EBITDA</u>		
Net income - 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
Change in fair value of contingent consideration	2,311	1,843
Adjustments: Impairment charges, including ERP & goodwill, and Belgian costs	(15,490)	50,893
Adjusted EBITDA (numerator for ROIC)(non-GAAP)	<u>\$ 118,034</u>	<u>\$ 114,994</u>
<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, Change in fair value of contingent consideration, net of tax	1,525	1,216
Add: Impairment charges, including ERP & goodwill, and Belgian costs, net of tax	(9,756)	34,616
Average equity	745,184	692,050
Average funded debt (b)	5,429	15,405
Invested capital (denominator for ROIC)(non-GAAP)	<u>\$ 750,613</u>	<u>\$ 707,455</u>

Notes:

- (a) Calculated as net income plus interest expense, income taxes, depreciation and amortization (EBITDA), plus change in fair value of contingent consideration 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

	Q1 FY15	Q4 FY14	Q3 FY14	Q2 FY14	Q1 FY14	Q4 FY13	Q3 FY13	Q2 FY13
Return on invested capital (ROIC), annualized (a)	16.2%	14.0%	15.3%	16.2%	17.4%	17.5%	13.3%	15.5%
<u>Reconciliation of Net Income (Loss) to EBITDA</u>								
Net income (loss) - GAAP	\$19,208	\$27,105	\$16,949	\$18,298	\$19,437	(\$13,315)	\$13,978	\$16,357
Plus: Income taxes	10,028	13,774	9,031	9,511	9,002	(6,352)	7,202	8,417
Plus: Interest expense	190	33	217	235	247	419	102	130
Plus: Depreciation and amortization	1,897	1,985	1,743	1,778	1,869	1,594	2,274	2,275
EBITDA (numerator for ROIC)(non-GAAP)	31,323	42,897	27,940	29,822	30,555	(17,654)	23,556	27,179
Change in fair value of contingent consideration (CC)	513	93	981	499	738	447	100	533
Adjustments (b)	1,350	(15,490)	-	-	-	48,772	-	-
Adjusted EBITDA (numerator for ROIC)(non-GAAP)	\$33,186	\$27,500	\$28,921	\$30,321	\$31,293	\$31,565	\$23,656	\$27,712
<u>Invested Capital Calculation</u>								
Equity - beginning of the quarter	\$802,643	\$772,786	\$751,446	\$723,748	\$695,956	\$709,912	\$696,960	\$676,136
Equity - end of quarter	810,265	802,643	772,786	751,446	723,748	695,956	709,912	696,960
Add: Change in fair value of CC, net of tax	341	61	647	330	487	295	66	352
Add: Adjustments, net of tax (a)	1,350	(9,756)	-	-	-	33,216	-	-
Average equity	807,300	782,867	762,440	737,762	710,096	719,690	703,469	686,724
Average funded debt (b)	6,205	5,429	5,429	5,429	5,429	5,429	15,675	23,850
Invested capital (denominator for ROIC)(non-GAAP)	\$813,505	\$788,296	\$767,869	\$743,191	\$715,525	\$725,119	\$719,144	\$710,574

Notes:

- (a) Calculated as net income plus interest expense, income taxes, depreciation and amortization (EBITDA), plus change in fair value of contingent consideration, annualized divided by invested capital for the period.
- (b) EBITDA excludes \$1.3 million for acquisition costs for the quarter ended September 30, 2014, \$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.
- (c) Average daily amounts outstanding on our short-term and long-term interest-bearing debt.

APPENDIX: NON-GAAP FINANCIAL INFORMATION

(\$ in thousands)

Quarter Ended September 30, 2014				
	WW Barcode & Security	WW Comms. & Services	Corporate	Consolidated
Net sales	\$ 500,960	\$ 290,760	\$ -	\$ 791,720
GAAP operating income	\$ 12,541	\$ 17,786	\$ (1,350)	\$ 28,977
Adjustments:				
Amortization of intangible assets	580	412	-	992
Change in fair value of contingent consideration	498	15	-	513
Acquisition costs	-	-	1,350	1,350
Non-GAAP operating income	<u>\$ 13,619</u>	<u>\$ 18,213</u>	<u>\$ -</u>	<u>\$ 31,832</u>
GAAP operating income % (of net sales)	2.5%	6.1%	n/m	3.7%
Non-GAAP operating income % (of net sales)	2.7%	6.3%	n/m	4.0%

Quarter Ended September 30, 2013				
	WW Barcode & Security	WW Comms. & Services	Corporate	Consolidated
Net sales	\$ 450,644	\$ 281,260	\$ -	\$ 731,904
GAAP operating income	\$ 11,959	\$ 16,262	\$ -	\$ 28,221
Adjustments:				
Amortization of intangible assets	576	348	-	924
Change in fair value of contingent consideration	738	-	-	738
Non-GAAP operating income	<u>\$ 13,273</u>	<u>\$ 16,610</u>	<u>\$ -</u>	<u>\$ 29,883</u>
GAAP operating income % (of net sales)	2.7%	5.8%	n/m	3.9%
Non-GAAP operating income % (of net sales)	2.9%	5.9%	n/m	4.1%

n/m = not meaningful