



INVESTOR PRESENTATION

NOVEMBER 2015



SAFE HARBOR

This presentation may contain certain comments, which are “forward-looking” statements that involve plans, strategies, economic performance and trends, projections, expectations, costs 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, 2015, as well as the quarterly report on Form 10-Q for the quarter ended September 30, 2015, 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 global provider of technology products and solutions
- Attractive markets:
 - Point-of-Sale and Barcode
 - Communications (voice, video and data)
 - Networking and Physical Security
 - Emerging Technologies
- 300+ technology manufacturers
- 35,000+ value-added technology resellers

NASDAQ: SCSC Headquarters: Greenville, SC
~2,100 Employees • Founded in 1992
43 offices: US, Canada, Latin America, Europe



THE **SCANSOURCE** DIFFERENCE

ATTRACTIVE MARKETS



Point-of-Sale (POS) and Barcode

Mobile Computers,
Scanners, Printers,
POS systems,
Payment Terminals



Communications Voice, Video and Data



Networking and Physical Security Video Surveillance, Access Control, Networking



Emerging Technologies 3D Printing

PROVEN BUSINESS MODEL

FOCUS: | **VALUE-ADDED MARGINS *and* RETURN ON INVESTED CAPITAL**

GROWTH
faster than
market
growth

**Best-of-Breed
Technology
VENDORS**

**Dedicated
BUSINESS
UNITS with
Shared
Services**

**Committed to
CHANNEL
(two-tier) –
sell only to
resellers**

**Value-Added
SERVICES**

**Superior
CUSTOMER
SERVICE**

GROWTH STRATEGY

FOCUS: | **FASTER THAN MARKET GROWTH**

Incremental
MARKET
growth

**CHANNEL
SHIFT**
Direct to
Indirect;
One-Tier to
Two-Tier

**MULTI-
VENDOR**
solutions

**MARKET
SHARE**
gains

**NEW vendors
and NEW**
geographies

Selective
Strategic
ACQUISITIONS

SEGMENTS ENHANCE TECHNOLOGY FOCUS



Worldwide Barcode and Security

President

Business Units:

POS and Barcode

Networking and
Security

KBZ*

** Recent acquisition completed Sept '15*

Worldwide Communications and Services

President

Business Units:

Communications

Imago**

Network1**

*** Recent acquisitions completed Sept '14
(Imago) and Jan '15 (Network1)*



DEDICATED BUSINESS UNITS

By Technology and Geography

POS and Barcode	Networking and Physical Security	Communications
Business Unit President Sales Merchandising Technical Support Business Units: North America, Europe, Latin America	Business Unit President Sales Merchandising Technical Support Business Units: North America; KBZ	Business Unit President Sales Merchandising Technical Support Business Units: North America, Europe, Latin America; ScanSource Catalyst (NA)
Shared Services Centralized Logistics • Reseller Financial Services • Customer Service • Marketing Services • Human Resources • Finance & Accounting • Legal		

VALUE-ADDED SERVICES



MORE VALUE TO RESELLERS

- Differentiated approach to selling
- Help resellers grow their business
- Extend resources
- Expand capabilities



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

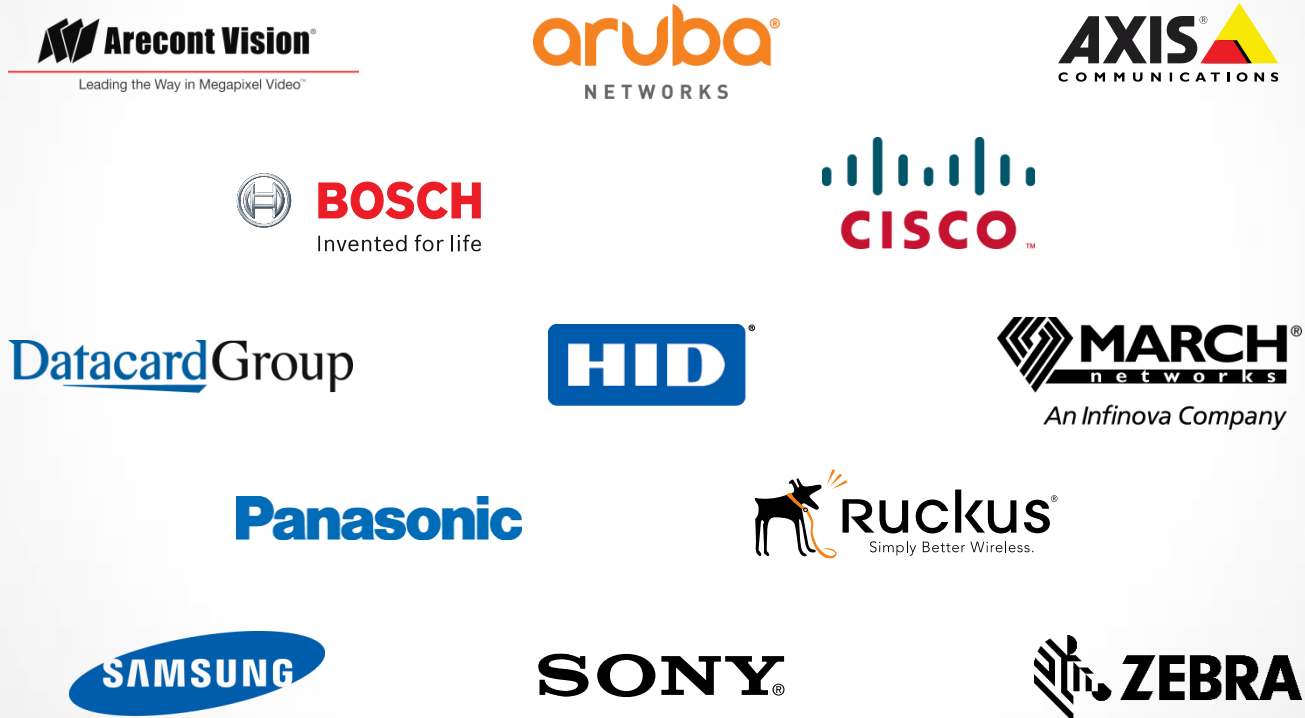
POS AND BARCODE KEY VENDORS



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



NETWORKING AND SECURITY KEY VENDORS



Business Units: ScanSource Networking and Security in US/Canada, KBZ in US

COMMUNICATIONS KEY VENDORS



Business Units: ScanSource Catalyst and ScanSource Communications in US/Canada; Imago ScanSource and ScanSource Communications in Europe; Network1 ScanSource in Brazil



INTERNATIONAL GROWTH

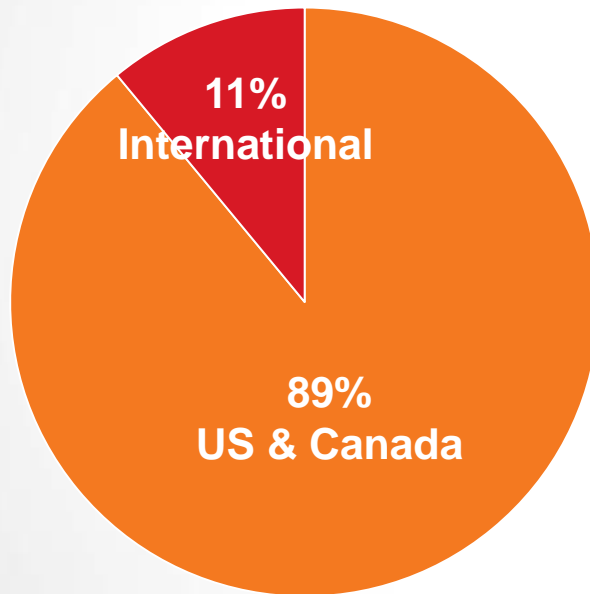


43 offices in US, Canada, Latin America and Europe



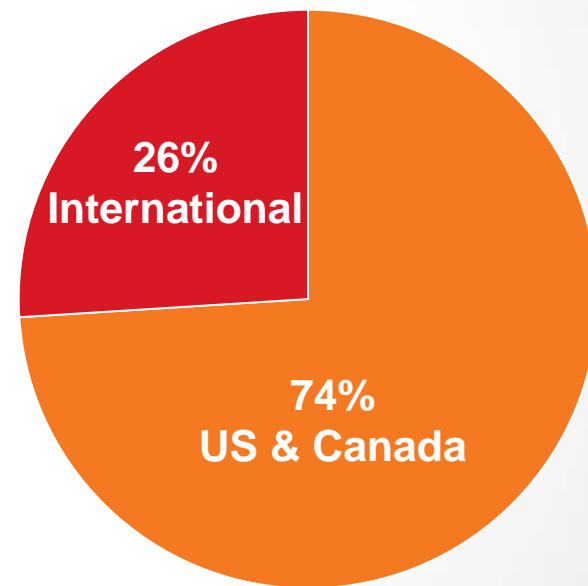
INTERNATIONAL GROWTH

10 years ago



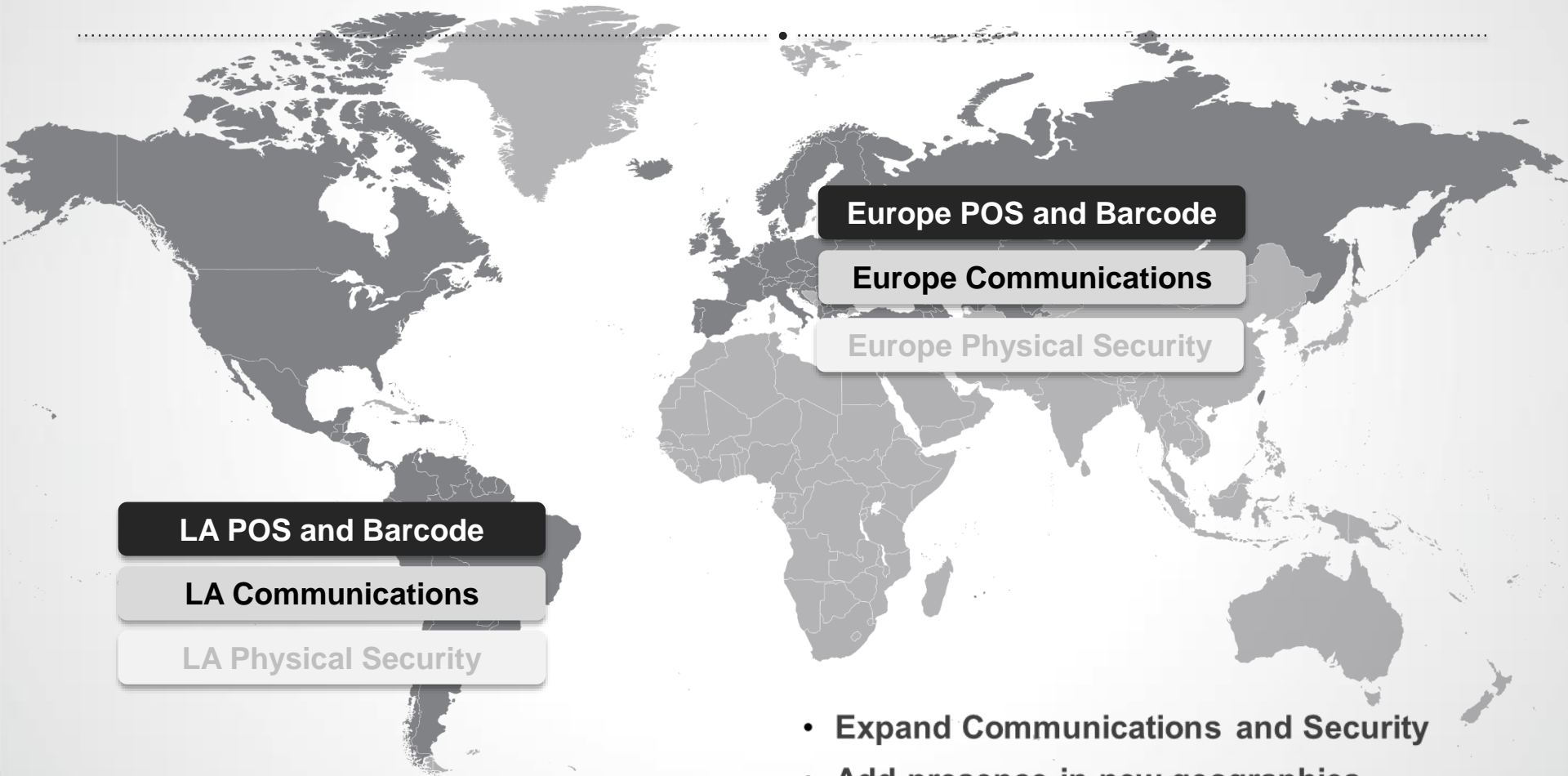
% of Net Sales, Q1 FY06

Now



% of Net Sales, Q1 FY16

INTERNATIONAL GROWTH



- Expand Communications and Security
- Add presence in new geographies

SELECTIVE STRATEGIC ACQUISITIONS

A world map with a light gray background. Three colored boxes are overlaid on the map: a black box over the United States, a red box over Europe, and an orange box over Brazil/Latin America. Each box contains text about a strategic acquisition. A dotted line runs horizontally across the top of the map, just below the title.

KBZ
United States
~75 employees
Sept '15

IMAGO
Europe
~120 employees
Sept '14

NETWORK1
Brazil/Latin America
~400 employees
Jan '15



FINANCIAL OVERVIEW

STRONG FINANCIAL POSITION FOR GROWTH

Capital Allocation Opportunities

- Plan: organic growth, strategic acquisitions, share repurchases
- \$59 million remaining on share repurchase authorization
- Move toward leverage of at least 1x EBITDA

Strong Balance Sheet and Financial Flexibility

- 0.46x net debt to EBITDA, trailing 12-months
- \$41 million in cash and \$94 million in debt
- \$300 million revolving credit facility; \$213 million available

Working Capital Management

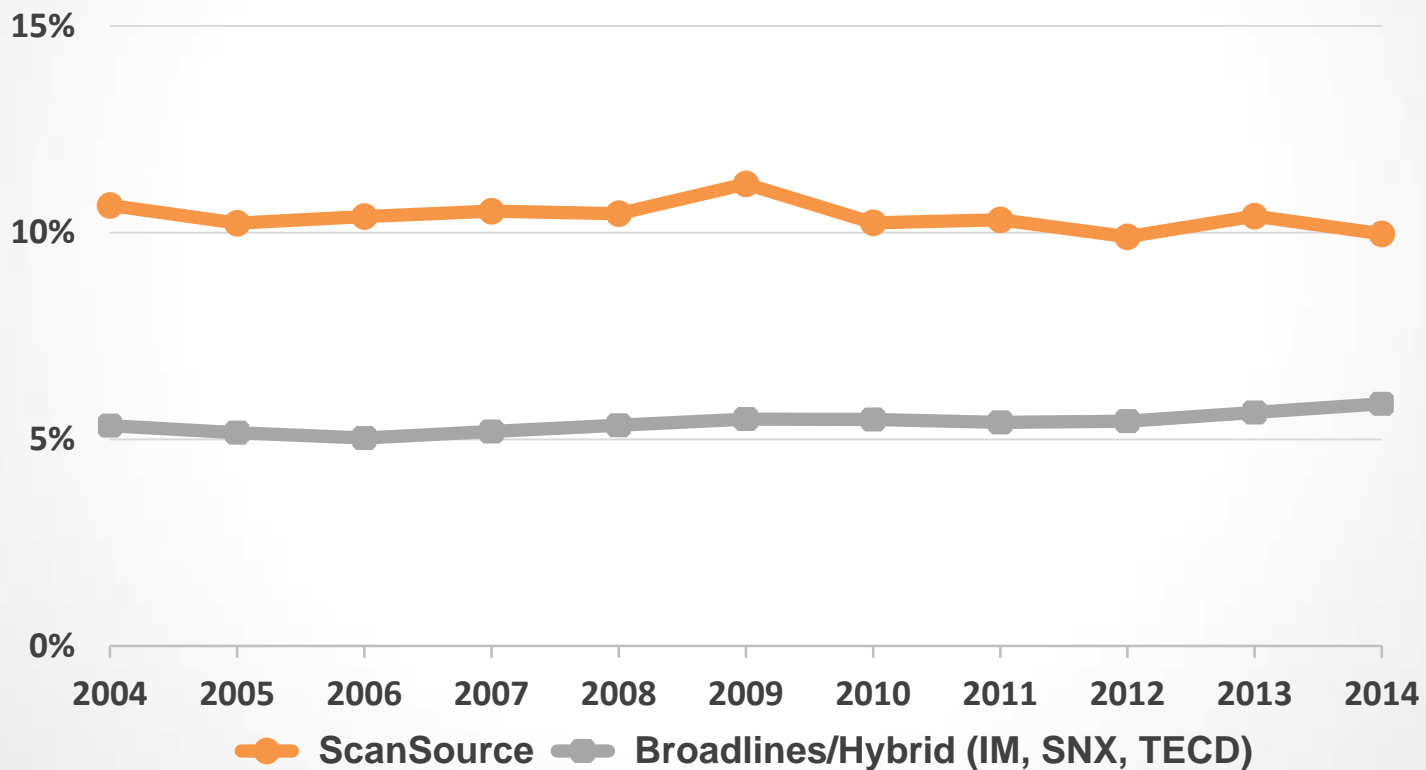
- 5.3* inventory turns (5-qtr range: 5.3-5.9)
- Paid for inventory days of 13* (5-qtr range: 6-13)
- 56* days sales outstanding in receivables (5-qtr range: 55-57)

Information as of 9/30/15, unless otherwise indicated

** Excludes the impact of KBZ, which was completed 9/4/15*

GROSS MARGIN %

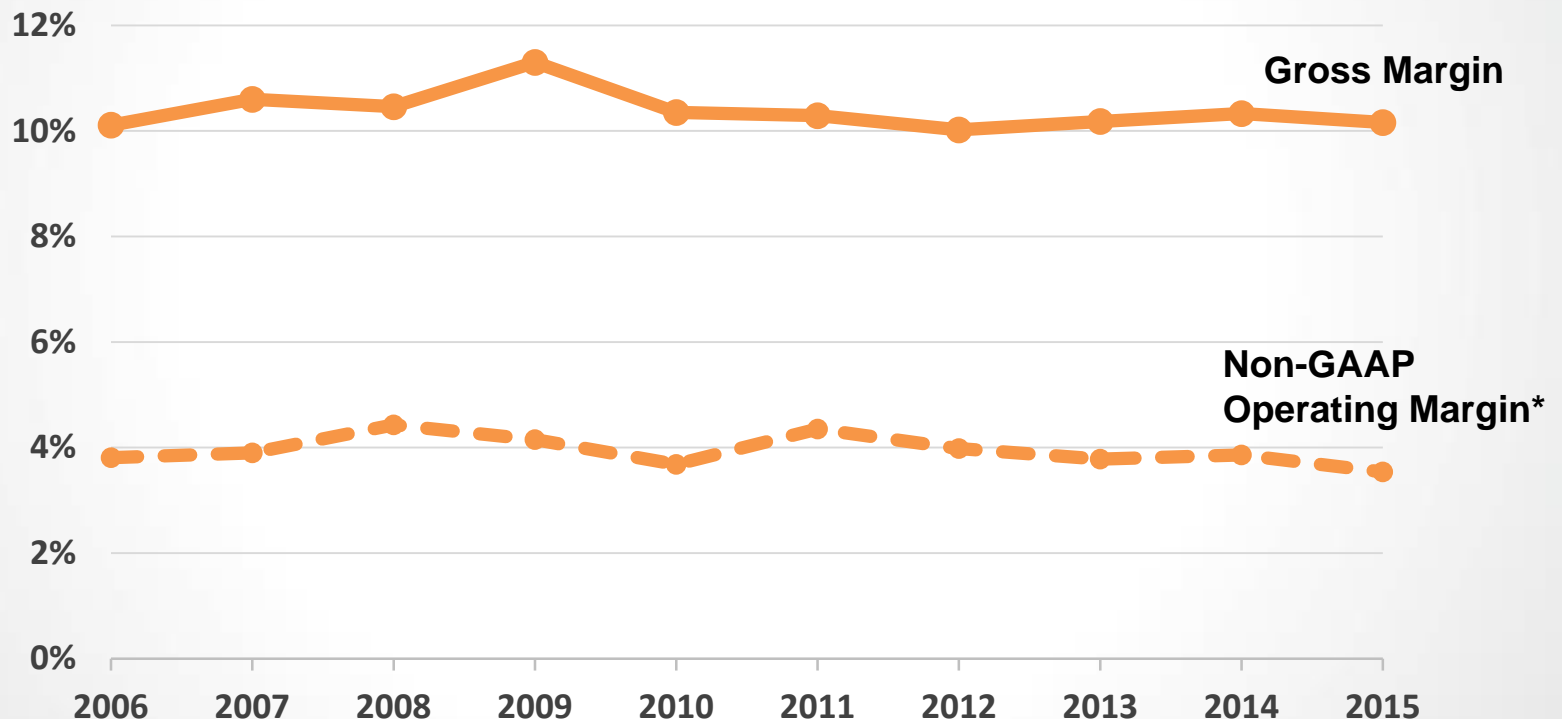
SCSC vs. Broadlines/Hybrid



Information for calendar year indicated

GROSS AND OPERATING MARGINS %

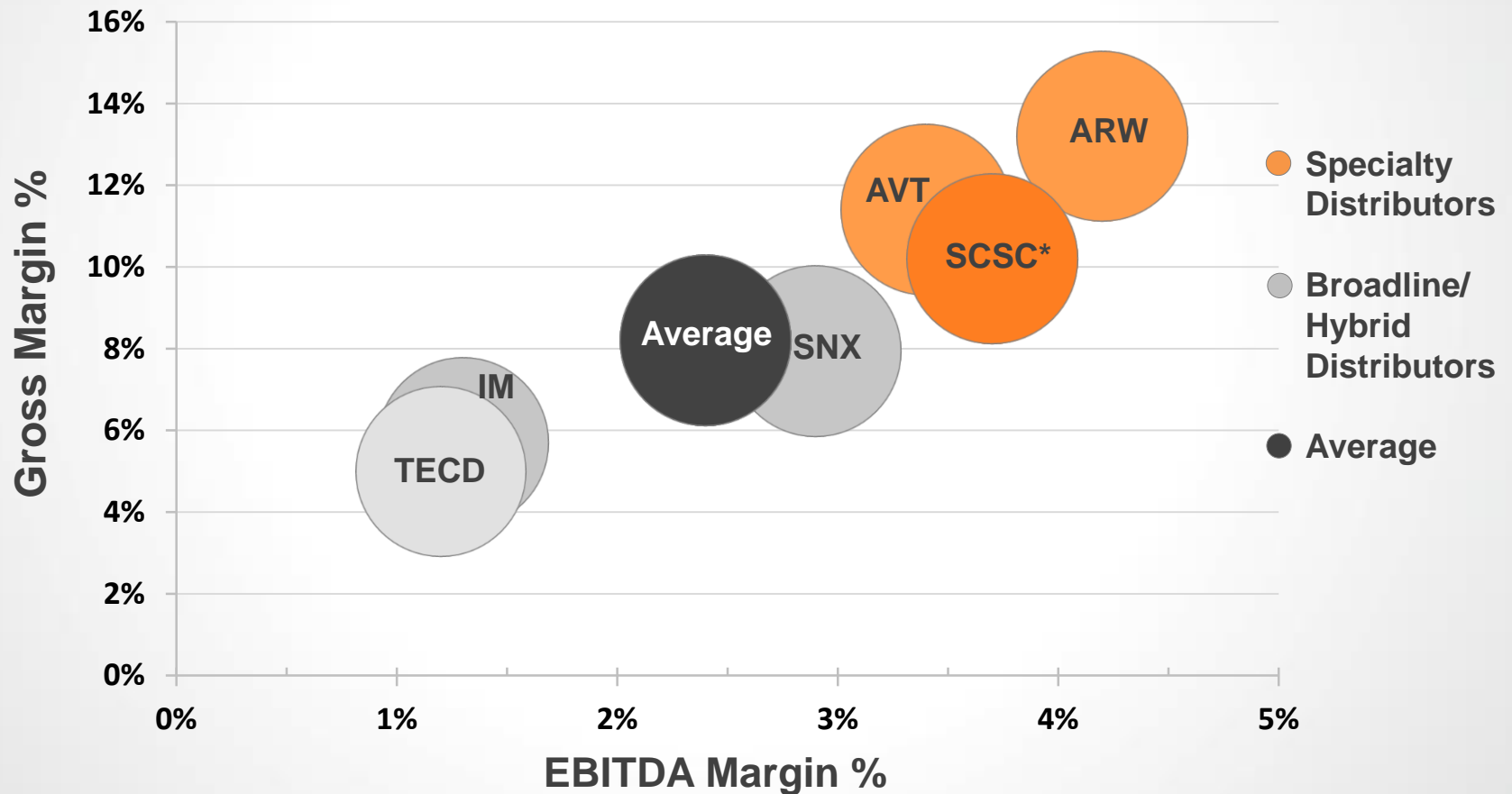
SCSC – Historical margins



Information for fiscal year indicated

* Excludes amortization of intangible assets, change in fair value of contingent consideration, and other select items in FY13, FY14 and FY15. See Appendix for calculation of non-GAAP measures and reconciliations to GAAP measures.

FINANCIAL MARGINS ANALYSIS



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

* SCSC EBITDA excludes acquisition costs 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 '13	Mar '14	Jun '14	Sep '14	Dec '14	Mar '15	Jun '15	Sep '15
16%	15%	14%	16%	15%	12%	15%	15%

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 and a \$15.5 million for a legal recovery, net of attorney fees for the quarter ended 6/30/14. A reconciliation of the Company's non-GAAP financial information to GAAP financial information is provided in the Appendix.



IN SUMMARY

- Leading global provider of technology products and solutions 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 profitable growth



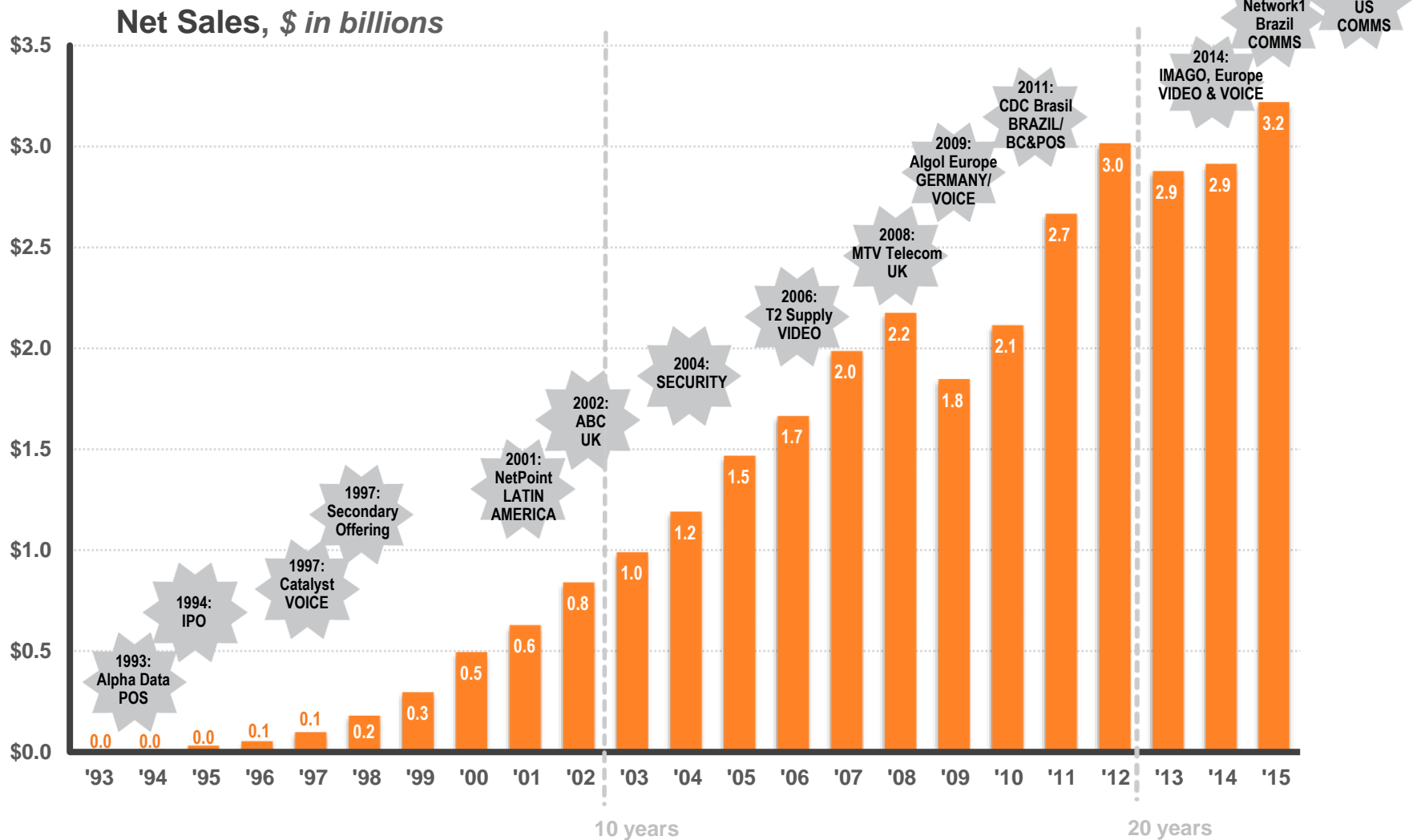
APPENDIX



scansource®

scansource.com

SCANSOURCE HISTORY



Since inception, completed 24 acquisitions
 Net sales for fiscal years ended 6/30

10-Year Compound Annual Growth Rate: 8%



ACQUISITION: KBZ

Description	<ul style="list-style-type: none">• Premier Cisco video conferencing distributor in the United States, formerly Tandberg's largest distributor• Specialized focus on video, cloud and services• Sales for the TTM ended 6/30/15 ~ over \$225 million• Established in 1987; HQ in Doylestown, PA
Key Vendor/ Focus	<ul style="list-style-type: none">• Exclusive focus on Cisco (~90%) and complementary vendors• Cisco Americas Collaboration Distributor of the Year in 2014• Cisco Americas Cloud Distributor of the Year in 2015• Specialized public sector team for Federal, state and local
Key Talent/ Employees	<ul style="list-style-type: none">• ~ 75 employees• Operations in US with regional sales teams• Kyle Zorzi, KBZ's Vice President, to serve as SVP of KBZ, a ScanSource Company
Accretion/ Closing	<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• Completed 9/4/15

SEGMENT FINANCIAL RESULTS – Q1 FY16

WW Barcode & Security

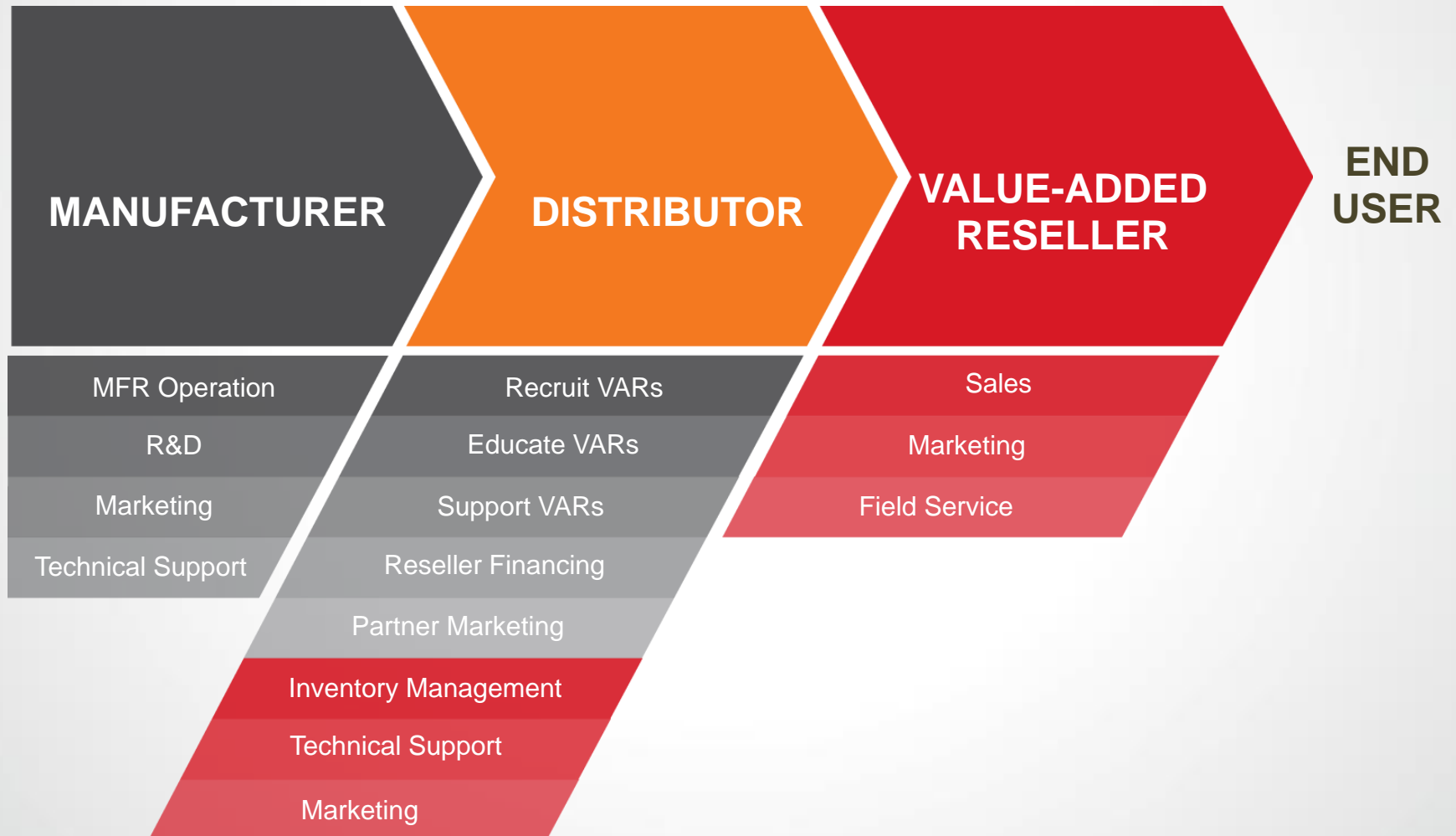
<i>\$ in millions</i>	Q1 FY16	Q4 FY15	Q1 FY15
Net sales	\$515.7	\$489.6	\$501.0
Gross profit	\$44.7	\$44.4	\$43.0
Gross margin	8.7%	9.1%	8.6%
Operating income	\$13.1	\$12.2	\$12.5
Operating income %	2.5%	2.5%	2.5%
Non-GAAP operating income	\$13.8	\$13.4	\$13.6
Non-GAAP operating income %	2.7%	2.7%	2.7%

WW Communications & Services

<i>\$ in millions</i>	Q1 FY16	Q4 FY15	Q1 FY15
Net sales	\$355.2	\$367.1	\$290.8
Gross profit	\$42.9	\$46.9	\$34.6
Gross margin	12.1%	12.8%	11.9%
Operating income	\$11.6	\$12.9	\$17.8
Operating income %	3.3%	3.5%	6.1%
Non-GAAP operating income	\$14.6	\$15.2	\$18.2
Non-GAAP operating income %	4.1%	4.1%	6.3%

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

(\$ in thousands)

Return on invested capital (ROIC), annualized (a)

Year Ended June 30,	
2015	2014
14.6%	15.7%

Reconciliation of Net Income (Loss) to EBITDA

Net income - GAAP	\$ 65,419	\$ 81,789
Plus: Income taxes	34,487	41,318
Plus: Interest expense	1,797	731
Plus: Depreciation and amortization	11,997	7,375
EBITDA	113,700	131,213
Change in fair value of contingent consideration	2,667	2,311
Acquisition costs	3,254	-
Legal recovery, net of attorney fees	-	(15,490)
Adjusted EBITDA (numerator for ROIC)(non-GAAP)	\$ 119,621	\$ 118,034

Invested Capital Calculation

Equity - beginning of the quarter/year	\$ 802,643	\$ 695,956
Equity - end of quarter/year	808,985	802,643
Add: Change in fair value of contingent consideration, net of tax	1,842	1,525
Add: Acquisition costs, net of tax	3,254	-
Less: Legal recovery, net of attorney fees, net of tax	-	(9,756)
Average equity	808,362	745,184
Average funded debt (b)	13,421	5,429
Invested capital (denominator for ROIC)(non-GAAP)	\$ 821,783	\$ 750,613

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

APPENDIX: NON-GAAP FINANCIAL INFORMATION

(\$ in thousands)

	Q1 FY16	Q4 FY15	Q3 FY15	Q2 FY15	Q1 FY15	Q4 FY14	Q3 FY14	Q2 FY14
Return on invested capital (ROIC), annualized (a)	14.6%	15.2%	12.1%	14.8%	16.2%	14.0%	15.3%	16.2%
<u>Reconciliation of Net Income (Loss) to EBITDA</u>								
Net income (loss) - GAAP	\$15,996	\$16,447	\$12,943	\$16,821	\$19,208	\$27,105	\$16,949	\$18,298
Plus: Income taxes	8,426	8,464	6,878	9,117	10,028	13,774	9,031	9,511
Plus: Interest expense	281	509	891	207	190	33	217	235
Plus: Depreciation and amortization	3,938	3,947	3,710	2,443	1,897	1,985	1,743	1,778
EBITDA (numerator for ROIC)(non-GAAP)	28,641	29,367	24,422	28,588	31,323	42,897	27,940	29,822
Change in fair value of contingent consideration (CC)	1,564	1,406	285	463	513	93	981	499
Adjustments (b)	220	138	292	1,474	1,350	(15,490)	-	-
Adjusted EBITDA (numerator for ROIC)(non-GAAP)	\$30,425	\$30,911	\$24,999	\$30,525	\$33,186	\$27,500	\$28,921	\$30,321
<u>Invested Capital Calculation</u>								
Equity - beginning of the quarter	\$808,985	\$799,051	\$818,748	\$810,265	\$802,643	\$772,786	\$751,446	\$723,748
Equity - end of quarter	764,693	808,985	799,051	818,748	810,265	802,643	772,786	751,446
Add: Change in fair value of CC, net of tax	1,080	955	200	346	341	61	647	330
Add: Adjustments, net of tax (a)	220	138	292	1,474	1,350	(9,756)	-	-
Average equity	787,489	804,565	809,146	815,417	807,300	782,867	762,440	737,762
Average funded debt (b)	39,124	10,377	32,046	5,429	6,205	5,429	5,429	5,429
Invested capital (denominator for ROIC)(non-GAAP)	\$826,613	\$814,942	\$841,192	\$820,846	\$813,505	\$788,296	\$767,869	\$743,191

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 acquisition costs (\$0.2 million for the quarter ended 9/30/15, \$0.1 million for the quarter ended 6/30/15, \$0.3 million for the quarter ended 3/31/15, \$1.5 million for the quarter ended 12/31/14, \$1.3 million for the quarter ended 9/30/14) and \$15.5 million for a legal recovery, net of attorney fees for the quarter ended 6/30/14.
- (c) Average daily amounts outstanding on our short-term and long-term interest-bearing debt.

APPENDIX: NON-GAAP FINANCIAL INFORMATION

Segment Financial Results

(\$ in thousands)

	Quarter Ended September 30, 2015			
	WW Barcode & Security	WW Comms. & Services	Corporate	Consolidated
Net sales	\$ 515,669	\$ 355,160	\$ -	\$ 870,829
GAAP operating income	\$ 13,082	\$ 11,579	\$ (220)	\$ 24,441
Adjustments:				
Amortization of intangible assets	610	1,575	-	2,185
Change in fair value of contingent consideration	126	1,438	-	1,564
Acquisition costs	-	-	220	220
Non-GAAP operating income	<u>\$ 13,818</u>	<u>\$ 14,592</u>	<u>\$ -</u>	<u>\$ 28,410</u>
GAAP operating income % (of net sales)	2.5%	3.3%	n/m	2.8%
Non-GAAP operating income % (of net sales)	2.7%	4.1%	n/m	3.3%

	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%

n/m = not meaningful



APPENDIX: NON-GAAP FINANCIAL INFORMATION

(\$ in millions)

	FY '06	FY '07	FY '08	FY '09	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Net sales	\$1,665.6	\$1,986.9	\$2,175.5	\$1,848.0	\$2,115.0	\$2,666.5	\$3,015.3	\$2,877.0	\$2,913.6	\$3,218.6
GAAP operating income	\$ 63.3	\$ 75.3	\$ 94.0	\$ 74.1	\$ 75.8	\$ 113.1	\$ 113.5	\$ 51.0	\$ 121.8	\$ 101.4
Adjustments:										
Amortization of intangible assets	0.2	2.1	2.5	2.6	2.0	3.0	6.4	4.9	3.9	6.6
Change in fair value of contingent consideration	-	-	-	-	-	(0.1)	0.1	1.8	2.3	2.7
Acquisition costs	-	-	-	-	-	-	-	-	-	3.3
Impairment charges, including ERP & goodwill, and Belgian costs	-	-	-	-	-	-	-	50.9	-	-
Legal recovery, net of attorney fees	-	-	-	-	-	-	-	-	(15.5)	-
Non-GAAP operating income	\$ 63.5	\$ 77.4	\$ 96.5	\$ 76.7	\$ 77.8	\$ 116.0	\$ 120.0	\$ 108.7	\$ 112.5	\$ 114.0
GAAP operating income % (of net sales)	3.80%	3.79%	4.32%	4.01%	3.58%	4.24%	3.76%	1.77%	4.18%	3.15%
Non-GAAP operating income % (of net sales)	3.81%	3.90%	4.43%	4.15%	3.68%	4.35%	3.98%	3.78%	3.86%	3.54%