



## **ScanSource Reports Results For Third Quarter 2012**

earnings per share decreased 11.7% to \$0.53 in the current quarter compared to \$0.60 in the prior year quarter.

### **Outlook for Next Quarter**

The Company announced its current expectations for the fourth quarter of fiscal 2012. ScanSource expects that net revenues for the quarter ending June 30, 2012 could range from \$780 million to \$800 million, and diluted earnings per share could be in the range of \$0.60 to \$0.64 per share.

### **Webcast Details**

ScanSource will present additional information about its financial results and outlook on a conference call today at 5:00 p.m. (ET). A webcast of the call will be available for all interested parties and can be accessed at [www.scansourceinc.com](http://www.scansourceinc.com) (Investor Relations section). The webcast will be available for replay for 30 days.

### **Safe Harbor Statement**

This press release contains comments that are “forward-looking” statements that involve risks and uncertainties; these statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Any number of important factors could cause actual results to differ materially from anticipated or forecasted results, including, but not limited to, factors affecting our expanded operations in emerging markets, such as Brazil, that expose us to greater political and economic volatility than our operations in established markets; the results of purchase accounting; macroeconomic circumstances that could impact our business, such as currency fluctuations; continued adverse capital and credit market conditions; and an economic downturn. For more information

## **ScanSource Reports Results For Third Quarter 2012**

concerning factors that could cause actual results to differ from anticipated results, see the Company's annual report on Form 10-K for the year ended June 30, 2011 and Form 10-Q for the quarters ended September 30, 2011 and December 31, 2011 filed with the Securities and Exchange Commission.

Except as may be required by law, the Company expressly disclaims any obligation to update these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

### **Non-GAAP Financial Information**

In addition to disclosing results that are determined in accordance with United States Generally Accepted Accounting Principles ("GAAP"), the Company also discloses return on invested capital ("ROIC"), a non-GAAP measure. Management uses ROIC as a performance measurement because it believes that this metric best balances the Company's operating results with its asset and liability management. It excludes the results of capitalization decisions, is easily computed and understood, and drives changes in shareholder value. In addition, the Company's Board of Directors uses this non-GAAP measure in evaluating management performance and setting management compensation. Analysis of results and outlook on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP. A reconciliation of the Company's non-GAAP financial information to GAAP is set forth in a following table.

### **About ScanSource, Inc.**

ScanSource, Inc. (NASDAQ:SCSC) is the leading international distributor of specialty technology products, consisting of seven sales units in North America, Latin America and Europe. ScanSource POS and Barcoding in North America, Latin America and Europe delivers AIDC and POS solutions; Catalyst Telecom in the U.S. and ScanSource Communications in North America and

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Europe provide voice, video and converged communications equipment; and ScanSource Security in North America offers physical security solutions. Founded in 1992, the company ranks #839 on the Fortune 1000. For more information, call the toll-free sales telephone number at 800.944.2432 or visit [www.scansourceinc.com](http://www.scansourceinc.com).

## ScanSource Reports Results For Third Quarter 2012

### ScanSource , Inc. and Subsidiaries Condensed Consolidated Balance Sheets (Unaudited) (in thousands)

Assets	<u>March 31, 2012</u>	<u>June 30, 2011*</u>
Current assets:		
Cash and cash equivalents	\$ 34,295	\$ 28,747
Accounts receivable, less allowance of \$26,791 at March 31, 2012 \$26,562 at June 30, 2011	445,206	462,102
Inventories	501,980	467,350
Prepaid expenses and other assets	35,460	35,421
Deferred income taxes	16,731	15,894
Total current assets	<u>1,033,672</u>	<u>1,009,514</u>
Property and equipment, net	46,332	36,819
Goodwill	56,363	59,090
Other assets, including identifiable intangible assets	71,174	76,765
Total assets	<u>\$ 1,207,541</u>	<u>\$ 1,182,188</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Short-term borrowings	\$ -	\$ 3,164
Current portion of contingent consideration	5,061	2,398
Accounts payable	397,163	406,453
Accrued expenses and other liabilities	62,321	60,157
Income taxes payable	1,341	5,175
Total current liabilities	<u>465,886</u>	<u>477,347</u>
Long-term debt	5,429	30,429
Borrowings under revolving credit facility	41,491	26,513
Long-term portion of contingent consideration	14,678	21,396
Other long-term liabilities	37,607	39,109
Total liabilities	<u>565,091</u>	<u>594,794</u>
Shareholders' equity:		
Common stock	137,348	123,608
Retained earnings	514,659	460,157
Accumulated other comprehensive (income) loss	(9,557)	3,629
Total shareholders' equity	<u>642,450</u>	<u>587,394</u>
Total liabilities and shareholders' equity	<u>\$ 1,207,541</u>	<u>\$ 1,182,188</u>

\* June 30, 2011 results are derived from audited consolidated financial statements.

## ScanSource Reports Results For Third Quarter 2012

### ScanSource , Inc. and Subsidiaries Condensed Consolidated Income Statements (Unaudited) (in thousands, except per share information)

	Quarter ended		Nine months ended	
	March 31,		March 31,	
	2012	2011	2012	2011
Net sales	\$ 707,883	\$ 613,466	\$ 2,260,827	\$ 1,931,641
Cost of goods sold	638,615	547,637	2,032,630	1,731,704
Gross profit	<u>69,268</u>	<u>65,829</u>	<u>228,197</u>	<u>199,937</u>
Operating expenses:				
Selling, general and administrative expenses	46,711	40,349	141,753	116,071
Change in fair value of contingent consideration	1,072	-	1,244	-
Operating income	<u>21,485</u>	<u>25,480</u>	<u>85,200</u>	<u>83,866</u>
Other expense (income):				
Interest expense	254	429	1,490	1,182
Interest income	(780)	(313)	(2,233)	(918)
Other, net	206	300	3,363	492
Income before income taxes	<u>21,805</u>	<u>25,064</u>	<u>82,580</u>	<u>83,110</u>
Provision for income taxes	7,049	8,530	28,077	29,248
Net income	<u>\$ 14,756</u>	<u>\$ 16,534</u>	<u>\$ 54,503</u>	<u>\$ 53,862</u>
Per share data:				
Net income per common share, basic	<u>\$ 0.54</u>	<u>\$ 0.61</u>	<u>\$ 2.00</u>	<u>\$ 2.01</u>
Weighted-average shares outstanding, basic	<u>27,489</u>	<u>26,938</u>	<u>27,290</u>	<u>26,811</u>
Net income per common share, diluted	<u>\$ 0.53</u>	<u>\$ 0.60</u>	<u>\$ 1.97</u>	<u>\$ 1.98</u>
Weighted-average shares outstanding, diluted	<u>27,926</u>	<u>27,413</u>	<u>27,709</u>	<u>27,182</u>

## ScanSource Reports Results For Third Quarter 2012

### ScanSource , Inc. and Subsidiaries Supplementary Information (Unaudited) (in thousands)

#### Net Sales by Geographic Segment:

	Quarter ended March 31,		% Change
	2012	2011	
North American (a)	\$ 529,845	\$ 462,047	14.7%
International	178,038	151,419	17.6%
Consolidated	<u>\$ 707,883</u>	<u>613,466</u>	15.4%

	Nine months ended March 31,		% Change
	2012	2011	
North American (a)	\$ 1,666,240	\$ 1,479,247	12.6%
International	594,587	452,394	31.4%
Consolidated	<u>\$ 2,260,827</u>	<u>\$ 1,931,641</u>	17.0%

#### Non-GAAP Financial Information:

	Quarter ended March 31,	
	2012	2011
Return on invested capital (ROIC), annualized (b)	<u>13.5%</u>	<u>18.2%</u>

#### Reconciliation of EBITDA to Net Income

Net income - GAAP	\$ 14,756	\$ 16,534
Plus: Income taxes	7,049	8,530
Plus: Interest expense	254	429
Plus: Depreciation and amortization	2,754	1,395
EBITDA (numerator for ROIC)	<u>\$ 24,813</u>	<u>\$ 26,888</u>

#### Invested Capital Calculation

Equity - beginning of the quarter	\$ 616,103	\$ 535,649
Equity - end of quarter	<u>642,450</u>	<u>562,072</u>
Average equity	629,277	548,861
Average funded debt (c)	111,247	51,129
Invested capital (denominator for ROIC)	<u>\$ 740,524</u>	<u>\$ 599,990</u>

#### Notes:

- (a) Includes the United States and Canada
- (b) Calculated as net income plus income taxes, interest expense, depreciation and amortization (EBITDA), annualized and divided by invested capital
- (c) Daily average interest-bearing debt