



# Investor Presentation

January 2021

# Safe Harbor Statement

Statements in this presentation regarding SYNEX Corporation which are not historical facts may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may be identified by terms such as believe, expect, may, will, provide, could and should and the negative of these terms or other similar expressions. These forward-looking statements include, but are not limited to, statements regarding our business strategy, the sizes and growth of technology distribution markets, capital allocation, cash flow generation, demand and growth trends, IT spending, FY21 costs, transitions from the spin-off, consignment model timing, Q1 FY21 revenue, Q1 FY21 net income, Q1 FY21 non-GAAP net income, Q1 FY21 diluted EPS, Q1 FY21 non-GAAP diluted EPS, Q1 FY21 outstanding diluted weighted average shares, Q1 FY21 net total interest expense and finance charges, Q1 FY21 tax rate, Q1 FY21 after-tax amortization of intangibles, Q1 FY21 share-based compensation costs, and features and capabilities of products and services. These are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements. Please refer to the documents filed with the Securities and Exchange Commission, specifically our most recent Form 10-K and subsequent SEC filings, for information on risk factors that could cause actual results to differ materially from those discussed in these forward-looking statements. Statements included in this presentation are based upon information known to SYNEX Corporation as of the date of presentation and SYNEX Corporation assumes no obligation to update information contained in this presentation.



# Who Are We?

Leading provider of IT distribution, systems design and integration services



Fortune  
**200**  
Company  
Ranked #130  
in 2020



**134**  
Consecutive  
Profitable  
Quarters  
3.5% Q4 FY20  
Non-GAAP  
Operating Margin<sup>(1)</sup>



**SYNNEX**  
**Top 3**  
Americas  
Distribution



**40 Years'**  
**Strong**  
Founded in  
1980  
Deep customer and  
partner relationships

# Our Strategic Playbook

## Optimize Core Business

Relentless focus on core business, margin expansion and working capital efficiencies



## Drive Organic Growth

Linecard expansion, investments in Everything as a Service (“EaaS”), Hybrid cloud solutions and increases in sales and product teams to further our services and offerings



## Strategic Acquisitions

Identify and integrate strategic profitable opportunities in cloud, security, services and vertical markets





# SYNNEX Guiding Principles



## Visibility

Our transparency throughout the Company gives us visibility to address business challenges and opportunities to drive proactive, decisive actions.



## Velocity

Our ability to quickly anticipate and adapt to changes in the marketplace by executing and managing resources, maximizes optimal business outcomes.



## Value

Our focus on value enables us to apply our resources only on those activities important to our associates, customers, vendors and shareholder.

We create value for all our constituents.  
We are committed to deliver the finest products and services in the industry.  
We treasure loyalty, teamwork, integrity and hard work.

# SYNNEX at a Glance

## Americas' Top 3 Distributor

**\$20B**

FY20  
Revenue <sup>(1)</sup>

**500+**

OEMs &  
partners

**40K+**

tech products  
distributed

**25K+**

resellers &  
retail customers



### 65 Locations:

Operating throughout North and South America, Asia-Pacific and Europe



### Product Categories:

IT systems, networking, UCC, components, IoT, peripherals, software, security, analytics, integrated solutions



### Hybrid Cloud Strategy Servicing:

SMB, mid-market, enterprise, hyperscale computing via Hyve Solutions



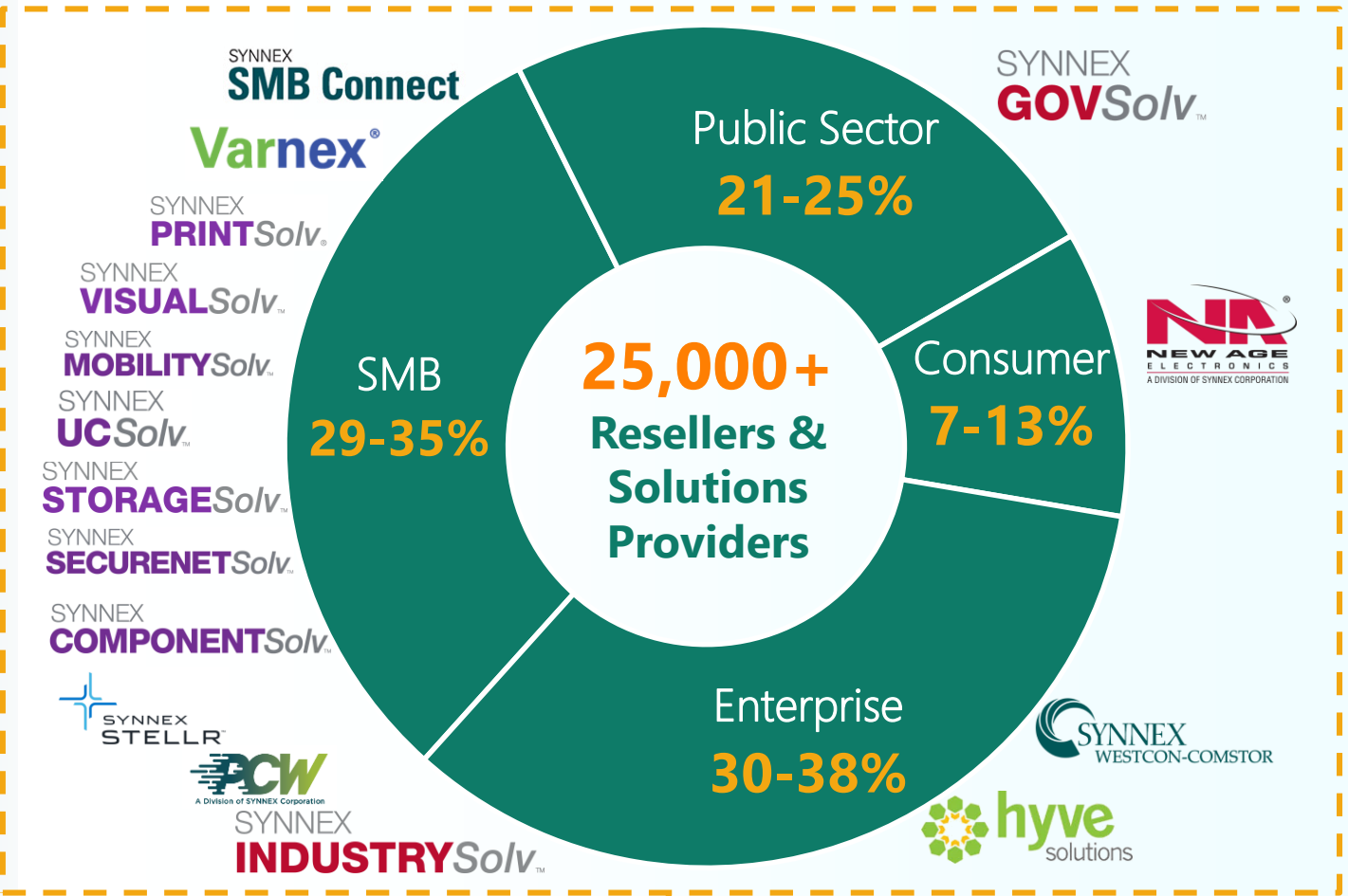
# Critical Positioning at Intersection of Vendors and Customers

## Strong Vendor Relationships



## SYNNEX Value and Volume Hybrid Structure

Enables partners to leverage our range of solutions to grow their business



### Value-Add

Design Services  
Assembly and Test  
Professional Services  
(UCC, Network, Security, Servers)

### Specialty

Niche – Targeted Markets  
Partner Enablement  
(XaaS, SW, Wholesale,  
Strategic Procurement)

### Volume

Supply Chain Efficiencies  
Tech Support  
Inventory Management  
Financing Program  
(Consumer, Commercial)

# Large and Growing Markets



(1) Kenneth Research/Market Watch, Global Hybrid Cloud Market, Nov 2019

(2) Reflects 2019E, IDC Worldwide Black Book as of October 2019.

(3) Reflects 2019E, IDC Worldwide Black Book 3rd Platform Edition as of October 2019.


(4) Estimated Americas Distribution market size, per NPD and internal management estimates.

(5) Reflects TS FY20 revenue.



# SYNNEX is Strategically Positioned to Deliver Long-term Value

1









Scale

Meaningful scale provides cost benefits to customers and attracts the world's largest OEMs


Top 3 Americas + Japan Distributor

Blue-Chip OEM Partners



Global Reach Americas, Japan and Rest of markets with partnership

2



Deep Relationships


Deep vendor relationships averaging 19 years with proven track record of delivering end-to-end solutions and consistent growth for our partners

500+ OEMs and Partners

25K+ Resellers and Solutions Providers

40K+ Tech Products Distributed

3












Industry Leader

Leading distributor in high-growth end markets such as data centers, hyper-converged infrastructure, security, analytics and cloud


Leadership Position in Markets Served

Value and Volume Hybrid Structure



\$80B+ Total Addressable Market Size<sup>(1)</sup>

4



Strong Financial Profile


Superior profitability and improving margins

\$20B FY20 Revenue <sup>(2)</sup>

\$569M FY20 Non-GAAP Operating profit<sup>(2,3)</sup>

2.9% FY20 Non-GAAP Operating margin<sup>(2,3)</sup>

5



Experienced Management

Long-tenured management team

Top 10 with 220+ years of service with SYNNEX

Best-in-Class Tech Distribution Company with a Proven Track Record of Success



(1) Estimated Americas Distribution market size, per NPD and internal management estimates.

(2) Reflects Technology Solutions

(3) Non-GAAP measure. See the Appendix to this presentation for definitions of non-GAAP measures and reconciliation of such measures to GAAP.

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# Capital Allocation

Targeting 30 to 35% of Free Cash Flow for Dividends and Share Repurchases



Shareholder  
Returns



Investments in  
Core Business



Strategic  
M&As

## Technology Solutions Framework

Dividends	\$0.20/share payable January 29, 2021	<ul style="list-style-type: none"><li>Reinstated due to improved financial performance and liquidity</li></ul>
Share Repurchase	3-year program \$400M authorization Effective July 1, 2020	<ul style="list-style-type: none"><li>Consistent forecasted free cash flow enabling increase in share repurchases</li></ul>
Cash Flow	Q4 cash flow from operations ~\$205M	<ul style="list-style-type: none"><li>Operating model efficiencies enable cash flow generation</li></ul>
CapEx	TS Q4 capex \$6M	<ul style="list-style-type: none"><li>Capex to approximate annual depreciation expense</li></ul>
ROIC / M&As	Q4 adj. ROIC <sup>(1)</sup> 11.5% ROIC well above our WACC	<ul style="list-style-type: none"><li>Maintain ROIC above WACC</li><li>Organic &amp; M&amp;A strategies remain important contributors to both segments</li></ul>
Liquidity / Leverage	\$2.8B+ in total liquidity as of Q4	<ul style="list-style-type: none"><li>Q4 total debt/adj. EBITDA<sup>(1)</sup> at ~2.3x</li></ul>

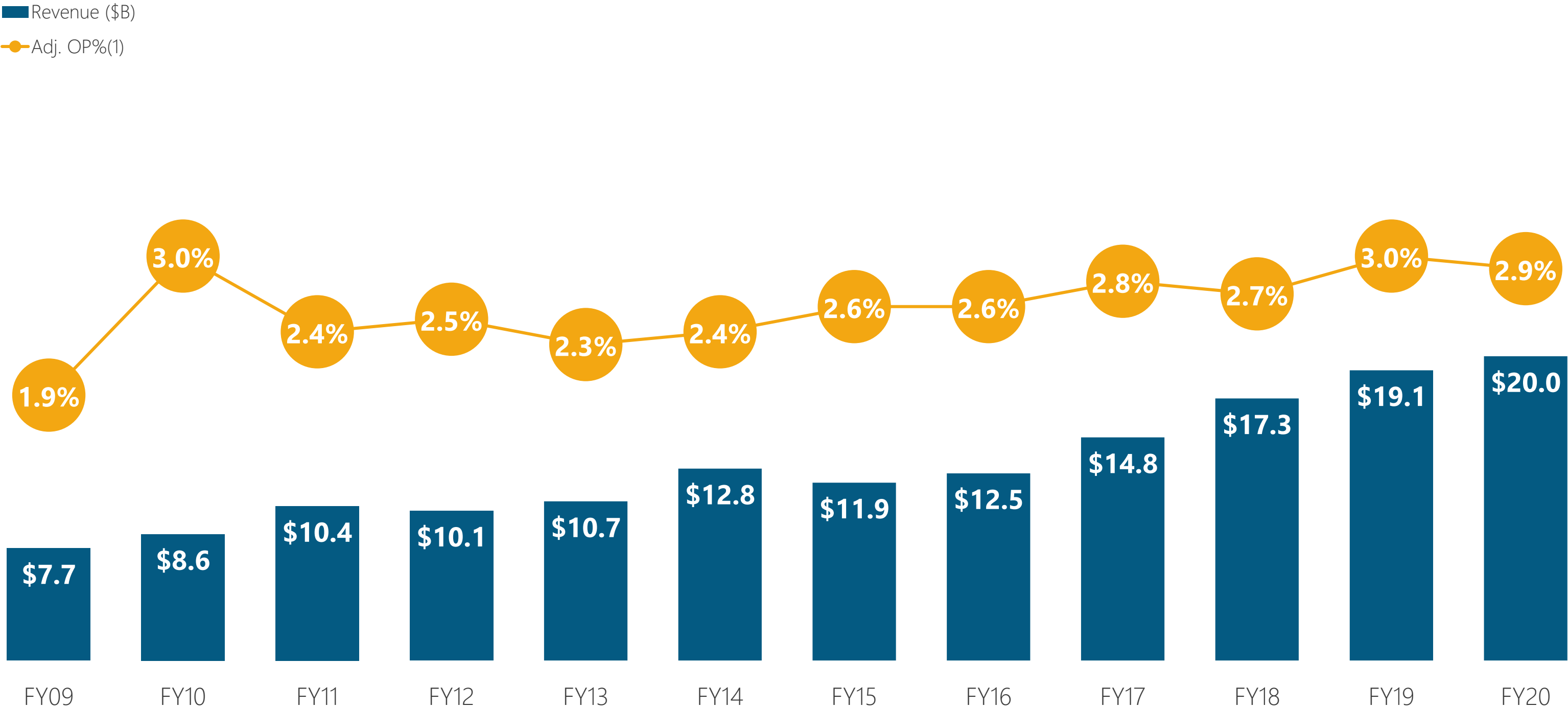


# Q4 FY20 Earnings

Reported on January 11, 2021



# Consistent Execution Regardless of Circumstances





# Q4 FY2020 Financial Results – Technology Solutions



- +14% Y/Y revenue growth
  - » Remote work, learn and consume trends continued to drive demand
- Cash flow<sup>(1)</sup> generation above \$200 million
  - » Driven by profit growth and continued working capital efficiency

# Q4 FY20 Key Highlights & Q1 FY21 Outlook – Technology Solutions

## Q4 financial results

- revenue: \$6.1B, up ~ 14% y/y, driven by continued remote work, learn and consume trends
- adjusted operating margin of ~ 3.5%, up 20 bps y/y, and up 80 bps q/q
- cash flow from operations: >\$200M, reflecting profit strength and efficient working capital management
- strong balance sheet and liquidity; adjusted ROIC of 11.5%

## Q1 business outlook

- expect normal seasonal trends for core business
- demand expected to be supported by continued remote work, learn and consume trends
- above market growth trends expected to continue

## 2021 Outlook

- using Q1 revenue guide as a base, expect rest of FY 2021 to progress in line with blended 2018/2019 seasonality

## 2021 Strategy

- optimize core business
- organic growth investments
- strategic acquisitions

## 2021 Transitions

- FY21 expected to have elevated costs of ~ \$5 million/quarter; expect to find ways to offset
- spin dis synergies expected to be offset with ongoing efficiency management
- Hyve customer consignment expected to begin in H2 2021



# Q1 FY2021 Outlook

Guidance	Q1 FY21E
Revenue (\$B)	4.50 – 4.80
Net Income (\$M)	70.3 – 80.8
Non-GAAP Net Income (\$M) <sup>(1)</sup>	81.0 – 91.5
Diluted EPS	1.34 – 1.55
Non-GAAP Diluted EPS <sup>(1)</sup>	1.55 – 1.75
Outstanding Diluted Weighted Avg. Shares (Mil)	51.8
Net Total Interest Expense & Finance Charge (\$M)	22.0 – 23.0
Tax Rate	26%

After-tax amortization of intangibles is expected to be \$7.3 million, or \$0.14 per share.

After-tax share-based compensation cost is expected to be \$3.4 million, or \$0.07 per share.

# Why Invest?

## Market and Industry Strength

- Large and growing end markets
  - Americas' Technology Distribution market \$80B+ <sup>(1)</sup>
- Top 3 Americas' Distributor, with room to grow organically
- Deep partner and customer relationships formed over 40 years

## Financial Growth

- Generating accretive financial returns from investments in our core product and service offerings
- Ongoing goal to grow revenue faster than our markets
- 134 consecutive quarters of profitability
- Margin growth despite pandemic headwinds

## Robust Balance Sheet

- Strong balance sheet and liquidity position entering Q1, with disciplined capital management
- Ample liquidity to fund organic and inorganic growth
- Prudent capital allocation philosophy with commitment to shareholder returns via dividend and buybacks
  - 30% -35% of free cash flow

## Strong Management Team

- Consistent and experienced leadership team
- Track record of M&A success
- History of favorably navigating economic volatility

(1) Estimated Americas Distribution market size, per NPD and internal management estimates.



# Appendix



# Non-GAAP Financial Measures

## Use of Non-GAAP Financial Measures

In addition to the financial results presented in accordance with GAAP, SYNEX also uses adjusted selling, general and administrative expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, and non-GAAP diluted earnings per share, which are non-GAAP financial measures that exclude transaction-related and integration expenses, the amortization of intangible assets and the related tax effects thereon. The Company also uses adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") which excludes other income (expense), net, and transaction-related and integration expenses. In fiscal year 2019, non-GAAP net income and non-GAAP diluted earnings per share also exclude gains upon the settlement of contingent consideration and a contingent gain related to the Westcon-Comstor Americas acquisition. In prior periods, SYNEX has excluded other items relevant to those periods for purposes of its non-GAAP financial measures. Transaction-related expenses typically consist of acquisition, integration, and divestiture related costs and are expensed as incurred. These expenses primarily represent costs for legal, banking, consulting and advisory services, and debt extinguishment fees. From time to time, this category may also include transaction-related gains/losses on divestitures/spin-off of businesses. SYNEX' acquisition activities have resulted in the recognition of intangible assets which consist primarily of customer relationships, vendor lists and technology. Definite-lived intangible assets are amortized over their estimated useful lives and are tested for impairment when events indicate that the carrying value may not be recoverable. The amortization of intangible assets is reflected in the Company's statements of operations within each segment. Although intangible assets contribute to the Company's revenue generation, the amortization of intangible assets does not directly relate to the sale of the Company's products and the services performed for the Company's clients. Additionally, intangible asset amortization expense typically fluctuates based on the size and timing of the Company's acquisition activity. Accordingly, the Company believes excluding the amortization of intangible assets, along with the other non-GAAP adjustments which neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance, enhances the Company's and investors' ability to compare the Company's past financial performance with its current performance and to analyze underlying business performance and trends. Intangible asset amortization excluded from the related non-GAAP financial measure represents the entire amount recorded within the Company's GAAP financial statements, and the revenue generated by the associated intangible assets has not been excluded from the related non-GAAP financial measure. Intangible asset amortization is excluded from the related non-GAAP financial measure because the amortization, unlike the related revenue, is not affected by operations of any particular period unless an intangible asset becomes impaired or the estimated useful life of an intangible asset is revised. Effective the first quarter of fiscal year 2021, the Company will also exclude share-based compensation expense in the computation of its non-GAAP financial measures. Share-based compensation expense is a non-cash expense arising from the grant of equity awards to employees based on the estimated fair value of those awards. Although share-based compensation is an important aspect of the compensation of our employees, the fair value of the share-based awards may bear little resemblance to the actual value realized upon the vesting or future exercise of the related share-based awards and the expense can vary significantly between periods as a result of the timing of grants of new stock-based awards, including grants in connection with acquisitions. Given the variety and timing of awards and the subjective assumptions that companies can use when calculating share-based compensation expense, SYNEX believes this additional information allows investors to make additional comparisons between our operating results from period to period. Additionally, SYNEX refers to revenue at constant currency or adjusting for the translation effect of foreign currencies so that certain financial results can be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons of SYNEX' business performance. Financial results adjusted for currency are calculated by translating current period activity in the transaction currency using the comparable prior year periods' currency conversion rate. Generally, when the dollar either strengthens or weakens against other currencies, revenue at constant currency rates or adjusting for currency will be higher or lower than revenue reported at actual exchange rates. Trailing fiscal four quarters ROIC is defined as the last four quarters' tax effected operating income divided by the average of the last five quarterly balances of borrowings (excluding book overdraft) and equity, net of cash and cash equivalents in the United States. Adjusted ROIC is calculated by excluding the tax effected impact of non-GAAP adjustments from operating income and by excluding the cumulative tax effected impact of current and prior period non-GAAP adjustments on equity. SYNEX also uses free cash flow, which is cash flow from operating activities, reduced by purchases of property and equipment. SYNEX uses free cash flow to conduct and evaluate its business because, although it is similar to cash flow from operations, SYNEX believes it is an additional useful measure of cash flows since purchases of fixed assets are a necessary component of ongoing operations. Free cash flow reflects an additional way of viewing SYNEX' liquidity that, when viewed with its GAAP results, provides a more complete understanding of factors and trends affecting its cash flows. Free cash flow has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. For example, free cash flow does not incorporate payments for business acquisitions. Therefore, SYNEX believes it is important to view free cash flow as a complement to its entire consolidated statements of cash flows. SYNEX management uses non-GAAP financial measures internally to understand, manage and evaluate the business, to establish operational goals, and in some cases for measuring performance for compensation purposes. These non-GAAP measures are intended to provide investors with an understanding of SYNEX' operational results and trends that more readily enable investors to analyze SYNEX' base financial and operating performance and to facilitate period-to-period comparisons and analysis of operational trends, as well as for planning and forecasting in future periods. Management believes these non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision-making. As these non-GAAP financial measures are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures employed by other companies. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures and should be read only in conjunction with SYNEX' consolidated financial statements prepared in accordance with GAAP. A reconciliation of SYNEX' GAAP financial information to non-GAAP financial measures used in this presentation are set forth in the following slides.



# Reconciliation of GAAP to Non-GAAP Financial Measures

(Currency in thousands)

(Amounts may not add due to rounding)

	<u>Three months Ended</u> <u>November 30, 2020</u>	<u>Fiscal year ended</u> <u>November 30, 2020</u>
<b><u>Consolidated</u></b>		
Revenue	\$ 7,413,944	\$ 24,675,563
Operating income	320,588	830,103
Transaction-related and integration expenses	20,546	44,879
Amortization of intangibles	47,111	187,431
Adjusted operating income	\$ 388,245	\$ 1,062,413
Operating margin	4.32%	3.36%
Adjusted operating margin	5.24%	4.31%
<b><u>Technology Solutions</u></b>		
Revenue	\$ 6,118,836	\$ 19,977,150
Operating income	200,380	521,341
Transaction-related and integration expenses	5,782	7,414
Amortization of intangibles	10,018	40,148
Adjusted operating income	\$ 216,180	\$ 568,903
Operating margin	3.27%	2.61%
Adjusted operating margin	3.53%	2.85%

# Reconciliation of GAAP to Non-GAAP Financial Measures

(Currency in thousands)

(Amounts may not add due to rounding)

	Fiscal year ended November 30,							
	2009	2010	2011	2012	2013	2014	2015	2016
Prior to adoption of FASB ASC 606								
<b>Technology Solutions</b>								
Revenue	\$ 7,754,660	\$ 8,639,760	\$ 10,378,751	\$10,135,795	\$10,666,215	\$12,755,514	\$11,936,660	\$12,490,718
Operating income	\$ 142,550	\$ 257,393	\$ 247,650	\$ 248,924	\$ 237,290	\$ 305,499	\$ 302,950	\$ 315,485
Amortization of intangibles	5,201	3,240	4,038	3,882	3,912	3,538	2,630	2,657
Adjusted operating income	\$ 147,751	\$ 260,633	\$ 251,688	\$ 252,806	\$ 241,202	\$ 309,037	\$ 305,580	\$ 318,142
GAAP operating margin	1.84%	2.98%	2.39%	2.46%	2.22%	2.40%	2.54%	2.53%
Adjusted operating margin	1.91%	3.02%	2.43%	2.49%	2.26%	2.42%	2.56%	2.55%

	Fiscal year ended November 30,			
	2017	2018	2019	2020
<b>Technology Solutions</b>				
Revenue	\$ 14,796,613	\$ 17,323,163	\$ 19,069,970	\$19,977,150
Operating income	\$ 392,692	\$ 405,475	\$ 519,429	\$ 521,341
Amortization of intangibles	14,929	50,007	43,875	40,148
Transaction-related and integration expenses	3,724	7,642	981	7,414
Adjusted operating income	\$ 411,345	\$ 463,124	\$ 564,285	\$ 568,903
GAAP operating margin	2.65%	2.34%	2.72%	2.61%
Adjusted operating margin	2.78%	2.67%	2.96%	2.85%

# Reconciliation of GAAP to Non-GAAP Financial Measures

(Amounts in thousands)  
(Amounts may not add due to rounding)

	Three months Ended
	November 30, 2020
<b>Free Cash Flow</b>	
<b>Consolidated</b>	
Net Cash provided by operating activities	\$ 297,292
Purchase of property and equipment	70,617
Free Cash flow	<u>\$ 226,675</u>

	Three months Ended
	November 30, 2020
<b>Free Cash Flow</b>	
<b>Technology Solutions</b>	
Net Cash provided by operating activities	\$ 205,250
Purchase of property and equipment	5,534
Free Cash flow	<u>\$ 199,716</u>



# Reconciliation of GAAP to Non-GAAP Financial Measures

(Amounts in millions, except per share amounts)

(Amounts may not add due to rounding)

	Forecast			
	Three months ending February 28, 2021			
	Low		High	
Net income	\$	70.3	\$	80.8
Share-based compensation		4.5		4.5
Amortization of intangibles		9.7		9.7
Income taxes related to the above <sup>(1)</sup>		(3.5)		(3.5)
Non-GAAP net income (loss)	\$	81.0	\$	91.5
Diluted EPS	\$	1.34	\$	1.55
Share-based compensation		0.09		0.09
Amortization of intangibles		0.19		0.19
Income taxes related to the above <sup>(1)</sup>		(0.07)		(0.07)
Non-GAAP diluted EPS	\$	1.55	\$	1.75

(1)The tax effect of taxable and deductible non-GAAP adjustments was calculated using the estimated effective year-to-date tax rate.

# Calculation of Financial Metrics

(Amounts in thousands)  
(Amounts may not add due to rounding)

	November 30, 2020
<b>ROIC</b>	
Operating income (trailing fiscal four quarters)	830,103
Income taxes on operating income <sup>(1)</sup>	(205,035)
Operating income after taxes	625,068
Total borrowings, excluding book overdraft (last five quarters average)	2,908,153
Total equity (last five quarters average)	3,982,192
Less: U.S. cash and cash equivalents (last five quarters average)	(583,473)
Total invested capital	6,306,872
ROIC	9.9%
<b>Adjusted ROIC</b>	
Non-GAAP operating income (trailing fiscal four quarters)	1,062,413
Income taxes on Non-GAAP operating income <sup>(1)</sup>	(259,972)
Non-GAAP operating income after taxes	802,441
Total invested capital	6,306,872
Tax effected impact of cumulative non-GAAP adjustments (last five quarters average)	661,518
Total Non-GAAP invested capital	6,968,390
Adjusted ROIC	11.5%

<sup>1)</sup>Income taxes on GAAP operating income was calculated using the effective year-to-date tax rate. Income taxes on non-GAAP operating income was calculated by excluding the tax effect of taxable and deductible non-GAAP adjustments using the effective year-to-date tax rate.

# Calculation of Financial Metrics

(Amounts in thousands)  
(Amounts may not add due to rounding)

	Fiscal year ended November 30, 2020
<b>Adjusted EBITDA</b>	
<b>Consolidated</b>	
Net income	529,160
Interest expense and finance charges, net	127,336
Provision for income taxes	174,882
Depreciation (excluding accelerated depreciation included in acquisition-related and integration expenses below)	154,048
Amortization of intangibles	187,431
EBITDA	1,172,857
Other income, net (excluding amounts included in transaction-related and integration expenses below)	(1,964)
Transaction-related and integration expenses	47,820
Adjusted EBITDA	1,218,713

		November 30, 2020
Total borrowings		2,766,776
Less: book overdraft		457
Total borrowings, excluding book overdraft	(a)	2,766,319
Less: cash and cash equivalents	(b)	1,564,672
Net debt	(c)=(a)-(b)	1,201,647
Trailing four quarters Adjusted EBITDA	(d)	1,218,713
Debt to Adjusted EBITDA leverage ratio	(e)=(a)/(d)	2.27



# Thank You

Liz Morali

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