

TECH DATA CORP  
Form 10-K  
March 22, 2018  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended January 31, 2018

OR  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the transition period from                      to                      .

Commission File Number 0-14625

TECH DATA CORPORATION  
(Exact name of Registrant as specified in its charter)

|                                                                   |                                            |
|-------------------------------------------------------------------|--------------------------------------------|
| Florida                                                           | 59-1578329                                 |
| (State or other jurisdiction of<br>incorporation or organization) | (I.R.S. Employer<br>Identification Number) |
| 5350 Tech Data Drive                                              | 33760                                      |
| Clearwater, Florida                                               |                                            |
| (Address of principal executive offices) (Zip Code)               |                                            |
| (Registrant's Telephone Number, including Area Code):             | (727) 539-7429                             |

Securities registered pursuant to Section 12(b) of the Act:  
Common stock, par value \$.0015 per share  
Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by a check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by a check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or shorter period that the registrant was required to

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file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "accelerated filer", "large accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒  
Aggregate market value of the voting stock held by non-affiliates was \$3,873,196,544 based on the reported last sale price of common stock on July 31, 2017 which is the last business day of the registrant's most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

|                                           |                |
|-------------------------------------------|----------------|
| Class                                     | March 16, 2018 |
| Common stock, par value \$.0015 per share | 38,164,151     |

#### DOCUMENTS INCORPORATED BY REFERENCE

The registrant's Proxy Statement for use at the Annual Meeting of Shareholders to be held on June 6, 2018, is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

Table of Contents

TABLE OF CONTENTS

PART I

|                                           |           |
|-------------------------------------------|-----------|
| ITEM 1. <u>Business</u>                   | <u>3</u>  |
| ITEM 1A. <u>Risk Factors</u>              | <u>10</u> |
| ITEM 1B. <u>Unresolved Staff Comments</u> | <u>14</u> |
| ITEM 2. <u>Properties</u>                 | <u>14</u> |
| ITEM 3. <u>Legal Proceedings</u>          | <u>14</u> |
| ITEM 4. <u>Mine Safety Disclosures</u>    | <u>14</u> |

PART II

|                                                                                                                             |           |
|-----------------------------------------------------------------------------------------------------------------------------|-----------|
| ITEM 5. <u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u> | <u>15</u> |
| ITEM 6. <u>Selected Financial Data</u>                                                                                      | <u>17</u> |
| ITEM 7. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>                        | <u>18</u> |
| ITEM 7A. <u>Quantitative and Qualitative Disclosures about Market Risk</u>                                                  | <u>40</u> |
| ITEM 8. <u>Financial Statements and Supplementary Data</u>                                                                  | <u>41</u> |
| ITEM 9. <u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>                         | <u>70</u> |
| ITEM 9A. <u>Controls and Procedures</u>                                                                                     | <u>70</u> |
| ITEM 9B. <u>Other Information</u>                                                                                           | <u>73</u> |

PART III

|                                                                                                               |           |
|---------------------------------------------------------------------------------------------------------------|-----------|
| ITEM 10 <u>Directors, Executive Officers and Corporate Governance</u>                                         | <u>73</u> |
| ITEM 11 <u>Executive Compensation</u>                                                                         | <u>73</u> |
| ITEM 12 <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u> | <u>73</u> |
| ITEM 13 <u>Certain Relationships and Related Transactions, and Director Independence</u>                      | <u>74</u> |
| ITEM 14. <u>Principal Accounting Fees and Services</u>                                                        | <u>74</u> |

PART IV

|                                                         |           |
|---------------------------------------------------------|-----------|
| ITEM 15. <u>Exhibits, Financial Statement Schedules</u> | <u>74</u> |
| ITEM 16. <u>Form 10-K Summary</u>                       | <u>79</u> |

## Table of Contents

### PART I

#### ITEM 1. Business.

In this report, we use the terms "Tech Data," "we," "our," "us" or the "Company" to refer to Tech Data Corporation and its consolidated subsidiaries.

#### OVERVIEW

Tech Data Corporation is one of the world's largest wholesale distributors of technology products. We serve as a vital link in the ever-evolving technology ecosystem by bringing products from the world's leading technology vendors to market, as well as helping our customers create solutions best suited to maximize business outcomes for their end-user customers. Our customers include value-added resellers ("VARs"), direct marketers, retailers and corporate resellers who support the diverse technology needs of end users.

Tech Data was incorporated in 1974 to market data processing supplies to end users of mini and mainframe computers. With the advent of microcomputer dealers, we made the transition to a wholesale technology distributor in 1983 by broadening our product line to include personal computer products and withdrawing entirely from end-user sales. We went public with the initial public offering of Tech Data's stock in 1986 on the NASDAQ Stock Exchange. From fiscal 1989 through fiscal 2008, we expanded geographically through the acquisition of several distribution companies in the Americas and Europe, strengthening our position in certain product and customer segments. From fiscal 2008 to fiscal 2016, we continued to expand geographically, and to further diversify our products and solutions portfolio through organic investments and acquisitions, primarily focused on the data center, mobility, and software product categories.

On September 19, 2016, we entered into an interest purchase agreement, as subsequently amended, with Avnet, Inc. ("Avnet") to acquire Avnet's Technology Solutions business ("TS"). TS delivered technology services, software, hardware and solutions across the data center. The acquisition of TS was completed on February 27, 2017. We acquired TS for an aggregate purchase price of approximately \$2.8 billion, comprised of approximately \$2.5 billion in cash, including estimated closing adjustments, and 2,785,402 shares of Tech Data common stock. The final cash consideration is subject to certain working capital and other adjustments, as determined through the process established in the interest purchase agreement (see further discussion in Note 5 of Notes to Consolidated Financial Statements).

We believe TS strengthens our end-to-end solutions portfolio and deepens our value added capabilities in the data center and next-generation technologies. The addition of TS also extends our geographic reach into the Asia-Pacific region while broadening our capabilities in Europe and the Americas, including re-entering Latin America with a focus on the delivery of next-generation technologies that drive and complement the data center in this market.

#### VENDORS

#### AND

#### CUSTOMERS

Our value proposition to our vendors:

Access to highly fragmented markets - We provide our vendors access to large and highly fragmented markets such as the small- and medium-sized business ("SMB") sector, which relies on VARs, our primary customer base, to gain access to and support for new technology.

Variable-cost route to market - We serve as an efficient, cost effective route to market for our vendors by providing them with access to resellers throughout the Americas, Europe and Asia Pacific.

Logistics management - Our world class logistics capabilities enable us to efficiently bring technology products to market through one of our 27 strategically located logistics centers, by direct shipment from vendors to customers, or virtually through our Tech Data cloud marketplace.

Global lifecycle management services - We provide a comprehensive portfolio of services to our vendors, including integration services, supply chain management services, and field, depot and support services, such as field engineering, equipment installation, maintenance, repair and many others.

We distribute and market hundreds of thousands of products from over 1,000 of the world's leading technology hardware manufacturers and software publishers, as well as suppliers of next-generation technologies and delivery models such as converged and hyper-converged infrastructure, the cloud, security, analytics/Internet of things ("IoT"), and services. These products are typically purchased directly from the vendor on a non-exclusive basis. Conversely, our vendor agreements do not restrict us from selling similar products manufactured by competitors, nor do they require us to sell a specified quantity of product. As a result, we have the flexibility to terminate or curtail sales of one product line in favor of another due to technological change, pricing considerations, product availability, and customer demand or vendor distribution policies. Overall, we believe that our diversified and evolving product and solutions portfolio provides a solid platform for continued growth.

Table of Contents

The following table provides a comparison of sales generated from products purchased from vendors that exceeded 10% of our consolidated net sales for fiscal 2018, 2017 and 2016 (as a percent of consolidated net sales):

|                                        | 2018 | 2017 | 2016 |
|----------------------------------------|------|------|------|
| Apple, Inc.                            | 16%  | 20%  | 20%  |
| HP Inc.                                | 10%  | 13%  |      |
| Hewlett-Packard Company <sup>(a)</sup> |      |      | 13%  |
| Cisco Systems, Inc.                    | 10%  | 10%  |      |

(a) Effective November 1, 2015, Hewlett-Packard Company split into two companies, HP Inc. and Hewlett Packard Enterprise. The amount presented for fiscal year 2016 represents the sales generated from products purchased from Hewlett-Packard Company prior to the split.

Our value proposition to our customers:

End-to-end solutions - We help our customers create comprehensive, multi-vendor solutions from the world's leading technology vendors in order to maximize business outcomes for their end-user customers.

Logistics management - Our robust order and logistics management systems enable us to fulfill customer orders quickly and efficiently through one of our 27 strategically located logistics centers, by direct shipment from the vendor, or virtually through our Tech Data cloud marketplace.

Financing and inventory management - We provide our customers with access to flexible financing programs and inventory management for the technology products, services and solutions they acquire.

Training and technical support - We provide our reseller customers a high level of training and technical support.

Global lifecycle management services - We provide our customers with complete customer management solutions, including customer acquisition, enablement and revenue-growth services, such as contract renewals and software license compliance, as well as product configuration/integration services. In addition, we provide our resellers access to a number of special promotions and marketing services on behalf of our vendors.

We serve one of the largest bases of resellers throughout the Americas, Europe and Asia-Pacific. Our products are purchased directly from vendors in significant quantities and are marketed to an active reseller base of over 125,000 VARs, direct marketers, retailers and corporate resellers. Our VAR customers, in many cases, rely on Tech Data as their principal source of technology products and the related financing for the products. VARs typically prefer not to invest the resources to establish a large number of direct purchasing relationships with vendors or stock significant product inventories. Direct marketers, retailers and corporate resellers may establish direct relationships with vendors for their highest volume products, but utilize distributors as the primary source for other product requirements and an alternative source for products acquired directly. Our customers rely on our expertise and resources to gain vital insights into emerging technologies and to help them capture growth opportunities in a rapidly changing technology landscape. No single customer accounted for more than 10% of our net sales during fiscal 2018, 2017 and 2016.

## Table of Contents

### OUR STRATEGY

We believe technology is changing faster today than at any other point in our company's history. Digital transformation is reshaping our industry, not only enabling businesses and consumers to engage in more ways than ever before, but changing the way technology is acquired and deployed. Because of this, hybrid models of IT delivery and consumption are emerging, as workloads shift across technology platforms and the physical and virtual worlds become increasingly combined. End-users are demanding solutions that drive business outcomes, and these solutions are end-to-end containing multiple products and software solutions from multiple vendors. As a result, customers are seeking greater integration of products, services and solutions that tie technologies together. Therefore, we believe the IT distributor of the future must be end-to-end, with deep capabilities across the computing continuum to manage the increasingly complex IT ecosystem and deliver the business outcomes the market desires. Our vision for the future is to be the vital link in the IT ecosystem that enables channel partners to bring to market the technology solutions the world needs to connect, learn and advance.

To achieve our vision, we have identified five key elements that we believe define the IT distributor of the future:

- **Global Footprint with Local Execution** - Global footprint that ensures we can support our channel partners around the world, with the local knowledge it takes to be successful.

- **End-to-End Portfolio** - An end-to-end portfolio of products, services and solutions to enable channel partners to create the best business outcomes for their customers.

- **Specialized Skills** - Extensive technical capabilities and deep domain knowledge that span the IT continuum, with the ability to deploy them within specific customer verticals.

- **World-Class IT Systems** - A common IT platform that ensures consistent global execution and delivers efficiency and speed for a superior customer experience.

- **Financial Strength** - Financial strength and flexibility to invest in next-generation technologies.

These five key elements are the building blocks to Tech Data's future and our strategic priorities are directly aligned with each of them. To ensure we remain a vital link in the IT ecosystem well into the future, we are focused on the following strategic priorities:

- **Invest in next-generation technologies and delivery models** such as converged and hyper-converged infrastructure, the cloud, security, analytics/IOT, and services.

- **Strengthen our end-to-end portfolio** of products, services and solutions.

- **Transform our company digitally** through greater automation, which we believe will enhance the customer experience, improve productivity and reduce costs.

- **Optimize our global footprint** by enhancing the operational efficiency and effectiveness of our businesses around the world.

We believe our focus on these priorities will enable us to achieve our financial objectives of:

- **Growing faster than the industry** in select markets by gaining profitable market share in key geographies within select product categories with leading vendors.

- **Improving operating income** by growing gross profit faster than operating costs.

- **Delivering a return on invested capital** above our weighted average cost of capital.

### PRODUCTS

#### AND

### SERVICES

To enable a specialized approach to the market while maintaining the exceptional service levels that channel partners expect from us, we group our offerings into two primary solutions portfolios:

**Endpoint Solutions Portfolio:**

- Our Endpoint Solutions portfolio primarily includes PC systems, mobile phones and accessories, printers, peripherals, supplies, endpoint technology software and consumer electronics.

**Advanced Solutions Portfolio:**

- Our Advanced Solutions portfolio includes primarily data center technologies such as storage, networking, servers, advanced technology software and converged and hyper-converged infrastructure. Our Advanced Solutions portfolio also includes our specialized solution businesses.

Our next-generation technology solutions, along with our Global Lifecycle Management Services offerings, span our Endpoint and Advanced Solutions portfolios.



## Table of Contents

### SALES AND ELECTRONIC COMMERCE

Our sales team consists of field sales and inside sales representatives. Our sales representatives receive comprehensive training on our policies, procedures and the technical specifications of products, and attend additional training offered by our vendors. Field sales representatives are typically located in major metropolitan areas in their respective geographies and are supported by inside telemarketing sales teams covering a designated territory. Our team concept provides a strong personal relationship between us and our customers, who typically call our inside sales teams on dedicated telephone numbers or contact us through various electronic methods to place orders. If the product is in stock and the customer has available credit, customer orders are generally shipped the same day from the logistics center nearest the customer or the intended end user.

Customers often utilize our electronic ordering and information systems. Through our e-commerce website, customers can gain remote access to our information systems to place orders, or check order status, inventory availability and pricing. Certain larger customers have electronic data interchange ("EDI") services available whereby orders, order acknowledgments, invoices, inventory status reports, customized pricing information and other industry standard EDI transactions are generated online, which improves efficiency and timeliness for us and our customers.

We realize improved productivity, cost savings, and enhanced customer experience through automation and digitization, and we will continue to invest in and improve our digital ordering and information systems.

### COMPETITION

We operate in a market characterized by intense competition, based on such factors as product availability, credit terms and availability, price, speed of delivery, effectiveness of information systems and e-commerce tools, ability to tailor solutions to customers' needs, quality and depth of product lines and training, as well as service and support provided by the distributor to the customer. We believe we are well equipped to compete effectively with other distributors in all of these areas.

We compete against several distributors in the Americas market, including Ingram Micro Inc. ("Ingram Micro"), Synnex Corp. ("Synnex"), and Arrow Electronics, Inc. ("Arrow"), along with some regional and local distributors. The competitive environment in Europe is more fragmented, with market share spread among several regional and local competitors such as ALSO Holding and Esprinet, as well as international distributors such as Ingram Micro, Westcon Group, Inc., and Arrow.

We also face competition from companies entering or expanding into the logistics and product fulfillment and e-commerce supply chain services market. Additionally, certain direct sales relationships between manufacturers, resellers and end-users continue to introduce change into the competitive landscape of our industry. As we expand our business into new areas, we may face increased competition from other distributors as well as vendors. However, we believe vendors will continue to sell their products through distributors such as Tech Data, due to our ability to provide them with access to our broad customer base and serve them in a highly cost-effective and efficient manner. Our logistics management capabilities, as well as our sales and marketing, credit and product management expertise, allow our vendors to expand their market coverage while lowering their selling, inventory and fulfillment costs.

### EMPLOYEES

On January 31, 2018, we had over 14,000 employees (as measured on a full-time equivalent basis) in more than forty countries on five continents. Certain of our employees in various countries outside of the United States are subject to laws providing representation rights to employees through workers' councils. Our success depends on the talent and dedication of our employees and we strive to attract, hire, develop and retain outstanding employees. We believe significant benefits are realized from having a strong and seasoned management team with many years of experience in technology distribution and related industries. We consider relations with our employees to be good.

### FOREIGN AND DOMESTIC OPERATIONS AND EXPORT

## SALES

We sell to customers in more than 100 countries throughout North America, South America, Europe, the Middle East, Africa and the Asia-Pacific region. Prior to the acquisition of TS, we managed our operations in two geographic segments: the Americas and Europe. As a result of the acquisition of TS, we now manage our operations in three geographic segments: the Americas, Europe and Asia-Pacific. There were no Tech Data operations in the Asia-Pacific region prior to the acquisition of TS.

Over the past several years, we have expanded our presence in certain existing markets and exited certain markets based upon our assessment of, among other factors, our earnings potential and the risk exposure in those markets, including foreign currency exchange, regulatory and political risks. To the extent we decide to close any of our operations, we may incur charges and operating losses related to such closures and recognize a portion of our accumulated other comprehensive income in connection with such a disposition. For information on our net sales, operating income and identifiable assets by geographic region, see Note 13 of Notes to Consolidated Financial Statements.

Table of Contents

ASSET  
MANAGEMENT

We manage our inventories in a manner that allows us to maintain sufficient quantities to achieve high order fill rates while attempting to stock only those products in high demand that have a rapid turnover rate. Our business, like that of other distributors, is subject to the risk that the value of inventory will be impacted adversely by suppliers' price reductions or by technological changes affecting the usefulness or desirability of the products comprising the inventory. Our contracts with many of our vendors provide price protection and stock rotation privileges to reduce the risk of loss due to manufacturer price reductions and slow moving or obsolete inventory. In the event of a vendor price reduction, we generally receive a credit for the impact on products in inventory and we have the right to rotate a certain percentage of purchases, subject to certain limitations. Historically, price protection and stock rotation privileges, as well as our inventory management procedures, have helped reduce the risk of loss of inventory value. We attempt to control losses on credit sales by closely monitoring customers' creditworthiness through our IT systems, which contain detailed information on each customer's payment history and other relevant information. In certain countries, we have obtained credit insurance that insures a percentage of the credit extended by us to certain customers against possible loss. The Company also has arrangements with certain finance companies that provide inventory financing facilities to our customers as an additional approach to mitigate credit risk. Certain of our vendors subsidize these financing arrangements for the benefit of our customers. We also sell products on a prepayment, credit card and cash-on-delivery basis.

Table of ContentsADDITIONAL  
INFORMATION  
AVAILABLE

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. We therefore file our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements, and other documents with the Securities and Exchange Commission (the “SEC”). Such reports may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549.

Information on the operation of the Public Reference Room can be obtained by calling the SEC at (800) SEC-0330. In addition, the SEC maintains an Internet site ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy and information statements and other information.

Our principal Internet address is [www.techdata.com](http://www.techdata.com). We make available free of charge, through our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information on Tech Data’s website is not incorporated into this Form 10-K or the Company’s other securities filings and is not a part of them.

EXECUTIVE  
OFFICERS

The following table sets forth the name, age and title of each of the persons who were serving as executive officers of Tech Data as of March 22, 2018:

| Name                 | Age | Title                                                          |
|----------------------|-----|----------------------------------------------------------------|
| Robert M. Dutkowsky  | 63  | Chief Executive Officer, Chairman of the Board of Directors    |
| Charles V. Dannewitz | 63  | Executive Vice President, Chief Financial Officer              |
| Richard T. Hume      | 58  | Executive Vice President, Chief Operating Officer              |
| Beth E. Simonetti    | 52  | Executive Vice President, Chief Human Resources Officer        |
| John A. Tonnison     | 49  | Executive Vice President, Chief Information Officer            |
| David R. Vetter      | 58  | Executive Vice President, Chief Legal Officer                  |
| Joseph H. Quaglia    | 53  | President, Americas                                            |
| Patrick Zammit       | 51  | President, Europe                                              |
| Alain Amsellem       | 58  | Senior Vice President, Chief Financial Officer, Europe         |
| Joseph B. Trepani    | 57  | Senior Vice President, Chief Financial Officer, Americas       |
| Jeffrey L. Taylor    | 51  | Senior Vice President, Corporate Controller                    |
| Michael Rabinovitch  | 48  | Senior Vice President, Chief Accounting Officer and Controller |

Robert M. Dutkowsky, Chief Executive Officer, Chairman of the Board of Directors, joined Tech Data as Chief Executive Officer and was appointed to the Board of Directors in October 2006. Mr. Dutkowsky was elected Chairman of the Board of Directors in June 2017. His career began with IBM where, during his 20-year tenure, he served in several senior management positions including Vice President, Distribution - IBM Asia/Pacific. Prior to joining Tech Data, Mr. Dutkowsky served as President, CEO, and Chairman of the Board of Egenera, Inc. (a software and virtualization technology company), from 2004 until 2006, and served as President, CEO, and Chairman of the Board of J.D. Edwards & Co., Inc. (a software company) from 2002 until 2004. He was President, CEO, and Chairman of the Board of GenRad, Inc. from 2000 until 2002. Starting in 1997, Mr. Dutkowsky was Executive Vice President, Markets and Channels, at EMC Corporation before being promoted to President, Data General, in 1999. Mr. Dutkowsky holds a Bachelor of Science degree in Industrial and Labor Relations from Cornell University. Charles V. Dannewitz, Executive Vice President, Chief Financial Officer, joined the Company in February 1995 as Vice President of Taxes. He was promoted to Senior Vice President of Taxes in March 2000, and assumed responsibility for worldwide treasury operations in July 2003. In February 2014, he was appointed Senior Vice President, Chief Financial Officer, Americas. In June 2015, he was promoted to Executive Vice President, Chief Financial Officer. Prior to joining the Company, Mr. Dannewitz was employed by Price Waterhouse from 1981 to 1995, most recently as a tax partner. Mr. Dannewitz is a Certified Public Accountant and holds a Bachelor of Science

degree in Accounting from Illinois Wesleyan University.

Richard T. Hume, Executive Vice President, Chief Operating Officer, joined the Company in March 2016 as Executive Vice President, Chief Operating Officer. Prior to his appointment at the Company, Mr. Hume was employed for more than thirty years at IBM. Most recently, from January 2015 to February 2016, Mr. Hume served as General Manager and Chief Operating Officer of Infrastructure and Outsourcing. Prior to that position, from January 2012 to January 2015, Mr. Hume served as General Manager, Europe where he led IBM's multi-brand European organization. From 2008 to 2011, Mr. Hume served as General Manager, Global Business Partners, directing the growth and channel development initiatives for IBM's Business Partner Channel. Mr. Hume holds a Bachelor of Science degree in Accounting from Pennsylvania State University.

## Table of Contents

Beth E. Simonetti, Executive Vice President, Chief Human Resources Officer, joined the company in September 2015 as Senior Vice President, Chief Human Resources Officer and was promoted to Executive Vice President in January 2017. Prior to joining Tech Data, Ms. Simonetti served as Senior Vice President, Human Resources at Baker & Taylor, Inc. since 2010. Previously, she was an executive search consultant and was with Cardinal Health for 12 years in various HR leadership positions. Ms. Simonetti holds a Bachelor of Science degree from Miami University in Ohio and a Masters of Hospital and Health Services Administration from Ohio State University.

John A. Tonnison, Executive Vice President, Chief Information Officer, joined the Company in March 2001 as Vice President, Worldwide E-Business and was promoted to Senior Vice President of IT Americas in December 2006. In February 2010, he was appointed Executive Vice President, Chief Information Officer. Prior to joining the Company, Mr. Tonnison held executive management positions in the U.S., United Kingdom and Germany with Computer 2000, Technology Solutions Network and Mancos Computers. Mr. Tonnison was educated in the United Kingdom and became a U.S. citizen in 2006.

David R. Vetter, Executive Vice President, Chief Legal Officer, joined the Company in June 1993 as Vice President, General Counsel and was promoted to Corporate Vice President, General Counsel in April 2000. In March 2003, he was promoted to Senior Vice President, and effective July 2003, was appointed Secretary. In January 2017, Mr. Vetter was promoted to Executive Vice President, Chief Legal Officer. Prior to joining the Company, Mr. Vetter was employed by the law firm of Robbins, Gaynor & Bronstein, P.A. from 1984 to 1993, most recently as a partner. Mr. Vetter is a member of the Florida Bar Association and holds Bachelor of Arts degrees in English and Economics from Bucknell University and a Juris Doctorate Degree from the University of Florida.

Joseph H. Quaglia, President, Americas, joined the Company in May 2006 as Vice President, East and Government Sales and was promoted to Senior Vice President of U.S. Marketing in November 2007. In February 2012, he was appointed to the additional role of President, TDMobility and he was promoted to President, Americas in November 2013. Prior to joining the Company, Mr. Quaglia held senior management positions with CA Technologies, StorageNetworks Inc. and network software provider Atabok. Mr. Quaglia holds a Bachelor of Science degree in Computer Science from Indiana State University and an M.B.A. from Butler University.

Patrick Zammit, President, Europe, joined the Company in February 2017 through Tech Data's acquisition of Avnet's Technology Solutions business as President, Europe. Prior to his appointment at the Company, Mr. Zammit was employed for more than twenty years at Avnet, Inc. Most recently, from January 2015 to January 2017, Mr. Zammit served as Global President of Avnet Technology Solutions. Prior to that position, from October 2006 until January 2015, Mr. Zammit served as President of Avnet Electronics Marketing EMEA. From 1993 to 2006, Mr. Zammit served in management positions of increasing responsibilities. Prior to joining Avnet, Mr. Zammit was employed by Arthur Andersen from 1989 to 1993. Mr. Zammit holds a Masters in Business Administration equivalent from Paris Business School ESLSCA.

Alain Amsellem, Senior Vice President, Chief Financial Officer, Europe, joined the Company in 1994 through Tech Data's acquisition of French distributor, Softmart International S.A. and served as France Finance Director until September 1999 when he was promoted to France Managing Director. In August 2004, Mr. Amsellem was promoted to Senior Vice President of Southern Europe, and was appointed Senior Vice President - Europe Finance & Operations in 2007. In February 2014, he was appointed Senior Vice President, Chief Financial Officer, Europe. Mr. Amsellem is a Chartered Accountant and holds a degree in management and chartered accountancy from Paris Dauphine University.

Joseph B. Trepani, Senior Vice President, Chief Financial Officer, Americas, joined the Company in March 1990 as Controller and held the position of Director of Operations from October 1991 through January 1995. In February 1995, he was promoted to Vice President, Worldwide Controller and to Senior Vice President, Corporate Controller in March 1998. In June 2015, he was appointed Senior Vice President, Chief Financial Officer, Americas. Prior to joining the Company, Mr. Trepani was Vice President of Finance for Action Staffing, Inc. from 1989 to 1990. From 1982 to 1989, he was employed by Price Waterhouse. Mr. Trepani is a Certified Public Accountant and holds a Bachelor of Science degree in Accounting from Florida State University.

Jeffrey L. Taylor, Senior Vice President, Corporate Controller, joined the Company in May 2007 and held the position of Vice President, Corporate Accounting through April 2011. Mr. Taylor rejoined the Company in October 2012

serving in the same capacity until July 2013 when he was appointed Vice President, Assistant Corporate Controller. In June 2015 he was promoted to Senior Vice President, Corporate Controller. Prior to rejoining the Company in October 2012, Mr. Taylor served in executive financial management with a value-added reseller and previously was employed by Deloitte & Touche ("Deloitte") from 1992 to 2003, most recently as Audit Partner in Russia and including three years in Deloitte's U.S. national office in the Quality Assurance and SEC Services groups. Mr. Taylor holds a Bachelor of Science degree in Accounting from San Diego State University. As reported on the Company's Current Report on Form 8-K dated January 25, 2018, Mr. Taylor will be resigning effective March 30, 2018.

Michael Rabinovitch, Senior Vice President, Chief Accounting Officer and Controller, joined the Company on March 1, 2018 to serve as Senior Vice President, Chief Accounting Officer and Controller. The Company plans to appoint Mr. Rabinovitch as the Company's principal accounting officer following the filing of this Annual Report on Form 10-K. Prior to joining Tech Data, Mr. Rabinovitch, was employed at Office Depot, Inc. from January 2015 to February 2018, where he served as Senior Vice President, Finance and Chief Accounting Officer beginning in March 2017 and Vice President of Finance, North America from January 2015 to March 2017. Prior to joining Office Depot, Inc., Mr. Rabinovitch was the Executive Vice President and Chief Financial Officer of Birks Group, a North American manufacturer and retailer of fine jewelry and luxury timepieces, from 2005 through 2014. Prior to joining Birks Group, Mr. Rabinovitch was Vice President of Finance of Claire's Stores, Inc., a specialty retailer of fashion jewelry and accessories, from 1999 to 2005. Prior to joining Claire's Stores, Inc., Mr. Rabinovitch was Vice President of Accounting and Corporate Controller at an equipment leasing company and spent five years with Price Waterhouse. Mr. Rabinovitch is a licensed Certified Public Accountant (inactive) and holds a Bachelor of Science degree in Accounting and Finance from Florida State University.

## Table of Contents

### ITEM 1A. Risk Factors.

The following are certain risk factors that could affect our business, financial position and results of operations. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this Annual Report on Form 10-K because these factors could cause the actual results and conditions to differ materially from those projected in the forward-looking statements. Before you buy our common stock or other securities, you should know that making such an investment involves risks, including the risks described below. The risks that have been highlighted below are not the only risks of our business. If any of the risks actually occur, our business, financial condition or results of operations could be negatively affected. In that case, the trading price of our common stock or other securities could decline, and you may lose all or part of your investment. Risk factors that could cause actual results to differ materially from our forward-looking statements are as follows:

Our ability to earn profit is more challenging when sales slow from a down economy as a result of gross profit declining faster than cost reduction efforts taking effect.

Adverse economic conditions may result in lower demand for the products and services we sell. When we experience a rapid decline in demand for products we experience more difficulty in achieving the gross profit and operating profit we desire due to the lower sales and increased pricing pressure. The economic environment may also result in changes in vendor terms and conditions, such as rebates, cash discounts and cooperative marketing efforts, which may also result in downward pressure on our gross profit. As a result, there is pressure to reduce the cost of operations in order to maximize operating profits. To the extent we cannot reduce costs to offset such decline in gross profits, our operating profits typically deteriorate. The benefits from cost reductions may also take longer to fully realize and may not fully mitigate the impact of the reduced demand or changes in vendor terms and conditions. Should we experience a decline in operating profits or not achieve the planned level of growth in our acquired company's operations, the valuations we develop for purposes of our goodwill impairment test may be adversely affected, potentially resulting in impairment charges. Deterioration in the financial and credit markets heightens the risk of customer bankruptcies and delays in payment. Future deterioration in the credit markets could result in reduced availability of credit insurance to cover customer accounts. This, in turn, may result in our reducing the credit lines we provide to customers, thereby having a negative impact on our net sales, gross profits and net income.

Our competitors can take more market share by reducing prices on vendor products that contribute the most to our profitability.

The technology distribution industry is characterized by intense competition, based primarily on product availability, credit terms and availability, price, effectiveness of information systems and e-commerce tools, speed of delivery, ability to tailor specific solutions to customer needs, quality and depth of product lines and training, service and support. Our customers are not required to purchase any specific volume of products from us and may move business if pricing is reduced by competitors, resulting in lower sales. As a result, we must be extremely flexible in determining when to reduce price to maintain market share and sales volumes and when to allow our sales volumes to decline to maintain the quality of our profitability. We compete with a variety of regional, national and international wholesale distributors, some of which may have greater financial resources than us.

We are dependent on internal information and telecommunications systems, and any failure of these systems, including system security breaches, data protection breaches or other cybersecurity attacks, may negatively impact our business and results of operations.

Cyber-attacks and other tactics designed to gain access to and exploit sensitive information by breaching mission critical systems of large organizations are constantly evolving and have been increasing in sophistication in recent years. High profile security breaches leading to unauthorized release of sensitive information have occurred with increasing frequency at a number of major U.S. companies, despite widespread recognition of the cyber-attack threat and improved data protection methods. While to date, we have not experienced a significant data loss, significant compromise or any material financial losses related to cybersecurity attacks, our systems, those of our customers, and those of our third-party service providers are under constant threat. Cybercrime, including phishing, social engineering, attempts to overload our servers with denial-of-service attacks, or similar disruptions from unauthorized access to our systems, could cause us critical data loss or the disclosure or use of personal or other confidential



information. Outside parties may attempt to fraudulently induce employees to disclose personally identifiable information or other confidential information which could expose us to a risk of loss or misuse of this information. If we were to experience a security breakdown, disruption or breach that compromised sensitive information, it could harm our relationships with vendors and customers. The occurrence of any of these events could have a material adverse impact on our business and results of operations.

We are dependent on internal information and telecommunications systems, and we are vulnerable to failure of these systems, including through system security breaches, data protection breaches or other cybersecurity attacks. If these events occur, the unauthorized disclosure, loss or unavailability of data and disruption to our business may have a material adverse effect on our reputation, drive existing and potential customers away and lead to financial losses from remedial actions, or potential liability, including possible litigation and punitive damages. Failures of our internal information or telecommunications systems may prevent us from taking customer orders, shipping products and billing customers. Sales may also be impacted if our customers are unable to access our pricing and product availability information.

## Table of Contents

We may not be able to ship products if our third party shipping companies cease operations temporarily or permanently.

We rely on arrangements with independent shipping companies for the delivery of our products from vendors and to customers. The failure or inability of these shipping companies to deliver products or the unavailability of their shipping services, even temporarily, may have an adverse effect on our business and our operating results.

Natural disasters may negatively impact our business and results of operations.

Certain of our facilities, including our corporate headquarters in Clearwater, Florida, are located in geographic areas that heighten our exposure to hurricanes, tropical storms and other severe weather events. Future weather events could cause severe damage to our property and technology and could cause major disruptions to our operations. We carry property damage and business interruption insurance; however, there can be no assurance that such insurance would be adequate to cover any losses we may incur. As such, a hurricane, tropical storm or severe weather event may have an adverse effect on our business, financial condition or results of operations.

If our vendors do not continue to provide price protection for inventory we purchase from them, our profit from the sale of that inventory may decline.

It is very typical in our industry that the value of inventory will decline as a result of price reductions by vendors or technological obsolescence. It is the policy of many of our vendors to protect distributors from the loss in value of inventory due to technological change or the vendors' price reductions. Some vendors, however, may be unwilling or unable to pay us for price protection claims or products returned to them under purchase agreements. Moreover, industry practices are sometimes not embodied in written agreements and do not protect us in all cases from declines in inventory value. No assurance can be given that such practices to protect distributors will continue, that unforeseen new product developments will not adversely affect us or that we will be able to successfully manage our existing and future inventories.

Failure to obtain adequate product supplies from our largest vendors, or terminations of a supply or services agreement, or a significant change in vendor terms or conditions of sale by our largest vendors may negatively affect our financial condition or results of operations.

A significant percentage of our revenues are from products we purchase from certain vendors, such as Apple, Inc., HP Inc. and Cisco Systems, Inc. These vendors have significant negotiating power over us and rapid, significant or adverse changes in sales terms and conditions, such as reducing the amount of price protection and return rights as well as reducing the level of purchase discounts and rebates they make available to us, may reduce the profit we can earn on these vendors' products and result in loss of revenue and profitability. Our gross profit could be negatively impacted if we are unable to pass through the impact of these changes to our customers or cannot develop systems to manage ongoing vendor programs. Additionally, changes in vendor payment terms could negatively impact our financial condition. Our standard vendor distribution agreement permits termination without cause by either party upon 30 days notice. The loss of a relationship with any of our key vendors, a change in their strategy (such as increasing direct sales), the merger or reorganization of significant vendors or significant changes in terms on their products may adversely affect our business.

We conduct business in countries outside of the U.S., which exposes us to fluctuations in foreign currency exchange rates that result in losses in certain periods.

Approximately 62%, 64% and 65% of our net sales in fiscal 2018, 2017 and 2016 were generated in countries outside of the U.S., which exposes us to fluctuations in foreign currency exchange rates. We may enter into short-term forward exchange or option contracts to hedge this risk. Nevertheless, volatile foreign currency exchange rates increase our risk of loss related to products purchased in a currency other than the currency in which those products are sold. While we maintain policies to protect against fluctuations in currency exchange rates, extreme fluctuations have resulted in our incurring losses in some countries. The realization of any or all of these risks could have a significant adverse effect on our financial results. The translation of the financial statements of foreign operations into U.S. dollars is also impacted by fluctuations in foreign currency exchange rates, which may positively or negatively impact our results of operations. In addition, the value of our equity investment in foreign countries may fluctuate based upon changes in foreign currency exchange rates. These fluctuations, which are recorded in a cumulative translation adjustment account, may result in losses in the event a foreign subsidiary is sold or closed at a time when

the foreign currency is weaker than when we made investments in the country. In addition, our local competitors in certain markets may have different purchasing models that provide them reduced foreign currency exposure compared to us. This may result in market pricing that we cannot meet without significantly lower profit on sales.

## Table of Contents

We have international operations which expose us to risks associated with conducting business in multiple jurisdictions.

Our international operations are subject to other risks such as the imposition of governmental controls, export license requirements, restrictions on the export of certain technology, political instability, trade restrictions, tariff changes, difficulties in staffing and managing international operations, changes in the interpretation and enforcement of laws (in particular related to items such as duty and taxation), difficulties in collecting accounts receivable, longer collection periods and the impact of local economic conditions and practices. There can be no assurance that these and other factors will not have an adverse effect on our business.

Changes in tax laws or tax rulings in the jurisdictions in which we operate may materially impact our financial position and results of operations. The Organization for Economic Cooperation and Development has been working on the Base Erosion and Profit Sharing Project, and has issued and will continue to issue, guidelines and proposals that may change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. Certain countries are evaluating their tax policies and regulations, which could affect international business and may have an adverse effect on our overall tax rate, along with increasing the complexity, burden and cost of tax compliance. On December 22, 2017, the U.S. federal government enacted the U.S. Tax Cuts and Jobs Act (“U.S. Tax Reform”) which significantly revised U.S. corporate income tax law by, among other things, reducing the U.S. federal corporate income tax rate from 35% to 21% and implementing a modified territorial tax system that includes a one-time transition tax on deemed repatriated earnings of foreign subsidiaries. In fiscal 2018, we recorded income tax expenses of \$95.4 million, which represents our reasonable estimate of the impact of enactment of U.S. Tax Reform. The amounts recorded include income tax expenses of \$101.1 million for the transition tax and a net income tax benefit of \$5.7 million related to the remeasurement of net deferred tax liabilities as a result of the change in the U.S. federal corporate income tax rate (see Note 7 of Notes to Consolidated Financial Statements for further discussion). We are continuing to assess the impacts of the U.S. Tax Reform on our business. Additional changes in the U.S. tax regime or in how U.S. multinational corporations are taxed on foreign earnings, including changes in how existing tax laws are interpreted or enforced, could adversely affect our business, financial condition or results of operations.

In addition, while our labor force in the U.S. is currently non-union, employees of certain other subsidiaries are subject to collective bargaining or similar arrangements. We do business in certain foreign countries where labor disruption is more common than is experienced in the U.S. and some of the freight carriers we use are unionized. A labor strike by a group of our employees, one of our freight carriers, one of our vendors, a general strike by civil service employees or a governmental shutdown could have an adverse effect on our business. Many of the products we sell are manufactured in countries other than the countries in which our logistics centers are located. The inability to receive products into the logistics centers because of government action or labor disputes at critical ports of entry may have an adverse effect on our business.

We may encounter difficulties in fully integrating TS into our business and may not fully achieve, or achieve within a reasonable time frame, expected strategic objectives and other expected benefits of the acquisition.

The success of the acquisition of TS will depend, in part, on our ability to realize the anticipated growth opportunities and potential synergies and cost savings from the integration of TS with our existing business. There may be substantial difficulties, costs and delays involved in the integration of TS with our own business, including distracting management from day-to-day operations and costs and delays in implementing common systems and procedures. In addition, the process of integrating the operations of TS could cause an interruption of, or loss of momentum in, the activities of one or more of our combined businesses and the possible loss of key personnel or distribution partners. Any one or all of these factors may increase our operating costs or lower our anticipated financial performance. Our failure to fully integrate TS and achieve the expected benefits from the acquisition of TS within a reasonable time frame or at all could have a material adverse effect on our financial condition and results of operations.

We have incurred substantial indebtedness that may impact our financial position and subject us to financial and operating restrictions, decrease our access to capital, and / or increase our borrowing costs, which may adversely affect our operations and financial results.

Our business requires substantial capital to operate and to finance accounts receivable and product inventory that are not financed by trade creditors. We have historically relied upon cash generated from operations, bank credit lines, trade credit from vendors, proceeds from public offerings of our common stock and proceeds from debt offerings to satisfy our capital needs and to finance growth. The incurrence of debt under our Senior Notes and other credit facilities subject us to financial and operating covenants, which may limit our ability to borrow and our flexibility in responding to our business needs.

As of January 31, 2018, we had approximately \$1.6 billion of total debt. If we are not able to maintain compliance with stated financial covenants or if we breach other covenants in any debt agreement, we could be in default under such agreement. Such a default may allow our creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross acceleration or cross-default provision applies. Our overall leverage and terms of our financing could, among other things:

- limit our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or for general corporate purposes;
- make it more difficult to satisfy our obligations under the terms of our debt;
- limit our ability to refinance our debt on terms acceptable to us or at all;
- make it more difficult to obtain trade credit from vendors;
- limit our flexibility to plan for and adjust to changing business and market conditions and repurchase shares of our common stock; and
- increase our vulnerability to general adverse economic and industry conditions.

Table of Contents

Changes in our credit rating or other market factors may increase our interest expense or other costs of capital. Certain of our financing instruments involve variable rate debt, thus exposing us to the risk of fluctuations in interest rates. Increases in interest rates would result in an increase in the interest expense on our variable rate debt, which would reduce our profitability. In addition, the interest rate payable on the 3.70% Senior Notes and the 4.95% Senior Notes (each as defined herein) and certain other credit facilities would be subject to adjustment from time to time if our credit rating is downgraded.

We cannot predict what losses we might incur in litigation matters, regulatory enforcement actions and contingencies that we may be involved with from time to time, including in connection with the restatement of prior financial statements.

The SEC has requested information from the Company with respect to the restatement of certain of our consolidated financial statements and other financial information from fiscal 2009 to fiscal 2013, and the Company is cooperating with the SEC request. See Item 3, "Legal Proceedings." This pending SEC request for information and other potential proceedings could result in fines and other penalties. We have not reserved any amount in respect of these matters in our consolidated financial statements.

We cannot predict whether monetary losses, if any, we experience in any proceedings related to the restatement will be covered by insurance or whether insurance proceeds recovered will be sufficient to offset such losses. Potential civil or regulatory proceedings may also divert the efforts and attention of our management from business operations. We cannot predict what losses we might incur from other litigation matters, regulatory enforcement actions and contingencies that we may be involved with from time to time. There are various other claims, lawsuits and pending actions against us. We do not expect that the ultimate resolution of these other matters will have a material adverse effect on our consolidated financial position. However, the resolution of certain of these matters could be material to our operating results for any particular period, depending on the level of income for such period. We can make no assurances that we will ultimately be successful in our defense of any of these other matters.

## Table of Contents

### ITEM 1B. Unresolved Staff Comments.

Not applicable.

### ITEM 2. Properties.

Our executive offices are located in Clearwater, Florida. As of January 31, 2018, we operated a total of 27 logistics centers and a number of smaller stocking locations to provide our customers timely delivery of products. These logistic centers are located in the following principal markets: The Americas - 14, Europe - 11, and Asia-Pacific - 2. As of January 31, 2018, we leased or owned approximately 9.3 million square feet of space. We own approximately 2.6 million square feet of our facilities in the Americas and lease the majority of our facilities and office space in other regions. Our facilities are well maintained and are adequate to conduct our current business. We do not anticipate significant difficulty in renewing our leases as they expire or securing replacement facilities.

### ITEM 3. Legal Proceedings.

Prior to fiscal 2004, one of our subsidiaries, located in Spain, was audited in relation to various value added tax ("VAT") matters. As a result of those audits, the Spanish subsidiary received notices of assessment related to fiscal years 1994 through 2001 from the Regional Inspection Unit of Spain's taxing authority that allege the subsidiary did not properly collect and remit VAT. The Spanish subsidiary appealed these assessments to the Madrid Central Economic Administrative Courts beginning in March 2010. During fiscal 2016, the Spanish Supreme Court issued final decisions for the assessments related to fiscal years 1996 through 2001 which barred certain of the assessed amounts. As a result of these decisions, during fiscal 2016, the Company decreased its accrual for costs associated with this matter by \$25.4 million, including \$16.4 million related to an accrual for assessments and penalties recorded in "value added tax assessments" and \$9.0 million related to accrued interest recorded in "interest expense" in the Consolidated Statement of Income. We paid the remaining assessed amounts for fiscal years 1996 through 2001 of \$12.3 million during fiscal 2016.

During fiscal 2017, the Spanish National Appellate Court issued an opinion upholding the assessments for fiscal years 1994 and 1995. The Company appealed this opinion to the Spanish Supreme Court, however, certain of the amounts assessed for fiscal years 1994 and 1995 were not eligible to be appealed to the Spanish Supreme Court. As a result, we increased our accrual for costs associated with this matter by \$2.6 million during fiscal 2017, including \$1.5 million recorded in "value added tax assessments" and \$1.1 million recorded in "interest expense" in the Consolidated Statement of Income.

During fiscal 2018, the Spanish Supreme Court issued a decision upholding the assessment for fiscal years 1994 and 1995. As a result, the Company increased its accrual for costs associated with this matter by \$2.1 million, including \$1.2 million recorded in "value added tax assessments" and \$0.9 million recorded in "interest expense" in the Consolidated Statement of Income. As of January 31, 2018, the Company had recorded a liability of approximately \$10.7 million, which is included in "accrued expenses and other liabilities" in the Consolidated Balance Sheet, for the entire amount of these remaining assessments, including various penalties and interest.

In December 2010, in a non-unanimous decision, a Brazilian appellate court overturned a 2003 trial court which had previously ruled in favor of our Brazilian subsidiary related to the imposition of certain taxes on payments abroad related to the licensing of commercial software products, commonly referred to as "CIDE tax". We estimate the total exposure related to CIDE tax, including interest, was approximately \$23.6 million at January 31, 2018. The Brazilian subsidiary has appealed the unfavorable ruling to the Supreme Court and Superior Court, Brazil's two highest appellate courts. Based on the legal opinion of outside counsel, we believe that the chances of success on appeal of this matter are favorable and the Brazilian subsidiary intends to vigorously defend its position that the CIDE tax is not due. However, due to the lack of predictability of the Brazilian court system, we have concluded that it is reasonably possible that the Brazilian subsidiary may incur a loss up to the total exposure described above. We believe the resolution of this litigation will not be material to our consolidated net assets or liquidity.

The SEC has requested information from us with respect to the restatement of certain of our consolidated financial statements and other financial information from fiscal 2009 to 2013. We are cooperating with the SEC's request for information.

We are subject to various other legal proceedings and claims arising in the ordinary course of business. Our management does not expect that the outcome in any of these other legal proceedings, individually or collectively, will have a material adverse effect on our financial condition, results of operations, or cash flows.

ITEM 4. Mine Safety Disclosures.

Not applicable.



Table of Contents

PART II

ITEM 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the NASDAQ Stock Market, Inc. (“NASDAQ”) under the symbol “TECD.” We have not paid cash dividends since fiscal 1983 and the Board of Directors has no current plans to institute a cash dividend payment policy in the foreseeable future. The table below presents the quarterly high and low market prices for our common stock as reported by the NASDAQ. As of March 16, 2018, there were 195 holders of record and we believe that there were 23,895 beneficial holders.

MARKET PRICE

Table of Contents

STOCK PERFORMANCE CHART

The five-year stock performance chart below assumes an initial investment of \$100 on February 1, 2013 and compares the cumulative total return for Tech Data, the NASDAQ Stock Market (U.S.) Index, and the Standard Industrial Classification, or SIC, Code 5045 – Computer and Peripheral Equipment and Software. The comparisons in the table are provided in accordance with SEC requirements and are not intended to forecast or be indicative of possible future performance of our common stock.

Comparison of Cumulative Total Return

Assumes Initial Investment of \$100 on February 1, 2013

Among Tech Data Corporation,

NASDAQ Stock Market (U.S.) Index and SIC Code 5045

|                                                                    | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------------------------------------------------------|------|------|------|------|------|------|
| Tech Data Corporation                                              | 100  | 106  | 112  | 123  | 168  | 197  |
| NASDAQ Stock Market (U.S.) Index                                   | 100  | 132  | 151  | 154  | 190  | 210  |
| SIC Code 5045 – Computer and Peripheral Equipment and Software     | 100  | 127  | 142  | 154  | 211  | 229  |
| Securities Authorized for Issuance under Equity Compensation Plans |      |      |      |      |      |      |

Information regarding the Securities Authorized for Issuance under Equity Compensation Plans can be found under Item 12 of this Report.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

None.

Table of Contents

## ITEM 6. Selected Financial Data.

The following table sets forth certain selected consolidated financial data. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto appearing elsewhere in this Annual Report.

## FIVE-YEAR FINANCIAL SUMMARY

| Year ended January 31:<br>(in thousands, except per share data)      | 2018 <sup>(1)</sup> | 2017         | 2016         | 2015         | 2014         |             |
|----------------------------------------------------------------------|---------------------|--------------|--------------|--------------|--------------|-------------|
| Income statement data:                                               |                     |              |              |              |              |             |
| Net sales                                                            | \$36,775,011        | \$26,234,876 | \$26,379,783 | \$27,670,632 | \$26,821,904 |             |
| Gross profit                                                         | 2,115,621           | 1,301,927    | 1,286,661    | 1,393,954    | 1,362,346    |             |
| Operating income <sup>(2) (3) (4) (5)</sup>                          | 410,079             | 291,902      | 401,428      | 267,635      | 227,513      |             |
| Net income <sup>(4) (6) (7)</sup>                                    | \$116,641           | \$195,095    | \$265,736    | \$175,172    | \$179,932    |             |
| Earnings per share—basic                                             | \$3.07              | \$5.54       | \$7.40       | \$4.59       | \$4.73       |             |
| Earnings per share—diluted                                           | \$3.05              | \$5.51       | \$7.36       | \$4.57       | \$4.71       |             |
| Dividends per common share                                           | —                   | —            | —            | —            | —            |             |
| Balance sheet data:                                                  |                     |              |              |              |              |             |
| Working capital <sup>(8)</sup>                                       |                     | \$2,095,573  | \$2,701,472  | \$1,889,415  | \$1,834,997  | \$1,851,447 |
| Total assets                                                         |                     | 12,652,636   | 7,931,866    | 6,358,288    | 6,136,725    | 7,167,576   |
| Revolving credit loans and current maturities of long-term debt, net |                     | 132,661      | 373,123      | 18,063       | 13,303       | 43,481      |
| Long-term debt, less current maturities                              |                     | 1,505,248    | 989,924      | 348,608      | 351,576      | 352,031     |
| Total shareholders' equity                                           |                     | 2,921,492    | 2,169,888    | 2,005,755    | 1,960,143    | 2,098,611   |

(1) During fiscal 2018, we completed the acquisition of TS (see Note 5 of Notes to Consolidated Financial Statements for further discussion).

During fiscal 2018 and 2017, we recorded acquisition, integration and restructuring expenses of \$136.3 million and \$29.0 million, respectively, associated with the acquisition of TS (see Note 5 of Notes to Consolidated Financial Statements for further discussion).

(3) During fiscal 2018, 2017, 2016, 2015 and 2014, we recorded gains of \$41.3 million, \$4.1 million, \$98.4 million, \$5.1 million and \$35.5 million, respectively, associated with legal settlements, net of attorney fees and expenses, with certain manufacturers of LCD flat panel and cathode ray tube displays (see Note 1 of Notes to Consolidated Financial Statements for further discussion).

(4) During fiscal 2018, 2017, 2016 and 2015, we recorded a net (expense)/benefit in operating income of \$(1.2) million, \$(1.5) million, \$8.8 million and \$6.2 million, respectively, related to an accrual for assessments and penalties on VAT matters in our European subsidiaries. During fiscal 2018, 2017 and 2016, we also recorded a net (expense)/benefit in interest expense of \$(0.9) million, \$(1.1) million and \$9.0 million, respectively, related to an accrual for associated interest expense (see Note 12 of Notes to Consolidated Financial Statements for further discussion).

(5) During fiscal 2015 and 2014, we recorded restatement and remediation related expenses of \$22.0 million and \$53.8 million, respectively, related to the restatement of certain of our consolidated financial statements and other financial information from fiscal 2009 to fiscal 2013.

(6) During fiscal 2018, we recorded income tax expenses of \$95.4 million related to the estimated impact of the enactment of U.S. Tax Reform (see Note 7 of Notes to Consolidated Financial Statements for further discussion).

(7) During fiscal 2018, 2017, 2015 and 2014, we recorded income tax (expense)/benefits of \$(1.2) million, \$12.5 million, \$19.2 million and \$45.3 million primarily related to changes in deferred tax valuation allowances in certain jurisdictions in Europe (see Note 7 of Notes to Consolidated Financial Statements for further discussion).

During fiscal 2015, the Company also recorded income tax expenses of \$5.6 million related to undistributed earnings on assets held for sale in certain Latin American jurisdictions.

(8) Working capital represents total current assets less total current liabilities in the Consolidated Balance Sheet.



## Table of Contents

### ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

#### FORWARD-LOOKING

#### STATEMENTS

This Annual Report on Form 10-K, including this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), contains forward-looking statements, as described in the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks and uncertainties and actual results could differ materially from those projected. These forward-looking statements regarding future events and the future results of Tech Data Corporation ("Tech Data," "we," "our," "us" or the "Company") are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances, are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Readers are referred to the cautionary statements and important factors discussed in Item 1A, "Risk Factors" in this Annual Report on Form 10-K for the year ended January 31, 2018 for further information with respect to important risks and other factors that could cause actual results to differ materially from those in the forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

#### OVERVIEW

Tech Data is one of the world's largest wholesale distributors of technology products. Tech Data serves as a vital link in the evolving technology ecosystem by bringing products from the world's leading technology vendors to market, as well as helping our customers create solutions best suited to maximize business outcomes for their end-user customers. Our customers include value-added resellers, direct marketers, retailers and corporate resellers who support the diverse technology needs of end users.

On September 19, 2016, we entered into an interest purchase agreement, as subsequently amended, with Avnet, Inc. ("Avnet") to acquire Avnet's Technology Solutions business ("TS"). The acquisition of TS was completed on February 27, 2017. We acquired TS for an aggregate purchase price of approximately \$2.8 billion, comprised of approximately \$2.5 billion in cash, including estimated closing adjustments, and 2,785,402 shares of Tech Data's common stock. The final cash consideration is subject to certain working capital and other adjustments, as determined through the process established in the interest purchase agreement (see Note 5 of Notes to Consolidated Financial Statements for further discussion).

TS delivers data center hardware and software solutions and services. We believe the TS acquisition strengthens our end-to-end solutions and deepens our value added capabilities in the data center and next-generation technologies. The addition of TS also extends our geographic reach into the Asia-Pacific region while broadening our capabilities in Europe and the Americas, including re-entering Latin America with a focus on the delivery of next-generation technologies that drive and complement the data center in this market. We now manage our business in three geographic segments: the Americas, Europe and Asia-Pacific. The combined business extends our operations into forty countries spread across five continents with over 14,000 employees.

In connection with the acquisition of TS, on January 31, 2017, we issued \$500.0 million aggregate principal amount of 3.70% Senior Notes due 2022 and \$500.0 million aggregate principal amount of 4.95% Senior Notes due 2027. Additionally, at the completion of the acquisition on February 27, 2017, we borrowed \$1.0 billion under our Term Loan Credit Agreement (as defined herein), comprised of \$250.0 million aggregate principal amount of three-year term loans and \$750.0 million aggregate principal amount of five-year term loans. During fiscal 2018, we repaid our \$350.0 million of 3.75% Senior Notes upon maturity and \$500.0 million of the borrowings under the Term Loan Credit Agreement.

On December 22, 2017, the U.S. federal government enacted the U.S. Tax Cuts and Jobs Act ("U.S. Tax Reform") which significantly revised U.S. corporate income tax law by, among other things, reducing the U.S. federal corporate

income tax rate from 35% to 21% and implementing a modified territorial tax system that includes a one-time transition tax on deemed repatriated earnings of foreign subsidiaries. In fiscal 2018, we recorded income tax expenses of \$95.4 million, which represents our reasonable estimate of the impact of enactment of U.S. Tax Reform. The amounts recorded include income tax expenses of \$101.1 million for the transition tax and a net income tax benefit of \$5.7 million related to the remeasurement of net deferred tax liabilities as a result of the change in the U.S. federal corporate income tax rate. The SEC has provided accounting and reporting guidance that allows us to report provisional amounts within a measurement period up to one year due to the complexities inherent in adopting the changes. We consider both the recognition of the transition tax and the remeasurement of deferred income taxes incomplete. New guidance from regulators, interpretations of the law, and refinement of our estimates from ongoing analysis of data and tax positions may change the provisional amounts recorded (see Note 7 of Notes to Consolidated Financial Statements for further discussion).

## Table of Contents

### NON-GAAP FINANCIAL INFORMATION

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles in the U.S. (“GAAP”), the Company also discloses certain non-GAAP financial information. Certain of these measures are presented as adjusted for the impact of changes in foreign currencies (referred to as “impact of changes in foreign currencies”). Removing the impact of the changes in foreign currencies provides a framework for assessing our financial performance as compared to prior periods. The impact of changes in foreign currencies is calculated by using the exchange rates from the prior year comparable period applied to the results of operations for the current period. The non-GAAP financial measures presented in this document include:

Net sales, as adjusted, which is defined as net sales adjusted for the impact of changes in foreign currencies;

Gross profit, as adjusted, which is defined as gross profit as adjusted for the impact of changes in foreign currencies;

Selling, general and administrative expenses (“SG&A”), as adjusted, which is defined as SG&A as adjusted for the impact of changes in foreign currencies;

Non-GAAP operating income, which is defined as operating income as adjusted to exclude acquisition, integration and restructuring expenses; LCD settlements and other, net; value added tax assessments; tax indemnifications; restatement and remediation related expenses; loss on disposal of subsidiaries; and acquisition-related intangible assets amortization expense;

Non-GAAP net income, which is defined as net income as adjusted to exclude acquisition, integration and restructuring expenses; LCD settlements and other, net; value added tax assessments and related interest expense; tax indemnifications; restatement and remediation related expenses; loss on disposal of subsidiaries; acquisition-related intangible assets amortization expense; acquisition-related financing expenses; the income tax effects of these adjustments; change in deferred tax valuation allowances and the impact of U.S. Tax Reform;

Non-GAAP earnings per share-diluted, which is defined as earnings per share-diluted as adjusted to exclude the per share impact of acquisition, integration and restructuring expenses; LCD settlements and other, net; value added tax assessments and related interest expense; tax indemnifications; restatement and remediation related expenses; loss on disposal of subsidiaries; acquisition-related intangible assets amortization expense; acquisition-related financing expenses; the income tax effects of these adjustments; change in deferred tax valuation allowances and the impact of U.S. Tax Reform.

Management believes that providing this additional information is useful to the reader to assess and understand our financial performance as compared with results from previous periods. Management also uses these non-GAAP measures to evaluate performance against certain operational goals. However, analysis of results on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP. Additionally, because these non-GAAP measures are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures reported by other companies.

Table of ContentsRESULTS OF  
OPERATIONS

The following table sets forth our Consolidated Statement of Income as a percentage of net sales.

| Year ended January 31:                              | 2018   |   | 2017   |   | 2016   |   |
|-----------------------------------------------------|--------|---|--------|---|--------|---|
| Net sales                                           | 100.00 | % | 100.00 | % | 100.00 | % |
| Cost of products sold                               | 94.25  |   | 95.04  |   | 95.12  |   |
| Gross profit                                        | 5.75   |   | 4.96   |   | 4.88   |   |
| Operating expenses:                                 |        |   |        |   |        |   |
| Selling, general and administrative expenses        | 4.38   |   | 3.75   |   | 3.76   |   |
| Acquisition, integration and restructuring expenses | 0.37   |   | 0.11   |   | —      |   |
| LCD settlements and other, net                      | (0.11) | ) | (0.01) | ) | (0.37) | ) |
| Value added tax assessments                         | (0.01) | ) | —      |   | (0.03) | ) |
|                                                     | 4.63   |   | 3.85   |   | 3.36   |   |
| Operating income                                    | 1.12   |   | 1.11   |   | 1.52   |   |
| Interest expense                                    | 0.31   |   | 0.14   |   | 0.05   |   |
| Other (income) expense, net                         | —      |   | (0.01) | ) | 0.02   |   |
| Income before income taxes                          | 0.81   |   | 0.98   |   | 1.45   |   |
| Provision for income taxes                          | 0.49   |   | 0.24   |   | 0.44   |   |
| Net income                                          | 0.32   | % | 0.74   | % | 1.01   | % |



Table of Contents

## NET SALES

The following tables summarize our net sales and change in net sales by geographic region for the fiscal years ended January 31, 2018, 2017 and 2016 (in billions):

| Year ended January 31:<br>(in millions) | 2018     | 2017     | \$ Change | % Change |
|-----------------------------------------|----------|----------|-----------|----------|
| Consolidated net sales, as reported     | \$36,775 | \$26,235 | \$10,540  | 40.2%    |
| Impact of changes in foreign currencies | (599)    | —        |           |          |
| Consolidated net sales, as adjusted     | \$36,176 | \$26,235 | \$9,941   | 37.9%    |
| Americas net sales, as reported         | \$15,950 | \$10,385 | \$5,565   | 53.6%    |
| Impact of changes in foreign currencies | (31)     | —        |           |          |
| Americas net sales, as adjusted         | \$15,919 | \$10,385 | \$5,534   | 53.3%    |
| Europe net sales, as reported           | \$19,714 | \$15,850 | \$3,864   | 24.4%    |
| Impact of changes in foreign currencies | (560)    | —        |           |          |
| Europe net sales, as adjusted           | \$19,154 | \$15,850 | \$3,304   | 20.8%    |
| Asia-Pacific net sales, as reported     | \$1,111  | \$—      | \$1,111   | N/A      |
| Impact of changes in foreign currencies | (8)      | —        |           |          |
| Asia-Pacific net sales, as adjusted     | \$1,103  | \$—      | \$1,103   | N/A      |

## 2018 - 2017 NET

## SALES

## COMMENTARY

## AMERICAS

The increase in Americas net sales, as adjusted, of approximately \$5.5 billion is due to growth in data center and software products, primarily due to the impact of the acquisition of TS.

## EUROPE

The increase in Europe net sales, as adjusted, of approximately \$3.3 billion is due to growth in data center and software products, primarily due to the impact of the acquisition of TS, as well as growth in mobility products. The impact of changes in foreign currencies is primarily due to the strengthening of the euro against the U.S. dollar.

## ASIA-PACIFIC

The increase in Asia-Pacific net sales, as adjusted, of approximately \$1.1 billion is due to the acquisition of TS, with net sales primarily in data center and software products.

Table of Contents

| Year ended January 31:                             | 2017     | 2016     | \$<br>Change | % Change |
|----------------------------------------------------|----------|----------|--------------|----------|
| (in millions)                                      |          |          |              |          |
| Consolidated net sales, as reported                | \$26,235 | \$26,380 | \$ (145 )    | (0.5)%   |
| Impact of changes in foreign currencies            | 502      | —        |              |          |
| Consolidated net sales, as adjusted                | \$26,737 | \$26,380 | \$ 357       | 1.4%     |
| Americas net sales, as reported                    | \$10,385 | \$10,357 | \$ 28        | 0.3%     |
| Impact of changes in foreign currencies            | 29       | —        |              |          |
| Americas net sales, as adjusted                    | \$10,414 | \$10,357 | \$ 57        | 0.6%     |
| Europe net sales, as reported                      | \$15,850 | \$16,023 | \$ (173 )    | (1.1)%   |
| Impact of changes in foreign currencies            | 473      | —        |              |          |
| Europe net sales, as adjusted                      | \$16,323 | \$16,023 | \$ 300       | 1.9%     |
| 2017 - 2016 NET<br>SALES<br>COMMENTARY<br>AMERICAS |          |          |              |          |

The increase in Americas net sales, as adjusted, of \$57 million is primarily due to growth in broadline products, partially offset by declines in sales of consumer electronics and software products.

## EUROPE

The increase in Europe net sales, as adjusted, of \$300 million is primarily due to growth in broadline and mobility products. The impact of changes in foreign currencies is primarily due to the weakening of the British pound against the U.S. dollar.

Table of Contents

## GROSS PROFIT

The following tables provide a comparison of our gross profit and gross profit as a percentage of net sales for the fiscal years ended January 31, 2018, 2017 and 2016:

| Year ended January 31:                  | 2018    | 2017    | \$<br>Change | % Change |
|-----------------------------------------|---------|---------|--------------|----------|
| (in millions)                           |         |         |              |          |
| Gross profit, as reported               | \$2,116 | \$1,302 | \$ 814       | 62.5%    |
| Impact of changes in foreign currencies | (34 )   | —       |              |          |
| Gross profit, as adjusted               | \$2,082 | \$1,302 | \$ 780       | 59.9%    |

| Year ended January 31:                  | 2017    | 2016    | \$<br>Change | % Change |
|-----------------------------------------|---------|---------|--------------|----------|
| (in millions)                           |         |         |              |          |
| Gross profit, as reported               | \$1,302 | \$1,287 | \$ 15        | 1.2%     |
| Impact of changes in foreign currencies | 24      | —       |              |          |
| Gross profit, as adjusted               | \$1,326 | \$1,287 | \$ 39        | 3.0%     |

## COMMENTARY

## 2018 - 2017

- The increase in gross profit, as adjusted, of \$780 million and the increase in our year-over-year gross profit as a percentage of net sales is primarily attributable to increased sales volume and changes in product mix, both of which were significantly driven by the acquisition of TS.

## 2017 - 2016

The increase in gross profit, as adjusted, of \$39 million is primarily due to an increase in net sales volume, as adjusted for the impact of changes in foreign currencies, and changes in vendor and product mix. The increase in our year-over-year gross profit as a percentage of net sales is primarily attributable to changes in vendor and product mix.

Table of ContentsOPERATING  
EXPENSES

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The following tables provide a comparison of our selling, general and administrative expenses:

| Year ended January 31:                         | 2018    | 2017   | \$<br>Change | % Change |
|------------------------------------------------|---------|--------|--------------|----------|
| (in millions)                                  |         |        |              |          |
| SG&A, as reported                              | \$1,609 | \$984  | \$ 625       | 63.5%    |
| Impact of changes in foreign currencies        | (23 )   | —      |              |          |
| SG&A, as adjusted                              | \$1,586 | \$984  | \$ 602       | 61.2%    |
| SG&A as a percentage of net sales, as reported | 4.38 %  | 3.75 % |              | 63 bps   |

The increase in SG&A, as adjusted, of approximately \$602 million is primarily due to increased costs as a result of the acquisition of TS. The increase in SG&A as a percentage of net sales as compared to the prior fiscal year is also primarily due to the acquisition of TS including higher costs incurred to support the more complex, higher margin data center business.

| Year ended January 31:                         | 2017   | 2016   | \$<br>Change | % Change |
|------------------------------------------------|--------|--------|--------------|----------|
| (in millions)                                  |        |        |              |          |
| SG&A, as reported                              | \$984  | \$992  | \$ (8 )      | (0.8)%   |
| Impact of changes in foreign currencies        | 15     | —      |              |          |
| SG&A, as adjusted                              | \$999  | \$992  | \$ 7         | 0.7%     |
| SG&A as a percentage of net sales, as reported | 3.75 % | 3.76 % |              | (1) bps  |

The increase in SG&A, as adjusted, of \$7 million is primarily due to increased payroll expenses of \$6.8 million related to the Company's nonqualified deferred compensation plan, which are substantially offset by gains recorded in other (income) expense, net on investments used to fund the plan.

## ACQUISITION, INTEGRATION AND RESTRUCTURING EXPENSES

Acquisition, integration and restructuring expenses are comprised of professional services, restructuring costs, transaction related costs and other costs related to the acquisition of TS. Professional services are primarily comprised of integration related activities, including professional fees for project management, accounting, tax and IT consulting services. Restructuring costs are comprised of severance and facility exit costs. Transaction related costs primarily consist of investment banking fees, legal expenses and due diligence costs incurred in connection with the completion of the transaction. Other costs primarily consist of payroll related costs including retention, stock compensation, relocation and travel expenses, as well as other IT related costs, incurred as part of the integration of TS.

Acquisition, integration and restructuring expenses for fiscal 2018 and 2017 are comprised of the following:

| Year ended:           | January<br>31,<br>2018 | January 31,<br>2017 |
|-----------------------|------------------------|---------------------|
| (in millions)         |                        |                     |
| Professional services | \$49.6                 | \$ 14.3             |

|                           |          |         |
|---------------------------|----------|---------|
| Restructuring costs       | 35.1     | —       |
| Transaction related costs | 20.2     | 12.1    |
| Other                     | 31.4     | 2.6     |
| Total                     | \$ 136.3 | \$ 29.0 |

Excluding transaction related costs, we incurred \$133 million of total acquisition, integration and restructuring expenses during fiscal 2017 and 2018. We expect to incur additional costs of approximately \$32 million in fiscal 2019, resulting in a cumulative total of \$165 million of acquisition, integration and restructuring expenses, exclusive of transaction related costs.

Table of Contents

LCD SETTLEMENTS AND OTHER, NET

We have been a claimant in proceedings seeking damages primarily from certain manufacturers of LCD flat panel and cathode ray tube displays. We have reached settlement agreements with certain manufacturers during the periods presented and have recorded these amounts net of attorneys fees and other expenses.

VALUE ADDED TAX ASSESSMENTS

Prior to fiscal 2004, one of our subsidiaries, located in Spain, was audited in relation to various value added tax (“VAT”) matters. As a result of those audits, the Spanish subsidiary received notices of assessment related to fiscal years 1994 through 2001 that allege the subsidiary did not properly collect and remit VAT.

During fiscal 2016, the Spanish Supreme Court issued final decisions for fiscal years 1996 through 2001 which barred certain of the assessed amounts. As a result of these decisions, during the year ended January 31, 2016, we decreased our accrual for the assessments and penalties associated with this matter by \$16.4 million. During fiscal 2017, the Spanish National Appellate Court issued an opinion upholding the assessments for fiscal years 1994 and 1995. We appealed this opinion to the Spanish Supreme Court; however, certain of the amounts assessed for fiscal years 1994 and 1995 were not eligible to be appealed to the Spanish Supreme Court. As a result, during the year ended January 31, 2017, we increased our accrual for the assessments and penalties associated with this matter by \$1.5 million. During fiscal 2018, the Spanish Supreme Court issued a decision upholding the assessment for fiscal years 1994 and 1995. As a result, during the year ended January 31, 2018, we increased our accrual for costs associated with the assessments and penalties associated with this matter by \$1.2 million (see Note 12 of Notes to Consolidated Financial Statements for further discussion).

In fiscal 2016, we determined we had additional VAT liabilities due in one of our European subsidiaries. As a result, we recorded a charge of \$7.6 million during the year ended January 31, 2016 for VAT and associated costs. We have subsequently paid all VAT associated with this matter and filed amended tax returns with the tax authorities.

Table of ContentsOPERATING  
INCOME

The following tables provide a comparison of GAAP operating income ("GAAP OI") and non-GAAP operating income ("non-GAAP OI") on a consolidated and regional basis as well as a reconciliation of GAAP operating income to non-GAAP operating income on a consolidated and regional basis for the fiscal years ended January 31, 2018, 2017 and 2016:

## 2018 - 2017 COMMENTARY

The increase in GAAP operating income of \$118.2 million as compared to the prior fiscal year is due to an increase in net sales and favorable changes in product mix, primarily due to the acquisition of TS, and an increase in gains related to settlement agreements with certain manufacturers of LCD flat panel and cathode ray tube displays. This increase was partially offset by higher acquisition, integration and restructuring expenses and an increase in SG&A due to the acquisition of TS, including an increase in acquisition-related intangible assets amortization expense.

The increase in non-GAAP operating income of \$263.8 million as compared to the prior fiscal year is due to an increase in net sales and favorable changes in product mix partially offset by higher SG&A expenses, primarily as a result of the TS acquisition.

## 2017 - 2016 COMMENTARY

The decrease in GAAP operating income of \$109.5 million is primarily due to a decrease of \$94.3 million in gains related to settlement agreements with certain manufacturers of LCD flat panel and cathode ray tube displays and \$29.0 million of acquisition, integration and restructuring expenses.

The increase in non-GAAP operating income of \$19.8 million is primarily due to favorable changes in vendor and product mix while net sales remained relatively flat.

CONSOLIDATED  
GAAP TO  
NON-GAAP  
RECONCILIATION  
OF OPERATING  
INCOME

| Year ended January 31:<br>(in millions)                    | 2018    | 2017    | 2016    |
|------------------------------------------------------------|---------|---------|---------|
| Operating income                                           | \$410.1 | \$291.9 | \$401.4 |
| Acquisition, integration and restructuring expenses        | 136.3   | 29.0    | —       |
| LCD settlements and other, net                             | (41.3 ) | (4.1 )  | (98.4 ) |
| Value added tax assessments                                | 1.7     | 1.0     | (8.8 )  |
| Tax indemnifications                                       | 6.5     | —       | —       |
| Restatement and remediation related expenses               | —       | —       | 0.8     |
| Loss on disposal of subsidiaries                           | —       | —       | 0.7     |
| Acquisition-related intangible assets amortization expense | 89.4    | 21.1    | 23.4    |
| Non-GAAP operating income                                  | \$602.7 | \$338.9 | \$319.1 |

Table of Contents

## AMERICAS

## 2018 - 2017 COMMENTARY

The increase in GAAP operating income of \$104.2 million as compared to the prior fiscal year is due to an increase in net sales and favorable changes in product mix, primarily due to the acquisition of TS, and an increase in gains related to settlement agreements with certain manufacturers of LCD flat panel and cathode ray tube displays. This increase was partially offset by higher acquisition, integration and restructuring expenses and an increase in SG&A due to the acquisition of TS, including an increase in acquisition-related intangible assets amortization expense.

The increase in non-GAAP operating income of \$173.7 million as compared to the prior fiscal year is due to an increase in net sales and favorable changes in product mix partially offset by higher SG&A expenses, primarily as a result of the TS acquisition.

## 2017 - 2016 COMMENTARY

The decrease in GAAP operating income of \$91.4 million is primarily due to a \$94.3 million decrease in gains related to settlement agreements with certain manufacturers of LCD flat panel and cathode ray tube displays and \$18.0 million of acquisition, integration and restructuring expenses partially offset by favorable changes in vendor and product mix, while net sales remained relatively flat.

The increase in non-GAAP operating income of \$20.1 million is primarily due to favorable changes in vendor and product mix, while net sales remained relatively flat.

## AMERICAS GAAP

## TO NON-GAAP

## RECONCILIATION

## OF OPERATING

## INCOME

| Year ended January 31:<br>(in millions)                    | 2018    | 2017    | 2016    |
|------------------------------------------------------------|---------|---------|---------|
| Operating income - Americas                                | \$248.4 | \$144.2 | \$235.6 |
| Acquisition, integration and restructuring expenses        | 75.5    | 18.0    | —       |
| LCD settlements and other, net                             | (42.6 ) | (4.1 )  | (98.4 ) |
| Value added tax assessments                                | 0.5     | (0.4 )  | —       |
| Restatement and remediation related expenses               | —       | —       | 0.2     |
| Loss on disposal of subsidiaries                           | —       | —       | 0.7     |
| Acquisition-related intangible assets amortization expense | 51.9    | 2.3     | 1.8     |
| Non-GAAP operating income - Americas                       | \$333.7 | \$160.0 | \$139.9 |



Table of Contents

## EUROPE

## 2018 - 2017 COMMENTARY

GAAP operating income increased by \$12.0 million when compared to the prior year due to an increase in net sales and favorable changes in product mix primarily due to the acquisition of TS. The increase was partially offset by an increase in acquisition, integration and restructuring expenses and an increase in SG&A, including an increase in acquisition-related intangible assets amortization expense.

The increase in non-GAAP operating income of \$78.5 million when compared to the prior fiscal year is due to an increase in net sales and favorable changes in product mix partially offset by an increase in SG&A expenses, primarily due to the acquisition of TS.

## 2017 - 2016 COMMENTARY

The decrease in GAAP operating income of \$19.1 million is primarily due to acquisition, integration and restructuring expenses of \$11.0 million and a net change in the accrual for VAT assessments of \$10.2 million.

EUROPE GAAP TO  
NON-GAAP  
RECONCILIATION  
OF OPERATING  
INCOME

| Year ended January 31:<br>(in millions)                    | 2018    | 2017    | 2016    |
|------------------------------------------------------------|---------|---------|---------|
| Operating income - Europe                                  | \$173.6 | \$161.6 | \$180.7 |
| Acquisition, integration and restructuring expenses        | 56.2    | 11.0    | —       |
| LCD settlements and other, net                             | 1.3     | —       | —       |
| Value added tax assessments                                | 1.2     | 1.4     | (8.8 )  |
| Tax indemnifications                                       | 6.5     | —       | —       |
| Restatement and remediation related expenses               | —       | —       | 0.6     |
| Acquisition-related intangible assets amortization expense | 32.5    | 18.8    | 21.6    |
| Non-GAAP operating income - Europe                         | \$271.3 | \$192.8 | \$194.1 |

Table of Contents

## ASIA-PACIFIC

| Year ended January 31, 2018:                               | \$ in millions | as a % of net sales |
|------------------------------------------------------------|----------------|---------------------|
| Operating income - Asia-Pacific                            | \$17.5         | 1.57%               |
| Acquisition, integration and restructuring expenses        | 0.8            |                     |
| Acquisition-related intangible assets amortization expense | 5.0            |                     |
| Non-GAAP operating income - Asia-Pacific                   | \$23.3         | 2.09%               |

Asia-Pacific results are attributable entirely to the acquisition of TS as we had no operations in the region prior to the acquisition.

OPERATING  
INCOME BY  
REGION

We do not consider stock-based compensation expenses in assessing the performance of our operating segments, and therefore the Company excludes stock-based compensation expense from the segment information. The following table summarizes our operating income by geographic region.

| Year ended January 31:           | 2018    | 2017    | 2016    |
|----------------------------------|---------|---------|---------|
| (in millions)                    |         |         |         |
| Americas                         | \$248.4 | \$144.2 | \$235.6 |
| Europe                           | 173.6   | 161.6   | 180.7   |
| Asia-Pacific                     | 17.5    | —       | —       |
| Stock-based compensation expense | (29.4 ) | (13.9 ) | (14.9 ) |
| Total                            | \$410.1 | \$291.9 | \$401.4 |

INTEREST  
EXPENSE

|                         |         |        |        | % Change:    |              |
|-------------------------|---------|--------|--------|--------------|--------------|
| Year ended January 31:  | 2018    | 2017   | 2016   | 2018 to 2017 | 2017 to 2016 |
| (in millions)           |         |        |        |              |              |
| Interest expense        | \$112.2 | \$36.8 | \$14.5 | 204.9%       | 153.8%       |
| Percentage of net sales | 0.31 %  | 0.14 % | 0.05 % |              |              |

The increase in interest expense in fiscal 2018 compared to fiscal 2017 of \$75.4 million is primarily due to higher interest expense on the Senior Notes of approximately \$41 million due to the issuance of \$1.0 billion of Senior Notes on January 31, 2017, partially offset by the maturity of \$350 million of Senior Notes in September 2017. Additionally, interest expense increased due to approximately \$24 million of expenses related to the Term Loan Credit Agreement and higher average borrowings on other credit facilities. These amounts were partially offset by a decrease of approximately \$7 million in costs related to a commitment for a bridge loan facility obtained in September 2016. The commitment for the bridge loan facility was terminated on February 27, 2017 in conjunction with the acquisition of TS.

The increase in interest expense for fiscal 2017 compared to fiscal 2016 is primarily due to \$11.9 million of acquisition-related financing expenses primarily related to our bridge loan facility recorded during fiscal 2017 and a

\$9.0 million benefit recorded in fiscal 2016 for the reversal of interest expense previously accrued due to the Spanish Supreme Court decision in connection with VAT assessments in Spain (see Note 12 of Notes to Consolidated Financial Statements for further discussion).

Table of ContentsOTHER  
(INCOME)  
EXPENSE,  
NET

|                             |         |            |        |
|-----------------------------|---------|------------|--------|
| Year ended January 31:      | 2018    | 2017       | 2016   |
| (in millions)               |         |            |        |
| Other (income) expense, net | \$(1.2) | \$(1.7)    | \$4.5  |
| Percentage of net sales     | —       | % (0.01 )% | 0.02 % |

Other (income) expense, net, consists primarily of gains and losses on the investments contained within life insurance policies used to fund our nonqualified deferred compensation plan, interest income, discounts on the sale of accounts receivable and net foreign currency exchange gains and losses on certain financing transactions and the related derivative instruments used to hedge such financing transactions. The change in other (income) expense, net, in fiscal 2018 compared to fiscal 2017 is primarily attributable to higher gains on the investments contained within life insurance policies of \$3.1 million, partially offset by higher discounts on the sale of accounts receivable of \$2.9 million.

The change in other (income) expense, net, during fiscal 2017 compared to fiscal 2016 is primarily attributable to higher gains on the investments contained within life insurance policies of \$6.8 million. These gains on investments are substantially offset in our payroll costs which are reflected in SG&A as part of operating income.

PROVISION  
FOR  
INCOME  
TAXES  
2018 - 2017 COMMENTARY

The increase in the effective tax rate of approximately 37 percentage points in fiscal 2018 as compared to fiscal 2017 is primarily due to the impact of the following:

- In fiscal 2018, we recorded income tax expenses of \$95.4 million related to the impact of the enactment of U.S. Tax Reform.

- In fiscal 2017, we recorded income tax benefits of \$12.5 million related to the reversal of valuation allowances in specific jurisdictions in Europe, which had been recorded in prior fiscal years.

- In fiscal 2018, we recorded a benefit in income tax expense of \$6.5 million related to the reduction of certain liabilities for unrecognized tax benefits recorded for TS at the date of acquisition.

- The effective tax rates for both fiscal 2018 and fiscal 2017 were impacted by the relative mix of earnings and losses within the taxing jurisdictions in which we operate.

The increase in the absolute dollar amount of the provision for income taxes in fiscal 2018 as compared to fiscal 2017 is primarily due to the impact of U.S. Tax Reform, the reversal of certain valuation allowances in fiscal 2017 and an increase in taxable earnings, partially offset by the reduction of certain liabilities for unrecognized tax benefits recorded for TS at the date of acquisition.



## Table of Contents

### U.S. Tax Reform

On December 22, 2017, the U.S. federal government enacted U.S. Tax Reform which significantly revised U.S. corporate income tax law by, among other things, reducing the U.S. federal corporate income tax rate from 35% to 21% and implementing a modified territorial tax system that includes a one-time transition tax on deemed repatriated earnings of foreign subsidiaries. In fiscal 2018, we recorded income tax expenses of \$95.4 million, which represents our reasonable estimate of the impact of enactment of U.S. Tax Reform. The amounts recorded include income tax expenses of \$101.1 million for the transition tax and a net income tax benefit of \$5.7 million related to the remeasurement of net deferred tax liabilities as a result of the change in the U.S. federal corporate income tax rate.

The SEC has provided accounting and reporting guidance that allows us to report provisional amounts within a measurement period up to one year due to the complexities inherent in adopting the changes. We consider both the recognition of the transition tax and the remeasurement of deferred income taxes incomplete. New guidance from regulators, interpretations of the law, and refinement of our estimates from ongoing analysis of data and tax positions may change the provisional amounts recorded (see Note 7 of Notes to Consolidated Financial Statements for further discussion).

For the fiscal year ending January 31, 2019, we expect that the impact of U.S. Tax Reform will reduce our worldwide effective tax rate by approximately 3% to 5%, primarily due to the reduction in the U.S. federal corporate income tax rate, partially offset by the new provisions related to Global Intangible Low-Taxed Income ("GILTI") that taxes a portion of our foreign-based earnings. The Company is continuing to assess the impact of U.S. Tax Reform on its future operations.

### Tax Indemnifications

In connection with the acquisition of TS, pursuant to the interest purchase agreement, Avnet agreed to indemnify the Company in relation to certain tax matters. As a result, we recorded certain indemnification assets for expected amounts to be received from Avnet related to liabilities recorded for unrecognized tax benefits. During the year ended January 31, 2018, due to the expiration of statutes of limitation, we recorded a benefit in income tax expense of \$6.5 million related to the reduction of certain liabilities recorded for unrecognized tax benefits at the date of acquisition. As a result, we recorded an expense of \$6.5 million during the year ended January 31, 2018, which is included in "selling, general and administrative expenses" in the Consolidated Statement of Income, to reduce the corresponding indemnification asset. The net reduction of these liabilities for unrecognized tax benefits and indemnification assets had no impact on our net income.

### 2017 - 2016 COMMENTARY

The decrease in the effective tax rate of approximately 7 percentage points in fiscal 2017 as compared to fiscal 2016 is primarily due to the impact of the following:

• In fiscal 2017, we recorded income tax benefits of \$12.5 million primarily related to the reversal of valuation allowances in specific jurisdictions in Europe, which had been recorded in prior fiscal years.

• The effective tax rates for both fiscal 2017 and fiscal 2016 are impacted by the relative mix of earnings and losses within the taxing jurisdictions in which we operate.

The decrease in the absolute dollar amount of the provision for income taxes in fiscal 2017 as compared to fiscal 2016 is primarily due to a decrease in taxable earnings during fiscal 2017, the reversal of certain valuation allowances in fiscal 2017 and the relative mix of earnings and losses within the taxing jurisdictions in which we operate.



Table of Contents

NET  
INCOME  
AND  
EARNINGS  
PER SHARE  
- DILUTED

The following tables provide a comparison of GAAP net income and earnings per share-diluted and non-GAAP net income and earnings per share-diluted as well as a reconciliation of results recorded in accordance with GAAP and non-GAAP financial measures for the fiscal years ended January 31, 2018, 2017 and 2016 (\$ in millions, except per share data):

GAAP TO  
NON-GAAP  
RECONCILIATION  
OF NET INCOME  
AND EARNINGS  
PER  
SHARE-DILUTED

|                                                            | Net Income |         |         | Earnings per Share-Diluted |         |         |
|------------------------------------------------------------|------------|---------|---------|----------------------------|---------|---------|
| Year ended January 31:<br>(in millions)                    | 2018       | 2017    | 2016    | 2018                       | 2017    | 2016    |
| GAAP Results                                               | \$116.6    | \$195.1 | \$265.7 | \$3.05                     | \$5.51  | \$7.36  |
| Acquisition, integration and restructuring expenses        | 136.3      | 29.0    | —       | 3.57                       | 0.82    | —       |
| LCD settlements and other, net                             | (41.0 )    | (4.1 )  | (98.4 ) | (1.07 )                    | (0.12 ) | (2.73 ) |
| Value added tax assessments and related interest expense   | 2.6        | 1.4     | (17.8 ) | 0.06                       | 0.04    | (0.49 ) |
| Tax indemnifications                                       | 6.5        | —       | —       | 0.17                       | —       | —       |
| Restatement and remediation related expenses               | —          | —       | 0.8     | —                          | —       | 0.02    |
| Loss on disposal of subsidiaries                           | —          | —       | 0.7     | —                          | —       | 0.02    |
| Acquisition-related intangible assets amortization expense | 89.4       | 21.1    | 23.4    | 2.34                       | 0.60    | 0.65    |
| Acquisition-related financing expenses                     | 8.8        | 11.9    | —       | 0.23                       | 0.33    | —       |
| Income tax effect of tax indemnifications                  | (6.5 )     | —       | —       | (0.17 )                    | —       | —       |
| Income tax effect of other adjustments above               | (61.0 )    | (16.7 ) | 33.8    | (1.60 )                    | (0.47 ) | 0.94    |
| Change in deferred tax valuation allowances                | 1.2        | (12.5 ) | —       | 0.03                       | (0.35 ) | —       |
| Impact of U.S. Tax Reform                                  | 95.4       | —       | —       | 2.50                       | —       | —       |
| Non-GAAP results                                           | \$348.3    | \$225.2 | \$208.2 | \$9.11                     | \$6.36  | \$5.77  |



## Table of Contents

### IMPACT OF INFLATION

During the fiscal years ended January 31, 2018, 2017 and 2016, we do not believe that inflation had a material impact on our consolidated results of operations or on our financial position.

### SEASONALITY

Our quarterly operating results have fluctuated significantly in the past and will likely continue to do so in the future as a result of currency fluctuations and seasonal variations in the demand for the products and services we sell. Narrow operating margins may magnify the impact of these factors on our quarterly operating results. Recent historical seasonal variations have included an increase in European demand during our fiscal fourth quarter and decreased demand in other fiscal quarters. The seasonal trend in Europe typically results in greater operating leverage, and therefore, lower SG&A as a percentage of net sales in the region and on a consolidated basis during the second half of our fiscal year, particularly in our fourth quarter. Additionally, the life cycles of major products, as well as the impact of acquisitions and divestitures, may also materially impact our business, financial condition, or results of operations (see Note 14 of Notes to Consolidated Financial Statements for further information regarding our quarterly results).

### LIQUIDITY AND CAPITAL RESOURCES

Our discussion of liquidity and capital resources includes an analysis of our cash flows and capital structure for all periods presented.

### CASH CONVERSION CYCLE

As a distribution company, our business requires significant investment in working capital, particularly accounts receivable and inventory, partially financed through our accounts payable to vendors. An important driver of our operating cash flows is our cash conversion cycle (also referred to as “net cash days”). Our net cash days are defined as days of sales outstanding in accounts receivable plus days of supply on hand in inventory, less days of purchases outstanding in accounts payable. We manage our cash conversion cycle on a daily basis throughout the year and our reported financial results reflect that cash conversion cycle at the balance sheet date. The following tables present the components of our cash conversion cycle, in days, as of January 31, 2018, 2017, 2016 and 2015.

Table of Contents**CASH FLOWS**

The following table summarizes our Consolidated Statement of Cash Flows:

| Year ended January 31:                                       | 2018        | 2017      | 2016      |
|--------------------------------------------------------------|-------------|-----------|-----------|
| (in millions)                                                |             |           |           |
| Net cash provided by (used in):                              |             |           |           |
| Operating activities                                         | \$1,097.1   | \$656.8   | \$193.9   |
| Investing activities                                         | (2,481.8 )  | (42.2 )   | (41.8 )   |
| Financing activities                                         | 119.9       | 976.5     | (148.2 )  |
| Effect of exchange rate changes on cash and cash equivalents | 94.8        | 3.3       | (15.7 )   |
| Net (decrease) increase in cash and cash equivalents         | \$(1,170.0) | \$1,594.4 | \$(11.8 ) |

**OPERATING ACTIVITIES**

The increase in cash resulting from operating activities in fiscal 2018 compared to fiscal 2017 is primarily due to changes in payment terms with certain vendors, an increase in amounts sold under accounts receivable purchase agreements and the impacts of the acquisition of TS, including changes in working capital as compared to the date of acquisition.

The increase in cash resulting from operating activities in fiscal 2017 compared to fiscal 2016 is primarily due to a 5 day decrease in the cash conversion cycle in fiscal 2017 compared to no change in fiscal 2016, as illustrated above.

The decrease in the cash conversion cycle in fiscal 2017 is due to an increase in days of purchases outstanding, primarily due to changes in payment terms with certain vendors.

The significant components of our investing and financing cash flow activities are listed below.

**INVESTING ACTIVITIES**

2018

\$2.25 billion in cash paid for the acquisition of TS, net of cash acquired

\$156 million paid to purchase certain logistics centers and office facilities upon termination of our synthetic lease arrangement (see Note 3 of Notes to Consolidated Financial Statements for further discussion)

2017

\$39.3 million of capital expenditures

2016

\$34.0 million of capital expenditures

\$27.8 million of cash paid for the acquisition of Signature Technology Group, Inc.

\$20.0 million of proceeds from the sale of our subsidiaries in Chile and Peru

**FINANCING ACTIVITIES**

2018

Net borrowings under the Term Loan Credit Agreement of \$500.0 million

Repayment of \$350.0 million 3.75% Senior Notes upon maturity

2017

\$992.2 million of net cash proceeds from the issuance of Senior Notes

\$15.3 million of acquisition-related financing costs

2016

\$147.0 million paid for the repurchase of shares of common stock under our share repurchase program

\$5.9 million of net borrowings on our revolving credit lines



## Table of Contents

### CAPITAL RESOURCES AND DEBT COMPLIANCE

Our debt to total capital ratio was 36% at January 31, 2018. As part of our capital structure and to provide us with significant liquidity, we have a diverse range of financing facilities across our geographic regions with various financial institutions. Also providing us liquidity are our cash and cash equivalents balances across our regions which are deposited and/or invested with various financial institutions. We are exposed to risk of loss on funds deposited with these financial institutions; however, we monitor our financing and depository financial institution partners regularly for credit quality. We believe that our existing sources of liquidity, including our financing facilities and cash resources, as well as cash expected to be provided by operating activities and our ability to issue debt or equity, if necessary, will be sufficient to meet our working capital needs and cash requirements for at least the next 12 months.

At January 31, 2018, we had approximately \$955.6 million in cash and cash equivalents, of which approximately \$888.8 million was held in our foreign subsidiaries. As discussed above, we currently have sufficient resources, cash flows and liquidity within the U.S. to fund current and expected future working capital requirements. Historically, we have utilized and reinvested cash earned outside the U.S. to fund foreign operations and expansion. We are currently in process of evaluating the use of our foreign cash due to the enactment of U.S. Tax Reform (see Note 7 of Notes to Financial Statements for further discussion).

The following is a discussion of our various financing facilities:

#### Senior notes

In January 2017, we issued \$500.0 million aggregate principal amount of 3.70% Senior Notes due February 15, 2022 (the "3.70% Senior Notes") and \$500.0 million aggregate principal amount of 4.95% Senior Notes due February 15, 2027 (the "4.95% Senior Notes") (collectively the "2017 Senior Notes"), resulting in proceeds of approximately \$989.9 million, net of debt discount and debt issuance costs of approximately \$1.6 million and \$8.5 million, respectively. The net proceeds from the issuance of the 2017 Senior Notes were used to fund a portion of the purchase price of the acquisition of TS. The debt discount and debt issuance costs incurred in connection with the public offering are amortized over the life of the 2017 Senior Notes as additional interest expense using the effective interest method. We pay interest on the 2017 Senior Notes semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2017. The interest rate payable on the 2017 Senior Notes will be subject to adjustment from time to time if the credit rating assigned to such series of notes changes. At no point will the interest rate be reduced below the interest rate payable on the notes on the date of the initial issuance or increase more than 2.00% above the interest rate payable on the notes of the series on the date of their initial issuance. The 2017 Senior Notes are senior unsecured obligations of the Company and will rank equally with all other unsecured and unsubordinated indebtedness of the Company outstanding from time to time.

We, at our option, may redeem the 3.70% Senior Notes at any time prior to January 15, 2022 and the 4.95% Senior Notes at any time prior to November 15, 2026, in each case in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2017 Senior Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2017 Senior Notes to be redeemed, discounted to the date of redemption on a semi-annual basis at a rate equal to the sum of the applicable Treasury Rate plus 30 basis points for the 3.70% Senior Notes and 40 basis points for the 4.95% Senior Notes, plus the accrued and unpaid interest on the principal amount being redeemed up to the date of redemption. We may also redeem the 2017 Senior Notes, at any time in whole or from time to time in part, on or after January 15, 2022 for the 3.70% Senior Notes and November 15, 2026 for the 4.95% Senior Notes, in each case, at a redemption price equal to 100% of the principal amount of the 2017 Senior Notes to be redeemed.

In September 2012, we issued \$350.0 million aggregate principal amount of 3.75% Senior Notes in a public offering (the "3.75% Senior Notes"). The 3.75% Senior Notes were repaid on maturity on September 21, 2017.

#### Other credit facilities

We have a \$1.25 billion revolving credit facility with a syndicate of banks (the “Credit Agreement”) which, among other things, provides for (i) a maturity date of November 2, 2021 and (ii) an interest rate on borrowings, facility fees and letter of credit fees based on our non-credit enhanced senior unsecured debt rating as determined by Standard & Poor’s Rating Service and Moody’s Investor Service. We pay interest on advances under the Credit Agreement at the applicable LIBOR rate (or similar interbank offered rates depending on currency draw) plus a predetermined margin that is based on our debt rating. There were no amounts outstanding under the Credit Agreement at January 31, 2018 and 2017.

We entered into a term loan credit agreement on November 2, 2016 with a syndicate of banks (the “Term Loan Credit Agreement”) which provides for the borrowing of (i) a tranche of senior unsecured term loans in an original aggregate principal amount of \$250.0 million and maturing three years after the funding date and (ii) a tranche of senior unsecured term loans in an original aggregate principal amount of \$750.0 million and maturing five years after the funding date. We pay interest on advances under the Term Loan Credit Agreement at a variable rate based on LIBOR (or similar interbank offered rates depending on currency draw) plus a predetermined margin that is based on our debt rating. In connection with the acquisition of TS on February 27, 2017, we borrowed \$1.0 billion under our Term Loan Credit Agreement in order to fund a portion of the cash consideration paid to Avnet. The borrowings were comprised of a \$250.0 million tranche of three-year senior unsecured term loans (the “2020 Term Loans”) and a \$750.0 million tranche of five-year senior unsecured term loans (the “2022 Term Loans”). The 2020 Term Loans were repaid in full during fiscal 2018.

## Table of Contents

The outstanding principal amount of the 2022 Term Loans is payable in equal quarterly installments of (i) for the first three years after the funding date, 5.0% per annum of the initial principal amount and (ii) for the fourth and fifth years after the funding date, 10.0% per annum of the initial principal amount, with the remaining balance payable on February 27, 2022. We may repay the 2022 Term Loans, at any time in whole or in part, without penalty or premium prior to the maturity date. Quarterly installment payments due under the 2022 Term Loans are reduced by the amount of any prepayments made by us. During fiscal 2018, we made principal payments of \$250.0 million on the 2022 Term Loans. At January 31, 2018, there was \$500.0 million outstanding on the 2022 Term Loans.

We also have an agreement with a syndicate of banks (the "Receivables Securitization Program") that allows us to transfer an undivided interest in a designated pool of U.S. accounts receivable, on an ongoing basis, to provide collateral for borrowings up to a maximum of \$750.0 million. Under this program, we transfer certain U.S. trade receivables into a wholly-owned bankruptcy remote special purpose entity. Such receivables, which are recorded in the Consolidated Balance Sheet, totaled \$1.483 billion and \$748.6 million at January 31, 2018 and 2017, respectively. As collections reduce accounts receivable balances included in the collateral pool, we may transfer interests in new receivables to bring the amount available to be borrowed up to the maximum. The Receivables Securitization Program has a maturity date of August 8, 2019, and interest is to be paid on advances at the applicable commercial paper or LIBOR rate plus an agreed-upon margin. There were no amounts outstanding under the Receivables Securitization Program at January 31, 2018 and 2017.

In addition to the facilities described above, we have various other committed and uncommitted lines of credit and overdraft facilities totaling approximately \$485.3 million at January 31, 2018 to support our operations. Most of these facilities are provided on an unsecured, short-term basis and are reviewed periodically for renewal. There was \$119.8 million outstanding on these facilities at January 31, 2018, at a weighted average interest rate of 6.07%, and there was \$23.7 million outstanding at January 31, 2017, at a weighted average interest rate of 8.35%.

At January 31, 2018, we had also issued standby letters of credit of \$28.0 million. These letters of credit typically act as a guarantee of payment to certain third parties in accordance with specified terms and conditions. The issuance of these letters of credit reduces the Company's borrowing availability under certain of the above-mentioned credit facilities.

Certain of our credit facilities contain limitations on the amounts of annual dividends and repurchases of common stock and require compliance with other obligations, warranties and covenants. The financial ratio covenants within these credit facilities include a maximum total leverage ratio and a minimum interest coverage ratio. At January 31, 2018, we were in compliance with all such financial covenants.

### Accounts receivable purchase agreements

We have uncommitted accounts receivable purchase agreements under which certain accounts receivable may be sold, without recourse, to third-party financial institutions. Under these programs, we may sell certain accounts receivable in exchange for cash less a discount, as defined in the agreements. Available capacity under these programs, which we use as a source of working capital funding, is dependent on the level of accounts receivable eligible to be sold into these programs and the financial institutions' willingness to purchase such receivables. In addition, certain of these agreements also require that we continue to service, administer and collect the sold accounts receivable. At January 31, 2018 and 2017, we had a total of \$687.2 million and \$506.7 million, respectively, of accounts receivable sold to and held by financial institutions under these agreements. During the fiscal years ended January 31, 2018, 2017 and 2016, discount fees recorded under these facilities were \$9.0 million, \$6.1 million and \$4.4 million, respectively, which are included as a component of "other (income) expense, net" in the Consolidated Statement of Income.

Table of ContentsCONTRACTUAL  
OBLIGATIONS

As of January 31, 2018, future payments of debt and amounts due under future minimum lease payments, including minimum commitments under agreements for data center services, are as follows:

| (in millions)                      | Operating<br>leases | Debt <sup>(1)</sup> | U.S. Tax<br>Reform <sup>(2)</sup> | Total      |
|------------------------------------|---------------------|---------------------|-----------------------------------|------------|
| Fiscal year:                       |                     |                     |                                   |            |
| 2019                               | \$ 65.0             | \$ 192.4            | \$ 10.4                           | \$ 267.8   |
| 2020                               | 63.8                | 66.6                | 7.9                               | 138.3      |
| 2021                               | 53.6                | 63.8                | 7.9                               | 125.3      |
| 2022                               | 35.5                | 73.0                | 7.9                               | 116.4      |
| 2023                               | 28.3                | 1,022.8             | 7.9                               | 1,059.0    |
| Thereafter                         | 40.2                | 611.3               | 59.1                              | 710.6      |
| Total payments                     | 286.4               | 2,029.9             | 101.1                             | 2,417.4    |
| Less amounts representing interest | —                   | (383.3 )            | —                                 | (383.3 )   |
| Total principal payments           | \$ 286.4            | \$ 1,646.6          | \$ 101.1                          | \$ 2,034.1 |

(1) Amounts include fixed rate interest on the Senior Notes as well as the estimated interest on the outstanding balance of the Term Loan Credit Agreement based on the applicable interest rate as of January 31, 2018. Amounts exclude estimated interest on other committed and uncommitted revolving credit facilities as these facilities are at variable rates of interest.

(2) Represents our estimated obligation under U.S. Tax Reform to pay the transition tax on certain non-U.S. earnings over eight years, which has been calculated on a provisional basis (see Note 7 of Notes to Consolidated Financial Statements for further discussion).

Fair value renewal and escalation clauses exist for a substantial portion of the operating leases included above. Purchase orders for the purchase of inventory and other goods and services are not included in the table above. We are not able to determine the aggregate amount of such purchase orders that represent contractual obligations, as purchase orders typically represent authorizations to purchase rather than binding agreements. For the purposes of this table, contractual obligations for purchase of goods or services are defined as agreements that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Our purchase orders are based on our current demand expectations and are fulfilled by our vendors within short time horizons. We do not have significant non-cancelable agreements for the purchase of inventory or other goods specifying minimum quantities or set prices that exceed our expected requirements for the next three months. We also enter into contracts for outsourced services; however, the obligations under these contracts were not significant, other than agreements for data center services included above, and the contracts generally contain clauses allowing for cancellation without significant penalty.

Table of Contents

OFF-BALANCE  
SHEET  
ARRANGEMENTS

Guarantees

As is customary in the technology industry, to encourage certain customers to purchase product from us, we have arrangements with certain finance companies that provide inventory financing facilities for our customers. In conjunction with certain of these arrangements, we have agreements with the finance companies that would require us to repurchase certain inventory, which might be repossessed from the customers by the finance companies. Due to various reasons, including among other items, the lack of information regarding the amount of saleable inventory purchased from us still on hand with the customer at any point in time, our repurchase obligations relating to inventory cannot be reasonably estimated. Repurchases of inventory by us under these arrangements have been insignificant to date.

We also provide additional financial guarantees to finance companies on behalf of certain customers. The majority of these guarantees are for an indefinite period of time, where we would be required to perform if the customer is in default with the finance company related to purchases made from us. We review the underlying credit for these guarantees at least annually. As of January 31, 2018 and 2017, the outstanding amount of guarantees under these arrangements totaled \$3.3 million and \$3.7 million, respectively. We believe that, based on historical experience, the likelihood of a material loss pursuant to the above inventory repurchase obligations and guarantees is remote.

CRITICAL  
ACCOUNTING  
POLICIES AND  
ESTIMATES

The information included within MD&A is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. On an ongoing basis, we evaluate these estimates, including those related to accounts receivable, inventory, vendor incentives, goodwill and intangible assets, deferred taxes, and contingencies. Our estimates and judgments are based on currently available information, historical results, and other assumptions we believe are reasonable. Actual results could differ materially from these estimates. We believe the critical accounting policies discussed below affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Accounts Receivable

We maintain allowances for doubtful accounts receivable and sales returns for estimated losses resulting from the inability of our customers to make required payments and estimated product returns by customers for exchange or credit. In estimating the required allowance, we take into consideration the overall quality and aging of the receivable portfolio, the existence of credit insurance and specifically identified customer risks. Also influencing our estimates are the following: (i) the large number of customers and their dispersion across wide geographic areas; (ii) the fact that no single customer accounts for more than 10% of our net sales; (iii) the value and adequacy of collateral received from customers, if any; (iv) our historical write-off and sales returns experience; and (v) the current economic environment. If actual customer performance were to deteriorate to an extent not expected by us, additional allowances may be required which could have an adverse effect on our consolidated financial results. Conversely, if actual customer performance were to improve to an extent not expected by us, a reduction in allowances may be required which could have a favorable effect on our consolidated financial results.

Inventory

We value our inventory at the lower of its cost or net realizable value, cost being determined on a moving average cost basis, which approximates the first-in, first-out method. We write down our inventory for estimated obsolescence equal to the difference between the cost of inventory and the net realizable value based upon an aging analysis of the



inventory on hand, specifically known inventory-related risks (such as technological obsolescence and the nature of vendor terms surrounding price protection and product returns), foreign currency fluctuations for foreign-sourced products, and assumptions about future demand. Market conditions or changes in terms and conditions by our vendors that are less favorable than those projected by management may require additional inventory write-downs, which could have an adverse effect on our consolidated financial results.

#### Vendor Programs

We participate in various vendor programs under which the vendor may provide certain incentives such as cooperative advertising allowances, infrastructure funding, more favorable payment terms, early pay discounts and rebate agreements. These programs are generally under quarterly, semi-annual or annual agreements with the vendors; however, some of these programs are negotiated on an ad-hoc basis mutually developed with the vendor. Unrestricted volume rebates and early payment discounts received from vendors are recorded when they are earned as a reduction of inventory and as a reduction of cost of products sold as the related inventory is sold. Vendor incentives for specifically identified cooperative advertising programs and infrastructure funding are recorded when earned as adjustments to cost of products sold or selling, general and administrative expenses, depending on the nature of the program.

## Table of Contents

We also provide reserves for receivables on vendor programs for estimated losses resulting from vendors' inability to pay or rejections by vendors of claims. Should amounts recorded as outstanding receivables from vendors be deemed uncollectible, additional allowances may be required which could have an adverse effect on our consolidated financial results. Conversely, if actual vendor performance were to improve to an extent not expected by us, a reduction in allowances may be required which could have a favorable effect on our consolidated financial results.

### Goodwill, Intangible Assets and Other Long-Lived Assets

We perform an annual review for the potential impairment of the carrying value of goodwill, or more frequently if current events and circumstances indicate a possible impairment. For purposes of our goodwill analysis, we have three reporting units, which are also our operating segments. We evaluate the appropriateness of performing a qualitative assessment, on a reporting unit level, based on current circumstances. If the results of the qualitative assessment indicate that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, the quantitative impairment test will not be performed. The factors that were considered in the qualitative analysis included macroeconomic conditions, industry and market considerations, cost factors such as increases in product cost, labor, or other costs that would have a negative effect on earnings and cash flows and other relevant entity-specific events and information.

If we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative impairment test is performed. The quantitative impairment test compares the fair value of our reporting units with their carrying amounts, including goodwill. The fair values of the reporting units are estimated using market and discounted cash flow approaches. The assumptions used in the market approach are based on the value of a business through an analysis of multiples of guideline companies and recent sales or offerings of a comparable entity. The assumptions used in the discounted cash flow approach are based on historical and forecasted revenue, operating costs, future economic conditions, and other relevant factors. If the carrying amount of a reporting unit exceeds its fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, only to the extent of the carrying value of goodwill allocated to that reporting unit. We performed our annual goodwill impairment test during fiscal 2018, which indicated that the estimated fair value of our Asia-Pacific reporting unit exceeded its carrying value by less than 5% as of the goodwill impairment testing date. The goodwill allocated to our Asia-Pacific reporting unit as of January 31, 2018 was \$85 million. If actual results in our Asia-Pacific reporting unit are substantially lower than the projections used in our valuation methodology, if market discount rates substantially increase or our market capitalization substantially decreases, our future valuations could be adversely affected, potentially resulting in a future impairment of goodwill.

We also examine the carrying value of our intangible assets with finite lives, which includes capitalized software and development costs, purchased intangibles and other long-lived assets as current events and circumstances warrant determining whether there are any impairment losses. Factors that may cause an intangible asset or other long-lived asset impairment include negative industry or economic trends and significant under-performance relative to historical or projected future operating results.

### Income Taxes

We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized. We consider all positive and negative evidence available in determining the potential of realizing deferred tax assets, including the scheduled reversal of temporary differences, recent cumulative losses, recent and projected future taxable income, and prudent and feasible tax planning strategies. In making this determination, we place greater emphasis on recent cumulative losses and recent taxable income due to the inherent lack of subjectivity associated with these factors. If we determine it is more likely than not that we will be able to use a deferred tax asset in the future in excess of its net carrying value, an adjustment to the deferred tax asset valuation allowance would be made to reduce income tax expense, thereby increasing net income in the period such determination is made. Should we determine that we are not likely to realize all or part of our net deferred tax assets in the future, an adjustment to the deferred tax asset valuation allowance would be made to increase income tax expense, thereby reducing net income in the period such determination is made.

### Contingencies

We accrue for contingent obligations, including estimated legal costs, when the obligation is probable and the amount is reasonably estimable. As facts concerning contingencies become known, we reassess our position and make appropriate adjustments to the financial statements. Estimates that are particularly sensitive to future changes include those related to tax, legal and other regulatory matters such as imports and exports, the imposition of international governmental controls, changes in the interpretation and enforcement of international laws (in particular related to items such as duty and taxation), and the impact of local economic conditions and practices, which are all subject to change as events evolve and as additional information becomes available during the administrative and litigation process.

RECENT

ACCOUNTING

PRONOUNCEMENTS

See Note 1 of Notes to Consolidated Financial Statements for the discussion on recent accounting pronouncements.

Table of Contents

## ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

As a large global organization, we face exposure to adverse movements in foreign currency exchange rates. These exposures may change over time as business practices evolve and could have a material impact on our financial results in the future. In the normal course of business, we employ established policies and procedures to manage our exposure to fluctuations in the value of foreign currencies. It is our policy to utilize financial instruments to reduce risks where internal netting cannot be effectively employed. Additionally, we do not enter into derivative instruments for speculative or trading purposes. With respect to our internal netting practices, we will consider inventory as an economic hedge against foreign currency exposure in accounts payable in certain circumstances. This practice offsets such inventory against corresponding accounts payable denominated in currencies other than the functional currency of the subsidiary buying the inventory, when determining our net exposure to be hedged using traditional forward contracts. Under this strategy, we would expect to increase or decrease our selling prices for products purchased in foreign currencies based on fluctuations in foreign currency exchange rates affecting the underlying accounts payable. To the extent we incur a foreign currency exchange loss (gain) on the underlying accounts payable denominated in the foreign currency, we would expect to see a corresponding increase (decrease) in gross profit as the related inventory is sold. This strategy can result in a certain degree of quarterly earnings volatility as the underlying accounts payable is remeasured using the foreign currency exchange rate prevailing at the end of each period, or settlement date if earlier, whereas the corresponding increase (decrease) in gross profit is not realized until the related inventory is sold.

Our foreign currency exposure relates primarily to international transactions, where the currency collected from customers can be different from the currency used to purchase the product. Our transactions in foreign currencies are denominated primarily in the following currencies: Australian dollar, British pound, Canadian dollar, Czech koruna, Danish krone, euro, Indian rupee, Indonesian rupiah, Mexican peso, Norwegian krone, Polish zloty, Singapore dollar, Swedish krona, Swiss franc and U.S. dollar. Our foreign currency risk management objective is to protect our earnings and cash flows from the adverse impact of exchange rate changes through the use of foreign currency forward and swap contracts to primarily hedge intercompany loans, accounts receivable and accounts payable.

In order to provide an assessment of our foreign currency exchange rate risk, we performed a sensitivity analysis using a value-at-risk ("VaR") model. The VaR model uses a Monte Carlo simulation to generate 1,000 random market price paths. The VaR model determines the potential impact of the fluctuation in foreign exchange rates assuming a one-day holding period, normal market conditions and a 95% confidence level. The model is not intended to represent actual losses but is used as a risk estimation and management tool. Firm commitments, assets and liabilities denominated in foreign currencies were excluded from the model. The estimated maximum potential one-day loss in fair value, calculated using the VaR model, would be approximately \$2.7 million and \$1.4 million at January 31, 2018 and 2017, respectively. We believe that the hypothetical loss in fair value of our foreign exchange derivatives would be offset by the gains in the value of the underlying transactions being hedged. Actual future gains and losses associated with our derivative positions may differ materially from the analyses performed as of January 31, 2018, due to the inherent limitations associated with predicting the changes in foreign currency exchange rates and our actual exposures and positions.

We are also exposed to changes in interest rates primarily as a result of our debt used to maintain liquidity and to finance working capital, capital expenditures and acquisitions. Our interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to minimize overall borrowing costs. To achieve our objective, we use a combination of fixed and variable rate debt. The nature and amount of our long-term and short-term debt can be expected to vary as a result of future business requirements, market conditions and other factors. Approximately 61% and 98%, respectively, of our outstanding debt had fixed interest rates at January 31, 2018 and 2017. We utilize various financing instruments, such as receivables securitization, leases, revolving credit facilities and trade receivable purchase facilities, to finance working capital needs. To the extent that there are changes in interest rates, the interest expense on our variable rate debt may fluctuate. A one percentage point change in average interest rates would cause interest expense in fiscal 2019 to increase by \$6.2 million based on the Company's outstanding variable rate debt at January 31, 2018.



Table of Contents

ITEM 8. Financial Statements and Supplementary Data.

Index to Financial Statements

|                                                                                                                                                                    | Page      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Financial Statements                                                                                                                                               |           |
| Report of Independent Registered Certified Public Accounting Firm                                                                                                  | <u>42</u> |
| Consolidated Balance Sheet                                                                                                                                         | <u>43</u> |
| Consolidated Statement of Income                                                                                                                                   | <u>44</u> |
| Consolidated Statement of Comprehensive Income                                                                                                                     | <u>45</u> |
| Consolidated Statement of Shareholders' Equity                                                                                                                     | <u>46</u> |
| Consolidated Statement of Cash Flows                                                                                                                               | <u>47</u> |
| Notes to Consolidated Financial Statements                                                                                                                         | <u>48</u> |
| Financial Statement Schedule                                                                                                                                       |           |
| Schedule II—Valuation and Qualifying Accounts                                                                                                                      | <u>78</u> |
| All schedules and exhibits not included are not applicable, not required or would contain information which is shown in the financial statements or notes thereto. |           |

Table of Contents

Report of Independent Registered Certified Public Accounting Firm  
To the Shareholders and the Board of Directors of Tech Data Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Tech Data Corporation and subsidiaries (the “Company”) as of January 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, shareholders’ equity, and cash flows, for each of the three fiscal years in the period ended January 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three fiscal years in the period ended January 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of January 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 22, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2000.  
Tampa, Florida  
March 22, 2018

Table of Contents

## TECH DATA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

(In thousands, except share amounts)

| As of January 31:                                                                                                     | 2018         | 2017         |
|-----------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>ASSETS</b>                                                                                                         |              |              |
| Current assets:                                                                                                       |              |              |
| Cash and cash equivalents                                                                                             | \$955,628    | \$2,125,591  |
| Accounts receivable, less allowances of \$90,424 and \$38,767                                                         | 5,783,666    | 3,047,927    |
| Inventories                                                                                                           | 3,065,218    | 2,118,902    |
| Prepaid expenses and other assets                                                                                     | 288,178      | 119,906      |
| Total current assets                                                                                                  | 10,092,690   | 7,412,326    |
| Property and equipment, net                                                                                           | 279,091      | 74,239       |
| Goodwill                                                                                                              | 969,168      | 199,021      |
| Intangible assets, net                                                                                                | 1,086,772    | 130,676      |
| Other assets, net                                                                                                     | 224,915      | 115,604      |
| Total assets                                                                                                          | \$12,652,636 | \$7,931,866  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                                                           |              |              |
| Current liabilities:                                                                                                  |              |              |
| Accounts payable                                                                                                      | \$6,947,282  | \$3,844,532  |
| Accrued expenses and other liabilities                                                                                | 917,174      | 493,199      |
| Revolving credit loans and current maturities of long-term debt, net                                                  | 132,661      | 373,123      |
| Total current liabilities                                                                                             | 7,997,117    | 4,710,854    |
| Long-term debt, less current maturities                                                                               | 1,505,248    | 989,924      |
| Other long-term liabilities                                                                                           | 228,779      | 61,200       |
| Total liabilities                                                                                                     | 9,731,144    | 5,761,978    |
| Commitments and contingencies (Note 12)                                                                               |              |              |
| Shareholders' equity:                                                                                                 |              |              |
| Common stock, par value \$.0015; 200,000,000 shares authorized; 59,245,585 shares issued at January 31, 2018 and 2017 | 89           | 89           |
| Additional paid-in capital                                                                                            | 827,301      | 686,042      |
| Treasury stock, at cost (21,083,972 and 24,018,983 shares at January 31, 2018 and 2017)                               | (940,124 )   | (1,070,994 ) |
| Retained earnings                                                                                                     | 2,745,934    | 2,629,293    |
| Accumulated other comprehensive income (loss)                                                                         | 288,292      | (74,542 )    |
| Total shareholders' equity                                                                                            | 2,921,492    | 2,169,888    |
| Total liabilities and shareholders' equity                                                                            | \$12,652,636 | \$7,931,866  |

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.



Table of Contents

## TECH DATA CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF INCOME

(In thousands, except per share amounts)

| Year ended January 31:                              | 2018         | 2017         | 2016         |
|-----------------------------------------------------|--------------|--------------|--------------|
| Net sales                                           | \$36,775,011 | \$26,234,876 | \$26,379,783 |
| Cost of products sold                               | 34,659,390   | 24,932,949   | 25,093,122   |
| Gross profit                                        | 2,115,621    | 1,301,927    | 1,286,661    |
| Operating expenses:                                 |              |              |              |
| Selling, general and administrative expenses        | 1,608,961    | 984,152      | 992,462      |
| Acquisition, integration and restructuring expenses | 136,272      | 28,966       | —            |
| LCD settlements and other, net                      | (41,343)     | (4,142)      | (98,433)     |
| Value added tax assessments                         | 1,652        | 1,049        | (8,796)      |
|                                                     | 1,705,542    | 1,010,025    | 885,233      |
| Operating income                                    | 410,079      | 291,902      | 401,428      |
| Interest expense                                    | 112,207      | 36,810       | 14,488       |
| Other (income) expense, net                         | (1,212)      | (1,669)      | 4,522        |
| Income before income taxes                          | 299,084      | 256,761      | 382,418      |
| Provision for income taxes                          | 182,443      | 61,666       | 116,682      |
| Net income                                          | \$116,641    | \$195,095    | \$265,736    |
| Earnings per share                                  |              |              |              |
| Basic                                               | \$3.07       | \$5.54       | \$7.40       |
| Diluted                                             | \$3.05       | \$5.51       | \$7.36       |
| Weighted average common shares outstanding:         |              |              |              |
| Basic                                               | 37,957       | 35,194       | 35,898       |
| Diluted                                             | 38,216       | 35,428       | 36,097       |

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Table of Contents

TECH DATA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(In thousands)

| Year ended January 31:                  | 2018      | 2017      | 2016      |
|-----------------------------------------|-----------|-----------|-----------|
| Net income                              | \$116,641 | \$195,095 | \$265,736 |
| Other comprehensive income (loss):      |           |           |           |
| Foreign currency translation adjustment | 362,834   | (41,217 ) | (84,087 ) |
| Total comprehensive income              | \$479,475 | \$153,878 | \$181,649 |

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Table of Contents

TECH DATA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY  
(In thousands)

|                                                                                                                                | Common<br>Stock<br>Shares | Amount | Additional<br>paid-in<br>capital | Treasury<br>stock | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income<br>(loss) | Total<br>shareholders'<br>equity |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------|----------------------------------|-------------------|----------------------|-----------------------------------------------------------|----------------------------------|
| Balance—January 31, 2015                                                                                                       | 59,246                    | \$ 89  | \$679,973                        | \$(939,143)       | \$2,168,462          | \$ 50,762                                                 | \$ 1,960,143                     |
| Purchase of treasury stock, at cost                                                                                            | —                         | —      | —                                | (147,003 )        | —                    | —                                                         | (147,003 )                       |
| Issuance of treasury stock for<br>benefit plan and equity-based<br>awards exercised, including related<br>tax benefit of \$182 | —                         | —      | (12,636 )                        | 8,712             | —                    | —                                                         | (3,924 )                         |
| Stock-based compensation expense                                                                                               | —                         | —      | 14,890                           | —                 | —                    | —                                                         | 14,890                           |
| Total other comprehensive loss                                                                                                 | —                         | —      | —                                | —                 | —                    | (84,087 )                                                 | (84,087 )                        |
| Net income                                                                                                                     | —                         | —      | —                                | —                 | 265,736              | —                                                         | 265,736                          |
| Balance—January 31, 2016                                                                                                       | 59,246                    | 89     | 682,227                          | (1,077,434)       | 2,434,198            | (33,325 )                                                 | 2,005,755                        |
| Issuance of treasury stock for<br>benefit plan and equity-based<br>awards exercised                                            | —                         | —      | (10,132 )                        | 6,440             | —                    | —                                                         | (3,692 )                         |
| Stock-based compensation expense                                                                                               | —                         | —      | 13,947                           | —                 | —                    | —                                                         | 13,947                           |
| Total other comprehensive loss                                                                                                 | —                         | —      | —                                | —                 | —                    | (41,217 )                                                 | (41,217 )                        |
| Net income                                                                                                                     | —                         | —      | —                                | —                 | 195,095              | —                                                         | 195,095                          |
| Balance—January 31, 2017                                                                                                       | 59,246                    | 89     | 686,042                          | (1,070,994)       | 2,629,293            | (74,542 )                                                 | 2,169,888                        |
| Issuance of treasury stock to acquire<br>business                                                                              | —                         | —      | 123,032                          | 124,200           | —                    | —                                                         | 247,232                          |
| Issuance of treasury stock for<br>benefit plan and equity-based<br>awards exercised                                            | —                         | —      | (11,154 )                        | 6,670             | —                    | —                                                         | (4,484 )                         |
| Stock-based compensation expense                                                                                               | —                         | —      | 29,381                           | —                 | —                    | —                                                         | 29,381                           |
| Total other comprehensive income                                                                                               | —                         | —      | —                                | —                 | —                    | 362,834                                                   | 362,834                          |
| Net income                                                                                                                     | —                         | —      | —                                | —                 | 116,641              | —                                                         | 116,641                          |
| Balance—January 31, 2018                                                                                                       | 59,246                    | \$ 89  | \$827,301                        | \$(940,124)       | \$2,745,934          | \$ 288,292                                                | \$ 2,921,492                     |

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Table of ContentsTECH DATA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

| Year ended January 31:                                                            | 2018          | 2017          | 2016          |
|-----------------------------------------------------------------------------------|---------------|---------------|---------------|
| Cash flows from operating activities:                                             |               |               |               |
| Cash received from customers                                                      | \$42,981,601  | \$29,427,357  | \$28,119,687  |
| Cash paid to vendors and employees                                                | (41,666,356 ) | (28,664,222 ) | (27,819,886 ) |
| Interest paid, net                                                                | (86,544 )     | (22,020 )     | (20,264 )     |
| Income taxes paid                                                                 | (131,632 )    | (84,272 )     | (85,645 )     |
| Net cash provided by operating activities                                         | 1,097,069     | 656,843       | 193,892       |
| Cash flows from investing activities:                                             |               |               |               |
| Acquisition of businesses, net of cash acquired                                   | (2,249,849 )  | (2,916 )      | (27,848 )     |
| Expenditures for property and equipment                                           | (192,235 )    | (24,971 )     | (20,917 )     |
| Software and software development costs                                           | (39,702 )     | (14,364 )     | (13,055 )     |
| Proceeds from sale of subsidiaries                                                | —             | —             | 20,020        |
| Net cash used in investing activities                                             | (2,481,786 )  | (42,251 )     | (41,800 )     |
| Cash flows from financing activities:                                             |               |               |               |
| Borrowings on long-term debt                                                      | 1,008,148     | 998,405       | —             |
| Principal payments on long-term debt                                              | (861,394 )    | —             | (319 )        |
| Cash paid for debt issuance costs                                                 | (6,348 )      | (21,581 )     | —             |
| Net borrowings on revolving credit loans                                          | (16,028 )     | 3,417         | 5,912         |
| Cash paid for purchase of treasury stock                                          | —             | —             | (147,003 )    |
| Payments for employee withholdings on equity awards                               | (6,027 )      | (4,479 )      | (4,662 )      |
| Proceeds from the reissuance of treasury stock                                    | 1,543         | 733           | 561           |
| Acquisition earn-out payments                                                     | —             | —             | (2,736 )      |
| Net cash provided by (used in) financing activities                               | 119,894       | 976,495       | (148,247 )    |
| Effect of exchange rate changes on cash and cash equivalents                      | 94,860        | 3,335         | (15,671 )     |
| Net (decrease) increase in cash and cash equivalents                              | (1,169,963 )  | 1,594,422     | (11,826 )     |
| Cash and cash equivalents at beginning of year                                    | 2,125,591     | 531,169       | 542,995       |
| Cash and cash equivalents at end of year                                          | \$955,628     | \$2,125,591   | \$531,169     |
| Reconciliation of net income to net cash provided by operating activities:        |               |               |               |
| Net income                                                                        | \$116,641     | \$195,095     | \$265,736     |
| Adjustments to reconcile net income to net cash provided by operating activities: |               |               |               |
| Depreciation and amortization                                                     | 150,046       | 54,437        | 57,253        |
| Provision for losses on accounts receivable                                       | 21,022        | 5,026         | 6,061         |
| Stock-based compensation expense                                                  | 29,381        | 13,947        | 14,890        |
| Loss on disposal of subsidiaries                                                  | —             | —             | 699           |
| Accretion of debt discount and debt issuance costs                                | 3,326         | 835           | 839           |
| Deferred income taxes                                                             | (4,261 )      | (11,002 )     | 2,387         |
| Changes in operating assets and liabilities, net of acquisitions:                 |               |               |               |
| Accounts receivable                                                               | (554,627 )    | (91,961 )     | (297,637 )    |
| Inventories                                                                       | (502,352 )    | (20,838 )     | (219,482 )    |
| Prepaid expenses and other assets                                                 | 32,963        | 66,027        | (44,384 )     |
| Accounts payable                                                                  | 1,704,307     | 459,146       | 426,412       |
| Accrued expenses and other liabilities                                            | 100,623       | (13,869 )     | (18,882 )     |
| Total adjustments                                                                 | 980,428       | 461,748       | (71,844 )     |
| Net cash provided by operating activities                                         | \$1,097,069   | \$656,843     | \$193,892     |

Supplemental schedule of non-cash investing activities

|                                       |           |     |     |
|---------------------------------------|-----------|-----|-----|
| Issuance of stock to acquire business | \$247,232 | \$— | \$— |
|---------------------------------------|-----------|-----|-----|

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Table of Contents

TECH DATA CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 — BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Description of Business

Tech Data Corporation (“Tech Data” or the “Company”) is one of the world’s largest wholesale distributors of technology products. Tech Data serves as a vital link in the evolving technology ecosystem by bringing products from the world’s leading technology vendors to market, as well as helping customers create solutions best suited to maximize business outcomes for their end-user customers. Tech Data’s customers include value-added resellers, direct marketers, retailers and corporate resellers who support the diverse technology needs of end users. On February 27, 2017, the Company purchased all of the outstanding shares of Avnet, Inc.’s (“Avnet”) Technology Solutions (“TS”) business (see Note 5 - Acquisitions for further discussion). Prior to the acquisition of TS, the Company managed its operations in two geographic segments: the Americas and Europe. As a result of the acquisition of TS, the Company now manages its operations in three geographic segments: the Americas, Europe and Asia-Pacific. There were no Tech Data operations in the Asia-Pacific region prior to the acquisition of TS.

## Principles of Consolidation

The consolidated financial statements include the accounts of Tech Data and its subsidiaries, including the results of TS from the date of acquisition of February 27, 2017. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company operates on a fiscal year that ends on January 31.

## Basis of Presentation

The consolidated financial statements have been prepared by the Company, pursuant to the rules and regulations of the United States (“U.S.”) Securities and Exchange Commission (“SEC”). The Company prepares its financial statements in conformity with generally accepted accounting principles in the U.S. (“GAAP”). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Revenue Recognition

Revenue is recognized once four criteria are met: (1) the Company must have persuasive evidence that an arrangement exists; (2) delivery must occur, which generally happens at the point of shipment (this includes the transfer of both title and risk of loss, provided that no significant obligations remain); (3) the price must be fixed or determinable; and (4) collectability must be reasonably assured. Shipping revenue is included in net sales while the related costs, including shipping and handling costs, are included in the cost of products sold. The Company allows its customers to return product for exchange or credit subject to certain limitations. A provision for such returns is recorded at the time of sale based upon historical experience. The Company also has certain fulfillment, extended warranty and service contracts with certain customers and suppliers whereby the Company assumes an agency relationship in the transaction. In such arrangements where the Company is not the primary obligor, revenues are recognized as the net fee associated with serving as an agent. Taxes imposed by governmental authorities on the Company’s revenue-producing activities with customers, such as sales taxes and value added taxes, are excluded from net sales. Service revenue associated with configuration, training, fulfillment and other services is recognized when the work is complete and the four criteria discussed above have been met. Service revenues represented less than 10% of consolidated net sales for fiscal years 2018, 2017 and 2016.

The following table provides a comparison of sales generated from products purchased from vendors that exceeded 10% of the Company’s consolidated net sales for fiscal 2018, 2017 and 2016 (as a percent of consolidated net sales):

|                                        | 2018 | 2017 | 2016 |
|----------------------------------------|------|------|------|
| Apple, Inc.                            | 16%  | 20%  | 20%  |
| HP Inc.                                | 10%  | 13%  |      |
| Hewlett-Packard Company <sup>(a)</sup> |      |      | 13%  |

Cisco Systems, Inc. 10% 10%

(a) Effective November 1, 2015, Hewlett-Packard Company split into two companies, HP Inc. and Hewlett Packard Enterprise. The amount presented for fiscal year 2016 represents the sales generated from products purchased from Hewlett-Packard Company prior to the split.

## Table of Contents

### Cash and Cash Equivalents

Short-term investments which are highly liquid and have an original maturity of 90 days or less are considered cash equivalents. The Company's cash equivalents consist primarily of highly liquid investments in money market funds with maturity periods of three months or less.

### Investments

The Company invests in life insurance policies to fund the Company's nonqualified deferred compensation plan. The life insurance asset recorded by the Company is the amount that would be realized upon the assumed surrender of the policy. This amount is based on the underlying fair value of the invested assets contained within the life insurance policies. The gains and losses are recorded in the Company's Consolidated Statement of Income within "other (income) expense, net."

### Accounts Receivable

The Company maintains an allowance for doubtful accounts receivable and sales returns for estimated losses resulting from the inability of its customers to make required payments and estimated product returns by customers for exchange or credit. In estimating the required allowance, the Company takes into consideration the overall quality and aging of the receivable portfolio, the large number of customers and their dispersion across wide geographic areas, the existence of credit insurance where applicable, specifically identified customer risks, historical write-off and sales returns experience and the current economic environment.

The Company has uncommitted accounts receivable purchase agreements under which certain accounts receivable may be sold, without recourse, to third-party financial institutions. Under these programs, the Company may sell certain accounts receivable in exchange for cash less a discount, as defined in the agreements. Available capacity under these programs, which the Company uses as a source of working capital funding, is dependent on the level of accounts receivable eligible to be sold into these programs and the financial institutions' willingness to purchase such receivables. In addition, certain of these agreements also require that the Company continue to service, administer and collect the sold accounts receivable. At January 31, 2018 and 2017, the Company had a total of \$687.2 million and \$506.7 million, respectively, of accounts receivable sold to and held by financial institutions under these agreements. Discount fees recorded under these facilities, which are included as a component of "other (income) expense, net" in the Company's Consolidated Statement of Income, were \$9.0 million, \$6.1 million and \$4.4 million during the fiscal years ended January 31, 2018, 2017 and 2016, respectively.

### Inventories

Inventories, consisting entirely of finished goods, are stated at the lower of cost or net realizable value, cost being determined on a moving average cost basis, which approximates the first-in, first-out method. Inventory is written down for estimated obsolescence equal to the difference between the cost of inventory and the net realizable value, based upon an aging analysis of the inventory on hand, specifically known inventory-related risks (such as technological obsolescence and the nature of vendor terms surrounding price protection and product returns), foreign currency fluctuations for foreign-sourced products and assumptions about future demand.

### Vendor Programs

The Company participates in various vendor programs under which the vendor may provide certain incentives such as cooperative advertising allowances, infrastructure funding, more favorable payment terms, early pay discounts and rebate arrangements. These programs are generally under quarterly, semi-annual or annual agreements with the vendors; however, some of these programs are negotiated on an ad-hoc basis mutually developed with the vendor. Unrestricted volume rebates and early payment discounts received from vendors are recorded when they are earned as a reduction of inventory and as a reduction of cost of products sold as the related inventory is sold. Vendor incentives for specifically identified cooperative advertising programs and infrastructure funding are recorded when earned as adjustments to cost of products sold or selling, general and administrative expenses, depending on the nature of the program. Reserves for receivables on vendor programs are recorded for estimated losses resulting from vendors' inability to pay or rejections of claims by vendors.

### Property and Equipment

Property and equipment are stated at cost. Depreciation expense includes depreciation of purchased property and equipment. Depreciation expense is computed over the shorter of the estimated economic lives or lease periods using



the straight-line method, generally as follows:

|                                   | Years |
|-----------------------------------|-------|
| Buildings and improvements        | 15-39 |
| Leasehold improvements            | 3 -10 |
| Furniture, fixtures and equipment | 3 -10 |

Expenditures for renewals and improvements that significantly add to productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to operations when incurred. When assets are sold or retired, the cost of the asset and the related accumulated depreciation are eliminated and any gain or loss is recognized at such time.

## Table of Contents

### Intangible Assets, net

Included within "intangible assets, net," at both January 31, 2018 and 2017 are capitalized software and development costs, as well as customer and vendor relationships, trade names and other intangible assets acquired in connection with various business acquisitions. Such capitalized costs and intangible assets are being amortized over a period of three to fourteen years.

The Company's capitalized software has been obtained or developed for internal use only. Development and acquisition costs are capitalized for computer software only when management authorizes and commits to funding a computer software project through the approval of a capital expenditure requisition, and the software project is either for the development of new software, to increase the life of existing software or to add significantly to the functionality of existing software. Once these requirements have been met, capitalization would begin at the point that conceptual formulation, evaluation, design and testing of possible software project alternatives have been completed. Capitalization ceases when the software project is substantially complete and ready for its intended use. The Company's accounting policy is to amortize capitalized software costs on a straight-line basis over periods ranging from three to ten years, depending upon the nature of the software, the stability of the hardware platform on which the software is installed, its fit in the Company's overall strategy and the Company's experience with similar software. Prepaid maintenance fees associated with a software application are accounted for separately from the related software and amortized over the life of the maintenance agreement. General, administrative, overhead, training, non-development data conversion processes, and maintenance costs, as well as the costs associated with the preliminary project and post-implementation stages are expensed as incurred.

### Impairment of Long-Lived Assets

Long-lived assets, including property and equipment and intangible assets, are reviewed for potential impairment at such time when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is evaluated when the sum of the expected, undiscounted future net cash flows is less than the carrying amount of the asset. Any impairment loss is measured by comparing the fair value of the asset to its carrying value.

### Goodwill

The Company performs an annual review for the potential impairment of the carrying value of goodwill, or more frequently if current events and circumstances indicate a possible impairment. For purposes of its goodwill analysis, the Company has three reporting units, which are also the Company's operating segments. The Company evaluates the appropriateness of performing a qualitative assessment, on a reporting unit level, based on current circumstances. If the results of the qualitative assessment indicate that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, the quantitative impairment test will not be performed. The factors that were considered in the qualitative analysis included macroeconomic conditions, industry and market considerations, cost factors such as increases in product cost, labor, or other costs that would have a negative effect on earnings and cash flows and other relevant entity-specific events and information.

If the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative impairment test is performed. The quantitative impairment test compares the fair values of the Company's reporting units with their carrying amounts, including goodwill. The fair values of the reporting units are estimated using market and discounted cash flow approaches. The assumptions used in the market approach are based on the value of a business through an analysis of multiples of guideline companies and recent sales or offerings of a comparable entity. The assumptions used in the discounted cash flow approach are based on historical and forecasted revenue, operating costs, future economic conditions and other relevant factors. If the carrying amount of a reporting unit exceeds its fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, only to the extent of the carrying value of goodwill allocated to that reporting unit.

### Product Warranty

The Company's vendors generally warrant the products distributed by the Company and allow the Company to return defective products, including those that have been returned to the Company by its customers. The Company typically does not independently warrant the products it distributes; however, in several countries where the Company operates,

the Company is responsible for defective product as a matter of law. The time period required by law in certain countries exceeds the warranty period provided by the manufacturer. The Company is obligated to provide warranty protection for sales of certain IT products within the European Union (“EU”) for up to two years as required under the EU directive where vendors have not affirmatively agreed to provide pass-through protection. To date, the Company has not incurred any significant costs for defective products under these legal requirements. The Company does warrant services with regard to products integrated for its customers. A provision for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience. To date, the Company has not incurred any significant service warranty costs.

#### Income Taxes

Income taxes are accounted for under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on differences between the book basis and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the fiscal period that includes the enactment date.

## Table of Contents

The Company considers all positive and negative evidence available in determining the potential realization of deferred tax assets, including the scheduled reversal of temporary differences, recent cumulative losses, recent and projected future taxable income and prudent and feasible tax planning strategies. In making this determination, the Company places greater emphasis on recent cumulative losses and recent taxable income due to the inherent lack of subjectivity associated with these factors. In addition, the Company is subject to the periodic examination of its income tax returns by the Internal Revenue Service and other tax authorities. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes.

### Concentration of Credit Risk

The Company's financial instruments which are subject to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and foreign currency exchange contracts. The Company's cash and cash equivalents are deposited and/or invested with various financial institutions globally that are monitored on a regular basis by the Company for credit quality.

The Company sells its products to a large base of value-added resellers, direct marketers, retailers and corporate resellers. The Company performs ongoing credit evaluations of its customers and generally does not require collateral. The Company has obtained credit insurance, primarily in Europe, which insures a percentage of credit extended by the Company to certain of its customers against possible loss. The Company maintains provisions for estimated credit losses. No single customer accounted for more than 10% of the Company's net sales during fiscal years 2018, 2017 and 2016.

The Company also enters into foreign currency exchange contracts. In the event of a failure to honor one of these contracts by one of the banks with which the Company has contracted, the Company believes any loss would be limited in most circumstances to the exchange rate differential from the time the contract was executed until the time the contract was settled. The Company's foreign currency exchange contracts are executed with various financial institutions globally and are monitored on a regular basis by the Company for credit quality.

### Foreign Currency Translation and Remeasurement

The assets and liabilities of the Company's foreign subsidiaries for which the local currency is the functional currency are translated into U.S. dollars using the exchange rate in effect at each balance sheet date and income and expense accounts are translated using weighted average exchange rates for each period during the year. Translation gains and losses are reported as components of "accumulated other comprehensive income (loss)", included within shareholders' equity in the Company's Consolidated Balance Sheet. Gains and losses from foreign currency transactions are included in the Company's Consolidated Statement of Income.

### Derivative Financial Instruments

The Company faces exposure to changes in foreign currency exchange rates. The Company reduces its exposure by creating offsetting positions through the use of derivative financial instruments, in the form of foreign currency forward contracts, in situations where there are not offsetting balances that create an economic hedge. Substantially all of these instruments have terms of 90 days or less. It is the Company's policy to utilize financial instruments to reduce risk where appropriate and prohibit entering into derivative financial instruments for speculative or trading purposes. Derivative financial instruments used to reduce exposure to foreign currency risk are not designated as hedging instruments. The derivative instruments are marked-to-market each period with gains and losses on these contracts recorded in the Company's Consolidated Statement of Income within "cost of products sold" for derivative instruments used to manage the Company's exposure to foreign denominated accounts receivable and accounts payable and within "other (income) expense, net," for derivative instruments used to manage the Company's exposure to foreign denominated financing transactions. Such mark-to-market gains and losses are recorded in the period in which their value changes, with the offsetting entry for unsettled positions being recorded to either "prepaid expenses and other assets" or "accrued expenses and other liabilities" in the Company's Consolidated Balance Sheet.

### Comprehensive Income

Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, and is comprised of "net income" and "other comprehensive income." The Company's "accumulated other comprehensive income (loss)" is comprised exclusively of

changes in the Company's currency translation adjustment account.

#### Stock-Based Compensation

The Company records all equity-based incentive grants to employees and non-employee members of the Company's Board of Directors in "selling, general and administrative expenses" in the Company's Consolidated Statement of Income based on their fair values determined on the date of grant. Stock-based compensation expense, reduced for estimated forfeitures, is recognized on a straight-line basis over the requisite service period of the award. The Company estimates forfeiture rates based on its historical experience.

#### Treasury Stock

Treasury stock is accounted for at cost. Shares repurchased by the Company are held in treasury for general corporate purposes, including issuances under equity incentive and benefit plans. The reissuance of shares from treasury stock is based on the weighted average purchase price of the shares.

## Table of Contents

### Contingencies

The Company accrues for contingent obligations, including estimated legal costs, when the obligation is probable and the amount is reasonably estimable. As facts concerning contingencies become known, the Company reassesses its position and makes appropriate adjustments to the financial statements. Estimates that are particularly sensitive to future changes include those related to tax, legal and other regulatory matters such as imports and exports, the imposition of international governmental controls, changes in the interpretation and enforcement of international laws (particularly related to items such as duty and taxation), and the impact of local economic conditions and practices, which are all subject to change as events evolve and as additional information becomes available during the administrative and litigation process.

### Acquisition, integration and restructuring expenses

Acquisition, integration and restructuring expenses are primarily comprised of professional services, restructuring costs, transaction related costs and other costs related to the acquisition of TS (see Note 5 – Acquisitions for further discussion).

### LCD settlements and other, net

The Company has been a claimant in proceedings seeking damages from certain manufacturers of LCD flat panel and cathode ray tube displays. The Company reached settlement agreements with certain manufacturers during the periods presented and has recorded these amounts, net of attorney fees and expenses, in "LCD settlements and other, net," in the Consolidated Statement of Income.

### Recently Adopted Accounting Standards

In July 2015, the FASB issued a new accounting standard that simplifies the subsequent measurement of inventory. Under the new standard, the cost of inventory is compared to the net realizable value (NRV). Net realizable value is defined as the estimated selling prices in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. The standard is applied prospectively and was effective for the Company beginning with the quarter ended April 30, 2017. The adoption of this standard had no material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued a new standard that simplifies the subsequent measurement of goodwill by eliminating Step 2 from the annual goodwill impairment test. With the elimination of Step 2, entities measure goodwill for impairment by comparing the fair value of the reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, only to the extent of the carrying value of goodwill allocated to that reporting unit. The accounting standard is applied prospectively. The Company early adopted the guidance during the quarter ended April 30, 2017. The adoption of this standard had no material impact on the Company's consolidated financial statements.

### Recently Issued Accounting Standards

In May 2014, the FASB issued an accounting standard which will supersede all existing revenue recognition guidance under current GAAP. In March, April, May and December 2016, the FASB issued additional updates to the new accounting standard which provide supplemental adoption guidance and clarifications. The new standard requires the recognition of revenue to depict the transfer of promised goods or services in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services. The accounting standard is effective for the Company beginning with the quarter ending April 30, 2018. The standard may be adopted using either a full retrospective or a modified retrospective approach. The Company established a project implementation team and developed a multi-phase plan to assess the Company's business, as well as any changes to processes or systems to adopt the requirements of the new standard.

The Company will adopt the standard utilizing the full retrospective approach. The adoption of this standard is expected to impact the reporting of certain revenues on a gross or net basis, primarily related to changes in the reporting of certain software revenue transactions moving from a gross basis to a net basis. The Company is currently in the process of finalizing its conclusions and expects that the change in the reporting of certain revenues from a gross to a net basis will result in a reduction in revenues for fiscal 2017 and 2018 of approximately 7% to 10%. Furthermore, the adoption of this standard is not expected to have a significant impact on gross profit, operating income, net income or cash flows from operations.

In February 2016, the FASB issued an accounting standard which requires the recognition of assets and liabilities arising from lease transactions on the balance sheet and the disclosure of additional information about leasing arrangements. Under the new guidance, for all leases, interest expense and amortization of the right to use asset will be recorded for leases determined to be financing leases and straight-line lease expense will be recorded for leases determined to be operating leases. Lessees will initially recognize assets for the right to use the leased assets and liabilities for the obligations created by those leases. The new accounting standard must be adopted using a modified retrospective approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The accounting standard is effective for the Company beginning with the quarter ending April 30, 2019, with early adoption permitted. The Company is in the process of assessing the impact of this new standard, however, the Company currently expects that the primary impact will be an increase in its total assets and total liabilities due to the recognition of right-of-use assets and corresponding lease liabilities upon implementation for leases currently accounted for as operating leases.

Table of Contents

In June 2016, the FASB issued an accounting standard which revises the methodology for measuring credit losses on financial instruments and the timing of the recognition of those losses. Under the new standard, financial assets measured at an amortized cost basis are to be presented net of the amount not expected to be collected via an allowance for credit losses. Estimated credit losses are to be based on historical information adjusted for management's expectation that current conditions and supportable forecasts differ from historical experience. The accounting standard is effective for the Company beginning with the quarter ending April 30, 2020, with early adoption permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In August 2016, the FASB issued a new accounting standard that addresses how certain cash receipts and cash payments are presented and classified on the statement of cash flows. The accounting standard is effective for the Company beginning with the quarter ending April 30, 2018, with early adoption permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In October 2016, the FASB issued a new accounting standard that revises the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The accounting standard is effective for the Company beginning with the quarter ending April 30, 2018, with early adoption permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In May 2017, the FASB issued a new accounting standard that clarifies the guidance regarding the changes to the terms or conditions of a share-based payment award that would require an entity to apply modification accounting. The accounting standard is effective for the Company beginning with the quarter ending April 30, 2018, with early adoption permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In August 2017, the FASB issued a new accounting standard that amends and simplifies guidance related to hedge accounting to more accurately portray the economics of an entity's risk management activities in its financial statements. The accounting standard is effective for the Company beginning with the quarter ending April 30, 2019, with early adoption permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

**Reclassifications**

Certain reclassifications have been made to the prior period amounts to conform to the current period presentation. These reclassifications did not have a material impact on previously reported amounts.

**NOTE 2 — EARNINGS PER SHARE ("EPS")**

The Company presents the composition of EPS on a basic and diluted basis. Basic EPS is computed by dividing net income by the weighted average number of shares outstanding during the reported period. Diluted EPS reflects the potential dilution related to equity-based incentives (see Note 8 – Employee Benefit Plans for further discussion) using the treasury stock method. The composition of basic and diluted EPS (in thousands, except per share data) is as follows:

|                                          |           |           |           |
|------------------------------------------|-----------|-----------|-----------|
| Year ended January 31:                   | 2018      | 2017      | 2016      |
| Net income                               | \$116,641 | \$195,095 | \$265,736 |
| Weighted average common shares - basic   | 37,957    | 35,194    | 35,898    |
| Effect of dilutive securities:           |           |           |           |
| Equity-based awards                      | 259       | 234       | 199       |
| Weighted average common shares - diluted | 38,216    | 35,428    | 36,097    |

**Earnings per share**

|         |        |        |        |
|---------|--------|--------|--------|
| Basic   | \$3.07 | \$5.54 | \$7.40 |
| Diluted | \$3.05 | \$5.51 | \$7.36 |

For the fiscal years ended January 31, 2018 and 2017 there were 3,017 and 5,191 shares, respectively, excluded from the computation of diluted earnings per share because their effect would have been antidilutive. For the fiscal year ended January 31, 2016 there were no shares excluded from the computation of diluted earnings per share because



their effect would have been antidilutive.

53

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Table of Contents**NOTE 3 — PROPERTY AND EQUIPMENT, NET**

The Company's property and equipment (in thousands) consists of the following:

| As of January 31:                    | 2018       | 2017      |
|--------------------------------------|------------|-----------|
| Land                                 | \$44,515   | \$3,957   |
| Buildings and leasehold improvements | 216,344    | 69,065    |
| Furniture, fixtures and equipment    | 319,528    | 269,032   |
| Property and equipment               | 580,387    | 342,054   |
| Less: accumulated depreciation       | (301,296 ) | (267,815) |
| Property and equipment, net          | \$279,091  | \$74,239  |

Depreciation expense for the fiscal years ended January 31, 2018, 2017 and 2016 totaled \$28.9 million, \$16.2 million and \$16.3 million, respectively.

On October 25, 2017, the Company terminated its synthetic lease arrangement with a group of financial institutions (the "Synthetic Lease") under which the Company previously leased certain logistics centers and office facilities and purchased the real property that was subject to the Synthetic Lease for \$156.2 million. The properties acquired as a result of the termination of the Synthetic Lease are located in Clearwater and Miami, Florida; Fort Worth, Texas; Fontana, California; Suwanee, Georgia; Swedesboro, New Jersey; and South Bend, Indiana.

**NOTE 4 — GOODWILL AND INTANGIBLE ASSETS**

The changes in the carrying amount of goodwill, by segment, for the fiscal year ended January 31, 2018, are as follows (in thousands):

|                                                  | Americas   | Europe     | Asia-Pacific | Total      |
|--------------------------------------------------|------------|------------|--------------|------------|
| Balance as of February 1, 2017                   | \$ 19,559  | \$ 179,462 | \$ —         | \$ 199,021 |
| Goodwill acquired during the year <sup>(1)</sup> | 468,931    | 176,341    | 76,889       | 722,161    |
| Foreign currency translation adjustment          | 285        | 39,560     | 8,141        | 47,986     |
| Balance as of January 31, 2018                   | \$ 488,775 | \$ 395,363 | \$ 85,030    | \$ 969,168 |

<sup>(1)</sup> Amounts related to the acquisition of TS.

In conjunction with the Company's annual impairment testing, the Company's goodwill was tested for impairment as of November 1, 2017. The results of the testing indicated that the fair value of each of the Company's reporting units was greater than its carrying value. As a result, no goodwill impairment was recorded during the fiscal year ended January 31, 2018.

The Company's intangible assets consist of the following (in thousands):

|                                            | January 31, 2018      |                          |                | January 31, 2017      |                          |                |
|--------------------------------------------|-----------------------|--------------------------|----------------|-----------------------|--------------------------|----------------|
|                                            | Gross carrying amount | Accumulated amortization | Net book value | Gross carrying amount | Accumulated amortization | Net book value |
| Capitalized software and development costs | \$458,799             | \$ (318,110 )            | \$ 140,689     | \$320,113             | \$ (269,872 )            | \$ 50,241      |
| Customer and vendor relationships          | 1,098,958             | (197,517 )               | 901,441        | 175,872               | (107,267 )               | 68,605         |
| Other intangible assets                    | 92,573                | (47,931 )                | 44,642         | 40,555                | (28,725 )                | 11,830         |
| Total                                      | \$1,650,330           | \$ (563,558 )            | \$ 1,086,772   | \$536,540             | \$ (405,864 )            | \$ 130,676     |

Other intangible assets is primarily comprised of trade names from previous acquisitions. The Company capitalized intangible assets of approximately \$1.0 billion, \$14.6 million and \$29.2 million for the fiscal years ended January 31, 2018, 2017 and 2016, respectively. For fiscal 2018, these capitalized assets primarily relate to approximately \$1.0 billion of intangible assets recorded in conjunction with the acquisition of TS, including \$875 million related to customer relationships, \$75 million of capitalized software and development costs and \$44 million related to trade names (see Note 5 - Acquisitions for further discussion). For fiscal 2017, these capitalized assets related primarily to software and software development expenditures to be used in the Company's operations. For fiscal 2016, these capitalized assets included acquired identifiable intangible assets and software and software development expenditures to be used in the Company's operations.



Table of Contents

Capitalized software and development costs amortization expense for the fiscal years ended January 31, 2018, 2017 and 2016 totaled \$32.0 million, \$17.1 million and \$17.7 million, respectively. Other intangible assets amortization expense for the fiscal years ended January 31, 2018, 2017 and 2016 totaled \$89.1 million, \$21.1 million and \$23.3 million, respectively. Estimated amortization expense of existing capitalized software and development costs and other intangible assets (which includes customer and vendor relationships and other intangible assets) is as follows (in thousands):

| Fiscal year: | Capitalized software and development costs | Other intangible assets | Total      |
|--------------|--------------------------------------------|-------------------------|------------|
| 2019         | \$ 30,503                                  | \$ 90,426               | \$ 120,929 |
| 2020         | 26,511                                     | 84,839                  | 111,350    |
| 2021         | 22,715                                     | 84,787                  | 107,502    |
| 2022         | 19,118                                     | 83,120                  | 102,238    |
| 2023         | 8,813                                      | 74,803                  | 83,616     |

## NOTE 5 — ACQUISITIONS

## Acquisition of TS

On September 19, 2016, Tech Data entered into an interest purchase agreement, as subsequently amended, with Avnet to acquire all the shares of TS. TS delivers data center hardware and software solutions and services. The TS acquisition strengthens the Company's end-to-end solutions and deepens its value added capabilities in the data center and next-generation technologies. The addition of TS also extends the Company's geographic reach into the Asia-Pacific region while broadening its capabilities in Europe and the Americas, including re-entering Latin America with a focus on the delivery of new technologies that drive and complement the data center in this market. Pursuant to the interest purchase agreement, and subject to the terms and conditions contained therein, at the closing of the acquisition on February 27, 2017, Tech Data acquired all of the outstanding shares of TS for an aggregate purchase price of approximately \$2.8 billion, comprised of approximately \$2.5 billion in cash, including estimated closing adjustments, and 2,785,402 shares of the Company's common stock, valued at approximately \$247 million based on the closing price of the Company's common stock on February 27, 2017.

The Company has accounted for the TS acquisition as a business combination and allocated the purchase price to the fair values of assets acquired and liabilities assumed. The Company has completed its evaluation of assets acquired and liabilities assumed and finalized its estimate of the purchase price. The final cash consideration is subject to certain working capital and other adjustments, as determined through the process established in the interest purchase agreement, which has not yet been agreed upon by the Company and Avnet. The company has accrued its best estimate of the expected final purchase price and the resulting liability to Avnet. However, the final purchase price may vary significantly from these estimates once these adjustments are finalized. As the measurement period has concluded, the impact of any adjustments to the purchase price will be recorded in the Consolidated Statement of Income in the period such change occurs.

During the year ended January 31, 2018, the Company updated its preliminary estimated fair values of certain assets acquired and liabilities assumed. This includes an increase in goodwill of \$229 million, a decrease in intangible assets of \$116 million, a decrease in other long-term assets of \$22 million, a decrease in current assets of \$19 million and a decrease in total liabilities of \$12 million.



Table of Contents

The allocation of the purchase price to assets acquired and liabilities assumed is as follows:

(in millions)

|                                           |         |
|-------------------------------------------|---------|
| Cash                                      | \$ 176  |
| Accounts receivable                       | 1,829   |
| Inventories                               | 239     |
| Prepaid expenses and other current assets | 100     |
| Property and equipment, net               | 62      |
| Goodwill                                  | 722     |
| Intangible assets                         | 919     |
| Other assets, net                         | 158     |
| Total assets                              | 4,205   |
| Other current liabilities                 | 1,170   |
| Revolving credit loans and long-term debt | 134     |
| Other long-term liabilities               | 99      |
| Total liabilities                         | 1,403   |
| Purchase price                            | \$2,802 |

Identifiable intangible assets are comprised of approximately \$875 million of customer relationships with a weighted-average amortization period of 14 years and \$44 million of trade names with an amortization period of 5 years. Goodwill is the excess of the consideration transferred over the net assets recognized and primarily represents the expected revenue and cost synergies of the combined company and assembled workforce. Approximately \$1.2 billion of the goodwill and identifiable intangible assets are expected to be deductible for tax purposes. The Company has recorded certain indemnification assets for expected amounts to be received from Avnet related to liabilities recorded for unrecognized tax benefits and other items (See Note 7 – Income Taxes for further discussion).

Included within the Company's Consolidated Statement of Income are estimated net sales for the year ended January 31, 2018, of approximately \$8.9 billion from TS subsequent to the acquisition date of February 27, 2017. As the Company began integrating certain sales and other functions after the closing of the acquisition, these amounts represent an estimate of the TS net sales for the fiscal year ended January 31, 2018. It is not necessarily indicative of how the TS operations would have performed on a stand-alone basis. As a result of certain integration activities subsequent to the date of acquisition, it is impracticable to disclose earnings from TS for the period subsequent to the acquisition date.

The following table presents unaudited supplemental pro forma information as if the TS acquisition had occurred at the beginning of fiscal 2017. The pro forma results presented are based on combining the stand-alone operating results of the Company and TS for the periods prior to the acquisition date after giving effect to certain adjustments related to the transaction. The pro forma results exclude any benefits that may result from potential cost synergies of the combined company and certain non-recurring costs. As a result, the pro forma information below does not purport to present what actual results would have been had the acquisition actually been consummated on the date indicated and it is not necessarily indicative of the results of operations that may result in the future.

|                        |             |          |
|------------------------|-------------|----------|
| Year ended January 31: | 2018        | 2017     |
| (in millions)          | (unaudited) |          |
| Pro forma net sales    | \$37,508    | \$35,482 |
| Pro forma net income   | \$129       | \$232    |

Adjustments reflected in the pro forma results include the following:

- Amortization of acquired intangible assets
- Interest costs associated with the transaction

Removal of certain non-recurring transaction costs of \$20 million and \$12 million in fiscal 2018 and 2017, respectively

• Tax effects of adjustments based on an estimated statutory tax rate

Table of Contents

## Acquisition, integration and restructuring expenses

Acquisition, integration and restructuring expenses are comprised of professional services, restructuring costs, transaction related costs and other costs related to the acquisition of TS. Professional services are primarily comprised of integration related activities, including professional fees for project management, accounting, tax and IT consulting services. Restructuring costs are comprised of severance and facility exit costs. Transaction related costs primarily consist of investment banking fees, legal expenses and due diligence costs incurred in connection with the completion of the transaction. Other costs primarily consist of payroll related costs including retention, stock compensation, relocation and travel expenses, as well as other IT related costs, incurred as part of the integration of TS.

Acquisition, integration and restructuring expenses for the years ended January 31, 2018 and 2017 are comprised of the following:

|                           | 2018      | 2017     |
|---------------------------|-----------|----------|
| (in thousands)            |           |          |
| Professional services     | \$49,599  | \$14,338 |
| Restructuring costs       | 35,070    | —        |
| Transaction related costs | 20,167    | 12,083   |
| Other                     | 31,436    | 2,545    |
| Total                     | \$136,272 | \$28,966 |

During the year ended January 31, 2018, the Company recorded restructuring costs of \$16.1 million in the Americas and \$19.0 million in Europe. The accrued restructuring charges are included in “accrued expenses and other liabilities” in the Consolidated Balance Sheet.

Restructuring activity during the year ended January 31, 2018 is as follows:

|                                    | Severance | Facility<br>Exit<br>Costs | Total     |
|------------------------------------|-----------|---------------------------|-----------|
| (in thousands)                     |           |                           |           |
| Fiscal 2018 restructuring expenses | \$29,717  | \$5,353                   | \$35,070  |
| Cash payments                      | (16,830 ) | (3,928 )                  | (20,758 ) |
| Foreign currency translation       | 479       | 205                       | 684       |
| Balance at January 31, 2018        | \$13,366  | \$1,630                   | \$14,996  |

## NOTE 6 — DEBT

The carrying value of the Company's outstanding debt consists of the following (in thousands):

| As of January 31:                                                                                                                                            | 2018       | 2017       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Senior Notes, interest at 3.70% payable semi-annually, due February 15, 2022                                                                                 | \$500,000  | \$500,000  |
| Senior Notes, interest at 4.95% payable semi-annually, due February 15, 2027                                                                                 | 500,000    | 500,000    |
| Senior Notes, interest at 3.75% payable semi-annually, due September 21, 2017                                                                                | —          | 350,000    |
| Less—unamortized debt discount and debt issuance costs                                                                                                       | (8,678 )   | (10,633 )  |
| Senior Notes, net                                                                                                                                            | 991,322    | 1,339,367  |
| Term Loans, interest rate of 3.07% at January 31, 2018                                                                                                       | 500,000    | —          |
| Other committed and uncommitted revolving credit facilities, average interest rate of 6.07% and 8.35% at January 31, 2018 and January 31, 2017, respectively | 119,826    | 23,680     |
| Other long-term debt                                                                                                                                         | 26,761     | —          |
|                                                                                                                                                              | 1,637,909  | 1,363,047  |
| Less—current maturities (included as “revolving credit loans and current maturities of long-term debt, net”)                                                 | (132,661 ) | (373,123 ) |



|                      |             |           |
|----------------------|-------------|-----------|
| Total long-term debt | \$1,505,248 | \$989,924 |
| Senior Notes         |             |           |

In January 2017, the Company issued \$500.0 million aggregate principal amount of 3.70% Senior Notes due February 15, 2022 (the "3.70% Senior Notes") and \$500.0 million aggregate principal amount of 4.95% Senior Notes due February 15, 2027 (the "4.95% Senior Notes") (collectively the "2017 Senior Notes"), resulting in proceeds of approximately \$989.9 million, net of debt discount and debt issuance costs of approximately \$1.6 million and \$8.5 million, respectively. The net proceeds from the issuance of the 2017 Senior Notes were used to fund a portion of the purchase price of the acquisition of TS. The debt discount and debt issuance costs incurred in connection with the public offering are amortized over the life of the 2017 Senior Notes as additional interest expense using the effective interest method. The Company pays interest on the 2017 Senior Notes semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2017. The interest rate payable on the 2017 Senior Notes will be subject to adjustment from time to time if the credit rating assigned to such series of notes changes. At no point will the interest rate be reduced below the interest rate payable on the notes on the date of the initial issuance or increase more than 2.00% above the interest rate payable on the notes of the series on the date of their initial issuance. The 2017 Senior Notes are senior unsecured obligations of the Company and will rank equally with all other unsecured and unsubordinated indebtedness of the Company from time to time outstanding.

The Company, at its option, may redeem the 3.70% Senior Notes at any time prior to January 15, 2022 and the 4.95% Senior Notes at any time prior to November 15, 2026, in each case in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the 2017 Senior Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2017 Senior Notes to be redeemed, discounted to the date of redemption on a semi-annual basis at a rate equal to the sum of the applicable Treasury Rate plus 30 basis points for the 3.70% Senior Notes and 40 basis points for the 4.95% Senior Notes, plus the accrued and unpaid interest on the principal amount being redeemed up to the date of redemption. The Company may also redeem the 2017 Senior Notes, at any time in whole or from time to time in part, on or after January 15, 2022 for the 3.70% Senior Notes and November 15, 2026 for the 4.95% Senior Notes, in each case, at a redemption price equal to 100% of the principal amount of the 2017 Senior Notes to be redeemed.

## Table of Contents

In September 2012, the Company issued \$350.0 million aggregate principal amount of 3.75% Senior Notes in a public offering (the “3.75% Senior Notes”). The 3.75% Senior Notes matured on September 21, 2017 and the Company repaid the remaining principal balance of \$350.0 million.

### Other Credit Facilities

The Company has a \$1.25 billion revolving credit facility with a syndicate of banks (the “Credit Agreement”), which among other things, provides for (i) a maturity date of November 2, 2021 and (ii) an interest rate on borrowings, facility fees and letter of credit fees based on the Company’s non-credit enhanced senior unsecured debt rating as determined by Standard & Poor’s Rating Service and Moody’s Investor Service. The Company pays interest on advances under the Credit Agreement at LIBOR (or similar interbank offered rates depending on currency draw) plus a predetermined margin that is based on the Company’s debt rating. There were no amounts outstanding under the Credit Agreement at January 31, 2018 and 2017.

The Company entered into a term loan credit agreement on November 2, 2016 with a syndicate of banks (the “Term Loan Credit Agreement”) which provides for the borrowing of (i) a tranche of senior unsecured term loans in an original aggregate principal amount of \$250.0 million and maturing three years after the funding date and (ii) a tranche of senior unsecured term loans in an original aggregate principal amount of \$750.0 million and maturing five years after the funding date. The Company pays interest on advances under the Term Loan Credit Agreement at a variable rate based on LIBOR (or similar interbank offered rates depending on currency draw) plus a predetermined margin that is based on the Company’s debt rating. In connection with the acquisition of TS on February 27, 2017, the Company borrowed \$1.0 billion under the Term Loan Credit Agreement in order to fund a portion of the cash consideration paid to Avnet. The borrowings were comprised of a \$250.0 million tranche of three-year senior unsecured term loans (the “2020 Term Loans”) and a \$750.0 million tranche of five-year senior unsecured term loans (the “2022 Term Loans”). The 2020 Term Loans were repaid in full during fiscal 2018.

The outstanding principal amount of the 2022 Term Loans is payable in equal quarterly installments of (i) for the first three years after the funding date, 5.0% per annum of the initial principal amount and (ii) for the fourth and fifth years after the funding date, 10.0% per annum of the initial principal amount, with the remaining balance payable on February 27, 2022. The Company may repay the 2022 Term Loans, at any time in whole or in part, without penalty or premium prior to the maturity date. Quarterly installment payments due under the 2022 Term Loans are reduced by the amount of any prepayments made by the Company. During fiscal 2018, the Company made principal payments of \$250.0 million on the 2022 Term Loans. At January 31, 2018, there was \$500.0 million outstanding on the 2022 Term Loans at an interest rate of 3.07%.

The Company also has an agreement with a syndicate of banks (the “Receivables Securitization Program”) that allows the Company to transfer an undivided interest in a designated pool of U.S. accounts receivable, on an ongoing basis, to provide collateral for borrowings up to a maximum of \$750.0 million. Under this program, the Company transfers certain U.S. trade receivables into a wholly-owned bankruptcy remote special purpose entity. Such receivables, which are recorded in the Consolidated Balance Sheet, totaled \$1.483 billion and \$748.6 million at January 31, 2018 and 2017, respectively. As collections reduce accounts receivable balances included in the collateral pool, the Company may transfer interests in new receivables to bring the amount available to be borrowed up to the maximum. This program has a maturity date of August 8, 2019, and interest is to be paid on advances under the Receivables Securitization Program at the applicable commercial paper or LIBOR rate plus an agreed-upon margin. There were no amounts outstanding under the Receivables Securitization Program at January 31, 2018 and 2017.

In addition to the facilities described above, the Company has various other committed and uncommitted lines of credit and overdraft facilities totaling approximately \$485.3 million at January 31, 2018 to support its operations. Most of these facilities are provided on an unsecured, short-term basis and are reviewed periodically for renewal. There was \$119.8 million outstanding on these facilities at January 31, 2018, at a weighted average interest rate of 6.07%, and there was \$23.7 million outstanding at January 31, 2017, at a weighted average interest rate of 8.35%. At January 31, 2018, the Company had also issued standby letters of credit of \$28.0 million. These letters of credit typically act as a guarantee of payment to certain third parties in accordance with specified terms and conditions. The issuance of these letters of credit reduces the Company’s borrowing availability under certain of the above-mentioned credit facilities.

Certain of the Company's credit facilities contain limitations on the amounts of annual dividends and repurchases of common stock and require compliance with other obligations, warranties and covenants. The financial ratio covenants under these credit facilities include a maximum total leverage ratio and a minimum interest coverage ratio. At January 31, 2018, the Company was in compliance with all such financial covenants.

Future payments of debt at January 31, 2018 and for succeeding fiscal years are as follows (in thousands):

58

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Table of Contents

Fiscal Year:

2019 \$ 132.7

2020 7.2

2021 4.8

2022 14.4

2023 987.5

Thereafter 500.0

Total principal payments \$ 1,646.6

59

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Table of Contents

## NOTE 7 — INCOME TAXES

Significant components of the provision for income taxes are as follows (in thousands):

| Year ended January 31:               | 2018      | 2017      | 2016      |
|--------------------------------------|-----------|-----------|-----------|
| Current tax expense:                 |           |           |           |
| Federal                              | \$131,107 | \$37,724  | \$71,502  |
| State                                | 6,515     | 4,030     | 5,989     |
| Foreign                              | 49,082    | 30,914    | 36,804    |
| Total current tax expense            | 186,704   | 72,668    | 114,295   |
| Deferred tax (benefit) expense:      |           |           |           |
| Federal                              | (1,129 )  | (8,380 )  | (3,984 )  |
| State                                | 363       | (799 )    | 543       |
| Foreign                              | (3,495 )  | (1,823 )  | 5,828     |
| Total deferred tax (benefit) expense | (4,261 )  | (11,002 ) | 2,387     |
|                                      | \$182,443 | \$61,666  | \$116,682 |

The reconciliation of the U.S. federal statutory tax rate to the effective tax rate is as follows:

| Year ended January 31:                                  | 2018   | 2017   | 2016   |
|---------------------------------------------------------|--------|--------|--------|
| U.S. statutory rate                                     | 33.8 % | 35.0 % | 35.0 % |
| State income taxes, net of federal benefit              | 1.1    | 0.8    | 1.1    |
| Net changes in deferred tax valuation allowances        | 1.2    | (3.4 ) | 0.0    |
| Tax on foreign earnings different than U.S. rate        | (6.7 ) | (9.9 ) | (7.4 ) |
| Nondeductible interest                                  | 1.0    | 2.1    | 1.6    |
| Effect of company-owned life insurance                  | (1.0 ) | (0.7 ) | 0.2    |
| U.S. Tax Reform transition tax                          | 33.8   | 0.0    | 0.0    |
| U.S. Tax Reform impact of rate change on deferred taxes | (1.9 ) | 0.0    | 0.0    |
| Other, net                                              | (0.3 ) | 0.1    | 0.0    |
|                                                         | 61.0 % | 24.0 % | 30.5 % |

## U.S. Tax Reform

On December 22, 2017, the U.S. federal government enacted the U.S. Tax Cuts and Jobs Act (“U.S. Tax Reform”) which significantly revised U.S. corporate income tax law by, among other things, reducing the U.S. federal corporate income tax rate from 35% to 21% and implementing a modified territorial tax system that includes a one-time transition tax on deemed repatriated earnings of foreign subsidiaries. Due to the complexities involved in accounting for U.S. Tax Reform, the SEC issued Staff Accounting Bulletin (“SAB”) 118 which requires that the Company include in its financial statements the reasonable estimate of the impact of U.S. Tax Reform on earnings to the extent such reasonable estimate has been determined. Accordingly, in fiscal 2018, the Company recorded income tax expenses of \$95.4 million, which represents the Company’s reasonable estimate of the impact of enactment of U.S. Tax Reform. The amounts recorded include income tax expenses of \$101.1 million for the transition tax and a net income tax benefit of \$5.7 million related to the remeasurement of net deferred tax liabilities as a result of the change in the U.S. federal corporate income tax rate.

SAB 118 allows the Company to report provisional amounts within a measurement period up to one year due to the complexities inherent in adopting the changes. The Company considers both the recognition of the transition tax and the remeasurement of deferred taxes incomplete. The final impact from the enactment of U.S. Tax Reform may differ from the reasonable estimate of \$95.4 million due to substantiation of foreign-based earnings and profits and foreign tax credits and the utilization of those foreign tax credits. Additionally, new guidance from regulators, interpretation of the law, and refinement of the Company’s estimates from ongoing analysis of data and tax positions may change the provisional amounts recorded. Any changes in the provisional amount recorded will be reflected in income tax expense in the period they are identified.

Additionally, U.S. Tax Reform subjects a U.S. shareholder to tax on Global Intangible Low-Taxed Income (“GILTI”) earned by certain foreign subsidiaries. The Company can make an accounting policy election to either treat taxes due

on the GILTI as a current period expense, or factor such amounts into our measurement of deferred taxes. Given the complexity of the GILTI provisions, the Company is still evaluating and has not yet determined its accounting policy.

Table of Contents

At January 31, 2018, there are \$959.4 million of consolidated cumulative undistributed earnings of foreign subsidiaries. Historically, such earnings were indefinitely reinvested outside of the United States. Due to the enactment of US Tax Reform, the Company is currently in the process of evaluating this position. As a result, deferred tax liabilities with respect to state income taxes and foreign withholding taxes have not been provided on undistributed earnings of foreign subsidiaries, however, the Company does not expect that the amount would be material to its consolidated financial statements.

The components of pretax income are as follows (in thousands):

| Year ended January 31: | 2018      | 2017      | 2016      |
|------------------------|-----------|-----------|-----------|
| U.S.                   | \$115,041 | \$92,067  | \$195,219 |
| Foreign                | 184,043   | 164,694   | 187,199   |
|                        | \$299,084 | \$256,761 | \$382,418 |

The significant components of the Company's deferred tax liabilities and assets are as follows (in thousands):

| As of January 31:                         | 2018       | 2017      |
|-------------------------------------------|------------|-----------|
| Deferred tax liabilities:                 |            |           |
| Depreciation and amortization             | \$106,560  | \$48,910  |
| Capitalized marketing program costs       | 6,104      | 7,525     |
| Goodwill                                  | 16,496     | 7,581     |
| Deferred costs currently deductible       | 7,558      | 4,110     |
| Other, net                                | 12,540     | 5,241     |
| Total deferred tax liabilities            | 149,258    | 73,367    |
| Deferred tax assets:                      |            |           |
| Accrued liabilities                       | 54,970     | 41,509    |
| Loss carryforwards                        | 127,881    | 92,338    |
| Amortizable goodwill                      | 1,377      | 2,191     |
| Depreciation and amortization             | 13,997     | 4,547     |
| Disallowed interest expense               | 11,057     | 6,249     |
| Acquisition and transaction related costs | 3,823      | 5,605     |
| Other, net                                | 14,527     | 10,928    |
|                                           | 227,632    | 163,367   |
| Less: valuation allowances                | (80,714 )  | (46,764 ) |
| Total deferred tax assets                 | 146,918    | 116,603   |
| Net deferred tax (liability) asset        | \$(2,340 ) | \$43,236  |

In fiscal 2018 and 2017, the Company recorded an income tax (expense)/benefit of \$(1.2) million and \$12.5 million, respectively, related to changes in deferred tax valuation allowances in certain European jurisdictions. The net change in the deferred tax valuation allowances in fiscal 2018 was an increase of \$33.9 million primarily resulting from deferred tax valuation allowances recorded in various jurisdictions related to the acquisition of TS. The net change in the deferred tax valuation allowances in fiscal 2017 was a decrease of \$13.4 million primarily resulting from the reversal of deferred tax valuation allowances related to certain European jurisdictions as discussed previously.

The valuation allowances at both January 31, 2018 and 2017 primarily relate to foreign net operating loss carryforwards. The Company's net operating loss carryforwards totaled \$576.8 million and \$432.8 million at January 31, 2018 and 2017, respectively. The majority of the net operating losses have an indefinite carryforward period with the remaining portion expiring in fiscal years 2019 through 2034. The Company considers all positive and negative evidence available in determining the potential of realizing deferred tax assets. To the extent that the Company generates consistent taxable income within those operations with valuation allowances, the Company may reduce the valuation allowances, thereby reducing income tax expense and increasing net income in the period the determination is made.

The estimates and assumptions used by the Company in computing the income taxes reflected in the Company's consolidated financial statements could differ from the actual results reflected in the income tax returns filed during the subsequent year. Adjustments are recorded based on filed returns when such returns are finalized or the related

adjustments are identified.

61

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Table of Contents

A reconciliation of the beginning and ending balances of the total amount of gross unrecognized tax benefits, excluding accrued interest and penalties, for the years ended January 31, 2018, 2017 and 2016 is as follows (in thousands):

| For the year ended January 31:                         | 2018     | 2017     | 2016     |
|--------------------------------------------------------|----------|----------|----------|
| Gross unrecognized tax benefits at beginning of period | \$18,305 | \$12,989 | \$5,125  |
| Increases in tax positions for prior years             | 66,180   | 5,443    | 8,443    |
| Decreases in tax positions for prior years             | (3,727 ) | (118 )   | (348 )   |
| Increases in tax positions for current year            | 164      | 1,022    | 106      |
| Expiration of statutes of limitation                   | (6,924 ) | (292 )   | (77 )    |
| Settlements                                            | (3,515 ) | (370 )   | (104 )   |
| Changes due to translation of foreign currencies       | 1,769    | (369 )   | (156 )   |
| Gross unrecognized tax benefits at end of period       | \$72,252 | \$18,305 | \$12,989 |

At January 31, 2018, 2017 and 2016, the amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was \$38.1 million, \$12.5 million and \$10.1 million, respectively. In connection with the acquisition of TS, pursuant to the interest purchase agreement, Avnet agreed to indemnify the Company in relation to certain tax matters. As a result, the Company has recorded certain indemnification assets for expected amounts to be received from Avnet related to liabilities recorded for unrecognized tax benefits. During the year ended January 31, 2018, due to the expiration of statutes of limitation, the Company recorded a benefit in income tax expense of \$6.5 million related to the reduction of certain liabilities recorded for unrecognized tax benefits at the date of acquisition. As a result, the Company recorded an expense of \$6.5 million during the year ended January 31, 2018, which is included in “selling, general and administrative expenses” in the Consolidated Statement of Income, to reduce the corresponding indemnification asset. The net reduction of these liabilities for unrecognized tax benefits and indemnification assets had no impact on the Company's net income.

Unrecognized tax benefits that have a reasonable possibility of significantly decreasing within the 12 months following January 31, 2018 totaled \$35.4 million, including \$6.2 million that would impact the effective tax rate if recognized, primarily related to the foreign taxation of certain transactions. Consistent with prior periods, the Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. The Company's accrued interest at January 31, 2018, would not have a material impact on the effective tax rate if reversed. The provision for income taxes for each of the fiscal years ended January 31, 2018, 2017 and 2016 includes interest expense on unrecognized income tax benefits for current and prior years which is not significant to the Company's Consolidated Statement of Income. The change in the balance of accrued interest for fiscal 2018, 2017 and 2016, includes the current year end accrual, an interest benefit resulting from the expiration of statutes of limitation, and the translation adjustments on foreign currencies.

The Company conducts business primarily in the Americas, Europe and Asia-Pacific, and as a result, one or more of its subsidiaries files income tax returns in the U.S. federal, various state, local and foreign tax jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities. The Company is no longer subject to examinations by the Internal Revenue Service for years before fiscal 2015. Income tax returns of various foreign jurisdictions for fiscal 2006 and forward are currently under taxing authority examination or remain subject to audit.

**NOTE 8 — EMPLOYEE BENEFIT PLANS****Overview of Equity Incentive Plans**

At January 31, 2018, the Company had awards outstanding from two equity-based compensation plans, only one of which is currently active. The active plan was approved by the Company's shareholders in June 2009 and includes 4.0 million shares available for grant, of which approximately 1.6 million shares remain available for future grant at January 31, 2018. Under the active plan, the Company is authorized to award officers, employees and non-employee members of the Board of Directors restricted stock, options to purchase common stock, maximum value stock-settled stock appreciation rights, maximum value options and performance awards that are dependent upon achievement of

specified performance goals. Equity-based compensation awards are used by the Company to attract talent and as a retention mechanism for the award recipients and have a maximum term of ten years, unless a shorter period is specified by the Compensation Committee of the Company's Board of Directors ("Compensation Committee") or is required under local law. Awards under the plans are priced as determined by the Compensation Committee and under the terms of the Company's active equity-based compensation plan are required to be priced at, or above, the fair market value of the Company's common stock on the date of grant. Awards generally vest between one and three years from the date of grant. The Company's policy is to utilize shares of its treasury stock, to the extent available, to satisfy its obligation to issue shares upon the exercise of awards.

For the fiscal years ended January 31, 2018, 2017 and 2016, the Company recorded \$29.4 million, \$13.9 million and \$14.9 million, respectively, of stock-based compensation expense, and related income tax benefits of \$9.6 million, \$4.6 million and \$4.6 million, respectively. There was no cash received from equity-based incentives exercised during the fiscal years ended January 31, 2018 and 2017 and \$0.6 million of cash received from equity-based incentives exercised in 2016. The actual benefit received from the tax deduction from the exercise of equity-based incentives was \$5.9 million, \$4.8 million and \$5.2 million for the fiscal years ended January 31, 2018, 2017 and 2016, respectively.

Table of Contents

## Restricted Stock

The Company's restricted stock awards are primarily in the form of restricted stock units ("RSUs") and typically vest in annual installments lasting between one and three years from the date of grant, unless a different vesting schedule is mandated by country law. All of the RSUs have a fair market value equal to the closing price of the Company's common stock on the date of grant. Stock-based compensation expense includes \$25.8 million, \$13.3 million and \$14.8 million related to RSUs during fiscal 2018, 2017 and 2016, respectively.

A summary of the Company's RSU activity for the fiscal year ended January 31, 2018 is as follows:

|                               | Shares    | Weighted-average grant date<br>fair value |
|-------------------------------|-----------|-------------------------------------------|
| Nonvested at January 31, 2017 | 487,596   | \$ 67.86                                  |
| Granted                       | 454,480   | 92.08                                     |
| Vested                        | (194,145) | 65.64                                     |
| Canceled                      | (47,399 ) | 81.73                                     |
| Nonvested at January 31, 2018 | 700,532   | 83.25                                     |

The total fair value of RSUs which vested during the fiscal years ended January 31, 2018, 2017 and 2016 is \$12.7 million, \$11.4 million and \$15.4 million, respectively. The weighted-average estimated fair value of the 222,095 RSUs granted during the fiscal year ended January 31, 2017 was \$78.42 per share. The weighted-average estimated fair value of the 275,539 RSUs granted during the fiscal year ended January 31, 2016 was \$59.30 per share. As of January 31, 2018, the unrecognized stock-based compensation expense related to non-vested RSUs was \$29.8 million, which the Company expects to be recognized over the next 3 years (over a remaining weighted average period of 1.7 years).

## Performance based restricted stock units

The Company's performance based restricted stock unit awards ("PRSUs") are subject to vesting conditions, including meeting specified cumulative performance objectives over a period of 3 years. Each performance based award recipient could vest in 0% to 150% of the target shares granted contingent on the achievement of the Company's financial performance metrics. Stock-based compensation expense includes \$3.3 million and \$0.4 million related to PRSUs during fiscal 2018 and 2017, respectively.

A summary of the Company's PRSU activity, assuming maximum achievement, for the year ended January 31, 2018 is as follows:

|                               | Shares   | Weighted-average grant date<br>fair value |
|-------------------------------|----------|-------------------------------------------|
| Nonvested at January 31, 2017 | 17,486   | \$ 78.42                                  |
| Granted                       | 159,148  | 90.95                                     |
| Canceled                      | (5,949 ) | 90.95                                     |
| Nonvested at January 31, 2018 | 170,685  | 89.67                                     |

As of January 31, 2018, the unrecognized stock-based compensation expense related to non-vested PRSUs was \$7.9 million, which the Company expects to be recognized over the next 3 years (over a remaining weighted average period of 1.9 years). The weighted-average estimated fair value of the 18,563 PRSUs granted during the fiscal year ended January 31, 2017 was \$78.42 per share.

## Employee Stock Purchase Plan

Under the 1995 Employee Stock Purchase Plan (the "ESPP"), the Company is authorized to issue up to 1.0 million shares of common stock to eligible employees in the Company's U.S. and Canadian subsidiaries. Under the terms of the ESPP, employees can choose to have a fixed dollar amount or percentage deducted from their bi-weekly compensation to purchase the Company's common stock and/or elect to purchase shares once per calendar quarter. The purchase price of the stock is 85% of the market value on the purchase date and employees are limited to a maximum purchase of \$25,000 in fair market value each calendar year. From the inception of the ESPP through January 31, 2018, the Company has issued 531,387 shares of common stock to the ESPP. All shares purchased under the ESPP

must be held by the employees for a period of one year. Stock-based compensation expense related to the ESPP was insignificant during fiscal 2018, 2017 and 2016.

#### Retirement Savings Plan

The Company sponsors the Tech Data Corporation 401(k) Savings Plan (the “401(k) Savings Plan”) for its U.S. employees. At the Company’s discretion, participant deferrals are matched in cash, in an amount equal to 50% of the first 6% of participant deferrals and participants are fully vested following four years of qualified service. Aggregate contributions made by the Company to the 401(k) Savings Plan were \$6.4 million, \$3.1 million and \$2.8 million for fiscal 2018, 2017 and 2016, respectively.

Table of Contents

## NOTE 9 — SHAREHOLDERS' EQUITY

The Company's common share repurchase and issuance activity for fiscal 2018 and 2017 is summarized as follows:

|                                                              | Shares       | Weighted-average price per share |
|--------------------------------------------------------------|--------------|----------------------------------|
| Treasury stock balance at January 31, 2016                   | 24,163,402   | \$ 44.59                         |
| Shares of treasury stock reissued for equity incentive plans | (144,419 )   |                                  |
| Treasury stock balance at January 31, 2017                   | 24,018,983   | 44.59                            |
| Shares of treasury stock reissued for equity incentive plans | (149,609 )   |                                  |
| Shares of treasury stock reissued for acquisition of TS      | (2,785,402 ) |                                  |
| Treasury stock balance at January 31, 2018                   | 21,083,972   | \$ 44.59                         |

As part of the acquisition of TS, the Company reissued 2,785,402 shares of Tech Data's common stock out of treasury stock (see Note 5 - Acquisitions for further discussion). There were no common shares repurchased by the Company during the years ended January 31, 2018 and 2017. The reissuance of shares from treasury stock is based on the weighted average purchase price of the shares.

## NOTE 10 — FAIR VALUE MEASUREMENTS

The Company's assets and liabilities carried or disclosed at fair value are classified in one of the following three categories: Level 1 – quoted market prices in active markets for identical assets and liabilities; Level 2 – inputs other than quoted market prices included in Level 1 above that are observable for the asset or liability, either directly or indirectly; and, Level 3 – unobservable inputs for the asset or liability. The classification of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following table summarizes the valuation of the Company's assets and liabilities that are measured at fair value on a recurring basis (in thousands):

|                                    | January 31, 2018                |         |         | January 31, 2017                |         |         |
|------------------------------------|---------------------------------|---------|---------|---------------------------------|---------|---------|
|                                    | Fair value measurement category |         |         | Fair value measurement category |         |         |
|                                    | Level 1                         | Level 2 | Level 3 | Level 1                         | Level 2 | Level 3 |
| Assets                             |                                 |         |         |                                 |         |         |
| Cash equivalents                   | \$—                             |         |         | \$1,000,010                     |         |         |
| Foreign currency forward contracts | \$5,025                         |         |         | \$2,264                         |         |         |
| Liabilities                        |                                 |         |         |                                 |         |         |
| Foreign currency forward contracts | \$11,675                        |         |         | \$9,711                         |         |         |

The Company's cash equivalents consist primarily of highly liquid investments in money market funds with maturity periods of three months or less.

The Company's foreign currency forward contracts are measured on a recurring basis based on foreign currency spot rates and forward rates quoted by banks or foreign currency dealers (Level 2 criteria) and are marked-to-market each period with gains and losses on these contracts recorded in the Company's Consolidated Statement of Income on a basis consistent with the classification of the change in the fair value of the underlying transactions giving rise to these foreign currency exchange gains and losses in the period in which their value changes, with the offsetting amount for unsettled positions being included in either "prepaid expenses and other assets" or "accrued expenses and other liabilities" in the Consolidated Balance Sheet (see Note 11 – Derivative Instruments for further discussion).

The Company utilizes life insurance policies to fund the Company's nonqualified deferred compensation plan. The life insurance asset, which is recorded in the Company's Consolidated Balance Sheet in "other assets, net", is the amount

that would be realized upon the assumed surrender of the policy. This amount is based on the underlying fair value of the invested assets contained within the life insurance policies. The gains and losses are recorded in the Company's Consolidated Statement of Income within "other (income) expense, net." The related deferred compensation liability, which is recorded in the Company's Consolidated Balance Sheet in "accrued expenses and other liabilities," is marked-to-market each period based upon the returns of the various investments selected by the plan participants and the gains and losses are recorded in the Company's Consolidated Statement of Income within "selling, general and administrative expenses." The net realizable value of the Company's life insurance investments and related deferred compensation liability was \$44.8 million and \$44.7 million, respectively, at January 31, 2018 and \$35.2 million and \$35.3 million, respectively, at January 31, 2017.

The carrying value of the 3.70% Senior Notes, 4.95% Senior Notes and 3.75% Senior Notes (collectively the "Senior Notes") discussed in Note 6 - Debt represents cost less unamortized debt discount and debt issuance costs. The estimated fair value of the Senior Notes is based upon quoted market information (Level 1). The estimated fair value of the Senior Notes was \$1.020 billion and \$1.354 billion, respectively, at January 31, 2018 and 2017 and the carrying value was \$991.3 million and \$1.339 billion, respectively, at January 31, 2018 and 2017. The carrying amounts of accounts receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these items. The carrying amounts of debt outstanding pursuant to revolving credit facilities and the \$500 million outstanding under the Term Loan Credit Agreement approximate fair value as the majority of these instruments have variable interest rates which approximate current market rates (Level 2 criteria).

#### NOTE 11 — DERIVATIVE INSTRUMENTS

In the ordinary course of business, the Company is exposed to movements in foreign currency exchange rates. The Company's foreign currency risk management objective is to protect earnings and cash flows from the impact of exchange rate changes primarily through the use of foreign currency forward contracts to hedge both intercompany and third party loans, accounts receivable and accounts payable. These derivatives are not designated as hedging instruments.

The Company's foreign currency exposure relates primarily to international transactions where the currency collected from customers can be different from the currency used to purchase the product. The Company's transactions in its foreign operations are denominated primarily in the following currencies: Australian dollar, British pound, Canadian dollar, Czech koruna, Danish krone, euro, Indian rupee, Indonesian rupiah, Mexican peso, Norwegian krone, Polish zloty, Singapore dollar, Swedish krona, Swiss franc and U.S. dollar.

The Company considers inventory as an economic hedge against foreign currency exposure in accounts payable in certain circumstances. This practice offsets such inventory against corresponding accounts payable denominated in currencies other than the functional currency of the subsidiary buying the inventory, when determining the net exposure to be hedged using traditional forward contracts. Under this strategy, the Company would expect to increase or decrease selling prices for products purchased in foreign currencies based on fluctuations in foreign currency exchange rates affecting the underlying accounts payable. To the extent the Company incurs a foreign currency exchange loss (gain) on the underlying accounts payable denominated in the foreign currency, a corresponding increase (decrease) in gross profit would be expected as the related inventory is sold. This strategy can result in a certain degree of quarterly earnings volatility as the underlying accounts payable is remeasured using the foreign currency exchange rate prevailing at the end of each period, or settlement date if earlier, whereas the corresponding increase (decrease) in gross profit is not realized until the related inventory is sold.

The Company recognizes foreign currency exchange gains and losses on its derivative instruments used to manage its exposures to foreign currency denominated accounts receivable and accounts payable as a component of "cost of products sold" which is consistent with the classification of the change in fair value upon remeasurement of the underlying hedged accounts receivable or accounts payable. The Company recognizes foreign currency exchange gains and losses on its derivative instruments used to manage its exposures to foreign currency denominated financing transactions as a component of "other (income) expense, net" which is consistent with the classification of the change in fair value upon remeasurement of the underlying hedged loans. The total amount recognized in earnings on the Company's foreign currency forward contracts, which depending upon the nature of the underlying hedged asset or liability is included as a component of either "cost of products sold" or "other (income) expense, net," was a net foreign currency exchange loss of \$32.7 million, loss of \$4.3 million and gain of \$9.0 million, respectively, for the fiscal years ended January 31, 2018, 2017 and 2016. The gains and losses on the Company's foreign currency forward contracts

are largely offset by the change in the fair value of the underlying hedged assets or liabilities.

The notional amount of forward exchange contracts is the amount of foreign currency to be bought or sold at maturity. Notional amounts are indicative of the extent of the Company's involvement in the various types and uses of derivative financial instruments and are not a measure of the Company's exposure to credit or market risks through its use of derivatives. The estimated fair value of derivative financial instruments represents the amount required to enter into similar offsetting contracts with similar remaining maturities based on quoted market prices.

The Company's foreign currency forward contracts are also discussed in Note 10 – Fair Value Measurements.

The Company's average notional amounts of derivative financial instruments outstanding during the fiscal years ended January 31, 2018, 2017 and 2016 were approximately \$1.0 billion, \$0.6 billion and \$0.6 billion, respectively, with average maturities of 31 days, 29 days and 30 days, respectively. As discussed above, under the Company's hedging policies, gains and losses on the derivative financial instruments have been and would be expected to continue to be largely offset by the gains and losses on the underlying assets or liabilities being hedged.

#### NOTE 12 — COMMITMENTS AND CONTINGENCIES

##### Operating Leases

The Company leases logistics centers, office facilities and certain equipment under non-cancelable operating leases, which expire at various dates through fiscal 2030. Fair value renewal and escalation clauses exist for a substantial portion of the operating leases. Rental expense for all operating leases, including minimum commitments under an agreement for data center services, totaled \$83.6 million, \$53.0 million and \$45.3 million in fiscal years 2018, 2017 and 2016, respectively. Future minimum lease payments at

Table of Contents

January 31, 2018, under all such leases, including minimum commitments under agreements for data center services, for succeeding fiscal years and thereafter are as follows (in thousands):

## Fiscal year:

|                |           |
|----------------|-----------|
| 2019           | \$65,000  |
| 2020           | 63,800    |
| 2021           | 53,600    |
| 2022           | 35,500    |
| 2023           | 28,300    |
| Thereafter     | 40,200    |
| Total payments | \$286,400 |

## Contingencies

Prior to fiscal 2004, one of the Company's subsidiaries, located in Spain, was audited in relation to various value added tax ("VAT") matters. As a result of those audits, the Spanish subsidiary received notices of assessment related to fiscal years 1994 through 2001 from the Regional Inspection Unit of Spain's taxing authority that allege the subsidiary did not properly collect and remit VAT. The Spanish subsidiary appealed these assessments to the Madrid Central Economic Administrative Courts beginning in March 2010. During fiscal 2016, the Spanish Supreme Court issued final decisions for the assessments related to fiscal years 1996 through 2001 which barred certain of the assessed amounts. As a result of these decisions, during fiscal 2016, the Company decreased its accrual for costs associated with this matter by \$25.4 million, including \$16.4 million related to an accrual for assessments and penalties recorded in "value added tax assessments" and \$9.0 million related to accrued interest recorded in "interest expense" in the Consolidated Statement of Income. The Company paid the remaining assessed amounts for fiscal years 1996 through 2001 of \$12.3 million during fiscal 2016.

During fiscal 2017, the Spanish National Appellate Court issued an opinion upholding the assessments for fiscal years 1994 and 1995. The Company appealed this opinion to the Spanish Supreme Court; however, certain of the amounts assessed for fiscal years 1994 and 1995 were not eligible to be appealed to the Spanish Supreme Court. As a result, the Company increased its accrual for costs associated with this matter by \$2.6 million during fiscal 2017, including \$1.5 million recorded in "value added tax assessments" and \$1.1 million recorded in "interest expense" in the Consolidated Statement of Income.

During fiscal 2018, the Spanish Supreme Court issued a decision upholding the assessment for fiscal years 1994 and 1995. As a result, the Company increased its accrual for costs associated with this matter by \$2.1 million during fiscal 2018, including \$1.2 million recorded in "value added tax assessments" and \$0.9 million recorded in "interest expense" in the Consolidated Statement of Income. As of January 31, 2018, the Company has recorded a liability of approximately \$10.7 million, which is included in "accrued expenses and other liabilities" in the Consolidated Balance Sheet, for the entire amount of these remaining assessments, including various penalties and interest.

In December 2010, in a non-unanimous decision, a Brazilian appellate court overturned a 2003 trial court which had previously ruled in favor of the Company's Brazilian subsidiary related to the imposition of certain taxes on payments abroad related to the licensing of commercial software products, commonly referred to as "CIDE tax." The Company estimates the total exposure related to CIDE tax, including interest, was approximately \$23.6 million at January 31, 2018. The Brazilian subsidiary has appealed the unfavorable ruling to the Supreme Court and Superior Court, Brazil's two highest appellate courts. Based on the legal opinion of outside counsel, the Company believes that the chances of success on appeal of this matter are favorable and the Brazilian subsidiary intends to vigorously defend its position that the CIDE tax is not due. However, due to the lack of predictability of the Brazilian court system, the Company has concluded that it is reasonably possible that the Brazilian subsidiary may incur a loss up to the total exposure described above. The Company believes the resolution of this litigation will not be material to the Company's consolidated net assets or liquidity.

In fiscal 2016, the Company determined that it had additional VAT liabilities due in one of its European subsidiaries. As a result, the Company recorded a charge of \$7.6 million in "value added tax assessments" in the Consolidated Statement of Income during the year ended January 31, 2016 for VAT and associated costs. The Company has



subsequently paid all VAT associated with this matter and filed amended tax returns with the tax authorities. The Company is subject to various other legal proceedings and claims arising in the ordinary course of business. The Company's management does not expect that the outcome in any of these other legal proceedings, individually or collectively, will have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

Table of Contents

Guarantees

As is customary in the technology industry, to encourage certain customers to purchase products from Tech Data, the Company has arrangements with certain finance companies that provide inventory financing facilities to the Company's customers. In conjunction with certain of these arrangements, the Company would be required to purchase certain inventory in the event the inventory is repossessed from the customers by the finance companies. As the Company does not have access to information regarding the amount of inventory purchased from the Company still on hand with the customer at any point in time, the Company's repurchase obligations relating to inventory cannot be reasonably estimated. Repurchases of inventory by the Company under these arrangements have been insignificant to date. The Company believes that, based on historical experience, the likelihood of a material loss pursuant to these inventory repurchase obligations is remote.

The Company provides additional financial guarantees to finance companies on behalf of certain customers. The majority of these guarantees are for an indefinite period of time, where the Company would be required to perform if the customer is in default with the finance company related to purchases made from the Company. The Company reviews the underlying credit for these guarantees at least annually. As of January 31, 2018 and 2017, the outstanding amount of guarantees under these arrangements totaled \$3.3 million and \$3.7 million, respectively. The Company believes that, based on historical experience, the likelihood of a material loss pursuant to the above guarantees is remote.

Table of Contents

## NOTE 13 — SEGMENT INFORMATION

Tech Data operates predominately in a single industry segment as a distributor of technology products, logistics management, and other value-added services. While the Company operates primarily in one industry, it is managed based on geographic segments. Prior to the acquisition of TS, the Company managed its operations in two geographic segments: the Americas and Europe. As a result of the acquisition of TS, the Company now manages its operations in three geographic segments: the Americas, Europe and Asia-Pacific. There were no Tech Data operations in the Asia-Pacific region prior to the acquisition of TS. Therefore, the recasting of the Company's segment disclosure for all periods presented did not have an impact on the prior presentation.

The Company does not consider stock-based compensation expense in assessing the performance of its operating segments, and therefore the Company excludes stock-based compensation expense from segment information. The accounting policies of the segments are the same as those described in Note 1 – Business and Summary of Significant Accounting Policies.

Financial information by geographic segment is as follows (in thousands):

| Year ended January 31:           | 2018          | 2017          | 2016          |
|----------------------------------|---------------|---------------|---------------|
| Net sales:                       |               |               |               |
| Americas <sup>(1)</sup>          | \$ 15,949,959 | \$ 10,384,523 | \$ 10,356,716 |
| Europe                           | 19,713,942    | 15,850,353    | 16,023,067    |
| Asia-Pacific                     | 1,111,110     | —             | —             |
| Total                            | \$36,775,011  | \$26,234,876  | \$26,379,783  |
| Operating income:                |               |               |               |
| Americas <sup>(2) (3) (4)</sup>  | \$248,350     | \$144,246     | \$235,577     |
| Europe <sup>(5) (6)</sup>        | 173,611       | 161,603       | 180,741       |
| Asia-Pacific                     | 17,499        | —             | —             |
| Stock-based compensation expense | (29,381)      | ) (13,947     | ) (14,890 )   |
| Total                            | \$410,079     | \$291,902     | \$401,428     |
| Depreciation and amortization:   |               |               |               |
| Americas                         | \$84,265      | \$18,844      | \$18,243      |
| Europe                           | 57,794        | 35,593        | 39,010        |
| Asia-Pacific                     | 7,987         | —             | —             |
| Total                            | \$150,046     | \$54,437      | \$57,253      |
| Capital expenditures:            |               |               |               |
| Americas                         | \$207,399     | \$19,275      | \$18,139      |
| Europe                           | 21,471        | 20,060        | 15,833        |
| Asia-Pacific                     | 3,067         | —             | —             |
| Total                            | \$231,937     | \$39,335      | \$33,972      |

Table of Contents

|                                                        |              |             |
|--------------------------------------------------------|--------------|-------------|
| As of January 31:                                      | 2018         | 2017        |
| Identifiable assets:                                   |              |             |
| Americas                                               | \$4,925,608  | \$3,238,162 |
| Europe                                                 | 7,158,052    | 4,693,704   |
| Asia-Pacific                                           | 568,976      | —           |
| Total                                                  | \$12,652,636 | \$7,931,866 |
| Long-lived assets:                                     |              |             |
| Americas <sup>(1)</sup>                                | \$214,922    | \$35,581    |
| Europe                                                 | 57,781       | 38,658      |
| Asia-Pacific                                           | 6,388        | —           |
| Total                                                  | \$279,091    | \$74,239    |
| Goodwill & acquisition-related intangible assets, net: |              |             |
| Americas                                               | \$1,139,273  | \$33,296    |
| Europe                                                 | 645,134      | 246,002     |
| Asia-Pacific                                           | 130,093      | —           |
| Total                                                  | \$1,914,500  | \$279,298   |

Net sales in the U.S. represented 89%, 90% and 90% of the total Americas' net sales for the fiscal years ended (1) January 31, 2018, 2017 and 2016, respectively. Total long-lived assets in the U.S. represented 97% and 94% of the Americas' total long-lived assets at January 31, 2018 and 2017, respectively.

Operating income in the Americas for the fiscal year ended January 31, 2018 includes acquisition, integration and restructuring expenses of \$75.5 million (see Note 5 - Acquisitions for further discussion) and a gain recorded in (2) LCD settlements and other, net, of \$42.6 million (see Note 1 – Business and Summary of Significant Accounting Policies for further discussion).

Operating income in the Americas for the fiscal year ended January 31, 2017 includes acquisition, integration and restructuring expenses of \$18.0 million and a gain recorded in LCD settlements and other, net, of \$4.1 million.

Operating income in the Americas for the fiscal year ended January 31, 2016 includes a gain recorded in (4) LCD settlements and other, net, of \$98.4 million.

Operating income in Europe for the fiscal years ended January 31, 2018 and 2017 includes acquisition, integration and restructuring expenses of \$56.2 million and \$11.0 million, respectively.

Operating income in Europe for the fiscal year ended January 31, 2016 includes a net benefit of \$8.8 million (6) related to various VAT matters in two European subsidiaries (see Note 12 – Commitments and Contingencies for further discussion).

Table of Contents

## NOTE 14 — INTERIM FINANCIAL INFORMATION (UNAUDITED)

Interim financial information for fiscal years 2018 and 2017 is as follows (in thousands, except per share amounts):

Fiscal year 2018:

| Quarter ended:   | April 30 <sup>(1)(2)</sup> | July 31 <sup>(1)(2)</sup> | October 31 <sup>(2)</sup> | January 31 <sup>(2)(3)</sup> |
|------------------|----------------------------|---------------------------|---------------------------|------------------------------|
| Net sales        | \$ 7,664,063               | \$ 8,882,691              | \$ 9,135,728              | \$ 11,092,529                |
| Gross profit     | 457,088                    | 515,591                   | 526,081                   | 616,861                      |
| Operating income | 75,078                     | 103,531                   | 79,567                    | 151,903                      |
| Net income       | \$ 30,654                  | \$ 47,459                 | \$ 37,268                 | \$ 1,260                     |

Earnings per share:

|         |         |         |         |         |
|---------|---------|---------|---------|---------|
| Basic   | \$ 0.82 | \$ 1.24 | \$ 0.98 | \$ 0.03 |
| Diluted | \$ 0.82 | \$ 1.24 | \$ 0.97 | \$ 0.03 |

Fiscal year 2017:

| Quarter ended:   | April 30 <sup>(4)</sup> | July 31 <sup>(4)(5)</sup> | October 31 <sup>(5)</sup> | January 31 <sup>(5)(6)</sup> |
|------------------|-------------------------|---------------------------|---------------------------|------------------------------|
| Net sales        | \$ 5,963,362            | \$ 6,353,739              | \$ 6,490,265              | \$ 7,427,510                 |
| Gross profit     | 298,611                 | 316,450                   | 315,839                   | 371,027                      |
| Operating income | 52,558                  | 73,355                    | 62,872                    | 103,117                      |
| Net income       | \$ 33,373               | \$ 46,394                 | \$ 36,506                 | \$ 78,822                    |

Earnings per share:

|         |         |         |         |         |
|---------|---------|---------|---------|---------|
| Basic   | \$ 0.95 | \$ 1.32 | \$ 1.04 | \$ 2.24 |
| Diluted | \$ 0.94 | \$ 1.31 | \$ 1.03 | \$ 2.22 |

During the first and second quarters of fiscal 2018, the Company recorded a gain of \$12.7 million and \$28.7 (1) million, respectively, in LCD settlements and other, net (see Note 1 - Business and Summary of Significant Accounting Policies for further discussion).

During the first, second, third and fourth quarters of fiscal 2018, the Company recorded \$42.1 million, \$30.1 (2) million, \$29.7 million and \$34.3 million of acquisition, integration and restructuring expenses, respectively (see Note 5 - Acquisitions for further discussion).

(3) The Company recorded income tax expenses of \$95.4 million in the fourth quarter of fiscal 2018 related to the impact of the enactment of U.S. Tax Reform (see Note 7 - Income Taxes for further discussion).

(4) During the first and second quarters of fiscal 2017, the Company recorded a gain of \$0.4 million and \$3.7 million, respectively, in LCD Settlements and other, net.

(5) During the second, third and fourth quarters of fiscal 2017, the Company recorded \$2.0 million, \$13.0 million and \$14.0 million of acquisition, integration and restructuring expenses, respectively.

The Company recorded an income tax benefit of \$12.5 million in the fourth quarter of fiscal 2017 primarily related (6) to the reversal of deferred tax valuation allowances in certain jurisdictions in Europe (see Note 7 - Income Taxes for further discussion).

Table of Contents

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.  
None.

ITEM 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the specified time periods. Tech Data's management, with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of January 31, 2018. Based on this evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of such date.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the U.S. ("GAAP").

Internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, is a process designed by, or under the supervision of, the CEO and CFO and is effected by the board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the receipts and expenditures of the Company are being made only in accordance with appropriate authorization of management and the board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As previously disclosed in this Annual Report on Form 10-K, on February 27, 2017, the Company acquired Avnet Inc.'s Technology Solutions ("TS") business. Consistent with SEC guidance, the scope of our evaluation of internal control over financial reporting as of January 31, 2018 did not include the internal control over financial reporting of the TS business, which is included in the Company's fiscal 2018 consolidated financial statements and constituted approximately 33% of total assets at January 31, 2018 and approximately 24% of net sales for the fiscal year then ended. TS assets at January 31, 2018 and TS net sales during the fiscal year ended January 31, 2018 represent the portion of the TS business that has not been integrated into the Company's existing controls and procedures.

Our management, with the participation of our CEO and CFO, assessed the effectiveness of the Company's internal control over financial reporting as of January 31, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013 Framework). Based on our assessment, we have concluded that, as of

January 31, 2018, the Company's internal control over financial reporting was effective based on those criteria. The effectiveness of our internal control over financial reporting as of January 31, 2018, has been audited by Ernst & Young LLP, the independent registered certified public accounting firm, who also audited the Company's consolidated financial statements, as stated in their report included herein.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with management's evaluation during our last quarter of fiscal 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## Table of Contents

### Report of Independent Registered Certified Public Accounting Firm

To the Shareholders and the Board of Directors of Tech Data Corporation

#### Opinion on Internal Control over Financial Reporting

We have audited Tech Data Corporation and subsidiaries' internal control over financial reporting as of January 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Tech Data Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of January 31, 2018, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the Technology Solutions business, which is included in the fiscal 2018 consolidated financial statements of the Company and constituted 33% and 23% of total assets and liabilities, respectively, as of January 31, 2018 and 24% of revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of the Technology Solutions business.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Tech Data Corporation and subsidiaries as of January 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three fiscal years in the period ended January 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated March 22, 2018 expressed an unqualified opinion thereon.

#### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may



deteriorate.

/s/ Ernst & Young LLP  
Tampa, Florida  
March 22, 2018

71

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Table of Contents

72

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Table of Contents

## ITEM 9B. Other Information

None.

## PART III

## ITEM 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 10 relating to executive officers of the Company is included under the caption “Executive Officers” of Item 1 of this Form 10-K. The information required by Item 10 relating to Directors and corporate governance disclosures of the Company is incorporated herein by reference to the Company’s definitive proxy statement for the 2018 Annual Meeting of Shareholders (“Proxy Statement”). The Proxy Statement for the 2018 Annual Meeting of Shareholders will be filed with the SEC within 120 days of the Company’s fiscal year ended January 31, 2018.

## Audit Committee

The Company has a separately designated, standing Audit Committee. The members of the Audit Committee are Charles E. Adair, Harry J. Harczak, Jr. (Chair), Bridgette P. Heller and Karen Dahut. The Board of Directors of Tech Data has determined that Charles E. Adair and Harry J. Harczak, Jr. are “audit committee financial experts” as defined by Item 407(d)(5) of Regulation S-K under the Securities Exchange Act of 1934. All members of the Audit Committee are independent as defined by applicable law and the listing requirements of NASDAQ.

## Code of Conduct

The Company has adopted a code of business conduct and ethics for directors, officers (including the principal executive officer, principal financial officer, and principal accounting officer), and employees, known as the Code of Conduct, which is available on the Corporate Governance section of the Investor Relations area of our website at [www.techdata.com/investor](http://www.techdata.com/investor). Tech Data intends to provide information required by Item 5.05 of Form 8-K by disclosing any amendment to, or waiver from, a provision of the Code of Conduct that applies to Tech Data’s principal executive officer, principal financial officer, and principal accounting officer, or persons performing similar functions on the Company’s website at the web address noted in this section.

## ITEM 11. Executive Compensation.

The information required by this item is incorporated herein by reference to the Company’s Proxy Statement.

## ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

## Equity Compensation Plan Information

The number of shares issuable upon exercise of outstanding share-based equity incentives granted to employees and non-employee directors, as well as the number of shares remaining available for future issuance, under our equity compensation and equity purchase plans as of January 31, 2018 are summarized in the following table:

| Plan category                                           | Number of shares to be issued upon exercise of outstanding equity-based incentives | Weighted average exercise price per share of outstanding equity-based incentives | Number of shares remaining available for future issuance under equity compensation plans |
|---------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Equity compensation plans approved by shareholders for: |                                                                                    |                                                                                  |                                                                                          |
| Employee equity compensation                            | 874,559                                                                            | (1) \$ 21.13                                                                     | (2) 1,648,975 (3)                                                                        |
| Employee stock purchase                                 | —                                                                                  | —                                                                                | 468,613                                                                                  |
| Total                                                   | 874,559                                                                            | \$ 21.13                                                                         | 2,117,588                                                                                |

(1) The total of equity-based incentives outstanding also includes 14,484 units outstanding for non-employee directors.

(2) Amount represents the weighted average exercise price for the 3,342 outstanding maximum value options. There are 871,217 nonvested restricted stock units that do not have an exercise price.

(3)

All employee and non-employee director share-based equity incentive awards are issued under the shareholder-approved 2009 Equity Incentive Plan of Tech Data Corporation. The information required by Item 12 relating to Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters is incorporated herein by reference to the Company's Proxy Statement.

Table of Contents

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated herein by reference to the Company's Proxy Statement.

However, the information included in such Proxy Statement included under the caption entitled "Report of the Audit Committee" shall not be deemed incorporated by reference in this Form 10-K and shall not otherwise be deemed filed under the Securities Act of 1933, as amended, or under the Exchange Act.

ITEM 14. Principal Accounting Fees and Services.

Information regarding principal accountant fees and services is set forth under the caption "Independent Registered Certified Public Accounting Firm Fees" in the Company's Proxy Statement and incorporated by reference herein.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules.

(a) See index to financial statements and schedules included in Item 8.

(b) The exhibit numbers on the following list correspond to the numbers in the exhibit table required pursuant to Item 601 of Regulation S-K.

Exhibit  
Number

|                     |                                                                                                                                                                       |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2-1 <sup>(20)</sup> | <u>Interest Purchase Agreement, dated September 19, 2016, between Tech Data Corporation and Avnet, Inc.</u>                                                           |
| 2-2 <sup>(20)</sup> | <u>Reorganization Agreement, dated September 19, 2016, between Tech Data Corporation, Avnet, Inc., and AVT Technology Solutions LLC.</u>                              |
| 2-3 <sup>(23)</sup> | <u>First Amendment to Interest Purchase Agreement, dated as of February 27, 2017</u>                                                                                  |
| 3-1 <sup>(15)</sup> | <u>Amended and Restated Articles of Incorporation of Tech Data Corporation filed on June 4, 2014 with the Secretary of the State of Florida</u>                       |
| 3-2 <sup>(15)</sup> | <u>Bylaws of Tech Data Corporation as adopted by the Board of Directors and approved by the Shareholders on June 4, 2014</u>                                          |
| 4-1 <sup>(22)</sup> | <u>Indenture, dated as of January 17, 2017, between Tech Data Corporation and MUFG Union Bank N.A., as trustee</u>                                                    |
| 4-2 <sup>(22)</sup> | <u>Form of 3.700% Note due 2022</u>                                                                                                                                   |
| 4-3 <sup>(22)</sup> | <u>Form of 4.950% Note due 2027</u>                                                                                                                                   |
| 10-1 <sup>(3)</sup> | <u>1995 Employee Stock Purchase Plan</u>                                                                                                                              |
| 10-2 <sup>(4)</sup> | <u>2000 Non-Qualified Stock Option Plan of Tech Data Corporation</u>                                                                                                  |
| 10-3 <sup>(5)</sup> | <u>Trust Agreement Between Tech Data Corporation and Fidelity Management Trust Company, Tech Data Corporation 401(k) Savings Plan Trust, effective August 1, 2003</u> |

- 10-4<sup>(2)</sup>      2005 Deferred Compensation Plan
- 10-5<sup>(6)</sup>      Executive Severance Plan, effective March 31, 2005
- 10-6<sup>(6)</sup>      First Amendment to the Tech Data Corporation 2005 Deferred Compensation Plan, effective January 1, 2005

Table of Contents

- 10-7<sup>(7)</sup> Amended and Restated 2000 Equity Incentive Plan of Tech Data Corporation
- 10-8<sup>(7)</sup> First Amendment to the Amended and Restated 2000 Equity Incentive Plan of Tech Data Corporation
- 10-9<sup>(8)</sup> Employment Agreement Between Tech Data Corporation and Robert M. Dutkowsky, dated October 2, 2006
- 10-10<sup>(9)</sup> Equity Incentive Bonus Plan
- 10-11<sup>(10)</sup> 2009 Equity Incentive Plan of Tech Data Corporation
- 10-12<sup>(11)</sup> Tech Data Corporation 401(k) Savings Plan (as amended and restated January 1, 2006) and Amendments 1 through 5
- 10-13<sup>(12)</sup> Executive Bonus Plan, approved by Shareholders at 2012 Annual Meeting
- 10-14<sup>(13)</sup> Amendments 1 through 5 of Trust Agreement Between Fidelity Management Trust Company and Tech Data Corporation
- 10-15<sup>(13)</sup> Amendment to the Tech Data Corporation 401(k) Savings Plan (as amended and restated January 1, 2006) dated December 11, 2012
- 10-16<sup>(14)</sup> Amendment to the 2009 Equity Incentive Plan of Tech Data Corporation
- 10-17<sup>(16)</sup> Tech Data Deferred Compensation Plan Trust Agreement
- 10-18<sup>(17)</sup> Employment Agreement Between Tech Data Corporation and Richard T. Hume, dated as of February 1, 2016
- 10-19<sup>(17)</sup> Tech Data Corporation Change in Control Severance Policy dated as of March 22, 2016
- 10-20<sup>(18)</sup> First Amendment of 2009 Equity Incentive Plan of Tech Data Corporation, dated as of March 15, 2016
- 10-21<sup>(18)</sup> Amended and Restated Executive Bonus Plan, dated as of March 22, 2016
- 10-22<sup>(19)</sup> Restricted Stock Unit Grant Agreement
- 10-23<sup>(19)</sup> Performance-Based Restricted Stock Unit Grant Agreement
- 10-24<sup>(21)</sup> Second Amended and Restated Revolving Credit Agreement, dated as of November 2, 2016
- 10-25<sup>(21)</sup> Term Loan Credit Agreement, dated as of November 2, 2016
- 10-26<sup>(25)</sup> Amendment to the Second Amended and Restated Revolving Credit Agreement, dated as of February 15, 2017
- 10-27<sup>(25)</sup> Amendment to the Term Loan Credit Agreement, dated as of February 15, 2017

10-28<sup>(24)</sup> Restricted Stock Unit Grant Agreement

10-29<sup>(24)</sup> Performance-Based Restricted Stock Unit Grant Agreement

10-30<sup>(26)</sup> Amended and Restated Transfer and Administration Agreement, dated as of August 8, 2017

75

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Table of Contents

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|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10-31 <sup>(1)</sup> | <u>Lender Joinder and First Revolver Increase Agreement, dated as of January 31, 2018</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 10-32 <sup>(1)</sup> | <u>Manager's Agreement Between TS Europe Executive BVBA and Mr. Patrick Zammit, dated as of February 1, 2017</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 10-33 <sup>(1)</sup> | <u>Addendum to the Manager's Agreement Between TS Europe Executive BVBA and Mr. Patrick Zammit, dated as of February 28, 2017</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 21-1 <sup>(1)</sup>  | <u>Subsidiaries of Registrant</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 23-1 <sup>(1)</sup>  | <u>Consent of Ernst &amp; Young LLP</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 24 <sup>(1)</sup>    | Power of Attorney (included on signature page)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 31-A <sup>(1)</sup>  | <u>Certification of Chief Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 31-B <sup>(1)</sup>  | <u>Certification of Chief Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 32-A <sup>(1)</sup>  | <u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 32-B <sup>(1)</sup>  | <u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 101 <sup>(27)</sup>  | Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheet as of January 31, 2018 and 2017; (ii) Consolidated Statement of Income for the fiscal years ended January 31, 2018, 2017 and 2016; (iii) Consolidated Statement of Comprehensive Income for the fiscal years ended January 31, 2018, 2017 and 2016; (iv) Consolidated Statement of Shareholders' Equity for the fiscal years ended January 31, 2018, 2017 and 2016; (v) Consolidated Statement of Cash Flows for the fiscal years ended January 31, 2018, 2017 and 2016; (vi) Notes to Consolidated Financial Statements, detail tagged and (vii) Financial Statement Schedule II, detail tagged. |

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(1) Filed herewith.

(2) Incorporated by reference to the Exhibits included in the Company's Form 8-K dated December 8, 2004, File No. 0-14625.

(3) Incorporated by reference to the Exhibits included in the Company's Definitive Proxy Statement for the 1995 Annual Meeting of Shareholders, File No. 0-14625.

(4) Incorporated by reference to the Exhibits included in the Company's Registration Statement on Form S-8, File No. 333-59198.

(5) Incorporated by reference to the Exhibits included in the Company's Form 10-Q for the quarter ended July 31, 2003, File No. 0-14625.

(6) Incorporated by reference to the Exhibits included in the Company's Form 10-Q for the quarter ended April 30, 2005, File No. 0-14625.

(7)

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Incorporated by reference to the Exhibits included in the Company's Form 10-Q for the quarter ended April 30, 2006, File No. 0-14625.

- (8) Incorporated by reference to the Exhibits included in the Company's Form 10-Q for the quarter ended October 31, 2006, File No. 0-14625.
- (9) Incorporated by reference to the Exhibits included in the Company's Form 10-Q for the quarter ended April 30, 2007, File No. 0-14625.
- (10) Incorporated by reference to the Exhibits included in the Company's Form 10-Q for the quarter ended July 31, 2009, File No. 0-14625.
- (11) Incorporated by reference to the Exhibits included in the Company's Form 10-K for the year ended January 31, 2012, File No. 0-14625
- (12) Incorporated by reference to the Exhibits included in the Company's Form 10-Q for the quarter ended April 30, 2012, File No. 0-14625.
- (13) Incorporated by reference to the Exhibits included in the Company's Form 10-K for the year ended January 31, 2013, File No. 0-14625.

Table of Contents

- (14) Incorporated by reference to the Exhibits included in the Company's Form 10-K for the year ended January 31, 2014, File No. 0-14625.
- (15) Incorporated by reference to the Exhibits included in the Company's Form 10-Q for the quarter ended April 30, 2014, File No. 0-14625.
- (16) Incorporated by reference to the Exhibits included in the Company's Form 10-K for the year ended January 31, 2015, File No. 0-14625.
- (17) Incorporated by reference to the Exhibits included in the Company's Form 10-K for the year ended January 31, 2016, File No. 0-14625.
- (18) Incorporated by reference to the Exhibits included in the Company's Form 10-Q for the quarter ended April 30, 2016, File No. 0-14625.
- (19) Incorporated by reference to the Exhibits included in the Company's Form 8-K dated March 18, 2016, File No. 0-14625.
- (20) Incorporated by reference to the Exhibits included in the Company's Form 8-K dated September 19, 2016, File No. 0-14625.
- (21) Incorporated by reference to the Exhibits included in the Company's Form 8-K dated November 4, 2016, File No. 0-14625.
- (22) Incorporated by reference to the Exhibits included in the Company's Form 8-K dated January 31, 2017, File No. 0-14625.
- (23) Incorporated by reference to the Exhibits included in the Company's Form 8-K dated February 27, 2017, File No. 0-14625.
- (24) Incorporated by reference to the Exhibits included in the Company's Form 8-K dated March 7, 2017, File No. 0-14625.
- (25) Incorporated by reference to the Exhibits included in the Company's Form 10-K for the year ended January 31, 2017, File No. 0-14625.
- (26) Incorporated by reference to the Exhibits included in the Company's Form 8-K dated August 8, 2017, File No. 0-14625.
- (27) XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statements or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

Table of Contents

SCHEDULE II  
 TECH DATA CORPORATION AND SUBSIDIARIES  
 VALUATION AND QUALIFYING ACCOUNTS  
 (In thousands)

| Allowance for doubtful accounts receivable and sales returns | Balance at beginning of period | Activity Charged to cost and expenses | Deductions   | Other <sup>(1)</sup> | Balance at end of period |
|--------------------------------------------------------------|--------------------------------|---------------------------------------|--------------|----------------------|--------------------------|
| Year ended January 31:                                       |                                |                                       |              |                      |                          |
| 2018                                                         | \$ 38,767                      | \$21,022                              | \$ (28,531 ) | \$59,166             | \$ 90,424                |
| 2017                                                         | \$ 45,875                      | \$5,026                               | \$ (16,596 ) | \$4,462              | \$ 38,767                |
| 2016                                                         | \$ 50,143                      | \$6,061                               | \$ (13,797 ) | \$3,468              | \$ 45,875                |

(1) "Other" primarily includes recoveries, acquisitions and dispositions and the effect of fluctuations in foreign currencies.

Table of Contents

ITEM 16. Form 10-K Summary.

None.

79

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Table of Contents

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 22, 2018.

TECH DATA CORPORATION

By/s/ ROBERT M. DUTKOWSKY

Robert M. Dutkowsky

Chief Executive Officer, Chairman of the Board of Directors

Table of Contents

## POWER OF ATTORNEY

Each person whose signature to this Annual Report on Form 10-K appears below hereby appoints David R. Vetter and Charles V. Dannewitz as his or her attorney-in-fact to sign on his or her behalf individually and in the capacity stated below and to file all amendments and post-effective amendments to this Annual Report on Form 10-K, and any and all instruments or documents filed as a part of or in connection with this Annual Report on Form 10-K or the amendments thereto, and the attorney-in-fact, or either of them, may make such changes and additions to this Annual Report on Form 10-K as the attorney-in-fact, or either of them, may deem necessary or appropriate.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature                                          | Title                                                                                        | Date           |
|----------------------------------------------------|----------------------------------------------------------------------------------------------|----------------|
| /s/ ROBERT M. DUTKOWSKY<br>Robert M. Dutkowsky     | Chief Executive Officer, Chairman of the Board of Directors<br>(principal executive officer) | March 22, 2018 |
| /s/ CHARLES V. DANNEWITZ<br>Charles V. Dannewitz   | Executive Vice President, Chief<br>Financial Officer (principal financial officer)           | March 22, 2018 |
| /s/ JEFFREY L. TAYLOR<br>Jeffrey L. Taylor         | Senior Vice President, Corporate Controller<br>(principal accounting officer)                | March 22, 2018 |
| /s/ CHARLES E. ADAIR<br>Charles E. Adair           | Director                                                                                     | March 22, 2018 |
| /s/ KAREN DAHUT<br>Karen Dahut                     | Director                                                                                     | March 22, 2018 |
| /s/ HARRY J. HARCZAK, JR.<br>Harry J. Harczak, Jr. | Director                                                                                     | March 22, 2018 |
| /s/ BRIDGETTE P. HELLER<br>Bridgette P. Heller     | Director                                                                                     | March 22, 2018 |
| /s/ KATHLEEN MISUNAS<br>Kathleen Misunas           | Director                                                                                     | March 22, 2018 |
| /s/ THOMAS I. MORGAN<br>Thomas I. Morgan           | Director                                                                                     | March 22, 2018 |
| /s/ PATRICK G. SAYER<br>Patrick G. Sayer           | Director                                                                                     | March 22, 2018 |
| /s/ SAVIO W. TUNG<br>Savio W. Tung                 | Director                                                                                     | March 22, 2018 |