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## Ingram Micro, Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from William Fearnley - FTN Equity Capital Markets.

#### William Fearnley - FTN Equity Capital Markets

A couple of questions, guys, on the gross margin side. You were talking about mix and you were talking about pricing discipline. Given the demand environment and the competitive environment, do you think that the gross margin pattern that you've developed here for the beginning of the first quarter is sustainable here in the near term? And then I have a follow up.

#### William D. Humes

Hi Bill. This is Bill. I'll answer that question. Yes, I mean overall we're pretty pleased with our gross margin management. It's a combination of us really looking at discipline type pricing, looking at individual deals as well as overall business portfolio. You know, also a combination of the other actions we took mainly during 2008 with you know implementing the freight recovery initiatives as well as walking away from business that was not hitting our hurdle rates. So overall our gross margin has been pretty solid over the last several quarters, and we continue to be a goal of shooting for 5.4% or above and we've been hitting a mark above and beyond that for several quarters. But in this environment you know there can be some movements up and down in gross margin overall. So we continue to be comfortable with that 5.4 above and level.

#### William Fearnley - FTN Equity Capital Markets

And just a follow up on the gross margins if I could, or on the margin side. Any major changes in vendor programs here? You've got a new fiscal year, you've got for some players a competitive demand environment, were there any gives or takes or pluses or minuses here in the gross margin side from some of the vendor programs to the market development with the sales team inside?

#### Gregory Spierkel

Bill, its Greg here. No major shifts within the vendor portfolio to speak of that was either positive or negative. If there's anything that we've been trying to do consistently is we are making decisions on the fly, if you may, based on the strength of certain customers and certain vendors who have got slightly better margin characteristics for us. And that's been a part of the story behind the solid gross margin that we've had over the last two years, relatively to prior periods. But to the specific, are there

any nuances or changes from major vendors at this stage, apart from HP making some changes in Europe, but HP is usually changing programs as a big partner on an annual basis, sometimes semi-annual basis in different regions. So they're about to embark on some changes in Q2, but at this stage no impact that we can see.

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