

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**SYNNEX CORP**

CIK: [1177394](#) | IRS No.: **942703333** | State of Incorporation: **DE** | Fiscal Year End: **1130**  
Type: **8-K** | Act: **34** | File No.: [001-31892](#) | Film No.: **13523151**  
SIC: **5045** Computers & peripheral equipment & software

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

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of Earliest Event Reported): January 10, 2013**

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**SYNNEX CORPORATION**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-31892**  
(Commission  
File Number)

**94-2703333**  
(I.R.S. Employer  
Identification Number)

**44201 Nobel Drive**  
**Fremont, California**  
(Address of principal executive offices)

**94538**  
(Zip Code)

**(510) 656-3333**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))
-

**Item 2.02. Results of Operations and Financial Condition**

The information in this Current Report is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On January 10, 2013, SYNEX Corporation (“SYNEX”) issued a press release regarding SYNEX' financial results for its fiscal fourth quarter and year ended November 30, 2012. The full text of SYNEX' press release is furnished herewith as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits**

**(d) Exhibits**

Exhibit No.      Description

99.1      Press Release dated January 10, 2013.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 10, 2013

SYNNEX CORPORATION

By:

/s/ Simon Y. Leung

Simon Y. Leung  
Senior Vice President, General Counsel and  
Corporate Secretary

## EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u>                    |
|--------------------|---------------------------------------|
| 99.1               | Press Release dated January 10, 2013. |



**FOR IMMEDIATE RELEASE**

Contact Info:

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**SYNNEX Corporation Reports Fiscal 2012 Fourth Quarter and Year-End Results**

**Strong Earnings, Exceptional Distribution Execution and 21% GBS Organic Growth**

**Fremont, Calif.**, - January 10, 2013 - SYNNEX Corporation (NYSE: SNX), a leading business process services company, today announced financial results for the fiscal fourth quarter and year ended November 30, 2012.

|   | <u>Q4 FY12</u> | <u>Q4 FY11</u> | <u>Net Change</u> |
|---|----------------|----------------|-------------------|
| Revenue (\$M)                                       | \$2,765        | \$2,841        | -2.7 %            |
| Operating income (\$M)                              | \$74.7         | \$84.7         | -11.9 %           |
| Operating margin                                    | 2.70%          | 2.98%          | -28 bp            |
| Net income attributable to SYNNEX Corporation (\$M) | \$43.6         | \$50.2         | -13.0 %           |
| Diluted EPS   | \$1.16         | \$1.37         | -15.3 %           |

"I am pleased to report solid quarterly earnings even as compared to the prior year's exceptional profits from the hard disk drive shortage. Strong operational execution within the core Distribution Segment aligned well with rapid expansion into adjacent, higher margin service and solution businesses," stated Kevin Murai, President and Chief Executive Officer, "Also our GBS Segment's organic revenue growth continues to accelerate driven by continued investment and increasing momentum in our rapidly growing Concentrix business."

**Fiscal 2012 Fourth Quarter Highlights:**

- **Distribution:** Revenue was \$2.72 billion, down 3% from the prior fiscal year quarter, due in part to a previously reported customer business transition starting within Q4 2011 from gross revenue to net fee for services, resulting in lower reported revenue in Q4 2012. Distribution income before non-operating items, income taxes and noncontrolling interest was \$70.4 million, or 2.59% of distribution revenue compared with \$81.1 million, or 2.89% in the prior fiscal year quarter. As previously reported, the fiscal 2011 fourth quarter included a very significant gross margin benefit resulting from shortages of hard disk drives.
- **Global Business Services (GBS):** Revenue grew to \$54.9 million, an increase of 22.2% over the prior fiscal year quarter. GBS income before non-operating items, income taxes and noncontrolling interest was \$4.3 million, or 7.89% of GBS revenue compared with \$3.6 million, or 8.11% in the prior fiscal year quarter.

- The trailing four quarters ROIC was 10.5% for the fiscal fourth quarter of 2012, compared to 11.1% in the prior year fiscal fourth quarter.
-

- The cash conversion cycle was 40 days compared to 39 days in the prior fiscal year quarter.
- The debt to capitalization ratio was 17%.
- Depreciation and amortization were \$3.9 and \$2.1 million, respectively.

#### Fiscal Year 2012 Highlights:

|  | FY12 <sup>(1)</sup> | FY11 <sup>(2)</sup> | Net Change |
|--|---------------------|---------------------|------------|
| Revenue (\$M)                                      | \$10,286            | \$10,410            | -1.2 %     |
| Operating income (\$M)                             | \$255.0             | \$256.2             | -0.5 %     |
| Operating margin                                   | 2.48%               | 2.46%               | 2 bp       |
| Net income attributable to SYNEX Corporation (\$M) | \$151.4             | \$150.3             | 0.7 %      |
| Diluted EPS  | \$3.99              | \$4.08              | -2.2 %     |

(1) FY 2012 includes a \$0.7 million credit adjustment to SG&A for contingent M&A consideration.

(2) FY 2011 includes a \$5.4 million credit adjustment to SG&A for contingent M&A consideration.

- **Distribution:** Revenue from continuing operations was \$10.12 billion, a decrease of 1.5% over the prior fiscal year. Distribution income from continuing operations before non-operating items, income taxes and noncontrolling interest was \$241.8 million, or 2.39% of distribution revenue compared with \$237.3 million, or 2.31% in the prior fiscal year. Fiscal year 2012 results include certain customer business which transitioned year-over-year from a gross revenue business to a net fee for service logistics relationship starting within the fiscal fourth quarter of 2011.
- **Global Business Services (GBS):** Revenue from continuing operations was \$197.4 million, an increase of 20.8% over the prior fiscal year. GBS income from continuing operations before non-operating items, income taxes and noncontrolling interest was \$13.5 million, or 6.83% of GBS revenue compared with \$18.9 million, or 11.57% in the prior fiscal year. FY 2012 includes a \$0.7 million credit adjustment to SG&A for contingent M&A consideration compared to a \$5.4 million credit adjustment in FY 2011.
- SYNEX consolidated depreciation and amortization were \$16.3 million and \$8.3 million, respectively.

#### Fiscal 2013 First Quarter Outlook:

The following statements are based on the Company's current expectations for the fiscal 2013 first quarter. These statements are forward-looking and actual results may differ materially.

- Revenue is expected to be in the range of \$2.38 billion to \$2.48 billion.
- Net income is expected to be in the range of \$32.2 million to \$33.4 million.
- Diluted earnings per share are expected to be in the range of \$0.85 to \$0.89.

#### Conference Call and Webcast

SYNEX will be discussing its financial results and outlook on a conference call today at 2:00 p.m. (PT). A webcast of the call will be available at <http://ir.synnex.com>. The conference call will also be available via telephone by dialing (888) 469-3219 in North America or (630) 395-0205 outside North America. The passcode code for the call is "SNX." A replay of the webcast will be available at <http://ir.synnex.com> approximately two hours after the conference call has concluded.

## About SYNnex

SYNNEX Corporation (NYSE: SNX), a Fortune 500 corporation, is a leading business process services company, servicing resellers, retailers and original equipment manufacturers in multiple regions around the world. The Company provides services in IT distribution, supply chain management, contract assembly and business process outsourcing. Founded in 1980, SYNnex employs approximately 11,000 full-time and part-time associates worldwide. Additional information about SYNnex may be found online at [www.synnex.com](http://www.synnex.com).

## Safe Harbor Statement

Statements in this press release regarding SYNnex Corporation, which are not historical facts, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements may be identified by terms such as believe, expect, may, will, provide, could and should and the negative of these terms or other similar expressions. These statements, including statements regarding the demand environment, growth in profitability, expansion into higher margin service and solution businesses, extent of investment in our GBS segment, transition of customers from gross revenue to net fee for service, and our revenue, operating margins, net income and earnings per share, are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements. These risks and uncertainties include, but are not limited to: our ability to successfully integrate our recent acquisitions; diversion of management as a result of our recent acquisitions; loss of vendors and suppliers as a result of our recent acquisitions; market acceptance and product life of the platforms sold by companies recently acquired; general economic conditions and any weakness in IT and consumer electronics spending; the loss or consolidation of one or more of our significant OEM suppliers or customers; market acceptance and product life of the products we assemble and distribute; competitive conditions in our industry and their impact on our margins; pricing, margin and other terms with our OEM suppliers; our ability to gain market share; variations in supplier-sponsored programs; changes in our costs and operating expenses; changes in foreign currency exchange rates; changes in the tax laws; risks associated with our international operations; uncertainties and variability in demand by our reseller and contract assembly customers; supply shortages or delays; any termination or reduction in our floor plan financing arrangements; credit exposure to our reseller customers, and negative trends in their businesses; any future incidents of theft; risks associated with our business process outsourcing and contract assembly business; risks associated with our anti-dilution share repurchase program; and other risks and uncertainties detailed in our Form 10-Q for the fiscal quarter ended August 31, 2012 and from time to time in our SEC filings. Statements included in this press release are based upon information known to SYNnex Corporation as of the date of this release, and SYNnex Corporation assumes no obligation to update information contained in this press release.

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**SYNNEX Corporation**  
**Consolidated Balance Sheets**  
**(currency in thousands)**  
**(unaudited)**

|   | November 30,<br>2012 | November 30,<br>2011 |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash and cash equivalents                                       | \$ 163,699           | \$ 67,571            |
| Short-term investments  | 15,933               | 16,017               |
| Accounts receivable, net  | 1,401,087            | 1,293,027            |
| Receivable from affiliates                                      | 285                  | 1,344                |
| Inventories   | 923,340              | 975,047              |
| Current deferred tax assets                                     | 23,390               | 28,241               |
| Other current assets  | 52,727               | 57,168               |
| Total current assets  | 2,580,461            | 2,438,415            |
| Property and equipment, net                                     | 122,923              | 125,157              |
| Goodwill  | 189,088              | 185,312              |
| Intangible assets, net  | 29,049               | 37,539               |
| Deferred tax assets   | 619                  | 590                  |
| Other assets  | 41,122               | 46,282               |
| Total assets  | \$ 2,963,262         | \$ 2,833,295         |
| <b>LIABILITIES AND EQUITY</b>                                   |                      |                      |
| Current liabilities:  |                      |                      |
| Borrowings under securitization, term loans and lines of credit | \$ 52,698            | \$ 159,200           |
| Convertible debt  | 141,436              | —                    |
| Accounts payable  | 1,111,833            | 1,035,691            |
| Accrued liabilities   | 181,270              | 172,226              |
| Income taxes payable  | 7,470                | 5,136                |
| Total current liabilities                                       | 1,494,707            | 1,372,253            |
| Long-term borrowings  | 81,152               | 87,659               |
| Convertible debt  | —                    | 136,163              |
| Long-term liabilities   | 58,783               | 60,676               |
| Deferred tax liabilities  | 9,265                | 8,086                |
| Total liabilities   | 1,643,907            | 1,664,837            |
| SYNNEX Corporation stockholders' equity:                        |                      |                      |
| Preferred stock   | —                    | —                    |
| Common stock  | 37                   | 37                   |
| Additional paid-in capital                                      | 324,292              | 310,316              |
| Treasury stock  | (21,611)             | (11,524)             |
| Accumulated other comprehensive income                          | 35,405               | 30,026               |
| Retained earnings   | 980,900              | 829,524              |
| Total SYNNEX Corporation stockholders' equity                   | 1,319,023            | 1,158,379            |
| Noncontrolling interest   | 332                  | 10,079               |
| Total equity  | 1,319,355            | 1,168,458            |
| Total liabilities and equity                                    | \$ 2,963,262         | \$ 2,833,295         |



**SYNNEX Corporation**  
**Consolidated Statements of Operations**  
(currency and share amounts in thousands, except for per share amounts)  
(unaudited)

|   | Three Months Ended |                   | Fiscal Year Ended |                   |
|---|--------------------|-------------------|-------------------|-------------------|
|   | November 30, 2012  | November 30, 2011 | November 30, 2012 | November 30, 2011 |
| Revenue   | \$ 2,765,066       | \$ 2,840,971      | \$ 10,285,507     | \$ 10,409,840     |
| Cost of revenue   | (2,585,966)        | (2,653,130)       | (9,628,770)       | (9,779,342)       |
| Gross profit  | 179,100            | 187,841           | 656,737           | 630,498           |
| Selling, general and administrative expenses                                | (104,448)          | (103,144)         | (401,725)         | (374,270)         |
| Income before non-operating items, income taxes and noncontrolling interest | 74,652             | 84,697            | 255,012           | 256,228           |
| Interest expense and finance charges, net                                   | (5,567)            | (6,595)           | (22,930)          | (25,505)          |
| Other income (expense), net   | 1,864              | (936)             | 4,471             | (1,005)           |
| Income before income taxes and noncontrolling interest                      | 70,949             | 77,166            | 236,553           | 229,718           |
| Provision for income taxes  | (27,256)           | (26,964)          | (84,050)          | (79,165)          |
| Net income  | 43,693             | 50,202            | 152,503           | 150,553           |
| Net income attributable to noncontrolling interest                          | (53)               | (29)              | (1,127)           | (222)             |
| Net income attributable to SYNNEX Corporation                               | \$ 43,640          | \$ 50,173         | \$ 151,376        | \$ 150,331        |
| Net income per share attributable to SYNNEX Corporation:                    |                    |                   |                   |                   |
| Basic   | \$ 1.19            | \$ 1.39           | \$ 4.14           | \$ 4.20           |
| Diluted   | \$ 1.16            | \$ 1.37           | \$ 3.99           | \$ 4.08           |
| Weighted-average common shares outstanding:                                 |                    |                   |                   |                   |
| Basic   | 36,726             | 36,142            | 36,584            | 35,830            |
| Diluted   | 37,733             | 36,675            | 37,908            | 36,833            |