PARTICIPANTS

Corporate Participants

Deirdre Skolfield – Director-Investor Relations, SYNNEX Corp.
Marshall W. Witt – Chief Financial Officer, SYNNEX Corp.
Kevin M. Murai – President, Chief Executive Officer & Director, SYNNEX Corp.

Other Participants

Jim Suva – Analyst, Citigroup Global Markets Inc. (Broker)
Osten H. Bernardez – Analyst, Cross Research LLC
Brian G. Alexander – Analyst, Raymond James & Associates, Inc.
Bill C. Shope – Analyst, Goldman Sachs & Co.
Rich J. Kugele – Analyst, Needham & Co. LLC
Louis R. Miscioscia – Analyst, Credit Agricole Securities (USA), Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Kim and I will be your conference operator for today. At this time, I would like to welcome everyone to the SYNNEX 2013 Second Quarter Earnings Conference Call. All lines have been placed on listen-only mode to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Today's conference is being recorded. If you have any objections, you may disconnect. Thank you.

At this time, I would like to pass the call over to Deirdre Skolfield, Director of Investor Relations at SYNNEX Corporation. Ms. Deirdre Skolfield, you may begin your conference.

Deirdre Skolfield, Director-Investor Relations

Thank you, Kim. Good afternoon and welcome to the SYNNEX Corporation's fiscal 2013 second quarter conference call for the period ended May 31, 2013. Joining us on today's call are Kevin Murai, President and Chief Executive Officer; Dennis Polk, Chief Operating Officer; Marshall Witt, Chief Financial Officer and Chris Caldwell, President of Concentrix Corporation.

Before we begin, I'd like to note that today's statements on today's call which are not historical facts may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements include, but are not limited to, statements regarding our strategy, including business, sales and profitability growth, market share, investments and growth of our GBS business, growth in shareholder value, expectation of our revenues, net income and diluted earnings per share for the third quarter of fiscal 2013; our expectations of our tax rate, our expectations regarding foreign exchange rates, anticipated benefits of the Supercom acquisition, our performance, benefits of our business model, demand and pricing expectations and market conditions, our expectations regarding vendor incentives and interests in operating expenses and margins.

These are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements. Please refer to today's press release and documents filed with the Securities and Exchange Commission, specifically our most recent Form 10-Q for information on risk factors that could cause actual results to differ materially from those discussed in these forward-looking statements.

Additionally, this conference call is a property of SYNNEX Corporation and may not be recorded or rebroadcast without specific written permission from the company.

Now, I'd like to turn the call over to Marshall for an update on our financial performance. Marshall?

Marshall W. Witt, Chief Financial Officer

Thank you, Deirdre. Good afternoon everyone and thank you for joining our call today. As this is my first call, let me start off by saying just how excited I am to have joined SYNNEX. In my short time here, I'm very impressed with the quality of the leadership team and excited about the company's reputation and growth opportunities.

I'll begin with the few highlights and a summary of our results of operations and key financial metrics. I'll provide some additional color on the financial impact of the Supercom acquisition as well as some detail regarding the convertible debt settlement. And I'll conclude with guidance for the third quarter before turning the call over to Kevin.

Overall, we are pleased to report that our results came in ahead of expectation in light of some of the challenges we noted in our last call. Solid execution in our distribution business drove good sales and profit results. We also continued to achieve strong growth in the GBS, Concentrix business as a result of our ongoing investment in that segment.

In our second quarter, total consolidated revenue was $2.59 billion, up 4.4% year-over-year, a bit ahead of our guidance. Supercom accounted for roughly $45 million of reported Q2 revenues. So excluding Supercom, we grew our revenue 2.6% year-over-year.

Our second quarter revenue from distribution segment was $2.54 billion, up 4.2% year-over-year despite foreign exchange rate trends and up 5.3% sequentially. Adjusting for Supercom acquisition and for the translation effect of foreign currencies, primarily the yen, our distribution business was up approximately 4.9% year-over-year. In our GBS segment, revenue grew to $55.1 million, up 15.4% year-over-year. We are clearly seeing the impact of our ongoing success in signing new business, which resulted from investments in our business and sales and marketing efforts.

Consolidated gross margin was 5.9% compared to 6.3% in our second quarter 2012 and 6.34% in Q1 of 2013. As we outlined in our last call, the second quarter gross margin was affected by combination of mixed demand environment and a competitive pricing environment on the Broadline side of the business. Second quarter total SG&A expenses were $103 million or 3.97% of revenues compared to $97 million or 3.91% of revenues in the second quarter of fiscal 2012. Second quarter of 2013 SG&A includes $2.1 million in one-time integration costs related to the Supercom acquisition as well as additional operating expenses related to the Supercom acquisition from the date of acquisition.

Consolidated operating income before non-operating items, income taxes and non-controlling interest was $52 million or 2.01% of revenues compared to $59.3 million or 2.39% in the prior year's second quarter, and $55.9 million or 2.27% in Q1 of 2013.

At the segment level, in fiscal Q2, distribution income before non-operating items, income taxes, and non-controlling interest was $47.7 million or 1.88% of distribution revenues compared to $56.4 million or 2.31% in the prior year's second quarter and $52.1 million or 2.15% sequentially. In the GBS segment, operating income was $4.4 million or 7.91% of GBS revenues compared to $2.6 million or 5.4% in the prior year when we were integrating recent M&A, and up from 7.43% in Q1.

So in the second quarter, GBS represented 2.1% of our revenues and 8.4% of our operating profit. Net total interest expense and finance charges for the second quarter of 2013 were $4.9 million compared to $5.5 million in the prior year quarter.

The tax rate for the second quarter of fiscal 2013 was 35.4%. For fiscal 2013, we anticipate the annual tax rate to be in the 35% to 36% range. Our second quarter net income for SYNNEX was $30.8 million or $0.81 per diluted share. This compares to $34.4 million or $0.90 per diluted share in Q2 of 2012.

Now, turning to the balance sheet, accounts receivable totaled $1.2 billion at May 31, 2013 for DSO of 43 days, an increase of two days from the prior-year quarter. Inventory totaled $947 million or 35 days at the end of the second quarter, up one day from the second quarter of 2012. Days payable outstanding was 36 days, up five days from the end of the prior year's second quarter, but in line with our historical average.

Hence, our overall cash conversion cycle for the second quarter of 2013 was 42 days, down two days from the same quarter of last year and down one day from Q1 of 2013.

Our debt to capitalization ratio was 18%, down from 19% in the prior year second quarter. At the end of Q2, between our cash and credit facilities, the company had over $75 million available to fund growth and other potential financing needs.

The purchase price for acquisition of Supercom Canada was approximately $35.6 million in U.S. dollars. The Supercom revenue impact for Q2 was approximately $45 million, which is in line with recent Supercom trends. And Supercom will be modestly accretive to earnings for the first few months as we focus on integration.

Other financial data and metrics of note for the second quarter are as follows. Depreciation expense was $4 million. Amortization expense was $2 million. HP at 32.2% of sales was the only vendor accounting for over 10% of sales. Cash capital expenditure for the quarter was approximate $5.1 million and preliminarily year-to-date cash flow from operations was approximately $91 million. Trailing fourth quarter ROIC was 9.6% and Q2 annualized ROIC was 8.2%.

Now moving on to converts. As you know, on May 6 of 2008, SYNNEX issued $144 million of 4% convertible senior 10-year notes, with an option redemption date on/or after May 20 of 2013. The company decided to settle the convertible notes by using all cash for principal and interest as well as for the conversion premium, which is the difference between the market price and the conversion price of $29.42.

The impact on the financial statements is as follows. As we will now pay the conversion spread in cash, the company has recorded a $35.6 million liability for the conversion spread as of May 31, 2013 based on a $36.71 average per share price calculated in a manner consistent with the indenture.

Interest expense will be reduced of course, but it will be somewhat offset by additional borrowing of our working capital requirements due to growth and normal seasonality.

Now moving to our third quarter 2013 expectations; we expect revenue to be in the range of $2.65 billion to $2.75 billion. For net income, the forecast is expected to be in the range of $34.3 million to $35.5 million and corresponding diluted earnings per share is anticipated to be in the range of $0.91 to $0.95.

Diluted earnings per share for fiscal Q3 of 2013 does not include any changes in the liability for the conversion spread that may require an adjustment to the numerator in our diluted EPS calculation.

Historically, dilutive impact of the conversion spread was recorded in the denominator as an adjustment to the diluted shares.

We are projecting that the demand environment will continue to improve and we are factoring in recent trends and key foreign exchange rates such as the yen and Canadian dollar. As a reminder, these statements of Q3 expectations are forward-looking and actual results may differ materially.

I will now turn the call over to Kevin Murai, President and Chief Executive Officer for his perspective on the business and our quarterly results. Kevin?

Kevin M. Murai, President, Chief Executive Officer & Director

Thank you, Marshall. Good afternoon everyone and thank you for joining our call today. I'm pleased with our second quarter results highlighted by strong year-over-year sales growth of 4.4%, both our distribution and GBS segments contributed to this success.

In addition, we achieved a respectable operating margin of 2.01% and trailing four quarter ROIC of 9.6%, both of which were burdened by the one-time integration costs associated with our Supercom acquisition.

Within our distribution segment, all of our geographies performed well. Sales in the U.S. and Japan were stronger than anticipated both growing in the mid to high single-digits in local currency.

Our Japanese business was aided by strong mobility sales in our retail segment as well as the second quarter being the seasonally strongest. Canada sales remained softer as expected driven largely by the pull-back in federal government spending. The Supercom acquisition was closed on April 15, contributed approximately $45 million to our sale.

From a profitability perspective, we've made good progress in our Japanese business delivering operating margins well above 1%. The U.S. also delivered solid margin performance as we made good progress in restoring backend margins, well protecting our market share.

Canada's operating margins were consistent with the prior quarter, although they were burdened with one-time integration cost from the Supercom acquisition. One of the headlines this past quarter was our successful acquisition and on-boarding of Supercom Canada.

The addition of Supercom makes SYNNEX one of the largest IT distributors in Canada and enhances our penetration in key markets including retail and SMB. I'm pleased to report that in the short time since we've closed the deal, we're now operating as a single and cohesive business as we have successfully consolidated operations and have migrated the entire business to our ERP platform.

Our steady performance in our distribution business underscores the unique competitive advantages built into our business model and the way we run our business. In light of the more aggressive pricing environment we discussed last quarter, we defended our market share and still delivered healthy profitability. Equally important, we continue to grow our business in more profitable segments including our Technical Solutions division and the SMB market.

Within our GBS segment, we continued our trend of strong organic sales results, delivering more than 15% growth over the prior year. The investments we've made in our sales and marketing processes continue to pay dividends. With GBS operating margin at nearly 8%, the business delivered close to a 70% increase in operating income over the prior year.

Now turning to our third quarter guidance, we expect to achieve steady sales performance and positive year-on-year growth within our distribution segment in all geographies within a demand environment that is overall improving, although still somewhat softer in Canada and seasonally softer in Japan.

It should be noted that with the weakening of the yen and the Canadian dollar, we will experience the translation impact to U.S. dollars. We foresee a more stable competitive pricing environment compared to the previous quarter as well as vendor incentive programs more in line with the market reality.

Within our GBS segment in Q3, we expect to continue our trend of sales growth well above markets rates with operating margins in the high single-digits. Looking beyond the midpoint of our fiscal 2013 and towards the second half of the year, we have reason to be optimistic about our business outlook. Our business strategy, competitive advantages and operational excellence give me confidence that SYNNEX will continue to thrive. I've spoken in the past about major technology trends and changes and how technology is consumed, but it's really the change itself that creates the opportunity.

Even at our current size of over $10 billion in revenue, we can and will continue to be nimble and embrace change within our business model in order to capture the significant new pools of value being created.

Our focus on creating shareholder value – our focus is on creating shareholder value and we believe we are well positioned to grow sales and profitability over the long term.

I would like to acknowledge the hard work and dedication of all of our over 12,000 SYNNEX associates around the world and also thank our vendors, customers and shareholders for their continued partnership and support.

And with that, let's turn the call over to the operator for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from Jim Suva with Citigroup.

<Q – Jim Suva – Citigroup Global Markets Inc. (Broker)>: When we think about your commentary of opportunistic or better-looking second half of the year, can you help us better understand the key items around it? It sounds like a lot has to do with the vendor rebates being reset. If that's the case, are they in the process of being renegotiated? Are they completely locked down now or are you hopeful to be locked in or is it integrating the acquisition in SYNNEX organic operations that will drive the majority of that gross margin improvement?

<A – Kevin Murai – SYNNEX Corp.>: Hey, Jim. This is Kevin. Really starting at the highest level, I think just the overall view that we have on the market, so I'll start with distribution. The IT demand market seemed to be slowly improving and do feel a little bit better than even three months ago. In addition to that, some of the challenges that we talked about three months ago, in terms of a more competitive pricing environment as well as the backend vendor incentive rebates that you had address or you had spoken of, those now are normalized to what market conditions are and we feel a little bit better about the overall competitive pricing environment. But in addition to that, I think at a higher level yet again, the focus that we have on where we're taking the business continues to be very strong, we continue to make progress there and also within the GBS Concentrix part of our business, we continue to – a really good trend of quarter-on-quarter or year-on-year, quarter-after-quarter growth and growth well above market rates with continually improving contribution at the operating income level. So, just overall, I think we're hitting on all our cylinders, we're executing well and overall market condition seems to be slowly improving.

<Q – Jim Suva – Citigroup Global Markets Inc. (Broker)>: Great. Thank you very much.

<A – Kevin Murai – SYNNEX Corp.>: Thanks, Jim.

Operator: Thank you. Our next question comes from Osten Bernardez with Cross Research.

<Q – Osten Bernardez – Cross Research LLC>: Good afternoon, thanks for taking my questions. When I consider your comments with respect to maintaining share during the quarter, how much of that is related to your strategy of pursuing new businesses and adding your line cards versus addressing some of your more traditional markets with I guess perhaps even aggressive pricing on your end or other marketing plans?

<A – Kevin Murai – SYNNEX Corp.>: So really breaking that down into two parts, Osten. The more competitive environment and also where we saw, I guess on a relative basis, a bit more softness in overall demand was really more on Broadline side of our distribution business. And that's really where we continue to protect share through the past quarter.

The growth areas that we've talked through and these tend to be the more, I guess, the more technical products that we sell, all part of our Technical Solutions division. Those have been growing well above our average growth rates and that trend continued and we certainly expect to continue to gain traction in that area too. So really two different areas of the market where the Broadline was more competitive, we protected share, but we continue to invest in growth on the other side.

<Q – Osten Bernardez – Cross Research LLC>: Okay. And I just wanted to be clear that I understood correctly with respect to what you're seeing from a pricing environment, are you saying that you've – that the stability that you assumed would take place coming into the second half of the year, is starting to occur meaning that your competitors are not being as aggressive as they were several months ago?

<A – Kevin Murai – SYNNEX Corp.>: Osten, that's correct. And what I had said three months ago was, we've seen this happen before where when changes occur in overall demand a little more quickly, we tend to see of these different actions that tend to be relatively short lived. And as it turns out, yes, we don't see as aggressive a pricing environment today as we saw three months ago.

<Q – Osten Bernardez – Cross Research LLC>: Thank you and then one last question for me. With respect to Supercom, what is their exposure to government spending in Canada?

<A – Kevin Murai – SYNNEX Corp.>: Supercom's exposure was – consider them more of a Broadline distributor, their focus had been more in SMB and retail, so not as much exposure to government.

<Q – Osten Bernardez – Cross Research LLC>: Thank you very much.

<A – Kevin Murai – SYNNEX Corp.>: Thanks, Osten.

Operator: Thank you. You next question comes from Brian Alexander with Raymond James.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: Okay. Thanks. Kevin, I just wanted to get a sense for where you expect operating margins to land for the August quarter? Just given the convert and everything, I wanted to make sure we're on the same page. It looks like maybe 2.1% to 2.2% if I take your revenue and earnings guidance and if that's kind of the right range, it's up about 15 basis points sequentially, whereas historically, you've seen more margin expansion in the August quarter on a sequential basis. And I would just think with pricing and rebates as more of a tailwind in the third quarter, I guess I'm wondering why wouldn't we see more margin expansion than what we've seen historically. Thanks.

<A – Kevin Murai – SYNNEX Corp.>: Yeah. So, Brian, again understanding that the overall portfolio of our business has changed quite a bit from even a couple of years ago. We have much more exposure to Japan than say two-plus years ago. And there's been – we're also still continuing through both the soft market in Canada as well as continuing on gaining the – all of the benefits of the acquisition that we've done up there as well.

But as you know, I can't forecast specifically on what our operating margins are going to be. All that being said though, when you look at the core business itself and the key components of what we've dealt with over the past quarter for the most part, those conditions have returned back to normal. And we continue to see opportunities in margin expansion over the long term in our Japanese business as well as our Concentrix business too.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: Okay and then just a quick follow-up on the revenue guidance. If I back out Supercom from the May quarter and what I think it might contribute in the August quarter, it seems like guiding up about 2% sequentially in terms of revenue and the last three years, you've guided up more like 3% to 5%. Perhaps it's kind of what you just said, the portfolio is different, the mix is different, but I was just trying to reconcile what appears to be maybe slightly below seasonal guidance for revenue versus your comments that the demand environment was improving.

<A – Kevin Murai – SYNNEX Corp.>: Yeah. The main factor, Brian, is what's happened recently with currencies. So you've got significant weakening of the yen on a year-on-year basis. And then even in Canada where it's been soft to begin with, but then in addition to that, we've also seen a recent weakening of the Canadian dollar as well. Those are both factored in.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: So if you were to normalize for currency as we think about sequential revenue expectations, would you say it's more or less seasonal?

<A – Kevin Murai – SYNNEX Corp.>: Yeah. That's correct.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: Okay, all right. Thanks a lot.

<A – Kevin Murai – SYNNEX Corp.>: Thank you.

Operator: Thank you. Your next question comes from Bill Shope with Goldman Sachs.

<Q – Bill Shope – Goldman Sachs & Co.>: Okay, great. Thanks. Could you give us a bit more color on what you saw for sequestration impacts in the quarter and how you're thinking about how that flows through this current quarter and through the remainder of the year?

<A – Kevin Murai – SYNNEX Corp.>: Yeah. So, for the specific to the federal government business, we saw – we continued to see federal business flowing. In particular, for contract commitments that were already awarded, we did see some softening just in terms of net new opportunities out of the federal business. But there is anticipation, I guess, optimism that as we get into the federal government yearend that we'll start to see that business, I guess, be a little bit more normal. But again, it remains to be seen. I do want to mention though that our overall government business when you go beyond federal and include state, local and education with improving state balance sheets, we've also seen recent strengthening in the [ph] sled (25:04) part of our business too.

<Q – Bill Shope – Goldman Sachs & Co.>: Okay. Great. Thank you.

Operator: Thank you. And our next question comes from Rich Kugele with Needham & Company.

<Q – Rich Kugele – Needham & Co. LLC>: Thank you. Just a few questions. I guess, first, Marshall, can you just talk a little bit about your philosophy on the debt side, seeing you guys pay this off? Is 18% an appropriate debt to cap for the company from a strategy perspective? And then I have one other follow up.

<A – Marshall Witt – SYNNEX Corp.>: Sure. Hey, Rich, at a high level, again, SYNNEX is in a great position and we have a lot of options out there in regards to how to finance and where to finance and how to get that done. So certainly, I think, as Kevin as indicated in previous discussions, our willingness and ability to go beyond the current debt equity position is one that where we can and will do if the opportunities is right.

<Q – Rich Kugele – Needham & Co. LLC>: Okay. And then in terms of the second quarter, the reported results, how much did Supercom move up the operating expenses? Can you give us color there?

<A – Marshall Witt – SYNNEX Corp.>: As I had said in Q2 in the prepared remarks, Supercom had a $2.1 million pre-tax impact on Q2 results.

<A – Kevin Murai – SYNNEX Corp.>: Yeah. That was the – for the one-time restructuring charges. Overall, Supercom transacted at what we would call traditional more Broadline-type margins. So, you can kind of do the backwards math in terms of what their SG&A would be based on the $45 million approximately that we included in our second quarter.

<Q – Rich Kugele – Needham & Co. LLC>: Okay. All right. That's helpful. All right. Thank you very much.

<A – Kevin Murai – SYNNEX Corp.>: Thank you.

Operator: Thank you. Our next question comes from Lou Miscioscia. Your line is open. I'm sorry, with CLSA.

<Q – Lou Miscioscia – Credit Agricole Securities (USA), Inc.>: Okay. Great. Yeah, actually this is Lou Miscioscia, CLSA. Could you give us an idea as to where you think on a quarterly basis, interest expenses will level out at?

<A – Kevin Murai – SYNNEX Corp.>: Again, Lou, is the question for Q2 or Q3?

<Q – Lou Miscioscia – Credit Agricole Securities (USA), Inc.>: Well, I know that you obviously pulled the convert. I just didn't know if you're going to get to a steady-state level of interest expense going forward for the next X number of quarters really.

<A – Kevin Murai – SYNNEX Corp.>: Yeah. Lou, first of all, just from a convert standpoint in a static basis if you look at that impact on an annual basis, it's about a $12 million cost of interest expense that gets removed, but be mindful on the second half of the year, we do have working capital lines that – excuse me seasonality that could tap some of the working capital lines that could adjust that interest expense.

<Q – Lou Miscioscia – Credit Agricole Securities (USA), Inc.>: Any color there, because I heard that obviously in your opening remarks, was just trying to get a little more fine on it if possible.

<A – Kevin Murai – SYNNEX Corp.>: I think it's – Lou, I think it's simple as we redeem the bonds, the interest expense that Marshall spoke to goes away. However, that being said, we do intend on replacing at least some of that debt with our working capital line. So it's – it really depends on the overall growth and use of capital, working capital of the business over the quarter.

<Q – Lou Miscioscia – Credit Agricole Securities (USA), Inc.>: Okay, great. You've talked about obviously things improving in the second half. Obviously, you just gave third quarter guidance, but any chance that we could get second half gross margin guidance?

<A – Kevin Murai – SYNNEX Corp.>: No chance of that, Lou. Lou, as you know, we don't guide specifically on gross margin. But all that being said and as I've talked about many times in the past, as we continue to manage our portfolio up into higher margin categories, which we've doing. In addition to that, as the GBS business becomes a bigger part of our overall portfolio, the trend line should be up and the right.

<Q – Lou Miscioscia – Credit Agricole Securities (USA), Inc.>: Okay, great. And just to clarify something before you said that you were doing better I guess, in I think some of the Technology Solution areas. Maybe if you could just expand out on that and any other points of strength, obviously, you talked about couple of geographies, maybe if you could just talk to any other products that were just strong or weak? Thank you.

<A – Kevin Murai – SYNNEX Corp.>: Sure. So, Technical Solutions, our Technical Solutions division, which is really a consistent division as well as go-to-market strategy across all our distribution businesses, really focuses on the – both the technologies and the organizations in both enterprise as well as more specialty markets. So, would be inclusive of say our enterprise server and storage business, of our unified and integrated communications business. So, networking security is also part of that, our data capture business, our managed print and professional services solutions, and that's only to name a few. Those both have the characteristic of being a higher-end technology as well as more services-rich go-to-market strategy.

So, as a result, they transact at higher gross margin, higher operating margin as well. Pretty much each quarter for the last, as far as I can remember back, our TSD groups have grown much, much faster than our overall distribution growth average. And that's not only helping with top line but it also helps enrich the overall profitability of the margins that we have too.

So, in addition to Technical Solutions and some of this will be repetitive because some of the stronger categories are representative of TSD, but that is actually one of the themes that's pretty much across all of our geographies, U.S., Canada and Japan. Our technical products did grow faster than the overall average. As you would expect, things like tablets grew faster than all other categories or most other categories in all of our geographies as well.

Going to the opposite side, printers were typically slower than our overall growth. But then in between that really there were differences in how our products grew on a year-over-year basis based on geography. So, for example, in the U.S. we saw PCs that were slower than average. However, in Canada, PCs were a little bit stronger than average.

In Japan, in addition to our tablets, we had some consumer electronics products that were also very, very strong and then PCs and software as an example in Japan were a little bit softer too. So hopefully that gives you a bit of a flavor. But it typically does match up against more beyond SYNNEX growth trends that I'm sure you're well aware of out in the market.

<Q – Lou Miscioscia – Credit Agricole Securities (USA), Inc.>: Okay. Thank you.

<A – Kevin Murai – SYNNEX Corp.>: Thanks, Lou.

Operator: Thank you. Our next question comes from Jim Suva with Citigroup.

<Q – Jim Suva – Citigroup Global Markets Inc. (Broker)>: Thanks, guys. A quick follow-up, Kevin, I think I heard you mention that you said that business trends in the last three months or thereabouts have showed some good, healthy, encouraging signs of improvement. Can you just clarify, was that in the last three months into your quarter close or kind of more recently like as June has progressed. Because we have seen some companies like in the month of June such as Oracle and some others have some results that weren't quite as optimistic. Can you just help us understand your commentary about the timeframe you were looking at and how June kind of played out, since we're about done with June?

<A – Kevin Murai – SYNNEX Corp.>: Yeah. So the comment was not specific to June. In fact what I think I said was, it feels a little better today than it did three months ago.

<Q – Jim Suva – Citigroup Global Markets Inc. (Broker)>: Got you. Perfect. And then June, how did June turn out relative to kind of normal, for a lot of companies it's the quarter-end for their normal calendar quarters and sometimes there's like end of quarter sales, how June turn out for you guys if you have any sense or pulse on that?

<A – Kevin Murai – SYNNEX Corp.>: Yeah. June was pretty typical kind of as expected.

<Q – Jim Suva – Citigroup Global Markets Inc. (Broker)>: Okay. That's great to hear. Thank you very much, Kevin.

<A – Kevin Murai – SYNNEX Corp.>: Okay. Thank you, Jim.

Operator: Thank you. [Operator Instructions] And at this time I show no further questions.

Deirdre Skolfield, Director-Investor Relations

Okay. Thank you, Kim. Thank you, everyone for joining our call today. We look forward to speaking with you during the quarter.

Operator: Thank you. This concludes today's conference. You may disconnect at this time.