

Tech Data Sales Drop, if Not for SDG

Written by Marco Attard
28 February 2014

Following a 10-month long independent probe into fiscal 2011, 2012 and 2013 results Tech Data reveals the delayed numbers for the 9 months ending 31 October 2013-- with results only positive through 2012 acquisition SDG.



The [March 2013 discovery of errors in the "vendor accounting"](#) of UK subsidiary Computer 2000 forced the IT distribution giant to rip up 3 years of results. Further probing found further "improper vendor accounting, improper use of manual journal entries and improper recognition of foreign currency exchange transactions" in the accounts of two European countries and a Latin America operation.

At first glance Tech Data results for 9-month fiscal 2014 look positive, with sales growing by 5% Y-o-Y to \$18.8 billion. However, remove the \$1.6bn generated by SDG and sales actually fall by -5%. The difference is equally stark in the fiscal Q3 (ending October 2013) numbers, with sales falling by -7% Y-o-Y if one eliminates SDG sales.

Tech Data acquired SCH Group distribution arm SDG on 2012 for €277m, making it one of the largest deals in distribution history.

The SDG effect is even larger on European Q3 sales-- from 4% Y-o-Y growth with SDG included to -16% Y-o-Y decline on removal. Europe also sees a hit on Q3 operating profits reaching \$12.2m, down from \$34.5m on fiscal Q3 2012.

"Our financial results through October 31 2013 reflect our efforts to regain selected market share in the Americas, further integrate our acquisitions in Europe and focus on profitable business, all while managing a rapid change in product mix," Tech Data CEO Robert Dutkowsky says. "The past year has presented us with a unique set of challenges, but we are confident the company is emerging stronger and with a renewed energy to drive our business forward."

Tech Data Sales Drop, if Not for SDG

Written by Marco Attard
28 February 2014

Preliminary fiscal Q4 2012 (ending 31 January 2014) show consolidated sales of \$8bn with mid-single digit Y-o-Y growth, but final results will be filed in an Annual Report 10-K form.

Go [Tech Data Files Fiscal Year 2014 Quarterly Reports](#)