



# FOURTH QUARTER FISCAL 2017 EARNINGS RELEASE CALL

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\$ IN MILLIONS EXCEPT EPS

BLACK BOX CORPORATION

# Black Box Corporation

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**Forward-Looking Statements** - Any forward-looking statements contained in this presentation are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and speak only as of the date of this presentation. You can identify these forward-looking statements by the fact that they use words such as "should," "anticipate," "estimate," "approximate," "expect," "target," "may," "will," "project," "intend," "plan," "believe" and other words of similar meaning and expression in connection with any discussion of future operating or financial performance. Forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Risk factors are included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2016 and our other filings with the Securities and Exchange Commission (the "SEC"). We can give no assurance that any goal, plan or target set forth in forward-looking statements can be achieved and readers are cautioned not to place undue reliance on such statements, which speak only as of the date made. We undertake no obligation to release publicly any revisions to forward-looking statements as a result of future events or developments.

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# FY17 Foundation of Accomplishments

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## Strengthen Balance Sheet

- Net Debt Reduction \$22M, or 22%
  - 6th straight quarter of net debt reduction
  - **Lowest net debt balance since December 2004**
- Free Cash Flow increase of \$8M, or 28%
- Net Inventory decrease of \$17M, or 41%
- Working Capital efficiency improvement
- 14.1% to 10.6% of revenue



# FY17 Foundation of Accomplishments

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## Parts 2 and 3

- **Integrate NACS Sales & OPs**
  - **Most disruptive activities of integration are complete**
- **Create management system**
  - **Maturing and improving**
  - **Better data analysis, metrics**
  - **Reporting more informed decision making**



# FY17 Foundation of Accomplishments

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## **Simplify and consolidate legal and operating structure**

- **Decrease entities from 31 to 18 in 12 months**
  - **Line of site to 2 legal entities**
- **Consolidate 14 ERP systems**
  - **Reduce cost, standardize on best practices**
  - **Improve client service**
  - **Project in place, take 9 systems to 1**
- **5 year credit agreement**
- **Consolidating European Operations**



# FY17 Foundation of Accomplishments

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Build management team to lead transformation



Tim DeLisle – Vice President Sales



David Russo – Chief Financial Officer



# Growth Accomplishments

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- Renewed and added clients with outcome focused selling
- Created new offerings and expanded markets
- Integrated Coudium acquisition
- Realigned NACS market approach
- Initiated TPS channel strategy
- Merged client facing solution centers
- Launched strategy initiative



# Q4 Overview

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- Revenue – Consistent with internal expectations
- Adjusted Operating Income – Slightly above the internal expectations
- \$14M in free cash flow
- \$4M returned to shareholders through dividends & buy-back
- \$75M net debt, 12 year low





# Q1 Outlook

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- Total revenue
  - **NACS**
  - ↑ **Government Services**
  - ↓ **Products**
- Operating expenses
  - Normalized run rate is stable
  - Investing for growth
- Dividend of \$0.12/share



# Financial Summary

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	<u>4Q17</u>	<u>FY17</u>
Revenue	\$ 208	\$ 856
Diluted EPS	\$ (0.12)	\$ (0.47)
Operating EPS	\$ 0.07	\$ 0.77
Cash provided by (used for) operating activities	\$ 15.2	\$ 39.9
Dividend payments	\$ (1.8)	\$ (7.1)



# Revenues

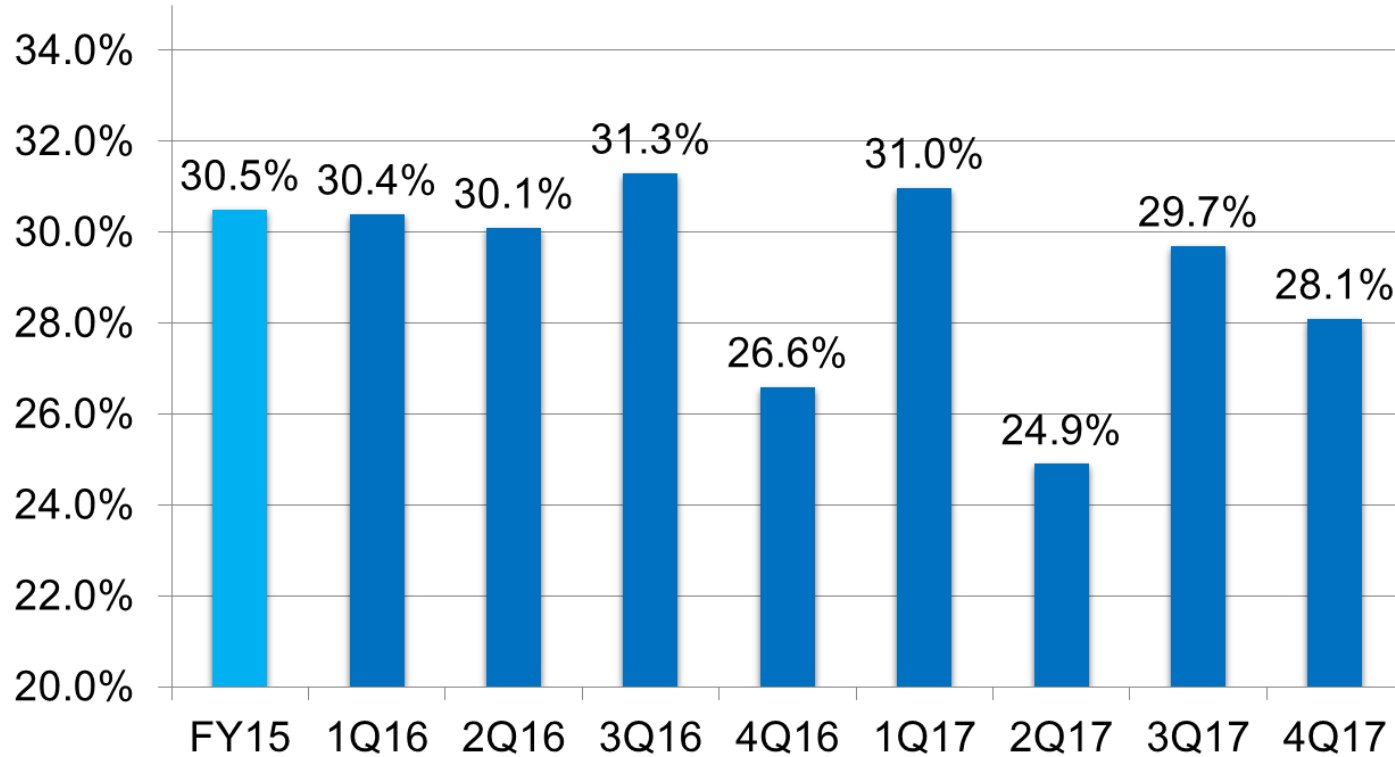
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	<u>4Q17</u>	<u>3Q17</u>
Products	\$ 36.7	\$ 36.1
Services	\$171.4	\$174.3
Total	\$208.1	\$210.4
Maintenance \$	\$ 37.8	\$ 37.5
Maintenance %	18%	18%
Backlog	\$153.2	\$171.2

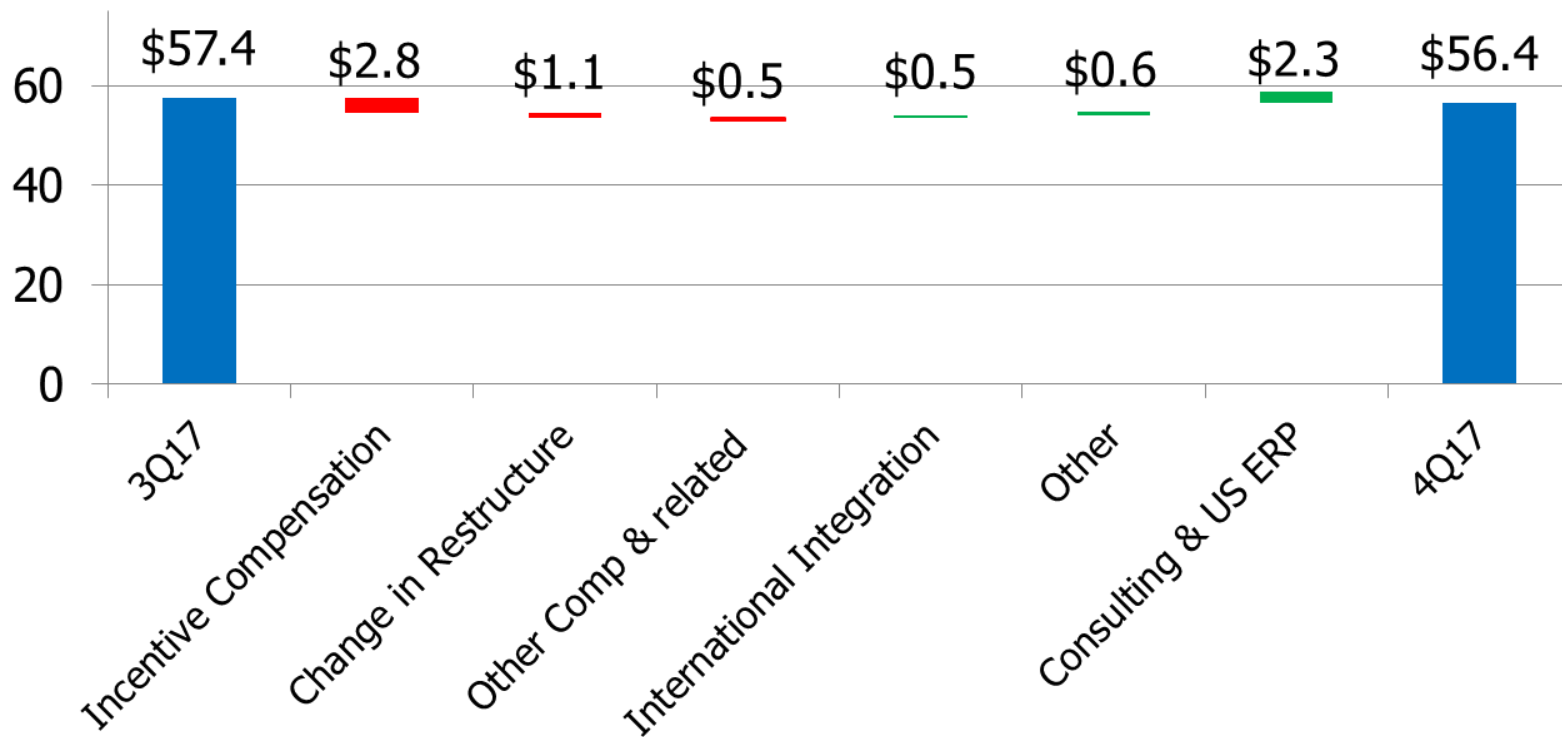


# Gross Profit Margin

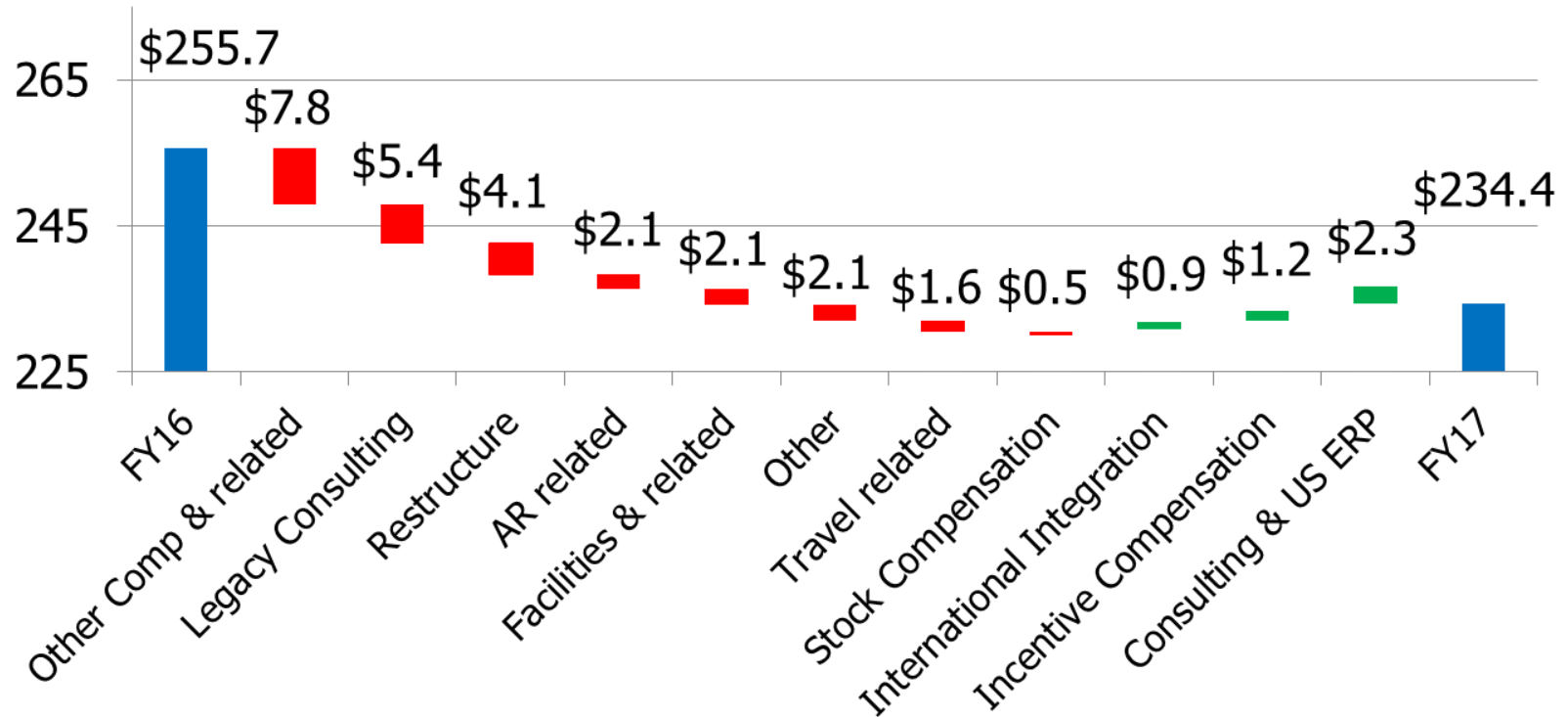
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# S G & A - Quarter



# S G & A - Annual



# Financial Results

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	<u>4Q17</u>	<u>%</u>	<u>3Q17</u>	<u>%</u>
Revenues				
Products	\$ 36.7	18%	\$ 36.1	17%
Services	\$ 171.4	82%	\$ 174.3	83%
Total	\$ 208.1	100%	\$ 210.4	100%
Gross profit	\$ 58.4	28.1%	\$ 62.4	29.7%
SG&A	\$ 56.4	27.1%	\$ 57.4	27.3%
Operating income	\$ (0.3)	-0.1%	\$ 2.8	1.3%
Diluted EPS	\$ (0.12)		\$ 0.09	
Adjusted operating income	\$ 2.6	1.2%	\$ 6.8	3.2%
Operating EPS	\$ 0.07		\$ 0.24	



# Deployment of Cash

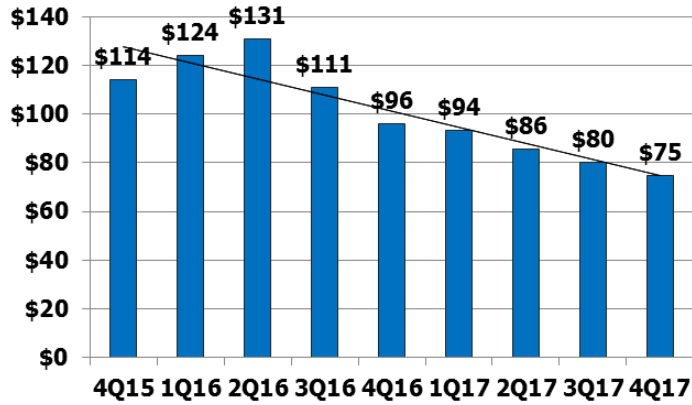
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	<u>4Q17</u>	<u>3Q17</u>	<u>4Q16</u>	<u>FY17</u>	<u>FY16</u>
Cash Flow from Operations	\$ 15.2	\$ 9.1	\$22.3	\$39.9	\$37.2
Capital Expenditures	\$ 1.0	\$ 2.3	\$ 2.4	\$ 7.2	\$10.5
Debt Repayments	\$ 5.7	\$ 7.7	\$ 9.0	\$31.3	\$17.8
Dividends	\$ 1.8	\$ 1.8	\$ 1.7	\$ 7.1	\$ 6.6
Stock Repurchases	\$ 2.0	\$ -	\$ 4.3	\$ 2.5	\$ 7.2



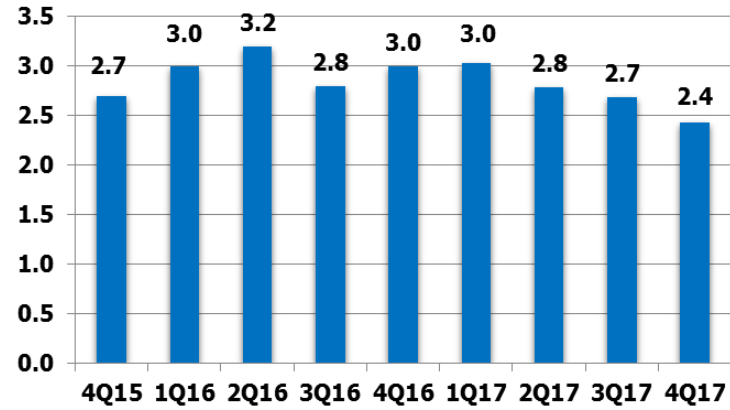


# Long Term Debt

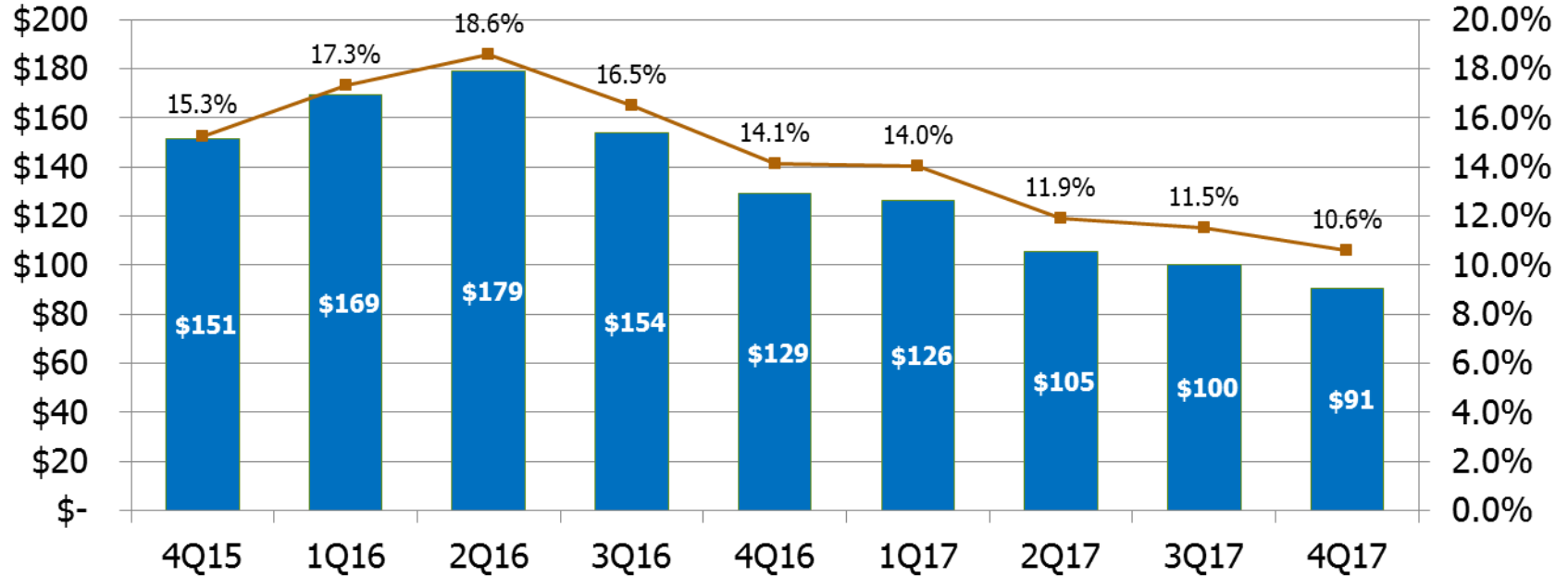


Net Debt Outstanding

Leverage Ratio



# Working Capital



# Our Vision – to be *the* Trusted Digital Partner

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**OUR VISION**  
To be *the* trusted digital partner

**OUR GOALS**

- » Provide best-in-class products and services
- » Enable digital convergence of disparate platforms
- » Create innovative solutions through expanded strategic relationships

LEAVE THE TECH TO US



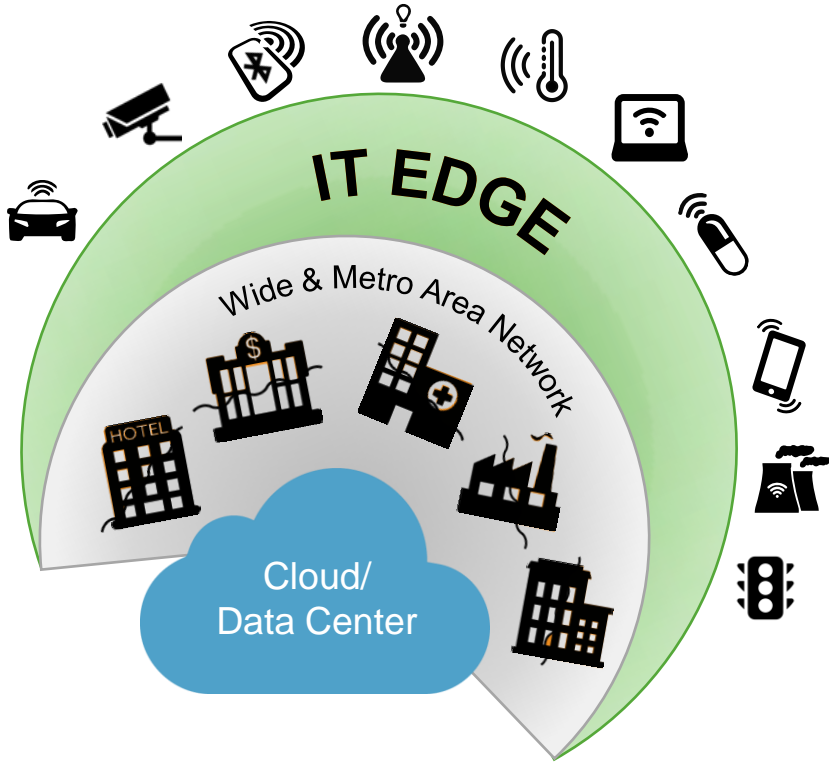
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# Black Box Edge Solutions

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*What do we do?*

Provide **EDGE** solutions

*How do we do it?*

**DESIGN,  
DEPLOY,  
MANAGE**



# Black Box – A leading Edge solutions provider

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- Laid foundation for growth in FY17
- Market focused, Edge solutions provider
  - **Design, Deploy, Manage**





# QUESTIONS

