



Distributor of **Choice**.™

ACCOUNTABILITY

DEDICATION

EXCELLENCE

PARTNERSHIP

TEAMWORK

**Investor Presentation**  
**March 2012**

**SED International Holdings, Inc.**  
**(Amex: SED)**

# Forward Looking Statements

Statements made in this presentation that are not historical or current facts are "forward-looking statements." These statements often can be identified by the use of terms such as "may," "will," "expect," "believes," "anticipate," "estimate," "approximate" or "continue," or the negative thereof. The Company wishes to caution the audience not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Any forward-looking statements represent management's best judgment as to what may occur in the future. However, forward-looking statements are subject to risks, uncertainties and important factors beyond the control of the Company that could cause actual results and events to differ materially from historical results of operations and events and those presently anticipated or projected. These factors include adverse economic conditions, entry of new and stronger competitors, inadequate capital, unexpected costs, failure to gain product approval in foreign countries and failure to capitalize upon access to new markets. The Company disclaims any obligation to revise any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events. These factors and others are discussed in the "Management's Discussion and Analysis" section of the Company's reports on Form 10-K for the fiscal year ended June 30, 2011 and quarterly 10-Q reports.

# Investment Highlights

- ◆ Established, multi-national technology, electronics and housewares distribution leader
- ◆ Proven business strategy: focus on under-served market segments yields competitive market share and limited competition
- ◆ Mitigated risk profile with low level of customer and vendor concentration and diverse products and services
- ◆ Fiscal year revenues growing at low double-digital rate
- ◆ Positive net income in 9 of last 10 quarters
- ◆ Undervalued stock; trading below book
- ◆ Key growth initiatives launched to expand sales, margins and income

# Who We Are

## Established Multi-national Technology Distribution Leader

- 30+ year operating history; publically held since 1986
- Headquartered near Atlanta with operations in the US and Latin America

## Custom-tailored Supply Chain Management Solutions

- Computer technology, consumer electronics, small appliances, housewares and personal care products
- Unparalleled customer service - 10,000+ customers; 200+ vendors

## Track Record of Growth

- Double digit annual sales growth from FY2009 through FY2011
- Positive net income in 9 of last 10 quarters

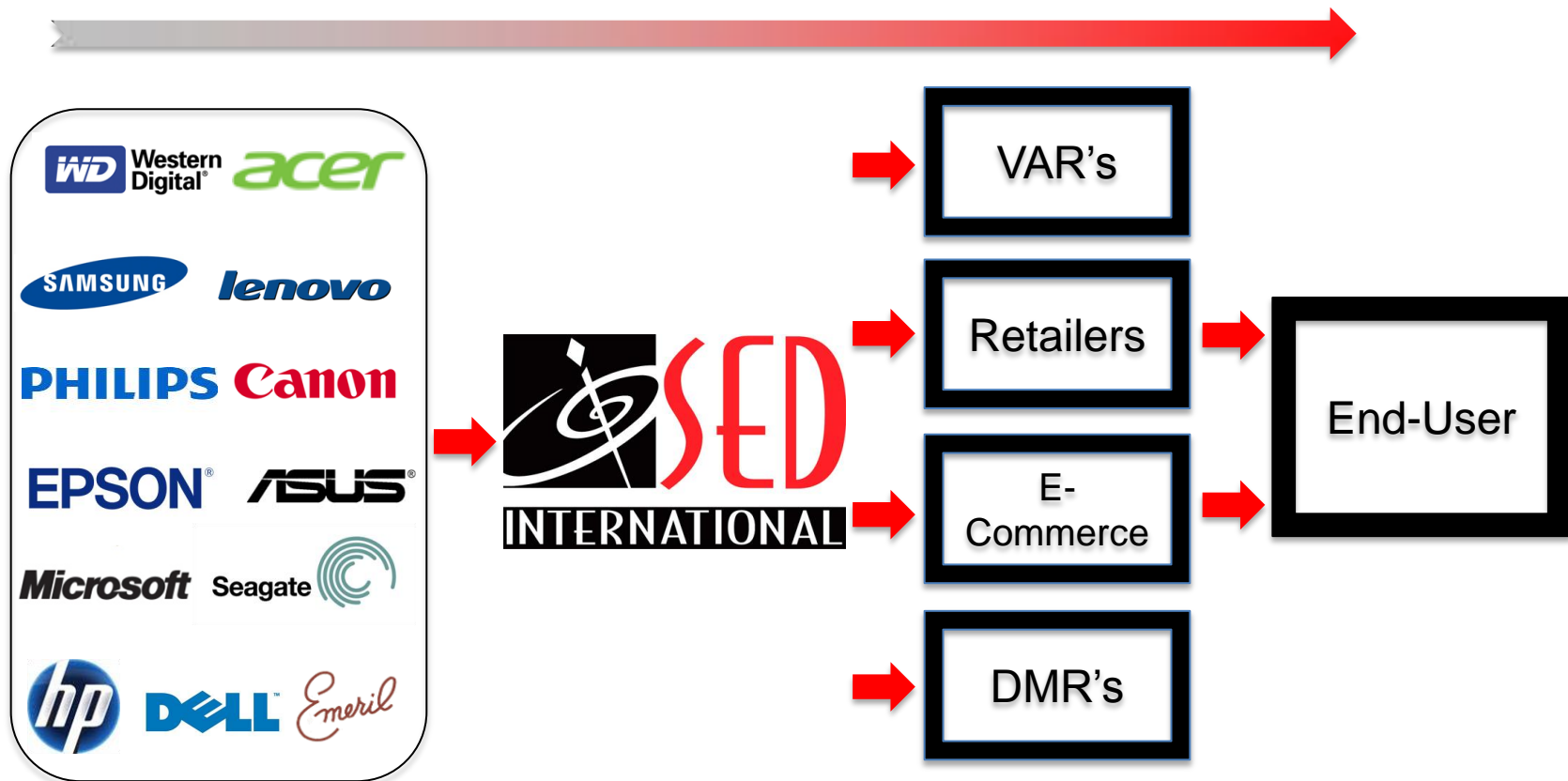
## Proven Leadership Executing Key Growth Initiatives

- Highly experienced, dynamic leadership implementing strategic initiatives to increase sales and gross profit margins

\*1HF12: July 2011 – December 2011

# Where We Fit In The Chain

*Path to Market: Ensure seamless & efficient route from manufacturer to end-user*



*Superior Service \* Customized Attention \* Quick & Accurate Shipping*

VAR = Value-Added Reseller; DMR = Direct Market Reseller

# Our Model: How We Compete

## UNIQUE CUSTOMER BASE

**Focused on:** Small to mid-sized VAR, system builder, independent retailer, e-commerce, specialty

**Unique customer base** with minimal competitor overlap

\* The majority of SED customers **depend on distribution** as their primary supply source

## SERVICE IS #1 DIFFERENTIATOR

**60% of customers** identify service and support as the primary reason they do business with SED

**SED caters to SMB** resellers while most competitors divert resources to larger low margin business

## WORLD-CLASS CUSTOMER SERVICE

## FOCUSED VENDOR STRATEGY

## SALES DRIVEN ORGANIZATION

## THE RIGHT VENDOR PARTNERS

**Strategically selected** vendors to provide “good, better, best” solutions within categories

Focused vendor model **maximizes value** to each supplier

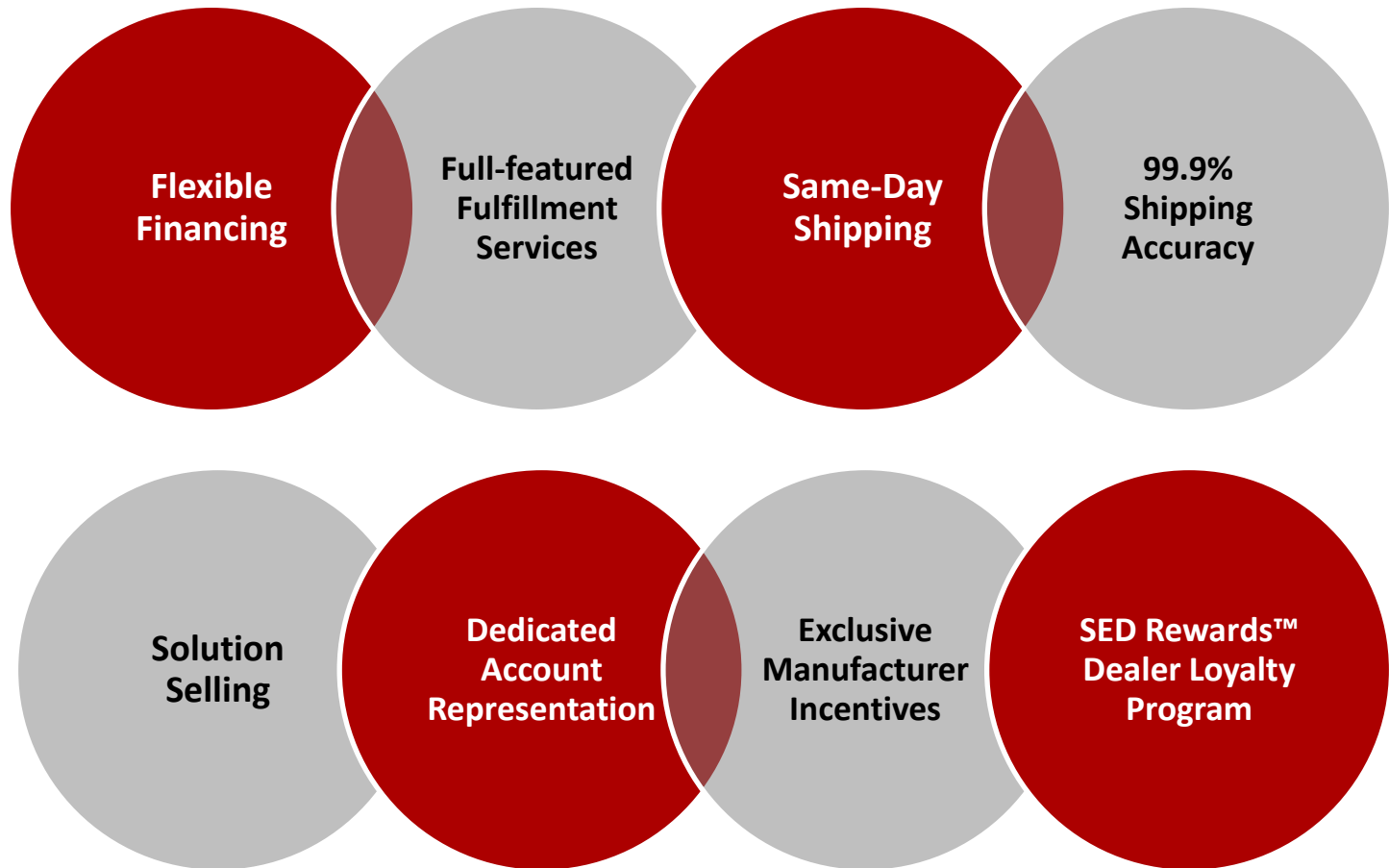
## PROVEN SALES MODEL

~85% of SED’s business is generated by outbound phone calls

Sales and marketing personnel = ~40% of total headcount

# Partner and Solutions-Oriented Approach

*Best-in Class Service Provides High Customer Retention*



# Major Vendors, Customers and Partners

## Key Vendors



## Key Customers and Industry Partners

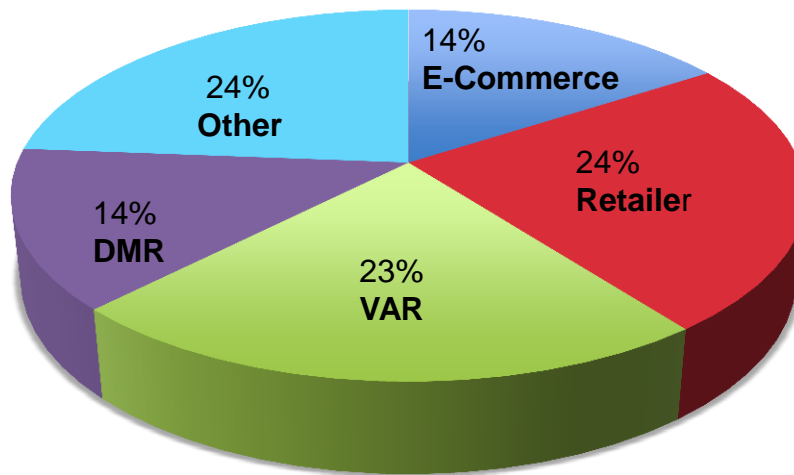


*Over 10,000 customers and 200 vendor partners and growing  
No single vendor or customer accounts for more than 10% of revenues*

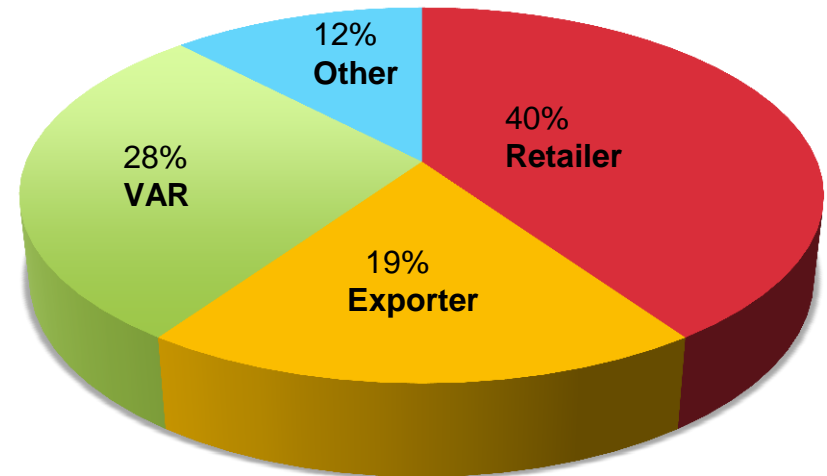
# Diverse Customer Mix

## Percentage of Revenue FY 2011

### U.S. Domestic



### Latin America\*



\*Latin America customer mix includes U.S. export revenues

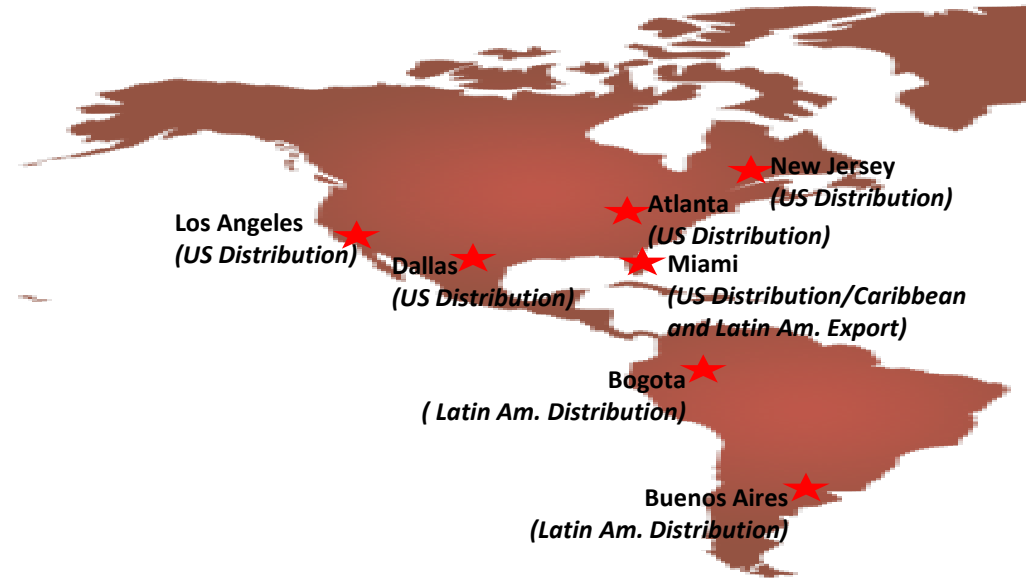
# Geographic Diversification

## YTD 2012 Revenue Mix

U.S. Domestic: 62.7%

Exports: 15.1%

Latin America: 22.2%



## U.S. Domestic Operations in 5 Locations

- Distribution center in New Jersey has begun to expand customer base and provides an opportunity to deliver even faster turnaround and superior service
- Enhanced automation and reconfigured warehouses at select facilities

## Latin America Operations in 2 Locations

- Established in-country distribution in emerging market
- Strengthened executive team with appointments of key industry veterans – Ronell Rivera named Senior Vice President for Latin America; and Mauricio Arcila and Jorge Duoba respectively named as General Managers of SED Colombia and SED Argentina.

# Diverse Product Mix

Top Categories include:

- Notebooks / PC's
- PC Components
- Televisions
- Digital Cameras
- Small Appliances
- Housewares
- Accessories



<i>Product Segment Breakdown</i>	Microcomputer Products	Consumer Electronics & Small Appliances
YTD F2012 Revenue*	\$266M	\$41M
% of Total Sales	87%	13%

**Over 17,000 products across major technology & electronics categories  
The Latest Products From The Best Names in the Business**

\* YTD F2012: July 2011 – December 2011

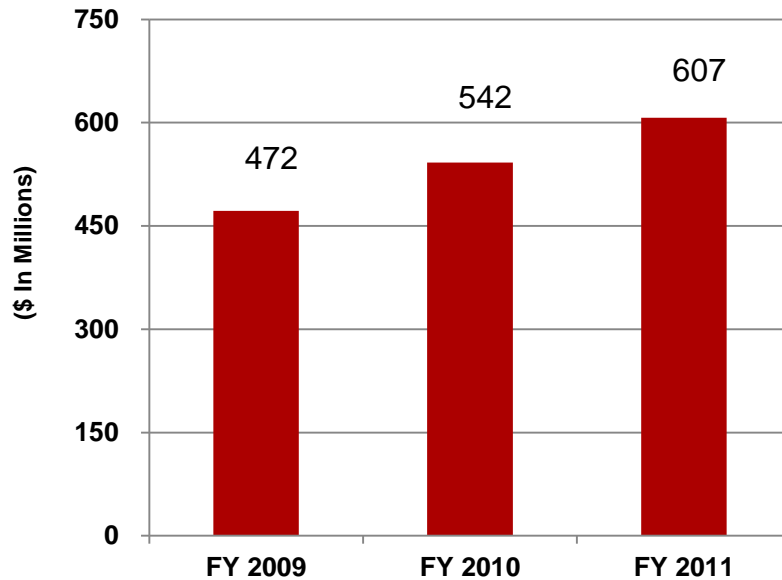
# Dynamic Leadership

## DEEP INDUSTRY AND MANAGEMENT EXPERIENCE

<b>Jonathan Elster</b>	President & CEO	17+ years SED veteran
<b>Lyle Dickler</b>	CFO & VP of Finance	6+ years SED veteran; 20 years financial expertise
<b>Ronell Rivera</b>	SVP of Latin America	16 years SED; 20+ years senior level experience in Latin American IT distribution
<b>Eddie Lageyre</b>	SVP of U.S. Purchasing	18 years consumer electronics and IT purchasing experience
<b>Jim Overwyk</b>	VP of Operations	30+ years senior level operations and customer service experience
<b>Rob Kalman</b>	VP of U.S. & Corporate Marketing	9 years SED; 29+ years IT distribution sales and marketing experience
<b>Dave Burroughs</b>	VP of U.S. Sales	20+ years SED; 30 years distribution and IT industry experience
<b>Derek Johnson</b>	Chief Information Officer	20+ years information systems management experience across a breadth of industries

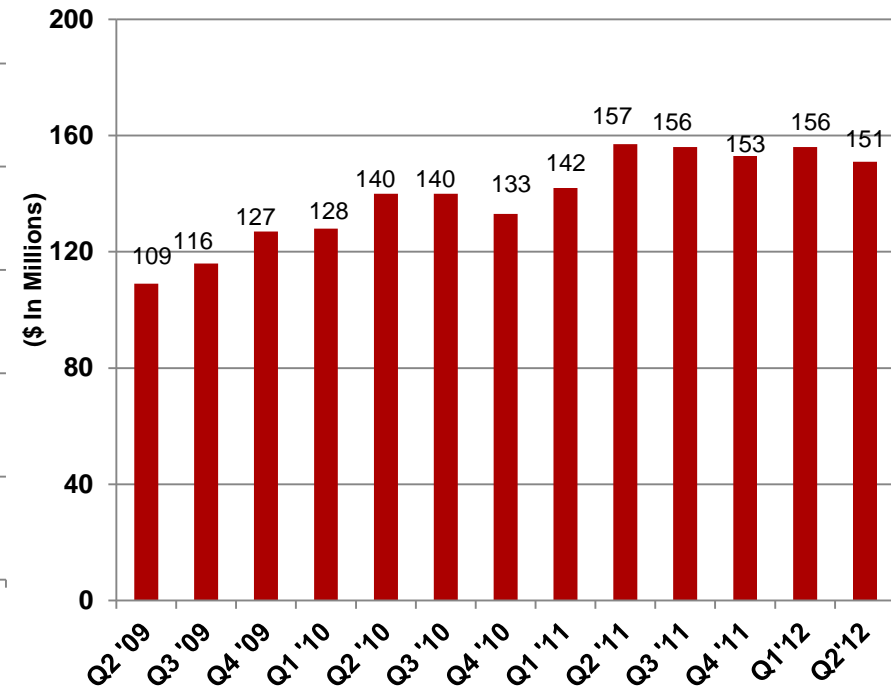
# Financial Performance-Revenue

## Annual



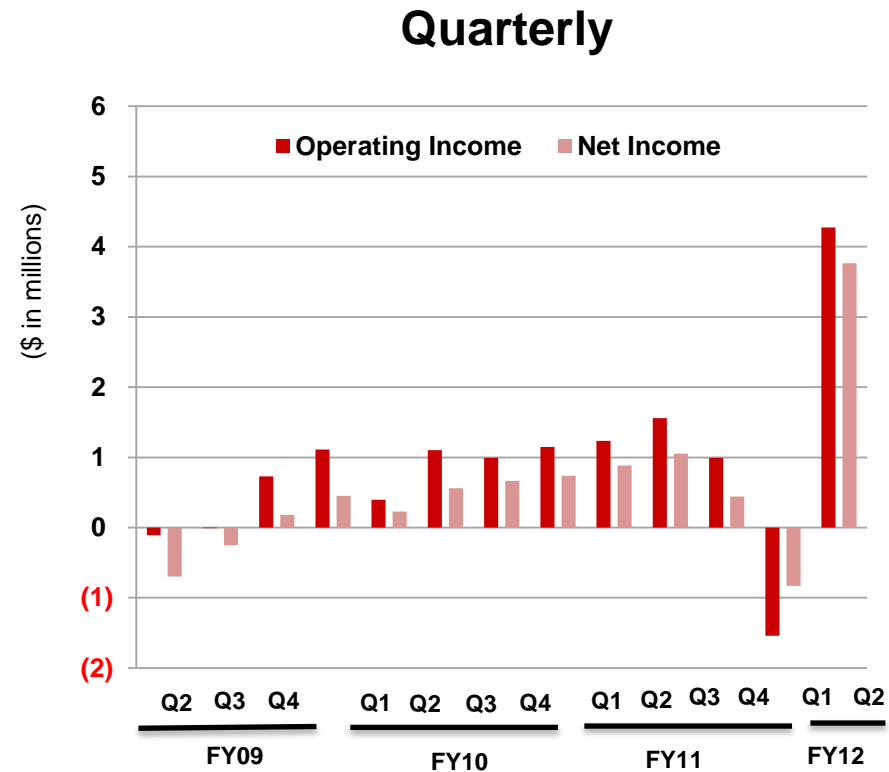
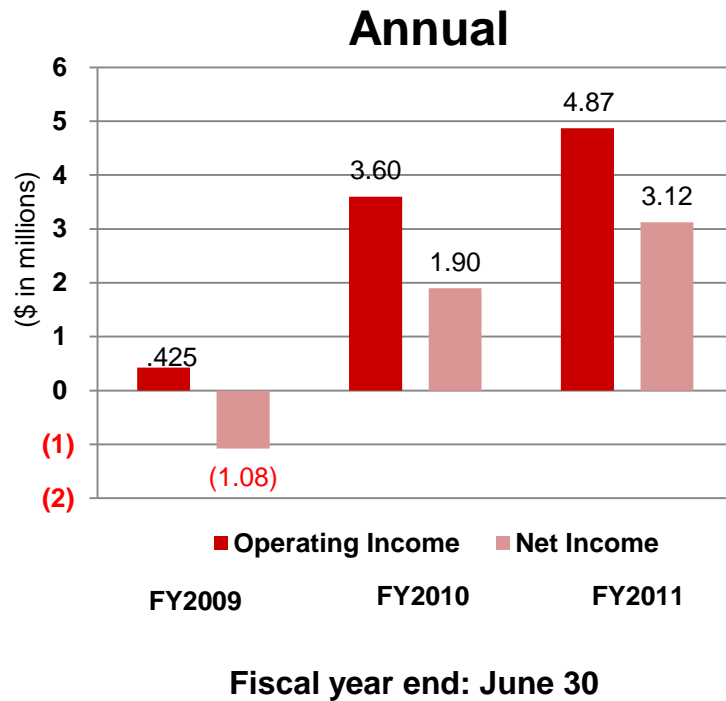
Fiscal year end: June 30

## Quarterly

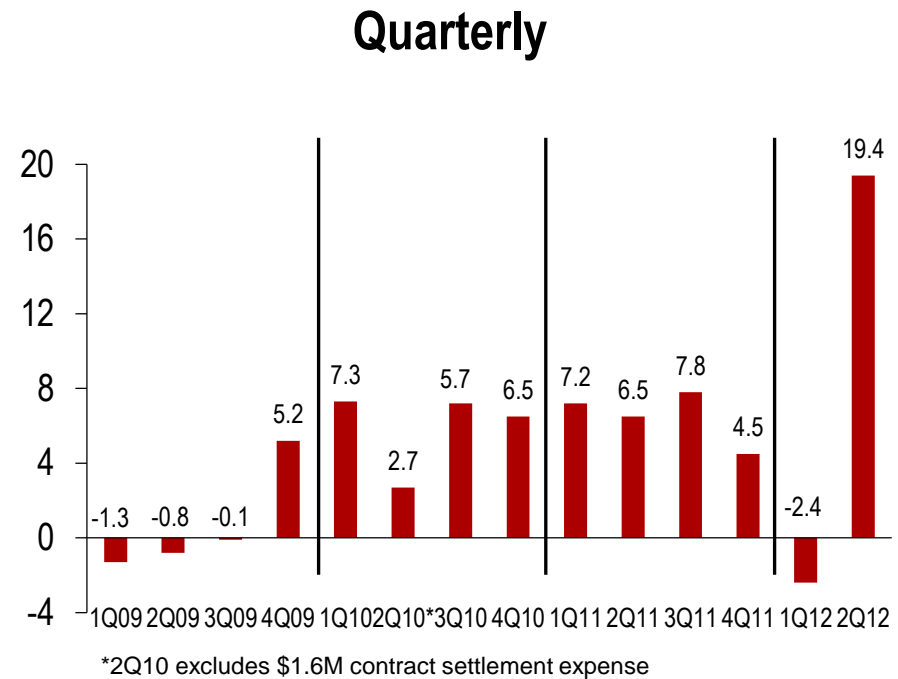
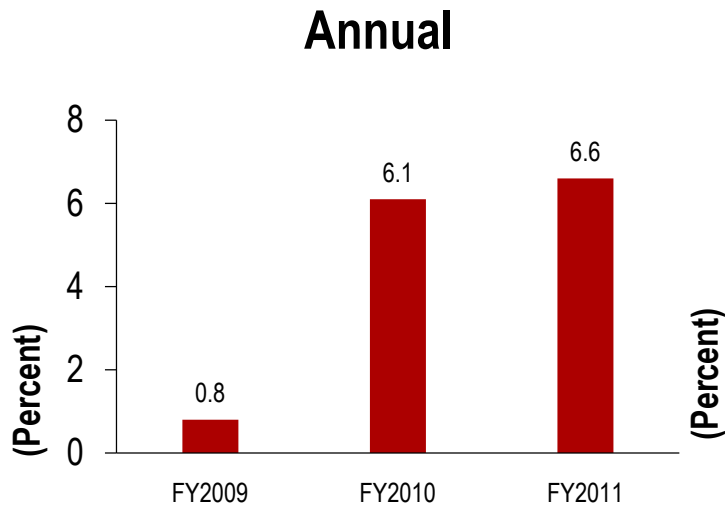


YOY Growth (%): (3) (7) 10 6 29 21 5 11 12 11 15 10 (4)

# Financial Performance-Income



# Financial Performance-ROIC



**Note: SED's ROIC (Return on Invested Capital) metric is calculated on an annualized basis using operating income divided by an average of quarter-end stockholders' equity and debt, net of cash.**

**Fiscal year end: June 30**

# Balance Sheet Highlights & Cash Conversion Metrics

	December 31, 2011	June 30, 2011
Cash and Cash Equivalents	\$7.5M	\$4.8M
Trades Receivables, Net of Allowance	\$58.5M	\$64.3M
DSO	38 Days	39 Days
Inventories	\$55.7M	\$63.4M
DIO	39 Days	38 Days
Accounts Payable	\$64.0M	\$70.7M
Cash Conversion Cycle	34 Days	34 Days
Total Shareholders' Equity	\$25.0M	\$22.7M

# Select Financial Data

## SED International, Inc. (AMEX:SED)

- ◆ Stock price at 2/29/12: \$4.03
- ◆ Shares outstanding (diluted): 4.8 million
- ◆ Market cap at 2/29/12: \$19.3 million
- ◆ Debt (Revolver, 12/31/11) \$35.3 million
- ◆ Cash (12/31/11) \$7.5 million
- ◆ Enterprise value: \$47.1 million
- ◆ Shares repurchased to date: 481,925  
(Total shares repurchased at average cost of \$3.79  
as of September 30, 2011)
- ◆ Moved to NYSE Amex Stock Exchange March 1, 2011

# Summary

- ◆ Executing on 3-year strategic plan to broaden product offering, diversify geographic footprint, enhance margins and improve operational efficiencies
- ◆ Best-in-class customer service results in *recurring/repeat business and low levels of customer concentration*
- ◆ Mitigated risk profile through *geographic, product, and customer diversification*
- ◆ Focus on growing higher margin business, including: accessories, consumer electronics, small appliances, housewares and personal care products
- ◆ Solid relationships with industry leading vendors and diverse client base result in *outstanding customer retention*

# Appendix

# Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures as defined by the rules and regulations of the United States Securities and Exchange Commission. A non-GAAP financial measure is a numerical measure of a company's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statements of operations, balance sheets, or statements of cash flows of the Company; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Reconciliations of these non-GAAP financial measures to their comparable GAAP financial measures are included in the attached financial tables.

These non-GAAP financial measures are provided because management of the Company uses these financial measures in maintaining and evaluating the Company's ongoing financial results and trends. Management uses this non-GAAP information as an indicator of business performance, and evaluates overall management with respect to such indicators. Non-GAAP measures disclosed in this presentation include adjusted operating loss, adjusted net loss and adjusted diluted loss per share, as well as revenue adjusted for the impact of acquisitions and other items. Management believes that adjusted revenue is a useful measure for evaluating current period performance as compared with prior periods and for understanding underlying trends.

Management believes that operating loss adjusted for restructuring, integration and other items is a useful measure to help investors better assess and understand the Company's operating performance, especially when comparing results with previous periods or forecasting performance for future periods, primarily because management views the excluded items to be outside of SED's normal operating results. Management analyzes operating (loss) income without the impact of these items as an indicator of ongoing margin performance and underlying trends in the business. Management also uses these non-GAAP measures to establish operational goals and, in some cases, for measuring performance for compensation purposes.

Management believes net loss and EPS adjusted for the impact of the items described above is useful to investors because it provides a measure of the Company's net profitability on a more comparable basis to historical periods and provides a more meaningful basis for forecasting future performance. Additionally, because of management's focus on generating shareholder value, of which net profitability is a primary driver, management believes net loss and EPS excluding the impact of these items provides an important measure of the Company's net results of operations for the investing public.

However, analysis of results and outlook on a non-GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with GAAP.



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**Thank You!**