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SED INTERNATIONAL HOLDINGS ANNOUNCES THIRD QUARTER 2009 RESULTS

Teleconference and Webcast Scheduled for Monday, May 18, 2009, 4:15 PM ET

TUCKER, GA – (PR NEWSWIRE) – May 15, 2009 – SED International Holdings, Inc. (OTCBB:SECX), a multinational supply chain management provider and distributor of leading computer technology, wireless communications and consumer electronics, today announced its results of operations for the three and nine months ended March 31, 2009.

Financial Highlights for the Three Months Ended March 31, 2009 Compared to the Three Months Ended March 31, 2008:

Net sales totaled \$115.9 million, declining 6.9% from \$124.5 million.

- Domestic revenues increased 1.6% to \$74.3 million from \$73.1 million.
- Export revenues, net of eliminations, fell 28.8% to \$18.8 million from \$25.0 million.
- Latin American sales, after translation into U.S. dollars, declined 13.6% to \$22.8 million from \$26.4 million. As measured in local currencies, sales increased 6.2%.
- Consumer electronics sales increased 50.0% to \$11.4 million from \$7.6 million.
- Sales of micro-computing products totaled \$103.2 million, decreasing 9.8% from \$114.4 million.

Gross profit margins improved to 5.6%, up from 5.1%.

Operating loss totaled \$10,000 compared to operating income of \$675,000. The decrease was primarily the result of non-recurring professional service and legal costs of \$175,000 related to certain lawsuits and settlements for the three months ended March 31, 2009; a \$41,000 increase in credit and collection cost; and a foreign currency transaction loss of \$835,000 caused by the devaluation of Latin American currencies versus the U.S. Dollar compared to a foreign currency transaction gain of \$305,000. These increased costs were offset by a decrease of approximately \$280,000 in employee expense related to a one-time expense in the prior year for a departed executive and an additional \$240,000 in savings in the current reporting period relating primarily to company-wide staff reductions.

Net loss was \$249,000, or \$0.06 loss per basic and diluted share, compared to net income of \$44,000, or \$0.01 earnings per basic and diluted share.

Financial Highlights for the Nine Months Ended March 31, 2009 Compared to the Nine Months Ended March 31, 2008:

Net sales decreased 4.9% to \$345.8 million from \$363.5 million.

- Domestic revenues totaled \$207.5 million, a 5.3% decline from \$219.1 million.
- Export revenues, net of eliminations, totaled \$60.5 million, down 10.5% from \$67.6 million.
- Latin American sales, after translation into U.S. dollars, rose 1.2% to \$77.7 million from \$76.8 million. As measured in local currencies, sales climbed 10.0%.
- Sales of Consumer Electronics rose 41.1% to \$29.7 million from \$21.0 million.
- Micro-computing product sales were \$310.1 million, a 7.7% decrease from \$335.9 million.

Gross profit margins increased to 5.7% from 5.3%.

Operating loss was \$303,000 compared to operating income of \$2.0 million. The decline was primarily the result of non-recurring professional service and legal costs of \$700,000 related to certain lawsuits and settlements for the nine months ended March 31, 2009; an increase of approximately \$60,000 in bank charges, and the devaluation of Latin American currencies versus the U.S. Dollar, which resulted in a \$2.1 million foreign currency transaction loss compared to a foreign currency transaction gain of \$137,000. These increased costs were offset by approximately \$150,000 in credit and collection costs; the aforementioned \$280,000 one-time employee

expense booked in the prior year; and a combined decrease of approximately \$200,000 for staff reductions and salesperson wage expense.

Net loss totaled \$1.3 million, or \$0.32 loss per basic and diluted share, compared to net income of \$290,000, or \$0.07 earnings per basic and diluted share.

As of March 31, 2009, the Company had cash and cash equivalents of \$5.4 million, net trade receivables of \$46.7 million, net inventories of \$39.2 million, and working capital of \$15.8 million. Total shareholder's equity at the end of the reporting period was \$16.6 million. In addition, SED has remained in compliance with all covenants relating to its revolving credit facility with Wells Fargo (formerly Wachovia Bank). Available borrowings under the facility were \$17.1 million after deducting \$1.1 million in reserves for outstanding letters of credit and \$1.6 million under a new, one-year unsecured line of credit with Banco de Credito. Average borrowings under the revolving credit facility were \$20.7 million for the nine months ended March 31, 2009.

Commenting on the results, Jean Diamond, SED Chairman and CEO, stated, "Although the 2009 operating environment has remained challenging, SED has stayed acutely focused on providing personalized service to our customers, and delivering creative business building ideas and flexible financing solutions that work for them. Nonetheless, general economic weakness has translated into lower tech spending, affecting nearly everyone in our industry. However, through reinforcing the core business principles that underpin our long-term staying power, SED has succeeded in mitigating material volatility in our overall sales performance. What's more, strategic investments made in boosting sales of Consumer Electronics over the past year are now yielding us strong sales growth in this product category – a trend that we expect will persist well into the foreseeable future."

Continuing, she added, "Among other diversification and growth-oriented objectives, we are currently taking steps to expand our robust line card to introduce small appliances into our product mix, such as blenders, coffee makers and wine coolers, as well as other in-demand electric goods; and grow the number of e-commerce companies who are benefiting from SED's turnkey, cost-efficient supply chain management solutions. In addition, we plan to expand our distribution channels into the Midwestern U.S. in risk-adverse fashion, and will be relocating our Central U.S. distribution facility from Dallas to Plano, Texas to capitalize on cost and productivity efficiencies we've identified in that region."

"All things considered, we are very pleased with the progress we are making in our product diversification initiatives and expect that as the recession ends and the economy rebounds, SED will be well positioned to accelerate our growth and achieve greater success."

SED will also host a teleconference on Monday, May 18, 2009 beginning at 4:15 PM Eastern Time, and invites all interested parties to join management in a discussion regarding the Company's financial results, corporate progression and other meaningful developments. The conference call can be accessed via telephone by dialing toll free 1-877-941-2068 or via webcast accessible on www.SEDonline.com. For those unable to participate at that time, a replay of the webcast will be available for 90 days on www.SEDonline.com.

FINANCIAL CHARTS TO FOLLOW

SED International Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(Dollars in thousands, except share and per share amounts)

	<u>March 31, 2009</u>	<u>June 30, 2008</u>
	(Unaudited)	(Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,419	\$ 4,086
Trade receivables, net	46,729	44,839
Inventories, net	39,241	36,116
Deferred income taxes, net	281	260
Other current assets	2,680	6,482
Total current assets	94,350	91,783
Property and equipment, net	800	1,044
Total assets	\$ 95,150	\$ 92,827
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 48,546	\$ 45,986
Accrued and other current liabilities	5,915	7,732
Revolving credit facility	24,075	18,837
Total liabilities	78,536	72,555
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$1.00 par value; authorized: 129,500 shares, none issued	•	•
Common stock, \$.01 par value; 100,000,000 shares authorized; 6,571,302 issued and 4,876,811 shares outstanding at March 31, 2009 and 6,278,347 issued and 4,583,856 shares outstanding at June 30, 2008	66	63
Additional paid-in capital	69,056	68,681
Accumulated deficit	(33,714)	(32,443)
Accumulated other comprehensive loss	(5,707)	(2,942)
Treasury stock, 1,694,491 shares, at cost	(13,087)	(13,087)
Total shareholders' equity	16,614	20,272
Total liabilities and shareholders' equity	\$ 95,150	\$ 92,827

Note 1: Certain amounts in the Condensed Consolidated Statement of Cash Flows for the nine months ended March 31, 2008 have been reclassified to conform with the current period's presentation. Operating results for the three and nine months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2009, or any other interim period. The June 30, 2008 condensed consolidated balance sheet has been derived from the audited consolidated financial statements included in SED's Form 10-K for the fiscal year ended June 30, 2008.

SED International Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
(Dollars in thousands, except share and per share amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2009	2008	2009	2008
Net sales	\$ 115,920	\$ 124,469	\$ 345,746	\$ 363,531
Cost of sales	109,394	118,062	326,103	344,311
Gross profit	6,526	6,407	19,643	19,220
Operating expenses:				
Selling, general and administrative expense	5,580	5,918	17,480	17,006
Depreciation and amortization expense	121	119	360	354
Foreign currency transaction loss (gain)	835	(305)	2,106	(137)
Total operating expenses	6,536	5,732	19,946	17,223
Operating (loss) income	(10)	675	(303)	1,997
Interest (income) expense:				
Interest (income)	(90)	•	(90)	•
Interest expense	303	382	880	1,336
Interest, net	213	382	790	1,336
(Loss) income before income taxes	(223)	293	(1,093)	661
Income tax expense	26	249	178	371
	\$ (249)	\$ 44	\$ (1,271)	\$ 290
<i>Net (loss) income</i>				
Basic and diluted (loss) income per common share	\$ (.06)	\$.01	\$ (.32)	\$.07

Weighted average number of shares outstanding:

Basic	4,004,000	3,879,000	4,004,000	3,879,000
Diluted	4,004,000	4,008,000	4,004,000	3,967,000

For more detailed information on the 2009 fiscal third quarter results, please refer to the related Form 10-Q to be filed with the U.S. Securities & Exchange Commission today, which can be accessed online at www.sec.gov or www.SEDonline.com.

ABOUT SED INTERNATIONAL HOLDINGS, INC.

Founded in 1980, SED International Holdings, Inc. is a multinational, preferred distributor of leading computer technology, wireless communications and consumer electronics products. The Company also offers custom-tailored supply chain management services ideally suited to meet the priorities and distribution requirements of the e-commerce, Business-to-Business and Business-to-Consumer markets. Headquartered near Atlanta, Georgia with business operations in California; Florida; Georgia; Texas; Bogota, Colombia and Buenos Aires, Argentina, SED serves a customer base of over 10,000 channel partners and retailers in the U.S. and Latin America. To learn more, please visit www.SEDonline.com.

Statements made in this Press Release 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 readers 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, 2008 and Form 10-Q for the quarter ended December 31, 2008.