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SCSC - Q1 2020 ScanSource Inc Earnings Call

EVENT DATE/TIME: NOVEMBER 12, 2019 / 10:00PM GMT

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PRESENTATION

Operator

Welcome to the ScanSource Quarterly Earnings Conference Call. (Operator Instructions) Today's call is being recorded. If anyone has any objections, you may disconnect at this time.

I would now like to turn the call over to Mary Gentry, Vice President, Treasurer and Investor Relations. Ma'am, you may begin.

Mary M. Gentry - *ScanSource, Inc. - VP of IR & Treasurer*

Thank you, and welcome to ScanSource's Earnings Conference Call for the Quarter Ended September 30, 2019. Our call will include prepared remarks from Mike Baur, our Chairman and CEO; and Gerry Lyons, our CFO. John Eldh, our Chief Revenue Officer, is also joining us. We will review our operating results for the quarter and then take your questions.

We posted a CFO Commentary that accompanies our comments and webcast in the Investor Relations section of our website.

Certain statements made on this call, including our expectations for sales, operating performance, earnings, fair value of contingent consideration, operating cash flow, tax rates, interest expense, planned divestitures and results for the second, third and fourth quarters of fiscal year 2020 are forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. These results and uncertainties include, but are not limited to, those factors identified in the earnings release that we put out today and in ScanSource's Form 10-K for the year ended June 30, 2019, as filed with the SEC. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. ScanSource disclaims any duty to update any forward-looking statements to reflect actual results or changes in expectations, except as required by law.

During our call, we will discuss both GAAP and non-GAAP results and have provided reconciliations between these amounts in the CFO Commentary and in our press release. These reconciliations can also be found on our website and have been filed with our Form 8-K.

Mike Baur will now begin our discussion with an overview of our results.

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Thanks, Mary, and thank you for joining us today. We are pleased to deliver net sales of $1 billion for our first quarter, up 3.5% year-over-year. This was the second full quarter of operations with our new One ScanSource sales structure. We are pleased with the progress we are making to drive more growth and value for our sales partners and their customers. We expected slightly higher revenues than we achieved. The shortfall can be attributed to the shift to cloud in our communications business.

We forecasted higher premise-based communications business than we delivered. At the same time, we are very pleased to see the accelerated growth of our UCaaS business, including sales through our agent and VAR channels, which grew 60% year-over-year. Our suppliers, including Avaya and RingCentral and 8x8 and Poly, have recently announced cloud offerings that will give us additional recurring revenue opportunities for our agents and VARs. We are ideally positioned to take advantage of this UCaaS shift due to our excellent lineup of suppliers and large and growing routes-to-market.

Our performance for the first quarter reflects progress in executing our strategic plan, and we've identified 6 key growth initiatives for the year. First, as we just discussed, we are growing our UCaaS and CCaaS business through partnerships with cloud providers that want access to our routes-to-market to accelerate the move to the cloud for end customers. With our communication suppliers, we are developing easy-to-sell UCaaS and CCaaS offerings for both agents and VARs.

Second, our strong market demand for video surveillance is expected to continue during fiscal year 2020, and we see opportunities to gain market share. For the first quarter of our fiscal year, we had a record quarter for physical security, which is a large and growing market for our channel. Our security channel has been asking for Honeywell security products for many years, and we are delighted to add Honeywell Commercial Security as a new supplier.

Third, Brazil represents a high-margin, high-growth opportunity for ScanSource. As one of the largest solution providers in Brazil, we give our suppliers and customers the greatest scale and reach to grow their business. We expect our Microsoft business to grow faster with the new SaaS capabilities we recently acquired. This quarter, we put sales integration tools in place to sell across all technologies in Brazil as One ScanSource.

Our fourth opportunity, we had a record quarter for Intelisys, which continues to be the largest master agent in North America with 14% year-over-year growth across the supplier portfolio of connectivity, cloud and cable. We shared our plans to accelerate growth for Intelisys with our 1,400 participants at this year's Channel Connect in October. We highlighted $100 million in new investments we've made to help our sales partners accelerate growth including the intY, RPM and Canpango acquisitions. We've added new channel managers and solution engineers, and we've added new sales tools and partner portal enhancements.

Fifth, for POS Portal, in fiscal year 2020, we see excellent payments opportunities and margins that reflect a higher mix of services, including life-cycle management and hot spares. This includes double-digit margins through successful execution of our contract deployment business.

Our sixth area of growth is our SaaS business, which we believe will be a cornerstone of our recurring revenue practice. With intY's CASCADE cloud platform, which we acquired on July 1, we have a highly automated tool that allows configuration, provisioning and billing services. Our SaaS suppliers today are Microsoft, Symantec and Acronis, and we plan to add many more. In December, we plan to go live with the SaaS platform in Brazil for Microsoft. In January, we plan to launch Microsoft for both the agents and the VARs in the United States.

(technical difficulty) [We are also adding the Cisco subscription products under Webex banding including Meetings, Teams, and Calling.]

We will help our sales partners more easily sell strategic cloud solutions and build recurring revenue practices.

Should I go back?

Okay. Sorry about that. Had a little disconnect. Now I'd like to welcome John Eldh, our Chief Revenue Officer, to today's call. John joined the ScanSource team on October 1 and is responsible for driving profitable sales growth across our multiple routes-to-market and across all geographies. In addition to his experience building and leading field, channel and inside sales teams, John brings a deep understanding of the SaaS business and extensive experience helping companies transform to a subscription-based sales model. John will be instrumental in helping us execute on our business goals and drive operating excellence throughout our business.

With that, I'll now turn the call over to Gerry to discuss our financial results in more detail and our outlook for next quarter.

Gerald Lyons - *ScanSource, Inc. - Senior EVP & CFO*

Thanks, Mike. For the quarter, our GAAP net sales, non-GAAP net sales and non-GAAP diluted EPS tracked near the midpoint of our forecast range. GAAP diluted EPS of $0.45 includes a higher-than-expected expense for the change in fair value of contingent consideration for Intelisys from better-than-expected actual results. Our non-GAAP operating income and non-GAAP gross profit margin were lower than our forecast, principally from lower-than-expected results from our business in Brazil. However, we expect our results in Brazil to improve since the completion of our One ScanSource integration plan.

In August, we announced plans to divest certain physical products businesses outside of the United States, Canada and Brazil. These businesses had net sales of $156 million for the first quarter of fiscal year 2020, and at September 30, 2019, had working capital of 181 -- $180 million. During the quarter, we began a process to sell these businesses. And based on the significant interest we have received, we anticipate having an agreement by the end of the third quarter of fiscal year 2020.

Consolidated net sales for the first quarter totaled $1.01 billion, up 3.5% year-over-year or up 3.4% on an organic basis. Foreign currency translation had a minimal impact on net sales. We had strength in our Worldwide Barcode, Networking & Security segment, with net sales up 6.5% and organic growth up 8%. This was led by strong growth in North America across key technologies, including mobile computing, video surveillance and payments as well as a higher volume of big deals. Net sales for our Worldwide Communications & Services segment declined 3% year-over-year or 6% on an organic basis, primarily from significant headwinds in our premise-based communications business in North America, as Mike indicated earlier. We had a record quarter for Intelisys, including our UCaaS business growth of 60%.

Excluding the planned divestitures, non-GAAP gross profit dollars for the quarter increased 2% year-over-year. Our first quarter fiscal 2020 non-GAAP gross profit margin was 11.6%, down from the year ago period and from the previous quarter. SG&A expenses increased $4.6 million from the prior year quarter to $83 million for the first quarter of fiscal year 2020. We've made significant investment in operating expenses to support the planned growth for fiscal year 2020. These expenses include the execution of our sales transformation plan called One ScanSource. Our investments also include the digital capabilities we've added with the acquisitions of intY, RPM and Canpango. Our first quarter fiscal year 2020 non-GAAP operating income was $27.5 million or 3.2% of net sales compared to $32.7 million or 4.1% in the prior year quarter.

We have an $80 million contingent consideration liability on our September 30, 2019, balance sheet, and this reflects the present value of expected future earnout payments for our Intelisys acquisition. For the first quarter of fiscal year 2020, we recorded an expense for the increase in the fair value of contingent consideration of $2.5 million for Intelisys. For our second quarter fiscal year 2020 forecast, we estimate the change in fair value of contingent consideration to be an expense of approximately $1.8 million.

For the first quarter of fiscal year 2020, the effective tax rate was 26%. And for fiscal year 2020, we estimate the effective tax rate, excluding planned divestitures, to range from 25% to 26%, excluding any discrete items.

Now turning to the balance sheet and to cash flow. We generated strong operating cash flow of $47 million for the quarter, primarily from the timing of accounts payable, and we expect to generate positive operating cash flow during the fiscal year 2020. The lower working capital quarter-over-quarter includes a $25 million working capital reduction from our planned divestitures. The planned divestitures had approximately $180 million in working capital at September 30, 2019. With the completion of the planned divestitures, we would expect a significant cash benefit and anticipate using that cash to pay down debt.

At September 30, 2019, we had cash and cash equivalents of $26 million and debt of $370 million. Our net leverage totaled approximately 2.4x trailing 12 months adjusted EBITDA. Our ROIC was 9.6% for the first quarter of fiscal year 2020. And during the past year, we've invested $81 million for our Canpango, RPM and intY acquisitions that have built strategic capabilities for recurring revenue, but have not yet contributed to our EBITDA growth. And with the completion of the planned divestitures, we would expect our ROIC to improve as well.

Now turning to our forecast. We are providing our second quarter forecast, excluding the planned divestitures. And in our CFO commentary, we've included reconciliations to show our non-GAAP operating results, excluding the planned divestitures, for the last 5 quarters.

For the second quarter of fiscal year 2020, we expect GAAP net sales to range from $1.03 billion to $1.09 billion. And non-GAAP net sales, excluding the planned divestitures, to range from $880 million to $940 million. The midpoint of our non-GAAP sales forecast range reflects organic sales growth of approximately 4%. We expect GAAP diluted earnings per share to range from $0.54 per share to $0.59 per share and the non-GAAP diluted earnings per share to range from $0.80 per share to $0.85 per share. The GAAP EPS does not include any noncash charges from any planned divestitures as those cannot be reasonably estimated at this time.

For the quarter, we expect gross profit margin closer to 11% and a non-GAAP operating income margin close to 3.5% for the ongoing businesses. We are assuming approximately $3.8 million for interest expense in the second quarter of fiscal year 2020. And we estimate the tax rate to be in the range of 25% to 26% for fiscal year 2020, excluding any discrete items.

As we look to the second half of our fiscal year 2020, we are executing plans to drive annual sales growth between 4% and 6%. We also expect our non-GAAP operating margin to reach our 3.5% target for the remainder of fiscal year 2020, excluding the planned divestitures.

And with that, I'd like to turn the call back over to Mike for closing comments.

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Thanks, Gerry. Before we close, I want to take this opportunity to welcome Dede Ramoneda, EVP and Chief Information Officer of First Citizens Bank & Trust to our Board of Directors. We are delighted to have Dede on our Board to share her expertise in information technology and believe her experience leading an organization that relies on delivering a secure digital customer experience will lend insight to ScanSource.

Throughout fiscal year 2020, we are executing our strategic plan to sell devices, software-as-a-service, services and recurring revenue. Our routes-to-market are a competitive advantage in the marketplace. By offering digital and physical solutions with value-added services, we believe, we will be at the center of the solution delivery channel.

We will now open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Adam Tindle with Raymond James. Your line is open.

Adam Tyler Tindle - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Okay, thanks and good afternoon. I just wanted to start -- Mike, maybe I think it'd be helpful to kind of bridge near-term trends that we're seeing versus the longer-term vision. So in terms of near term, I think ex divestitures, in this quarter, sales growth was up mid-single digits, but non-GAAP operating income was down almost 20%. And next quarter, based on guidance, sales are going to be up low single digits, but again, ex divestitures, operating profit dollars, down double digits. I know there's more than what the numbers are just telling us. So hoping you can bridge the gap on the core business in terms of why we're seeing shrinking profit dollars with revenue growth? And I'd imagine part of the explanation is, at least, due in part to these investments, which will happen before we see the ultimate impact of those. So help us see the other side of that, on which financial metrics you're focused on so that we can follow along as the plan unfolds?

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Sure, Adam. Number one, we've said for a long time, and we've restated again today, that operating income of 3.5% is our goal and that we can get back to that for the balance of 2020. And we think that's a very good number based on the investments we've made. So we're having to achieve significant profitability at the gross margin line to do that. We recognize that we've added significant SG&A when we made these acquisitions. And the acquisitions that we've made in the last year, these -- whether it's the intY CASCADE, RPM, Canpango, these acquisitions are still to deliver the operating leverage that we all want. And so we believe in our core legacy business, if we just look back at that for a minute, the goal there is to ensure that we're still having a very profitable business in those businesses that we are staying in. That's the reason that we decided to stay in North America in our device business and in Brazil. We believe operating margins there can be very good for a long time, and we believe we have the scale in those 2 markets to achieve that. So yes, we're not finished with our ability to get leverage on our SG&A by any stretch. And so we think 3.5% for the rest of this year is a really good target.

Adam Tyler Tindle - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Okay. That's helpful. And maybe, just building on that, I think Gerry had mentioned in the prepared remarks that gross margin was going to be down near 11% in Q2. As we think about the back half, the 3.5% operating margin, is that going to also kind of come with a higher level of gross margin? Just what's the bridge to get kind of from current operating margins trends to the 3.5%? Is it more volume? Is it higher gross margin? What -- just break it apart for us.

Gerald Lyons - *ScanSource, Inc. - Senior EVP & CFO*

Sure, Adam, this is Gerry. I think you're spot on, right? We are expecting our gross margins to continue to expand that percentage. So that's part of where the -- where we have confidence in that 3.5%.

Adam Tyler Tindle - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Okay. And maybe, just a question on cash flow, Gerry. I think you had talked about expecting positive operating cash flow for the year, and I think you also quantified the impact from divestitures to cash flow. Could you remind me of that number? And that positive operating cash flow comment, is that ex divestitures, and we should add the benefit on top of that?

Gerald Lyons - *ScanSource, Inc. - Senior EVP & CFO*

Yes. So Adam, so we had $47 million positive cash flow in the quarter, and our working capital decreased from the divestitures, about $25 million. And if you think about us trying to sell these businesses, we're trying to get the investment there down, just from the standpoint of that's going to make it more attractive to potential buyers. We are expecting -- back to your comment about the full year, we are expecting operating cash flow to be positive for the full year, and that is -- when we're giving those numbers on the cash flow, that's -- currently, those include the divestitures in there.

Adam Tyler Tindle - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Okay. And maybe, just wrapping it up. Can you just -- I think you talked about using the proceeds to pay down debt. Can you talk about that decision? What other alternatives that you considered and why paying down debt is the best use of capital?

Gerald Lyons - *ScanSource, Inc. - Senior EVP & CFO*

Well, I think at this point in time, we just feel like we're at close to where we think our top of our targeted range is. So we said we want to be somewhere between 1.5x and 2.5x leverage. And paying down debt at this point seems to make more sense to us. We've talked earlier -- on earlier calls about our acquisition strategies. We don't really see anything out there that we need to be acquisitive on. So I think that really paying down debt is the best for our investors.

Adam Tyler Tindle - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Maybe just to clarify on that because the stock's trading below book value. Is there something in that, why share repurchases wouldn't make sense? Because a lot of distributors operate around 2.5x leverage. I think rating agencies typically cap you out at 3x. Trends apparently are getting better in the back half of the year. Margins are expanding. The things are on the upswing. So maybe, just the consideration for share repurchases and why not?

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Adam, it's Mike. One thought or one comment is when we met with investors over the last 3 years, we had quite a bit of discussion around this topic. And we found that more investors did not -- were not in favor of share repurchases. They really wanted to make sure we had our balance sheet in pristine shape, so that if something does come along, we're prepared to take advantage of that. And I think that's been our history. Our Board considers this quite frequently. And at this point, listening to our key shareholders, we believe this is the direction they want us to go in. It doesn't mean we won't listen to them again. We're going to be visiting with many of them over the next few months, and we'll certainly take a poll.

Adam Tyler Tindle - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Okay. Thanks Mike.

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

You bet.

Operator

Thank you. And our next question comes from Keith Housum with Northcoast Research.

Keith Michael Housum - *Northcoast Research Partners, LLC - MD & Equity Research Analyst*

Good afternoon guys. Hey Mike, can you provide a little bit color on the communications segment. If I look at last year, you guys were able to have some pretty good growth. And I heard your comments suggesting that the move the UCaaS was bigger than you expected this quarter. Was there anything unique that perhaps accelerated this quarter that we're seeing an acceleration of this trend? Because this is a trend we've been seeing for the past several quarters, correct?

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Yes. So Keith, I think what we're seeing is -- and this is not just us, this is the market, has absolutely gotten much more excited about this idea of moving more -- and this is an end customer-driven desire to move towards the cloud, in UC specifically, in a more concerted effort. And so we've got a lot of feedback from our channel partners. We've gotten feedback, obviously, from some of our suppliers. And when you see the data that's out there, customers are all wanting to at least try to get some of their UC into the cloud. It doesn't mean everybody is going to move their premise equipment quickly. But the numbers we're looking at, there's around 315 million legacy seats out there that are up for grabs. And so I think that size of that market that's been fairly stable has attracted the attention of, for sure, the key suppliers that we have in our portfolio. And so they're driving more incentives for the channel to do this. So I think what you're seeing is the suppliers that we've referenced on our call today, they've got programs to drive this even faster because for many of them, moving to the cloud gives them an opportunity to win new market share. So I think it's an exciting time to be in, and we're glad to be playing a key role in that.

Keith Michael Housum - *Northcoast Research Partners, LLC - MD & Equity Research Analyst*

Is there any kind of rule of thumb that you might be able to offer us in terms of, as the seat or as the project moves to the cloud, how does that impact both revenue and profitability. Does revenue go down, but profitability increases? Or how can we think about that going forward?

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Well, we don't have any specific numbers to share with you today. We're still trying to decide how much of that we want to share because we're in this unusual position of being the only distributor that owns a master agent business also, and so we want to kind of keep some of that confidential. But in general, for us and for our suppliers, moving to a recurring revenue model is a long-term, much more profitable business. And so we have incentives, just like all of our suppliers do, and our VARs and our agents to establish a recurring revenue business because we all believe that by doing that, we also ensure better customer satisfaction, a better customer experience. So if you're looking at what the customers want, the end customers, that's what's driving our interest in this space, and that's why we want to offer options to stay in premise if a customer wants to, as long as they want to and offer the option to move to cloud. So it's -- again, it's -- longer term, Keith, I think it's more profitable for everyone in the channel.

Keith Michael Housum - *Northcoast Research Partners, LLC - MD & Equity Research Analyst*

Got you. Okay. Turning gears over to Brazil. Can you provide a little more color on the pain points you had in Brazil this quarter and how we should think about it going forward?

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Sure. We mentioned this One ScanSource strategy, and this is a follow-on from putting Network1 our acquisition down there that frankly, we're just now integrating this year in with our former CDC business, if you recall, our barcode business. So we decided earlier this year to really get leverage on that SG&A, try to share some of the routes-to-market with some of the new technology because many of the Network1 technologies should be sold to the barcode channel, and we weren't. And so we had to go down a process of integrating the tools, the systems, the training for our teams to allow that to happen. And so that's what happened last quarter. And to be honest, we had some disruption doing that, reassigning some accounts, similar to what we did here in the U.S. And now we've got 2 quarters behind us in the U.S., Brazil just had their first quarter.

So we think it's behind us, and we're moving forward. And that business, as you know, has always been very profitable for us in Brazil. It's like once you get in there with a strong value proposition, it's hard for someone to displace you. So we're bullish on our business in Brazil, especially on the long term. And our suppliers like Microsoft are delighted to have us down there.

Keith Michael Housum - *Northcoast Research Partners, LLC - MD & Equity Research Analyst*

Great. Thank you.

Operator

(Operator Instructions) And our next question comes from Chris McGinnis with Sidoti & Company. Your line is open.

Christopher Paul McGinnis - *Sidoti & Company, LLC - Special Situations Equity Analyst*

Afternoon. Thanks for taking questions. I just want to follow-up, Mike, on 1 of the 6 keys that you talked about on the security side and the expansion with Honeywell. Can you just talk about maybe how big of an opportunity that is? And how long is that runway, because it's been one of your big ones for a while?

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Yes. Thanks, Chris. We've elected not to talk about the size of the business at this point, but we mentioned it because it is a big opportunity. Basically, a security channel partner had only one place to buy Honeywell security products up until recently. And with the spin-out of this Honeywell Commercial Security from big Honeywell, they want to grow, Honeywell security products, and they've been wanting to for years. We've been talking to these guys for 3 years, I believe. And our channel is clamoring for the products. They have great products, they were under distributed, frankly. And so I believe, for us, it's a little bit of a market share grab. We're going to go hard at it, and we're going to take some market share, and it will be significant or we wouldn't have mentioned it today.

Christopher Paul McGinnis - *Sidoti & Company, LLC - Special Situations Equity Analyst*

Okay. And is John Eldh in the room? I was just wondering if you could maybe just comment a little bit about the opportunity he sees. I know it's pretty early, but on just the -- how he's thinking about ScanSource at this point? Thanks.

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

John, why don't you tell him about to your early days?

John Eldh - *ScanSource, Inc. - Chief Revenue Officer & Senior Executive VP*

I am here, I'm in the room.

Anyway, thanks for the question, and nice to meet you. And it's been a fantastic first 6 weeks on board here at ScanSource. And I would offer that I think the opportunity for us is even bigger over time than I had initially anticipated. This is an incredible opportunity where we are able to leverage our heritage in the hardware business, while at the same time, expanding to large and growing markets, differentiating routes-to-market. So now not only do we have the opportunities with the VARs, but also with the agent channels and in our payments business, the ISVs and ISOs. And so we are really creating an ecosystem of size and scale and playing in large markets. And I think that over time, the addition of moving into the SaaS platforms, that we just announced through intY, provides excellent opportunities across routes to market and puts us and our partners, our customers, in much stronger position moving to recurring revenue. And so those are the opportunities that I'm seeing.

Christopher Paul McGinnis - *Sidoti & Company, LLC - Special Situations Equity Analyst*

Great. Thanks for that. And then just one last question. Gerry, just so I understand, is it -- you're exiting 2020 at 3.5% or you should be at that in the back half of the year? I just want to make sure that -- the progression of that.

Gerald Lyons - *ScanSource, Inc. - Senior EVP & CFO*

Yes, sure, Chris. We're expecting really to be at 3.5% really for the remainder of the year. So for the -- every quarter from this point forward, that's what we're expecting to have happen.

Christopher Paul McGinnis - *Sidoti & Company, LLC - Special Situations Equity Analyst*

Alright. Thank you very much and good luck in Q2.

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Thanks Chris.

Gerald Lyons - *ScanSource, Inc. - Senior EVP & CFO*

Thank you.

Operator

I'm showing no further questions at this time. I'd like to turn the call back to Mr. Mike Baur for any closing remarks.

Michael L. Baur - *ScanSource, Inc. - Founder, Chairman, CEO & President*

Great. Thank you for joining us today. We expect to hold our next conference call to discuss December 31 quarterly results on Tuesday, February 4, 2020.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect. Everyone, have a great day.
