



NASDAQ - NSIT

FOR IMMEDIATE RELEASE
THURSDAY, APRIL 26, 2001, 4PM EST

FIRST QUARTER 2001 EARNINGS RELEASE
INSIGHT ENTERPRISES, INC. REPORTS
23RD CONSECUTIVE QUARTER OF SEQUENTIAL SALES GROWTH

First Quarter Highlights:

- 19% year-over-year growth in consolidated net sales
- 164% sales growth in Direct Alliance business (if all sales were accounted for as if they were from product based programs)
- 16% increase in consolidated net earnings
- 13% increase in quarterly consolidated diluted earnings per share to \$0.34 per share
- 40% increase in Insight unassisted web sales to 12.5% of net sales for the quarter
- Annualized inventory turns of 92 times for the quarter
- Climbed to #692 on *Fortune Magazine's* "Fortune 1000 List"
- Announced Sheffield, England as location for European headquarters

FINANCIAL SUMMARY TABLE

(Retroactively reflects 3-for-2 stock split paid on September 18, 2000)

	Three Months Ended		
	March 31,		
<u>Insight Enterprises, Inc.</u>	2001	2000	% change
Net sales (000's)	\$ 557,503	\$ 467,303	19%
Earnings from operations (000's)	\$ 23,752	\$ 20,322	17%
Net earnings (000's)	\$ 14,286	\$ 12,326	16%
Basic earnings per share	\$ 0.35	\$ 0.31	13%
Diluted earnings per share	\$ 0.34	\$ 0.30	13%
Shares used in earnings per share calculation (000's):			
Basic	41,048	40,099	2%
Diluted	42,251	41,331	2%
<u>Insight Direct Worldwide, Inc.</u>			
Net sales (000's)	\$ 531,380	\$ 447,454	19%
Net earnings (000's)	\$ 12,003	\$ 10,710	12%
<u>Direct Alliance Corporation</u>			
Net sales (000's)	\$ 26,123	\$ 19,849	32%
Net earnings (000's)	\$ 2,283	\$ 1,616	41%

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QUARTERLY OPERATING DATA SUMMARY TABLE

	Three Months Ended March 31,		
	<u>2001</u>	<u>2000</u>	<u>% change</u>
<u>Insight Direct Worldwide, Inc.</u>			
% of net sales – North America	93%	91%	22% *
% of net sales – Europe	7%	9%	(13%) *
Gross profit %	11.1%	11.5%	(0.4%)
Operating expense %	7.3%	7.5%	(0.2%)
Direct shipments %	69%	61%	25% **
Direct shipments % – North America	73%	73%	24% **
Direct shipments % – Europe	40%	16%	58% **
Number of account executives	1,791	1,437	25%
Number of account executives – North America	1,632	1,274	28%
Number of account executives – Europe	159	163	(2%)
Average order size	\$ 1,228	\$ 1,124	9%
Average order size – North America	\$ 1,314	\$ 1,380	(5%)
Average order size – Europe	\$ 621	\$ 376	65%
Percent of sales to businesses	97%	94%	25% *
Percent unassisted web sales	12.5%	10.6%	40% *
Product Mix ^(a) :			
Notebooks and PDA's	16%	21%	(5%) *
Desktops and servers	15%	16%	10% *
Software	15%	11%	64% *
Storage devices	10%	9%	40% *
Networking and connectivity	9%	9%	21% *
Printers	9%	8%	26% *
Monitors and video	7%	7%	27% *
Memory and processors	6%	7%	7% *
Supplies and accessories	5%	4%	34% *
Miscellaneous	8%	8%	11% *
<u>Direct Alliance Corporation</u>			
Net sales mix:			
Service fees	83%	66%	65% *
Product sales	0%	31%	(100%) *
Pass through product sales	17%	3%	709% *
Earnings from operations %	14.5%	12.8%	49%
* Based on net sales dollars			
** Based on number of direct shipments			
(a) Certain %'s in 2000 product categories have been reclassified to conform to 2001 presentation			

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Tempe, Arizona – April 26, 2001 – **Insight Enterprises, Inc. (Nasdaq: NSIT)** (the “Company”) today announced record sales for the three months ended March 31, 2001. This marks the Company’s twenty-third consecutive quarter of sequential sales growth. The Company is a holding company with two operating units, Insight Direct Worldwide, Inc. (“Insight”) and Direct Alliance Corporation (“Direct Alliance”).

Insight Enterprises, Inc.

Net sales, from both operating units, for the quarter ended March 31, 2001 increased 19% to \$557.5 million from \$467.3 million in the same period in 2000. Net earnings for the quarter increased 16% to \$14.3 million from \$12.3 million in the first quarter of 2000. Diluted earnings per share rose 13% to \$0.34 for the quarter ended March 31, 2001 compared to \$0.30 in the same period in 2000. Sales from the Company’s global direct marketing subsidiary, Insight, represented 95% of the quarter’s net sales, with the remaining 5% from Direct Alliance, the Company’s global outsourcing provider.

All net earnings per share amounts reflect a 3-for-2 stock split effected in the form of a stock dividend paid on September 18, 2000.

The Company’s effective tax rate for the quarters ended March 31, 2001 and 2000 was 39.7%.

Working capital, as of March 31, 2001, was \$179 million, including \$44 million in cash and cash equivalents. Annualized inventory turns were 92 times for the first quarter of 2001 compared to 84 times for the first quarter of 2000.

On a forward-looking basis, the Company expects net sales in the second quarter of 2001 to be between \$540 million and \$565 million; an 11% to 16% increase as compared to the second quarter of 2000. We expect diluted earnings per share to be between \$0.33 and \$0.36 as compared to \$0.34 in the second quarter of 2000.

Insight Direct Worldwide, Inc.

Insight’s net sales and net earnings increased 19% to \$531.4 million and 12% to \$12.0 million, respectively, compared to net sales of \$447.5 million and net earnings of \$10.7 million in the first quarter of 2000. “Amidst these uncertain economic conditions, we still experienced impressive growth rates in Insight’s U.S. business of 21% year-over-year and in its Canadian business of 45% year-over-year,” said Timothy A. Crown, Co-CEO. “We continued to experience a decline in business demand in the notebook and desktop space compared to a year ago by our target customer, the small- to medium-sized business enterprise. We believe the uncertainty in the general economy has caused businesses to lengthen the replacement cycle, thereby causing a reduction in demand. On the upside, we are seeing strong demand in software, storage devices and supplies/accessories. Our overall sales growth rate, both over prior year and sequentially, prove that we are taking market share not only from other channels but also from other companies within the direct channel.”

Insight’s strong electronic commerce focus (www.insight.com) resulted in another record quarter of unassisted web sales. Unassisted web sales (those sales completed without the assistance of an Insight account executive) represented 12.5%, or \$66.1 million, of Insight’s net sales in the first quarter, up from 10.6%, or \$47.2 million, of Insight’s net sales in the same quarter last year – an increase of 40% in net sales.

Insight’s gross profit as a percentage of net sales was 11.1% in the first quarter of 2001 as compared to 11.5% in the first quarter a year ago and 11.0% in the fourth quarter of 2000. According to Stanley Laybourne, Chief Financial Officer, “The stabilizing of product margins from Q4 2000 is due partially to a product mix shift but more importantly showcases our ability to grow sales by providing exceptional customer service through our dedicated account executives and not through competing on price alone.” Other components of costs of goods sold remained fairly consistent as a percentage of net sales with the exception of supplier reimbursement programs which increased slightly as a percentage of net sales. As stated in previous releases, Insight does expect its future gross profit percentage to fluctuate depending on factors such as industry-wide pricing pressures, supplier reimbursement programs, pricing/selling strategies and product mix.

For Q1 2001, operating expenses were 7.3% of net sales compared to 7.5% in the same quarter in 2000. Operating expenses were 7.3% of net sales for the fourth quarter 2000. According to Laybourne, “The decrease in operating expenses as a percentage of net sales from Q1 2000 shows that our model, which focuses more on variable costs and less on fixed cost advertising, responds favorably to a top line slowdown.” Offsetting improvements were costs associated with international growth and to a lesser extent bad debt expense.

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Net sales for PlusNet Technologies Limited, Insight's 95% owned United Kingdom Internet ("ISP") and applications ("ASP") service provider whose results are included in Insight's numbers, were \$2.2 million for the quarter ended March 31, 2001 compared to net sales of \$2.4 million in the same period of 2000. During the first quarter of 2001, PlusNet had net earnings of \$54,000 compared to \$381,000 in Q1 2000 and a net loss of (\$64,000) in Q4 2000. According to Crown, "We are committed to continuing our investment in the ISP/ASP operations although our intent continues to be the eventual divestiture of these operations when market conditions in the United Kingdom improve."

Direct Alliance Corporation

Direct Alliance posted overall net sales of \$26.1 million in the quarter ended March 31, 2001, a 32% increase, compared to \$19.8 million in the first quarter of 2000. As a result of Direct Alliance's strategic emphasis on service fee based programs as opposed to product based programs, 100% of Direct Alliance's net sales were from service fee based programs (17% via pass through product sales) in Q1 2001 compared to 69% (3% via pass through product sales) a year ago. According to Tony Smith, President of Direct Alliance, "We are very pleased with the growth in net sales at Direct Alliance. If all programs had been accounted for as if they were product based, net sales growth quarter-over-quarter would have been an impressive 164%."

Direct Alliance's gross profit increased \$1.5 million, or 40%, to \$ 5.4 million for the first quarter of 2001, compared to \$3.9 million for the first quarter 2000. Operating expenses at Direct Alliance increased slightly to \$1.6 million for the first quarter of 2001 compared to \$1.3 million for the first quarter 2000. Operating expenses as a percentage of net sales were 6.3% in Q1 2001 compared to 6.7% in Q1 2000. The percentages for these periods are not directly comparable because of the differing mix of service fee based and product based programs in the periods and the different accounting treatment of direct costs between the two program types. Under service fee based programs, all direct costs relating to generation of the fees are included in cost of goods sold, and not in operating expenses as is the case with product based programs. Laybourne commented, "We believe that earnings from operations is a more appropriate measure of Direct Alliance's financial performance, especially during the transition from product based programs to service fee based programs." Earnings from operations increased 49% to \$3.8 million in the first quarter of 2001 compared to \$2.5 million in 2000. The increase is primarily due to growth in service fees under existing clients offset by investments to enhance scalability and service offerings through increased breadth and depth of management and technical staff. Net earnings increased 41% to \$2.3 million in the first quarter of 2001 compared to \$1.6 million in 2000.

As previously stated, the Company would like to spin-off Direct Alliance in a tax-free distribution to the stockholders of the Company. Prior to the spin-off, it is the intent to complete an initial public offering by Direct Alliance of up to \$50 million of its common stock, as filed in a registration statement with the Securities and Exchange Commission on December 22, 2000. The ultimate achievement and exact time frame of these events is dependent upon overall public securities market conditions.

Certain statements in this release may be "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. These forward-looking statements may include projections of matters that affect sales, gross profit, operating expenses or net earnings; projections of capital expenditures; projections of growth; hiring plans; plans for future operations; financing needs or plans; plans relating to the Company's products; and assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking information. Some of the important factors that could cause the Company's actual results to differ materially from those projected in forward-looking statements made by the Company include, but are not limited to, the following: fluctuations in operating results, intense competition, reliance on outsourcing arrangements, mix of outsourcing arrangements, past and future acquisitions, international operations, risk of business interruption, management of rapid growth, need for additional financing, changing methods of distribution, reliance on suppliers, changes in supplier reimbursement programs, rapid change in product standards, inventory obsolescence, dependence on key personnel, sales and income tax uncertainty and increasing marketing, postage and shipping costs. These factors are discussed in greater detail under "Factors That May Affect Future Results And Financial Condition" in the Company's Annual Report on Form 10-K for the year ended December 31, 2000, as filed with the Securities and Exchange Commission.

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About Insight

Insight Enterprises, Inc., a *Fortune* 1000 company, is a holding company composed of the following operating units: **Insight Direct Worldwide, Inc.** is a leading global direct marketer of computers, hardware and software, offering a broad line of more than 130,000 brand name products primarily to businesses in the United States, Canada, the United Kingdom and Germany. Insight sells its products via the Internet and by a staff of customer-dedicated account executives utilizing proactive outbound telephone-based sales, electronic commerce and electronic marketing. **PlusNet Technologies, Ltd.**, a 95% owned subsidiary of Insight Direct Worldwide, Inc., is an Internet ("ISP") and applications ("ASP") service provider providing Internet access and value-added Internet services within the United Kingdom to residential, small- and medium-sized business and corporate customers. **Direct Alliance Corporation** provides outsourced marketing, sales and supply chain services to enable manufacturers to access the direct channel. For additional information about Insight Enterprises, Inc. call (480) 902-1001 in the United States or visit www.insight.com.

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INSIGHT ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
 (UNAUDITED)

**For the
 Three Months Ended
 March 31,**

	2001	2000
Net sales	\$ 557,503	\$ 467,303
Costs of goods sold.....	<u>493,225</u>	<u>411,907</u>
Gross profit	64,278	55,396
Operating expenses:		
Selling, general and administrative expenses ...	40,034	34,734
Amortization of goodwill	<u>492</u>	<u>340</u>
Earnings from operations	23,752	20,322
Non-operating expenses (income), net	<u>42</u>	<u>(121)</u>
Earnings before income taxes	23,710	20,443
Income tax expense.....	<u>9,424</u>	<u>8,117</u>
Net earnings	<u>\$ 14,286</u>	<u>\$ 12,326</u>
 Earnings per share*:		
Basic	<u>\$ 0.35</u>	<u>\$ 0.31</u>
Diluted	<u>\$ 0.34</u>	<u>\$ 0.30</u>
Shares used in per share calculation*:		
Basic	<u>41,048</u>	<u>40,100</u>
Diluted	<u>42,251</u>	<u>41,331</u>

* Retroactively reflects 3-for-2 stock split effected in the form of a stock dividend paid on September 18, 2000.

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INSIGHT ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	March 31,	December 31,
	2001	2000
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 44,167	\$ 24,917
Accounts receivable, net.....	304,752	313,457
Inventories, net.....	17,135	25,975
Prepaid expenses and other current assets	9,574	9,003
Total current assets	375,628	373,352
Property and equipment, net.....	86,927	84,259
Goodwill, net	33,185	35,073
Other assets.....	1,060	1,216
	\$ <u>496,800</u>	\$ <u>493,900</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt.....	\$ 658	\$ 646
Current portion of obligations under capital leases	376	371
Accounts payable.....	186,511	180,434
Accrued expenses and other current liabilities	8,633	14,230
Total current liabilities.....	196,178	195,681
Long-term debt, less current portion.....	12,972	13,141
Obligations under capital leases, less current portion.....	987	1,082
Lines of credit.....	-	19,000
Stockholders' equity:		
Preferred stock	-	-
Common stock	421	415
Additional paid-in capital.....	160,172	150,333
Retained earnings	154,687	140,401
Accumulated other comprehensive income – foreign currency translation adjustment.....	(5,308)	(2,844)
Treasury stock.....	(23,309)	(23,309)
Total stockholders' equity.....	286,663	264,996
	\$ <u>496,800</u>	\$ <u>493,900</u>

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