



August 06, 2014 2:00 p.m. Eastern Time

Welcome to Avnet's Fourth Quarter Fiscal Year 2014 Teleconference and Webcast

Safe Harbor Statement

- This presentation contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on management’s current expectations and are subject to uncertainty and changes in factual circumstances. The forward-looking statements herein include statements addressing future financial and operating results of Avnet and may include words such as “will,” “anticipate,” “expect,” “believe,” “should” and other words and terms of similar meaning in connection with any discussions of future operating or financial performance or business prospects. Actual results may vary materially from the expectations contained in the forward-looking statements.
- The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: the Company’s ability to retain and grow market share and to generate additional cash flow, risks associated with any acquisition activities and the successful integration of acquired companies, declines in sales, changes in business conditions and the economy in general, changes in market demand and pricing pressures, any material changes in the allocation of product or product rebates by suppliers, and other competitive and/or regulatory factors affecting the businesses of Avnet generally.
- More detailed information about these and other factors is set forth in Avnet’s filings with the Securities and Exchange Commission, including the Company’s reports on Form 10-K, Form 10-Q and Form 8-K. Except as required by law, Avnet is under no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.





Rick Hamada - Chief Executive Officer

Business Highlights

Q4 FY14 Avnet, Inc. Highlights

- Sales **↑** 6.9% Y/Y to \$7.0B; organic⁽¹⁾ **↑** 3.9% (C\$⁽³⁾)
 - Q/Q organic⁽¹⁾ sales **↑** 5.2%(C\$⁽³⁾)
 - Near the high end of expectations and normal seasonality
- Gross Profit% **↑** 17 BPS Y/Y to 11.9%; **↓** 17 BPS Q/Q
- Adj. Operating Inc⁽²⁾\$ **↑** 5.9% Y/Y; OI%⁽²⁾ **↓** 4 BPS Y/Y to 3.5%
 - Adj. Operating Inc⁽²⁾\$ **↑** 9.4% Q/Q; OI%⁽²⁾ **↑** 12 BPS Q/Q
- Adj. EPS⁽²⁾ of \$1.14 **↑** 11.8% Y/Y; **↑** 10.7% Q/Q
- Cash Flow from Operations = \$34M in Q4; TTM = \$237M



Q4 FY14 EM Highlights

- Sales **↑** 8.8% Y/Y to \$4.3B; organic⁽¹⁾ **↑** 6.7% (C\$⁽²⁾)
 - Q/Q sales **↑** 4.4% (C\$⁽²⁾) > normal seasonality of 0% to +4%
- Gross Profit% **↑** 31 BPS Y/Y; **↓** 15 BPS Q/Q
 - Q/Q **↓** primarily due to geographic mix shift to Asia
- Operating Inc% **↑** 30 BPS Y/Y to 4.8%; **↑** 11 BPS Q/Q
 - Y/Y **↑** due to improvements in Americas and EMEA
 - Q/Q **↑** due to sales growth across all three regions
- ROWC⁽³⁾ **↑** 108 BPS Y/Y; **↑** 192 BPS Q/Q



Q4 FY14 TS Highlights

- Sales **↑** 4.2% Y/Y to \$2.7B; organic⁽¹⁾ essentially flat (C\$⁽²⁾)
 - Q/Q organic⁽¹⁾ sales **↑** 6.6% (C\$⁽²⁾); near the high end of normal seasonality of +3% to +7%
- Gross Profit% **↓** 12 BPS Y/Y; **↓** 13 BPS Q/Q
 - Q/Q **↓** due to weakness in EMEA
- Operating Inc% **↓** 30 BPS Y/Y to 2.7%; **↑** 32 BPS Q/Q
 - Q/Q **↑** due to improvements in Americas and Asia
- Y/Y **↑** growth in software, services and storage offset by decline in computing components



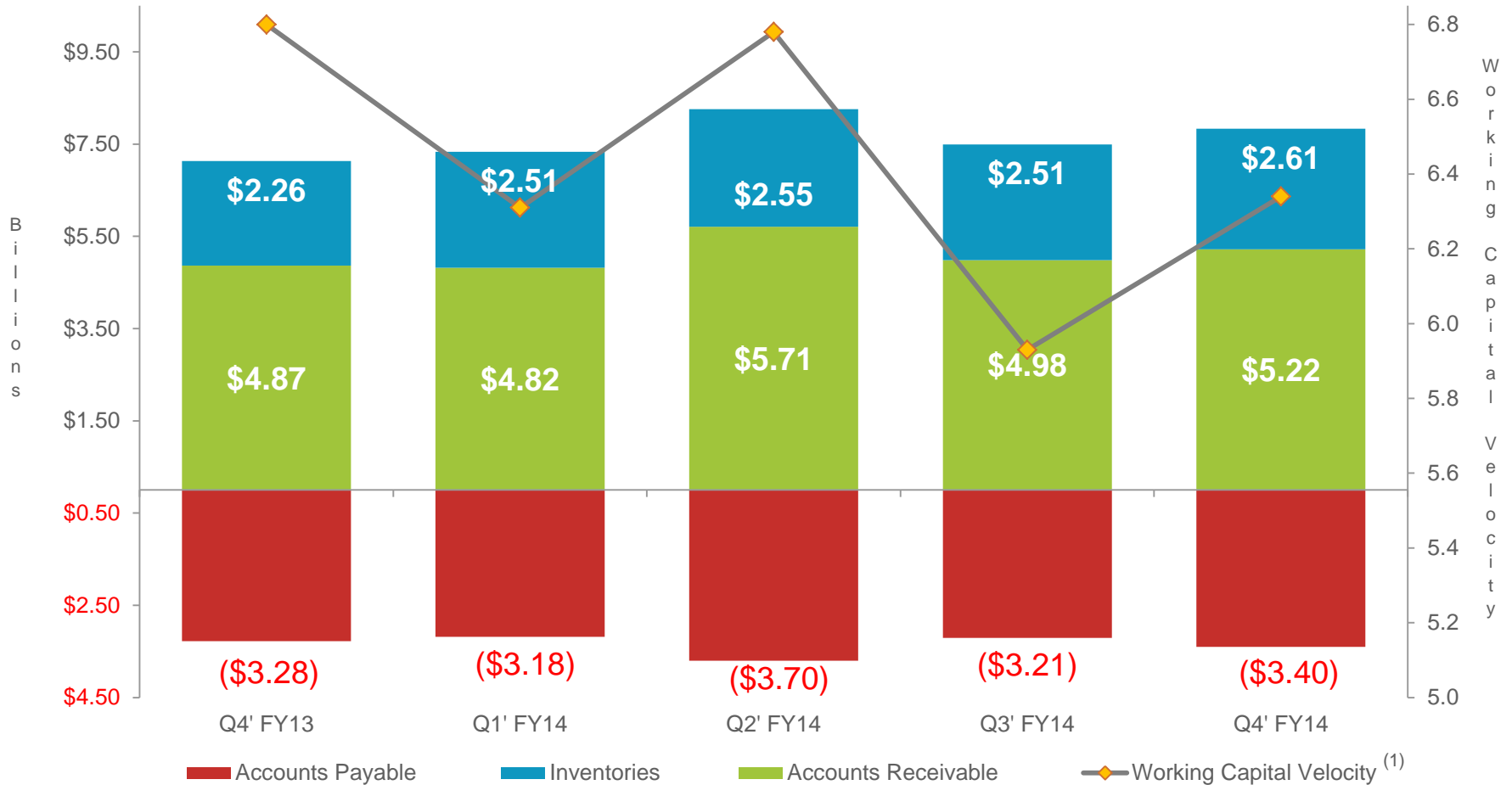
(1) Organic sales is defined on slide 16
(2) C\$ = constant currency and is defined on slide 11
(3) ROWC = Return on working capital is defined on slide 11



Kevin Moriarty - Chief Financial Officer

Additional Financial Highlights

Working Capital



(1) Working Capital Velocity is defined on slide 11

September 2014 Quarter Outlook (Q1 FY15) ⁽¹⁾

- Group Sales
 - EM: \$4.1 to \$4.4 billion
 - TS: \$2.3 to \$2.6 billion
- Enterprise Sales: \$6.4 to \$7.0 billion
- Adjusted EPS⁽²⁾: \$0.93 to \$1.03
 - Assumes 141 million average diluted shares outstanding and a tax rate of 26% to 30%



(1) The guidance assumes that the average U.S. Dollar to Euro currency exchange rate for the first quarter of fiscal 2015 is \$1.35 to €1.00

(2) Excludes restructuring, integration and other charges related to cost reductions and acquisitions and the amortization of intangibles





Question and Answer Session

*Please feel free to contact
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Non-GAAP Financial Information and Reconciliation

In addition to disclosing financial results that are determined in accordance with generally accepted accounting principles in the United States (“GAAP”), the Company also discloses in this document certain non-GAAP financial information including adjusted operating income, adjusted net income and adjusted diluted earnings per share (EPS), as well as sales adjusted for the impact of acquisitions and other items (as defined in the Organic Sales section of this presentation). Management believes organic sales is a useful measure for evaluating current period performance as compared with prior periods and for understanding underlying trends. The Company occasionally refers to comparative results in both reported dollars and constant currency. Reported dollars reflect the GAAP results while constant currency reflect the adjustment for fluctuations in foreign currency exchange rates between the two comparative periods.

Management believes that operating income adjusted for (i) restructuring, integration and other expenses, and (ii) amortization of acquired intangible assets and other, 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 Avnet’s normal operating results or non-cash in nature. Management analyzes operating 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 income and EPS adjusted for (i) the impact of the items described above, (ii) certain discrete items impacting income tax expense and (iii) the gain on legal settlement, bargain purchase and other 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 income and EPS excluding the impact of these items provides an important measure of the Company’s net results of operations for the investing public.

Other metrics management monitors in its assessment of business performance include return on working capital (ROWC), return on capital employed (ROCE) and working capital velocity (WC velocity). ROWC is defined as annualized adjusted operating income (as defined above) divided by the sum of the monthly average balances of receivables and inventories less accounts payable. ROCE is defined as annualized, tax effected adjusted operating income (as defined above) divided by the monthly average balances of interest-bearing debt and equity (including the impact of adjustments to operating income discussed above) less cash and cash equivalents. WC velocity is defined as annualized sales divided by the sum of the monthly average balances of receivable and inventories less accounts payable.

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



Non-GAAP Financial Information and Reconciliation

Fiscal Year 2014

	Operating Income	Income Before Income Taxes	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
GAAP results	\$ 789,940	\$ 701,127	\$ 545,604	\$ 3.89
Restructuring, integration and other expenses	94,623	94,623	70,773	0.50
Gain on legal settlement and foreign currency loss	—	(18,787)	(11,475)	(0.08)
Amortization of intangible assets and other	46,783	46,783	32,946	0.24
Income tax adjustments	—	—	(43,789)	(0.31)
Total adjustments	141,406	122,619	48,455	0.35
Adjusted results	\$ 931,346	\$ 823,746	\$ 594,059	\$ 4.24



Non-GAAP Financial Information and Reconciliation

Fourth Quarter Fiscal 2014

	Operating Income	Income Before Income Taxes	Net Income	Diluted EPS
<i>\$ in thousands, except per share data</i>				
GAAP results	\$ 204,538	\$ 175,640	\$ 186,264	\$ 1.33
Restructuring, integration and other expenses	27,999	27,999	20,901	0.15
Foreign currency loss	—	3,315	2,022	0.01
Amortization of intangible assets and other	12,328	12,328	9,076	0.06
Income tax adjustments	—	—	(58,187)	(0.41)
Total adjustments	40,327	43,642	(26,188)	(0.19)
Adjusted results	\$ 244,865	\$ 219,282	\$ 160,076	\$ 1.14

Third Quarter Fiscal 2014

	Operating Income	Income Before Income Taxes	Net Income	Diluted EPS
<i>\$ in thousands, except per share data</i>				
GAAP results	\$ 184,843	\$ 164,993	\$ 113,851	\$ 0.81
Restructuring, integration and other expenses	26,083	26,083	19,275	0.14
Gain on legal settlement	—	(2,965)	(1,811)	(0.01)
Amortization of intangible assets and other	12,868	12,868	9,043	0.06
Income tax adjustments	—	—	3,744	0.03
Total adjustments	38,951	35,986	30,251	0.22
Adjusted results	\$ 223,794	\$ 200,979	\$ 144,102	\$ 1.03



Non-GAAP Financial Information and Reconciliation

Fiscal Year 2013

	Operating Income	Income Before Income Taxes	Net Income	Diluted EPS *
	<i>\$ in thousands, except per share data</i>			
GAAP results	\$ 625,981	\$ 549,265	\$ 450,073	\$ 3.21
Restructuring, integration and other expenses	149,501	149,501	116,382	0.83
Gain on bargain purchase and other	—	(31,011)	(30,974)	(0.22)
Amortization of intangible assets and other	32,370	32,370	22,659	0.16
Income tax adjustments	—	—	(50,376)	(0.36)
Total adjustments	181,871	150,860	57,691	0.41
Adjusted results	\$ 807,852	\$ 700,125	\$ 507,764	\$ 3.63

* Does not foot due to rounding of individual components



Non-GAAP Financial Information and Reconciliation

Fourth Quarter Fiscal 2013

	Operating Income	Income Before Income Taxes	Net Income	Diluted EPS
<i>\$ in thousands, except per share data</i>				
GAAP results	\$ 162,826	\$ 127,139	\$ 126,091	\$ 0.91
Restructuring, integration and other expenses	59,845	59,845	43,610	0.31
Gain on bargain purchase and other	—	339	339	—
Amortization of intangible assets and other	8,526	8,526	5,968	0.04
Income tax adjustments	—	—	(34,197)	(0.24)
Total adjustments	68,371	68,710	15,720	0.11
Adjusted results	\$ 231,197	\$ 195,849	\$ 141,811	\$ 1.02



Non-GAAP Financial Information and Reconciliation

Organic Sales

Organic sales is defined as reported sales adjusted for (i) the impact of acquisitions and divestitures by adjusting Avnet's prior periods to include the sales of acquired businesses and exclude the sales of divested businesses as if the acquisitions and divestitures had occurred at the beginning of the earliest period presented and (ii) the impact of the transfer of a portion of certain operations between the EM and TS operating groups, which did not have an impact to Avnet on a consolidated basis but did impact the organic sales for the EM and TS operating groups. Sales taking into account the combination of these adjustments are referred to as "organic sales."

	Sales as Reported	Acquisition / Divestiture Sales	Organic Sales
	<i>(in thousands)</i>		
Q1 Fiscal 2014	\$ 6,345,475	\$ 119,950	\$ 6,465,425
Q2 Fiscal 2014	7,421,854	—	7,421,854
Q3 Fiscal 2014	6,683,616	—	6,683,616
Q4 Fiscal 2014	7,048,709	—	7,048,709
Fiscal year 2014	<u>\$ 27,499,654</u>	<u>\$ 119,950</u>	<u>\$ 27,619,604</u>
Q1 Fiscal 2013	\$ 5,870,057	\$ 362,053	\$ 6,232,110
Q2 Fiscal 2013	6,699,465	162,481	6,861,946
Q3 Fiscal 2013	6,298,699	143,992	6,442,691
Q4 Fiscal 2013	6,590,703	124,741	6,715,444
Fiscal year 2013	<u>\$ 25,458,924</u>	<u>\$ 793,267</u>	<u>\$ 26,252,191</u>



Non-GAAP Financial Information and Reconciliation

ROWC, ROCE and WC Velocity

The following table (in thousands) presents the calculation for ROWC, ROCE and WC velocity.

	Q4 FY14	Q4 FY13
Sales	\$ 7,048,708	\$ 6,590,703
Sales, annualized	(a) \$ 28,194,832	\$ 26,362,812
Adjusted operating income (1)	\$ 244,865	\$ 231,197
Adjusted annualized operating income	(b) \$ 979,460	\$ 924,788
Adjusted effective tax rate (2)	27.9 %	27.5 %
Adjusted annualized operating income, after tax	(c) \$ 706,387	\$ 670,656
Average monthly working capital		
Accounts receivable	\$ 5,020,472	\$ 4,664,011
Inventories	\$ 2,632,177	\$ 2,353,662
Accounts payable	\$ (3,208,300)	\$ (3,139,471)
Average working capital	(d) \$ 4,444,349	\$ 3,878,202
Average monthly total capital	(e) \$ 6,009,390	\$ 5,356,288
ROWC = (b) / (d)	22.0 %	23.9 %
WC Velocity = (a) / (d)	6.3	6.8
ROCE = (c) / (e)	11.8 %	12.5 %

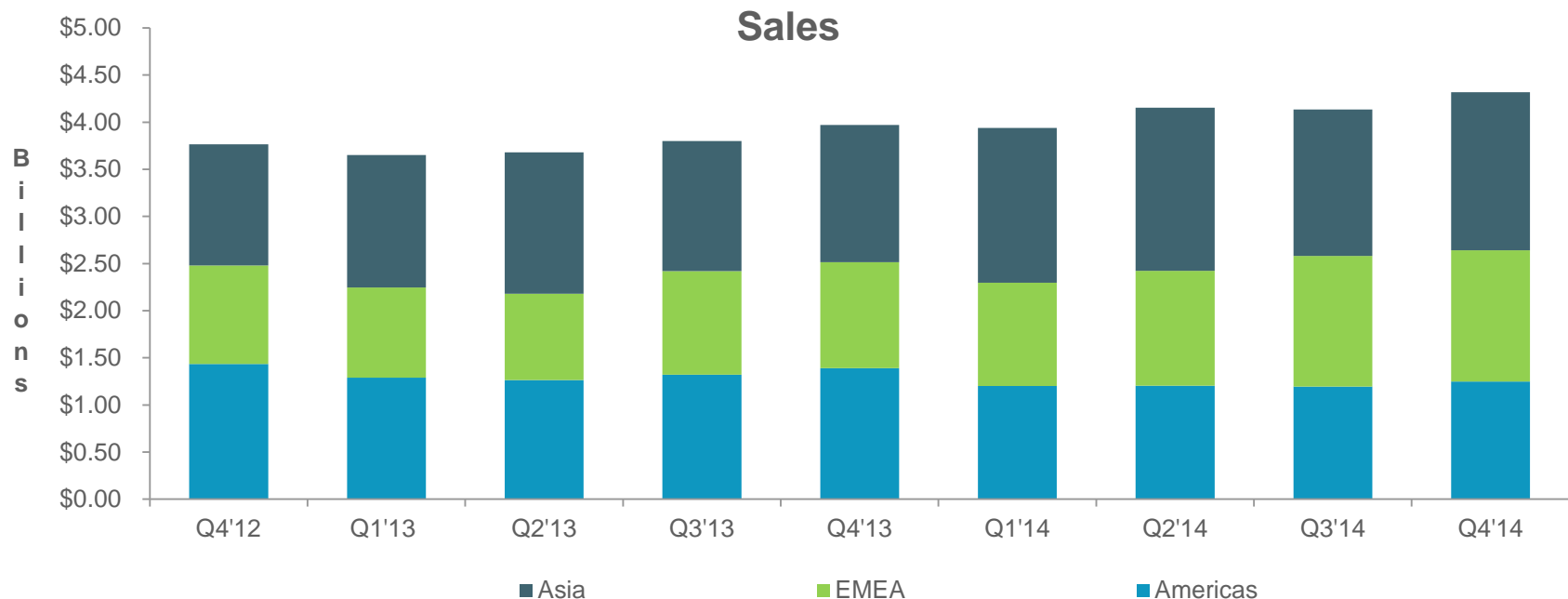
- (1) See reconciliation to GAAP amounts in the preceding tables in this Non-GAAP Financial Information and Reconciliation section.
- (2) Adjusted effective tax rate for each quarterly period in a fiscal year is based upon the currently anticipated annual effective tax rate, excluding the tax effect of certain discrete items in the above reconciliation to GAAP amounts in this Non-GAAP Financial Information and Reconciliation section.





Appendix

EM Sales

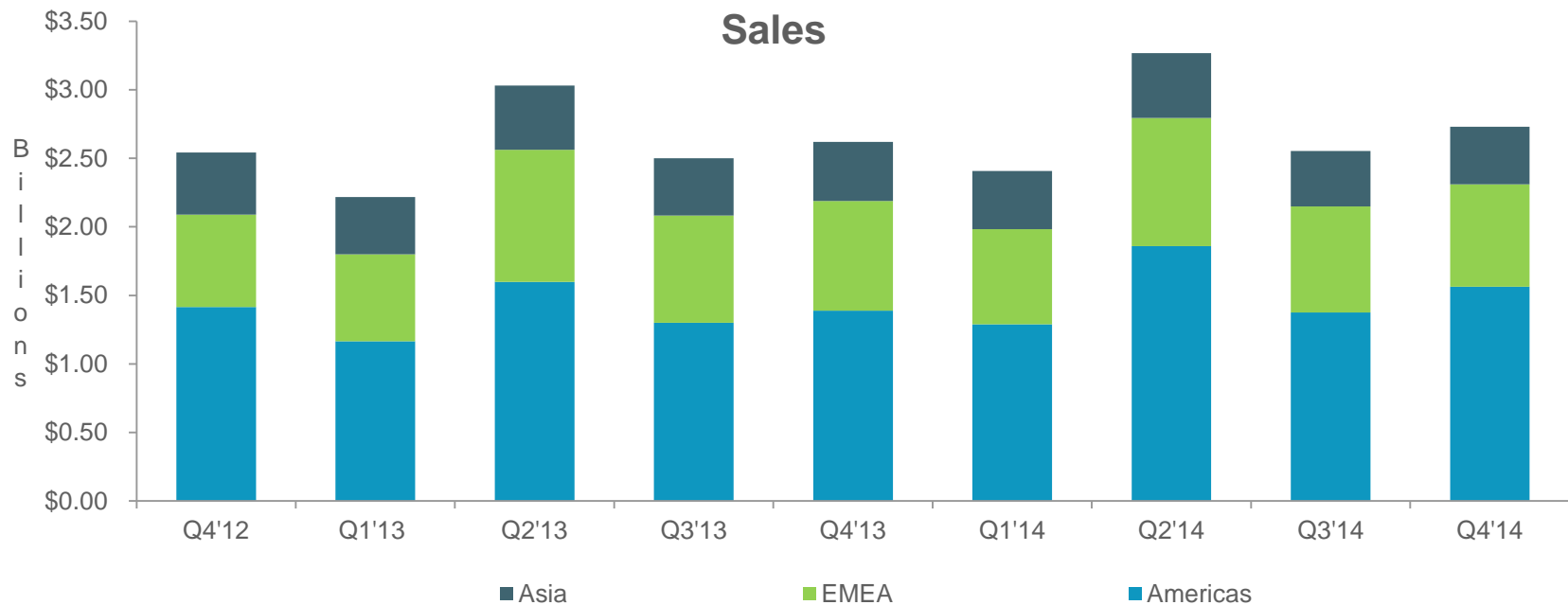


EM Sales Breakdown (In Billions)

	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Americas	\$1.44	\$1.29	\$1.26	\$1.32	\$1.39	\$1.20	\$1.20	\$1.19	\$1.25
EMEA	\$1.04	\$0.96	\$0.91	\$1.10	\$1.12	\$1.10	\$1.22	\$1.39	\$1.39
Asia	\$1.28	\$1.40	\$1.50	\$1.38	\$1.46	\$1.64	\$1.73	\$1.55	\$1.68
Total	\$3.76	\$3.65	\$3.67	\$3.80	\$3.97	\$3.94	\$4.15	\$4.13	\$4.32



TS Sales



TS Sales Breakdown (In Billions)

	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
Americas	\$1.41	\$1.16	\$1.60	\$1.30	\$1.39	\$1.29	\$1.86	\$1.38	\$1.56
EMEA	\$0.68	\$0.64	\$0.96	\$0.78	\$0.80	\$0.70	\$0.94	\$0.77	\$0.75
Asia	\$0.45	\$0.42	\$0.47	\$0.42	\$0.43	\$0.42	\$0.47	\$0.40	\$0.42
Total	\$2.54	\$2.22	\$3.03	\$2.50	\$2.62	\$2.41	\$3.27	\$2.55	\$2.73

