



**October 27, 2016 11:00 a.m. Eastern Time**

**Welcome to Avnet's  
First Quarter Fiscal Year 2017  
Teleconference and Webcast**

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# Safe Harbor Statement

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- 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,” and “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 integration of Premier Farnell and the sale of the Technology Solutions business, 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.

# Sale of Technology Solutions Business

- Announced sale of Technology Solutions business to Tech Data Corp
  - \$2.4B in cash plus 2.8M shares of Tech Data common stock
  - Expected to close in the first or second quarter of calendar 2017
- Financial Benefits
  - Improves business model – higher margins and returns
  - Provides significant cash and capital allocation alternatives
- Impact to Earnings
  - Technology Solutions moved to discontinued operations - Q1 FY2017
  - Expect to realize a gain on sale of \$3.75 to \$4.75 per share<sup>(1)</sup>

**Focuses Avnet as a Leading Electronic Components Distributor**

(1) Final per share gain on sale will be impacted by net assets as of the closing date, the actual income tax on the gain and other accounting adjustments.

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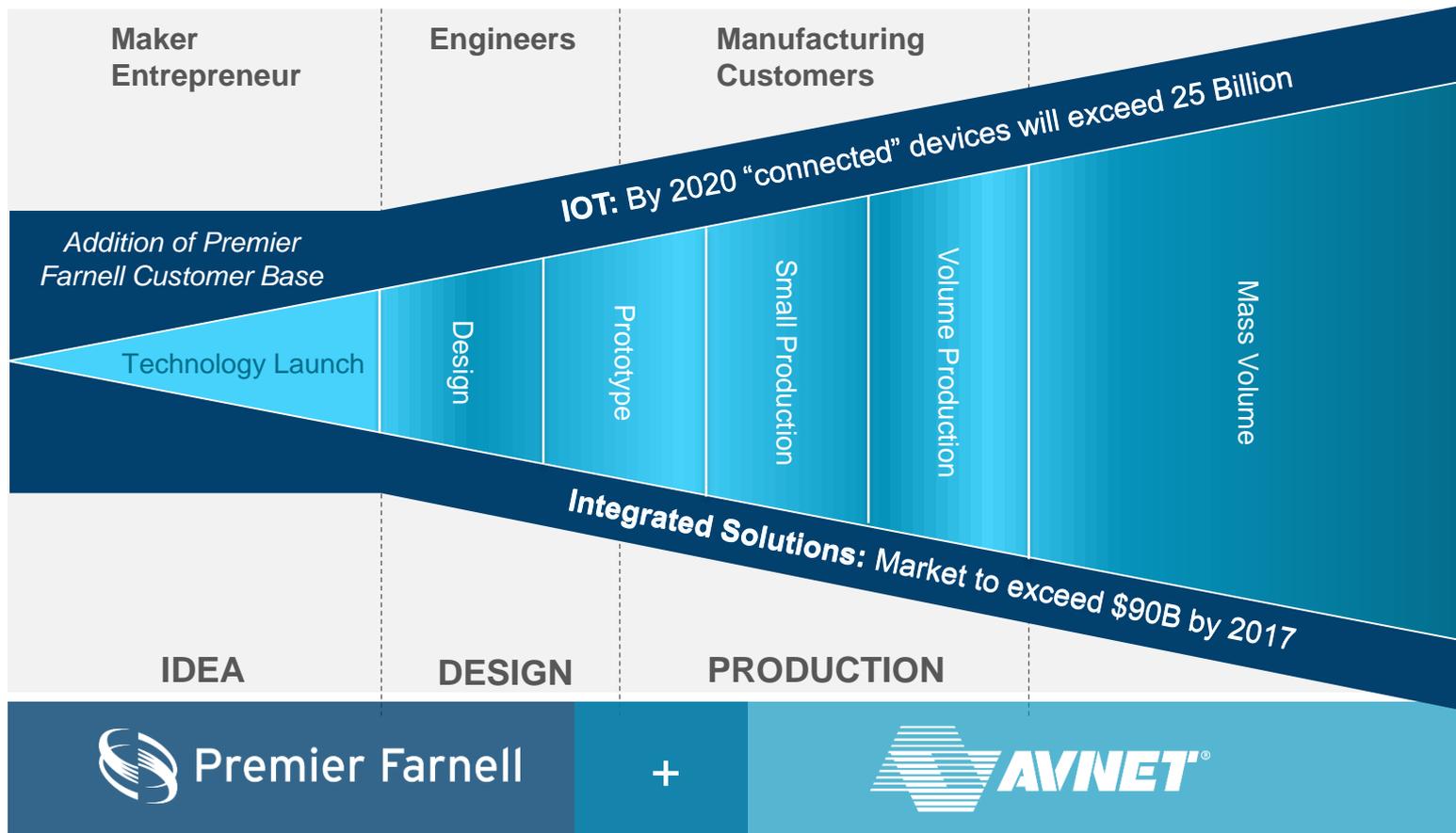
# Acquisition of Premier Farnell

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- Completed acquisition on October 17, 2016
  - Will use ~\$180 million of offshore cash and ~\$660 million of new debt
  - Integration planning underway
- Creates a unique electronic components distribution powerhouse
  - Expands digital footprint worldwide
  - Reach engineers and makers earlier in the design cycle
- Positive financial impact
  - Expanded growth opportunities
  - Expect to realize \$70 million to \$80 million of synergies
  - Return on capital of 11.0% to 11.5%

**Unique Distribution Model with Differentiated Value Proposition**

# Premier Farnell Expands Avnet's Role in Product Lifecycle



**PF introduces 420k registered users into the Avnet environment**



## Financial Review and Highlights

**Kevin Moriarty**  
**Chief Financial Officer**

# Q1 FY2017 Financial Performance

- Avnet adjusted revenue<sup>(1)</sup> declined 13.3% Y/Y, organic revenue<sup>(1)</sup> declined 6.9% (C\$(<sup>2)</sup>)
  - EM revenue declined 9.3% Y/Y, organic revenue<sup>(1)</sup> declined 3.4% (C\$(<sup>2)</sup>)
    - Above midpoint of expectations and normal seasonality
    - Y/Y decline primarily due to decision to exit low margin engagements in Asia
  - TS revenue declined 21.2% Y/Y, organic revenue<sup>(1)</sup> declined 13.8% (C\$(<sup>2)</sup>)
    - Below expectations and normal seasonality
- Adjusted EPS<sup>(1)</sup> of \$0.91, 2 cents above midpoint of expectations
  - Excluding extra week in prior year quarter, down ~9% Y/Y
- Cash flow from operations -\$0.1M; TTM increased \$34M to \$258M
  - Cash flow from continuing operations = \$111M

(1) Refer to Exhibit 99.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 27, 2016, for a reconciliation of non-GAAP measures ("Exhibit 99.2").

(2) Year-over-year sales growth rate excludes the impact of changes in foreign currency exchange rates. Refer to Exhibit 99.2.

# Avnet FY16 Pro Forma Business Model

\$'s in millions except per share data

	<u>EM</u> <sup>(1)</sup>	<u>Premier Farnell</u> <sup>(3)</sup>	<u>PF Synergies</u>	<u>Expense Reductions</u>	<u>Avnet Pro Forma</u> <sup>(4)</sup>
Sales	\$17,011	\$1,204	\$90 - \$110		\$18,300
Gross Profit	2,097	395	15 - 20		2,510
<i>Gross Margin</i>	12%	33%	17% - 18%		13.7%
Operating Expense <sup>(2)</sup>	1,508	322	(55) - (60)	(70) - (90)	1,690
Adj Operating Income <sup>(5)</sup>	589	73	70 - 80		820
<i>Adj Operating Margin</i> <sup>(5)</sup>	3%	6%			4.5%
				Interest & Other	(140)
				Pre-Tax Income	680
				Tax @ 25%	170
				Adj Net Income <sup>(5)</sup>	510
				Adj EPS <sup>(5)</sup>	\$3.90

(1) Based on FY16 adjusted to include embedded computing solutions business.

(2) Operating expense includes corporate expense and excludes restructuring, integration, other and amortization expense.

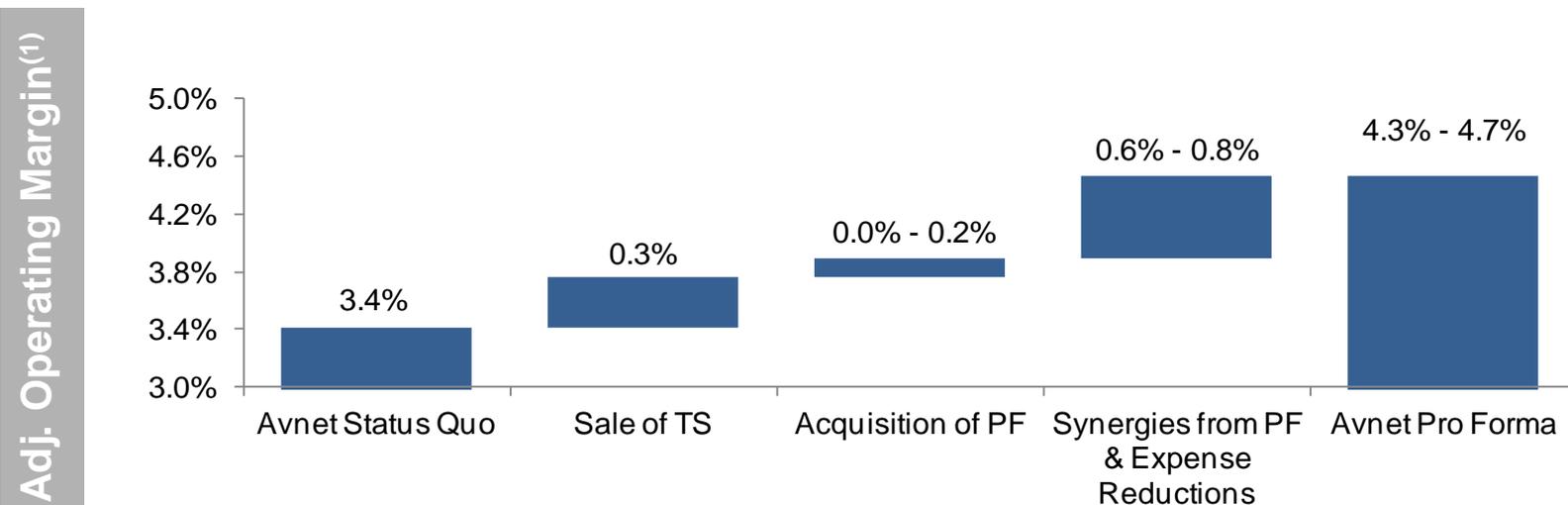
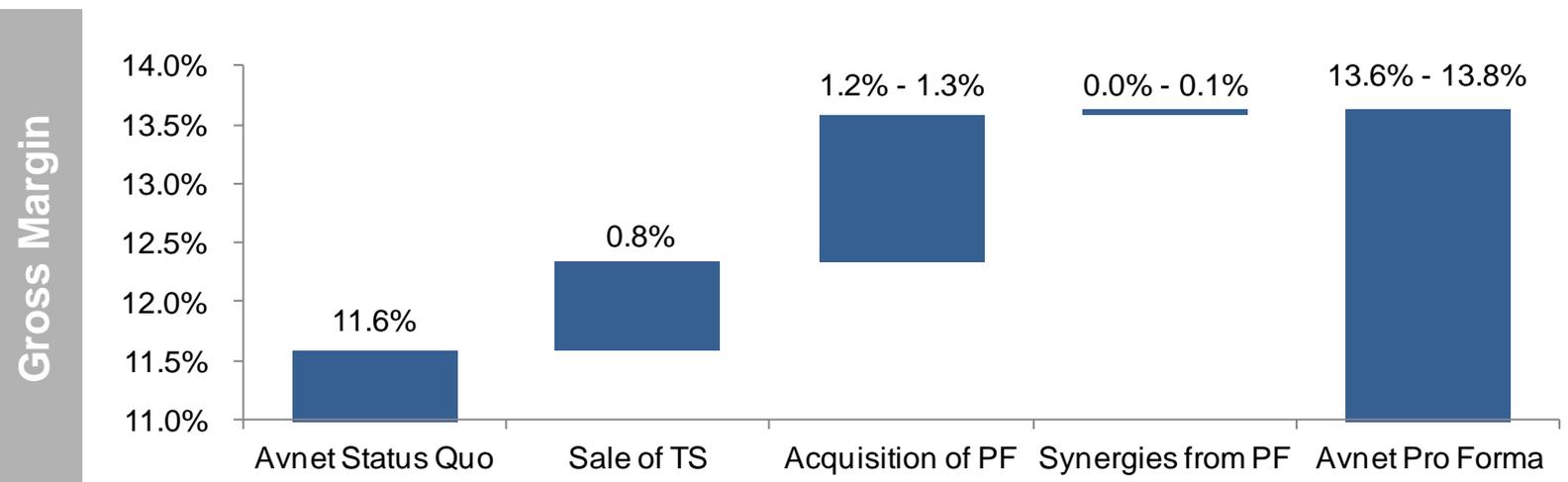
(3) Based on Premier Farnell H1 FY16/17, annualized.

(4) Based on midpoint of PF synergies and expense reduction ranges.

(5) Refer to Exhibit 99.2.

**Potential accretion of an additional \$0.12 - \$0.15 from debt paydown**

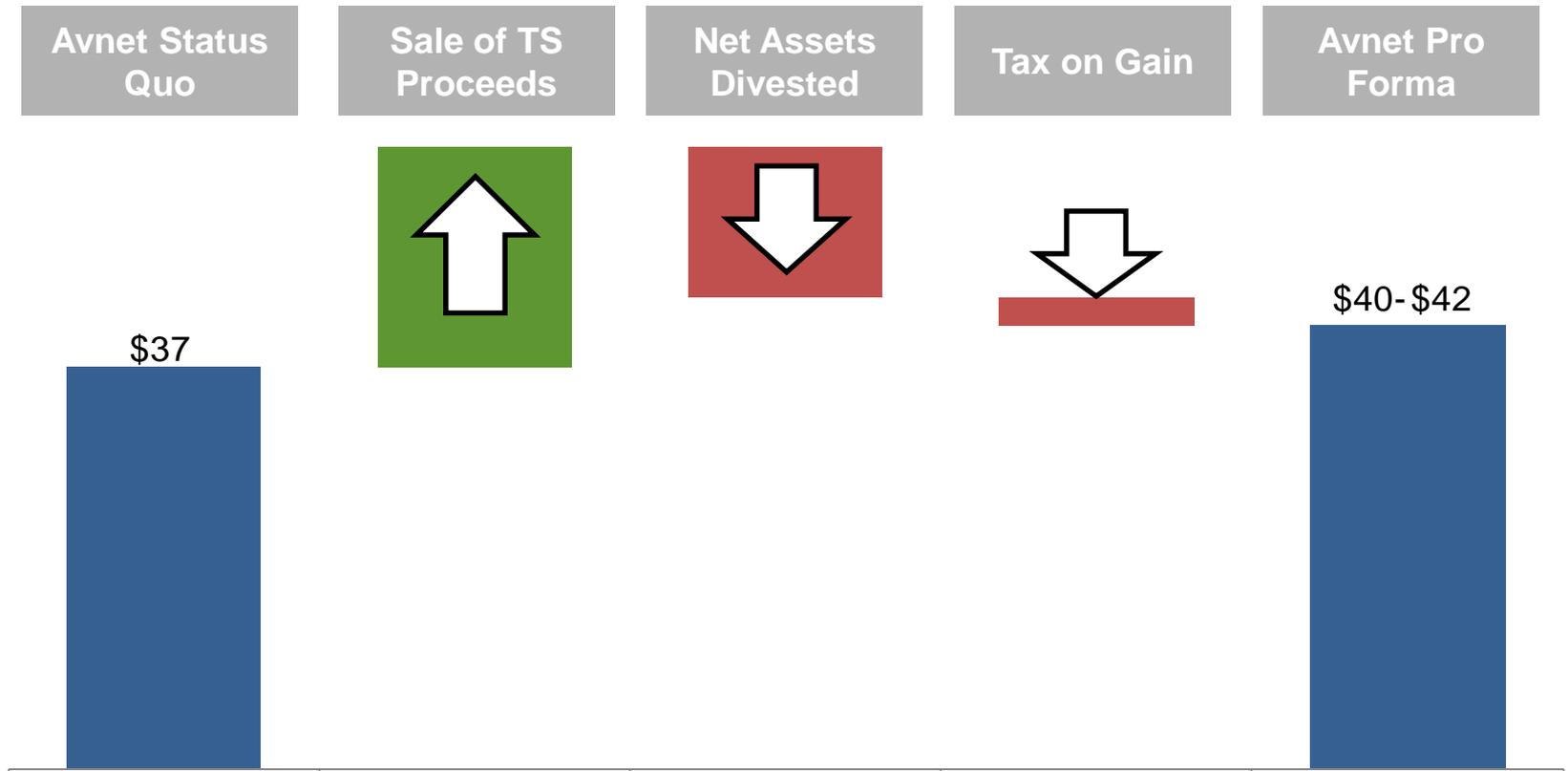
# Pro Forma Margin Enhancement



(1) Refer to Exhibit 99.2.

**Both transactions accretive to Avnet margin profile**

# Sale of TS Accretive to Pro Forma BV / Share



**~ 10% increase to Book Value per Share**

# Committed to Investment Grade Profile

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- Financial policy remains unchanged
  - Committed to investment grade profile
- Leverage will elevate temporarily during transition
  - Premier Farnell closed in October ~\$900M additional debt
  - Sale of TS scheduled for 2H FY17
    - ~\$2.0B after tax cash proceeds; 2.8M TECD shares
  - Target IG metrics by end of FY2017
- Cash proceeds from sale of TS will be used for:
  - Repayment of ~\$1.5B existing debt
  - ~\$0.5B available for capital allocation alternatives

# Closing

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- Differentiated distribution model spanning entire product life cycle
- Positioned to lead in digital transformation
- Strong balance sheet and capital to grow
- Excited about our future



## Question and Answer Session

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# Supplemental and Non-GAAP Financial Information

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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. Management believes that operating income adjusted for (i) restructuring, integration and other expenses and (ii) amortization of acquired intangible assets and other, are useful measures 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 many cases, for measuring performance for compensation purposes.

Additional non-GAAP metrics management uses is adjusted operating income margin, which is defined as adjusted operating income (as defined above) divided by sales.

Management also believes net income and diluted EPS adjusted for (i) the impact of the items described above and (ii) certain items impacting income tax expense 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 diluted EPS excluding the impact of these items provides an important measure of the Company’s net profitability for the investing public.

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.

Refer to Exhibit 99.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 27, 2016, for a reconciliation of non-GAAP results.