



# Avnet Investor Day 2015

June 9, 2015



Vincent Keenan | Vice President, Investor Relations

# Opening Remarks & Management Introductions

# 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 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, allocations of products by suppliers, 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.

# Agenda

10:30 am – 11:00 am	Check-in for Investors	
11:00 am – 11:05 am	Welcome and Introductions	Vince Keenan
11:05 am – 11:35 am	Strategic Overview	Rick Hamada
11:35 am – 12:05 pm	Financial Update	Kevin Moriarty
12:05 pm – 12:25 pm	20 minute break	
12:25 pm – 1:05 pm	Electronics Marketing	Gerry Fay
1:05 pm – 1:45 pm	Technology Solutions	Patrick Zammit
1:45 pm – 1:55 pm	Financial Model	Kevin Moriarty
1:55 pm – 2:25 pm	Q&A	All
2:25 pm – 2:30 pm	Closing	Rick Hamada
2:30 pm – 3:30 pm	Reception	

# Global Executive Council



**MaryAnn Miller**

Chief Human Resources Officer and Corporate Communications, Avnet, Inc.



**Erin Lewin**

General Counsel and Assistant Secretary, Avnet, Inc.



**Mike Buseman**

Chief Global Logistics and Operations Officer, Avnet, Inc.



**Ed Smith**

President, Avnet Electronics Marketing, Americas



**Stephen Wong**

President, Avnet Electronics Marketing, Asia



**Tom McCartney**

Global Business Development, Electronics Marketing, and President, EM Japan



**Jeff Bawol**

President, Avnet Technology Solutions, Americas



**Mike Hurst**

SVP, Avnet Services, Technology Solutions



**Cookie Serrano**

Group Financial Officer, Avnet Technology Solutions





**Rick Hamada | Chief Executive Officer**

# Avnet Investor Day 2015

June 9, 2015

# Welcome

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Today's Avnet



Our Environment



Our Strategies



# Today's Avnet



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June 9, 2015





# Leadership Team



**Rick Hamada**

*Chief Executive Officer*



**Mike Buseman**

*Chief Global Logistics and Operations Officer*

- Global Warehouse Management System
- Global Operations & Integration Systems



**Kevin Moriarty**

*Chief Financial Officer*



**Erin Lewin**

*General Counsel*

- Regulatory Compliance
- Advancing Legal Technology



**Patrick Zammit**

*Global President,  
Technology Solutions*



**MaryAnn Miller**

*Chief Human Resources Officer and  
Corporate Communications*

- Global HRIS system
- Employee Engagement



**Gerry Fay**

*Global President,  
Electronics Marketing*



**Steve Phillips**

*Chief Information Officer*

- Global ERP Deployment
- Enterprise Effectiveness

# Purpose and Vision



## Our Purpose

We help technology make the world  
a better place to live, work and  
play.



## Our Vision

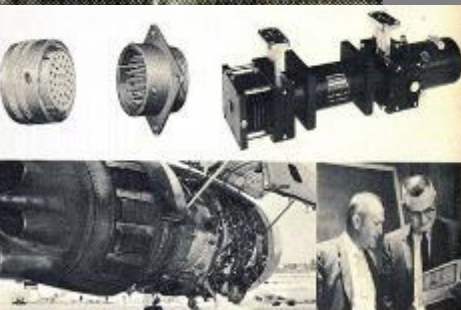
We aspire to be the premier partner  
of choice for our customers,  
suppliers, employees and  
shareholders by accelerating their  
success through  
our global technology marketing and  
distribution resources, services  
and culture.





## Avnet, Inc. Then

- 1921 — Founded by Charles Avnet
- 1955 — Incorporated
- 1960 — Listed on NYSE



# Avnet, Inc. Today

## Company Fast Facts



- **\$28 billion** 2014 calendar year revenue
- **19,000+** employees worldwide
- Doing business in **90+** countries
- **800+** suppliers
- **100,000+** customers

## Global Footprint



- **More than 30** distribution, integration & programming centers globally
- **87.3 billion** units shipped
- **445,563** systems integrated
- **280 million** devices programmed

## Recognized Leadership

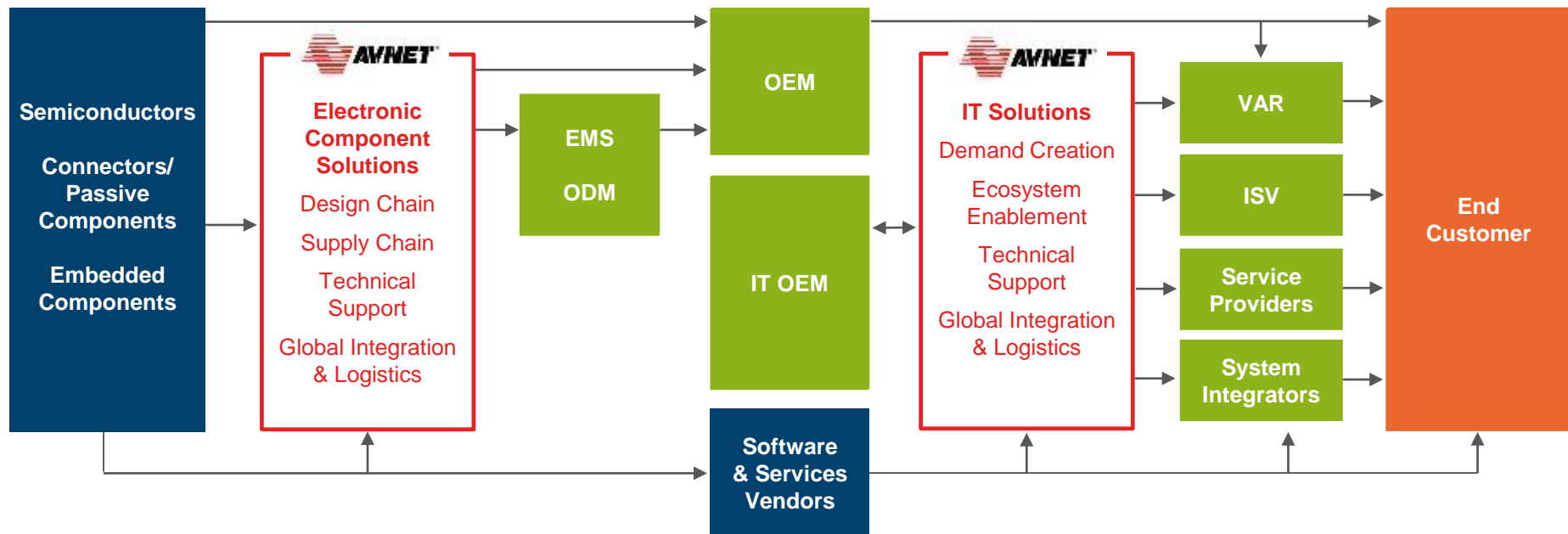


- **Fortune's Most Admired** 2007-2015
- **No. 108** on the 2015 *Fortune* 500
- **World's Most Ethical Company** by Ethisphere Institute® 2014-2015
- **No. 4** on InformationWeek Elite 100



# Our Product is Service

## Key strategic flows: Products, Information and Finances



*From components to cloud and design to disposal, Avnet brings products, services, and solutions to customers that build, sell, and use technology globally*



## Our Environment



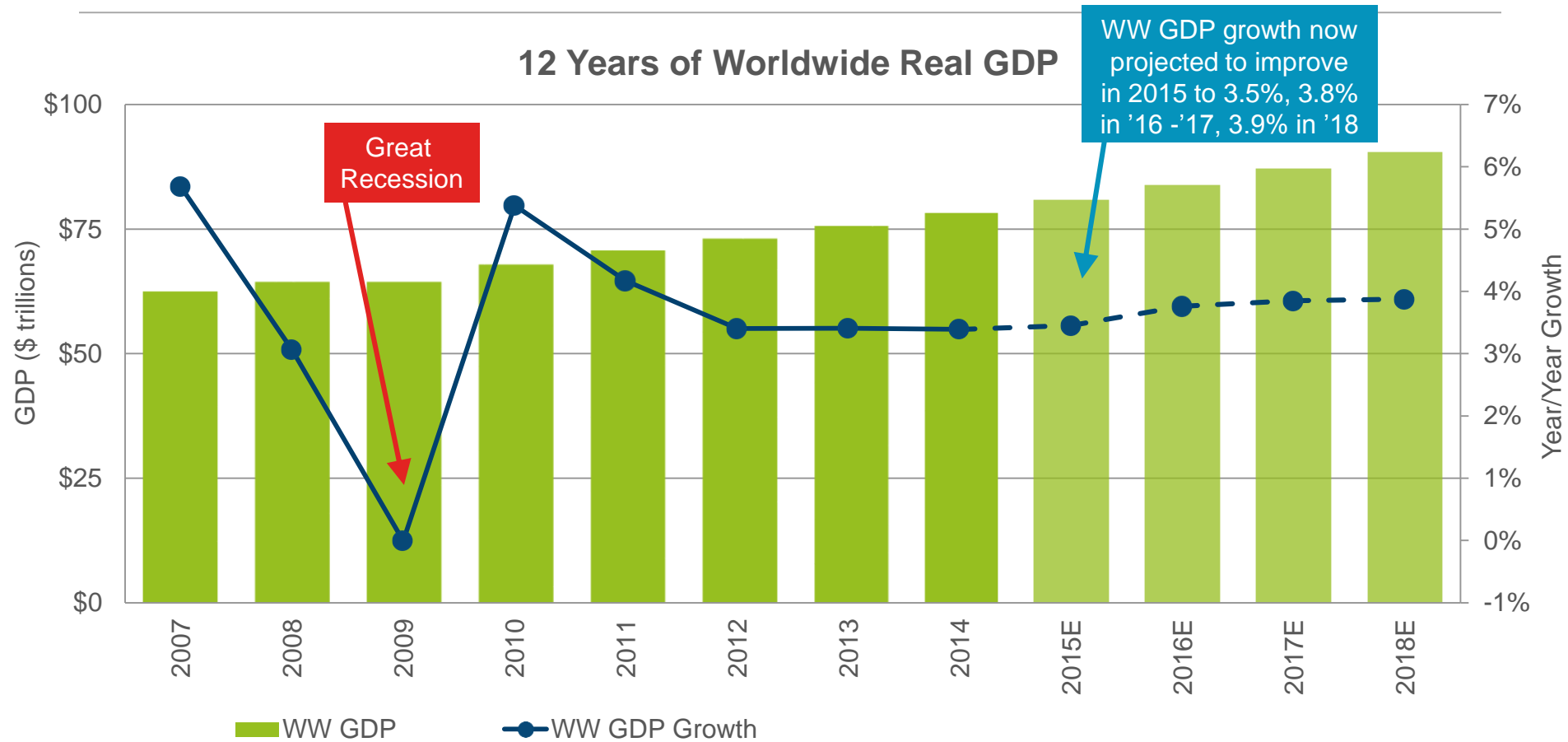
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June 9, 2015



# Moderate Global GDP Growth Moving Forward

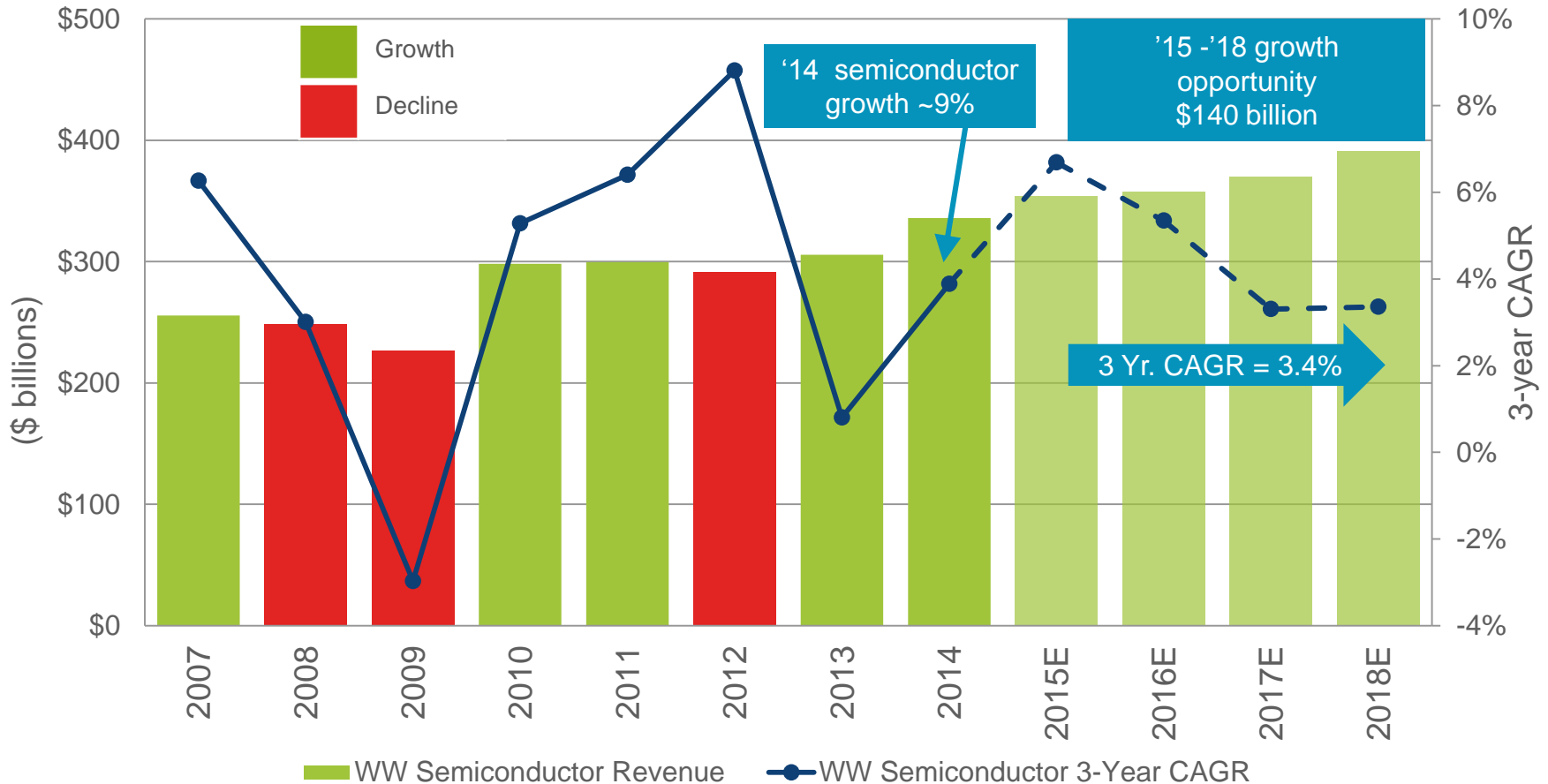


**WW GDP is expected to be 3.5% - 4% through 2018**



# Moderate Growth — Impact on Semiconductors

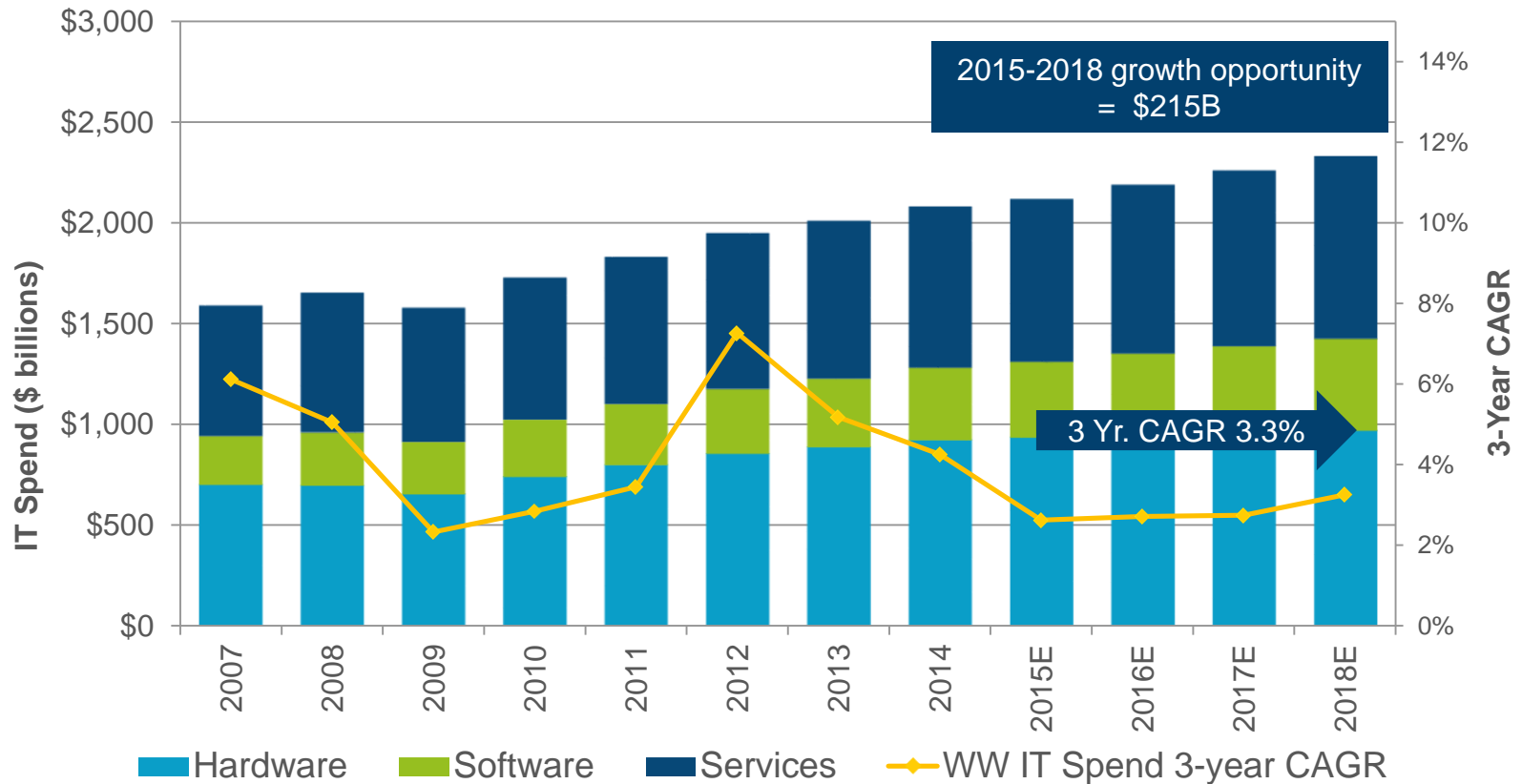
## Worldwide Total Semiconductor Revenue vs. 3-Year CAGRs



**Semiconductor growth also expected to moderate**

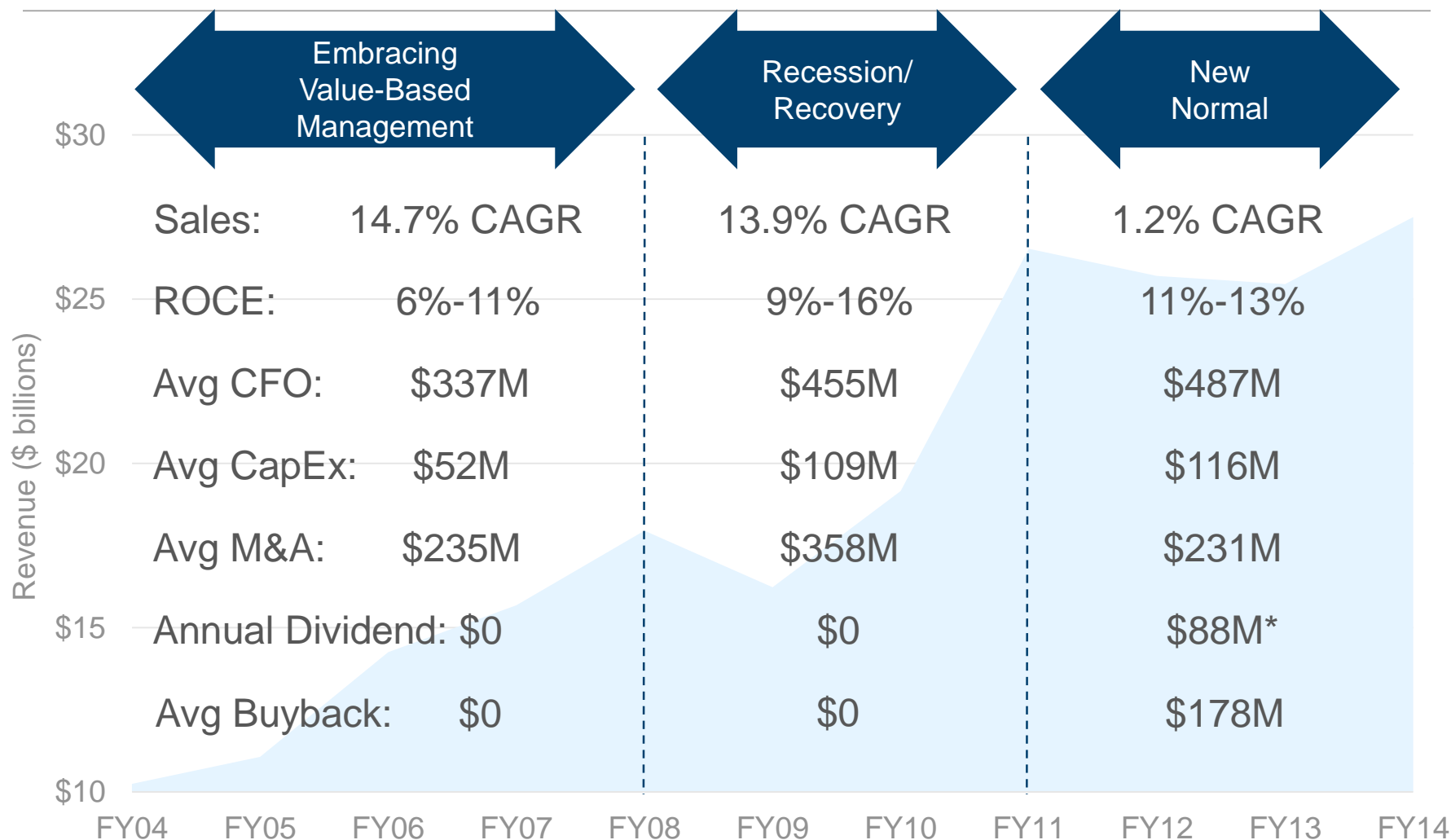
# Worldwide IT Spend

WW IT Spend by Category vs. 3-Year Growth CAGRs



IT spending growth expected to be driven primarily by 3<sup>rd</sup> Platform

# A Look at Our Journey Over the Last 10 Years...



# Our “New Normal”



- Overall economic growth remains sluggish
- Continuing “mixed signals” among key indicators
- Evolving purchasing and consumption models
- An accelerating pace of change

# CEO Priorities for the New Normal

- Optimizing Our Core
- Organic Growth Management
- Innovation and Change Management
- Clear, Consistent Capital Allocation



# Optimizing Our Core



- Portfolio management
- Customer expansion
- Leverage global capabilities
- Investments:
  - Systems/tools
  - Training & development



# Organic Growth Management

## Customer Centricity



- Net Promoter Score (NPS)
- Supply Chain Operations Reference (SCOR®)
- B2B lessons from B2C

## Align Investments for Long-Term Growth



- Converged Infrastructure
- Embedded
- IoT
- Avnet Branded Services

## Balanced Complement to Growth via Acquisition



- Timely allocation of mix toward high-growth, margin-enhancing solutions
- Aligned to core optimization





# Timely Innovation and Change Management

## Enhancing Value-add Through Solutions

- Embedded
- Software/technical expertise (COEs)
- Omni-channel development efforts
- Emerging technology suppliers

## Commitment to Standard Platforms

- Enterprise Resource Planning - ERP
- Human Resources Information System - HRIS
- Warehouse Management System – WMS

## Continuous Improvement

- Enterprise Effectiveness
- Enterprise-wide Change Management Process (PROSCI®)
- Supply Chain Operations Reference (SCOR®)

## Change Management

*Customers count on Avnet to help them capitalize on emerging technologies and transform how they operate, compete, and grow*

# Clear, Consistent Capital Allocation

## Our VBM Journey has enabled more consistent cash flow

- No need for cash accumulation (counter cyclical balance sheet)
- Ample liquidity to capitalize on profitable growth plans
  - Both organic and inorganic (e.g. make, buy and/or partner)
- Balanced approach in returning cash to shareholders

### Our High-level Objectives:

- Generate and sustain ROCE > WACC
- Grow earnings faster than revenue
- Grow economic profit dollars



# M&A: Key Element of Profitable Growth Plans

## Evolution:

- From serial acquirer to selective acquirer

## Priorities:

- Growth
- Margin expansion
- Selective served market expansion

## Context:

- Strongly aligned to strategic growth plans

## Criteria:

- Culture, strategy and economics

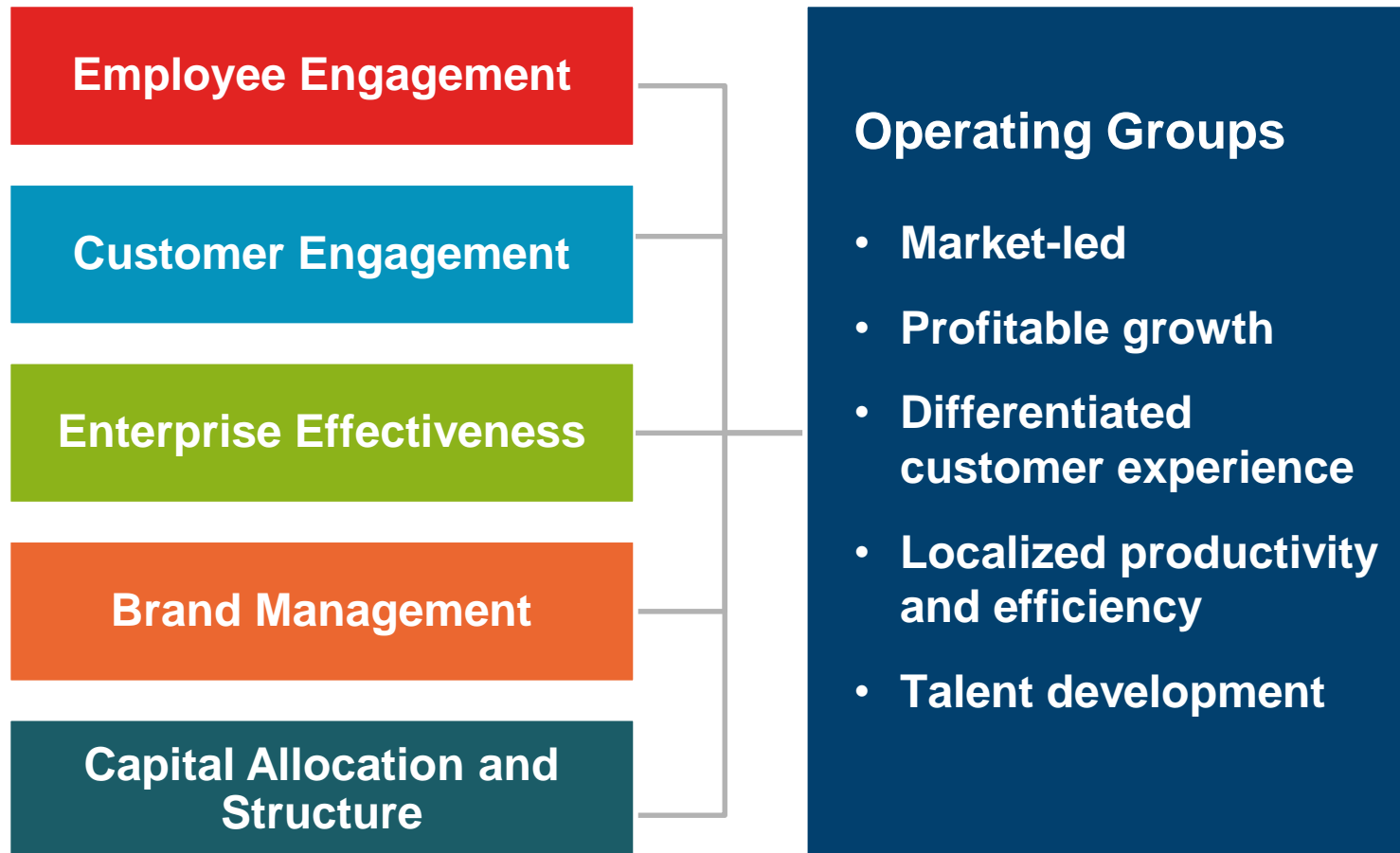
## Enhanced Process:

- Includes risk adjusted valuations
- And benefits from “lessons learned”



# Our Strategies

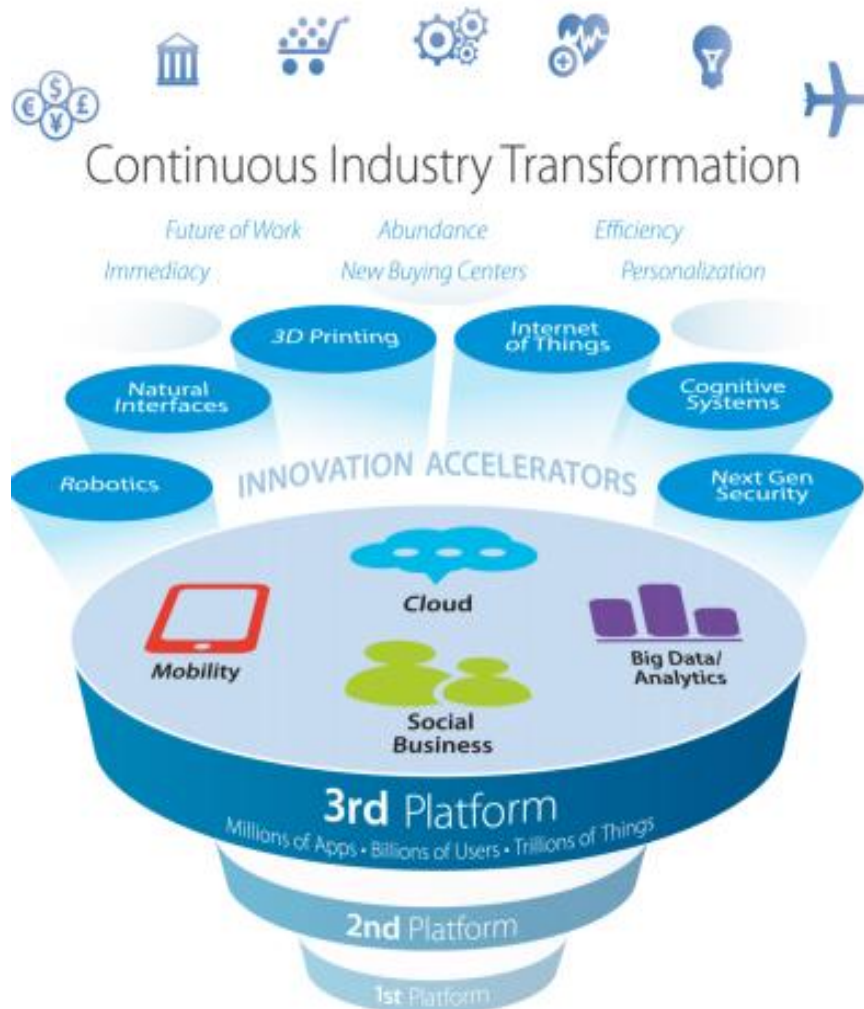
# Our Strategic Framework



# How We Will Measure Success

	Global Objectives	Avnet KPMs
Shareholder	Deliver industry-leading economic profit	<ul style="list-style-type: none"><li>• Net income after tax</li><li>• Operating margin</li><li>• EPS</li><li>• ROWC</li><li>• ROCE</li></ul>
Customer & Supplier	Be the preferred partner to our customers and suppliers	<ul style="list-style-type: none"><li>• Gross profit \$ share</li><li>• Gross profit \$ growth</li></ul>
Enterprise Effectiveness	Enhance efficiency, productivity and the customer experience	<ul style="list-style-type: none"><li>• Operating expense to net gross profit</li><li>• GP\$ per employee</li><li>• Working capital velocity</li></ul>
Employee	Attract, develop, engage and reward the best employees	<ul style="list-style-type: none"><li>• On-time performance appraisals with development plans</li><li>• Employee engagement index</li></ul>

# Investing in High-Growth Areas: 3<sup>rd</sup> Platform

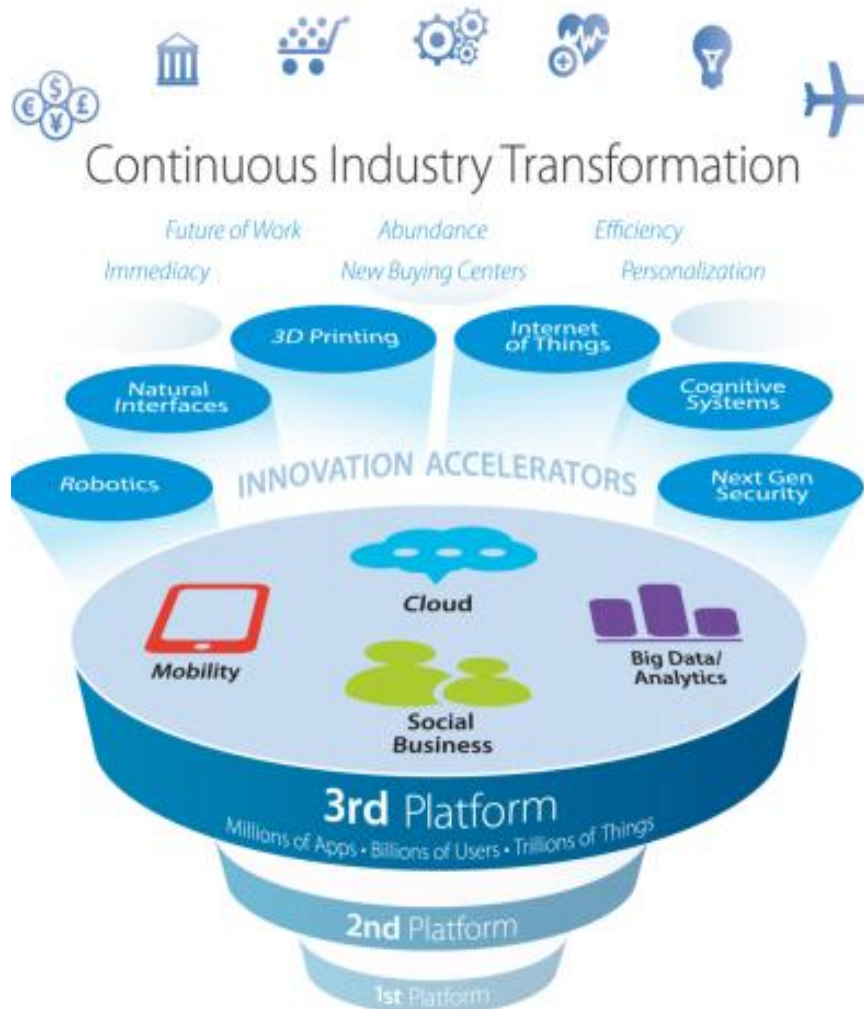


The 3rd Platform has become the new core of ICT market growth, accounting for 30% of total market spending and almost 100% of growth.

WW IT & ICT Spending = 11.9% CAGR (2013-2020)



# Positioned to Deliver Value in the 3<sup>rd</sup> Platform



## Key Areas of Strategic Growth

Converged Infrastructure

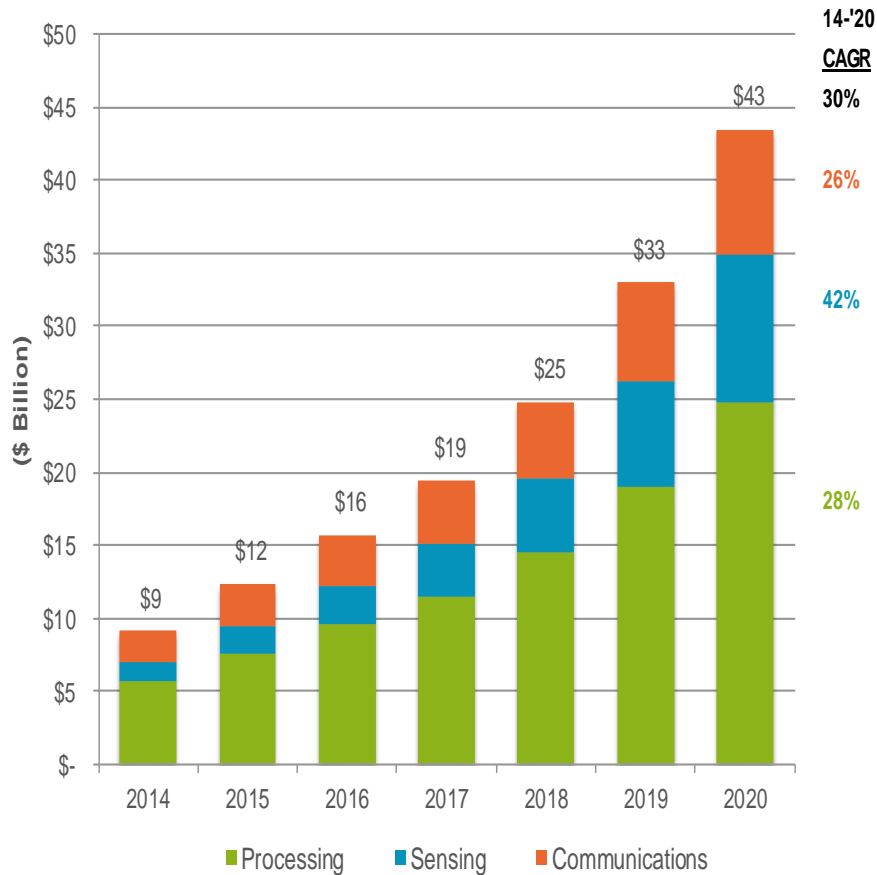
Security & Networking

Cloud

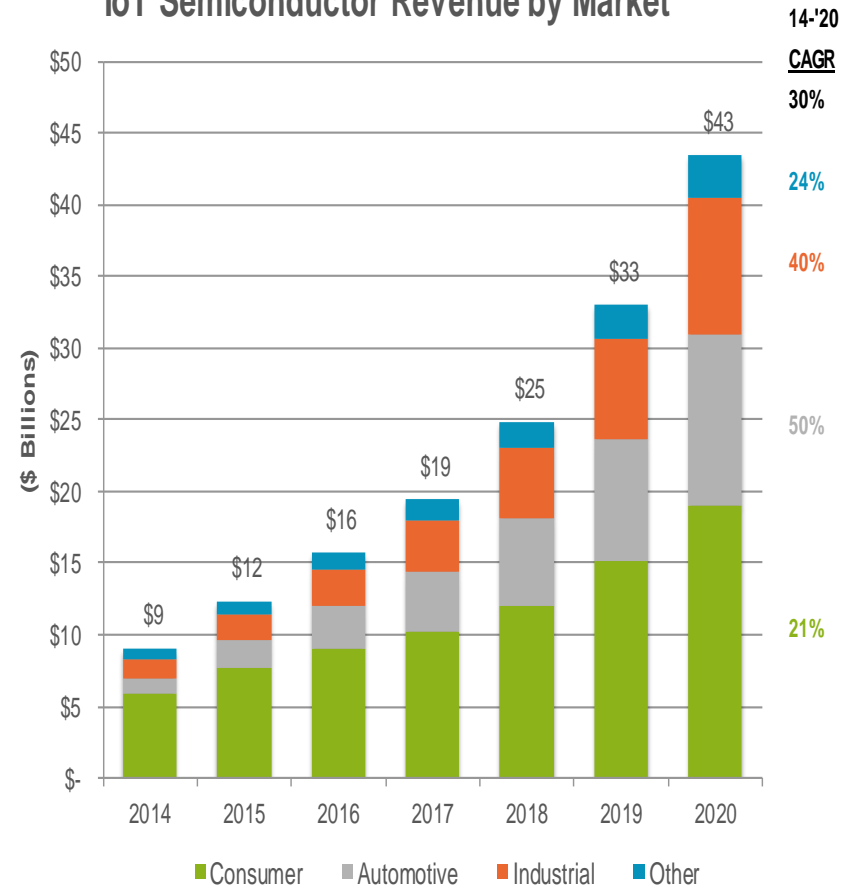
Big Data & Analytics

# Investing in High-Growth Areas: Semiconductors in Internet of Things (IoT)

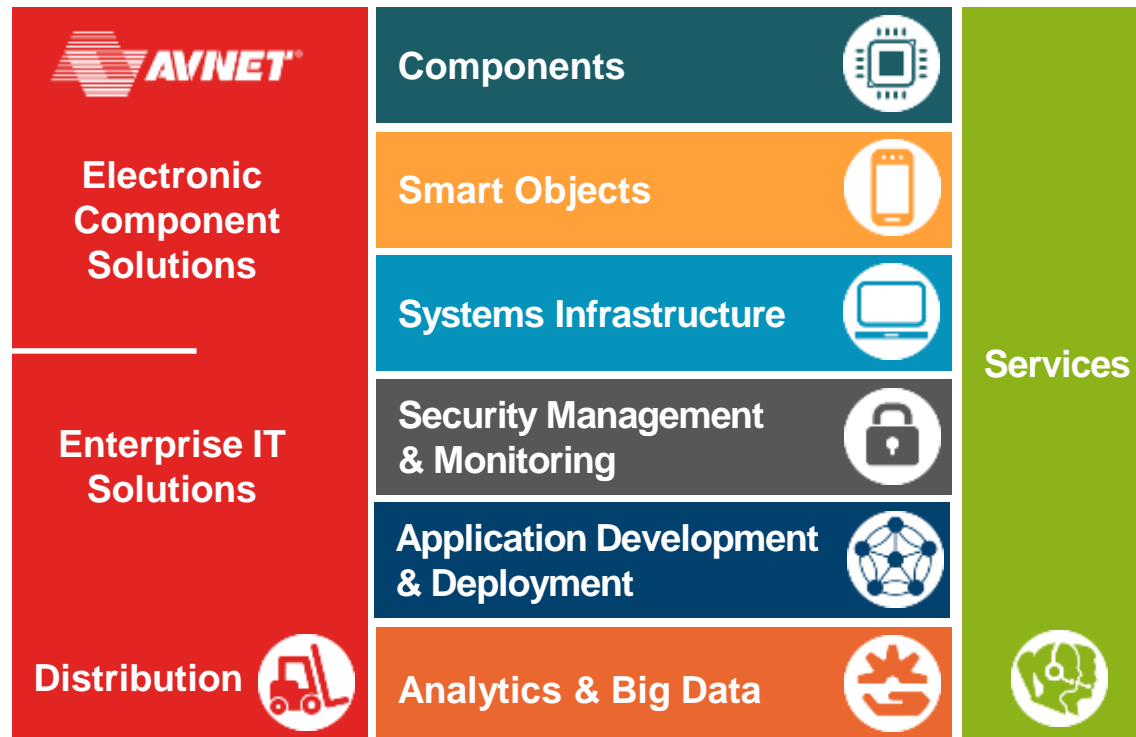
## IoT Semiconductor Revenue by Device



## IoT Semiconductor Revenue by Market



# Delivering Value for the Internet of Things



Avnet will be the recognized leader in IoT, from edge to enterprise, accelerating the success of our customers through a comprehensive ecosystem of hardware, software, services, and solutions



Kevin Moriarty | Chief Financial Officer

# Investor Day 2015

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# What You Will Hear Today

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**Profitable Organic Growth Strategies**

**Earnings Growth from Volume & Enterprise Effectiveness**

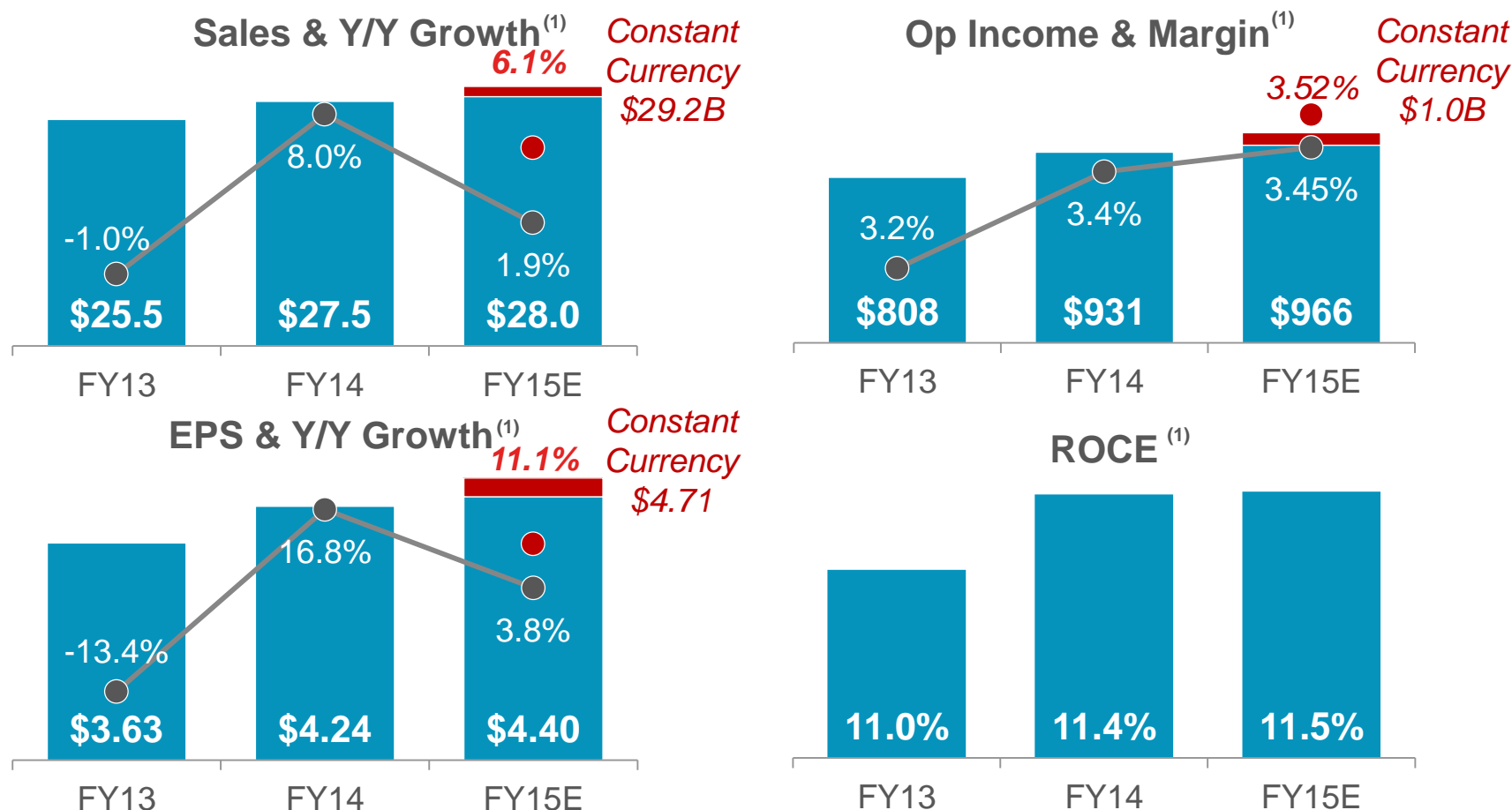
**Strong Operating Cash Flow Generation Through Cycles**

**Disciplined Capital Allocation**

*Stronger organizational capability driving  
long term value creation*

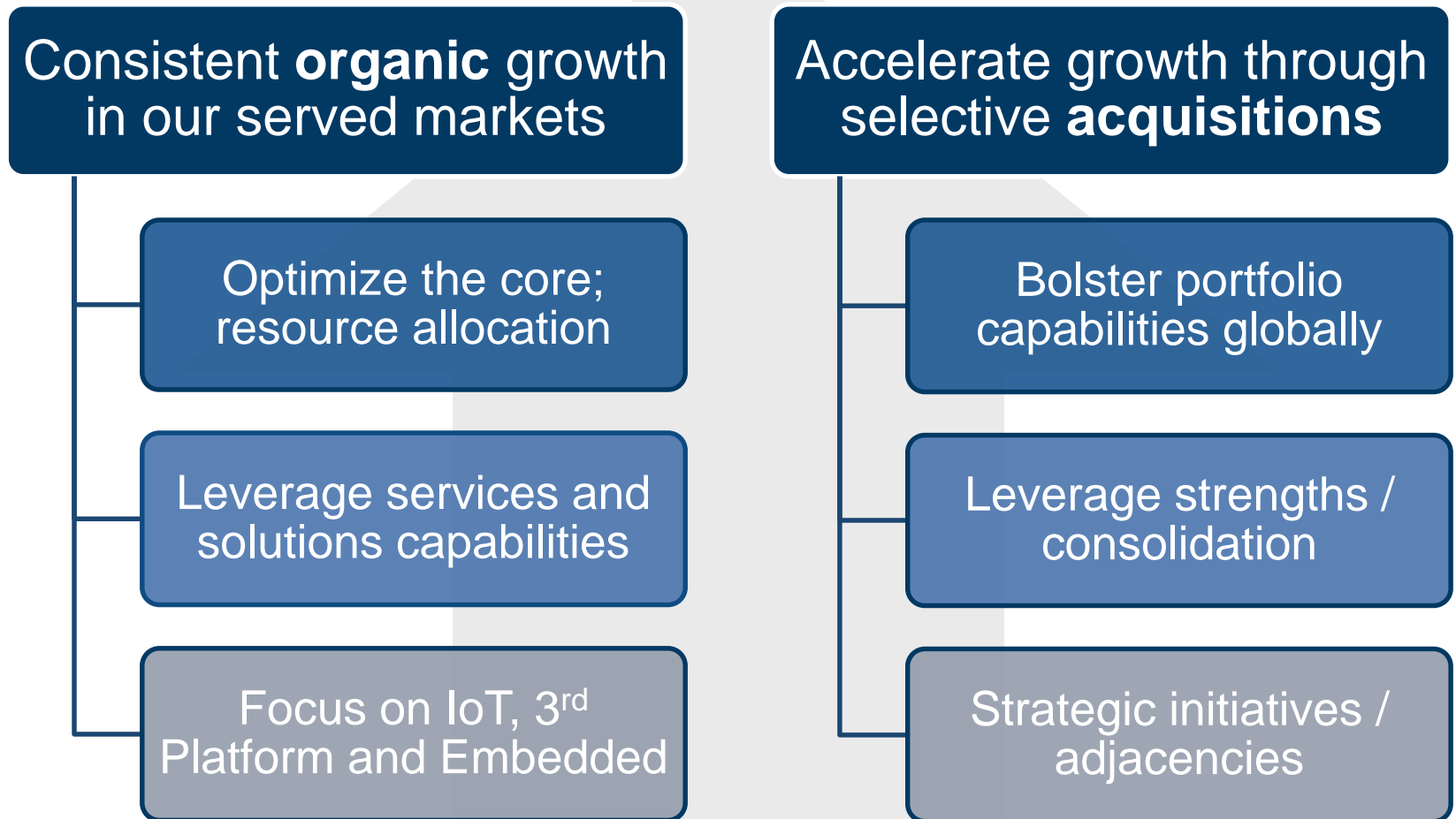


# Recent Performance Shows Continued Progress



Q4 FY15 on track to previous guidance  
Despite F/X headwinds, continued progress in FY15

# Grow Sales Faster Than Served Markets





# Earnings Growth from Volume & Enterprise Effectiveness

Grow operating profit faster than revenue  
and expand margins

SG&A leverage in  
core business

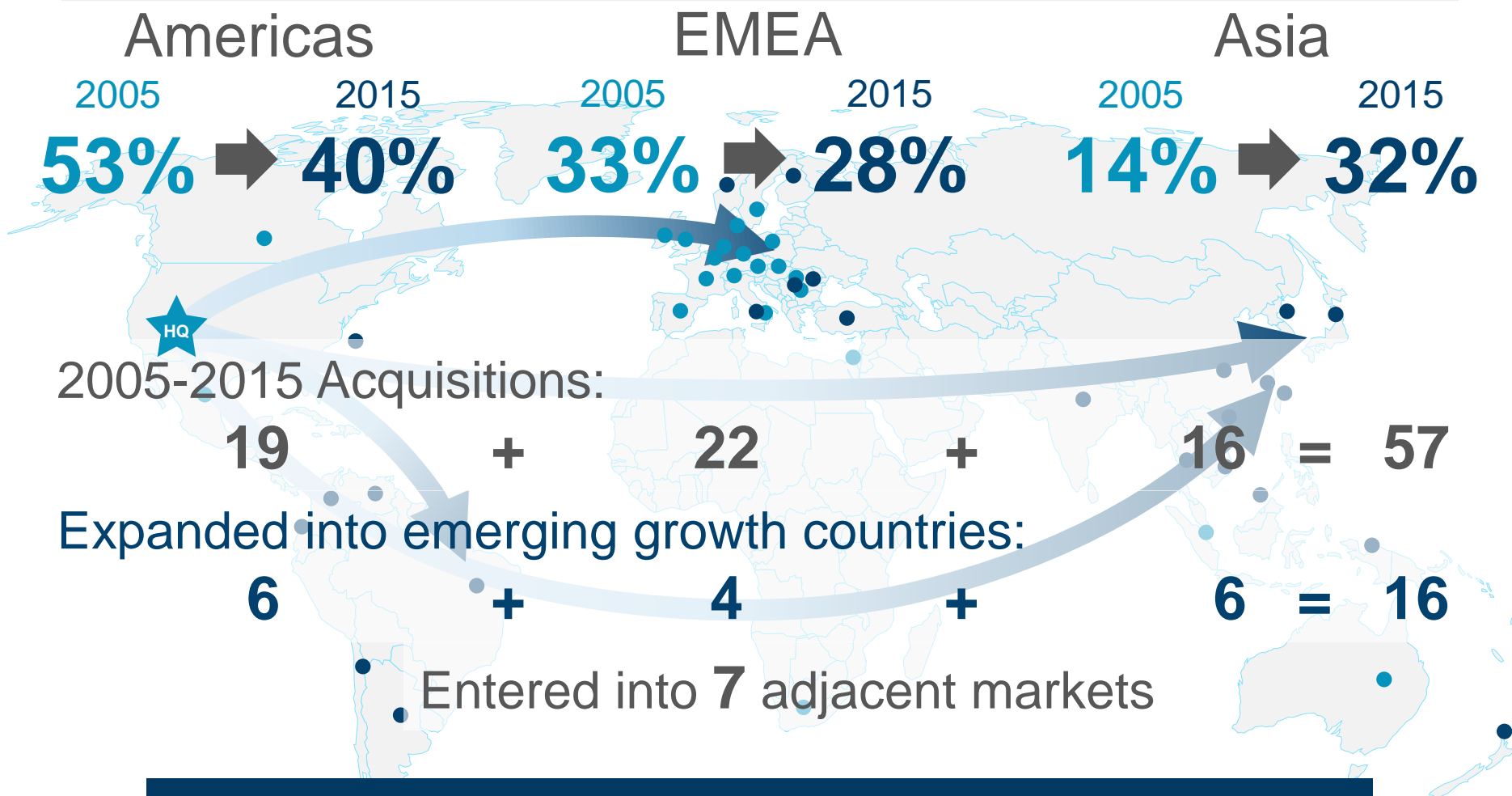
Expand GP%  
through services  
and solutions  
offerings

Drive productivity through  
broader enterprise  
effectiveness initiatives

- Avnet Advantage
- Continue to standardize platforms

Operating expense to gross profit ratio<sup>(1)</sup> – goal of 66%-68%

# A Decade of Geographic Expansion



Global revenue increased ~150% to \$28B  
Opportunity to further streamline and consolidate

# Avnet Advantage for the Long Run

Unprecedented approach to leveraging  
Avnet's global scale and scope

Analyzed functional  
spending globally

Benchmarked by  
group and region

Targets/goals for all  
regions and corporate  
support groups

Enterprise effectiveness strategies/goals

Streamline processes

Centralize functions

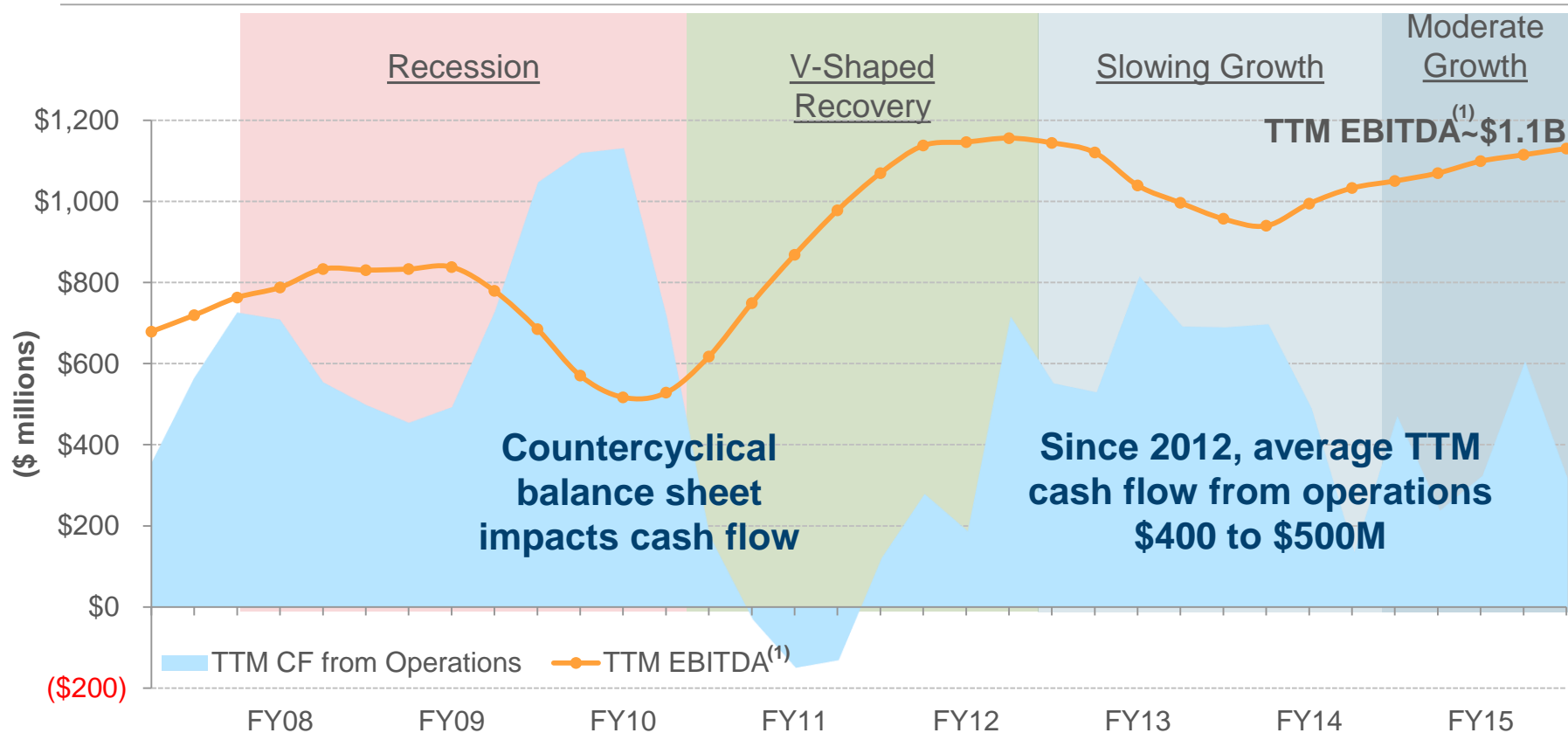
Common  
platforms/systems

Reduce real estate footprint

Variable cost base

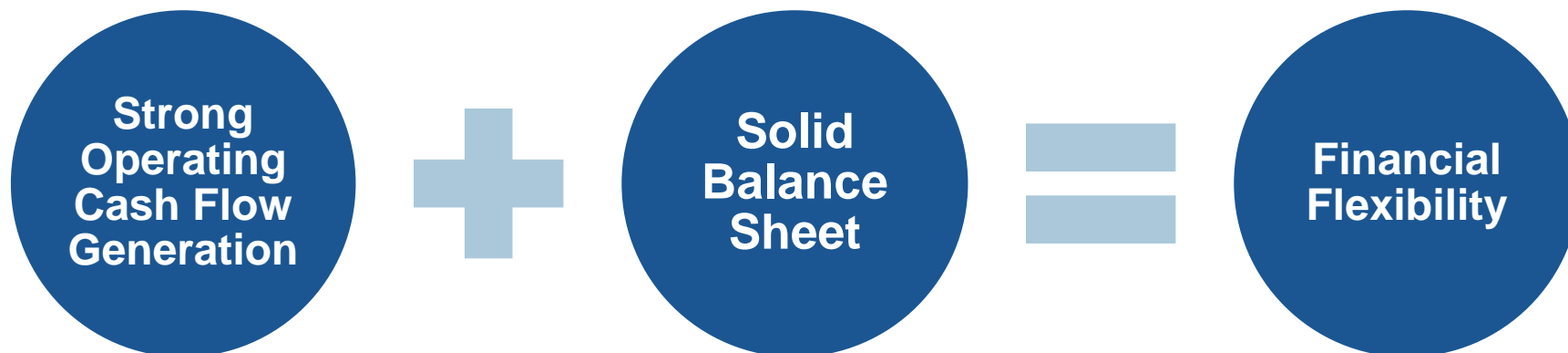
Avnet Advantage contributes to OE\$ / GP ratio goal  
Target savings of ~\$100 to \$125 million over three years

# Generating Strong Cash Flow from Operations



- During periods of growth we invest in working capital
- Steady growth in EBITDA<sup>(1)</sup> during the “New Normal” environment drives strong cash flow from operations

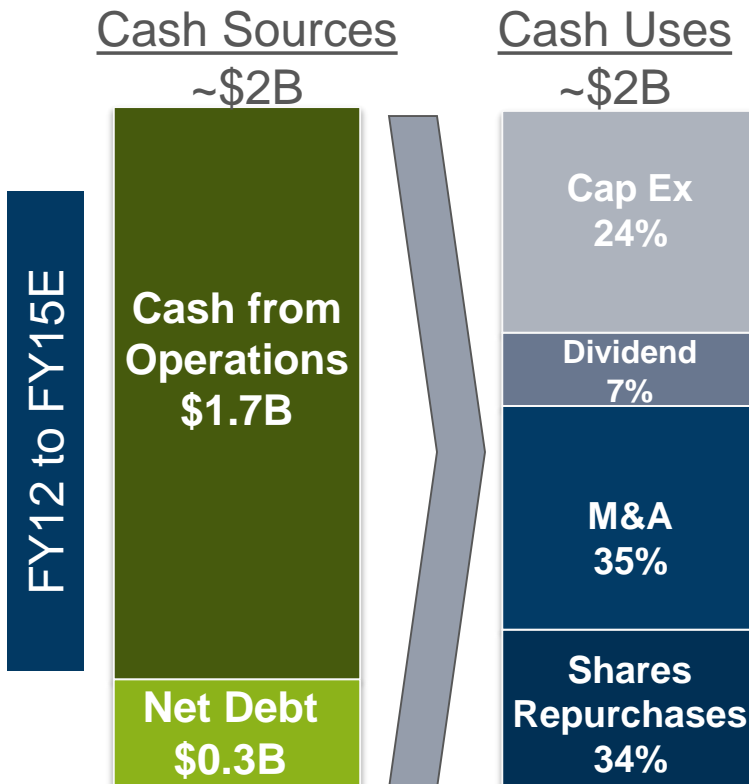
# Value Based Management Drives Strong Cash Flow



- Continued growth in EBITDA<sup>(1)</sup>
- Disciplined and proven working capital management
- ~\$400M to \$500M average TTM OCF per quarter since FY12
- Q3 FY15 net debt \$1.3B
- Revolving credit facility \$1.25B
- Accts Receivable facility \$900M
- Commitment to investment grade profile
- Continued capacity to fund strategic growth and return cash to shareholders

Financial flexibility to execute strategies

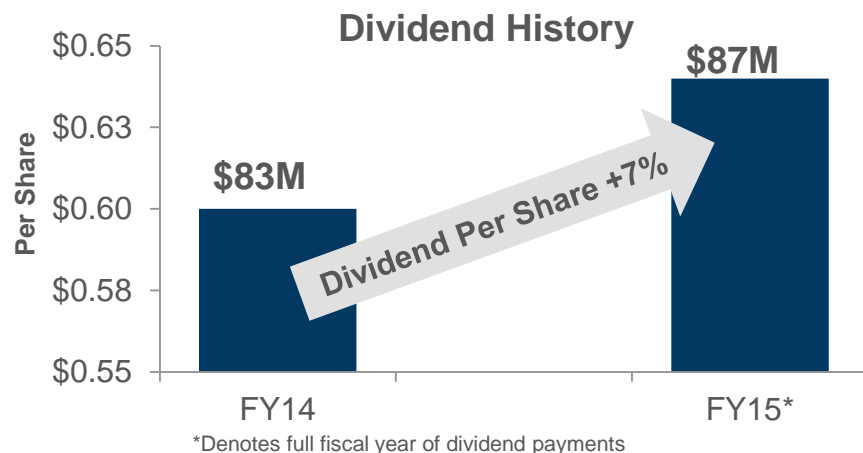
# Capital Allocation Priorities



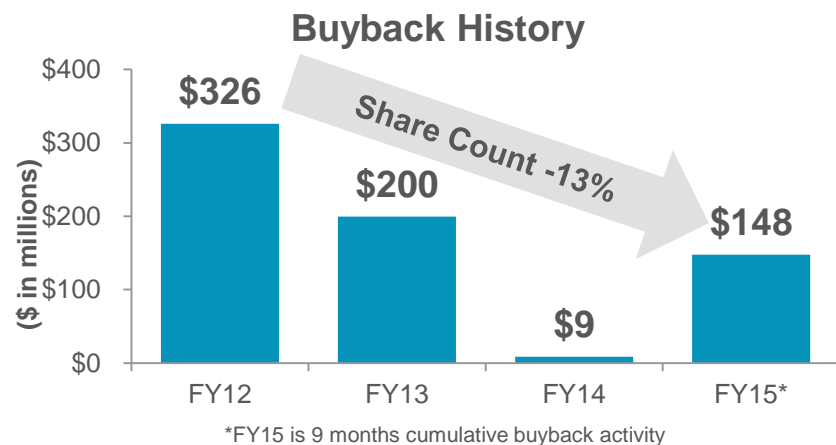
- Invest in organic growth
  - Focused on higher growth opportunities
  - Capex investments support systems and tools
- Sustain and grow the dividend over time
  - Re-initiated in FY14
- Invest in selective M&A
  - Linked to operating group strategic initiatives
  - Bolster and expand capabilities
- Return excess cash via disciplined share repurchases
  - View as internal M&A, must meet return targets

Invest for growth and return cash to shareholders

# Track Record of Returning Cash to Shareholders



- **Initiated** dividend in fiscal year 2014
- Payout ratio ~**20%** of cash flow from operations
- Expect growth with long-term earnings and cash flow



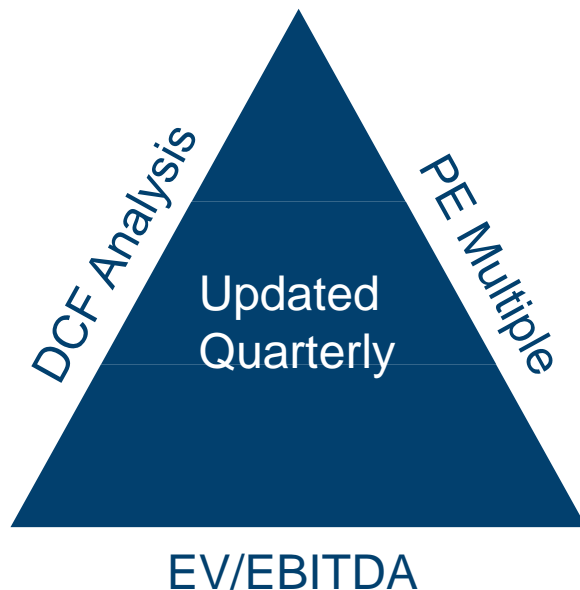
- **\$1B** cumulative share repurchase authorization program
- Deployed since inception ~**\$680M**
- Remaining in the program ~**\$320M**
- Average price per share **\$31.37**

**~\$850M** returned to shareholders since FY12

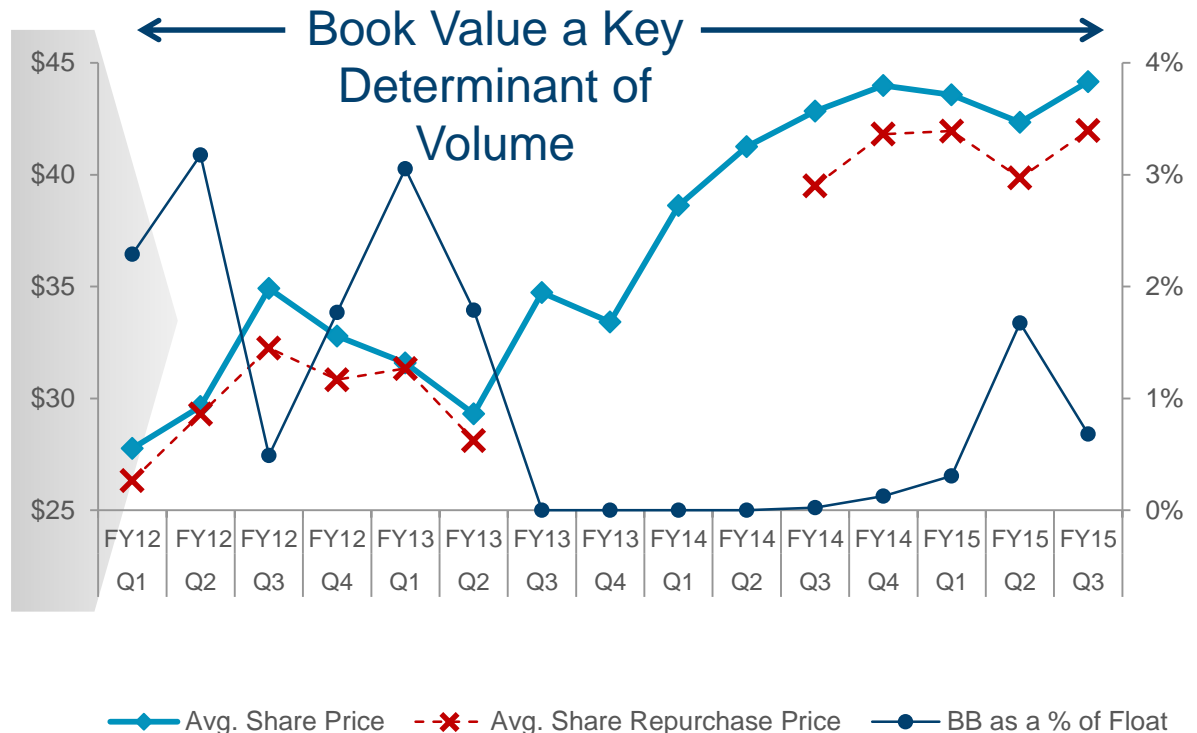


# Disciplined Approach to Buy Back

## Price Metrics



## Volume Sensitivity



Disciplined and effective program → ~42% cumulative return

# Summary

Enhanced focus on organic growth

Accelerate operating income growth & margin expansion

Enterprise effectiveness – Avnet Advantage

Strong cash flow & disciplined capital allocation

Committed to driving long term shareholder value creation



Gerry Fay | President, Electronics Marketing

# Avnet Investor Day 2015

June 9, 2015

# What You Will Hear Today

Electronics Marketing Overview

Worldwide Market Forces

Key Strategies

Our Commitment to Success



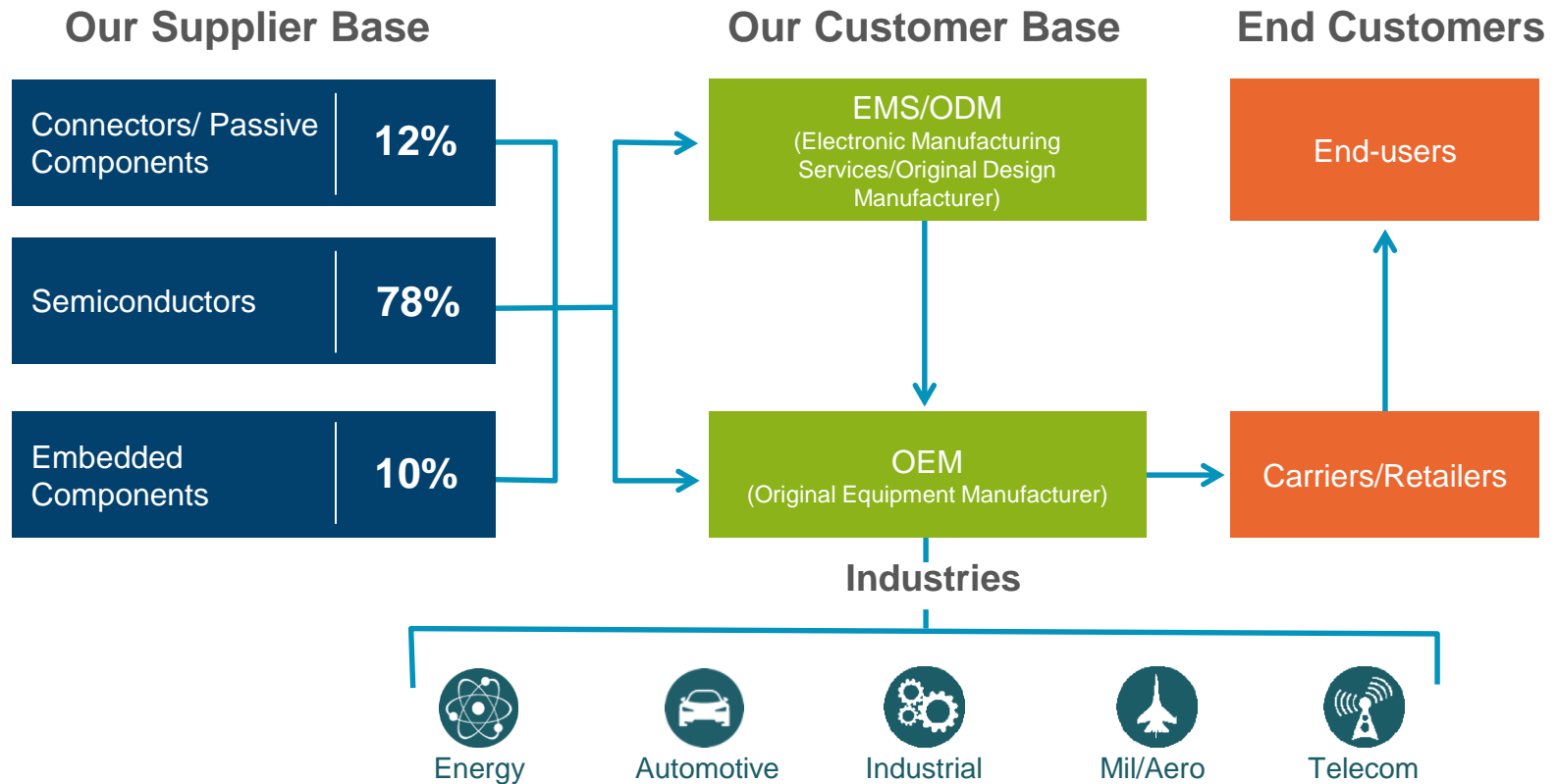
*Avnet Electronics Marketing will be the most successful  
electronic components distributor globally*





# EM Global | Our Overview

# Electronics Marketing | Our Marketplace



**We help technology make the world a better place to live, work and play**

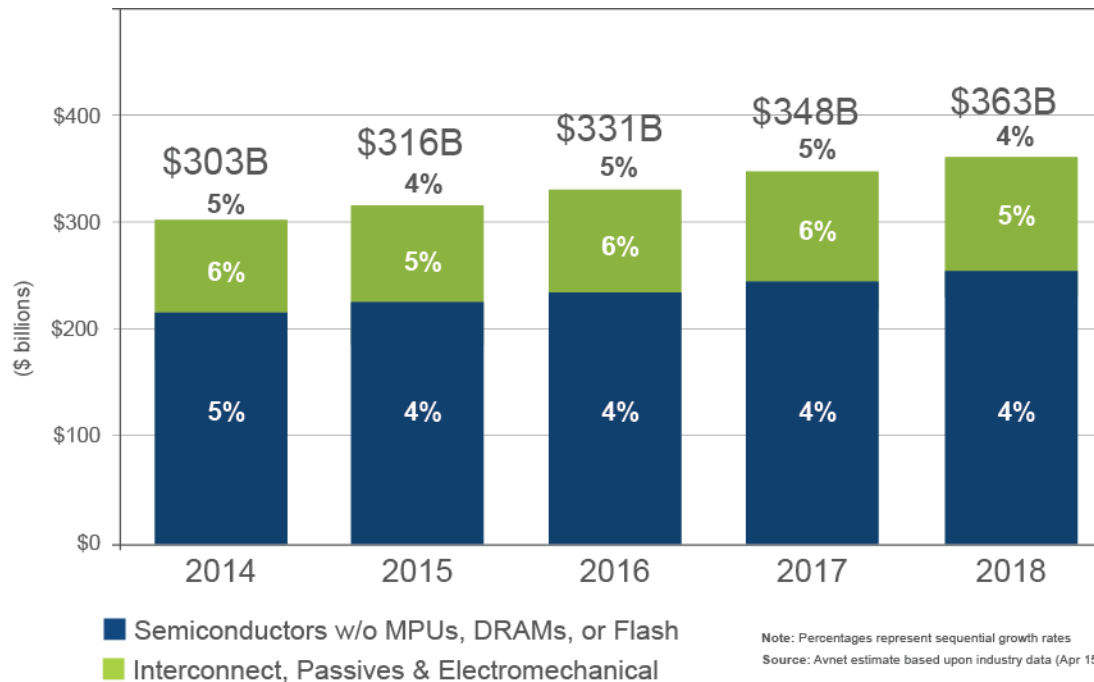


# EM Global | Worldwide Market Forces

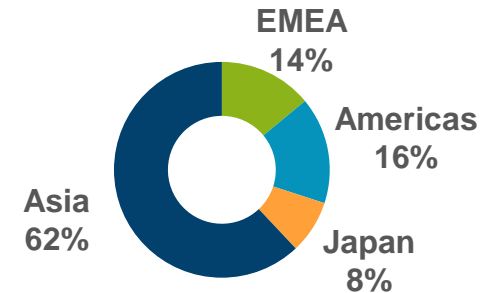


# EM Served TAM

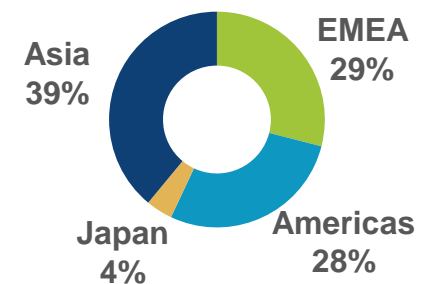
## EM Served Available Market



## 2015 Worldwide Mix

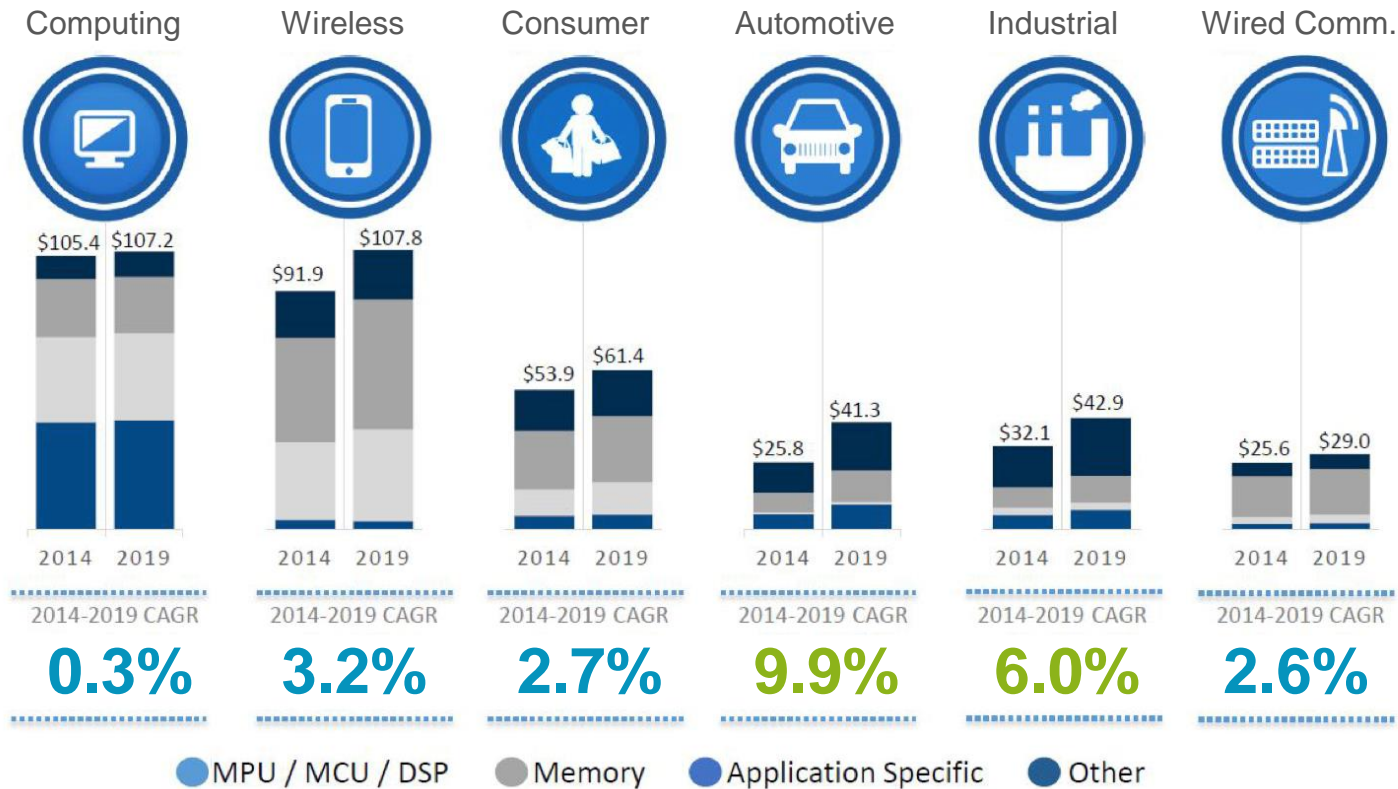


## 2015 Avnet Mix



**The industry continues to be one of cautious optimism with single-digit growth in our served market**

# Semiconductor Demand by End Segment

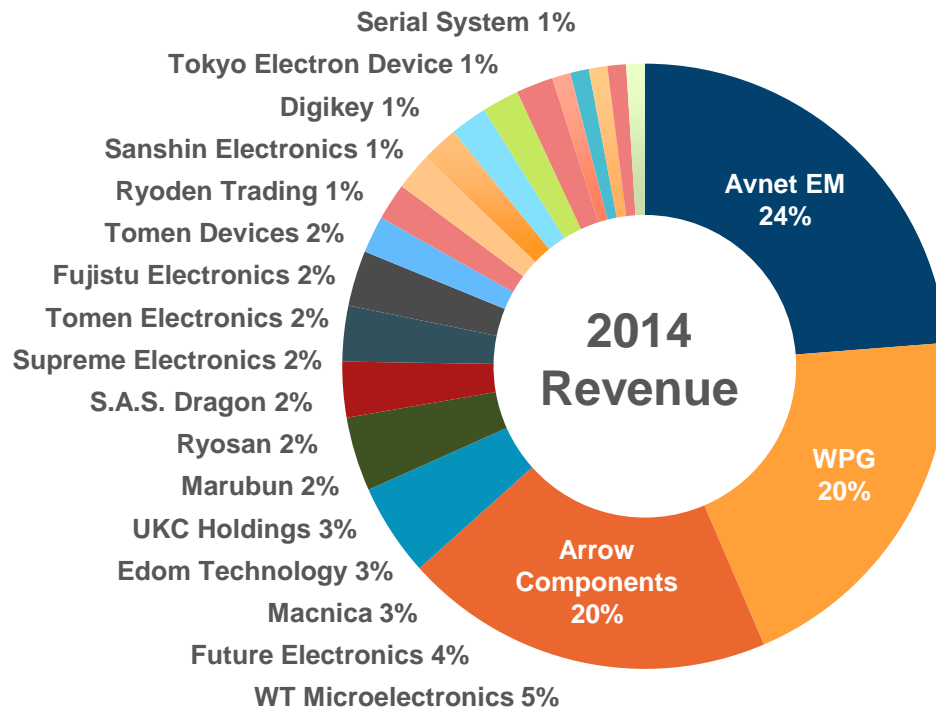


Industrial and Automotive segment continues to be strong relative to other segments

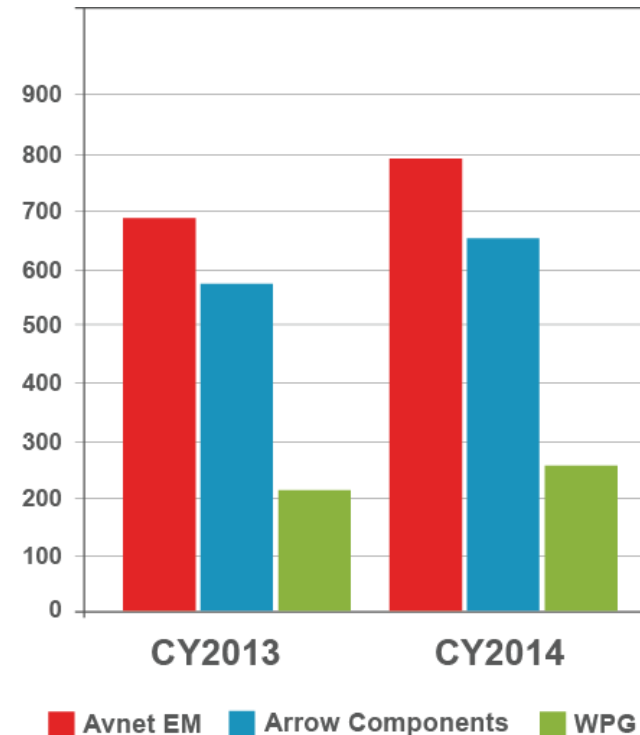
Source: Semiconductor Application Forecaster, IDC, December 2014  
(1) Industrial includes Retail, Energy, Medical, LED Lighting, Military, Aero

# Leading the Competitive Landscape

## Top 20 Component Distributors



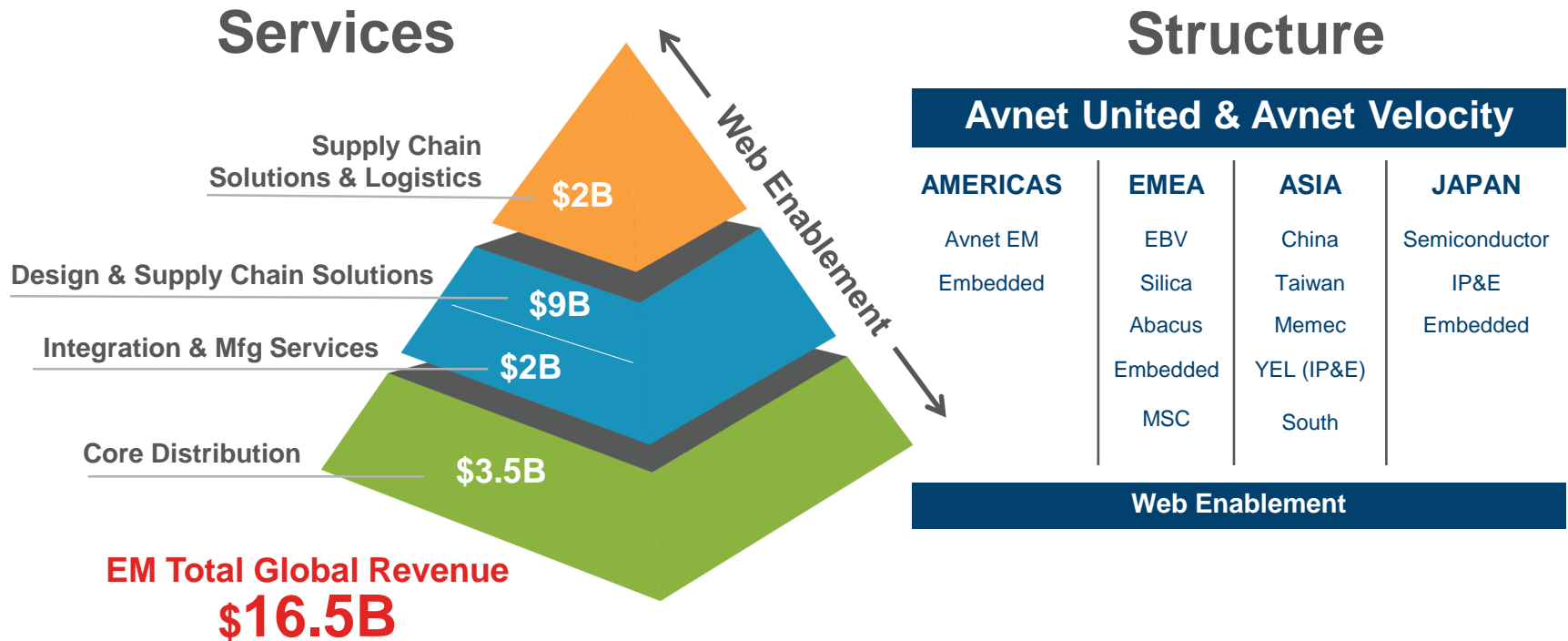
## CY Operating Income \$



**Avnet EM holds the leadership position in the industry in both revenues and profits**

Source: Avnet EM BIO (Based on Company News; Gartner)

# Our Specialized Customer Support Model



**We are well positioned to grow share in established and emerging markets**



# EM Global | Our Key Strategies

# Six Strategies for Continued Success

1

## Lead

Be the industry leader in **demand creation** and **supply chain** solutions



2

## Differentiate

Provide a differentiating **online customer experience**



3

## Optimize

Optimize our **value added Embedded** business globally



4

## Expand

Expand our capabilities to capture the **opportunities of IoT**



5

## Engage

Engage our customers and suppliers to be the **preferred partner** of choice



6

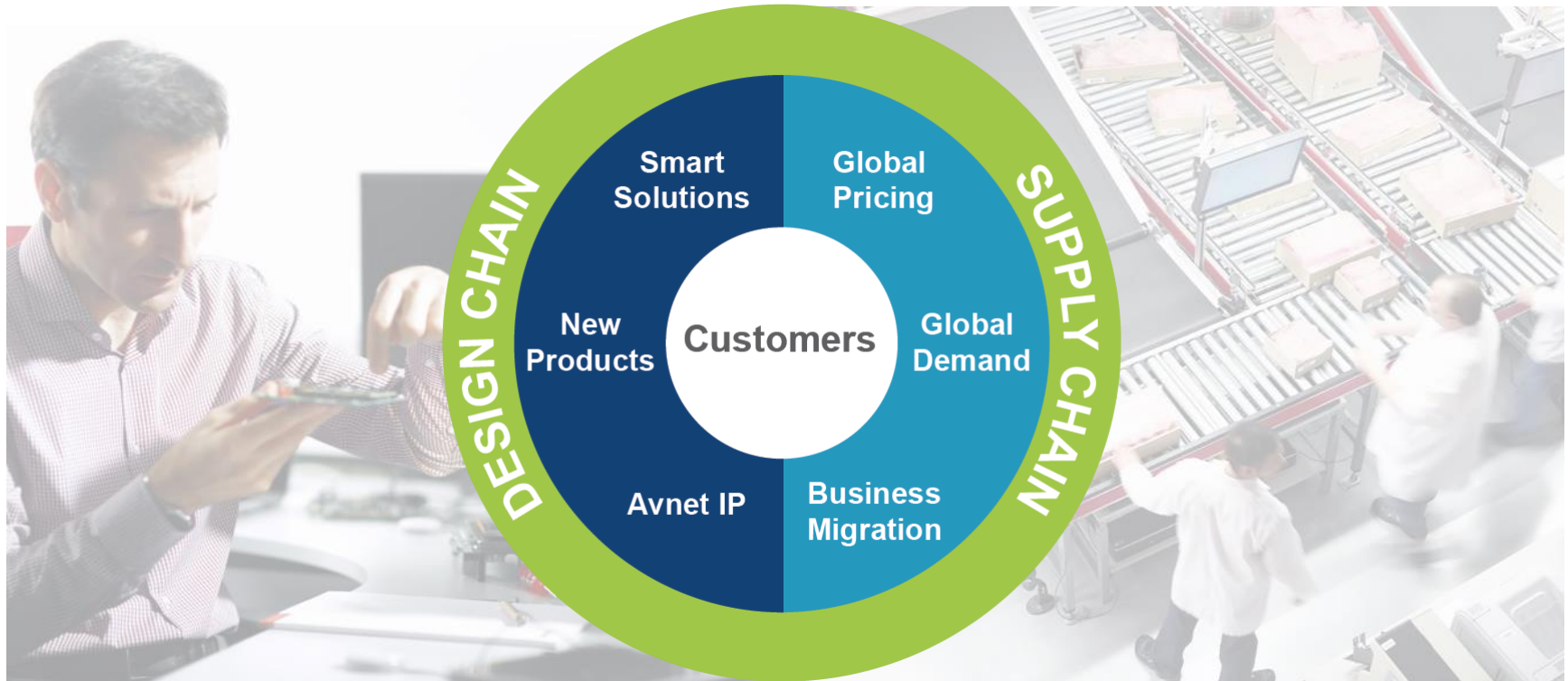
## Globalize

Invigorate our culture and **employee engagement** through effective branding



# Our Competitive Advantage

## Design Anywhere, Build Anywhere Strategy



**Leverage our regional strengths, global scale and scope,  
to deliver industry leading results**



# Our Design Chain Global Profile

## Resources

Deploying 1,000+  
Field Application Engineers

## Reach

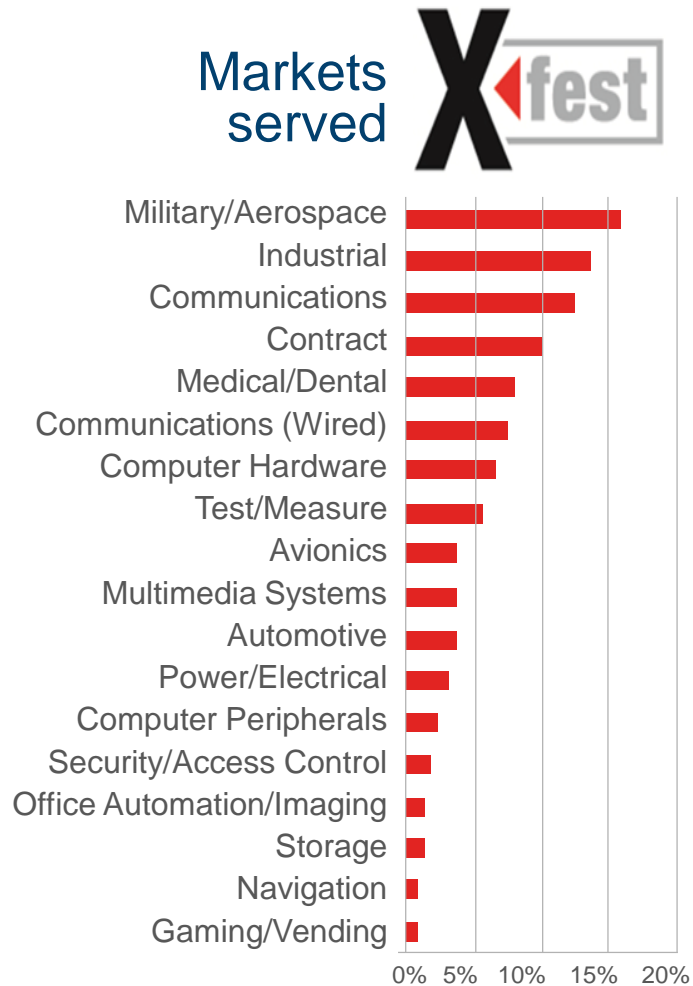
Providing 30,000+ customers  
with annual design support

## Results

Acquiring 45,000+  
design wins annually

Producing  
~ **\$5**  
**billion**  
in annual  
design win  
semi revenue  
in FY14

# World-Class Demand Creation



**Primary Job Function:**  
**6,600+ Attendees**  
**74% Engineers**

**56%**  
Design starts

**25 Supplier Sponsors**

**80+**  
Customer attributes

Producing  
**~\$750 million**  
**Design Win Pipeline**  
**8,000 new design opportunities**

# Our Supply Chain Global Profile

## Resources

Deploying dedicated resources globally

## Reach

Providing 45% of our customers with tailored supply chain support

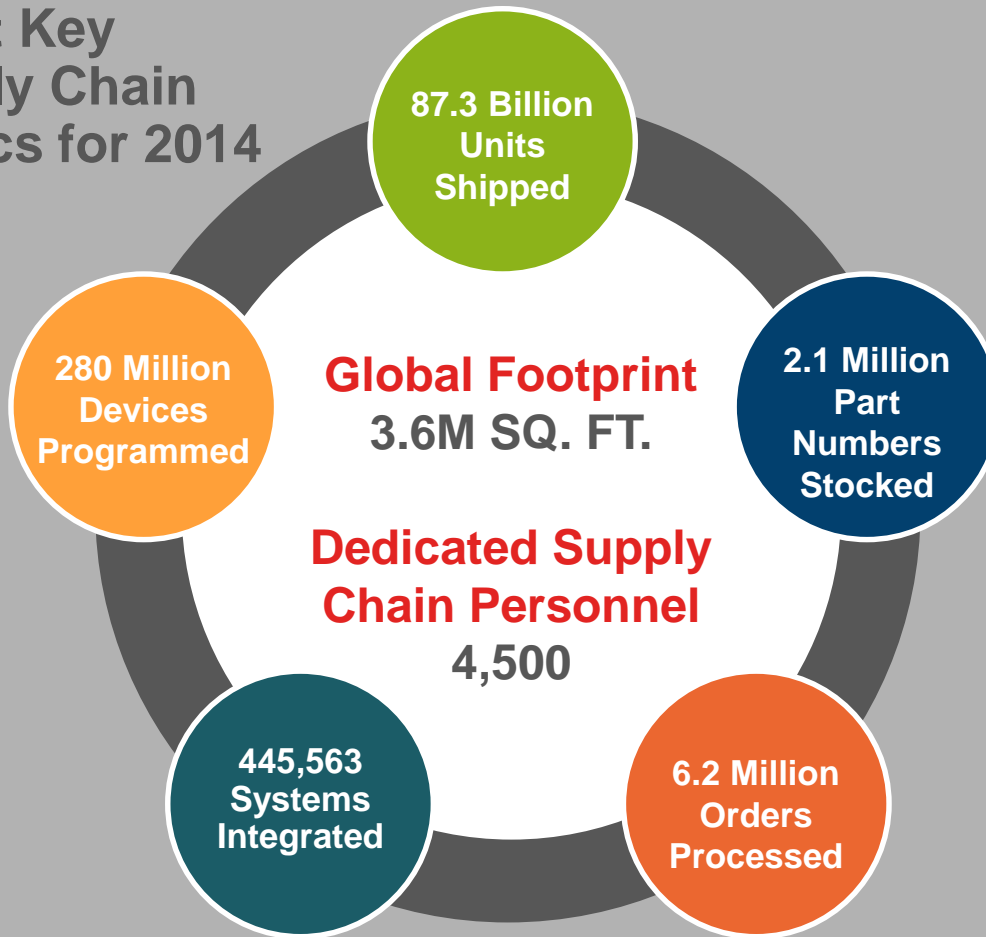
## Results

Executing complex supply chain models globally

Producing  
~\$**7**  
**billion**  
in annual  
supply chain  
revenue in FY14

# Our Leadership in Supply Chain

## Avnet Key Supply Chain Metrics for 2014



## Gartner Supply Chain

# TOP 10

## High-Tech Company

Avnet was the only distributor to be recognized

**AVNET**

TIME TO REFUEL

Read Now

**NAVIGATOR**

NAVIGATOR

Introducing *Supply Chain Navigator*, a new publication from Avnet Electronics Marketing for supply chain thought leaders and innovators—providing the practical tools and strategic insights needed to power the electronics industry's innovation engine and accelerate your organization's drive to success.

# Our New Digital Experience



## Design Exploration

Avnet is an  
**active participant**  
in the engineer's vision

A rich source of research,  
articles, documentation and  
tools for engineers

An idea exchange forum  
yielding actionable insights



## Part Selection

Avnet is a  
**true partner**  
in the engineer's  
success

Product specifications  
for millions of  
electronic devices

Enabling intelligent  
decisions for new designs



## Manufacture & Supply

Avnet is a  
**trusted advisor**  
enabling customers to  
bring products to market  
faster and efficiently

Supply chain knowledge  
and expertise

Accelerating time-to-market  
decisions and results

**Provide a differentiated digital experience from design chain  
through supply chain globally**



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# Our Embedded Opportunity

**~\$2B in Embedded Sales**

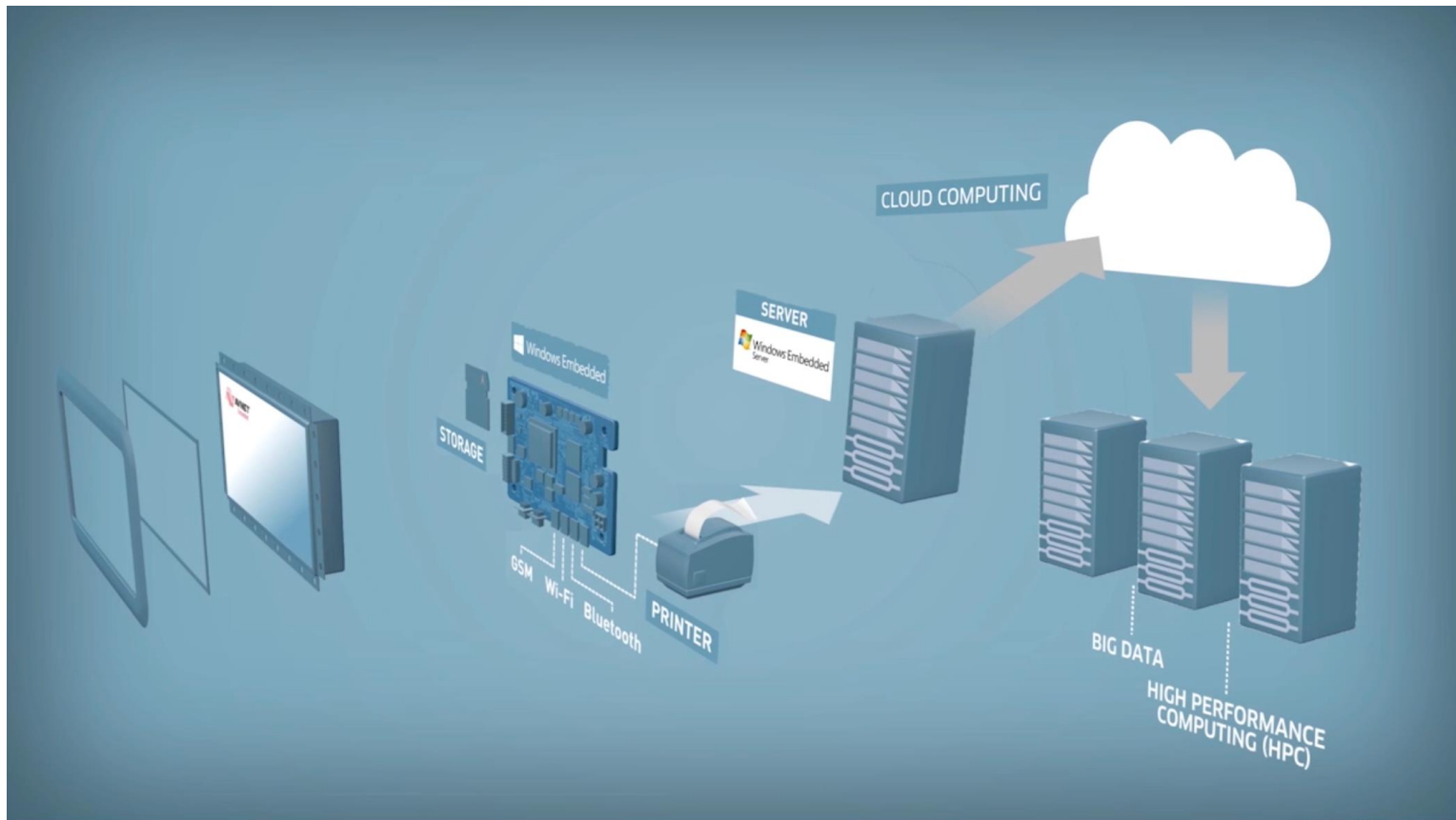
**60%+ of Business is Value Add**

**2,500+ Customers**

**\$95B+ Embedded Market by 2017**

**Avnet is a leader in delivering embedded solutions globally**

# Avnet Embedded Capabilities (Video)





# Perfectly Positioned for IoT

**EM, TS and  
Avnet Services  
One Avnet**

**Edge-to-  
Enterprise  
Expertise**

**2014 – 2020 CAGR 30%**

**By 2020, “connected” devices will exceed 25B**

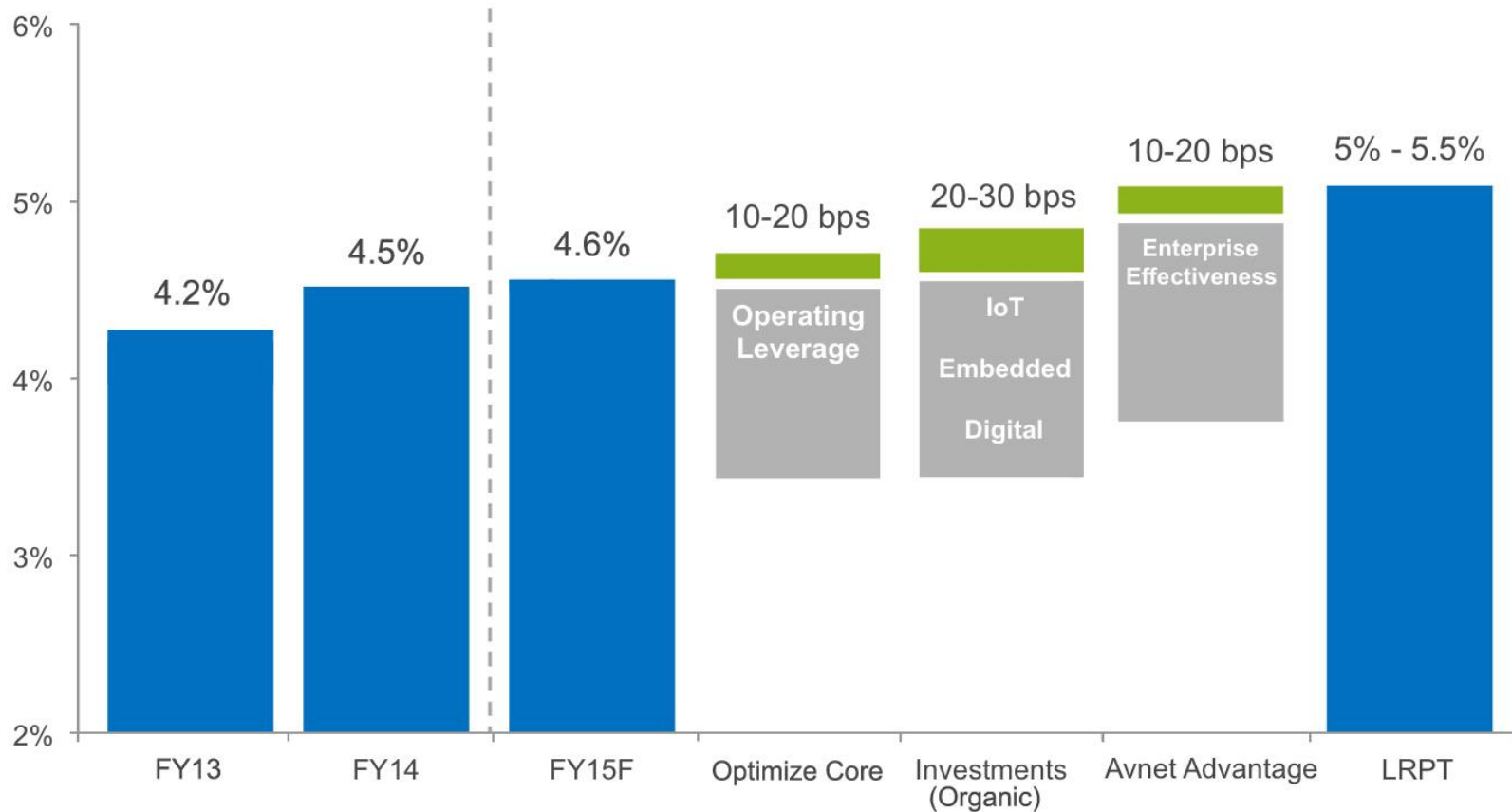
*Source: Gartner, IDC, Avnet Business Information Office*





# EM Global | Our Commitment to Success

# EM Operating Margin Improvement Plan



# Key Takeaways



**Global Market Opportunities**



**Disciplined Portfolio Management**



**Enterprise Effectiveness –  
Avnet Advantage**



**Embedded and IoT Growth**



**Accelerated Growth Through M&A**



# Thank You





Patrick Zammit | President, Technology Solutions

# Avnet Investor Day 2015

June 9, 2015

# What You Will Hear Today

Technology Solutions Overview

Worldwide Market Forces

Key Strategies

Our Commitment to Success



*Avnet Technology Solutions transforms technology into business solutions for customers around the world.*



# TS Global | Our Overview



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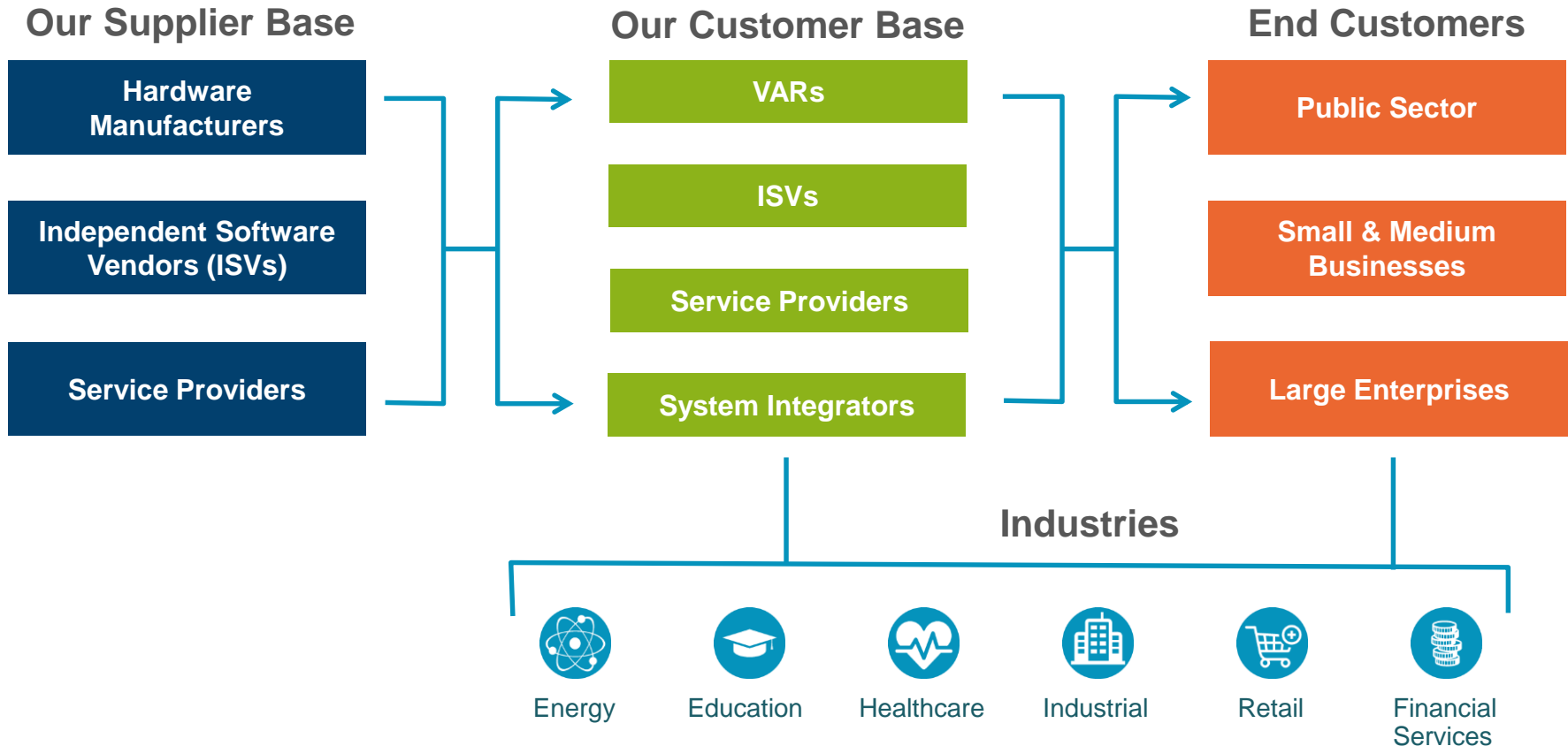


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# Technology Solutions | Our Marketplace



**Avnet makes it easier and more affordable for our suppliers and customers to enter and excel in high-growth technology and vertical markets around the world**

# Technology Solutions Overview



# Early Impressions

## Strengths

- Skilled and engaged employees
- Solutions-oriented distributor
- Long-term and trusted customer and supplier relationships
- Global scale and scope
- Sophisticated integration capabilities

## Opportunities

- Market share gains
- 3<sup>rd</sup> Platform
- Drive further efficiencies and productivity
- Broader leverage of global footprint
- Sell deeper into customer base

# TS Global | Worldwide Market Forces



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# An Industry in Transformation

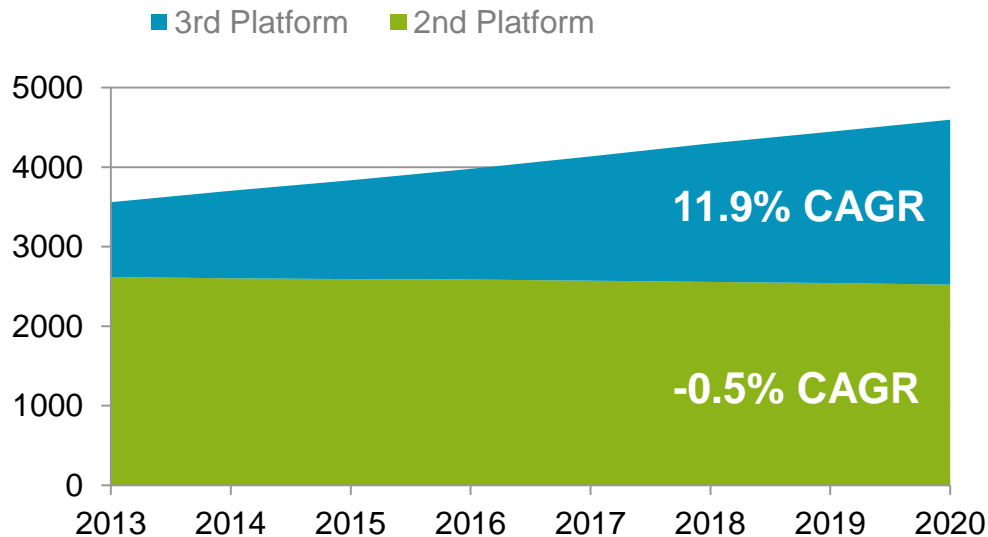
“... CIOs and line-of-business executives find themselves in the midst of unprecedented opportunity and risk.” – IDC



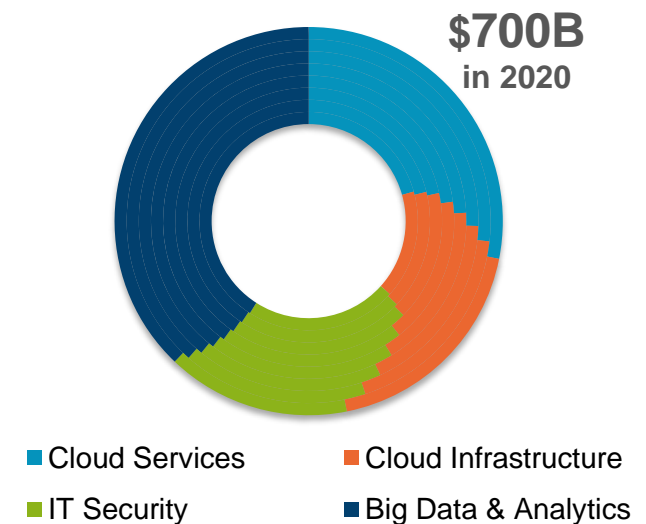
**Technology is inspiring new business models and pressuring the status quo  
Avnet and its partners are evolving to answer the call**

# New Consumption Models Driving IT Growth

WW IT & Communication (ICT) Spending (\$B)  
2013-2020



High Growth Opportunities  
2013-2020



**“Underneath the cloud and mobile foundation for the 3rd Platform, we will see massive investments in IT hardware and software for next-generation datacenters.”**

– Frank Gens, Senior Vice President & Chief Analyst, IDC

Source: IDC, WW Black Book Q1 2015 Update, May 2015 and Avnet estimates based upon industry data



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# Market Opportunity & Regional Footprint

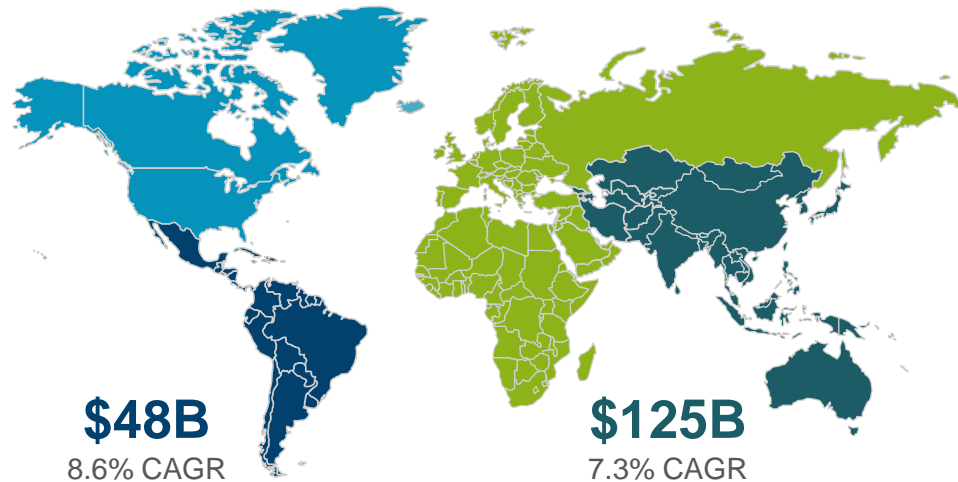
**\$11B** Global revenue

Serving customers in **80+ Countries**

Avnet is well positioned to grow share in established and emerging markets.

**\$445B**  
3.1% CAGR

**\$360B**  
2.7% CAGR



## Sales by Region

	WW	AVNET
NA	45%	51%
LAC	5%	4%
EMEA	36%	29%
APAC	14%	16%

Source: Avnet estimate based upon industry data



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# Expanding & Evolving Customer Base

## Service Providers

Majority of revenue from managed, hosted or cloud services

## Independent Software Vendors

60%+ revenue from their own products

## System Integrators

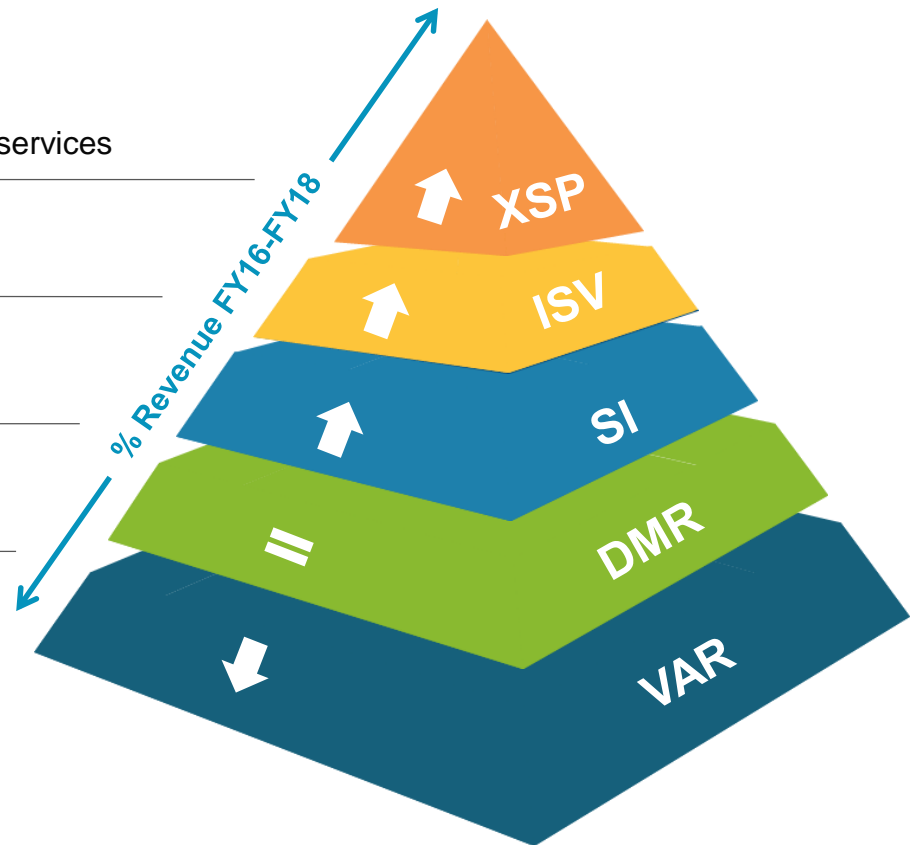
60%+ revenue from services and <20% from resale

## Direct Market Resellers

60%+ revenue from resale and <20% services

## Value-Added Resellers

>20% from resale and >20% own IP



Avnet has more than 20,000 customers around the world;  
IT solution provider business models are evolving to provide higher levels of  
value and service

# Avnet + Technology = Solutions



8:10

Top  
Software  
Vendors

5:5

Top  
Storage  
Vendors

4:5

Top  
Server  
Vendors

4:6

Top IaaS  
Cloud  
Vendors

- Partnered with > **40** of the world's top IT suppliers
- **1100+** technical specialists
- **300+** account development managers
- **Thousands** of certifications

# TS Global | Our Key Strategies



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# Five Key Strategies for Accelerated Success

1

## Converged

Extend our  
**converged**  
infrastructure  
**leadership**  
position



2

## Security

Expand our  
**security** and  
networking  
investments and  
capabilities



3

## Analytics

Expand our  
capabilities to  
capture the  
**opportunities of**  
**mobile, social**  
and the **IoT**



4

## Cloud

Provide preferred  
channel solutions  
for **data center**  
**transformation**  
and **cloud**  
**automation**



5

## Engagement

Engage our  
**employees,**  
**customers** and  
**suppliers** to be  
the preferred  
partner  
of choice



# Converged Infrastructure

Worldwide  
converged  
systems

\$47B CY20  
Revenue

19.6%  
CAGR



**8 of the top 10** converged suppliers

**> 20 years** of integration experience

**400+** partners globally

**150,000+ sq. ft.** of integration space

**200+** engineers and **800+** certifications

**\$1B+** global converged infrastructure sales

**Avnet is aligned with all of the leading suppliers of converged solutions  
and is delivering integrated systems in every region of the world**

Source: IDC, Worldwide Integrated Systems 2014–2018 Forecast: State of the Market and Outlook



# Security & Networking



## Security

\$114B market in CY20  
8.2% CAGR

82%

IT leaders who consider  
security a top priority

100+

Security specialists

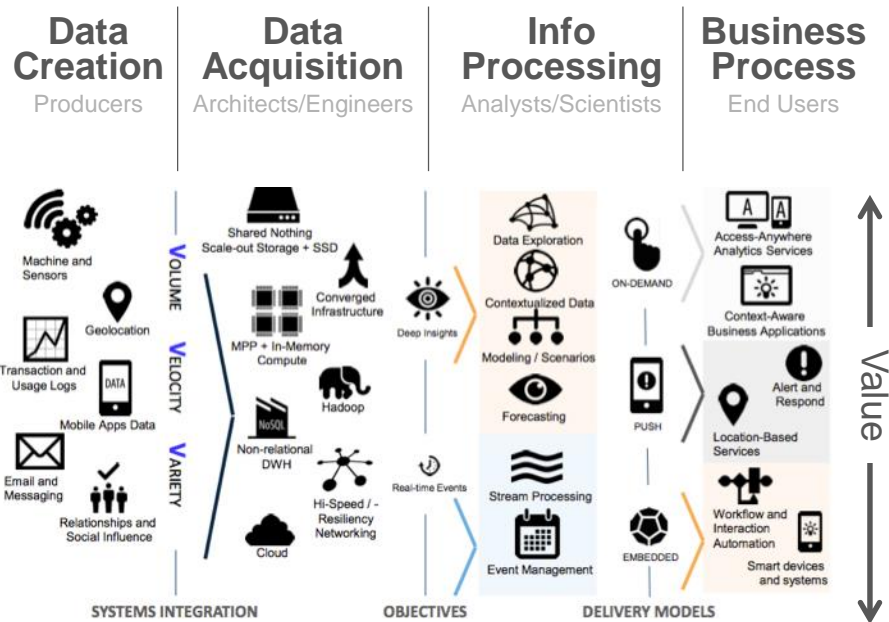
400

Security partners globally

**Avnet provides proactive and predictive security for applications  
and data across organizations, devices and the cloud**

Source: CSC Global CIO Survey: 2014-2015, CIOs Emerge as Disruptive Innovators and Gartner, Forecast: Information Security, Worldwide, 2012-2018, 2Q14 Update

# Analytics and Big Data



Source: IDC, IDC's Worldwide Big Data Taxonomy, 2015, #254052

**15.8%**

Big Data & Analytics CAGR

**\$137B**

BD&A market in HW, SW and services in 2020

**60+**

Analytics specialists all over the world

**300+**

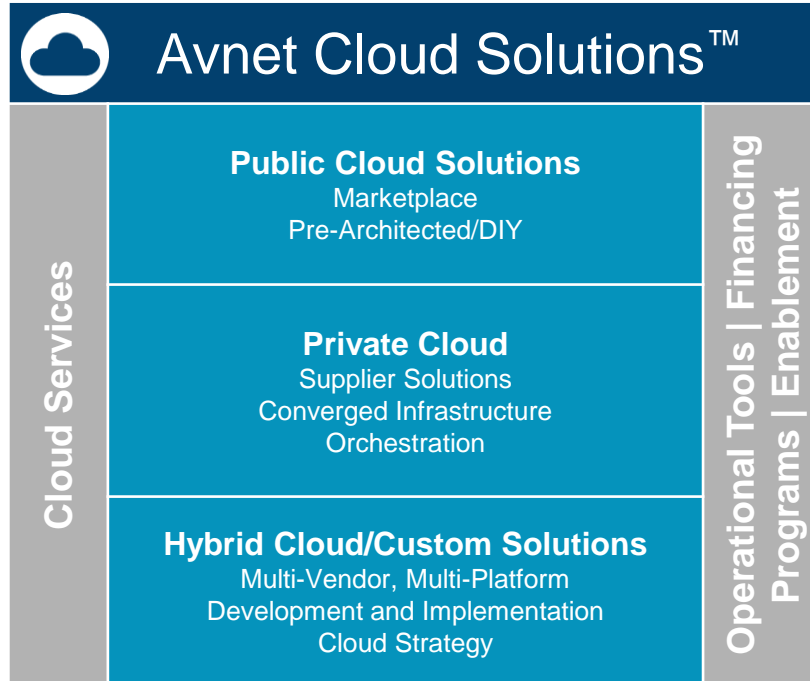
Partners that participate in the analytics space

**Avnet BD&A capabilities help CMOs and CTOs manage and improve access to data that captures key business insights and accelerates informed decision-making**

Source: IDC Predictions 2015: Accelerating Innovation — and Growth — on the 3rd Platform by Frank Gens & IDC Predictions 2015 Team and Worldwide Big Data Technology and Services 2014–2018 Forecast



# Differentiated Value in Cloud



**Opportunity**  
Enterprise

**\$194B** IT services  
**\$58B** IT Infrastructure  
**14% CAGR**

**Resources**  
Experienced

**> 100** dedicated  
employees

**Reach**  
Global

**150+** partner  
teaming agreements

**Results**  
Accelerated

**\$200M+** and  
**>900,000** workloads

**Avnet Cloud helps partners and customers transform IT  
with data center automation and cloud solutions that embrace  
new consumption models and enable services delivery**

Source: IDC Worldwide Quarterly Cloud IT Infrastructure Tracker, April 2015 and Avnet estimate based upon industry data



# Avnet Cloud Services (Video)



# TS Global | Our Commitment to Success



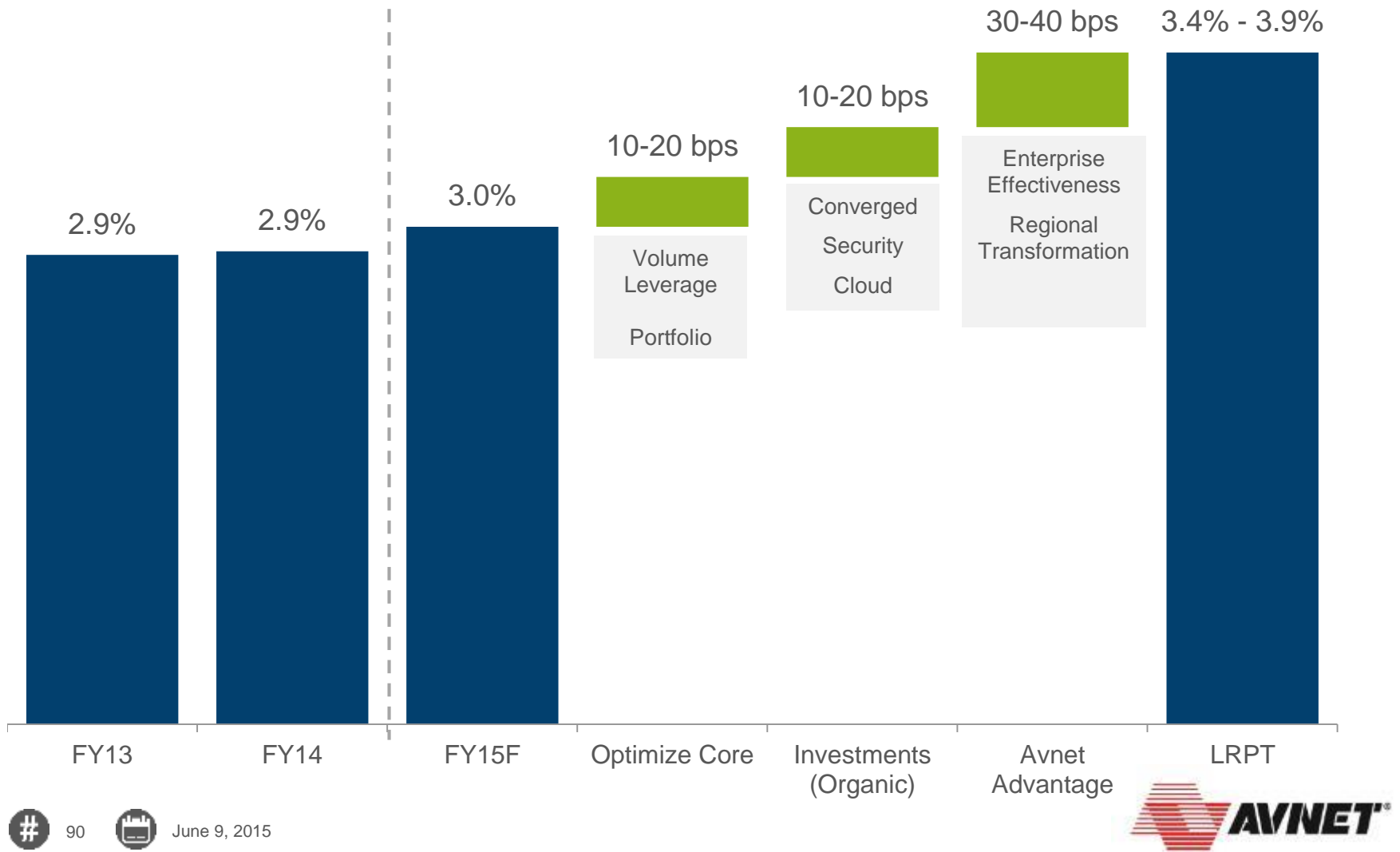
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# TS Operating Margin Improvement Plan



# Accelerating Progress to Financial Goals



Disciplined Portfolio Management



Execution on Organic Growth



Enterprise Effectiveness  
Avnet Advantage



Accelerated Growth Through M&A

# Financial Framework



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# Avnet Financial Targets

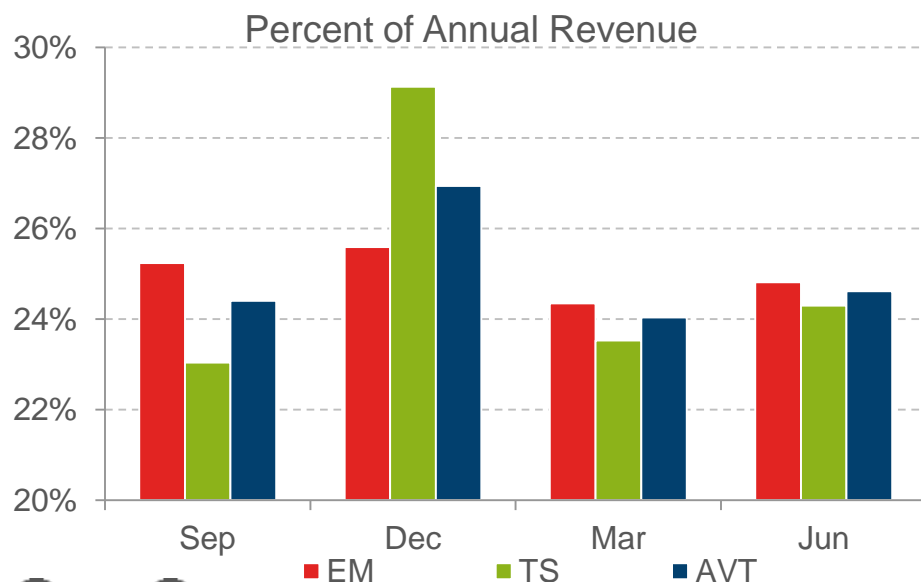
		FY13 Actual	FY14 Actual	FY15 Estimate	Target Range
EM	Operating Income Margin	4.2%	4.5%	4.6%	5.0 - 5.5%
TS	Operating Income Margin	2.9%	2.9%	3.0%	3.4 - 3.9%
Avnet	Operating Income Margin <sup>(1)</sup>	3.2%	3.4%	3.5%	4.0 - 4.5%
	Expense/Gross Profit Ratio <sup>(1)</sup>	72.9%	71.1%	69.6%	66% - 68%
	Working Capital Velocity <sup>(1)</sup>	6.5	6.3	6.3	6.7 - 7.5
	ROWC <sup>(1)</sup>	20.8%	21.5%	22.0%	28.0%
	ROCE <sup>(1)</sup>	11.0%	11.4%	11.5%	14% – 16%



# Revenue Seasonality

## Sequential Revenue Growth

	September	December	March	June
EM	-2% to +2%	0% to +3%	-1% to +3%	0% to +4%
TS	-10% to -5%	+26% to +30%	-19% to -16%	+4% to +7%
Avnet	-5% to -1%	+10% to +14%	-9% to -5%	+2% to +5%



Numbers provided are estimates for a typical quarter and can vary based upon several factors including but not limited to:

- Economic/Market conditions
- M&A activity
- End of fiscal calendar
- Foreign currency exchange rates

# FY16 Modeling Considerations

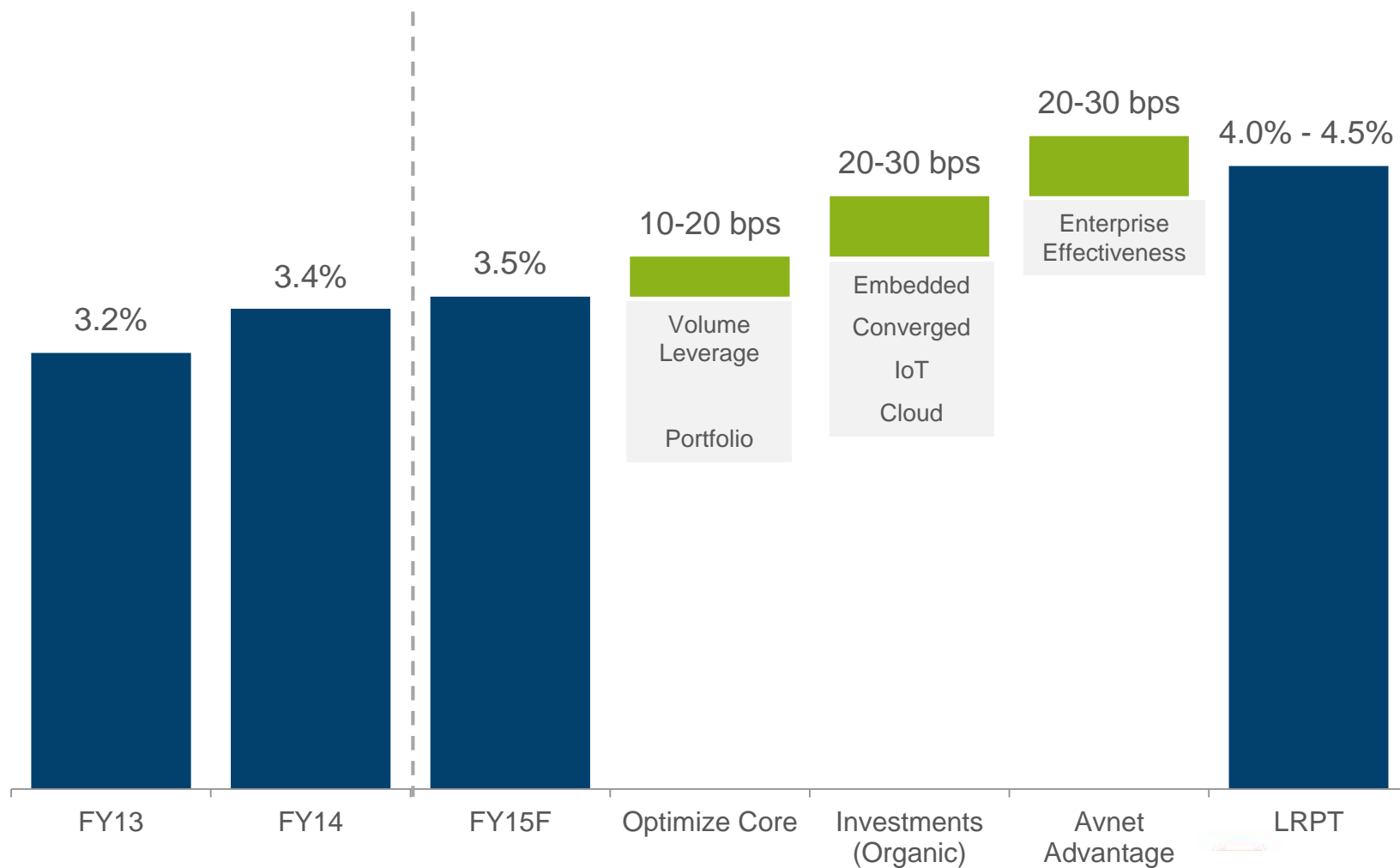
## 2016 Fiscal First Quarter End (October 3)

- Fiscal 2016 is our 53 week year, additional week impacts our first fiscal quarter
- Through fiscal 2016 our fiscal quarterly close occurs after calendar month end
  - Aligns more favorably with our supplier and customers' calendar

## Foreign Exchange Sensitivity

- Transact in multiple currencies; primarily Euro (€), Pound (£), and Yen (¥)
- Euro revenue approximates 20-25% of total annualized sales
- Every two point movement in Euro average over a quarter (up or down) equates to approximately \$0.01 earnings per share impact

# Avnet, Inc. Operating Margin<sup>(1)</sup> Improvement Path



# Q & A



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# End of Day Closing



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# Investment Thesis: Why Avnet?

- Respected **industry leader** with broad technology market exposure and well-placed global footprint
- **Innovative services provider** well-positioned for opportunities being created by current trends
- Experienced leadership team well versed in value creation via **value based management**
- Driving **disciplined approaches** to: profitable growth, operational excellence and capital allocation
- Solid track record of **financial strength** and resilience through both industry and economic cycles

**Our #1 goal: long-term shareholder value creation**

# Thank You



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# Non-GAAP Definitions and Reconciliations

## Non-GAAP Financial Information- Definitions and Reconciliations

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 presentation certain non-GAAP financial information including adjusted operating income, adjusted operating expenses, adjusted EBITDA, adjusted diluted earnings per share, as well as sales adjusted for the impact of acquisitions and other items (as defined in the Organic Sales section of this presentation). There are also references to the impact of foreign currency translation in the discussion of the Company’s results of operations. When the U.S. Dollar strengthens and the stronger exchange rates of the current year are used to translate the results of operations of Avnet’s subsidiaries denominated in foreign currencies, the resulting impact is a decrease in U.S. Dollars of reported results. Conversely, when the U.S. Dollar weakens and the weaker exchange rates of the current year are used to translate the results of operations of Avnet’s subsidiaries denominated in foreign currencies, the resulting impact is an increase in U.S. Dollars of reported results. In the discussion of the Company’s results of operations, results excluding this impact are referred to as “excluding the translation impact of changes in foreign currency exchange rates” or “constant currency.” Management believes organic sales and sales in constant currency are useful measures for evaluating current period performance as compared with prior periods and for understanding underlying trends.

Management believes that operating income and operating expenses 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 and operating expenses without the impact of these items as an indicator of ongoing margin and expense 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.

Additional non-GAAP measures included in this presentation are adjusted operating income margin, which is defined as adjusted operating income (as defined above) divided by sales and adjusted operating expense to gross profit ratio, which is defined as adjusted operating expenses (as defined above) divided by gross profit.

Management believes that adjusted EBITDA, which is defined as adjusted operating income (as defined above) adjusted for (i) stock based compensation expense, and (ii) depreciation expense, is a useful measure to help investors better assess and understand the Company’s operating cash flows and operating performance, especially when comparing results with previous periods or forecasting performance for future periods, primarily because management views the excluded items to be non-cash in nature.

# Non-GAAP Definitions and Reconciliations

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Management believes net income and diluted earnings per share 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 diluted earnings per share 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 Definitions and Reconciliations

	FY 2014					FY 2013				
	(\$ in thousands except for per share amounts)									
	Operating Expense	EBITDA	Operating Income	Net Income	Diluted Earnings Per Share	Operating Expense	EBITDA	Operating Income	Net Income	Diluted Earnings Per Share*
GAAP Results	\$ (2,435,791)	\$ 945,197	\$ 789,940	\$ 545,604	\$ 3.89	\$ (2,353,820)	\$ 777,594	\$ 625,981	\$ 450,073	\$ 3.21
Restructuring, integration and other expenses	94,623	94,623	94,623	70,773	0.50	149,501	149,501	149,501	116,382	0.83
Stock-based compensation expense	-	45,916	-	-	-	-	43,677	-	-	-
Gain on legal settlement, bargain purchase and other	-	(22,102)	-	(11,475)	(0.08)	-	(31,011)	-	(30,974)	(0.22)
Amortization of intangible assets and other	46,783	-	46,783	32,946	0.24	32,370	-	32,370	22,659	0.16
Other expense	-	6,092	-	-	-	-	74	-	-	-
Income tax adjustments	-	-	-	(43,789)	(0.31)	-	-	-	(50,376)	(0.36)
Total adjustments	141,406	124,529	141,406	48,455	0.35	181,871	162,241	181,871	57,691	0.41
Adjusted Results	\$ (2,294,385)	\$ 1,069,726	\$ 931,346	\$ 594,059	\$ 4.24	\$ (2,171,949)	\$ 939,835	\$ 807,852	\$ 507,764	\$ 3.63

\*Does not foot due to rounding of individual components

## Organic Sales

Organic sales is defined as reported sales adjusted for 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. Sales taking into account these adjustments are referred to as "organic sales."

	Revenue as Reported	Acquisition / Divested Revenue (in thousands)	Organic Revenue
Fiscal year 2014.....	\$ 27,499,654	\$ 119,950	\$ 27,619,604
Fiscal year 2013.....	\$ 25,458,924	\$ 793,267	\$ 26,252,191

# Non-GAAP Definitions and Reconciliations

## ROWC, ROCE and WC Velocity

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

		<u>FY 2014</u>	<u>FY 2013</u>
Sales.....	(a)	\$ 27,499,654	\$ 25,458,924
Adjusted operating income (1) .....	(b)	\$ 931,346	\$ 807,852
Adjusted effective tax rate.....		27.88%	27.48%
Adjusted operating income, net after tax.....	(c)	\$ 671,687	\$ 585,854
Average monthly working capital			
Accounts receivable.....		\$ 4,930,700	\$ 4,579,074
Inventories.....		\$ 2,593,937	\$ 2,392,535
Accounts payable.....		\$ (3,184,509)	\$ (3,080,372)
Average working capital.....	(d)	<u>\$ 4,340,128</u>	<u>\$ 3,891,237</u>
Average monthly capital employed.....	(e)	<u>\$ 5,873,339</u>	<u>\$ 5,313,710</u>
ROWC = (b) / (d).....		21.46%	20.76%
WC Velocity = (a) / (d).....		6.34	6.54
ROCE = (c) / (e).....		11.44%	11.03%

(1) See reconciliation to GAAP amounts in the preceding table in this Non-GAAP Definitions and Reconciliations section