


Welcome to Avnet's Second Quarter Fiscal Year 2013 Teleconference and Webcast

A photograph showing two men in light blue shirts sitting at a table in a warehouse or industrial setting. They are looking at a document together. The background is filled with shelves of boxes and equipment, slightly out of focus.

January 24, 2013 2:00 p.m. Eastern Time

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,” 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.

Business Highlights









Rick Hamada
Chief Executive Officer

Q2 FY13 Avnet, Inc. Highlights

- Revenue flat Y/Y to \$6.7B; pro forma⁽¹⁾ (C\$⁽³⁾) **↓** 4.8%
 - Q/Q pro forma⁽¹⁾ revenue **↑** 9.4% (C\$⁽³⁾)
 - Return to normal seasonality after two quarters below
- Operating Inc⁽²⁾\$ **↓** 16.9% Y/Y; OI%⁽²⁾ **↓** 67 BPS Y/Y
 - Q/Q Operating Inc⁽²⁾\$ **↑** 60.5%; OI%⁽²⁾ **↑** 95 BPS
- EPS⁽²⁾ of \$1.01 **↓** 12.2% Y/Y; **↑** 71.2% Q/Q
- Cash Flow from Operations \$326M in Dec Qtr; \$690M TTM

Q2 FY13 EM Highlights

- Revenue  2.2% Y/Y to \$3.67B
 - Pro forma⁽¹⁾(C\$⁽²⁾)  0.9% Y/Y
 - Pro forma⁽¹⁾(C\$⁽²⁾)  1.7% Q/Q; typical seasonality 0% to (3%)
- Operating income of \$140.1 million  19.9% Y/Y
 - Operating income margin of 3.8%  105 BPS Y/Y
- ROWC⁽³⁾  358 BPS Y/Y primarily due to lower operating inc
- Book to bill > 1.0 to 1.0 across all three regions

Q2 FY13 TS Highlights

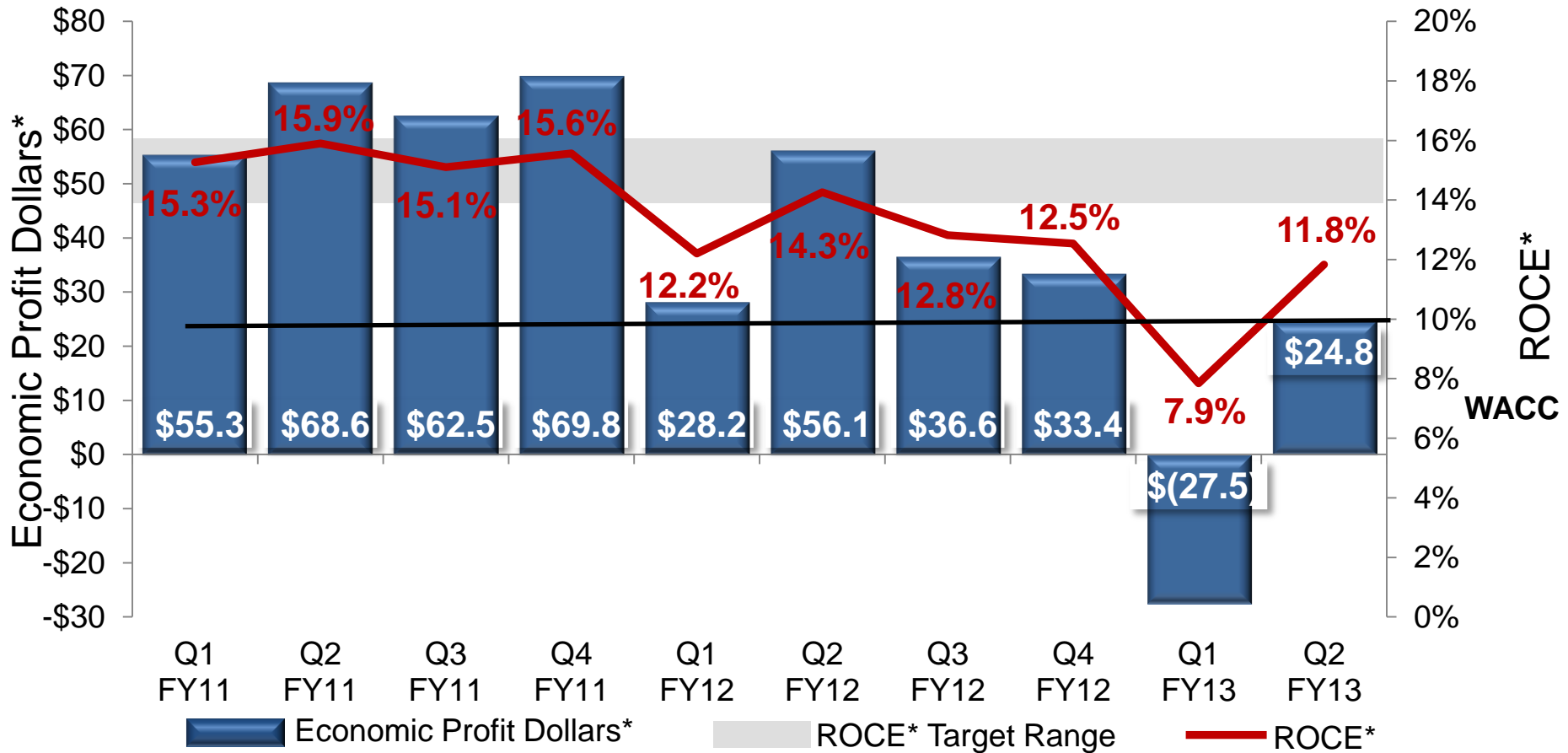
- Revenue **↓** 2.3% Y/Y to \$3.03B; **↑** 36.5% Q/Q
 - Pro forma⁽¹⁾(C\$⁽²⁾) **↓** 9.1% Y/Y; **↑** 26.6% Q/Q
 - Seq'l growth > than normal seasonality after 2 qtrs below
- GP% **↑** 32 BPS Y/Y; **↑** 48 BPS Q/Q
 - Driven by revenue mix of higher margin products
- Operating Inc % **↓** 27 BPS Y/Y to 3.6%; **↑** 202 BPS Q/Q
 - Meaningful seq'l improvement across all three regions
- Storage and Services **↑** Y/Y
 - Storage, Software & Services grew >35% Q/Q

Additional Financial Highlights



Kevin Moriarty
Chief Financial Officer

VBM – Creating Shareholder Value



March 2013 Quarter Outlook (Q3 FY13) ⁽¹⁾

- Group Revenue
 - EM: \$3.625 to \$3.925 billion
 - TS: \$2.325 to \$2.625 billion
- Enterprise Revenue: \$5.95 to \$6.55 billion
- Non-GAAP EPS⁽²⁾: \$0.81 to \$0.91
 - Assumes 138.0 million average diluted shares outstanding and a tax rate of 27% - 31%



Question and Answer Session

*Please feel free to contact
Avnet's Investor Relations Personnel at:*

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Non-GAAP Results and Regulation G

- Reconciliation of the Company's reported second quarter fiscal 2013 results as adjusted is presented below:

	Second Quarter Ended Fiscal 2013			
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
GAAP results	\$ 195,573	\$ 168,894	\$ 137,481	\$ 0.99
Restructuring, integration and other charges	24,906	24,906	19,885	0.14
Gain on bargain purchase and other.....		(59)	(23)	0.00
Income tax adjustments.....			(17,366)	(0.12)
Total adjustments.....	24,906	24,847	2,496	0.02
Adjusted results	\$ 220,479	\$ 193,741	\$ 139,977	\$ 1.01

Non-GAAP Results and Regulation G

Pro Forma (Organic) Revenue

Pro forma or Organic revenue is defined as reported revenue adjusted for (i) the impact of acquisitions by adjusting Avnet's prior periods to include the sales of businesses acquired as if the acquisitions had occurred at the beginning of fiscal 2012 and (ii) the impact of the transfer of a business from TS Americas to EM Americas, which did not have an impact to Avnet on a consolidated basis but did impact the pro forma sales for the groups by approximately \$6 million in the second quarter of fiscal 2012. Sales taking into account the combination of these adjustments are referred to as "pro forma sales" or "organic sales."

	<u>Revenue as Reported</u>	<u>Acquisition / Divested Revenue</u>	<u>Pro forma Revenue</u>
		<i>(in thousands)</i>	
Q1 Fiscal 2013.....	\$ 5,870,057	\$ 203,666	\$ 6,073,723
Q2 Fiscal 2013.....	6,699,465	3,530	6,702,995
Fiscal year 2013.....	<u>\$ 12,569,522</u>	<u>\$ 207,196</u>	<u>\$ 12,776,718</u>
Q1 Fiscal 2012.....	\$ 6,426,006	\$ 403,319	\$ 6,829,325
Q2 Fiscal 2012.....	6,693,573	411,077	7,104,650
Q3 Fiscal 2012.....	6,280,557	313,469	6,594,026
Q4 Fiscal 2012.....	6,307,386	229,990	6,537,376
Fiscal year 2012.....	<u>\$ 25,707,522</u>	<u>\$ 1,357,855</u>	<u>\$ 27,065,377</u>

Non-GAAP Results and Regulation G

References to restructuring, integration and other charges, and other items and/or the exclusion thereof refer to the following charges taken in the quarters indicated (with reference to the appropriate SEC filing in which further disclosure of these charges first appeared):

- Q2FY13 - Restructuring, integration and other charges of \$24.9 million pre-tax, \$19.9 million after tax and \$0.14 per share on a diluted basis for the second quarter. Restructuring charges of \$16.1 million pre-tax consisted of \$7.3 million for severance, \$8.5 million for facility exit costs and fixed asset write-downs and \$0.3 million for other restructuring charges. Pre-tax integration costs and acquisition transaction costs were \$7.6 million and \$3.0 million, respectively. In addition, the Company recorded a credit of \$1.8 million pre-tax to adjust reserves related to prior year restructuring activity that were no longer required; a net gain consisting of an adjustment of \$1.7 million pre-tax to increase the gain on bargain purchase recorded in the first quarter of fiscal 2013 to adjust the net assets acquired, partially offset by a loss on divestiture of \$1.7 million pre-tax related to a small business in TS Asia; and an income tax adjustment of \$17.4 million primarily related to a favorable settlement of a U.S. income tax audit for an acquired company. (Form 8-K filed January 24, 2013)
- Q1FY13 - Restructuring, integration and other charges of \$37.4 million pre-tax which consisted of \$25.9 million for severance, \$4.0 million for facility exit related costs, \$0.3 million for other charges, \$2.8 million for transaction costs associated with recent acquisitions, \$5.0 million for integration-related costs, and a reversal of \$0.6 million to adjust prior year restructuring reserves. A gain on the bargain purchase of \$31.3 million pre-and after tax related to the Internix, Inc. acquisition for which the gain was not taxable and an income tax adjustment of \$12.2 million primarily related to a favorable settlement of an income tax audit. (Form 8-K filed October 25, 2012, and Form 10-Q filed October 26, 2012)
- Q4FY12 - Restructuring, integration and other charges of \$20.5 million pre-tax, which included \$6.7 million of other charges related to legal claims; a small adjustment to the gain on bargain purchase related to the business in Japan acquired in the third quarter; and a net tax benefit of \$4.0 million, which is comprised of (i) a tax benefit of \$26.3 million for the release of tax reserves against deferred tax assets that were determined to be realizable during the fourth quarter of fiscal 2012, partially offset by (ii) a tax provision of \$22.3 million primarily related to the impact of withholding tax related to legal entity reorganizations and the establishment of tax reserves against deferred tax assets that were determined to be unrealizable during the fourth quarter of fiscal 2012. (Form 8-K filed August 8, 2012 and Form 10-K filed August 10, 2012)
- Q3FY12 - Restructuring, integration and other charges of \$18.6 million pre-tax related to cost reduction actions initiated during the third quarter and acquisition and integration charges associated with acquired businesses. The charges consisted of \$6.7 million for severance, \$3.1 million for facility exit costs and fixed asset write downs, \$4.0 million for integration costs, \$4.2 million for acquisition transaction costs, \$1.4 million for other restructuring charges, and a reversal of \$0.8 million to adjust prior year restructuring reserves; a gain on the bargain purchase of \$4.5 million pre- and after tax related to an acquisition for which the gain was not taxable; and an income tax adjustment of \$5.2 million related primarily to the combination of favorable audit settlements, certain reserve releases and the release of a valuation allowance on deferred tax assets which were determined to be realizable. (Form 8-K filed April 26, 2012 and Form 10-Q filed April 27, 2012)
- Q2FY12 - Restructuring, integration and other charges of \$34.5 million pre-tax related to cost reduction actions initiated during the second quarter and acquisition and integration charges associated with acquired businesses. The charges consisted of \$19.8 million for severance, \$7.4 million for facility exit costs, \$3.4 million for integration costs, \$3.1 million for transaction costs, \$1.7 million for other restructuring charges, and a reversal of \$0.9 million to adjust prior year restructuring reserves. Other costs include \$1.4 million pre-tax related to the write-down of a small investment and the write-off of deferred financing costs associated with the early retirement of a credit facility; and an income tax adjustment of \$0.5 million primarily related to the combination of a favorable audit settlement and release of a valuation allowance on certain deferred tax assets which were determined to be realizable, mostly offset by changes to existing tax positions primarily for transfer pricing. (Form 8-K filed January 26, 2012 and Form 10-Q filed January 27, 2012)
- Q1FY12 - Restructuring, integration and other charges of \$28.1 million pre-tax which were incurred primarily in connection with the acquisition and integration of acquired businesses and consisted of \$10.8 million for transaction costs associated with the recent acquisitions, \$8.3 million for severance, \$7.3 million for integration-related costs, \$2.4 million for facility exit related costs and other charges, and a reversal of \$0.7 million to adjust prior year restructuring reserves. A gain on the bargain purchase of \$31.0 million pre-and after tax related to the Unidux acquisition for which the gain was not taxable partially offset by \$2.0 million pre-tax of charges primarily related to the write down of two buildings in EMEA; and an income tax adjustment of \$13.9 million primarily related to the non-cash write-off of a deferred tax asset associated with the integration of an acquisition. (Form 8-K filed October 25, 2011 and Form 10-Q filed October 28, 2011)
- Q4FY11 - Restructuring, integration and other charges of \$7.3 million pre-tax related to the integration of businesses acquired; a credit of \$3.6 million pre-tax related to the reversal of restructuring and purchase accounting reserves established in prior years; and a tax benefit of \$52.7 million related primarily to the release of tax reserves against deferred tax assets that were determined to be realizable during the fourth quarter of fiscal 2011 (Form 8-K filed August 10, 2011 and Form 10-K filed August 12, 2011)
- Q3 FY11 - Restructuring, integration and other charges of \$16.3 million pre-tax were incurred in connection with the acquisition and integration of acquired businesses. A loss on investments of \$6.3 million pre-tax related to the write down of investments in smaller technology start-up companies and income tax adjustments of \$3.0 million primarily related to uncertainty surrounding deferred tax assets, additional transfer pricing exposure and audit settlements. (Form 8-K filed April 28, 2011 and Form 10-Q filed April 29, 2011)

Non-GAAP Results and Regulation G

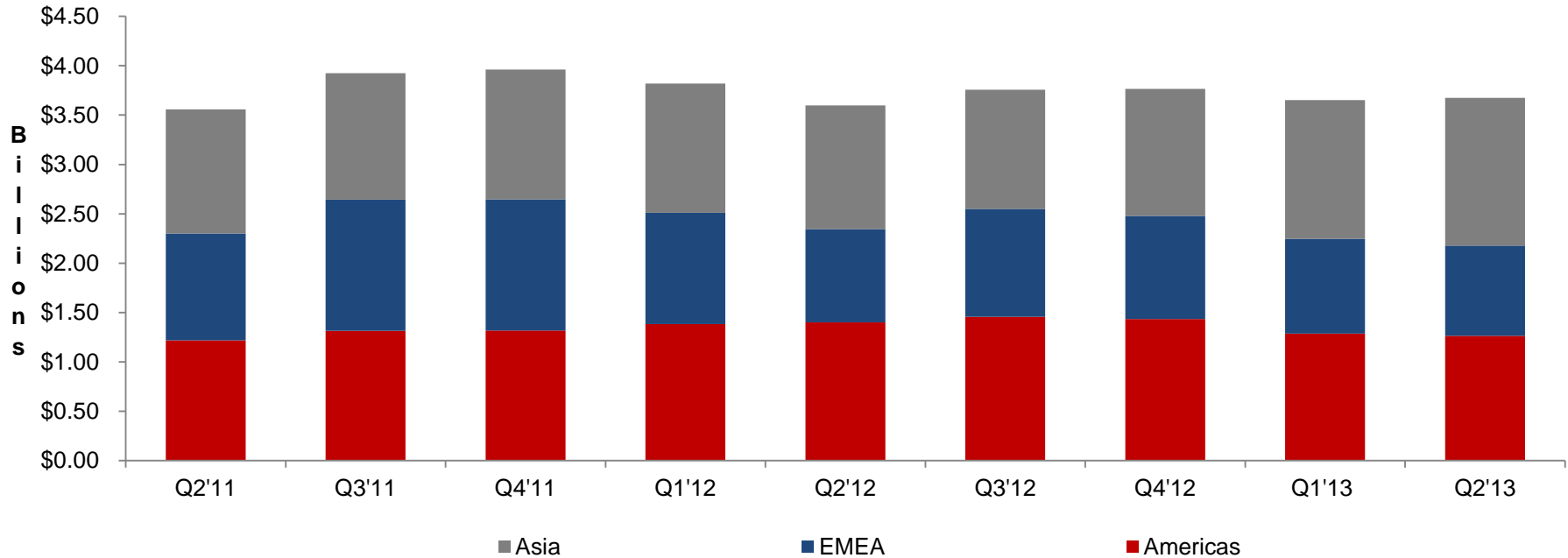
- The Company occasionally refers to comparative results in both reported dollars and constant dollars. Reported dollars reflect the GAAP results while constant dollars reflect the adjustment for fluctuations in foreign currency exchange rates between the two comparative periods.
- Return on Capital Employed (ROCE) is defined as annualized tax effected operating income, excluding restructuring, integration, impairment charges and other items, divided by the monthly average balances of interest-bearing debt and equity (including the impact of restructuring, integration, impairment charges and other items) less cash and cash equivalents.
- Return on Working Capital (ROWC) is defined as annualized operating income, excluding restructuring, integration and other items, divided by the sum of the monthly average balances of receivables and inventory less accounts payable.
- Working capital is defined as receivables plus inventory less accounts payable.
- Economic profit dollars is defined as tax effected operating income, excluding restructuring, integration, impairment charges and other items, less the monthly average balances of interest-bearing debt and equity (including the impact of restructuring, integration, impairment charges and other items) less cash and cash equivalents multiplied by 10% per annum charge on capital.

Appendix



EM Revenue

Revenue

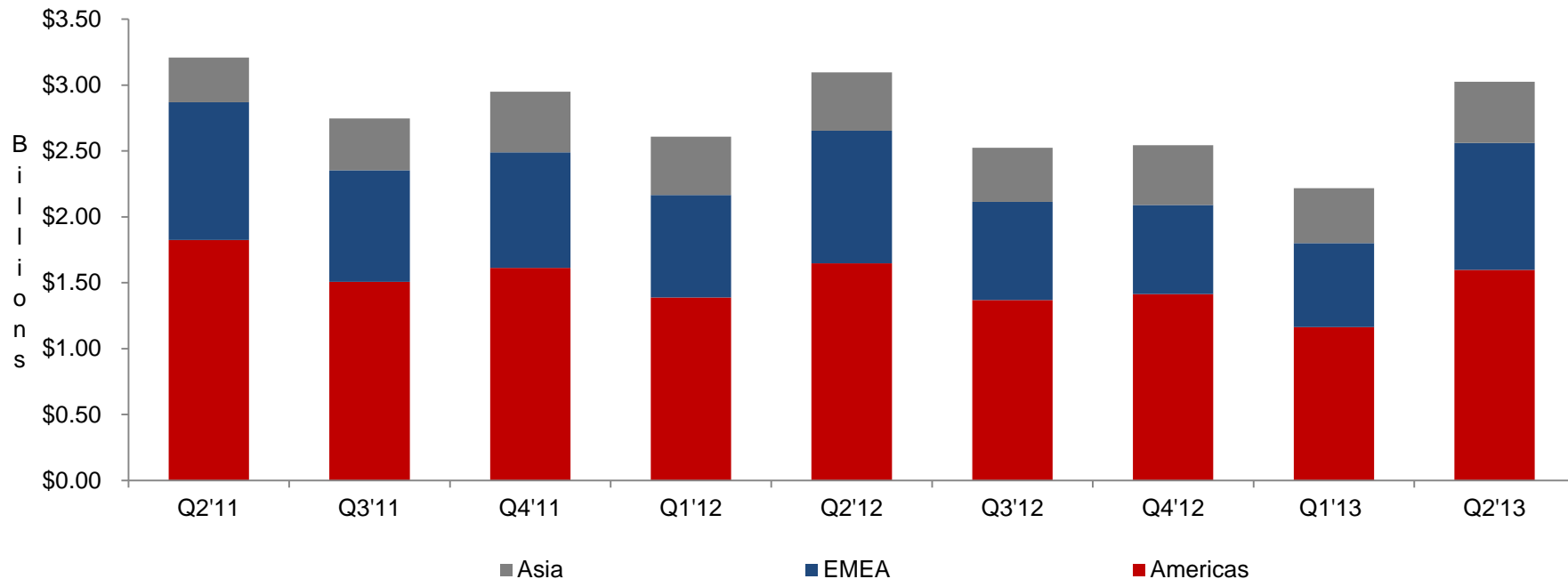


EM Revenue Breakdown
(In Billions)

	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13
Americas	\$1.22	\$1.32	\$1.32	\$1.38	\$1.40	\$1.46	\$1.44	\$1.29	\$1.26
EMEA	\$1.08	\$1.33	\$1.33	\$1.13	\$0.95	\$1.09	\$1.04	\$0.96	\$0.91
Asia	\$1.26	\$1.28	\$1.31	\$1.31	\$1.25	\$1.21	\$1.28	\$1.40	\$1.50
Total	\$3.56	\$3.93	\$3.96	\$3.82	\$3.60	\$3.76	\$3.76	\$3.65	\$3.67

TS Revenue

Revenue



TS Revenue Breakdown
(In Billions)

	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13
Americas	\$1.82	\$1.51	\$1.61	\$1.39	\$1.65	\$1.37	\$1.41	\$1.16	\$1.60
EMEA	\$1.05	\$0.85	\$0.88	\$0.78	\$1.01	\$0.74	\$0.68	\$0.64	\$0.96
Asia	\$0.34	\$0.39	\$0.46	\$0.44	\$0.44	\$0.41	\$0.45	\$0.42	\$0.47
Total	\$3.21	\$2.75	\$2.95	\$2.61	\$3.10	\$2.52	\$2.54	\$2.22	\$3.03