

# Welcome to Avnet's Third Quarter Fiscal Year 2012 Teleconference and Webcast



April 26, 2012 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

# Q3 FY12 Avnet, Inc. Highlights

- Revenue of \$6.3B **↓** 5.9% Y/Y
  - Pro forma<sup>(1)</sup> revenue (CD<sup>(3)</sup>) **↓** 7.1% Y/Y, 6.6% Q/Q
  - Low end of normal seasonality
- Operating income<sup>(2)</sup> **↓** 8.4% Y/Y to \$235M
  - Operating income margin<sup>(2)</sup> **↓** 10 basis points Y/Y to 3.75%
- EPS<sup>(2)</sup> of \$1.03, **↓** 6% Y/Y & 10% Q/Q
- ROCE<sup>(2)</sup> of 12.8%, **↓** 226 basis points Y/Y
- 9mos FY 12 vs 11; Rev **↓**, Gr Profit % **↑**, Op Inc % **~ flat**

# Q3 FY12 EM Highlights

- Revenue **↓** 4.3% Y/Y to \$3.8B, B to B improved to parity
  - Pro forma<sup>(1)</sup> revenue (CD<sup>(3)</sup>) Y/Y **↓** 8.9%
  - Pro forma<sup>(1)</sup> (CD<sup>(3)</sup>) **↑** 3.9% Q/Q; low end of normal seasonality
- Operating income **↑** 11.1% Q/Q to \$194 million
  - Operating income margin **↑** 31 BPS Q/Q to 5.2%
- Working capital **↑** 1.7% Q/Q due to acquisitions & currency
  - Inventory **↓** \$44M excluding acquisitions & currency, turns > 6.1
- ROWC **↑** 379 BPS Q/Q

# Q3 FY12 TS Highlights

- Revenue **↓** 8.1% Y/Y to \$2.5B, pro forma<sup>(1)</sup> **↓** 5.2% Y/Y
  - Pro forma<sup>(1)</sup> (CD<sup>(2)</sup>) **↓** 19% Q/Q, within normal seasonality
- GP% **↑** 80 BPS Y/Y, ~ flat Q/Q
  - significant increases in EMEA & Americas Y/Y
- Operating income margin **↑** 60 BPS Y/Y to 2.7%
  - EMEA **↑** for 3<sup>rd</sup> consecutive quarter Y/Y
- ROWC **↑** 564 BPS Y/Y

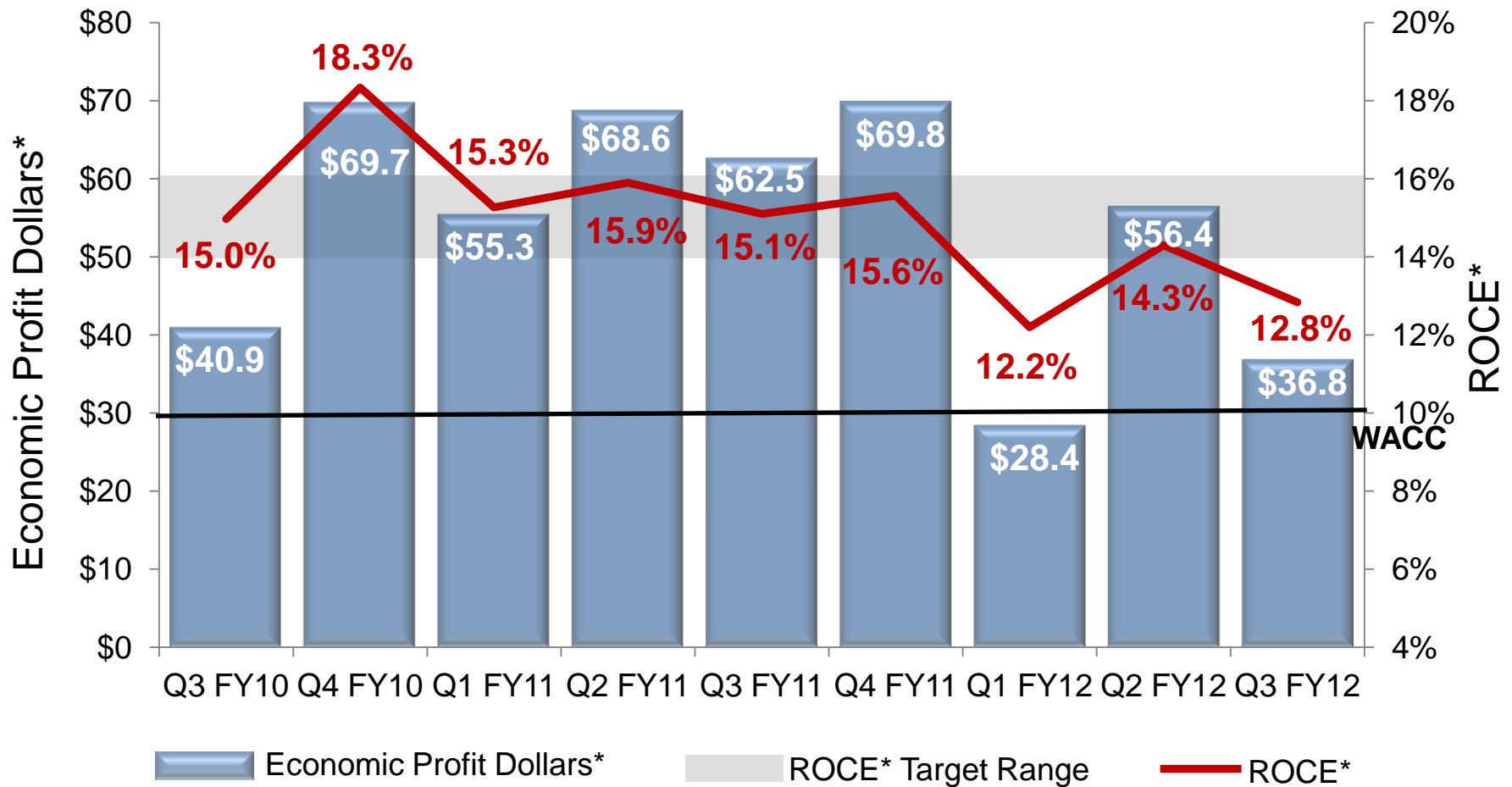
# Additional Financial Highlights



Ray Sadowski  
Chief Financial Officer



# VBM – Creating Shareholder Value





# June 2012 Quarter Outlook (Q4 FY12) <sup>(1)</sup>

- Group Revenue
  - EM: \$3.75 to \$4.05 billion
  - TS: \$2.55 to \$2.85 billion
- Enterprise Revenue: \$6.30 to \$6.90 billion
- Non-GAAP EPS<sup>(2)</sup> : \$1.05 to \$1.13
  - Assumes 147.2 million average diluted shares outstanding and a tax rate of 29% - 31%

(1) The guidance assumes that the average Euro to U.S. Dollar currency exchange rate for the fourth quarter of fiscal 2012 is \$1.31 to €1.00.

(2) Excludes restructuring and integration charges related to costs reductions and acquisitions.



## Question and Answer Session

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

**480-643-7394**

**investorrelations@avnet.com**

**www.ir.avnet.com**

# Non-GAAP Results and Regulation G

- Reconciliation of the Company's reported third quarter fiscal 2012 results as adjusted is presented below:

	Third Quarter Ended Fiscal 2012			
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
<b>GAAP results</b> .....	<b>\$ 216,774</b>	<b>\$ 200,923</b>	<b>\$ 147,562</b>	<b>\$ 1.00</b>
Restructuring, integration and other charges .....	18,609	18,609	13,692	0.10
Gain on bargain purchase.....	-	(4,460)	(4,460)	(0.03)
Income tax adjustments.....	-	-	(5,168)	(0.04)
Total adjustments.....	18,609	14,149	4,064	0.03
<b>Adjusted results</b> .....	<b>\$ 235,383</b>	<b>\$ 215,072</b>	<b>\$ 151,626</b>	<b>\$ 1.03</b>

# Non-GAAP Results and Regulation G

- Reconciliation of the Company's reported third quarter fiscal 2011 results as adjusted is presented below:

	Third Quarter Ended Fiscal 2011			
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
<b>GAAP results</b> .....	<b>\$ 240,737</b>	<b>\$ 213,161</b>	<b>\$ 151,031</b>	<b>\$ 0.98</b>
Restructuring, integration and other charges.....	16,273	16,273	11,887	0.08
Loss on investments.....	-	6,308	3,857	0.02
Income tax adjustments.....	-	-	2,959	0.02
Total adjustments.....	16,273	22,581	18,703	0.12
<b>Adjusted results</b> .....	<b>\$ 257,010</b>	<b>\$ 235,742</b>	<b>\$ 169,734</b>	<b>\$ 1.10</b>

# Non-GAAP Results and Regulation G

- 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 2011; (ii) the impact of a fiscal 2011 divestiture by adjusting Avnet's prior periods to exclude the sales of the business divested as if the divestiture had occurred at the beginning of fiscal 2011; and (iii) the impact of a transfer of the Latin America computing components business from TS Americas to EM Americas that occurred in the first quarter of fiscal 2012, which did not have an impact to Avnet on a consolidated basis but did impact the pro forma sales for the groups by \$123 million in the third quarter of fiscal 2011. Sales taking into account the combination of these adjustments is referred to as "pro forma sales" or "organic sales".

	<b>Revenue as Reported</b>	<b>Acquisition / Divested Revenue</b>	<b>Pro forma Revenue</b>
		<i>(in thousands)</i>	
Q1 Fiscal 2012.....	\$ 6,426,006	\$ 121,731	\$ 6,547,737
Q2 Fiscal 2012.....	6,693,573	86,014	6,779,587
Q3 Fiscal 2012.....	6,280,557	11,824	6,292,381
YTD Fiscal year 2012....	<u>\$ 19,400,136</u>	<u>\$ 219,569</u>	<u>\$ 19,619,705</u>
Q1 Fiscal 2011.....	\$ 6,182,388	\$ 133,550	\$ 6,315,938
Q2 Fiscal 2011.....	6,767,495	64,580	6,832,075
Q3 Fiscal 2011.....	6,672,404	176,564	6,848,968
Q4 Fiscal 2011.....	6,912,126	192,075	7,104,201
Fiscal year 2011.....	<u>\$ 26,534,413</u>	<u>\$ 566,769</u>	<u>\$ 27,101,182</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):

- 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)
- 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)
- 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)
- Q2FY11 - Restructuring, integration and other charges of \$29.1 million pre-tax which were incurred primarily in connection with the acquisition and integration of acquired businesses and consisted of \$10.6 million pre-tax for severance, \$11.5 million pre-tax for facility exit related costs, fixed asset write downs and other related charges, \$8.8 million pre-tax for integration-related costs, \$1.3 million pre-tax for transaction costs associated with acquisitions, \$0.4 million pre-tax for other charges, and a reversal of \$3.5 million to adjust prior year restructuring reserves; and income tax adjustments of \$2.9 million primarily related to uncertainty surrounding deferred tax assets and additional transfer pricing exposure. (Form 8-K Filed January 27, 2011 and Form 10-Q filed January 28, 2011)
- Q1FY11 - 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. 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 28, 2010 and Form 10-Q filed October 29, 2010)
- Q3FY10 - Restructuring, integration and other charges of \$7.3 million pre-tax which included (i) \$6.5 million pre-tax for a value-added tax exposure in Europe related to an audit of prior years, (ii) \$2.1 million pre-tax related to acquisition-related costs, and (iii) a credit of \$1.3 million pre-tax related to reversals of restructuring reserves no longer deemed necessary. Gain on the sale of assets of \$3.2 million pre-tax as a result of a final earn-out payment associated with the earlier sale of the Company's equity investment in Calence LLC. A net tax benefit of \$2.3 million related to adjustments for a prior year tax return and a benefit from a favorable income tax audit settlement partially offset by additional tax reserves for existing tax positions. (Form 8-K Filed April 29, 2010 and Form 10-Q filed April 30, 2010)

# 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.



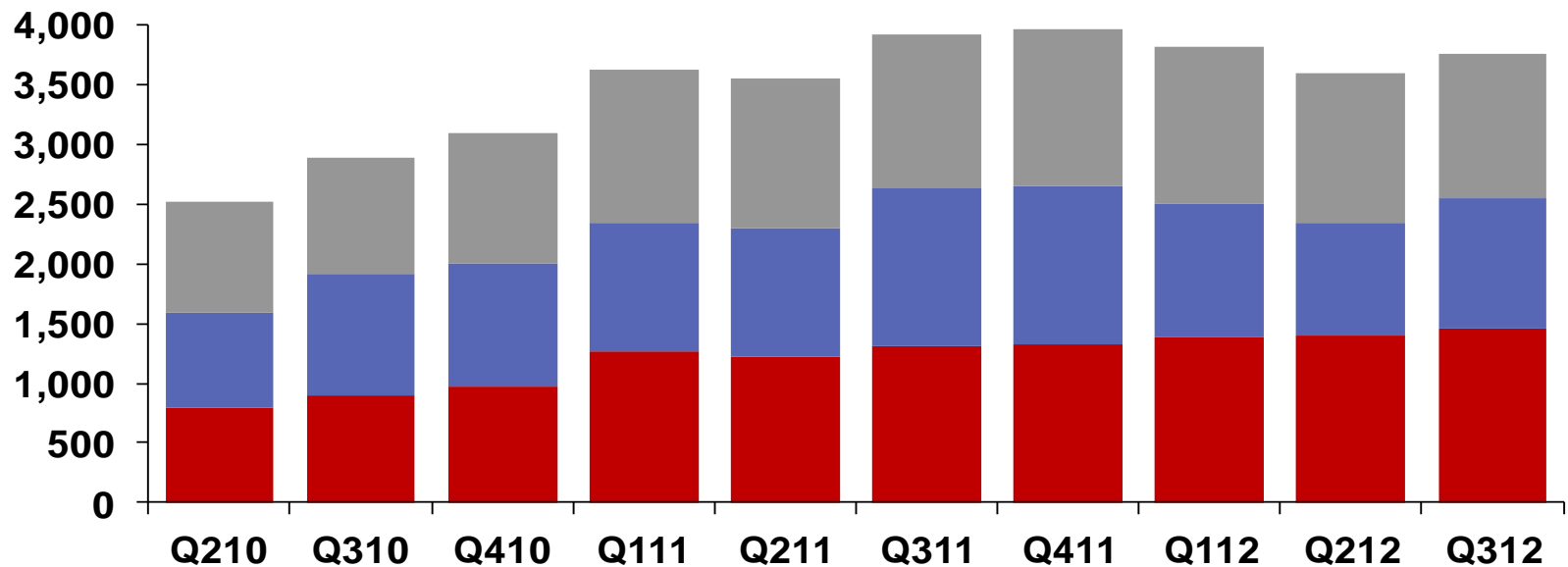
# Appendix



# EM Revenue

(in millions)

## Revenue



### EM Revenue Breakdown

■ Americas ■ EMEA ■ Asia

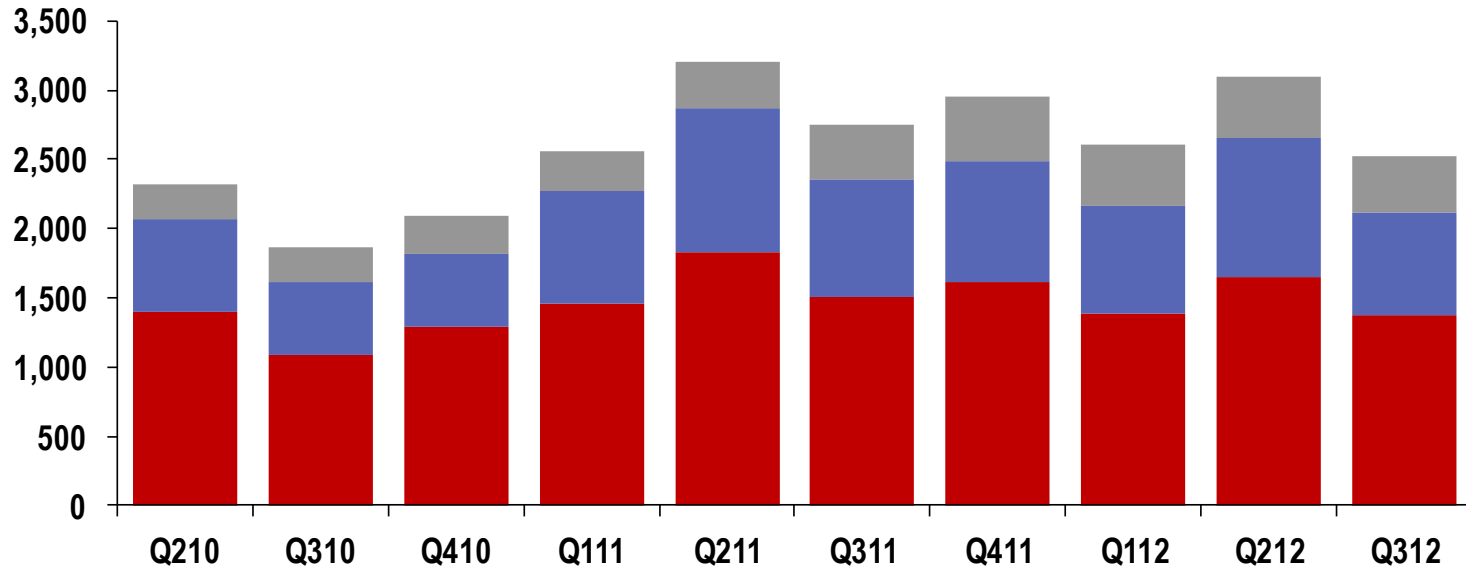
	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Americas	\$ 0.79	\$ 0.90	\$ 0.99	\$ 1.26	\$ 1.22	\$ 1.32	\$ 1.32	\$ 1.38	\$ 1.40	\$ 1.46
EMEA	0.80	1.02	1.04	1.08	1.08	1.33	1.33	1.13	0.95	1.09
Asia	0.93	0.97	1.10	1.28	1.26	1.28	1.31	1.31	1.25	1.21
<b>Total</b>	<b>\$ 2.52</b>	<b>\$ 2.89</b>	<b>\$ 3.12</b>	<b>\$ 3.62</b>	<b>\$ 3.56</b>	<b>\$ 3.93</b>	<b>\$ 3.96</b>	<b>\$ 3.82</b>	<b>\$ 3.60</b>	<b>\$ 3.76</b>

(in billions)

# TS Revenue

(in millions)

## Revenue



### TS Revenue Breakdown

■ Americas ■ EMEA ■ Asia

	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12
Americas	\$ 1.40	\$ 1.08	\$ 1.29	\$ 1.46	\$ 1.82	\$ 1.51	\$ 1.61	\$ 1.39	\$ 1.65	\$ 1.37
EMEA	0.67	0.53	0.53	0.81	1.05	0.85	0.88	0.78	1.01	0.74
Asia	0.25	0.26	0.27	0.29	0.34	0.39	0.46	0.44	0.44	0.41
<b>Total</b>	<b>\$ 2.32</b>	<b>\$ 1.87</b>	<b>\$ 2.09</b>	<b>\$ 2.56</b>	<b>\$ 3.21</b>	<b>\$ 2.75</b>	<b>\$ 2.95</b>	<b>\$ 2.61</b>	<b>\$ 3.10</b>	<b>\$ 2.52</b>

(in billions)