

Avnet Third Quarter 2023 Financial Results

May 3, 2023

AVNET®



/ Safe Harbor Statement

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the financial condition, results of operations and business of the Company. You can find many of these statements by looking for words like “believes,” “projected,” “plans,” “expects,” “anticipates,” “should,” “will,” “may,” “estimates” or similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties.

The following important factors, in addition to those discussed elsewhere in the Company’s Annual Report on Form 10-K for the fiscal year ended July 2, 2022 and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, could affect the Company’s future results of operations, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements: geopolitical events and military conflicts; pandemics and other health-related crises, including COVID-19; competitive pressures among distributors of electronic components; an industry down-cycle in semiconductors, including supply shortages; relationships with key suppliers and allocations of products by suppliers, including increased non-cancellable/non-returnable orders; accounts receivable defaults; risks relating to the Company’s international sales and operations, including risks relating to the ability to repatriate cash, foreign currency fluctuations, inflation, duties and taxes, sanctions and trade restrictions, and compliance with international and U.S. laws; risks relating to acquisitions, divestitures and investments; adverse effects on the Company’s supply chain, operations of its distribution centers, shipping costs, third-party service providers, customers and suppliers, including as a result of issues caused by military conflicts, terrorist attacks, natural and weather-related disasters, pandemics and health related crisis, warehouse modernization and relocation efforts; risks related to cyber security attacks, other privacy and security incidents and information systems failures, including related to current or future implementations, integrations or upgrades; general economic and business conditions (domestic, foreign and global) affecting the Company’s operations and financial performance and, indirectly, the Company’s credit ratings, debt covenant compliance, liquidity and access to financing; constraints on employee retention and hiring; and legislative or regulatory changes affecting the Company’s businesses.

Any forward-looking statement speaks only as of the date on which that statement is made. Except as required by law, the Company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

A thick green diagonal line starts from the top left corner and extends towards the center of the slide.

Executive Overview

Phil Gallagher
Chief Executive Officer



/ Q3 FY23 Overview

Revenue

- Exceeded high end of sales and adjusted EPS guidance despite headwinds
- Sales growth led by EMEA and the Americas

Operating Income

- Fifth consecutive quarter of operating margin greater than 4%
- Adjusted operating income grew more than two times revenue Y/Y
- All three EC regions saw year-over-year operating margin expansion

\$6.5B

Revenue +3% Y/Y
in constant currency

4.8%

Operating Margin

Avnet's role as a distributor remains critical

Regional demand

- Strength in Americas and EMEA; Asia slowed

End market demand

- Strength: industrial, transportation and defense/aerospace

Lead times

- Improving, but certain products remain extended

Book-to-bill

- Remained below parity at end of Q3

Inventory

- Inventory levels elevated across the supply chain
- Confident with inventory quality and age

/ Electronic Components (EC)

- Growth in western regions
 - Americas operating income highest in several years
 - Asia maintained margin
 - Record EMEA revenue and operating income
- Record demand creation revenue and gross profit
 - Supported by talented engineers and digital design tools
 - Customers and suppliers value our unique engineering capabilities

\$6.1B

Revenue +4% Y/Y
in constant currency

5.0%

Operating Margin

- Sales and profitability impacted by supply constraints and pricing
 - Operating margin held steady sequentially
 - Premium pricing unwinding as expected
- Investments in Farnell's eCommerce platform yielding results
 - 56% of Farnell sales and 74% of Farnell orders
- Farnell's margins are highest of all Avnet's businesses
- Near-term milestone is annual sales of \$2 billion at double digit operating margins

\$455M

Revenue +1% Y/Y
in constant currency

9.0%

Operating Margin

/ Well-Positioned for Challenging Markets

Closely monitoring developments

- Lead times
- Inventory levels
- Mixed market conditions
- Order cancellations

Diverse, longstanding supplier and customer partnerships

- Value proposition more relevant than ever
- Focused on high growth verticals
- No supplier or customer concentration
- Strong and balanced line card offering

Supporting customer needs – Design Anywhere / Build Anywhere

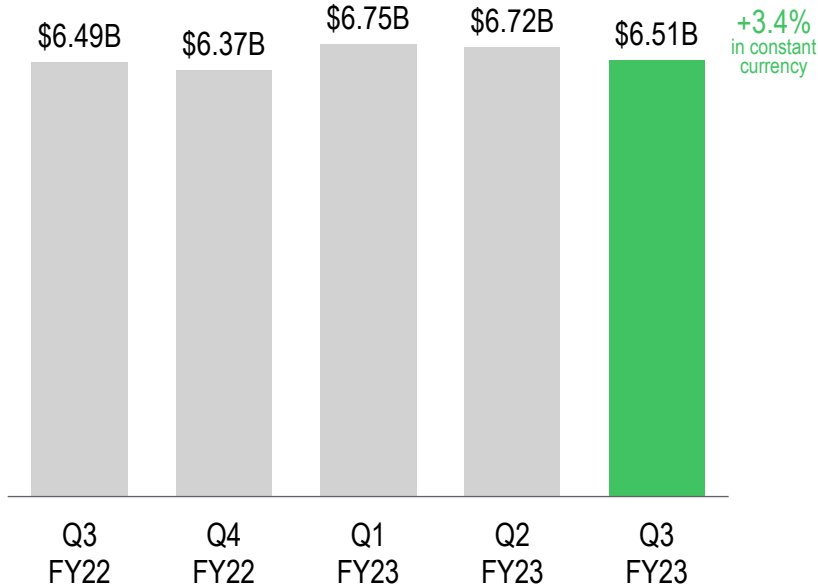
A thick green diagonal line starts from the top left corner and extends towards the center of the slide.

Financial Highlights

Ken Jacobson
Chief Financial Officer



/ Revenue



Regions

- EMEA record \$2.4B sales
- Y/Y in constant currency:
EMEA +15%, Americas +5%, Asia -8%

Electronic Components

- Y/Y +1%, +4% in constant currency
- Q/Q -6% in constant currency

Farnell

- Y/Y -3%, +1% in constant currency
- Excluding single-board computers,
+2% Y/Y in constant currency

/ Q3 Income Statement

Improving operational efficiency

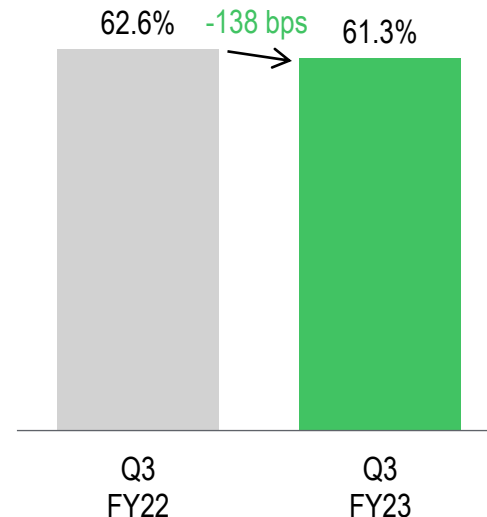
\$6.5B Reported revenues

12.5% Gross margin flat Y/Y and up 79 bps Q/Q – higher margins in all regions and seasonal shift to western regions

\$497M Adjusted operating expenses⁽¹⁾ – down 2% Y/Y as reported

61% Operating expenses as a percentage of gross profit – the lowest in several years

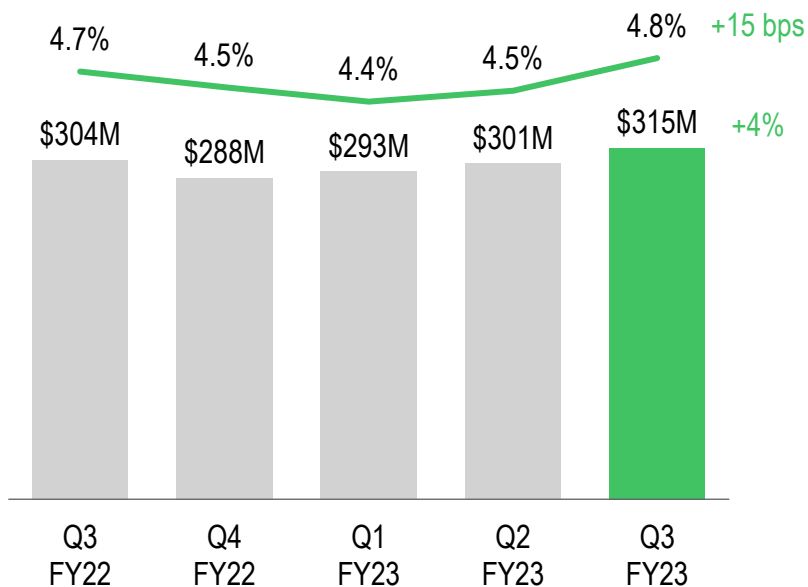
Adjusted Operating Expense as % of Gross Profit⁽¹⁾



⁽¹⁾ Non-GAAP measure. See Non-GAAP Definitions section in the Appendix of this presentation.

/ Q3 Adjusted Operating Income⁽¹⁾

Operating income grew 2.3x revenues Y/Y in constant currency



- 9th consecutive quarter operating income growth exceeded sales growth more than 2x

Electronic Components

- \$305M up 15% Y/Y
- 5.0% margin
 - +64 bps Y/Y and +34 bps Q/Q
- All regions were up Y/Y, led by the Americas

Farnell

- \$41M down 41% Y/Y
- 9.0% margin
 - -589 bps Y/Y and -5 bps Q/Q
 - Avnet’s highest-margin business

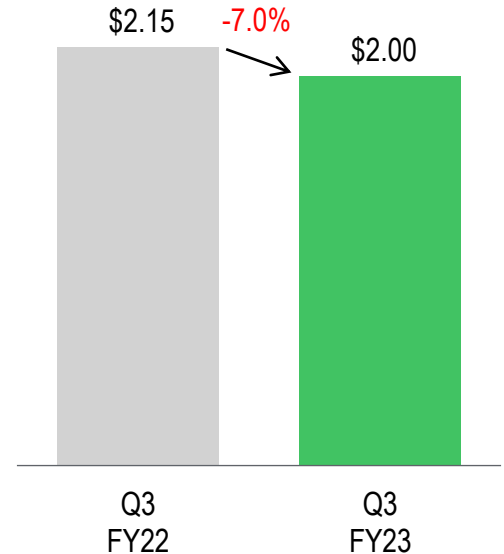
/ Q3 Non-operating & EPS⁽¹⁾

\$72M Interest expense up \$46M Y/Y and \$13M Q/Q due to higher debt and borrowing rates – \$0.37 Y/Y negative impact on adjusted diluted EPS

24.5% Adjusted effective tax rate⁽¹⁾

\$2.00 Adjusted diluted EPS⁽¹⁾ – down 7% Y/Y and flat Q/Q

Adjusted Diluted EPS⁽¹⁾

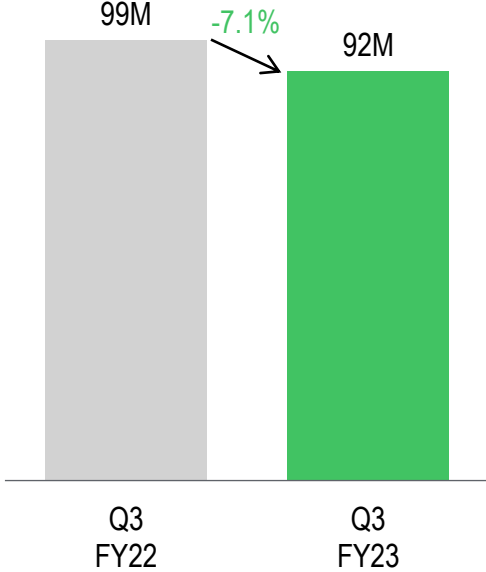


⁽¹⁾ Non-GAAP measure. See Non-GAAP Definitions section in the Appendix of this presentation.

/ Q3 Balance Sheet & Liquidity

\$5.4B	Inventory – a \$381M increase Q/Q, driven by customer rescheduling, investments in Farnell and FX
96	WC days
2.3x	Gross debt leverage
\$750M	Available committed lines of credit
\$18M	Cash flow from operations
\$0.29	Dividend – returned \$27M to shareholders

Diluted Shares Outstanding



/ Outlook for Q4 FY 2023

(ending July 1, 2023)

Metric	Guidance Range	Midpoint
Sales	\$6.10B – \$6.40B	\$6.25B
Adjusted Diluted EPS ⁽¹⁾	\$1.60 – \$1.70	\$1.65

Factors impacting our Q4 FY 2023 outlook


- Based on current market conditions
- Implies sequential sales decline of ~4%, below traditional seasonality
- Assumes similar interest expense to Q3 FY23, an effective tax rate of between 22% and 26% and 93 million of average diluted outstanding shares

A thick green diagonal line starts from the top left corner and extends downwards towards the center of the slide.

Q&A Session



AVNET[®]



For more information,
please visit
<https://ir.avnet.com/>

Non-GAAP Definitions

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 certain non-GAAP financial information including (i) adjusted operating income, (ii) adjusted operating expenses, (iii) adjusted other income (expense), (iv) adjusted income before income taxes, (v) adjusted income tax expense (benefit), and (vi) adjusted diluted earnings per share. See additional discussion, definitions and reconciliations of Non-GAAP measures included as Exhibit 99.1 to the Current Report on Form 8-K filed with the Securities Exchange Commission on May 3, 2023, which can be found on the Company’s website at www.ir.avnet.com

There are also references to the impact of foreign currency 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 “constant currency.” Management believes sales in constant currency is a useful measure for evaluating current period performance as compared with prior periods and for understanding underlying trends. In order to determine the translation impact of changes in foreign currency exchange rates on sales, income or expense items for subsidiaries reporting in currencies other than the U.S. Dollar, the Company adjusts the average exchange rates used in current periods to be consistent with the average exchange rates in effect during the comparative period

Management believes that operating income and operating expenses adjusted for restructuring, integration and other expenses, and amortization of acquired intangible assets and other, are useful measures to help investors better assess and understand the Company’s operating performance. This is especially the case 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 performance and underlying trends in the business. Management also uses these non-GAAP measures to establish operational goals and, in most cases, for measuring performance for compensation purposes. Management measures operating income for its reportable segments excluding restructuring, integration and other expenses, Russian-Ukraine conflict related expenses and amortization of acquired intangible assets and other. 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 income tax expense (benefit), net income and diluted earnings per share adjusted for the impact of the items described above, gain on legal settlements, and certain items impacting other income (expense) and income tax expense (benefit) are useful to investors because they provide a measure of the Company’s net profitability on a more comparable basis to historical periods and provide a more meaningful basis for forecasting future performance. Adjustments to income tax expense (benefit) and the effective income tax rate include the effect of changes in tax laws, certain changes in valuation allowances and unrecognized tax benefits, income tax audit settlements and adjustments to the adjusted interim effective tax rate based upon the expected annual adjusted effective tax rate. 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 profitability for the investing public