

Welcome to Avnet's Third Quarter Fiscal Year 2011 Teleconference and Webcast



April 28, 2011 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, any significant and unanticipated sales decline, 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. Avnet is under no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Business Highlights



A photograph of two men in a warehouse or industrial setting. They are seated at a table, looking at a document together. The background shows shelves filled with various electronic components and equipment. The image is slightly faded and has a soft glow effect.

Roy Vallee
Chairman & Chief Executive Officer

Q3 FY2011 Avnet, Inc. Highlights

- Revenue  40% Y/Y to \$6.7B
 - Pro forma revenue⁽¹⁾ grew 16% Y/Y, 15% in constant \$
- Gross profit \$  35% Y/Y to \$787M
 - Gross profit margin  36 bps Q/Q driven primarily by business mix
- Operating income⁽²⁾  47% Y/Y
- Record EPS of \$1.10⁽²⁾  45% Y/Y
 - Record for the fourth consecutive quarter
- ROCE⁽²⁾ within target range sixth quarter in a row

Q3 FY2011 EM Highlights

- Revenue  36% Y/Y to a record \$3.9 billion
 - Pro forma revenue⁽¹⁾ grew 18% Y/Y, all regions double digit growth
- GP%  22 BP Q/Q
 - Higher western regions mix & continued improvement in components
- Operating income margin  73 BP Y/Y to 5.73%
 - Five consecutive quarters within or above target range
- ROWC  170 BP Y/Y;  380 BP Q/Q
 - Exceeded targets for the quarter and YTD

Q3 FY2011 TS Highlights

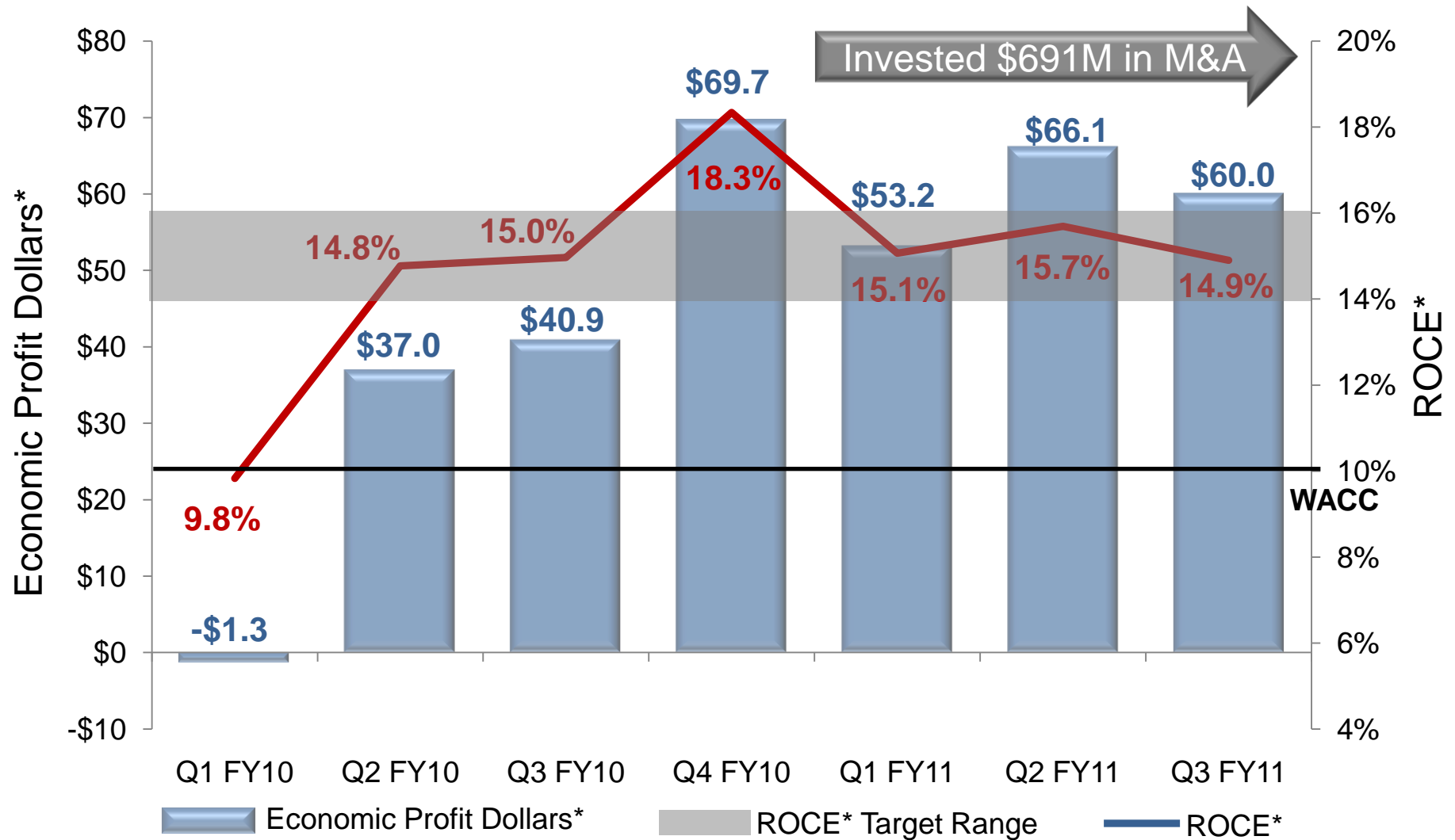
- Revenue  47% Y/Y to \$2.7 billion
 - Pro forma⁽¹⁾ revenue better than seasonality Q/Q
- Hardware refresh driving growth
 - H/W outgrew software and services for the 5th consecutive qtr Y/Y
 - Industry standard servers & storage  50%+ Y/Y
- Strong demand for HDDs and MPUs
- LAC and Asia margins  over the September quarter
- ROWC remains within target range YTD

Increasing Shareholder Value



Ray Sadowski
Chief Financial Officer

VBM – Creating Shareholder Value



*Return on Capital Employed (ROCE) and Economic Profit Dollars (EP\$) are defined on slide 14

June 2011 Quarter Outlook (Q4 FY11)

- Group Revenue
 - EM: \$3.85 to \$4.25 billion
 - TS: \$2.75 to \$3.05 billion
- Enterprise Revenue: \$6.60 to \$7.30 billion
- Non-GAAP EPS⁽²⁾ : \$1.10 to \$1.22
- EM guidance widened to account for uncertainty of Japan earthquake & tsunami impact

(1) The above guidance assumes that the average Euro to U.S. Dollar currency exchange rate for the fourth quarter of fiscal 2011 is \$1.44 to €1.00.

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



Question and Answer Session

*Please feel free to contact
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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>				
GAAP results	\$ 240,737	\$ 213,161	\$ 151,031	\$ 0.98
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
Adjusted results	\$ 257,010	\$ 235,742	\$ 169,734	\$ 1.10

Non-GAAP Results and Regulation G

- Reconciliation of the Company's reported third quarter fiscal 2010 results as adjusted is presented below:

Third Quarter Ended Fiscal 2010				
	Op Income	Pre-tax	Net Income	Diluted EPS
<i>\$ in thousands, except per share data</i>				
GAAP results	\$ 167,220	\$ 156,594	\$ 114,505	\$ 0.75
Restructuring, integration and other charges.....	7,347	7,347	5,587	0.04
Gain on sale of assets.....	-	(3,202)	(1,987)	(0.01)
Net tax benefit.....	-	-	(2,303)	(0.02)
Total adjustments.....	7,347	4,145	1,297	0.01
Adjusted results	\$ 174,567	\$ 160,739	\$ 115,802	0.76

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 2010; (ii) the impact of a 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 the period presented; (iii) the impact of the extra week of sales in the prior year first quarter due to the "52/53 week" fiscal year; and (iv) the impact of the transfer of the existing embedded business from TS Americas to EM Americas that occurred in the first quarter of fiscal 2011, which did not have an impact to Avnet on a consolidated basis but did impact the pro forma sales for the groups by \$97 million in the third quarter of fiscal 2010. Sales taking into account the combination of these adjustments is referred to as "pro forma sales" or "organic sales".
- Revenue adjusted for this impact is presented in the following table:

	Revenue as Reported	Acquisition / Divested Revenue	Extra Week in Q1 FY10	Pro forma Revenue
	<i>(in thousands)</i>			
Q1 Fiscal 2011.....	\$ 6,182,388	\$ (41,261)	\$ -	\$ 6,141,127
Q2 Fiscal 2011.....	\$ 6,767,495	\$ (102,385)	\$ -	\$ 6,665,110
Q3 Fiscal 2011.....	\$ 6,672,404		\$ -	\$ 6,672,404
Fiscal year 2011.....	<u>\$ 19,622,287</u>	<u>\$ (143,646)</u>	<u>\$ -</u>	<u>\$ 19,478,641</u>
Q1 Fiscal 2010.....	\$ 4,355,036	\$ 884,224	\$ (417,780)	\$ 4,821,480
Q2 Fiscal 2010.....	4,834,524	1,043,732	-	5,878,256
Q3 Fiscal 2010.....	4,756,786	987,295	-	5,744,081
Q4 Fiscal 2010.....	5,213,826	878,290	-	6,092,116
Fiscal year 2010.....	<u>\$ 19,160,172</u>	<u>\$ 3,793,541</u>	<u>\$ (417,780)</u>	<u>\$ 22,535,933</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):

- 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)
- 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)
- Q2 FY10 – The Company recognized a gain on the sale of assets amounting to \$5.5 million pre-tax, \$3.4 million after tax and \$0.02 per share on a diluted basis, as a result of certain earn-out provisions associated with the earlier sale of the Company's prior equity investment in Calence. (Form 8-K filed January 28, 2010 and Form 10-Q filed January 29, 2010)
- 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.
- Operating income drop through is defined as the portion of gross profit dollar growth that drops through to the operating income line.
- Working capital is defined as receivables plus inventory less accounts payable.
- Economic profit 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.

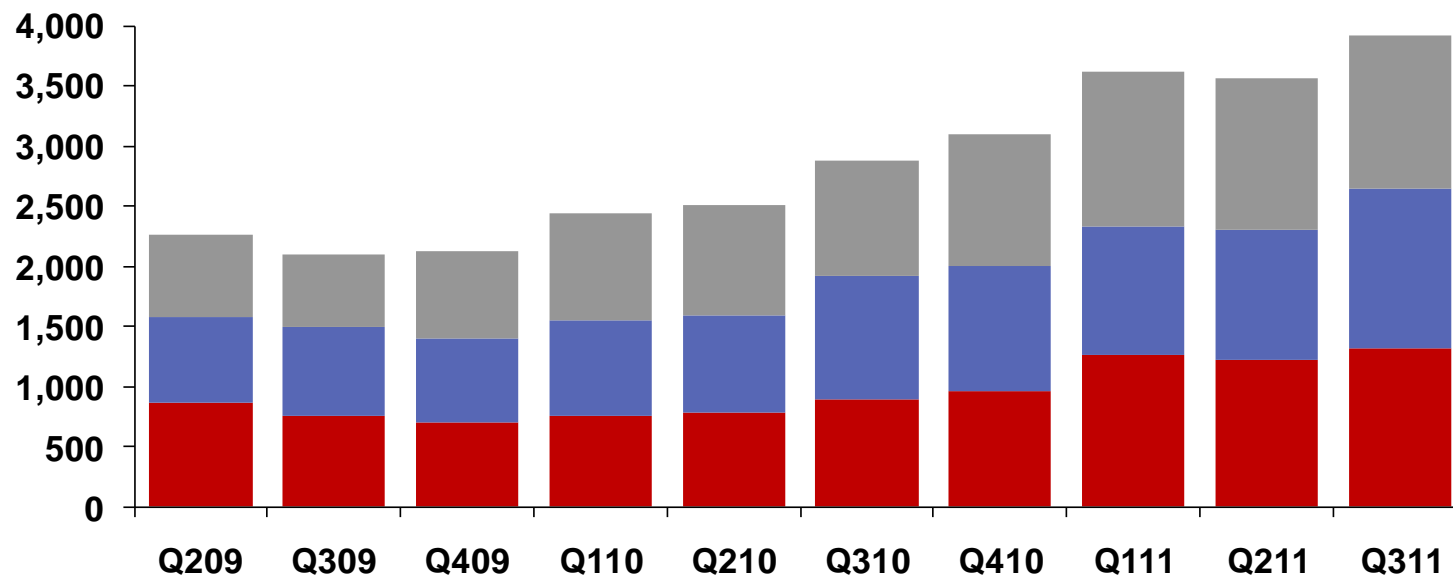
Appendix



EM Revenue

(in millions)

Revenue



EM Revenue Breakdown

■ Americas ■ EMEA ■ Asia

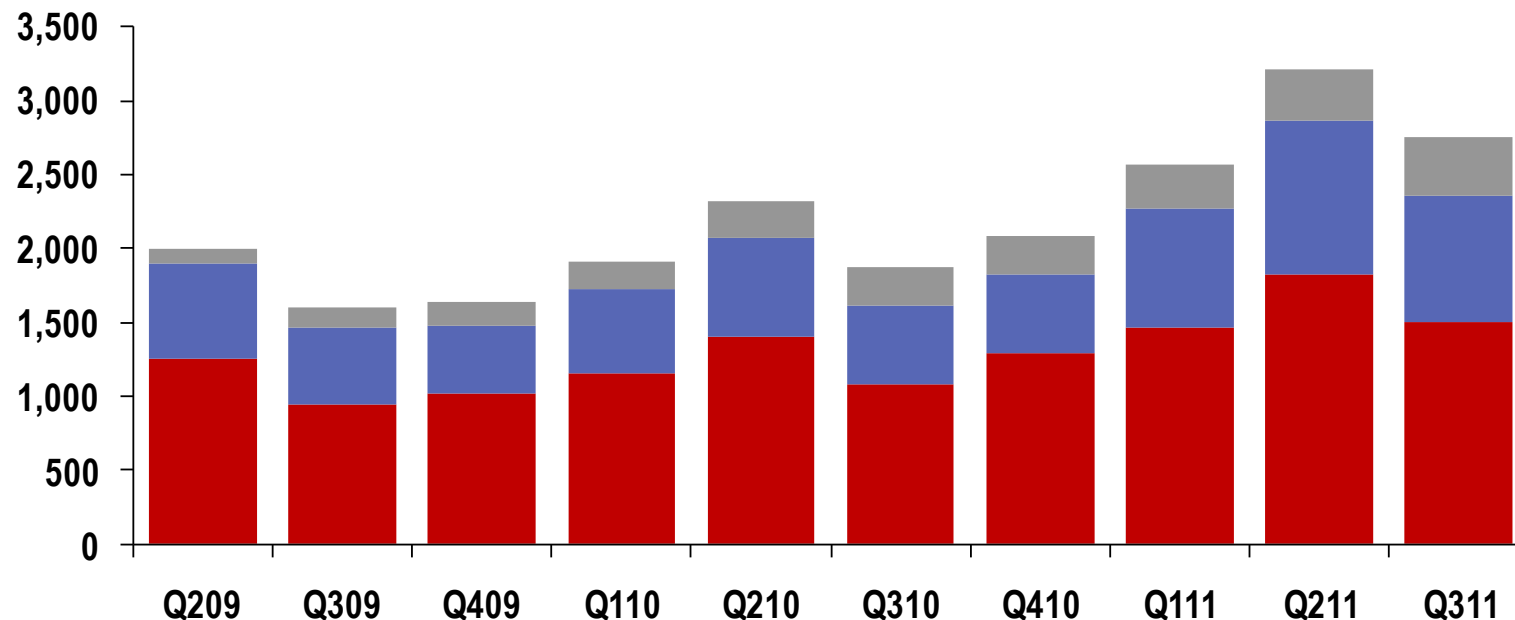
	<i>Dec-08</i>	<i>Mar-09</i>	<i>Jun-09</i>	<i>Sep-09</i>	<i>Dec-09</i>	<i>Mar-10</i>	<i>Jun-10</i>	<i>Sep-10</i>	<i>Dec-10</i>	<i>Mar-11</i>
Americas	\$ 0.87	\$ 0.76	\$ 0.71	\$ 0.76	\$ 0.79	\$ 0.90	\$ 0.99	\$ 1.26	\$ 1.22	\$ 1.32
EMEA	0.72	0.74	0.69	0.79	0.80	1.02	1.04	1.08	1.08	1.33
Asia	0.68	0.60	0.73	0.89	0.93	0.97	1.10	1.28	1.26	1.28
<i>Total</i>	\$ 2.27	\$ 2.10	\$ 2.13	\$ 2.44	\$ 2.52	\$ 2.89	\$ 3.12	\$ 3.62	\$ 3.56	\$ 3.93

(in billions)

TS Revenue

(in millions)

Revenue



TS Revenue Breakdown

■ Americas

■ EMEA

■ Asia

	<i>Dec-08</i>	<i>Mar-09</i>	<i>Jun-09</i>	<i>Sep-09</i>	<i>Dec-09</i>	<i>Mar-10</i>	<i>Jun-10</i>	<i>Sep-10</i>	<i>Dec-10</i>	<i>Mar-11</i>
Americas	\$ 1.25	\$ 0.95	\$ 1.02	\$ 1.16	\$ 1.40	\$ 1.08	\$ 1.29	\$ 1.46	\$ 1.82	\$ 1.51
EMEA	0.65	0.52	0.46	0.56	0.67	0.53	0.53	0.81	1.05	0.85
Asia	0.10	0.13	0.16	0.20	0.25	0.26	0.27	0.29	0.34	0.39
<i>Total</i>	\$ 2.00	\$ 1.60	\$ 1.64	\$ 1.92	\$ 2.32	\$ 1.87	\$ 2.09	\$ 2.56	\$ 3.21	\$ 2.75

(in billions)