
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) April 24, 2014

AVNET, INC.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction
Of incorporation)

1-4224
(Commission
File Number)

11-1890605
(IRS Employer
Identification No.)

2211 South 47th Street, Phoenix, Arizona
(Address of principal executive offices)

85034
(Zip Code)

(480) 643-2000
(Registrant's telephone number, including area code.)

N/A
(Former name and former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13.e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On April 24, 2014, Avnet, Inc. issued a press release announcing its third quarter results of operations for fiscal 2014. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

Also attached is the CFO Review of Fiscal 2014 Third Quarter Results as Exhibit 99.2 and incorporated by reference herein.

The information in this Current Report on Form 8-K and the exhibits attached hereto are being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933 except as shall be expressly set forth in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following materials are attached as exhibits to this Current Report on Form 8-K:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated April 24, 2014.
99.2	CFO Review of Fiscal 2014 Third Quarter Results.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 24, 2014

AVNET, INC.
Registrant

By: /s/ Kevin Moriarty
Name: Kevin Moriarty
Title: Senior Vice President and
Chief Financial Officer

Avnet, Inc.
2211 South 47th Street
Phoenix, AZ 85034

PRESS RELEASE

**Avnet, Inc. Reports Third Quarter Fiscal Year 2014 Results
Continued Progress at Electronics Marketing drives
Year-Over-Year Growth in Revenue and EPS**

Phoenix, April 24, 2014—Avnet, Inc. (NYSE:AVT) today announced results for the third quarter fiscal year 2014 ended March 29, 2014.

Q3 Fiscal 2014 Results

	THIRD QUARTERS ENDED		
	March 29, 2014	March 30, 2013	Change
	\$ in millions, except per share data		
Sales	\$ 6,683.6	\$ 6,298.7	6.1%
GAAP Operating Income	184.8	167.6	10.3%
Adjusted Operating Income ⁽¹⁾	223.8	203.7	9.9%
GAAP Net Income	113.9	86.2	32.1%
Adjusted Net Income ⁽¹⁾	144.1	131.5	9.6%
GAAP Diluted EPS	\$ 0.81	\$ 0.62	30.6%
Adjusted Diluted EPS ⁽¹⁾	\$ 1.03	\$ 0.95	8.4%

⁽¹⁾ A reconciliation of non-GAAP financial measures to GAAP financial measures is presented in the Non-GAAP Financial Information section in this press release.

- Sales for the quarter ended March 29, 2014 increased 6.1% year over year to \$6.7 billion; organic sales (as defined later in the document) grew 3.7% year over year and 3.5% in constant currency
- Gross profit margin of 12.0% increased 61 basis points sequentially and was essentially flat with the year ago quarter
- Adjusted operating income of \$223.8 million increased 9.9% and adjusted operating income margin of 3.3% increased 12 basis points year over year
- Adjusted net income of \$144.1 million increased 9.6% and adjusted diluted earnings per share of \$1.03 increased 8.4% year over year

Rick Hamada, Chief Executive Officer, commented, “Our enterprise level results reflect a third consecutive quarter of year-over-year organic growth led by the performance of our Electronics Marketing (EM) business, which grew revenue 8.8% in its seasonally strong March quarter. This growth was somewhat offset by lower than expected revenue in our Technology Solutions (TS) business, despite the strong performance in the December quarter. TS’ organic revenue declined year over year and, as a result, our organic growth rate at the enterprise level was 3.5% in constant currency. Turning to our bottom line, adjusted operating income increased nearly 10% year over year and operating income margin was up 12 basis points to 3.3%. In line with our general expectations, we experienced strong cash flow from operations for the quarter at \$358 million, which continues to bolster our balance sheet and available liquidity. We believe that our combination of resources and strategies continue to position us to build on this current performance with the clear goal of additional progress toward our long-term financial goals as companies continue to invest in technology to accelerate their success.”

Avnet Electronics Marketing Results

	Q3 FY14 Sales (in millions)	Year-over-Year Growth Rates	
		Reported Sales	Organic Sales
EM Total	\$ 4,133.0	8.8%	8.0%
<i>Excluding FX ⁽¹⁾</i>		8.1%	7.2%
Americas	\$ 1,193.6	(9.6)%	(1.1)%
EMEA	\$ 1,385.8	26.0%	13.3%
<i>Excluding FX ⁽¹⁾</i>		21.7%	9.4%
Asia	\$ 1,553.6	12.8%	11.2%
Operating Income	Q3' FY14 \$ 193.4	Q3' FY13 \$ 165.0	Change 17.2%
<i>Operating Income Margin</i>	4.7%	4.4%	33 bps

⁽¹⁾ Year-over-year sales growth rate excluding the impact of changes in foreign currency exchange rates.

- Reported sales increased 8.8% year over year to \$4.1 billion while organic sales were up 7.2% in constant currency
- Operating income margin increased 33 basis points year over year to 4.7% primarily due to improvements in the Americas region
- Working capital (defined as receivables plus inventory less accounts payables) declined 3.5% sequentially and was up 8.9% year over year due to the increase in sales and the acquisition of MSC; excluding acquisitions and the impact of currency, working capital increased 7.1% year over year
- Return on working capital (ROWC) increased 245 basis points sequentially and 116 basis points year over year due primarily to higher operating income

Mr. Hamada added, "EM delivered another quarter of meaningful progress toward their financial targets as both margins and returns expanded year over year for a third consecutive quarter. In the March quarter, organic revenue increased 7.2% year over year in constant dollars, driven by strong growth in the EMEA and Asia regions. On a sequential basis, EM revenue was essentially flat, and below normal seasonality, due to the expected drop off in certain high volume fulfillment engagements in EM Asia, which drove our December quarter above seasonal levels. The seasonal mix shift to the western regions and the related gross profit margin improvement combined to drive operating income up 12.7% sequentially as operating income margin improved 55 basis points to 4.7%. On a year-over-year basis, the growth in revenue, when combined with the expense actions implemented in fiscal 2013 and the first half of fiscal 2014, drove operating income margin up 33 basis points. In addition to the strong financial performance this quarter, EM continues to position for future growth as the integration of MSC, which adds a broad offering of embedded and display solutions supported by in-depth technical expertise, is proceeding as planned. With a book to bill ratio above parity in all three regions, we are confident we can continue to leverage top line growth into improved financial performance as we return EM to our target margin and returns."

Avnet Technology Solutions Results

	Q3 FY14 Sales (in millions)	Year-over-Year Growth Rates	
		Reported Sales	Organic Sales
TS Total	\$ 2,550.6	2.0%	(2.5)%
<i>Excluding FX ⁽¹⁾</i>		2.6%	(1.9)%
Americas	\$ 1,373.5	5.6%	(2.9)%
EMEA	\$ 774.6	(1.1)%	(1.1)%
<i>Excluding FX⁽¹⁾</i>		(4.9)%	(4.9)%
Asia	\$ 402.5	(3.8)%	(3.8)%
Operating Income	\$ 60.9	\$ 68.6	(11.3)%
Operating Income Margin	2.4%	2.7%	(35) bps

⁽¹⁾ Year-over-year sales growth rate excluding the impact of changes in foreign currency exchange rates.

- Reported sales increased 2.0% year over year to \$2.6 billion and organic sales decreased 2.5% in reported dollars and 1.9% in constant currency
- Operating income margin decreased 35 basis points year over year due primarily to a decline in the Americas region partially offset by an improvement in the EMEA region
- ROWC decreased 809 basis points year over year primarily due to lower operating income
- At a product level, year-over-year growth in networking and security, as well as services, was partially offset by a decline in servers

Mr. Hamada further added, “Despite coming off a stronger than expected Q2 performance, our TS results did not meet our original expectations primarily due to a weaker than expected close to the quarter in our Americas region, and somewhat softer demand experienced by our computing components business in EMEA. Our Americas revenue declined 26.1% sequentially and organic revenue declined 2.9% year over year. In our EMEA region, revenue declined 18.2% sequentially and organic revenue declined 4.9% year over year in constant currency. The revenue shortfall in our higher margin Americas region strongly influenced overall TS profitability as operating income dollars and margins at the global level declined 11.3% and 35 basis points year over year, respectively. We are, however, encouraged by our performance in EMEA this quarter as their ongoing portfolio management and resource allocation actions resulted in a 65 basis points increase in operating margin year over year. We will continue to monitor our current market conditions carefully and adjust our resources as necessary to resume progress toward our long-term goals.”

Cash Flow/Dividend

- Cash generated from operations was \$358.1 million for the quarter and \$470.7 million on a trailing twelve month basis
- Cash and cash equivalents at the end of the quarter was \$960.1 million; net debt (total debt less cash and cash equivalents) was approximately \$1.1 billion
- Under the \$750 million stock repurchase program, the Company repurchased 31.7 thousand shares during the quarter at an aggregate cost of \$1.3 million. At the end of the fiscal third quarter, the Company had approximately \$223 million remaining in the program
- The Company paid a quarterly dividend of \$0.15 per share (\$20.7 million) or \$62.0 million fiscal year to date

Kevin Moriarty, Chief Financial Officer, stated, “The team has done an effective job of managing working capital during a period where the linearity of our revenue did not follow historic patterns. After consuming cash last quarter to support the strong December close at TS, our cash flow from operations swung to a positive \$358 million as accounts receivable declined 13% sequentially and inventory was down 2%. As a result, net debt declined \$307 million sequentially and we ended the quarter with \$960 million of cash on the balance sheet. With our strong balance sheet and liquidity, we remain well positioned to invest in growth opportunities while continuing to return cash to shareholders via both our dividend commitment and disciplined share repurchase program.”

Outlook for Fourth Quarter of Fiscal 2014 Ending on June 28, 2014

- EM sales are expected to be in the range of \$4.05 billion to \$4.35 billion and TS sales are expected to be between \$2.55 billion to \$2.85 billion
- Avnet sales are forecasted to be between \$6.6 billion and \$7.2 billion
- Adjusted diluted earnings per share (“EPS”) is expected to be in the range of \$1.04 to \$1.14 per share
- The EPS guidance assumes 140.6 million average diluted shares outstanding and a tax rate of 27% to 31%

The above EPS guidance excludes the amortization of intangibles and any potential restructuring charges or any charges related to acquisitions and post-closing integration activities. In addition, the above guidance assumes that the average U.S. Dollar to Euro currency exchange rate for the fourth quarter of fiscal 2014 is \$1.38 to €1.00. This compares with an average exchange rate of \$1.31 to €1.00 in the fourth quarter of fiscal 2013 and \$1.37 to €1.00 in the third quarter of fiscal 2014.

Forward-Looking Statements

This document contains certain “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. These statements are based on management’s current expectations and are subject to uncertainty and changes in facts and circumstances. The forward-looking statements herein include statements addressing future financial and operating results of Avnet and may include words such as “will,” “anticipate,” “estimate,” “forecast,” “expect,” “feel,” “believe,” and “should,” and other words and terms of similar meaning in connection with any discussions of future operating or financial performance, business prospects or market conditions. 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, and 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.

Non-GAAP Financial Information

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 document certain non-GAAP financial information including adjusted operating income, adjusted net income and 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 document). Management believes organic sales is a useful measure for evaluating current period performance as compared with prior periods and for understanding underlying trends.

Management believes that operating income adjusted for (i) restructuring, integration and other expenses, and (ii) amortization of acquired intangible assets and other, is a useful measure 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 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 some cases, for measuring performance for compensation purposes.

Management believes net income and diluted EPS adjusted for (i) the impact of the items described above, (ii) certain 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 EPS excluding the impact of these items provides an important measure of the Company’s net results 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 inventory 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 inventory 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.

Third Quarter Fiscal 2014

	Third Quarter Fiscal 2014			
	Operating Income	Income Before Income Taxes	Net Income	Diluted EPS
	<i>\$ in thousands, except per share amounts</i>			
GAAP results	\$184,843	\$164,993	\$113,851	\$ 0.81
Restructuring, integration and other expenses	26,083	26,083	19,275	0.14
Gain on legal settlement, bargain purchase and other	—	(2,965)	(1,811)	(0.01)
Amortization of intangible assets and other	12,868	12,868	9,043	0.06
Income tax adjustments	—	—	3,744	0.03
Total adjustments	38,951	35,986	30,251	0.22
Adjusted results	\$223,794	\$200,979	\$144,102	\$ 1.03

Items impacting the third quarter of fiscal 2014 consisted of the following:

- Restructuring, integration and other expenses of \$26.1 million before tax consisted of \$15.4 million for severance, \$3.9 million for facility exit and asset impairment related costs, \$2.3 million for other restructuring costs, \$3.9 million for integration-related costs, and an expense of \$0.6 million to adjust prior restructuring liabilities. Restructuring, integration and other expenses after tax was \$19.3 million;
- Gain on legal settlement of \$3.0 million before tax and \$1.8 million after tax related to a settlement payment received during the third quarter;
- Amortization expense and other substantially all of which related to acquired intangible assets of \$12.9 million before tax and \$9.0 million after tax; and
- Income tax adjustments of \$3.7 million primarily related to certain items impacting the effective income tax rate in the third quarter of fiscal 2014.

Second Quarter Fiscal 2014

	Second Quarter Fiscal 2014			
	Operating Income	Income Before Income Taxes	Net Income	Diluted EPS
	<i>\$ in thousands, except per share amounts</i>			
GAAP results	\$221,572	\$188,552	\$124,864	\$ 0.89
Restructuring, integration and other expenses	28,442	28,442	21,746	0.15
Amortization of intangible assets and other	13,194	13,194	9,125	0.07
Income tax adjustments	—	—	8,158	0.06
Total adjustments	41,636	41,636	39,029	0.28
Adjusted results	\$263,208	\$230,188	\$163,893	\$ 1.17

Items impacting the second quarter of fiscal 2014 consisted of the following:

- Restructuring, integration and other expenses of \$28.4 million before tax consisted of \$19.3 million for severance, \$1.4 million for facility exit and asset impairment related costs, \$0.5 million for other restructuring expenses, \$1.5 million for other costs, \$4.3 million for integration-related costs, and an expense of \$1.4 million to adjust prior restructuring liabilities. Restructuring, integration and other expenses after tax was \$21.7 million;

- Amortization expense and other substantially all of which related to acquired intangible assets of \$13.2 million before tax and \$9.1 million after tax; and
- Income tax adjustments of \$8.2 million primarily related to certain items impacting the effective income tax rate in the second quarter of fiscal 2014.

Third Quarter Fiscal 2013

	Third Quarter Fiscal 2013			
	Operating Income	Income Before Income Taxes	Net Income	Diluted EPS
	<i>\$ in thousands, except per share amounts</i>			
GAAP results	\$ 167,610	\$ 144,375	\$ 86,196	\$ 0.62
Restructuring, integration and other expenses	27,341	27,341	25,786	0.18
Amortization of intangible assets and other	8,746	8,746	6,122	0.05
Income tax adjustments	—	—	13,371	0.10
Total adjustments	36,087	36,087	45,279	0.33
Adjusted results	\$ 203,697	\$ 180,462	\$ 131,475	\$ 0.95

Items impacting the third quarter of fiscal 2013 consisted of the following:

- Restructuring, integration and other expenses of \$27.3 million before tax consisted of restructuring costs of \$23.8 million, integration costs of \$14.9 million, other costs aggregating to a net benefit of \$10.8 million and a net benefit for changes in estimates for prior restructuring liabilities of \$0.6 million;
- Amortization expense related to acquired intangible assets of \$8.7 million before tax and \$6.1 million after tax; and
- Income tax adjustments of \$13.4 million primarily related to increases to valuation allowances and reserves.

Organic Sales

Organic sales is defined as reported sales adjusted for (i) 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 and (ii) the impact of the transfer of a portion of certain operations between the EM and TS operating groups, which did not have an impact to Avnet on a consolidated basis but did impact the organic sales for the TS and EM operating groups. Sales taking into account the combination of these adjustments are referred to as "organic sales."

	Sales as Reported	Acquisition / Divestiture Sales <i>(in thousands)</i>	Organic Sales
Q1 Fiscal 2014	\$ 6,345,475	\$ 119,950	\$ 6,465,425
Q2 Fiscal 2014	7,421,854	—	7,421,854
Q3 Fiscal 2014	6,683,616	—	6,683,616
Fiscal year to date 2014	<u>\$20,450,945</u>	<u>\$ 119,950</u>	<u>\$20,570,895</u>
Q1 Fiscal 2013	\$ 5,870,057	\$ 362,053	\$ 6,232,110
Q2 Fiscal 2013	6,699,465	162,481	6,861,946
Q3 Fiscal 2013	6,298,699	143,992	6,442,691
Q4 Fiscal 2013	6,590,703	124,741	6,715,444
Fiscal year 2013	<u>\$25,458,924</u>	<u>\$ 793,267</u>	<u>\$26,252,191</u>

“Acquisition/Divestiture Sales” as presented in the preceding table includes the effects of the acquisitions and divestitures included below:

Fiscal 2014

MSC Investoren GmbH, in October 2013 in the EM EMEA region
Seamless Technologies, Inc., in July 2013 in the TS Americas region
Nisko Semiconductors Ltd., in July 2013 in the EM EMEA region

Fiscal 2013

RTI Holdings, in April 2013 in the EM Asia Region
Divestiture in March 2013 of a small business in the EM Americas region
TSSLink, Inc., in January 2013 in the TS Americas region
Universal Semiconductor, Inc., in January 2013 in the EM Americas region
Genilogix, in November 2012 in the TS Americas region
Divestiture in December 2012 of a small business in the TS Asia region
Brightstar Partners, Inc., in November 2012 in the TS Americas region
Magirus AG, in October 2012 in the TS EMEA region
Tekdata Interconnections, Limited, in October 2012 in the EM EMEA region
Internix, Inc., in August 2012 in the EM Asia region
C.R.G. Electronics, Ltd., in August 2012 in the EM EMEA region
Pepperweed Consulting, in August 2012 in the TS Americas region

ROWC, ROCE and WC Velocity

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

		<u>Q3 FY14</u>	<u>Q3 FY13</u>
Sales		\$ 6,683,616	\$ 6,298,699
Sales, annualized	(a)	\$ 26,734,464	\$ 25,194,796
Adjusted operating income ⁽¹⁾		\$ 223,794	\$ 203,697
Adjusted annualized operating income	(b)	\$ 895,176	\$ 814,788
Adjusted effective tax rate ⁽²⁾		28.2%	27.5%
Adjusted annualized operating income, after tax	(c)	\$ 642,736	\$ 590,884
Average monthly working capital			
Accounts receivable		\$ 5,165,610	\$ 4,806,901
Inventory		\$ 2,592,568	\$ 2,328,051
Accounts payable		\$ (3,250,104)	\$ (3,233,582)
Average working capital	(d)	<u>\$ 4,508,074</u>	<u>\$ 3,901,370</u>
Average monthly total capital	(e)	<u>\$ 6,034,183</u>	<u>\$ 5,376,597</u>
ROWC = (b) / (d)		19.9%	20.9%
WC Velocity = (a) / (d)		5.9	6.5
ROCE = (c) / (e)		10.7%	11.0%

⁽¹⁾ See reconciliation to GAAP amounts in the preceding tables in this Non-GAAP Financial Information section.

⁽²⁾ Adjusted effective tax rate for each quarterly period in a fiscal year is based upon the currently anticipated annual effective tax rate, excluding the tax effect of the items described above in the reconciliation to GAAP amounts in this Non-GAAP Financial Information Section.

Teleconference Webcast and Upcoming Events

Avnet will host a Webcast of its quarterly teleconference today at 2:00 p.m. Eastern Time. The live Webcast event, as well as other financial information including financial statement reconciliations of GAAP and non-GAAP financial measures, will be available through www.ir.avnet.com. Please log onto the site 15 minutes prior to the start of the event to register or download any necessary software. An archive copy of the presentation will also be available after the Webcast.

For a listing of Avnet's upcoming events and other information, please visit Avnet's investor relations website at www.ir.avnet.com.

About Avnet

Avnet, Inc. (NYSE:AVT), a Fortune 500 company, is one of the largest distributors of electronic components, computer products and embedded technology serving customers globally. Avnet accelerates its partners' success by connecting the world's leading technology suppliers with a broad base of customers by providing cost-effective, value-added services and solutions. For the fiscal year ended June 29, 2013, Avnet generated sales of \$25.5 billion. For more information, visit www.avnet.com. (AVT_IR)

Investor Relations Contact:

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AVNET, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Third Quarters Ended		Nine Months Ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Sales	\$ 6,683,616	\$ 6,298,699	\$ 20,450,945	\$ 18,868,221
Cost of sales	5,878,704	5,542,676	18,062,230	16,659,358
Gross profit	804,912	756,023	2,388,715	2,208,863
Selling, general and administrative expenses	593,986	561,072	1,736,689	1,656,052
Restructuring, integration and other expenses	26,083	27,341	66,624	89,655
Operating income	184,843	167,610	585,402	463,156
Other income (expense), net	2,511	4,106	(1,488)	6,649
Interest expense	(25,326)	(27,341)	(80,529)	(79,029)
Gain on legal settlement, bargain purchase and other	2,965	—	22,102	31,350
Income before income taxes	164,993	144,375	525,487	422,126
Income tax provision	51,142	58,179	166,148	98,144
Net income	\$ 113,851	\$ 86,196	\$ 359,339	\$ 323,982
Earnings per share:				
Basic	\$ 0.82	\$ 0.63	\$ 2.61	\$ 2.34
Diluted	\$ 0.81	\$ 0.62	\$ 2.57	\$ 2.31
Shares used to compute earnings per share:				
Basic	138,418	137,102	137,845	138,215
Diluted	140,179	139,015	140,015	140,316
Cash dividends paid per common share	\$ 0.15	\$ —	\$ 0.45	\$ —

AVNET, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(THOUSANDS)
(UNAUDITED)

	March 29, 2014	June 29, 2013
Assets:		
Current assets:		
Cash and cash equivalents	\$ 960,149	\$ 1,009,343
Receivables, net	4,983,890	4,868,973
Inventories	2,510,352	2,264,341
Prepaid and other current assets	199,054	214,221
Total current assets	8,653,445	8,356,878
Property, plant and equipment, net	522,321	492,606
Goodwill	1,344,389	1,261,288
Intangible assets, net	197,829	172,212
Other assets	182,796	191,696
Total assets	\$10,900,780	\$10,474,680
Liabilities and Shareholders' Equity:		
Current liabilities:		
Short-term debt	\$ 848,388	\$ 838,190
Accounts payable	3,207,036	3,278,152
Accrued expenses and other	709,130	705,102
Total current liabilities	4,764,554	4,821,444
Long-term debt	1,221,977	1,206,993
Other long-term liabilities	178,382	157,118
Total liabilities	6,164,913	6,185,555
Shareholders' equity	4,735,867	4,289,125
Total liabilities and shareholders' equity	\$10,900,780	\$10,474,680

AVNET, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(THOUSANDS)
(UNAUDITED)

	Nine Months Ended	
	March 29, 2014	March 30, 2013
Cash flows from operating activities:		
Net income	\$ 359,339	\$ 323,982
Non-cash and other reconciling items:		
Depreciation	67,392	65,284
Amortization	33,081	23,844
Deferred income taxes	20,850	9,037
Stock-based compensation	33,896	35,923
Gain on bargain purchase	—	(31,350)
Other, net	54,824	57,800
Changes in (net of effects from businesses acquired):		
Receivables	(55,853)	(2,897)
Inventories	(114,258)	192,244
Accounts payable	(148,825)	(175,909)
Accrued expenses and other, net	(46,541)	(68,544)
Net cash flows provided by operating activities	203,905	429,414
Cash flows from financing activities:		
Issuance of notes in public offering, net of issuance cost	—	349,258
Repayment of notes	(300,000)	—
Borrowings (repayments) under accounts receivable securitization program, net	230,000	(259,000)
Borrowings (repayments) of bank and other debt, net	56,658	(191,775)
Repurchases of common stock	(1,252)	(207,192)
Dividends paid on common stock	(62,009)	—
Other, net	10,390	4,499
Net cash flows used by financing activities	(66,213)	(304,210)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(81,232)	(75,415)
Acquisitions of businesses, net of cash acquired	(116,882)	(244,062)
Cash proceeds from divestitures, net of cash divested	—	3,613
Other, net	4,058	289
Net cash flows used by investing activities	(194,056)	(315,575)
Effect of exchange rate changes on cash and cash equivalents	7,170	4,431
Cash and cash equivalents:		
— (decrease)	(49,194)	(185,940)
— at beginning of period	1,009,343	1,006,864
— at end of period	\$ 960,149	\$ 820,924

AVNET, INC.
SEGMENT INFORMATION
(MILLIONS)
(UNAUDITED)

	Third Quarters Ended		Nine Months Ended	
	March 29, 2014	March 30, 2013*	March 29, 2014	March 30, 2013*
Sales:				
Electronics Marketing	\$ 4,133.0	\$ 3,797.2	\$ 12,225.9	\$ 11,123.8
Technology Solutions	2,550.6	2,501.5	8,225.0	7,744.4
Consolidated Sales	<u>\$ 6,683.6</u>	<u>\$ 6,298.7</u>	<u>\$ 20,450.9</u>	<u>\$ 18,868.2</u>
Operating Income:				
Electronics Marketing	\$ 193.4	\$ 165.0	\$ 540.9	\$ 457.1
Technology Solutions	60.9	68.6	243.7	220.4
Corporate	(30.5)	(29.9)	(98.1)	(100.9)
	223.8	203.7	686.5	576.7
Restructuring, integration and other expenses	(26.1)	(27.3)	(66.6)	(89.7)
Amortization of intangible assets and other	(12.9)	(8.7)	(34.5)	(23.8)
Consolidated Operating Income	<u>\$ 184.8</u>	<u>\$ 167.6</u>	<u>\$ 585.4</u>	<u>\$ 463.2</u>

* Sub-totals and totals may not foot due to rounding

Avnet, Inc. Q3 Fiscal Year 2014
 \$ in millions - except per share data
 April 24, 2014

CFO Review of Fiscal 2014 Third Quarter Results.

	Q3' FY13	Q2' FY14	Q3' FY14	Y/Y Chg	Seq. Chg
Sales	\$6,298.7	\$7,421.9	\$6,683.6	\$ 384.9	\$(738.2)
Gross Profit	\$ 756.0	\$ 848.6	\$ 804.9	\$ 48.9	\$(43.7)
<i>GP Margin</i>	12.0%	11.4%	12.0%	4 bps	61 bps
SG&A Expenses	\$ 561.1	\$ 598.6	\$ 594.0	\$ 32.9	\$(4.6)
<i>SG&A as % of Sales</i>	8.9%	8.1%	8.9%	(2) bps	82 bps
<i>SG&A as % of GP</i>	74.2%	70.5%	73.8%	(41) bps	326 bps
GAAP Operating Income	\$ 167.6	\$ 221.6	\$ 184.8	\$ 17.2	\$(36.7)
Adjusted Operating Income ⁽¹⁾	\$ 203.7	\$ 263.2	\$ 223.8	\$ 20.1	\$(39.4)
<i>Adjusted Operating Income Margin ⁽¹⁾</i>	3.2%	3.6%	3.3%	12 bps	(20) bps
GAAP Net Income	\$ 86.2	\$ 124.9	\$ 113.9	\$ 27.7	\$(11.0)
Adjusted Net Income ⁽¹⁾	\$ 131.5	\$ 163.9	\$ 144.1	\$ 12.6	\$(19.8)
GAAP Diluted EPS	\$ 0.62	\$ 0.89	\$ 0.81	30.6%	(9.0)%
Adjusted Diluted EPS ⁽¹⁾	\$ 0.95	\$ 1.17	\$ 1.03	8.4%	(12.0)%
Return on Working Capital (ROWC) ⁽¹⁾	20.9%	24.0%	19.9%	(102) bps	(418) bps
Return on Capital Employed (ROCE) ⁽¹⁾	11.0%	12.8%	10.7%	(34) bps	(214) bps
Working Capital Velocity ⁽¹⁾	6.46	6.78	5.93	(0.53)	(0.85)

⁽¹⁾ A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.

Key Highlights

- Sales for the third quarter of fiscal 2014, increased 6.1% year over year to \$6.7 billion; organic sales (defined later in this document) increased 3.7% year over year and 3.5% excluding the translation impact of changes in foreign currency exchange rates (also referred to as “constant dollars” or “constant currency” and referenced to as “CC” in the graphs that follow), marking the fourth consecutive quarter of positive year-over-year organic growth.
 - Sequentially, reported sales decreased 10.0% (9.9% in CC) and were below normal seasonality due to an expected decline in high volume supply chain engagements in the Electronics Marketing (EM) Asia region and lower than expected sales at Technology Solutions (TS) Americas.
- Gross profit margin was essentially flat year over year and improved 61 basis points sequentially to 12.0% primarily due to the seasonal business mix shift as EM grew to represent 62% of sales as compared to 56% in the December quarter.
- Adjusted operating income increased 9.9% to \$223.8 million and adjusted operating income margin increased 12 basis points year over year as an improvement at EM was partially offset by a decline at TS.
 - Sequentially, adjusted operating income declined 15.0% and adjusted operating margin decreased 20 basis points primarily due to the seasonal decline at TS.
- Adjusted diluted earnings per share of \$1.03 increased 8.4% year over year, primarily due to the improvement in profitability at EM.
- Cash generated from operations was \$358.1 million in the quarter as working capital decreased 5.8% sequentially primarily due to a decrease in accounts receivables and inventory. Cash flow from operations for the trailing twelve months was \$470.7 million.
- Avnet ROWC declined 102 basis points year over year primarily due to a decline at TS, which was partially offset by the strength at EM.

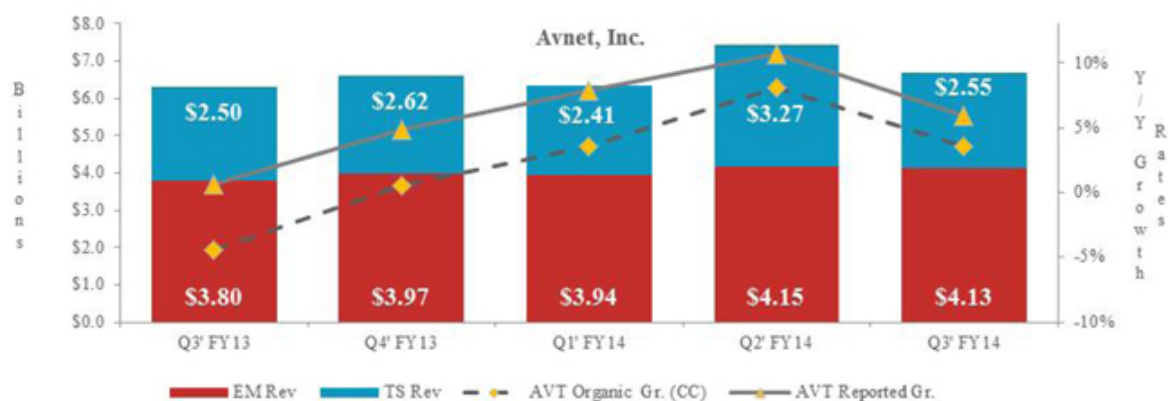
- During the quarter, the Company paid a quarterly cash dividend of \$0.15 per share, or \$20.7 million in total, and has paid \$62.0 million in dividends for the fiscal year to date.

Sales

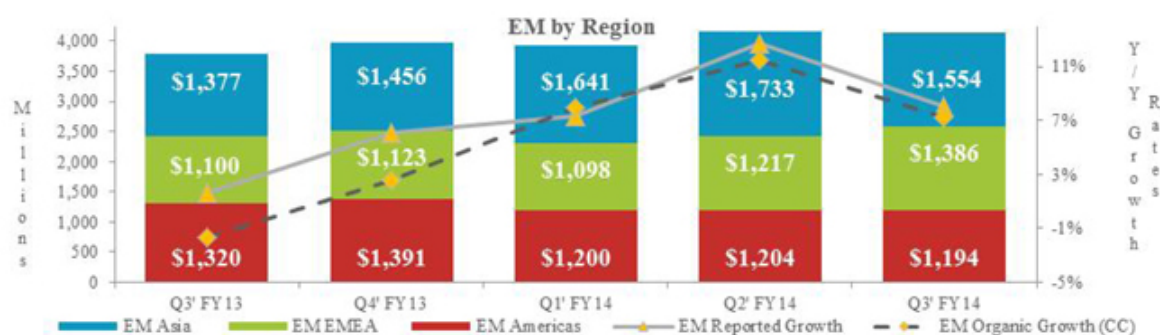
	Q3' FY13	Q4' FY13	Q1' FY14	Q2' FY14	Q3' FY14	Year-over-Year Growth Reported	Year-over-Year Growth Organic ⁽²⁾
Avnet, Inc.	\$6,298.7	\$6,590.7	\$6,345.5	\$7,421.9	\$6,683.6	6.11%	3.74%
Excluding FX ⁽¹⁾						5.91%	3.54%
Electronics Marketing (EM) Total	\$3,797.2	\$3,970.6	\$3,938.1	\$4,154.8	\$4,133.0	8.84%	8.00%
Excluding FX ⁽¹⁾						8.08%	7.24%
Americas	\$1,320.1	\$1,391.0	\$1,199.7	\$1,204.4	\$1,193.6	(9.59)%	(1.13)%
EMEA	\$1,100.1	\$1,123.2	\$1,097.9	\$1,217.0	\$1,385.8	25.98%	13.32%
Excluding FX ⁽¹⁾						21.67%	9.44%
Asia	\$1,377.0	\$1,456.4	\$1,640.5	\$1,733.4	\$1,553.6	12.82%	11.23%
Technology Solutions (TS) Total	\$2,501.5	\$2,620.1	\$2,407.4	\$3,267.1	\$2,550.6	1.96%	(2.49)%
Excluding FX ⁽¹⁾						2.61%	(1.87)%
Americas	\$1,300.1	\$1,389.8	\$1,288.9	\$1,859.2	\$1,373.5	5.64%	(2.89)%
EMEA	\$ 783.0	\$ 799.6	\$ 694.3	\$ 936.0	\$ 774.6	(1.07)%	(1.07)%
Excluding FX ⁽¹⁾						(4.91)%	(4.91)%
Asia	\$ 418.4	\$ 430.7	\$ 424.2	\$ 471.9	\$ 402.5	(3.79)%	(3.79)%

⁽¹⁾ Year-over-year sales growth rate excluding the impact of changes in foreign currency exchange rates.

⁽²⁾ Organic sales as defined in this document.



- Avnet, Inc. quarterly reported sales of \$6.7 billion increased 6.1% year over year (5.9% in constant dollars) with both operating groups contributing towards this growth.
 - Year-over-year organic sales increased 3.7% (3.5% in constant dollars), primarily due to an increase at EM partially offset by weakness at TS across all regions.
 - On a sequential basis, organic sales decreased 9.9% in constant dollars, which was below normal seasonal range of -7% to -4%, due to an expected decline in high volume supply chain engagements in EM Asia and lower than expected sales at TS Americas.



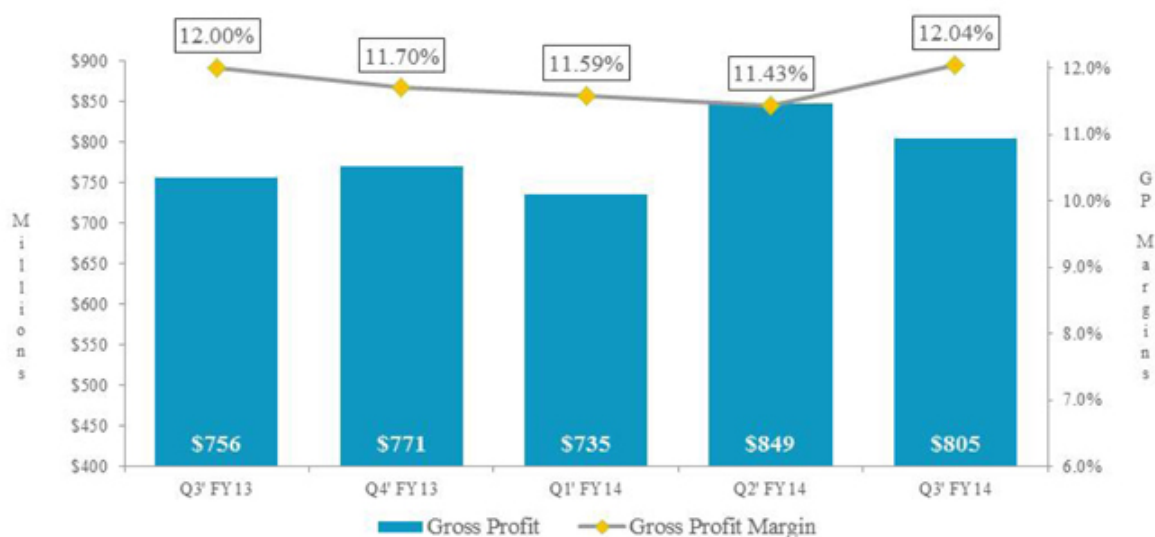
- EM's quarterly reported sales of \$4.1 billion increased 8.8% year over year (8.1% in constant dollars) and organic sales grew 8.0% (7.2% in constant dollars) driven by the strength in the Asia and EMEA regions.
 - This represents the fourth consecutive quarter of year-over-year organic growth for EM.
- EM's organic sales declined 0.6% sequentially in constant dollars, which is below the normal seasonal range of +4% to +7% but in-line with expectations because of the anticipated decline in EM Asia due to the drop off in high volume fulfillment sales that drove December above normal seasonality.
 - Americas' organic sales decreased 1.1% year over year and decreased 0.9% sequentially.
 - EMEA's organic sales in constant dollars increased 9.4% year over year and increased 13.1% sequentially.
 - Asia's organic sales increased 11.2% year over year and decreased 10.4% sequentially.



- TS' reported sales increased 2.0% year over year (2.6% in constant dollars) to \$2.6 billion; organic sales decreased 2.5% (1.9% in constant dollars) with all three regions contributing to the decline.
- TS' organic sales decreased 21.7% sequentially in constant dollars, below normal seasonality and expectations (normal seasonality is -20% to -16%), primarily due to weaker than expected transaction activity towards the end of March in the Americas region and lower demand in the computing components business in EMEA.
 - Americas' organic sales decreased 2.9% year over year and decreased 26.1% sequentially.
 - EMEA's organic sales in constant dollars decreased 4.9% year over year and 18.2% sequentially.
 - Asia's organic sales decreased 3.8% year over year and 14.7% sequentially.
- At a product level, year-over-year growth in networking and security, as well as services, was partially offset by a decline in servers.

Gross Profit

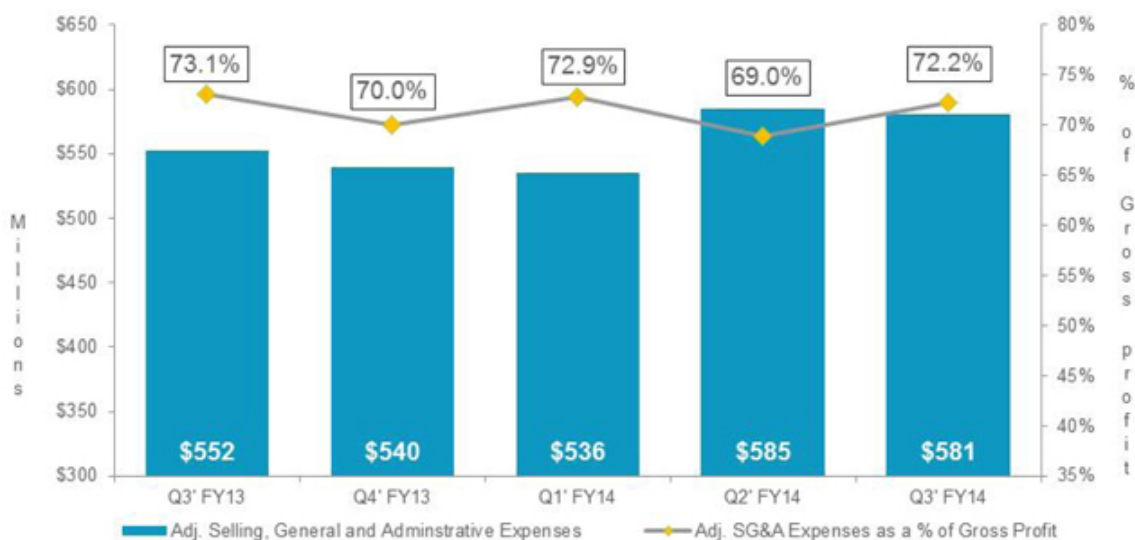
	Q3' FY13	Q4' FY13	Q1' FY14	Q2' FY14	Q3' FY14	Y/Y Change
Gross Profit	\$756.0	\$770.9	\$735.2	\$848.6	\$804.9	\$ 48.9
Gross Profit Margin	12.00%	11.70%	11.59%	11.43%	12.04%	4 bps



- Gross profit of \$804.9 million, increased 6.5% year over year and declined 5.2% sequentially.
 - Gross profit margin of 12.04% was essentially flat with the year ago quarter and increased 61 basis points sequentially due to the seasonal business mix shift as EM grew to represent 62% of sales as compared to 56% in the December quarter.
- EM gross profit margin increased 12 basis points from the year ago quarter primarily due to the inclusion of the MSC acquisition in the EMEA region, partially offset by a decrease in the Asia region due to a higher percentage of fulfillment sales in the Asia region. Gross profit margin increased 58 basis points sequentially due to the seasonal geographic mix shift to the higher margin western regions.
- TS gross profit margin decreased 24 basis points year over year primarily due to a decline in the Americas region driven by product mix and the transfer of the EM computing components business at the beginning of the fiscal year. Sequentially, gross profit margin improved 19 basis points primarily driven by the EMEA and Asia regions partially offset by a decline in the Americas region.

Operating Expenses

	Q3' FY13	Q4' FY13	Q1' FY14	Q2' FY14	Q3' FY14	Y/Y Change
Selling, General and Administrative Expenses	\$ 561.1	\$ 548.3	\$ 544.1	\$ 598.6	\$ 594.0	\$ 32.9
Amortization of intangible assets and other	(8.8)	(8.6)	(8.4)	(13.2)	(12.9)	(4.1)
Adjusted SG&A Expenses	<u>\$ 552.3</u>	<u>\$ 539.7</u>	<u>\$ 535.7</u>	<u>\$ 585.4</u>	<u>\$ 581.1</u>	<u>\$ 28.8</u>
Adj. SG&A Expenses as a % of Gross Profit	73.1%	70.0%	72.9%	69.0%	72.2%	(86) bps

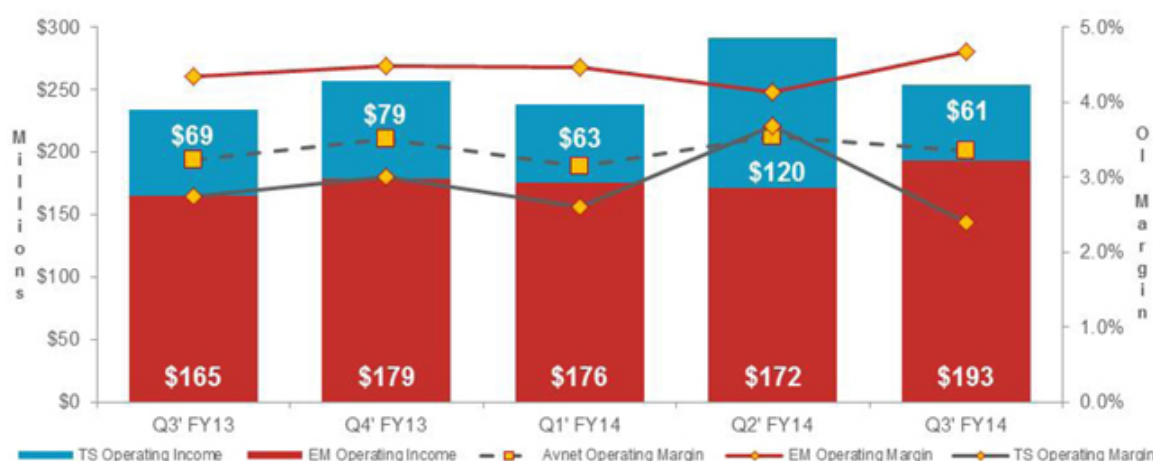


- Adjusted selling, general and administrative expenses (“SG&A expenses”) were \$581.1 million in the third quarter of fiscal 2014, an increase of \$28.8 million, or 5.2%, from the third quarter of fiscal 2013. This increase consisted primarily of an increase of approximately \$37.0 million related to expenses from acquired businesses, including amortization expense, and approximately \$2.3 million related to the translation impact of changes in foreign currency exchange rates between the periods. These increases were partially offset by a \$10.4 million reduction due to the realization of cost savings from fiscal 2013 and fiscal 2014 restructuring actions, net of increases in SG&A expenses to fund organic growth and other costs including employee merit compensation increases that took effect in January of 2014.
- SG&A expenses as a percentage of gross profit decreased 86 basis points to 72.2% from the year ago quarter.
 - EM SG&A expenses as a percent of gross profit decreased 218 basis points from the year ago quarter reflecting improved operating leverage from recent restructuring actions and increased gross profit during the March quarter.
 - TS SG&A expenses as a percent of gross profit increased 298 basis points from the year ago quarter due to sales growth being lower than required to support increases in SG&A expenses to fund organic growth and other costs.

Operating Income

	Q3' FY13	Q4' FY13	Q1' FY14	Q2' FY14	Q3' FY14	Y/Y Chg
GAAP Operating Income	\$ 167.6	\$ 162.8	\$ 179.0	\$ 221.6	\$ 184.8	\$ 17.2
Adjusted Operating Income ⁽¹⁾	\$ 203.7	\$ 231.2	\$ 199.5	\$ 263.2	\$ 223.8	\$ 20.1
Adjusted Operating Income Margin ⁽¹⁾	3.23%	3.51%	3.14%	3.55%	3.35%	12 bps
Electronics Marketing (EM) Total						
Operating Income	\$ 165.0	\$ 178.5	\$ 175.8	\$ 171.7	\$ 193.4	\$ 28.4
Operating Income Margin	4.35%	4.49%	4.46%	4.13%	4.68%	33 bps
Technology Solutions (TS) Total						
Operating Income	\$ 68.6	\$ 78.7	\$ 62.6	\$ 120.2	\$ 60.9	\$ (7.7)
Operating Income Margin	2.74%	3.01%	2.60%	3.68%	2.39%	(35) bps

⁽¹⁾ A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.



- Avnet adjusted operating income of \$223.8 million increased 9.9% year over year primarily due to the improvements at EM partially offset by the weakness at TS; sequentially adjusted operating income decreased 15.0% as the increase at EM was offset by the typical decline at TS coming off its seasonally strong December quarter.
 - Adjusted operating income margin of 3.3% at the Avnet level increased 12 basis points year over year and decreased 20 basis points sequentially.
- EM operating income margin increased 33 basis points from the year ago quarter to 4.7% primarily due to the increase in gross profit and impact of cost reduction actions, partially offset by increases in operating expenses related to the MSC acquisition. Operating income margin increased 55 basis points sequentially, primarily due to the improvement in the Americas and EMEA regions.
- TS operating income margin decreased 35 basis points from the year ago quarter primarily due to a decline in the Americas region partially offset by improvements in the EMEA region. Operating income margin declined 129 basis points sequentially primarily due to the seasonal decline coming off the strong December quarter.

Interest Expense, Other Income and Income Taxes

	Q3' FY13	Q4' FY13	Q1' FY14	Q2' FY14	Q3' FY14	Y/Y Change
Interest Expense	\$ (27.3)	\$ (28.6)	\$ (27.0)	\$ (28.2)	\$ (25.3)	\$ 2.0
Other Income (Expense)	\$ 4.1	\$ (6.7)	\$ 0.8	\$ (4.8)	\$ 2.5	\$ (1.6)
GAAP Income Taxes	\$ 58.2	\$ 1.0	\$ 51.3	\$ 63.7	\$ 51.1	\$ (7.0)
Adjusted Income Taxes ⁽¹⁾	\$ 49.0	\$ 54.0	\$ 47.3	\$ 66.3	\$ 56.9	\$ 7.9
GAAP Effective Tax Rate	40.30%	0.82%	29.85%	33.78%	31.00%	(930) bps
Adjusted Effective Tax Rate ⁽¹⁾	27.15%	27.59%	27.30%	28.80%	28.30%	115 bps

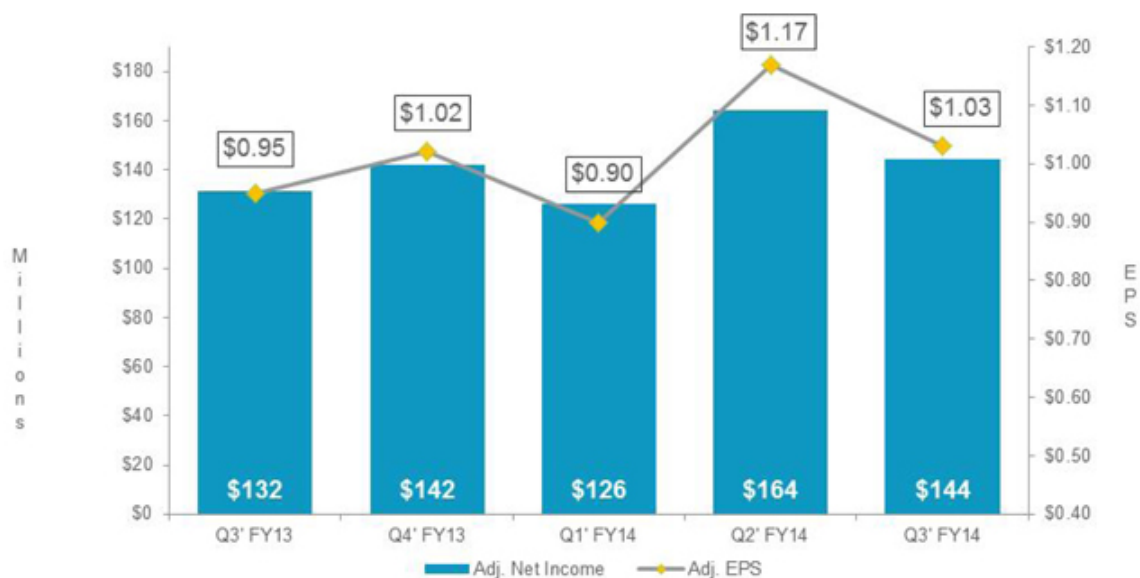
⁽¹⁾ A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.

- Interest expense of \$25.3 million declined \$2.0 million from the year ago period. The decrease in interest expense was in part due to the repayment at maturity of the 5.875% Notes due March 15, 2014 and a corresponding lower average borrowing rate.
- The Company recognized \$2.5 million of other income compared with \$4.1 million of other income in the third quarter of fiscal 2013. The decrease in other income was primarily due to a gain on the sale of marketable securities from an acquired business in the third quarter of fiscal 2013, partially offset by foreign exchange gains in the third quarter of fiscal 2014 compared to foreign exchange losses in the third quarter of fiscal 2013.
- The GAAP effective tax rate was 31.0% in the third quarter of fiscal 2014 as compared with 40.3% in the third quarter of fiscal 2013. During the third quarter of fiscal 2014, the Company's effective tax rate was favorably impacted by the mix of income in lower tax rate jurisdictions and a lower level of increases to valuation allowances and reserves.

Net Income and EPS

	<u>Q3' FY13</u>	<u>Q4' FY13</u>	<u>Q1' FY14</u>	<u>Q2' FY14</u>	<u>Q3' FY14</u>	<u>Y/Y Change</u>
GAAP Net Income	\$ 86.2	\$ 126.1	\$ 120.6	\$ 124.9	\$ 113.9	\$ 27.7
Adjusted Net Income ⁽¹⁾	\$ 131.5	\$ 141.8	\$ 126.0	\$ 163.9	\$ 144.1	\$ 12.6
GAAP Diluted EPS	\$ 0.62	\$ 0.91	\$ 0.86	\$ 0.89	\$ 0.81	30.6%
Adjusted Diluted EPS ⁽¹⁾	\$ 0.95	\$ 1.02	\$ 0.90	\$ 1.17	\$ 1.03	8.4%

⁽¹⁾ A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.

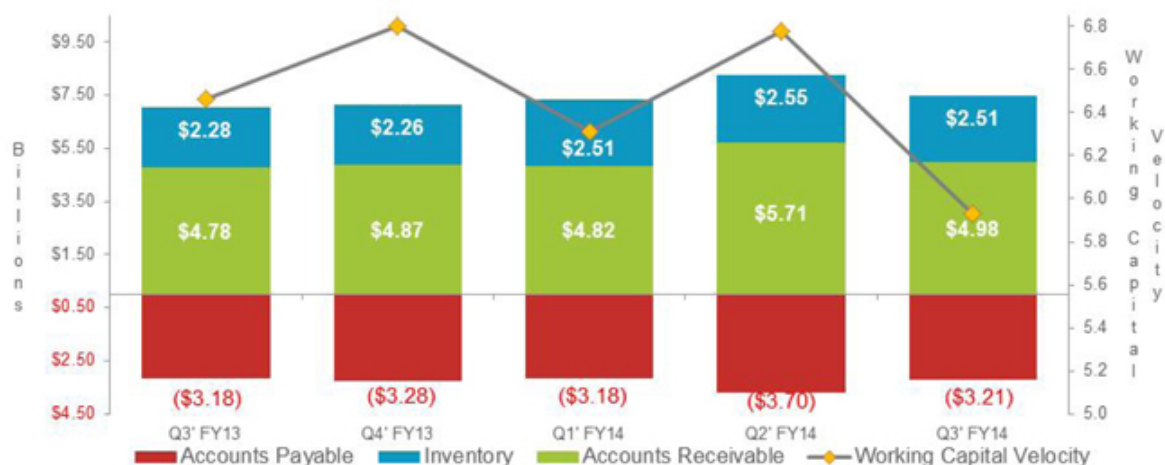


- GAAP net income increased by \$27.7 million year over year to \$113.9 million or \$0.81 per share on a diluted basis, primarily due to the increase in operating income discussed above and the reduction in the GAAP effective tax rate.
- Adjusted net income for the third quarter of fiscal 2014 was \$144.1 million, or \$1.03 per share on a diluted basis.
 - On an adjusted basis, net income and diluted earnings per share increased from the year ago quarter by 9.6% and 8.4%, respectively, primarily due to the improvement in operating income at EM, partially offset by a decline at TS.
 - Adjusted diluted earnings per share of \$1.03 decreased \$0.14 or 12.0% sequentially due to the factors noted above.

Working Capital

	<u>Q3' FY13</u>	<u>Q4' FY13</u>	<u>Q1' FY14</u>	<u>Q2' FY14</u>	<u>Q3' FY14</u>	<u>Y/Y Change</u>
Accounts Receivable	\$ 4,778.1	\$ 4,869.0	\$ 4,820.1	\$ 5,708.3	\$ 4,983.9	\$ 205.8
Inventory	\$ 2,284.7	\$ 2,264.3	\$ 2,510.8	\$ 2,549.3	\$ 2,510.3	\$ 225.6
Accounts Payable	\$(3,175.5)	\$(3,278.1)	\$(3,184.1)	\$(3,704.5)	\$(3,207.0)	\$ (31.5)
Working Capital	<u>\$ 3,887.3</u>	<u>\$ 3,855.2</u>	<u>\$ 4,146.8</u>	<u>\$ 4,553.1</u>	<u>\$ 4,287.2</u>	<u>\$ 399.9</u>
Working Capital Velocity ⁽¹⁾	6.46	6.80	6.31	6.78	5.93	(0.53)

⁽¹⁾ A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.

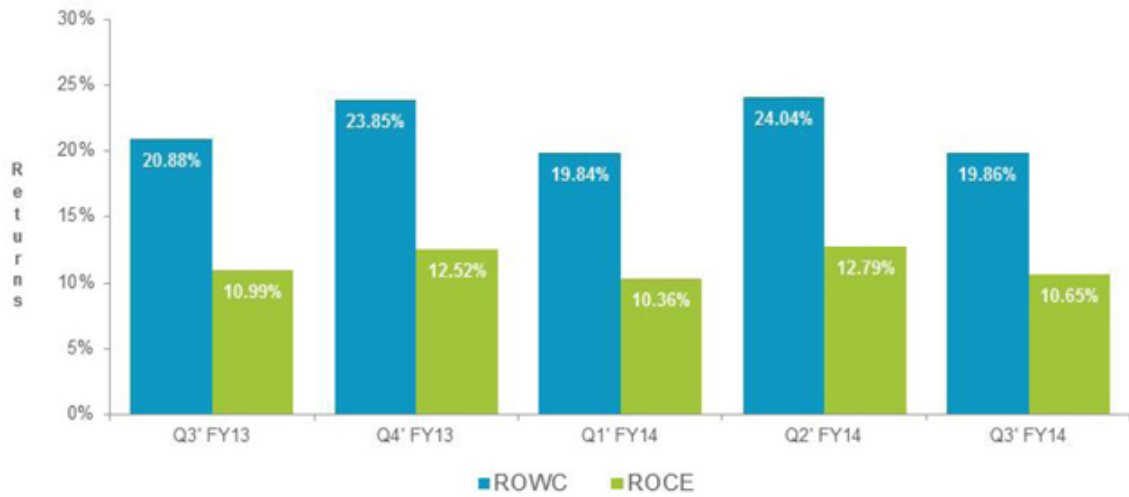


- Working capital velocity decreased 0.85 turns sequentially, primarily due to the seasonal business mix shift as the higher working capital velocity TS business declined from 44% of enterprise revenue in the December quarter to 38% in the March quarter.
- Working capital (accounts receivable plus inventory less accounts payable) increased \$399.9 million, or 10.3%, year over year and 7.0% when adjusted for acquisitions and currency primarily due to the year-over-year increase in sales at both operating groups.
 - On a sequential basis, working capital decreased \$265.9 million or 5.8% and 6.0% when adjusted for acquisitions and currency, primarily due to the seasonal decline in sales at TS, which is coming off a strong December quarter.
- Inventory increased \$225.6 million or 9.9% year over year and 3.8% when adjusted for acquisitions and currency to support the organic growth in sales of 7.2% in constant dollars at EM. Sequentially, inventory declined 1.8% when adjusted for acquisitions and currency.

Returns

	Q3' FY13	Q4' FY13	Q1' FY14	Q2' FY14	Q3' FY14	Y/Y Change
Return on Working Capital (ROWC) ⁽¹⁾	20.88%	23.85%	19.84%	24.04%	19.86%	(102) bps
Return on Capital Employed (ROCE) ⁽¹⁾	10.99%	12.52%	10.36%	12.79%	10.65%	(34) bps

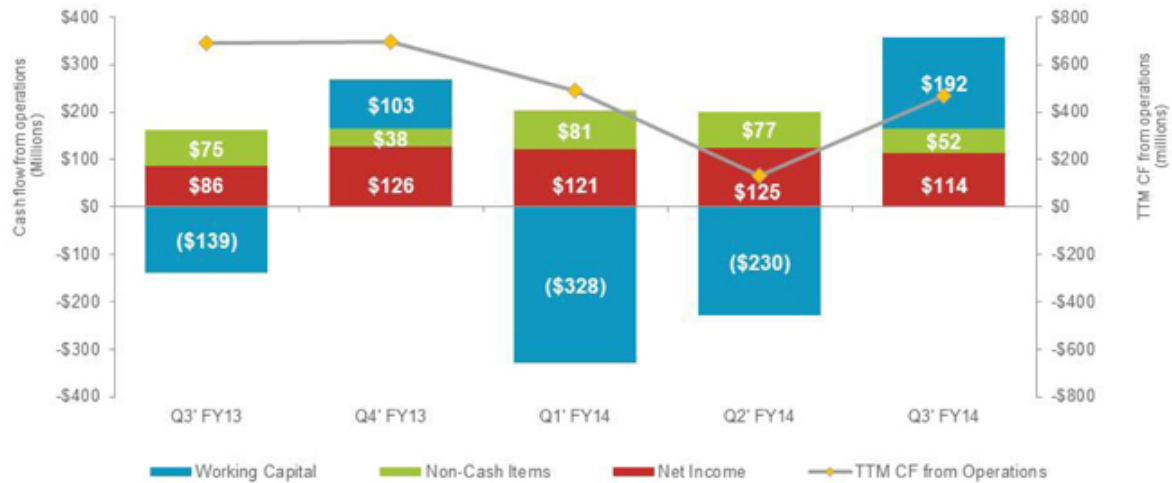
⁽¹⁾ A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.



- ROWC for the third quarter of fiscal 2014 was 19.9%, a decrease of 102 basis points year over year and 418 basis points sequentially.
 - The year-over-year and sequential decreases were primarily due to the reduction in operating income at TS.
- ROCE of 10.7% declined 34 basis points from the year ago quarter and 214 basis points sequentially.

Cash Flow

	<u>Q3' FY13</u>	<u>Q4' FY13</u>	<u>Q1' FY14</u>	<u>Q2' FY14</u>	<u>Q3' FY14</u>	<u>Y/Y Change</u>
Net Income	\$ 86.2	\$ 126.1	\$ 120.6	\$ 124.9	\$ 113.9	\$ 27.7
Non-Cash Items	\$ 75.0	\$ 38.1	\$ 81.4	\$ 76.7	\$ 51.9	\$ (23.1)
Working Capital and Other	\$(139.2)	\$ 102.6	\$(328.2)	\$(229.6)	\$ 192.3	\$ 331.5
Cash Flow from Operations	\$ <u>22.0</u>	\$ <u>266.8</u>	\$ <u>(126.2)</u>	\$ <u>(28.0)</u>	\$ <u>358.1</u>	\$ <u>336.1</u>
TTM CF from Operations	\$ 688.7	\$ 696.2	\$ 489.0	\$ 134.6	\$ 470.7	\$ (218.0)



- During the third quarter of fiscal 2014, cash flow generated from operations was \$358.1 million and over the trailing twelve months cash flow generated from operations was \$470.7 million. The strong cash flow from operations was driven by a 12.7% decrease in accounts receivable and a 1.5% reduction in inventory coming off a strong December quarter, which had driven a \$28.0 million use of cash flow from operations in the prior quarter.
- During the third quarter of fiscal 2014, the Company purchased 31.7 thousand shares under the \$750 million share repurchase program. As of the end of the quarter, the Company had approximately \$223.2 million remaining in the program.
- During the quarter, the Company paid a dividend of \$0.15 per share, or \$20.7 million in total, and \$62.0 million fiscal year to date.
- Cash and cash equivalents at the end of the quarter were \$960.1 million, of which \$877.8 million was held outside the United States; net debt (total debt less cash and cash equivalents) was approximately \$1.1 billion.

Forward-Looking Statements

This document contains certain “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. These statements are based on management’s current expectations and are subject to uncertainty and changes in facts and circumstances. The forward-looking statements herein include statements addressing future financial and operating results of Avnet and may include words such as “will,” “anticipate,” “estimate,” “forecast,” “expect,” “believe,” and “should,” and other words and terms of similar meaning in connection with any discussions of future operating or financial performance, business prospects or market conditions. 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, and 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.

Organic Sales

Organic sales is defined as reported sales adjusted for (i) 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 and (ii) the impact of the transfer of a portion of certain operations between the EM and TS operating groups, which did not have an impact to Avnet on a consolidated basis but did impact the organic sales for the TS and EM operating groups. Sales taking into account the combination of these adjustments are referred to as “organic sales.”

Non-GAAP Financial Information

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 document certain non-GAAP financial information including adjusted operating income, adjusted net income and 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 document). Management believes organic sales is a useful measure for evaluating current period performance as compared with prior periods and for understanding underlying trends.

Management believes that operating income adjusted for (i) restructuring, integration and other expenses, and (ii) amortization of acquired intangible assets and other, is a useful measure 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 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 some cases, for measuring performance for compensation purposes.

Management believes net income and diluted EPS adjusted for (i) the impact of the items described above, (ii) certain 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 EPS excluding the impact of these items provides an important measure of the Company’s net results 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 inventory 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 inventory 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. A reconciliation of the non-GAAP financial measures to the GAAP financial measures is included in the Company's press release dated April 24, 2014 (Exhibit 99.1) in this Current Report on Form 8-K.