

Avnet Fourth Quarter and Fiscal Year 2022 Financial Results

August 10th, 2022



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 3, 2021 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.

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Executive Overview

Phil Gallagher
Chief Executive Officer

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/ Fourth Quarter & Fiscal Year 2022 Highlights

Built on FY21's momentum to deliver robust financial results in FY22

GAAP EPS

\$6.94

Record EPS Year

FY Sales

Total Avnet

\$24.3B

Up 24.5% YoY

FY Sales

Electronic Components

\$22.5B

Up 24.8% YoY

FY Sales
Farnell

\$1.8B

Record Sales Year

Q4 Operating Margin
Farnell

14.2%

Up 597 bps YoY

Q4 Operating Margin
Total Avnet

4.5%

Up 221 bps YoY

/ Behind the Highlights

Key changes and investments...

- Hosted Investor Day in New York
- Appointed Dayna Badhorn as the Americas Leader of Electronic Components and Ken Jacobson to CFO
- Added SKUs at Farnell and invested in FAEs and online design tools to deliver meaningful value and growth
- Continued to invest in Avnet's employees and are recognizing high performance

...enabled Avnet to

- Grow share and secure exciting new business opportunities
- Enhance the value proposition of our supply chain engagements and high-service Farnell offerings
- Provide uninterrupted support to customers and suppliers looking to decrease risk in their supply chains
- Surpass our near-term operating margin targets sooner than anticipated

Avnet remains well-positioned at the center of the global technology supply chain



/ Market Environment

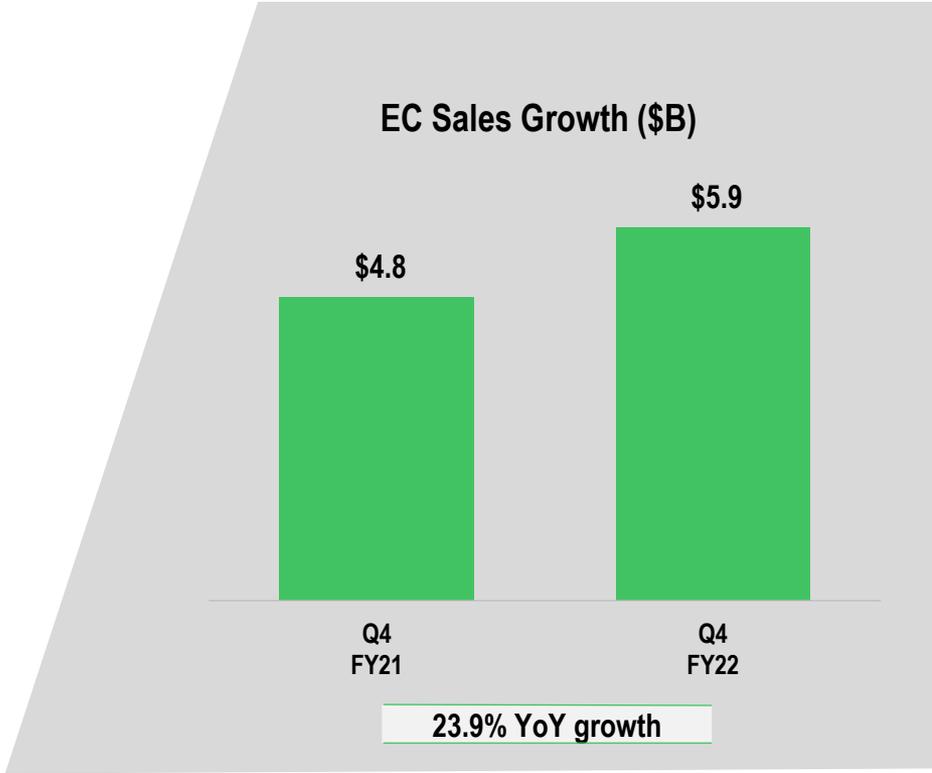
Avnet's role as a distributor remains critical

- Robust demand in industrial, transportation and aerospace & defense segments in Q4
- Expect EV charging and other alternative energy applications to pick up
- Lingering COVID-19 impacts, inflation and impacts from the conflict in Ukraine continue to have ripple effects on supply chains

/ Electronic Components

Strong execution contributed to nearly \$23B in sales for FY22

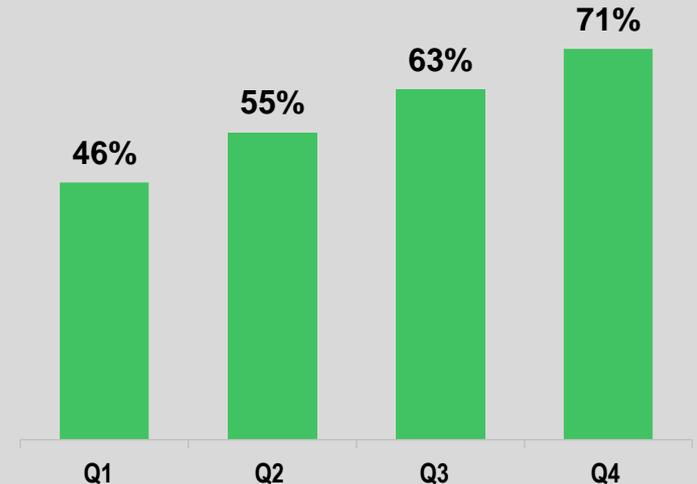
- Strong revenues in the quarter up YoY – supported by record quarter of demand creation engagements, expanded sales in Asia, and solid sales in the Americas and EMEA
 - Fifth consecutive quarter of growth in Asia enabled Avnet to reach \$10 billion in FY sales for the region
 - Achieved tremendous YoY growth of over 34% in the Americas and EMEA on a constant currency basis
- Book-to-bill ratios above parity and lead times remained mixed
- Demand creation revenue as a percentage of Electronic Components increased to 31.2% for the fiscal year



Record revenue year driven by increased investments in the business

- Sales increased YoY to \$442 million for the fourth quarter
- Added over 18,000 SKUs in Q4; continuing our journey toward our 250,000 SKU investment goal through CY22
- Continued to invest in e-commerce capabilities
 - Nearly 56% of Farnell sales and 72% of transaction orders placed through e-commerce platform in the quarter
 - Expect investments to continue to increase Farnell's value proposition and enhance the synergistic collaboration between Farnell and Electronic Components

Progress Toward 250K SKU Investment Goal



/ Building on Avnet's Value Proposition

Avnet well-positioned for FY 2023

Opportunities to leverage and build upon premium, higher-margin business:

- Farnell
- Embedded
- Core IP&E
- Supply chain engagements
- Demand creation

A more resilient company today due to the durable changes made to the business

Never a greater need for global distributors given supply chain complexities

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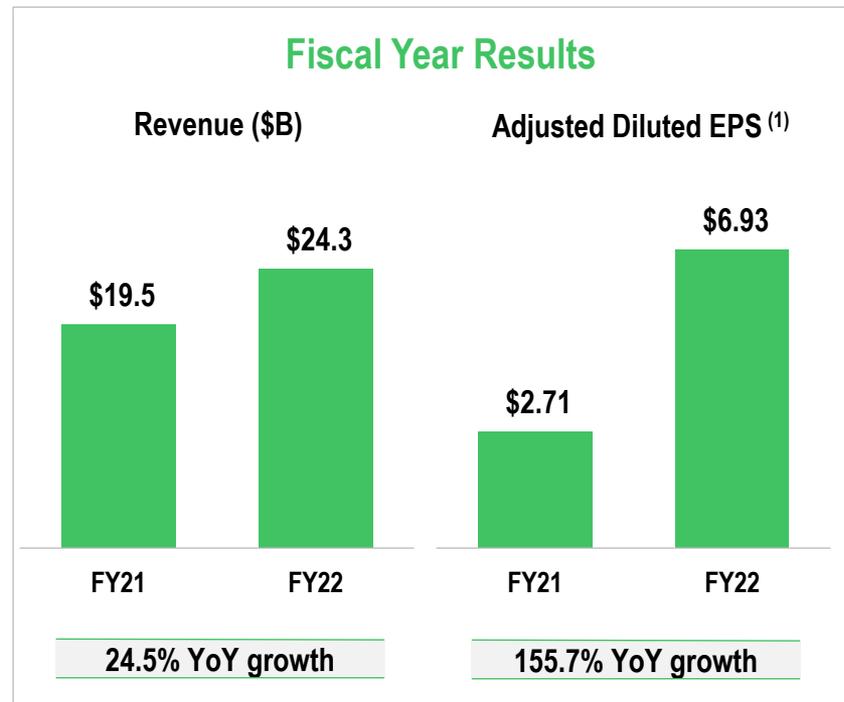
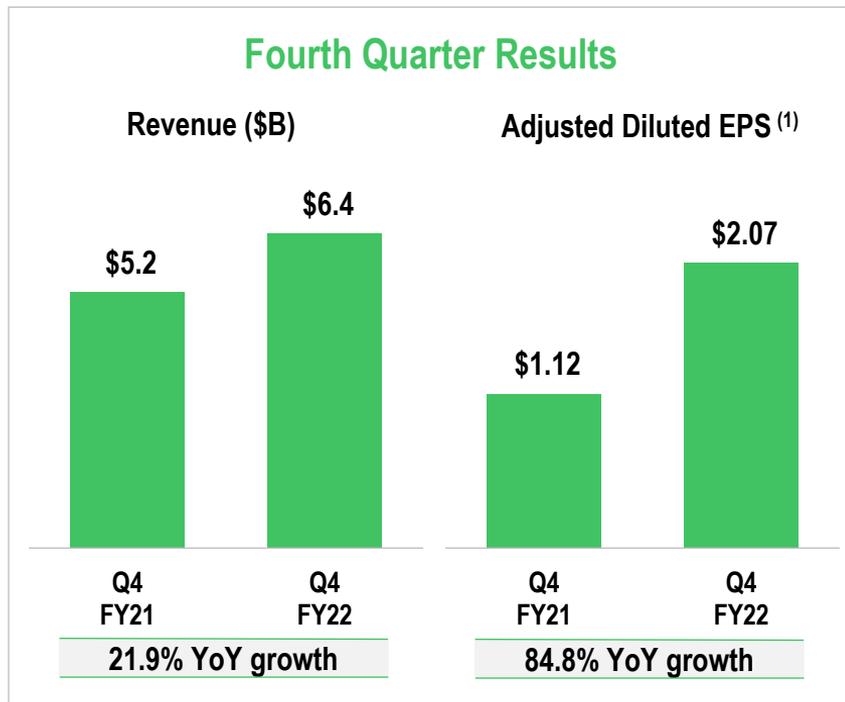
Financial Highlights

Tom Liguori
Chief Financial Officer

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/ Revenue & EPS

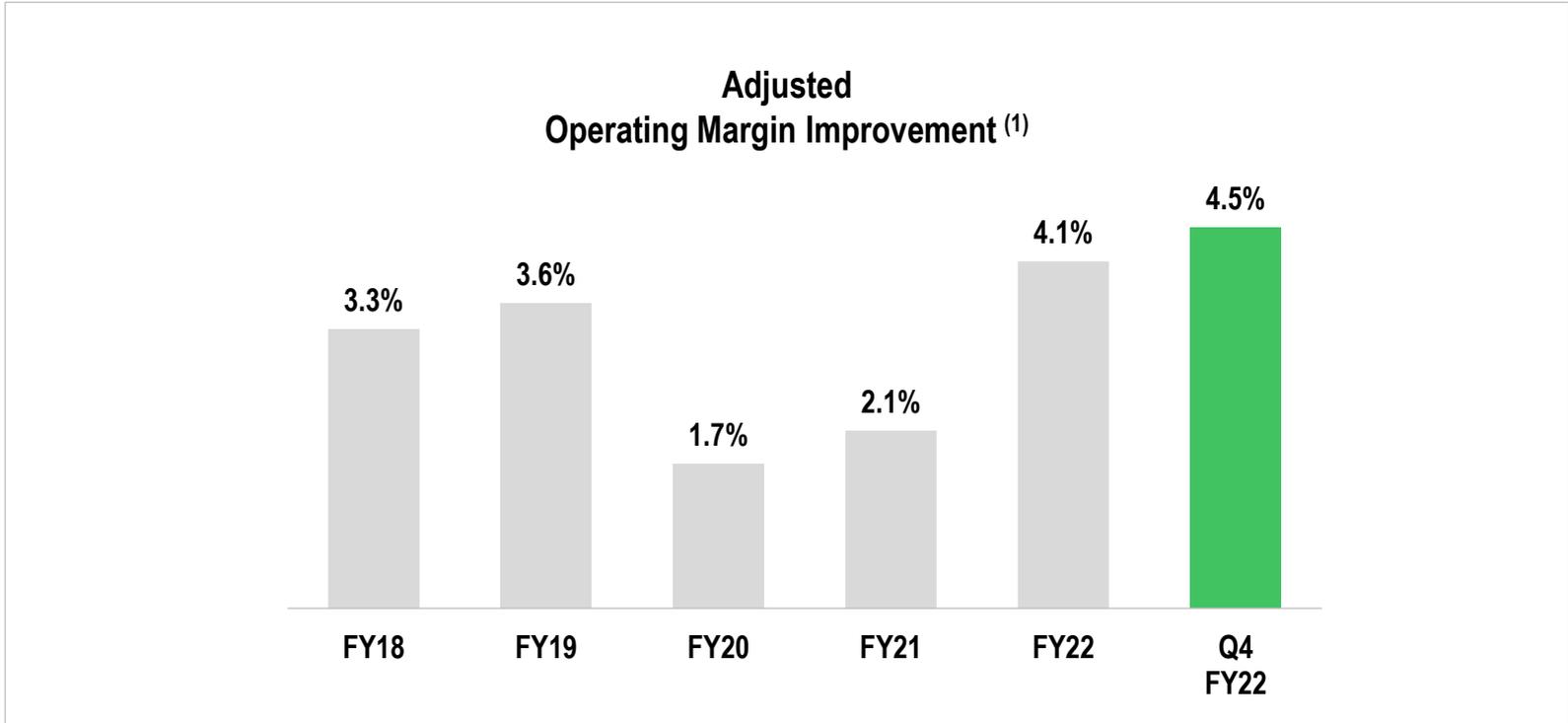
Strong execution drove a record earnings year



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

/ Avnet Operating Margin Growth

Supported by improved execution, expense management and efficiency



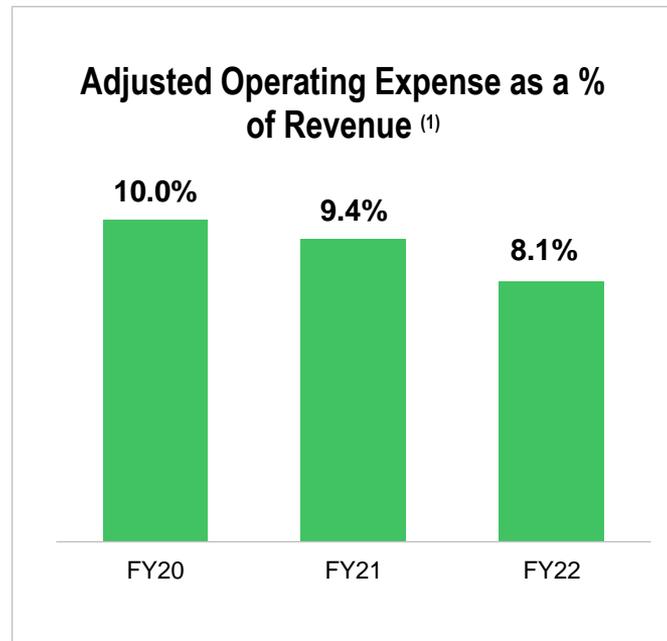
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/ Income Statement

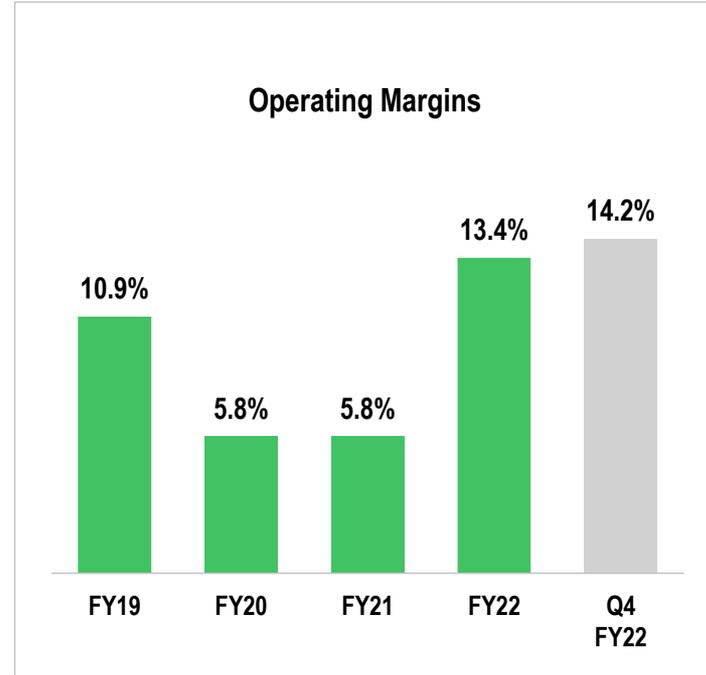
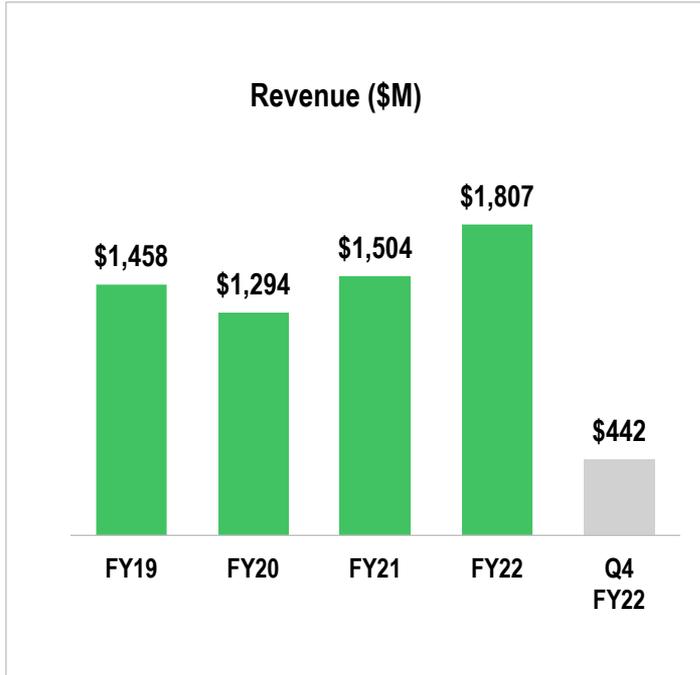


Improving operational efficiency

\$6.4B	Fourth quarter reported revenues; changes in foreign currencies had a negative impact on sales of \$150M QoQ and \$326M YoY
12.2%	Fourth quarter gross margin down slightly QoQ and for total year, up 73 bps YoY, evidence Avnet is effectively managing pricing in a supply constrained market
\$492M	Adjusted operating expenses ⁽¹⁾ down by 3.4% over last quarter
63%	Operating expenses as a percentage of gross profit down from 76% in the prior year quarter
\$30M	Interest expense up QoQ due to higher levels of debt within the quarter and a slight increase in short-term borrowing rates
20.5%	Adjusted income tax rate in the fourth quarter ⁽¹⁾ ; ended the year with a 21.9% adjusted tax rate

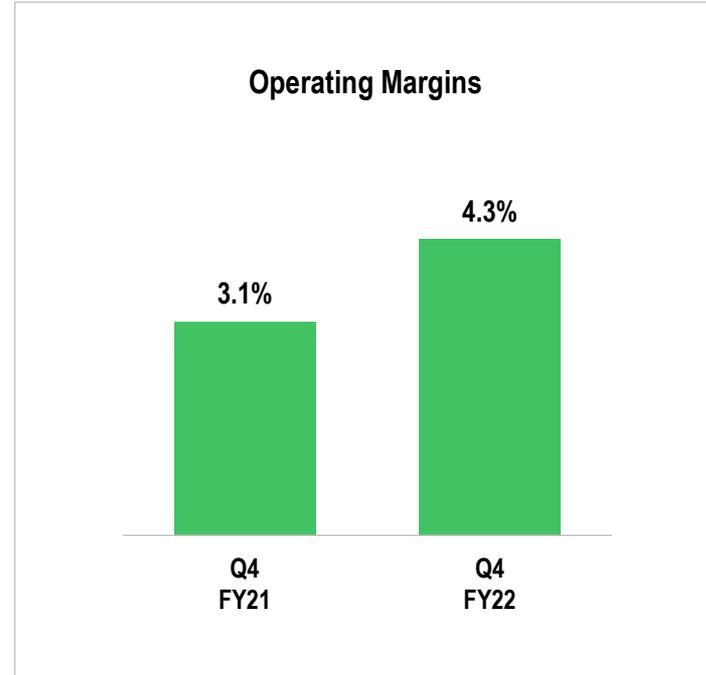
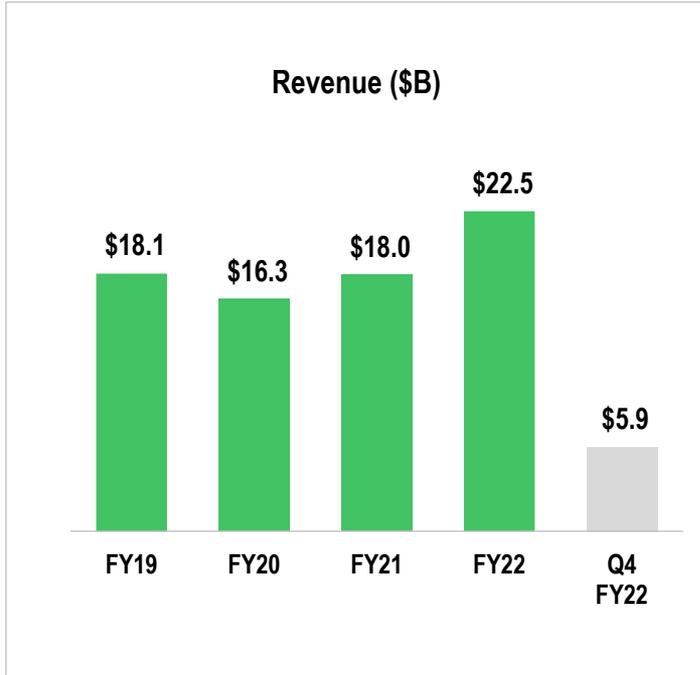


Significant part of our plan to target upward of 50% of gross profit dollars from higher margin business



/ Electronic Components

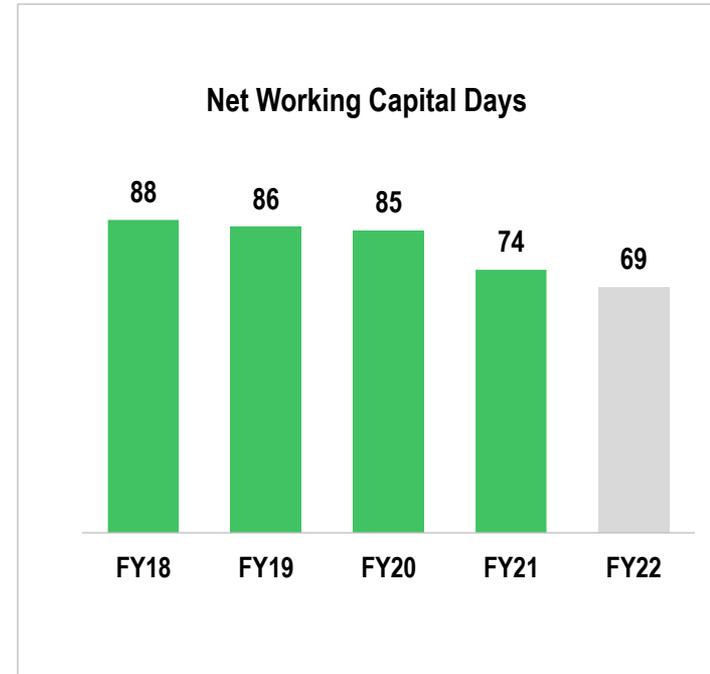
Demand creation a critical driver of growth



/ Liquidity & Balance Sheet

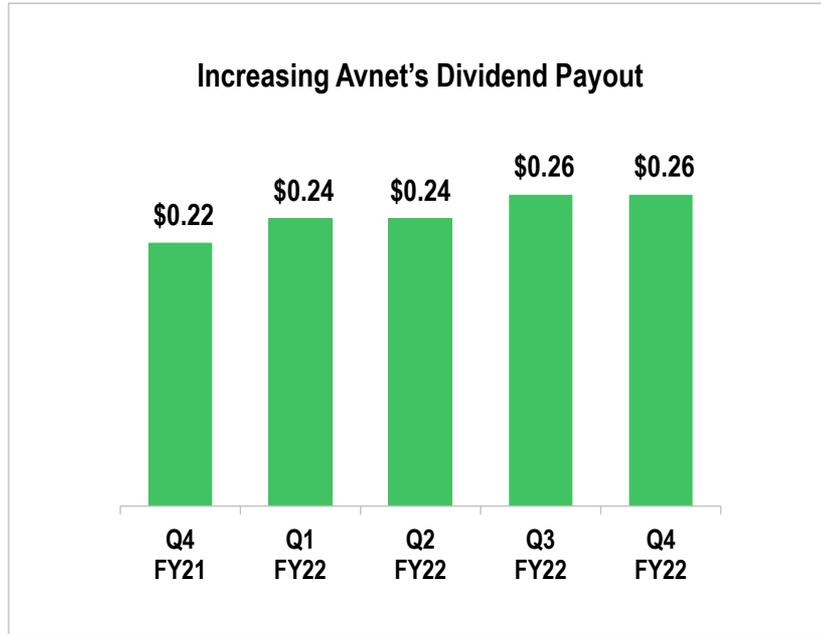
Supported by disciplined working capital management

- Cash balance of \$153.7M and \$1.4B of available lines of credit
- Increased inventory in the past quarter, primarily to support strong sales and bookings in Asia
- Total Avnet inventory is 64 days on hand – slightly below Avnet’s normal 65 days
- Gross debt leverage of 1.4x and net debt leverage of 1.3x



/ Shareholder Commitment

Delivering a reliable, increasing dividend and continued share repurchases



Key highlights:

- In the fourth quarter, returned \$25 million to shareholders in dividends, representing an 18% increase in the per share dividend payment year-over-year
- Returned \$193 million to shareholders in the fiscal year from share repurchases, representing 4.7% of outstanding shares

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Guidance

Ken Jacobson
VP Corporate Controller

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Outlook for Q1 FY 2023

(ending on October 1, 2022)

Metric	Guidance Range	Midpoint
Sales	\$6.2B – \$6.5B	\$6.35B
Non-GAAP Adjusted Diluted EPS ⁽¹⁾	\$1.85 – \$1.95	\$1.90

Factors impacting our Q1 FY 2023 outlook

- *Based on current market conditions, including a \$100 million negative impact on sales guidance at mid-point from the recent strengthening of the U.S. Dollar as compared to Q4*
- *Implies sequential growth rate range of down 1% to up 4% in constant currency and assumes typical seasonal shift in sales to Asia from the western regions*

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

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Q&A Session

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Thank You



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 tax expense, (v) adjusted income from continuing operations, (vi) adjusted diluted earnings per share from continuing operations, and (vii) sales adjusted for the impact of significant acquisitions and other items (as defined in the Organic Sales section of this document). 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 August 10th, 2022, 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 organic sales and sales in constant currency are useful measures 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, goodwill and intangible asset impairment 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, goodwill and intangible asset impairment 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), income from continuing operations and diluted earnings (loss) per share from continuing operations adjusted for the impact of the items described above 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. Adjustment to income tax expense (benefit) and the effective income tax rate include the effect of changes in tax laws including recent tax law changes in the U.S., 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 income from continuing operations and diluted earnings (loss) per share from continuing operations excluding the impact of these items provides an important measure of the Company’s net profitability for the investing public