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# Avnet Stifel 2019 Cross Sector Insight Conference

Tom Liguori, Chief Financial Officer  
Ken Jacobson, Corporate Controller  
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## Safe harbor statement

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,” “intend,” “estimate,” “forecast,” “expect,” “feel,” “believe,” “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 differ 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: Avnet’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, implementing and maintaining ERP systems, supplier losses and changes to supplier programs, an industry down-cycle in semiconductors, 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.

This document contains certain Non-GAAP measures which are provided to assist in an understanding of the Company’s business and performance. These measures should always be considered in conjunction with the appropriate GAAP measure. Non-GAAP definitions and references are included in the Appendix of this presentation.



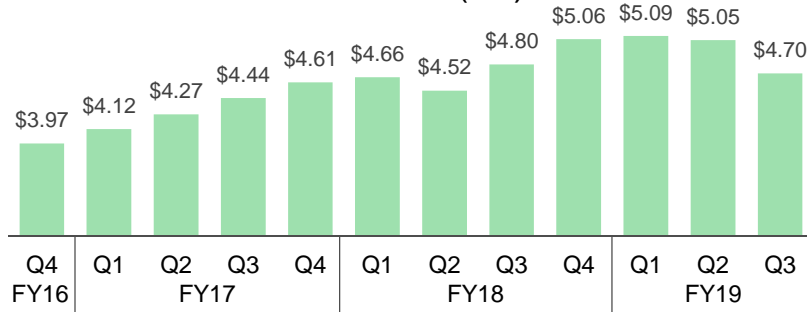
# Strategic priorities - Transforming Avnet's business

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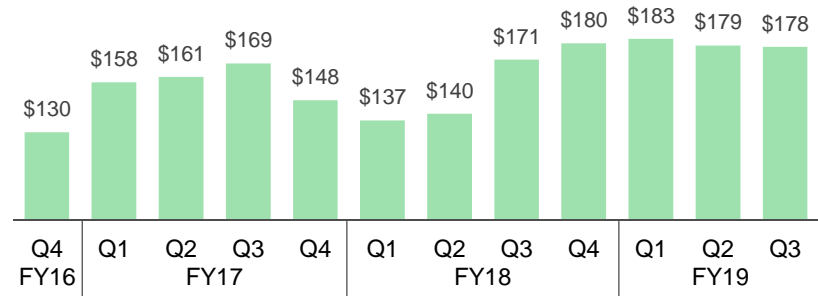
- 1 Accelerate the core Electronic Components business
  - 2 Scale higher-profit business segments in Farnell, Avnet Integrated and IoT
  - 3 Extend and deploy digital capabilities to drive growth, customer satisfaction & efficiency
  - 4 Leverage ecosystem to expand customer opportunities
  - 5 Drive performance and operational excellence through continuous improvement
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# Avnet key trends

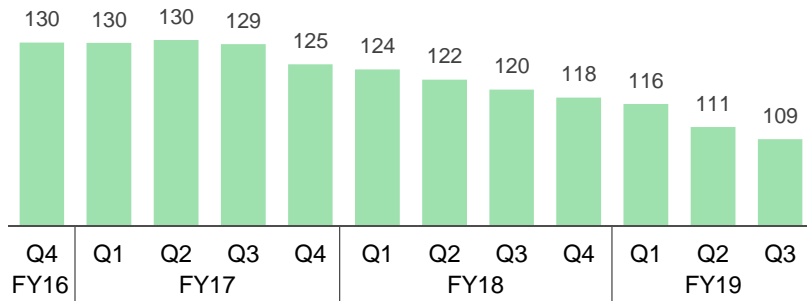
Revenue (\$B)



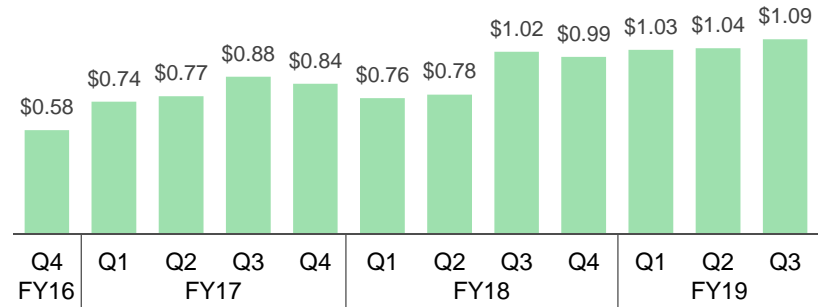
Adjusted operating income (\$M)<sup>1</sup>



Diluted shares (M)



Adjusted diluted EPS<sup>1</sup>



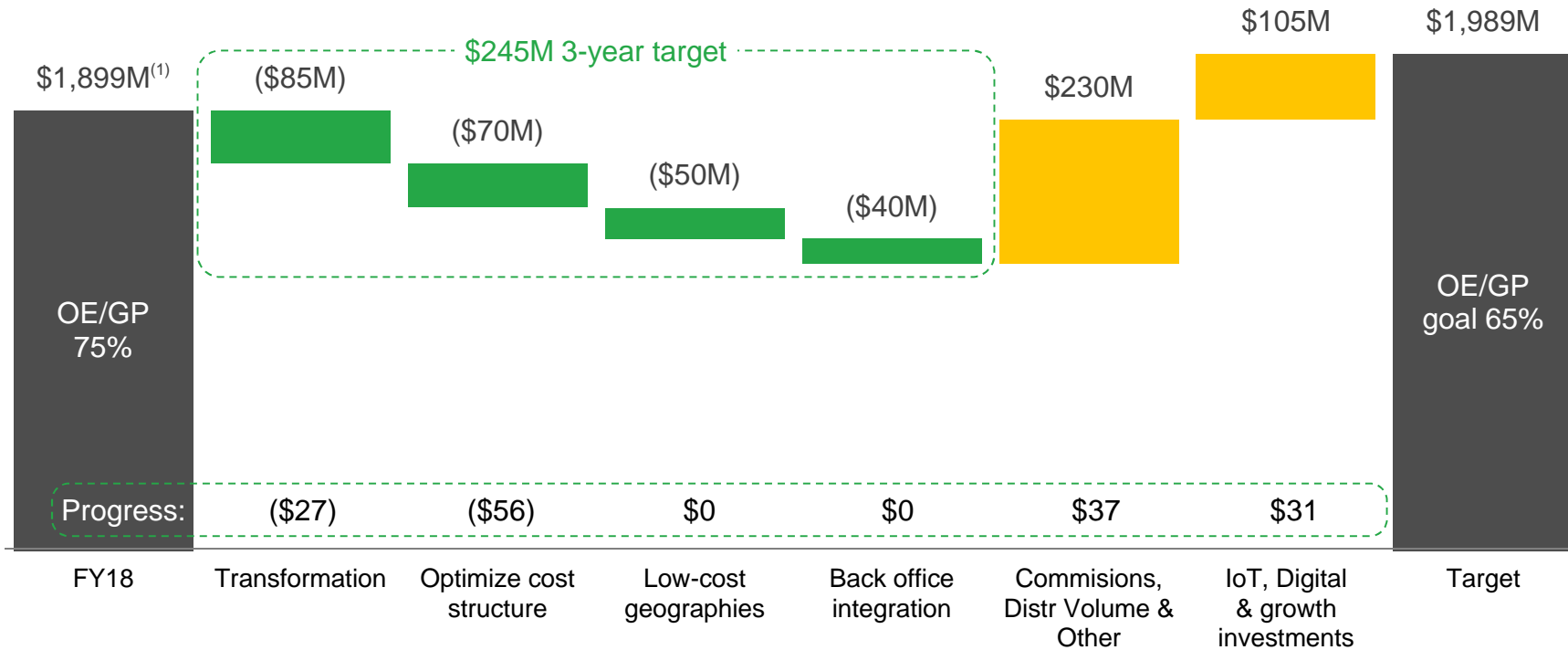
Strategic priorities have resulted in favorable performance trends; adj. EPS +88%

## Q4 FY19 guidance as provided on April 25

Metric	Guidance Range	Midpoint
Sales	\$4.5B - \$4.9B	\$4.7B
Adjusted Diluted EPS <sup>(1)</sup>	\$1.00 - \$1.08	\$1.04
Estimated Tax Rate	19% - 23%	21%

- Q4 guidance reflected revenues similar to Q3 with a change in mix
  - Slight sequential uptick in Asia revenues; macro headwinds Western regions
- Further market softening since April 25
- Near term focus during slowdown:
  - Op ex reduction
  - Working capital reduction
  - Share buyback

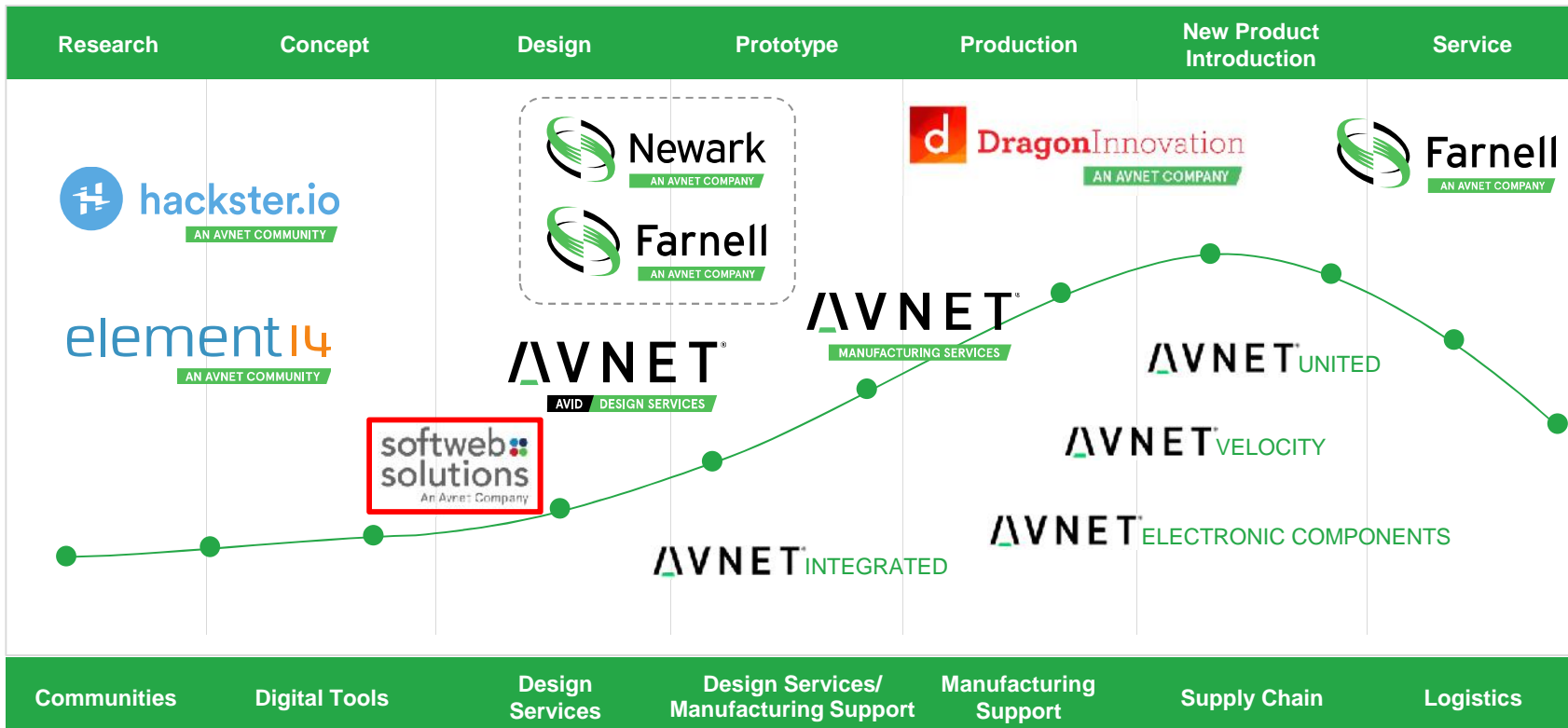
# Operating expenses: on track to three-year plan



Plan is to save \$245M, 1/3 complete, actions being accelerating

6 (1) Adjusted operating expense. Non-GAAP measure. See Non-GAAP Definitions section in the Appendix of this presentation. **AVNET**

# Avnet's ecosystem – from idea to implementation



### The Solution: A smart ostomy bag

- Sensors monitor diagnostics & temperature
- Includes camera, microphone & connectivity
- Notifies patients & doctors of issues

### Avnet's Role

- Electronics design & component selection
- Exploring predictive analytics

### Impact to Avnet

- Non-traditional customer base
- Recurring revenue







AI that prevents crimes before they happen

### The Solution: Machine learning security system

- Detects dangerous activity
- Initiates emergency response to prevent crime
  - Notifies authority, locks doors, etc...

### Avnet's Role

- Custom hardware platform
- Hardware-as-a-service recurring revenue
- Software service revenue in the future

### Impact to Avnet

- Nontraditional customer base
- Recurring revenue
- Beginning trials now





### The Solution: A smart bassinet

- Sensors identify when the child is awake
- Rocks the crib until the child returns to sleep
  - App logs baby's sleep and provides alerts

### Avnet's Role

- Engineering design support
- Avnet handles logistics for rental customers
  - Refurbish, re-certify and tests units

### Impact to Avnet

- Non-traditional customer base
- Recurring services revenue
- Available now

## SNOO Smart Sleeper Bassinet



# Appendix



## 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, 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 April 25, 2019, which can be found on the Company’s website at [www.ir.avnet.com](http://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 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 impairment expense 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 well as other income (expense) excluding certain amounts 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 many cases, for measuring performance for compensation purposes.

Additional non-GAAP metrics management uses are adjusted operating income margin, which is defined as adjusted operating income (as defined above) divided by sales and adjusted operating expense to gross profit ratio, which is defined as adjusted operating expenses (as defined above) divided by gross profit.

Management also believes income tax expense, income from continuing operations and diluted earnings per share from continuing operations adjusted for the impact of the items described above and certain items impacting other expense and income tax expense 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 and the effective income tax rate include the effect of changes in tax laws including recent tax law changes in the U.S., 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 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.