

Welcome to Avnet's First Quarter Fiscal Year 2009 Teleconference and Webcast



October 23, 2008 2:00 p.m. Eastern Time

Welcome

- Email questions to investorrelations@avnet.com
- Safe Harbor Statement
- Management Introduction

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

Roy Vallee
Chairman & Chief Executive Officer



Q1 FY2009 Avnet Overview

- Financial Highlights
 - Revenue was \$4.49 billion, up 9.7% year Y/Y
 - Operating income⁽¹⁾ \$164.5 million, roughly flat Y/Y
 - Additional \$50 million in cost reductions
 - Strong financial position - \$1.3 billion of available liquidity
- Operational Highlights
 - Completed 3 acquisitions at beginning of the quarter
 - Announced offer to acquire Abacus Group PLC
 - European electronic components and embedded products distributor with sales of £287 million⁽²⁾

(1) Excludes restructuring, integration and other items

(2) For fiscal year ended September 2007

Q1 FY2009 EM Overview

- Financial Highlights
 - Revenue was \$2.70 billion, up 8.4% Y/Y
 - Operating Income of \$138.7 billion, up 6.6% Y/Y
- Operational Highlights
 - Americas operating income margin up 4 basis points Y/Y
 - EMEA gross profit margin and operating income margin in local currency up year over year despite negative growth
 - Asia ROCE up 88 basis points Y/Y

Q1 FY2009 TS Overview

- Financial Highlights
 - Revenue was \$1.79 billion, up 11.5% Y/Y
 - Operating Income \$51.1 million, down 12.7% Y/Y
 - Negative pro forma growth impacting operating income margin
 - Previously announced costs reductions on track, additional cost reductions announced
- Operational Highlights
 - Completed acquisitions of Horizon Technologies in EMEA and Ontrack Solutions in Asia
 - Double digit growth in networking and storage offset decline in proprietary servers

Summary Comments

- Overview of the Quarter
 - Continued challenging environment
 - Taking action to protect margins and returns
 - Strong and countercyclical balance sheet provides flexibility to invest in profitable growth
 - Remain focused on creating shareholder value
- Current Market Conditions
 - EM October sales off to a slower start
 - TS sales impact more pronounced
 - Technology supply chain much more efficient than 2001



Financial Overview

Ray Sadowski
Chief Financial Officer



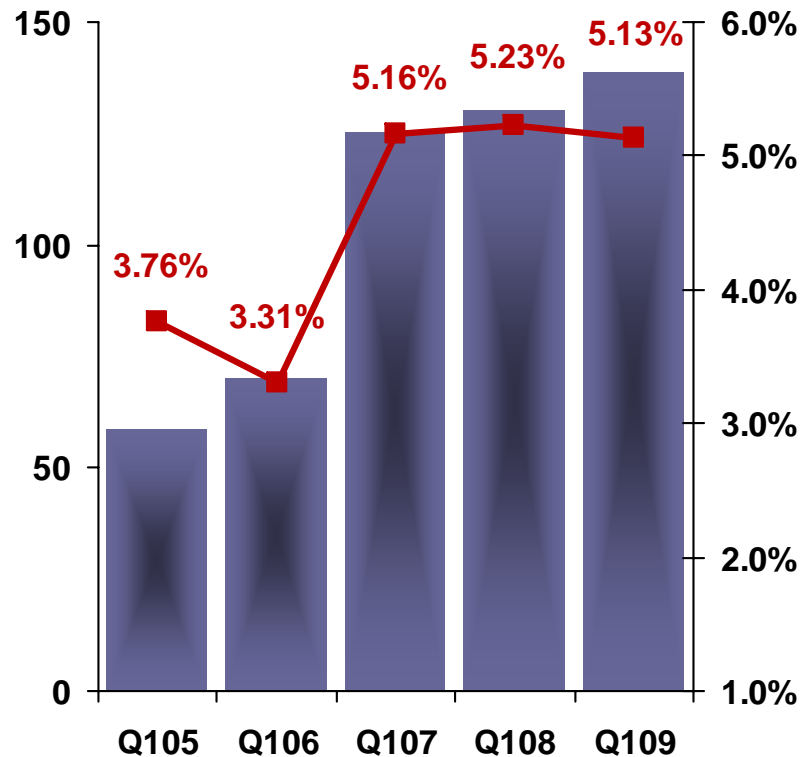
EM Revenue Year over Year Growth Rates

- Total EM revenue was \$2.70 billion
 - +8.4% as reported; +3.9% pro forma ⁽¹⁾
- Americas revenue was \$953.0 million
 - +4.6% as reported; +2.2% pro forma ⁽¹⁾
- EMEA revenue was \$882.5 million
 - +6.2% as reported; -2.1% in constant \$
 - +2.0% pro forma ⁽¹⁾
- Asia revenue was \$866.0 million
 - +15.6% as reported; +7.9% pro forma ⁽¹⁾

(1) Pro forma is adjusted to include acquisitions in prior periods

EM – Key Financial Metrics

Operating Income



■ Operating income dollars ■ Operating income margin

- Operating income margin above 5% for 11 consecutive quarters
- ROWC down over the prior year first quarter
- Near record inventory turns at 6 times
- Inventory at \$1.52 billion, up 1.6% sequentially

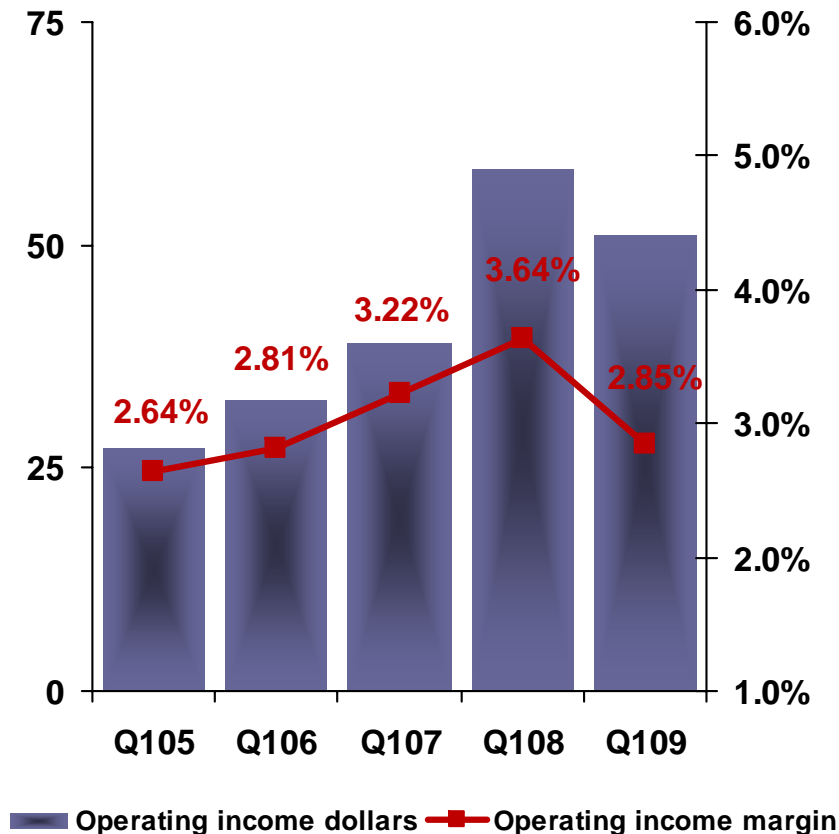
TS Revenue Year over Year Growth Rates

- Total TS revenue was \$1.79 billion
 - +11.5% as reported; -3.3% pro forma ⁽¹⁾
- Americas revenue was \$1.06 billion
 - -0.8% as reported
- EMEA revenue was \$614.0 million
 - +44.8% as reported; 37.0% in constant \$
 - -7.1% pro forma ⁽¹⁾
- Asia revenue was \$114.8 million
 - +3.9% as reported; -4.6% pro forma ⁽¹⁾

(1) Pro forma is adjusted to include acquisitions in prior periods

TS – Key Financial Metrics

Operating Income



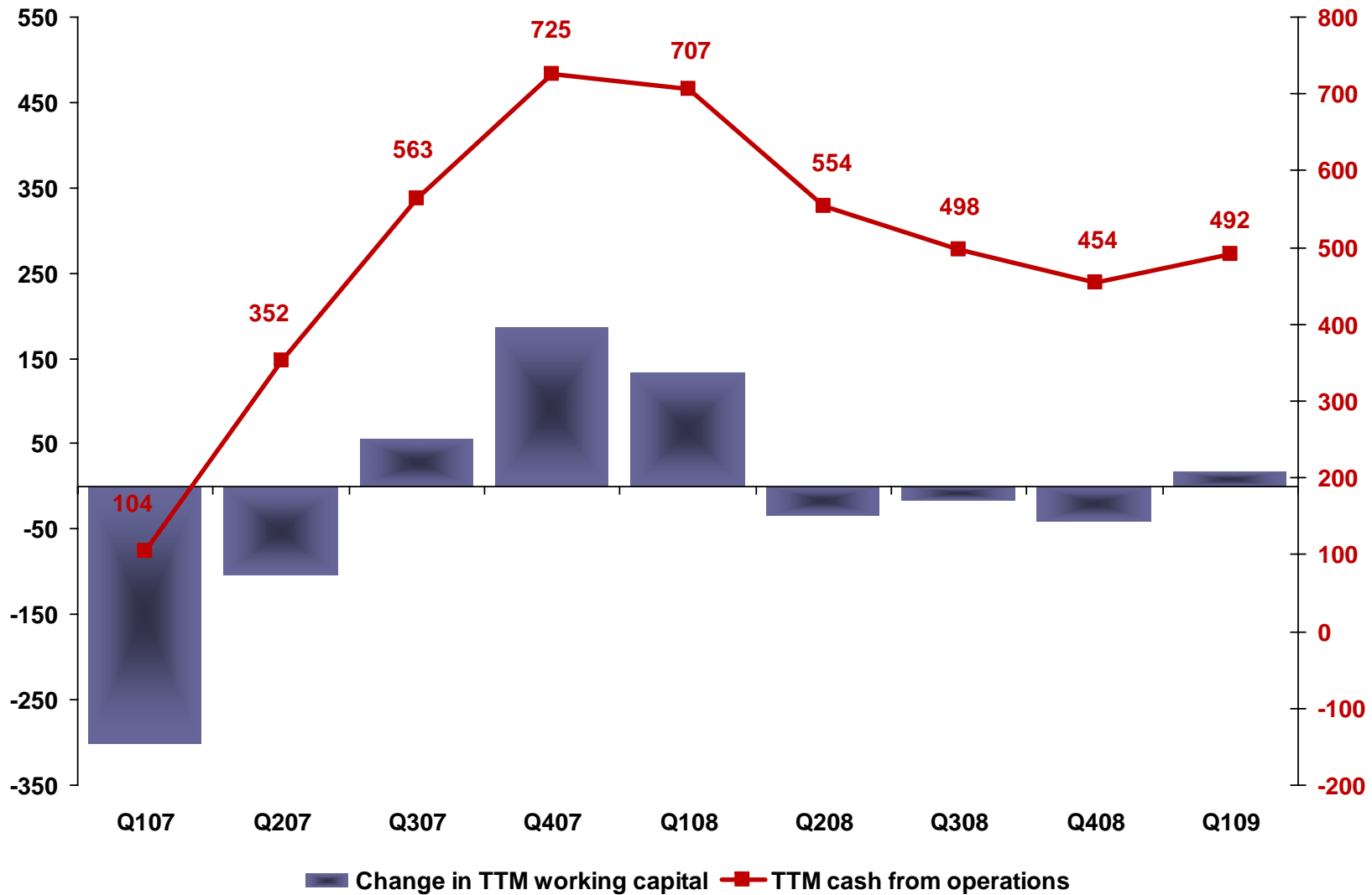
- Operating income margin of 2.9%
- ROWC negatively impacted due to margin decline
- Inventory down 2.5% sequentially despite acquisitions
- Completed the acquisitions of Horizon and Ontrack

P&L Summary: Q1 Year-over-Year

(\$ In Millions, Except Per Share Information)

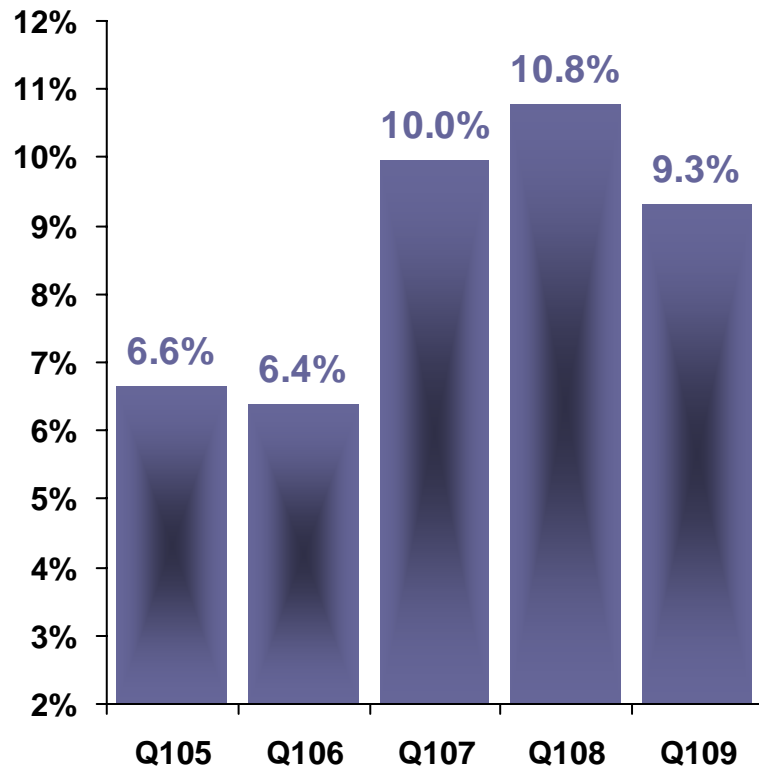
	<u>Q1 FY09</u>	<u>Q1 FY08</u>	<u>Change</u>
Sales	\$4,494.5	\$4,098.7	\$395.8
Gross profit	584.2	526.5	57.7
<i>Gross profit margin</i>	<i>13.0%</i>	<i>12.9%</i>	
Operating expenses	419.7	361.3	58.4
Operating income	164.5	165.2	(0.7)
<i>Operating income margin</i>	<i>3.7%</i>	<i>4.0%</i>	
Taxes	45.3	48.5	(3.2)
<i>Effective tax rate</i>	<i>30.8%</i>	<i>31.5%</i>	
Net income excluding certain items	\$101.7	\$105.5	(\$3.8)
EPS excluding certain items	\$0.67	\$0.69	(\$0.02)
GAAP net income	\$92.8	\$105.5	(\$12.7)
GAAP EPS	\$0.61	\$0.69	(\$0.08)

Generating Solid Cash Flow



Strong Financial Position

ROCE



(1) Excludes restructuring, integration and other items

- TTM ROCE⁽¹⁾ above our cost of capital for eight consecutive quarters
- Maintained investment grade credit statistics
- Available credit lines of \$950 million, with \$387 million in cash at the end of the quarter
- TTM cash from operations rose to \$492 million

December 2008 Quarter (Q2 FY09)

- Providing a wider range of forecasts
 - Changing economic environment
 - Quarter ending fiscal calendar mis-match
- Group Revenues
 - EM: \$2.39 to \$2.55 million, down 8.6% sequentially at the midpoint
 - TS: \$1.95 to \$2.19 billion, up 15.4% sequentially at the midpoint
- Enterprise Revenue: \$4.34 to \$4.74 billion, up 1% sequentially at the midpoint
- Non-GAAP EPS⁽¹⁾ : \$0.71 to \$0.79

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



Question and Answer Session

*Please feel free to contact
Avnet's Investor Relations Personnel at:*

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investorrelations@avnet.com
www.ir.avnet.com

Non-GAAP Results and Regulation G

- Reconciliation of the Company's reported first quarter fiscal year 2009 results adjusted for restructuring, integration and other charges is presented below:

	First Quarter Ended Fiscal 2009			
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
GAAP results	\$ 154,525	\$ 137,016	\$ 92,805	\$ 0.61
Restructuring, integration and other charges	9,991	9,991	8,924	0.06
Adjusted results	\$ 164,516	\$ 147,007	\$ 101,729	0.67

Non-GAAP Results and Regulation G

- Pro forma or Organic revenue is defined as revenue adjusted for the impact of acquisitions to include the revenue recorded by these businesses as if the acquisitions had occurred at the beginning of fiscal 2008. Prior period revenue adjusted for this impact is presented below:

	<u>Revenue as Reported</u>	<u>Acquisition Revenue</u> <i>(in thousands)</i>	<u>Pro forma Revenue</u>
Q1 Fiscal 2009.....	\$ 4,494,450	\$ 573	\$ 4,495,023
Q1 Fiscal 2008.....	\$ 4,098,718	\$ 355,914	\$ 4,454,632
Q2 Fiscal 2008.....	4,753,145	263,156	5,016,301
Q3 Fiscal 2008.....	4,421,645	159,986	4,581,631
Q4 Fiscal 2008.....	4,679,199	141,860	4,821,059
Fiscal year 2008.....	<u>\$ 17,952,707</u>	<u>\$ 920,916</u>	<u>\$ 18,873,623</u>

Non-GAAP Results and Regulation G

References to restructuring and other charges, debt extinguishment costs 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). All other quarters had no such charges recorded:

- Q1 FY09 – Restructuring, integration and other charges, amounted to \$10.0 million pre-tax, \$8.9 million after tax and \$0.06 per share on a diluted basis, consisting of restructuring and integration charges of \$5.1 million pre-tax, intangible asset amortization of \$3.8 million pre-tax and a decline in market value of an investment \$1.1 million pre-tax. (Form 8-K filed October 23, 2008)
- Q4 FY08 – (1) Restructuring, integration and other charges, amounted to \$28.1 million pre-tax, \$23.9 million after tax and \$0.16 per share on a diluted basis; (2) gain on sale of an investment amounted to \$42.4 million pre-tax, \$25.9 million after tax and \$0.17 per share on a diluted basis; and (3) net reduction of tax reserves amounted to \$13.9 million, \$0.09 per share on a diluted basis. (Form 8-K filed August 6, 2008 and Form 10-K filed August 27, 2008)
- Q3 FY08 – Restructuring, integration and other charges, amounted to \$10.9 million pre-tax, \$7.5 million after tax and \$0.05 per share on a diluted basis. (Form 8-K filed April 24, 2008 and Form 10-Q filed May 7, 2008)
- Q2 FY08 – (1) Gain on a sale of a building in the EMEA region amounted to \$4.5 million pre- and after tax and \$0.03 per share on a diluted basis and (2) a gain of \$3.0 million pre-tax, \$1.8 million after-tax and \$0.01 per share on a diluted basis for the receipt of contingent purchase price proceeds related to a prior sale of a business. (Form 8-K filed January 24, 2008 and Form 10-Q filed February 5, 2008)
- Q4 FY07 – Restructuring, integration and other items amounted to a pre-tax benefit in the fourth quarter of \$1.2 million, which consisted of (i) a prior year acquisition-related benefit of \$12.5 million, net of (ii) restructuring, integration and other charges of \$11.3 million related to further cost-reduction initiatives across the Company as well as Access integration-related costs. (Form 8-K filed August 8, 2007 and Form 10-K filed August 29, 2007)
- Q3 FY07 – (1) Restructuring and other charges, including integration cost relating to the acquisition of Access as well as other cost reduction initiatives amounting to \$8.5 million pre-tax, \$6.0 million after tax and \$0.04 per share on a diluted basis, and (2) gain on sale of assets in the amount of \$3.0 million pre-tax, \$1.8 million after tax and \$0.01 per share on a diluted basis due the receipt of contingent purchase price proceeds related to the sale of TS' single tier businesses in the Americas. (Form 8-K filed April 26, 2007 and Form 10-Q filed May 9, 2007)
- Q1FY07 – Debt extinguishment costs of \$27.4 million pre-tax, \$16.5 million after tax and \$0.11 per share on a diluted basis associated with the redemption of its outstanding 9¾% Notes due February 15, 2008. (Form 8-K filed October 26, 2006 and Form 10-Q filed November 8, 2006)

Non-GAAP Results and Regulation G

References to restructuring and other charges, debt extinguishment costs 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). All other quarters had no such charges recorded:

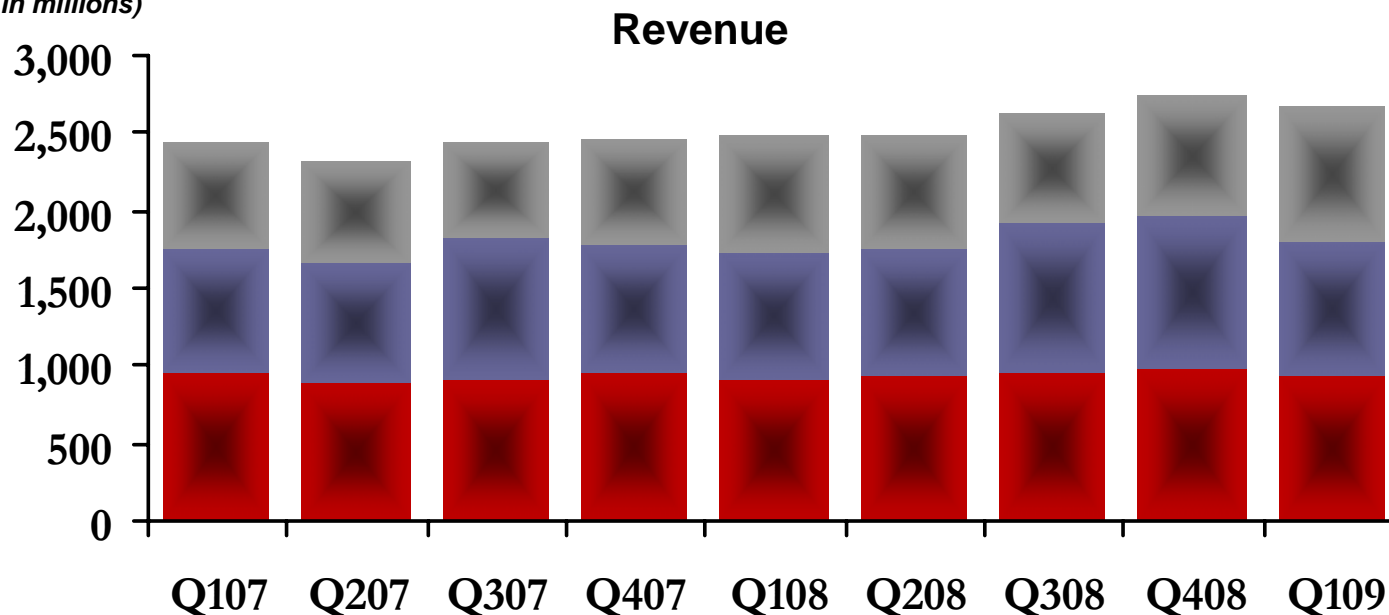
- Q4 FY06 - (1) Restructuring and other charges, including integration costs, relating to the Memec acquisition, divestitures, and other actions amounting to \$6.8 million pre-tax, \$7.3 million after tax and \$0.05 per share on a diluted basis; (2) a one-time loss of \$13.6 million pre-tax, \$14.3 million after tax and \$0.10 per share on a diluted basis associated with the sale of two small, non-core businesses; and (3) debt extinguishment costs of \$10.9 million pre-tax, \$6.6 million after tax and \$0.04 per share on a diluted basis associated with the early repayment of \$113.6 million of the 9 ¾% Notes due February 15, 2008. (Form 8-K filed August 9, 2006 and Form 10-K filed August 30, 2006)
- Q3 FY06 – (1) Restructuring and other charges, including integration costs, relating to the Memec acquisition and other actions amounting to \$17.0 million pre-tax (\$1.4 million of which is included in cost of sales), \$11.2 million after tax and \$0.08 per share on a diluted basis; and (2) a one-time gain of \$10.9 million pre-tax, \$7.3 million after tax and \$0.05 per share on a diluted basis associated with the divestiture of two TS businesses (Form 8-K filed April 27, 2006 and Form 10-Q filed May 8, 2006)
- Q2 FY06 – (1) Restructuring and other charges and integration costs, substantially all related to the Memec acquisition, totaling \$32.4 million pre-tax (\$7.5 million of which is included in cost of sales), \$21.4 million after tax, and \$0.14 per share on a diluted basis. (Form 8-K filed January 25, 2006 and Form 10-Q filed February 3, 2006)
- Q1 FY06 – (1) Restructuring and integration costs substantially all related to the acquisition of Memec, totaling \$13.8 million pre-tax, \$10.0 million after tax and \$0.07 per diluted share; (2) Debt extinguishment costs associated with the repurchase of \$254.1 million of the 8.00% Notes due November 15, 2006 totaling \$11.7 million pre-tax, \$7.1 million after tax and \$0.05 per diluted share. (Form 8-K filed October 27, 2005 and Form 10-Q filed November 9, 2005)
- 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.

Appendix



EM Revenue

(in millions)



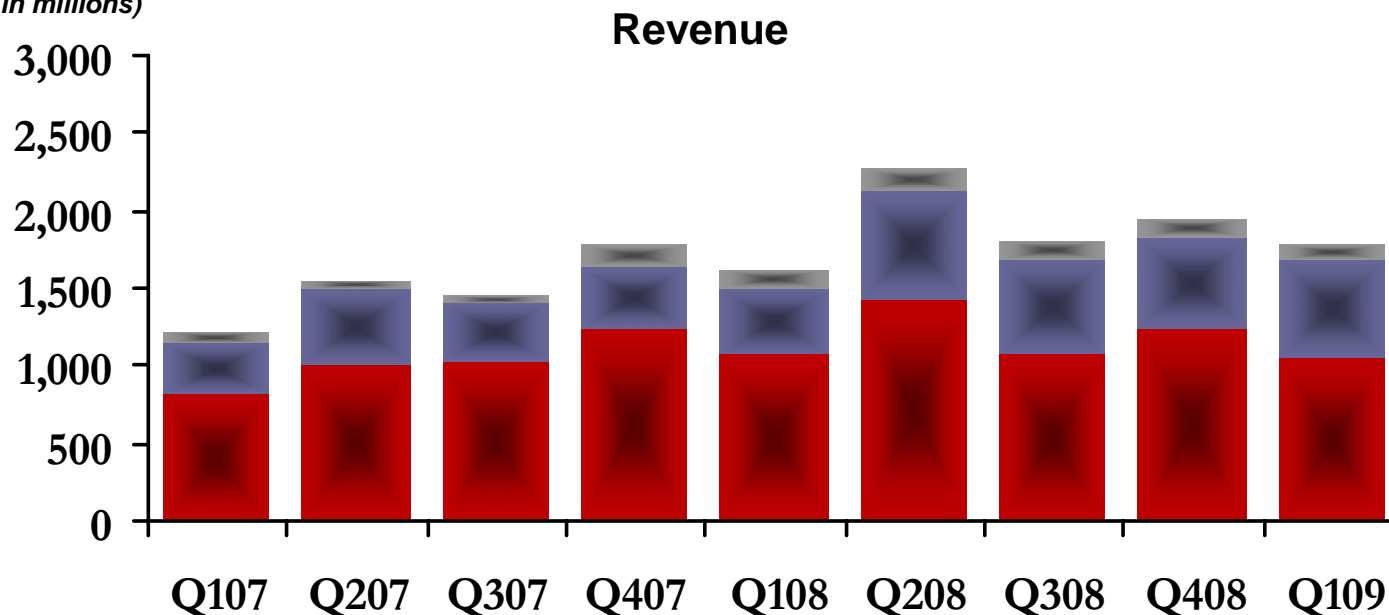
■ Americas ■ EMEA ■ Asia

	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08
Americas	\$ 0.97	\$ 0.89	\$ 0.92	\$ 0.95	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.97	\$ 0.95
EMEA	0.79	0.77	0.91	0.83	0.83	0.83	0.97	1.01	0.88
Asia	0.68	0.67	0.61	0.69	0.75	0.72	0.69	0.75	0.87
Total	\$ 2.44	\$ 2.33	\$ 2.44	\$ 2.47	\$ 2.49	\$ 2.48	\$ 2.62	\$ 2.73	\$ 2.70

(in billions)

TS Revenue

(in millions)



■ Americas ■ EMEA ■ Asia

	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08
Americas	\$ 0.82	\$ 1.01	\$ 1.04	\$ 1.23	\$ 1.07	\$ 1.43	\$ 1.07	\$ 1.23	\$ 1.06
EMEA	0.33	0.49	0.36	0.41	0.43	0.70	0.62	0.59	0.62
Asia	0.06	0.06	0.06	0.13	0.11	0.14	0.11	0.13	0.11
Total	\$ 1.21	\$ 1.56	\$ 1.46	\$ 1.77	\$ 1.61	\$ 2.27	\$ 1.80	\$ 1.95	\$ 1.79

(in billions)

Sequential Revenue Growth – Normal Seasonality

	Sept	Dec	Mar	Jun
EM	-1% to -4%	0% to -3%	+5% to +9%	0% to +2%
TS	-5% to -10%	+22% to +27%	-19% to -23%	+10% to +15%
Avnet	-3% to -7%	+8% to +11%	-5% to -8%	+4% to +7%

Note: Estimate of ranges provided at Analyst Day 2007 (December 2007)