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

January 27, 2011 2:00 p.m. Eastern Time

# Safe Harbor Statement

- This presentation contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on management’s current expectations and are subject to uncertainty and changes in factual circumstances. The forward-looking statements herein include statements addressing future financial and operating results of Avnet and may include words such as “will,” “anticipate,” “expect,” “believe,” and “should” and other words and terms of similar meaning in connection with any discussions of future operating or financial performance or business prospects. Actual results may vary materially from the expectations contained in the forward-looking statements.
- The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: the Company’s ability to retain and grow market share and to generate additional cash flow, risks associated with any acquisition activities and the successful integration of acquired companies, any significant and unanticipated sales decline, changes in business conditions and the economy in general, changes in market demand and pricing pressures, any material changes in the allocation of product or product rebates by suppliers, allocations of products by suppliers, other competitive and/or regulatory factors affecting the businesses of Avnet generally.
- More detailed information about these and other factors is set forth in Avnet’s filings with the Securities and Exchange Commission, including the Company’s reports on Form 10-K, Form 10-Q and Form 8-K. Avnet is under no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Business Highlights

Roy Vallee
Chairman & Chief Executive Officer

# Q2 FY2011 Avnet, Inc. Highlights

- Revenue ⬆ 40% Y/Y to a record $6.8B
  - Pro forma revenue[1] grew 14% Y/Y, 16% in constant $
- Gross profit $ ⬆ 40% Y/Y to $773M
  - Gross profit margin was flat Y/Y as improvements at base businesses were offset by the impact of acquisitions
- Operating income[2] increased 58% Y/Y
- Record EPS of $1.07[2], ⬆ 62% Y/Y
- ROCE[2] ⬆ 80 BPS Y/Y to 15.6%

(1) Pro forma (organic) revenue is defined on slide #13
(2) Excludes restructuring, integration and other charges

# Q2 FY2011 EM Highlights

- Revenue ⬆ 41% Y/Y to $3.56 billion
  - Pro forma revenue[1] grew 23% Y/Y, all regions double digit growth
- GP% ⬆ 22 BP Y/Y, ⬆ 10 BP sequential
- Operating income margin ⬆ 150 BP Y/Y to 5.2%
- ROWC ⬆ 691 BP Y/Y, driven by strong op income[2]
- Book to Bill 1.0 for the quarter
  - Bookings strengthened unexpectedly in December

(1) Pro forma (organic) revenue is defined on slide #13

# Q2 FY2011 TS Highlights

- Revenue grew 38% Y/Y to a record $3.2 billion
  - Pro forma revenue[1] ⬆ 5% Y/Y, 7% in constant $
- Hardware refresh driving growth
  - H/W outgrew software and services for the 4th consecutive qtr Y/Y
  - Industry standard servers grew 50% Y/Y, storage +25%
  - Industry standard servers represented 34% of total server sales
- Operating income ⬆ 86% sequentially to $105M
  - Operating income margin ⬆ 107 basis points sequentially to 3.3%
  - All 3 regions delivered significant improvement

(1) Pro forma (organic) revenue is defined on slide #13



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# Acquisitions Integration Update

Ray Sadowski
Chief Financial Officer

# Bell Integration Update

- New Prosys sold to ACS Applied Computer Solutions
- Consolidated Bell and Tallard headquarters in Miami
- Europe system integration scheduled for end of January

| | ($ in millions) | | | |
|---|---|---|---|---|
| | **Q1** | **Q2** | **Q3** | **Q4** |
| % Complete | 51% | 72% | 86% | 100% |
| Cumulative annualized synergies @ end of quarter | $30.4 | $43.1 | $51.6 | $60.0 |
| Incremental annualized synergies @ end of quarter | $30.4 | $12.7 | $8.5 | $8.4 |

| | ($ in millions) | | | |
|---|---|---|---|---|
| | **Q1** | **Q2** | **Q3** | **Q4** |
| Synergies impacting current quarter | $6.3 | $9.2 | $11.8 | $13.9 |
| Year to date synergies realized | $6.3 | $15.5 | $27.3 | $41.2 |

Note: Full synergies goal of $60 million annualized ($15 million per quarter) is expected to be achieved as we enter fiscal year 2012.



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# March 2011 Quarter Outlook (Q3 FY11)

- Group Revenue
  - EM: $3.55 to $3.85 billion
  - TS: $2.40 to $2.70 billion
- Enterprise Revenue: $5.95 to $6.55 billion,[1] normal seasonality at both operating groups
- Non-GAAP EPS[2] : $0.93 to $1.01

**(1) The above guidance assumes that the average Euro to U.S. Dollar currency exchange rate for the third quarter of fiscal 2011 is $1.36 to €1.00.**
**(2) Excludes restructuring and integration charges related to costs reductions and acquisitions.**



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# Question and Answer Session

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

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# Non-GAAP Results and Regulation G

- Reconciliation of the Company's reported second quarter fiscal 2011 results as adjusted is presented below:

| | Second Quarter Ended Fiscal 2011 | | | |
|---|---|---|---|---|
| | Op Income | Pre-tax | Net Income | Diluted EPS |
| | $ in thousands, except per share data | | | |
| **GAAP results..........................................** | **$ 227,602** | **$ 202,994** | **$ 141,034** | **$ 0.91** |
| Restructuring, integration and other charges ........ | 29,112 | 29,112 | 20,827 | 0.14 |
| Income tax adjustments.................................. | - | - | 2,935 | 0.02 |
| Total adjustments............................................ | 29,112 | 29,112 | 23,762 | 0.16 |
| **Adjusted results.......................................** | **$ 256,714** | **$ 232,106** | **$ 164,796** | **$ 1.07** |



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# Non-GAAP Results and Regulation G

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

| | Second Quarter Ended Fiscal 2010 | | | |
|---|---|---|---|---|
| | Op Income | Pre-tax | Net Income | Diluted EPS |
| | *$ in thousands, except per share data* | | | |
| **GAAP results** | **$ 162,287** | **$ 151,685** | **$ 103,851** | **$ 0.68** |
| Gain on sale of assets | - | (5,549) | (3,383) | (0.02) |
| **Adjusted results** | **$ 162,287** | **$ 146,136** | **$ 100,468** | **0.66** |



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# Non-GAAP Results and Regulation G

- Pro forma or Organic revenue is defined as reported revenue adjusted for (i) the impact of acquisitions by adjusting Avnet's prior periods to include the sales of businesses acquired as if the acquisitions had occurred at the beginning of fiscal 2010; (ii) the impact of the extra week of sales in the prior year first quarter due to the "52/53 week" fiscal year; and (iii) the impact of the transfer of the existing embedded business from TS Americas to EM Americas that occurred in the first quarter of fiscal 2011, which did not have an impact to Avnet on a consolidated basis but did impact the pro forma sales for the groups by $93 million in the second quarter of fiscal 2010. Sales taking into account the combination of these adjustments is referred to as "pro forma sales" or "organic sales".

- Revenue adjusted for this impact is presented in the following table:

| | Revenue as Reported | Acquisition Revenue | Extra Week in Q1 FY10 | Pro forma Revenue |
|---|---|---|---|---|
| | | *(in thousands)* | | |
| Q1 Fiscal 2011…………… | $ 6,182,388 | $ 44,564 | $ - | $ 6,226,952 |
| Q2 Fiscal 2011…………… | $ 6,767,495 | $ 291 | $ - | $ 6,767,786 |
| Fiscal year 2011……… | $ 12,949,883 | $ 44,855 | $ - | $ 12,994,738 |
| | | | | |
| Q1 Fiscal 2010…………… | $ 4,355,036 | $ 980,555 | $ (417,780) | $ 4,917,811 |
| Q2 Fiscal 2010…………… | 4,834,524 | 1,119,106 | - | 5,953,630 |
| Q3 Fiscal 2010…………… | 4,756,786 | 1,038,916 | - | 5,795,702 |
| Q4 Fiscal 2010…………… | 5,213,826 | 939,497 | - | 6,153,323 |
| Fiscal year 2010……… | $ 19,160,172 | $ 4,078,074 | $ (417,780) | $ 22,820,466 |

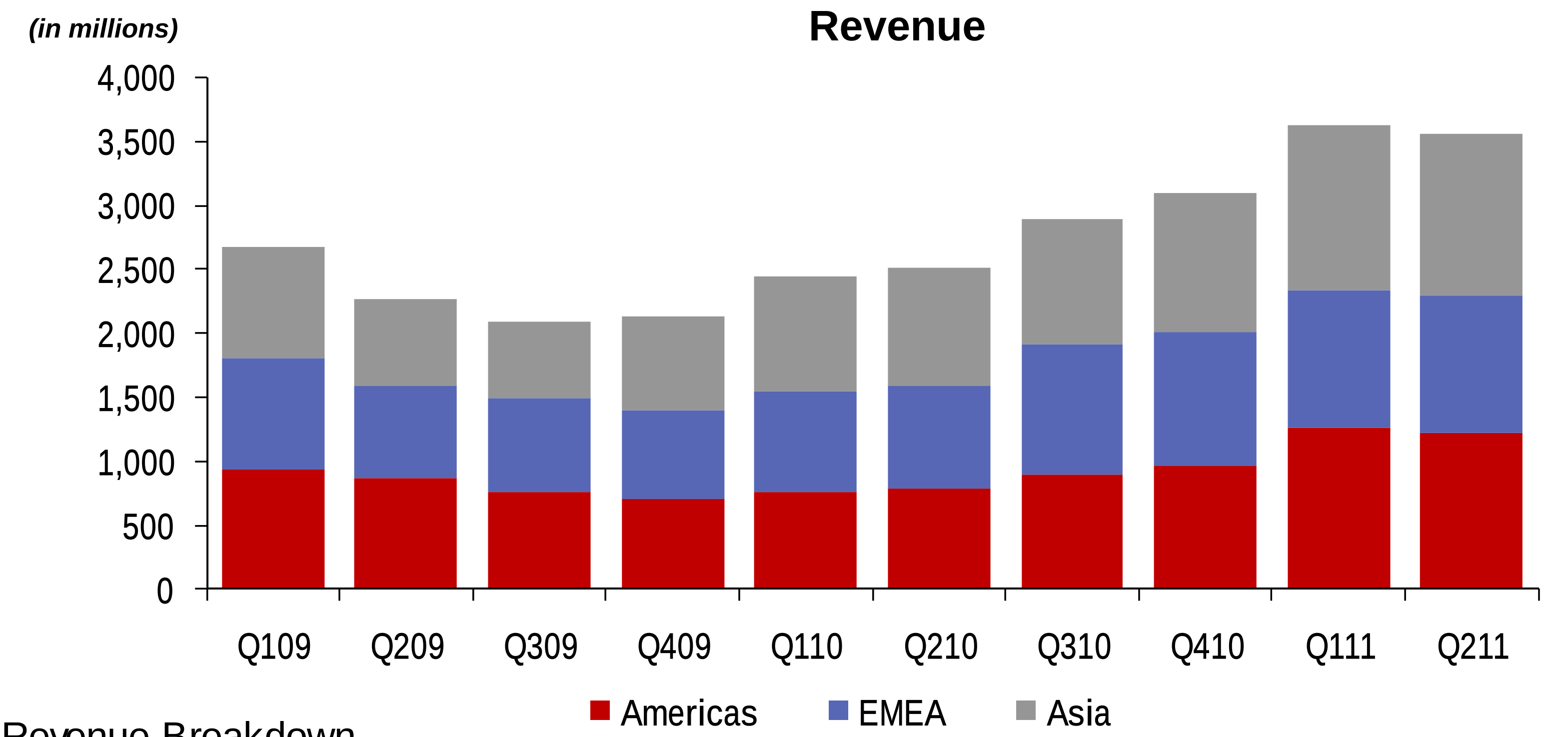
# Non-GAAP Results and Regulation G

References to restructuring, integration and other charges, and other items and/or the exclusion thereof refer to the following charges taken in the quarters indicated (with reference to the appropriate SEC filing in which further disclosure of these charges first appeared). All other quarters had no such charges recorded:

- Q2FY11 - Restructuring, integration and other charges of $29.1 million pre-tax which were incurred primarily in connection with the acquisition and integration of acquired businesses and consisted of $10.6 million pre-tax for severance, $11.5 million pre-tax for facility exit related costs, fixed asset write downs and other related charges, $8.8 million pre-tax for integration-related costs, $1.3 million pre-tax for transaction costs associated with acquisitions, $0.4 million pre-tax for other charges, and a reversal of $3.5 million to adjust prior year restructuring reserves; and income tax adjustments of $2.9 million primarily related to uncertainty surrounding deferred tax assets and additional transfer pricing exposure. (Form 8-K Filed January 27, 2011)
- Q1FY11 - Restructuring, integration and other charges of $28.1 million pre-tax which were incurred primarily in connection with the acquisition and integration of acquired businesses. A gain on the bargain purchase of $31.0 million pre-and after tax related to the Unidux acquisition for which the gain was not taxable partially offset by $2.0 million pre-tax of charges primarily related to the write down of two buildings in EMEA; and an income tax adjustment of $13.9 million primarily related to the non-cash write-off of a deferred tax asset associated with the integration of an acquisition. (Form 8-K filed October 28, 201 and Form 10-Q filed October 29, 2010)
- Q2 FY10 – The Company recognized a gain on the sale of assets amounting to $5.5 million pre-tax, $3.4 million after tax and $0.02 per share on a diluted basis, as a result of certain earn-out provisions associated with the earlier sale of the Company's prior equity investment in Calence. (Form 8-K filed January 28, 2010 and Form 10-Q filed January 29, 2010)
- The Company occasionally refers to comparative results in both reported dollars and constant dollars. Reported dollars reflect the GAAP results while constant dollars reflect the adjustment for fluctuations in foreign currency exchange rates between the two comparative periods.
- Return on Capital Employed (ROCE) is defined as annualized tax effected operating income, excluding restructuring, integration, impairment charges and other items, divided by the monthly average balances of interest-bearing debt and equity (including the impact of restructuring, integration, impairment charges and other items) less cash and cash equivalents.
- Return on Working Capital (ROWC) is defined as annualized operating income, excluding restructuring, integration and other items, divided by the sum of the monthly average balances of receivables and inventory less accounts payable.
- Operating income drop through is defined as the portion of gross profit dollar growth that drops through to the operating income line.
- Working capital is defined as receivables plus inventory less accounts payable.

# Appendix

# EM Revenue




EM Revenue Breakdown

| | Sep-08 | Dec-08 | Mar-09 | Jun-09 | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 | Dec-10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Americas | $ 0.95 | $ 0.87 | $ 0.76 | $ 0.71 | $ 0.76 | $ 0.79 | $ 0.90 | $ 0.99 | $ 1.26 | $ 1.22 |
| EMEA | 0.88 | 0.72 | 0.74 | 0.69 | 0.79 | 0.80 | 1.02 | 1.04 | 1.08 | 1.08 |
| Asia | 0.87 | 0.68 | 0.60 | 0.73 | 0.89 | 0.93 | 0.97 | 1.10 | 1.28 | 1.26 |
| *Total* | $ 2.70 | $ 2.27 | $ 2.10 | $ 2.13 | $ 2.44 | $ 2.52 | $ 2.89 | $ 3.12 | $ 3.62 | $ 3.56 |

(in billions)



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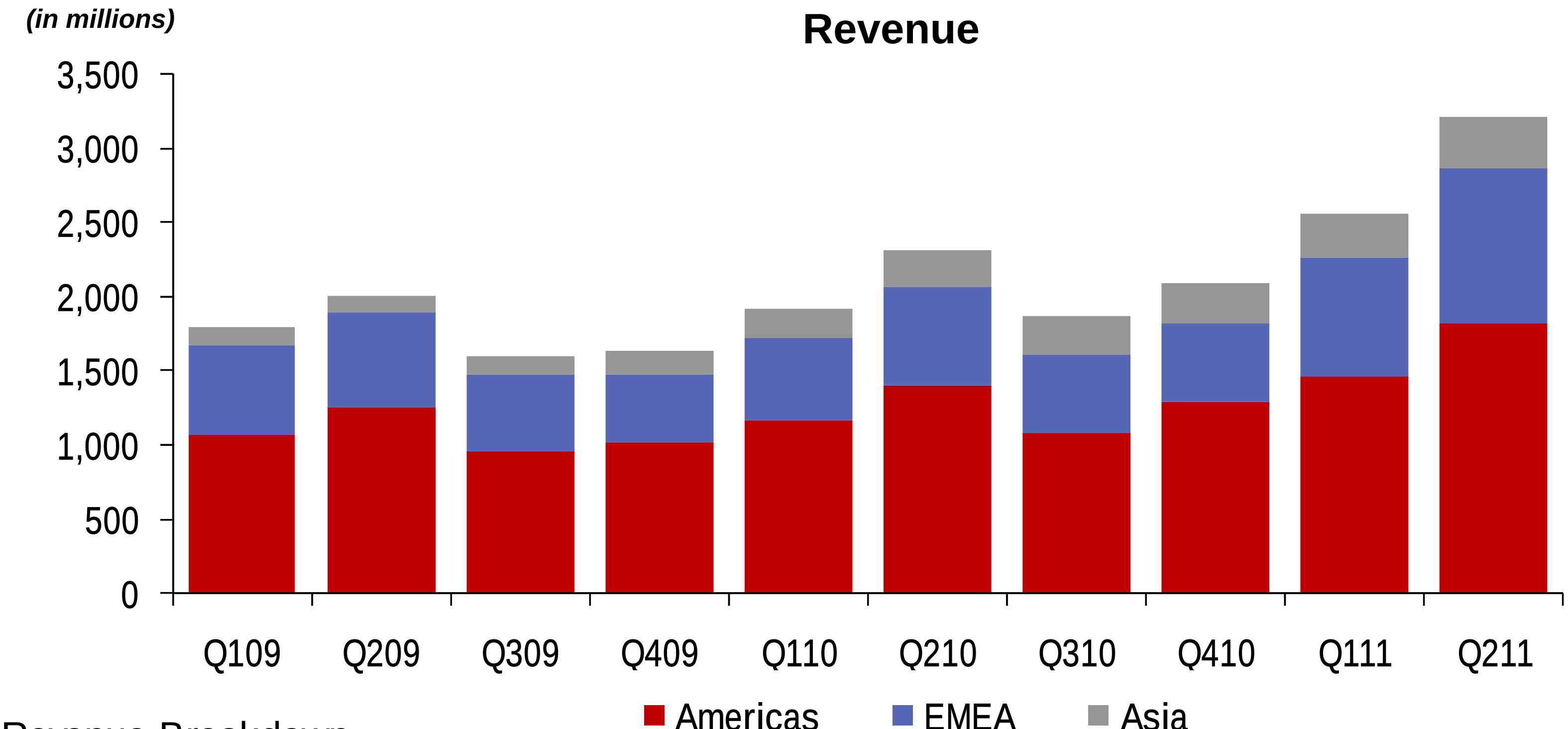
# TS Revenue




TS Revenue Breakdown

| | Sep-08 | Dec-08 | Mar-09 | Jun-09 | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 | Dec-10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Americas | $ 1.06 | $ 1.25 | $ 0.95 | $ 1.02 | $ 1.16 | $ 1.40 | $ 1.08 | $ 1.29 | $ 1.46 | $ 1.82 |
| EMEA | 0.62 | 0.65 | 0.52 | 0.46 | 0.56 | 0.67 | 0.53 | 0.53 | 0.81 | 1.05 |
| Asia | 0.11 | 0.10 | 0.13 | 0.16 | 0.20 | 0.25 | 0.26 | 0.27 | 0.29 | 0.34 |
| *Total* | $ 1.79 | $ 2.00 | $ 1.60 | $ 1.64 | $ 1.92 | $ 2.32 | $ 1.87 | $ 2.09 | $ 2.56 | $ 3.21 |

(in billions)