
**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) **October 27, 2016**

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 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On October 27, 2016, Avnet, Inc. (the “Company”) issued a press release announcing its first quarter results of operations for fiscal 2017. A copy of the press release is attached hereto as Exhibit 99.1. A discussion on the impact of foreign currency on the Company’s results of operations, the definition of organic sales and a reconciliation of non-GAAP financial information is attached as Exhibit 99.2. Each exhibit is 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:

Exhibit Number	Description
99.1	Press Release, dated October 27, 2016.
99.2	Supplemental and Non-GAAP Financial Information.

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: October 27, 2016

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 Reports First Quarter Fiscal Year 2017 Results Strategic Transition Underway

Phoenix, October 27, 2016 - Avnet, Inc. (NYSE:AVT) today announced results for the first quarter fiscal year 2017 ended October 1, 2016.

Highlights

- Completed purchase of Premier Farnell in October, expects to realize \$70 to \$80 million of synergies
- Announced sale of Technology Solutions (TS) for \$2.6 billion, expects to close in Q3 or Q4 FY2017
- Q1 financial results consistent with previous expectations
- Electronics Marketing sales and operating income exceeded the midpoint of expectations
- TS reported as discontinued operations

The first quarter of fiscal 2016 ended October 3, 2015, had an extra week of sales, which resulted in an estimated \$525 million impact on adjusted sales and \$0.11 to \$0.13 on adjusted diluted EPS.

	First Quarters Ended		
	October 1, 2016	October 3, 2015	Change
	<i>\$ in millions, except per share data</i>		
Adjusted Sales ⁽¹⁾	\$ 6,040.3	\$ 6,969.7	(13.3)%
Constant Currency ⁽²⁾			(13.3)%
Sales	\$ 4,173.4	\$ 4,600.8	(9.3)%
Constant Currency ⁽²⁾			(9.7)%
Operating Income	131.0	170.0	(22.9)%
Adjusted Operating Income ⁽¹⁾	193.1	240.4	(19.7)%
Net Income	68.8	130.3	(47.1)%
Adjusted Net Income ⁽³⁾	118.4	152.9	(22.6)%
Adjusted Diluted EPS ⁽³⁾	\$ 0.91	\$ 1.12	(18.8)%
Diluted EPS	\$ 0.53	\$ 0.96	(44.8)%

(1) As the TS business is a discontinued operation the Avnet reported Sales and Operating Income amounts exclude the sales and operating income from TS for the periods presented. References to Adjusted Sales and Adjusted Operating Income include the sales and operating income, respectively, of TS as well as other historical adjustments. See the reconciliation of non-GAAP financial information attached as exhibit 99.2 to the Form 8-K filed with the Securities Exchange Commission on October 27, 2016 ("Exhibit 99.2").

(2) Year-over-year sales growth rate excludes the impact of changes in foreign currency exchange rates. A discussion on the impact of foreign currency on the Company's results of operations, the definition of organic sales and a reconciliation of non-GAAP financial information is included in Exhibit 99.2.

(3) Non-GAAP financial measures. See Exhibit 99.2.

- TS sales and operating income below expectations
- The year-over-year decline in adjusted operating income was driven by the decline in sales including the impact of the extra week in fiscal 2016

“We took a significant step in our strategic transition as we completed the acquisition of Premier Farnell on October 17th and announced the sale of our Technology Solutions operating group to Tech Data Corporation on September 19th. With the sale of TS, we will be singularly focused on leveraging EM’s design and supply chain services with Premier Farnell’s digital platform to offer the broadest suite of products and services to support customers at every stage of the product lifecycle,” said Bill Amelio, CEO of Avnet. “Just as technology has impacted many areas of commerce, it is changing how our customer’s want to interact from design through production. As engineers do more of their research online, we are confident that the combination of EM and Premier Farnell will allow us to reach a broader base of customers earlier in the design cycle with a much lower cost to serve.”

Amelio further added, “Avnet has a long history of adapting to changes in the technology marketplace and we believe the strategic direction we are setting today will expand our growth opportunities, increase our margins and returns and generate increased shareholder value in the future.”

Cash Flow and Returns to Shareholders

- Cash generated from operations over the trailing twelve months increased \$34 million to \$258 million
- Cash and cash equivalents at the end of the quarter was \$1.20 billion; net debt (total debt less cash and cash equivalents) was \$1.51 billion
- The Company has \$174.9 million remaining under the current share repurchase authorization
- The Company paid a dividend of \$0.17 per share or \$21.7 million during the quarter

“At the end of October we will use approximately \$180 million of our offshore cash and approximately \$660 million of new debt to pay for the acquisition of Premier Farnell. While our borrowing levels will be temporarily elevated, once completed, we expect to use a meaningful portion of the proceeds from the sale of TS to reduce debt and return to historical credit statistics consistent with our investment grade rating,” said Kevin Moriarty, CFO of Avnet. “Even after paying for Premier Farnell, the proceeds from the sale of TS will allow us to maintain a strong balance sheet, fund future growth and provide excess cash that we can return to shareholders.”

Discontinued Operations

On September 19, 2016, Avnet announced that it had entered into an agreement to sell its TS business to Tech Data Corporation. The transaction is subject to customary closing conditions and regulatory approval and is expected to close in the first half of calendar 2017. As a result of the pending sale and having met applicable accounting requirements, Avnet, Inc. is reporting the TS business as a discontinued operation beginning with the first quarter of fiscal 2017 and prior periods have been adjusted for comparability.

Avnet Electronics Marketing Results

The first quarter of fiscal 2016 ended October 3, 2015, had an extra week of sales, which resulted in an estimated \$300 million impact on EM sales

	Q1 FY17 Sales <i>(in millions)</i>	Year-over-Year Growth Rates		
		Reported Sales	Organic Sales	
EM Total	\$ 4,173.4	(9.3)%	(3.0)%	
Constant Currency ⁽¹⁾		(9.7)%	(3.4)%	
Americas	\$ 1,305.8	(5.1)%	1.0 %	
EMEA	\$ 1,265.3	(5.4)%	1.5 %	
Constant Currency ⁽¹⁾		(5.3)%	1.7 %	
Asia	\$ 1,602.3	(15.1)%	(9.0)%	
Constant Currency ⁽¹⁾		(16.1)%	(10.1)%	
		<u>Q1 FY17</u>	<u>Q1 FY16</u>	<u>Change</u>
Operating Income		\$ 186.5	\$ 217.7	(14.3)%
Operating Income Margin		4.5 %	4.7 %	(26)bps

(1) Refer to Exhibit 99.2.

·Excluding the impact of the extra week of sales in the prior year quarter and the decision to exit certain select high volume supply chain engagements in the Asia region, sales would have increased by approximately 1%.

·Gross profit margin increased 35 basis points from the year ago quarter due to an improvement in the Asia region and a regional mix shift to the higher margin western regions, both of which were driven by the decision to exit certain low margin supply chain engagements.

·Operating income margin declined 26 basis points from the year ago quarter primarily due to the decline in sales related to the extra week in the year ago quarter and higher expenses related to the ERP implementation in the Americas region.

·Working capital (defined as receivables plus inventories less accounts payables) increased 16.0% from the year ago quarter due to the transfer of the embedded computing solutions business from TS at the beginning of fiscal 2017 and a decrease in accounts payable. Excluding the transfer of the embedded computing solutions business from TS at the beginning of fiscal 2017 and the impact of foreign currency exchange rates, inventory declined 8.2% sequentially.

Avnet Technology Solutions Results

The first quarter of fiscal 2016 ended October 3, 2015 had an extra week of sales, which resulted in an estimated \$225 million impact on TS sales

	Q1 FY17 Sales	Year-over-Year Growth Rates	
		Reported Sales	Organic Sales
TS Total ⁽¹⁾	\$ 1,866.9	(21.2)%	(14.8)%
Constant Currency ⁽²⁾		(20.3)%	(13.8)%
Americas	\$ 1,043.5	(25.4)%	(17.7)%
EMEA	\$ 580.3	(14.3)%	(11.0)%
Constant Currency ⁽²⁾		(10.0)%	(6.5)%
Asia	\$ 243.1	(17.1)%	(10.1)%
Constant Currency ⁽²⁾		(18.3)%	(11.4)%
	<u>Q1 FY17</u>	<u>Q1 FY16</u>	<u>Change</u>
Operating Income ⁽¹⁾	\$ 42.7	\$ 69.8	(38.9)%
Operating Income Margin	2.3 %	3.0 %	(66)bps

(1) The TS business is a discontinued operation. Refer to Exhibit 99.2.

(2) Refer to Exhibit 99.2.

·At a product level, year-over-year declines in servers, storage and software drove the revenue decline

Outlook for Second Quarter of Fiscal 2017 Ending on December 31, 2016

- Avnet outlook only includes the EM business, including Premier Farnell
- Sales are expected to be in the range of \$4.2 billion to \$4.5 billion
- Adjusted diluted earnings per share is expected to be in the range of \$0.69 to \$0.79 per share
- The guidance assumes 130 million average diluted shares outstanding and an adjusted tax rate of 23% to 27

The above guidance excludes any additional acquisitions, the amortization of intangibles, any potential restructuring, integration and other expenses and certain income tax adjustments. The above guidance also excludes any results from the TS business. In addition, the above guidance assumes that the average U.S. Dollar to Euro currency exchange rate for the second quarters of fiscal 2017 is \$1.09 to €1.00, consistent with the second quarter of fiscal 2016.

Refer to Exhibit 99.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 27, 2016, for a reconciliation of non-GAAP guidance.

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,” “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: 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, the separation and pending sale of the TS business, an industry down-cycle in semiconductors, IT hardware or software products, 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.

Teleconference and Upcoming Events

Avnet will host a quarterly teleconference today at 11:00 a.m. Eastern Time. Financial information including financial statement reconciliations of GAAP to 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 teleconference will also be available after the call.

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

From components to cloud and from design to disposal, Avnet, Inc. (NYSE: AVT) accelerates the success of customers who build, sell and use technology by providing a comprehensive portfolio of innovative products, services and solutions. For more information, visit www.avnet.com. (AVT_IR)

Visit Avnet’s Investor Relations website at www.ir.avnet.com or contact us at investorrelations@avnet.com.

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AVNET, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	First Quarters Ended	
	October 1, 2016	October 3, 2015
	(Thousands, except per share data)	
Sales	\$ 4,173,405	\$ 4,600,802
Cost of sales	3,647,920	4,037,546
Gross profit	525,485	563,256
Selling, general and administrative expenses	365,025	380,751
Restructuring, integration and other expenses	29,469	12,518
Operating income	130,991	169,987
Other income (expense), net	(13,733)	882
Interest expense	(27,237)	(22,032)
Income from continuing operations before income taxes	90,021	148,837
Income tax expense	21,435	37,849
Income from continuing operations	68,586	110,988
Income from discontinued operations, net of income taxes of \$21,295 and \$9,403, respectively	257	19,266
Net income	\$ 68,843	\$ 130,254
Earnings per share- basic:		
Continuing operations	\$ 0.54	\$ 0.83
Discontinued operations	0.00	0.14
Net income per share - basic	\$ 0.54	\$ 0.97
Earnings per share- diluted:		
Continuing operations	\$ 0.53	\$ 0.82
Discontinued operations	0.00	0.14
Net income per share - diluted	\$ 0.53	\$ 0.96
Shares used to compute earnings per share:		
Basic	127,531	133,783
Diluted	129,763	136,326
Cash dividends paid per common share	\$ 0.17	\$ 0.17

AVNET, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	October 1, 2016	July 2, 2016
(Thousands)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,196,545	\$ 1,031,478
Receivables, net	2,876,346	2,803,678
Inventories	2,418,761	2,589,659
Prepaid and other current assets	76,514	81,196
Assets held for sale	<u>3,131,587</u>	<u>2,497,962</u>
Total current assets	9,699,753	9,003,973
Property, plant and equipment, net	471,321	453,209
Goodwill	620,850	621,852
Intangible assets, net	20,823	22,571
Other assets	233,376	239,133
Non-current assets held for sale	—	<u>899,067</u>
Total assets	<u>\$ 11,046,123</u>	<u>\$ 11,239,805</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 98,017	\$ 1,152,599
Accounts payable	1,463,555	1,616,694
Accrued expenses and other	419,445	394,888
Liabilities held for sale	<u>1,452,851</u>	<u>1,778,312</u>
Total current liabilities	3,433,868	4,942,493
Long-term debt	2,609,617	1,339,204
Other liabilities	213,612	223,053
Non-current liabilities held for sale	—	<u>43,769</u>
Total liabilities	6,257,097	6,548,519
Shareholders' equity	<u>4,789,026</u>	<u>4,691,286</u>
Total liabilities and shareholders' equity	<u>\$ 11,046,123</u>	<u>\$ 11,239,805</u>

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

	Three Months Ended	
	October 1, 2016	October 3, 2015
	(Thousands)	
Cash flows from operating activities:		
Net income	\$ 68,843	\$ 130,254
Less: Income from discontinued operations, net of tax	<u>257</u>	<u>19,266</u>
Income from continuing operations	68,586	110,988
Non-cash and other reconciling items:		
Depreciation	19,694	8,237
Amortization	1,930	2,436
Deferred income taxes	6,412	3,381
Stock-based compensation	17,576	24,350
Other, net	10,714	9,411
Changes in (net of effects from businesses acquired):		
Receivables	(64,587)	124,076
Inventories	182,240	(282,846)
Accounts payable	(164,777)	(2,476)
Accrued expenses and other, net	<u>33,522</u>	<u>(33,535)</u>
Net cash flows provided (used) for operating activities- continuing operations	<u>111,310</u>	<u>(35,978)</u>
Net cash flows (used) provided by operating activities- discontinued operations	<u>(111,446)</u>	<u>2,237</u>
Net cash flows used for operating activities	<u>(136)</u>	<u>(33,741)</u>
Cash flows from financing activities:		
Repayment of notes	(300,000)	(250,000)
Repayments under accounts receivable securitization, net	(150,265)	(33,045)
Borrowings of bank and revolving debt, net	669,803	418,756
Repurchases of common stock	—	(143,725)
Dividends paid on common stock	(21,676)	(22,612)
Other, net	682	(2,503)
Net cash flows provided (used) for financing activities - continuing operations	<u>198,544</u>	<u>(33,129)</u>
Net cash flows used for financing activities - discontinued operations	<u>(4,756)</u>	<u>(160)</u>
Net cash flows provided (used) for financing activities	<u>193,788</u>	<u>(33,289)</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(34,729)	(31,205)
Other, net	432	1,568
Net cash flows used for investing activities - continuing operations	<u>(34,297)</u>	<u>(29,637)</u>
Net cash flows used for investing activities - discontinued operations	<u>(95)</u>	<u>(2,395)</u>
Net cash flows used for investing activities	<u>(34,392)</u>	<u>(32,032)</u>
Effect of currency exchange rate changes on cash and cash equivalents	5,807	(8,796)
Net change in cash and cash equivalents	165,067	(107,858)
Cash and cash equivalents at beginning of period	<u>1,031,478</u>	<u>932,553</u>
Cash and cash equivalents at end of period	<u>\$ 1,196,545</u>	<u>\$ 824,695</u>

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

	<u>First Quarters Ended</u>	
	<u>October 1, 2016</u>	<u>October 3, 2015*</u>
	(Millions)	
Sales:		
Electronics Marketing (continuing operations)	\$ 4,173.4	\$ 4,600.8
Technology Solutions (discontinued operations)	1,866.9	2,368.9
Operating Income (Expense):		
Electronics Marketing (continuing operations)	\$ 186.5	\$ 213.0
Technology Solutions (discontinued operations)	42.7	74.5
Corporate specific to or benefiting Electronic Marketing	(23.6)	(32.1)
Corporate specific to or benefiting Technology Solutions	<u>(12.5)</u>	<u>(15.1)</u>
	193.1	240.4
Restructuring, integration and other expenses - continuing operations	(29.5)	(12.5)
Restructuring, integration and other expenses - discontinued operations	(4.2)	(13.4)
Amortization of acquired intangible assets and other - continuing operations	(2.4)	(2.8)
Amortization of acquired intangible assets and other - discontinued operations	(4.5)	(4.6)
Less: TS discontinued operations	<u>(21.5)</u>	<u>(37.0)</u>
Operating Income	<u>\$ 131.0</u>	<u>\$ 170.0</u>

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

Supplemental and 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 (i) adjusted operating income, (ii) adjusted operating expenses, (iii) adjusted other expense, (iv) adjusted income tax expense, (v) adjusted net income, (vi) adjusted diluted earnings per share, (vii) adjusted sales and (viii) sales adjusted for the impact of acquisitions and other items (as defined in the Organic Sales section of this document). 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 "excluding the impact of changes in foreign currency exchange rates" or "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, operating expenses and other expense adjusted for restructuring, integration and other expenses including acquisition or divestiture related costs and amortization of acquired intangible assets and other, are useful measures 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, operating expenses and other 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 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, net income and diluted EPS adjusted for the impact of the items described above and certain items impacting 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 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 profitability 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 inventories less accounts payable from both continuing and discontinued operations.

·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 adjusted sales divided by the sum of the monthly average balances of receivables and inventories less accounts payable from both continuing and discontinued operations.

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.

	Quarters Ended	
	October 1, 2016*	October 3, 2015*
	<i>\$ in thousands, except per share amounts</i>	
GAAP sales - continuing operations	\$ 4,173,405	\$ 4,600,802
Sales - TS discontinued operations	1,866,901	2,368,892
Adjusted sales	<u>6,040,306</u>	<u>6,969,694</u>
Gross profit - continuing operations	\$ 525,485	\$ 563,256
Gross profit - TS discontinued operations	190,443	228,220
Adjusted gross profit	<u>715,928</u>	<u>791,476</u>
GAAP selling, general and administrative expenses - continuing operations	\$ 365,025	\$ 380,751
Amortization of intangible assets and other - continuing operations	(2,378)	(2,848)
GAAP selling, general and administrative expenses - discontinued operations	164,672	177,805
Amortization of intangible assets and other - discontinued operations	(4,493)	(4,643)
Adjusted operating expenses	<u>\$ 522,826</u>	<u>\$ 551,065</u>
GAAP operating income - continuing operations	\$ 130,991	\$ 169,987
Restructuring, integration and other expenses- continuing operations	29,469	12,518
Amortization of intangible assets and other - continuing operations	2,378	2,848
Adjusted operating income - continuing operations	<u>162,838</u>	<u>185,353</u>
GAAP operating income - discontinued operations	21,547	36,975
Restructuring, integration and other expenses- discontinued operations	4,224	13,440
Amortization of intangible assets and other - discontinued operations	4,493	4,643
Adjusted operating income - discontinued operations	<u>30,264</u>	<u>55,058</u>
Adjusted operating income	<u>\$ 193,102</u>	<u>\$ 240,411</u>

GAAP other income (expense), net - continuing operations	\$ (13,733)	\$ 882
Acquisition related FX hedging and financing costs	11,007	-
Adjusted other income (expense), net - continuing operations	(2,726)	882
Other income (expense), net - discontinued operations	2,028	(6,736)
Adjusted other income (expense), net	\$ (698)	\$ (5,854)
Total adjustments to income before income taxes - continuing operations	42,854	15,366
Total adjustments to income before income taxes - discontinued operations	8,717	18,083
GAAP income tax expense - continuing operations	\$ 21,435	\$ 37,849
Restructuring, integration and other expenses - continuing operations	9,246	4,447
Amortization of intangible assets and other - continuing operations	597	777
Acquisition related FX hedging and financing costs	2,738	-
Discrete income tax items	1,365	(852)
Adjusted income tax expense - continuing operations	35,381	42,221
GAAP income tax expense - discontinued operations	\$ 21,295	\$ 9,403
Restructuring, integration and other expenses- discontinued operations	1,267	4,386
Amortization of intangible assets and other - discontinued operations	1,342	1,530
Discrete income tax items - discontinued operations	(14,584)	473
Adjusted income tax expense - discontinued operations	9,320	15,792
Adjusted income tax expense	\$ 44,701	\$ 58,013
GAAP net income - continuing operations	\$ 68,586	\$ 110,988
Restructuring, integration and other expenses (net of tax) - continuing operations	20,223	8,071
Amortization of intangible assets and other (net of tax) - continuing operations	1,781	2,071
Acquisition related FX hedging and financing costs- continuing operations	8,269	-
Discrete income tax expense	(1,365)	852
Adjusted net income - continuing operations	97,494	121,982
GAAP net income - discontinued operations	\$ 257	\$ 19,266
Restructuring, integration and other expenses (net of tax) - discontinued operations	2,956	9,054
Amortization of intangible assets and other (net of tax) - discontinued operations	3,151	3,113
Discrete income tax expense	14,584	(473)
Adjustments to net income (net of tax) - discontinued operations	20,948	30,960
Adjusted net income	\$ 118,442	\$ 152,942
GAAP diluted EPS - continuing operations	\$ 0.53	\$ 0.82
Restructuring, integration and other expenses (net of tax) - continuing operations	0.16	0.06
Amortization of intangible assets and other (net of tax) - continuing operations	0.01	0.02
Acquisition related FX hedging and financing costs- continuing ops	0.06	-
Discrete income tax items	(0.01)	-
Adjusted diluted EPS - continuing operations	0.75	0.89
GAAP diluted EPS - discontinued operations	\$ 0.00	\$ 0.14
Restructuring, integration and other expenses (net of tax) - discontinued operations	0.02	0.07
Amortization of intangible assets and other (net of tax) - discontinued operations	0.02	0.02
Discrete income tax items	0.11	-
Adjusted diluted EPS - discontinued operations	0.16	0.23
Adjusted diluted EPS	\$ 0.91	\$ 1.12

Organic Sales

Adjusted sales is defined as sales as reported plus sales from discontinued operations. But for the discontinued nature of the TS business, TS sales are otherwise determined in accordance with GAAP. Organic sales is defined as sales adjusted for the impact of significant acquisitions, divestitures and other items 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. Organic sales in constant currency is defined as organic sales (as defined above) excluding the impact of changes in foreign currency exchange rates.

The following tables present the reconciliation of reported sales from both continuing operations and discontinued operations to organic sales for the first quarter of fiscal 2016. Reported sales were the same as organic sales for both continuing operations and discontinued operations in the first quarter of fiscal 2017. Fiscal 2016 reported sales have been adjusted from historical reported amounts due to the transfer of the embedded computing solutions business from TS to EM in the first quarter of fiscal 2016.

	First Quarter Ended		
	As Reported - Fiscal 2016	Acquisitions ⁽¹⁾ & Estimated Extra Week of Sales ⁽²⁾	Organic Sales - Fiscal 2016
	<i>(in millions)</i>		
EM (continuing operations)	\$ 4,600.8	\$ (300.0)	\$ 4,300.8
TS (discontinued operations)	2,368.9	(178.1)	2,190.8
EM (continuing operations)			
Americas	\$ 1,375.5	\$ (82.0)	\$ 1,293.5
EMEA	1,338.1	(92.0)	1,246.1
Asia	1,887.2	(126.0)	1,761.2
TS (discontinued operations)			
Americas	\$ 1,398.5	\$ (130.0)	\$ 1,268.4
EMEA	677.1	(25.2)	652.0
Asia	293.4	(23.0)	270.4

(1) Includes the following acquisitions:
 • Orchestra Service GmbH acquired in November 2015 in the TS EMEA Region
 • ExitCertified Corporation acquired in January 2016 in the TS Americas Region

(2) The impact of the additional week of sales in the first quarter of fiscal 2016 is estimated

	Sales As Reported and Organic Q1-Fiscal 2017	Sales As Reported Year-Year % Change	Sales As Reported Year-Year % Change in Constant Currency	Organic Sales Year-Year % Change	Organic Sales Year-Year % Change in Constant Currency
(Dollars in thousands)					
EM	\$ 4,173,405	(9.3)%	(9.7)%	(3.0)%	(3.4)%
TS	1,866,901	(21.2)	(20.3)	(14.8)	(13.8)
EM					
Americas	\$ 1,305,809	(5.1)%	—	1.0 %	—
EMEA	1,265,294	(5.4)	(5.3)%	1.5	1.7 %
Asia/Pacific	1,602,302	(15.1)	(16.1)	(9.0)	(10.1)
TS					
Americas	\$ 1,043,534	(25.4)%	—	(17.7)%	—
EMEA	580,256	(14.3)	(10.0)%	(11.0)	(6.5)%
Asia/Pacific	243,111	(17.1)	(18.3)	(10.1)	(11.4)

ROWC, ROCE and WC Velocity

The following tables (in thousands) present the calculations for ROWC, ROCE and WC velocity.

		Q1 FY16	Q1 FY17
Adjusted sales ⁽¹⁾		\$ 6,969,694	\$ 6,040,306
Adjusted sales, annualized ⁽²⁾	(a)	26,385,270	24,161,224
Adjusted operating income ⁽¹⁾		240,411	193,102
Adjusted annualized operating income	(b)	910,127	772,408
Adjusted effective tax rate ⁽³⁾		27.8 %	27.4 %
Adjusted annualized operating income, after tax	(c)	657,203	560,768
Average monthly working capital			
Accounts receivable		4,787,201	4,750,167
Inventories		2,745,479	2,863,894
Accounts payable		(3,182,154)	(2,842,674)
Average working capital	(d)	\$ 4,350,526	\$ 4,771,387
Average monthly capital employed	(e)	\$ 5,909,334	\$ 6,339,097
ROWC = (b) / (d)		20.9 %	16.2 %
WC Velocity = (a) / (d)		6.1	5.1
ROCE = (c) / (e)		11.1 %	8.9 %

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

(2) Annualized amounts for Q1 FY16 are based on a 53-week fiscal year.

(3) 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 income tax adjustments above in the reconciliation to GAAP amounts in this Non-GAAP Financial Information section.

Guidance Reconciliation

The following table presents the reconciliation of non-GAAP adjusted diluted earnings per share guidance to the expected GAAP diluted earnings per share guidance for the second quarter of fiscal 2017.

	<u>High End of Guidance Range</u>	<u>Low End of Guidance Range</u>
Adjusted diluted earnings per share guidance - continuing operations	\$ 0.79	\$ 0.69
Restructuring, integration and other expense (net of tax)	(0.08)	(0.16)
Amortization of intangibles and other (net of tax)	(0.03)	(0.07)
Other expense (net of tax)	(0.14)	(0.18)
Income tax expense adjustments	-	0.02
GAAP diluted earnings per share guidance - continuing operations	\$ 0.54	\$ 0.30
