

Avnet Fourth Quarter and Fiscal 2020 Financial Results

August 6, 2020

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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: the scope and duration of the COVID-19 outbreak and its impact on global economic systems, financial markets and Avnet’s operations, employees, customers and supply chain; 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; disruptions to the business resulting from pandemics, epidemics or other health related crisis (such as COVID-19 outbreak); 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.

Executive Overview

Phil Gallagher
Interim Chief Executive Officer

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Q4 FY 2020 Earnings



- Continuing to navigate COVID-19 operating environment
- As expected, macro headwinds & other factors impacted Q4
- Q4 revenues were down sequentially and YoY
- Q4 EPS was up sequentially and down YoY
- Quarterly results impacted by:
 - Softer demand, particularly in EMEA
 - Softer pricing
 - Additional costs due to COVID-19 impacts on logistics
- Maintaining focus on conserving cash and managing debt
- Achieved 7th consecutive quarter of positive operating cash flow

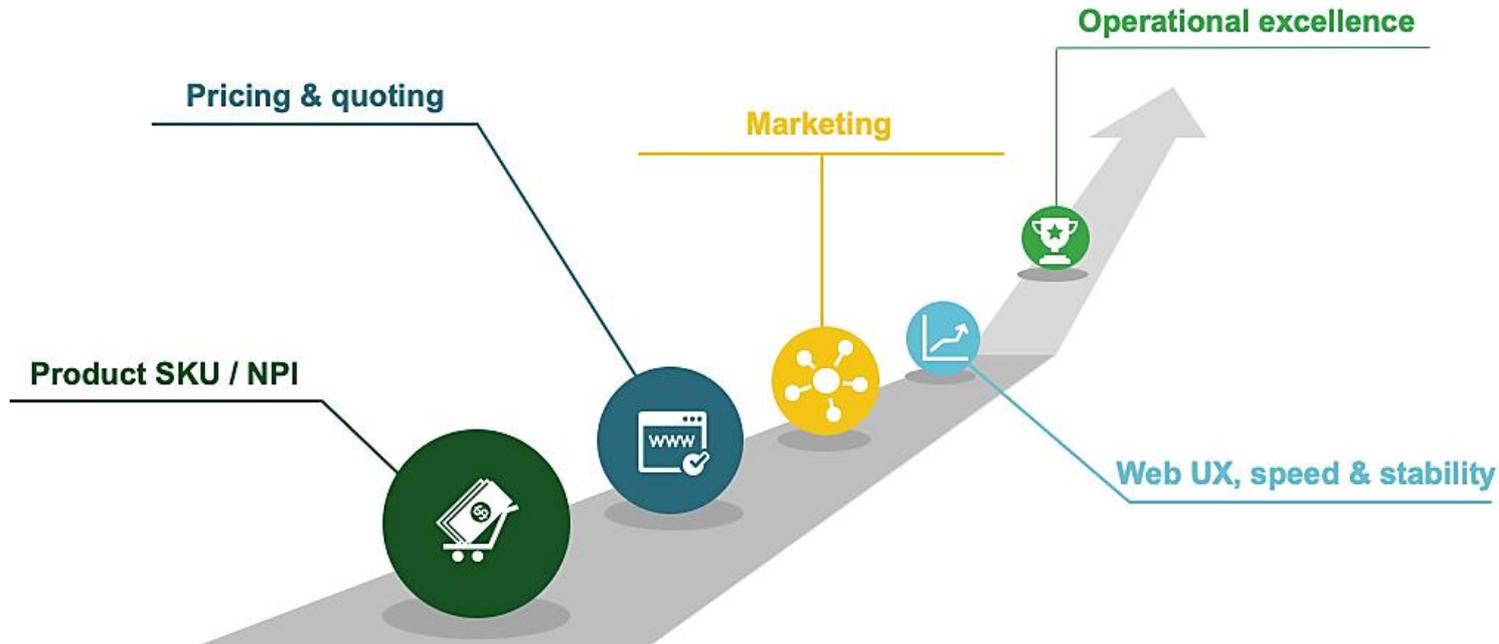
Electronic components business

- Revenues and operating margins were down sequentially and YoY
 - Most notable impact in EMEA, with signs of recovery in Asia
 - Book-to-bill ratio at end of Q4 slightly below parity, but improved in July
- Transportation and aerospace segments facing headwinds
- Industrial, Communications, Tech, and Defense segments showing strength

Global demand creation trends and design wins remained steady

Farnell: Continuing to execute on 5-pronged plan

- Revenues and operating margins down QoQ and YoY, driven by softness in EMEA
- New customer acquisition up +13% YoY, largely driven by COVID safety products
- Additional suppliers added to Farnell's global line card



Long-term strategic priorities intact despite pandemic



As the work environment evolves, Avnet continues to assess opportunities for cost rationalization, as well as ways to add value for our customers, suppliers, investors and employees

Fourth quarter results demonstrate Avnet's resilience



Prioritizing our employees' safety while maintaining efficient business operations



Supporting our customers and supplier partners in the fight against COVID-19



Adapting our business in response to the pandemic's new operating environment



Focusing on increasing our profitability by building on our history in distribution



Diversifying and growing Avnet's revenue streams with technology solutions

Financial Overview

Tom Liguori
Chief Financial Officer



Q4 FY 2020 Financial highlights

\$4.2B Revenues were above consensus estimates

\$0.64 Adjusted diluted EPS⁽¹⁾ was above consensus

\$288M Cash flow from operations

\$0.42 Benefit to EPS from a favorable effective tax rate & impact of CARES Act

\$0.08 Contribution to EPS from favorable foreign currency and lower interest expense

11.4% Gross margin was down 62 basis points sequentially

\$432M Adjusted operating expenses⁽¹⁾ lower sequentially and year over year

19% Adjusted tax rate excluding the one-time \$42M tax gain

Key metrics by business segment and region

Electronic Components

- Revenues of **\$3.9B**, down 2.7% sequentially and 10.8% YoY
- Operating margins of **1.5%** compared to 2.1% last quarter

Americas

- Revenues of **\$1.1B**, down 4.5% sequentially and 9.2% YoY

EMEA

- Revenues of **\$1.3B**, down 11.1% sequentially and 18.0% YoY
- Constant currency down 16.2% YoY

Asia

- Revenues of **\$1.7B**, up 4.6% sequentially and down 6.2% YoY
- Constant currency down 6.0% YoY

Farnell

- Revenues of **\$292M**, down 12.9% sequentially and 15.0% YoY
- Operating margins of 3.6%, down 340 bps sequentially and 610 bps YoY

Q4 FY 2020 Balance sheet and cash flow performance

\$477M Cash balance

\$1.4B Debt

3.1 Gross debt leverage ratio at end of quarter

2.1 Net debt leverage ratio at end of quarter

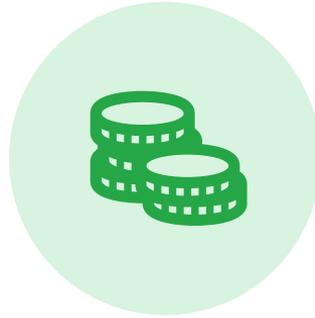
\$38 Net book value / share, up slightly sequentially

\$29 Tangible book value / share, relatively constant

Current liquidity profile



Operating cash flow of
\$288M in the quarter;
\$730M for FY20



Used cash to pay down
\$300M of debt to satisfy
a June maturity date



Amended terms of credit
facility for potential
COVID headwinds

Looking ahead: Near-term financial priorities

- Prioritizing managing inventories & receivables, generating cash, reducing debt
- New plan announced, which will be fully realized by December and includes:

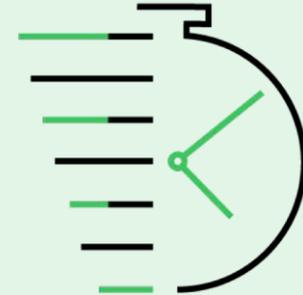
Reducing operating expenses by:

\$75M
annually



Reducing working capital levels by:

\$100M



Outlook for Q1 FY21

(ending on October 3, 2020)

Metric	Guidance Range	Midpoint
Sales	\$3.8B - \$4.2B	\$4.0B
Non-GAAP Adjusted Diluted EPS ⁽¹⁾	\$0.00 - \$0.16	\$0.08
Estimated Annual Tax Rate	17% - 21%	19%

Outlook for Q1 FY21 (continued)

(ending on October 3, 2020)

- Demand environment similar to last quarter
- First quarter typically impacted by seasonal demands resulting in:
 - Lower EMEA revenues
 - Flat revenues across Americas and Asia
- Anticipate slight uptick in Farnell revenues in Q1
- Expect TI revenues to decline sequentially to the range of \$100-\$150M
- Expect a slight decline in operating margins

Q&A Session

Thank you

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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 August 6, 2020, 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 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.