**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) **April 28, 2016**

# AVNET, INC.

(Exact name of registrant as specified in its charter)

| **New York** | **1-4224** | **11-1890605** |
|---|---|---|
| (State or other jurisdiction Of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| **2211 South 47th Street, Phoenix, Arizona** | **85034** |
|---|---|
| (Address of principal executive offices) | (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 240.13.e-4(c))

**Item 2.02. Results of Operations and Financial Condition.**

On April 28, 2016, Avnet, Inc. issued a press release announcing its third quarter results of operations for fiscal 2016. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

Also attached is the CFO Review of Fiscal 2016 Third Quarter Results as Exhibit 99.2 and 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 April 28, 2016. |
| 99.2 | CFO Review of Fiscal 2016 Third Quarter Results. |

**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: April 28, 2016 | **AVNET, INC.**<br>Registrant |
| | By: /s/ Kevin Moriarty<br>Name: Kevin Moriarty<br>Title: Senior Vice President and<br>Chief Financial Officer |

**Avnet, Inc.**
**2211 South 47th Street**
**Phoenix, AZ 85034**

# PRESS RELEASE

## Avnet, Inc. Reports Third Quarter Fiscal Year 2016 Results
## Earnings Per Share in Line with Expectations
## Strong Cash Flow from Operations

***Phoenix, April 28, 2016*** - Avnet, Inc. (NYSE:AVT) today announced results for the third quarter fiscal year 2016 ended April 2, 2016.

**Q3 Fiscal 2016 Results**

| | Third Quarters Ended | | |
|---|---|---|---|
| | April 2, 2016 | March 28, 2015 | Change |
| | *$ in millions, except per share data* | | |
| Sales | $ 6,174.7 | $ 6,736.9 | (8.3)% |
| *Constant Currency* (1) | | | *(6.9)%* |
| GAAP Operating Income | 181.6 | 203.7 | (10.9)% |
| Adjusted Operating Income (2) | 205.2 | 230.4 | (10.9)% |
| GAAP Net Income | 123.5 | 121.5 | 1.6 % |
| Adjusted Net Income (2) | 132.6 | 143.5 | (7.6)% |
| GAAP Diluted EPS | $ 0.94 | $ 0.88 | 6.8 % |
| Adjusted Diluted EPS (2) | $ 1.01 | $ 1.04 | (2.9)% |

(1) Year-over-year sales growth rate excluding the impact of changes in foreign currency exchange rates.
(2) A reconciliation of non-GAAP financial measures to GAAP financial measures is presented in the Non-GAAP Financial Information section in this press release.

- Sales for the third quarter ended April 2, 2016, decreased 8.3% year over year and 6.9% in constant currency to $6.17 billion, organic sales (as defined later in this release) declined 8.6% year over year and 7.2% in constant currency
- Adjusted operating income of $205.2 million decreased 10.9% year over year and adjusted operating income margin of 3.3% decreased 10 basis points year over year
- Adjusted net income of $132.6 million decreased 7.6% and adjusted diluted earnings per share of $1.01 decreased 2.9% year over year
- Cash generated from operations was $212.9 million in the March quarter and $596.5 million for the trailing twelve months
- The Company repurchased approximately 3.7 million shares during the third quarter representing an investment of $145.7 million, bringing its fiscal year to date purchases to $331 million, or 8.1 million shares

Rick Hamada, Chief Executive Officer, commented, “Our sequential revenue decline was slightly below our normal seasonality given an expected drop in high volume supply chain engagements in our Asia region of Electronics Marketing (EM) coupled with weaker than expected demand in certain legacy technologies at Technology Solutions (TS). These combined impacts led to an overall sequential revenue decline of approximately 10%.  Despite these elements of softness,  we did experience stronger than typical sequential gains in our western regions at EM and notable growth within areas of our TS portfolio. Enterprise gross profit margin increased 44 basis points year over year to 11.9% with contributions from both operating groups.  This improvement in gross profit margin was offset by the decline in revenue as adjusted operating income dollars declined 10.9% year over year and adjusted operating income margin decreased 10 basis points.  Given the overall trends through our March quarter, we have initiated incremental, focused expense management where we have gaps to our expectations while continuing to invest in clearly identified areas of current and future growth. With our strong competitive position at the center of the technology supply chain, we will continue to leverage our broad range of resources and financial strength in expanding new markets, including the Internet of Things, embedded solutions, and third platform technologies."

**Avnet Electronics Marketing Results**

| | Q3 FY16 Sales | Year-over-Year Growth Rates | |
|---|---|---|---|
| | | Reported Sales | Organic Sales |
| | *(in millions)* | | |
| EM Total | $ 4,041.5 | (4.2)% | (4.2)% |
| *Constant Currency [(1)]* | | *(3.3)%* | *(3.3)%* |
| Americas | $ 1,192.7 | (3.6)% | (3.6)% |
| EMEA | $ 1,330.7 | 6.3 % | 6.3 % |
| *Constant Currency [(1)]* | | *9.4 %* | *9.4 %* |
| Asia | $ 1,518.1 | (12.3)% | (12.3)% |
| *Constant Currency [(1)]* | | *(12.3)%* | *(12.3)%* |

| | Q3 FY16 | Q3 FY15 | Change |
|---|---|---|---|
| Operating Income | $ 183.3 | $ 197.3 | (7.1)% |
| *Operating Income Margin* | *4.5 %* | *4.7 %* | *(15)bps* |

(1) Year-over-year sales growth rate excluding the impact of changes in foreign currency exchange rates.

· Sales decreased 3.3% in constant currency and reported sales decreased 4.2% year over year to $4.04 billion
· Operating income decreased 7.1% year over year to $183.3 million and operating income margin decreased 15 basis points primarily due to declines in the western regions
· Working capital (defined as receivables plus inventories less accounts payables) increased 2% sequentially driven by a planned increase in inventory

Mr. Hamada added, “In our March quarter, seasonal growth in EM’s core business was offset by the expected decline in our select high volume supply chain engagements in Asia as EM global revenue declined 2% from the December quarter.  Revenue grew 17% and 6% sequentially in our EMEA and Americas regions, respectively, while our Asia region declined 18%.  In addition to strong sequential growth, our EM EMEA team grew revenue 9.4% year over year in constant currency, which represents their 12th consecutive quarter of organic growth. As a result of the typical seasonal Q3 growth in our western regions, EM's operating income dollars grew 5.3% sequentially and operating income margin increased 30 basis points. We were encouraged to see our book to bill ratio return to at or above parity for the quarter in all three regions. Our sequential increase in inventory was driven by investments in specific profitable growth opportunities and preparation for an ERP implementation in our Americas region. These investments coupled with the ongoing commitment to enhancing our digital platform, tools, and design resources will position us to grow faster than the markets we serve, leading to continued progress toward our financial targets."

**Avnet Technology Solutions Results**

| | Q3 FY16 Sales | Year-over-Year Growth Rates | |
|---|---|---|---|
| | | Reported Sales | Organic Sales |
| | *(in millions)* | | |
| TS Total | $ 2,133.2 | (15.3) % | (16.0)% |
| *Constant Currency (1)* | | *(12.9) %* | *(13.6)%* |
| Americas | $ 1,241.2 | (13.8) % | (14.2)% |
| EMEA | $ 615.8 | (14.1) % | (15.9)% |
| *Constant Currency (1)* | | *(10.8) %* | *(12.6)%* |
| Asia | $ 276.2 | (23.2) % | (23.2)% |
| *Constant Currency (1)* | | *(19.2) %* | *(19.2)%* |

| | Q3 FY16 | Q3 FY15 | Change |
|---|---|---|---|
| Operating Income | $ 55.5 | $ 68.1 | (18.5)% |
| *Operating Income Margin* | *2.6 %* | *2.7 %* | *(11)bps* |

(1) Year-over-year sales growth rate excluding the impact of changes in foreign currency exchange rates.

- Reported sales decreased 12.9% in constant currency and reported sales decreased 15.3% year over year to $2.13 billion, organic sales declined 16.0% and 13.6% in constant currency
- Operating income decreased 18.5% to $55.5 million and operating income margin decreased 11 basis points year over year to 2.6%
- At a product level, year-over-year growth in networking and services was offset by a decline in storage, servers, and software

Mr. Hamada further added, "TS' revenue came in at the low end of expectations as all three regions experienced weaker than expected demand in select areas of legacy data center products. As a result, organic revenue decreased 14% year over year in constant currency with all three regions experiencing double digit declines. Operating income declined 18.5% year over year and operating income margin was down 11 basis points as an increase in gross profit margin and a reduction in operating expenses offset some of the negative impact of the revenue decline. Given the increasing rate of decline in certain legacy technologies, we will be reducing annualized operating expenses by approximately $25 million, while continuing to redirect our investment into higher growth technologies. We are already seeing the benefits of existing investments as our All Flash Array storage business grew over 40% year over year and our converged infrastructure product offerings increased nearly 20%. Our recently introduced Avnet Cloud Marketplace, which offers a growing portfolio of solutions from cloud service providers, flexible payment options, and a powerful cloud management toolset, is gaining traction with our partners as they and their customers embrace new consumption models to drive business results. With our accelerated investments in next generation technologies, we are confident we can optimize our portfolio to capitalize on second platform growth segments, as well as provide seamless support to our expanding community of partners for the transition to third platform technologies."

## Cash Flow and Return to Shareholders

- Cash generated from operations was $212.9 million in the March quarter and for the trailing twelve months cash generated from operations was $596.5 million
- Cash and cash equivalents at the end of the quarter was $1.04 billion; net debt (total debt less cash and cash equivalents) was $1.28 billion
- During the March quarter, the Company repurchased 3.7 million shares, representing an aggregate investment of $145.7 million
- Entering the fourth fiscal quarter, the Company had $221.7 million remaining under the current repurchase authorization
- The Company paid a dividend of $0.17 per share or $21.9 million during the quarter

Kevin Moriarty, Chief Financial Officer, stated, "We generated $213 million in cash flow from operations during our March quarter bringing our trailing twelve months total to $596 million. During the quarter, we repurchased $146 million of our shares and still have approximately $222 million remaining in our share repurchase program. We have returned approximately $400 million to shareholders through the first nine months of our fiscal year via our disciplined share repurchase and dividend programs. In addition, in the March quarter, we improved our capital structure with a well-received offering of $550 million of 4.625% ten-year notes. We ended the quarter with over $1 billion in cash, which when combined with our strong cash flow generation and credit facilities, provides us with ample liquidity to invest in profitable growth going forward."

## Outlook for Fourth Quarter of Fiscal 2016 Ending on July 2, 2016

- EM sales are expected to be in the range of $3.90 billion to $4.20 billion and TS sales are expected to be in the range of $2.05 billion to $2.35 billion
- Avnet sales are expected to be in the range of $5.95 billion to $6.55 billion
- Adjusted diluted earnings per share is expected to be in the range of $0.95 to $1.05 per share
- The guidance assumes 131 million average diluted shares outstanding and a tax rate of 27% to 31%

The above guidance excludes the amortization of intangibles and any potential restructuring, integration and other expenses. In addition, the above guidance assumes that the average U.S. Dollar to Euro currency exchange rate is $1.13 to €1.00. This compares with an average exchange rate of $1.11 to €1.00 in the fourth quarter of fiscal 2015.

**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, 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.

**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 adjusted operating income, adjusted operating expenses, adjusted net income and adjusted diluted earnings per share, as well as 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 for sales, income or expense items, the Company adjusts the exchange rates used in current periods to be consistent with the exchange rates in effect during prior periods.

Management believes that operating income and operating expenses adjusted for (i) restructuring, integration and other expenses and (ii) 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 and operating 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 net income and diluted EPS adjusted for (i) the impact of the items described above, (ii) certain items impacting other expense and (iii) certain items impacting income tax expense is useful to investors because it provides 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.

- 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 sales divided by the sum of the monthly average balances of receivables and inventories less accounts payable.

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.

## Fiscal 2016

| | Fiscal 2016 YTD | Fiscal Year 2016 Quarters Ended April 2, 2016* | January 2, 2016 | October 3, 2015 |
|---|---|---|---|---|
| | *$ in thousands, except per share amounts* | | | |
| GAAP selling, general and administrative expenses | $ 1,628,425 | $ 539,038 | $ 530,831 | $ 558,556 |
| Amortization of intangible assets and other | 22,845 | 7,433 | 7,921 | 7,491 |
| Adjusted operating expenses | $ 1,605,580 | $ 531,605 | $ 522,910 | $ 551,065 |
| | | | | |
| GAAP operating income | $ 614,695 | $ 181,618 | $ 226,115 | $ 206,962 |
| Restructuring, integration and other expenses | 63,352 | 16,172 | 21,222 | 25,958 |
| Amortization of intangible assets and other | 22,845 | 7,433 | 7,921 | 7,491 |
| Total adjustments | 86,197 | 23,605 | 29,143 | 33,449 |
| Adjusted operating income | $ 700,892 | $ 205,223 | $ 255,258 | $ 240,411 |
| | | | | |
| GAAP net income | $ 409,725 | $ 123,459 | $ 156,012 | $ 130,254 |
| Restructuring, integration and other expenses (net of tax) | 42,029 | 10,804 | 14,100 | 17,125 |
| Amortization of intangible assets and other (net of tax) | 16,073 | 5,376 | 5,513 | 5,184 |
| Income tax adjustments | (17,972) | (7,056) | (11,295) | 379 |
| Total adjustments to net income (net of tax) | 40,130 | 9,124 | 8,318 | 22,688 |
| Adjusted net income | $ 449,855 | $ 132,582 | $ 164,330 | $ 152,942 |
| | | | | |
| GAAP diluted EPS | $ 3.05 | $ 0.94 | $ 1.16 | $ 0.96 |
| Restructuring, integration and other expenses (net of tax) | 0.31 | 0.08 | 0.10 | 0.12 |
| Amortization of intangible assets and other (net of tax) | 0.12 | 0.04 | 0.04 | 0.04 |
| Income tax adjustments | (0.13) | (0.05) | (0.08) | - |
| Total adjustments to diluted EPS (net of tax) | 0.30 | 0.07 | 0.06 | 0.16 |
| Adjusted EPS | $ 3.35 | $ 1.01 | $ 1.22 | $ 1.12 |

* Does not foot due to rounding

## Fiscal 2015

| | Fiscal 2015* | Fiscal 2015 Quarters Ended June 27, 2015 | March 28, 2015 | December 27, 2014 | September 27, 2014 |
|---|---|---|---|---|---|
| | *$ in thousands, except per share amounts* | | | | |
| GAAP selling, general and administrative expenses | $ 2,274,642 | $ 561,585 | $ 555,148 | $ 573,962 | $ 583,946 |
| Amortization of intangible assets and other | 54,049 | 19,603 | 11,187 | 11,052 | 12,208 |
| Adjusted operating expenses | $ 2,220,593 | $ 541,982 | $ 543,961 | $ 562,910 | $ 571,738 |
| | | | | | |
| GAAP operating income | $ 827,673 | $ 180,477 | $ 203,712 | $ 250,287 | $ 193,197 |
| Restructuring, integration and other expenses | 90,805 | 43,734 | 15,494 | 13,257 | 18,320 |
| Amortization of intangible assets and other | 54,049 | 19,603 | 11,187 | 11,052 | 12,208 |
| Total adjustments | 144,854 | 63,337 | 26,681 | 24,309 | 30,528 |
| Adjusted operating income | $ 972,527 | $ 243,814 | $ 230,393 | $ 274,596 | $ 223,725 |
| | | | | | |
| GAAP other (expense) income, net | $ (19,043) | $ (3,080) | $ (8,945) | $ (5,524) | $ (1,493) |
| Venezuela foreign currency loss | 3,737 | 3,737 | - | - | - |
| Adjusted other (expense) income, net | $ (15,306) | $ 657 | $ (8,945) | $ (5,524) | $ (1,493) |
| | | | | | |
| Total adjustments to income before income taxes | $ 148,591 | $ 67,074 | $ 26,681 | $ 24,309 | $ 30,528 |
| | | | | | |
| GAAP net income | $ 571,913 | $ 158,733 | $ 121,529 | $ 163,706 | $ 127,946 |
| Restructuring, integration and other expenses (net of tax) | 65,897 | 30,514 | 12,035 | 10,188 | 13,160 |
| Amortization of intangible assets and other (net of tax) | 36,643 | 12,287 | 7,708 | 7,675 | 8,973 |
| Venezuela foreign currency loss (net of tax) | 3,737 | 3,737 | - | - | - |
| Income tax adjustments | (55,101) | (45,770) | 2,192 | (5,597) | (5,926) |
| Total adjustments to net income (net of tax) | 51,176 | 768 | 21,935 | 12,266 | 16,207 |
| Adjusted net income | $ 623,089 | $ 159,501 | $ 143,464 | $ 175,972 | $ 144,153 |
| | | | | | |
| GAAP diluted EPS | $ 4.12 | $ 1.15 | $ 0.88 | $ 1.18 | $ 0.91 |
| Restructuring, integration and other expenses (net of tax) | 0.47 | 0.22 | 0.09 | 0.07 | 0.09 |
| Amortization of intangible assets and other (net of tax) | 0.26 | 0.09 | 0.06 | 0.06 | 0.07 |
| Venezuela foreign currency loss (net of tax) | 0.03 | 0.03 | - | - | - |
| Income tax adjustments | (0.39) | (0.33) | 0.02 | (0.04) | (0.04) |
| Total adjustments to diluted EPS (net of tax) | 0.37 | 0.01 | 0.16 | 0.09 | 0.12 |
| Adjusted EPS* | $ 4.49 | $ 1.16 | $ 1.04 | $ 1.27 | $ 1.02 |

* Does not foot due to rounding

## Organic Sales

Organic sales is defined as reported sales adjusted for the impact of more than insignificant acquisitions and divestitures 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. In addition, fiscal 2016 sales are adjusted for the estimated impact of the extra week of sales in the first quarter of fiscal 2016 due to it being a 14-week quarter and 53-week fiscal year. Organic sales in constant currency is defined as organic sales (as defined above) excluding the impact of changes in foreign currency exchange rates as discussed above.

The following tables present the reconciliation of reported sales to organic sales for the third quarter and first nine months of fiscal 2016 and fiscal 2015.

| | Third Quarter Ended | Nine Months Ended | | |
|---|---|---|---|---|
| | As Reported and Organic Sales - Fiscal 2016 | As Reported - Fiscal 2016 | Acquisitions/ Divestitures [(1)]/ Estimated Extra Week [(2)] | Organic Sales - Fiscal 2016 |
| | | *(in thousands)* | | |
| **Avnet, Inc.** | $ 6,174,716 | $ 19,992,467 | $ (464,098) | $ 19,528,369 |
| EM | 4,041,527 | 12,627,543 | (300,000) | 12,327,543 |
| TS | 2,133,189 | 7,364,924 | (164,098) | 7,200,826 |
| **EM** | | | | |
| Americas | $ 1,192,695 | $ 3,583,065 | $ (82,000) | $ 3,501,065 |
| EMEA | 1,330,751 | 3,798,262 | (92,000) | 3,706,262 |
| Asia | 1,518,081 | 5,246,216 | (126,000) | 5,120,216 |
| **TS** | | | | |
| Americas | $ 1,241,209 | $ 4,375,343 | $ (123,112) | $ 4,252,231 |
| EMEA | 615,824 | 2,098,981 | (17,986) | 2,080,995 |
| Asia | 276,156 | 890,600 | (23,000) | 867,600 |

| | Third Quarter Ended | | | Nine Months Ended | | |
|---|---|---|---|---|---|---|
| | As Reported - Fiscal 2015 | Acquisitions/ Divestitures [(1)] | Organic Sales - Fiscal 2015 | As Reported - Fiscal 2015 | Acquisitions/ Divestitures [(1)] | Organic Sales - Fiscal 2015 |
| | | | *(in thousands)* | | | |
| **Avnet, Inc.** | $ 6,736,860 | $ 21,246 | $ 6,758,106 | $ 21,128,326 | $ 94,110 | $ 21,222,436 |
| EM | 4,219,528 | — | 4,219,528 | 13,028,812 | — | 13,028,812 |
| TS | 2,517,332 | 21,246 | 2,538,578 | 8,099,514 | 94,110 | 8,193,624 |
| **EM** | | | | | | |
| Americas | $ 1,237,213 | $ — | $ 1,237,213 | $ 3,652,114 | $ — | $ 3,652,114 |
| EMEA | 1,251,873 | — | 1,251,873 | 3,759,678 | — | 3,759,678 |
| Asia | 1,730,442 | — | 1,730,442 | 5,617,020 | — | 5,617,020 |
| **TS** | | | | | | |
| Americas | $ 1,440,532 | $ 6,630 | $ 1,447,162 | $ 4,724,640 | $ 17,425 | $ 4,742,065 |
| EMEA | 717,196 | 14,616 | 731,812 | 2,246,822 | 76,685 | 2,323,507 |
| Asia | 359,604 | — | 359,604 | 1,128,052 | — | 1,128,052 |

(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 America Region

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

| | Sales As Reported Q3-Fiscal 2016 | Sales As Reported Year-Year % Change | Sales As Reported Year-Year % Change in Constant Currency | Organic Sales Q3-Fiscal 2016 | Organic Sales Year-Year % Change | Organic Sales Year-Year % Change in Constant Currency |
|---|---|---|---|---|---|---|
| | (Dollars in thousands) | | | | | |
| **Avnet, Inc.** | $ 6,174,716 | (8.3)% | (6.9)% | $ 6,174,716 | (8.6)% | (7.2)% |
| EM | 4,041,527 | (4.2) | (3.3) | 4,041,527 | (4.2) | (3.3) |
| TS | 2,133,189 | (15.3) | (12.9) | 2,133,189 | (16.0) | (13.6) |
| **EM** | | | | | | |
| Americas | $ 1,192,695 | (3.6)% | — | $ 1,192,695 | (3.6)% | — |
| EMEA | 1,330,751 | 6.3 | 9.4 % | 1,330,751 | 6.3 | 9.4 % |
| Asia/Pacific | 1,518,081 | (12.3) | (12.3) | 1,518,081 | (12.3) | (12.3) |
| **TS** | | | | | | |
| Americas | $ 1,241,209 | (13.8)% | — | $ 1,241,209 | (14.2)% | — |
| EMEA | 615,824 | (14.1) | (10.8)% | 615,824 | (15.9) | (12.6)% |
| Asia/Pacific | 276,156 | (23.2) | (19.2) | 276,156 | (23.2) | (19.2) |

## ROWC, ROCE and WC Velocity

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

| | | FY16 YTD | Q3 FY16 | Q2 FY16 | Q1 FY16 |
|---|---|---|---|---|---|
| Sales | | $ 19,992,467 | $ 6,174,716 | $ 6,848,057 | $ 6,969,694 |
| Sales, annualized [1] | (a) | 26,490,019 | 24,698,864 | 27,392,228 | 26,385,270 |
| Adjusted operating income [2] | | 700,892 | 205,223 | 255,258 | 240,411 |
| Adjusted annualized operating income [1] | (b) | 928,682 | 820,892 | 1,021,032 | 910,127 |
| Adjusted effective tax rate [3] | | 27.6 % | 27.6 % | 27.6 % | 27.6 % |
| Adjusted annualized operating income, after tax | (c) | 672,273 | 594,244 | 739,125 | 658,841 |
| Average monthly working capital | | | | | |
| Accounts receivable | | 4,840,229 | 4,905,736 | 4,982,198 | 4,787,201 |
| Inventories | | 2,766,662 | 2,787,825 | 2,747,160 | 2,745,479 |
| Accounts payable | | (3,184,831) | (3,265,178) | (3,256,725) | (3,182,154) |
| Average working capital | (d) | $ 4,422,060 | $ 4,428,383 | $ 4,472,633 | $ 4,350,526 |
| Average monthly capital employed | (e) | $ 5,997,305 | $ 6,028,867 | $ 6,026,327 | $ 5,909,334 |
| ROWC = (b) / (d) | | 21.0 % | 18.5 % | 22.8 % | 20.9 % |
| WC Velocity = (a) / (d) | | 6.0 | 5.6 | 6.1 | 6.1 |
| ROCE = (c) / (e) | | 11.2 % | 9.9 % | 12.3 % | 11.2 % |

| | | FY15 | Q4 FY15 | Q3 FY15 | Q2 FY15 | Q1 FY15 |
|---|---|---|---|---|---|---|
| Sales | | $ 27,924,657 | $ 6,796,331 | $ 6,736,860 | $ 7,551,880 | $ 6,839,587 |
| Sales, annualized | (a) | 27,924,657 | 27,185,324 | 26,947,440 | 30,207,520 | 27,358,348 |
| Adjusted operating income (2) | | 972,527 | 243,814 | 230,393 | 274,596 | 223,725 |
| Adjusted annualized operating income | (b) | 972,527 | 975,256 | 921,572 | 1,098,384 | 894,900 |
| Adjusted effective tax rate (3) | | 27.7 % | 27.7 % | 27.7 % | 27.7 % | 27.7 % |
| Adjusted annualized operating income, after tax | (c) | 703,332 | 705,305 | 666,481 | 794,351 | 647,192 |
| Average monthly working capital | | | | | | |
| Accounts receivable | | 5,109,326 | 4,979,668 | 5,251,882 | 5,318,083 | 4,993,653 |
| Inventories | | 2,667,351 | 2,593,545 | 2,564,071 | 2,700,424 | 2,729,194 |
| Accounts payable | | (3,274,382) | (3,234,283) | (3,344,479) | (3,437,897) | (3,231,037) |
| Average working capital | (d) | $ 4,502,295 | $ 4,338,930 | $ 4,471,474 | $ 4,580,610 | $ 4,491,810 |
| Average monthly capital employed | (e) | $ 6,077,926 | $ 5,898,475 | $ 6,028,015 | $ 6,161,858 | $ 6,101,274 |
| ROWC = (b) / (d) | | 21.6 % | 22.5 % | 20.6 % | 24.0 % | 19.9 % |
| WC Velocity = (a) / (d) | | 6.2 | 6.3 | 6.0 | 6.6 | 6.1 |
| ROCE = (c) / (e) | | 11.6 % | 12.0 % | 11.1 % | 12.9 % | 10.6 % |

(1) Annualized amounts are based on a 53-week fiscal year.
(2) See reconciliation to GAAP amounts in the preceding tables in this Non-GAAP Financial Information section.
(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 quantified above in the reconciliation to GAAP amounts in this Non-GAAP Financial Information section.

## Teleconference and Upcoming Events

Avnet will host a quarterly teleconference today at 2:00 p.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 design to disposal, Avnet, Inc. (NYSE: AVT) accelerates the success of customers who build, sell and use technology globally by providing them with a comprehensive portfolio of innovative products, services and solutions. Avnet is a Fortune 500 company with revenues of $27.9 billion in fiscal year 2015. For more information, visit www.avnet.com. (AVT_IR)

## Investor Relations Contact

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**AVNET, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(UNAUDITED)**

| | Third Quarters Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | April 2, 2016 | March 28, 2015 | April 2, 2016 | March 28, 2015 |
| | (Thousands, except per share data) | | | |
| Sales | $ 6,174,716 | $ 6,736,860 | $ 19,992,467 | $ 21,128,326 |
| Cost of sales | 5,437,888 | 5,962,506 | 17,685,995 | 18,721,003 |
| Gross profit | 736,828 | 774,354 | 2,306,472 | 2,407,323 |
| Selling, general and administrative expenses | 539,038 | 555,148 | 1,628,425 | 1,713,056 |
| Restructuring, integration and other expenses | 16,172 | 15,494 | 63,352 | 47,071 |
| Operating income | 181,618 | 203,712 | 614,695 | 647,196 |
| Other income (expense), net | 2,200 | (8,945) | (10,138) | (15,963) |
| Interest expense | (23,281) | (23,871) | (69,306) | (71,936) |
| Income before income taxes | 160,537 | 170,896 | 535,251 | 559,297 |
| Income tax expense | 37,078 | 49,367 | 125,526 | 146,117 |
| Net income | $ 123,459 | $ 121,529 | $ 409,725 | $ 413,180 |
| Earnings per share: | | | | |
| Basic | $ 0.95 | $ 0.89 | $ 3.11 | $ 3.02 |
| Diluted | $ 0.94 | $ 0.88 | $ 3.05 | $ 2.97 |
| Shares used to compute earnings per share: | | | | |
| Basic | 129,811 | 136,046 | 131,834 | 136,965 |
| Diluted | 131,650 | 137,721 | 134,298 | 139,181 |
| Cash dividends paid per common share | $ 0.17 | $ 0.16 | $ 0.51 | $ 0.48 |

**AVNET, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(UNAUDITED)**

| | April 2, 2016 | June 27, 2015 |
|---|---|---|
| | (Thousands) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 1,036,485 | $ 932,553 |
| Receivables, net | 4,874,179 | 5,054,307 |
| Inventories | 2,826,858 | 2,482,183 |
| Prepaid and other current assets | 200,579 | 173,030 |
| Total current assets | 8,938,101 | 8,642,073 |
| Property, plant and equipment, net | 610,747 | 568,779 |
| Goodwill | 1,295,406 | 1,278,756 |
| Intangible assets, net | 86,989 | 99,731 |
| Other assets | 194,217 | 210,614 |
| Total assets | $ 11,125,460 | $ 10,799,953 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Short-term debt | $ 706,742 | $ 331,115 |
| Accounts payable | 3,297,981 | 3,338,052 |
| Accrued expenses and other | 559,697 | 603,129 |
| Total current liabilities | 4,564,420 | 4,272,296 |
| Long-term debt | 1,610,539 | 1,646,501 |
| Other liabilities | 190,300 | 196,135 |
| Total liabilities | 6,365,259 | 6,114,932 |
| Shareholders' equity | 4,760,201 | 4,685,021 |
| Total liabilities and shareholders' equity | $ 11,125,460 | $ 10,799,953 |

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

| | Nine Months Ended | |
|---|---|---|
| | **April 2, 2016** | **March 28, 2015** |
| | **(Thousands)** | |
| Cash flows from operating activities: | | |
| Net income | $ 409,725 | $ 413,180 |
| Non-cash and other reconciling items: | | |
| Depreciation | 71,112 | 70,919 |
| Amortization | 21,183 | 32,630 |
| Deferred income taxes | 3,963 | 29,500 |
| Stock-based compensation | 47,724 | 48,890 |
| Other, net | 43,665 | 57,766 |
| Changes in (net of effects from businesses acquired): | | |
| Receivables | 181,723 | (186,037) |
| Inventories | (319,865) | (89,994) |
| Accounts payable | (74,510) | 118,449 |
| Accrued expenses and other, net | (87,593) | (210,751) |
| Net cash flows provided by operating activities | 297,127 | 284,552 |
| | | |
| Cash flows from financing activities: | | |
| Issuance of notes, net of issuance costs | 542,043 | — |
| Repayment of notes | (250,000) | — |
| Borrowings (repayments) under accounts receivable securitization program, net | (400,000) | 110,000 |
| Borrowings (repayments) of bank and revolving debt, net | 448,468 | (96,372) |
| Repurchases of common stock | (334,177) | (147,606) |
| Dividends paid on common stock | (66,944) | (65,602) |
| Other, net | (12,028) | (13,993) |
| Net cash flows used for financing activities | (72,638) | (213,573) |
| | | |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (111,070) | (133,422) |
| Acquisitions of businesses, net of cash acquired | (19,675) | — |
| Other, net | 8,436 | (8,765) |
| Net cash flows used for investing activities | (122,309) | (142,187) |
| | | |
| Effect of currency exchange rate changes on cash and cash equivalents | 1,752 | (54,295) |
| | | |
| Cash and cash equivalents: | | |
| — increase (decrease) | 103,932 | (125,503) |
| — at beginning of period | 932,553 | 928,971 |
| — at end of period | $ 1,036,485 | $ 803,468 |

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

| | Third Quarters Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | April 2, 2016 | March 28, 2015 | April 2, 2016* | March 28, 2015 |
| | (Millions) | | | |
| Sales: | | | | |
| Electronics Marketing | $ 4,041.5 | $ 4,219.5 | $ 12,627.5 | $ 13,028.8 |
| Technology Solutions | 2,133.2 | 2,517.3 | 7,364.9 | 8,099.5 |
| Avnet Sales | $ 6,174.7 | $ 6,736.8 | $ 19,992.5 | $ 21,128.3 |
| Operating Income (Expense): | | | | |
| Electronics Marketing | $ 183.3 | $ 197.3 | $ 570.3 | $ 591.4 |
| Technology Solutions | 55.5 | 68.1 | 247.1 | 248.1 |
| Corporate | (33.5) | (35.0) | (116.5) | (110.8) |
| | 205.2 | 230.4 | 700.9 | 728.7 |
| Restructuring, integration and other expenses | (16.2) | (15.5) | (63.4) | (47.1) |
| Amortization of intangible assets and other | (7.4) | (11.2) | (22.8) | (34.4) |
| Operating Income | $ 181.6 | $ 203.7 | $ 614.7 | $ 647.2 |

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

Avnet, Inc. Q3 Fiscal Year 2016
$ in millions - except per share data
April 28, 2016

## CFO Review of Fiscal 2016 Third Quarter Results

| | Q3' FY15 | Q2' FY16 | Q3' FY16 | Y/Y Chg | Seq. Chg |
|---|---|---|---|---|---|
| Sales | $ 6,736.9 | $ 6,848.1 | $ 6,174.7 | $ (562.1) | $ (673.3) |
| Gross Profit | $ 774.4 | $ 778.2 | $ 736.8 | $ (37.5) | $ (41.3) |
| *GP Margin* | 11.5 % | 11.4 % | 11.9 % | 44 bps | 57 bps |
| GAAP SG&A Expenses | $ 555.1 | $ 530.8 | $ 539.0 | $ (16.1) | $ 8.2 |
| Adjusted Operating Expenses (1) | $ 543.9 | $ 522.9 | $ 531.6 | $ (12.4) | $ 8.7 |
| *Adjusted Operating Expenses as % of Sales (1)* | 8.1 % | 7.6 % | 8.6 % | 54 bps | 97 bps |
| *Adjusted Operating Expenses as % of Gross Profit (1)* | 70.3 % | 67.2 % | 72.2 % | 190 bps | 495 bps |
| GAAP Operating Income | $ 203.7 | $ 226.1 | $ 181.6 | $ (22.1) | $ (44.5) |
| Adjusted Operating Income (1) | $ 230.4 | $ 255.3 | $ 205.2 | $ (25.2) | $ (50.0) |
| *Adjusted Operating Income Margin (1)* | 3.4 % | 3.7 % | 3.3 % | (10) bps | (41) bps |
| GAAP Net Income | $ 121.5 | $ 156.0 | $ 123.5 | $ 1.9 | $ (32.6) |
| Adjusted Net Income (1) | $ 143.5 | $ 164.3 | $ 132.6 | $ (10.9) | $ (31.7) |
| GAAP Diluted EPS | $ 0.88 | $ 1.16 | $ 0.94 | 6.8 % | (19.0)% |
| Adjusted Diluted EPS (1) | $ 1.04 | $ 1.22 | $ 1.01 | (2.9)% | (17.2)% |
| Return on Working Capital (ROWC) (1) | 20.6 % | 22.8 % | 18.5 % | (207) bps | (429) bps |
| Return on Capital Employed (ROCE) (1) | 11.1 % | 12.3 % | 9.9 % | (120) bps | (240) bps |
| Working Capital Velocity (1) | 6.0 | 6.1 | 5.6 | (0.5) | (0.5) |

(1) A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.

## Key Highlights

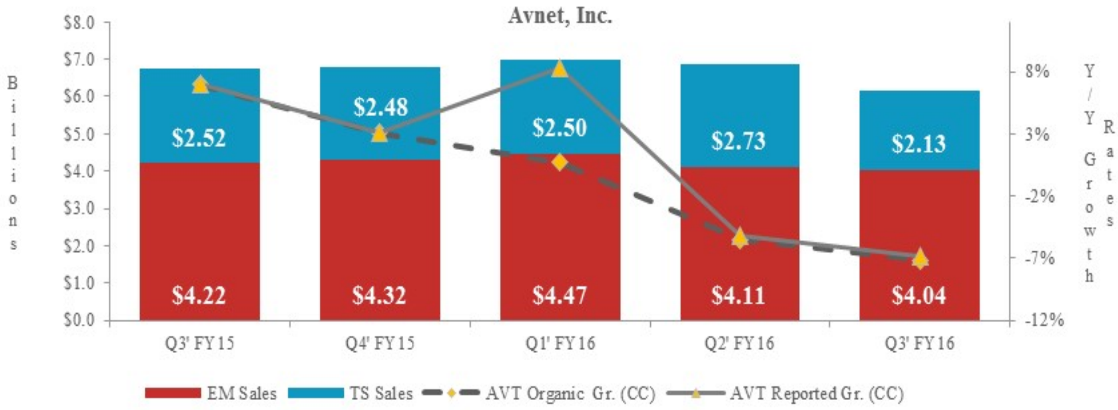
- Reported sales for the third quarter of fiscal 2016, decreased 8.3% or 6.9% excluding the translation impact of changes in foreign currency exchange rates (also referred to as “constant currency” or “CC” in the graphs that follow) year over year to $6.2 billion. Organic sales (defined later in this document) decreased 8.6% (7.2% in constant currency) year over year with both operating groups contributing towards this decline.
    - Sequentially, organic sales decreased 10.0% in constant currency, which was below the normal seasonal range of -9% to -5% primarily due to an expected decline in high volume supply chain engagement at Electronic Marketing (EM) Asia and weaker than expected demand in certain legacy technologies at Technology Solutions (TS).
- Gross profit margin increased 57 basis points sequentially and 44 basis points from the year ago quarter to 11.9%. Both operating groups contributed to the sequential and year-over-year improvement.
- Adjusted operating income dollars decreased 10.9% year over year to $205.2 million and adjusted operating income margin decreased 10 basis points to 3.3% due to reduced profitability at both operating groups.
    - Sequentially, adjusted operating income dollars decreased 19.6% and adjusted operating income margin decreased 41 basis points due to the typical seasonal decline at TS.
- Adjusted diluted earnings per share of $1.01 decreased $0.03, or 2.9% year over year, primarily due to the decline in operating income and was negatively impacted by approximately $0.01, or 1.0%, due to the translation impact of changes in foreign currency exchange rates.
- Cash generated from operations was $212.9 million in the third quarter of fiscal 2016 and cash generated from operations for the trailing twelve months was $596.5 million.
- During the third quarter of fiscal 2016, the Company paid a dividend $0.17 per share or $21.9 million, and has paid $66.9 million fiscal year to date.
- During the third quarter of fiscal 2016, the Company repurchased $145.7 million worth of stock, or 3.7 million shares, and has repurchased $330.8 million worth of stock, or 8.1 million shares fiscal year to date. The Company still has approximately $221.7 million remaining in the authorized share repurchase program through the end of the March quarter.
    - For the fiscal year, the company has returned approximately $398 million in the form of buybacks and dividends.

Avnet, Inc. Q3 Fiscal Year 2016
$ in millions - except per share data
April 28, 2016

**Sales**

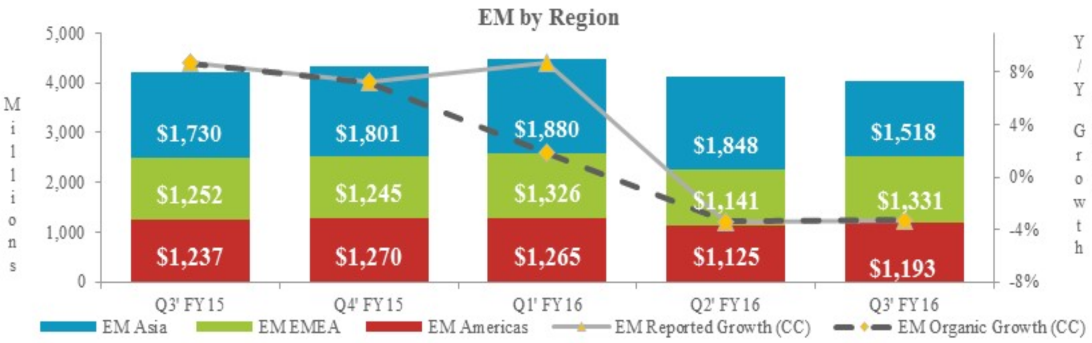
| | Q3' FY15 | Q4' FY15 | Q1' FY16 | Q2' FY16 | Q3' FY16 | Year-over-Year Growth Rates Reported |
|---|---|---|---|---|---|---|
| **Avnet, Inc.** | $ 6,736.9 | $ 6,796.3 | $ 6,969.7 | $ 6,848.1 | **$ 6,174.7** | (8.3)% |
| *Constant Currency [(1)]* | | | | | | *(6.9)%* |
| **Electronics Marketing (EM)** | **$ 4,219.5** | **$ 4,315.9** | **$ 4,471.4** | **$ 4,114.6** | **$ 4,041.5** | (4.2)% |
| *Constant Currency [(1)]* | | | | | | *(3.3)%* |
| Americas | $ 1,237.2 | $ 1,269.9 | $ 1,265.2 | $ 1,125.1 | $ 1,192.7 | (3.6)% |
| EMEA | $ 1,251.9 | $ 1,245.0 | $ 1,326.4 | $ 1,141.1 | $ 1,330.7 | 6.3 % |
| *Constant Currency [(1)]* | | | | | | *9.4 %* |
| Asia | $ 1,730.4 | $ 1,801.0 | $ 1,879.8 | $ 1,848.4 | $ 1,518.1 | (12.3)% |
| *Constant Currency [(1)]* | | | | | | *(12.3)%* |
| **Technology Solutions (TS)** | **$ 2,517.3** | **$ 2,480.5** | **$ 2,498.3** | **$ 2,733.4** | **$ 2,133.2** | (15.3)% |
| *Constant Currency [(1)]* | | | | | | *(12.9)%* |
| Americas | $ 1,440.5 | $ 1,497.3 | $ 1,508.7 | $ 1,625.4 | $ 1,241.2 | (13.8)% |
| EMEA | $ 717.2 | $ 624.8 | $ 688.8 | $ 794.4 | $ 615.8 | (14.1)% |
| *Constant Currency [(1)]* | | | | | | *(10.8)%* |
| Asia | $ 359.6 | $ 358.4 | $ 300.8 | $ 313.6 | $ 276.2 | (23.2)% |
| *Constant Currency [(1)]* | | | | | | *(19.2)%* |

(1) Year-over-year sales growth rate excluding the impact of changes in foreign currency exchange rates.



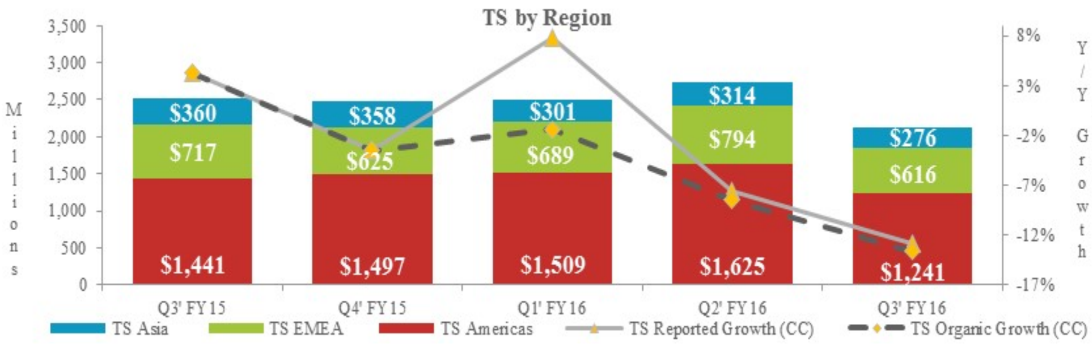

Q1' FY16 includes the impact of the extra week, excluding the estimate for the extra week, Avnet year-over-year sales would have increased 0.7% in CC and would have declined 5.8% in reported dollars

- Avnet's third quarter fiscal 2016 sales decreased 6.9% in constant currency (8.3% in reported dollars) year over year to $6.2 billion and organic sales, decreased 7.2% in constant currency with both operating groups contributing toward this decline.
  - On a sequential basis, Avnet organic sales decreased 10.0% in constant currency, which was below the normal seasonal range of -9% to -5% primarily due to an expected decline in high volume supply chain engagements at EM Asia and weaker than expected demand in certain legacy data center at TS.




Q1' FY16 includes the impact of the extra week, excluding the estimate for the extra week, EM year-over-year sales would have increased 1.8% in CC and would have declined 4.6% in reported dollars

- EM's third quarter fiscal 2016 sales of $4.0 billion decreased 3.3% year over year in constant currency (4.2% in reported dollars) primarily due to a decrease in the Asia region
  - Americas' sales declined 3.6% year over year.
  - EMEA's sales increased 9.4% year over year in constant currency and reported sales increased 6.3%. The year-over-year growth in constant currency marks the twelfth consecutive quarter of growth.
  - Asia's sales decreased 12.3% year over year in constant currency primarily due to an expected decline in high volume supply chain engagements.
- Stronger than typical sequential growth in the western regions was offset by an expected decline in select high volume supply chain engagements in Asia as EM's sequential sales declined 1.8% (2.1% in constant currency), which is below the low end of the normal seasonal range of -1% to +3%.



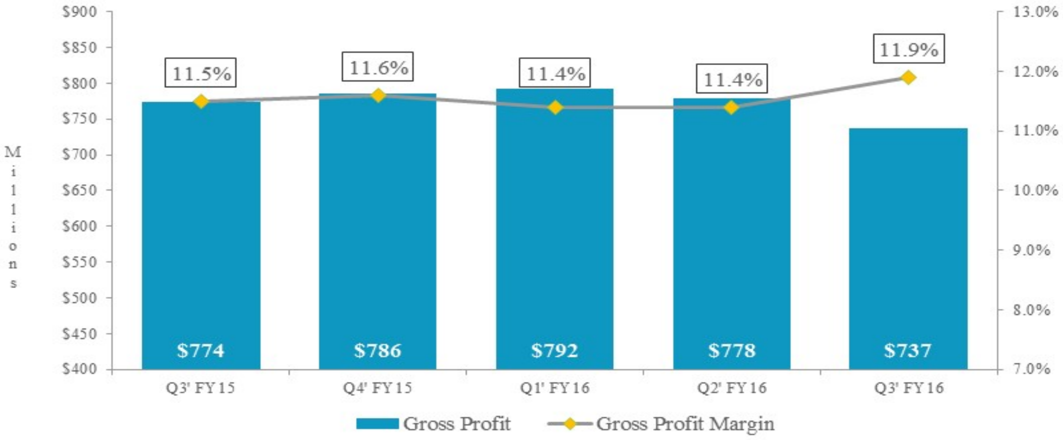

Q1' FY16 includes the impact of the extra week, excluding the estimate for the extra week, TS year-over-year sales would have declined 1.4% in CC and 7.8% in reported dollars

- TS' third quarter fiscal 2016 reported sales of $2.1 billion decreased 12.9% year over year in constant currency (15.3% in reported dollars) driven by declines in select areas of legacy data center products. Organic sales, declined 13.6% in constant currency.
  - America's organic sales decreased 14.2% year over year primarily due to declines in servers and storage, coupled with softer demand in Latin America.
  - EMEA's organic sales decreased 12.6% year over year in constant currency and reported sales declined 14.1% primarily due to weaker demand in the north region (UK and Ireland).
  - Asia's organic sales decreased 19.2% year over year in constant currency and reported sales declined 23.2% primarily due to a softer demand in the region and the adverse impact of the strengthening of the U.S. Dollar against local currencies.
- TS' organic sales which were at the low end of expectation decreased 21.8% sequentially in constant currency, below the normal seasonal range of -19% to -16% primarily due to the weaker than expect demand in certain legacy data center products.
- At a product level, year-over-year growth in networking and services was offset by a decline in storage, servers, and software.

$ in millions - except per share data

**Gross Profit**

| | Q3' FY15 | Q4' FY15 | Q1' FY16 | Q2' FY16 | Q3' FY16 | Y/Y Change |
|---|---|---|---|---|---|---|
| Gross Profit | $ 774.4 | $ 785.8 | $ 791.5 | $ 778.2 | **$ 736.8** | $ (37.5) |
| Gross Profit Margin | 11.5 % | 11.6 % | 11.4 % | 11.4 % | **11.9 %** | 44 bps |



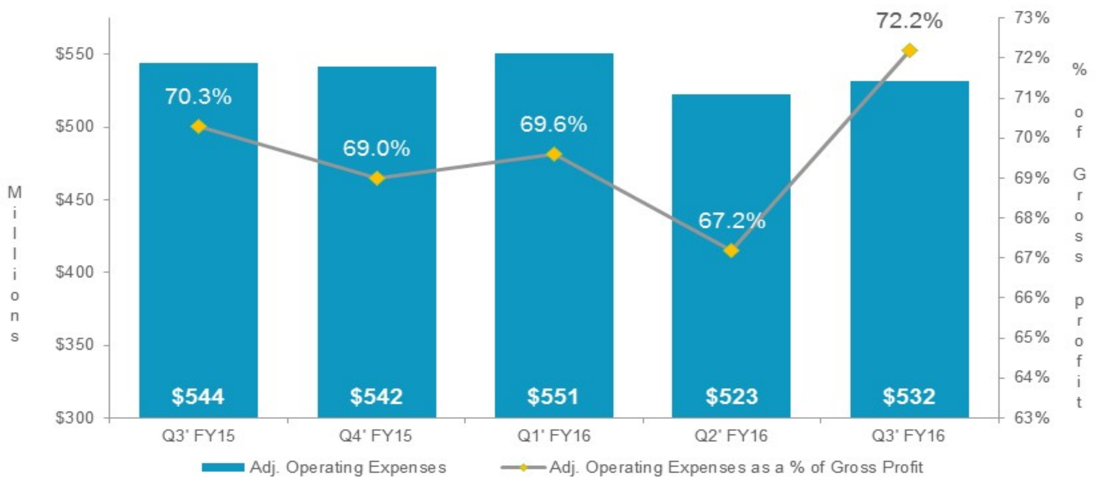

- Gross profit of $736.8 million, decreased 4.9% year over year and 5.3% sequentially. The year-over-year decline was driven by lower sales at both operating groups, while the sequential decline was primarily due to the typical seasonal decline at TS partially offset by an improvement at EM.
  - Gross profit margin of 11.9%, increased 44 basis points from the year ago quarter primarily driven by improvements at both operating groups.
  - Gross profit margin improved 57 basis points sequentially primarily due to the seasonal business mix shift as higher gross profit margin EM grew to represent 65.5% of Avnet sales as compared to 60.1% in the December quarter.
- EM gross profit margin improved year over year and sequentially.
  - The year-over-year improvement was primarily due to a product mix shift in the Asia region. The sequential increase was due to the seasonal geographic mix shift to the higher margin western regions and the previously mentioned product mix shift in Asia.
- TS gross profit margin increased year over year and sequentially. The year-over-year increase was primarily due to improvements across all three regions as a result of portfolio management and product mix difference between years while the sequential increase was due to an improvement in the Americas region.

$ in millions - except per share data

**Operating Expenses**

| | Q3' FY15 | Q4' FY15 | Q1' FY16 | Q2' FY16 | Q3' FY16 | Y/Y Change |
|---|---|---|---|---|---|---|
| Selling, General and Administrative Expenses | $ 555.1 | $ 561.6 | $ 558.6 | $ 530.8 | **$ 539.0** | $ (16.1) |
| Amortization of Intangible Assets and Other | (11.2) | (19.6) | (7.5) | (7.9) | **(7.4)** | 3.7 |
| Adjusted Operating Expenses [1] | $ 543.9 | $ 542.0 | $ 551.1 | $ 522.9 | **$ 531.6** | $ (12.4) |
| Adjusted Operating Expenses as a % of Gross Profit [1] | 70.3 % | 69.0 % | 69.6 % | 67.2 % | **72.2 %** | 190 bps |

(1) A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.



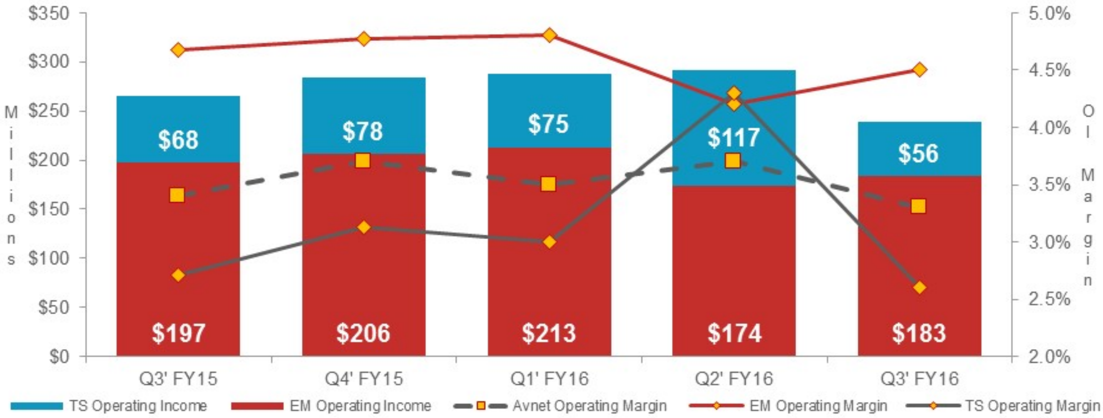

- Adjusted operating expenses were $531.6 million in the third quarter of fiscal 2016, a decrease of $12.4 million, or 2.3%, from the third quarter of fiscal 2015.
  - The year-over-year decrease in adjusted operating expenses was primarily due to the translation impact of changes in foreign currency exchange rates and from the impact of prior restructuring actions and expense efficiencies including from the Avnet Advantage initiative partially offset by an increase in expenses related to acquisitions and other costs including employee merit compensation increases that took effect in January 2016.
  - Sequentially, adjusted operating expenses increased $8.7 million, or 1.7%, primarily to fund organic growth at EM EMEA and costs related to acquisitions.
- Adjusted operating expenses as a percentage of gross profit of 72.2% increased 190 basis points from the year ago quarter.
  - EM operating expenses as a percentage of gross profit increased 145 basis points from the year ago quarter primarily due to the lower gross profit related to the decline in revenue.
  - TS operating expenses as a percentage of gross profit increased 327 basis points from the year ago quarter primarily due to lower gross profit related to the decline in revenue.

$ in millions - except per share data

**Operating Income**

| | Q3' FY15 | Q4' FY15 | Q1' FY16 | Q2' FY16 | Q3' FY16 | Y/Y Change |
|---|---|---|---|---|---|---|
| GAAP Operating Income | $ 203.7 | $ 180.5 | $ 207.0 | $ 226.1 | **$ 181.6** | $ (22.1) |
| Adjusted Operating Income (1) | $ 230.4 | $ 243.8 | $ 240.4 | $ 255.3 | **$ 205.2** | $ (25.2) |
| Adjusted Operating Income Margin (1) | 3.4 % | 3.6 % | 3.5 % | 3.7 % | **3.3 %** | (10) bps |
| **Electronics Marketing (EM) Total** | | | | | | |
| Operating Income | $ 197.3 | $ 205.9 | $ 213.0 | $ 174.0 | **$ 183.3** | $ (14.0) |
| Operating Income Margin | 4.7 % | 4.8 % | 4.8 % | 4.2 % | **4.5 %** | (15) bps |
| **Technology Solutions (TS) Total** | | | | | | |
| Operating Income | $ 68.1 | $ 77.6 | $ 74.5 | $ 117.1 | **$ 55.5** | $ (12.6) |
| Operating Income Margin | 2.7 % | 3.1 % | 3.0 % | 4.3 % | **2.6 %** | (11) bps |

(1) A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.




- Avnet's adjusted operating income of $205.2 million decreased 10.9% year over year primarily due to lower profitability at both operating groups. Adjusted operating income, decreased $50.0 million, or 19.6% sequentially as an increase at EM was offset by the typical decline at TS coming off its seasonally strong December quarter.
  - Avnet adjusted operating income margin of 3.3% decreased 10 basis points year over year and 41 basis points sequentially.
- EM operating income margin of 4.5% decreased 15 basis points from the year ago quarter primarily due to the year-over-year decline in sales. Sequentially, operating income margin increased 30 basis points primarily due to the seasonal mix shift to the higher margin western regions.
- TS operating income margin of 2.6% decreased 11 basis points from the year ago quarter primarily due to the decline in sales, partially offset by improvements in gross profit margin. Operating income margin decreased 168 basis points sequentially primarily due to the seasonal decline coming off the strong December quarter.

$ in millions - except per share data

**Interest Expense, Other Income (Expense) and Income Taxes**

| | Q3' FY15 | Q4' FY15 | Q1' FY16 | Q2' FY16 | Q3' FY16 | Y/Y Change |
|---|---|---|---|---|---|---|
| Interest Expense | $ 23.9 | $ 23.7 | $ 23.6 | $ 22.4 | **$ 23.3** | $ (0.6) |
| Other Income (Expense) | $ (8.9) | $ (3.1) | $ (5.9) | $ (6.5) | **$ 2.2** | $ 11.1 |
| GAAP Income Tax Expense (Benefit) | $ 49.4 | $ (5.1) | $ 47.3 | $ 41.2 | **$ 37.1** | $ (12.3) |
| Adjusted Income Tax Expense (1) | $ 54.1 | $ 61.2 | $ 58.0 | $ 62.0 | **$ 51.6** | $ (2.6) |
| GAAP Effective Tax Rate | 28.9 % | (3.3)% | 26.6 % | 20.9 % | **23.1 %** | (579) bps |
| Adjusted Effective Tax Rate (1) | 27.4 % | 27.7 % | 27.5 % | 27.4 % | **28.0 %** | 61 bps |

(1) A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.

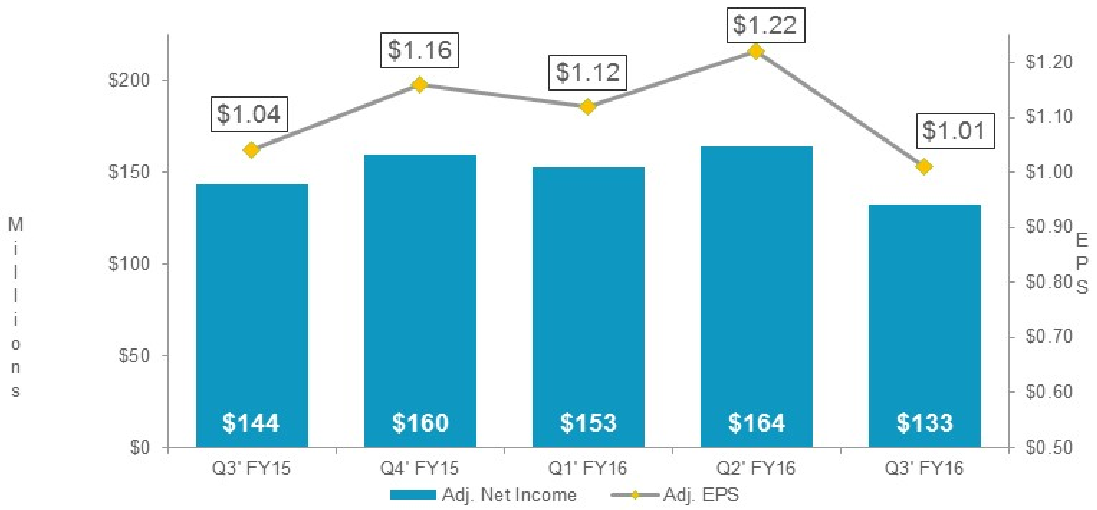
- Interest expense of $23.3 million decreased $0.6 million from the year ago quarter primarily due to the repayment at maturity of the $250.0 million 6.0% Notes in September 2015 and a corresponding lower average borrowing rate.
- The Company recognized $2.2 million of other income in the third quarter of fiscal 2016 compared with $8.9 million of other expense in the third quarter of fiscal 2015. The decrease in other expense was primarily due to the strengthening of the U.S. Dollar relative to foreign currencies in the third quarter of fiscal 2015 compared to the third quarter of fiscal 2016 and the corresponding higher costs incurred in the third quarter fiscal 2015 to hedge foreign currency exposures.
- The GAAP effective tax rate was 23.1% in the third quarter of fiscal 2016 as compared with 28.9% in the third quarter of fiscal 2015. The Company's effective tax rate was favorably impacted primarily by (i) the mix of income in lower tax jurisdictions and (ii) the release of reserves related to the expiration of statutes of limitation.

$ in millions - except per share data

**Net Income and EPS**

| | Q3' FY15 | Q4' FY15 | Q1' FY16 | Q2' FY16 | Q3' FY16 | Y/Y Change |
|---|---|---|---|---|---|---|
| GAAP Net Income | $ 121.5 | $ 158.7 | $ 130.3 | $ 156.0 | **$ 123.5** | $ 1.9 |
| Adjusted Net Income [(1)] | $ 143.5 | $ 159.5 | $ 152.9 | $ 164.3 | **$ 132.6** | $ (10.9) |
| | | | | | | |
| GAAP Diluted EPS | $ 0.88 | $ 1.15 | $ 0.96 | $ 1.16 | **$ 0.94** | 6.8 % |
| Adjusted Diluted EPS [(1)] | $ 1.04 | $ 1.16 | $ 1.12 | $ 1.22 | **$ 1.01** | (2.9)% |

(1) A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.




- GAAP net income increased by 1.6% year over year to $123.5 million or $0.94 per share on a diluted basis, due to the decrease in the GAAP effective tax rate previously mentioned.
- Adjusted net income for the third quarter of fiscal 2016 was $132.6 million, or $1.01 per share on a diluted basis.
  - Adjusted net income decreased 7.6% from the year ago quarter primarily due to the decline in operating income at both operating groups. Adjusted diluted earnings per share declined $0.03, or 2.9% from the year ago quarter. The year-over-year change was negatively impacted by approximately $0.01 due to the translation impact of changes in foreign currency exchange rates, $0.01 due to the higher tax rate, which were offset by $0.05 benefit from the impact of the Company’s share repurchase program.
  - Adjusted diluted earnings per share of $1.01 decreased $0.21, or 17.2%, sequentially.

$ in millions - except per share data

**Working Capital**

| | Q3' FY15 | Q4' FY15 | Q1' FY16 | Q2' FY16 | Q3' FY16 | Y/Y Change |
|---|---|---|---|---|---|---|
| Accounts Receivable | $ 4,994.8 | $ 5,054.3 | $ 4,903.2 | $ 5,395.0 | **$ 4,874.2** | $ (120.6) |
| Inventories | $ 2,474.4 | $ 2,482.2 | $ 2,805.0 | $ 2,650.2 | **$ 2,826.9** | $ 352.5 |
| Accounts Payable | $ (3,272.0) | $ (3,338.1) | $ (3,339.8) | $ (3,628.1) | **$ (3,298.0)** | $ (26.0) |
| Working Capital | $ 4,197.2 | $ 4,198.4 | $ 4,368.4 | $ 4,417.1 | **$ 4,403.1** | $ 205.9 |
| Working Capital Velocity [(1)] | 6.03 | 6.27 | 6.06 | 6.12 | **5.58** | (0.45) |

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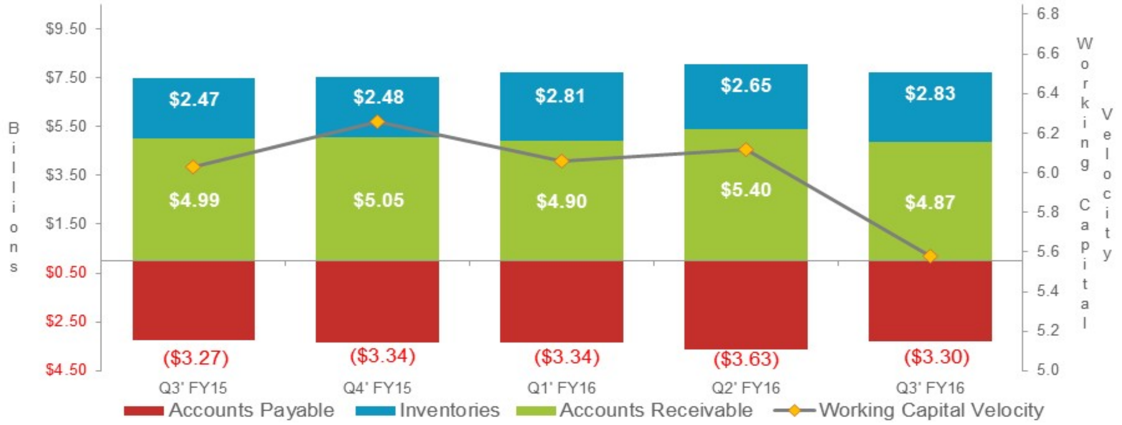



- Working capital (accounts receivable plus inventories less accounts payable) increased $205.9 million, or 4.9%, and $167.4 million, or 4.0%, year over year in constant currency, primarily due to an increase in inventory at EM.
  - On a sequential basis, working capital decreased $14.1 million, or 0.3%, and decreased 2.0% when adjusted for the translation impact of changes in foreign currency exchange rates, primarily due to the greater than seasonal sales decline at TS.
- Working capital velocity declined 0.45 turns from the year ago quarter and declined 0.54 turns sequentially due to the decrease in sales.
- Inventories increased $352.5 million, or 14.2%, year over year and 12.6% in constant currency primarily due to: (i) an increase at EM Asia related to high volume supply chain engagements; (ii) an increase in EM EMEA to support the organic revenue growth; and (iii) an increase in EM Americas to support the conversion of the ERP system at the beginning of the fourth quarter and new supplier relationships.
  - On a sequential basis, inventories increased $176.6 million, or 6.7% (4.8% in constant currency), primarily due to an increase at EM.

Avnet, Inc. Q3 Fiscal Year 2016
$ in millions - except per share data
April 28, 2016

**Returns**

| | Q3' FY15 | Q4' FY15 | Q1' FY16 | Q2' FY16 | Q3' FY16 | Y/Y Change |
|---|---|---|---|---|---|---|
| Return on Working Capital (ROWC) [(1)] | 20.6 % | 22.5 % | 20.9 % | 22.8 % | **18.5 %** | (207) bps |
| Return on Capital Employed (ROCE) [(1)] | 11.1 % | 12.0 % | 11.2 % | 12.3 % | **9.9 %** | (120) bps |

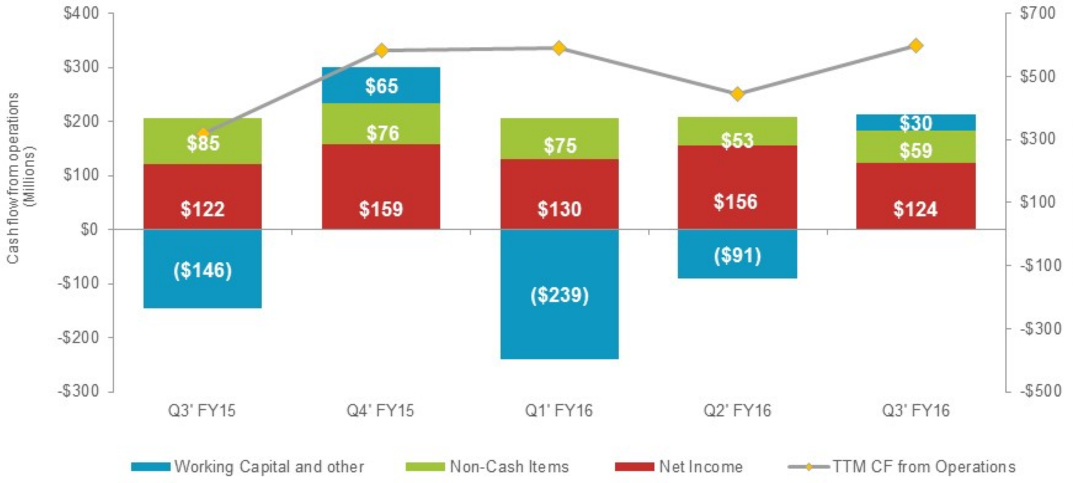
(1) A reconciliation of non-GAAP financial measures is presented in the Non-GAAP Financial Information section of the press release attached as Exhibit 99.1 included in this Current Report on Form 8-K.


- ROWC for the third quarter of fiscal 2016 was 18.5%, a decrease of 207 basis points year over year and 429 basis points sequentially primarily due to a decline in profitability at both operating groups.
- ROCE of 9.9% decreased 120 basis points year over year and 240 basis points sequentially.

$ in millions - except per share data

**Cash Flow**

| | Q3' FY15 | Q4' FY15 | Q1' FY16 | Q2' FY16 | Q3' FY16 | Y/Y Change |
|---|---|---|---|---|---|---|
| Net Income | $ 121.5 | $ 158.7 | $ 130.3 | $ 156.0 | **$ 123.5** | $ 1.9 |
| Non-Cash Items | $ 84.8 | $ 75.7 | $ 74.8 | $ 53.4 | **$ 59.4** | $ (25.4) |
| Working Capital and Other | $ (146.2) | $ 64.9 | $ (238.8) | $ (91.4) | **$ 30.0** | $ 176.2 |
| Cash Flow from Operations | $ 60.1 | $ 299.3 | $ (33.7) | $ 118.0 | **$ 212.9** | $ 152.7 |
| TTM CF from Operations | $ 318.1 | $ 583.9 | $ 590.8 | $ 443.7 | **$ 596.5** | $ 278.4 |




- During the third quarter of fiscal 2016, cash flow from operations of $212.9 million increased from the year ago quarter primarily due to working capital and other, which was a source of funds in the current year as compared to a use of funds in the prior year. The trailing twelve month cash flow generated from operations was $596.5 million and over the past four quarters, our trailing twelve month cash flow from operations has averaged $553.6 million.
- During the third quarter of fiscal 2016, the Company repurchased approximately 3.7 million shares representing an aggregate investment of $145.7 million and has returned approximately $330.8 million in the form of share repurchases to shareholders fiscal year to date.
- During the third quarter of fiscal 2016, the Company paid a dividend of $0.17 per share, or $21.9 million in total and has paid approximately $67 million fiscal year to date.
- Cash and cash equivalents at the end of the quarter were $1.0 billion, of which $966.8 million was held outside the United States; net debt (total debt less cash and cash equivalents) was approximately $1.3 billion.

**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,” “estimate,” “forecast,” “expect,” “believe,” and “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, 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.

**Organic Sales**

Organic sales is defined as reported sales adjusted for the impact of more than insignificant acquisitions and divestitures 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. Additionally, fiscal 2016 sales are adjusted for the estimated impact of the extra week of sales in the first quarter of fiscal 2016 due to the 14-week fiscal first quarter and the 53-week fiscal year. Organic sales in constant currency is defined as organic sales excluding the impact of changes in foreign currency exchange rates.

**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 adjusted operating income, adjusted operating expenses, adjusted net income and adjusted diluted earnings per share, as well as 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 translation impact of changes in foreign currency exchange rates” or “constant currency.” In order to determine the translation impact of changes in foreign currency exchange rates for sales, income or expense items, the Company adjusts the exchange rates used in current periods to be consistent with the exchange rates in effect during prior periods. 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. Management believes that operating income and operating expenses adjusted for (i) restructuring, integration and other expenses and (ii) 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 and operating 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 believes net income and diluted EPS adjusted for (i) the impact of the items described above, (ii) certain items impacting other expense and (iii) certain items impacting income tax expense is useful to investors because it provides 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 results 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.
- 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 sales divided by the sum of the monthly average balances of receivables and inventories less accounts payable.

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. A reconciliation of the GAAP financial measures to the non-GAAP financial measures is included in the Company's press release dated April 28, 2016 (Exhibit 99.1) in this Current Report on Form 8-K.