

# Welcome to Avnet's Fourth Quarter and Fiscal Year 2010 Teleconference and Webcast



August 11, 2010 2:00 p.m. Eastern Time

# Safe Harbor Statement

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

# Business Highlights



Roy Vallee  
Chairman & Chief Executive Officer

# Q4 FY2010 Avnet, Inc. Highlights

- Revenue grew 38.5% Y/Y to a record \$5.2B
- Gross profit margin  seq & Y/Y at both groups
  - First Y/Y increase in 7 quarters
- Operating income grew 4x faster than revenue Y/Y
- Record EPS of \$0.92,<sup>(1)</sup>  188% Y/Y
- ROCE was a record 18.3%,  1,044 BP Y/Y
- Cash flow from operations of \$124M

(1) Excludes restructuring, integration and other charges

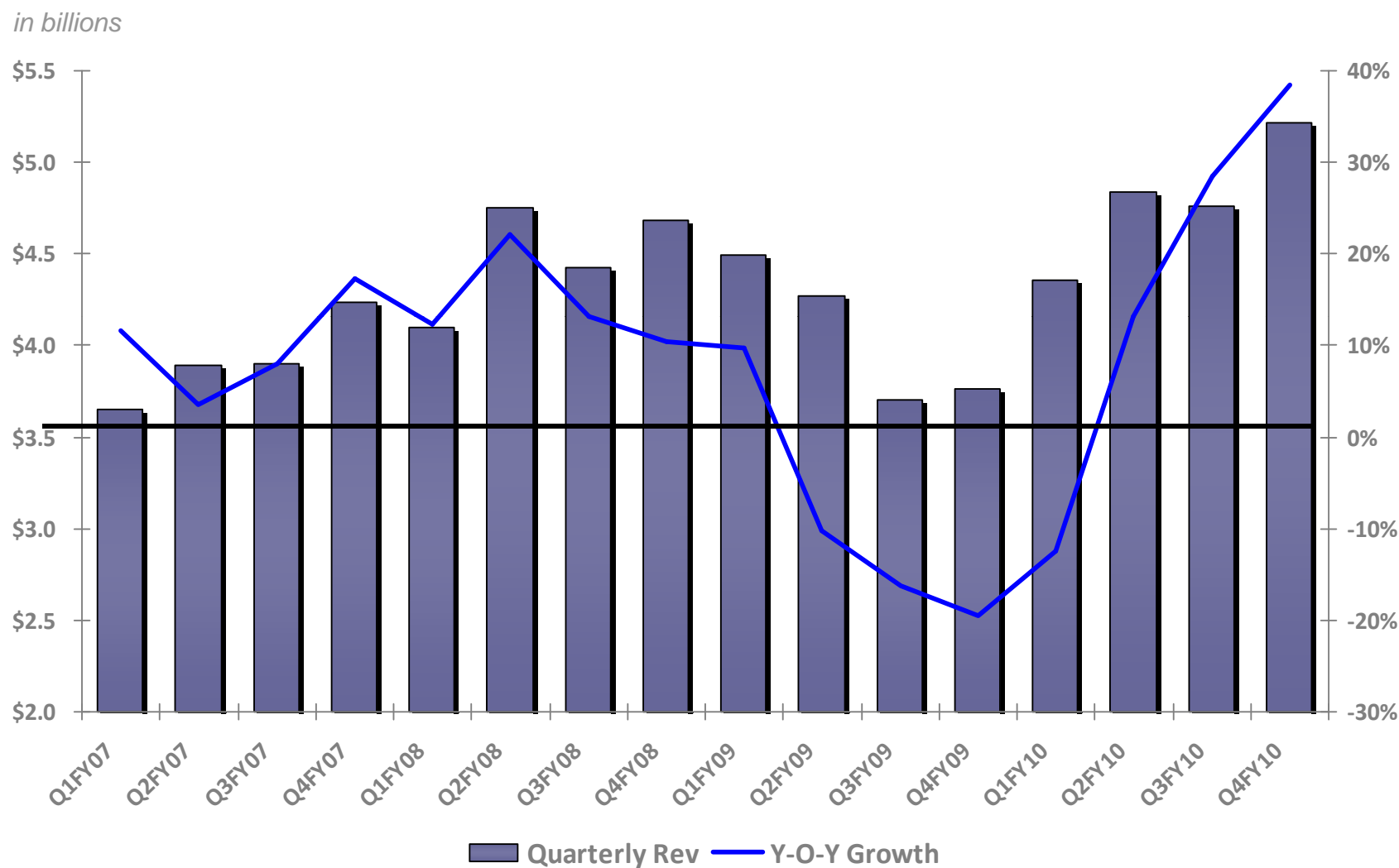
## Q4 FY2010 EM Highlights

- Revenue growth accelerated to 50% Y/Y in constant\$
- Gross profit margin improved 27 BP seq, 70 BP Y/Y
  - Western regions improved significantly
- Operating income margin  288 BP Y/Y to 5.6%
  - Above EM's stated target of 5.0% - 5.5%
- Record inventory turns & working capital velocity
- Record ROWC - above targets in all 3 regions

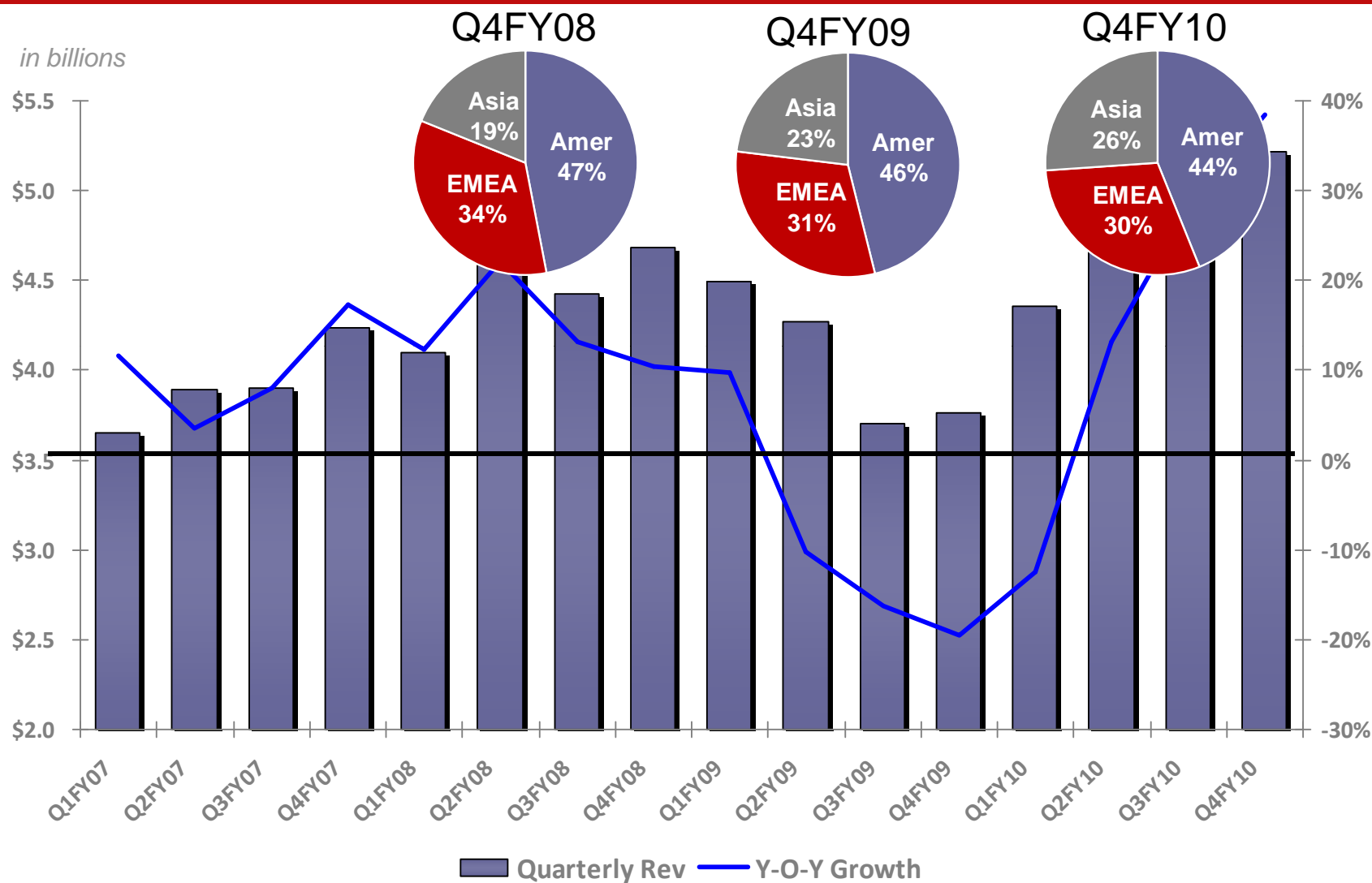
# Q4 FY2010 TS Highlights

- Pro Forma revenue grew 10% seq and 25% Y/Y
  - EMEA growth surged,  20% Y/Y in constant currency
  - Growth rates accelerated to 27% Y/Y in the Americas region
- Hardware refresh driving growth
  - Servers grew 30% seq & 29% Y/Y
- Operating income margin  31 BP seq & 46 BP Y/Y
  - EMEA  159 BP Y/Y
- ROWC  844 BP Y/Y
  - Above stated target all 4 quarters of fiscal 2010

# Avnet, Inc. Quarterly Revenue & Y/Y Growth Rate

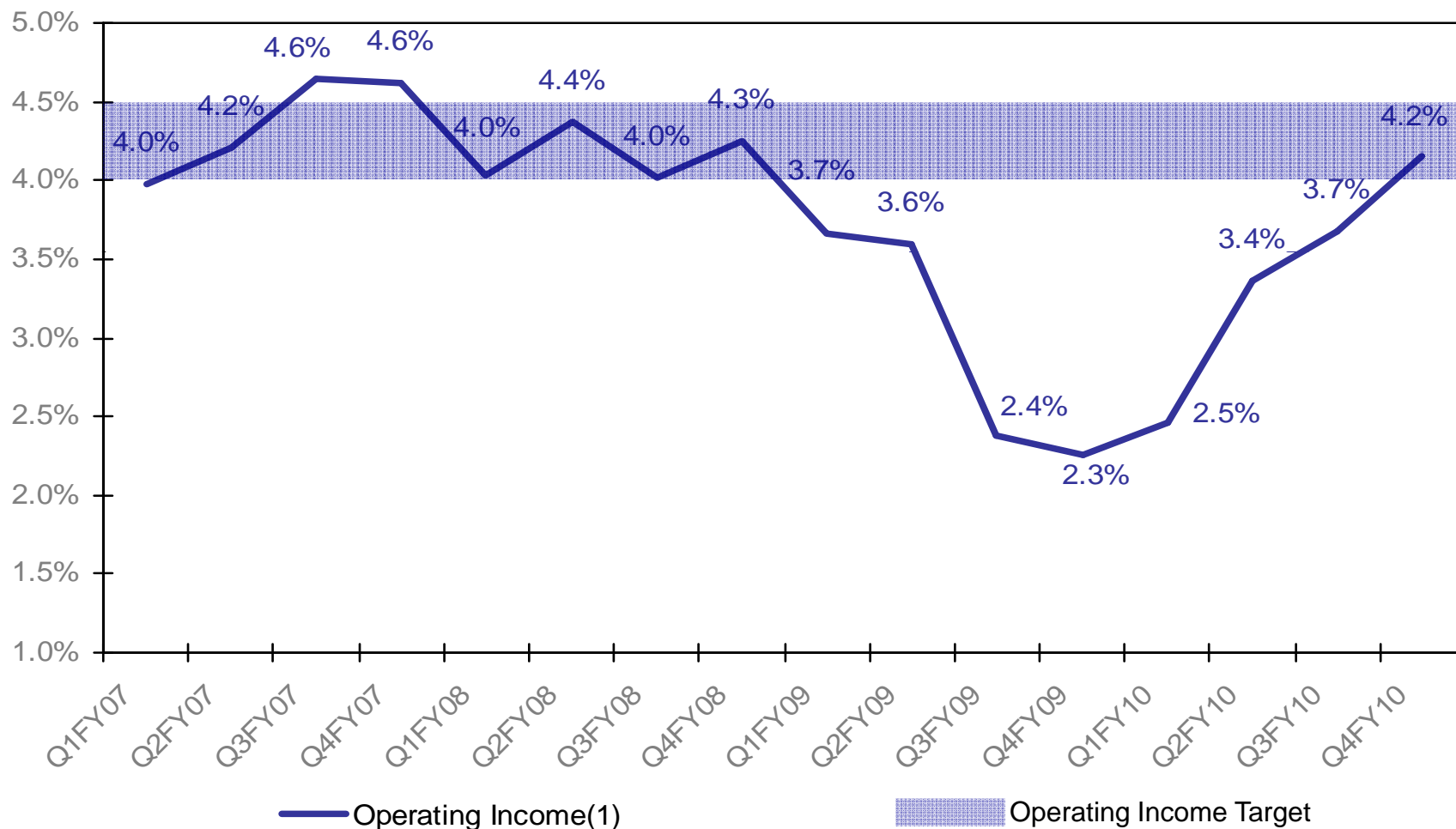


# Avnet, Inc. Quarterly Revenue & Y/Y Growth Rate

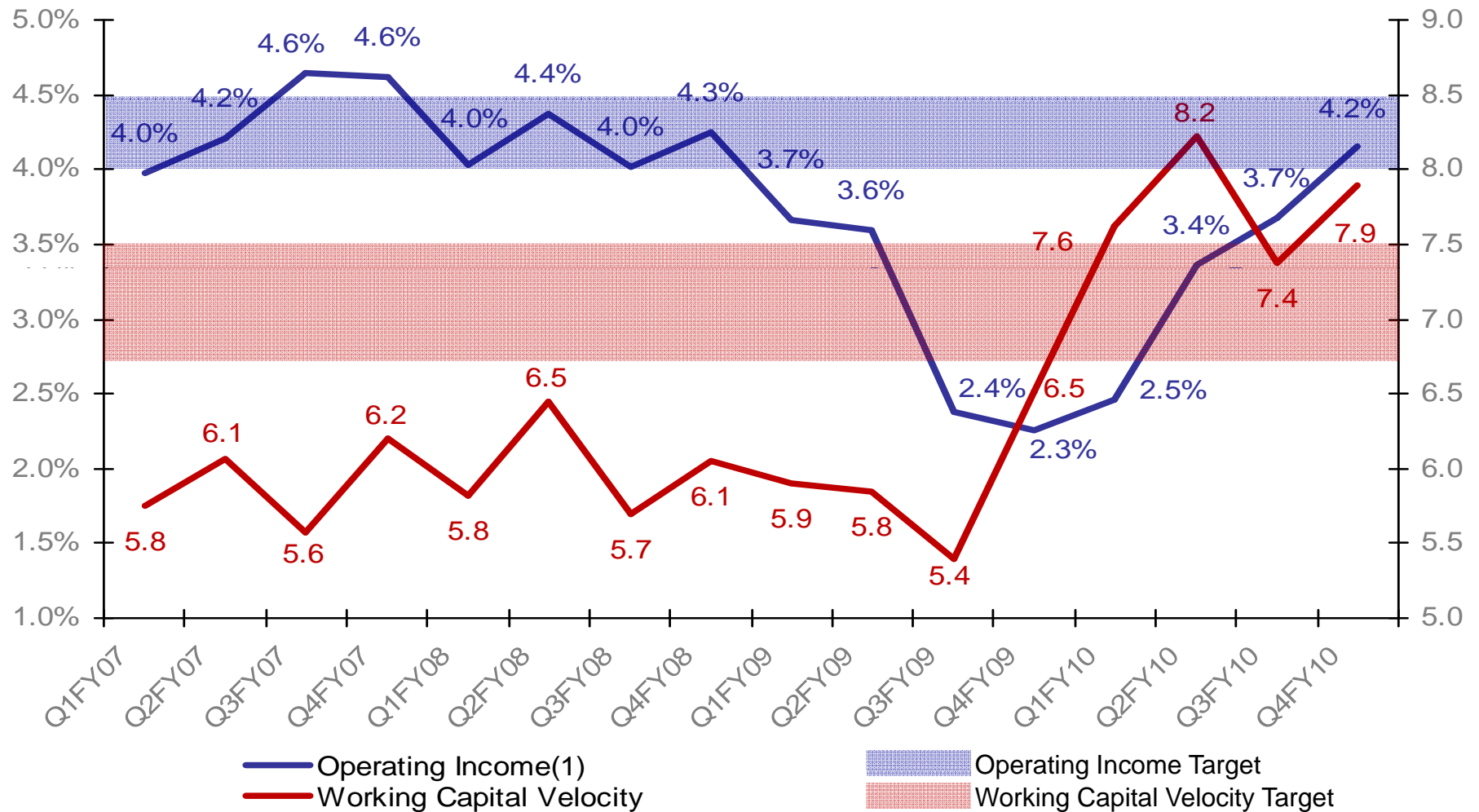




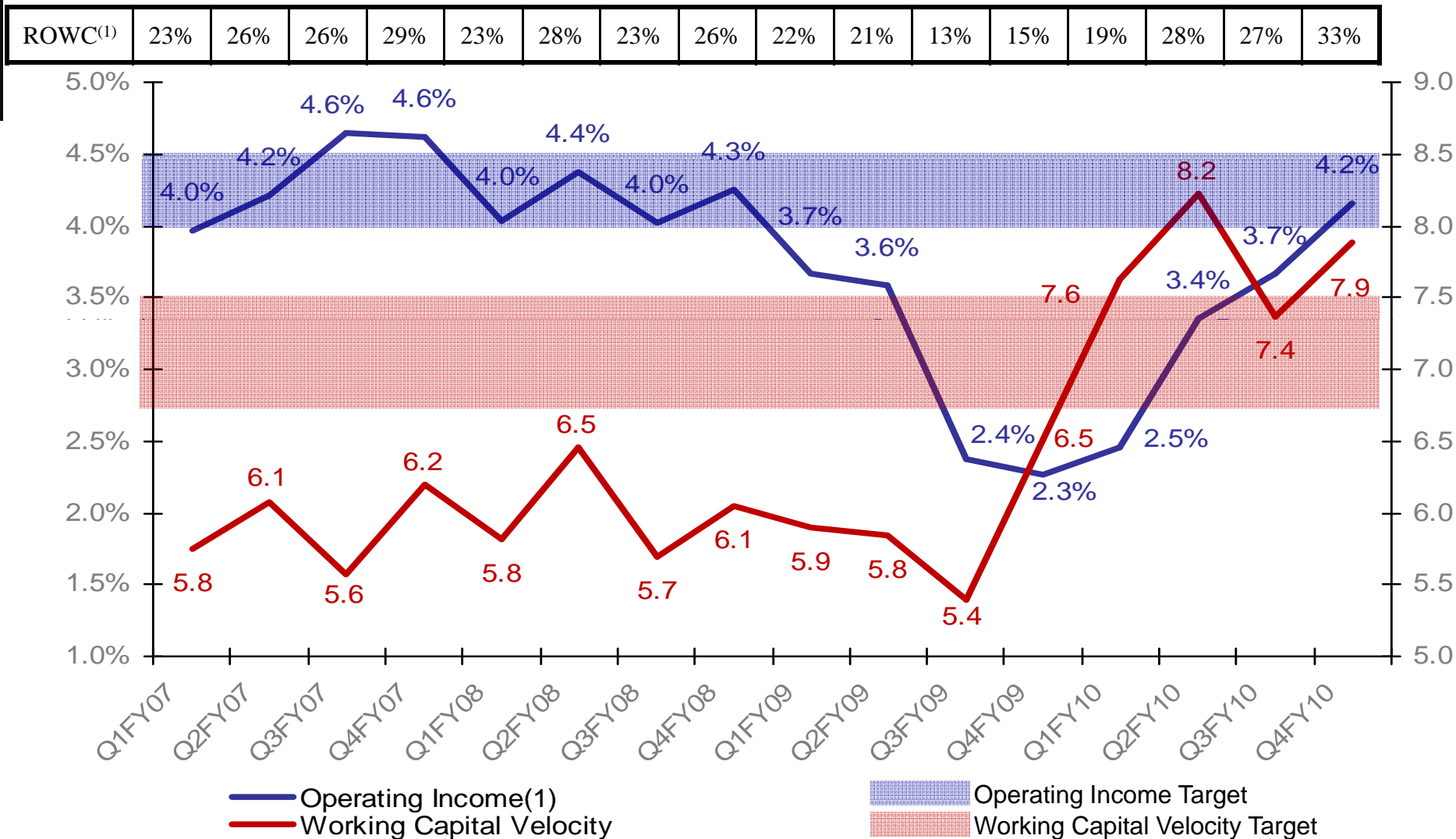
# Avnet, Inc. Operating Margin Within Target Range



# Avnet, Inc. W/C Velocity Above Target Range



# Avnet, Inc. ROWC Reaches Record High



# Bell Integration Update



Ray Sadowski  
Chief Financial Officer

# Bell Integration Update

- Completed transaction on July 6
- Graeme Watt appointed president of TS EMEA
- Integrations have begun
- Expect \$60 million of synergies
- Bell North America embedded business being integrated into EM Americas
- Bell Latin America being integrated into TS Americas
- Bell European business being integrated into TS EMEA

# June 2010 Revenue Including Acquisitions

	<u>Q4 FY10 Revenue</u>	<u>Revenue Impact (1)</u>	<u>Adjusted Revenue</u>
<b><u>Electronics Marketing</u></b>			
- Americas	\$ 989	\$ 273	\$ 1,262
- EMEA	1,040	-	1,040
- Asia	1,096	119	1,215
Electronics Marketing	<u>\$ 3,125</u>	<u>\$ 392</u>	<u>\$ 3,517</u>
<b><u>Technology Solutions</u></b>			
- Americas	1,287	249	1,536
- EMEA	535	280	815
- Asia	267	-	267
Technology Solutions	<u>\$ 2,089</u>	<u>\$ 529</u>	<u>\$ 2,618</u>
<b>Reported Revenue</b>	<u><u>\$ 5,214</u></u>	<u><u>\$ 921</u></u>	<u><u>\$ 6,135</u></u>

(1) Includes the acquisition of Bell Microproducts, Unidux and Tallard Technologies as well as the transfer of certain embedded business from Technology Solutions to Electronics Marketing

# Bell Integration – Synergy Realization

	(\$ in millions)			
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
% Complete	42%	58%	79%	100%
Cumulative annualized synergies @ end of quarter	\$25.3	\$34.7	\$47.3	\$60.0
Incremental annualized synergies @ end of quarter	\$25.3	\$9.4	\$12.6	\$12.7

	(\$ in millions)			
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
Synergies impacting current quarter	\$6.3	\$8.7	\$11.8	\$13.6
Year to date synergies realized	\$6.3	\$15.0	\$26.8	\$40.4

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

# September 2010 Quarter Outlook (Q1 FY11)

- Group Revenue
  - EM: \$3.35 to \$3.65 billion
  - TS: \$2.25 to \$2.55 billion
- Enterprise Revenue: \$5.6 to \$6.2 billion<sup>(1)</sup>
- Gross Profit Margin: 11.5% to 12.0%
- Operating Profit Margin<sup>(2)</sup>: 3.3% to 3.5%
- Interest Expense: \$20 million to \$22 million
- Tax Rate: 30% to 32%
- Non-GAAP EPS<sup>(2)</sup> : \$0.76 to \$0.84

(1) The above guidance assumes that the average Euro to U.S. Dollar currency exchange rate for the first quarter of fiscal 2011 is \$1.30 to €1.00.

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





## Question and Answer Session

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

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www.ir.avnet.com

# Non-GAAP Results and Regulation G

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

	Fiscal Year Ended 2010			
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
<b>GAAP results.....</b>	<b>\$ 635,600</b>	<b>\$ 585,083</b>	<b>\$ 410,370</b>	<b>\$ 2.68</b>
Restructuring, integration and other .....	25,419	25,419	18,789	0.12
Gain on sale of assets.....	-	(8,751)	(5,370)	(0.03)
Net reduction in tax reserves.....	-	-	842	0.01
Total adjustments.....	25,419	16,668	14,261	0.09 (1)
<b>Adjusted results.....</b>	<b>\$ 661,019</b>	<b>\$ 601,751</b>	<b>\$ 424,631</b>	<b>\$ 2.77</b>

<sup>(1)</sup> EPS does not foot due to rounding.

# Non-GAAP Results and Regulation G

- Reconciliations of the Company's reported fourth quarter and fiscal year 2009 results as adjusted are presented below:

	Fourth Quarter Ended Fiscal 2009				Fiscal Year Ended 2009			
	Op Income	Pre-tax	Net Income	Diluted EPS	Op Income	Pre-tax	Net Income	Diluted EPS
<i>\$ in thousands, except per share data</i>								
<b>GAAP results (1)</b> .....	<b>\$ (20,534)</b>	<b>\$ (24,220)</b>	<b>\$ (30,878)</b>	<b>\$ (0.20)</b>	<b>\$ (1,018,998)</b>	<b>\$ (1,094,968)</b>	<b>\$ (1,129,712)</b>	<b>\$ (7.49)</b>
Impairment charges.....	62,282	62,282	62,282	0.41	1,411,127	1,411,127	1,376,983	9.13
Restructuring, integration and other .....	43,523	43,523	25,304	0.17	99,342	99,342	65,310	0.43
Gain on sale of assets.....	-	(14,318)	(8,727)	(0.06)	-	(14,318)	(8,727)	(0.06)
Net reduction in tax reserves.....	-	-	-	-	-	-	(21,672)	(0.14)
Retrospective application of accounting standard.....	-	-	-	-	(291)	11,894	7,250	0.05
Total adjustments.....	105,805	91,487	78,859	0.52	1,510,178	1,508,045	1,419,144	9.41
<b>Adjusted results</b> .....	<b>\$ 85,271</b>	<b>\$ 67,267</b>	<b>\$ 47,981</b>	<b>\$ 0.32</b>	<b>\$ 491,180</b>	<b>\$ 413,077</b>	<b>\$ 289,432</b>	<b>\$ 1.92</b>

<sup>(1)</sup> As adjusted for the retrospective application of an accounting standard.

# Non-GAAP Results and Regulation G

- Pro forma or Organic revenue is defined as revenue adjusted for the impact of acquisitions to include the revenue recorded by these businesses as if the acquisitions had occurred at the beginning of fiscal 2009. Revenue adjusted for this impact is presented below:

	<b>Revenue as Reported</b>	<b>Acquisition Revenue</b>	<b>Pro forma Revenue</b>
		<i>(in thousands)</i>	
Q1 Fiscal 2010.....	\$ 4,355,036	\$ 42,422	\$ 4,397,458
Q2 Fiscal 2010.....	4,834,524	50,946	4,885,470
Q3 Fiscal 2010.....	4,756,786	25,761	4,782,547
Q4 Fiscal 2010.....	5,213,826	-	5,213,826
Fiscal year 2010.....	<u>\$ 19,160,172</u>	<u>\$ 119,129</u>	<u>\$ 19,279,301</u>
Q1 Fiscal 2009.....	\$ 4,494,450	\$ 216,337	\$ 4,710,787
Q2 Fiscal 2009.....	4,269,178	184,362	4,453,540
Q3 Fiscal 2009.....	3,700,836	33,135	3,733,971
Q4 Fiscal 2009.....	3,765,432	35,868	3,801,300
Fiscal year 2009.....	<u>\$ 16,229,896</u>	<u>\$ 469,702</u>	<u>\$ 16,699,598</u>

# Non-GAAP Results and Regulation G

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

- Q3 FY10 – Restructuring, integration and other charges totaled \$7.3 million pre-tax, \$5.6 after tax and \$0.04 per share on a diluted basis. The Company recognized a gain on the sale of assets amounting to \$3.2 million pre-tax, \$2.0 million after tax and \$0.01 per share on a diluted basis, as a result of certain earn-out provisions associated with the earlier sale of the Company's prior equity investment in Calence. The Company also recognized a net tax benefit of \$2.3 million and \$0.02 per share on a diluted basis related to adjustments for a prior year tax return and a benefit from a favorable income tax audit settlement partially offset by additional tax reserves for existing tax positions. (Form 8-K filed April 29, 2010)
- Q2 FY10 – The Company recognized a gain on the sale of assets amounting to \$5.5 million pre-tax, \$3.4 million after tax and \$0.02 per share on a diluted basis, as a result of certain earn-out provisions associated with the earlier sale of the Company's prior equity investment in Calence. (Form 8-K filed January 28, 2010 and Form 10-Q filed January 29, 2010)
- Q1 FY10 – Restructuring, integration and other charges totaled \$18.1 million pre-tax, \$13.2 million after tax and \$0.09 per share on a diluted basis. The Company also recognized a net increase in taxes of \$3.1 million, or \$0.02 per share on a diluted basis, related to an adjustment for a prior year tax return and additional tax reserves, net of a benefit from a favorable income tax audit settlement. (Form 8-K filed October 29, 2009 and Form 10-Q filed October 30, 2009)
- Q4 FY09 – Non-cash goodwill impairment charges totaled \$62.3 million pre- and after tax and \$0.41 per share. Restructuring, integration and other charges totaled \$43.5 million pre-tax, \$25.3 million after tax and \$0.17 per share, which included income of \$3.2 million pre-tax related to acquisition adjustments. Company also recognized a gain of \$14.3 million pre-tax, \$8.7 million after tax and \$0.06 per share related to the prior sale of an equity investment. (Form 8-K filed August 5, 2009 and Form 10-K filed August 25, 2009)
- Q3 FY09 – Restructuring, integration and other charges totaled \$32.7 million pre-tax, \$22.3 million after tax and \$0.15 per share, consisting of restructuring and integration charges of \$30.7 million pre-tax, other charges related to acquisition adjustments of \$2.0 million pre-tax and additional tax reserves of \$4.5 million pre-tax or \$0.03 per share. In addition, the Company adopted authoritative guidance which changes the accounting for convertible debt that may be settled in cash. Due to the retrospective application to prior periods, the Company recognized incremental pre-tax non-cash interest expense of \$3.8 million and also recognized a reduction in pre-tax deferred financing amortization cost of \$0.1 million. The total impact of the retrospective application on third quarter of fiscal 2009 was incremental charges of \$3.7 million pre-tax, \$2.2 million after tax and \$0.02 per share on a diluted basis. (Form 8-K filed April 23, 2009, Form 10-Q filed May 5, 2009 and Filed 8-K filed April 29, 2010)
- Q2 FY09 – Restructuring, integration and other charges totaled \$13.1 million pre-tax, \$10.0 million after tax and a \$0.06 per share on a diluted basis, consisting of restructuring and integration charges of \$11.1 million pre-tax and a loss on a liquidated investment of \$2.0 million pre-tax. The Company also recognized a net tax benefit of \$27.3 million, or \$0.18 per share on a diluted basis, primarily related to the settlement of income tax audits in Europe. The Company also recorded an impairment charge of \$1.349 billion pre-tax, \$1.315 billion after tax and \$8.72 per share. In addition, the Company adopted authoritative guidance which changes the accounting for convertible debt that may be settled in cash. Due to retrospective application to prior periods, it resulted in incremental pre-tax non-cash interest expense of \$4.3 million. The Company also recognized a reduction in pre-tax deferred financing amortization cost of \$0.1 million. Total impact of the retrospective application on second quarter fiscal 2009 was incremental charges of \$4.2 million pre-tax, \$2.6 million after tax and \$0.02 per share. (Form 8-K filed January 23, 2009, Form 10-Q filed February 10, 2009 and Form 8-K filed January 28, 2010)

# Non-GAAP Results and Regulation G

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

- Q1 FY09 – Restructuring, integration and other charges, amounted to \$10.0 million pre-tax, \$8.9 million after tax and \$0.06 per share on a diluted basis, consisting of restructuring and integration charges of \$5.1 million pre-tax, intangible asset amortization of \$3.8 million pre-tax and a decline in market value of an investment of \$1.1 million pre-tax. In addition, the Company adopted authoritative guidance which changes the accounting for convertible debt that may be settled in cash. Due to retrospective application to prior periods, it resulted in incremental pre-tax non-cash interest expense of \$4.1 million. The Company also recognized a reduction in pre-tax deferred financing amortization cost of \$0.1 million. Total impact of the retrospective application on first quarter fiscal 2009 was incremental charges of \$4.0 million pre-tax, \$2.5 million after tax and \$0.02 per share on a diluted basis. (Form 8-K filed October 23, 2008, Form 10-Q filed November 4, 2008 and Form 8-K filed October 29, 2009)
- Q4 FY08 – (1) Restructuring, integration and other charges, amounted to \$28.1 million pre-tax, \$23.9 million after tax and \$0.16 per share on a diluted basis; (2) gain on sale of an investment amounted to \$42.4 million pre-tax, \$25.9 million after tax and \$0.17 per share on a diluted basis; and (3) net reduction of tax reserves amounted to \$13.9 million, \$0.09 per share on a diluted basis. (Form 8-K filed August 6, 2008 and Form 10-K filed August 27, 2008)
- Q3 FY08 – Restructuring, integration and other charges, amounted to \$10.9 million pre-tax, \$7.5 million after tax and \$0.05 per share on a diluted basis. (Form 8-K filed April 24, 2008 and Form 10-Q filed May 7, 2008)
- The Company occasionally refers to comparative results in both reported dollars and constant dollars. Reported dollars reflect the GAAP results while constant dollars reflect the adjustment for fluctuations in foreign currency exchange rates between the two comparative periods.
- Return on Capital Employed (ROCE) is defined as annualized tax effected operating income, excluding restructuring, integration, impairment charges and other items, divided by the monthly average balances of interest-bearing debt and equity (including the impact of restructuring, integration, impairment charges and other items) less cash and cash equivalents.
- Return on Working Capital (ROWC) is defined as annualized sales divided by the monthly average balances of receivables plus inventory less accounts payable.
- Operating income drop through is defined as the portion of gross profit dollar growth that drops through to the operating income line.
- Working capital is defined as accounts receivable plus inventory less accounts payable.

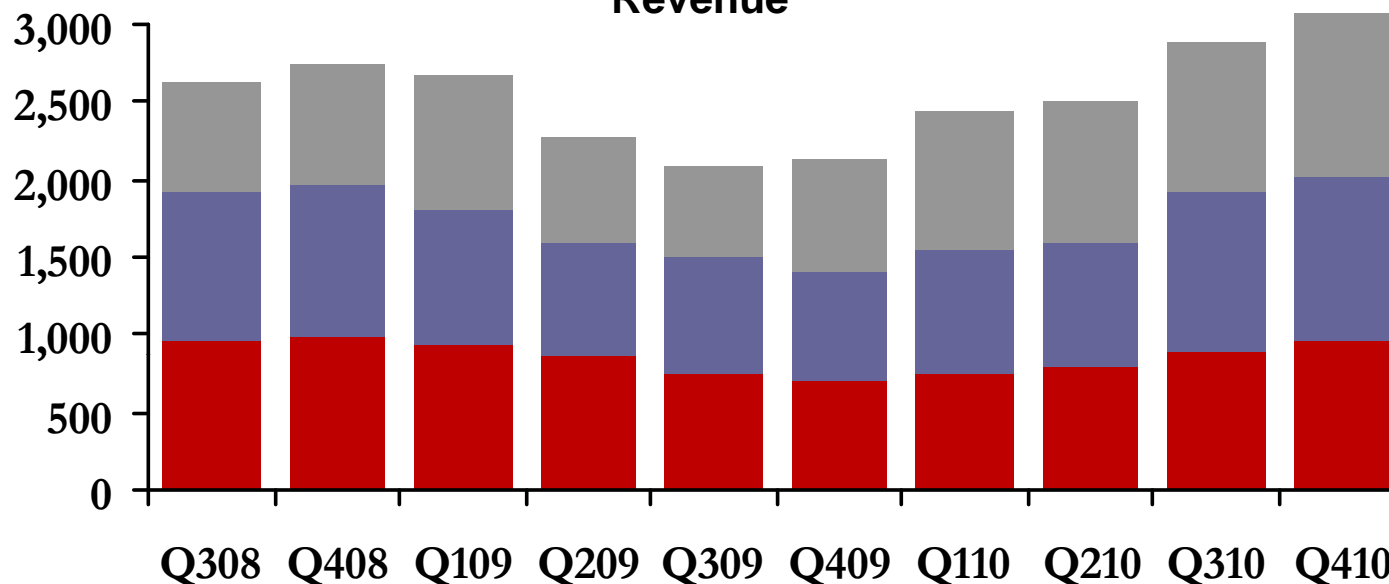
# Appendix



# EM Revenue

(in millions)

## Revenue



■ Americas ■ EMEA ■ Asia

### EM Revenue Breakdown

	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Americas	\$ 0.96	\$ 0.97	\$ 0.95	\$ 0.87	\$ 0.76	\$ 0.71	\$ 0.76	\$ 0.79	\$ 0.90	\$ 0.97
EMEA	0.97	1.01	0.88	0.72	0.74	0.69	0.79	0.80	1.02	1.04
Asia	0.69	0.75	0.87	0.68	0.60	0.73	0.89	0.93	0.97	1.10
<b>Total</b>	<b>\$ 2.62</b>	<b>\$ 2.73</b>	<b>\$ 2.70</b>	<b>\$ 2.27</b>	<b>\$ 2.10</b>	<b>\$ 2.13</b>	<b>\$ 2.44</b>	<b>\$ 2.52</b>	<b>\$ 2.89</b>	<b>\$ 3.10</b>

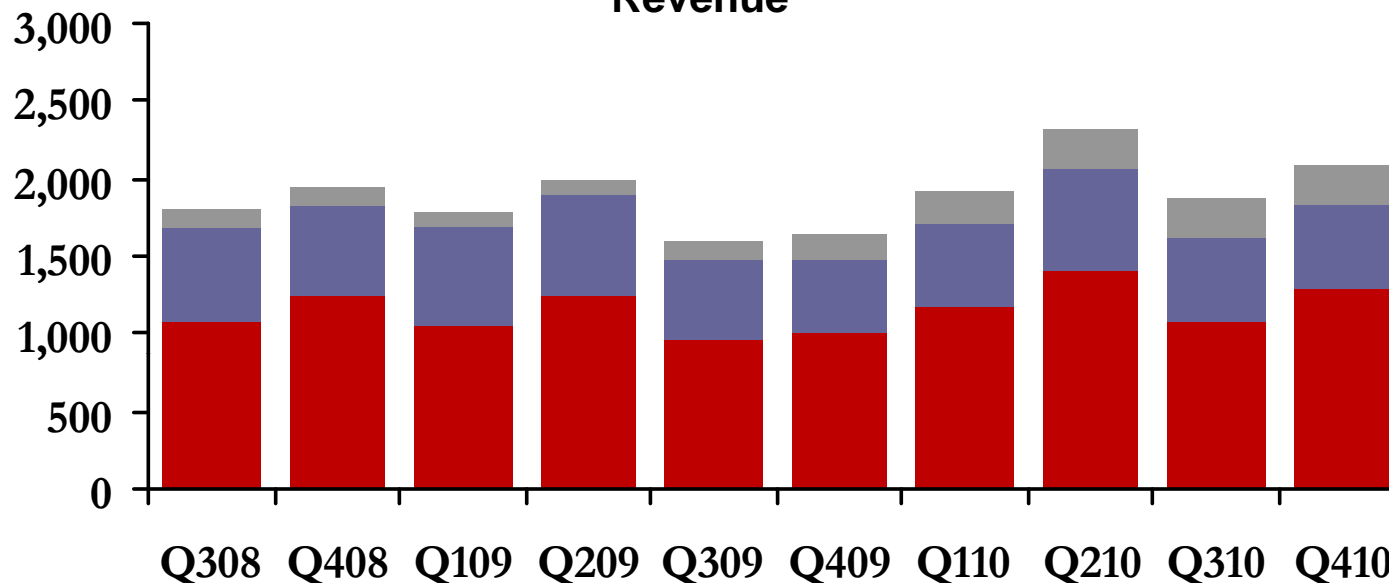
(in billions)



# TS Revenue

(in millions)

## Revenue



■ Americas ■ EMEA ■ Asia

### TS Revenue Breakdown

	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Americas	\$ 1.07	\$ 1.23	\$ 1.06	\$ 1.25	0.95	1.02	1.16	1.40	1.08	1.29
EMEA	0.62	0.59	0.62	0.65	0.52	0.46	0.56	0.67	0.53	0.53
Asia	0.11	0.13	0.11	0.10	0.13	0.16	0.20	0.25	0.26	0.27
<b>Total</b>	<b>\$ 1.80</b>	<b>\$ 1.95</b>	<b>\$ 1.79</b>	<b>\$ 2.00</b>	<b>\$ 1.60</b>	<b>\$ 1.64</b>	<b>\$ 1.92</b>	<b>\$ 2.32</b>	<b>\$ 1.87</b>	<b>2.09</b>

(in billions)