

Avnet Fiscal First Quarter 2021 Financial Results

October 28, 2020



Safe harbor statement

This document contains 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, with respect to the financial condition, results of operations and business of the Company. You can find many of these statements by looking for words like “believes,” “plans,” “expects,” “anticipates,” “should,” “will,” “may,” “estimates” or similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties.

You should understand that the following important factors, in addition to those discussed elsewhere in the Company’s Annual Report on Form 10-K for the fiscal year ended June 27, 2020 and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, could affect the Company’s future results of operations, and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements: the scope and duration of the COVID-19 pandemic and its impact on global economic systems, access to financial markets and the Company’s employees, operations, customers, and supply chain; competitive pressures among distributors of electronic components; an industry down-cycle in semiconductors; relationships with key suppliers and allocations of products by suppliers; risks relating to the Company’s international sales and operations, including risks relating to the ability to repatriate cash, foreign currency fluctuations, duties and taxes, and compliance with international and U.S. laws; risks relating to acquisitions, divestitures and investments; adverse effects on the Company’s supply chain, operations of its distribution centers, shipping costs, third-party service providers, customers and suppliers, including as a result of issues caused by natural and weather-related disasters, pandemics and health related crisis, social unrest or warehouse modernization and relocation efforts; risks related to cyber-attacks and the Company’s information systems, including related to current or future implementations; general economic and business conditions (domestic, foreign and global) affecting the Company’s operations and financial performance and, indirectly, the Company’s credit ratings, debt covenant compliance, and liquidity and access to financing; geopolitical events, including the uncertainty caused by the United Kingdom’s planned exit from the European Union commonly referred to as “Brexit”; and legislative or regulatory changes affecting the Company’s businesses.

Any forward-looking statement speaks only as of the date on which that statement is made. Except as required by law, the Company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

Executive Overview

Phil Gallagher
Interim Chief Executive Officer

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Q1 FY 2021 highlights



Executing on our priorities:

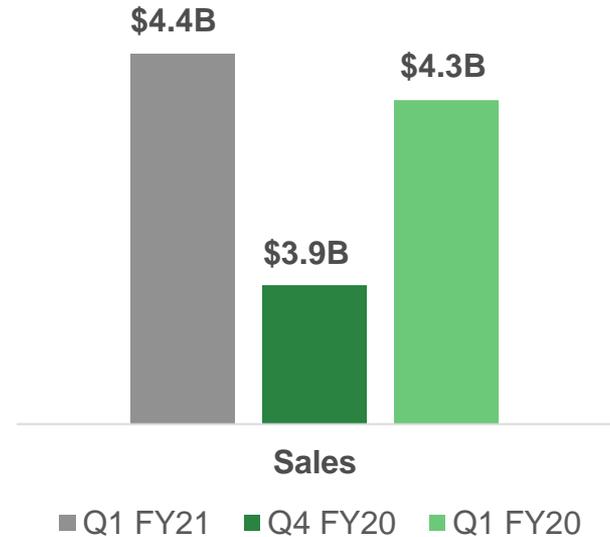
- Focusing on primary components distribution operations while taking steps to accelerate profitable growth of Farnell
- Streamlining the organization, aligning operations and processes, driving productivity

Our enhanced focus is reflected in the results:

- Delivered quarterly sales of \$4.7B, surpassing guidance
- Adjusted diluted EPS⁽¹⁾ of \$0.36, ahead of guidance
- Market trends improved over the quarter, driven by:
 - Stronger demand across geographic regions – notably Asia
 - Strong global demand in automotive
 - Improved demand in industrial with positive trajectory
- Further encouraged by positive outlook from EMS customers

Electronic components business

- Revenues were up QoQ and YoY; operating margins were up QoQ across all regions and down YoY except in Asia
 - Sequential growth across all three geographic regions
 - Book-to-bill ratio at end of Q1 above parity
- Design activity at an all-time high with registrations at highest levels since FY18
- Managing strong backlog and forecasts with customers



Positive global demand creation trends and record design activity

Continuing to invest in the future of Farnell

- Revenues up 13.3% sequentially on a constant currency basis
- Added 28,000 SKUs of the 80,000 already invested in over past 12 months – progressing on plans to add 250,000 through FY22
- Completed rollout of our pricing optimization tool to enhance online UX
- Significant improvements in e-commerce functionality
- As we manage through COVID-related challenges, we continue to see value in Farnell's opportunity to strengthen our global digital footprint

Global digital footprint drives enhanced customer experience and products

Rebalancing our strategy



Financial Overview

Tom Liguori
Chief Financial Officer



Q1 FY 2021 financial priorities

- Drive market share and revenue growth
- Improve profitability through increased operating efficiency
- Earn a return on capital greater than our cost of capital

\$4.7B

QoQ revenue
growth of **13.5%**

9.6%

Op ex as a percent of
revenues declined
QoQ from **10.4%**

<80

Reduction in working
capital days

Q1 FY 2021 financial highlights

- \$4.7B** Revenues were up QoQ and YoY; above guidance range
- \$0.36** Adjusted diluted EPS⁽¹⁾ was above guidance range
- \$122M** Cash flow from operations; positive metric for 8th consecutive quarter
- 10.9%** Gross margin; down 49 bps from last quarter
- \$451M** Adjusted operating expenses⁽¹⁾; up by \$19 million over last quarter
- \$22.3M** Interest expense; 34% lower YoY
- \$6.9M** Foreign currency expense
- 7%** Adjusted income tax rate⁽¹⁾

Key metrics by business segment and region

Electronic Components

- Revenues of **\$4.4B**, up 13.3% sequentially and 2.1% YoY
- Operating margins of **1.9%** compared to 1.5% last quarter

Americas

- Revenues of **\$1.2B**, up 4.9% sequentially and down 0.8% YoY

EMEA

- Revenues of **\$1.5B**, up 10.2% sequentially and 0.7% YoY
- Constant currency down 3.6% YoY

Asia

- Revenues of **\$2.0B**, up 22.2% sequentially and 4.8% YoY
- Constant currency up 4.6% YoY

Farnell

- Revenues of **\$341M**, up 16.7% sequentially and 1.5% YoY
- Operating margins of 3.5%, down 6 bps sequentially and 298 bps YoY

Q1 FY 2021 balance sheet and cash flow performance

\$483M Cash balance

\$1.36B Debt

3.4x Gross debt leverage ratio at end of quarter

2.2x Net debt leverage ratio at end of quarter

\$38 Net book value per share

\$30 Tangible book value per share

Looking ahead

Reiterating our financial priorities & tracking against our expense reduction targets



Outlook for Q2 FY 2021

(ending on January 2, 2021)

Metric	Guidance Range	Midpoint
Sales	\$4.0B - \$4.4B	\$4.2B
Non-GAAP Adjusted Diluted EPS ⁽¹⁾	\$0.33 - \$0.43	\$0.38
Estimated Annual Tax Rate	13% - 17%	15%

Note: Included in guidance are TI revenues of \$40-\$60M.

(1) Non-GAAP measure. See Non-GAAP Definitions in the Appendix of this presentation.

Q&A Session

Celebrating 100 years



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, (vi) adjusted diluted earnings per share from continuing operations, and (vii) sales adjusted for the impact of significant acquisitions and other items (as defined in the Organic Sales section of this document). 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 October 28, 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 organic sales and sales in constant currency are useful measures for evaluating current period performance as compared with prior periods and for understanding underlying trends. In order to determine the translation impact of changes in foreign currency exchange rates on sales, income or expense items for subsidiaries reporting in currencies other than the U.S. Dollar, the Company adjusts the average exchange rates used in current periods to be consistent with the average exchange rates in effect during the comparative period.

Management believes that operating income and operating expenses adjusted for restructuring, integration and other expenses, goodwill and intangible asset impairment expenses 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 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 most cases, for measuring performance for compensation purposes. Management measures operating income for its reportable segments excluding restructuring, integration and other expenses, goodwill and intangible asset impairment expenses and amortization of acquired intangible assets and other. Additional non-GAAP metrics management uses is adjusted operating income margin, which is defined as adjusted operating income (as defined above) divided by sales.

Management also believes income tax expense (benefit), income from continuing operations and diluted earnings (loss) per share from continuing operations adjusted for the impact of the items described above and certain items impacting other income (expense) and income tax expense (benefit) 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. Adjustment to income tax expense (benefit) and the effective income tax rate include the effect of changes in tax laws including recent tax law changes in the U.S., certain 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 (loss) 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.