

Avnet First Quarter 2023 Financial Results

October 26, 2022

AVNET®



/ 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,” “projected,” “plans,” “expects,” “anticipates,” “should,” “will,” “may,” “estimates” or similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties.

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 July 2, 2022 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: geopolitical events and military conflicts; pandemics and other health-related crises, including COVID-19; competitive pressures among distributors of electronic components; an industry down-cycle in semiconductors, including supply shortages; relationships with key suppliers and allocations of products by suppliers, including increased non-cancellable/non-returnable orders; accounts receivable defaults; risks relating to the Company’s international sales and operations, including risks relating to the ability to repatriate cash, foreign currency fluctuations, inflation, duties and taxes, sanctions and trade restrictions, 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 military conflicts, terrorist attacks, natural and weather-related disasters, pandemics and health related crisis, warehouse modernization and relocation efforts; risks related to cyber security attacks, other privacy and security incidents and information systems failures, including related to current or future implementations, integrations or upgrades; 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, liquidity and access to financing; constraints on employee retention and hiring; 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.

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Executive Overview

Phil Gallagher
Chief Executive Officer

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/ Q1 FY23 Overview

Revenue

- Grew sales across all regions and improved profitability year over year despite headwinds

Operating Income

- Third consecutive quarter of Operating Margin greater than 4%
- Operating Income grew three times greater than revenue YoY

Drivers

- Solid execution in an uncertain and complex market
- Deep customer and supplier engagements
 - Leverages our expertise as a “control tower”
- Strong demand in key markets
- Invested in inventory to support key markets

\$6.8B

Revenue +29% Y/Y
in constant currency

4.3%

Operating Margin

/ Q1 FY23 Operating Groups

Electronic Components (EC)

- Growth in all regions
 - Sixth consecutive quarter of record sales in Asia
 - Continued high growth in Americas and EMEA
- Well-diversified and focused on higher growth markets
 - Transportation, Industrial, and Aerospace & Defense
- Book-to-bill ratios around parity and lead times remained mixed
- Another record quarter of demand creation sales

\$6.3B

Revenue +31% Y/Y
in constant currency

4.2%

Operating Margin

Farnell

- Sales and profitability impacted by currency fluctuations and supply constraints
 - Weaker British Pound
 - Components for Single Board Computers
- Exclusive licensed distributor of the Raspberry Pi single board computer
- Continuing to leverage Farnell with EC customers and suppliers

\$426M

Revenue +2% Y/Y
in constant currency

12.1%

Operating Margin

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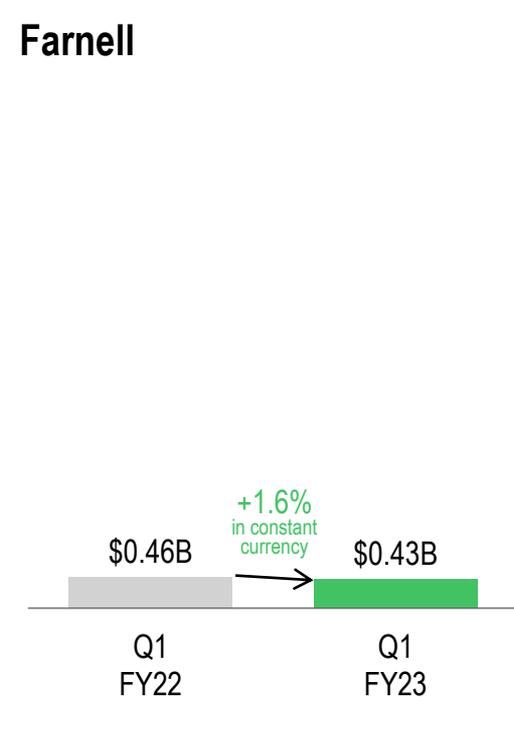
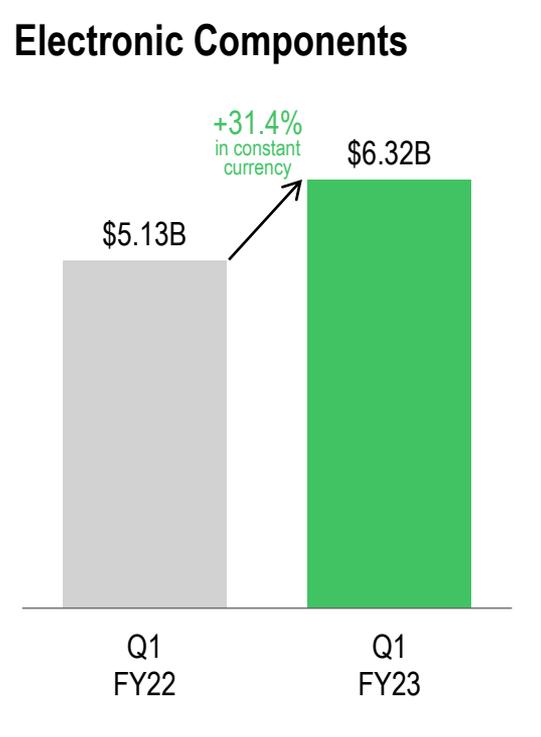
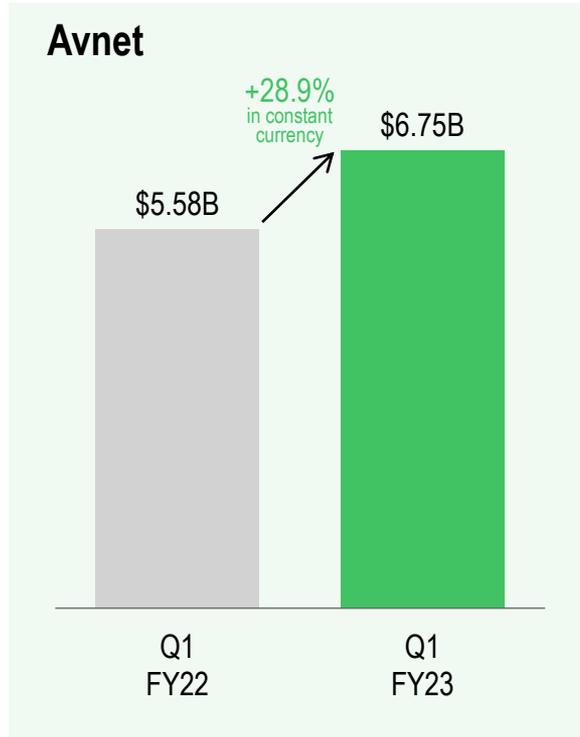
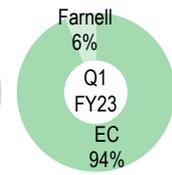
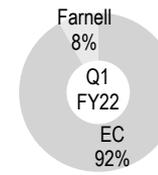
Financial Highlights

Ken Jacobson
Chief Financial Officer

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/ Q1 Revenue

Executing to support continued strong demand



/ Q1 Income Statement

Improving operational efficiency

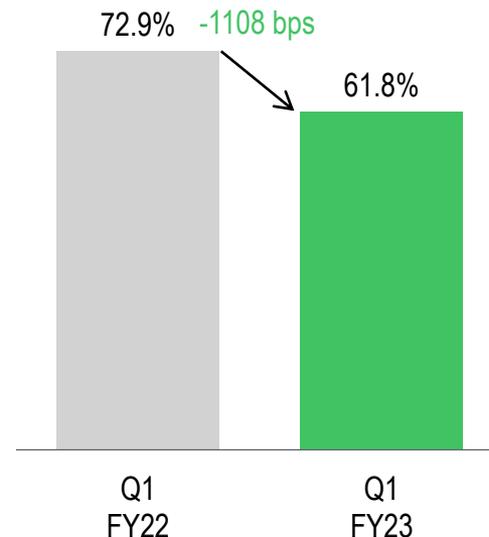
\$6.8B Reported revenues; changes in foreign currencies had a negative impact on sales of \$150M QoQ and \$450M YoY

11.4% Gross margin down 85 bps QoQ and down 43 bps YoY
– higher Asia mix and different customer and product mix

\$475M Adjusted operating expenses⁽¹⁾ down by 3.5% QoQ

62% Operating expenses as a percentage of gross profit
– the lowest in several years

Adjusted Operating Expense as % of Gross Profit⁽¹⁾

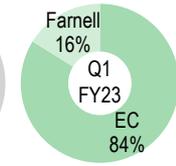
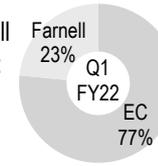


⁽¹⁾ Non-GAAP measure. See Non-GAAP Definitions section in the Appendix of this presentation.

Q1 Adjusted Operating Income⁽¹⁾

Operating income grew 3x revenues YoY

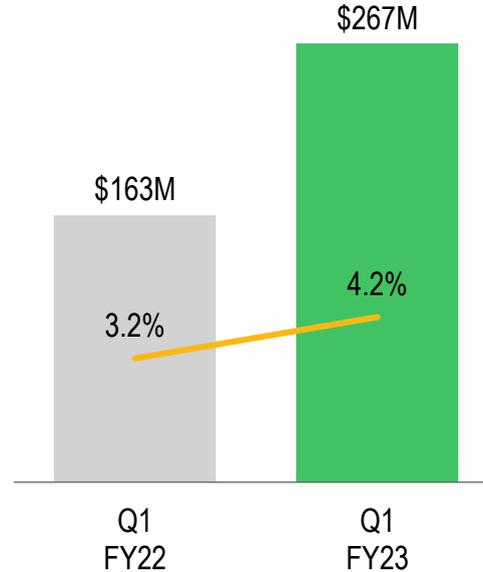
EC+Farnell
OI\$ share:



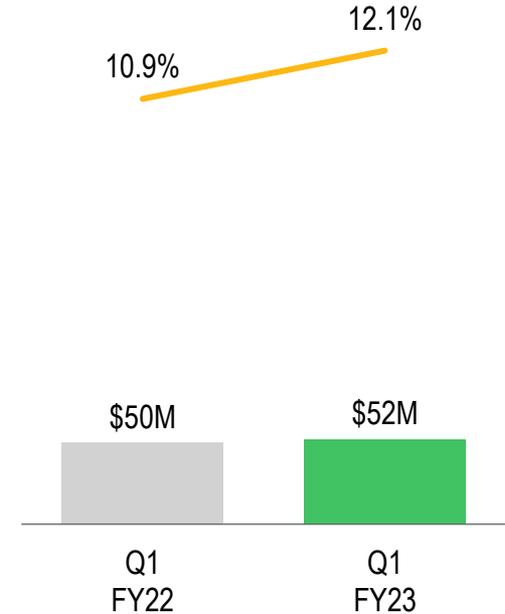
Avnet



Electronic Components



Farnell



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

/ Q1 Non-operating & EPS⁽¹⁾

EPS increased 3x revenue YoY

\$45M

Interest expense up QoQ due to higher debt and increases in borrowing rates – \$0.12 QoQ negative impact on adjusted diluted EPS

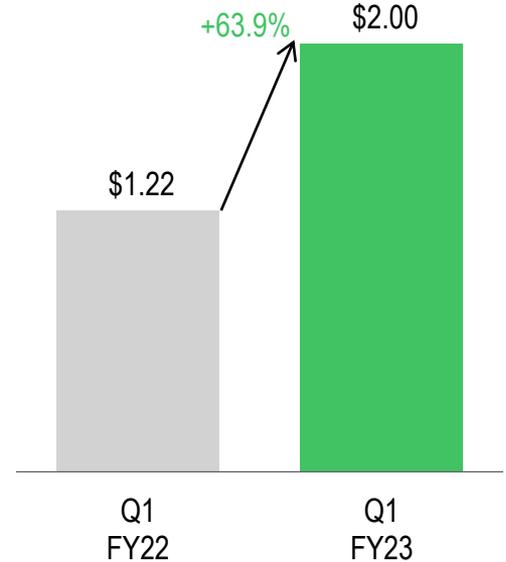
23%

Adjusted effective tax rate⁽¹⁾

\$2.00

Adjusted diluted EPS⁽¹⁾

Adjusted Diluted EPS⁽¹⁾

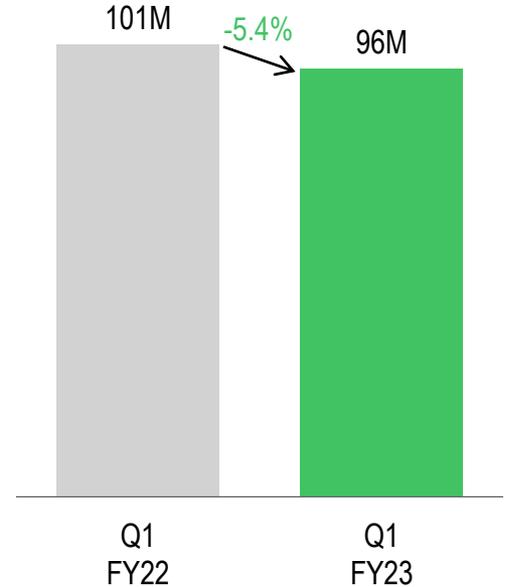


/ Q1 Balance Sheet & Liquidity

Increases to share buybacks and our dividend

\$4.7B	Inventory – investments to support sustained growth in Asia and a single supply chain engagement
73	WC days with good returns on working capital
1.9x	Gross debt leverage
\$563M	Available lines of credit
\$148M	Share repurchases (3.6% of outstanding shares)
\$0.29	Dividend (+11.5% QoQ) – returned \$27M to shareholders

Diluted Shares Outstanding



/ Outlook for Q2 FY 2023

(ending December 31, 2022)

Metric	Guidance Range	Midpoint
Sales	\$6.35B – \$6.65B	\$6.50B
Non-GAAP Adjusted Diluted EPS ⁽¹⁾	\$1.80 – \$1.90	\$1.85

Factors impacting our Q2 FY 2023 outlook

- Based on current market conditions, including a \$60 million negative impact on sales guidance at mid-point from the recent strengthening of the U.S. Dollar as compared to Q1
- Implies sequential sales decline in the range of 1% to 5% in constant currency, consistent with normal seasonality due to fewer shipping days in the western regions
- Above guidance assumes similar interest expense to Q1 FY23, an effective tax rate of between 21% and 25% and 94 million of average diluted outstanding shares

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

Q&A Session

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For more information,
please visit
<https://ir.avnet.com/>

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 26, 2022, 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