

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



October 29, 2009 2:00 p.m. Eastern Time

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- 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

Q1 FY2010 Avnet Overview

- Revenue exceeded expectations
 - Better than normal seasonal growth⁽¹⁾
 - Year over year rate of decline improved
- Asia grows to 25% of total revenue
 - Gross profit margin negatively impacted
- EPS⁽²⁾ \$0.44  37.5% seq,  34.3% Y/Y
- ROWC  588 basis points from bottom

(1) Excludes extra week of revenue

(2) Excludes restructuring, integration and other charges

Q1 FY2010 EM Overview

- Sales \$2.44B exceeded expectations
 - Better than normal seasonality in all three regions⁽¹⁾
 - Year over year rate of decline improved
 - Book to Bill ratio > 1.1:1
- Operating income⁽²⁾ of \$81.4M,  42.5% seq,  41.3% Y/Y
- Second consecutive quarter of record working capital velocity
 - Inventory turns record at 6.7 times
- ROWC  548 basis points seq

(1) Excludes extra week of revenue

(2) Excludes restructuring, integration and other charges

Q1 FY2010 TS Overview

- Revenue exceeded expectations
 - Better than normal seasonality⁽¹⁾
 - Year over year rate of decline improved
- Operating income⁽²⁾ \$51.4M,  24.8% seq,  0.6% Y/Y
- Improved working capital velocity
- ROWC > 30% hurdle rate for 2nd consecutive quarter
- Acquired controlling interest in Vanda Group

(1) Excludes extra week of revenue

(2) Excludes restructuring, integration and other charges

Financial Overview



Ray Sadowski
Chief Financial Officer

EM Revenue and Y/Y Growth Rates

	<u>Revenue</u>	<u>Year over Year Growth Rates</u>	
		<u>Reported</u>	<u>Pro forma (1)</u>
Total	\$2.438 b	-9.8%(2)	-14.9%
<i>Excluding FX</i>		-8.0%	-13.2%
Americas	\$757.6 m	-20.5%	-20.5%
EMEA	\$788.6 m	-10.6%	-21.8%
<i>Excluding FX</i>		-4.4%	-16.4%
Asia	\$891.9 m	3.0%	-1.3%

(1) Pro forma is adjusted to include acquisitions in prior periods

(2) Excluding the estimate for the extra week, reported year over year sales declined ~16%

TS Revenue and Y/Y Growth Rates

		<u>Year over Year Growth Rates</u>	
	<u>Revenue</u>	<u>Reported</u>	<u>Pro forma (1)</u>
Total	\$1.917 b	6.9% (2)	6.9%
<i>Excluding FX</i>		10.5%	10.5%
Americas	\$1.162 b	9.2%	9.2%
EMEA	\$558.7 m	-9.0%	-9.0%
<i>Excluding FX</i>		0.0%	0.0%
Asia	\$196.7 m	71.4%	70.5%

(1) Pro forma is adjusted to include acquisitions in prior periods

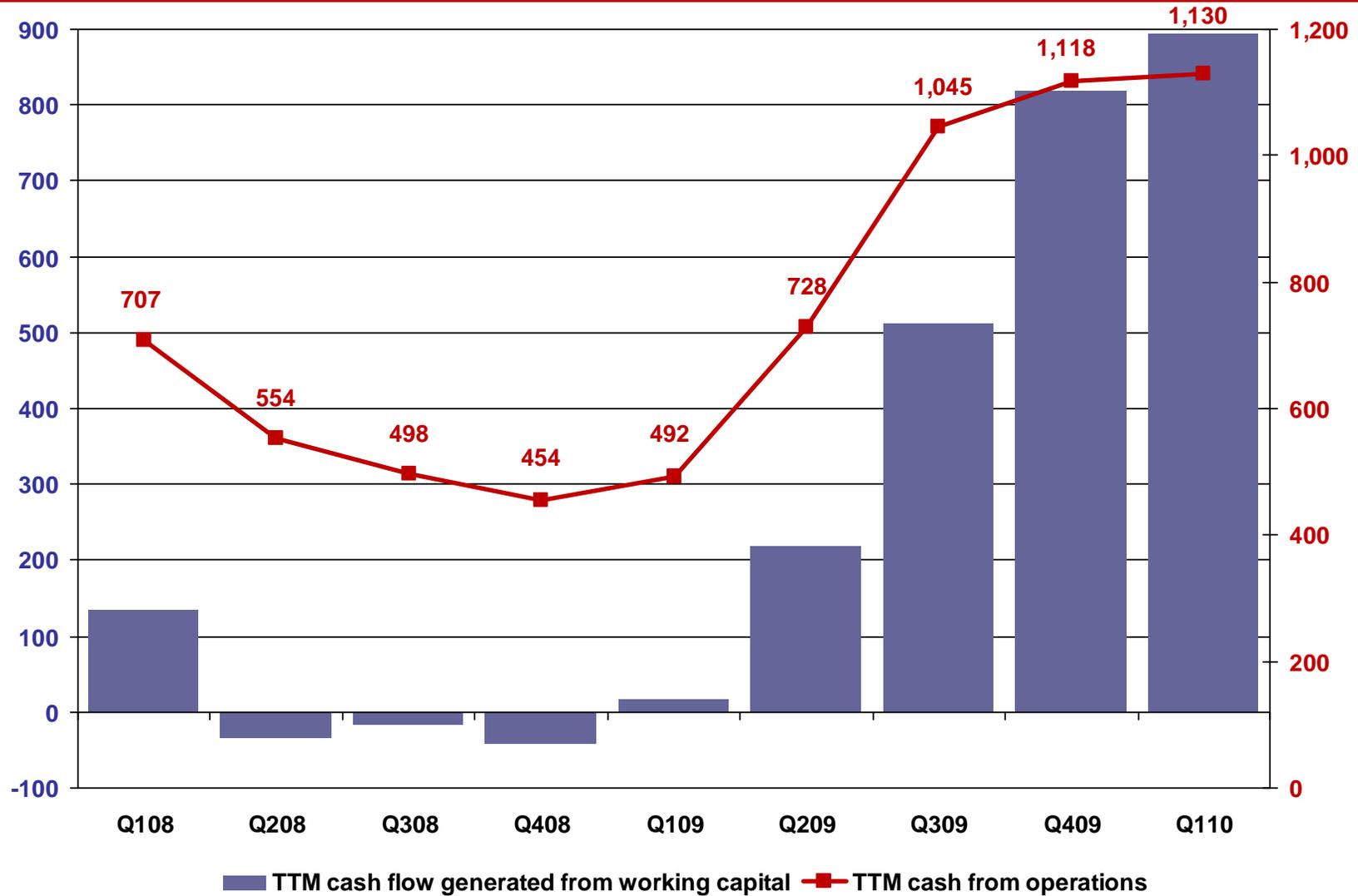
(2) Excluding the estimate for the extra week, reported year over year sales declined ~7%

P&L Summary: Q1 Year-over-Year

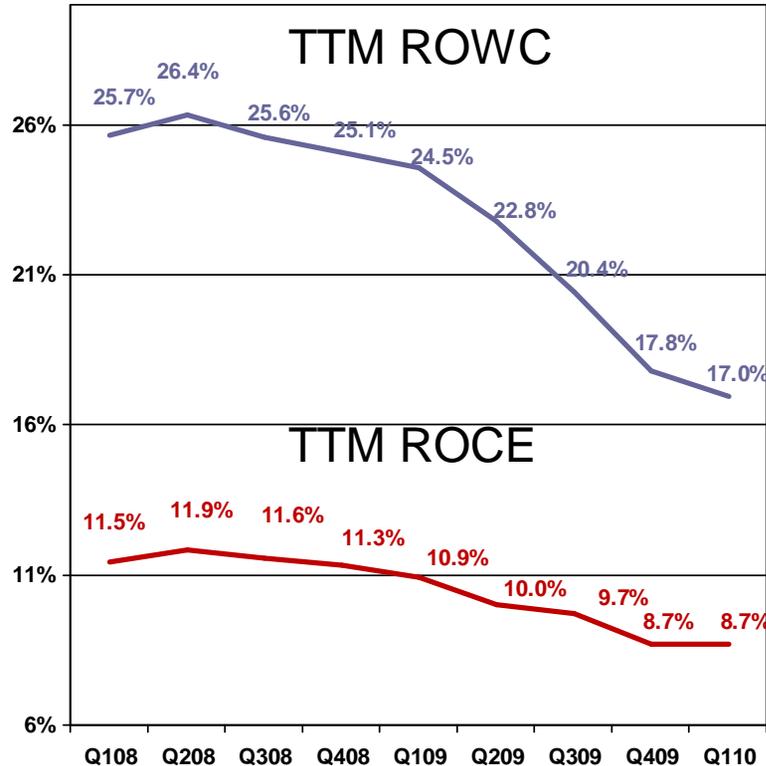
(\$ In Millions, Except Per Share Information)

	<u>Q1 FY10</u>	<u>Q1 FY09</u>	<u>Change</u>
Sales	\$4,355.0	\$4,494.5	(\$139.5)
Gross profit	499.7	584.2	(84.5)
<i>Gross profit margin</i>	<i>11.5%</i>	<i>13.0%</i>	
Operating expenses	392.6	419.7	(27.1)
Operating income	107.1	164.5	(57.4)
<i>Operating income margin</i>	<i>2.5%</i>	<i>3.7%</i>	
Taxes	27.5	45.3	(17.8)
<i>Effective tax rate</i>	<i>29.0%</i>	<i>30.8%</i>	
Net income excluding certain items	\$67.2	\$101.7	(\$34.5)
EPS excluding certain items	\$0.44	\$0.67	(\$0.23)
<hr/>			
GAAP net income	\$50.9	\$90.3	(\$39.4)
GAAP EPS	\$0.33	\$0.59	(\$0.26)

Generating Solid Cash Flow



Strong Financial Position



- ROWC  399 basis points seq to 18.7% for the quarter
- ROCE  198 basis points seq to 9.9% for the quarter
- Investment grade credit statistics
- Available liquidity of \$1.8 billion

Note: The income component of the ROCE calculation above excludes restructuring, integration, goodwill impairment and other items in all periods. The equity component of the ROCE calculation includes restructuring, integration, goodwill impairment and other items in all periods. See Non-GAAP Results for explanation of ROCE calculation.

December 2009 Quarter (Q2 FY10)

- Group Revenue
 - EM: \$2.15 to \$2.45 billion, up 0.5%⁽¹⁾ sequentially at midpoint
 - TS: \$1.95 to \$2.25 billion, up 26.0%⁽¹⁾ sequentially at midpoint
- Enterprise Revenue: \$4.1 to \$4.7 billion, up 11.2%⁽¹⁾ sequentially at midpoint
- Non-GAAP EPS⁽²⁾ : \$0.52 to \$0.60

(1) Excludes extra week of revenue in first quarter 2010

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

Summary Comments

- Revenue exceeded expectations
 - Both operating groups above normal seasonality
- Rate of year over year decline improved
 - Indicates markets bottomed in June
- Rate of recovery could track global GDP
- Organic Growth Remains Top Priority
 - Continue to explore potential value-creating M&A
- Remain committed to our return on working capital goals by group and by region



Question and Answer Session

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

480-643-7394
investorrelations@avnet.com
www.ir.avnet.com

Non-GAAP Results and Regulation G

- Reconciliation of the Company's reported first quarter fiscal year 2010 and 2009 results adjusted for restructuring, integration and other charges are presented below:

	First Quarter Ended Fiscal 2010			
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
GAAP results	\$ 89,000	\$ 76,635	\$ 50,895	\$ 0.33
Restructuring, integration and other charges	18,072	18,072	13,202	0.09
Net increase in taxes.....	-	-	3,145	0.02
Total adjustments.....	18,072	18,072	16,347	0.11
Adjusted results	\$ 107,072	\$ 94,707	\$ 67,242	0.44

	First Quarter Ended Fiscal 2009			
	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>			
GAAP results (1)	\$ 154,622	\$ 132,970	\$ 90,339	\$ 0.59
Restructuring, integration and other charges	9,991	9,991	8,924	0.06
Retrospective application of accounting standard.....	(97)	4,046	2,466	0.02
Total adjustments.....	9,894	14,037	11,390	0.08
Adjusted results	\$ 164,516	\$ 147,007	\$ 101,729	\$ 0.67

(1) 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. Prior period revenue adjusted for this impact is presented below:

	<u>Revenue as Reported</u>	<u>Acquisition Revenue</u> <i>(in thousands)</i>	<u>Pro forma Revenue</u>
Q1 Fiscal 2009.....	\$ 4,494,450	\$ 164,481	\$ 4,658,931

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 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 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)
- 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. The 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. (Form 8-K filed April 23, 2009 and Form 10-Q filed May 5, 2009)
- 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. (Form 8-K filed January 23, 2009 and Form 10-Q filed February 10, 2009)
- 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 \$97k. 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)

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:

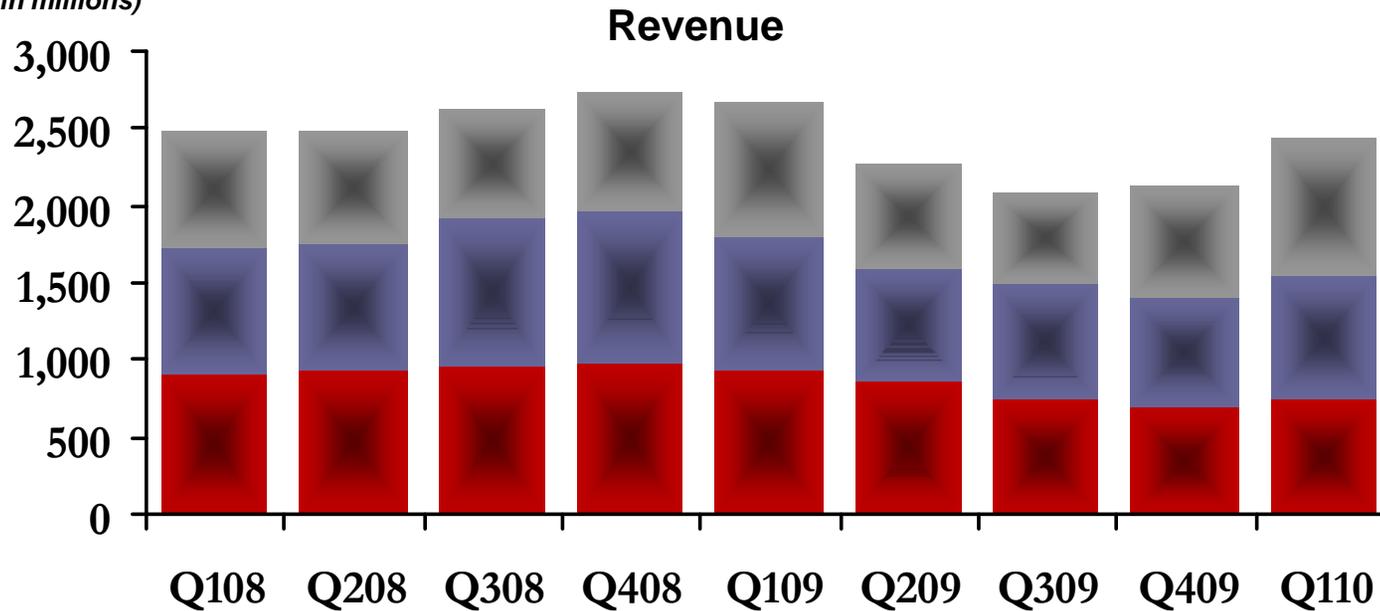
- Q4 FY08 – (1) Restructuring, integration and other charges, amounted to \$28.1 million pre-tax, \$23.9 million after tax and \$0.16 per share on a diluted basis; (2) gain on sale of an investment amounted to \$42.4 million pre-tax, \$25.9 million after tax and \$0.17 per share on a diluted basis; and (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)
- Q2 FY08 – (1) Gain on a sale of a building in the EMEA region amounted to \$4.5 million pre- and after tax and \$0.03 per share on a diluted basis and (2) a gain of \$3.0 million pre-tax, \$1.8 million after-tax and \$0.01 per share on a diluted basis for the receipt of contingent purchase price proceeds related to a prior sale of a business. (Form 8-K filed January 24, 2008 and Form 10-Q filed February 5, 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.

Appendix



EM Revenue

(in millions)



■ Americas ■ EMEA ■ Asia

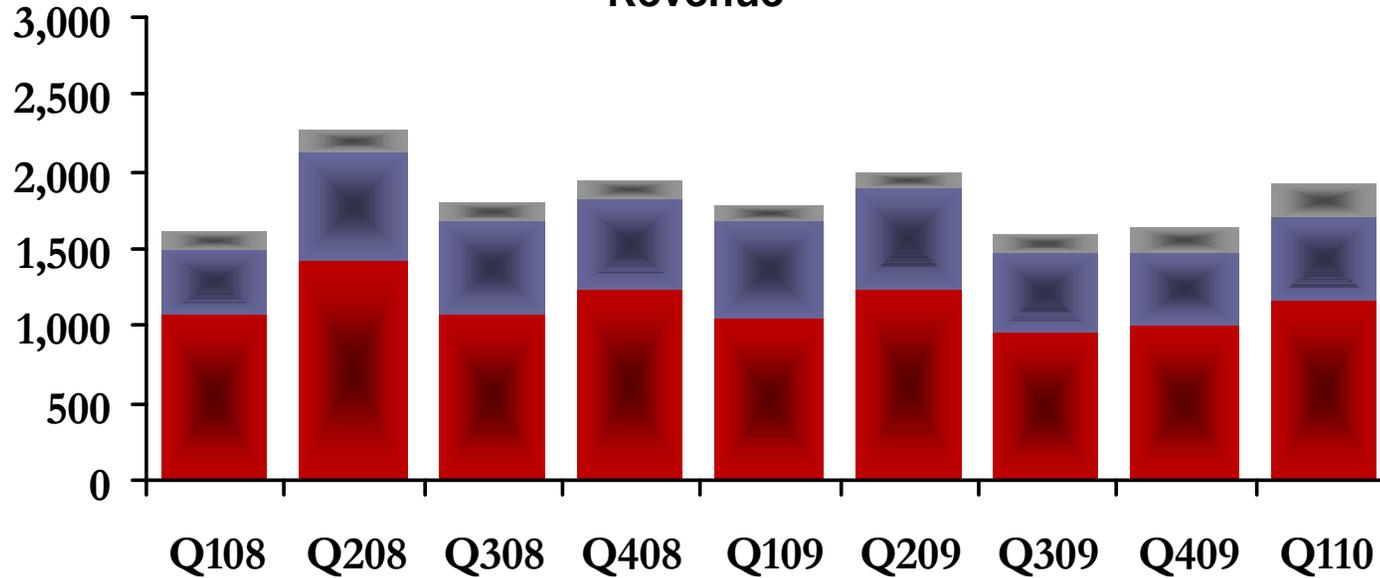
	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Americas	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.97	\$ 0.95	\$ 0.87	\$ 0.76	\$ 0.71	\$ 0.76
EMEA	0.83	0.83	0.97	1.01	0.88	0.72	0.74	0.69	0.79
Asia	0.75	0.72	0.69	0.75	0.87	0.68	0.60	0.73	0.89
Total	\$ 2.49	\$ 2.48	\$ 2.62	\$ 2.73	\$ 2.70	\$ 2.27	\$ 2.10	\$ 2.13	\$ 2.44

(in billions)

TS Revenue

(in millions)

Revenue



■ Americas ■ EMEA ■ Asia

	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09
Americas	\$ 1.07	\$ 1.43	\$ 1.07	\$ 1.23	\$ 1.06	\$ 1.25	0.95	1.02	1.16
EMEA	0.43	0.70	0.62	0.59	0.62	0.65	0.52	0.46	0.56
Asia	0.11	0.14	0.11	0.13	0.11	0.10	0.13	0.16	0.20
Total	\$ 1.61	\$ 2.27	\$ 1.80	\$ 1.95	\$ 1.79	\$ 2.00	\$ 1.60	\$ 1.64	\$ 1.92

(in billions)