

/ Avnet Third Quarter Fiscal Year 2024 Financial Results



May 1, 2024



/ 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 1, 2023 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; 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 repatriating 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 crises, 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, and 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.

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.

Non-GAAP Financial Measures

Management uses measures which are not recognized in accordance with U.S. generally accepted accounting principles (“GAAP”) to evaluate its business and may refer to such measures in this presentation. Please refer to the appendix section of this presentation for non-GAAP definitions and reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures.

/ Q3 FY24 Highlights

Regional demand

- Sales decreased across all geographies Y/Y, as expected

End market demand

- Transportation was strongest
- Relative strength in defense and data center

Lead times

- Lead times generally stable

Book-to-bill

- Remained below parity at end of Q3, modestly above Q2

\$5.7B

Revenue -13% Y/Y

3.4%

Operating
Margin

3.6%

Adjusted
Operating
Margin ⁽¹⁾

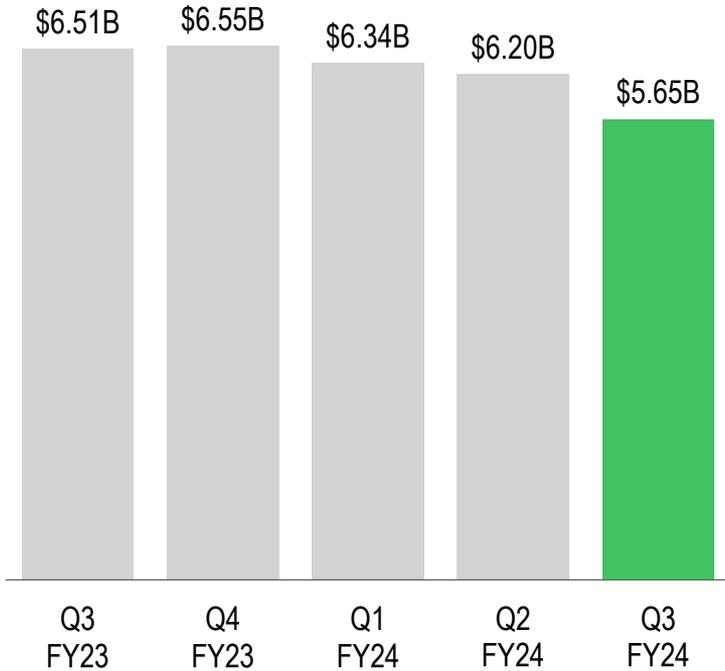
\$0.97

Diluted
EPS

\$1.10

Adjusted
Diluted EPS ⁽¹⁾

/ Revenue



	Revenue (\$M)	Y/Y growth	
		As reported	Constant currency
REGIONS			
Americas	\$1,404	(18%)	(18%)
EMEA	\$2,053	(14%)	(15%)
Asia	\$2,197	(9%)	(7%)
SEGMENTS			
Electronic Components	\$5,246	(13%)	(13%)
Farnell	\$408	(10%)	(11%)
AVNET	\$5,654	(13%)	(13%)

/ Q3 Income Statement



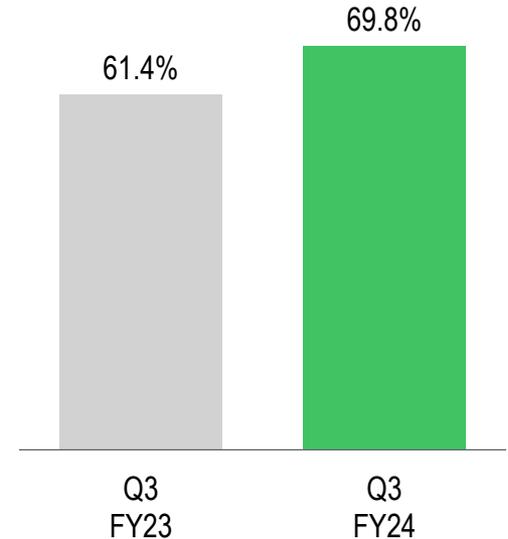
\$5.7B Sales

11.8% Gross margin down 62 bps Y/Y and up 46 bps Q/Q

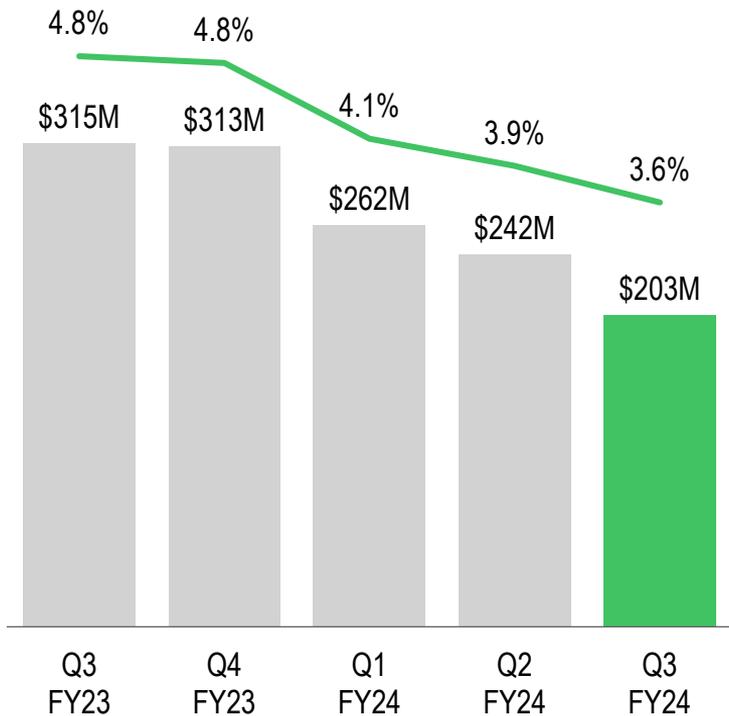
\$467M SG&A expenses – down 6% Y/Y and up 1% Q/Q

69.8% SG&A expenses as a percentage of gross profit

**SG&A Expenses
as % of Gross Profit**



/ Q3 Adjusted Operating Income⁽¹⁾



	Adj Op Income ⁽¹⁾ (\$M)	Y/Y growth	Adj Op Margin ⁽¹⁾	Y/Y growth
SEGMENTS				
Electronic Components	\$217	-29%	4.1%	-91 bps
Farnell	\$16	-60%	4.0%	-499 bps
Corporate Expenses	(\$30)	-	-	-
AVNET	\$203	-36%	3.6%	-124 bps

⁽¹⁾Non-GAAP measure. See Appendices for Non-GAAP Definitions and GAAP to Non-GAAP reconciliation.

/ Q3 Non-operating & Adjusted Diluted EPS⁽¹⁾



\$73M Interest expense up \$2M Y/Y and down \$1M Q/Q

24.0% Adjusted effective tax rate⁽¹⁾

\$1.10 Adjusted diluted EPS⁽¹⁾ – down 45% Y/Y and 21% Q/Q



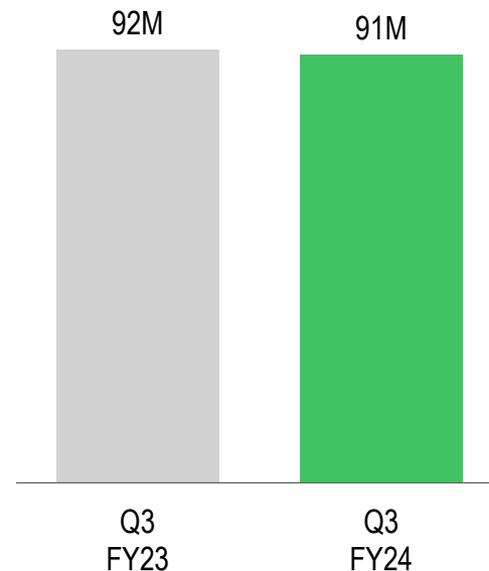
⁽¹⁾Non-GAAP measure. See Appendices for Non-GAAP Definitions and GAAP to Non-GAAP reconciliation.

/ Q3 Balance Sheet & Liquidity



\$5.8B	Inventory – \$364M decrease Q/Q
115	WC days
2.5x	Gross debt leverage
\$890M	Available committed lines of credit
\$0.31	Dividend – returned \$28M to shareholders
\$232M	Remaining share repurchase authorization

Diluted Shares Outstanding



/ Outlook for Q4 FY24

(ending June 29, 2024)



Metric	Guidance Range	Midpoint
Sales	\$5.20B – \$5.50B	\$5.35B
Adjusted Diluted EPS ⁽¹⁾	\$0.90 – \$1.00	\$0.95

Factors impacting our Q4 FY24 outlook

- Based on current market conditions
- Implies sequential sales decline of 3% to 8%, including below seasonal sales changes across all regions
- Assumes similar interest expense to Q3 FY24, an effective tax rate of between 22% and 26% and approximately 91 million of average diluted outstanding shares

/ 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 other income (expense), (iii) adjusted income before income taxes, (iv) adjusted income tax expense (benefit), and (v) adjusted diluted earnings per share. 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 May 1, 2024, 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 sales in constant currency is a useful measure 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 adjusted for restructuring, integration and other expenses, and amortization of acquired intangible assets, is a useful measure 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 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, and amortization of acquired intangible assets and other.

Management also believes income tax expense (benefit), net income and diluted earnings per share adjusted for the impact of the items described above, gain on legal settlements and other, foreign currency gains and losses and certain items impacting 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. Adjustments to income tax expense (benefit) and the effective income tax rate include the effect of changes in tax laws, certain changes in valuation allowances and unrecognized tax benefits, income tax audit settlements and adjustments to effective tax rate based upon the expected long-term adjusted effective tax rate. Additionally, because of management’s focus on generating shareholder value, of which net profitability is a primary driver, management believes net income and diluted earnings per share excluding the impact of these items provides an important measure of the Company’s net profitability for the investing public.

Additional non-GAAP metrics management uses are adjusted operating income margin, which is defined as adjusted operating income divided by sales and the adjusted effective income tax rate, which is defined as adjusted income tax expense divided by adjusted income before income taxes. 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.

Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Fiscal Year to Date 2024*	Quarters Ended		
		March 30, 2024*	December 30, 2023	September 30, 2023
		(\$ in thousands, except per share amounts)		
GAAP operating income	\$ 680,177	\$ 190,151	\$ 236,257	\$ 253,769
Restructuring, integration and other expenses	24,132	11,847	5,235	7,051
Amortization of intangible assets	2,301	712	712	878
Adjusted operating income	706,610	202,710	242,204	261,698
GAAP other (expense) income, net	\$ (17,144)	\$ (14,707)	\$ (8,397)	\$ 5,960
Foreign currency loss (gain) and other, net	27,050	17,850	9,200	—
Adjusted other (expense) income, net	9,906	3,143	803	5,960
GAAP income before income taxes	\$ 530,939	\$ 101,948	\$ 153,558	\$ 275,432
Restructuring, integration and other expenses	24,132	11,847	5,235	7,051
Amortization of intangible assets	2,301	712	712	878
Foreign currency loss (gain) and other, net	27,050	17,850	9,200	—
Gain on legal settlements and other	(86,499)	—	—	(86,499)
Adjusted income before income taxes	497,923	132,357	168,705	196,862
GAAP income tax expense	\$ 114,906	\$ 13,114	\$ 35,627	\$ 66,164
Restructuring, integration and other expenses	5,749	2,772	1,274	1,703
Amortization of intangible assets	515	156	156	203
Foreign currency loss (gain) and other, net	7,285	5,251	2,034	—
Gain on legal settlements and other	(20,434)	—	—	(20,434)
Income tax expense items, net	11,481	10,472	1,399	(390)
Adjusted income tax expense	119,502	31,765	40,490	47,246
GAAP net income	\$ 416,033	\$ 88,834	\$ 117,931	\$ 209,268
Restructuring, integration and other expenses (net of tax)	18,383	9,075	3,961	5,348
Amortization of intangible assets (net of tax)	1,786	556	556	675
Foreign currency loss (gain) and other, net (net of tax)	19,765	12,599	7,166	—
Gain on legal settlements and other (net of tax)	(66,065)	—	—	(66,065)
Income tax expense items, net	(11,481)	(10,472)	(1,399)	390
Adjusted net income	378,421	100,592	128,215	149,616
GAAP diluted earnings per share	\$ 4.52	\$ 0.97	\$ 1.28	\$ 2.25
Restructuring, integration and other expenses (net of tax)	0.20	0.10	0.04	0.06
Amortization of intangible assets (net of tax)	0.02	0.01	0.01	0.01
Foreign currency loss (gain) and other, net (net of tax)	0.21	0.14	0.08	—
Gain on legal settlements and other (net of tax)	(0.72)	—	—	(0.71)
Income tax expense items, net	(0.12)	(0.11)	(0.01)	0.00
Adjusted diluted EPS	4.11	1.10	1.40	1.61

*May not foot/cross due to rounding

Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Fiscal Year 2023*	Quarters Ended			
		July 1, 2023*	April 1, 2023	December 31, 2022	October 1, 2022
		(\$ in thousands, except per share amounts)			
GAAP operating income	\$ 1,186,800	\$ 283,662	\$ 313,629	\$ 298,973	\$ 290,537
Restructuring, integration and other expenses	28,038	28,038	—	—	—
Amortization of intangible assets	6,053	878	876	1,541	2,759
Adjusted operating income	1,220,891	312,578	314,505	300,514	293,296
GAAP income before income taxes	\$ 982,876	\$ 190,393	\$ 243,587	\$ 303,134	\$ 245,762
Restructuring, integration and other expenses	28,038	28,038	—	—	—
Amortization of intangible assets	6,053	878	876	1,541	2,759
Gain on legal settlements and other	(37,037)	24,669	—	(61,705)	—
Adjusted income before income taxes	979,931	243,978	244,463	242,970	248,521
GAAP income tax expense	\$ 212,048	\$ 35,138	\$ 56,161	\$ 59,248	\$ 61,501
Restructuring, integration and other expenses	6,007	6,007	—	—	—
Amortization of intangible assets	1,360	207	203	345	605
Gain on legal settlements and other	(8,711)	5,828	—	(14,539)	—
Income tax expense items, net	16,453	5,583	3,529	12,287	(4,946)
Adjusted income tax expense	227,157	52,763	59,893	57,341	57,160
GAAP net income	\$ 770,828	\$ 155,255	\$ 187,426	\$ 243,886	\$ 184,261
Restructuring, integration and other expenses (net of tax)	22,031	22,031	—	—	—
Amortization of intangible assets (net of tax)	4,693	671	673	1,196	2,154
Gain on legal settlements and other (net of tax)	(28,326)	18,841	—	(47,166)	—
Income tax expense items, net	(16,453)	(5,583)	(3,529)	(12,287)	4,946
Adjusted net income	752,774	191,215	184,570	185,629	191,361
GAAP diluted earnings per share	\$ 8.26	\$ 1.68	\$ 2.03	\$ 2.63	\$ 1.93
Restructuring, integration and other expenses (net of tax)	0.24	0.24	—	—	—
Amortization of intangible assets (net of tax)	0.05	0.01	0.01	0.01	0.02
Gain on legal settlements and other (net of tax)	(0.31)	0.20	—	(0.51)	—
Income tax expense items, net	(0.18)	(0.06)	(0.04)	(0.13)	0.05
Adjusted diluted EPS	8.06	2.06	2.00	2.00	2.00

*May not foot/cross due to rounding

/ Appendix: Reconciliation of GAAP to Non-GAAP Measures



	<u>Low End of Guidance Range</u>	<u>High End of Guidance Range</u>
Adjusted diluted earnings per share guidance	\$ 0.90	\$ 1.00
Restructuring, integration and other expenses (net of tax)	(0.10)	(0.15)
GAAP diluted earnings per share guidance	<u>\$ 0.80</u>	<u>\$ 0.85</u>