

# / Avnet Second Quarter Fiscal Year 2024 Financial Results



January 31, 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.

# / Q2 FY24 Highlights

## Regional demand

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

## End market demand

- Transportation and defense were strongest
- Industrial moderating

## Lead times

- Lead times continue to improve but remain higher than pre-pandemic levels

## Book-to-bill

- Remained below parity at end of Q2

**\$6.2B**

Revenue -8% Y/Y

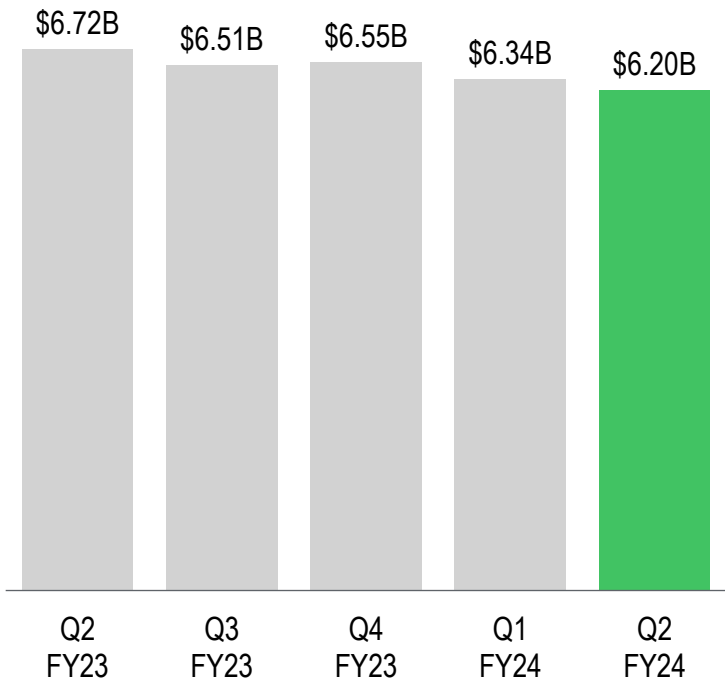
**3.9%**

Adjusted  
Operating Margin <sup>(1)</sup>

**\$1.40**

Adjusted EPS <sup>(1)</sup>

# / Revenue



	Revenue (\$M)	Y/Y growth	
		As reported	Constant currency
<b>REGIONS</b>			
Americas	\$1,588	(6%)	(6%)
EMEA	\$2,114	(6%)	(10%)
Asia	\$2,503	(10%)	(9%)
<b>SEGMENTS</b>			
Electronic Components	\$5,812	(8%)	(9%)
Farnell	\$393	(4%)	(6%)
<b>AVNET</b>	<b>\$6,205</b>	<b>(8%)</b>	<b>(9%)</b>

# / Q2 Income Statement

---

**\$6.2B** Reported revenues

---

**11.4%** Gross margin down 29 bps Y/Y and 43 bps Q/Q

---

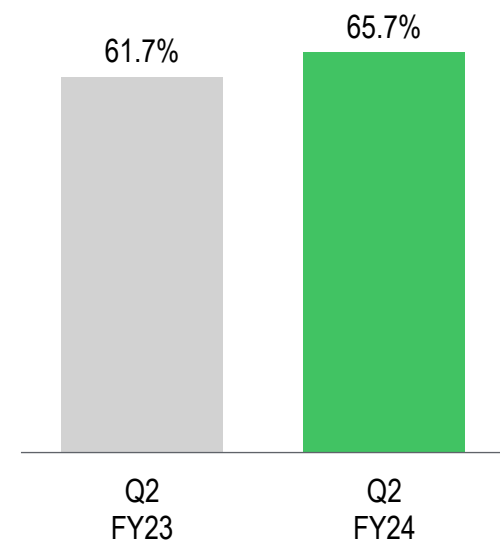
**\$464M** Adjusted operating expenses<sup>(1)</sup> – down 4% Y/Y and 5% Q/Q

---

**65.7%** Operating expenses as a percentage of gross profit

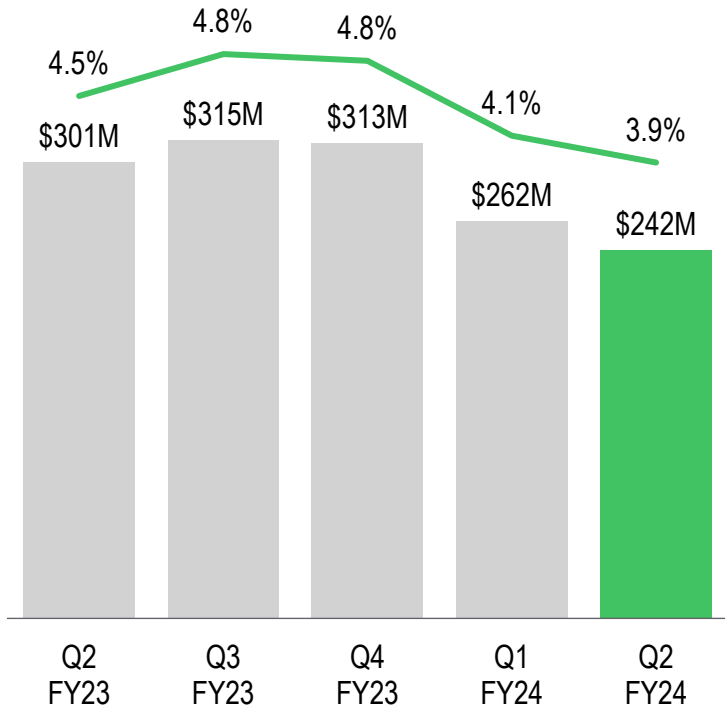
---

## Adjusted Operating Expense as % of Gross Profit<sup>(1)</sup>



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

# / Q2 Adjusted Operating Income<sup>(1)</sup>



	Adj Op Income (\$M)	Y/Y growth	Adj Op Margin	Y/Y growth
<b>SEGMENTS</b>				
Electronic Components	\$248	-16%	4.3%	-43 bps
Farnell	\$16	-57%	4.0%	-504 bps
Corporate Expenses	(\$22)	-	-	-
<b>AVNET</b>	<b>\$242</b>	<b>-19%</b>	<b>3.9%</b>	<b>-57 bps</b>

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

# / Q2 Non-operating & EPS<sup>(1)</sup>



---

**\$74M** Interest expense up \$15M Y/Y and \$4M Q/Q –  
\$0.12 Y/Y negative impact on adjusted diluted EPS

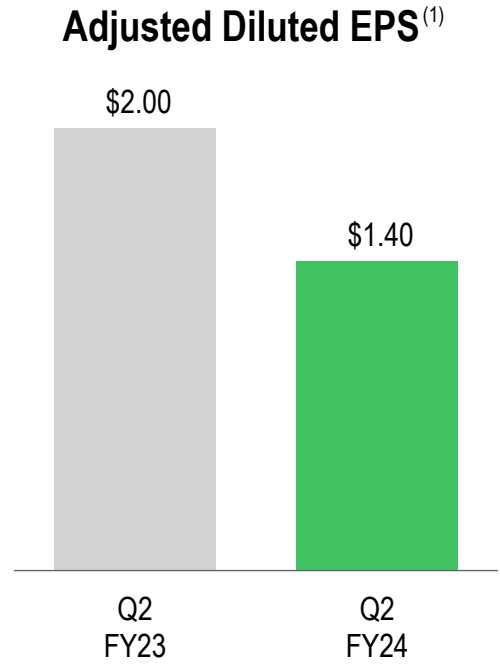
---

**24.0%** Adjusted effective tax rate<sup>(1)</sup>

---

**\$1.40** Adjusted diluted EPS<sup>(1)</sup> – down 30% Y/Y and 13% Q/Q

---



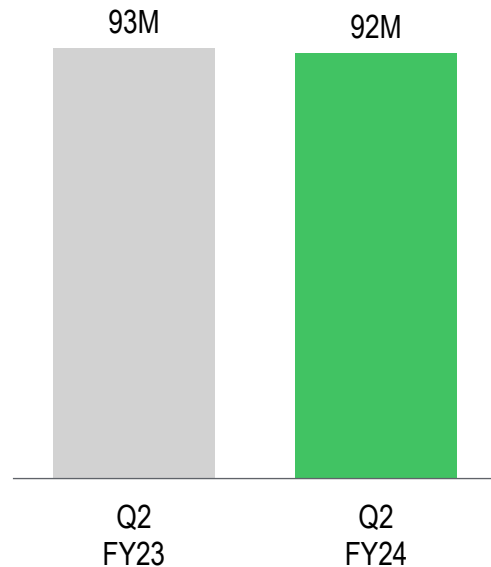
<sup>(1)</sup> Non-GAAP measure. See Non-GAAP Definitions section in the Appendix of this presentation.

# / Q2 Balance Sheet & Liquidity



<b>\$6.1B</b>	Inventory – \$361M increase Q/Q, primarily to support supply chain services
<b>107</b>	WC days
<b>2.6x</b>	Gross debt leverage
<b>\$493M</b>	Available committed lines of credit
<b>\$59M</b>	Share repurchases
<b>\$0.31</b>	Dividend – returned \$28M to shareholders

## Diluted Shares Outstanding





# / Outlook for Q3 FY24

(ending March 30, 2024)



<b>Metric</b>	<b>Guidance Range</b>	<b>Midpoint</b>
Sales	\$5.55B – \$5.85B	\$5.70B
Diluted EPS	\$1.05 – \$1.15	\$1.10

## Factors impacting our Q3 FY24 outlook

- Based on current market conditions
- Implies sequential sales decline of 6% to 11%, including sales declines for the Western regions versus typical seasonal growth, and a typical seasonal decline in Asia due to the Lunar New Year
- Assumes similar interest expense to Q2 FY24, an effective tax rate of between 22% and 26% and 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 operating expenses, (iii) adjusted other income (expense), (iv) adjusted income before income taxes, (v) adjusted income tax expense (benefit), and (vi) 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 January 31, 2024, which can be found on the Company’s website at [www.ir.avnet.com](http://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 and operating expenses adjusted for restructuring, integration and other expenses, and amortization of acquired intangible assets, 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, 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), 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.