

Welcome to Avnet's Fourth Quarter & Fiscal Yearend 2009 Teleconference and Webcast



August 5, 2009 2:00 p.m. Eastern Time

Safe Harbor Statement








- 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

Q4 FY2009 Avnet Overview








- Sales \$3.77B,  1.8% sequentially,  19.5% Y/Y
- Operating income⁽¹⁾ \$85.3M,  3.3% seq,  57.1% Y/Y
- Working capital velocity of 6.5,  21% seq,  7.6% Y/Y
- Return on working capital  189 basis points seq
- Generated \$330m in cash from operations for the quarter

(1) Excludes restructuring, integration and other items

Q4 FY2009 EM Overview

- Sales \$2.13B,  1.5% sequentially,  22.2% Y/Y
- Operating income of \$57.1M,  4.1% seq,  62.9% Y/Y
- Inventory turns at targeted levels
 - Inventory  \$178 million sequentially
- Return on working capital  131 basis points seq

Q4 FY2009 TS Overview

- Sales \$1.64B,  2.1% sequentially,  15.8% Y/Y
- Operating income \$41.2M,  2.4% seq,  33.3% Y/Y
- Working capital velocity  30.6% seq,  28.3% Y/Y
- Return on working capital  618 basis points seq
 - TS' ROWC exceeded 30% hurdle rate for the quarter

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	\$2.127 b	-22.2%	-27.3%
<i>Excluding FX</i>		-17.8%	-23.3%
Americas	\$709.5 m	-27.2%	-28.5%
EMEA	\$692.9 m	-31.2%	-39.8%
<i>Excluding FX</i>		-19.2%	-29.3%
Asia	\$725.0 m	-3.5%	-7.4%

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

TS 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	\$1.638 b	-15.8%	-20.9%
<i>Excluding FX</i>		-10.3%	-15.7%
Americas	\$1.016 b	-17.6%	-17.6%
EMEA	\$464.9 m	-20.8%	-34.4%
<i>Excluding FX</i>		-4.8%	-21.2%
Asia	\$157.3 m	23.3%	21.6%

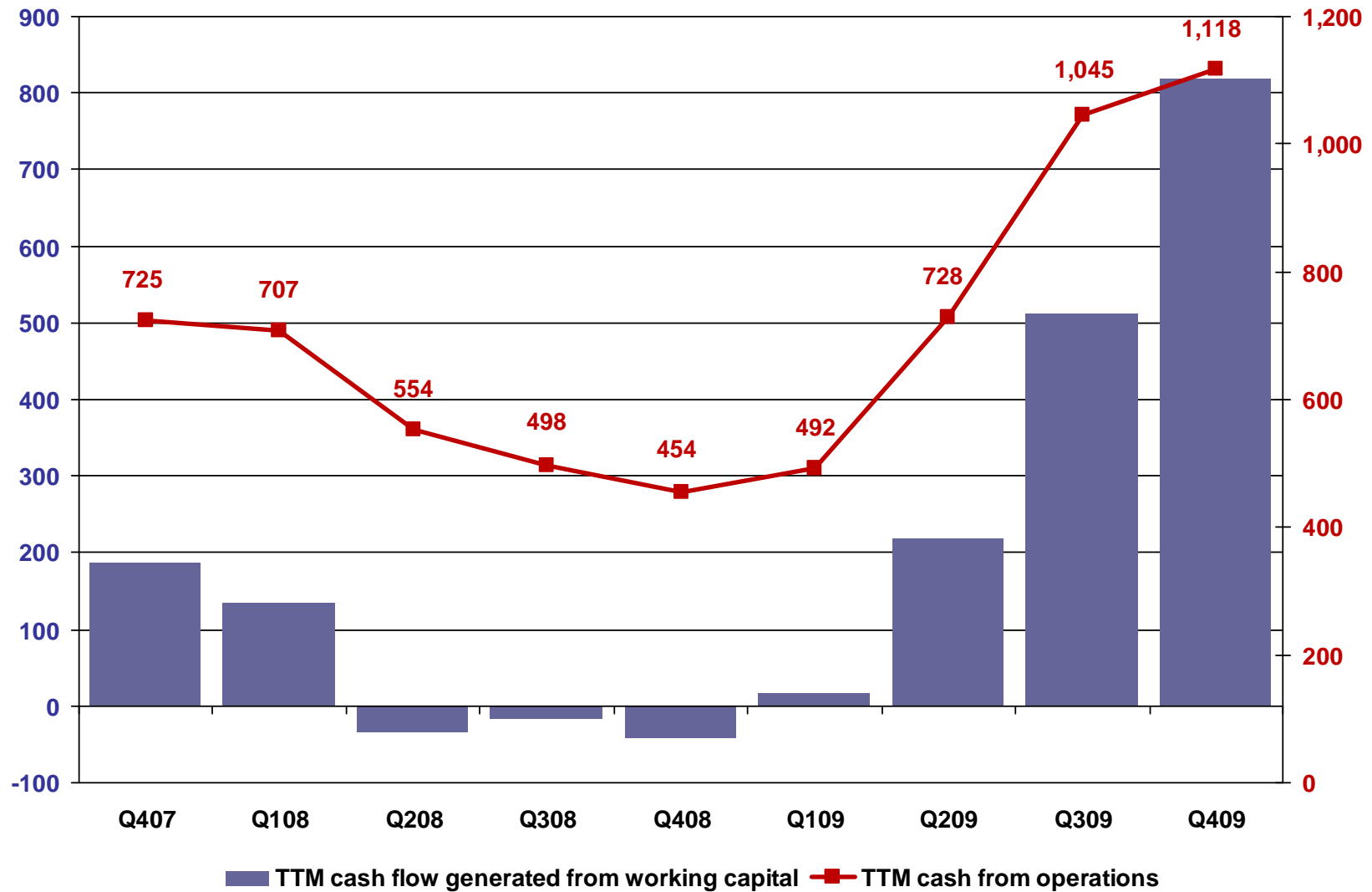
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P&L Summary: Q4 Year-over-Year

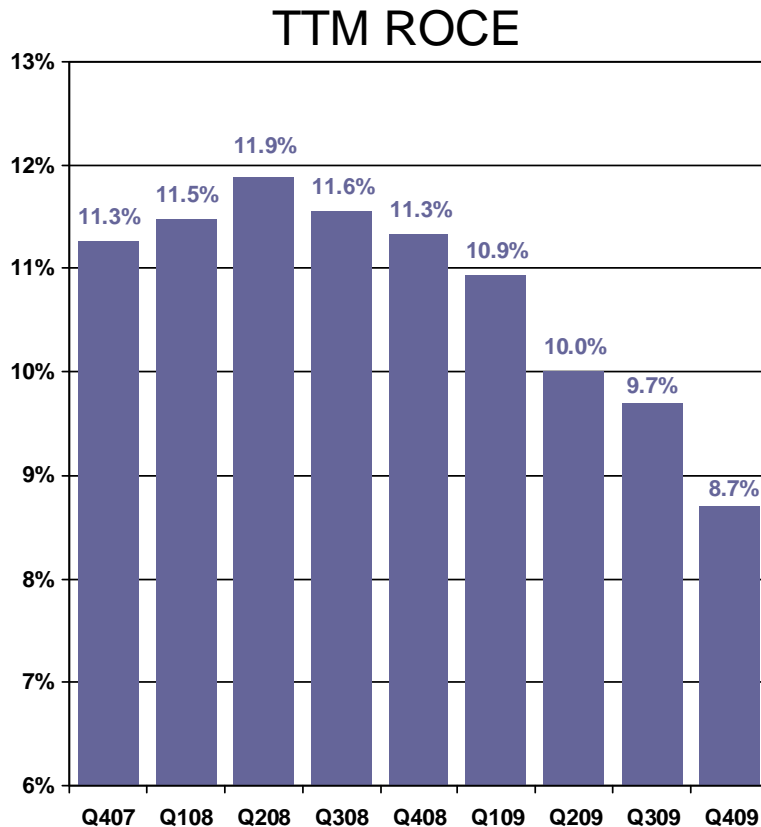
(\$ In Millions, Except Per Share Information)


	<u>Q4 FY09</u>	<u>Q4 FY08</u>	<u>Change</u>
Sales	\$3,765.4	\$4,679.2	(\$913.8)
Gross profit	442.8	611.8	(169.0)
<i>Gross profit margin</i>	<i>11.8%</i>	<i>13.1%</i>	
Operating expenses	357.6	413.2	(55.6)
Operating income	85.3	198.7	(113.4)
<i>Operating income margin</i>	<i>2.3%</i>	<i>4.3%</i>	
Taxes	19.3	52.2	(32.9)
<i>Effective tax rate</i>	<i>28.7%</i>	<i>28.9%</i>	
Net income excluding certain items	\$48.0	\$128.2	(\$80.2)
EPS excluding certain items	\$0.32	\$0.85	(\$0.53)
<hr/>			
GAAP net income	(\$30.9)	\$144.1	(\$175.0)
GAAP EPS	(\$0.20)	\$0.95	(\$1.15)

Generating Solid Cash Flow



Strong Financial Position



- ROCE  48 basis points seq to 7.9% for the quarter
- ROCE was 8.7% for the fiscal year
- 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.

Status of Cost Reduction Actions

- \$225 million announced to date*
- 100% expected to be completed by end of September 2009
- Rough estimate of benefit by quarter:
 - Q209 = \$15 million; \$60 million annualized
 - Q309 = \$30 million; \$120 million annualized
 - Q409 = \$50 million; \$200 million annualized
 - Q110 = \$53 million; \$212 million annualized
 - Q210 = \$56 million; \$225 million annualized

* Excludes \$40 million of synergy savings related to acquisitions

September 2009 Quarter (Q1 FY10)

- Group Revenue
 - EM: \$2.05 to \$2.35 billion, up 3.4% sequentially at midpoint
 - TS: \$1.55 to \$1.85 billion, up 3.8% sequentially at midpoint
- Enterprise Revenue: \$3.6 to \$4.2 billion, up 3.6% sequentially at midpoint
- Non-GAAP EPS⁽¹⁾ : \$0.29 to \$0.37

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

Summary Comments

- Continued challenging environment, but served market stabilizing
 - EM's July book to bill ratio strong in all regions
 - Inventory in line with end demand
 - TS July billings imply normal seasonality
- Comfortably on track with expense reductions and acquisition integrations
- Investing for growth
- 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
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Non-GAAP Results and Regulation G

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

	Fourth Quarter Ended Fiscal 2009				Fiscal Year Ended 2009			
	Op Income	Pre-tax	Net Income	Diluted EPS	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>							
GAAP results	\$ (20,534)	\$ (24,220)	\$ (30,878)	\$ (0.20)	\$ (1,019,289)	\$ (1,083,074)	\$ (1,122,462)	\$ (7.44)
Impairment charges.....	62,282	62,282	62,282	0.41	1,411,127	1,411,127	1,376,983	9.13
Restructuring, integration and other	43,523	43,523	25,304	0.17	99,342	99,342	65,310	0.43
Gain on sale of assets.....	-	(14,318)	(8,727)	(0.06)	-	(14,318)	(8,727)	(0.06)
Net reduction in tax reserves.....	-	-	-	-	-	-	(21,672)	(0.14)
Total adjustments.....	105,805	91,487	78,859	0.52	1,510,469	1,496,151	1,411,894	9.36
Adjusted results	\$ 85,271	\$ 67,267	\$ 47,981	\$ 0.32	\$ 491,180	\$ 413,077	\$ 289,432	\$ 1.92

	Fourth Quarter Ended Fiscal 2008				Fiscal Year Ended 2008			
	Op Income	Pre-tax	Net Income	Diluted EPS	Op Income	Pre-tax	Net Income	Diluted EPS
	<i>\$ in thousands, except per share data</i>							
GAAP results	\$ 170,567	\$ 194,760	\$ 144,094	\$ 0.95	\$ 710,383	\$ 708,955	\$ 499,081	\$ 3.27
Restructuring, integration and other	28,085	28,085	23,946	0.16	38,942	38,942	31,469	0.21
Gain on sale of assets.....	-	(42,426)	(25,924)	(0.17)	-	(49,903)	(32,244)	(0.21)
Net reduction in tax reserves.....	-	-	(13,897)	(0.09)	-	-	(13,897)	(0.09)
Total adjustments.....	28,085	(14,341)	(15,875)	(0.10)	38,942	(10,961)	(14,672)	(0.09)
Adjusted results	\$ 198,652	\$ 180,419	\$ 128,219	\$ 0.85	\$ 749,325	\$ 697,994	\$ 484,409	\$ 3.18

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 2008. 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
Q2 Fiscal 2009.....	4,269,178	127,917	4,397,095
Q3 Fiscal 2009.....	3,700,836	-	3,700,836
Q4 Fiscal 2009.....	3,765,432	-	3,765,432
Fiscal year 2009.....	<u>\$ 16,229,896</u>	<u>\$ 292,398</u>	<u>\$ 16,522,294</u>
Q1 Fiscal 2008.....	\$ 4,098,718	\$ 530,947	\$ 4,629,665
Q2 Fiscal 2008.....	4,753,145	432,879	5,186,024
Q3 Fiscal 2008.....	4,421,645	341,155	4,762,800
Q4 Fiscal 2008.....	4,679,199	317,945	4,997,144
Fiscal year 2008.....	<u>\$ 17,952,707</u>	<u>\$ 1,622,926</u>	<u>\$ 19,575,633</u>

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 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)
- 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. (Form 8-K filed October 23, 2008 and Form 10-Q filed November 4, 2008)
- 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)

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:

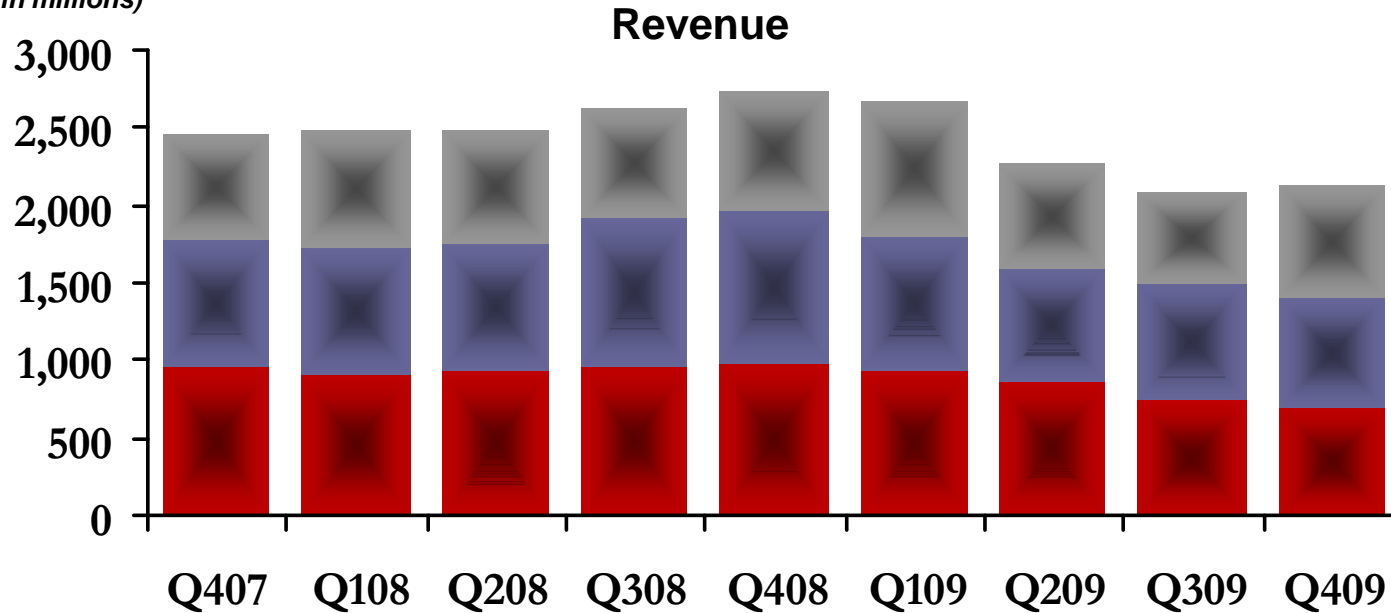
- Q2 FY08 – (1) Gain on a sale of a building in the EMEA region amounted to \$4.5 million pre- and after tax and \$0.03 per share on a diluted basis and (2) a gain of \$3.0 million pre-tax, \$1.8 million after-tax and \$0.01 per share on a diluted basis for the receipt of contingent purchase price proceeds related to a prior sale of a business. (Form 8-K filed January 24, 2008 and Form 10-Q filed February 5, 2008)
- Q4 FY07 – Restructuring, integration and other items amounted to a pre-tax benefit in the fourth quarter of \$1.2 million, which consisted of (i) a prior year acquisition-related benefit of \$12.5 million, net of (ii) restructuring, integration and other charges of \$11.3 million related to further cost-reduction initiatives across the Company as well as Access integration-related costs. (Form 8-K filed August 8, 2007 and Form 10-K filed August 29, 2007)
- Q3 FY07 – (1) Restructuring and other charges, including integration cost relating to the acquisition of Access as well as other cost reduction initiatives amounting to \$8.5 million pre-tax, \$6.0 million after tax and \$0.04 per share on a diluted basis, and (2) gain on sale of assets in the amount of \$3.0 million pre-tax, \$1.8 million after tax and \$0.01 per share on a diluted basis due the receipt of contingent purchase price proceeds related to the sale of TS' single tier businesses in the Americas. (Form 8-K filed April 26, 2007 and Form 10-Q filed May 9, 2007)
- Q1FY07 – Debt extinguishment costs of \$27.4 million pre-tax, \$16.5 million after tax and \$0.11 per share on a diluted basis associated with the redemption of its outstanding 9¾% Notes due February 15, 2008. (Form 8-K filed October 26, 2006 and Form 10-Q filed November 8, 2006)
- 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 of 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.

Appendix



EM Revenue

(in millions)



■ Americas ■ EMEA ■ Asia

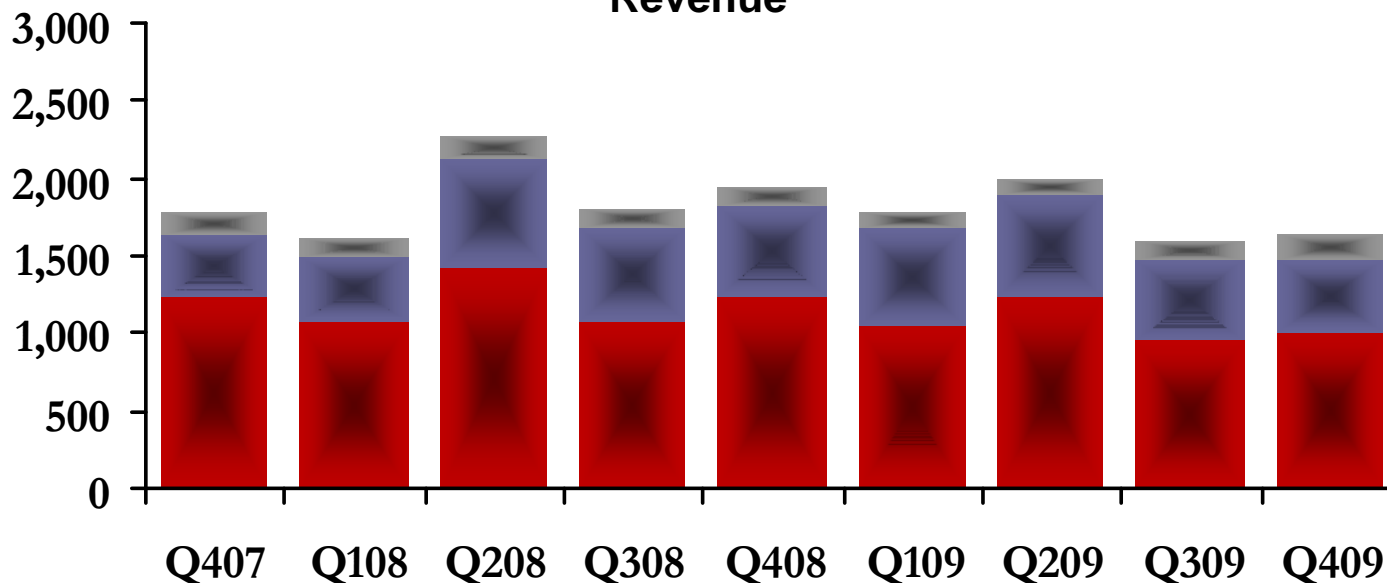
	<i>Jun-07</i>	<i>Sep-07</i>	<i>Dec-07</i>	<i>Mar-08</i>	<i>Jun-08</i>	<i>Sep-08</i>	<i>Dec-08</i>	<i>Mar-09</i>	<i>Jun-09</i>
Americas	\$ 0.95	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.97	\$ 0.95	\$ 0.87	\$ 0.76	\$ 0.71
EMEA	0.83	0.83	0.83	0.97	1.01	0.88	0.72	0.74	0.69
Asia	0.69	0.75	0.72	0.69	0.75	0.87	0.68	0.60	0.73
Total	\$ 2.47	\$ 2.49	\$ 2.48	\$ 2.62	\$ 2.73	\$ 2.70	\$ 2.27	\$ 2.10	\$ 2.13

(in billions)

TS Revenue

(in millions)

Revenue



■ Americas ■ EMEA ■ Asia

	<i>Jun-07</i>	<i>Sep-07</i>	<i>Dec-07</i>	<i>Mar-08</i>	<i>Jun-08</i>	<i>Sep-08</i>	<i>Dec-08</i>	<i>Mar-09</i>	<i>Jun-09</i>
Americas	\$ 1.23	\$ 1.07	\$ 1.43	\$ 1.07	\$ 1.23	\$ 1.06	\$ 1.25	0.95	1.02
EMEA	0.41	0.43	0.70	0.62	0.59	0.62	0.65	0.52	0.46
Asia	0.13	0.11	0.14	0.11	0.13	0.11	0.10	0.13	0.16
Total	\$ 1.77	\$ 1.61	\$ 2.27	\$ 1.80	\$ 1.95	\$ 1.79	\$ 2.00	\$ 1.60	\$ 1.64

(in billions)