

# / Avnet First Quarter Fiscal Year 2025 Financial Results



October 30, 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 June 29, 2024 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; relationships with key suppliers and allocations of products by suppliers; 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.

# / Q1 FY25 Highlights

## Regional demand

- Asia growth Y/Y offset by EMEA and the Americas, as expected

## End market demand

- Aerospace & defense and compute increased Y/Y

## Lead times

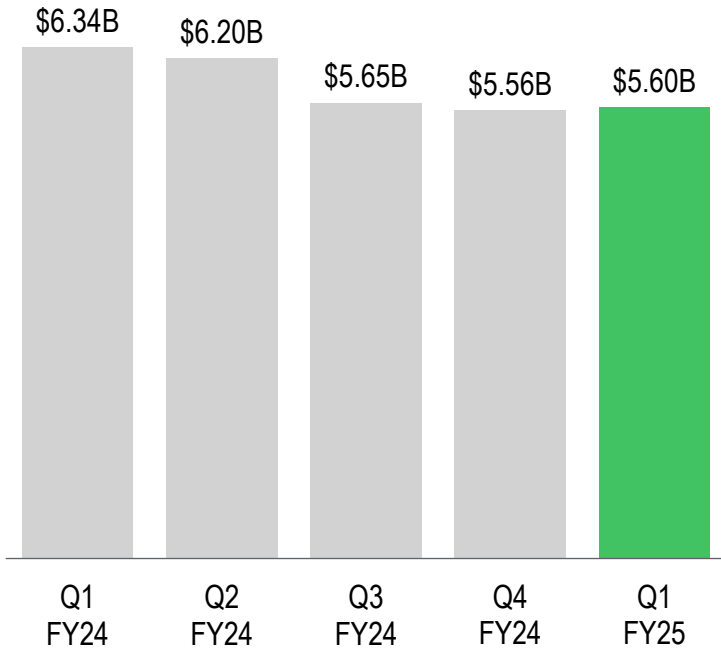
- Lead times generally stable

## Book-to-bill

- Remained below parity at end of Q1



# / Revenue



	Revenue (\$M)	Y/Y growth	
		As reported	Constant currency
<b>REGIONS</b>			
Americas	\$1,330	(16%)	(16%)
EMEA	\$1,668	(28%)	(28%)
Asia	\$2,606	6%	6%
<b>SEGMENTS</b>			
Electronic Components	\$5,257	(11%)	(11%)
Farnell	\$347	(18%)	(18%)
<b>AVNET</b>	<b>\$5,604</b>	<b>(12%)</b>	<b>(12%)</b>

# / Q1 Income Statement

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**\$5.6B** Sales

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**10.8%** Gross margin down 97 bps Y/Y and down 72 bps Q/Q

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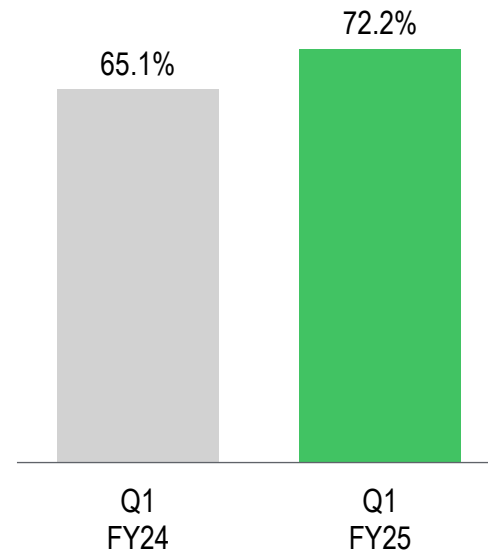
**\$439M** SG&A expenses – down 10% Y/Y and down 3% Q/Q

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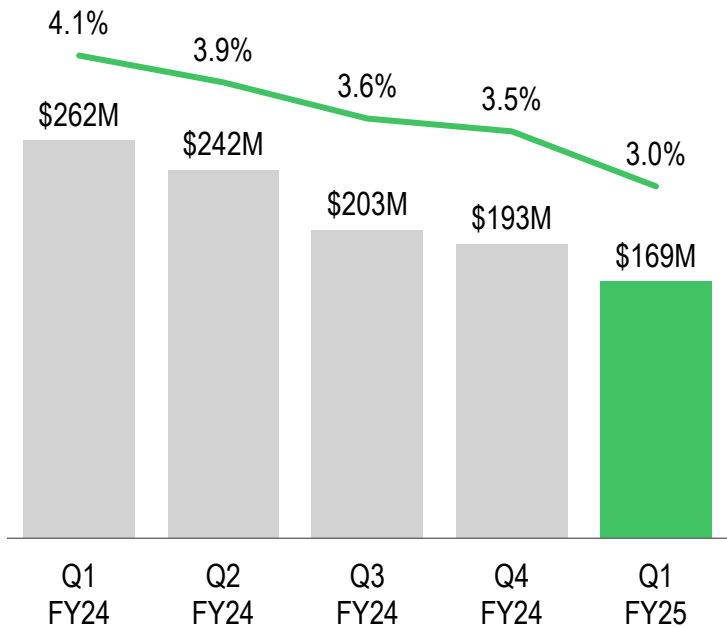
**72.2%** SG&A expenses as a percentage of gross profit

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## SG&A Expenses as % of Gross Profit



# / Q1 Adjusted Operating Income<sup>(1)</sup>



	Adj Op Income <sup>(1)</sup> (\$M)	Y/Y growth	Adj Op Margin <sup>(1)</sup>	Y/Y growth
<b>SEGMENTS</b>				
Electronic Components	\$197	-28%	3.8%	-86 bps
Farnell	\$ 2	-89%	0.5%	-366 bps
Corporate Expenses	(\$30)	-	-	-
<b>AVNET</b>	<b>\$169</b>	<b>-35%</b>	<b>3.0%</b>	<b>-112 bps</b>

<sup>(1)</sup>Non-GAAP measure. See Appendices for Non-GAAP Definitions and GAAP to Non-GAAP reconciliation.

# / Q1 Non-operating & Adjusted Diluted EPS<sup>(1)</sup>



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**\$64M** Interest expense down \$6M Y/Y and flat Q/Q

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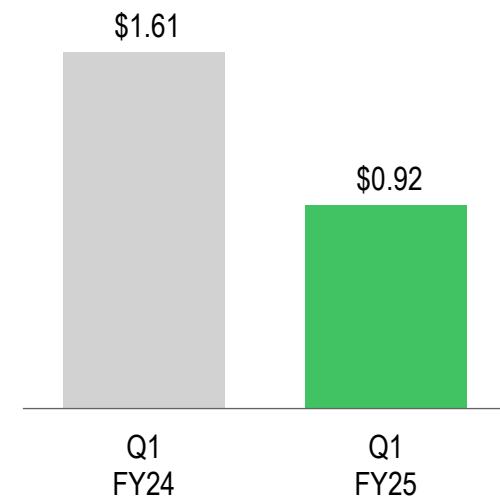
**23.0%** Adjusted effective tax rate<sup>(2)</sup>

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**\$0.92** Adjusted diluted EPS<sup>(1)</sup> – down 43% Y/Y and down 25% Q/Q

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



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

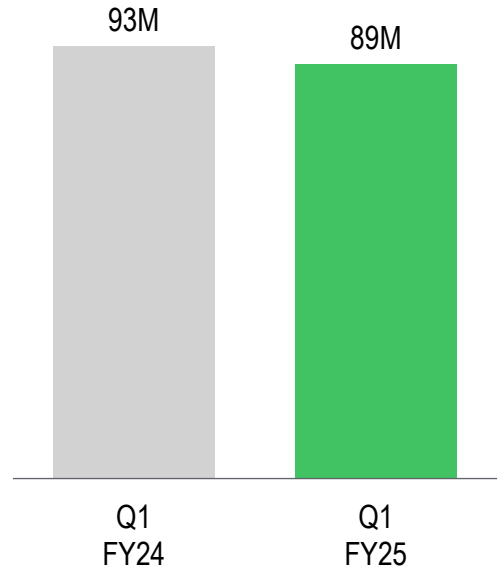
(2) Non-GAAP measure. GAAP effective tax rate on income before taxes was 21.1% in the first quarter of fiscal 2025. See Appendices for Non-GAAP Definitions

# / Q1 Balance Sheet & Liquidity



<b>\$5.6B</b>	Inventory – \$145M increase Q/Q, including impact of F/X and inventory received at quarter end
<b>107</b>	WC days – down 3 days Q/Q
<b>3.0x</b>	Gross debt leverage
<b>\$825M</b>	Available committed lines of credit
<b>\$99M</b>	Share repurchases
<b>\$0.33</b>	Dividend – returned \$29M to shareholders

## Diluted Shares Outstanding





# / Outlook for Q2 FY25

(ending December 28, 2024)



<b>Metric</b>	<b>Guidance Range</b>	<b>Midpoint</b>
Sales	\$5.40B – \$5.70B	\$5.55B
Adjusted Diluted EPS <sup>(1)</sup>	\$0.80 – \$0.90	\$0.85

## Factors impacting our Q2 FY25 outlook

- Based on current market conditions
- Implies a sequential sales change of up approximately 2% to down approximately 4%, including flattish sales in each EC region, and it assumes Farnell's performance is generally consistent with the first quarter of fiscal 2025
- Assumes similar interest expense to Q1 FY25, an adjusted effective tax rate of between 21% and 25%, and approximately 89 million average diluted shares outstanding

# / 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 October 30, 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 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 the 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

	Quarter Ended	
	September 28, 2024	
	(\$ in thousands, except per share amounts)	
GAAP operating income	\$	142,225
Restructuring, integration, and other expenses		26,351
Amortization of intangible assets		368
Adjusted operating income		168,944
GAAP other expense, net	\$	(3,043)
Foreign currency loss		4,783
Adjusted other income, net		1,740
GAAP income before income taxes	\$	74,738
Restructuring, integration, and other expenses		26,351
Amortization of intangible assets		368
Foreign currency loss		4,783
Adjusted income before income taxes		106,240
GAAP income tax expense	\$	15,782
Restructuring, integration, and other expenses		6,657
Amortization of intangible assets		87
Foreign currency loss		1,612
Income tax expense items, net		298
Adjusted income tax expense		24,436
GAAP net income	\$	58,956
Restructuring, integration, and other expenses (net of tax)		19,694
Amortization of intangible assets (net of tax)		281
Foreign currency loss (net of tax)		3,171
Income tax expense items, net		(298)
Adjusted net income		81,804
GAAP diluted earnings per share	\$	0.66
Restructuring, integration, and other expenses (net of tax)		0.22
Amortization of intangible assets (net of tax)		0.00
Foreign currency loss (net of tax)		0.04
Income tax expense items, net		(0.00)
Adjusted diluted EPS		0.92

# Appendix: Reconciliation of GAAP to Non-GAAP Measures

	Fiscal Year 2024	Quarters Ended			
		June 29, 2024	March 30, 2024	December 30, 2023	September 30, 2023
		(\$ in thousands, except per share amounts)			
GAAP operating income	\$ 844,367	\$ 164,189	\$ 190,151	\$ 236,257	\$ 253,769
Restructuring, integration, and other expenses	52,550	28,417	11,847	5,235	7,051
Amortization of intangible assets	3,130	828	712	712	878
Adjusted operating income	900,047	193,434	202,710	242,204	261,698
GAAP other (expense) income, net	\$ (15,736)	\$ 1,409	\$ (14,707)	\$ (8,397)	\$ 5,960
Foreign currency loss (gain) and other, net	27,730	680	17,850	9,200	—
Adjusted other (expense) income, net	11,994	2,089	3,143	803	5,960
GAAP income before income taxes	\$ 632,263	\$ 101,324	\$ 101,948	\$ 153,558	\$ 275,432
Restructuring, integration, and other expenses	52,550	28,417	11,847	5,235	7,051
Amortization of intangible assets	3,130	828	712	712	878
Foreign currency loss (gain) and other, net	27,730	680	17,850	9,200	—
Gain on legal settlements and other	(86,499)	—	—	—	(86,499)
Adjusted income before income taxes	629,174	131,249	132,357	168,705	196,862
GAAP income tax expense	\$ 133,564	\$ 18,659	\$ 13,114	\$ 35,627	\$ 66,164
Restructuring, integration, and other expenses	13,000	7,251	2,772	1,274	1,703
Amortization of intangible assets	700	185	156	156	203
Foreign currency loss (gain) and other, net	7,373	88	5,251	2,034	—
Gain on legal settlements and other	(20,434)	—	—	—	(20,434)
Income tax expense items, net	4,992	(6,489)	10,472	1,399	(390)
Adjusted income tax expense	139,195	19,694	31,765	40,490	47,246
GAAP net income	\$ 498,699	\$ 82,665	\$ 88,834	\$ 117,931	\$ 209,268
Restructuring, integration, and other expenses (net of tax)	39,550	21,166	9,075	3,961	5,348
Amortization of intangible assets (net of tax)	2,430	643	556	556	675
Foreign currency loss (gain) and other, net (net of tax)	20,357	592	12,599	7,166	—
Gain on legal settlements and other (net of tax)	(66,065)	—	—	—	(66,065)
Income tax expense items, net	(4,992)	6,489	(10,472)	(1,399)	390
Adjusted net income	489,979	111,555	100,592	128,215	149,616
GAAP diluted earnings per share	\$ 5.43	\$ 0.91	\$ 0.97	\$ 1.28	\$ 2.25
Restructuring, integration, and other expenses (net of tax)	0.43	0.23	0.10	0.04	0.06
Amortization of intangible assets (net of tax)	0.03	0.01	0.01	0.01	0.01
Foreign currency loss (gain) and other, net (net of tax)	0.22	0.01	0.14	0.08	—
Gain on legal settlements and other (net of tax)	(0.72)	—	—	—	(0.71)
Income tax expense items, net	(0.05)	0.07	(0.11)	(0.01)	0.00
Adjusted diluted EPS	5.34	1.22	1.10	1.40	1.61

# 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	\$ 0.80	\$ 0.90
Restructuring, integration, and other expenses (net of tax)	(0.10)	(0.05)
GAAP diluted earnings per share guidance	<u>\$ 0.70</u>	<u>\$ 0.85</u>