

Welcome to Avnet's Second Quarter Fiscal Year 2009 Teleconference and Webcast



January 22, 2009 2:00 p.m. Eastern Time

Welcome

- Email questions to investorrelations@avnet.com
- Safe Harbor Statement
- Management Introduction

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

Q2 FY2009 Avnet Overview

- Financial
 - Revenue was \$4.27 billion, down 10.2% year Y/Y
 - Operating income⁽¹⁾ \$153.2 million, down 26.3% Y/Y
 - EPS of \$0.63⁽¹⁾, down 29.2% Y/Y
- Operational
 - Lowered expenses and working capital
 - Announced additional expense reductions of \$50 million
 - Generated \$320 million in cash from operations
 - Available liquidity of \$1.6 billion

(1) Excludes restructuring, integration and other items

Q2 FY2009 EM Overview

- Financial
 - Revenue was \$2.27 billion, down 8.5% Y/Y
 - Operating income of \$99.1 million, down 21.7% Y/Y
- Operational
 - Inventory down 8% sequentially
 - Completed acquisition of Nippon Denso Industry Co., Ltd.
 - Roughly doubles presence in Japan
 - Completed acquisition of Abacus Group Plc
 - Roughly doubles IP&E revenue in EMEA

Q2 FY2009 TS Overview

- Financial
 - Revenue was \$2.00 billion, down 12.0% Y/Y
 - Operating income \$66.9 million, down 32.7% Y/Y
- Operational
 - Announced a joint venture agreement with Sanko Holding Group in Turkey
 - Launched Solutions Distribution in China
 - Phil Gallagher promoted to President, Technology Solutions Globally

Summary Comments

- Continued challenging and uncertain environment
- Taking appropriate actions to reduce expenses
- Will take further actions if needed
- Strong cash flow from operations
- Global scale & scope and strong balance sheet providing opportunities to gain market share

Financial Overview



Ray Sadowski
Chief Financial Officer

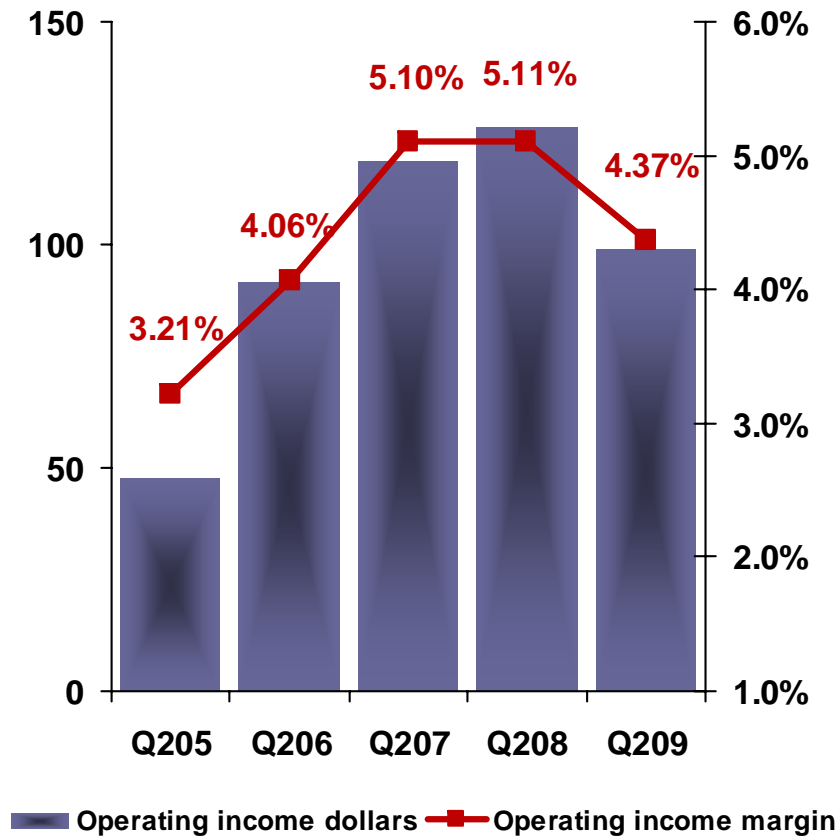
EM Revenue and Y/Y Growth Rates

- Total EM revenue was \$2.27 billion
 - (8.5)% as reported; (12.0)% pro forma ⁽¹⁾
- Americas revenue was \$864.3 million
 - (6.9)% as reported; (8.9)% pro forma ⁽¹⁾
- EMEA revenue was \$718.6 million
 - (13.0)% as reported; (3.5)% in constant \$
 - (16.1)% pro forma ⁽¹⁾
- Asia revenue was \$684.4 million
 - (5.6)% as reported; (11.1)% pro forma ⁽¹⁾

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

EM – Key Financial Metrics

Operating Income



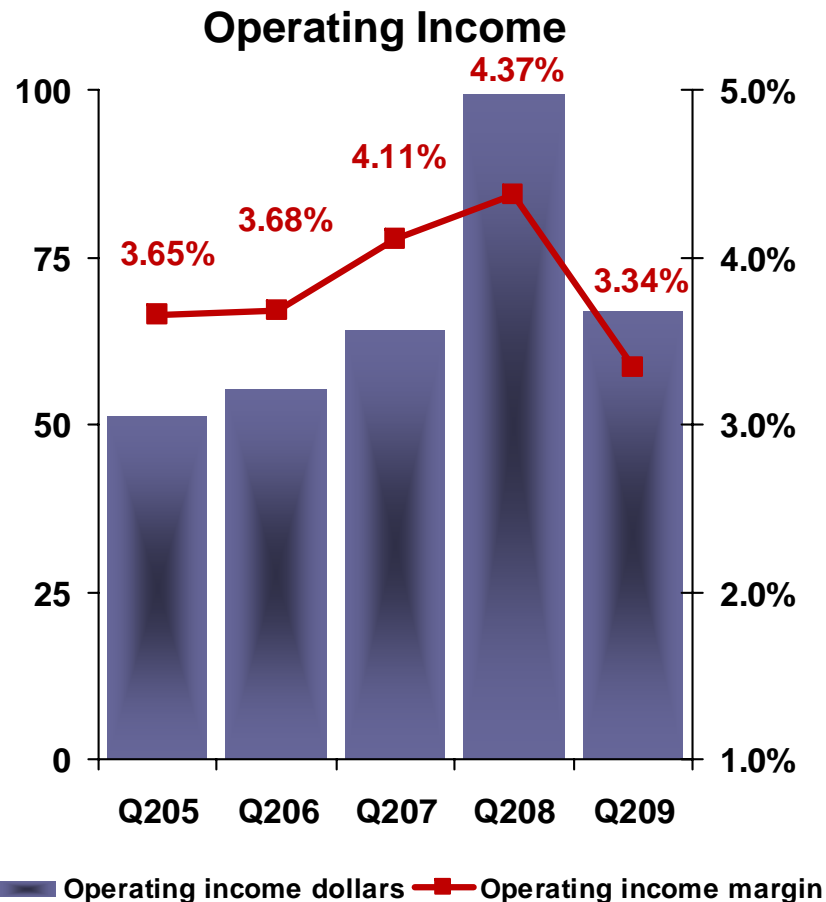
- Gross profit margin holding relatively steady
- Operating income 4.37%
- ROWC down over the prior year second quarter
- Inventory at \$1.41 billion, down 8% sequentially

TS Revenue and Y/Y Growth Rates

- Total TS revenue was \$2.00 billion
 - (12.0)% as reported; (18.0)% pro forma ⁽¹⁾
- Americas revenue was \$1.25 billion
 - (12.5)% as reported
- EMEA revenue was \$645.3 million
 - (8.1)% as reported; 5.2% in constant \$
 - (25.2)% pro forma ⁽¹⁾
- Asia revenue was \$103.6 million
 - (26.2)% as reported; (29.3)% pro forma ⁽¹⁾

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

TS – Key Financial Metrics



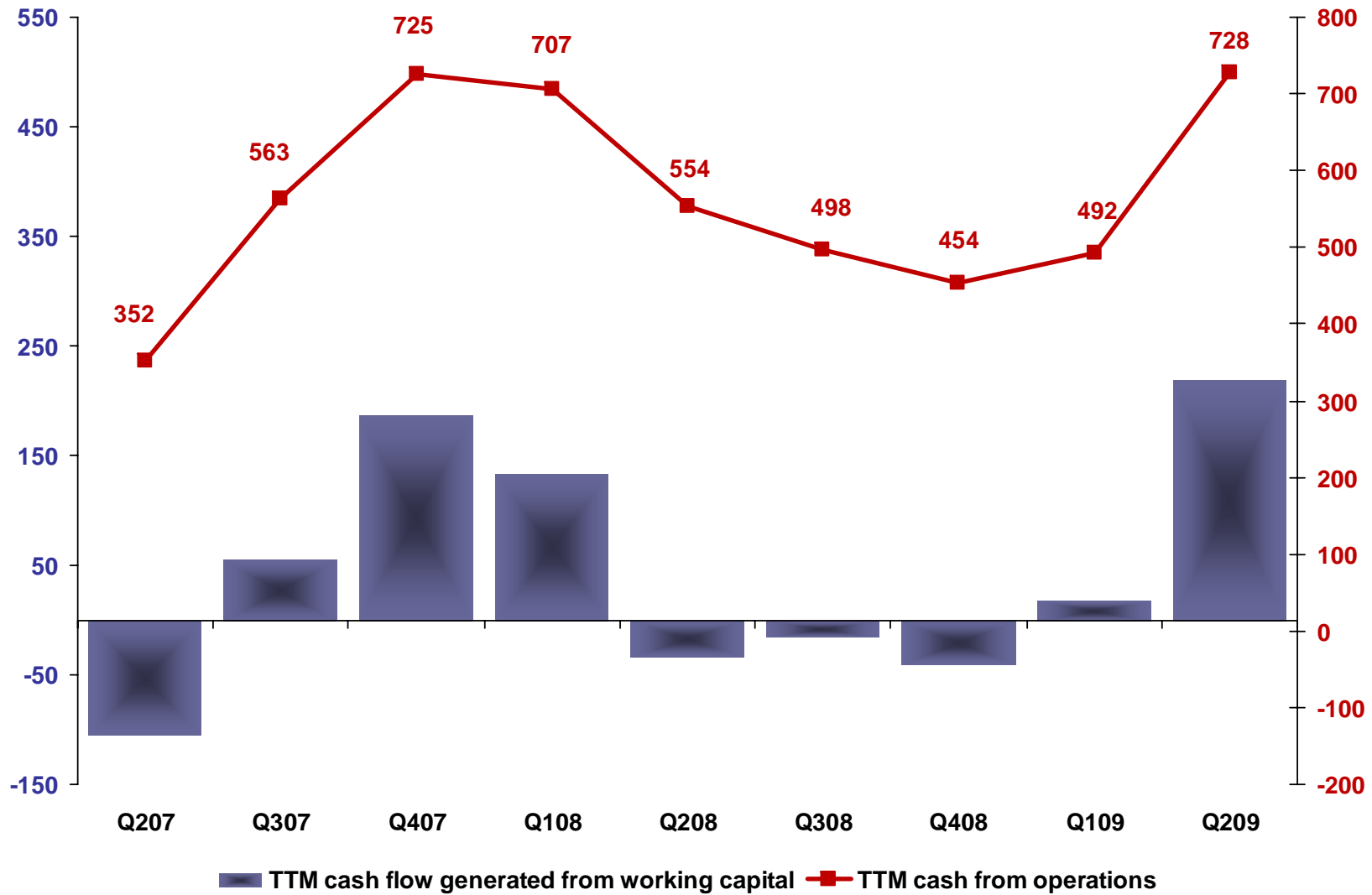
- Gross profit margin holding steady
- Operating income margin of 3.34%
- ROWC above our 30% hurdle rate
- Inventory down 10% sequentially

P&L Summary: Q2 Year-over-Year

(\$ In Millions, Except Per Share Information)

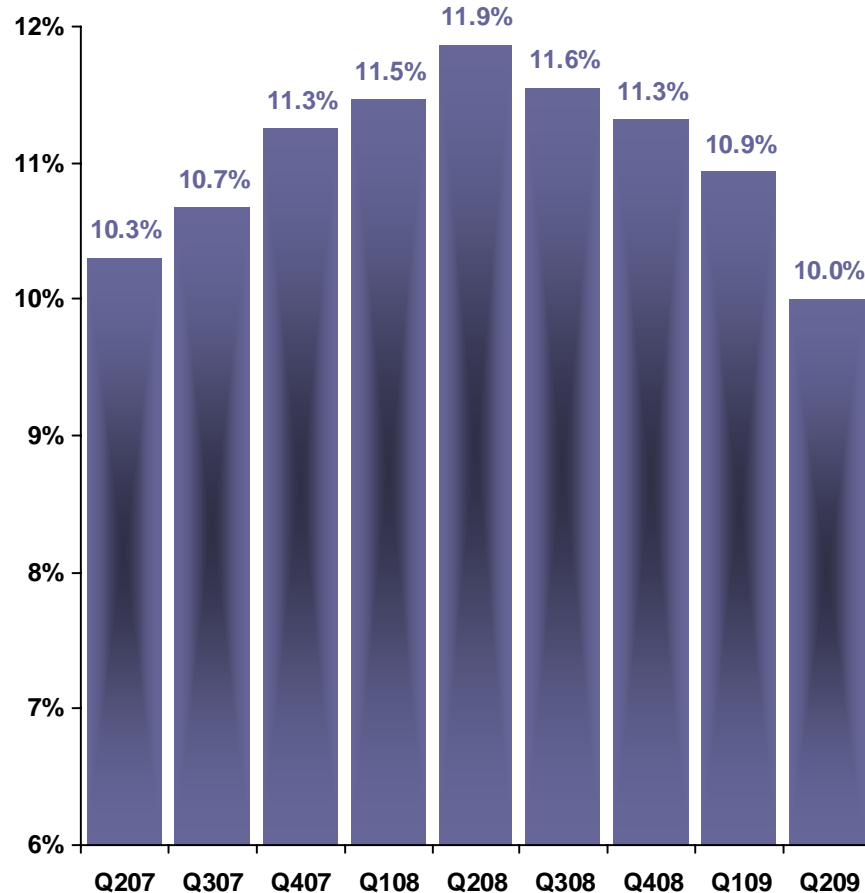
	<u>Q2 FY09</u>	<u>Q2 FY08</u>	<u>Change</u>
Sales	\$4,269.2	\$4,753.1	(\$483.9)
Gross profit	533.5	596.7	(63.2)
<i>Gross profit margin</i>	<i>12.5%</i>	<i>12.6%</i>	
Operating expenses	380.3	388.8	(8.5)
Operating income	153.2	207.9	(54.7)
<i>Operating income margin</i>	<i>3.6%</i>	<i>4.4%</i>	
Taxes	41.7	62.5	(20.8)
<i>Effective tax rate</i>	<i>30.5%</i>	<i>31.5%</i>	
Net income excluding certain items	\$95.0	\$135.9	(\$40.9)
EPS excluding certain items	\$0.63	\$0.89	(\$0.26)
GAAP net income	\$112.3	\$142.2	(\$29.9)
GAAP EPS	\$0.75	\$0.93	(\$0.18)

Generating Solid Cash Flow



Strong Financial Position

TTM ROCE



(1) Excludes restructuring, integration and other items

- TTM ROCE was at or above 10% for the ninth consecutive quarter
- Current quarter ROCE of 8.9% negatively impacted by business conditions
- Maintained investment grade credit statistics
- Available liquidity of \$1.6 billion

March 2009 Quarter (Q3 FY09)

- Providing a wider range of forecasts
 - Challenging economic environment
- Group Revenue
 - EM: \$2.15 to \$2.45 billion, up 1.3% sequentially at the midpoint
 - TS: \$1.45 to \$1.75 billion, down 20.0% sequentially at the midpoint
- Enterprise Revenue: \$3.60 to \$4.20 billion, down 8.7% sequentially at the midpoint
- Non-GAAP EPS⁽¹⁾ : \$0.45 to \$0.53

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



Question and Answer Session

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

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investorrelations@avnet.com
www.ir.avnet.com

Non-GAAP Results and Regulation G

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

	<u>Op Income</u>	<u>Pre-tax</u>	<u>Net Income</u>	<u>Diluted EPS</u>
Second Quarter Ended Fiscal 2009				
<i>\$ in thousands, except per share data</i>				
GAAP results	\$ 140,092	\$ 123,474	\$ 112,288	\$ 0.75
Restructuring, integration and other charges	13,149	13,149	9,995	0.06
Net reduction in tax reserves.....	-	-	(27,330)	(0.18)
Adjusted results	\$ 153,241	\$ 136,623	\$ 94,953	\$ 0.63
Second Quarter Ended Fiscal 2008				
GAAP results	\$ 207,867	\$ 205,851	\$ 142,206	\$ 0.93
Gain on sale of assets.....	-	(7,477)	(6,320)	(0.04)
Adjusted results	\$ 207,867	\$ 198,374	\$ 135,886	0.89

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:

	Revenue as Reported	Acquisition Revenue	Pro forma Revenue
		<i>(in thousands)</i>	
Q1 Fiscal 2009.....	\$ 4,494,450	\$ 573	\$ 4,495,023
Q2 Fiscal 2009.....	4,269,178	-	4,269,178
Fiscal 2009 YTD.....	<u>\$ 8,763,628</u>	<u>\$ 573</u>	<u>\$ 8,764,201</u>
Q1 Fiscal 2008.....	\$ 4,098,718	\$ 355,914	\$ 4,454,632
Q2 Fiscal 2008.....	4,753,145	263,156	5,016,301
Q3 Fiscal 2008.....	4,421,645	159,986	4,581,631
Q4 Fiscal 2008.....	4,679,199	141,860	4,821,059
Fiscal year 2008.....	<u>\$ 17,952,707</u>	<u>\$ 920,916</u>	<u>\$ 18,873,623</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:

- 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.
- 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)
- 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)

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:

- 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)
- Q4 FY06 - (1) Restructuring and other charges, including integration costs, relating to the Memec acquisition, divestitures, and other actions amounting to \$6.8 million pre-tax, \$7.3 million after tax and \$0.05 per share on a diluted basis; (2) a one-time loss of \$13.6 million pre-tax, \$14.3 million after tax and \$0.10 per share on a diluted basis associated with the sale of two small, non-core businesses; and (3) debt extinguishment costs of \$10.9 million pre-tax, \$6.6 million after tax and \$0.04 per share on a diluted basis associated with the early repayment of \$113.6 million of the 9¾% Notes due February 15, 2008. (Form 8-K filed August 9, 2006 and Form 10-K filed August 30, 2006)
- Q3 FY06 – (1) Restructuring and other charges, including integration costs, relating to the Memec acquisition and other actions amounting to \$17.0 million pre-tax (\$1.4 million of which is included in cost of sales), \$11.2 million after tax and \$0.08 per share on a diluted basis; and (2) a one-time gain of \$10.9 million pre-tax, \$7.3 million after tax and \$0.05 per share on a diluted basis associated with the divestiture of two TS businesses (Form 8-K filed April 27, 2006 and Form 10-Q filed May 8, 2006)
- Q2 FY06 – (1) Restructuring and other charges and integration costs, substantially all related to the Memec acquisition, totaling \$32.4 million pre-tax (\$7.5 million of which is included in cost of sales), \$21.4 million after tax, and \$0.14 per share on a diluted basis. (Form 8-K filed January 25, 2006 and Form 10-Q filed February 3, 2006)
- Q1 FY06 – (1) Restructuring and integration costs substantially all related to the acquisition of Memec, totaling \$13.8 million pre-tax, \$10.0 million after tax and \$0.07 per diluted share; (2) Debt extinguishment costs associated with the repurchase of \$254.1 million of the 8.00% Notes due November 15, 2006 totaling \$11.7 million pre-tax, \$7.1 million after tax and \$0.05 per diluted share. (Form 8-K filed October 27, 2005 and Form 10-Q filed November 9, 2005)
- 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.

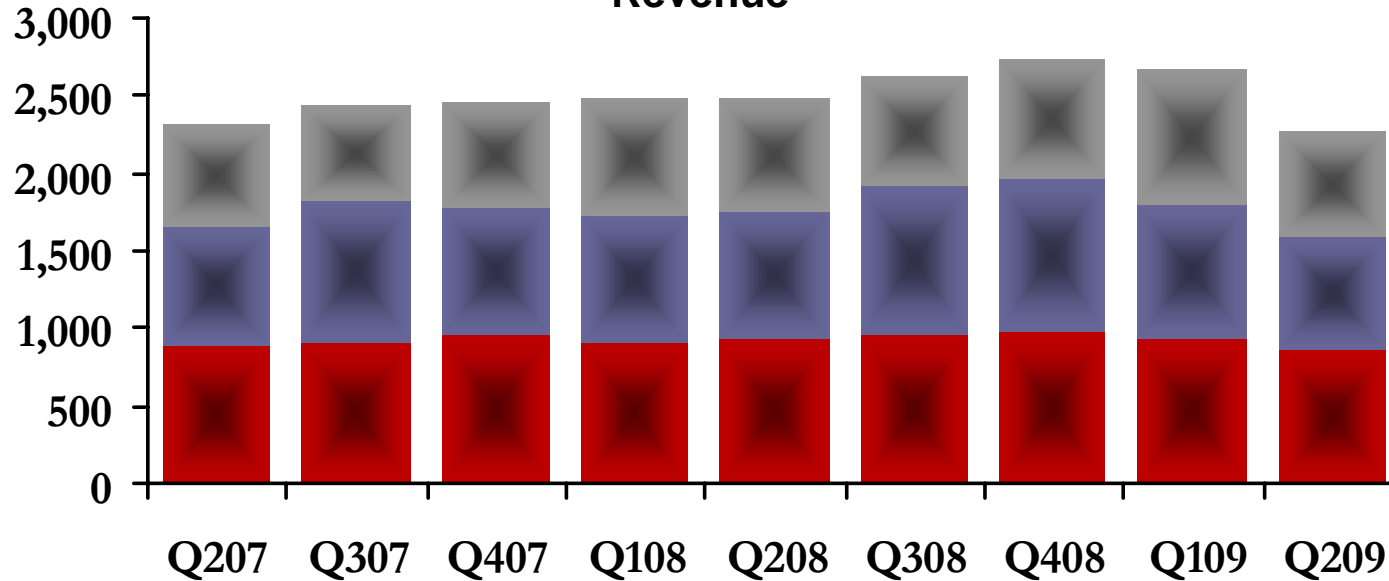
Appendix



EM Revenue

(in millions)

Revenue



■ Americas ■ EMEA ■ Asia

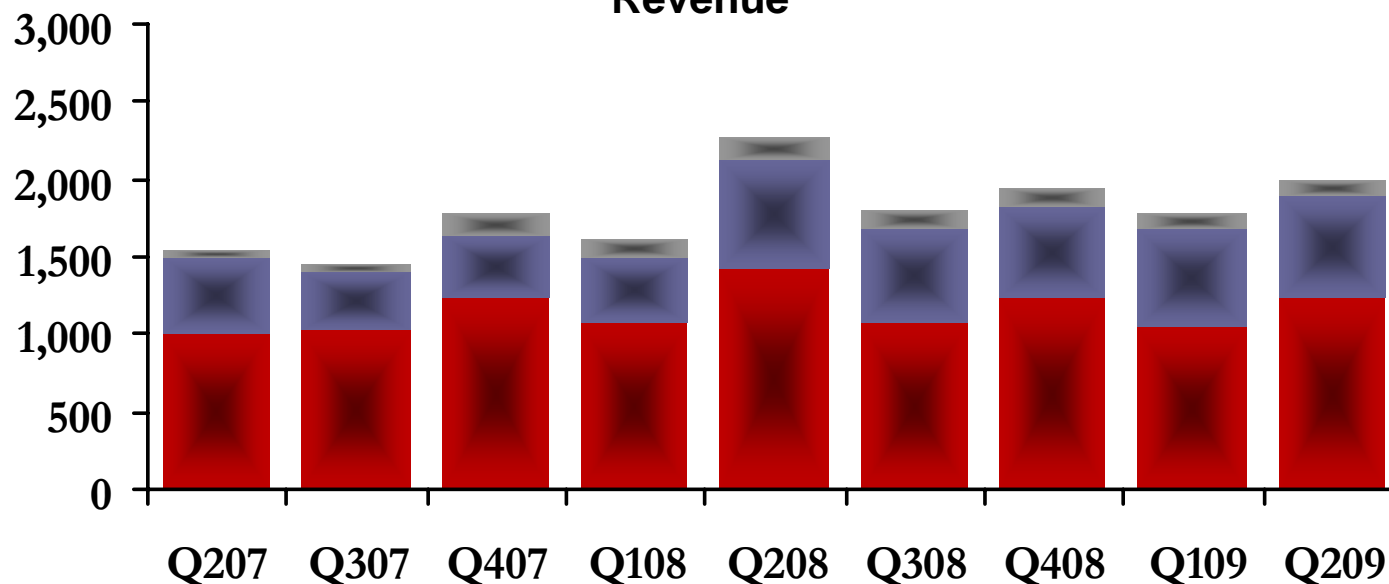
	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Americas	\$ 0.89	\$ 0.92	\$ 0.95	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.97	\$ 0.95	\$ 0.87
EMEA	0.77	0.91	0.83	0.83	0.83	0.97	1.01	0.88	0.72
Asia	0.67	0.61	0.69	0.75	0.72	0.69	0.75	0.87	0.68
Total	\$ 2.33	\$ 2.44	\$ 2.47	\$ 2.49	\$ 2.48	\$ 2.62	\$ 2.73	\$ 2.70	\$ 2.27

(in billions)

TS Revenue

(in millions)

Revenue



■ Americas ■ EMEA ■ Asia

	<i>Dec-06</i>	<i>Mar-07</i>	<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>
Americas	\$ 1.01	\$ 1.04	\$ 1.23	\$ 1.07	\$ 1.43	\$ 1.07	\$ 1.23	\$ 1.06	\$ 1.25
EMEA	0.49	0.36	0.41	0.43	0.70	0.62	0.59	0.62	0.65
Asia	0.06	0.06	0.13	0.11	0.14	0.11	0.13	0.11	0.10
Total	\$ 1.56	\$ 1.46	\$ 1.77	\$ 1.61	\$ 2.27	\$ 1.80	\$ 1.95	\$ 1.79	\$ 2.00

(in billions)

Sequential Revenue Growth – Normal Seasonality

	Sept	Dec	Mar	Jun
EM	-1% to -4%	0% to -3%	+5% to +9%	0% to +2%
TS	-5% to -10%	+22% to +27%	-19% to -23%	+10% to +15%
Avnet	-3% to -7%	+8% to +11%	-5% to -8%	+4% to +7%

Note: Estimate of ranges provided at Analyst Day 2008 (December 2008)