

Avnet Inc.

Next several quarters challenging, trading near tangible book value

Reiterate Rating: NEUTRAL | PO: 50.00 USD | Price: 44.94 USD

Tough operating environment, but executing well

Management continues to execute well in the face of a global inventory correction and weak end markets which have led to lower demand from customers and elevated inventory levels across the supply chain. Overall, market softness can continue for several quarters; perhaps extend through C24. Inventory correction likely lasts till mid-2024, or even into the Sep quarter. Despite the weak environment, management continues to invest in initiatives which should help drive growth and higher margins once the inventory and macro situation improves including demand creation opportunities, IP&E and embedded solutions. Overall pricing environment remains stable. Backlog was lower sequentially and y/y, and book-to-bill ratio remains below parity. Shares are trading slightly below tangible book value. Management does not expect to take any asset write-down, including Farnell. Reiterate Neutral on risk/reward balance as n-t weaker end markets and channel inventory correction balance l-t margin growth via demand creation, supply chain as-a-service and IP&E initiatives.

Farnell – margins lower on continued pricing pressure

Farnell margins were impacted by lower demand, unfavorable mix, competitive pricing pressure for on-the-board components, which was partially offset by lower OpEx. Restructuring actions target annual expense reduction of \$50-70mn, of which 25% is complete. We expect OM to remain pressured in the n-t as demand shifts to broadline.

Electronic Components – mixed demand across markets

Demand creation wins and registrations remained strong. OM in EC came in at 4.3% on lower sales and mix shift to Asia. Management believes it can keep margins above 4.0% in F3Q. AVT is seeing pushouts, but cancellations remain within a normal range. Total company inventory grew 6% q/q, driven by supply chain as a service engagements and FX. Ex these items EC inventory was flat and management expects to reduce inventory over remainder of F24. Revs from defense and transportation were strong while industrial, consumer and communications were weak.

Adjusting estimates, PO moves to \$50 (from \$55)

Our F24E revenue/EPS move to \$23.8bn/\$5.30. Our PO moves to \$50 (from \$55) still on 8x our EV/C24E EBITDA.

Estimates (Jun) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	6.93	8.06	5.30	6.89	7.50
GAAP EPS	6.94	8.26	5.37	5.96	6.57
EPS Change (YoY)	155.7%	16.3%	-34.2%	30.0%	8.9%
Consensus EPS (Bloomberg)			5.36	6.01	6.76
DPS	1.00	1.14	1.24	1.24	1.24
Valuation (Jun)					
P/E	6.5x	5.6x	8.5x	6.5x	6.0x
GAAP P/E	6.5x	5.4x	8.4x	7.5x	6.8x
Dividend Yield	2.2%	2.5%	2.8%	2.8%	2.8%
EV / EBITDA*	6.6x	5.5x	7.0x	5.8x	5.5x
Free Cash Flow Yield*	-6.6%	-22.3%	3.5%	6.9%	17.3%

* For full definitions of *IQmethod*SM measures, see page 10.

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Timestamp: 02 February 2024 09:57AM EST

02 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	55.00	50.00
2024E Rev (m)	24,255.0	23,823.0
2025E Rev (m)	25,031.3	24,483.9
2026E Rev (m)	26,256.7	25,614.8
2024E EPS	5.76	5.30
2025E EPS	7.01	6.89
2026E EPS	7.73	7.50

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Stock Data

Price	44.94 USD
Price Objective	50.00 USD
Date Established	2-Feb-2024
Investment Opinion	B-2-7
52-Week Range	39.64 USD - 51.65 USD
Mkt Val (mn) / Shares Out (mn)	4,066 USD / 90.5
Free Float	99.2%
Average Daily Value (mn)	24.83 USD
BofA Ticker / Exchange	AVT / NAS
Bloomberg / Reuters	AVT US / AVT.OQ
ROE (2024E)	9.9%
Net Dbt to Eqty (Jun-2023A)	58.3%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

iQprofileSM Avnet Inc.

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	13.1%	13.3%	8.5%	9.6%	9.6%
Return on Equity	16.7%	16.8%	9.9%	11.7%	11.7%
Operating Margin	4.2%	4.7%	4.0%	4.7%	4.8%
Free Cash Flow	(268)	(908)	144	282	705

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	-0.3x	-0.9x	0.7x	0.7x	1.2x
Asset Replacement Ratio	0.5x	2.2x	2.2x	1.1x	1.0x
Tax Rate	21.9%	23.2%	24.0%	24.0%	24.0%
Net Debt-to-Equity Ratio	34.8%	58.3%	57.1%	49.2%	35.2%
Interest Cover	5.2x	9.6x	3.4x	4.0x	4.3x

Income Statement Data (Jun)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	24,311	26,537	23,823	24,484	25,615
% Change	24.4%	9.2%	-10.2%	2.8%	4.6%
Gross Profit	2,965	3,182	2,814	3,030	3,388
% Change	32.3%	7.3%	-11.6%	7.7%	11.8%
EBITDA	1,125	1,348	1,059	1,272	1,347
% Change	97.9%	19.9%	-21.4%	20.0%	5.9%
Net Interest & Other Income	(101)	(241)	(282)	(294)	(291)
Net Income (Adjusted)	691	753	486	625	680
% Change	154.9%	8.9%	-35.4%	28.5%	8.8%

Free Cash Flow Data (Jun)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	692	771	494	541	596
Depreciation & Amortization	102	89	98	114	118
Change in Working Capital	(1,085)	(1,681)	(318)	(318)	75
Deferred Taxation Charge	(53)	(37)	13	0	0
Other Adjustments, Net	124	145	74	71	37
Capital Expenditure	(49)	(195)	(216)	(125)	(121)
Free Cash Flow	-268	-908	144	282	705
% Change	NM	-238.7%	NM	96.2%	149.7%
Share / Issue Repurchase	(184)	(222)	(141)	0	0
Cost of Dividends Paid	(99)	(106)	(113)	(112)	(112)
Change in Debt	456	1,389	362	0	0

Balance Sheet Data (Jun)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	154	288	546	716	1,309
Trade Receivables	4,301	4,764	4,433	4,912	4,764
Other Current Assets	4,422	5,699	5,700	6,247	6,176
Property, Plant & Equipment	315	442	582	624	655
Other Non-Current Assets	1,197	1,285	1,238	1,273	1,227
Total Assets	10,389	12,477	12,499	13,771	14,132
Short-Term Debt	174	71	696	696	696
Other Current Liabilities	4,077	4,179	3,536	4,277	4,126
Long-Term Debt	1,437	2,988	2,754	2,754	2,754
Other Non-Current Liabilities	507	488	430	490	475
Total Liabilities	6,196	7,725	7,416	8,217	8,051
Total Equity	4,193	4,752	5,084	5,554	6,081
Total Equity & Liabilities	10,389	12,477	12,499	13,771	14,132

* For full definitions of iQmethodSM measures, see page 10.

Company Sector

IT Hardware

Company Description

Avnet is a global distributor of electronic components (semiconductors, passives, connectors, etc.). The company ships over 117 billion electronic components annually (from 1,400+ suppliers) to upwards of 2 million customers. Customers include OEMs, and EMS/ODM companies, among others. Avnet has two operating segments - Electronics Marketing (EM) and Premier Farnell (PF).

Investment Rationale

Our Neutral rating is based on risk-reward balance, where risk including lower volumes near-term (from TI disengagement plus weak macro) negatively impacting margins over the next 3-4 quarters, is offset by benefits from additional restructuring and the stock trading close to book value

Stock Data

Average Daily Volume 552,435

Quarterly Earnings Estimates

	2023	2024
Q1	2.00A	1.61A
Q2	2.00A	1.40A
Q3	2.00A	1.11E
Q4	2.06A	1.18E

Charts

Figure 1: Avnet y/y sales change in constant currency

In F2Q24, the EMEA region saw the largest y/y decline in constant currency

y/y % change in cc	F1Q21	F2Q21	F3Q21	F4Q21	F21	F1Q22	F2Q22	F3Q22	F4Q22	F22	F1Q23	F2Q23	F3Q23	F4Q23	F23	F1Q24	F2Q24
Avnet	-6.0%	0.7%	10.7%	21.5%	6.3%	25.6%	28.8%	35.7%	28.2%	29.2%	28.9%	21.1%	3.4%	2.9%	13.4%	-7.8%	-8.7%
By region																	
Americas	-7.2%	-7.2%	-3.5%	3.9%	-3.6%	11.5%	28.0%	40.2%	35.5%	28.6%	33.4%	20.8%	5.4%	7.1%	15.5%	-6.3%	-5.5%
EMEA	-10.2%	-11.4%	-3.4%	18.2%	-2.1%	24.3%	43.9%	47.7%	34.0%	36.8%	42.4%	37.6%	15.4%	17.1%	27.0%	1.9%	-10.2%
Asia	-2.2%	14.6%	35.0%	36.9%	19.8%	35.2%	20.2%	24.5%	19.7%	24.3%	17.5%	9.3%	-8.0%	-10.6%	1.9%	-15.8%	-9.4%
By Segment																	
EC	-5.9%	1.1%	10.5%	20.0%	6.0%	24.6%	28.2%	36.9%	30.1%	29.6%	31.4%	22.8%	3.5%	3.1%	14.4%	-8.1%	-8.9%
Farnell	-7.1%	-4.5%	12.3%	41.1%	9.5%	39.0%	35.8%	21.8%	6.8%	24.0%	1.6%	-0.1%	1.4%	1.0%	0.9%	-3.8%	-6.0%

Source: AVT company reports

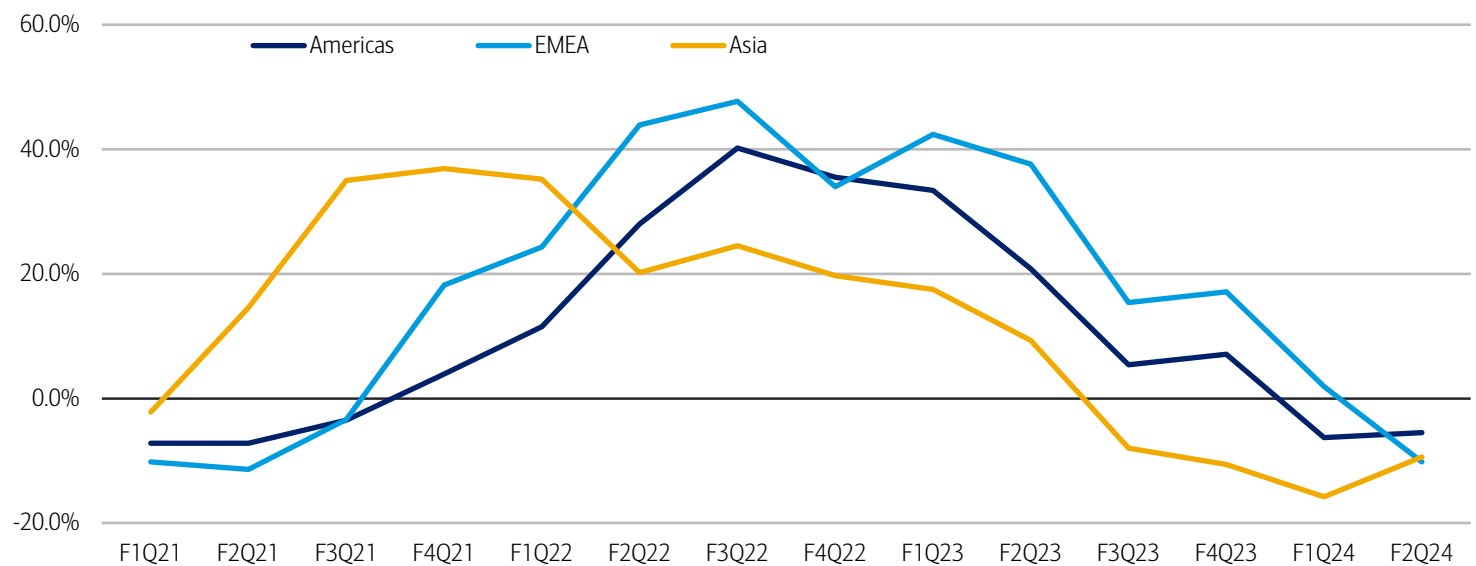
Fiscal periods 2021 and 2022 are y/y organic sales change in constant currency. F2Q22 and F3Q22 organic sales are adjusted for the TI distribution agreement termination.

Fiscal periods 2023 and F1Q21 are y/y sales change in constant currency

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Figure 2: Avnet Electronic Components y/y sales change in constant currency by region

In F2Q24, sales in constant currency declined across all three regions



Source: AVT company reports

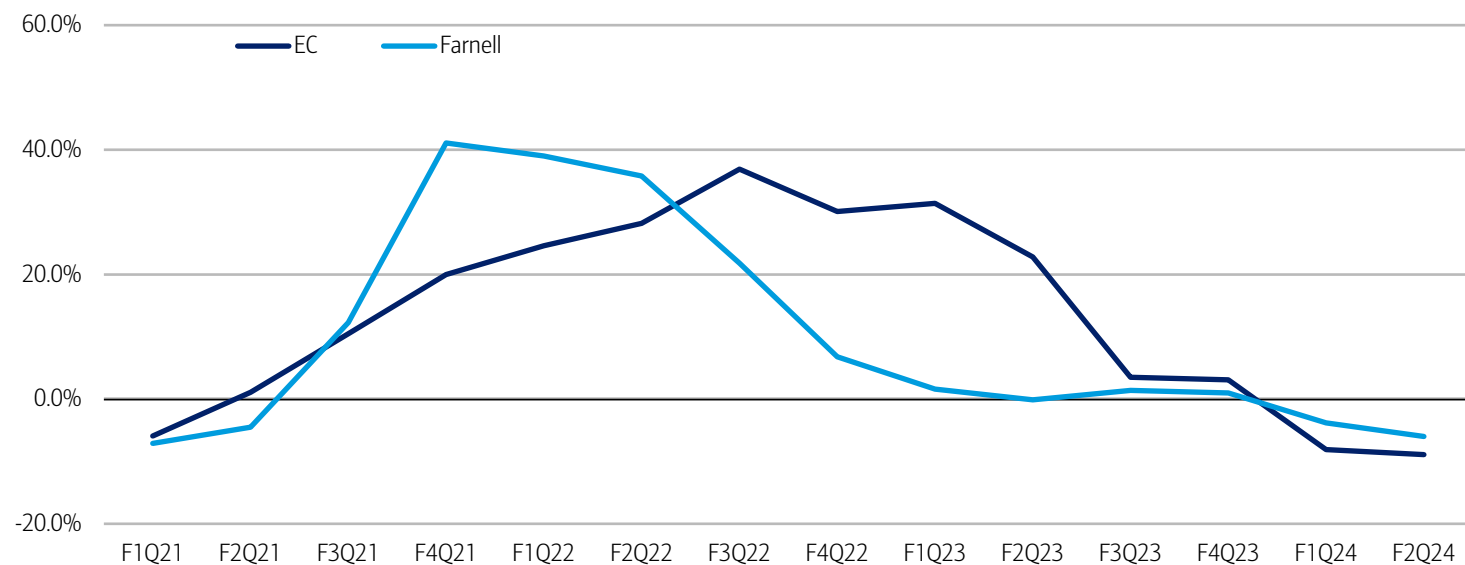
Fiscal periods 2021 and 2022 are y/y organic sales change in constant currency. F2Q22 and F3Q22 organic sales are adjusted for the TI distribution agreement termination.

Fiscal periods 2023 and F1Q21 are y/y sales change in constant currency

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Figure 3: Avnet y/y sales change in constant currency by Segment

In F2Q24, both EC and Farnell sales declined in constant currency



Source: AVT company reports

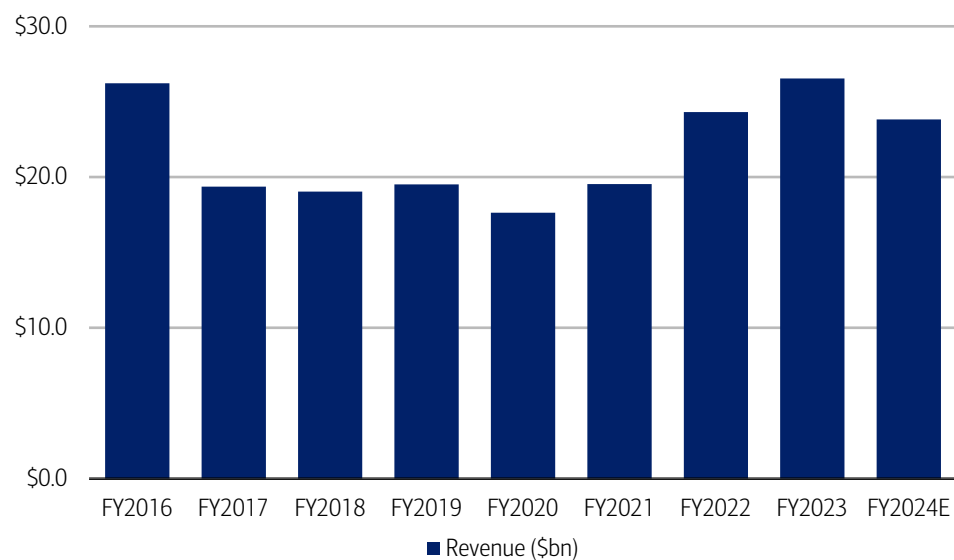
Fiscal periods 2021 and 2022 are y/y organic sales change in constant currency. F2Q22 and F3Q22 organic sales are adjusted for the TI distribution agreement termination.

Fiscal periods 2023 and F1Q21 are y/y sales change in constant currency

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Figure 4: AVT revenue

AVT reported \$26.5bn revenue in FY2023. We model FY2024 revenue of \$23.8bn.

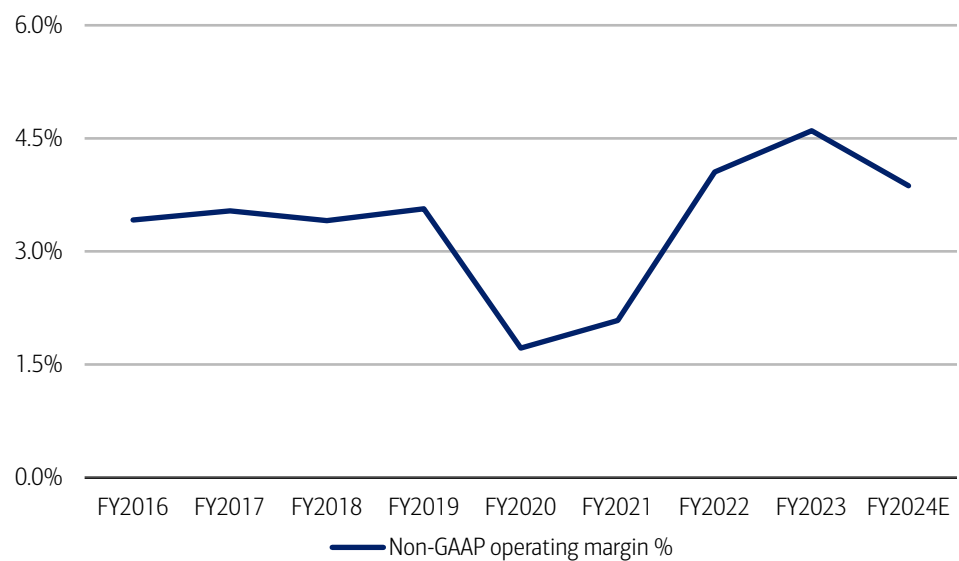


Source: Company reports, BofA Global Research estimates

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Figure 5: AVT non-GAAP operating margin

AVT's non-GAAP operating margin was 4.6% in FY2023

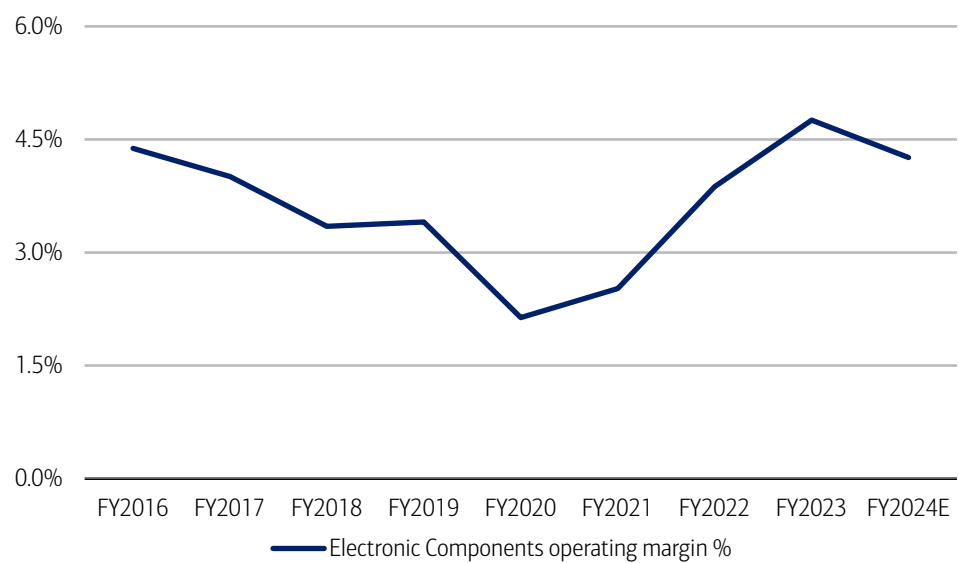


Source: Company reports, BofA Global Research estimates

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Figure 6: AVT Electronic Components segment operating margin

AVT's Electronic Components segment operating margin was 4.8% in FY2023

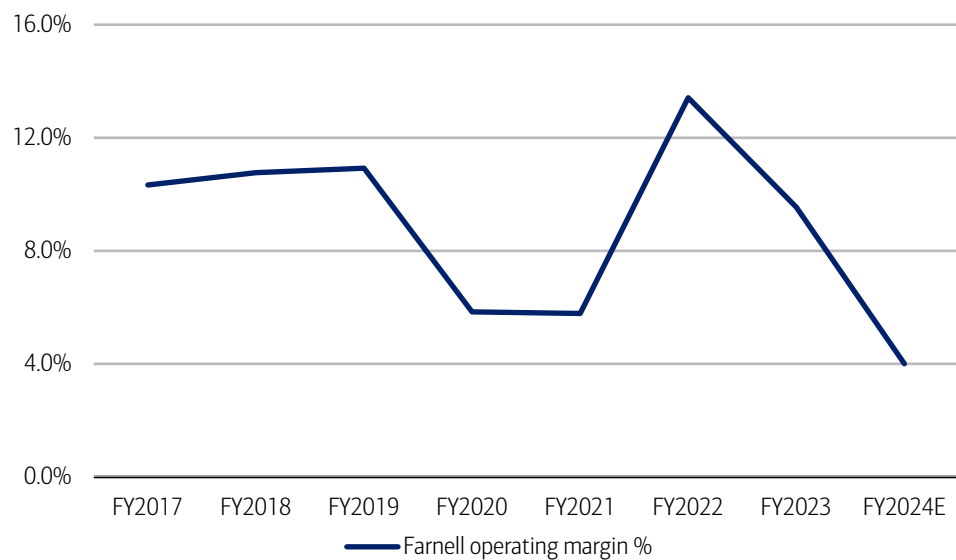


Source: Company reports, BofA Global Research estimates

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Figure 7: AVT Farnell segment operating margin

AVT's Farnell segment operating margin was 9.5% in FY2023



Source: Company reports, BofA Global Research estimates

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Abbreviations:

EC: Electronics Components segment

Farnell: AVT's catalogue business segment

OM: Operating Margin

CC: Constant Currency

n-t: Near-term

l-t: Long-term

IP&E: Interconnect, Passive & Electromechanical Solutions

Model

Figure 8: AVT Income Statement

We model F24 revenue/EPS of \$23.8bn/\$5.30

AVT	F2023					F2024E								
(\$ Millions Except EPS)	9/22	12/22	3/23	6/23	9/23	12/23	3/24E	6/24E	F2022	F2023	F2024E	F2025E	F2026E	
Income Statement														
Total Revenue	\$6,750.1	\$6,717.5	\$6,514.6	\$6,554.6	\$6,335.6	\$6,204.9	\$5,582.3	\$5,700.1	\$24,310.7	\$26,536.9	\$23,823.0	\$24,483.9	\$25,614.8	
Electronics Marketing (EM)	6,324.2	6,309.5	6,059.6	6,109.2	5,914.4	5,812.1	5,197.4	5,322.8	22,503.3	24,802.6	22,246.8	22,857.7	23,762.3	
Premier Farnell	425.9	408.0	455.0	445.4	421.2	392.8	384.9	377.2	1,807.4	1,734.3	1,576.2	1,626.2	1,852.4	
Cost of Goods	5,982.0	5,933.4	5,702.8	5,736.6	5,587.5	5,498.7	4,923.6	4,999.0	21,345.3	23,354.7	21,008.8	21,454.2	22,226.6	
Gross Profit	768.2	784.1	811.8	818.0	748.1	706.2	658.7	701.1	2,965.4	3,182.1	2,814.1	3,029.6	3,388.2	
Operating Expenses (excl. Stock-based Comp)	466.0	471.2	488.6	496.7	477.1	453.4	445.1	477.3	1,943.1	1,922.5	1,852.9	1,872.1	2,159.3	
Operating Income (excl. Stock-based Comp)	302.2	312.9	323.2	321.3	271.1	252.8	213.6	223.8	1,022.3	1,259.7	961.2	1,157.6	1,228.8	
Stock-based Compensation Expense	8.9	12.4	8.7	8.7	9.4	10.6	9.5	9.7	36.7	38.8	39.2	41.8	43.7	
Operating Income (Incl. Stock-based Comp)	293.3	300.5	314.5	312.6	261.7	242.2	204.0	214.0	985.6	1,220.9	922.0	1,115.7	1,185.1	
Other Inc/(Exp), net	0.3	1.5	1.7	6.5	6.0	0.8	3.7	4.2	(0.4)	9.9	14.7	14.1	14.2	
Interest Expense/(Income)	45.1	59.0	71.7	75.1	70.8	74.3	74.4	77.6	100.4	250.9	297.0	307.8	304.9	
Pretax Income	257.4	255.4	253.2	252.7	206.2	179.3	142.9	150.4	921.6	1,018.7	678.9	863.9	938.2	
Taxes	59.2	60.3	62.0	54.6	49.5	43.0	34.3	36.1	201.4	236.2	162.9	207.3	225.2	
Net Inc. before Charge	198.2	195.1	191.2	198.1	156.7	136.3	108.6	114.3	720.2	782.6	515.9	656.5	713.0	
Adjusted Earnings (SBC Adj.)	191.4	185.6	184.6	191.2	149.6	128.2	101.4	106.9	691.5	752.8	486.1	624.8	679.7	
Operating EPS (pre-SBC)	\$2.07	\$2.10	\$2.07	\$2.14	\$1.68	\$1.48	\$1.19	\$1.26	\$7.23	\$8.38	\$5.62	\$7.24	\$7.86	
Adjusted EPS (Options Adj)	\$2.00	\$2.00	\$2.00	\$2.06	\$1.61	\$1.40	\$1.11	\$1.18	\$6.93	\$8.06	\$5.30	\$6.89	\$7.50	
Diluted Shares Outstdg. (MM)	95.6	92.8	92.5	92.6	93.2	91.8	91.0	90.7	99.8	93.4	91.7	90.7	90.7	
Income Statement (Cont'd)														
% Growth Rates														
Revenue (Yr-Yr)	21%	15%	0%	3%	(6%)	(8%)	(14%)	(13%)	24%	9%	(10%)	3%	5%	
Organic Revenue (Yr-Yr)	21%	15%	0%	3%	(6%)	(8%)	(14%)	(13%)	24%	9%	(10%)	3%	5%	
Operating Expense (Yr-Yr)	(1%)	(3%)	(2%)	3%	2%	(4%)	(9%)	(4%)	8%	(1%)	(4%)	1%	15%	
Op. Income (Yr-Yr)	64%	39%	4%	9%	(11%)	(19%)	(35%)	(32%)	142%	24%	(24%)	21%	6%	
Operating EPS (Yr-Yr)	61%	33%	(7%)	0%	(19%)	(29%)	(42%)	(41%)	144%	16%	(33%)	29%	9%	
% of Revenues														
Gross Profit	11.4%	11.7%	12.5%	12.5%	11.8%	11.4%	11.8%	12.3%	12.2%	12.0%	11.8%	12.4%	13.2%	
Operating Expense	6.9%	7.0%	7.5%	7.6%	7.5%	7.3%	8.0%	8.4%	8.0%	7.2%	7.8%	7.6%	8.4%	
EBIT (pre-SBC)	4.5%	4.7%	5.0%	4.9%	4.3%	4.1%	3.8%	3.9%	4.2%	4.7%	4.0%	4.7%	4.8%	
SBC Expense	0.1%	0.2%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	
Operating Income (post-SBC)	4.3%	4.5%	4.8%	4.8%	4.1%	3.9%	4.4%	3.8%	4.1%	4.6%	3.9%	4.6%	4.6%	
Pretax Income	3.8%	3.8%	3.9%	3.9%	3.3%	2.9%	2.6%	2.6%	3.8%	3.8%	2.8%	3.5%	3.7%	
Tax Rate	23%	24%	24%	22%	24%	24%	24%	24%	22%	23%	24%	24%	24%	
Net Income (Operating, pre-SBC)	2.9%	2.9%	2.9%	3.0%	2.5%	2.2%	1.9%	2.0%	3.0%	2.9%	2.2%	2.7%	2.8%	
Net Income (Operating, post-options)	2.8%	2.8%	2.8%	2.9%	2.4%	2.1%	1.8%	1.9%	2.8%	2.8%	2.0%	2.6%	2.7%	

Source: Company reports, BofA Global Research estimates

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Price objective basis & risk

Avnet Inc. (AVT)

Our PO of \$50 is based on about 8x our EV/C24E EBITDA. Our target multiple is slightly higher than the median 7x of the long-term range of 5-10x. We feel this multiple balances near-term risk (lower revenue given weak economic environment, channel inventory correction, impact of COVID-19, impact of prior supplier disengagements, and impact of component shortages) with longer term opportunity to grow margins in Avnet's Farnell business segment and as its demand creation and supply chain services grow and generate meaningful revenue.

Downside risks: (1) component shortages impacting revenue, (2) inability to realize expected cost savings from restructuring, (3) longer than expected timeframe to make up the revenue lost from disengagement of Texas Instruments and Maxim, and higher than expected revenue impact from COVID-19, (4) a greater than expected slowdown of the semiconductor cycle, which would slow organic growth, (5) mis-execution with any future M&A, and (6) other vendors deciding to go direct to customers by-passing distribution

Upside risks: (1) faster than expected economic recovery and margin improvement, (2) higher share gains, (3) strong pickup in the semi cycle driven by Internet of Things (IoT), (4) greater than expected margin accretion from restructuring, (5) cross selling opportunities with Premier Farnell in high margin demand creation business, and (6) further buybacks.

Analyst Certification

I, Ruplu Bhattacharya, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amphenol	APH	APH US	Wamsi Mohan
	Apple Inc.	AAPL	AAPL US	Wamsi Mohan
	Corning Inc.	GLW	GLW US	Wamsi Mohan
	Dell Technologies Inc.	DELL	DELL US	Wamsi Mohan
	Flex Ltd.	FLEX	FLEX US	Ruplu Bhattacharya
	HP Inc.	HPQ	HPQ US	Wamsi Mohan
	International Business Machines Corp.	IBM	IBM US	Wamsi Mohan
	Jabil Inc.	JBL	JBL US	Ruplu Bhattacharya
	Nutanix Inc	NTNX	NTNX US	Wamsi Mohan
	Roku, Inc.	ROKU	ROKU US	Ruplu Bhattacharya
	Seagate Technology	STX	STX US	Wamsi Mohan
	Sensata Technologies Holdings Plc	ST	ST US	Wamsi Mohan
	TD Synnex Corp	SNX	SNX US	Ruplu Bhattacharya
	TE Connectivity Ltd.	TEL	TEL US	Wamsi Mohan
	Teradata Corporation	TDC	TDC US	Wamsi Mohan
	Western Digital Corporation	WDC	WDC US	Wamsi Mohan
NEUTRAL				
	Arrow Electronics Inc.	ARW	ARW US	Ruplu Bhattacharya
	Avnet Inc.	AVT	AVT US	Ruplu Bhattacharya
	CDW Corp	CDW	CDW US	Ruplu Bhattacharya
	Concentrix Corporation	CNXC	CNXC US	Ruplu Bhattacharya
	Hewlett-Packard Enterprise	HPE	HPE US	Wamsi Mohan
	Pure Storage	PSTG	PSTG US	Wamsi Mohan



US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
UNDERPERFORM	DigitalOcean	DOCN	DOCN US	Wamsi Mohan
	NetApp Inc.	NTAP	NTAP US	Wamsi Mohan
	Sanmina Corporation	SANM	SANM US	Ruplu Bhattacharya
	Vishay Intertechnology, Inc.	VSH	VSH US	Ruplu Bhattacharya
	Vizio	VZIO	VZIO US	Wamsi Mohan

iQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities
Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales
Basic EBIT + Depreciation + Amortization

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Avnet (AVT) Price Chart



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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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