

AVNET INC
Form 10-Q
May 01, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

Commission File #1-4224

AVNET, INC.

Incorporated in New York

IRS Employer Identification No. 11-1890605

2211 South 47th Street, Phoenix, Arizona 85034

(480) 643-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

As of April 19, 2018, the total number of shares outstanding of the registrant's Common Stock was 117,981,593 shares, net of treasury shares.

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

AVNET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2018	July 1, 2017
	(Thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 430,065	\$ 836,384
Marketable securities	75,051	281,326
Receivables, less allowances of \$50,821 and \$47,272, respectively	3,552,531	3,337,624
Inventories	3,261,897	2,824,709
Prepaid and other current assets	305,067	253,765
Total current assets	7,624,611	7,533,808
Property, plant and equipment, net	520,922	519,575
Goodwill	1,026,542	1,148,347
Intangible assets, net	258,267	277,291
Other assets	281,588	220,568
Total assets	\$ 9,711,930	\$ 9,699,589
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 101,979	\$ 50,113
Accounts payable	2,091,082	1,861,635
Accrued expenses and other	576,385	542,023
Total current liabilities	2,769,446	2,453,771
Long-term debt	1,488,706	1,729,212
Other liabilities	498,957	334,538
Total liabilities	4,757,109	4,517,521
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Common stock \$1.00 par; authorized 300,000,000 shares; issued 118,630,784 shares and 123,080,952 shares, respectively	118,631	123,081
Additional paid-in capital	1,519,975	1,503,490
Retained earnings	3,313,914	3,799,363

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Accumulated other comprehensive income (loss)	2,301	(243,866)
Total shareholders' equity	4,954,821	5,182,068
Total liabilities and shareholders' equity	\$ 9,711,930	\$ 9,699,589

See notes to consolidated financial statements.

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AVNET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Third Quarters Ended		Nine Months Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
	(Thousands, except per share amounts)			
Sales	\$ 4,795,093	\$ 4,441,896	\$ 13,977,672	\$ 12,833,559
Cost of sales	4,141,556	3,811,910	12,109,120	11,094,733
Gross profit	653,537	629,986	1,868,552	1,738,826
Selling, general and administrative expenses	501,378	480,190	1,476,263	1,275,417
Goodwill impairment expense (Note 4)	181,440	—	181,440	—
Restructuring, integration and other expenses	25,120	35,513	108,277	95,382
Operating (loss) income	(54,401)	114,283	102,572	368,027
Other income (expense), net	8,384	19,439	24,725	(30,809)
Interest expense	(26,046)	(27,534)	(75,746)	(81,518)
Income (loss) from continuing operations before taxes	(72,063)	106,188	51,551	255,700
Income tax expense	243,541	16,268	252,179	65,627
Income (loss) from continuing operations, net of tax	(315,604)	89,920	(200,628)	190,073
Income (loss) from discontinued operations, net of tax	(4,462)	181,851	(14,411)	253,759
Net (loss) income	(320,066)	271,771	(215,039)	443,832
Earnings (loss) per share - basic:				
Continuing operations	\$ (2.64)	\$ 0.70	\$ (1.66)	\$ 1.48
Discontinued operations	(0.04)	1.42	(0.12)	1.98
Net (loss) income per share basic	(2.68)	2.12	(1.78)	