# Avnet, Inc. (AVT)

*Updated August 9th, 2025, by Yiannis Zourmpanos*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $52 | **5 Year CAGR Estimate:** | 2.8% | **Market Cap:** | $4.2 B |
| **Fair Value Price:** | $41 | **5 Year Growth Estimate:** | 5.0% | **Ex-Dividend Date:** | 09/11/25[1] |
| **% Fair Value:** | 128% | **5 Year Valuation Multiple Estimate:** | -4.8% | **Dividend Payment Date:** | 09/25/25[2] |
| **Dividend Yield:** | 2.5% | **5 Year Price Target** | $52 | **Years Of Dividend Growth:** | 12 |
| **Dividend Risk Score:** | C | **Sector:** | Information Technology | **Rating:** | Hold |

## Overview & Current Events

Avnet Inc. (AVT) is a global distributor of electronic components and technology solutions, connecting semiconductors and other components suppliers to customers in 140 countries. Avnet is the third largest semiconductor distributor in the world and the largest for European chip distribution. The company has two main operating segments: the Electronic Components segment, which sells electrical components, semiconductors, interconnect, passive and electromechanical components, and the Farnell segment, which sells kits, tools, test measurement, and electronic components. The Electronic Components segment is the primary segment of the company, constituting of more than 90% of sales, while the Farnell segment contributes the remainder. The company operates across the Americas, Europe, the Middle East, Africa (EMEA), and Asia/Pacific regions.

On August 6th, 2025, Avnet announced Q4 2025 results, reporting non-GAAP adjusted diluted EPS of $0.81, which beat estimates by $0.09. The company reported revenue of $5.6 billion, which was flat year-over-year.

Adjusted operating margin declined to 2.5% from 3.5% a year ago. The company generated $139 million in operating cash flow and returned $78 million to shareholders via dividends and buybacks. Farnell posted a 3% sales increase and expanded its operating margin by 25 basis points to 4.3%.

For fiscal 2025, Avnet delivered $22.2 billion in revenue, down from $23.8 billion in the prior year, with adjusted EPS of $3.44 versus $5.34. Operating cash flow reached $725 million, aided by a $414 million inventory reduction. The company returned $414 million to shareholders, including $301 million in repurchases representing 6.7% of shares outstanding. Looking ahead, Q1 FY2026 guidance calls for sales of $5.55–$5.85 billion and adjusted EPS of $0.75–$0.85, implying ~2% sequential growth. Management remains optimistic about continued Asia momentum and Farnell's recovery as fiscal 2026 begins.

## Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $4.22 | $3.24 | $3.55 | $4.11 | $2.02 | $2.70 | $6.93 | $8.37 | $5.43 | $2.75 | ***$5.09*** | ***$6.50*** |
| **DPS** | $0.17 | $0.18 | $0.19 | $0.20 | $0.21 | $0.21 | $0.26 | $1.16 | $1.24 | $1.24 | ***$1.32*** | ***$1.68*** |
| **Shares[3]** | 127.4 | 123.1 | 115.8 | 104.0 | 98.8 | 99.6 | 97.3 | 97.3 | 91.8 | 87.4 | ***83.8*** | ***68.0*** |

Avnet has suffered some recent setbacks that have hurt its profitability and EPS growth. Starting in 2016, the company suffered from a failed implementation of a new ERP system in North America that has prolonged impacted the firm's profitability and efficiency. Management's mistakes and poor execution are reflected in the financials as the EPS dropped from $4.49 in 2015 to $2.02 in 2020. However, the company experienced significant EPS and profitability growth in 2022.

We expect the company to continue its growth, but at a moderate pace, since despite the operational challenges, the company has a robust business model and will continue to do well in the coming years. The company has consistently reported double-digit revenue growth and has surpassed market expectations on EPS. Therefore, we used the midpoint of analysts' EPS estimates of $5.09 for 2026 and expect an annual EPS growth rate of 5.0% over the next five years,

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[1] Estimated ex-dividend date

[2] Estimated dividend payment date

[3] Shares in millions.

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leading to our estimated EPS of $6.50 by the end of the fiscal year 2031. Finally, we expect the company to maintain a healthy dividend distribution and forecast a dividend payment of $1.68 in 2030.

## Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Avg. P/E | 10.02 | 12.59 | 11.84 | 10.49 | 14.34 | 14.73 | 6.17 | 5.60 | 10.13 | 18.35 | ***10.2*** | ***8.00*** |
| Avg. Yld. | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 | 0.01 | 0.02 | 0.02 | 40.70 | ***2.5%*** | ***3.2%*** |

Avnet currently trades at a forward P/E of 10.2, higher than its normalized 10-year average P/E of 11.4 and five-year average P/E of 11.0. Even though the company operates in the cyclical sector and earnings growth has not been consistent, we believe it will continue to benefit from the robust demand for its products in the communication and defense market. That said, we believe a P/E ratio of 8.0 would be a fair reflection of the business, in our view, which results in a five-year price target of $52.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

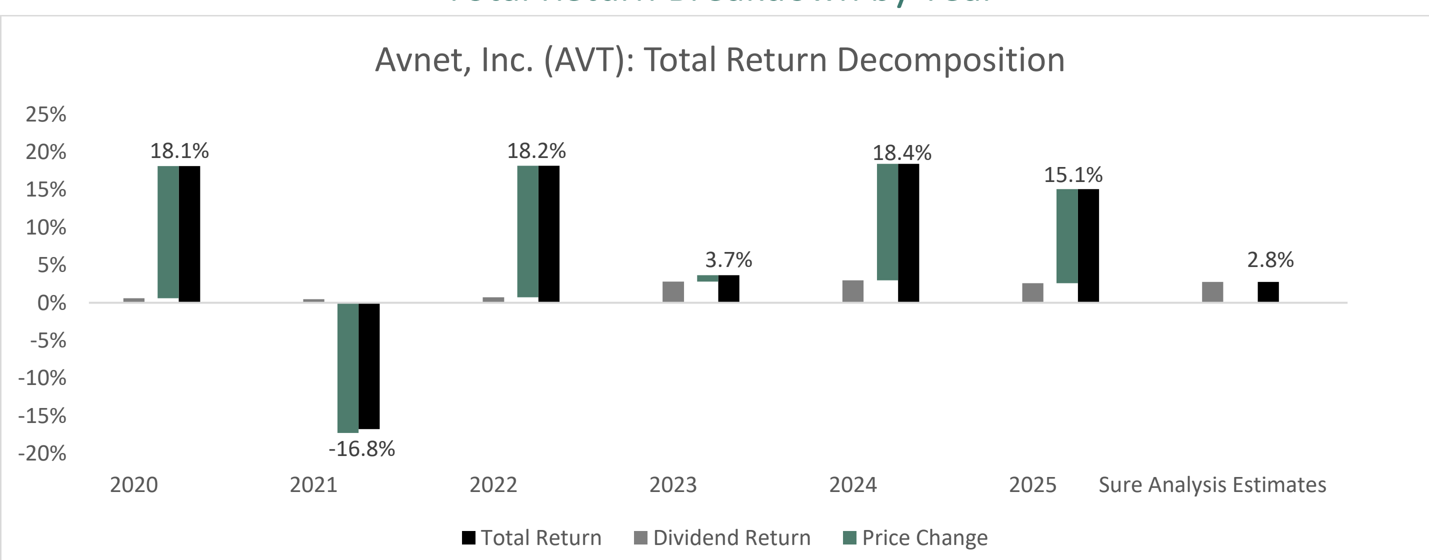
| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Payout | 4% | 6% | 5% | 5% | 10% | 8% | 4% | 14% | 23% | 45% | ***26%*** | ***26%*** |

Avnet holds a competitive advantage as a global distributor of electronic components and solutions, benefiting from a vast network and industry expertise. Its recession performance has historically demonstrated resilience due to its diversified customer base spanning various sectors. However, its debt levels have fluctuated, impacting financial flexibility. Overall, AVT's competitive positioning and adaptable business model contribute to its stability during economic downturns, although debt management remains crucial for sustained growth. Avnet has paid increasing dividends over the past 12 years, with the payout ratio averaging 12%. The company has also been committed to increasing shareholder value by delivering a reliable dividend and continued share repurchases. During Q4, Avnet repurchased $50 million of its shares in Q4, representing approximately 1.3% of shares outstanding.

## Final Thoughts & Recommendation

Although Avnet has suffered from implementation failures that have impacted its efficiency and profitability, the company remains the third largest chip distributor globally. Moreover, it holds the top market share in Europe. However, we maintain our hold rating premised our total annual return projection of 2.8% for the medium-term, derived from the forecasted earnings-per-share growth of 5.0%, a dividend yield of 2.5%, and multiple compression.

## Total Return Breakdown by Year

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## Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 17,655 | 16,741 | 17,440 | 19,037 | 19,519 | 17,634 | 19,535 | 24,310 | 26,540 | 23,760 |
| Gross Profit | 2,210 | 2,078 | 2,369 | 2,527 | 2,486 | 2,063 | 2,241 | 2,965 | 3,182 | 2,766 |
| Gross Margin | 12.5% | 12.4% | 13.6% | 13.3% | 12.7% | 11.7% | 11.5% | 12.2% | 12.0% | 11.6% |
| SG&A Exp. | 1,515 | 1,460 | 1,788 | 1,991 | 1,875 | 1,842 | 1,875 | 1,995 | 1,967 | 1,870 |
| D&A Exp. | 82 | 80 | 155 | 235 | 181 | 243 | 189 | 155 | 143 | 141 |
| Operating Profit | 695 | 618 | 581 | 536 | 611 | 221 | 366 | 971 | 1,215 | 897 |
| Op. Margin | 3.9% | 3.7% | 3.3% | 2.8% | 3.1% | 1.3% | 1.9% | 4.0% | 4.6% | 3.8% |
| Net Profit | 572 | 507 | 525 | (156) | 176 | (31) | 193 | 692 | 771 | 499 |
| Net Margin | 3.2% | 3.0% | 3.0% | -0.8% | 0.9% | -0.2% | 1.0% | 2.8% | 2.9% | 2.1% |
| Free Cash Flow | 451 | 87 | (489) | 98 | 412 | 657 | 41 | (268) | (908) | 464 |
| Income Tax | 86 | 87 | 47 | 288 | 60 | (99) | (20) | 141 | 212 | 134 |

## Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 10,800 | 11,240 | 9,700 | 9,597 | 8,565 | 8,105 | 8,925 | 10,390 | 12,480 | 12,210 |
| Cash & Equivalents | 933 | 1,031 | 836 | 621 | 546 | 477 | 200 | 154 | 288 | 311 |
| Acc. Receivable | 5,054 | 2,770 | 3,338 | 3,641 | 3,168 | 2,928 | 3,576 | 4,301 | 4,764 | 4,391 |
| Inventories | 2,482 | 2,560 | 2,825 | 3,142 | 3,008 | 2,732 | 3,237 | 4,244 | 5,465 | 5,469 |
| Goodwill & Int. | 1,378 | 644 | 1,426 | 1,201 | 1,020 | 839 | 867 | 771 | 781 | 781 |
| Total Liabilities | 6,115 | 6,549 | 4,518 | 4,912 | 4,424 | 4,379 | 4,841 | 6,196 | 7,725 | 7,284 |
| Accounts Payable | 3,338 | 1,591 | 1,862 | 2,269 | 1,864 | 1,754 | 2,401 | 3,432 | 3,374 | 3,346 |
| Long-Term Debt | 1,978 | 2,492 | 1,779 | 1,655 | 1,720 | 1,425 | 1,214 | 1,612 | 3,059 | 2,899 |
| Total Equity | 4,685 | 4,691 | 5,182 | 4,685 | 4,140 | 3,726 | 4,084 | 4,193 | 4,752 | 4,926 |
| LTD/E Ratio | 0.42 | 0.53 | 0.34 | 0.35 | 0.42 | 0.38 | 0.3 | 0.38 | 0.64 | 0.59 |

## Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 5.2% | 4.6% | 5.0% | -1.6% | 1.9% | -0.4% | 2.3% | 7.2% | 6.7% | 4.0% |
| Return on Equity | 11.9% | 10.8% | 10.6% | -3.2% | 4.0% | -0.8% | 4.9% | 16.7% | 17.2% | 10.3% |
| ROIC | 8.4% | 7.3% | 7.4% | -2.4% | 2.9% | -0.6% | 3.7% | 12.5% | 11.3% | 6.4% |
| Shares Out. | 134.5 | 127.4 | 123.1 | 115.8 | 104.0 | 98.8 | 99.6 | 99.8 | 93.4 | 91.8 |
| Revenue/Share | 127.21 | 125.71 | 135.56 | 158.76 | 176.16 | 175.51 | 195.02 | 243.55 | 284.22 | 258.69 |
| FCF/Share | 3.25 | 0.65 | (3.80) | 0.81 | 3.72 | 6.54 | 0.41 | (2.69) | (9.73) | 5.05 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*