



Fourth-Quarter and Year-End 2021 Earnings Conference Call

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Earnings Reconciliation

(\$ in thousands, except per share data)

Three months ended December 31, 2021

	REPORTED GAAP MEASURE	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CHARGES	AFS RESERVES & RECOVERIES	IMPACT OF WIND DOWN	OTHER ⁽¹⁾	NON-GAAP MEASURE
Sales	\$ 9,016,077	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,016,077
Gross Profit	1,196,378	—	—	—	—	—	1,196,378
Operating income	511,932	9,086	3,754	—	—	—	524,772
Income before income taxes	479,326	9,086	3,754	—	—	(2,046)	490,120
Provision for income taxes	107,838	2,337	854	—	—	(492)	110,537
Consolidated net income	371,488	6,749	2,900	—	—	(1,554)	379,583
Noncontrolling interests	280	143	—	—	—	—	423
Net income attributable to shareholders	\$ 371,208	\$ 6,606	\$ 2,900	\$ —	\$ —	\$ (1,554)	\$ 379,160
Net income per diluted share ⁽²⁾	\$ 5.26	\$ 0.09	\$ 0.04	\$ —	\$ —	\$ (0.02)	\$ 5.37
Effective tax rate	22.5 %						22.6 %

Three months ended December 31, 2020

	REPORTED GAAP MEASURE	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CHARGES ⁽²⁾	AFS RESERVES & RECOVERIES	IMPACT OF WIND DOWN	OTHER ⁽¹⁾	NON-GAAP MEASURE
Sales	\$ 8,454,192	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,454,192
Gross Profit	923,686	—	—	—	(33)	—	923,653
Operating income	321,412	9,376	6,340	(840)	(417)	—	335,871
Income before income taxes	296,318	9,376	6,340	(840)	(412)	(8,531)	302,251
Provision for income taxes	59,342	2,405	(918)	(201)	102	(2,053)	58,677
Consolidated net income	236,976	6,971	7,258	(639)	(514)	(6,478)	243,574
Noncontrolling interests	905	148	—	—	—	—	1,053
Net income attributable to shareholders	\$ 236,071	\$ 6,823	\$ 7,258	\$ (639)	\$ (514)	\$ (6,478)	\$ 242,521
Net income per diluted share ⁽²⁾	\$ 3.08	\$ 0.09	\$ 0.09	\$ (0.01)	\$ (0.01)	\$ (0.08)	\$ 3.17
Effective tax rate	20.0 %						19.4 %

Three months ended October 2, 2021

	REPORTED GAAP MEASURE	INTANGIBLE AMORTIZATION EXPENSE	RESTRUCTURING & INTEGRATION CREDITS	AFS RESERVES & RECOVERIES	IMPACT OF WIND DOWN	OTHER ⁽¹⁾	NON-GAAP MEASURE
Sales	\$ 8,512,391	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,512,391
Gross Profit	1,075,772	—	—	—	—	—	1,075,772
Operating income	404,865	9,202	(3,030)	—	—	—	411,037
Income before income taxes	373,479	9,202	(3,030)	—	—	(1,386)	378,265
Provision for income taxes	82,929	2,353	(689)	—	—	(334)	84,259
Consolidated net income	290,550	6,849	(2,341)	—	—	(1,052)	294,006
Noncontrolling interests	523	147	—	—	—	—	670
Net income attributable to shareholders	\$ 290,027	\$ 6,702	\$ (2,341)	\$ —	\$ —	\$ (1,052)	\$ 293,336
Net income per diluted share ⁽²⁾	\$ 4.00	\$ 0.09	\$ (0.03)	\$ —	\$ —	\$ (0.01)	\$ 4.04
Effective tax rate	22.2 %						22.3 %

(1) Other includes gain on investments, net.

(2) The sum of the components for non-GAAP diluted EPS may not agree to totals, as presented, due to rounding.

Return on Working Capital Reconciliation

(\$ in thousands)

	QUARTER ENDED		YEAR ENDED	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Numerator:	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Consolidated operating income, as reported	\$ 511,932	\$ 321,412	\$ 1,556,822	\$ 894,511
	x4	x4	x1	x1
Annualized after-tax consolidated operating income, as adjusted	\$ 2,047,728	\$ 1,285,648	\$ 1,556,822	\$ 894,511
Non-GAAP consolidated operating income	\$ 524,772	\$ 335,871	\$ 1,609,145	\$ 936,915
	x4	x4	x1	x1
Annualized non-GAAP consolidated operating income	\$2,099,088	\$ 1,343,484	\$ 1,609,145	\$ 936,915
Denominator:				
Accounts receivable, net ⁽¹⁾	11,123,946	9,205,343	9,401,688	8,283,552
Inventories ⁽¹⁾	4,201,965	3,287,308	3,647,146	3,351,088
Less: Accounts payable ⁽¹⁾	9,617,084	7,937,889	8,046,357	7,092,575
Working capital	5,708,827	4,554,762	5,002,477	4,542,065
Return on working capital	35.9 %	28.2 %	31.1 %	19.7 %
Return on working capital (non-GAAP)	36.8 %	29.5 %	32.2 %	20.6 %

(1) The year end balance is an average balance based on the addition of the account balance at the end of the five most recently-ended quarters and dividing by five.

Return on Invested Capital Reconciliation

(\$ in thousands)

	QUARTER ENDED		YEAR ENDED	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Numerator:				
Consolidated operating income, as reported	\$ 511,932	\$ 321,412	\$ 1,556,822	\$ 894,511
Equity in earnings (losses) of affiliated companies ⁽¹⁾	1,323	(839)	3,508	(531)
Less: Noncontrolling interests ⁽¹⁾	280	905	2,271	2,026
Consolidated operating income, as adjusted	512,975	319,668	1,558,059	891,954
Less: Tax effect ⁽²⁾	115,472	64,193	354,044	203,511
After-tax consolidated operating income, as adjusted	397,503	255,475	1,204,015	688,443
	x4	x4	x1	x1
Annualized after-tax consolidated operating income, as adjusted	\$ 1,590,012	\$ 1,021,900	\$ 1,204,015	\$ 688,443
 Non-GAAP consolidated operating income	\$ 524,772	\$ 335,871	\$ 1,609,145	\$ 936,915
Equity in earnings (losses) of affiliated companies ⁽¹⁾	1,323	(839)	3,508	(531)
Less: Noncontrolling interests ⁽¹⁾	280	905	2,271	2,026
Non-GAAP consolidated operating income, as adjusted	525,815	334,127	1,610,382	934,358
Less: Tax Effect ⁽³⁾	118,667	65,037	366,746	214,779
After-tax non-GAAP consolidated operating income, as adjusted	407,148	269,090	1,243,636	719,579
	x4	x4	x1	x1
Annualized after-tax non-GAAP consolidated operating income, as adjusted	\$ 1,628,592	\$ 1,076,360	\$ 1,243,636	\$ 719,579
Denominator:				
Average short-term borrowings, including current portion of long-term debt ⁽⁴⁾	\$ 368,267	\$ 162,381	\$ 322,696	\$ 255,538
Average long-term debt ⁽⁴⁾	2,142,102	2,097,841	2,034,077	2,231,394
Average total equity ⁽⁴⁾	5,289,237	4,993,362	5,233,267	4,850,535
Less: Average cash and cash equivalents	219,063	300,317	256,702	261,513
Invested capital	\$ 7,580,543	\$ 6,953,267	\$ 7,333,338	\$ 7,075,954
 Return on invested capital	21.0 %	14.7 %	16.4 %	9.7 %
Return on invested capital (non-GAAP)	21.5 %	15.5 %	17.0 %	10.2 %

(1) Operating income, as reported, and non-GAAP operating income is adjusted for noncontrolling interest and equity in losses of affiliated companies to include the pro-rata ownership of non-wholly owned subsidiaries.

(2) The tax effect is calculated by applying the effective tax rate for the three months and year ended December 31, 2021 and 2020 to consolidated operating income, as adjusted less interest expense.

(3) The tax effect is calculated by applying the non-GAAP effective tax rate for the three months and year ended December 31, 2021 and 2020 to non-GAAP consolidated operating income, as adjusted less interest expense.

(4) The quarter ended average is based on the addition of the account balance at the end of the most recently-ended quarter to the account balance at the end of the prior quarter and dividing by two. The year ended average is based on the addition of the account balance at the end of the five most recently-ended quarters and dividing by five.