


Arrow Electronics



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Rocky Mountain Model Club

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Company Overview

- Arrow Electronics, Inc. is a global provider of technology products, services and solutions
 - Electronics Components (76%)
 - Enterprise Computing Solutions
 - Intelligent Solutions } (24%)
- Value stock with growth potential in the technology sector

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Company Overview

- Connects suppliers of semiconductors, components and IT solutions to small and midsize customers
- Has deep understanding of the supplier ecosystem
 - One-stop source of multiple technologies and products
 - Value proposition
 - Creators of demand
- Strategic direction of guiding innovation forward – five years out

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Company Overview



- Sales reps focus on a specific customer segment, product line or geography
 - Provide end-to-end offerings and solutions
 - Emphasis on helping customers introduce innovative products, reduce their time to market, and enhance overall competitiveness
- Seeks to make benefits of technology available to all
- Strong commitment to empowering employees

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Company Profile

- Ticker Symbol: ARW (NYSE)
- Industry: Electronic Components and Computer Products Distribution
- Sector: Technology Distributors
- Market Capitalization: \$6.8 billion (Mid Cap)
- Founded: 1935
- Incorporated: 1946
- Public: 1961



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Company Profile, continued

- Fortune 500 Ranking (2022): 104
- Customers Worldwide: 220,000+
- Locations Worldwide: 288
- Countries Served: 90+
- Employees Worldwide 20,700

2021 SALES BY GEOGRAPHIC REGION

Region	Sales
ASIA-PACIFIC	\$12.28B
AMERICAS	\$12.71B
EMEA	\$9.49B

Defined as Europe, the Middle East and Africa

Both segments operate in the world's three largest markets

Lists ranking Arrow Electronics

- Global 500 - 2022**
Aggregate sales hit \$37.8 trillion last year—an in...
~ READ MORE
- Fortune 500 - 2022**
This year's Fortune 500 marks the 68th running of ...
~ READ MORE
- World's Most Admired Companies - 2022**
Just as it dominates our economy, Big Tech now dom...
~ READ MORE


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Examples of Markets Served

- Aerospace and Defense
- Business Intelligence
- Medical
- Cloud
- Industrial
- Mobility
- Consumer
- Lighting
- Transportation
- Power Management
- Data Center
- Security
- Internet of Things (IoT)

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Company Highlights




- Completed 45 acquisitions, which recently started to add top-line revenue and synergies
 - Most Recent: Circle IT, elnfochips, EE times, immixGroup
- Arrow returns cash to investors by frequent share repurchases (vs dividend)
- 97% of shares are owned by institutional investors
- CSR component – using technology to help people
- Outperformed the iShares Semiconductor ETF (SOXX)

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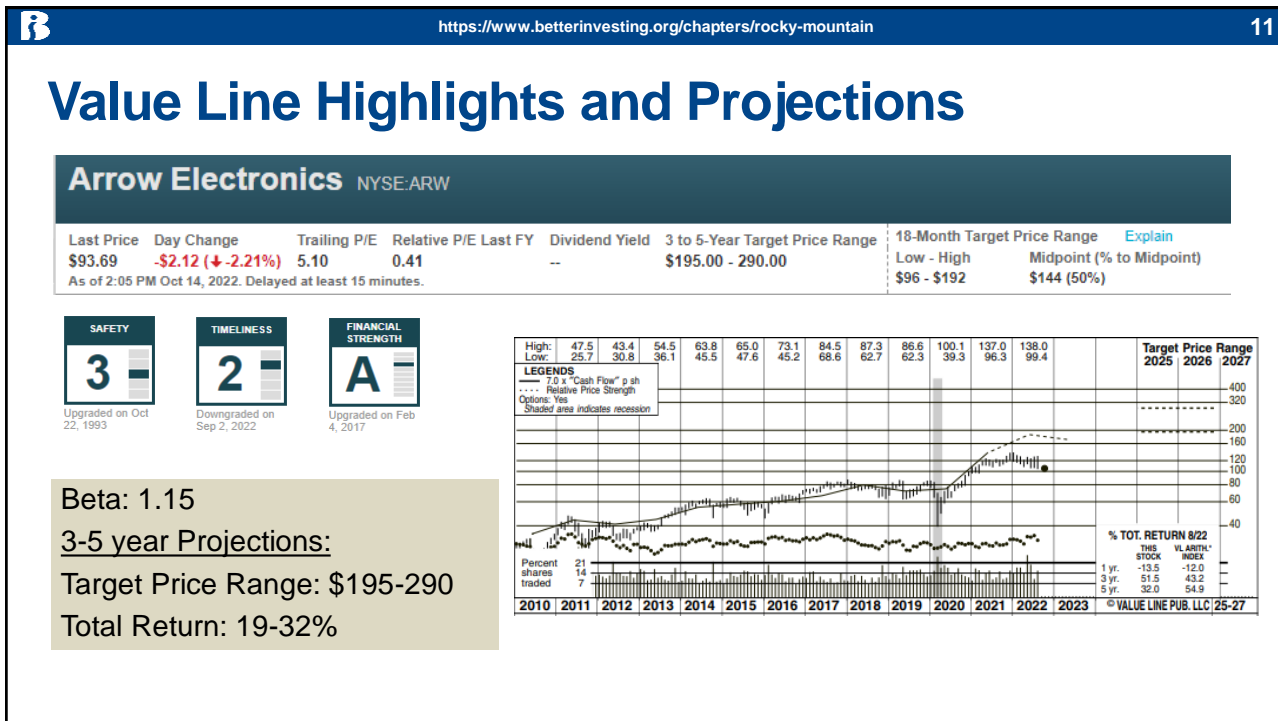
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Peer Competitors

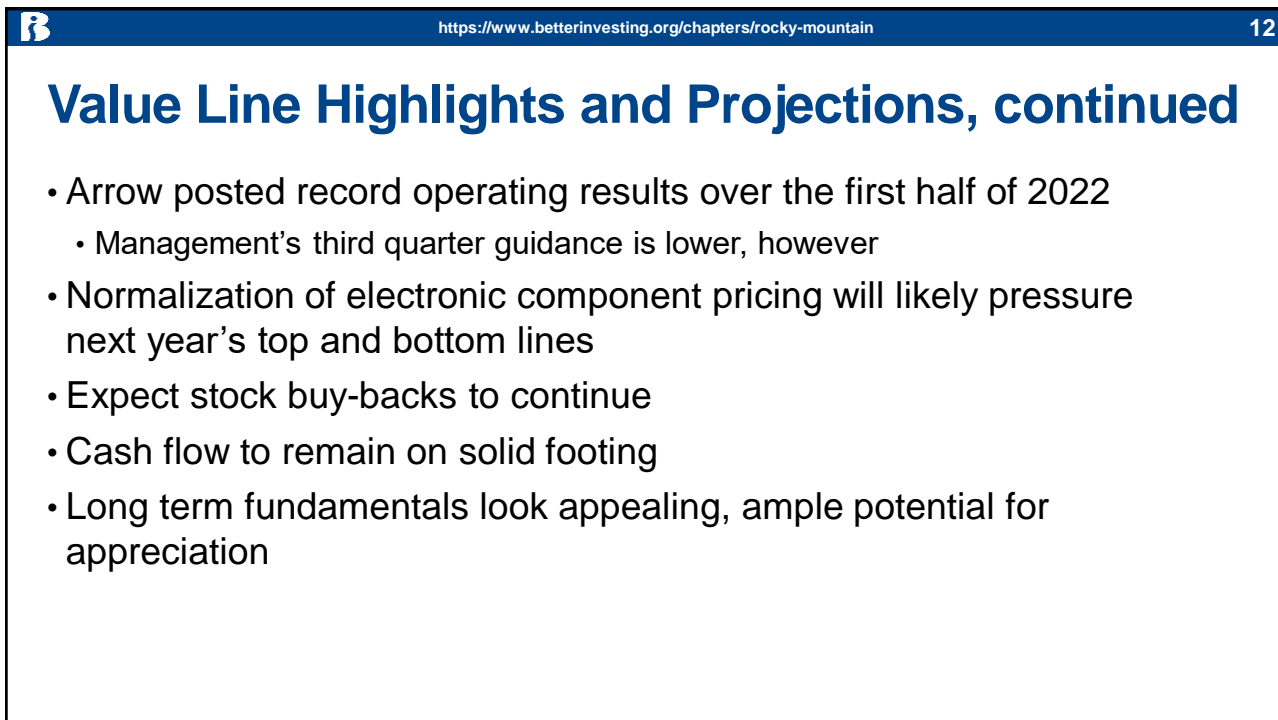
- Synnex Corporation (SNX)
- Avnet (AVT)
- Insight Enterprises (NSIT)
- PC Connection (CNXN)
- ePlus (PLUS)




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SWOT


- **S**trengths – Internal factors that may positively influence company performance
- **W**eaknesses – Internal factors that may negatively influence company performance
- **O**pportunities – External factors that may positively influence company performance
- **T**hreats – External factors that may negatively influence company performance

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Strengths

- Has key role in supply chain for electronics components
- Pricing power
- Wide range of products and services in the technology field
- Wide customer base
- Strong reputation
- Demand creation—use of a variety of mechanisms to promote the future sale of supplier’s products
- Global network of technology partners




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Weaknesses

- Product mix not optimum for supply-side challenges
- Lack of long-term sales contracts
- Highly levered with 64% debt/equity ratio
- Some of its businesses rely on a limited number of suppliers
- Only partial protection from declines in value of inventory
- Vulnerable to cyclical downturns in semiconductor market




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Opportunities

- Supply-chain constrained environment beneficial—corporate execs looking for design work, value-added services
- Mergers & acquisitions—inorganic growth potential
- Burgeoning growth in the technology sector
- Emerging tech trends, such as Internet of Things
- Growing need for cybersecurity
- Demand for cloud solutions




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Threats

- Economic uncertainty / recession
- Slowdowns in demand
- Supply chain constraints
- Susceptibility in highly volatile market conditions
- Instability of FX, other international-based risks
- High competition
- Consolidation of supplier landscape

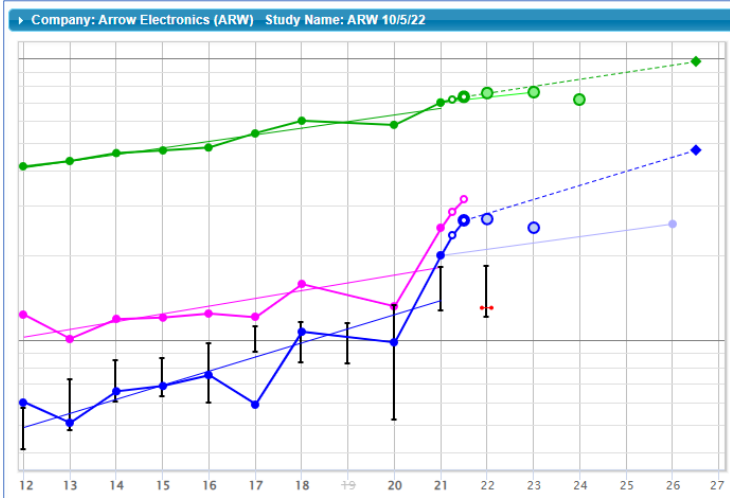


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BETTER INVESTING
Rocky Mountain Chapter

Stock Selection Guide (SSG)

Company: Arrow Electronics (ARW) Study Name: ARW 10/5/22



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Sales Growth Forecast %

Fundamental Company Data (SSG): 5.6%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth(%)	Forecast (%)	5 Yr Est
Historical Sales (\$M)	20,405	21,357	22,769	23,282	23,825	26,813	29,677	28,917	28,673	34,477	5.6%	5	52,989
Historical EPS (\$)	4.56	3.85	4.98	5.20	5.68	4.48	8.10	4.24	7.43	15.10	12.2%	8	29.55
Pre-Tax Profit (\$M)	710	582	683	692	715	694	909	112	759	1,436	6.6%		

Average Member Judgement Forecasts: 5.9%

Set	Last Update	Sales (%)	EPS (%)	High PE	High EPS	High Price	Low PE	Low EPS	Low Price	Payout (%)	Pot. Return
AVERAGE		5.9	6.9	12.24	25.56	312.64	7.95	15.31	79.88	0.0	24.3

Historical Growth Rate, 5 Year: 4.8%

Analyst Consensus Estimate, 2 Year (SSG): 4.2%

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Earnings Per Share (EPS) Growth Forecast %

Fundamental Company Data (SSG) 10 year: 12.2%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth(%)	Forecast (%)	5 Yr Est
Historical Sales (\$M)	20,405	21,357	22,769	23,282	23,825	26,813	29,677	28,917	28,673	34,477	5.6%	5	52,989
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AVERAGE		5.9	6.9	12.24	25.56	312.64	7.95	15.31	79.88	0.0	24.3

Analyst Consensus Estimate (SSG): 5.3%

Value Line Forecast (25'-27'): 17.5%

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High Price Forecast (using High P/E)

- Value Line Median P/E: 9.5
- Average BI Member Judgement (5 Yr): 12.2
- 5 Year Average HIGH P/E: 13.0
- 5 Year Average P/E: 10.9

Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2017	84.5	68.5	4.48	18.9	15.3	0.00	0.0%	0.0%
2018	87.3	62.7	8.10	10.8	7.7	0.00	0.0%	0.0%
2019	86.6	62.4	-2.44	NMF	NMF	0.00	0.0%	0.0%
2020	100.1	39.3	7.43	13.5	5.3	0.00	0.0%	0.0%
2021	137.0	96.3	15.10	9.1	6.4	0.00	0.0%	0.0%
AVERAGE		65.8		13.0	8.7		0.0%	
CURRENT/TTM			20.11	6.5	4.5	0.00	0.0%	
AVERAGE PRICE EARNINGS RATIO: 10.9				CURRENT PRICE EARNINGS RATIO: 4.9				

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Low Price Forecast

- Current 52 week low: \$91.20
- BI member sentiment (average): \$79.34
- Average low price of last 5 years: \$65.80

Determine Low Price - Next 5 Years

Select Low Stock Price Forecast:

Your Low Stock Price Forecast:

Low P/E X Low EPS Forecast: Update Low EPS Forecast using: (click to toggle)

Average Low P/E Forecast: X Low EPS Forecast: = Forecast Low Stock Price:

5 Year Average Low P/E: 8.7 TTM EPS: 20.11 Closing Price (10/04/22): 98.54

5 Year Average P/E: 10.9

Current P/E: 4.9

Recent Market Low Price:

2020 Low Stock Price: 39.3 52 Week Low Stock Price: 91.2

2021 Low Stock Price: 96.3

Average Low Price of Last Five Years:

Price Dividend Will Support: / =

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After this study, what are your thoughts?

- I already own this company
- I'm considering adding ARW to my portfolio
- ARW doesn't fit my portfolio
- I will put ARW on my watch list

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