ANION MARKETING

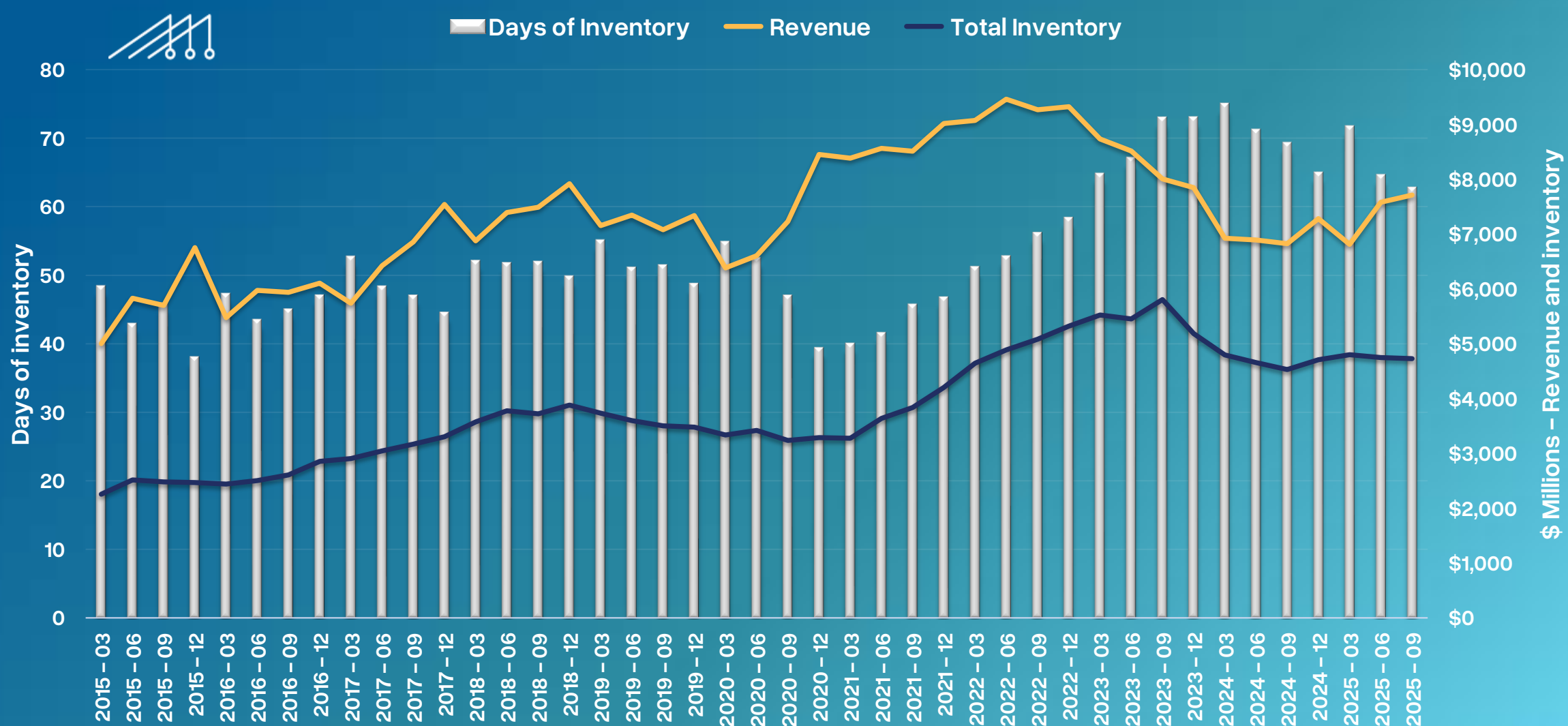Experts in Semiconductor and Technology Marketing

The 1–Minute Brief

Arrow Electronics Q3'25 Earnings

Announced on 30, Oct'25

![ANION MARKETING - Experts in Semiconductor and Technology Marketing]

Key Takeaways

1. Q3'25 sales reported was $7.7B, up 13% YoY and +2% QoQ, with contributions from both Global Components and ECS* businesses

2. For Global Components, book–to–bill remains >1, backlog is up three quarters straight, and all regions performed at or better than seasonal trends

3. Inventory remained at $4.7B with improving turns; focus remains on demand–driven stocking

4. Gross margin declined by ~70 bps YoY, affected by regional and customer mix and a $21M charge in the ECS* segment

*ECS (Enterprise Computing Solutions)

Legend: Days of Inventory | Revenue | Total Inventory

Y-axis (left): Days of inventory — 0, 10, 20, 30, 40, 50, 60, 70, 80
Y-axis (right): $ Millions – Revenue and inventory — $0, $1,000, $2,000, $3,000, $4,000, $5,000, $6,000, $7,000, $8,000, $9,000, $10,000
X-axis: 2015-03 through 2025-09 (quarterly)

Gross Margin Trend

15%

10%

10.8%

Performance Breakdown

1. **Global Components** up +12% YoY, up +5% QoQ

   Strong momentum in industrial and transportation verticals; sequential growth across semiconductors and IP&E* components
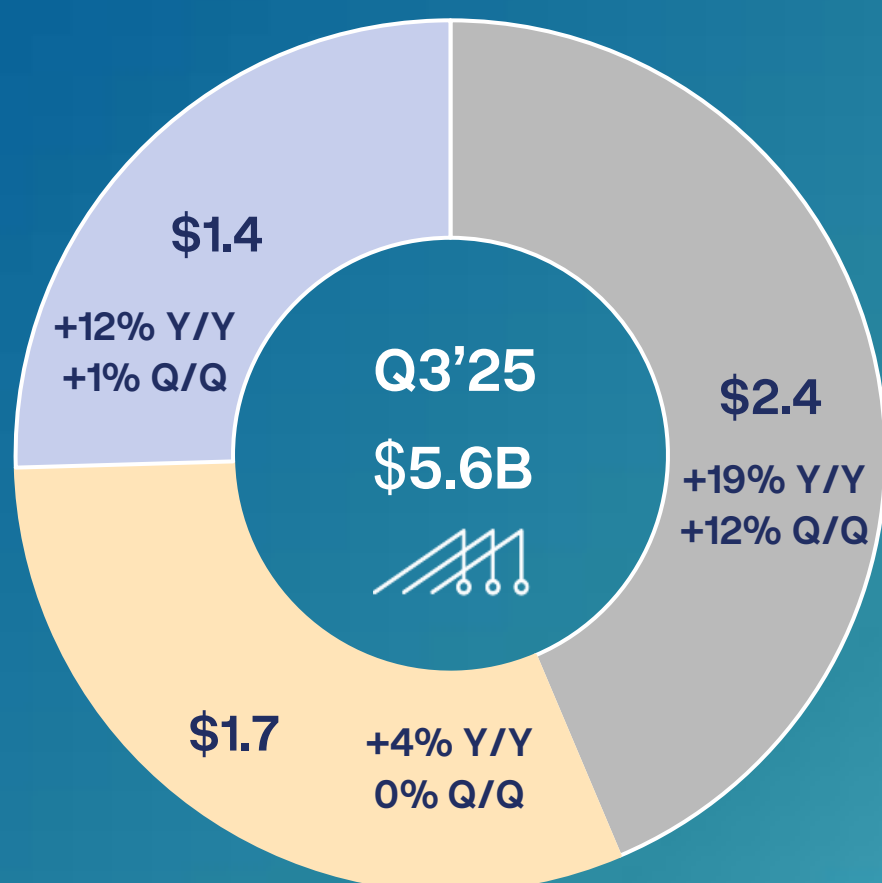
   - **Americas** — Flat sequentially

   - **APAC** — Sequential growth led by industrial, compute, consumer, and EV demand

   - **EMEA** — steady growth amid macro/geopolitical tensions

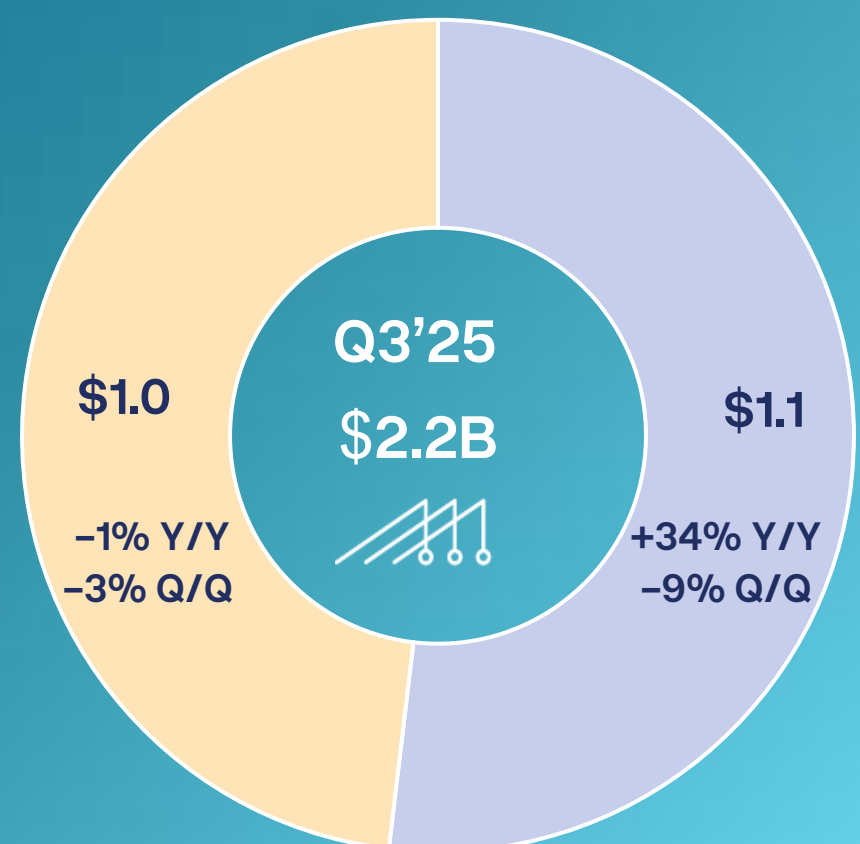2. **Enterprise Computing Solutions** up +15% YoY, down 6% QoQ

   - Strong demand in hybrid cloud, cybersecurity, data protection, and AI–related data center activity

   - Backlog up over 70% YoY, reaching an all–time high

   *IP&E– Interconnect, Passive, and Electromechanical components

Global Components

- $1.4 — +12% Y/Y, +1% Q/Q
- $2.4 — +19% Y/Y, +12% Q/Q
- $1.7 — +4% Y/Y, 0% Q/Q

Q3'25 $5.6B

Enterprise Computing Solutions

- $1.0 — −1% Y/Y, −3% Q/Q
- $1.1 — +34% Y/Y, −9% Q/Q

Q3'25 $2.2B

Legend:
- Asia Pacific
- Americas
- EMEA

Outlook

- **Midpoint guidance for Q4'25:**

	QoQ	YoY
Consolidated Sales	+5%	+11%
Global Components	−5%	+10%
Global ECS	+30%	+13%

2026 Outlook:

- Arrow expects a gradual recovery through 2026 amid macro uncertainty

- APAC remains ahead in recovery, with the West and mass–market customers expected to follow

- Persistent demand for AI, cloud, and digital transformation is expected to drive sustained growth over time

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