Sanmina

Q4 & FY'18 Results

November 15, 2018*



WHAT WE MAKE, MAKES A DIFFERENCE

Concept to Delivery / Advanced Technology / Manufacturing & Global Supply Chain Solutions / Systems & Intelligence

* Updated to reflect the Company's final financial results for the fourth quarter and fiscal year ended September 29, 2018, filed with the Securities and Exchange Commission in its Annual Report on Form 10-K and in the press release issued on November 15, 2018.

Safe Harbor Statement

Certain statements made during this presentation, including the Company's outlook for the first quarter fiscal 2019 results and statements regarding the expected impact of the new revenue recognition standard, constitute forward-looking statements within the meaning of the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from those projected in these statements as a result of a number of factors, including adverse changes to the key markets we target; significant uncertainties that can cause our future sales and net income to be variable; reliance on a small number of customers for a substantial portion of our sales; risks arising from our international operations; finalization of the manner of adoption of the new revenue recognition standard; and the other factors set forth in the Company's annual and quarterly reports filed with the Securities Exchange Commission (“SEC”). In addition, during the course of today's presentation, we will refer to certain non-GAAP financial information. The corresponding GAAP financial information and a reconciliation of the non-GAAP results disclosed during this presentation to the most directly comparable GAAP measures are included on slide 18 of this presentation.

The Company is under no obligation to (and expressly disclaims any such obligation to) update or alter any of the forward-looking statements made in this presentation, our earnings press release, the conference call or the Investor Relations section of our website whether as a result of new information, future events or otherwise, unless otherwise required by law.

Financial Results Compared to Outlook

	Q4'18 (A)	Q4'18 Outlook WAS
Revenue:	**$1.88B**	**$1.825 - $1.875B**
Non-GAAP Diluted EPS:	**$0.60**	**$0.63 - $0.69**

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Financial Results
(Unaudited)

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($ in millions, except per share data)	Three Month Period Q4'18	Q3'18	Q4'17	Twelve Month Period FY'18	FY'17
GAAP:					
Revenue	$1,876	$1,813	$1,755	$7,110	$6,869
Gross profit	$121	$119	$124	$464	$520
Operating expense	$111	$71	$81	$344	$293
Operating income	$10	$47	$43	$119	$226
Other expense	$6	$6	$3	$22	$13
Taxes	$3	$7	$14	$193	$75
Net (loss) income	$1	$34	$26	($96)	$139
Diluted earnings (loss) per share[1]	$0.01	$0.47	$0.33	($1.37)	$1.78
Non-GAAP[2]:					
Revenue	$1,876	$1,813	$1,755	$7,110	$6,869
Gross profit	$124	$117	$126	$470	$532
Operating expense	$65	$62	$65	$257	$256
Operating income	$59	$54	$61	$213	$275
Other expense	$7	$6	$3	$23	$13
Taxes	$9	$9	$8	$34	$38
Net income	$43	$40	$50	$156	$225
Diluted earnings per share	$0.60	$0.55	$0.64	$2.13	$2.87

[1]The first quarter of 2018 GAAP loss per share included a non-cash tax charge of $2.27 per share as a result of the U.S. Tax Cuts & Jobs Act and the fourth quarter of fiscal 2018 includes a non-cash goodwill impairment charge of $0.43 per share.

[2]Non-GAAP financial results exclude charges or gains relating to: stock-based compensation expenses, restructuring costs (including employee severance and benefits costs and charges related to excess facilities and assets), acquisition and integration costs (consisting of costs associated with the acquisition and integration of acquired businesses into our operations), impairment charges for goodwill and other assets, amortization expense and amounts associated with distressed customers, litigation settlements, gains on sales of assets and redemptions of debt and adjustments for deferred tax and discrete tax items. Please refer to "Reconciliation of Non-GAAP Measures" on slide 18 of this presentation.

Numbers may not foot due to rounding.

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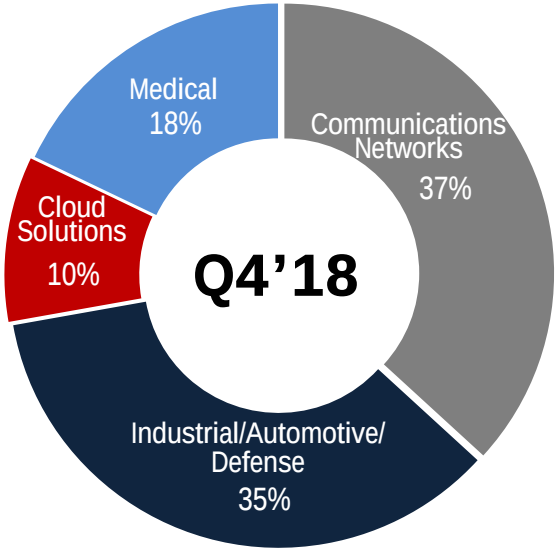
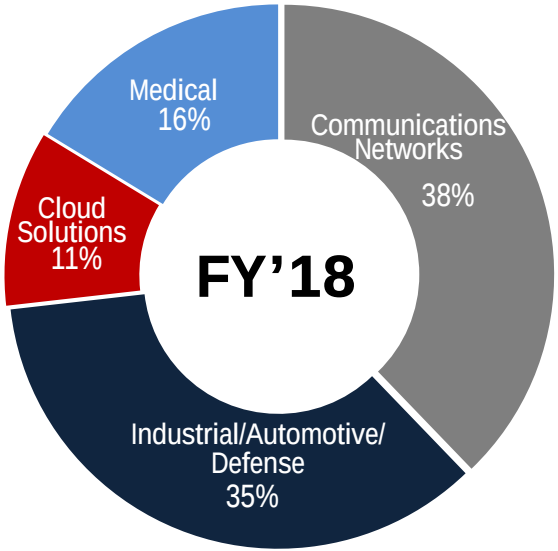
Q4’18 Revenue By End-Market



$ in Millions	Q4’18	Sequential Growth	Y-Y Growth
Communications Networks (Networking, optical & wireless infrastructure)	$690	2.6%	(3.3%)
Industrial/Automotive/Defense (Industrial equipment, energy, oil and gas, LIDAR, infotainment, control systems and defense & aerospace)	$664	4.7%	10.2%
Medical (MRI, CT scan, blood glucose meters and ultrasound)	$335	11.0%	39.7%
Cloud Solutions (Cloud computing, storage systems, point-of-sale, casino gaming)	$187	(8.4%)	(6.0%)
Total	$1,876	3.5%	6.9%

Top 10 Customers – 53.0% of Revenue

FY’18 Revenue By End-Market



$ in Millions	FY’18	FY’17	Y-Y Growth
Communications Networks (Networking, optical & wireless infrastructure)	$2,685	$2,651	1.3%
Industrial/Automotive/Defense (Industrial equipment, energy, oil and gas, LIDAR, infotainment, control systems and defense & aerospace)	$2,522	$2,459	2.6%
Medical (MRI, CT scan, blood glucose meters and ultrasound)	$1,160	$938	23.7%
Cloud Solutions (Cloud computing, storage systems, point-of-sale, casino gaming)	$744	$822	(9.5%)
Total	$7,110	$6,869	3.5%

Focused on Key Markets
Providing Competitive Advantage

Segment Reporting - Revenue and Non-GAAP Gross Margin*

($ in Millions)

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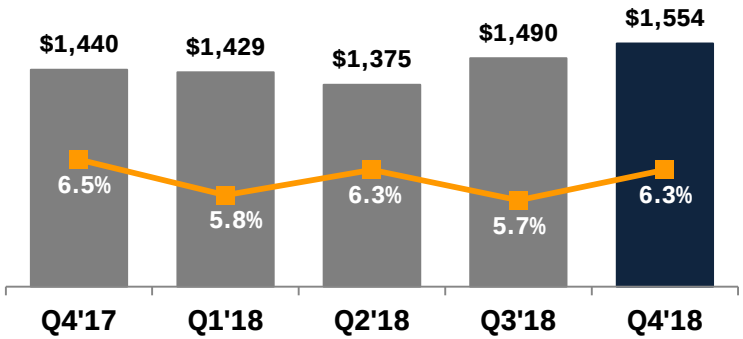
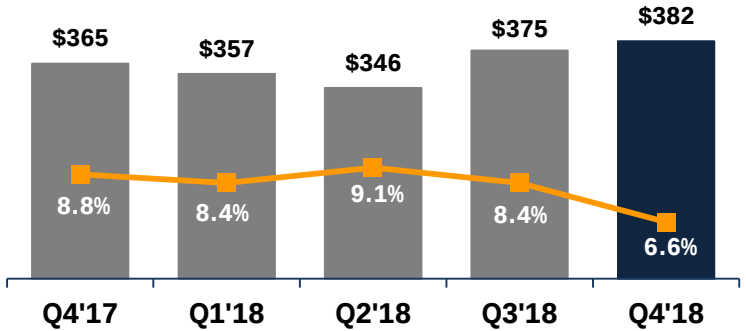
Integrated Manufacturing Solutions



Components, Products and Services



Integrated Manufacturing Solutions

- PCB Assembly & Test
- Final System Assembly & Test
- Direct Order Fulfillment

Components, Products & Services

- Components
  - Interconnect Systems
    - High Technology Printed Circuits
    - Backplane Assemblies
    - Cable Assemblies
  - Mechanical Systems
    - Precision Machining
    - Enclosures
    - Plastics
- Products
  - Computing & Storage
  - Defense & Aerospace
  - Memory & SSD Modules
  - Optical & RF Modules
- Services
  - Design & Engineering
  - Logistics
  - Repair

*Non-GAAP gross margin for IMS segment and CPS category includes inter-segment revenues that are eliminated under GAAP and excludes the same GAAP items that are excluded from the calculation of non-GAAP gross margin for the consolidated business. The reconciliation of non-GAAP gross margin for the consolidated business to GAAP gross margin is shown on slide 18.

Updated to reflect the Company's final financial results for the fourth quarter and fiscal year ended September 29, 2018, filed with the Securities and Exchange Commission in its Annual Report on Form 10-K and in the press release issued on November 15, 2018.

Non-GAAP P&L Performance

($ in Millions, except per share data)

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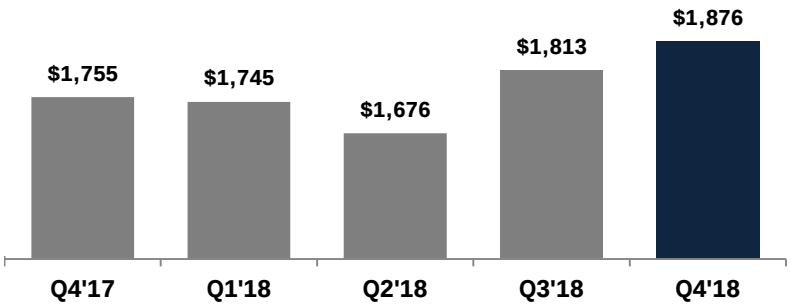
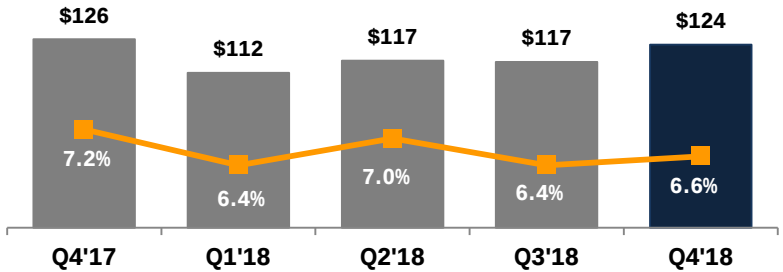
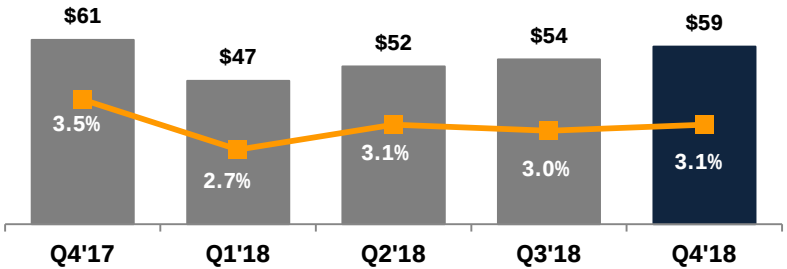
Revenue



Gross Profit / Margin



Operating Income / Margin



Earnings Per Share



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Summary Balance Sheet
($ in Millions)

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	9/29/18	6/30/18	9/30/17
Cash and cash equivalents	$420	$405	$407
Accounts receivable, net	1,177	1,154	1,110
Inventories	1,374	1,187	1,052
Property, plant and equipment, net	643	636	640
Deferred tax assets	344	346	477
Other assets	127	165	162
Total assets	$4,085	$3,893	$3,847
Accounts payable	$1,547	$1,349	$1,280
Short-term debt	593	611	88
Long-term debt	14	15	391
Other liabilities	457	441	440
Total stockholders' equity	1,473	1,477	1,648
Total liabilities and stockholders' equity	$4,085	$3,893	$3,847

Numbers may not foot due to rounding.

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Balance Sheet Metrics
($ in Millions)

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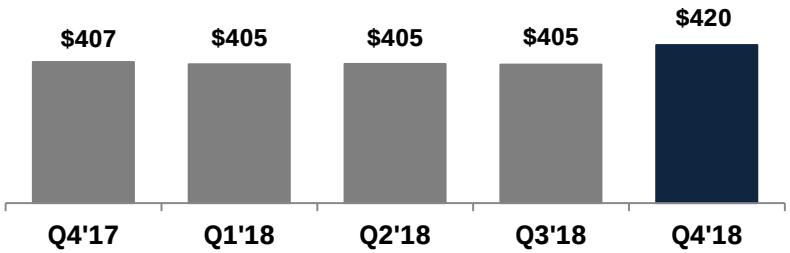
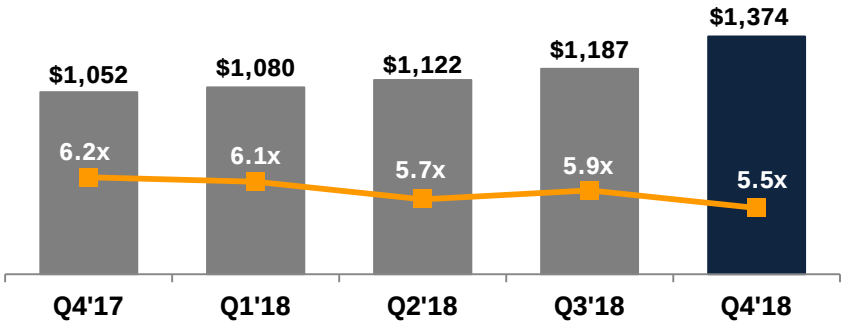
Cash and Cash Equivalents

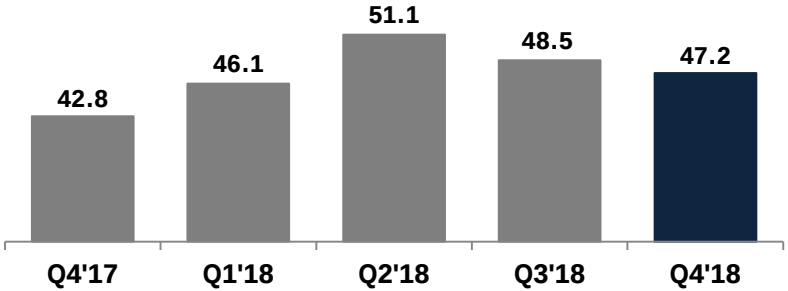


Inventory $ / Turns



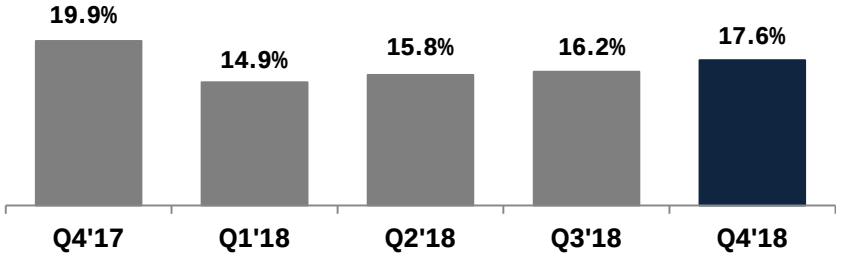
Inventory turns (annualized) are calculated as the ratio of four times non-GAAP cost of sales for the quarter to average inventory.

Cash Cycle Days



Cash cycle days is calculated as days inventory on hand (ratio of average inventory for the quarter to average daily non-GAAP cost of sales for the quarter) plus days sales outstanding (ratio of average net accounts receivable to average daily net sales for the quarter) minus accounts payable days (ratio of 365 days divided by accounts payable turns - ratio of four times non-GAAP cost of sales for the quarter to average accounts payable).

Non-GAAP Pre-Tax ROIC



Refer to slide 19 for non-GAAP pre-tax ROIC reconciliation.

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Q1’19 Outlook

The following outlook is for the first fiscal quarter ending December 29, 2018. These statements are forward-looking and actual results may differ materially.

Revenue:	**$1.875B - $1.925B**
GAAP Diluted EPS(1) :	**$0.57 - $0.63**
Non-GAAP Diluted EPS:	**$0.68 - $0.74**

(1) Includes stock-based compensation expense of $0.10 and amortization of intangible assets of $0.01.

Outlook reaffirmed on November 15, 2018.

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CEO Remarks



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New End-Market View

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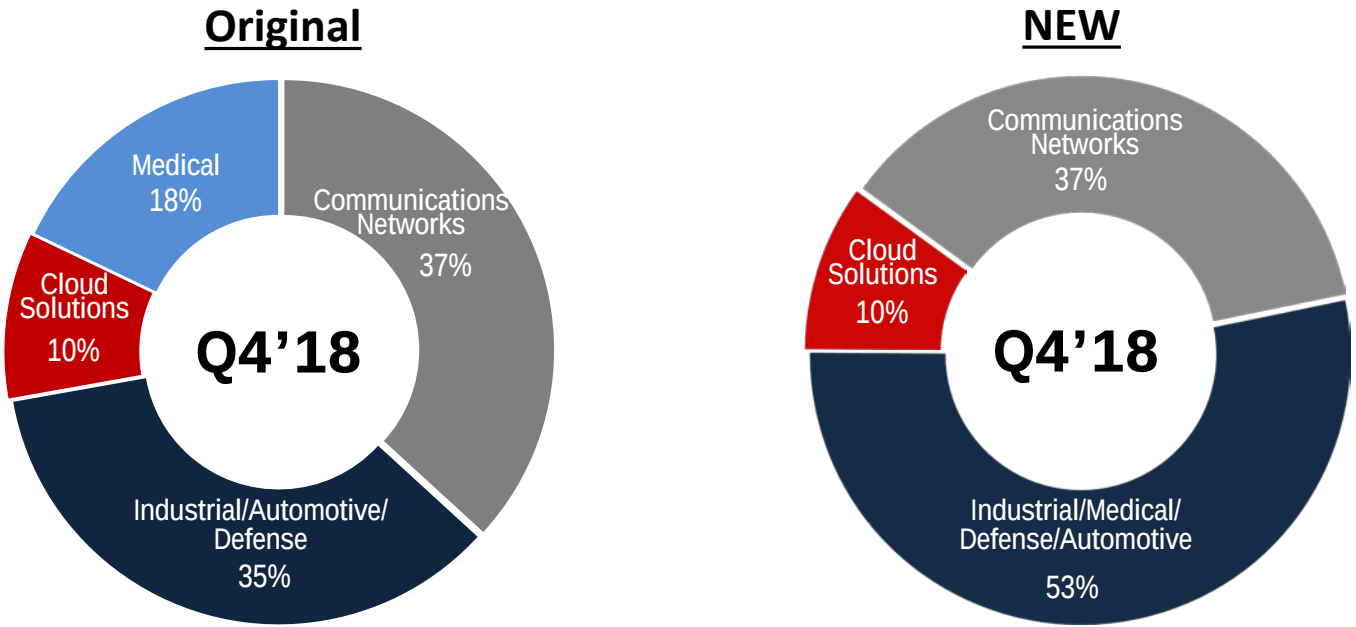

Aligned with Our Focus on High-Complexity, Heavily Regulated Markets

Q1’19 End-Market Outlook

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Communications Networks ↑
(Networking, optical & wireless infrastructure)

Industrial/Medical/Defense/Automotive ↑
(Industrial equipment, energy, oil and gas, MRI, CT scan, blood glucose meters, infusion and ultrasound, LIDAR, infotainment, control systems and defense & aerospace)

Cloud Solutions ↑
(Cloud computing, storage systems, point-of-sale, casino gaming)



Demand Remains Strong

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Consolidated Financial Statements
Reconciliation of GAAP vs. Non-GAAP

Quarter Ended
September 29, 2018



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GAAP Condensed Consolidated Balance Sheet

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($ in thousands)	September 29, 2018	September 30, 2017
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 419,528	$ 406,661
Accounts receivable, net	1,177,219	1,110,334
Inventories	1,374,004	1,051,669
Prepaid expenses and other current assets	43,676	47,586
Total current assets	3,014,427	2,616,250
Property, plant and equipment, net	642,913	640,275
Deferred tax assets	344,124	476,554
Other	83,669	114,284
Total assets	$ 4,085,133	$ 3,847,363
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,547,399	$ 1,280,106
Accrued liabilities	136,427	116,582
Accrued payroll and related benefits	124,748	130,939
Short-term debt, including current portion of long-term debt	593,321	88,416
Total current liabilities	2,401,895	1,616,043
Long-term liabilities:		
Long-term debt	14,346	391,447
Other	196,048	192,189
Total long-term liabilities	210,394	583,636
Stockholders' equity	1,472,844	1,647,684
Total liabilities and stockholders' equity	$ 4,085,133	$ 3,847,363

GAAP Condensed Consolidated Statement of Operations
(Unaudited)

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($ in thousands, except per share data)	Three Months Ended Sept. 29, 2018	Three Months Ended Sept. 30, 2017	Twelve Months Ended Sept. 29, 2018	Twelve Months Ended Sept. 30, 2017
Net sales	$ 1,876,335	$ 1,755,003	$ 7,110,130	$ 6,868,619
Cost of sales	1,755,252	1,631,152	6,646,347	6,348,708
Gross profit	121,083	123,851	463,783	519,911
Operating expenses:				
Selling, general and administrative	60,516	65,332	250,924	251,568
Research and development	6,774	8,714	30,754	33,716
Amortization of intangible assets	190	918	2,908	3,672
Restructuring costs	13,174	1,218	29,146	1,339
Goodwill and other asset impairments	30,610	4,600	30,610	4,600
Gain on sales of long-lived assets	-	-	-	(1,451)
Total operating expenses	111,264	80,782	344,342	293,444
Operating income	9,819	43,069	119,441	226,467
Interest income	204	607	1,268	1,265
Interest expense	(7,410)	(5,678)	(27,734)	(21,934)
Other income, net	817	1,661	4,564	7,682
Interest and other, net	(6,389)	(3,410)	(21,902)	(12,987)
Income before income taxes	3,430	39,659	97,539	213,480
Provision for income taxes	2,648	13,811	193,072	74,647
Net income (loss)	$ 782	$ 25,848	$ (95,533)	$ 138,833
Basic income (loss) per share	$ 0.01	$ 0.35	$ (1.37)	$ 1.86
Diluted income (loss) per share	$ 0.01	$ 0.33	$ (1.37)	$ 1.78
Weighted-average shares used in computing per share amounts:				
Basic	68,236	74,281	69,833	74,481
Diluted	71,500	77,575	69,833	78,128

Reconciliation of Non-GAAP Measures (Unaudited)

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($ in thousands, except per share data)	Three Month Periods					Twelve Month Periods	
	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	FY18	FY17
GAAP Gross Profit	$ 121,083	$ 118,536	$ 114,698	$ 109,466	$ 123,851	$ 463,783	$ 519,911
GAAP gross margin	*6.5%*	*6.5%*	*6.8%*	*6.3%*	*7.1%*	*6.5%*	*7.6%*
Adjustments							
Stock compensation expense (1)	1,833	2,055	1,851	2,448	2,180	8,187	8,958
Amortization of intangible assets	902	902	902	902	902	3,608	3,608
Reversal of contingent consideration accrual (2)	-	(4,812)	-	-	-	(4,812)	-
Distressed customer charges (3)	(73)	-	(163)	(333)	(573)	(569)	(973)
Non-GAAP Gross Profit	**$ 123,745**	**$ 116,681**	**$ 117,288**	**$ 112,483**	**$ 126,360**	**$ 470,197**	**$ 531,504**
Non-GAAP gross margin	***6.6%***	***6.4%***	***7.0%***	***6.4%***	***7.2%***	***6.6%***	***7.7%***
GAAP Operating Expenses	$ 111,264	$ 71,476	$ 65,924	$ 95,678	$ 80,782	$ 344,342	$ 293,444
Adjustments							
Stock compensation expense (1)	(2,294)	(7,706)	(8,444)	(6,194)	(8,832)	(24,638)	(28,962)
Amortization of intangible assets	(190)	(890)	(910)	(918)	(918)	(2,908)	(3,672)
Distressed customer charges (3)	-	357	-	-	-	357	-
Restructuring costs	(13,174)	(1,021)	8,591	(23,542)	(1,218)	(29,146)	(1,339)
Gain on sales of long-lived assets	-	-	-	-	-	-	1,451
Goodwill and other asset impairments	(30,610)	-	-	-	(4,600)	(30,610)	(4,600)
Non-GAAP Operating Expenses	**$ 64,996**	**$ 62,216**	**$ 65,161**	**$ 65,024**	**$ 65,214**	**$ 257,397**	**$ 256,322**
GAAP Operating Income	$ 9,819	$ 47,060	$ 48,774	$ 13,788	$ 43,069	$ 119,441	$ 226,467
GAAP operating margin	*0.5%*	*2.6%*	*2.9%*	*0.8%*	*2.5%*	*1.7%*	*3.3%*
Adjustments							
Stock compensation expense (1)	4,127	9,761	10,295	8,642	11,012	32,825	37,920
Amortization of intangible assets	1,092	1,792	1,812	1,820	1,820	6,516	7,280
Reversal of contingent consideration accrual (2)	-	(4,812)	-	-	-	(4,812)	-
Distressed customer charges (3)	(73)	(357)	(163)	(333)	(573)	(926)	(973)
Restructuring costs	13,174	1,021	(8,591)	23,542	1,218	29,146	1,339
Gain on sales of long-lived assets	-	-	-	-	-	-	(1,451)
Goodwill and other asset impairments	30,610	-	-	-	4,600	30,610	4,600
Non-GAAP Operating Income	**$ 58,749**	**$ 54,465**	**$ 52,127**	**$ 47,459**	**$ 61,146**	**$ 212,800**	**$ 275,182**
Non-GAAP operating margin	***3.1%***	***3.0%***	***3.1%***	***2.7%***	***3.5%***	***3.0%***	***4.0%***
GAAP Interest and Other, net	$ (6,389)	$ (5,792)	$ (7,022)	$ (2,699)	$ (3,410)	$ (21,902)	$ (12,987)
Adjustments							
Litigation settlements (4)	(475)	-	-	(287)	-	(762)	-
Non-GAAP Interest and Other, net	**$ (6,864)**	**$ (5,792)**	**$ (7,022)**	**$ (2,986)**	**$ (3,410)**	**$ (22,664)**	**$ (12,987)**
GAAP Provision for Income Taxes	$ 2,648	$ 7,305	$ 17,120	$ 165,999	$ 13,811	$ 193,072	$ 74,647
Adjustments							
Tax impact of non-GAAP adjustments	990	118	125	656	152	1,889	1,556
Discrete tax items	177	4,905	(2,552)	700	(50)	3,230	7,141
Other deferred tax adjustments	4,220	(3,567)	(6,574)	3,050	(5,948)	(2,871)	(45,732)
Impact of US tax reform	1,304	-	-	(162,400)	-	(161,096)	-
Non-GAAP Provision for Income Taxes	**$ 9,339**	**$ 8,761**	**$ 8,119**	**$ 8,005**	**$ 7,965**	**$ 34,224**	**$ 37,612**
GAAP Net Income (Loss)	$ 782	$ 33,963	$ 24,632	$ (154,910)	$ 25,848	$ (95,533)	$ 138,833
Adjustments:							
Operating income adjustments (see above)	48,930	7,405	3,353	33,671	18,077	93,359	48,715
Litigation settlements (4)	(475)	-	-	(287)	-	(762)	-
Adjustments for taxes	(6,691)	(1,456)	9,001	157,994	5,846	158,848	37,035
Non-GAAP Net Income	**$ 42,546**	**$ 39,912**	**$ 36,986**	**$ 36,468**	**$ 49,771**	**$ 155,912**	**$ 224,583**
GAAP Net Income (Loss) Per Share:							
Basic	**$ 0.01**	**$ 0.49**	**$ 0.35**	**$ (2.16)**	**$ 0.35**	**$ (1.37)**	**$ 1.86**
Diluted	**$ 0.01**	**$ 0.47**	**$ 0.33**	**$ (2.16)**	**$ 0.33**	**$ (1.37)**	**$ 1.78**
Non-GAAP Net Income Per Share:							
Basic	**$ 0.62**	**$ 0.58**	**$ 0.53**	**$ 0.51**	**$ 0.67**	**$ 2.23**	**$ 3.02**
Diluted	**$ 0.60**	**$ 0.55**	**$ 0.50**	**$ 0.48**	**$ 0.64**	**$ 2.13**	**$ 2.87**
Weighted-average shares used in computing GAAP per share amounts:							
Basic	68,236	68,907	70,441	71,605	74,281	69,833	74,481
Diluted	71,500	72,053	73,582	71,605	77,575	69,833	78,128
Weighted-average shares used in computing non-GAAP per share amounts:							
Basic	68,236	68,907	70,441	71,605	74,281	69,833	74,481
Diluted	71,500	72,053	73,582	75,485	77,575	73,200	78,128

(1) Stock compensation expense was as follows:

	Three Month Periods					Twelve Month Periods	
	Q4'18	Q3'18	Q2'18	Q1'18	Q4'17	FY18	FY17
Cost of sales	$ 1,833	$ 2,055	$ 1,851	$ 2,448	$ 2,180	$ 8,187	$ 8,958
Selling, general and administrative	3,164	7,490	8,388	6,164	8,677	25,206	28,169
Research and development	(870)	216	56	30	155	(568)	793
Total	$ 4,127	$ 9,761	$ 10,295	$ 8,642	$ 11,012	$ 32,825	$ 37,920

(2) Represents a reduction in an accrual for contingent consideration related to an acquisition completed in a previous period.

(3) Relates to recovery of previously written-off inventory and bad debt associated with distressed customers.

(4) Represents cash received in connection with certain litigation settlements.

Pre-tax Return on Invested Capital (ROIC) (Unaudited)

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		Q4 FY18
Pre-tax Return on Invested Capital (ROIC)		
GAAP operating income		$ 9,819
	x	4
Annualized GAAP operating income		39,276
Average invested capital (1)	÷	1,334,450
GAAP pre-tax ROIC		**2.9%**
Non-GAAP operating income		$ 58,749
	x	4
Annualized non-GAAP operating income		234,996
Average invested capital (1)	÷	1,334,450
Non-GAAP pre-tax ROIC		**17.6%**

(1) Invested capital is defined as total assets (not including cash and cash equivalents and deferred tax assets) less total liabilities (excluding short-term and long-term debt).

Condensed Consolidated Cash Flow (Unaudited)

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($ in thousands)	Three Month Periods			Twelve Month Periods	
	Q4'18	Q3'18	Q4'17	FY18	FY17
GAAP Net Income	$ 782	$ 33,963	$ 25,848	$ (95,533)	$138,833
Depreciation and amortization	29,686	29,632	31,231	118,820	118,751
Other, net*	36,926	18,516	22,871	238,803	80,000
Net change in net working capital	(6,850)	(20,354)	(30,658)	(105,666)	(86,623)
Cash provided by operating activities	60,544	61,757	49,292	156,424	250,961
Purchases of long-term investments	-	-	-	(2,019)	-
Net purchases of property & equipment	(20,639)	(22,647)	(25,032)	(114,159)	(107,898)
Cash used in investing activities	(20,639)	(22,647)	(25,032)	(116,178)	(107,898)
Net share repurchases	(6,946)	(29,172)	(137,973)	(153,218)	(149,815)
Payment for previous acquisitions	-	-	-	-	(2,262)
Net borrowing activities	(18,000)	(11,416)	85,000	124,883	16,584
Cash used in financing activities	(24,946)	(40,588)	(52,973)	(28,335)	(135,493)
Effect of exchange rate changes	(208)	978	(126)	956	803
Net change in cash & cash equivalents	$ 14,751	$ (500)	$ (28,839)	$ 12,867	$ 8,373
Free cash flow:					
Cash provided by operating activities	$ 60,544	$ 61,757	$ 49,292	$ 156,424	$250,961
Net purchases of property & equipment	(20,639)	(22,647)	(25,032)	(114,159)	(107,898)
	$ 39,905	$ 39,110	$ 24,260	$ 42,265	$143,063

*Primarily changes in deferred income taxes ($162.4M in Q1 FY18 due to Tax Reform Act), goodwill impairment ($30.6M in Q4 FY18) and changes in stock-based compensation expense.

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