Sanmina

Q3 FY'19 Results

July 29, 2019



WHAT WE MAKE, MAKES A DIFFERENCE

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

Safe Harbor Statement

Certain statements made during this presentation, including the Company's outlook for the fourth quarter fiscal 2019 results and its expectations relating to the materials environment, 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 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 17 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

	Q3'19 (A)	Q3'19 Outlook WAS
Revenue:	**$2.027B**	**$1.925 - $2.025B**
GAAP Diluted EPS:	**$0.60**	**$0.60 - $0.70**
Non-GAAP Diluted EPS(1):	**$0.82**	**$0.72 - $0.82**

(1)See slide 17 for non-GAAP reconciliation.

Financial Results
(Unaudited)

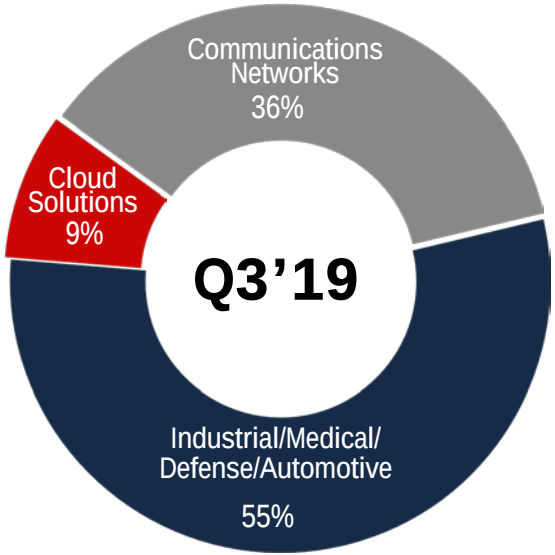
SANMINA

	Three Month Period		
($ in millions, except per share data)	**Q3'19**	**Q2'19**	**Q3'18**
GAAP:			
Revenue	$2,027	$2,127	$1,813
Gross profit	$148	$153	$119
Operating expense	$80	$75	$71
Operating income	$67	$78	$47
Other expense	$9	$9	$6
Taxes	$16	$28	$7
Net income	$43	$41	$34
Diluted earnings per share	$0.60	$0.57	$0.47
Non-GAAP[(1)]:			
Revenue	$2,027	$2,127	$1,813
Gross profit	$150	$155	$117
Operating expense	$69	$68	$62
Operating income	$81	$87	$54
Other expense	$10	$9	$6
Taxes	$12	$13	$9
Net income	$59	$65	$40
Diluted earnings per share	$0.82	$0.91	$0.55

[(1)]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 17 of this presentation.

Numbers may not foot due to rounding.

Q3’19 Revenue By End-Market



$ in Millions	Q3’19	Sequential	Y-Y
Communications Networks (Networking, optical & wireless infrastructure)	$736	(3.2%)	9.4%
Industrial/Medical/Defense/Automotive (Industrial equipment, energy, oil and gas, LIDAR, infotainment, control systems, MRI, CT scan, blood glucose meters, infusion, ultrasound and defense & aerospace)	$1,115	(4.1%)	19.0%
Cloud Solutions (Cloud computing, storage systems, point-of-sale, casino gaming)	$176	(13.2%)	(13.6%)
Total	$2,027	(4.7%)	11.8%

Numbers may not foot due to rounding.

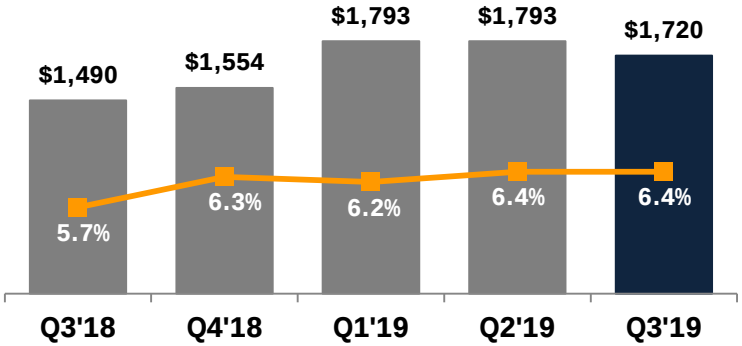
Top 10 Customers – 55.2% of Revenue

Segment Reporting - Revenue and Non-GAAP Gross Margin*

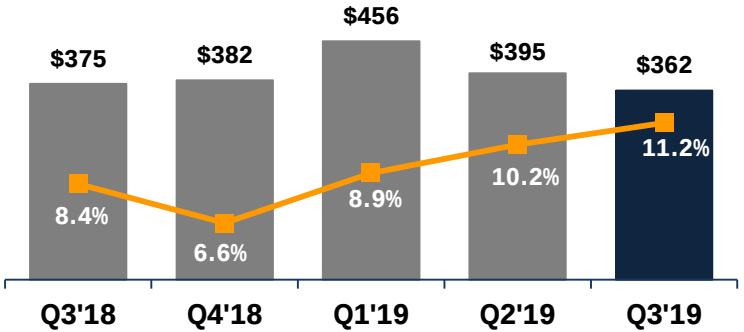
($ in Millions)

SANMINA

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

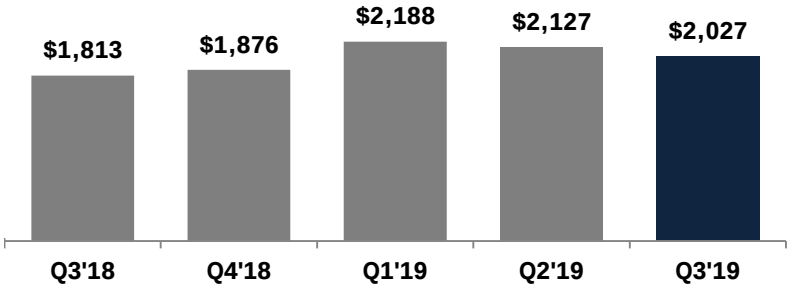
*Non-GAAP gross margin for IMS segment and CPS category includes inter-segment revenues that are eliminated under GAAP and excludes the same GAAP items that are excluded from the calculation of non-GAAP gross margin for the consolidated business. The reconciliation of non-GAAP gross margin for the consolidated business to GAAP gross margin is shown on slide 17.

Non-GAAP P&L Performance

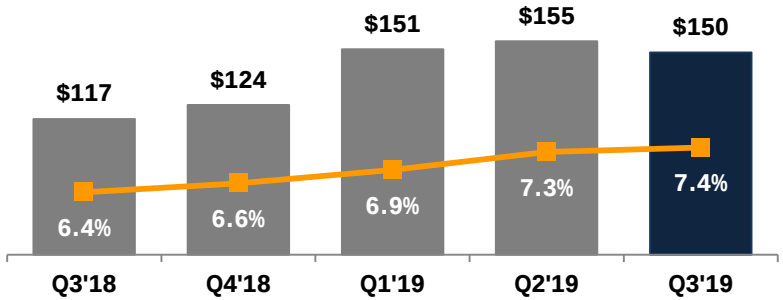
($ in Millions, except per share data)

SANMINA

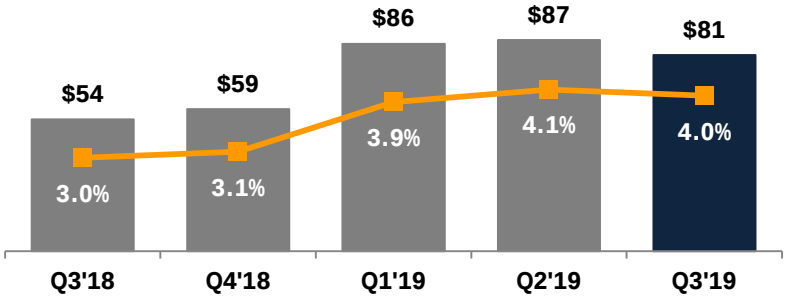
Revenue



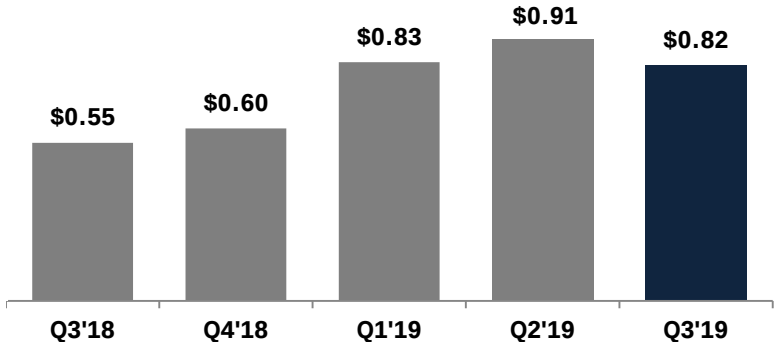
Gross Profit / Margin



Operating Income / Margin



Earnings Per Share



Summary Balance Sheet
($ in Millions)

SANMINA

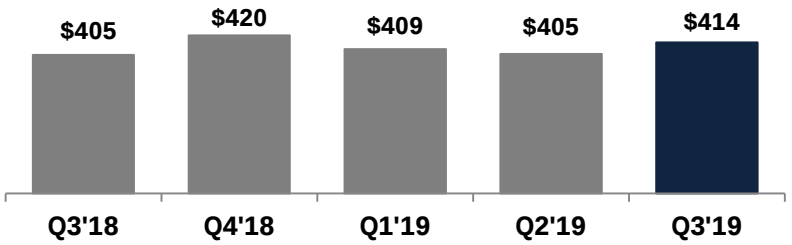
	6/29/19	3/30/19	9/29/18
Cash and cash equivalents	$414	$405	$420
Accounts receivable, net	1,235	1,313	1,177
Contract Assets	387	402	-
Inventories	915	1,007	1,374
Property, plant and equipment, net	635	640	643
Deferred tax assets	308	312	344
Other assets	125	128	127
Total assets	$4,020	$4,207	$4,085
Accounts payable	$1,350	$1,439	$1,547
Short-term debt	155	643	593
Long-term debt	351	-	14
Other liabilities	536	543	457
Total stockholders' equity	1,627	1,581	1,473
Total liabilities and stockholders' equity	$4,020	$4,207	$4,085

Numbers may not foot due to rounding.

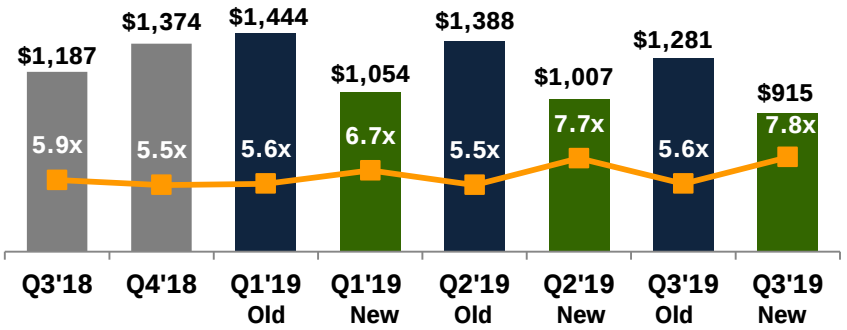
Balance Sheet Metrics
($ in Millions)

SANMINA

Cash and Cash Equivalents

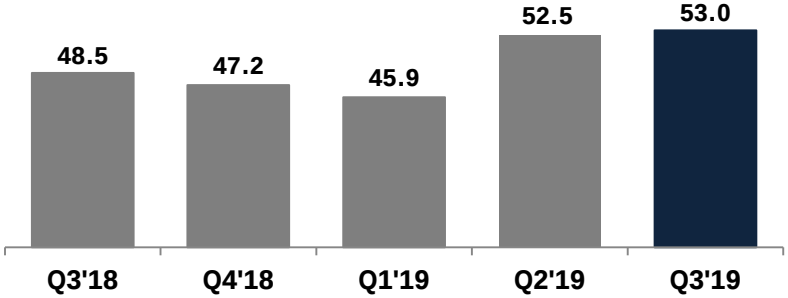


Inventory $ / Turns*



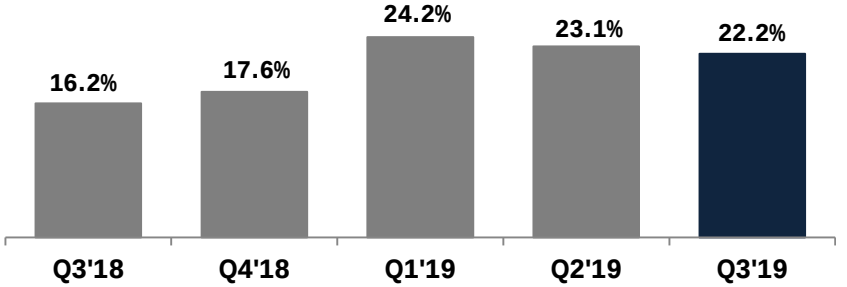
Inventory turns (annualized) are calculated as the ratio of four times non-GAAP cost of sales for the quarter to average inventory.

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 18 for non-GAAP pre-tax ROIC reconciliation.

* "Old" metrics for inventory turns exclude the impact of the new revenue standard to provide comparability with prior periods.
"New" metrics for inventory turns include the impact of the new revenue standard and will become the basis for these measures going forward.

Q4’19 Outlook

The following outlook is for the fourth fiscal quarter ending September 28, 2019. These statements are forward-looking and actual results may differ materially.

Revenue:	**$1.9B - $2.0B**
GAAP Diluted EPS:	**$0.61 - $0.71**
Non-GAAP Diluted EPS:	**$0.73 - $0.83**

Sanmina

CEO Remarks



WHAT WE MAKE, MAKES A DIFFERENCE

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

End-Market Outlook

	Q4'19	FY'19
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)	FLAT	↑
Cloud Solutions (Cloud computing, storage systems, point-of-sale, casino gaming)	↓	FLAT



Summary

- Q3’19
  - Result at the high-end of expectations
  - Operating margin of 4.0%, within the 4.0%+ range
  - CPS gross margins: 100 basis point Q/Q improvement
  - Solid free cash flow of $139.3 million
- Q4’19
  - More normalized demand levels
  - Stabilization in the materials environment
  - Focused on controlling costs, driving efficiencies and leveraging our operating model

FY’19 Revenue Growth in the Mid-Teens

Sanmina

Consolidated Financial Statements
Reconciliation of GAAP vs. Non-GAAP

Quarter Ended
June 29, 2019



WHAT WE MAKE, MAKES A DIFFERENCE

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

GAAP Condensed Consolidated Balance Sheet

SANMINA

($ in thousands)	June 29, 2019 (Unaudited)	September 29, 2018 (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 414,273	$ 419,528
Accounts receivable, net	1,234,987	1,177,219
Contract assets	387,293	-
Inventories	915,155	1,374,004
Prepaid expenses and other current assets	49,934	43,676
Total current assets	3,001,642	3,014,427
Property, plant and equipment, net	635,020	642,913
Deferred tax assets	308,270	344,124
Other	75,025	83,669
Total assets	$ 4,019,957	$ 4,085,133
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,350,117	$ 1,547,399
Accrued liabilities	199,824	136,427
Accrued payroll and related benefits	123,099	124,748
Short-term debt, including current portion of long-term debt	154,634	593,321
Total current liabilities	1,827,674	2,401,895
Long-term liabilities:		
Long-term debt	351,472	14,346
Other	213,339	196,048
Total long-term liabilities	564,811	210,394
Stockholders' equity	1,627,472	1,472,844
Total liabilities and stockholders' equity	$ 4,019,957	$ 4,085,133

GAAP Condensed Consolidated Statement of Operations
(Unaudited)

SANMINA

($ in thousands, except per share data)	Three Months Ended		Nine Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Net sales	$ 2,026,995	$ 1,813,366	$ 6,341,652	$ 5,233,795
Cost of sales	1,879,200	1,694,830	5,891,418	4,891,095
Gross profit	147,795	118,536	450,234	342,700
Operating expenses:				
Selling, general and administrative	66,768	61,421	193,982	190,408
Research and development	7,272	8,144	21,308	23,980
Restructuring and other costs	6,381	1,911	11,912	18,690
Total operating expenses	80,421	71,476	227,202	233,078
Operating income	67,374	47,060	223,032	109,622
Interest income	330	492	888	1,064
Interest expense	(7,599)	(7,284)	(24,342)	(20,324)
Other income (expense), net	(1,480)	1,000	(8,365)	3,747
Interest and other, net	(8,749)	(5,792)	(31,819)	(15,513)
Income before income taxes	58,625	41,268	191,213	94,109
Provision for income taxes	15,704	7,305	69,455	190,424
Net income (loss)	$ 42,921	$ 33,963	$ 121,758	$ (96,315)
Basic income (loss) per share	$ 0.62	$ 0.49	$ 1.77	$ (1.37)
Diluted income (loss) per share	$ 0.60	$ 0.47	$ 1.70	$ (1.37)
Weighted-average shares used in computing per share amounts:				
Basic	69,499	68,907	68,872	70,366
Diluted	72,007	72,053	71,460	70,366

Reconciliation of Non-GAAP Measures (Unaudited)

SANMINA

($ in thousands, except per share data)	Three Month Periods Q3'19	Q2'19	Q1'19	Q4'18	Q3'18
GAAP Gross Profit	$ 147,795	$ 153,102	$ 149,337	$ 121,083	$ 118,536
GAAP gross margin	*7.3%*	*7.2%*	*6.8%*	*6.5%*	*6.5%*
Adjustments					
Stock compensation expense (1)	2,729	2,582	1,735	1,833	2,055
Amortization of intangible assets	-	-	446	902	902
Reversal of contingent consideration accrual (2)	-	-	-	-	(4,812)
Distressed customer charges (3)	(804)	(555)	(344)	(73)	-
Non-GAAP Gross Profit	**$ 149,720**	**$ 155,129**	**$ 151,174**	**$ 123,745**	**$ 116,681**
Non-GAAP gross margin	***7.4%***	***7.3%***	***6.9%***	***6.6%***	***6.4%***
GAAP Operating Expenses	$ 80,421	$ 74,987	$ 71,794	$ 111,264	$ 71,476
Adjustments					
Stock compensation expense (1)	(5,407)	(4,044)	(4,081)	(2,294)	(7,706)
Amortization of intangible assets	(190)	(190)	(190)	(190)	(890)
Distressed customer charges (3)	-	-	-	-	357
Restructuring costs	(6,191)	(3,012)	(2,139)	(13,174)	(1,021)
Goodwill and other asset impairments	-	-	-	(30,610)	-
Non-GAAP Operating Expenses	**$ 68,633**	**$ 67,741**	**$ 65,384**	**$ 64,996**	**$ 62,216**
GAAP Operating Income	$ 67,374	$ 78,115	$ 77,543	$ 9,819	$ 47,060
GAAP operating margin	*3.3%*	*3.7%*	*3.5%*	*0.5%*	*2.6%*
Adjustments					
Stock compensation expense (1)	8,136	6,626	5,816	4,127	9,761
Amortization of intangible assets	190	190	636	1,092	1,792
Reversal of contingent consideration accrual (2)	-	-	-	-	(4,812)
Distressed customer charges (3)	(804)	(555)	(344)	(73)	(357)
Restructuring costs	6,191	3,012	2,139	13,174	1,021
Goodwill and other asset impairments	-	-	-	30,610	-
Non-GAAP Operating Income	**$ 81,087**	**$ 87,388**	**$ 85,790**	**$ 58,749**	**$ 54,465**
Non-GAAP operating margin	***4.0%***	***4.1%***	***3.9%***	***3.1%***	***3.0%***
GAAP Interest and Other, net	$ (8,749)	$ (8,999)	$ (14,071)	$ (6,389)	$ (5,792)
Adjustments					
Litigation settlements (4)	(830)	-	-	(475)	-
Non-GAAP Interest and Other, net	**$ (9,579)**	**$ (8,999)**	**$ (14,071)**	**$ (6,864)**	**$ (5,792)**
GAAP Provision for Income Taxes	$ 15,704	$ 28,231	$ 25,520	$ 2,648	$ 7,305
Adjustments					
Tax impact of non-GAAP adjustments	263	189	168	990	118
Discrete tax items	2,240	(3,741)	2,127	177	4,905
Other deferred tax adjustments	(5,872)	(11,336)	(15,264)	4,220	(3,567)
Impact of US tax reform	-	-	-	1,304	-
Non-GAAP Provision for Income Taxes	**$ 12,335**	**$ 13,343**	**$ 12,551**	**$ 9,339**	**$ 8,761**
GAAP Net Income	$ 42,921	$ 40,885	$ 37,952	$ 782	$ 33,963
Adjustments:					
Operating income adjustments (see above)	13,713	9,273	8,247	48,930	7,405
Litigation settlements (4)	(830)	-	-	(475)	-
Adjustments for taxes	3,369	14,888	12,969	(6,691)	(1,456)
Non-GAAP Net Income	**$ 59,173**	**$ 65,046**	**$ 59,168**	**$ 42,546**	**$ 39,912**
GAAP Net Income Per Share:					
Basic	**$ 0.62**	**$ 0.59**	**$ 0.56**	**$ 0.01**	**$ 0.49**
Diluted	**$ 0.60**	**$ 0.57**	**$ 0.54**	**$ 0.01**	**$ 0.47**
Non-GAAP Net Income Per Share:					
Basic	**$ 0.85**	**$ 0.95**	**$ 0.87**	**$ 0.62**	**$ 0.58**
Diluted	**$ 0.82**	**$ 0.91**	**$ 0.83**	**$ 0.60**	**$ 0.55**
Weighted-average shares used in computing per share amounts:					
Basic	69,499	68,821	68,303	68,236	68,907
Diluted	72,007	71,446	70,901	71,500	72,053

(1) Stock compensation expense was as follows:

	Three Month Periods Q3'19	Q2'19	Q1'19	Q4'18	Q3'18
Cost of sales	$ 2,729	$ 2,582	$ 1,735	$ 1,833	$ 2,055
Selling, general and administrative	5,328	3,939	3,990	3,164	7,490
Research and development	79	105	91	(870)	216
Total	$ 8,136	$ 6,626	$ 5,816	$ 4,127	$ 9,761

(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.

Earnings Per Share Outlook:	**Q4 FY19 EPS Range** Low	High	**Q3 FY19 EPS Range** Low	High
GAAP diluted earnings per share	**$ 0.61**	**$ 0.71**	**$ 0.60**	**$ 0.70**
Stock compensation expense	**$ 0.12**	**$ 0.12**	**$ 0.12**	**$ 0.12**
Non-GAAP diluted earnings per share	**$ 0.73**	**$ 0.83**	**$ 0.72**	**$ 0.82**

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

SANMINA

($ in thousands)		Q3 FY19
Pre-tax Return on Invested Capital (ROIC)		
GAAP operating income		$ 67,374
	x	4
Annualized GAAP operating income		269,496
Average invested capital (1)	÷	1,458,770
GAAP pre-tax ROIC		**18.5%**
Non-GAAP operating income		$ 81,087
	x	4
Annualized non-GAAP operating income		324,348
Average invested capital (1)	÷	1,458,770
Non-GAAP pre-tax ROIC		**22.2%**

(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)

SANMINA

($ in thousands)	Three Month Periods Q3'19	Q2'19	Q3'18
GAAP Net Income	$ 42,921	$ 40,885	$ 33,963
Depreciation and amortization	29,561	29,088	29,632
Other, net*	9,960	18,687	18,516
Net change in net working capital	83,024	17,078	(20,354)
Cash provided by operating activities	165,466	105,738	61,757
Purchases of long-term investments	(499)	-	-
Net purchases of property & equipment	(26,145)	(35,232)	(22,647)
Cash used in investing activities	(26,644)	(35,232)	(22,647)
Net share repurchases	2,052	5,603	(29,172)
Net borrowing activities	(132,416)	(80,000)	(11,416)
Cash used in financing activities	(130,364)	(74,397)	(40,588)
Effect of exchange rate changes	321	95	978
Net change in cash & cash equivalents	$ 8,779	$ (3,796)	$ (500)
Free cash flow:			
Cash provided by operating activities	$ 165,466	$ 105,738	$ 61,757
Net purchases of property & equipment	(26,145)	(35,232)	(22,647)
	$ 139,321	$ 70,506	$ 39,110

*Primarily changes in deferred income taxes and changes in stock-based compensation expense.

What we make, makes a difference™



SANMINA